

ANNUAL REPORT 2023



Partners Banka, a.s.

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1. BANK PROFILE AND CONTACT DETAILS

Name: Partners Banka, a.s. ("the Bank")
Legal form: joint stock company
Identification number: 09727094
Registered office: Türkova 2319/5b, 149 00 Praha 4 - Chodov
E-mail: info@partnersbanka.cz

Contact person

Spokeswoman: Tereza Pichalová, tel.: +420 603 173 254

The Bank has no branch or organisational unit abroad.

The Bank was established on 4 December 2020 under the name Partners Branka, a.s., for the purpose of obtaining a banking licence from the Czech National Bank to operate as a bank under Act No. 21/1992 Coll., on Banks. The application for the licence was submitted on 23 December 2021. In accordance with the requirements of the Czech National Bank, an amended application was submitted on 29 December 2022.

The Czech National Bank granted Partners Branka, a.s. a banking licence on 25 August 2023. The licence became legally effective on 29 August 2023. Subsequently, on 13 September 2023, the name was changed to Partners Banka, a.s.

The full annual report is available on the website:

<https://www.partnersbanka.cz/dokumenty-ke-stazeni>



2. FOREWORD BY THE CHAIRMAN OF THE BOARD OF DIRECTORS

Dear friends,

2023 was immensely successful for our team. In August, the numerous years of our efforts were consummated as we obtained a banking licence for our Bank from the Czech National Bank. Our expectations were thus fulfilled, and the launch of banking services for our clients became a priority, scheduled for March 2024.

At the time of granting the licence, we had already been intensively testing banking systems – both those acquired from suppliers and those created in-house – for months (since May 2023), as part of a dry-run procedure. Software development mainly took place at our subsidiary PBK Technology, s.r.o. In June 2023, we launched our Partners mobile app, which did not offer banking services yet but allowed clients of the Partners advisory network to sample future digital advisory services through comparators of travel, property, and motor insurance. As a first sign of family finance management, the app allowed the sharing of information about financial products within families and made it possible to capture a client's outside, non-Partners products. Our 'non-banking' app quickly gained popularity and by the end of the year was being used by more than 35,000 clients.

At the beginning of November, we launched banking services in a trial operation; for the time being only for employees and associates of the banking team and Partners HQ. We opened the first accounts, issued the first virtual and plastic payment cards, accepted and sent the first payments, and started paying by phone from our own bank. We also began complying with our reporting obligations to the CNB and other legal obligations, such as anti-money laundering. And because everything went well, we decided to expand the number of test clients to include all Partners advisors and their family members in January 2024, so that we could sufficiently test everything in a community of several thousand test clients before launching banking services to the public in March 2024.

In parallel with the trial operation and fine-tuning of operational systems and procedures, we continued to develop the further functionalities of the app, as well as loans, which we expect to launch in autumn 2024. We devoted particular attention to the security of our processes, applications, and data, and we strengthened security features using the latest technologies. We have begun educating our Partners business network, which culminated in the certification of our banking advisors.

We feel ready for spring 2024, when we will bring a completely new proposition to the Czech financial market: family advisory banking, based on combining fast and modern transaction banking services with personal financial advice on relevant products throughout the market. This will enable clients to gain full control over their financial life, products, and data on the one hand, and improve the quality of our advice on the other. Through the mobile app, clients will organise their products and market offers, set up the sharing of useful information among family members, and choose the form of support they want from the financial advisor. We are thus creating an original family finance ecosystem, which in the future will offer many opportunities for the further development of service offerings to our clients and the growth of their wealth in the Czech Republic and beyond.

Dear clients, colleagues, business partners and supporters, let me express my great thanks to you for your trust, efforts, and perseverance in helping us develop our project. I look forward to our first year together, writing a new chapter in modern Czech banking.

With respect and joy,

Marek Ditz

Chief executive officer and chairman of the board of directors

3. WHAT WOULD YOU WISH PARTNERS BANKA IN ITS FIRST YEARS?

Gabriela Kudrnová

On behalf of our team, I wish Partners Banka many happy clients, successful cooperation with our advisors, and as few hurdles and obstacles as possible on its way to further achievements and growth.

Petr Bartoř

For the first years, and for the future, may the bank become large in terms of volume, but, in terms of thinking, nonetheless remain the 'small', even slightly 'punk' bank, which makes it different from the old and stuffy banks as we know them. And may its source of daring and original ideas never dry up, and its courage to differ never end.

Robert Chmelař

Many satisfied clients, of course. And especially those who are still looking for an advisor.

Simona Machulová

May you fulfil the expectations of the financial advisors, clients, and of the great team of people who have helped build the bank and put the best of their knowledge and experience into it.

Martin Vlhas

I wish Partners Banka stable systems, happy clients, and defeated competitors. To paraphrase the words of the classic who calls himself Duke Nukem: „We are here to kick some ass and chew bubble gum, and we are all out of bubble gum“.

Tomáš Trčka

Above all, may the Bank keep listening to its clients and remain innovative. The rest will follow by itself. And I am convinced that we all have had enough of banks that keep doing things the same way simply because "this is the way things have always been done".

Martin Švec

Even more clients than Simplea and Rentea put together.

Marek Ditz

May our bank become a symbol of a new, positive change in understanding financial services as a way to enrich clients and their families and support them for a better future. For this, we need a great team of people who enjoy constantly coming up with brand new thoughts and who are not afraid to try their luck with clients, and with uncommon ideas.

Daniela Hynřtová

Dear Partners Banka

May you enter peoples' homes, find your place there, and gain the love and respect of parents, children, and seniors.

May you not rest on your laurels, but listen carefully to what people have to say and fulfil their expectations.

You are the baby of our family, but I believe that in a couple of years you will grow up a confident young lady, very visible on the market, attracting attention of investors, and being a great place for talented people.

Lada Křčerová

Definitely many enthusiastic and active clients to whom Partners Banka will bring the perfect combination of banking and advisory. To our clients, may they appreciate the super new banking app where they can find just about anything, and to our advisors, may all they expect from Partners Banka come true: better customer management, data and brand, stronger confidence and thus success in hiring and in gaining new clients. On behalf of the Bank's team, may we deliver on everything that we have promised our advisors and clients, without errors and with maximum technology and process reliability. And may we continue to improve the bank even after the launch, and constantly move it forward.

Lucie Simpartlová

I wish Partners Banka above all many satisfied clients, and the everlasting enthusiasm of its entire team.

Jan Brejl

May Partners Banka keep the energy it has now at its birth, and not lose it with passing years. And above all, may it stir the quiet Czech banking waters as a bank that really looks after its clients' financial health.

4. REPORT OF THE BOARD OF DIRECTORS ON BUSINESS IN 2023 AND FUTURE OUTLOOK

Dear clients, shareholders, and business partners,

We present to you a report on the Bank's activities in 2023 and its plans for the future. The most significant event of 2023 was the Czech National Bank's decision to grant a banking licence to our Bank, which entered into effect on 29 August 2023, thus consummating a three-year effort to obtain it.

As the development of the Bank's internal systems was carried out in parallel with the work on the licence application, the Bank was able to move to the final testing phase for in-house developed systems immediately after the licence was granted and at the same time complete the integration of vendor-acquired systems. The integration of external production systems for payment services, reporting and cloud services was also initiated. Thus, in early November 2023, the trial operation of the Bank's services started: the first accounts were opened, the first payment cards were issued, and the first payments were initiated. At the same time, all regulatory obligations regarding customer identification, anti-money laundering and anti-terrorist financing, and mandatory reporting were complied with. The trial operation was launched for Bank employees only, with a later extension to Partners group employees. This provided us with feedback to eliminate errors and further improve our services. The Bank's board of directors regularly reviewed the quantitative and qualitative feedback from the trial operation and addressed any shortcomings. As most of the development work was carried out by the Bank's subsidiary PBK Technology, s.r.o., the relevant licences for our Bank's software were obtained with the commencement of banking operations. The first employees ensuring the Bank's operations also started their work.

Thanks to the intensive work of our employees and collaborators, we achieved the necessary certifications and connected to payment systems such as the CERTIS domestic payments system, the VISA international card system, and the Google Pay mobile payment service. At the same time, the necessa-

ry preparatory steps were taken to obtain certification for the Apple Pay service so that it can be launched when the service goes live to the public in 2024. In cooperation with Partners Financial Services, systems were developed to support advisors in serving clients and to securely manage client identity data at the highest standards.

In June 2023, the Partners mobile application, developed by our subsidiary PBK Technology, s.r.o., was launched and began to provide information services to clients of Partners Financial Services, a.s., regarding financial products mediated by this group company. Thus, even before the actual launch of the Bank, our development and operations team gained experience in onboarding clients and ensuring the operational functionality of the application, which gradually came to include active operations through insurance comparators integrated directly into the app. By the end of the year, we had reached 35,000 users of the Partners app, for whom the opening of accounts will be much simpler and the activation of banking services much faster once the Bank launches in 2024.

The Bank's main activity in 2023 was therefore the development, integration, and testing of systems. From May 2023 until the start of the trial operation in November 2023, a dry run was conducted, where with the participation of the management of the individual product and software development teams, the board of directors regularly evaluated the results of the testing. Particular attention was paid to the data infrastructure, security, and operational reliability of the systems, including the outsourcing of partners and cloud services. The teams of internal collaborators have been significantly bolstered by leading experts in each field.

A positive factor was the payment of capital and its further strengthening by the Bank's shareholders, which took place in accordance with the capitalisation plan communicated by the board of directors to the Czech National Bank in 2022 in response to the regulator's minimum capital requirement of

CZK 3 billion. The Bank will thus start its operations with strong capital and will be able to overcome even risky future development scenarios. Thanks to the high currency rates set by the central bank, the Bank was able to achieve a higher-than-expected appreciation of its free funds. The board of directors also decided to invest part of the free capital in highly liquid long-term Czech government bonds to hedge the value of the capital against any future decreases in interest rates. The additional interest income enabled the Bank to invest more in client services and to increase the attractiveness of the family client proposition and the banking application upon its launch to the public. It was also decided to prepare an advertising campaign to accompany the Bank's launch in 2024.

In view of the positive results of the Bank's trial operation, in 2024 we expect a smooth public launch of our services, scheduled for March 2024. Our top priority will be the fast and modern onboarding of clients to ensure not just the sampling but the regular use of our services by the entire family for its simplicity, clarity, fairness, and financial benefits. We believe that our client proposition focusing specifically on families and their long-term quality financial life is attractive and different from the common standard in our country and will therefore attract many satisfied clients. However, our efforts will not end with the launch of the Bank, rather the opposite.

In the first half of 2024, we plan to expand our services to include foreign payments including euro SEPA payments, and the provision of banking identity services. For clients who access Partners Group services for the first time by opening a bank account, we also want to offer the possibility to choose an advisor in the mobile app.

In the second half of 2024, we plan to launch our loan proposition aimed at financing the purchase of real estate, home technical improvements and equipment, energy savings, and at refinancing our clients' existing loans on more favourable terms.

Our Bank pays particular attention to the principles of sustainability in the design and delivery of our services. We are fully paperless, both externally and internally. Client instructions and all contractual documentation are processed and signed in our mobile app. Thanks to modern technology, we enable our employees to work in hybrid mode, reducing traffic and the need for office space. We provide equal working conditions for men and women, including career development support. We make every effort to emphasise the benefits of cashless and mobile payments, the use of virtual cards instead of plastic ones, and digital processes as much as possible. All our plastic cards are made from recycled plastic. We do not plan to introduce technologies vulnerable to abuse for fraudulent transactions, such as internet banking or applications activated by a combination of username and password.

We believe that our Bank is entering 2024 ready for the big moment when it welcomes its first customers from among the general public. We would like to take this opportunity to thank our employees, collaborators, shareholders, suppliers, and all fans of modern Czech banking for their trust, support, and patience.



Marek Ditz
Chairman of the board of directors



Lada Kičmerová
Vice-chair of the board of directors

Prague, 3 April 2024

5. THE BANK'S PERFORMANCE AND ASSET POSITION

In 2023, the Bank made a profit of CZK 26 million, mainly due to the appreciation of the funds received from the payment of the subscribed capital and additional equity contributions outside the registered capital. Free cash was invested in bonds and placed in time deposits with banks and from November 2023 also in reverse repo transactions with the Czech National Bank. In particular, thanks to market rates derived from the repo rate which was 7% for almost the entire accounting period, the Bank earned net interest income of EUR 144 million in 2023.

An increase in administrative expenses to EUR 118 million in 2023 corresponded with an increase in the number of the Bank's employees and collaborating contractors, in particular in the period after obtaining the licence to ensure the activities essential for the Bank's operation.

The Bank's total assets as at 31 December 2023 amounted to CZK 3,129 million. The balance sheet total increased by 2.95% year-on-year, while the asset structure changed significantly. During 2023, the subscribed registered capital and contributions outside the registered capital additions of CZK 1,200 million were fully paid, resulting in a decrease in receivables from subscribed capital and other assets, and an increase in free cash, which was further invested. The Bank's return on assets as at 31 December 2023 was 0.84%.

The Bank increased its investment in its subsidiary PBK technology, s.r.o. by CZK 300 million to CZK 572 million as at 31 December 2023. This company provided crucial preparatory activities for the launch of the Bank's banking operations including software and will continue to do so in the upcoming year.

The Bank also increased its investments in Czech government bonds to CZK 1,102 million as at 31 December 2023. Of this amount, bonds of CZK 661 million are held at amortised cost, the portfolio held at fair value through other comprehensive income amounts to CZK 441 million.

During the period, the Bank created intangible fixed assets under construction of CZK 7 million; as at 31 December 2023, the total value was CZK 17 million. This is a small part of the Bank's technological infrastructure acquired directly by the Bank, which started to be used with the commencement of the Bank's trial operation in November 2023.

As of 31 December 2023, clients deposited CZK 12.8 million with the Bank in current and savings accounts as part of the trial operation.

The Bank's equity as at 31 December 2023 totalled CZK 3,073 million, of which CZK 3,000 million is the paid-up registered capital including contributions outside the registered capital, CZK 21 million is the revaluation of bonds held at fair value through other comprehensive income, and CZK 52 million are retained earnings and current period profit. Equity increased by CZK 47 million, due to the revaluation and current period profit.



Key figures of the financial statements as at 31 December 2023:

BALANCE SHEET

	31 Dec 2023	31 Dec 2022
TOTAL ASSETS	3,128,717	3,039,042
Cash in hand and balances with central banks	17,805	0
State bonds	1,102,334	119,916
Receivables from banks	1,398,841	1,434,274
Ownership interests with controlling influence	572,100	272,100
Receivables from subscribed registered capital	0	847,059
Fixed assets	24,503	10,371
Other assets and prepaid expenses	13,134	355,322
TOTAL LIABILITIES AND EQUITY	3,128,817	3,039,042
Equity	3,072,722	3,025,240
Registered capital	2,470,588	2,470,588
Share premium and capital funds	529,412	529,412
Revaluation gains (losses)	21,266	0
Retained profits (accumulated losses)	25,240	(1,007)
Profit (loss) for the accounting period	26,216	26,247
Payables to customers – credit union members	12,838	0
Other liabilities	42,214	7,797
Provisions	1,043	6,005

INCOME STATEMENT

	2023	2022
Net interest income	144,396	67,673
Net fee and commission expense	331	45
Gain or loss from financial operations	48	(50)
Other operating income	1,365	159
Administrative expenses	117,685	35,485
Depreciation and amortisation of fixed assets	783	0
Net creation of loss allowances and provisions for receivables	197	0
Profit before tax	26,813	32,252
Income tax	597	6,005
Net profit (loss) for the period	26,216	26,247

6. INFORMATION ON CAPITAL, CAPITAL REQUIREMENTS, AND RATIOS

6.1. Capital management

The objective of the Bank's capital management and capital adequacy is to ensure a sufficient level of capital to cover all risks to which the Bank is exposed, even in the event of highly unlikely or extreme situations. The level of capital is determined after considering the development of the Bank's business and any adverse developments in the macroeconomic environment. In setting targets and limits and in allocating capital, the Bank complies with applicable European and local regulations, in particular Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms (the Capital Requirements Regulation, CRR) and Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (the Capital Requirements Directive, CRD) transposed into Czech law.

The Bank performs both a regulatory assessment of capital ratio (Pillar 1) and an internally determined assessment of capital ratio (Pillar 2). The Bank did not receive any additional capital requirements from the CNB for 2023 under the Supervisory Review and Evaluation Process.

Because of the continuous development of the business environment and applicable regulations, the Bank continuously assesses the impact of changes in the environment and of the planned regulatory changes as part of its capital planning process. As the national regulator, the Czech National Bank oversees the Bank's compliance with capital adequacy requirements. Since receiving its banking licence, the Bank has complied with all regulatory requirements applicable to 2023.

6.2. Information on capital

The Bank's equity as at 31 December 2023 amounted to CZK 3,073 million, of which CZK 2,471 million was the registered capital (fully paid-up), CZK 529 million were additional payments outside the registered (also fully paid up), CZK 21 million was the revaluation of bonds, and the remaining CZK 52 million were retained earnings and current period profit.

Comparative information on capital, capital requirements, and capital ratios is not presented, as the Bank obtained its banking licence in August 2023 and in accordance with CRR regulation reported to the Czech National Bank for the first time as at 31 December 2023.

The Bank did not acquire any of its own shares in 2023 (or 2022).

	As at 31 Dec 2023
Capital	3,044,446,764
Tier 1 capital	3,044,446,764
Common Equity Tier 1 (CET 1)	3,044,446,764
Of which:	
paid up CET 1 instruments	2,470,588,200
retained earnings	25,239,816
accumulated other comprehensive income	21,266,412
other reserves	529,411,800
Adjustments to Common Equity Tier 1 capital due to prudential filters	(440,798)
(-) valuation adjustments arising from prudent valuation requirements	(440,798)
Adjustments to Common Equity Tier 1 capital for intangible assets	(1,618,666)
(-) other intangible assets before deduction of deferred tax liabilities	(1,618,666)
Tier 2 capital	0

6.3. Capital requirements

	As at 31 Dec 2023
Total volume of risk exposure	1,290,121,638
Risk-weighted exposures for credit risk, counterparty credit risk, and dilution and free delivery risk	660,152,778
Standardised Approach (SA)	660,152,778
Exposure categories covered by the standardised approach, excluding securitisation positions	
Institutions	52,034,163
Shares and other participations	572,100,000
Other items	36,018,615
Of which: software as an intangible asset	15,705,922
Total risk exposure for operational risk	629,968,859

6.4. Capital ratios

Capital ratios as at 31 December 2023 as a percentage of risk exposure:

	As at 31 Dec 2023
Common Equity Tier 1 ratio	235.98 %
Common Equity Tier 1 Surplus	2,986,391,290
Tier 1 capital ratio	235.98 %
Tier 1 capital surplus	2,967,039,465
Total capital ratio	235.98 %
Total capital surplus	2,941,237,033

6.5. Business activity

The Bank's business is the provision of banking services in the area of current and savings accounts, related payment services, as well as consumer and mortgage loans.

7. THE BANK'S BODIES AND ITS MANAGEMENT

7.1. Board of directors

Marek Ditz, chairman of the board of directors

Marek received a master's degree in finance from the University of Economics in Prague and completed the executive programme of the Swiss Banking School in Zurich. He has extensive experience from various management positions in the executive and supervisory bodies of the ČSOB Group, where over 24 years he gained experience in managing all essential business and operational activities of a bank operating on the Czech market: from retail and corporate banking, through risk management, mergers and restructuring, to transformation management, project management, development, IT and digital channels operation and security. From 2013 to 2018 he was a member of the board of directors of ČSOB, then headed the preparation of Partners Banka, of which he is now CEO and chairman of the board of directors.

Lada Kičmerová, Vice-chair of the board of directors

Lada studied journalism and media studies at the Faculty of Social Science of Charles University, and economic journalism as a minor at the University of Economics in Prague. At Partners Financial Services, a.s., which she joined in 2009, she gained managerial experience in marketing and client services and participated in the launch of the eCommerce platform.

Simona Machulová, member of the board of directors

Simona received a master's degree in law from the University of West Bohemia in Pilsen. She passed professional examinations in sectoral laws governing the financial market – investments, consumer loans, supplementary pension savings and insurance. She has been active in insurance (since 2003 at Aviva Life Insurance Company, MetLife) and financial advisory. Since 2017, her career has been associated with Partners Financial Services, a.s. In the course of her professional and managerial experience, she gained experience in managing legal and compliance processes of a financial institution operating on the domestic market.

Jiří Raška, member of the board of directors

Since 2010, Jiří has been working on IT projects focused on the infrastructure and security of the financial market. He did not complete his studies of applied informatics at the Uni-

versity of Hradec Kralove but gained wide experience in managing people and processes through many years of work in banks and companies providing services to banks. In addition to his extensive involvement in IT, he has broad experience with fintech/insurtech projects, and deep knowledge of BCP/DRP, ISO 27001 processes essential for the Bank.

Michal Skalický, member of the board of directors

Michal received a master's degree from the University of Economics in Prague. Immediately after his studies, he started to gain experience in banking at LBBW Bank CZ, a.s. (later Expobank CZ, a.s.), where he led the teams of the Competence Centre within IT and Operations, and the Digital Branch as part of Personal Banking, focusing on the creation and optimization of client-oriented processes and the development and management of products for individuals.

Tomáš Kořínek, member of the board of directors

Tomáš graduated from the Faculty of Electrical Engineering of the Czech Technical University in Prague with a degree in economics and energy management. After more than 22 years of experience in various management positions, he understands, among other things, risk management, project management and enterprise architecture, IT and digital channels, strategic activities and compliance and legal services in the banking sector. He held the role of CRO at ČSOB for three years and was a member of the board of directors responsible for risk management, finance and operations at Volksbank CZ. He also served as the chairman of the board of directors of Českomoravská stavební spořitelna, a.s. (today ČSOB Stavební spořitelna, a.s.) until the end of 2020, after which he began to focus on the strategic development of the Partners Banka project, where he now serves as chief risk officer and member of the board of directors.

Daniela Hynštová, member of the board of directors

Daniela graduated from the University of Economics in Prague with a specialisation in commercial law and corporate finance. In 2002, she started her professional career at Deloitte, where she worked for twenty years, the last four years as a partner. She led the department providing audit and non-audit services to financial institutions, both large international banking groups, insurance companies, investment companies, and lo-

cal players. She worked with Deloitte offices around the world and managed teams comprising IT, finance, regulatory and risk experts. At Partners, she has led group finance since 2022 when she joined the Partners Banka project. She has been a member of the board of directors since 28 February 2023.

Jiří Charousek, member of the board of directors

Jiří graduated with a master's degree from the Faculty of Science and the Faculty of Physical Education and Sport of Charles University. He has extensive experience in the banking environment. For years, he worked in the Erste Group and was significantly involved in Česká spořitelna, where he managed IT for several years from a subsidiary perspective. He worked primarily in IT, OPS, SEC and of course business. His life creed is connecting people, striving for flexibility and efficiency with a strong emphasis on the use of new technologies and maximum automation. At the same time, he has also worked in a consulting role with a focus on IT strategy and operational change in major companies in the Czech market. He joined Partners in the spring of 2023 and subsequently joined the board of directors as chief information officer.

7.2. Supervisory board

Petr Bartoš, chairman of the supervisory board

Petr is a graduate of Masaryk University in Brno. Since 2007, he has been firmly tied to Partners Financial Services, a.s., where he has been a member of the board of directors responsible for IT and operations since 2011. As part of his work, he focuses on special projects of process automation and designing tools for advisors and clients. He has valuable experience in the back office of a large consulting company, the operation and

development of information systems, and the use of electronic tools for the work of advisors and clients.

Zuzana Kepková, member of the supervisory board

Zuzana graduated from the Faculty of Mathematics and Physics of Charles University in Prague with a PhD in probability and mathematical statistics. She has extensive experience in financial markets, especially in the insurance industry, where she has worked as an actuary since 1990. Ten years later, she became a board member. Apart from a private business, she is currently a member of the supervisory boards of Partners HoldCo, a.s. group companies (Simplea pojišťovna, a.s. and Rentea penzijní společnost, a.s.) and Partners Banka, a.s. and is also the chair of the audit committee of Partners HoldCo, a.s.

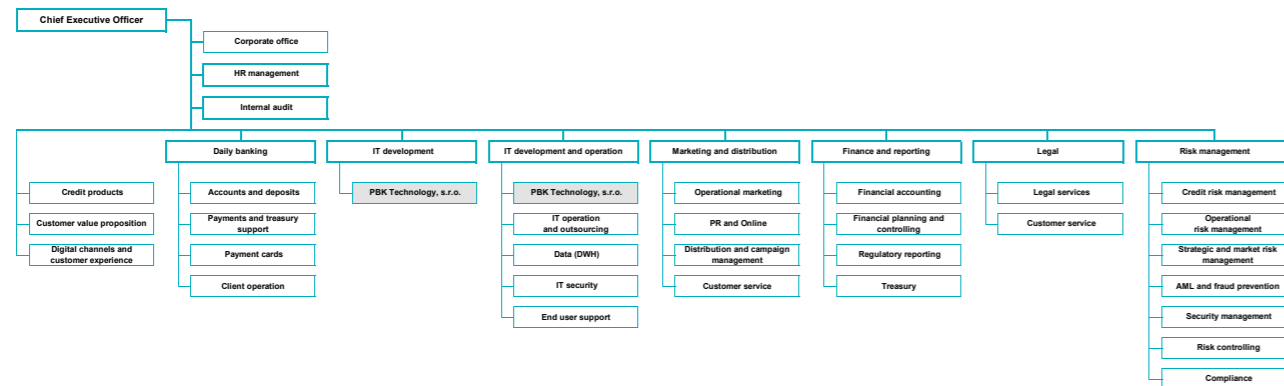
Petr Kroupa, member of the supervisory board

After graduating from the Economic Policy and Public Administration programme at the University of Economics in Prague, Petr worked extensively in financial consulting. Gradually he worked his way up to the position of a partner in the Partners Financial Services, a.s. group and is also its shareholder. As a partner and shareholder, he is actively involved in its strategic development. In addition to his financial advisory activities, he lectures at professional conferences on finance, business skills, and motivation. He has also been the chairman of the supervisory board of Partners Investment Company, a.s. since mid-2012.

7.3. Audit committee

The Bank does not have an audit committee, as its powers are exercised by its Supervisory Board in accordance with Article 26(2)(k) of the Bank's articles of association.

8. ORGANISATIONAL STRUCTURE OF THE BANK



9. ENVIRONMENTAL IMPACT OF THE BANK'S ACTIVITIES

The Bank is well aware that the way in which it sets up its product portfolio, distributes products and services, and conducts itself has varying degrees of environmental impact.

Since entering the market, the Bank has only offered deposit products, and has set up client processes as fully digital. This means that clients can fully service their banking products in the mobile app. Full digitalisation and automation is the Bank's goal for internal and support policies and procedures as well. This approach minimises paper consumption and any impact associated with handling paper documents. Clients also have immediate and free access to virtual payment cards. Physical payment cards are made from recycled plastic.

When developing future product propositions, emphasis is placed on sustainability, including the energy intensity and carbon footprint of the projects being financed. This will be particularly relevant for loan products, which the Bank plans to launch in the upcoming period.

As for the physical impact of its operations, the Bank currently uses leased premises in an office complex. Waste sorting is already a matter of course in the current operation. The Bank

does not operate its own fleet of vehicles and encourages employees to use more environmentally friendly modes of transport.

In the future, we plan to move the administrative functions of the Partners Group companies to a new building that will fully meet current environmental impact criteria. Since the beginning of the project, the concerns of local residents have been considered.

Through rules defined in its internal policies, the Bank assesses its suppliers' compliance with legal regulations. In the future, the Bank plans to use some of the external assessments and databases available for a comprehensive assessment of suppliers from environmental, social and governance perspectives.

To keep abreast of the most recent ESG measures, the Bank participates in debates within the Sustainable Finance Commission of the Czech Banking Association and adopts and implements those elements that fit its profile and product focus.

10. SOCIAL AREA

The Bank entered the market with a vision to provide services that promote financial health. This means that it offers and recommends a responsible approach to managing personal and family finances, motivating people to set and meet meaningful and realistic financial goals through its mobile app and Partners advisory network.

As an employer, the Bank is only just establishing itself, its starting point and a matter of course being compliance with labour legislation and the creation of favourable and equal working conditions.

Beyond this baseline, the Bank supports employees' work-life balance by allowing them to work from home and to take five paid sick days. To provide for its employees' retirement and

to manage their financial life responsibly in the long term, the Bank provides a pension contribution.

The Bank's priority when selecting employees and executives is professional competence, skills, and experience. No criteria are applied that would be discriminatory with regard to gender, age, sexual orientation, etc. Currently, the eight-member board of directors consists of three women and five men.

Since the beginning of its existence, the Bank has promoted social responsibility and solidarity with employees in difficult situations. So far, employees have supported their colleagues in the form of voluntary contributions, in the future, the Bank plans charitable and social projects with a wider reach.

The Bank strictly observes the fair treatment of employees and does not tolerate any form of discrimination or bullying. It unequivocally rejects any suggestion of corrupt behaviour and violations or circumventions of legal and regulatory provisions. Employees may report suspected violations in this area through any of the channels offered by the internal procedure for such situations, including anonymous reporting.

The Bank has summarised its values in a binding Code of Ethics, which is presented to employees in regular training sessions in a very comprehensible and easy to understand form, so that employees can identify with and follow it. Compliance with the commitments set out in the Code of Conduct is regularly monitored and evaluated.

11. RESEARCH AND DEVELOPMENT ACTIVITIES

The establishment of Partners Banka has in many aspects been supported by research, both internal and external, qualitative and quantitative, as well as by a massive development without which a modern technology bank could never have been created. All development is carried out by our subsidiary PBK Technology, s.r.o.

Last year, we also launched the non-banking part of the Partners app, which is being developed for us by our subsidiary. This is an app that connects the advisory and banking worlds.

Finding out how the app should look to best meet the needs of our clients, including children and teenagers for whom we have special versions of the app, necessitated nearly continuous research and the testing of the individual steps, content, communication style, graphics, and UX. All while meeting strict security and technical requirements.

By the end of the year, more than 35,000 clients had downloaded our app.

12. SIGNIFICANT POST-BALANCE SHEET EVENT

On 4 March 2024, the Bank's current and savings account services were launched to clients of registered advisors of Partners Financial Services, a.s.

13. RESPONSIBILITY FOR THE ANNUAL REPORT

The responsibility for the annual report of Partners Banka, a.s. rests with the board of directors of the Bank.

Statement

We represent that the information given in this annual report is true and that no material information has been omitted which could affect the fair and accurate assessment of the Bank.

Prague, 3 April 2024



Marek Ditz
Chairman of the board of directors
Partners Banka, a.s.



Daniela Hynštová
Member of the board of directors
Partners Banka, a.s.

14. ANNEXES

- a. Report of the supervisory board 2023
- b. Auditor's report on the audit of the financial statements as at 31 December 2023
- c. Individual financial statements as at 31 December 2023
- d. Notes to the financial statements as at 31 December 2023
- e. Report on relations 2023



REPORT OF THE SUPERVISORY BOARD FOR 2023

[Report of the supervisory board on its audit activities in 2023 and its review of the annual financial statements as at 31 December 2023, the proposal for the distribution of profit for 2023, and the 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](#)

Throughout 2023, the Bank's supervisory board was composed of three members, namely Mgr. Petr Bartoš, Ing. Petr Kroupa and RNDr. Zuzana Kepková. As at 3 December 2023, the office of all three members of the supervisory board terminated, but with regard to their re-election at the general meeting held on 18 October 2023, a new term of office started for all three members on the following day, i.e. 4 December 2023. With regard to the re-election, at the supervisory board meeting held on 21 November 2023, Mgr. Petr Bartoš was elected chairman of the supervisory board, effective as of 4 December 2023 (i.e., the effective date of the new term of office).

Within its the scope of its competence, the Bank's supervisory board supervised the board of directors and the Bank's business activities. The supervisory board held four regular meetings in 2023 and, apart from the annual agenda, met to approve the documents necessary for the licencing procedure and to review the preparations and progress of activities for the full commencement of banking operation with a view to the granting of the banking licence on 25 August 2023, which entered into effect on 29 August 2023. The supervisory board meetings were always attended by at least one member of the Bank's board of directors, who informed the supervisory board members about the current status of the licencing procedure and subsequently about the Bank's activities and its readiness with regard to the pilot operation that started at the beginning of November 2023.

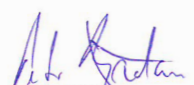
The members of the supervisory board performed their duties with due managerial care and in their audit activities exercised the rights stipulated in the relevant legislation, the Bank's articles of association, and the relevant internal regulations of the Bank.

In the course of its audit activities, the supervisory board did not find any violations of legal regulations, the Bank's articles of association, or resolutions of the Bank's previous general meetings.

The supervisory board reviewed the Bank's annual financial statements as at 31 December 2023 and the board of directors' proposal for the distribution of profit for 2023. The supervisory board also reviewed the board of directors' report on the relations between the controlling entity and the controlled entity and between the controlled entity and entities controlled by the same controlling entity for 2023 (the "Report on Relations") prepared for the past financial year pursuant to Section 82 et seq. of Act No. 90/2012 Coll., on Commercial Companies and Cooperatives, as amended.

Based on the document presented, information available to it and its own audit activities, the supervisory board of the Bank has no comments on the Bank's financial statements as at 31 December 2023, the board of directors' proposal for the distribution of profit for 2023, and the Report on Relations. The supervisory board therefore proposes that the general meeting of shareholders of the Bank approve the Bank's annual financial statements as at 31 December 2023 and the board of directors' proposal for the distribution of profit for 2023.

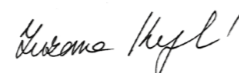
Prague, 4 April 2024



Mgr. Petr Bartoš
předseda dozorčí rady



Ing. Petr Kroupa
člen dozorčí rady



RNDr. Zuzana Kepková
člen dozorčí rady

AUDITOR'S REPORT



KPMG Česká republika Audit, s.r.o.
Pobřežní 1a
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Czech Republic
+420 222 123 111
www.kpmg.cz

This document is an unsigned 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 Partners Banka, a.s.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Partners Banka, a.s. ("the Company"), prepared in accordance with Czech accounting legislation, which comprise the balance sheet as at 31 December 2023, and the income statement, the statement of changes in equity and the cash flow statement for the year then ended, and notes to the financial statements, comprising material accounting policies. Information about the Company is set out in Note 1 to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with Czech accounting legislation.

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.



Total equity

The Company's total equity as at 31 December 2023 amounts to CZK 3,072,722 thousand (as at 31 December 2022: CZK 3 025 240 thousand).

For further information, see Note 2 (Material accounting policies) and Note 3.11. Equity.

The key audit matter

The Company was granted its banking license in August 2023. In order to obtain the license, it was required by the Czech National Bank (CNB) to demonstrate the existence of a certain minimum amount of equity and its full payment by the shareholders. The amount of equity and its maintenance represent the key conditions for the Company's operation with respect to the banking licence and the requirements of the CNB.

In addition, due to the fact that the Company did not yet launch its banking activities to the general public in 2023, as of the end of that year, equity represented the most significant item on the Company's balance sheet, accounting for approximately 98% of total equity and liabilities as at the reporting date.

Due to the importance of the matter to the financial statements as stated above this area required our increased attention in the audit and as such was determined to be a key audit matter.

How the matter was addressed in our audit

In connection with the key audit matter, we performed, among other things, the procedures outlined below:

We inspected the Company's process of ensuring its regulatory compliance and tested selected internal controls therein, including those over the accurate recognition of movements in registered capital and other capital funds.

We inspected the Company's banking license obtained from the CNB as well as its key terms as communicated separately by the central bank.

We tested individual movements in equity (such as any increases in registered capital and capital contributions to other capital funds) by tracing them to the relevant legal documentary evidence and bank account statements, identifying the relevant journal entries and testing their accuracy.

We recalculated regulatory capital and capital adequacy ratios as at 31 December 2023.

We examined whether the disclosures in respect of the total equity in the financial statements appropriately address the relevant quantitative and qualitative information required by the applicable financial reporting framework.

Other matter

Comparative information provided in the accompanying financial statements are unaudited as the financial statements for 2022 were not subject to audit under applicable legislation.

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.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider



whether the other information is materially inconsistent with the 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 financial statements is, in all material respects, consistent with the financial statements; and
- the other information has been prepared in accordance with applicable laws and regulations.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

Responsibilities of the Statutory Body and Supervisory Board for the Financial Statements

The statutory body is responsible for the preparation and fair presentation of the financial statements in accordance with Czech accounting legislation, 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 Supervisory Board 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 18 October 2023 and our uninterrupted engagement has lasted for 1 year.

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 4 April 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 Partners Banka, a.s. as at 31 December 2023, based on which this independent auditor's report has been prepared.

Prague
11 April 2024

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

Veronika Strolená
Partner

FINANCIAL STATEMENTS

INCOME STATEMENT

for the accounting period ended 31 December 2023

(in thousands of Czech crowns "TCZK")

Ident.	Current year	Prior year
1. Interest income and similar income	150,720	68,018
<i>of which: interest on debt securities</i>	30,369	1,099
2. Interest expense and similar expense	6,324	345
<i>of which: interest on debt securities</i>	976	0
4. Fee and commission income	6	0
5. Fee and commission expense	337	45
6. Gain or loss from financial operations	48	(50)
7. Other operating income	1,365	159
9. Administrative expenses	117,685	35,485
Of which: a) employee expenses	40,772	8,552
of which: aa) wages and salaries	30,279	6,342
ab) social and health insurance	9,880	2,072
b) other administrative expenses	76,913	26,933
11. Depreciation, additions and utilisation of provisions and adjustments to tangible and intangible fixed assets	783	0
12. Release of loss allowances and provisions for receivables and guarantees, income from written-off receivables	113	0
13. Write-offs, additions and use of loss allowances and provisions for receivables and guarantees	310	0
19. Profit or loss on ordinary activities for the period before tax	26,813	32,252
23. Income tax	597	6,005
24. Profit or loss for the period after tax	26,216	26,247

BALANCE SHEET

as at 31 December 2023

(in thousands of Czech crowns "TCZK")

Ident.	ASSETS	Current year net	Prior year net
1. Cash in hand and balances with central banks		17,805	0
2. State zero coupon bonds and other securities eligible for refinancing with the central bank		1,102,334	119,916
<i>Of which: a) securities issued by government institutions</i>		1,102,334	119,916
3. Receivables from banks and credit unions		1,398,941	1,434,274
<i>Of which: a) repayable on demand</i>		11,810	2,352
<i>b) other receivables</i>		1,387,131	1,431,922
8. Ownership interests with controlling influence		572,100	272,100
9. Intangible fixed assets		17,325	10,371
10. Tangible fixed assets		7,178	0
11. Other assets		8,092	353,961
12. Receivables from subscribed registered capital		0	847,059
13. Prepaid expenses and accrued income		5,042	1,361
TOTAL ASSETS		3,128,817	3,039,042

Ident.	LIABILITIES	Current year	Prior year
2.	Payables to customers – credit union members	12,838	0
	Of which: a) repayable on demand	1,836	0
	b) other payables	11,002	0
4.	Other liabilities	42,214	7,797
6.	Provisions	1,043	6,005
	b) for taxes	1,043	6,005
	Total liabilities	56,095	13,802
8.	Registered capital	2,470,588	2,470,588
	of which: a) paid-up registered capital	2,470,588	1,623,529
12.	Capital contributions	529,412	529,412
13.	Revaluation gains (losses)	21,266	0
	of which: a) on assets and liabilities	21,266	0
14.	Retained profits or accumulated losses from previous years	25,240	(1,007)
15.	Profit or (loss) for the period	26,216	26,247
	Total equity	3,072,722	3,025,240
	TOTAL LIABILITIES AND EQUITY	3,128,817	3,039,042

OFF-BALANCE SHEET ITEMS

as at 31 December 2023

(in thousands of Czech crowns "TCZK")

Ident.	Current year	Prior year
Total off-balance sheet assets	0	0
10. Collaterals and pledges received	1,127,724	0
Total off-balance sheet liabilities	1,127,724	0

STATEMENT OF CHANGES IN EQUITY

for the accounting period ended 31 December 2023

(in thousands of Czech crowns "TCZK")

	Registered capital	Capital contributions	Revaluation gains (losses)	Retained earnings (accumulated losses)	Current year profit (loss)	TOTAL
Balance at 1 Jan 2022	1,200,000			(164)	(844)	1,198,992
Transfer of loss from 2021				(844)	844	0
FX gains (losses) and revaluation gains (losses) not included in profit or loss			2,119			2,119
Net profit (loss) for the period					26,247	26,247
Increase of funds		529,412				529,412
Issue of shares	1,270,588					1,270,588
Balance at 31 December 2022	2,470,588	529,412	2,119	(1,007)	26,247	3,027,359
Change in accounting policies due to transition to Decree No. 501/2002 Coll.			(2,119)			-2,119
Balance at 31 December 2022 restated	2,470,588	529,412	0	(1,007)	26,247	3,025,240
Balance at 1 January 2023	2,470,588	529,412	0	(1,007)	26,247	3,025,240
Transfer of profit for 2022				26,247	(26,247)	0
FX gains (losses) and revaluation gains (losses) not included in profit or loss			21,266			21,266
Net profit (loss) for the period					26,216	26,216
Balance at 31 December 2023	2,470,588	529,412	21,266	25,240	26,216	3,072,722

CASH FLOW STATEMENT

for the accounting period ended 31 December 2023

(in thousands of Czech crowns "TCZK")

	Current year	Prior year
P. Opening balance of cash and cash equivalents	1,434,274	983,784
Cash flows from main activities (operating activities)		
Z. Profit (loss) before tax	26,813	32,252
A.1. Adjustment for non-cash operations	(143,350)	(67,673)
A.1.1. Impairment losses on loans and receivables and financial investments	262	0
A.1.2. Amortisation and depreciation of fixed assets	784	0
A.1.6. Interest expenses and income	(144,396)	(67,673)
A.* Net operating cash flows before working capital changes	(116,537)	(35,421)
A.2. Change in operating assets and liabilities	28,192	6,403
A.2.1. Change in receivables from banks and customers	(98)	0
A.2.2. Change in payables to banks and customers	12,838	0
A.2.4. Change in of other assets and accruals of assets	(6,195)	(654)
A.2.5. Change in other liabilities and accruals of liabilities	21,647	7,057
A.** Net operating cash flows before tax	(88,345)	(29,018)
A.3. Interest paid	(5,348)	(345)
A.4. Interest received	143,892	65,352
A.5. Income tax paid on ordinary activities	(8,979)	0
A.*** Net cash flows from operating activities	41,220	35,989
Cash flows from investing activities		
B.1. Acquisition of fixed assets	(1,258,748)	(272,999)
B.1.1. Acquisition of ownership interests in subsidiaries and associates	(300,000)	(150,000)
B.1.2. Acquisition of tangible and intangible fixed assets	(7,354)	(4,183)
B.1.3. Acquisition of investment securities	(951,394)	(118,816)
B.*** Net cash flow from investing activities	(1,258,748)	(272,999)
Cash flows from financing activities		
C.2. Impact of changes in equity on cash and cash equivalents	1,200,000	687,500
C.2.1. Increase in cash and cash equivalents due to increase in registered capital	847,059	511,029
C.2.5. Direct payments to funds	352,941	176,471
C.*** Net cash flow from financing activities	1,200,000	687,500
F. Net change of cash and cash equivalents	(17,528)	450,490
R. Closing balance of cash and cash equivalents	1,416,746	1,434,274

1. GENERAL INFORMATION

1.1. Establishment and description of the Bank

Partners Banka, a.s. (the "Bank") was established on 4 December 2020, and has its registered office in Prague 4 – Chodov, Türkova 2319/5b, postal code 149 00. The original name of the Bank was Partners Branka a.s. Legal form of the Company is a joint-stock company, Identification number 097 27 094. The registered office of the Bank since its establishment is Türkova 2319/5b, 149 00 Praha 4 – Chodov, Czech Republic.

The Bank was established to acquire bank licences from the Czech National Bank (the "CNB") and to provide banking activities pursuant to the Act No. 21/1992 Coll., on banks. The application for licence was submitted on 23 December 2021, and as at this date the CNB initiated administrative proceedings on licensing.

The CNB granted the licence to the Bank on 25 August 2023, and the banking licence came into force as at 29 August 2023.

1.2. Registered capital

As at the reporting date, the Bank has subscribed paid up registered capital of CZK 2,470,588,200 comprising of 12,352,941 registered ordinary shares in book-entry form with a nominal value of CZK 200. Ordinary registered shares and the rights related thereto are transferable only upon the previous consent of the Bank's general meeting.

1.3. Principal activities

Manufacturing, trade and services not specified in appendixes 1 to 3 of the Trade Licensing Act (before 13 September 2023).

As at 13 September 2023, a change in the principal activities of the Bank was recorded in the Commercial Register. The new principal activities under the banking licence granted by the CNB include banking activities pursuant to the Act No. 21/1992 Coll., on banks, as amended:

- accepting deposits from the public;
- lending;
- investing in securities on its own account;
- payment services and electronic money issuance;
- issuing and administering means of payment where it does not involve the provision of payment services or the issuing of electronic money;
- financial brokerage;
- providing banking information;
- trading on own account or on behalf of a client in foreign exchange values that are not investment instruments and in gold;
- activities directly related to activities specified in the banking licence.

Under the banking licence, the Bank initiated its banking activities as at 1 November 2023 in a pilot regime, which covers current accounts, savings accounts in Czech crowns including debit payment cards offered solely to employees of the Partners Group, their family members, and key suppliers. The Bank plans the launch of full operation from March 2024. In the second half of 2024, the Bank plans to start offering consumer loans and mortgages.

1.4. Statutory bodies

1.4.1. Board of directors

As at 31 December 2023, members of the board of directors were as follows:

<i>Chair:</i>	Marek Ditz
<i>Vice-chair:</i>	Lada Kičmerová
<i>Members:</i>	Jiří Charousek (position held from 13 September 2023) Daniela Hynštová (position held from 28 February 2023) Tomáš Kořínek Simona Machulová Michal Skalický Jiří Raška

As at 30 April 2023, membership in the board of directors of Peter Michajlov terminated (deleted from the Commercial Register on 13 September 2023).

The Bank is represented at all times by the chair of the board of directors together with one member of the board of directors, or the vice-chair of the board of directors together with one member of the board of directors.

1.4.2. Supervisory board of the Bank

Members of the supervisory board as at 31 December 2023 were as follows.

<i>Members:</i>	Petr Bartoš Zuzana Kepková Petr Kroupa
-----------------	--

The Bank does not have an audit committee and its function is filled in by the supervisory board.

1.5. Changes in the Commercial Register

In 2023, the following changes were recorded in the Commercial Register.

Based on the banking licence granted, the Bank changed its name from Partners Branka, a.s. to Partners Banka, a.s., and changed its principal business activity (see Note 1.3 Principal activities). Both changes were recorded in the Commercial Register on 13 September 2023.

The following changes in the Bank's statutory bodies were registered. On 28 February 2023, Daniela Hynštová was recorded as a member of the board of directors, and on 13 September 2023, Jiří Charousek was recorded as a member of the board of directors. On 21 March 2023, František Kalivoda was deleted as a member of the board of directors (termination of function as at 31 December 2022), and on 13 September 2023, Peter Michajlov was deleted as a members of the board of directors (termination of function as at 30 April 2023).

In 2023, changes in the number and form of ordinary shares and the method of deciding their transferability were also registered. The changes are summarised in the following table:

Date of change in the Commercial Register	Number of ordinary shares	Form of shares	Transferability
Status as at 31 December 2022	8,117,647 pcs	ordinary certificated	Only with prior consent of the board of directors of the Bank
28 February 2023	8,117,647 pcs	ordinary certificated	Only with prior consent of the general meeting of the Bank
31 March 2023	12,352,941 pcs	ordinary certificated	Only with prior consent of the general meeting of the Bank
13 September 2023	12,352,941 pcs	ordinary book-entry	Only with prior consent of the general meeting of the Bank

The information about the decision of the general meeting of the Bank dated 23 November 2022 on the increase in registered capital by CZK 847,058,800 (4,235,294 ordinary registered shares in certificated form), was deleted from the Commercial Register as this increase in registered capital has already been recorded and the registered capital was fully paid up (decision recorded on 23 November 2022 and deleted on 10 August 2023).

On 8 December 2023, the re-election of all current members of the statutory bodies was recorded. The date of termination or start of their positions in the statutory bodies is 4 December 2023. The election occurred due to the termination of the original three-year term of office.

1.6. Consolidated unit

The Bank is a member of the BIG Private Holding a.s. group consolidated unit. The controlling entity is BIG Private Holding a.s., Identification No.: 11797118, with its registered office at No. 103, 666 01 Březina, Czech Republic.

The consolidated financial statements are available in the collection of documents on the www.justice.cz website.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Decree of the Czech Ministry of Finance No. 501/2002 Coll., implementing certain provisions of Act No. 563/1991 Coll., on Accounting, as amended, for business entities that are banks and other financial institutions, as amended, and Czech Accounting Standards for business entities that maintain their accounting records in compliance with Decree No. 501/2002 Coll., as amended.

In Section 4a, the Decree No. 501/2002 Coll. stipulates that for the purposes of financial instruments' recognition, measurement and disclosures on them in the notes to the financial statements, the Bank shall proceed in accordance with the International Financial Reporting Standards stipulated by directly applicable regulations of the European Union on applying the international accounting standards ("international accounting standard" or "IFRS").

The financial statements are based on the assumption that the accounting entity will continue as a going concern and that there is no circumstance that would restrict or prevent the accounting entity's ability to continue as a going concern in the foreseeable future.

The accounting period of the Bank is a calendar year.

All amounts in the financial statements are presented in thousands of Czech crowns (TCZK), unless stated otherwise.

2.1. Changes to the significant accounting policies applied

Due to the fact that as at 31 December 2022, the Bank did not have a banking licence, the 2022 financial statements have been prepared in line with the Decree No. 500/2002 Coll., on accounting, implementing certain provisions of Act No. 563/1991 Coll., on Accounting, as amended, for reporting entities that are businesses maintaining double-entry accounting records. It continued to maintain its accounting records in compliance with this Decree from 1 January 2023.

As the Bank was granted the banking licence in August 2023 and with regard to the regulatory requirements (FINREP), the Bank retroactively changed its accounting policies as at 1 January 2023 and followed Decree No. 501/2002 Coll., implementing certain provisions of Act No. 563/1991 Coll., on Accounting, as amended, for business entities that are banks and other financial institutions, as amended.

Due to the change of the applicable implementing decree, the Bank also set up a conversion bridge between the chart of accounts for entrepreneurs (closing balances as at 31 December 2022) and the chart of accounts for financial institutions (opening balances as at 1 January 2023).

As financial institutions are required to apply the International Financial Reporting Standards to financial instruments, 1 January 2023 was also the day the Bank first applied *IFRS 9 Financial instruments*.

In compliance with the transition provisions, the Bank applied this standard retroactively and as at the date of initial application, based on known facts and circumstances existing as at this date, estimated whether financial assets are held within a business model whose objective is to:

- hold financial assets to collect contractual cash flows; or

- collect cash flows and sell financial assets; or
- hold financial assets for trading.

Thus, the Bank retroactively as at 1 January 2023, assessed the characteristics of contractual cash flows of financial instruments, namely bonds, current accounts, and short-term term deposits, and defined the business model under which these assets are held, and concluded that:

- a) on specified dates, the contractual terms of these bonds give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding;
- b) the bonds are held within a business model that seeks to hold financial assets to collect contractual cash flows.

Based on the above, the Bank classified the bonds held as at the date of initial application of IFRS 9 as financial assets measured at amortised cost, and derecognised in total their revaluation to fair value, of TCZK 2,616 (including associated deferred tax of TCZK 497), accounted for as at 31 December 2022 when applying decree No. 500/2002 Coll., and for the comparability of financial statements projected this change also to the comparable information of the financial statements as at 31 December 2023.

No changes were made to the measurement and reporting of current accounts and term deposits.

Due to the transition to decree No. 501/2022 Coll., the Bank also assessed the amount of expected credit loss as at 31 December 2022 in compliance with the IFRS requirements. The total amount was, however, immaterial and thus it was not reported.

Due to the above described changes in accounting policies which resulted in a change in the structure of the financial statements, the following tables show the transition of the data reported by the Bank in the current period in its financial statements as at 31 December 2022 (net values) pursuant to the Czech Accounting Standards for entrepreneurs (left columns) to the structure of reports prepared pursuant to the Czech Accounting Standards for financial institutions (right columns).

As the transition tables show, the change in accounting policies did not result in any change of the result of operations of the Bank for 2022 or previous periods. Total assets decreased by TCZK 2,616 due to the above change in debt instruments measurement.

To achieve comparability, the value of the item Prepaid expenses and accrued revenues in assets was adjusted, because as at 31 December 2022 it included accrued revenues of TCZK 1,922 representing interest revenue on bank deposits. The adjusted values show the accrued interest (same as at 31 December 2023) in the line Receivables from banks and credit unions b) Other receivables. This reclassification has no impact on total assets.

ASSETS (in TCZK)					
Financial statements published as at 31 December 2022			Restated values as at 31 December 2022		
B.III.5.	Other long-term securities and equity investments	122,532	2.	State zero coupon bonds and other securities eligible for refinancing with the central bank	119,916
C.IV.2.	Cash at the bank	1,432,352	3.	Receivables from banks and credit unions a) repayable on demand	2,352
				Receivables from banks and credit unions b) other receivables	1,431,922
B.III.1.	Equity investments – group undertakings	272,100	8.	Ownership interests with controlling	272,100
B.I.5.2.	Intangible fixed assets under construction	10,371	9.	Intangible fixed assets	10,371
C.II.2.1.	Trade receivables	40	11.	Other assets	353,961
C.II.2.2.	Receivables – group undertakings	176,471			
C.II.2.4.1.	Receivables from members	176,470			
C.II.2.4.4.	Short-term advances paid	31			
C.II.2.4.5.	Estimated receivables	949			
A.	Receivables from subscribed equity	847,059	12.	Receivables from subscribed registered capital	847,059
D.	Accruals and deferrals	3,283	13.	Prepaid expenses and accrued income	1,361
TOTAL ASSETS		3,041,658	TOTAL ASSETS		3,039,042

LIABILITIES (in TCZK)					
Financial statements published as at 31 December 2022			Restated values as at 31 December 2022		
C.I.8.	Deferred tax liability	497	4.	Other liabilities	7,797
C.II.4.	Trade payables	6,070			
C.II.6.	Liabilities – group undertakings	390			
C.II.8.3.	Payables to employees	648			
C.II.8.4.	Payables relating to social security and health insurance	362			
C.II.8.5.	Tax liabilities and subsidies	112			
C.II.8.6.	Estimated payables	203			
C.II.8.7.	Other liabilities	12			
B.2.	Income tax provisions	6,005	6.	Provisions b) for taxes	6,005
B.+C.	LIABILITIES	14,299	Total liabilities		13,802
A.I.	Registered capital	2,470,588	8.	Registered capital	2,470,588
A.II.2.1.	Other capital contributions	529,412	12.	Capital contributions	529,412
A.II.2.2.	Revaluation gains (losses) on assets and liabilities	2,119	13.	Revaluation gains (losses) a) on assets and liabilities	0
A.IV.1.	Retained profits (or accumulated losses) (+/-)	-1,007	14.	Retained profits or accumulated losses from	-1,007
A.V.	Profit (loss) for the accounting period (+/-)	26,247	15.	Profit or loss for the period	26,247
A.	EQUITY	3,027,359	Total equity		3,025,240
TOTAL LIABILITIES		3,041,658	TOTAL LIABILITIES		3,039,042

INCOME STATEMENT (in TCZK)					
Financial statements published as at 31 December 2022			Restated values as at 31 December 2022		
V.2.	Other income from other long-term investments	1,099	1.	Interest income and similar income	68,018
VI.2.	Other interest income and similar income	66,919	2.	Interest expense and similar expense	345
K.	Other financial expenses	440	5.	Fee and commission expense	45
			6.	Gain or loss from financial operations	-50
I.	Revenues from products and services	159	7.	Other operating income	159
D.1.	Wages and salaries	6,342	9.	Administrative expenses a) personnel expenses	8,552
D.2.1.	Social security and health insurance expenses	2,072			
D.2.2.	Other expenses	138	9.	Administrative expenses b) other administrative expenses	26,933
A.2.	Materials and energy used	207			
A.3.	Services	26,494			
F.3.	Taxes and fees	203			
F.5.	Other operating expenses	29			
**	Profit/(loss) before tax	32,252	19.	Profit or loss on ordinary activities for the period before tax	32,252
L.1.	Current income tax	6,005	20.	Income tax	6,005
***	Profit (loss) for the period	26,247	21.	Profit or loss for the accounting period	26,247

2.2. Transaction recognition date

The transaction recognition date is the day when a delivery is performed, a payable is settled, a receivable is collected, an advance payment is made or received, a shortfall, deficit, surplus or damage is determined, or an asset is transferred within the Bank. In financial services, the transaction recognition date is the date of purchase or sale of securities; the date of executing a payment or collection from a client's account; the date of ordering a correspondent to execute a payment; the date of settling the Bank's orders with the CNB clearing centre; the date on which (foreign currency) funds are credited according to the account statement; the trade date for securities, FX, or derivative transactions.

2.3. Foreign currency translation

The Bank maintains its accounting records in the Czech currency, and for receivables and liabilities, investments in business corporations, rights from securities and book-entry securities ("securities") and derivatives, if reported in foreign currency, it also uses foreign currency. The Bank also uses foreign currency in reporting loss allowances and provisions pertaining to assets and liabilities reported in foreign currency.

Assets and liabilities reported in foreign currency are translated into the Czech currency at the Czech National Bank official exchange rate prevailing as at

- the transaction recognition date; and
- the reporting date.

For purchase or sale of foreign currency, the Bank, at the moment of measurement, applies the exchange rate for which these assets were purchased.

2.4. Classification and measurement of financial instruments

In compliance with the Czech regulatory requirements, the Bank measures and classifies financial instruments in line with the International Financial Reporting Standards ("IFRS"), which define financial instruments as any contract giving rise to a financial asset of one accounting entity while at the same time creating a financial liability or an equity instrument of another accounting entity.

Financial assets comprise primarily cash, equity instrument of another accounting entity, the contractual right to accept cash or another financial asset from another accounting entity, the contractual right to exchange financial assets or liabilities with another accounting entity under terms and conditions that represent a potential advantage for the Bank, or contracts that will or can be settled by equity instruments and which are not a derivative, or which are a derivative which can or will be settled in another way than by exchange of a fixed cash sum or another financial asset for a fixed amount of own equity instruments of the accounting entity (for definition of derivatives, see note 2.7 Financial Derivatives).

Financial liabilities represent a contractual liability to provide cash or another financial asset to another accounting entity, or a liability to exchange financial assets or financial liabilities with another entity under terms and conditions that are potentially disadvantageous to the accounting entity, or a contract that will or can be settled by own equity instruments and which are not a derivative, or which are a derivative which can or will be settled in another way than by exchange of a fixed cash sum or another financial asset for a fixed amount of own equity instruments of the accounting entity.

An equity instrument is a contract that evidences a residual interest in the assets of the accounting entity after deducting all of its liabilities.

The Bank shall recognise a financial asset or financial liability only if it becomes a party to a contractual provision pertaining to a given financial instrument.

The Bank measures and classifies financial instruments based on the business model under which it became a contractual party to the financial instrument, and based on the characteristics of the financial instrument cash flows. The business model of the accounting entity is related to the way the Bank manages its financial assets to generate cash flows. This means that the Bank's business model determines whether cash flows result from collecting contractual cash flows, selling financial assets, or both.

Based on the assessment of the above criteria, the Bank shall classify the financial asset into one of the following portfolios:

- financial assets measured at amortized costs, if
 - the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;
 - on specified dates, the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding;
- financial assets measured at fair value through other comprehensive income, if
 - the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
- financial assets measured at fair value through profit or loss, if
 - the financial asset is held within a business model whose objective is achieved solely through selling financial assets.

The Bank classifies all financial liabilities as measured at amortised cost, with the exception of:

- financial liabilities measured at fair value through profit or loss;
- financial liabilities that arise when the transfer of a financial asset does not meet the conditions for derecognition.

An exception is also made for financial guarantee contracts and loan commitments with lower interest than the market interest rate. The Bank does not provide such products yet.

On initial recognition, the Bank measures the financial asset or financial liability at fair value. In respect of financial assets or financial liabilities not included in the FVTPL category, the Bank shall increase or decrease this fair value by transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

On subsequent measurement, financial instruments are measured in relation to the category into which they were classified upon initial recognition, i.e.:

- at amortised cost
- at fair value through other comprehensive income
- at fair value through profit or loss.

Transactions in which securities are sold with a commitment to repurchase at a predetermined price (repo) or purchased with a commitment to resell (reverse repo) are accounted for as collateralised received or provided loans. The legal title to the respective securities is transferred to the lender.

Securities transferred under repo transactions continue to be included in the relevant securities items on the Bank's balance sheet and the amount received from the transfer of securities under repo transactions is charged to "Due to banks" or "Due to customers". Securities received under reverse repo transactions are only recorded off-balance sheet under "Collaterals and pledges received". Loans provided under reverse repo transactions are recorded under "Receivables from banks" or "Receivables from customers".

Income or expenses arising from repo transactions or reverse repo transactions as the difference between the selling and purchase price are accrued over the term of the transaction and presented in the income statement under "Interest income and similar income" or "Interest expense and similar expense".

2.5. Impairment of financial assets

The Bank accounts for impairment of financial assets in accordance with the requirements of IFRS 9 in the form of a loss allowance calculated based on the expected credit loss model. To determine expected losses, the Bank classifies debt financial assets by risk into the three following categories:

- Stage 1 – includes debt financial assets for which there has been no significant increase in credit risk since initial recognition at the reporting date. In this case, impairment is determined as the expected credit loss over the 12 months from the date of the financial statements. Interest income for this level is calculated from the financial asset's gross value;
- Stage 2 – includes debt financial assets for which there has been a significant increase in credit risk since initial recognition, but no default as at the reporting date. In this case, impairment of financial assets is determined as the expected credit loss to the maturity of the financial asset. Interest income for this level is also calculated from the financial asset's gross carrying amount;
- Stage 3 – includes financial assets at default. In this case, impairment of financial assets is determined as the expected credit loss to the maturity of the financial asset. Interest income is calculated from the net value of the financial asset, i.e., net of the loss allowance.

The loss allowance amount is equal to the expected credit loss (ECL):

- 12-month ECL for Stage 1, and to maturity for Stage 2 and 3;
- monthly for individual exposures (Stage 1, 2, and 3);
- based on individual and portfolio approach.

The basic parameters for ECL calculation comprise:

- Probability of Default (PD);
- Loss Given Default (LGD);
- Exposure At Default (EAD).

As the Bank has no historical data available, PD and LGD values are determined expertly based on publicly available data. As the debt assets of the Bank comprise solely receivables from the CNB, the Czech Republic, or domestic banks with high credit rating, these estimates are not adjusted further. The EAD value is equal to the financial asset's value.

The Bank views as impaired those assets where the debtor is over 91 days overdue with the contractual payment. The Bank does not report any such assets.

Loss allowances charged to expenses are reported under '*Depreciation, amortisation and use of allowances and provisions for receivables and guarantees*'.

The Bank reports default interest on receivables in default off-balance sheet. The Bank has no such receivables.

Operating and other receivables are immaterial in the Bank's view, and the Bank establishes loss allowances to operating and other receivables in the amount of 100% in case they are over 90 days overdue.

The Bank creates loss allowances in the amount of 100% of the exposure to receivables from current accounts (unauthorised debit) when it identifies such receivable. The Bank has no such receivables.

2.6. Determination of fair value and fair value hierarchy

IFRS 13 Fair value measurement defines fair value and its framework. Under this definition, fair value is the price that would be received to sell an asset or paid to transfer a liability in a regular transaction in the principal market (or the most advantageous market in the absence of a principal market) at the measurement date at arm's length (i.e., the exit price), regardless whether directly observable or estimated using another valuation technique.

Fair value measurement is made for a specific asset or liability and, in determining fair value, the Bank therefore considers the characteristics of the asset or liability that market participants would consider in pricing the asset or liability at the measurement date. Such characteristics include, for example, the condition and location of the asset and any restrictions on the sale or use of the asset.

In measuring fair value, the Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient inputs are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Fair value hierarchy is designed to enhance consistency and comparability in fair value measurements and related disclosures. Fair value hierarchy categorises the input variables used in the valuation technique selected to measure fair value into three levels, assigning the highest level of significance to quoted prices in active markets for identical assets or liabilities and the lowest level of significance to unobservable inputs.

The hierarchy input levels are as follows:

- Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities to which the Bank has access at the measurement date;

- Level 2 – other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 – Level 3 inputs are unobservable inputs for the asset liability.

2.7. Financial Derivatives

Financial derivatives are financial instruments:

- with zero or low initial investments;
- whose fair value changes depending on the changes in interest rate, price of the security, commodity, the foreign exchange rate, price index, or depending on similar variable, and which are agreed and settled at a future date.

Financial derivatives are reported at fair value, the nominal amount of the derivative contract is reported off-balance sheet.

The fair value of derivatives is derived from quoted market prices or valuation models that take into account the current market and contractual value of the underlying instrument, as well as the time value of money and yield curve.

The Bank did not execute any derivative transactions in 2023 (or 2022), nor did it identify any embedded derivatives in the contracts entered into.

2.8. Ownership interests with controlling influence

Ownership interests with controlling influence means interest in an entity in which the Bank is a majority shareholder. In such a case, the Bank has a controlling influence on the management of the entity and fully controls its activities. This control arises from the share in the registered capital or, where applicable, from the contract or articles of association, irrespective of the investment.

Ownership interests with controlling influence are measured at acquisition cost, which includes any direct costs related to the acquisition. In accordance with *IAS 27 Separate Financial Statements*, ownership interest is also measured at cost at the date of the financial statements. Ownership interests measured at cost are tested for impairment in accordance with the requirements of *IAS 36 Impairment of Assets* at least annually.

2.9. Tangible and intangible fixed assets

Tangible and intangible fixed assets are stated at acquisition cost.

Based on the decision of the employee responsible for their acquisition, all assets within this group will be classified into amortisation and depreciation categories and amortised/depreciated over the period stated below.

The Bank defined low-value intangible fixed assets as intangible assets costing less than TCZK 80 but more than TCZK 30 with useful lives exceeding one year.

Intangible and tangible assets costing between TCZK 10 and TCZK 30 with useful lives of more than one year are maintained off-balance sheet. These assets are reported in the income statement under Administrative expenses: b) Other administrative expenses. Assets are accrued in case of disposable equipment.

Intangible and tangible assets costing less than TCZK 10 and assets with useful lives not exceeding one year are presented the income statement under Administrative expenses: b) Other administrative expenses, and are not maintained off-balance sheet.

Where the incorporation acquires a large amount of assets in connection with the “initial equipment” required to commence or expand certain activities, the depreciation of these assets will be accrued, based on the decision of the employee responsible for asset acquisition, for a period of at least 24 months.

Assets are depreciated using the following methods over the following periods:

Assets	Method	Period
Structures, technical improvement	Straight-line, accelerated	30 or 50 years
Machinery and IT equipment	Declining balance	3 years
Fixtures and fittings	Declining balance	5 years
Motor vehicles	Declining balance	5 years
Other intangible assets	Straight-line	6 years
Software	Straight-line	According to expected life 5–10 years
Audiovisual works	Straight-line	1.5 years

2.10. Cost and risks provisions

Provisions represent a liability with uncertain timing and amount, which means they represent a probable cash outflow. Provisions are charged to expenses when:

- the Bank has an obligation (legal or constructive) to perform as a result of past events;
- it is probable that an outflow of economic benefits will be required to settle the obligation (“probable” means a probability exceeding 50%); and
- a reasonably reliable estimate of cash outflow can be made.

In 2023 and 2022, the Bank created only income tax provisions.

2.11. Measurement of leases

In accordance with the requirements of IFRS 16, the Bank assesses at the inception of the contract whether the contract is a lease or contains a lease and recognises right-of-use assets and related lease liabilities for all lease arrangements where it is the lessee, except for short-term leases (i.e., those with a lease term of 12 months or less). These short-term leases are then recognised in the income statement under Administrative expenses – (b) Other administrative expenses.

The Bank initially measures the lease liability at the present value of the lease payments outstanding as at the commencement date discounted at the implicit interest rate of the lease. If this rate cannot be readily determined, the Bank uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability include:

- fixed lease payments (including basically fixed payments), less any receivables from lease incentives;
- variable lease payments dependent on an index or rate that were initially priced based on the index or rate at the commencement date;
- the amount expected to be payable by the lessee under the residual value guarantees;

- the exercise price of the call option if it is reasonably certain that the lessee will exercise the option;
- payment of lease termination penalties if the term of the lease reflects the fact that the lessee will use it;
- option to terminate the lease.

In addition, the lease liability is measured by increasing the carrying amount to reflect the interest on the lease liability (using the effective interest rate method) and decreasing the carrying amount to reflect the lease payments made.

In the situations described below, the Bank then remeasures the lease liability and makes a corresponding adjustment to the related right-of-use asset if:

- the term of the lease has changed or a significant event or change in circumstances has occurred in which the assessment of exercising the call option has changed;
- the lease payments have changed due to a change in an index or rate or a change in expected payments under residual value guarantees;
- the lease is modified, and the lease modification is not accounted for as a separate lease.

Right-of-use assets include the initial measurement of the related lease liability, lease payments made on or before the commencement date less any lease incentives received and initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the lease term or the useful life of the underlying asset.

The Bank reports the following for all leases (except short-term leases):

- right-of-use assets in the balance sheet under the item where the underlying assets would be reported (i.e., usually Tangible fixed assets);
- lease liabilities in the balance sheet under Other liabilities;
- depreciation of right-of-use assets in the income statement, which are presented in the line Depreciation, creation and use of provisions and allowances for tangible and intangible fixed assets;
- interest on lease liabilities in the income statement under Interest expense and similar expense.

2.12. Interest income and expense

Interest income and interest expense presented in the income statement under “Interest income and similar income”, or under “Interest expense and similar expense”, include:

- interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest rate basis;
- interest on debt instruments measured at FVOCI calculated on an effective interest rate basis;

Income or expense arising from repo transactions or reverse repo transactions as the difference between the selling and purchase price are accrued over the term of the transaction and presented in the income statement under “Interest income and similar income” or “Interest expense and similar expense”.

The effective interest rate is the interest rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the entity estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest rate method (i.e., the difference between that initial amount and the maturity amount) and, for financial assets, adjusted for any expected credit loss allowance.

The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

In calculating interest income and interest expense, the effective interest rate is applied to:

- the gross carrying amount of the asset (when the asset is not credit-impaired); or
- the amortised cost of liability.

For financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were already credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to gross basis, even if the credit risk of the asset improves.

2.13. Fees and commissions

The manner and timing of recognition of fee and commission income (and expense) depends on the purpose for which the fees and commission were imposed and the accounting treatment of any related financial instrument.

Depending on the nature of the fee and the type of services provided (received), the Bank divides fees and commissions into the following groups:

- fees and commissions that are an integral part of the effective interest rate of a financial instrument and that are recognised in the income statement under Interest income and similar income (for financial assets) or in the income statement under Interest expense and similar expense (for financial liabilities) using that rate;
- fees and commissions for services rendered and for the execution of transactions, such as service fees on deposit products, revenue fees on transactions rendered, revenue fees on cross-selling of third party products. Revenue from these fees is recognised when the related services are rendered, or the transaction is performed. If they relate to a longer period, they are recognised on a straight-line basis over that period. These fees and commissions are recognised in the income statement under Fee and commission income and Fee and commission expense respectively.

2.14. Income tax

Income tax for the period comprises current tax and the change in deferred tax.

Current tax comprises an estimate of tax payable calculated based on the taxable income, using the tax rate valid as at the first day of the accounting period, and any adjustments to taxes payable for previous periods.

Deferred tax is based on all temporary differences between the carrying and tax value of assets and liabilities, and other temporary differences (tax losses carried forward, if any), multiplied by the tax rate expected to be valid for the period in which the tax asset/liability is utilised.

A deferred tax asset is recognised only if it is probable that it will be utilised in future accounting periods.

2.15. Cash and Cash Equivalents

The Bank holds no cash.

Cash equivalents are short-term (maturities of 3 months or less), highly liquid investments that are readily convertible into a known amount of cash and involve only an insignificant risk of change in value.

Cash equivalents are held primarily to meet short-term cash obligations by monetizing them in the short term and not for investment purposes. In the future, this item will also include the mandatory minimum provisions that the CNB has imposed on the Bank as of 4 January 2024, as the Bank is free to dispose of the mandatory minimum provisions, provided that the average level of mandatory minimum provisions over the maintenance period calculated by the CNB is maintained.

2.16. Use of estimates

The preparation of the financial statements in accordance with the requirements of the Czech accounting regulations requires the Bank's management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date, disclosures about contingent assets and liabilities, and the reported amounts of expenses and income for the period.

These estimates, which relate mainly to the determination of the fair value of financial instruments, the valuation of intangible assets, impairment of assets and the value of provisions, are based on information available at the balance sheet date. The Bank's management prepared these estimates and predictions based on all available relevant information.

3. ADDITIONAL DISCLOSURES IN RESPECT OF THE BALANCE SHEET

3.1. Cash in hand and balances with central banks

	31 Dec 2023	31 Dec 2022
Account with the Czech National Bank	17,805	0

The balance of the CNB account is presented at amortised cost. Fair value (level 2) does not materially differ from carrying amount.

3.2. State zero coupon bonds and other securities eligible for refinancing with the central bank

These are debt securities that the Bank has classified as financial assets measured at amortised cost or financial assets measured at fair value through other comprehensive income based on an assessment of the characteristics of their contractual cash flows and the business model in which they are held.

The breakdown of the financial assets into individual portfolios is shown in the table below.

As explained in note 2.1. Changes to the significant accounting policies applied, the Bank initially applied IFRS 9 as at 1 January 2023. In accordance with its transitional provisions, the Bank applied the standard retrospectively and assessed at the date of initial application, based on the facts and circumstances existing at that date, whether a financial asset is held within a business model that seeks to hold financial assets for contractual cash flows, or a business model that seeks to achieve its objective by both collecting cash flows and selling financial assets.

Thus, as at 1 January 2023, the Bank retroactively assessed the characteristics of contractual cash flows of the bonds held and defined the business model under which these assets are held, and concluded that:

- on specified dates, the contractual terms of these bonds give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding;
- the bonds are held within a business model that seeks to hold financial assets to collect contractual cash flows.

Based on the above, the Bank classified the bonds held as at the date of initial application of IFRS 9 as financial assets measured at amortised cost, and derecognised in total their revaluation to fair value, accounted for as at 31 December 2022 when applying decree No. 500/2002 Coll., of TCZK 2,616 (including associated deferred tax of TCZK 497), and for the comparability of financial statements projected this change also to the comparable information of the financial statements as at 31 December 2023.

Category	Financial statements as at 31 December 2022	Reclassification due to initial application of IFRS 9	Financial statements as at 31 December 2023	
			Adjusted comparable period	Current year
At amortised cost	0	119,916	119,916	661,536
At FVOCI	122,532	(122,532)	0	440,798
Total	122,532	2,616	119,916	1,102,334

Debt securities	31 December 2023	31 December 2022
Government bonds issued by the Ministry of Finance of the Czech Republic measured at amortised cost	661,536	119,916
Government bonds issued by the Ministry of Finance of the Czech Republic measured at FVOCI	440,798	0
Total government bonds issued by the Ministry of Finance of the Czech Republic	1,102,334	119,916

3.3. Receivables from banks and credit unions

	31 December 2023	31 December 2022
Current accounts	11,810	2,352
Term deposits – principal	248,000	1,430,000
Term deposits – aliquot interest income	459	1,922
Issued loans – reverse repo transactions – principal	1,137,000	0
Issued loans – reverse repo transactions – aliquot interest income	1,770	0
Allowances	(98)	0
Total	1,398,941	1,434,274

Receivables from banks and credit unions are measured at amortised cost. The fair value of these receivables (Level 2) does not materially differ from their carrying amount.

The ECL model shows these receivables in Stage 1, i.e., the expected loss is calculated for the next 12 months. As at 31 December 2023, the Bank reported expected loss to these receivables of TCZK 98 (2022: TCZK 0).

3.4. Ownership interests with controlling influence

The Bank holds a 100% investment in PBK Technology, s.r.o., with its registered office at Türkova 2319/5b, Chodov, 149 00 Praha 4. The share in voting rights is also 100%.

The principal business activities of PBK Technology, s.r.o. are manufacturing, trade and services not listed in Appendices 1 to 3 to the Trade Licensing Act, relating to:

- provision of software, IT advisory services, data processing, hosting and related activities and web portals;
- lease and rental of movables;
- advisory and consultancy activities, preparation of expert studies and expert opinions;
- extracurricular education, trainings, seminars, lecturing.

As at 31 December 2023, the investment comprises registered capital of TCZK 100 (2022: TCZK 100), and contributions outside the registered capital totalling TCZK 572,000 (2022: TCZK 272,000). In 2023, contributions outside the registered capital increased by TCZK 300,000 in total.

	Ownership interest	Share in voting rights	Turnover (in TCZK)	Average FTE	Profit / (loss) before tax (in TCZK)
As at 31 Dec 2023	100%	100%	18,429	3	(3,910)
As at 31 Dec 2022	100%	100%	10,551	2	(672)

PBK Technology, s.r.o. operates only in the Czech Republic, i.e., pays no income tax abroad. In 2023 and 2022, PBK Technology, s.r.o. did not receive any state aid.

In 2023, PBK Technology, s.r.o. reported a loss of TCZK 3,910 (unaudited result; 2022: loss of TCZK 672).

3.5. Intangible assets

as at 31 Dec 2023	Software	Intangible fixed assets under construction	Total
Acquisition cost			
Balance as at 1 January 2023	---	10,371	10,371
Additions	16,163	7,342	23,505
Disposals	-	16,366	16,366
Balance as at 31 Dec 2023	16,163	1,347	17,510
Accumulated amortisation			
Balance as at 1 January 2023	---	---	---
Amortisation expense	185	---	185
Disposals	---	---	---
Balance as at 31 Dec 2023	185	0	185
Net book value as at 31 Dec 2023	15,978	1,347	17,325

as at 31 Dec 2022	Intangible fixed assets under construction	Total
Acquisition cost		
Balance as at 1 Jan 2022	6,188	6,188
Additions	4,183	4,183
Disposals	---	---
Balance as at 31 Dec 2022	10,371	10,371
Accumulated amortisation		
Balance as at 1 Jan 2022	0	0
Amortisation expense	---	---
Disposals	---	---
Balance as at 31 Dec 2022	0	0
Net book value as at 31 Dec 2022	10,371	10,371

3.6. Tangible fixed assets

as at 31 Dec 2023	Leases in line with IFRS 16	IT	Total
Acquisition cost			
Balance as at 1 Jan 2023	0	0	0
Additions	7,562	215	7,777
Disposals	---	---	0
Balance as at 31 Dec 2023	7,562	215	7,777
Accumulated depreciation			
Balance as at 1 Jan 2023	0	0	0
Depreciation expense	582	17	599
Disposals	---	---	0
Balance as at 31 Dec 2023	582	17	599
Net book value as at 31 Dec 2023	6,980	198	7,178
Net book value at 31 Dec 2022	0	0	0

In 2022, the Bank had no tangible fixed assets.

No tangible fixed assets of the Bank were (ever) pledged.

3.7. Other assets

	31 Dec 2023	31 Dec 2022
Trade receivables	85	40
Receivables - group undertakings	0	176,471
Receivables from members	0	176,470
Receivables from payment services	572	0
Short-term advances paid	1,951	31
Long-term advances paid	2,311	0
Corporate income tax prepayments	2,993	0
Estimated receivables	180	949
Total	8,092	353,961

Decrease of other assets relates to the payment of receivables from subscribed contributions outside the registered capital totalling TCZK 352,941 (of which TCZK 176,471 comprise Receivables – group undertakings, and TCZK 176,470 comprise Receivables from members), which were fully paid up in August 2023 in accordance with the agreements on the provision of contribution.

Long-term advances paid represent a deposit in favour of VISA Europe Limited, a card association whose cards the Bank issues to clients.

The Bank has no significant other assets overdue. The fair value of other assets (Level 3) does not materially differ from their carrying amount.

3.8. Receivables from subscribed registered capital

At 31 December 2022, the Bank recorded receivables related to the increase in registered capital totalling TCZK 847,059. The subscribed registered capital of the Bank was fully paid up as at 19 July 2023.

3.9. Prepaid expenses and accrued income

	31 Dec 2023	31 Dec 2022
Prepaid expenses	3,144	1,165
Material inventories	1,431	0
Low value tang. assets (IT equipment)	467	196
Total	5,042	1,361

Prepaid expenses primarily include prepaid licences of TCZK 3,082 (2022: TCZK 1,165) and low-value tangible assets (IT equipment) of TCZK 467 (2022: TCZK 196).

Material inventories comprise purchased plastic cards for physical payment card personalisation.

3.10. Other liabilities

	31 Dec 2023	31 Dec 2022
Trade payables	10,437	6,460
Liabilities to employees	3,406	648
Liabilities to members of statutory bodies	1,022	7
Social security liabilities	1,560	256
Health insurance liabilities	772	106
Tax liabilities and subsidies	838	112
Estimated payables	11,927	203
Lease liabilities in accordance with IFRS 16	7,021	0
Deferred tax liability	5,208	0
Other liabilities	23	5
Total	42,214	7,797

The Bank has no significant other liabilities past due and no liabilities covered by guarantees.

As at 31 December 2023, estimated payables include an estimated payables for contract work of CZK 7,837, annual employee bonuses including related health and social insurance of TCZK 1,787, intangible fixed assets under construction totalling TCZK 832, for audit totalling TCZK 608 (as at 31 December 2022: TCZK 203), for legal consultancy TCZK 416, and TCZK 447 for other services.

The fair value of other liabilities (Level 3) does not materially differ from their carrying amount.

Details of the calculation of the deferred tax liability are set out in Note 5.5.2 Deferred tax liability of these Notes to the financial statements.

3.11. Equity

As at the balance sheet date, the Bank has a subscribed and paid-up registered capital of TCZK 2,470,588 (as at 31 December 2022: subscribed registered capital of TCZK 2,470,588, of which TCZK 1,623,529 was paid up as at that date), which consists of 12,352,941 registered ordinary

shares in book-entry form with a nominal value of CZK 200 (as at 31 December 2022: 8,117,647 registered ordinary shares in certificated form with a nominal value of CZK 200).

In 2023, there were no increases in the registered capital. In 2022, the general meeting decided at its meeting on 27 June 2022, on the increase of the Bank's registered capital by TCZK 423,529 by subscribing new shares which were fully paid up in 2022. Furthermore, on 23 November 2022, the Bank's registered capital was further increased by subscription of new shares in the total amount of TCZK 847,059, which were not paid up as at 31 December 2022. The repayment took place on 19 July 2023 (as at 31 December 2022, the amount of subscribed but outstanding shares was TCZK 847,059 and represented a receivable from the subscribed share capital).

In 2023, no agreements on contributions outside the registered capital were concluded with shareholders. In 2022, the Bank entered into agreements on contributions dated 19 July 2022, totalling TCZK 176,471, and on 13 December 2022, totalling TCZK 352,941, i.e., TCZK 529,412 in total.

The July 2022 contributions were paid in full in 2022. The December 2022 contributions were not due until 2023 and as at 31 December 2022 thus represented receivables – controlled or controlling entity totalling TCZK 176,471, and receivables from shareholders totalling TCZK 176,470. They were repaid in full on 1 August 2023.

As at 31 December 2023, the Bank's equity included revaluation gains/losses from bonds measured at FVOCI. The revaluation was TCZK 26,837, adjusted for loss allowance of TCZK 65 and reduced by related deferred tax liability of TCZK 5,636, i.e., the amount reported in equity was TCZK 21,266 (as at 31 December 2022: TCZK 0).

On 31 May 2023, the regular general meeting of the Bank approved the profit for the 2022 accounting period totalling TCZK 26,247, and decided to utilise TCZK 1,007 to cover the loss carry-forward, and to transfer the remaining amount to retained earnings (i.e., TCZK 25,240). In 2022, the general meeting on 24 June 2022 approved the financial statements for 2021 and decided to transfer the loss of 2021 totalling TCZK 844 to the accumulated loss account.

The Bank plans to dispose the profit for current period by transferring it to the retained profits.

3.12. Classes and categories of financial instruments and their fair values

The following tables present the combined information on the classes of financial instruments by nature and characteristics, their carrying amounts, the fair values of financial instruments and the fair value hierarchies of the disclosed levels of financial assets and financial liabilities.

Financial assets

	Book value			Fair value			
	At FVOCI*	At amortised cost	TOTAL	Of which:			TOTAL
				Level 1	Level 2	Level 3	
Cash in hand and balances with central banks	-	17,805	17,805	-	-	-	0
State zero coupon bonds and other securities eligible for refinancing with the central bank	440,798	661,536	1,102,334	440,798	-	-	440,798
Receivables from banks and credit unions	-	1,398,941	1,398,941	-	-	-	0
Other (financial) assets	-	8,092	8,092	-	-	-	0
Total as at 31 December 2023	440,798	2,086,374	2,527,172	440,798	0	0	440,798
State zero coupon bonds and other securities eligible for refinancing with the central bank	-	119,916	119,916	-	-	-	0
Receivables from banks and credit unions	-	1,434,274	1,434,274	-	-	-	0
Receivables from subscribed registered capital	-	847,059	847,059	-	-	-	0
Other (financial) assets	-	353,961	353,961	-	-	-	0
Total as at 31 December 2022	0	2,755,210	2,755,210	0	0	0	0

*At fair value through other comprehensive income

Financial liabilities

	Book value			Fair value			
	At FVTPL	At amortised cost	TOTAL	Of which:			TOTAL
				Level 1	Level 2	Level 3	
Payables to customers – credit union members	-	12,838	12,838	-	-	-	-
Lease liabilities	-	7,021	7,021	-	-	-	-
Other (financial) liabilities	-	35,193	35,193	-	-	-	-
Total as at 31 December 2023	0	55,052	55,052	0	0	0	0
Other (financial) liabilities	-	7,797	7,797	-	-	-	-
Total as at 31 December 2022	0	7,797	7,797	0	0	0	0

4. ADDITIONAL DISCLOSURES IN RESPECT OF OFF-BALANCE SHEET ITEMS

The Bank reports collateral received under reverse repo transactions in the off-balance sheet.

	31 Dec 2023	31 Dec 2022
State treasury bills received as collateral under reverse repo transactions	1,127,724	0

5. ADDITIONAL DISCLOSURES IN RESPECT OF THE INCOME STATEMENT

The Bank provides its services exclusively in the Czech Republic. Income, gains and losses recognised under Interest and similar income, Commission and fee income, Gain or loss from financial operations and Other operating income are generated in the territory of the Czech Republic.

5.1. Interest and similar income and expense

	2023	2022
Interest on current bank accounts	90	107
Interest on term deposits with banks	111,024	66,812
Interest on debt securities measured at amortised cost	26,197	1,099
Interest on debt securities measured at FVOCI	4,172	0
Interest on reverse repo transactions	9,237	0
Total interest income and similar income	150,720	68,018
Interest on deposits received from clients	32	0
Negative interest on term deposits*	0	345
Interest on loans	5,236	0
Lease-related interest expense (IFRS 16)	80	0
Interest on bonds	976	0
Total interest expense and similar expense	6,324	345
Net interest income/expense	144,396	67,673

All recognised interest income was calculated using the effective interest rate method.

* Interest rates on term deposits held through the end of 2021 and the beginning of 2022 were negative.

5.2. Fee and commission income and expense

	2023	2022
Fees from card associations	6	0
Total fee and commission income	6	0
Fee payable to banks for account keeping	1	3
Fee payable to banks for payment transactions	51	42
Fees payable to card associations	2	0
Mediation commission*	10	0
Other fees	273	0
Total fee and commission expense	337	45
Net fee and commission expense	(331)	(45)

* Commission is not included in the calculation of the effective interest rate.

5.3. Gain or loss from financial operations

	2023	2022
FX gains	170	0
FX losses	(57)	(50)
Impairment	(65)	0
Gain/(loss) from financial operations	48	(50)

5.4. Administrative expenses

	2023	2022
Wages and remuneration	30,279	6,342
Health insurance and social security	9,880	2,072
Other payroll costs	613	138
Material consumption	330	173
Energy consumption	93	34
Travel expenses	95	35
Entertainment expenses	218	121
External and internal audit	1,223	103
IT services and expenses	13,397	2,520
Legal and tax advisory	3,382	7,284
Recruitment	499	393
Rental expense and facility management	1,003	1,093
Contractual work	53,531	14,438
Staff training	700	85
Marketing	1,292	0
Taxes and charges	237	203
Other	913	451
Total administrative expenses	117,685	35,485

The auditor's fee for 2023 amounted to TCZK 1,090, all of which was for the statutory audit (2022: TCZK 103 for the contractual audit).

Total fees payable to the auditing company:

	2023	2022
Statutory audit	1,090	0
Other assurance services	0	103
Tax advisory	81	0
Other non-audit services	0	0
Total	1,171	103

As at 31 December 2023, the Bank had 51 employees, of whom 8 were in the Bank's management. The average recalculated headcount for 2023 was 20.

In 2023 (and at no time previously) did the Bank make any advances, loans or advances to members of its statutory and management bodies.

The Bank does not provide any employee benefits under which the Bank's employees would be entitled to receive financial instruments linked to the Bank's equity or where the amount of the Bank's debt to employees would depend on the future price of the Bank's equity-linked financial instruments.

5.5. Income tax

5.5.1. Income tax expense

INCOME TAX EXPENSE	2023	2022
Current corporate income tax		
- for the current period	1,043	6,005
- adjustments relating to prior periods	(19)	0
Total current income tax	1,024	6,005
Deferred tax		
- origination and cancellation of temporary differences	(427)	0
- impact of changes in tax rates	0	0
- decrease in the value of deferred tax assets previously recorded	0	0
Total deferred tax	(427)	0
Total income tax	597	6,005

The corporate income tax rate for 2023 is 19% (2022: 19%); an increase to 21% for 2024.

RECONCILIATION OF INCOME TAX EXPENSE WITH PROFIT BEFORE TAX	2023	2022
Profit before tax	26,813	32,252
Tax calculated using the current tax rate (19%)	5,094	6,128
Effect of non-deductible expenses (+)	622	122
Effect of revenues exempt from tax (-)	4,673	60
Tax losses carried forward (-)	0	185
Income tax expense for the year	1,043	6,005

5.5.2. Deferred tax liability

Deferred tax assets and liabilities that the Bank recognises as a net deferred tax liability:

	Assets		Liabilities		Net	
	as at 31 Dec 2023	as at 31 Dec 2022	as at 31 Dec 2023	as at 31 Dec 2022	as at 31 Dec 2023	as at 31 Dec 2022
State zero coupon bonds	34	---	---	---	34	---
Receivables from banks and credit unions	21	---	---	---	21	---
Tangible fixed assets	---	---	1,476	---	(1,476)	---
Liabilities arising from leases under IFRS 16	1,473	---	---	---	1,473	---
Estimated payables	375	---	---	---	375	---
Revaluation differences in equity	---	---	5,635	---	(5,635)	---
Deferred tax asset/(liability)	1,903	---	7,111	---	(5,208)	---

As at the balance sheet date, the Bank does not report any tax losses carried forward.

Deferred tax items reported in other comprehensive income, i.e., the income statement:

	2023	2022
Deferred tax arising from changes in fair values of debt securities measured at FVOCI	5,635	0
Deferred tax reported in OCI (loss (+) / gain (-))	5,635	0
State zero coupon bonds	(34)	---
Receivables from banks and credit unions	(21)	---
Tangible fixed assets	1,476	---
Liabilities arising from leases under IFRS 16	(1,473)	---
Estimated payables	(375)	---
Deferred tax reported in the income statement (expense (+) / income (-))	(427)	0
Total deferred tax	5,208	0

6. ADDITIONAL DISCLOSURES IN RESPECT OF THE CASH FLOW STATEMENT

	2023	2022
Cash in hand and balances with central banks	17,805	0
Receivables from banks and credit unions	1,398,941	1,434,274
of which: a) repayable on demand	11,810	2,352
b) other receivables	1,387,131	1,431,922
Cash and cash equivalents	1,416,746	1,434,274

7. RISK MANAGEMENT

7.1. Bank risk management

The Bank manages the risks to which it is exposed through its activities in the following ways:

- identification of the risks being taken;
- analysis, quantification, management, and regular monitoring of the risks taken;
- assessment of the risk level of the transactions being carried out and the way they are approved;
- setting limits on the extent the Bank is exposed to its counterparties;
- seeking to minimise the risk exposure relating to transactions, for example by using hedging;
- a defined process for approving new products;
- assigning responsibility for risk identification and management;
- strict separation of the risk management department from the Bank's departments involved in business.

7.2. Liquidity risk

Liquidity risk is the risk that the Bank will be unable to meet its obligations as they fall due or will be unable to fund its illiquid assets with stable sources of financing.

The Bank manages liquidity risk through a set of indicators and limits and monitors the consistency in the structure of its assets and liabilities maturity. It also performs liquidity risk stress testing and has a contingency plan in place.

The Bank mitigates liquidity risk mainly by maintaining a sufficient stock of readily liquid assets. Their main sources are deposits with the CNB and Czech government bonds.

The risk management department regularly analyses the structure of assets and liabilities and cash flows to identify potential increases in liquidity risk.

7.2.1. Residual maturity of financial assets and financial liabilities

The tables below show the residual contractual maturity deriving from undiscounted cash flows as at 31 December 2023 and 31 December 2022.

as at 31 Dec 2023	On demand up to 7 days	Under 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Unspecified	Total
Cash in hand and balances with central banks	17,805	-	-	-	-	-	17,805
State zero coupon bonds and other securities eligible for refinancing with the central bank	-	5,875	40,150	333,975	1,099,950	-	1,479,950
Receivables from banks and credit unions	613,472	787,206	-	-	-	-	1,400,678
Ownership interests with controlling influence	-	-	-	-	-	572,100	572,100
Intangible fixed assets	-	-	-	-	-	17,325	17,325
Tangible fixed assets	-	-	-	-	-	7,178	7,178
Other assets	650	2,121	3,010	-	-	2,311	8,092
Prepaid expenses and accrued income	-	601	3,308	1,133	-	-	5,042
TOTAL ASSETS	631,927	795,803	46,468	335,108	1,099,950	598,914	3,508,170
Payables to customers – credit union members	12,838	-	-	-	-	-	12,838
Other liabilities	204	30,726	2,837	3,782	-	5,208	42,757
Provisions	-	-	1,043	-	-	-	1,043
Equity	-	-	-	-	-	3,072,722	3,072,722
TOTAL LIABILITIES AND EQUITY	13,042	30,604	3,603	3,638	0	3,077,930	3,128,817
NET LIQUIDITY POSITION	618,885	765,077	42,588	331,326	1,099,950	(2,479,016)	378,810
ACCUMULATED NET LIQUIDITY POSITION	618,885	1,383,962	1,426,550	1,757,876	2,857,826	378,810	378,810

At 31 Dec 2022	On demand up to 7 days	Under 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Unspecified	Total
State zero coupon bonds and other securities eligible for refinancing with the central bank	-	125	2,250	57,125	107,125	-	166,625
Receivables from banks and credit unions	734,589	701,345	-	-	-	-	1,435,934
Ownership interests with controlling influence	-	-	-	-	-	272,100	272,100
Intangible fixed assets	-	-	-	-	-	10,371	10,371
Other assets	6	1,014	352,941	-	-	-	353,961
Receivables from subscribed registered capital	-	254,118	592,941	-	-	-	847,059
Prepaid expenses and accrued income	22	253	818	268	-	-	1,361
TOTAL ASSETS	734,617	956,855	948,950	57,393	107,125	282,471	3,087,411
Other liabilities	450	7,347	-	-	-	-	7,797
Provisions	-	-	6,005	-	-	-	6,005
Equity	-	-	-	-	-	3,025,240	3,025,240
TOTAL LIABILITIES AND EQUITY	450	7,347	6,005	0	0	3,025,240	3,039,042
NET LIQUIDITY POSITION	734,167	949,508	942,945	57,393	107,125	(2,742,769)	48,369
ACCUMULATED NET LIQUIDITY POSITION	734,167	1,683,675	2,626,620	2,684,013	2,791,138	48,369	48,369

7.2.2. Analysis of the maturity of financial liabilities

Due date	At 31 Dec 2023	At 31 Dec 2022
2023	-	7,797
2024	51,813	-
2025	3,782	-
2026	-	-
2027	-	-
2028	-	-
Total liabilities, gross	55,595	7,797
Future interest expense	(543)	-
Total liabilities, net	55,052	7,797

7.3. Credit risk

Credit risk is the risk arising from the failure of a counterparty to meet their obligations under the terms of a contract.

In 2023, the Bank did not provide loans, with debt exposures exclusively to the CNB, the Czech state and in form of short-term deposits with domestic banks with high credit ratings. The Bank regularly monitors reports on the credit ratings of the Czech Republic and the above banks. The Bank's exposure to other financial institutions (a nostro account for the settlement of credit card transactions) is immaterial.

Receivables are categorised based on the internal policy and generally applicable legal regulations establishing the rules for categorising receivables and creating relevant loss allowances. Provisions and allowances for receivables are established based on the internal policy that reflects the requirements of IFRS 9.

The Bank's exposure limits are governed by generally applicable legal regulations on bank credit exposure rules. The Bank uses definition of an economically connected group of customers under EU Regulation 575/2013, which also sets the limits of large exposures to a borrower or an economically connected group of borrowers at 25% of the Bank's eligible capital. The Bank also has internal limits on exposure to a single borrower or an economically related group of borrowers.

The Bank does not use credit derivatives to reduce its credit risk.

The Bank enters into relationships with counterparties (other banks) on the basis of counterparty approval and limit allocation in accordance with its internal policy.

7.3.1. Concentration risk

The Bank does not have concentration limits.

7.4. Market risk management

Market risks are risks that arise for the Bank mainly from movements in prices, interest rates and exchange rates of financial instruments in individual markets.

The Bank manages interest rate risk and does not accept currency risk. Currency risk is limited to technical positions and is managed through the total open currency position limit.

7.4.1. Assets and liabilities by currency

At 31 Dec 2023	CZK	EUR	USD	Total
Cash in hand and balances with central banks	17,805	-	-	17,805
State zero coupon bonds and other securities eligible for refinancing with the central bank	1,102,334	-	-	1,102,334
Receivables from banks and credit unions	1,397,721	1,220	-	1,398,941
Ownership interests with controlling influence	572,100	-	-	572,100
Intangible fixed assets	17,325	-	-	17,325
Tangible fixed assets	7,178	-	-	7,178
Other assets	5,780	2,312	-	8,092
Prepaid expenses and accrued income	5,042	-	-	5,042
TOTAL ASSETS	3,125,285	3,532	0	3,128,817
Payables to customers – credit union members	12,838	-	-	12,838
Other liabilities	42,164	25	25	42,214
Provisions	1,043	-	-	1,043
Equity	3,072,722	-	-	3,072,722
TOTAL LIABILITIES AND EQUITY	3,128,767	25	25	3,128,817
NET CURRENCY POSITION	(3,482)	3,507	(25)	0

Due to the immateriality of the Bank's open foreign currency position in relation to the Bank's total balance of assets and liabilities, the currency risk is immaterial, and therefore no sensitivity analysis is disclosed.

At 31 Dec 2022	CZK	EUR	USD	Total
State zero coupon bonds and other securities eligible for refinancing with the central bank	119,916	-	-	119,916
Receivables from banks and credit unions	1,434,274	-	-	1,434,274
Ownership interests with controlling influence	272,100	-	-	272,100
Intangible fixed assets	10,371	-	-	10,371
Other assets	353,961	-	-	353,961
Receivables from subscribed registered capital	847,059	-	-	847,059
Prepaid expenses and accrued income	1,361	-	-	1,361
TOTAL ASSETS	3,039,042	0	0	3,039,042
Other liabilities	6,619	1,178	-	7,797
Provisions	6,005	-	-	6,005
Equity	3,025,240	-	-	3,025,240
TOTAL LIABILITIES AND EQUITY	3,037,864	1,178	0	3,039,042
NET CURRENCY POSITION	1,178	(1,178)	0	0

7.4.2. Interest rate risk

Interest rate risk is the risk to the Bank's capital or earnings arising from adverse movements in the interest rates affecting the interest rate sensitive instruments in the Bank's portfolio.

To monitor the level of interest rate risk exposure, metrics based on gap analysis are used to divide interest rate sensitive assets and liabilities into time buckets according to the time to their re-fixing. Stress scenarios of the impact of yield curve shifts on the present value of equity and profit/loss over a one-year horizon are also used. These analyses are carried out on a quarterly basis.

7.4.2.1. Interest rate analysis of assets and liabilities

The principal market risk for the Bank is interest rate risk resulting from the different sensitivity of the Bank's assets and liabilities to changes in interest rates. This difference is due to the different time to the interest rate change or the maturity of individual balance sheet items. As a result, a movement in interest rates may have an impact on future cash flows and the fair value of the Bank's financial instruments.

To manage its interest rate risk, the Bank prepares an interest rate gap report, in which cash flows arising from assets and liabilities are arranged in time buckets. Assignment to time buckets is based on the earlier of the time to the change of the interest rate or the maturity of the relevant item.

Bank's cash flows and capital by time to interest rate change or maturity

At 31 Dec 2023	Under 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Interest rate insensitive
Cash in hand and balances with central banks	17,805	-	-	-	-
State zero coupon bonds and other securities eligible for refinancing with the central bank	2,578	16,352	145,100	938,304	-
Receivables from banks and credit unions	1,398,941	-	-	-	-
Other assets	-	-	-	-	8,092
Total assets	1,419,324	16,352	145,100	938,304	8,092
Payables to customers – credit union members	12,838	-	-	-	-
Other liabilities	-	-	-	-	42,214
Equity	-	-	-	-	3,072,722
Total liabilities and equity	12,838	0	0	0	3,114,936
Net position	1,406,486	16,352	145,100	938,304	(3,106,844)
ACCUMULATED NET POSITION	1,406,486	1,422,838	1,567,938	2,506,242	(600,602)

The Bank also tests the sensitivity of the Bank's economic value of capital (EVE) and net interest income (NII) to different scenarios of interest rate movements and has maximum permissible sensitivity limits. In standard scenarios, the impact on the economic value of capital is calculated on the assumption of a run-off balance sheet and the impact on net interest income is calculated for a horizon of one year on the assumption of a constant balance sheet.

The impact of the parallel yield curve shift on the Bank's economic value of capital and its net interest income as at 31 December 2023:

Movement +200 basis points	TCZK
ΔEVE	(140,203)
ΔNII	25,710
Movement -200 basis points	
ΔEVE	167,063
ΔNII	(26,180)

At 31 Dec 2022	Under 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Interest rate insensitive
State zero coupon bonds and other securities eligible for refinancing with the central bank	111	1,071	40,232	78,502	-
Receivables from banks and credit unions	1,434,272	-	-	-	-
Other assets	-	-	-	-	353,961
Receivables from subscribed registered capital	-	-	-	-	847,059
Total assets	1,434,383	1,071	40,232	78,502	1,201,020
Other liabilities	-	-	-	-	7,797
Equity	-	-	-	-	3,025,240
Total liabilities and equity	0	0	0	0	3,033,037
Net position	1,434,383	1,071	40,232	78,502	(1,832,017)
ACCUMULATED NET POSITION	1,434,383	1,435,454	1,475,686	1,554,188	(277,829)

7.5. Trading on own account

The Bank does not trade on its own account and does not have an open trading book.

7.6. Operational risks

The Bank defines operational risk as the risk of loss due to inadequacy or failure of internal processes, people, systems or due to external events.

Basic procedures to mitigate this risk:

Risks are identified, analysed, recorded, evaluated and managed according to the Bank's internal policy.

The Bank has a process for reporting, handling and recording operational risk events that is regulated in an internal policy and implemented in practice.

In its internal policy, the Bank has developed and described a process for specifying risks, procedures and measures to mitigate risks arising from the use of information systems and outsourcing.

In its special internal policy, the Bank regulates procedures and processes to minimise risks arising from the introduction of new products and services.

The Bank currently determines its capital requirement for the operational risk using the basic indicator in accordance with the applicable regulatory requirements, and at the same time monitors operational risk events and creates a database of them so that it may evaluate them using its own statistical models.

The Bank has business continuity plans in place for unplanned interruptions or limitations to its activities due to, for example, failure of external infrastructure. These plans are continuously tested and updated.

8. TRANSACTIONS WITH RELATED PARTIES

The Bank is the parent company of PBK Technology, s.r.o.

The Bank is a related party to Partners Financial Services, a.s. through its shareholders.

Receivables and payables

	Receivables		Payables	
	At 31 Dec 2023	At 31 Dec 2022	At 31 Dec 2023	At 31 Dec 2022
Bank's statutory body members	---	---	1,022	7
PBK Technology, s.r.o. *	---	949	8,153	349
Partners Financial Services, a.s.	7	---	71	41
Partners BankIn, a.s.	---	500,000	---	---
Apana s.r.o.	---	150,000	---	---
Brno Investment Group s.r.o.	---	100,000	---	---
Partners HoldCo, a.s.	---	450,000	---	---
Total	7	1,200,949	9,246	397

* Receivables reported in Estimated receivables

Changes in receivables and payables from/to PBK Technology, s.r.o. (i.e., an entity in which the Bank exercises a controlling influence)

PBK Technology, s.r.o.	Receivables		Payables	
	At 31 Dec 2023	At 31 Dec 2022	At 31 Dec 2023	At 31 Dec 2022
Opening balance as at 1 January	949	0	349	132
Additions	0	949	12,204	4,553
Disposals	949	0	4,400	4,336
Closing balance at 31 December	0	949	8,153	349

Revenues and expenses

	Revenues		Expenses	
	2023	2022	2023	2022
Remuneration to Bank's statutory body members (incl. social and health insurance payments)	---	---	10,307	---
PBK Technology, s.r.o.	---	---	11,892	3,522
Partners Financial Services, a.s.	---	---	1,117	163
Partners HoldCo, a.s.	---	---	3,475	---
Partners BankIn, a.s.	---	---	1,761	---
Total	0	0	28,552	3,685

The Bank purchases services from and provides services to its related parties in the course of its regular business activities. All material transactions with related parties were carried out based on the arm's length principle.

The cost of services purchased from PBK Technology, s.r.o. is included in the acquisition cost of the Bank's intangible fixed assets.

9. SIGNIFICANT SUBSEQUENT EVENTS

On 4 March 2024, the Bank's current and savings account services were launched for clients of the tied advisers of Partners Financial Services, a.s.

Prague, on 3 April 2024



Marek Ditz
Chairman of the board of directors
Partners Banka, a.s.



Daniela Hynštová
Member of the board of directors
Partners Banka, a.s.



PARTNERS BANKA, A.S.

REPORT ON RELATIONS

FROM 1 JANUARY

TO 31 DECEMBER 2023

In compliance with the relevant provisions of Act No. 90/2012 Coll., on Business Corporations and Cooperatives (the "Business Corporations Act"), as amended, Partners Banka, a.s., with its registered office at Türkova 2319/5b, Chodov, 149 00 Prague 4, Identification No.: 09727094, recorded in the Commercial Register of the Municipal Court in Prague, File No. B 25885 (the "Bank" or the "Controlled Entity"), is a business corporation in the capacity of a controlled entity.

In compliance with the statutory provisions, the statutory body of the Bank is obliged to prepare a written report on relations between the Controlling Entity and the Controlled Entity and between the Controlled Entity and entities controlled by the same Controlling Entity (the "Report on Relations"), for the past accounting period, i.e., the period from 1 January 2023 to 31 December 2023 (the "Relevant Period").

The board of directors of the Bank declares that the Report on Relations sets out all material relevant transactions that occurred during the Relevant Period and the necessary information that is material for the purposes of the Report on Relations.

All data are stated as at 31 December 2023, unless explicitly stated otherwise.

1. Structure of relations between the Controlling and Controlled Entity, and the Controlled Entity and entities controlled by the same Controlling Entity (the "Related Entities")

Controlled Entity

The Bank, i.e., Partners Banka, a.s., with its registered office at Türkova 2319/5b, Chodov, 149 00 Praha 4, Identification No. 09727094, recorded in the Commercial Register of the Municipal Court in Prague under File No. B 25885 is the Controlled Entity.

Controlling Entity

The Controlling Entities of the Bank, exercising direct decisive influence on the Bank, are Partners BankIn, a.s., with its registered office at Türkova 2319/5b, Chodov, 149 00 Praha 4, Identification No.: 09602887, recorded in the Commercial Register of the Municipal Court in Prague under File No. B 25749 with a 57.267504% share in the registered capital and voting rights of the Bank, Apana s.r.o., with its registered office at Türkova 2319/5b, Chodov, 149 00 Praha 4, Identification No.: 028 79 107, recorded in the Commercial Register of the Municipal Court in Prague under File No. C 224876 with a 13.953819% share in the registered capital and voting rights of the Bank, Brno Investment Group s.r.o., with its registered office at Březina 103, 666 01, Identification No.: 291 94 636, recorded in the Commercial Register of the Regional Court in Brno under File No. C 64733 with a 1.21427% share in the registered capital and voting rights of the Bank and Partners HoldCo, a.s., with its registered office at Türkova 2319/5b, Chodov, 149 00 Praha 4, Identification No.: 14013690, recorded in the Commercial Register of the Municipal Court in Prague under File No. B 26821 with a 8.571424% share in the registered capital and voting rights of the Bank.

Partners BankIn, a.s., Apana s.r.o., Brno Investment Group s.r.o. and Partners HoldCo, a.s. are entities acting in factual concert. The majority shareholder of Partners BankIn, a.s. with a share in the registered capital and voting rights of 50.03125% is Brno Investment Group s.r.o.

Apana s.r.o. and Brno Investment Group s.r.o. are the shareholders of Partners HoldCo, a.s.; with Apana s.r.o. holding a share in the registered capital and voting rights of 47.73%, and Brno Investment Group s.r.o. holding a share in the registered capital and voting rights of 35.32% as well as with a share in the registered capital of 0.03% concerning non-voting priority shares.

The sole shareholder of Brno Investment Group s.r.o. is BIG Private Holding a.s., with its registered office at Březina 103, 666 01, Identification No.: 117 98 118, recorded in the Commercial Register of the Regional Court in Brno under File No. B 8602, in which the Borkovec Family nadační fond, with its registered office at Na Florenci 1332/23, Nové Město, 110 00 Praha 1, Identification No.: 117 97 690, recorded in Register of Foundations of the Municipal Court in Prague, has a 95% share and Petr Borkovec, born on 1 July 1977, residing at Krasová 600/12, Maloměřice, 614 00 Brno, has a 5% share and the voting rights are fully exercised by the Borkovec Family nadační fond. The Borkovec Family nadační fond is 100% owned by Petr Borkovec, who is also the chairman of the board of directors. Petr Borkovec is also the sole statutory representative of Brno Investment Group s.r.o. and the sole member of the board of directors of BIG Private Holding a.s.

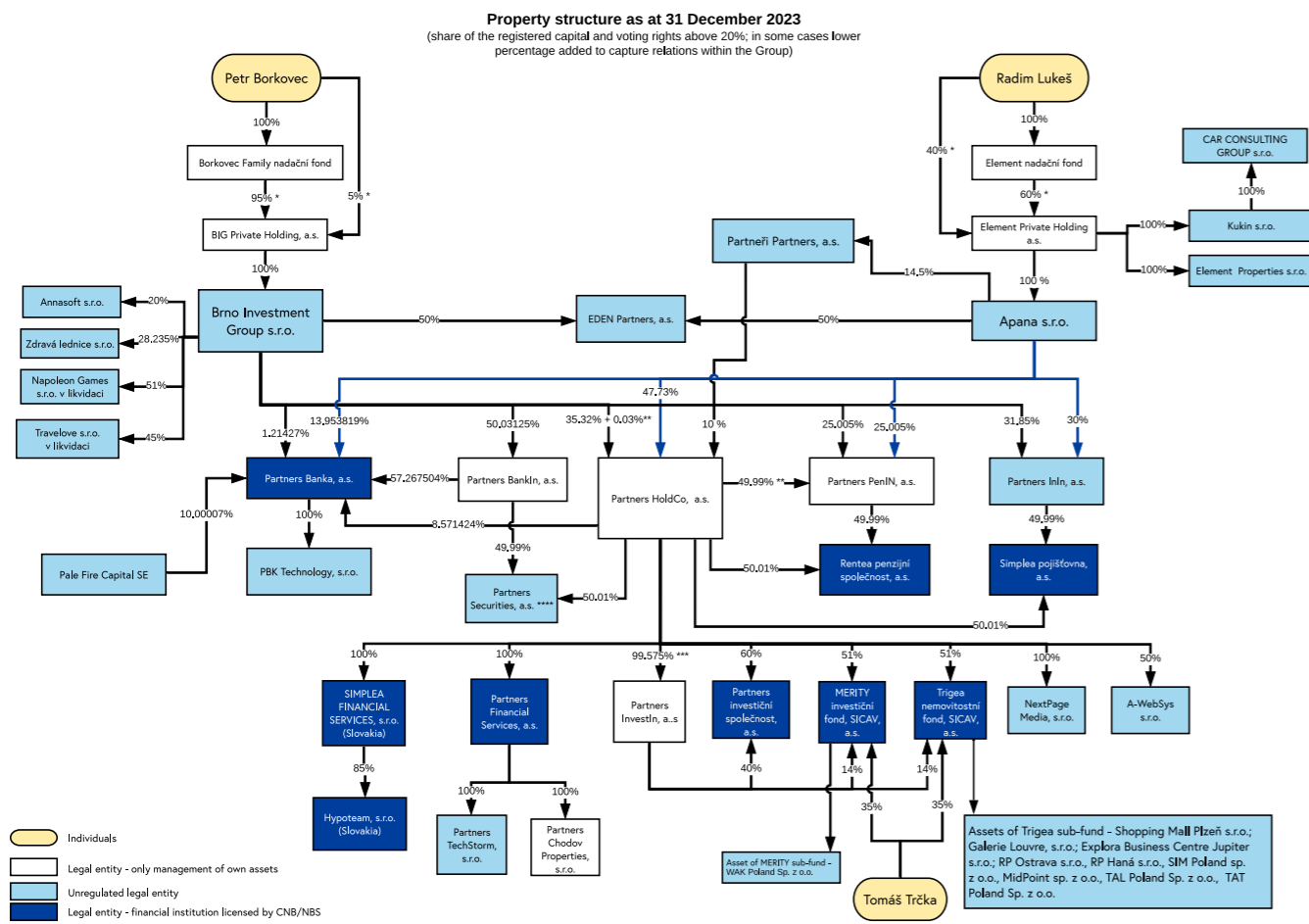
The sole shareholder of Apana is Element Private Holding, a.s., with its registered office at Türkova 2319/5b, Chodov, 149 00 Praha 4, Identification No.: 117 97 231, recorded in the Commercial Register of the Municipal Court in Prague, File No. B 26605, in which Element nadační fond, with its registered office at Na Florenci 1332/23, Nové Město, 110 00 Praha 1, Identification No.: 117 97 797, recorded in the Register of Foundations of the Municipal Court in Prague, File No. N 2004, holds 60% of the registered capital, and Radim Lukeš, born on 13 May 1972, resi-

ding at Čilova 275/15, Veveslavín, 162 00 Prague 6, holds 40% of the registered capital, and the voting rights are exercised fully by Element nadační fond. Element nadační fond is 100% owned by Radim Lukeš who is the chairman of the board of directors. Radim Lukeš is also the sole statutory representative of Apana s.r.o. and the sole member of the board of directors of Element Private Holding a.s.

Petr Borkovec and Radim Lukeš are persons exercising indirect decisive influence on the Bank, through Partners BankIn, a.s., Brno Investment Group s.r.o., BIG Private Holding a.s. and Borkovec Family nadační fond, or Apana s.r.o., Element Private Holding a.s. and Element nadační fond, as well as Partners HoldCo, a.s.

(collectively, the "Controlling Entity" or "Controlling Entities"). The Bank is part of the consolidated unit of BIG Private Holding a.s. for 2023.

Ownership structure of the Bank and structure of relations with related parties as at 31 December 2023



* These are property rights; 100% voting rights are held by Element Endowment Fund or Borkovec Family Endowment Fund
 ** non-voting priority shares
 *** of these, 49% of non-voting priority shares; during January 2024, the transfer under the share programme will be completed; 3,685% remain to be transferred
 **** Application for a securities dealer license will be submitted in 12/2023

Members of the Bank's board of directors declare that during the Relevant Period relations existed between the Bank and the following related entities: Apana s.r.o., Brno Investment Group s.r.o., Partners HoldCo, a.s., Partners BankIn, a.s., Partners Financial Services, a.s., Identification No.: 27699781, Simplea pojišťovna, a.s., Identification No.: 078 80 014, Rentea penzijní

společností, a.s., Identification No.: 097 01 125, Trigea nemovitostní fond, SICAV, a.s., Identification No.: 079 73 179, Partners investiční společnost, a.s., Identification No.: 24716006 and PBK Technology, s.r.o., Identification No.: 09233971.

2. Role of the Controlled Entity

The role of the Controlled Entity in the Relevant Period was to obtain a licence to operate as a bank pursuant to Act No. 21/1992 Coll., on Banks, as amended, and thus complement the portfolio of financial institutions within the Partners Group. The banking licence within the scope of the following permitted activities:

- accepting deposits from the public
- lending
- investing in securities on its own account,
- payment services and electronic money issuance
- issuing and administering means of payment where it does not involve the provision of payment services or the issuing of electronic money
- financial brokerage
- providing banking information
- trading on own account or on behalf of a client in foreign exchange values that are not investment instruments and in gold
- activities directly related to the activities listed in the banking licence was obtained by the Bank on 29 August 2023.

As at 31 December 2023, the Bank operated banking services in a pilot mode with the intention of closely linking the Bank with financial consulting, where banking products and services are offered by the consulting network of Partners Financial Services, a.s. on the principle of open architecture as another private brand of the Partners Group alongside the products of other financial institutions.

The Bank also ensured the operation and development of the Partners mobile application as a platform where the Bank and Partners Financial Services, a.s. offer their products and services. The Bank also provided the development and operation of certain specialised systems for use within the Group, e.g., services relating to the customer identification data base, the AML system used to prevent money laundering, etc. The Bank plans to offer banking services to the general public from March 2024.

3. Manner and means of control

The Controlling Entities – Partners BankIn, a.s., Apana s.r.o., Brno Investment Group s.r.o. and Partners HoldCo, a.s. – controlled the Bank during the Relevant Period by holding shares corresponding to over 81% of the Bank's registered capital and voting rights. The Controlling Entities were entitled to express their will at the general meeting of the Bank through the exercise of their shareholder rights.

The general meeting of the Bank shall constitute a quorum if shareholders holding shares with a nominal value exceeding 50% of the Bank's registered capital are present.

The general meeting decides by majority of the present shareholders' votes unless a higher number of votes is required by the Bank's articles of association or by law. More detailed conditions for the adoption of the relevant decisions for the Bank's individual bodies shall result from the Bank's articles of association and the shareholders' agreement concluded between the Bank's shareholders.

4. Summary of mutual agreements between the Bank and the Related Entities effective during the Relevant Period

Agreements concluded between the Bank and Partners BankIn, a.s.:

- share subscription agreement dated 30 November 2022
- agreement on a contribution outside the registered capital dated 13 December 2022
- loan agreement dated 9 February 2023, as amended by Amendment No. 1 dated 8 March 2023
- framework loan agreement dated 28 February 2023

Agreements concluded between the Bank and Partners HoldCo, a.s.:

- share subscription agreement dated 30 November 2022
- agreement on a contribution outside the registered capital dated 13 December 2022
- loan agreement dated 1 February 2023, as amended by Amendment No. 1 dated 8 March 2023

Agreements concluded between the Bank and Apana s.r.o.:

- share subscription agreement dated 30 November 2022
- agreement on a contribution outside the registered capital dated 13 December 2022

Agreements concluded between the Bank and Brno Investment Group s.r.o.:

- share subscription agreement dated 30 November 2022
- agreement on a contribution outside the registered capital dated 13 December 2022

Agreements concluded between the Bank and Partners Financial Services, a.s.:

- contract for the provision of services dated 28 December 2023
- personal data processing agreement dated 28 December 2023
- agreement on the use of the name, logo and other brand elements dated 3 October 2023
- cooperation agreement dated 5 September 2023, on the performance of the Bank's distribution network.

Agreements concluded between the Bank and PBK Technology, s.r.o.:

- contract for the provision of services dated 3 January 2022 as amended by Amendment No. 1 dated 20 December 2022
- Sublease agreement dated 3 January 2022
- agreement on a contribution outside the registered capital dated 30 January 2023
- agreement on a contribution outside the registered capital dated 8 June 2023
- agreement on a contribution outside the registered capital dated 3 October 2023
- Contract for the provision of the Application and its development dated 1 November 2023
- Contract for the provision of Banking Software and its development dated 1 November 2023
- Contract for the provision of PID and its development dated 1 November 2023

Other agreements:

Shareholder's agreement dated 27 February 2023, as amended by Amendment No. 1 dated 22 March 2023 between the Bank and Partners HoldCo, a.s., Apana s.r.o., Brno Investment Group s.r.o., Partners BankIn, a.s., Pale Fire Capital SE, Rohlik.cz investment a.s. and Reflex Capital SE.

Sublease agreement dated 1 November 2023 between Partners Financial Services, a.s. and the Bank and PBK Technology, s.r.o. as amended by its amendment dated 19 December 2023.

Agreement on cooperation in the processing of personal data between joint administrators dated 13 January 2023, the parties to which were the Bank and the following companies: Partners Financial Services, a.s., Simplea Pojišťovna, a.s., Rentea penzijní společnost, a.s., Partners investiční společnost, a.s., Trigea nemovitostní fond, SICAV, a.s., and PBK Technology, s.r.o.

Agreement on cooperation in the processing of personal data between joint administrators dated 13 January 2023, the parties to which were the Bank and the following companies: Partners Financial Services, a.s., Simplea Pojišťovna, a.s., Rentea penzijní společnost, a.s., Partners investiční společnost, a.s., Trigea nemovitostní fond, SICAV, a.s., and PBK Technology, s.r.o.

Framework Agreement No. 2022/220415 on the provision of telecommunication services for consideration for the Partners Group dated 27 September 2022 between Daktela s.r.o., Identification No.: 27232263 and the Bank, Partners Financial Services, a.s., Simplea pojišťovna, a.s. and Rentea penzijní společnost, a.s.

5. Overview of acts undertaken at the instigation of or in the interest of the Controlling Entity or entities controlled by the Controlling Entity, which involved assets exceeding 10% of the Controlled Entity's equity as determined in accordance with the financial statements for the financial year immediately preceding the financial year for which the Report on Relations is prepared

During the Relevant Period, one relevant transaction occurred between the Bank and Partners HoldCo, a.s. – the granting of a loan to the Bank totalling CZK 490,000,000 on the basis of the Loan Agreement between the Bank as a borrower and Partners HoldCo, a.s. as a lender concluded on 1 February 2023, as amended by Amendment No. 1 dated 8 March 2023.

6. Assessment of advantages and disadvantages arising from between Related Entities and whether advantages or disadvantages prevail and what risks arise for the Controlled Entity

The Bank's board of directors believes that during the Relevant Period, all above-mentioned activities were undertaken and all agreements concluded to assure the Bank's compliance with the requirements of Act No. 21/1992 Coll., on Banks, as amended, and of the Czech National Bank (in particular with regard to capital equipment) necessary for the granting of a banking licence, as well as to prepare for the operation of the Bank and the commencement of the Bank's operations under such banking licence.

From this point of view, these negotiations and agreements are considered to be advantageous for the Bank and the board of directors believes that they are made under arm's length conditions without posing increased risks or potential harm to the Bank.

The Bank is not currently aware of any disadvantages or risks arising from its cooperation and relations with the Related Entities.

7. Conclusion

The Bank's board of directors declares that the Report on Relations has been prepared duly and on time, according to the information available to the board of directors acting with due care and in accordance with the relevant provisions of the Business Corporations Act and includes all material relevant transactions that occurred during the Relevant Period and all information material for the purposes of the Report on Relations.

In Prague, 28 March 2024

On behalf of the Bank's board of directors:



Ing. Marek Ditz

Chairman of the board of directors
Partners Banka, a.s.



Mgr. Simona Machulová

Member of the board of directors
Partners Banka, a.s.

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