

Patria Finance, a. s.

Annual report 2024

Patria Finance, a.s.

Výmolova 353/3, 150 27 Praha 5, IČ 26455064
zapsaná v obchodním rejstříku odd. B, vložka 7215
vedeném Městským soudem v Praze

PATRIA
FINANCE

REPORT OF THE BOARD OF DIRECTORS **ON THE COMPANY'S BUSINESS ACTIVITIES AND STATE OF ITS ASSETS** **FOR 2024**

Patria Finance, a.s., has been offering investment banking services already since 1994. It primarily provides securities trading on own and others' account, as well as economic and investment news and research services. The company is a long-standing member of the Prague Stock Exchange, the Bratislava Stock Exchange and the Budapest Stock Exchange.

The equity of Patria Finance, a.s. amounts to CZK 1,45 billion. Profit before tax in 2024 exceeded CZK 540 million, representing an increase by more than 32% compared to 2023, the year in which the economic result had been a record in the history of our company. As of the end of 2024, Patria Finance managed accounts for 81 thousand private and institutional clients (53% more than a year ago). The significant growth in clients and financial indicators is related, among other things, to international expansion in the form of entering the Hungarian market. Starting from 1 January 2024, we fully transferred clients of the Hungarian branch of KBC Securities from the original trading systems to the Patria Finance trading platforms. This was the first step in KBC's strategy to have Patria as the single trading platform for the entire CEE region.

The stock markets entered 2024 still riding the wave of AI, which was relentlessly pulling up selected titles, especially "big tech". The holiday hesitation proved to be only temporary and the money was subsequently moving again into this thematic investment. The very good performance of the American economy was a significant support for stocks, but even the poor results of the eurozone economy did not represent a significant drag on local markets. The Chinese government, after several partial measures, announced a bigger stimulus in September, which triggered a massive rise in local stocks, again mainly technology stocks. However, the key topic in the autumn and towards the end of the year was the US elections. The markets were betting in advance on Donald Trump's victory, believing that it would bring stock growth similar to 2016-17. Buying interest lasted almost until the end of the year and stock markets in the US, Germany, China and the Czech Republic posted significant gains for 2024.

The described environment translated into increased client activity, and not only in the area of trading. For the whole year, Patria Finance executed transactions worth CZK 422 billion for its clients, which is a year-on-year increase of 38%. For retail clients, 78% of the transactions were executed on the US markets, followed by the Prague Stock Exchange with a share of around 7% and Germany in third place (5%). On the other hand, institutional clients were dominated by trades on the Central European markets, led by the Prague and Budapest stock exchanges. In 2024, for the benefit of our clients, we took full advantage of moving part of the servers directly to the Xetra headquarters in Frankfurt, thereby further speeding up trading and ensuring even greater stability.

In terms of product offering, Patria Finance significantly expanded its offer of low-fee regular investments and also became a benchmark in offering the Long-Term Investment Product, which was introduced on the basis of new legislation effective from 1 January 2024. Patria Finance's long-term investment product was declared the best product in this category by several independent institutions.

In terms of client service, the company continued to develop its digital channels – implementing new functionalities of the mobile application and finalising the development of a new version of the web client zone – with the aim of improving the client experience of investment services.

Also during 2024, Patria Finance continued its educational activities in the field of investments. In addition to a series of conferences, seminars and webinars, Patria also supports and further develops the Investo project. Within this project, Patria makes available to the general public a mobile and desktop educational application that enables Patria Finance's clients and non-clients to learn for free and in a playful way about a wide range of investment and financial instruments and the functioning of financial markets in general.

In Prague, on 25 April 2025

Richard Podpiera
Chairman of the Board of
Directors

Roman Kykal
Member of the Board of
Directors



English translation

Independent Auditor's Report

To the shareholders of Patria Finance, a.s.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Patria Finance, a.s., with its registered office at Výmolova 353/3, Radlice, Praha 5 (the "Company") as at 31 December 2024, and of the Company's financial performance and cash flows for the year ended 31 December 2024 in accordance with International Financial Reporting Standards as adopted by the European Union.

What we have audited

The Company's financial statements comprise:

- the statement of comprehensive income for the year ending on 31 December 2024,
- the statement of financial position as of 31 December 2024,
- the statement of changes in equity for the year ended 31 December 2024,
- the statement of cash flows for the year ended 31 December 2024, and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with the Act on Auditors and Standards on Auditing of the Chamber of Auditors of the Czech Republic (together the "Audit regulations"). These standards consist of International Standards on Auditing as supplemented and modified by related application guidance. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

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

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted by the Chamber of Auditors of the Czech Republic and with the Act on Auditors. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the Act on Auditors.

Other information

The board of directors is responsible for the other information. As defined in Section 2(b) of the Act on Auditors, the other information comprises the annual report but does not include the financial statements and our auditor's report thereon.

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,

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consider whether the other information is materially inconsistent with the financial statements or our knowledge about the Company obtained in the audit or otherwise appears to be materially misstated. In addition, we assessed whether the other information has been prepared, in all material respects, in accordance with applicable legal requirements, i.e. whether the other information complies with the legal requirements both in terms of formal requisites and the procedure for preparing the other information in the context of materiality.

Based on the procedures performed in the course of our audit, to the extent we are able to assess it, in our opinion:

- the other information describing the facts 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 the applicable legal requirements.

In addition, in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the other information. We have nothing to report in this regard.

Responsibilities of the board of directors and supervisory board of the Company for the financial statements

The board of directors is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the European Union and for such internal control as the board of directors 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 board of directors 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 board of directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The supervisory board of the Company is responsible for overseeing the 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 Audit 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 Audit regulations, we exercise professional judgment and maintain professional scepticism 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 board of directors.
- Conclude on the appropriateness of the board of directors' 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 the board of directors and supervisory board 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.

25 April 2025

PricewaterhouseCoopers Audit, s.r.o.
represented by Partner

Marek Richter
Statutory Auditor, Licence No. 1800

Translation note

This version of our report is a translation from the original, which was prepared in the Czech language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the Czech version of our report takes precedence over this translation.

Patria Finance, a. s.

Financial Statements as of 31 December 2024

Patria Finance, a.s.

Joint-stock company

Výmolova 353/3, Prague 5

Company ID

No.: 26455064

Compiled on: 25 April 2025

Subject of business: securities trading

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDING ON 31 DECEMBER 2024

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

(CZK thousand)	Note	2024	2023
Interest revenues calculated using the effective interest rate	17	154 826	126 320
Interest costs calculated using the effective interest rate	18	-107 954	-72 060
Net interest revenue		46 872	54 260
Fee and Commission Revenues	19	1 081 776	723 305
Fee and Commission Revenues – Investment Services		713 649	433 642
Fee and Commission Revenues – Other Services		368 127	289 663
Fee and commission costs	20	-156 693	-108 488
Net fee and commission revenue		925 083	614 817
Dividend revenues		3 809	1,987
Net gain/loss on foreign exchange differences		1 613	1707
Net gain/loss on financial instruments held for trading	21	14 323	11 166
Other operating revenues	22	53 779	44 044
Total net operating revenues		1 045 479	727 981
Employee costs	24	-241 135	-159 310
General administrative costs	24	-147 424	-99 928
Other operating costs	23	-34 098	-15 078
Depreciation	7	-81 556	-44 435
Total operating costs		-504 213	-318 751
Total operating profit before impairment losses		541 266	409 230
Impairment losses and gains (including reversals)	25	-466	102
Risk costs		-466	102
Profit / (loss) before tax		540 800	409 332
Income tax	27	-77 543	-72 320
Profit / (loss) for the accounting period after tax		463 257	337 012

Patria Finance, a.s.

Joint-stock company

Výmolova 353/3, Prague 5

Company ID

No.: 26455064

Compiled on: 25 April 2025

Subject of business: securities trading

STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2024

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

(CZK thousand)	Note	31 December 2024	31 December 2023
ASSETS			
Cash and Cash Equivalents	3	844 744	474 488
Financial assets held for trading	4	66 666	14 821
Financial assets at fair value through other comprehensive income	5	116 548	0
Financial assets at amortised cost	6	3 747 864	3 046 222
Deferred tax assets	27	31 965	108
Land, buildings and equipment	7	42 303	47 467
Intangible assets	7	471 666	167 767
Other assets	8	13 634	29 864
Total assets		5 335 390	3 780 737
LIABILITIES AND EQUITY			
Liabilities to banks	9	2 240 857	1 481 232
Financial liabilities held for trading	10	17 939	421
Financial liabilities at amortised cost	11	1 550 617	1 190 454
Other liabilities	12	39 782	31 249
Reserves	13	3 826	3 550
Payable tax liabilities	27	35 939	20 274
Total liabilities		3 888 960	2 727 180
Share capital	14	150 000	150 000
Funds from profits		46 468	46 468
Capital funds		720 000	520 000
Retained earnings / (Accumulated losses)		463 257	337 089
Valuation differences on financial assets at fair value through other comprehensive income		66 705	0
Total equity		1 446 430	1 053 557
Total liabilities and equity		5 335 390	3 780 737

The notes form an integral part of these unconsolidated Financial Statements.

Patria Finance, a.s.

Joint-stock company

Výmolova 353/3, Prague 5

Company ID

No.: 26455064

Compiled on: 25 April 2025

Subject of business: securities trading

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

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

(CZK thousand)	Share capital	Funds from profits	Capital funds	Retained earnings / (Accumulated losses)	Total equity
31 December 2022	150 000	46 468	239 000	277 675	713 143
Profit for the accounting period	0	0	0	337 012	337 012
Profit distribution to shareholder	0	0	0	-277 598	-277 598
Additional payment outside the share capital	0	0	281 000	0	281 000
31 December 2023	150 000	46 468	520 000	337 089	1 053 557
Profit for the accounting period	0	0	0	463 257	463 257
Other comprehensive income for accounting period	0	0	0	66 705	66 705
Comprehensive income for accounting period	0	0	0	529 962	529 962
Profit distribution to shareholder	0	0	0	-337 089	-337 089
Additional payment outside the share capital	0	0	200 000	0	200 000
31 December 2024	150 000	46 468	720 000	529 962	1 446 430

The notes form an integral part of these Financial Statements.

Financial Statements as of 31 December 2024

Patria Finance, a.s.
Joint-stock company
Výmolová 353/3, Prague 5

Company ID No.: 26455064
Compiled on: 25 April 2025
Subject of enterprise:
Securities trading

Cash Flow Statement

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

OPERATING ACTIVITY	2024	2023
Status of cash and cash equivalents at the beginning of the accounting period	474 488	697 800
Profit/loss from ordinary activities before tax	540 800	410 626
Adjustments for non-cash transactions	33 711	-14 339
Depreciation of fixed assets except for net book value of fixed assets sold,	81 556	44 435
depreciation of receivables and amortisation of the provision for the acquired assets		
Change in adjustments and provisions	95	1 687
Profit (loss) on sale of fixed assets	1 127	-419
Revenues from shares of profit	-3 809	-1 987
Charged interest expense excluding capitalised interest and charged interest income	-45 258	-56 767
Adjustments for other non-cash transactions	0	-1 288
Net cash flow from operating activities before tax, changes in operating assets and liabilities, and extraordinary items	574 511	396 287
Changes in operating assets and liabilities	-395 878	-977 694
Change in financial assets held for trading	-51 845	5 163
Change in financial assets at fair value through other comprehensive income	-49 843	0
Change in financial assets at amortised cost	-701 642	-461 550
Change in other assets	16 411	-16 196
Change in financial liabilities held for trading	17 519	-9 255
Change in financial liabilities at amortised cost	360 163	-512 852
Change in other liabilities including tax payable	13 359	16 996
Net cash flow from operating activities before tax and extraordinary items	178 633	-581 407
Interest paid, excluding capitalised interest	-108 377	-71 897
Interest received	153 635	128 646
Paid income tax for ordinary activities and for tax assessments for previous years	-93 735	-83 256
Received share in profit	3 809	1 987
Net cash flow from operating activities	133 965	-605 909
INVESTMENT ACTIVITY		
Expenses related to acquisition of fixed assets	-380 553	-61 423
Income from the sale of fixed assets	-865	630
Net cash flow related to investment activity	-381 418	-60 793
FINANCIAL ACTIVITY		
Loans received and repaid	759 624	444 492
Effects of changes in liabilities from leasing	-4 827	-4 504
Effects of changes in equity on cash and equivalents	-137 088	3 402
Other monetary deposits by partners and shareholders	200 000	281 000
Paid shares in profit, including paid withholding tax related to these claims	-337 088	-277 598
Net cash flow related to financial activities	617 709	443 390
Net increase or decrease of cash and cash equivalents	370 256	-223 312
Cash and cash equivalents at the end of the accounting period	844 744	474 488

1. GENERAL INFORMATION

Patria Finance, a.s. (hereinafter referred to as the "Company") was incorporated into the Commercial Register on 23 May 2001 under the business name Patria Direct, a.s. On 1 November 2014, the Company was renamed to the current business name Patria Finance, a.s. The Company provides services of an investment firm, management and corporate finance advisory services, ensures in-house financial research and trading application development. The company carries out these activities on the basis of a licence from the Czech National Bank.

The parent company of the Company is Československá obchodní banka, a.s. and the ultimate parent company is KBC Group N.V., a company with its registered office in the Kingdom of Belgium.

The Company is part of the consolidation unit of the parent company Československá obchodní banka, a.s., Radlická 333/150, 150 57 Prague 5.

The Company has not signed a controlling agreement or a profit allocation agreement with the parent company.

The Company has a foreign organisational unit in Hungary, which was incorporated in the Commercial Register on 26 March 2022 under the name Patria Finance Magyarországi Fióktelepe (Patria Finance Hungarian Branch Office). The Company provides the investment firm services and operates on the Hungarian market under the business name K&H Értékpapír.

In the area of environmental protection, the Company has a waste sorting system and an energy saving lighting system in place. The Company acts in accordance with the applicable legislation and strictly complies with it in the framework of labour relations.

In the field of science and research, the Company is involved in development of banking IT technologies.

The Company did not raise any public funds or acquire any treasury shares in 2024 and 2023.

Members of the governing bodies as of 31 December 2024:

Board of Directors

Chairman: Richard Podpiera
Member: Roman Kykal
Member: Filip Kubů
Member: Martin Novotný

Supervisory Board

Chairman: Jiří Vévoda
Member: Tomáš Novák
Member: Marcela Výbohová

During the accounting period, up to the date of the Financial Statements compilation, the following changes were made in the Commercial Register:

	Origination Date	Dissolution Date
Member of the Board of Directors:	Roman Kykal (1 February 2024)	

2. IMPORTANT ACCOUNTING PRACTICES

2.1. BASIC ACCOUNTING PRINCIPLES

These Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") under the historical cost valuation principle, modified by the initial recognition of financial instruments on a fair value basis and the revaluation of land, buildings and equipment, real estate investments, financial instruments classified at fair value through profit and loss ("FVTPL") and at fair value through other comprehensive income ("FVOCI"). The main accounting principles used in the preparation of these Financial Statements are set out below.

The compilation of the Financial Statements in line with IFRS as adopted by the EU requires the use of some fundamental accounting estimates. It also requires management to exercise their judgment in applying the Company's accounting principles. Areas that require a higher degree of judgement or complexity, or where assumptions and estimates are significant to the Financial Statements, are disclosed in Note 2.2.

The Financial Statements are presented in thousands of Czech crowns (CZK thousands), which are the Company's reporting currency. The preparation of the Financial Statements is required by the Accounting Act and the Financial Statements are not consolidated.

Declaration of Conformity

The Company's Financial Statements have been compiled in accordance with International Financial Reporting Standards as adopted by the European Union (EU IFRS).

2.2. SIGNIFICANT ACCOUNTING ASSUMPTIONS AND ESTIMATES

In determining the amounts recognised in the Financial Statements, in the process of applying the accounting rules, the Company's management has considered and made estimates in the following most significant areas:

Fair value of financial instruments (Note: 2.4. e))

When the fair values of financial assets and financial liabilities recognised in the statement of financial position cannot be determined from active markets, their fair values are determined using various valuation techniques that involve the use of mathematical models. Where possible, inputs to these models are taken from market observations. However, if this is not possible, certain degree of professional judgement needs to be used in determining the fair values. This assessment needs to take into account credit, liquidity and model inputs such as correlation and volatility of financial instruments concluded for longer periods.

Impairment of financial instruments (Note: 2.4. f))

The calculation of expected credit losses (ECL) requires significant judgements in various aspects, such as, but not limited to, the financial position of debtors and their ability to repay, the value and recoverability of collateral, and future macroeconomic information. The Company applies a neutral and unencumbered approach in assessing uncertainties and making significant judgements. The value of expected credit losses will be calculated in a manner that reflects:

- an unbiased, probability-weighted amount;
- the time value of money and
- information on past events, current and projected economic conditions.

Management judgment is also required to determine the fair value of the collateral, which has a significant impact on impairment.

The Impact of the War in Ukraine on the Financial Instruments Impairment

The situation related to the war in Ukraine does not have a negative impact on the Company. The Company does not hold exposures that would be affected by the war (i.e., e.g., exposure to Russian or Belarusian securities).

Business Model Assessment

The classification of financial assets is driven by the business model. Management exercises judgment in deciding on the degree of aggregation and on the portfolios of financial instruments when assessing business models. In assessing sales, the Company considers their historical frequency, timing and value, the reasons for the sales and expectations for future sales activities.

Assessment Whether Cash Flows Are Solely Payments of Principal and Interest (“SPPI”)

Judgment is required to determine whether cash flows of a financial asset represent solely payments of principal and interest, as only the elements representing the underlying loan contract are consistent with the SPPI test. An assessment is also required to determine whether the risks and volatility of the contractual cash flows are related to the underlying loan contract. Elements that require judgement include, for example, a change in the time value of money, a change in timing or amount, such as early settlement or early repayment.

Financial Assets Modification

When financial assets are contractually modified (e.g. renegotiated), the Company assesses whether the modification is material and should result in derecognition of the original asset and recognition of a new asset at fair value. This assessment is based primarily on qualitative factors described in the corresponding accounting principles and requires significant judgement. In particular, the Company applies judgement in deciding whether the risks and rewards, i.e. the variability of expected (not contractual) cash flows, will change as a result of these modifications.

Deferred Tax Asset

The deferred tax asset recognised represents income tax recoverable through future deductions from taxable profits and is recognised in the statement of financial position. Deferred tax assets are recognised to the extent that realisation of the relevant tax benefit is probable. This includes temporary differences that are expected to be reversed in the future and the availability of sufficient future taxable profits against which deductions can be claimed. Future taxable profits and the amount of tax reliefs, which are likely in the future, are based on the medium-term business plan prepared by management and the results extrapolated thereafter. The business plan is based on management's expectations, which are considered appropriate to the circumstances.

Useful Life of Land, Buildings and Equipment

Estimating the useful lives of items of land, buildings and equipment is a matter of judgement based on experience with similar assets. The future economic benefits arising from these assets are consumed primarily through their use. However, other factors such as technical or commercial obsolescence and wear and tear often lead to a reduction in the economic benefits from these assets. Management assesses the remaining useful life in accordance with the current technical condition of the assets and the estimated period over which the assets are expected to be useful to the Group. The following factors are mainly taken into account: (a) expected use of the asset; (b) expected physical wear and tear, which depends on operating factors and the maintenance programme; and (c) technical or commercial obsolescence resulting from changes in market conditions.

Determination of the Lease Term

Significant judgements are required to assess the lease term. The Company assesses how likely it is that it will exercise options to extend or terminate the lease. In deciding whether to exercise options in lease agreements, the Company considers all relevant facts and circumstances, such as the contractual terms and conditions of the option periods compared to market rates, significant improvements to the leased assets, costs associated with lease termination, significance of the asset to the lessee's operations, etc.

Impairment of Goodwill

Goodwill is annually tested for impairment and is recognised at cost less accumulated impairment losses.

2.3. ADOPTION OF NEW AND REVISED STANDARDS

2.3.1. Newly adopted standards and interpretations whose application did not have a material impact on the Financial Statements

In the current period, amendments to the following standards and interpretations issued by the International Accounting Standards Board (IASB) and adopted by the European Union became effective for accounting periods beginning on or after 1 January 2024:

- Amendment to IFRS 16, Leases (Standard issued on 22 September 2022)

The amendment applies to sale and leaseback transactions that qualify for sale under IFRS 15. The amendment requires the seller-lessee to subsequently measure the transaction liability so that no gain or loss is recognised in respect of the retained right of use. This means that such gains are deferred, even where the lessee is obliged to make variable payments that are not index or rate dependent.
- Classification of liabilities as current and non-current – Amendments to IAS 1 (issued on 23 January 2020 and subsequently on 15 July 2020 and 31 October 2022)

These amendments clarify that liabilities are classified as current or non-current depending on the rights that exist at the end of the reported period. Liabilities are non-current if, at the end of the accounting period, the entity has a substantial right to defer settlement for at least twelve months. The Guidelines no longer require that such a right be unconditional. The October 2022 amendment clarifies that the terms of a contract that must be met after the date of the financial statements do not affect the classification of a liability as current or non-current as of the date of the financial statements. Management's expectation of whether it will subsequently exercise its right to defer settlement does not affect the classification of the liability. The liability is classified as current if the conditions are breached on or before the date of the financial statements, even if the creditor waives this condition after the end of the reported period. Conversely, a loan is classified as non-current if the terms of the loan contract are only breached after the date of the financial statements. In addition, the amendment clarifies the requirements for the classification of debt that a company could settle by converting it into equity. "Settlement" is defined as the extinction of a liability in cash, by other funds representing economic benefits or the entity's own equity instruments. There is an exception for convertible instruments that can be converted to equity, but only for those instruments where the conversion option, as a separate component of the compound financial instrument, is classified as equity.
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (issued on 25 May 2023)

In response to concerns from users of financial statements about inadequate or misleading disclosure of financial arrangements, in May 2023 the IASB issued amendments to IAS 7 and IFRS 7 that require disclosure of an entity's supplier finance arrangements. These

amendments require disclosure of the entity's supplier financing arrangements to enable users of the financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on its exposure to liquidity risk. The purpose of the additional disclosure requirements is to increase the transparency of supplier finance arrangements. The amendments do not affect the recognition or measurement principles, but only the disclosure requirements, and will be effective for annual accounting periods beginning on or after 1 January 2024. The EU has not yet approved these amendments.

- Amendments to IAS 21 Lack of Exchangeability (issued on 15 August 2023)

In August 2023, the IASB issued amendments to IAS 21 to help entities assess the convertibility between two currencies and determine the spot exchange rate when convertibility is lacking. The amendments will affect an entity if it records transactions or a foreign unit in a foreign currency that is not convertible into another currency as of the measurement date for the specified purpose. The amendments to IAS 21 do not provide detailed requirements on how to estimate the spot exchange rate. Instead, they provide a framework by which an entity can determine the spot exchange rate as of the measurement date. It is not permitted to modify the comparative information when applying the new requirements. It is required to translate the relevant amounts at the estimated spot exchange rates as of the date of the first application with an adjustment for retained earnings or accumulated foreign exchange differences. The EU has not yet approved this amendment.

2.3.2. Issued standards and interpretations that have not yet become effective

As of the date of these Financial Statements, the following amendments to existing standards adopted by the EU have been issued and are not yet effective or are in force for accounting periods beginning on or after 1 January 2025:

- Amendments to IAS 21 Lack of Exchangeability (issued on 15 August 2023)

In August 2023, the IASB issued amendments to IAS 21 to help entities assess the convertibility between two currencies and determine the spot exchange rate when convertibility is lacking. The amendments will affect an entity if it records transactions or a foreign unit in a foreign currency that is not convertible into another currency as of the measurement date for the specified purpose. The amendments to IAS 21 do not provide detailed requirements on how to estimate the spot exchange rate. Instead, they provide a framework by which an entity can determine the spot exchange rate as of the measurement date. It is not permitted to modify the comparative information when applying the new requirements. It is required to translate the relevant amounts at the estimated spot exchange rates as of the date of the first application with an adjustment for retained earnings or accumulated foreign exchange differences. The EU has not yet approved this amendment.

The Company has elected not to adopt these new standards, amendments to existing standards and interpretations before their effective dates. As noted above, the Company does not expect the application of the above standards and interpretations to have a material impact on the Financial Statements.

2.4. IMPORTANT ACCOUNTING PRACTICES

a) Foreign Currencies

Financial assets and liabilities denominated in foreign currencies are converted into Czech crowns at the exchange rate published by the Czech National Bank (hereinafter referred to as the "CNB") as of the balance sheet date. Transactions in foreign currency are converted into domestic currency at the daily

exchange rate quoted by the CNB. All foreign exchange profits and losses are recognised under Net profit / loss from financial instruments at fair value through profit and loss and foreign exchange differences.

Monetary assets and liabilities denominated in foreign currencies are converted into the functional currency at exchange rates prevailing at the balance sheet date. All differences are recognised in Net profit / loss from financial instruments at fair value through profit and loss and foreign exchange differences (hereafter referred to as Net profit / loss from financial instruments at fair value through profit and loss) in the income statement.

Non-monetary items measured at historical cost in a foreign currency are converted using the exchange rate as of the date of the transaction. Non-monetary items measured at fair value denominated in a foreign currency are converted at the exchange rate as of the end of the accounting period as of which the fair value was determined. Foreign exchange differences relating to non-monetary financial assets at fair value recognised in other comprehensive income are included at fair value into equity until the asset is derecognised. At this point, they are transferred to retained earnings.

b) Fair Value of Securities

The fair value of a security is determined as the market price quoted by the relevant stock exchange or other active public market. In other cases, fair value is estimated using an appropriate valuation model.

c) Financial Instruments – Initial Recognition and Subsequent Measurement

Business model

The determination of the business model is critical to the classification and valuation of financial instruments in the FVPL, AC and FVOCI categories. The Company assesses the business model objective at the portfolio level, which reflects the way the business is managed. The information under assessment includes the following:

- the policies and targets set for the portfolio and the operation of these policies in practice;
- how the portfolio performance is evaluated and reported to the Company's key management;
- the risks that affect the performance of the business model (and of the financial assets held within this business model) and the way in which these risks are managed;
- the way in which managers and traders are remunerated; and
- the frequency, volume and sales timetable in prior periods, the reasons for these sales and the expectations for future sales. The sales information is not assessed in isolation, but as part of the overall objective of the Company's financial asset management.

The positions in shares, that arise with the Company, are consistent with the Company's trading objectives and risk management from intraday shares trading, primarily due to the Company's position as a market maker, and are measured at fair value through the profit and loss account. For the purpose of determining the fair value of the shares, the Company considers the last known closing share price as the exit price on the decisive valuation date. In addition, bond positions are also classified as fair value through profit and loss, as they are not acquired for hold-to-collect (HTC) purposes but may exceptionally appear on the Company's balance sheet as a residual due to, for example, the discontinuation of trades brokered for clients. Also, derivatives are designated as trading derivatives from both an ALM and accounting perspective. These instruments are included in the HFT business model in the FVPL valuation. The other categories are recorded in the accrued value (AC) measurement, as they are included in the business model (HTC) for the purpose of collecting contractual cash flows or for the purpose of collecting contractual cash flows and selling, while meeting the "SPPI test" as the same time.

Contractual cash flows as payments of solely principal and principal interest (SPPI)

In the case of debt instruments, where the financial instrument is held to collect contractual cash flows or held to collect contractual cash flows and sell, the assessment is performed of whether these cash flows represent solely payments of principal and interest, i.e. that they meet the "SPPI test", and their

measurement is then assessed according to the business model. Financial assets with embedded derivatives are considered complete if the determination of their cash flows is consistent with the SPPI test. This assessment determines whether the contractual cash flows are consistent with the underlying credit arrangement, i.e. the interest only includes consideration of credit risk, the time value of money, other underlying credit risks and a profit margin. If the contractual terms and conditions introduce an exposure to risk or volatility (e.g. an interest rate is based on a benchmark) that is inconsistent with the underlying credit terms and conditions, the financial asset is classified and measured within FVPL because it fails the SPPI test. The SPPI test is performed when the asset is initially recognised, and is not subsequently reassessed.

The Company assess, among other things:

- conditional events that may change the amount and timing of cash flows,
- leverage,
- prepayment and extension,
- conditions limiting the Company's entitlement to cash flows from certain assets,
- the contractual terms and conditions governing the time value of money.

Classification and Measurement of Financial Instruments

Financial assets are understood to include cash (i.e. monetary funds, which mean currency and other funds payable on demand), the right to receive cash or another financial asset of another entity created by contract, the right to exchange financial instruments on potentially favourable terms created by contract, an equity instrument of another entity.

Financial liabilities are understood as an obligation to pay cash to another entity, created by a contract and an obligation to exchange financial instruments under potentially unfavourable terms, created by a contract.

i) Equity Instruments Recognised in Profit and Loss Account and Other Comprehensive Income

Only instruments that represent the residual interest in the net assets of another entity may be classified as equity instruments. The basic category of the Company for the measurement of equity instruments according to IFRS 9 is fair value revalued through the Profit and Loss Account, i.e. these are equity instruments intended for trading (FVPL - Fair Value through profit and loss - Fair value recognised in profit and loss).

However, equity instruments can also be measured at fair value recognised in other comprehensive income (FVOCI - Fair Value through other comprehensive income).

Equity instruments categorised as FVOCI are part of a business model of financial assets held for the purpose of earning revenues from these instruments and with the possibility of selling them over a longer time horizon. Gains and losses on the revaluation of these assets are recognised in comprehensive income, while gains and losses on impairment and foreign exchange differences are recognised in the profit and loss statement.

Equity instruments classified as FVPL are part of the held-for-trading (HFT) business model of financial assets. In this model, financial assets are:

- acquired or created principally for the purpose of sale in the near future; or
- part of a portfolio of identified financial instruments that are managed together and for which there is evidence of trading undertaken for short-term profit.

Equity instruments at fair value through profit and loss that are held for trading are those that are used to generate a profit from short-term price fluctuations or selling margins.

Equity instruments may be both quoted or unquoted if the fair value can be reliably determined. This category cannot include instruments for which fair value cannot be reliably determined, but in applying the "best estimate" rule it appears most appropriate to use the acquisition price. This is because, in the absence

of reliable information to determine fair value, it is difficult to make decisions regarding sales of these securities.

This category also distinguishes between equity instruments measured and those not measured at acquisition price (at cost):

- The ones not valued at cost (FVNC): this category includes
 - all quoted equity instruments because information about the fair value of these instruments will be available and therefore they must be measured at fair value in all circumstances. For the purpose of determining the fair value of the shares, the Company considers the last known closing share price on the decisive valuation date as the exit price, and
 - unquoted equity instruments for which the determination of fair value requires the use of valuation techniques based on observable inputs.
- The ones valued at cost (FVC): this category may be used for unquoted equity instruments for which the use of valuation techniques is required to determine fair value, but in limited circumstances, acquisition price (cost) may be an appropriate tool for determining fair value. An entity is permitted to do so only if insufficient fair value information is available or if acquisition price is the best estimate of fair value out of all fair value measurement options.

The following financial instruments have been identified in this category of financial instruments in the Company (this category will be supplemented by the designation FVPL or FVOCI in the Notes):

- FVPL shares
- FVOCI shares.

ii) Debt instruments measured at fair value through profit and loss account

In addition to the measurement categories of accrual (AC), where the asset is part of a business module whose purpose is to hold the asset to earn contractual cash flows (HTC), and FVOCI, IFRS 9 also defines the category of FVPL (fair value through profit and loss). The Company measures debt instruments at fair value through profit and loss account due to their classification in the held-for-trading business model of financial assets.

These financial assets must be measured at fair value. In the case of publicly traded bonds, the fair values are equal to the prices achieved on the public market. For the purpose of determining the fair value of the bonds, the Company considers the last known closing price on the decisive valuation date as the exit price. If it is not possible to determine fair value as a market price (e.g. the entity does not demonstrate that the bond can be sold at market price), fair value is determined alternatively as the present value of the future cash flows from the bond. Changes in fair value must be recognised in the Profit and Loss Statement. HFT are mainly instruments that are held with a trading intent and occur as part of the so called "Dealing room". These instruments are acquired or have incurred principally for the purpose of selling (an asset) or repurchasing (a liability) it in the near future. Financial instruments are usually used to generate profits from short-term fluctuations in price or a trader's margin. The category includes, for example, positions resulting from services provided to clients (e.g. matched principal trading).

The following financial instruments have been identified in this category of financial instruments in the Company (this category will be supplemented by the designation FVPL in the Notes):

- bonds.

Debt instruments may be measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved through the collection of contractual cash flows and sale, while the cash flows are, at the same time, solely repayments of principal and interest on principal. Unrealised gains and losses from debt securities so valued are recognised in other comprehensive income. At the time of sale, the accumulated gains and losses are reclassified from other comprehensive income to profit and loss.

The Company did not measure any debt instruments at fair value recognised to other comprehensive income in accounting period 2024 or 2023.

iii) Derivative Assets / Liabilities Recognised in the Profit and Loss Account

IFRS 9 distinguishes between two main categories of derivative instruments. They are based on whether or not the derivative is defined in hedge accounting.

Patria Finance does not hold derivatives with hedging intent (trading derivatives). The Company may open a derivative position within the Group also without the intention of economically hedging a position. This activity may relate to closing or selling an external position in the short term or to the purpose of making a short-term profit. Nevertheless, these derivatives will be designated as trading derivatives from both an ALM and accounting perspective. Financial derivatives are initially captured in the balance sheet in acquisition price (at cost) and are subsequently revalued at their fair value.

The following financial instruments have been identified in this category of financial instruments in the Company (this category will be supplemented by the designation FVPL in the Notes):

- Fair Value Receivables – Forwards,
- Fair Value Payables – Forwards.

iv) Assets, liabilities and debt instruments at amortised cost (AC / accrued value)

Assets, liabilities and debt instruments measured at amortised cost (AC) fall within the business model of financial assets held to collect contractual cash flows (Hold-to-collect) and are measured at amortised cost. Under IFRS 9, a financial instrument is measured at amortised cost if both conditions are met:

- The financial instrument is held within a business model whose objective is to hold assets in order to collect contractual cash flows;
- The contractual terms and conditions of the financial asset give rise, at a specific date, to cash flows that are solely payments of principal and interest on the outstanding principal.

Financial assets at amortised cost are subsequently recognised at residual value using the effective interest rate method, except for items in this category that are hedged by fair value. Such items must be revalued to fair value to the extent of the hedged risk. The calculation of residual value takes into account all discounts or premiums associated with the acquisition of the asset, and fees that form an integral part of the effective interest rate. Amortisation is recognised in Interest and similar revenues. Losses from impairment of these assets are recognised in the profit and loss account, under Write-offs, creation and use of provisions and reserves to receivables, securities and guarantees.

For example, the following financial instruments have been identified in this category in the Company (in the Notes this category will be supplemented with “AC” designation):

- granted equity trading loan – margin – meeting SPPI test,
- term deposits with banks – own funds,
- current accounts with banks – own funds,
- receivables on deposit secured by transfer of securities,
- receivables from unsettled sales of investment instruments and currencies with usual delivery dates,
- deposits in exchange compensation funds,
- receivables from clients – debit balances,
- loan granted to employees,
- other receivables,
- other contractual obligations.

Reclassification

Financial assets cannot be reclassified after their initial recognition, except when the Company changes its business model for managing financial assets. A change may only occur when the Company commences or ceases an activity material to its operations. The reclassification will be made from the beginning of the

first reporting period following the change.

d) Financial instruments – recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of an instrument (trade date).

Financial assets and financial liabilities are measured at fair value on initial recognition. Transaction costs, that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to the fair value of the financial asset or deducted from the fair value of the liability on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit and loss account.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price (i.e. the fair value of the compensation given or received).

If the contractual terms and conditions change during the life of a financial asset, the Company assesses whether the new contractual terms and conditions differ significantly from the original contractual terms and conditions, for example, a significant change in interest rates or maturity. If the contractual terms and conditions are materially different, the transaction is accounted for as a derecognition of the original financial asset and recognition of the new financial asset. Conversely, when the Company determines that the terms and conditions are not materially different, a modification of the financial asset is accounted for.

Profit or loss from the modification is recognised in the profit and loss account, under Write-offs, creation and use of provisions and reserves to receivables, securities and guarantees. The gross carrying amount of the original asset is recalculated to reflect the renegotiated or modified contractual cash flows. For modified financial assets, the assessment of whether there has been a significant increase in credit risk, is based on a comparison of the PD as of the reporting date (modified terms and conditions) and the PD at initial recognition (original terms and conditions). Significant increase in credit risk indicators is used to determine whether expected credit losses will be on a lifetime or 12-month basis.

A financial liability is derecognised from the balance sheet when the obligation in the contract is fulfilled, cancelled or expires. The Company derecognises the original financial liability and recognises the new one if the contractual terms and conditions are materially different. In assessing materiality, the Company compares the present value of the cash flows under the new terms and conditions discounted at the original effective interest rate with the present value of the remaining cash flows of the original financial liability. If the difference exceeds 10%, the Company derecognises the original financial liability and recognises the new one.

e) Fair Value

The fair value of a financial instrument is the price that would be received to sell an asset or paid to assume a liability in an orderly transaction between market participants at the measurement date (the so-called exit price). Financial instruments classified as financial assets or financial liabilities at fair value through profit or loss, or instruments for trading, or financial assets at fair value through other comprehensive income are measured at fair value using quoted market prices if the published price is quoted on an active public market. Fair values of financial instruments that are not traded on active public markets are estimated using valuation models, quoted prices of instruments with similar characteristics, discounted cash flows or other methods. These methods of estimating fair value are significantly affected by the assumptions used by the Company, including discount rate, liquidity and credit indicators, and estimates of future cash flows.

f) Impairment of Financial Assets

General Model of the Expected Credit Losses

The impairment model for financial assets is called the expected credit losses (ECL) model.

ECL modelling is based on the classification of financial assets and is used for the following financial assets:

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income;

12-month expected credit losses are defined as the portion of lifetime expected credit losses that takes into account expected credit losses due to default within 12 months of the end of the accounting period.

Lifetime expected credit losses are defined as the expected credit losses arising from all possible defaults over the expected life of a financial asset.

To distinguish between individual levels with respect to the amount of ECL, the Company uses the terminology defined in IFRS 9 - Stage 1, 2 and 3.

Financial assets are classified as Stage 1 on initial recognition, unless they are already impaired, and carry a provision in the amount of 12-month expected credit losses. Once there is a significant increase in credit risk since initial recognition, the asset moves to Stage 2 and the provision is equal to the lifetime expected credit losses. If the asset meets the definition of default, it will enter Stage 3 (see paragraph below Significant Increase in Credit Risk since Initial Recognition).

ECL for selected assets (e.g. trade receivables, other receivables) is accounted for in the amount of lifetime expected credit losses under the simplified approach.

The initial recognition of creation of the expected credit losses calculated for the financial instruments carried at amortised cost will be charged to the item Retained Earnings or Unrealised Loss from Prior Periods against the item Provision Decreasing the Gross Value of the Financial Instrument.

Subsequent recognition of changes in expected credit losses on financial instruments carried at amortised costs will be charged to the Provision with a corresponding entry to the profit and loss account's Creation of Provisions or Settlement of Provisions according to the direction of change in the expected credit loss.

Significant Increase in Credit Risk since Initial Recognition

Upon initial recognition of a potential default by the client, the receivable is classified in Stage 1 (1 to 30 days past due). In the event that the receivable remains unpaid after 30 days from the due date, the receivable will be moved from Stage 1 to Stage 2 and an individual provision will be created for the receivable from the client that is more than 30 days past due, based on an assessment of the documented information available within communication with the client and the discounted expected cash flow. The underlying documents for the creation of the individual provision is approved by the Company's Board of Directors. Movement to a higher credit step from Stage 1 to Stage 2 also occurs if a rating downgrade of 2 or more steps is detected between reporting periods.

Definition of Default

When defining default for the purposes of determining the risk of a default occurring, an entity shall apply a default definition that is consistent with the definition used for the purposes of internal credit risk management of the relevant financial instrument and consider qualitative indicators (for example, financial covenants) when appropriate. However, there is a rebuttable presumption that default will not occur later than when the financial asset is 90 days past due, unless the entity has reasonable and demonstrable information to demonstrate that a later default criterion is more appropriate. The definition of default used for these purposes must be applied consistently to all financial instruments, unless information becomes available that demonstrates that another default definition is more appropriate for a particular financial

instrument.

Further information on the definition can be found in section Credit Risk (Note 29. a))

ECL Quantification

The ECL value is calculated as a multiple of:

- probability of default (PD), where PD reflects the probability of default of the debtor over the following 12 months or over the life of the asset,
- estimated exposure at default (EAD). It relates to the expected credit risk of the exposure at the point of potential default over the next 12 months or over the life of the asset; and
- loss given default (LGD). LGD reflects the Company's loss expectation as a percentage of the exposure at default (EAD). The 12M LGD reflects the percentage loss if the default occurs within 12 months and the lifetime LGD is the percentage loss if the default occurs over the remaining life of the asset.

The ECL value is calculated in a way that reflects:

- an unbiased, probability-weighted amount;
- the time value of money; and
- information on past events, current and projected economic conditions.

Lifetime ECL are the sum of expected credit losses over the life of the financial asset, discounted at the original effective interest rate. The twelve-month ECL represent the portion of lifetime expected credit losses that are incurred by default in the twelve months following the reporting date.

The Company uses IFRS 9 specific models to calculate ECL in accordance with the Group models. To the extent possible, the Group uses similar modelling techniques to those already developed for prudential purposes (i.e. Basel models) and ensures that Basel models are aligned with the requirements of IFRS 9.

For selected other assets (e.g. receivables from customers, other receivables), a simplified approach to ECL calculation is applied. Under the simplified method for these assets, the Company calculates expected losses as lifetime losses and classifies receivables into default and non-default based on the number of days past due. Trade (operating) receivables within the Group are always treated as non-default. A percentage (PD multiplied by LGD) is assigned to each receivable in accordance with the Group models to calculate the ECL. This percentage is always updated before the end of the calendar quarter.

Overview of values for the ECL calculation as of 31 December 2024

Entity	0-90 days past due	91 days or more past due
CORPORATE	0,71 %	53,52 %
RETAIL	6,47 %	57,9 %
SME	2,19 %	44,74 %

Methods for calculating expected credit losses (ECL)

For portfolio-valued receivables in Stage 1

Based on the estimation of the expected ECL for the non-individually valued receivables in Stage 1 and taking into account the specifications of the individual types of financial assets that the Company reports as of the end of the accounting period, models that take into account "forward-looking information" (FLI) are not applied, as the result would be disproportionate to the effort and cost involved, FLI is disregarded or this information is not quantified in the calculation. For the calculation of the ECL in Stage 1, the models used within the Group are applied, e.g. the banking model is used for the calculation of the ECL in the

context of receivables from banks, where the PD value for each counterparty rating level is calculated and the LGD for each product is determined.

For individually valued receivables in Stage 2 and 3, the DCF method

Based on historical observation, the Company expects a minimum number of defaulted receivables and therefore does not apply a model-based ECL calculation, but receivables in Stage 2 and 3 are individually valued and provisions for selected asset categories are calculated using the DCF method (DCF = discounted future cash flow) as the difference between:

- the contractual cash flows that are due to an entity under the contract; and
- cash flows expected to be collected by the entity, discounted at the effective interest rate.

From a historical point of view, within the relevant products, the individual valuation of a receivable in Stage 2 or Stage 3 has occurred only once, in the amount of CZK 300 thousand. The Company has not experienced any other significant risk within its historical experience.

g) Cash and Cash Equivalents

Money represents cash on hand and amounts receivables from banks payable on demand. Cash equivalents are short-term, highly liquid investments that are readily exchangeable for known amounts of cash and are not expected to change their value significantly over time.

h) Securities Financing Agreements

Securities purchased or borrowed under repurchase agreements (reverse repurchase agreements) are not recognised on the balance sheet. Securities sold or lent under repurchase agreements (repo agreements) are retained in their original portfolio. The underlying cash flows are reported as of the settlement date as receivables from banks, receivables from non-banking entities, payables to banks and payables to non-banking entities.

Securities received under a reverse repurchase agreement and sold to third parties are recognised at fair value as trading liabilities within other liabilities. Liabilities arising from trading in shares and unit certificates are recognised as other liabilities.

i) Financial Derivatives

Financial derivatives are initially recognised on the off-balance sheet as a receivable / payable at the value of the underlying instrument and on the balance sheet at acquisition cost, and subsequently revalued to fair value. Fair values are derived from market prices, discounted cash flow models or option pricing models. All derivatives are reported under item Financial Assets at Amortised Costs if their fair value is positive, or under item Financial Liabilities at Amortised Costs if their fair value for the Company is negative.

Derivatives embedded in other financial instruments are accounted for as separate derivatives if their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value against the costs or revenues accounts.

Valuation differences of financial derivatives held for trading are included in net profit or loss from financial operations. The Company does not use hedge accounting.

j) Interests Revenue and Costs

Interest revenues and interest costs from all financial instruments in Stage 1 and Stage 2 measured at residual value and interest-bearing financial instruments classified as financial assets at fair value through other comprehensive income are recognised in the profit and loss account applying the effective interest rate ("EIR") method to gross carrying amount.

The effective interest method is a method of calculating the residual value of a financial asset or financial liability and allocating interest revenue or interest cost over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or income through the expected life of the financial instrument, or a shorter period, to the carrying amount of the financial asset or financial liability. As the Company does not account for default penalties or additional fees for the relevant products, the Company calculates EIR based on the principle of a contractual interest rate.

Interest revenues include mainly interest received from securities lending, bills of exchange, short-term money market deposits, accrued coupons and accrued discount or premium on fixed income instruments, interest on current accounts and interest on loans to clients.

Interest costs include mainly interest on financing loans to clients, interest on securities borrowed, on bills of exchange issued, and on short-term money market loans.

k) Fee and Commission Revenues

Commission revenues for brokering deals for clients and related fees are charged to revenues and costs at the time the deal is concluded.

Fees and commissions for arranging a transaction for a third party or from an interest in that arrangement are recognised when the transaction to which they relate is completed. Fees for advisory services are recognised on an accrual basis based on contracts for the provision of these services.

Fee revenues related to the recording of cash for securities trading is recognised at net value in accordance with IFRS 15.

l) Net Profit or Loss from Financial Operations

The net profit or loss from financial operations consists of the result of currency conversions for clients, which is recognised when foreign currencies are converted into the domestic currency or as of the settlement date of the transaction.

The net profit or loss from financial operations is further comprised of the profit or loss from operations with securities measured at fair value against the cost or revenue accounts.

m) Reserves

Special purpose reserves are created when the Company has an existing obligation as a result of past events, it is probable that funds will be required to settle the obligation, and a reasonable estimate can be made of the amount of the obligation.

The creation of a reserve is recognised in the relevant item of the profit and loss account and its use is recognised together with the costs or losses for which the reserves were created, in the relevant item of the profit and loss account. The dissolution of the reserve for non-necessity is recognised in revenues.

The reserve is created in the currency in which the entity anticipates the performance.

n) Fixed Tangible and Intangible Assets

The fixed tangible and intangible assets are valued at their acquisition costs, which include the acquisition price, the costs of transportation, and other costs associated with the acquisition. Fixed tangible assets over CZK 40 thousand and fixed intangible assets over CZK 60 thousand are depreciated on a straight-line basis over their estimated economic life using the following annual depreciation rates:

Office equipment	10-25%
Telecommunication equipment	25%

IT equipment	25%
Other inventory	10-12.5%
Software	20%
Core Software	12.5%

The cost of repairs and maintenance of fixed tangible assets are recognised directly in costs. Technical appreciation of an individual asset is capitalised and depreciated if the value of this appreciation exceeds the limit of CZK 40 thousand for the accounting period for inclusion in fixed tangible and intangible assets.

The amortisation period of the technical improvement of software is based on the number of years remaining until the end of its useful life as follows:

Technical improvement of software	Number of years of depreciation of the technical improvement	Appraised value
Depreciated less than or equal to 2.5 years	remaining useful life of the original software	residual price including technical improvement
Depreciated more than 2.5 years	5	acquisition price of technical improvement

Technical improvement of core software	Number of years of depreciation of the technical improvement	Appraised value
Depreciated less than or equal to 4 years	remaining useful life of the original software	residual price including technical improvement
Depreciated more than 4 years	8	acquisition price of technical improvement

Intangible assets created by own activity are measured at own costs, which includes direct costs (wages) and indirect costs (e.g. invoices from external suppliers, rent) incurred to create them. When own costs are capitalised, direct and indirect costs are debited against the intangible asset capitalisation account.

o) Leasing from the Lessee's Perspective

IFRS 16 introduces a single balance sheet accounting model for lessee-side accounting of leases. A contract is treated as a lease if it transfers the right to control the use of an identified asset for a specified period of time in exchange for consideration. The Company leases only the office spaces at its headquarters. An entity, as lessee, recognises a right-of-use asset and a related lease liability on the balance sheet except when:

- the lease term is not more than 12 months or
- the underlying asset has a low acquisition value, less than the equivalent of USD 5,000 according to internal standards.

A right-of-use asset is initially measured at acquisition cost, which includes:

- the initial measurement of the lease liability,
- lease payments made on or before the commencement date less any lease incentives received,
- initial direct costs,
- the estimated costs to the lessee of dismantling and removing the leased asset.

A right-of-use asset is recognised in the balance sheet under item "Fixed Tangible Assets" and is depreciated on a straight-line basis over the shorter of the economic life of the underlying asset or the end of the lease. The related depreciation is recognised in the profit and loss account under item "Depreciation, Creation and Use of Reserves and Provisions to the Fixed Tangible and Intangible Assets".

The lease liability is measured, on initial recognition, at the present value of future lease payments and is subsequently increased by interest calculated on the basis of the implicit interest rate, or the so-called "Incremental Borrowing Rate" (i.e. the rate at which the Group could obtain funding on similar terms of time

and risk) and is reduced by lease payments. Interest is recognised as Other Operating Costs in the profit and loss account. To determine the present value, the Company uses the standard FTP rates used for internal valuation of client transactions within the parent company ČSOB as the discount rate. This approach is based on the fact that the total volume of client deposits in ČSOB exceeds the volume of client receivables, and therefore there are sufficient funds for internal financing. The subject matter of the lease agreements, for which the right of use is accounted for, is exclusively the lease of office space. The discount rate on initial recognition of the lease liability as of 1 January 2021 was 1.05%.

The lease payment consists of fixed payments less incentives, variable payments (linked to an index or a rate), payments related to the guaranteed residual value, penalties for termination of the lease and the exercise price of call options if they are likely to be exercised.

Subsequently, the lease liability is revalued if there is a change in future lease payments (e.g. due to a change in evaluation, whether and when the lease is extended or terminated early, etc.). If the lease liability is revalued in this way, then the valuation of the right-of-use asset is also adjusted. If the right-of-use asset is zero, then the revaluation of the lease liability is recognised through profit and loss account.

The lease liability is recognised in the balance sheet under item "Other Liabilities". Both the current and fixed parts of the lease liability are recognised in the attached table.

p) Value Added Tax

The Company is a registered payer of value added tax (hereinafter referred to as "VAT").

The Company applies output VAT on activities that are not exempt from VAT. The Company applies input VAT only for the supplies it uses to carry out supplies with VAT; for other taxable supplies received, input VAT is charged to costs. Fixed tangible and intangible assets and inventories are valued at acquisition cost including VAT.

q) Income Tax

Income tax has two components: payable tax and deferred tax. Income tax payable represents the amount to be paid or refunded within income tax for the relevant period.

Deferred tax assets and liabilities arise due to differences in the measurement of assets and liabilities under the Income Tax Act and their carrying amounts in the financial statements. Deferred tax assets and liabilities are measured using tax rates that are expected to apply in the year in which the asset will be realised or the liability settled and that are enacted as of the end of the accounting period.

Deferred tax liability is recognised for all temporary differences between the residual value of an asset or a liability in the balance sheet and their tax value, using the complete liability method.

Deferred tax asset is recognised to the extent that it is probable that it will be realised against expected taxable profits in the future.

r) Employee Costs and Supplementary Pension Scheme

Employee costs are part of administrative costs.

The Company contributes to the supplementary pension scheme for its employees. These contributions to the supplementary pension scheme are charged directly to costs.

To fund the state pension plan, the Company pays regular contributions to the state budget, in the amount established by law.

s) **Moment of the Accounting Transaction**

The moment at which an accounting transaction for trades with securities, derivatives, currencies, foreign exchange and repurchase agreements takes place is the date on which the purchase or sale is agreed. In the case of usual delivery date (spot operation), payables and receivables are recognised as of the trade agreement date.

The moment of realisation of other accounting cases (except for transactions with securities, derivatives, currencies and foreign exchange) is in particular the date of payment or receipt of currency, the date of payment or collection from the client's account, the date of issue or receipt of a guarantee or credit commitment, the date of taking values into custody.

In the case of a financial asset measured at fair value, the change in fair value from the time of conclusion to the time of settlement is recognised in the balance sheet against the profit and loss account.

The Company derecognises a financial asset or part thereof from its balance sheet when it loses control over the contractual rights to that financial asset or part thereof. The Company loses this control if it exercises rights to the benefits defined in the contract, if these rights lapse, or if these rights are waived by the Company.

The Company also accounts for client trades receivables and payables in its balance sheet accounts from the trade agreement date. Commissions and fees from trades are recognised and captured in the profit and loss account on the date the purchase or sale is agreed (trade date).

t) **Spot Operations**

Spot operations with securities, currencies and foreign exchange, and repurchase and reverse repurchase operations are recognised in the relevant asset / liability column from the date the purchase or sale is agreed, and payables and receivables are recognised between the date the trade is agreed and the date of their settlement in the balance sheet accounts. In the case of trades with financial asset measured at fair value, changes in fair value are recognised into the balance sheet against the profit and loss account.

u) **Related Parties**

Related parties mean:

- Patria investiční společnost, a.s. ("PIS") and Patria Corporate Finance, a.s., ("PCF"),
- shareholders that directly or indirectly may apply substantial or controlling influence on the Company, and companies where these shareholders have substantial or controlling influence (Československá obchodní banka, a.s., KBC Bank N.V.),
- companies in the parent company's group, i.e. Československá obchodní banka, a.s. ("ČSOB"), KBC Bank N.V. ("KBC") e.g. KBC Securities N.V.,
- members of the governing, supervisory and management bodies and persons close to these persons, including enterprises where these members and persons have substantial or controlling influence,
- companies which have a member of their management in common with the Company,
- the Company's subsidiary and associated companies, Company's branches

Significant transactions and balances with related parties are disclosed in relevant clauses of the Notes.

v) Equity

The share capital of the Company is reported in the amount entered in the Commercial Register maintained by the Municipal Court. Any increase or decrease in the share capital made on the basis of a decision of the General Meeting, that has not been registered as of the date of the Financial Statements, is reported as changes in the share capital.

The Company created a reserve fund from the profit or additional payments of the partners above the value of the contributions. The General Meeting of the Company on 14 October 2014 approved a new version of the Articles of Association, which does not provide for the obligation to contribute to the reserve fund. Its further creation from profit depends on the decision of the General Meeting based on a proposal of the Board of Directors after review of this proposal by the Supervisory Board. The reserve fund continues to serve for the coverage of the Company's losses.

w) Off-Balance Sheet

Receivables and payables from fixed term operations are reported at nominal value.

Pledges and collateral received and values taken into custody, administration and for storage are reported at fair value; if fair value is not determinable, they are reported at nominal value, and in the case of securities of Czech companies in liquidation or bankruptcy they are reported at zero value. Foreign securities, whose fair value is not determinable, are also valued at zero.

x) Subsequent Events

The impact of the events that occurred between the balance sheet date and the date of compiling the Financial Statements is captured in the accounting statements if these events provide additional evidence of conditions that existed as of the balance sheet date.

If significant events, which reflect the conditions occurring after the balance sheet date, occurred between the balance sheet date and the date of compiling the Financial Statements, the consequences of these events are described in the Notes, but are not recognised in the financial statements.

y) Use of Estimates

The preparation of financial statements requires the management to use estimates and assumptions that affect the reported amounts of assets and liabilities as of the balance sheet date and the reported amounts of revenues and expenses for the period in question. The Company's management has established these estimates and assumptions on the basis of all the available relevant information. However, as the nature of the estimate suggests, actual values in the future may differ from these estimates.

z) Offsetting of Financial Assets and Liabilities

Financial assets and liabilities are offset and the resulting net amount is recognised in the Statement of Financial Position if there is a legally enforceable right to set off the recognised amounts and an intention to settle the resulting difference or to realise the receivable and settle the payable simultaneously.

aa) Employee Benefits

Pension Benefits

Pensions are paid out through the Czech Republic's pension security system to employees with permanent residence, and are financed by social security contributions from employees and employers, which are derived from salaries.

In addition to contributions paid by employees, the Company contributes to a defined contribution supplementary pension scheme for employees in excess of statutory social security. The contributions are recognised in the Statement of Comprehensive Income at the time of their payment.

Benefits from Early Termination of Employment

Upon termination of employment by the employer, employees are granted severance pay according to the Labour Code in an amount not exceeding three times their average monthly earnings. Employees, who have worked for the employer for more than 10 years, are entitled to additional benefits, graded according to length of employment.

3. CASH AND CASH EQUIVALENTS

CZK '000	31 December 2024	31 December 2023
Current accounts with Československá obchodní banka, a.s. - CZ	168 329	30 824
Current accounts with Československá obchodní banka, a.s. - EU	813	586
Current accounts with KBC Bank N.V. - EU	313	1 707
Current accounts with K&H Bank - EU	5 312	2 900
Current accounts with other banks - EU	14 834	9 826
Current accounts with other banks - CZ	463	442
Term accounts with Československá obchodní banka, a.s. - CZ	523 255	339 145
Term accounts with other banks - CZ	27 400	36 700
Other receivables (securities borrowing) with KBC Bank N.V. - EU	51 979	48 507
Other receivables with K&H Bank (collateral) - EU	46 531	0
Other receivables with other banks (collateral) - EU	1 069	0
Other receivables with other banks (securities borrowing, collateral) - GB	4 693	4 040
Total gross	844 991	474 677
Provisions for expected credit losses	-247	-189
Total net	844 744	474 488

4. FINANCIAL ASSETS HELD FOR TRADING

The item includes both shares, unit certificates and other interests, and the fair value of open derivatives held for trading. Equities, unit certificates and other interests comprise securities measured at fair value against the costs or revenues accounts (below referred to as traded).

CZK '000	31 December 2024	31 December 2023
Traded on the principal or secondary market of the Czech Stock Exchange	36 747	7 389
Traded on the principal or secondary market of the Hungarian Stock Exchange	10 075	5 919
Traded on the principal or secondary market on other European exchanges	922	1 089
Total	47 744	14 397

Breakdown by issuer category:

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CZK '000	31 December 2024	31 December 2023
Automotive industry	201	897
Energy and mining industry	2 756	2 291
ETF	436	0
Financial services	20 650	4 194
Pharmaceutical industry	2 337	0
ITC industry	12 596	226
Conglomerate companies	501	399
Aerospace industry	1 127	0
Petrochemical industry	1 291	2 007
Food industry	0	204
Telecommunications industry	4 312	1 053
Other industrial sectors	1 537	3 126
Total	47 744	14 397

All revenues from the equities and shares were earned within the territory of the European Union (EU).

The Company also trades in OTC derivatives (currency forwards). These forward contracts are recorded as derivatives for trading.

Overview of positive fair values of open derivatives for trading:

CZK '000	31 December 2024	31 December 2023
Forwards (currency) - positive fair value	18 922	424

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

CZK '000	31 December 2024	31 December 2023
Equity instruments at fair value through other comprehensive income - Other financial services	116 548	0
Total	116 548	0

Equity instruments measured at fair value through other comprehensive income represent shares purchased by the Company in 2024. In 2024, the Company recognised a positive valuation difference to other comprehensive income in the amount of CZK 66,705 thousand, which is recognised in equity (Note 14).

6. FINANCIAL ASSETS AT AMORTISED COST

CZK '000	31	
	December 2024	31 December 2023
Financial assets at amortised cost	3 483 820	2 867 578
Receivables from spot transactions in foreign currency instruments	79 673	33 554
Receivables from securities settlement	1 314 073	1 029 352
Assets in compensation funds, depositories and collaterals	82 835	125 367
Loans to clients within margin trading activities	2 007 239	1 679 305
Financial assets at amortised cost - simplified approach	266 218	180 386
Estimated assets	231 017	160 340
Other receivables from clients	3 318	1 609
Other receivables from customers for non-financial services	6 634	5 512
Other receivables	24 272	11 825
Operating advances - overheads	977	1 100
Total financial assets at amortised cost in gross amount	3 750 038	3 047 964
Provisions for expected credit losses	-2 174	-1 742
Total financial assets at amortised cost in net amount	3 747 864	3 046 222

Expected credit losses on selected financial assets classified as AC are determined using a simplified approach based on a Group methodology or based on an individually created provision.

The Company expects to realise the items of financial assets at amortised cost within twelve months after the end of the accounting period.

Securities settlement receivables include the nominal value of securities transactions for own account (market making) and for client accounts, that were concluded in 2024 (transaction date before 1 January 2025) with settlement date after 31 December 2024.

Money in compensation funds, depositories and collaterals include money provided to the following companies: Central Securities Depository Prague, joint-stock company, Central Securities Depository of the Slovak Republic, joint-stock company, Keler Zrt., and BNP Paribas Securities Services for the purpose of ensuring the settlement of securities transactions on the respective stock exchanges in the Czech Republic, the Slovak Republic and the Republic of Hungary.

Breakdown of receivables from loans to clients within margin trading by main categories of partners:

CZK '000	31 December 2024	31 December 2023
Private individuals (Czech Republic, EU, abroad)	643 086	439 426
of which EU (outside the Czech Republic)	275 403	207 857
Legal entities - entrepreneurs (Czech Republic, EU, abroad)	1 364 153	1 239 879
of which EU (outside the Czech Republic)	1 345 270	1 230 941
Total	2 007 239	1 679 305

Breakdown of other financial assets at amortised cost by main categories of partners:

CZK '000	31 December 2024	31 December 2023
Private individuals (Czech Republic, EU, other countries)	607 949	124 642
of which EU (outside the Czech Republic)	141 603	40 315
of which other countries	17 498	44 144

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Legal entities - entrepreneurs (Czech Republic, EU, other countries)	324 544	348 434
of which EU (outside the Czech Republic)	126 181	34 795
of which other countries	115 328	155 125
Investment firms and others		
institutions (Czech Republic, EU, other countries)	808 131	895 583
of which EU (outside the Czech Republic)	422 018	744 007
of which other countries	18 060	30 701
State institutions	2	0
Total	1 740 626	1 368 659

7. LAND, BUILDINGS AND EQUIPMENT (FIXED TANGIBLE AND INTANGIBLE ASSETS)

a) Fixed Intangible Assets

Opening balance as of 1 January 2024 and final balance as of 31 December 2024:

CZK '000	Acquisition cost				Accumulated depreciation				Book value
	Opening balance	Additions	Disposals	Closing balance	Opening balance	Depreciation	Disposals	Closing balance	
Software	39 843	8 098	-96	47 845	17 474	6 835	-96	24 213	23 632
Software created by own activity	248 813	47 178		295 991	133 770	42 141	0	175 911	120 080
Other intangible assets	0	168 332		168 332	0	22 043	0	22 043	146 289
Goodwill	0	153 586		153 586	0	0	0	0	153 586
Constructed Assets	30 355	48 831	-51 107	28 079	0	0	0	0	28 079
Total in 2024	319 011	426 025	-51 203	693 833	151 244	71 019	-96	222 167	471 666
Total in 2023	263 811	123 729	-68 529	319 011	117 946	34 105	-807	151 244	167 767

Opening balance as of 1 January 2023 and final balance as of 31 December 2023:

CZK '000	Acquisition cost				Accumulated depreciation				Book value
	Opening balance	Additions	Disposals	Closing balance	Opening balance	Depreciation	Disposals	Closing balance	
Software	32 175	8 475	-807	39 843	13 554	4 727	-807	17 474	22 369
Software created by own activity	185 020	63 793	0	248 813	104 392	29 378	0	133 770	115 043
Constructed Assets	46 616	51 461	-67 722	30 355	0	0	0	0	30 355
Total in 2023	263 811	123 729	-68 529	319 011	117 946	34 105	-807	151 244	167 767
Total in 2022	207 742	78 112	-22 043	263 811	68 065	23 345	0	117 946	145 865

The total acquisition value of small fixed intangible assets in the operating register as of 31 December 2024 is CZK 446 thousand (as of 31 December 2023: CZK 464 thousand). The Company did not need to create any provisions.

Additions to unfinished investments are made up of unfinished development of intangible assets by own activities and acquired software.

Acquisition of a client tribe from KBC Securities Hungary

The Company also purchased a client tribe in Hungary as of 1 January 2024, for which it paid CZK 321,918 thousand. The Company valued this tribe at CZK 168,332 thousand. This tribe is recognised as an intangible asset with an amortisation period of 7 years. The remaining part was attributed to goodwill in the

amount of CZK 153,586 thousand. There is no contingent consideration arising from the transaction. Goodwill was subjected to an impairment analysis and no impairment was identified.

Amount of assets acquired:

CZK '000	1 January 2024
Intangible assets	168 332
Total identifiable net assets	168 332
Purchase price paid	321 918
Goodwill	153 586

b) Fixed tangible assets

Opening balance as of 1 January 2024 and final balance as of 31 December 2024:

CZK '000	Acquisition cost				Accumulated depreciation				Book value
	Opening balance	Additions	Disposals	Closing balance	Opening balance	Depreciation	Disposals	Closing balance	
IT equipment	45 594	1 928	-5 549	41 973	36 205	4 312	-5 548	34 969	7 004
Telecommunications technology	1 010	0	0	1 010	1 010	0	0	1 010	0
Office equipment	335	0	-166	169	300	19	-167	152	17
Passenger cars	0	1 427	-271	1 156	0	819	-643	176	980
Rights of use (IFRS 16) - Leases	54 209	1 580	0	55 789	16 166	5 387	-66	21 487	34 302
Total in 2024	101 148	4 935	-5 986	100 097	53 681	10 537	-6 424	57 794	42 303
Total in 2023	98 515	8 162	-5 529	101 148	45 923	10 330	-2 572	53 681	47 467

Opening balance as of 1 January 2023 and final balance as of 31 December 2023

CZK '000	Acquisition cost				Accumulated depreciation				Book value
	Opening balance	Additions	Disposals	Closing balance	Opening balance	Depreciation	Disposals	Closing balance	
IT equipment	41 653	5 710	-1 769	45 594	32 927	5 049	-1 771	36 205	9 389
Telecommunications technology	1 010	0	0	1 010	1 010	0	0	1 010	0
Office equipment	335	0	0	335	281	19	0	300	35
Passenger cars	1 013	0	-1 013	0	717	84	-801	0	0
Rights of use (IFRS 16) - Leases	54 504	2 452	-2 747	54 209	10 988	5 178	0	16 166	38 043
Total in 2023	98 515	8 162	-5 529	101 148	45 923	10 330	-2 572	53 681	47 467
Total in 2022	103 316	3 770	-8 571	98 515	38 159	10 737	-2 973	45 923	52 592

The total acquisition value of small fixed tangible assets in the operating register as of 31 December 2024 is CZK 9,745 thousand (as of 31 December 2023: CZK 9,200 thousand). The Company did not need to create any provisions.

c) Leasing

The entity, as lessee, recognises the right-of-use asset of the leased asset under item "Fixed Tangible Assets" and the related lease liability under item "Other Liabilities" in the balance sheet. See clause 2.4 o) Leasing from the Lessee's Perspective.

The entity leases office spaces at its headquarters. The lease agreements are concluded until 2028 and 2031 with an additional option for 5 years.

The lease agreement contains additional rent adjustments in connection with the development of the inflation rate in the following years.

In determining the lease term, the Company uses the non-cancellable lease terms agreed in the agreement. If the lease agreement includes the Company's right to extend the agreement or the right to terminate the agreement and the agreed lease term does not exceed a 10-year horizon, the Company considers these factors in determining the expected lease term, depending on whether it expects to use them. The Company evaluates whether it is reasonably certain that the option to extend the lease will be exercised at the inception of the lease agreement and thereafter whenever a significant event or material change in given circumstances occurs.

8. OTHER ASSETS

CZK '000	31 December 2024	31 December 2023
Other assets - non-financial	13 634	29 864
Deferred expenses	7 249	9 011
Accrued income	6 385	20 853
Total other assets - non-financial	13 634	29 864

The Company expects to realise the items of Other Assets within twelve months after the end of the accounting period.

Breakdown of other assets by main categories of partners:

CZK '000	31 December 2024	31 December 2023
Private individuals (Czech Republic)	0	140
Legal entities - entrepreneurs (Czech Republic, EU)	12 786	14 838
of which EU (outside the Czech Republic)	5 509	5 826
Investment firms and other institutions (Czech Republic, EU)	848	14 886
of which EU (outside the Czech Republic)	848	14 886
Total	13 634	29 864

9. LIABILITIES TO BANKS

CZK '000	31 December 2024	31 December 2023
Loans received from Československá obchodní banka, a.s. - CZ	2 240 857	1 481 232
Total	2 240 857	1 481 232

10. FINANCIAL LIABILITIES HELD FOR TRADING

The Company trades in OTC derivatives (currency forwards). These forward contracts are recorded as derivatives for trading.

Overview of negative fair values of open derivatives for trading:

CZK '000	31 December 2024	31 December 2023
Forwards (currency) - negative fair value	17 939	421

11. FINANCIAL LIABILITIES AT AMORTISED COST

CZK '000	31 December 2024	31 December 2023
Financial liabilities at amortised cost	1 550 617	1 190 454

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Estimated liabilities	98 662	64 052
Lease liability (IFRS 16)	36 754	39 999
Liabilities to suppliers	20 348	18 175
Liabilities to employees and members of the Board of Directors	7 740	7 687
Liabilities from securities settlement	1 303 160	1 023 697
Liabilities from social security, health insurance and other contributions	4 621	3 506
Liabilities from spot transactions in foreign currency instruments	79 332	33 338
Total financial liabilities at amortised cost	1 550 617	1 190 454

Securities settlement payables include the nominal value of securities transactions for own account (market making) and for client accounts, that were concluded in 2024 (transaction date before 1 January 2025) with settlement date after 31 December 2024.

As of 31 December 2024 and 2023, the Company did not record any tax arrears, overdue liabilities from social security contributions, state employment policy contributions and public health insurance.

12. OTHER LIABILITIES

CZK '000	31 December 2024	31 December 2023
Other liabilities - non-financial	39 782	31 249
Other tax liabilities	10 335	1 504
Deferred revenues	1 550	1 671
Accrued expenses	27 897	28 074
Total other liabilities - non-financial	39 782	31 249

13. RESERVES

CZK '000	As of 31 December 2023	Creation Provisions	Release Provisions	Use Provisions	As of 31 December 2024
Reserve on accumulated leave	3 497	3 076	0	-3 495	3 078
Other provisions	53	737	0	-42	748
Total	3 550	3 813	0	-3 537	3 826

14. EQUITY AND DISTRIBUTIONS OF PROFIT

The share capital consists of 1,500 paid-up shares issued in registered form with a nominal value of CZK 100,000 each.

The other capital funds represent an additional payment outside the share capital of the former shareholder, which was the defunct company Patria Finance, a.s. (Company ID No.: 60197226), and an additional payment outside the share capital of the current shareholder, Československá obchodní banka, a.s. (Company ID No.: 0001350).

Distribution of Profits

Based on the decision of sole shareholder of the Company dated 28 June 2024 and 27 June 2023, the following distribution of the profit for 2023 and 2022 was approved.

The Company paid a dividend of CZK 337,088 thousand in 2024 (CZK 277,598 thousand in 2023).

Undistributed profits added to retained earnings	0	Undistributed profits added to retained earnings	77
Profit for 2024	463 257	Profit in 2023	337 012
Other comprehensive income	66 705		
Retained earnings as of 31 December 2024	529 962	Retained earnings as of 31 December 2023	337 089

The Board of Directors of the Company will propose to the General Meeting the payout of the entire profit earned for the accounting period 2024 (CZK 463,257 thousand).

15. OFF-BALANCE SHEET ASSETS AND LIABILITIES

CZK '000	31 December 2024	31 December 2023
Off-balance assets	3 811 282	60 717
Receivables from fixed term transactions	3 811 282	60 717
Total off-balance sheet assets	3 811 282	60 717
Off-balance liabilities	142 486 820	93 146 435
Received pledges and securities	2 241 691	1 915 158
Liabilities from fixed-term operations	3 810 298	60 622
Values taken into custody, administration and storage	135 632 372	90 674 074
Items of value accepted for management	802 459	496 581
Total off-balance sheet liabilities	142 486 820	93 146 435

As of 31 December 2024 and 2023, no commitments or guarantees were granted.

Pledges and collateral received represent securities purchased by clients within margin trading activities, for which the Company has established ownership rights. The item includes securities with a value of CZK 2,186,047 thousand as of 31 December 2024 (2023: CZK 1,869,300 thousand), which the Company also took into custody. These securities are not included in the off-balance sheet as values taken into custody, administration and for storage.

The fair value of financial assets received in connection with securities borrowing as of 31 December 2024 amounted to CZK 55,644 thousand (as of 31 December 2023: CZK 45,858 thousand) and these financial assets were not subject to a short sale.

Receivables from securities borrowing are included in receivables from banks and non-banking entities (clause 3).

Values taken for management, custody, administration and storage, which are investment instruments held by clients recorded in the Company's accounts by the Central Securities Depository Prague, joint-stock company, foreign registries or foreign investment firms, were measured at fair value. If the instrument is not traded on an active market, the nominal value was used for valuation, and in the case of securities of Czech companies in liquidation or bankruptcy, they are reported at zero value. Foreign securities, whose fair value is not determinable, are also valued at nominal value.

Receivables and payables from fixed term operations represent receivables and payables from forward operations in currency instruments and receivables and payables from other derivative operations. The positive and negative fair values of open term operations are included in Financial Assets Held for Trading (clause 4) and in Financial Liabilities Held for Trading (clause 10).

16. ASSETS AND LIABILITIES NOT RECOGNISED ON BALANCE SHEET

Contingent Liabilities

As of 31 December 2024, the Company had an agreement on the provision of credit lines with ČSOB in the amount of CZK 1,524,000 thousand and EUR 172,000 thousand, as well as with the National Development Bank, joint-stock company, in the amount of CZK 200,000 thousand and K&H bank Zrt. in the amount of HUF 45,500 million.

The Company has the following future lease obligations:

CZK '000	31 December 2024	31 December 2023
Payable within 1 year	8 180	7 791
Payable in 1 - 10 years	43 448	57 467
Total	51 628	65 258

17. INTEREST REVENUES CALCULATED USING THE EFFECTIVE INTEREST RATE

CZK '000	2024	2023
Interest on bank deposits	31 751	38 120
Interest on repo operations	4 796	6 839
Interest on loans to clients within margin trading activities	117 931	81 361
Interest on loans and other deposits	348	0
Total	154 826	126 320

All interest is generated by financial assets included in the amortised cost measurement and is calculated based on contractual interests corresponding to the effective interest rate. As the Company does not account for default penalties or additional fees for the relevant products, the Company calculates EIR based on the principle of a contractual interest rate.

Based on the geographical breakdown of revenues, all interest revenues can be attributed to clients from EU countries.

18. INTEREST REVENUES CALCULATED USING THE EFFECTIVE INTEREST RATE

CZK '000	2024	2023
Interests from bank loans and repurchase operations	106 264	69 764
Right-of-use interest - ROU - IFRS16	1 687	1 840
Other interest	3	456
Total	107 954	72 060

All interest is generated by financial liabilities included in the amortised cost measurement and is calculated based on contractual interests corresponding to the effective interest rate.

19. FEE AND COMMISSION REVENUES

CZK '000	2024	2023
Interests from bank loans and repurchase operations	106 264	69 764
Right-of-use interest - ROU - IFRS16	1 687	1 840
Other interest	3	456
Total	107 954	72 060

The revenues from fees and commissions from the investment services are the basis for calculating the contribution to the Compensation Fund (Note 23).

Based on the geographical breakdown of revenues, CZK 1,001,797 thousand can be attributed to clients from EU countries and CZK 80,979 thousand to clients from non-EU countries (2023: CZK 632,419 thousand to clients from EU countries and CZK 35,946 thousand to clients from non-EU countries).

20. FEE AND COMMISSION COSTS

CZK '000	2024	2023
Fees on securities transactions	151 049	105 133
Fees on other services	5 644	3 355
Total	156 693	108 488

Fees for other services mainly represent bank charges and commissions from guaranteed settlement of securities transfer.

21. NET PROFIT / LOSS FROM FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

CZK '000	2024	2023
Gains / losses on derivatives	8 924	-396
Net realised and unrealised gains/losses on securities trading	5 399	11 562
Total	14 323	11 166

All revenues from financial operations were earned within the EU territory.

22. OTHER OPERATING REVENUES

CZK '000	2024	2023
Services to other group companies	48 873	38 864
Other revenue	4 906	5 180
Total	53 779	44 044

Other operating revenues in 2024 mainly include invoicing of services to other Group companies, see the section on Related Parties.

Based on the geographical breakdown of revenues, all revenues can be attributed to clients from EU countries.

23. OTHER OPERATING COSTS

CZK '000	2024	2023
Compensation Fund of Investment firms	14 273	13 367
Resolution Fund	173	48
Other fees indirectly related to securities trading	17 292	0
Other costs including provided donations	2 360	1 663
Total	34 098	15 078

24. COSTS PER EMPLOYEE AND GENERAL ADMINISTRATIVE COSTS

CZK '000	2024	2023
Employee costs	265 782	191 460
Capitalisation of direct costs for intangible assets creation	-24 647	-32 150
Employee costs including capitalisation of direct costs	241 135	159 310
Rent and rent-related services	15 899	7 773
of which provided by ČSOB	15 606	7 508
Audit, legal and tax consultancy costs	2 457	2 252
Information systems costs	54 547	42 897
Services received in the KBC Group	17 216	15 975
Other costs	61 691	37 039
Capitalisation of indirect costs for intangible assets creation	-4 386	-6 008
General administrative costs including capitalisation of indirect costs	147 424	99 928

Other costs are made up of advertising and publicity, representation, telecommunications, membership fees, office equipment, staff training, travel, postage and other services.

The cost of the statutory audit for 2024 amounted to CZK 1,953 thousand (2023: CZK 1,953 thousand).

The costs per employee can be analysed as follows:

CZK '000	2024	2023
Salaries and rewards to members of the Board of Directors and the Company's management	14 665	14 919
Other salaries and rewards	188 989	125 525
Social security and health insurance	48 631	42 999
Other employee costs	13 497	8 017
Capitalisation of direct costs for intangible assets creation	-24 647	-32 150
Total	241 135	159 310

No remuneration was granted to the members of the Supervisory Board of the Company in respect of their functions. No loans were granted to related parties in 2024 and 2023.

Statistics on the number of employees and members of elected bodies:

	2024	2023
Average number of employees	147	97
Number of members of the Board of Directors	4	4
Number of members of the Supervisory Board	3	3

25. IMPAIRMENT LOSSES AND GAINS (INCLUDING REVERSALS)

CZK '000	2024	2023
Other provisions		
Losses and gains on impairment of receivables from banks	58	-33
Losses and gains on impairment of financial assets at amortised cost	408	-69
Total	466	-102

Provisions for impairment losses and gains on financial assets:

CZK '000	As of 31 December '2023	Creation adjustments	Release adjustments	Foreign currency differences	As of 31 December 2024
Adjustments	-	-	-	-	-
Total	1 931	569	-103	24	2 421

26. INFORMATION ON TRANSACTIONS WITH RELATED PARTIES

In 2024 and 2023, the Company did not grant any loans, guarantees, advances or other benefits to current or former members of the governing and supervisory bodies and management staff.

A) CASH AND CASH EQUIVALENTS

CZK '000	31 December 2024	31 December 2023
Current accounts (ČSOB)	169 142	31 410
Current accounts (KBC)	313	1 707
Current accounts (K&H Bank)	5 312	2 900
Term Accounts (ČSOB)	523 255	339 145
Other receivables (securities borrowing) (KBC)	51 979	48 507
Other receivables (securities borrowing) (K&H Bank)	46 531	0
Total gross	796 532	423 669
Provisions for expected credit losses	-222	-28
Total net	796 310	423 641

Deposits with related parties were made on the same terms and conditions and interest rates as comparable transactions with other clients made at the same time.

B) FINANCIAL ASSETS AT AMORTISED COST

CZK '000	31 December 2024	31 December 2023
Receivables from securities settlement (KBC)	168 908	240 918
Other receivables due from customers for non-financial services and estimated accounts receivable (PIS)	139	60
Other receivables due from customers for non-financial services and estimated accounts receivable (PCF)	184	257
Other receivables due from customers for non-financial services and estimated accounts receivable (ČSOB)	5 619	3 779
Other receivables due from customers for non-financial services and estimated accounts receivable (KBC)	0	480
Other receivables due from customers for non-financial services and estimated accounts receivable (K&H Bank)	588	0
Operating advances - overheads (ČSOB)	823	946
Total other assets in gross amount	176 261	246 440
Provisions for expected credit losses	-5	-39
Total other assets in net amount	176 256	246 401

C) FINANCIAL ASSETS HELD FOR TRADING

CZK '000	2024			2023		
	Agreed	Fair Value		Agreed	Fair Value	
		Positive	Negative		Positive	Negative
Forwards (currency) (ČSOB)	3 646	49	9	0	0	0
Total	3 646	49	9	0	0	0

D) LIABILITIES TO BANKS

CZK '000	31 December 2024	31 December 2023
Loans received (ČSOB)	2 240 857	1 481 232
Total	2 240 857	1 481 232

E) FINANCIAL LIABILITIES AT AMORTISED COST

CZK '000	31 December 2024	31 December 2023
Liabilities from securities settlement (KBC)	166 722	313 237
Liabilities to suppliers and estimated accounts payable (ČSOB)	12 245	6 988
Liabilities to suppliers and estimated accounts payable (KBC)	3 993	3 965
Liabilities to suppliers and estimated accounts payable (K&H Bank)	2 939	0
Total	185 899	324 190

F) INTEREST REVENUES CALCULATED USING THE EFFECTIVE INTEREST RATE

CZK '000	2024	2023
Interest on bank deposits (ČSOB)	25 586	32 843
Interest on bank deposits (KBC)	4 383	6 329
Interest on bank deposits (K&H Bank)	930	820
Total	30 899	39 992

G) INTEREST COSTS CALCULATED USING THE EFFECTIVE INTEREST RATE

CZK '000	2024	2023
Interest on bank loans (ČSOB)	101 837	67 282
Interest on bank loans (KBC)	517	358
Interest on bank loans (K&H Bank)	326	0
Total	102 680	67 640

H) FEE AND COMMISSION REVENUES

CZK '000	2024	2023
Fees from securities transactions (ČSOB)	97	66
Fees from securities transactions (KBC)	4	373
Fees from securities transactions (K&H Bank)	8 222	596
Total	8 323	1 035

I) FEE AND COMMISSION COSTS

CZK '000	2024	2023
Fees from securities transactions (ČSOB)	16 015	17 859
Fees from securities transactions (KBC)	73 860	42 765
Fees from securities transactions (K&H Bank)	378	0
Fees from other services (ČSOB)	3 443	2 288
Fees from other services (KBC)	14	202
Fees from other services (K&H Bank)	1 693	221
Total	95 403	63 335

The Company uses the services of related parties and provides services to related parties as part of the enterprise's ordinary business activities.

J) OTHER OPERATING REVENUES

CZK '000	2024	2023
Other operating revenues (PCF)	1 787	1 534
Other operating revenues (PIS)	1 457	981
Other operating revenues (ČSOB)	45 908	36 562
Total	49 152	39 077

K) OTHER OPERATING COSTS

CZK '000	2024	2023
Other received services (ČSOB)	159	199
Total	159	199

L) ADMINISTRATIVE COSTS

CZK '000	2024	2023
Cost of non-financial services received and re-invoiced (PCF)	0	302
Cost of non-financial services received and re-invoiced (ČSOB)	10 308	10 206
Cost of non-financial services received and re-invoiced (KBC)	499	77
Cost of non-financial services received and re-invoiced (K&H Bank)	9 294	8 427
Total	20 101	19 012

27. INCOME TAX

CZK '000	2024	2023
Profit before tax under IFRS	540 800	409 332
Adjustment - IFRS	561	673
Profit before tax	541 361	410 005
Adjustments for differences between profit and tax base:		
Amounts that cannot be recognised to reduce the tax base	66 831	59 988
Income not subject to tax	-5 888	611
Difference between accounting and tax depreciation	-25 486	-3 144
Other adjustments to the tax base	-45 349	-47 573
Separate tax base	-2 567	-378
Income tax base	528 902	419 509
Items deductible from the tax base	-1 432	-1 080
Income tax base after deductible items	527 470	418 429
Corporate income tax rate	21%	19%
Income tax due	110 769	79 502
Foreign income tax credit - branch	-1 729	0
Income tax at special tax rate and foreign tax	388	60
Income tax for previous periods	-28	207
Deferred income tax	-31 857	-7 449
Income tax, total	77 543	72 320

The deferred tax asset (+) / liability (-) can be analysed as follows:

CZK '000	31 December 2024	31 December 2023
Deferred income tax liability		
- from the difference between the accounting and tax value of depreciated assets	0	-12 353
- from IAS12 - IFRS16 - Leasing - ROU taxable difference - liability	-7 203	-7 989
Deferred income tax asset		
- from the difference between the accounting and tax value of depreciated assets	19 146	0
- from the difference between the accounting and tax value of the reserve for unspent vacation	646	734
- from the value of deferred employee compensation and related social and health insurance	11 249	11 109
- from the difference between the accounting and tax value of audit services	410	208
- from IAS12 - IFRS16 - Leasing - ROU taxable difference - receivable	7 717	8 399
Total deferred tax asset (+) / liability (-)	31 965	108

As of 31 December 2024, the Company reported a deferred tax asset amounting to CZK 31,965 thousand. As of 31 December 2023, the Company reported a deferred tax asset amounting to CZK 108 thousand.

On the basis of the Council Directive (EU) 2022/2523 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups, Act No. 416/2023 Coll., on top-up taxes

for large multinational groups and large domestic groups, was adopted. The aim of the top-up tax is to stop competition between countries regarding different corporate income tax rates by introducing a single minimum tax rate to ensure a level playing field for entities worldwide and to allow individual countries to better protect their tax bases.

Top-up taxes will be levied if the effective tax rate in a given country is calculated to be less than 15%. The taxpayer of the top-up tax is a group company whose consolidated annual revenues reported in the consolidated financial statements of the ultimate parent entity amounts to EUR 750 million in at least 2 of the 4 reporting periods immediately preceding the tax year in question. The top-up tax has not been taken into account in the calculation of deferred tax. The Company expects the tax liability in relation to the top-up tax to be immaterial in the following period.

28. FINANCIAL RISK

a) Interest Rate Risk

The Company is not significantly exposed to interest rate risk, as most of its assets and liabilities are not fixed for a long time to a contractual interest rate, or are interest rate insensitive.

b) Liquidity Risk

The following table breaks down the Company's assets and liabilities by maturity, based on the remaining maturity as of the date of the financial statements. The Company's liquidity risk is monitored and managed on a daily basis. In particular, the Company manages the match between asset and liability maturities. The Company's liabilities are matched with assets in the same maturity band so that the Company minimises its liquidity risk.

31 December 2024

CZK '000	Within 1 month	Within 1 - 3 months	Within 3 - 12 months	Within 1 - 5 years	Over 5 years	Without specification	Total
Financial assets							
Cash and Cash Equivalents	844 744	0	0	0	0	0	844 744
Financial assets held for trading	55 073	10 905	688	0	0	0	66 666
Financial assets at amortised cost	2 183 284	231 017	1 333 563	0	0	0	3 747 864
Financial assets at fair value through other comprehensive income	116 548	0	0	0	0	0	116 548
Non-financial assets							0
Deferred tax assets	0	0	0	31 965	0	0	31 965
Land, buildings and equipment	0	0	0	0	0	42 303	42 303
Goodwill and other intangible assets	0	0	0	0	0	471 666	471 666
Other assets	0	0	6 385	0	0	7 249	13 634
Total assets	3 199 649	241 922	1 340 636	31 965	0	521 218	5 335 390
Financial covenants							
Liabilities to banks	2 240 857	0	0	0	0	0	2 240 857
Financial liabilities held for trading	17 939	0	0	0	0	0	17 939
Financial liabilities at amortised cost	1 415 201	1 275	102 552	22 426	9 163	0	1 550 617
Non-financial liabilities							
Other liabilities	13 624	24 608	0	0	0	1 550	39 782
Reserves	0	0	3 826	0	0	0	3 826
Payable tax liabilities	0	0	35 939	0	0	0	35 939
Total liabilities	3 687 621	25 883	142 317	22 426	9 163	1 550	3 888 960
Net assets/liabilities (-)	-487 972	216 039	1 198 319	9 539	-9 163	519 668	1 446 430

Financial Statements as of 31 December 2024

31 December 2023

CZK '000	Within 1 month	Within 1 - 3 months	Within 3 - 12 months	Within 1 - 5 years	Over 5 years	Without specification	Total
Financial assets							
Cash and Cash Equivalents	135 343	0	339 145	0	0	0	474 488
Financial assets held for trading	14 397	12	412	0	0	0	14 821
Financial assets at amortised cost	1 663 618	160340	1 222 264	0	0	0	3 046 222
Non-financial assets							
Deferred tax assets	0	0	0	108	0	0	108
Land, buildings and equipment	0	0	0	0	0	47 467	47 467
Intangible assets	0	0	0	0	0	167 767	167 767
Other assets	0	0	20 853	0	0	9 011	29 864
Total assets	1 813 358	160 352	1 582 674	108	0	224 245	3 780 737
Financial covenants							
Liabilities to banks	1 481 232	0	0	0	0	0	1 481 232
Financial liabilities held for trading	0	10	411	0	0	0	421
Financial liabilities at amortised cost	1 086 403	1 156	67 589	20 802	14 504	0	1 190 454
Non-financial liabilities							
Other liabilities	14 707	14 871	0	0	0	1 671	31 249
Reserves	0	0	3 550	0	0	0	3 550
Payable tax liabilities	0	0	20 274	0	0	0	20 274
Total liabilities	2 582 342	16 037	91 824	20 802	14 504	1 671	2 727 180
Net assets/liabilities (-)	-768 984	144 315	1 490 850	-20 694	-14 504	222 574	1 053 557

Within the category of maturity of assets up to 1 month, the Company reports in the item Liabilities to Banks the credit received, which is always drawn with overnight maturity under credit lines and its renewal is carried out continuously on a daily basis according to the current liquidity requirements.

Financial Statements as of 31 December 2024

The following table breaks down the Company's assets and liabilities by remaining maturity based on contractual undiscounted cash flows as of 31 December 2024:

CZK '000	Within 1 month	Within 1 - 3 months	Within 3 - 12 months	Within 1 - 5 years	Over 5 years	Without specification	Total
Financial assets							
Cash and Cash Equivalents	321 489	0	523 255	0	0	0	844 744
Financial assets held for trading	55 073	10 905	688	0	0	0	66 666
Financial assets at amortised cost	2 183 284	231 017	1 333 563	0	0	0	3 747 864
Financial assets at fair value through other comprehensive income	116 548	0	0	0	0	0	116 548
Non-financial assets							
Deferred tax assets	0	0	0	31 965	0	0	31 965
Land, buildings and equipment	0	0	0	0	0	42 303	42 303
Goodwill and other intangible assets	0	0	0	0	0	471 666	471 666
Other assets	0	0	6 385	0	0	7 249	13 634
Contractual cash flows from assets	2 676 394	241 922	1 863 891	31 965	0	521 218	5 335 390
Financial covenants							
Liabilities to banks	2 240 857	0	0	0	0	0	2 240 857
Financial liabilities held for trading	17 939	0	0	0	0	0	17 939
Financial liabilities at amortised cost	1 415 201	1 665	103 657	25 977	9 423	0	1 555 923
Non-financial liabilities							
Other liabilities	13 624	24 608	0	0	0	1 550	39 782
Reserves	0	0	3 826	0	0	0	3 826
Payable tax liabilities	0	0	35 939	0	0	0	35 939
Contractual cash flows from liabilities	3 687 621	26 273	143 422	25 977	9 423	1 550	3 894 266
Net contractual cash flows	-1 011 227	215 649	1 720 469	5 988	-9 423	519 668	1 441 124

31 December 2023

CZK '000	Within 1 month	Within 1 - 3 months	Within 3 - 12 months	Within 1 - 5 years	Over 5 years	Without specification	Total
Financial assets							
Cash and Cash Equivalents	135 343	0	339 145	0	0	0	474 488
Financial assets held for trading	14 397	12	412	0	0	0	14 821
Financial assets at amortised cost	1 663 618	160 340	1 222 264	0	0	0	3 046 222
Non-financial assets							
Deferred tax assets	0	0	0	108	0	0	108
Land, buildings and equipment	0	0	0	0	0	47 467	47 467
Intangible assets	0	0	0	0	0	167 767	167 767
Other assets	0	0	20 853	0	0	9 011	29 864
Contractual cash flows from assets	1 813 358	160 352	1 582 674	108	0	224 245	3 780 737
Financial covenants							
Liabilities to banks	1 481 232	0	0	0	0	0	1 481 232
Financial liabilities held for trading	0	10	411	0	0	0	421
Financial liabilities at amortised cost	1 086 403	1 585	68 806	25 175	15 251	0	1 197 220
Non-financial liabilities							
Other liabilities	14 707	14 871	0	0	0	1671	31 249
Reserves	0	0	3 550	0	0	0	3 550
Payable tax liabilities	0	0	20 274	0	0	0	20 274
Contractual cash flows from liabilities	2 582 342	16 466	93 041	25 175	15 251	1 671	2 733 946
Net contractual cash flows	-768 984	143 886	1 489 633	-25 067	-15 251	222 574	1 046 791

29. OTHER FINANCIAL RISKS

a) Credit Risk

Credit risk is the risk of potential loss arising from the failure of an obligor (i.e. the debtor, guarantor, contractual partner in business relationships, or issuer of a debt security) to meet a contractual obligation due to insolvency or lack of willingness to repay or due to events caused by a political decision. The latter risk is also described as "country risk".

Securities Lending and Trading

The Company offers securities loans and trades in securities on Czech and foreign stock exchanges.

Credit risk on securities loans is minimised by security transfer of rights to the underlying securities (or ownership of the underlying securities during the life of the securities purchase and repurchase agreement).

As a member of the Prague Stock Exchange, the Company is required to settle all of its transactions in securities traded on these markets through official settlement systems. The settlement of these transactions is guaranteed by the Prague Stock Exchange Compensation Fund.

For transactions with securities that are not traded on the Prague Stock Exchange, the Company requires delivery before delivery of the consideration, or the DVP (Delivery versus payment) principle is applied.

The Company further mitigates credit risk by entering into credit transactions only with a select group of counterparties that meet the Company's criteria or the Company requires clients or counterparties to deliver funds or securities prior to accepting an order.

Loans to Clients within Margin Trading Activities

In addition, credit risk is associated with lending to clients within margin trading activities (Note 6.). Receivables from granted loans are secured by the establishment of the ownership right to the securities acquired with the loan proceeds. The total amount of such granted loans is limited by the decision of the Company's Credit Committee and an evaluation of other individual client risk factors and the securing

instrument. Loans are provided until full payment by the client or until the instrument, that is the subject of collateral, is sold. In the event of a decline in collateral below 120%, the Company is entitled to sell the instrument if the client fails to take any contractually foreseen action within 2 business days of receipt of the Company's request (or, as the case may be, after the Company has made all efforts that may reasonably be required of it to deliver such request to the client). If the collateral ratio falls below 115%, the Company is entitled, at its discretion, to sell the Securities or a part thereof, so that the Collateral Ratio reaches at least the initial collateral ratio. The following formula is applied to mathematically express the collateral ratio: $(CTH-PU)/CTH$, where PU means the amount of the granted loan and CTH means the total market value of the securities.

The Company offers to clients, that have concluded a contract with the Company for the purchase or sale of securities, the possibility to purchase securities also from a loan up to 60% of the security price (so-called margin trading).

Client failure with the Margin Trading service is highly unlikely due to the contractual terms and conditions of the loan for the purchase of investment instruments, the over-collateralisation of the product provided and the related procedures and mechanisms described below. The risks arising from the provision of the service are covered by a financial collateral agreement, which sets out the principles and mechanisms for preventing negative impacts. Basic rules for preventing credit risk, see below:

- online monitoring of the collateral ratio against the current market price;
- early warning when the value of the collateral ratio drops to 125%;
- margin call when the collateral ratio drops to 120%;
- stop loss when the collateral ratio drops to 115%;
- rules for accepting investment instruments for the Margin Trading investment service - securing a position with highly liquid investment instruments included in recognised stock exchange indices;
- investment instruments are pledged to the Company.

The terms and conditions of the contract and the control mechanisms described above then virtually exclude client default, which is also confirmed by the experience with offering the Margin Trading investment service - in the Retail segment the Company has been offering the investment service since 2004, in the Institutional segment since the turn of 2018/2019, and during this entire time period there has been no default and the Company has not been exposed to any credit loss.

The collateral-to-loan ratio is initially 140% and during the period, for which the margin is drawn, the value of the collateral is continuously assessed and if the collateral ratio, which is calculated as the collateral-to-loan ratio, falls below 125%, the client is informed of the fall; if there is a further fall below 120%, additional collateral is required for the loan, in order to bring the value back to 140% within 2 business days (so-called margin call); otherwise the Company has the contractual option to sell the investment instruments in order to bring the collateral ratio to the required value of 140%. In the event of a fall below 115%, a sell-off is initiated in order to regain the initial collateral ratio (stop loss).

Based on historical observation going back to the very beginning of this product offering, the Company has not been exposed to any credit loss, especially given the emphasis placed on risk management associated with this product. Within risk management, it is also evaluated which securities can be used as relevant collateral, when they are highly liquid investment instruments traded on regulated markets.

As of the date of the financial statements, the Company regularly evaluated the assumptions applied as of the previous reporting date (in particular, the historical development of the loss ratio, the expected development on the markets in the following period, no information about possible deterioration of the development was known as of the date of the financial statements).

Based on the above, the ECL calculated under the approach for this asset type is zero, given the expected LGD=0. In 2024 and 2023, there was no significant increase in credit risk for any of the receivables reported in this category. The Company has not recognised any impairment loss on these receivables.

Receivables From Banks

Receivables from securities borrowing represent short-term loans secured by securities. For securities borrowing receivables, the impairment loss is primarily set in the amount of the twelve-month expected loss. Receivables are always secured by securities with a value greater than the value of the receivable. The credit risk of the debtor as well as the value of the collateral are regularly assessed by the Company. The Company has assessed the risk of expected twelve-month losses on existing receivables as insignificant. In 2024 and 2023, there was no significant increase in credit risk for any of the receivables reported in this category. The Company has not recognised any impairment loss on these receivables. Securities received as collateral under securities borrowings amount to CZK 55,644 thousand (CZK 45,858 thousand in 2023). Securities are measured at fair value. All securities accepted as collateral may be sold or further pledged.

The Company holds cash and establishes term accounts with reputable banking institutions in the Czech Republic and abroad. All of these institutions are rated investment grade and therefore the credit risk arising from these receivables is low. All major institutions, where the Company holds funds, have external ratings ranging from A+ to AA-.

Financial Assets at Amortised Cost – Receivables From Securities Settlements and Foreign Exchange Instruments Spot Transactions.

On initial recognition, all of these receivables are classified in Stage 1, where no receivable is more than 30 days past due, or no day past due. In the risk assessment and ECL calculation, the Company relies on historical data where no losses have been realised. It is also typical for this type of trades to involve DVP (delivery versus payment) settlement, i.e. if the counterparty has problems with the settlement of a trade, the delivery of the performance in the form of securities does not take place and the trade can be cancelled, or alternatively, they can be guaranteed settlement trades, where the exchange acts as a settlement guarantor, i.e. there is no default in the settlement of the trade. In addition, collateral is applied to trades for clients in the form of blocking funds between the trade date and the settlement date, which ensures smooth settlement of the trade and avoids credit risk. Based on the above, the ECL calculated under the approach for this asset type is zero, given the expected LGD=0. In 2024 and 2023, there was no significant increase in credit risk for any of the receivables reported in this category. The Company has not recognised any impairment loss on these receivables.

Increased Risk and Default of Counterparty

On initial recognition, financial assets (excluding selected other assets with a simplified model) are classified in Stage 1, where no financial asset is more than 30 days past due. In the event of an overdue receivable, the Company contacts the counterparty and tries to find a solution with the counterparty that leads to settle the receivable (e.g. agreement on a payment schedule). Next, the counterparty is moved from Stage 1 to Stage 2 (30-90 days past due). The move to Stage 3 occurs after 90 days past due.

Kategorie rizik dle CNB	Interní klasifikace	Počet dní po splatnosti	Stage
Výkonné expozice	Standardní	0 – 30	Stage 1
	Sledované	31 – 90	Stage 2
Nevýkonné expozice	Nestandardní	91 – 180	Stage 3
	Pochybné	181 – 360	Stage 3
	Ztrátové	> 360	Stage 3

Risk categories according to the CNB	Internal classification	Number of days past due	Stage
Performing exposures	Regular	0 - 30	Stage 1
Non-performing exposures	Watched	31 - 90	Stage 2
	Substandard	91–180	Stage 3
	Doubtful	181 - 360	Stage 3
	Loss	> 360	Stage 3

Identification of Increased Risk (Stage 2, 31-90 days)

The Company has set the so-called "Hard Triggers" to help identify increased risk. "Hard Triggers" are applied by the Company to its counterparties when it has the opportunity to learn about them. The main "Hard Default Trigger" is the fact that there is a failure on one of the client's services, as according to the financial collateral contract, any failure has an impact on the client's entire portfolio. In the KBC Group, for example the following "Hard Triggers" are distinguished:

- lawsuit, foreclosure,
- selling the loan at a significant loss,
- filing of a petition (by a creditor) for the bankruptcy of a client in connection with the credit obligation,
- external rating downgraded to "default status",
- >90 dpd status,
- accrual of the credit liability,
- Stage 3 according to IFRS,
- calling the collateral, guarantee, etc.

If there is an increase in the risk of counterparty default based on "Hard Triggers" or maturity, the Company will promptly (usually within 30 days of the initial identification of the increased default risk) request the counterparty to settle the obligations; if the obligations cannot be settled in one lump sum, a mutual agreement on a payment schedule will be reached between the Company and the counterparty. The Company creates an individual provision and classifies the receivable in Stage 2 among performing exposures classified as monitored. If the payment schedule agreement cannot be concluded with the counterparty, the counterparty default is identified and the Company transfers the receivable to Stage 3 after 90 days.

Categorisation of Default States for SME and Corporate Clients

KBC Group uses the so-called KBC master scale to categorise defaults, see below:

- PD10 „unlikely to pay“ (Stage3),
- PD11 „>90 dpd default“ (Stage 3),
- PD12 „irrecoverable“ (Stage 3).

Unlikely to pay (Stage 3, 31-90 dpd default)

If any of the above "Hard Triggers" are met, the client must be classified as "unlikely to pay". A client can also be reassigned to the "unlikely to pay" status when recovered from the ">90 dpd default" status, as a 3-month trial period ("quarantine") is required. The only exception to this is a situation when the obligation to the Company is paid up in full.

The recovery from the "Unlikely to pay" status to a non-default status will occur after a minimum of 3 months, when all "Hard Triggers", that were causing the client to default, have been terminated. As the Company does not have hybrid clients, it makes its own decisions about the recovery of its clients based on the decision of the Chief Commercial Officer and a member of the Board of Directors, which is documented in writing and retained in accordance with the archiving and shredding rules.

PD11: >90 dpd default (Stage 3)

This condition occurs if the client is in default continuously for more than 90 days. In the Company's terms, this means that the client fails to comply with the agreement with the Company and does not repay its obligations in a due and timely manner according to the payment schedule, or has been in arrears for more than 90 days. The receivable is reclassified to Stage 3 among non-performing exposures. When assessing days past due, the Company applies the materiality thresholds specified in the Default Definition Framework for the ČSOB Group (CZK 2,500 and, at the same time, 1% of the total exposure).

PD12: Irrecoverable (Stage 3)

Irrecoverable status is applied to non-performing exposures that are classified as loss-making. This is a condition where the Company no longer expects any possibility of the client's recovery and resumption of business with the client. In rare cases, it is possible to recover a client from "Irrecoverable" status, only if the debt is paid in full and the Board of Directors of the Company agrees to resume the relationship with the client. However, a minimum 12-month "quarantine" is required to resume the relationship, where the client is placed in the PD10/PD11 default status.

Financial Derivatives

Counterparty credit risk arising from financial derivatives is always limited to instruments with a positive fair value and is treated in the same way as credit risk of credit exposures.

b) Market Risk

The Company is exposed to market risks. These market risks arise from open positions in interest rate and currency products and equity securities, which are subject to general and specific market movements. The Board of Directors determines the limits of acceptable risk, which are monitored on a daily basis. These limits have been approved by KBC.

The Company has no significant exposure to interest rate risk, as most of its interest bearing assets and liabilities mature within 3 months. The Company's foreign currency risk is significantly limited, as the Company does not have a significant open foreign currency position.

The Company has moved away from the use of the value at risk ("VAR") method to the use of concentration limits to manage the market risk of its positions and monitors and evaluates the actual exposure against the limits.

c) Financial Derivatives

The Company trades in OTC derivatives (currency forwards). These transactions are entered into with clients and at the same time with banking institutions or other financial institutions in the same volume but with opposite payoff, so that the Company always offsets the amount of its liabilities and receivables arising from these transactions to the maximum extent possible. In this way, the Company limits its market risk. A collateral agreement is agreed with clients to eliminate the credit risk of this product. The difference between the positive and negative fair value of Other Derivatives is included in the settlement relationships from

derivative operations (see clauses 7 and 10). This is due to the aggregation of positions opened with a financial institution versus individual positions held by the Company with clients. The Company does not enter into derivatives for hedging purposes; all derivatives are held for trading.

These forward contracts are recorded as derivatives for trading. Overview of nominal amounts and positive and negative fair values of open derivatives held for trading as of 31 December:

CZK '000	2024			2023		
	Agreed	Fair Value		Agreed	Fair Value	
		Positive	Negative		Positive	Negative
Forwards (currency)	3 810 298	18 922	17 939	60 622	423	421
Total	3 810 298	18 922	17 939	60 622	423	421

As of 31 December 2024, the maturity of all forwards is within 1 year.

d) Other Risks

Legal and operational risks associated with the Company's activities are monitored, secured and managed mainly by the Company's bodies (Board of Directors, Supervisory Board) in cooperation with the Company's legal department. Operational risk is also managed in accordance with the CNB methodology, in accordance with Decree No. 163/2014 Coll., on the Performance of the Activity of Banks, Credit Unions and Investment Firms, and related regulations.

The Company creates reserves for specific legal disputes, when there is a probability of payment due to the nature of these disputes (see clause 13).

30. FINANCIAL ASSETS AT AMORTISED COST

CZK '000	2024			2023		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Financial assets at amortised cost						
Cash and Cash Equivalents	844 991	0	0	474 677	0	0
Adjustments	-247	0	0	-189	0	0
Cash and cash equivalents - net	844 744	0	0	474 488	0	0
Financial assets at amortised cost - gross	3 483 820	0	0	2 867 578	0	0
Adjustments	-118	0	0	-564	0	0
Financial assets at amortised cost - net	3 483 702	0	0	2 867 014	0	0
Financial assets at amortised cost - simplified approach						
	2024			2023		
	Performing	Non-performing		Performing	Non-performing	
Financial assets at amortised cost - simplified approach - gross	263 330	2 888		178 869	1 517	
Adjustments	-756	-1 300		-594	-584	
Financial assets at amortised cost - simplified approach - net	262 574	1 588		178 275	933	
Total financial assets at amortised cost - net	4 591 020	1 588		3 519 777	933	
Total financial assets at amortised cost - net - sum over all columns in the given year	4 592 608			3 520 710		

Within the financial assets at amortised cost category, there were no transfers during the year to a different Stage than that at the beginning of the year or at initial recognition.

31. FINANCIAL LIABILITIES AT AMORTISED COST

CZK '000	31 December 2024	31 December 2023
Financial liabilities at amortised cost		
Liabilities to banks	2 240 857	1 481 232
Financial liabilities at amortised cost	1 550 617	1 190 454
Total financial liabilities at amortised cost	3 791 474	2 671 686

32. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial assets and liabilities at fair value through profit or loss (see clause 2 (d)) are measured as follows:

- Level 1

Published quotations in active markets are used to determine the fair values of financial assets and financial liabilities, where available. Market valuation is obtained by using the prices of an identical asset or liability, which means that no model is used in the valuation.

Financial instruments that are valued in this way include listed equities and bonds.

The fair values of financial assets and liabilities that are traded in active markets are based on quoted market prices or prices announced by dealers. The Group uses valuation techniques to determine the fair values of all other financial instruments.

- Level 2

Valuation techniques based on market inputs, either direct (e.g. prices) or indirect (e.g. derived from prices). This category includes financial instruments valued at quoted market prices for similar financial instruments; valued at quoted prices for identical or similar financial instruments in markets that are considered less active, or valued using other valuation techniques for which all significant inputs are observable in markets, either directly or indirectly.

Financial instruments that are valued in this way include currency forwards.

- Level 3

Valuation techniques based on significant non-market inputs. This category represents all financial instruments for which valuation techniques include inputs that are not based on observable data and for which non-market inputs have a significant impact on their valuation. The category includes financial instruments whose valuation is based on quoted market prices for similar financial instruments, but which need to be adjusted for significant non-market adjustments and assumptions that reflect differences between financial instruments.

Financial instruments that are valued in this way include unlisted equities.

Valuation techniques include net present value models, discounted cash flow models, comparisons with similar financial instruments for which available market prices exist, the Black-Scholes model, the polynomial option model and other valuation models. Assumptions and inputs to the valuation models include the risk-free interest rate, benchmark interest rate, credit spread and other premiums used in estimating discount rates, bond and equity prices, as well as foreign currency exchange rates, equity prices and equity index values, and expected volatility and price dependence. The objective of valuation techniques is to arrive at a fair value that reflects the value of the financial instrument as of the end of the accounting period, as if the price was determined on the market under normal market conditions.

The ČSOB Group uses widely accepted valuation models to determine the fair values of standard and simpler financial instruments. Such financial instruments include interest rate and currency swaps, for which the available market data are used and which require less judgment and estimation of the management. Market prices and model inputs are usually available for listed debt and equity securities, exchange-traded derivatives and simpler over-the-counter (OTC) derivatives. The availability of market prices and model inputs reduces the need for management judgments and estimates and also reduces the uncertainty associated with determining fair values. The availability of market prices and inputs varies by product and market type and is prone to change based on specific events and general conditions in the financial markets.

To determine the fair values of more complex financial instruments, the ČSOB Group uses its own valuation models, which are usually based on recognised valuation models. Some or all of the significant inputs to the models may not be available in the markets and are therefore derived from market prices or rates, or estimated based on assumptions. Financial instruments for which market inputs are not available include derivatives traded in over-the-counter markets, certain loans and securities that are not traded in public markets. Valuation models based on significant unobservable inputs require a higher degree of management judgment and estimates to determine fair value. Management decisions are typically required to select an appropriate valuation model, determine the expected future cash flows of the financial instrument being valued, determine the probability of default or performance by counterparties, and select appropriate discount factors. The valuation principles are approved by the Risk and Capital Management Committee of ČSOB (RCOC) and the KBC Group Valuation Committee. The approval process for each new product includes, among other things, a product valuation assessment and any new valuation model must be approved before the product is implemented. The processes for new and active products (NAPPs) require regular reviews of all products, with valuation quality assessment being an integral part of these reviews.

The following table provides an overview of the split of financial instruments carried at fair value into financial instruments whose fair value is based on quoted market prices and financial instruments whose fair value has been determined using valuation techniques:

CZK '000	2024	2023
Financial instruments held for trading - FVTPL - valuation techniques		
Currency forwards – negative FV of derivatives	17 939	421
Currency forwards – positive FV of derivatives	18 922	423
Financial instruments held for trading - FVTPL - valuation techniques	36 861	844
Financial instruments held for trading - FVTPL - quoted market prices		
Stocks, units and other shares	47 744	13 974
Financial instruments held for trading - FVTPL - quoted market prices	47 744	13 974
Financial instruments carried at fair value - FVOCI - quoted market prices		
Shares	116 548	0
Financial instruments carried at fair value - FVOCI - quoted market prices	116 548	0

Financial Statements as of 31 December 2024

The following table provides an overview of the split of financial instruments carried at fair value to financial instruments by classification into the individual levels as of 31 December 2024:

CZK '000	2024			Total
	Level 1	Level 2	Level 3	
Financial assets held for trading - FVTPL				
Stocks, units and other shares	47 744	0	0	47 744
Currency forwards – positive FV of derivatives	0	18 922	0	18 922
Financial assets at fair value through profit or loss	47 744	18 922	0	66 666
Financial assets held for trading - FVOCI				
Shares	116 548	0	0	116 548
Financial instruments carried at fair value - FVOCI - quoted market prices	116 548	0	0	116 548
Financial liabilities held for trading - FVTPL				
Currency forwards – negative FV of derivatives	0	17 939	0	17 939
Financial liabilities at fair value through profit or loss	0	17 939	0	17 939

The following table provides an overview of the split of financial instruments carried at fair value to financial instruments by classification into the individual levels as of 31 December 2023:

CZK '000	2023			Total
	Level 1	Level 2	Level 3	
Financial assets held for trading - FVTPL				
Stocks, units and other shares	13 974	0	0	13 974
Currency forwards – positive FV of derivatives	0	423	0	423
Financial assets at fair value through profit or loss	13 974	423	0	14 397
Financial assets held for trading - FVOCI				
Shares	0	0	0	0
Financial instruments carried at fair value - FVOCI - quoted market prices	0	0	0	0
Financial liabilities held for trading - FVTPL				
Currency forwards – negative FV of derivatives	0	421	0	421
Financial liabilities at fair value through profit or loss	0	421	0	421

There were no transfers between Level 1 and Level 2 during 2024 or 2023. The shares held by the Company as of 31 December 2024 and 31 December 2023 are not subject to significant price fluctuations.

Financial Assets and Liabilities Not Carried at Fair Value

The following table shows a comparison of the carrying amounts and fair values of financial instruments that are not reported in the financial statements at fair values:

in CZK '000	2024		2023	
	Accountant	Fair	Accountant	Fair
Financial assets at amortised cost	4 328 446	4 328 446	3 341 502	3 341 502
Cash and Cash Equivalents	844 744	844 744	474 488	474 488
Financial assets at amortised cost	3 483 702	3 483 702	2 867 014	2 867 014
Financial assets at amortised cost - simplified approach	264 162	264 162	179 208	179 208
Financial assets at amortised cost - simplified approach	264 162	264 162	179 208	179 208
Total financial assets at amortised cost	4 592 608	4 592 608	3 520 710	3 520 710

The carrying amounts of financial assets and liabilities measured at amortised cost are not materially different from their fair values. In most cases, these are short-term assets and liabilities with original maturities of less than one year. The fair value of these assets and liabilities is determined as the present value of future cash flows. As the time value is insignificant and the credit risk is reflected in the impairment loss, the difference between the carrying amount and fair value is immaterial.

33. OWN FUNDS

Pursuant to the provisions of Part Six – Disclosure of Information by Investment Firms of Regulation (EU) 2019/2033 (IFR) of the European Parliament and of the Council of 27 November 2019 on the Prudential Requirements of Investment Firms.

The share capital of Patria Finance, a.s. is fully subscribed and paid up. As of 31 December 2024, it amounted to CZK 150,000 thousand, and is divided into 1,500 pieces of ordinary shares, each with nominal value of CZK 100 thousand.

Each owned share with a nominal value of CZK 100 thousand accounts for one vote. The shares are transferable only with the approval of the Supervisory Board and are not traded on any public market.

The other capital funds represent an additional payment outside the share capital of the former shareholder, which was the defunct company Patria Finance, a.s. (Company ID No.: 60197226), and an additional payment outside the share capital of the current shareholder, Československá obchodní banka, a.s. (Company ID No.: 0001350).

The adequacy of internally determined capital is addressed on the basis of the KBC Group's approach. The calculations are performed in a model with estimates of the development of equity and capital requirements. The method is based on the calculation of economic capital and includes significant risks to which the Company is exposed. The relevant capital value is directly allocated to these risks. Other risks are covered by qualitative measures in the area of risk management, process organisation, control mechanisms, etc. within the Internal Capital Adequacy Assessment Process.

The Company has reported the amount of capital requirements in accordance with Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the Prudential Requirements of Investment Firms and Amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014.

The Company publishes data in accordance with Regulation (EU) **2019/2033** of the European Parliament and of the Council of 27 November 2019 on the Prudential Requirements of Investment Firms and Amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 on its website at <https://finance.patria.cz/>.

1. Data on Own Funds and Capital Requirements as of 31 December 2024

- a) Pursuant to Article 49, Part Two, Chapter Five, Part Six of Regulation (EU) No 2019/2033 of the European Parliament and of the Council (IFR)

Regulatory capital	CZK thousand
Paid-up share capital	150 000
Other capital funds	720 000
Reserve funds and retained earnings	42 468
Other comprehensive income	66 705
Deductible items from regulatory capital	-610 658
Common equity Tier 1 capital	368 515
Additional Tier 1 capital	0
Tier 2 capital	0

- b) pursuant to Article 50 (c) and (d) of Regulation (EU) No 2019/2033 of the European Parliament and of the Council (IFR)

Capital Requirements	CZK thousand
Permanent minimum capital requirement	18 889
Fixed overheads requirement	70 010
Total K-factors requirement	111 756

K-factors requirement (broken down in relation to risks)	CZK thousand
Sum of K-factors in relation to the risk to client	92 037
Sum of K-factors in relation to the risk to market	16 992
Sum of K-factors in relation to the risk to firm	2 727

34. INFORMATION ON BRANCHES OR CONTROLLED ENTITIES

The Company has an organisational unit (branch) in Hungary.

Information published pursuant to Article 4(1)(26) of Regulation (EU) No 575/2013 of the European Parliament and of the Council:

CZK '000	2024
Total annual net turnover	228 539
Profit/loss before tax	42 785
Corporate income tax	1 729

The average recalculated number of employees in the branch in 2024 was 49.

35. SUBSEQUENT EVENTS

No events with a significant impact on the financial statements occurred after the balance sheet date as of 31 December 2024.

These Financial Statements were approved by the Board of Directors for presentation to the General Meeting.

Compiled on:	Signature of the governing body of the entity:		Person responsible for the Financial Statements:
25 April 2025	Richard Podpiera Chairman of the Board of Directors	Roman Kykal Member of the Board of Directors	Tomáš Chrtek Deputy Financial Director

REPORT OF THE BOARD OF DIRECTORS OF PATRIA FINANCE, A.S. ON THE RELATIONSHIPS BETWEEN THE CONTROLLING ENTITY AND THE CONTROLLED ENTITY, AS WELL AS BETWEEN THE CONTROLLED ENTITY AND THE ENTITIES CONTROLLED BY THE SAME CONTROLLING ENTITY FOR THE YEAR 2024

pursuant to Section 82 et seq. of Act No. 90/2012 Coll., on commercial companies and cooperatives (Business Corporations Act), as amended (the "Business Corporations Act")

1. Structure of relationships between connected entities, role of the controlled entity, method and means of control

1.1. Controlled entity

Business name: **Patria Finance, a.s.**
Registered office: Prague 5, Výmolova 353/3, postal code 150 00
Company ID No.: 264 55 064

incorporated in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert 7215 (the "Company" or "Patria")

1.2. Controlling Entities

The Company is directly controlled by Československá obchodní banka, a. s., with its registered office at Prague 5, Radlická 333/150, postal code 150 57, Company ID No.: 000 01 350 (ČSOB), as sole shareholder, which is directly controlled by KBC Bank N.V., with its registered office at Havenlaan 2, B-1080 Brussels, Kingdom of Belgium. KBC Bank N.V. is directly controlled by KBC Group N.V., with its registered office at Havenlaan 2, B-1080 Brussels, Kingdom of Belgium, which is also the ultimate controlling entity.

1.3. Role of the controlled entity

The Company is a securities dealer that provides investment services in accordance with the Capital Market Undertakings Act. The Company's subject of business is the execution of the activities of securities dealer to the extent as licensed under separate legislation and the manufacturing, trade and services not included in annexes 1–3 of Act No. 455/1991 Coll., on commercial business, as amended.

1.4. Method and means of control

The Controlling Entity is the sole shareholder in the Company and owns shares with a nominal value of 100% of the Controlled Entity's share capital. The control of the Company is exercised mainly through the General Meeting, or the sole shareholder. The Controlling Entity may thus nominate its representatives to the Company's bodies.

1.5. Other companies controlled by the same controlling entity

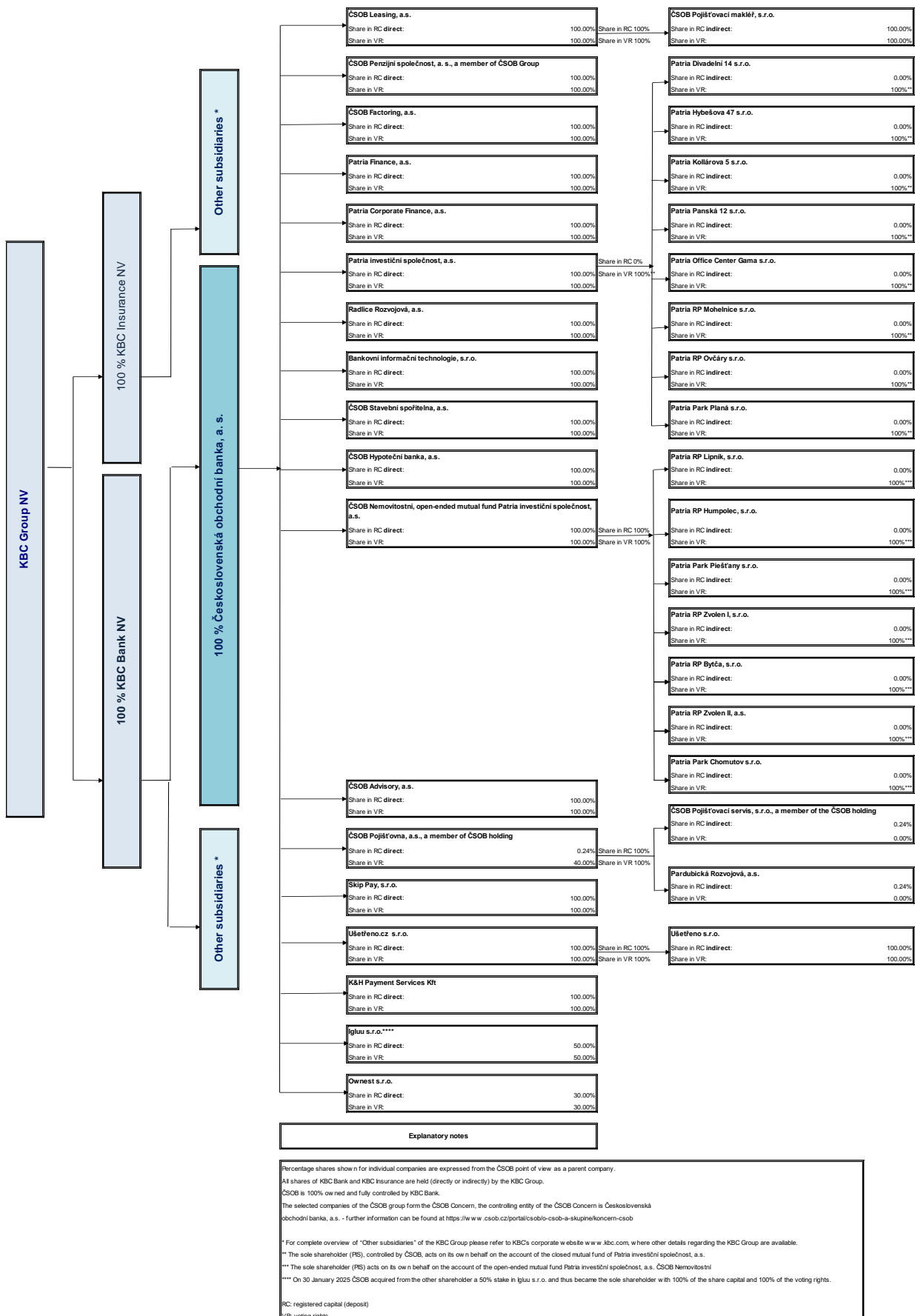
The other companies controlled by the same controlling entity are all companies of the **KBC Group N.V.**, as KBC Group N.V., with its registered office at Havenlaan 2, B-1080 Brussels, Kingdom of Belgium, is the ultimate controlling entity (the controlling entities and entities controlled by the same controlling entity hereinafter referred to as the "Connected Persons").

Overview of companies of the KBC Group and ČSOB Group (as of 31 December 2024):

Appendix to Related Parties Report

List of entities controlling Československá obchodní banka, a.s. and entities controlled by the same controlling entity

(as of 31 December 2024)



2. Decisive period

This report describes the relationships between the controlling entity and the controlled entity, as well as between the controlled entity and the entities controlled by the same controlling entity within the meaning of Section 82 of the Business Corporations Act for the most recent accounting period, i.e. for the period from 1 January 2024 to 31 December 2024 (the Decisive Period).

3. Relationships between the controlling entity and the controlled entity, as well as between the controlled entity and the entities controlled by the same controlling entity

During the accounting period, the Company had various relationships with the controlling entity, as well as other Connected Entities (for the purpose of the Report on Relationships also referred to as "counterparties") based on common business activities.

Group agreement

Patria, as a managed entity, entered into a Group Agreement with the managing entity, which sets out the Group's interest and defines certain rights and obligations of the managed entities within the business group in question. The partial areas of unified management are defined by special Group policies, which are the fundamental tools to implement the Group interest, and are issued by the Board of Directors of ČSOB and accepted by the managed entities.

BANKING SERVICES

Accounts, deposit products, domestic and foreign payments services

In the accounting period, Patria concluded, or had concluded from previous accounting periods, contracts, the subject of which were services related to the maintenance of various types of accounts – current and term accounts, interbank deposits. The contracts were concluded under standard business terms and conditions.

Electronic banking

During the accounting period, Patria concluded, or had concluded in previous accounting periods, contracts under which it uses the electronic banking services. The contracts were concluded under standard business terms and conditions.

Cheques and bills of exchange

During the accounting period, Patria concluded, or had concluded in previous accounting periods, contracts for procuring bills of exchange and their custody. The contracts were concluded under standard business terms and conditions.

Credit products and guarantees

During the accounting period, Patria concluded, or had concluded in previous accounting periods, contracts under which it accepted the following credit products: overdraft facilities, allowed current account overdrafts. Patria paid contractual fees, rewards and interest for these services. The contracts were concluded under standard business terms and conditions.

Investment services

During the accounting period, Patria concluded, or had concluded in previous accounting periods, contracts for purchasing and selling investment instruments, securities deposit and escrow agreements, contracts for settling investment instrument transactions, contracts for administering securities, and agreements on the authorisation of fax instructions for settling and administering securities. The consideration consisted in fees and contractual rewards. The contracts were concluded under standard business terms and conditions.

OTHER RELATIONS

Insurance policies

During the accounting period, Patria concluded, or had concluded in previous accounting periods, insurance policies. The consideration consisted in insurance and indemnity. The contracts were concluded under standard business terms and conditions.

Lease and rent contracts

During the accounting period, Patria concluded, or had concluded in previous accounting periods, contracts for renting/leasing non-residential premises, parking places and movable assets or their sets. The consideration consisted in contractual prices or the lease of certain items, parts thereof or sets of items. The contracts were concluded under standard business terms and conditions.

Cooperation agreements – employee benefits

During the accounting period, Patria concluded, or had concluded in previous accounting periods, cooperation agreements – employee benefits. The consideration consisted in providing employee benefits. The contracts were concluded under standard business terms and conditions.

Cooperation agreements – selling products and services

During the accounting period, Patria concluded, or had concluded in previous accounting periods, cooperation agreements, framework, mandate (command) and consignment contracts, particularly concerning cooperation on product sales, product sales agency, product sales support and the use of technology for this purpose, consultancy, and opportunity-seeking. The consideration consisted in cooperation, contractual commission, contractual reward or the sale of products. The contracts were concluded under standard business terms and conditions.

Cooperation agreement – joint observance of tax obligations (VAT)

Patria concluded, or had concluded in previous accounting periods, an agreement with some of the entities controlled by the same controlling entity on cooperation in the joint observance of tax obligations (VAT) on behalf of the group, which was valid and effective during the accounting period. The consideration consisted in observance of tax obligations. The agreement was concluded under standard business terms and conditions.

Cooperation agreement – ICT services

During the accounting period, Patria concluded, or had concluded in previous accounting periods, agreements on providing ICT services. The consideration consisted in contractual rewards. The agreements were concluded under standard business terms and conditions.

Agreements on providing services – Call Centre

During the accounting period, Patria concluded agreements for the provision of Call Centre services. The consideration consisted in contractual rewards. The contracts were concluded under standard business terms and conditions.

Agreements on providing services – back office and other related services

During the accounting period, Patria concluded, or had concluded in previous accounting periods, agreements on providing services in the field of back-office systems and support processes. The contracts were concluded under standard business terms and conditions.

Agreements on providing services – other support services

During the accounting period, Patria concluded, or had concluded in previous accounting periods, agreements on cooperation and providing services in the field of internal audit, human resources management including labour relations, administrative services, provision of services in the field of compliance, client acceptance, risk management, AML client review and digitalisation services. The consideration consisted in services and contractual rewards. Patria also concluded agreements for the processing of personal data or information provision, confidentiality agreements, etc. The contracts were concluded under standard business terms and conditions.

4. Performance and its consideration

The performance provided by the Company to the Connected Entities during the Decisive Period are set out in the Financial Statements. All performance and consideration was provided in the ordinary course of business, or on normal commercial terms and conditions and at prices customary in the course of business, or for reimbursement of costs + a surcharge.

5. Overview of actions taken during the Decisive Period pursuant to Section 82(2)(d) of the Business Corporations Act

The Company paid a dividend in the amount of CZK 337,088 thousand from the 2023 profit and retained earnings.

6. Assessing the occurrence of the loss incurred by the controlled entity

The contractual and other relationships between the Company and the controlling entity did not cause any loss to the Company.

7. Evaluation of the relationships between the controlling entity and the controlled entity, as well as between the controlled entity and the entities controlled by the same controlling entity

As the companies belonging to the KBC Group are also active in the financial sector and, like the Company, most of them provide investment services, the Company have in particular the following benefits from the relationships between the controlling entity and the controlled entity, and between the controlled entity and the entities controlled by the same controlling entity:

- a) Possibility of mutual cooperation in the territory of the Czech Republic, the Slovak Republic and the Hungarian Republic
- b) Access to relevant industry information

c) Potential for synergies in the provision of investment services

The Company has the opportunity to conduct business as a member of a strong international group. KBC Group is one of the largest European groups operating in the banking market. Its long tradition, as well as its acquired experience and strong international background, enable it to share and continuously improve common know-how.

The mutual cooperation of companies within the KBC Group and ČSOB Group and/or other companies that are controlled by ČSOB helps strengthen their common position on the market and enables the extension of the range of financial services provided to clients in the areas of building savings and mortgages, asset management, collective investment, supplementary pension scheme, leasing, factoring, distribution of life and non-life insurance, as well as services relating to stock trading in financial markets.

8. Conclusion

The Board of Directors of the Company hereby declares that this report has been prepared within the statutory time limit and in accordance with Section 82 of the Business Corporations Act. While compiling the report, the Board of Directors proceeded with due professional care and its scope reflects the purpose of the legislation governing the report under the Business Corporations Act.

In Prague, on 31 March 2025

Richard Podpiera
Chairman of the Board of Directors

Roman Kykal
Member of the Board of Directors