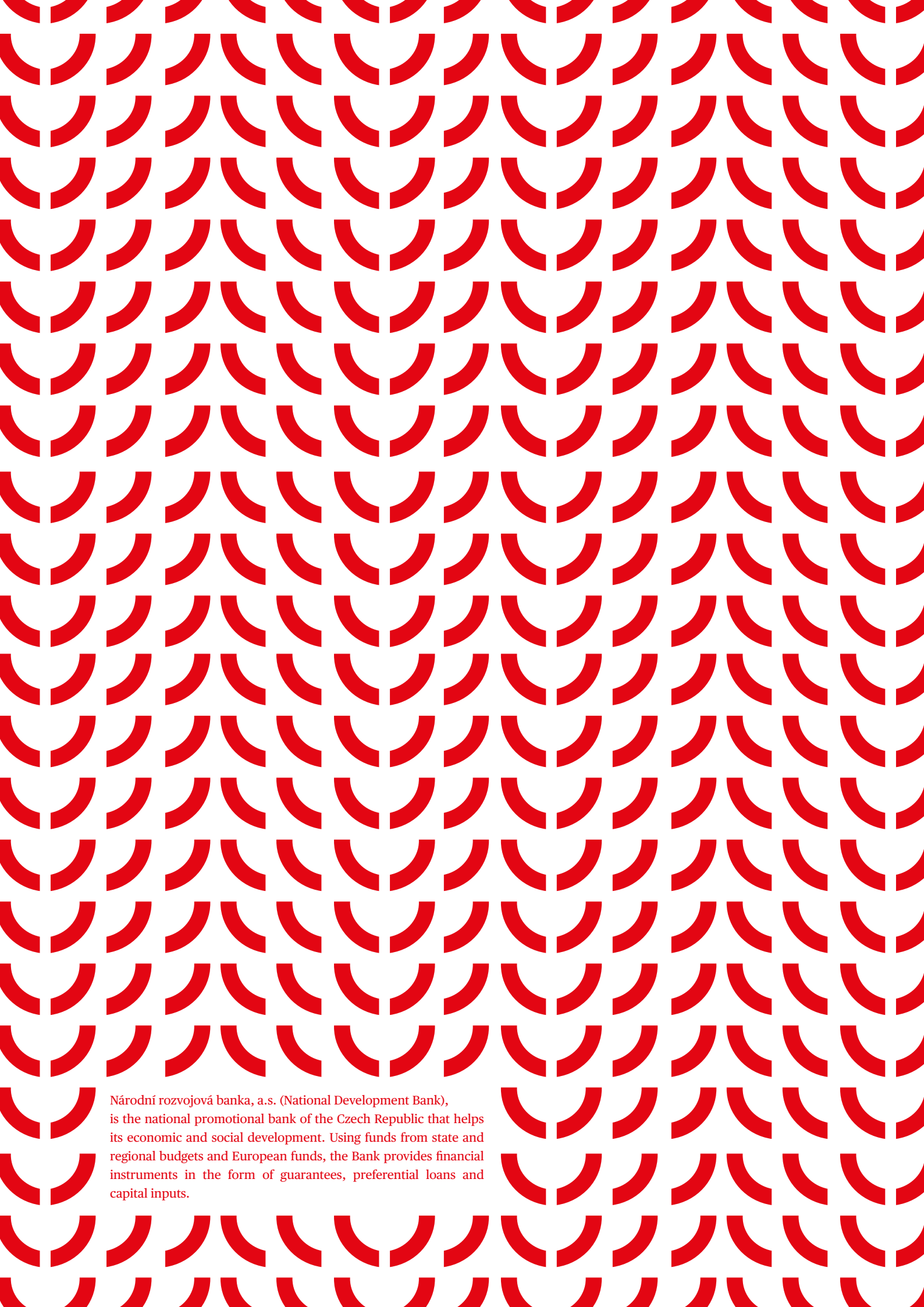




# 2023

ANNUAL REPORT



Národní rozvojová banka, a.s. (National Development Bank), is the national promotional bank of the Czech Republic that helps its economic and social development. Using funds from state and regional budgets and European funds, the Bank provides financial instruments in the form of guarantees, preferential loans and capital inputs.

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# INTRO- DUCTION

The Czech Republic needs to boost economic growth and competitiveness and finance the transformation of the economy. The current growth rate of real GDP in the Czech Republic lags significantly behind the rest of the EU. While EU economies grew by an average of 1.6% per year between 2019 and 2023, the Czech economy stagnated. Significant financial resources will be needed to meet the challenges of the necessary economic transformation. The current levels of support for Czech economic policy are low and based entirely on subsidies without any evaluation of their impact on the economy.

Economically strong countries have long and successfully used the model of national promotional banks. The best national promotional institutions invest around 3% of GDP annually in economic policy support and manage assets within their activities between 7% and 25% of GDP. These banks help to increase resilience to shocks and crises, transform and stabilise the economy, and support its faster recovery through cyclical developments.

The Czech Republic has not yet fully exploited the potential of the national promotional bank model. For the successful transformation of the Czech economy into a higher value-added economy and the related support of the state's economic policy, the Czech Republic needs a strong National Development Bank.

We have therefore prepared an ambitious plan to support the strategic economic priorities of the Czech Republic. We want the NRB to become a full-fledged promotional bank of European stature that will assist the sustainable development of the national economy through repayable financial instruments.

A national development bank act is standard in most European countries. The adoption of such a law is a prerequisite for the NRB to be able to play its role as a support institution more fully and to a much greater extent. In particular, this means the possibility of using an explicit



**NRB  
in 2023**

**3 953**  
BUSINESS AND  
INFRASTRUCTURE  
PROJECTS SUPPORTED

**16**  
PRODUCTS

**CZK  
5,7  
billion**  
EQUITY

state guarantee to provide additional liquidity outside the standard framework of European and national resources.

Given the specific position of national promotional banks in the financial sector, these institutions are exempted from European capital regulation and are regulated at the national level. We wish to achieve this same standing for the NRB in the Czech Republic.

A major obstacle to launching the transformation process of the NRB into a full-fledged national development bank of European stature is its lack of capital. An increase is necessary, in particular, to significantly strengthen the lending and guarantee capacity of the NRB. The first step in this direction is a merger with the Czech Export Bank (CEB), which will increase the lending and guarantee capacity of the NRB by increasing its capital, enabling it to provide a larger volume of financial support.

The capital increase will enable the NRB to focus more intensively on strategic areas of support for economic and social development, which primarily include support for SME development, technological development and digitalisation, green transition, energy savings, transport infrastructure, municipal infrastructure, affordable housing and social infrastructure.

Small and medium-sized enterprises will continue to be a strategic segment in the private sector for the NRB. In the public sector, these will be mainly self-governing territorial units - municipalities, cities and regions - and the government sector - ministries, including the state funds established by them.

**TOMÁŠ NIDETZKÝ**  
CHAIRMAN OF THE BOARD OF DIRECTORS

# BANK MANAGEMENT BODIES

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## BOARD OF DIRECTORS

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<b>Chairman of the Board of Directors</b>	Jiří Jirásek (membership terminated by dismissal on 30 April 2023) Tomáš Nidetzký (elected on 1 May 2023, Chairman from 2 May 2023)
<b>Members of the Board of Directors</b>	Pavel Fiala Pavel Křivonožka

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## SUPERVISORY BOARD

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<b>Chairman of the Supervisory Board</b>	Pavel Závítkovský (membership terminated by resignation on 30 September 2023) Marek Mora (co-opted from 1 October 2023, Chairman from 2 October 2023)
<b>Deputy Chairman of the Supervisory Board</b>	Martin Hanzlík (membership terminated by dismissal on 28 March 2023) Pavel Racoča (Deputy Chairman from 30 May 2023)
<b>Members of the Supervisory Board</b>	Tomáš Kořán Marie Kotrlá Martin Mrkos (appointed from 29 March 2023) Miroslav Tým

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## AUDIT COMMITTEE

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<b>Chairman of the Audit Committee</b>	Pavel Závítkovský
<b>Deputy Chairman of the Audit Committee</b>	Michal Petrman
<b>Member of the Audit Committee</b>	Tomáš Hlivka

# INTRODUCTION OF THE MEMBERS OF THE BOARD OF DIRECTORS

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## TOMÁŠ NIDETZKÝ

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### Chairman of the Board of Directors of the NRB

Tomáš Nidetzký has been Chairman of the Board of Directors of the National Development Bank since 2 May 2023.

He was a member of the CNB Bank Board from 2016 to 2022 and became the Deputy Governor of the CNB in December 2018. He had previously held a number of senior management positions, e.g. at NN Penzijní společnost for the Czech Republic, Pojišťovna České spořitelny, Stavební spořitelna under Česká spořitelna, ČSOB Pojišťovna and the ING Financial Group. In 1999–2004, he was a member of the Presidium of the Association of Pension Funds of the Czech Republic and the Czech Association of Insurance Companies. At the beginning of his career he worked at the Securities Centre, Komerční banka and Česká spořitelna. He graduated from the Faculty of Informatics and Statistics at the University of Economics in Prague and completed his postgraduate studies at Oklahoma City University in the U.S.




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## PAVEL KŘIVONOŽKA

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### Member of the Board of Directors of the NRB

He graduated from high school in Bayreuth, Germany at the Alexander-von-Humboldt-Realschule and completed his MBA degree at the State University of New York New Paltz.

He gained extensive experience in banking, insurance and real estate development at various management positions not only in the Czech Republic, but also in Germany and Austria. For the last nine years he worked as Head of Capital Markets Sales/Financial Institutions and Equities at Raiffeisenbank. In the past, he gained experience as Head of Sales and Treasury at BNP Paribas, Česká spořitelna, Erste Bank and Česká pojišťovna.

As of 1 September 2020, he is a member of the Board of Directors with responsibility for commerce.




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## PAVEL FIALA

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### Member of the Board of Directors of the NRB

In 2000 he successfully completed his studies in finance at the Faculty of Finance and Accounting of the University of Economics in Prague.

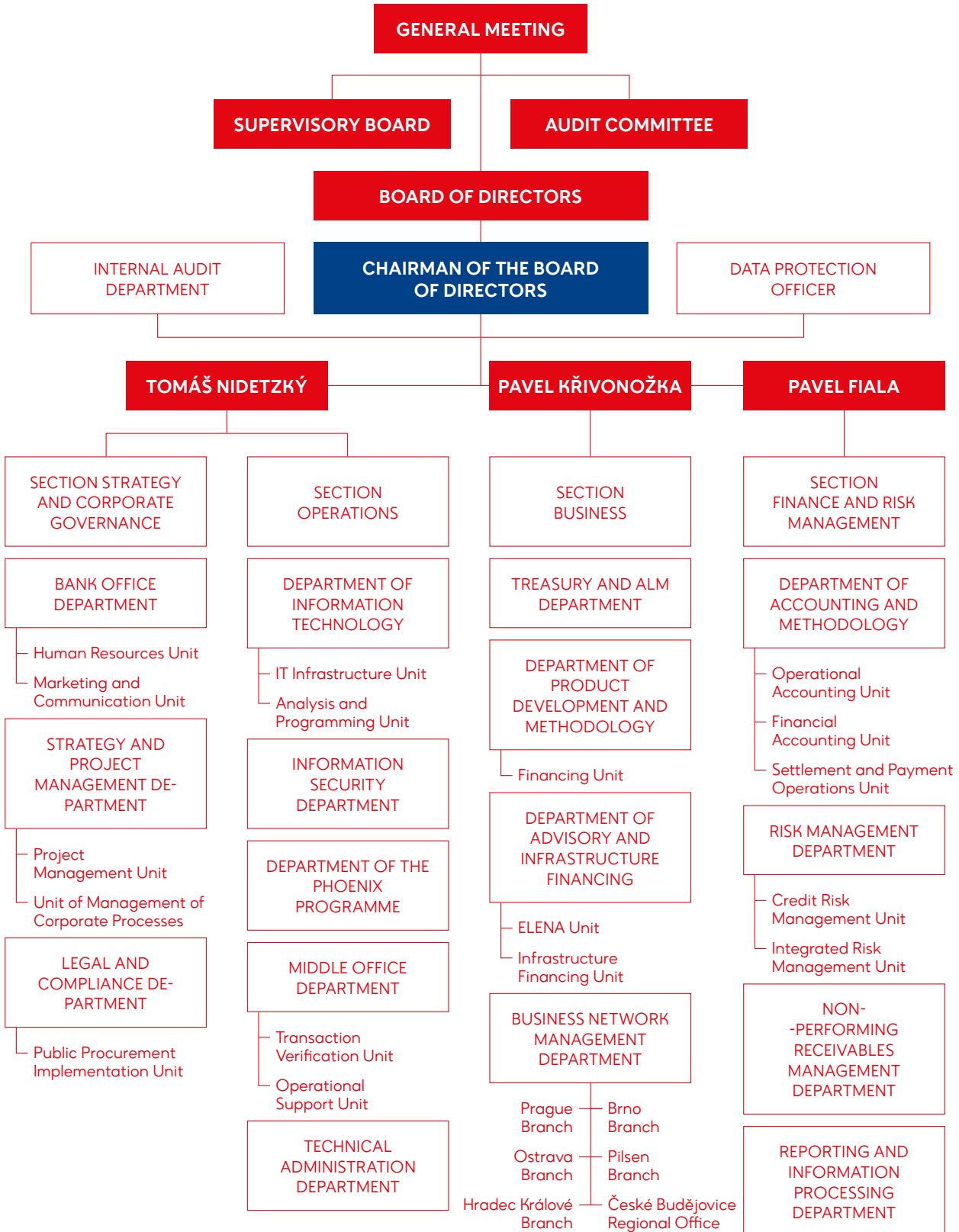
After a three-year career in the capital market, he has been working at Českomoravská záruční a rozvojová banka, a.s. (since September 2021 Národní rozvojová banka, a.s., or, the National Development Bank) since 2003, first as a specialist in asset and liability management, and as of 2005 as Director of the Risk Management Department. In 2017, in addition to risk management, he also assumed responsibility for the management of non-performing receivables.

As of 1 April 2020, he is a member of the Board of Directors with responsibility for finance and risk management.





# ORGANISATIONAL CHART OF THE BANK









REPORT OF THE BOARD  
OF DIRECTORS ON  
THE BANK'S ACTIVITIES  
AND ASSETS FOR  
THE FISCAL YEAR 2023



# ECONOMIC PERFORMANCE

## BASIC ECONOMIC CHARACTERISTICS OF THE BANK IN 2019-2023

		UNIT	2019	2020	2021	2022	2023
<b>Balance sheet total</b>		<b>CZK million</b>	<b>23,983</b>	<b>30,027</b>	<b>32,719</b>	<b>31,952</b>	<b>34,508</b>
Of assets:	Receivables from banks	CZK million	1,133	3,205	6,200	3,308	2,606
	Securities accepted by the CNB for refinancing	CZK million	15,499	18,168	17,599	17,041	19,457
	Receivables from clients	CZK million	5,441	6,969	7,540	10,220	11,332
	Debt securities	CZK million	1,620	1,294	712	564	541
Of liabilities:	Equity	CZK million	4,929	4,876	4,416	4,417	5,664
	Debt	CZK million	19,054	25,151	28,303	27,535	28,844
	Of which: provisions	CZK million	3,583	3,311	3,323	3,788	3,732
	Credit risk funds	CZK million	2,626	6,870	7,554	8,076	8,191
Off-Balance Sheet:	Guarantees granted	CZK million	24,023	43,705	52,387	57,965	48,762
	Loan commitments provided	CZK million	1,230	1,066	3,568	2,333	1,326
<b>Revenues (sum of account class 7)</b>		<b>CZK million</b>	<b>2,725</b>	<b>2,476</b>	<b>3,851</b>	<b>3,846</b>	<b>4,260</b>
Of which:	Interest on securities and interbank operations	CZK million	546	335	336	1,042	1,233
	Interest on transactions with clients	CZK million	123	76	51	49	54
	Revenue from fees and commissions	CZK million	294	357	400	424	431
<b>Costs (sum of account class 6)</b>		<b>CZK million</b>	<b>2,687</b>	<b>2,452</b>	<b>3,827</b>	<b>3,551</b>	<b>3,334</b>
Of which:	Operational costs	CZK million	371	434	439	494	577
	Net generation of allowances and provisions for financial instruments	CZK million	207	227	271	217	-320
Profit after tax		CZK million	38	24	24	295	926
Capital ratio		%	21,16	21,99	20,12	24,82	31,15

In the area of new guarantee transactions, the Bank recorded an increase in business, especially under the GUARANTEE National Programme 2015-2023. As in previous years, guarantee transactions within the National Programme were financed from the Bank's own resources, from the EIF-COSME counter-guarantee funds and from the resources of the programme sponsor (the MIT). There was an increase in new loan business for EXPANSION and ENERGY SAVINGS loans. However, the total value of the guarantee and loan transaction portfolios dropped by 12.9% to a total value of CZK 61.4 billion, of which the guarantee transaction portfolio decreased by 15.9% to CZK 48.8 billion. The decline in the guarantee portfolio was due to the maturity of COVID II guarantee business. The loan portfolio grew by 10.9% to CZK 11.3 billion.

Net profit after tax was CZK 926 million. The amount of equity as at 31 December 2023 is CZK 5.66 billion, which is an increase of CZK 1.24 billion over 2022. The increase was driven by the level of profit for 2023 and the impact of the change in valuation differences on equity revalued securities (OCI). The capital ratio

reached 31.15% as at 31 December 2023, i.e. 6.33 percentage points more than at the end of the previous year.

The improvement in the capital ratio was due to a decrease in risk-weighted assets and an increase in the Bank's regulatory capital.

The most significant risk incurred by the Bank continued to be credit risk, to which 89.4% of the risk-linked capital was allocated. At the end of 2023, all expected credit risk losses were fully covered by generated provisions and allowances in the amount corresponding to the international accounting standard IFRS 9. The total balance sheet value of provisions and allowances for credit risks amounted to CZK 4.3 billion. Credit risks for some types of guarantee products were covered by credit risk funds provided by programme sponsors in the total amount of CZK 8.2 billion. In addition, at the end of the year, the Bank had reserve funds in equity of CZK 1.35 billion.

The balance sheet total increased by CZK 2.6 billion to CZK 34.5 billion at the end of 2023. Liabilities to clients increased by

CZK 1.2 billion, retained earnings by CZK 0.3 billion, profit for the current year by CZK 0.6 billion, other liabilities by CZK 0.2 billion and valuation differences on securities to OCI by CZK 0.3 billion.

On the asset side, there was an increase in the value of bonds by CZK 2.4 billion, in receivables from clients by CZK 1.1 billion, which was mostly influenced by the provision of loans under the EXPANSION programme, and in tangible fixed assets by CZK 0.2 billion. At the same time, cash on hand and deposits with central banks decreased by CZK 0.3 billion, loans to banks by CZK 0.7 billion and accrued expenses and income by CZK 0.1 billion.

The value of the balance sheet total does not include loan commitments provided and bank guarantees granted by the NRB

for loans to small and medium-sized enterprises and guarantees for loans provided by lending institutions under the COVID III and COVID INVEST programmes.

The value of issued guarantees totalled CZK 48.8 billion at the end of 2023. The Bank's financial investments of CZK 22.7 billion (65.7% of total assets) are largely made up of investments in debt securities (58% of total assets) and receivables from banks (7.6% of total assets).

Source coverage on the liabilities side was provided mainly by payables to clients – programme sponsors (71.4% of liabilities), equity (16.4% of liabilities), provisions (10.8% of liabilities), and other liabilities.

## DETERMINATION OF THE CAPITAL RATIO AND OTHER ADDITIONAL INDICATORS

INDICATOR	UNIT	2019	2020	2021	2022	2023
Tier 1 (T1) capital	CZK million	4,552	4,551	4,121	3,860	4,475
Common Equity Tier 1 (CET1) capital	CZK million	4,552	4,551	4,121	3,860	4,475
Instruments applicable to CET1 capital	CZK million	2,632	2,632	2,632	2,632	2,632
Paid-up CET1 instruments	CZK million	2,632	2,632	2,632	2,632	2,632
Bank's own acquired CET1 instruments	CZK million	0	0	0	0	0
Bank's own CET1 instruments acquired directly	CZK million	0	0	0	0	0
Retained earnings/unrecovered loss	CZK million	793	819	830	842	1,121
Retained earnings/unrecovered loss for the previous period	CZK million	793	819	830	842	1,121
Accumulated other comprehensive income (OCI)	CZK million	0	0	-420	-702	-365
Other reserve funds	CZK million	1,150	1,150	1,150	1,150	1,150
CET1 capital adjustments resulting from the use of prudent filters	CZK million	0	0	0	0	0
Value adjustments according to prudent valuation requirements	CZK million	0	0	0	0	0
Value adjustments according to prudent valuation requirements	CZK million	-21	-48	-69	-62	-63
Other intangible assets – gross value	CZK million	-21	-48	-69	-62	-63
Other temporary adjustments to CET1 capital	CZK million	0	0	0	0	0
Over-limit major investments in entities from the financial sector	CZK million	-2	-2	-2	0	0
Tier 2 (T2) capital	CZK million	0	0	0	0	0
Capital	CZK million	4,552	4,551	4,121	3,860	4,475
Total risk exposures	CZK million	21,516	20,692	20,477	15,551	14,365
Total risk-weighted exposures for credit risk at STA	CZK million	20,193	19,392	19,153	14,210	12,816
Exposure to central governments and central banks	CZK million	407	561	266	0	0
Exposure to regional governments and local authorities	CZK million	141	124	32	40	37
Exposure to public sector entities	CZK million	3	2	2	31	31
Exposure to international development banks	CZK million	0	0	0	0	0
Exposure to international organisations	CZK million	0	0	0	0	0
Exposure to institutions	CZK million	158	142	173	136	123
Exposure to enterprises	CZK million	16,511	14,601	13,786	3,898	3,601

INDICATOR	UNIT	2019	2020	2021	2022	2023
Exposure to retail	CZK million	1,514	2,078	2,690	8,429	7,442
Exposures secured by real estate	CZK million	24	26	38	0	149
Exposure in default	CZK million	845	1,229	1,328	719	535
High-risk exposures	CZK million	373	432	344	224	196
Exposures in covered bonds	CZK million	0	0	0	0	0
Exposure to institutions and enterprises with short-term credit ratings	CZK million	13	2	0	0	0
Collective investment instruments	CZK million	0	0	0	0	0
Shares	CZK million	52	53	83	147	120
Other exposures	CZK million	152	141	411	586	582
Risk exposures for position risk, currency and commodity risk at STA	CZK million	2	9	24	6	3
Marketable debt instruments	CZK million	2	9	24	6	3
Currency trades	CZK million	0	0	0	0	0
Total risk exposures for operational risk	CZK million	1,301	1,276	1,241	1,285	1,520
Operational risk – BIA approach	CZK million	1,301	1,276	1,241	1,285	1,520
Total risk exposures for valuation adjustments for credit risk	CZK million	20	15	59	50	26
Standardised method	CZK million	20	15	59	50	26
<b>Indicator</b>	<b>Unit</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Capital ratio for Common Equity Tier 1 capital	%	21,16	21,99	20,12	24,82	31,15
Capital ratio for Tier 1 capital	%	21,16	21,99	20,12	24,82	31,15
Capital ratio for total capital	%	21,16	21,99	20,12	24,82	31,15
<b>Indicator</b>	<b>Unit</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Return on average assets (ROAA) <sup>1)</sup>	%	0,15	0,08	0,06	0,81	2,37
Return on average equity (ROAE) 1	%	0,84	0,52	0,55	7,31	22,43
Assets per employee <sup>1)</sup>	CZK million	111,6	126,3	133,3	127,3	133,2
Administrative costs per employee <sup>1)</sup>	CZK million	1,50	1,60	1,62	1,65	1,83
Net profit per employee <sup>1)</sup>	CZK million	0,20	0,10	0,10	1,18	3,58

<sup>1)</sup> The calculation was performed in accordance with Decree No. 163/2014 Coll., on the performance of activities of banks, credit unions and investment firms.

## RECONCILIATION OF REGULATORY AND ACCOUNTING CAPITAL

The tables below summarise the composition of regulatory and accounting capital and individual indicators as at 31 December 2023 and 31 December 2022, thus providing a complete reconciliation of the individual items of regulatory capital to the institution's capital and Balance Sheet.

<b>AS AT 31 DECEMBER 2023</b>	<b>REGULATORY CAPITAL CZK MILLION</b>	<b>EQUITY CZK MILLION</b>
Paid-up registered capital entered in the Commercial Register	2 632	2 632
(-) Capital investments in the Bank's own instruments	-	-
Retained earnings from previous periods	1,121	1,121
Current year profit	-	926
Accumulated other comprehensive income	-365	-365
Other reserve funds	1 150	1 350
(-) Additional value adjustments (AVA) according to the requirements for prudent valuation	-	-
(-) Intangible assets other than goodwill	-63	-
(-) Over-limit major investments in entities from the financial sector	-	-
<b>Total capital eligible for Tier 1 classification</b>	<b>4 475</b>	
<b>Total equity</b>		<b>5,664</b>
Total amount of Tier 2 capital	0	
<b>Capital relevant for the calculation of large exposure limits, qualifying holding limits and capital ratios</b>	<b>4,475</b>	
<b>AS AT 31 DECEMBER 2022</b>	<b>REGULATORY CAPITAL CZK MILLION</b>	<b>EQUITY CZK MILLION</b>
Paid-up registered capital entered in the Commercial Register	2 632	2 632
(-) Capital investments in the Bank's own instruments	-	-
Retained earnings from previous periods	842	842
Current year profit	-	295
Accumulated other comprehensive income (OCI)	-702	-702
Other reserve funds	1 150	1 350
(-) Additional value adjustments (AVA) according to the requirements for prudent valuation	-	-
(-) Intangible assets other than goodwill	-62	-
(-) Over-limit major investments in entities from the financial sector	-	-
<b>Total capital eligible for Tier 1 classification</b>	<b>3,860</b>	
<b>Total equity</b>		<b>4,417</b>
Total amount of Tier 2 capital	0	
<b>Capital relevant for the calculation of large exposure limits, qualifying holding limits and capital ratios</b>	<b>3,860</b>	

# BUSINESS ACTIVITIES OF THE NRB IN 2023

## 1. PRODUCT OVERVIEW

In 2023, the Bank provided the following products:

### A) GUARANTEES

#### GUARANTEE 2015–2023 PROGRAMME

- A portfolio guarantee for a bank loan of up to 70% of the loan principal for small and medium-sized enterprises provided for loans up to CZK 4 million,
- A SMART portfolio guarantee for a bank loan for digitalisation up to 80% of the loan principal granted to SMEs for loans up to CZK 4 million,
- An individual guarantee for a bank loan of up to 80% of the loan principal provided to social enterprises (small and medium-sized enterprises), with a maximum guarantee amount of CZK 20 million, including a financial contribution in the amount of 10% of the guaranteed loan drawn on eligible expenses, in the maximum amount of CZK 500,000,
- An individual guarantee for a bank loan for the transfer of family enterprises up to 80% of the loan principal granted to SMEs up to a maximum of CZK 30 million.

#### EXPANSION-GUARANTEES PROGRAMME

- The ENERGY portfolio guarantee with a financial contribution - interest rate subsidy for bank loans from CZK 1 million to CZK 10 million, covering up to 80% of the loan principal. At the same time, the beneficiary can draw a financial contribution of up to CZK 800,000 to cover interest,
- A portfolio guarantee for a commercial loan of up to 70% of the loan principal for small and medium-sized enterprises provided for loans of CZK 4-40 million,
- A portfolio guarantee for special supported activities for a commercial loan of up to 80% of the loan principal for small and medium-sized enterprises provided for loans of CZK 1-60 million (special supported activities are: efficient use of water in industry, high-speed Internet access networks, calamity wood processing, business centres development, material and energy utilisation of waste, project implementation in a favoured region, family businesses).

#### INOSTART PROGRAMME

- A guarantee for a bank loan for small and medium-sized start-up enterprises implementing innovative projects in the Czech Republic for loans from CZK 500,000 to CZK 15 million, up to 70% of the loan principal.

#### VADIUM 2018–2023 PROGRAMME

- A guarantee for tender bids for small and medium-sized enterprises when entering tenders where security must be deposited in the form of a bank guarantee, in the amount from CZK 50,000 to CZK 5 million.

#### COVID TRAVEL GUARANTEE PROGRAMME

- Support in the form of bank guarantees granted by the NRB in favour of an eligible insurance company, which replace part of the travel agency's co-participation on compulsory insolvency protection insurance, up to 75% of the required co-participation, up to a maximum of CZK 1.5 million.

### B) LOANS

#### EXPANSION-LOANS PROGRAMME

- Interest-free investment loans for small and medium-sized enterprises throughout the Czech Republic (except the Capital City of Prague) in the amount of up to CZK 60 million, with a financial contribution to pay commercial institution loan interest (compulsory co-financing) of up to CZK 4 million. The programme was funded from EU funds under the Operational Programme Enterprise and Innovations for Competitiveness and was terminated on 31 December 2023.

#### OP EIC ENERGY SAVINGS PROGRAMME

- Preferential interest-free loans for enterprises, regardless of size, throughout the Czech Republic (with the exception of the Capital City of Prague), the aim of which is to save energy, up to CZK 60 million, with a maturity of up to 10 years, a financial contribution for the acquisition of energy assessment in the amount of up to CZK 250,000, and in the event of savings also a financial contribution - interest rate subsidy for a commercial loan in the amount of up to CZK 4 million. The programme is funded by the ESI Funds under the Operational Programme Enterprise and Innovations for Competitiveness.

## OP TAC ENERGY SAVINGS PROGRAMME

➤ The programme is designed for companies considering energy saving projects. Preferential loans under the New Energy Savings programme help businesses of all sizes to finance projects that aim to save energy. Projects can be implemented anywhere in the Czech Republic, except the Capital City of Prague. The programme was launched in the spring of 2023.

## ENERG PROGRAMME

➤ Preferential interest-free loans for small and medium-sized enterprises and their projects in the Capital City of Prague, focused on energy savings in their business activities in the amount of up to CZK 60 million, with a maturity of up to 10 years, a financial contribution for energy assessment of up to CZK 100,000 and a financial contribution of 7% of the drawn amount of the preferential loan when achieving energy savings.

## PREFERENTIAL REGIONAL LOANS FOR SMALL ENTERPRISES IN THE SOUTH BOHEMIAN REGION PROGRAMME

➤ Loans for small enterprises up to CZK 1 million, with a fixed interest rate of 3% p.a. and a repayment period of up to 6 years.

## INFRASTRUCTURE PROGRAMMES

➤ Long-term loans to finance infrastructure development. Previously, we financed relatively small projects such as construction or reconstruction of wastewater treatment plants, construction and repair of local roads, cycle paths and sidewalks, new street lighting, etc. In 2022 and 2023, we expanded our activities in this area to include large infrastructure projects. We will continue this activity, in particular with the involvement of EIB and CEB financial resources and the possibility of obtaining a subsidy for public sector entities under the Public Sector Loan Facility from the European Commission.

## REGIONAL DEVELOPMENT FUND

➤ Long-term loans for municipalities and associations of municipalities (with the exception of the City of Prague and statutory cities) to co-finance projects in order to improve local infrastructure for non-business purposes, up to CZK 30 million, with a preferential fixed or floating interest rate determined individually according to current market conditions and a maturity of up to 10 years.

## TRANSFORMATION PROGRAMME

➤ Interest-free investment loans under the TRANSFORMATION programme are intended to support the investment activities of small and medium-sized enterprises. Enterprises in the coal regions, i.e., in the Moravian-Silesian, Ústí and Karlovy Vary Regions, can benefit from the funds. The programme was launched in the spring of 2023 in cooperation with the Ministry of the Environment. These loans range from CZK 500,000 to 100 million, with a maturity of up to 10 years.

## S-ENTERPRISE PROGRAMME

➤ Interest-free loans of up to CZK 25 million with a maturity of up to 12 years, to finance investment projects of social enterprises. Projects could be implemented anywhere in the Czech Republic, including Prague. The programme was financed from EU funds within the Operational Programme Employment, which was ended on 31 December 2023.

## C) CONSULTING

### ELENA PROGRAMME

➤ This is consultancy for enterprises that plan to invest in an energy-saving project that is connected either with the building envelope (insulation, replacement of windows/doors, shading, etc.) or with its use (heating, hot water, ventilation, cooling, lighting, etc.). The consultancy service will provide an energy assessment and is linked to the provision of loans under the ENERGY SAVINGS and ENERG programmes. The consultancy under the ELENA programme is also aimed at cities, regions and other public entities that implement energy savings using the EPC method.

### S-ENTERPRISE PROGRAMME

➤ Included free advice for beneficiaries of the preferential loan (social enterprises) in the areas of management, organisation and production, marketing and public relations and financial management of the social enterprise.

## 2. BUSINESS SUPPORT

### OVERALL RESULTS

The Bank implemented support to small and medium-sized enterprises (hereinafter “SME support”), mainly on the basis of agreements concluded with the Ministry of Industry and Trade.

The most important guarantee programme supporting small and medium-sized enterprises was the GUARANTEE 2015-2023 programme in 2023, which was launched in February 2015.

The majority of the programme consisted of guarantees for working capital loans. The results of the implementation of that programme confirmed the growing interest in the use of guarantees in 2023. In addition to national resources, the GUARANTEE 2015-2023 programme is also financed by the European Investment Fund under the COSME programme.

A guarantee programme supporting small and medium-sized enterprises was also partly the EXPANSION-GUARANTEES programme in 2023, which was launched in February 2019; the acceptance of applications was closed at the end of 2022 due to limited resources. On the basis of applications received at the end of 2022, guarantees were granted mainly at the beginning of 2023. The EXPANSION-GUARANTEES programme ran under the Operational Programme Enterprise and Innovations for Competitiveness (OP EIC).



As part of the INOSTART programme, the provision of loan guarantees for start-up enterprises for innovation-oriented projects continued in 2023. Loans supported by the NRB guarantee are provided by Česká spořitelna, a.s.

Another guarantee programme was the extended COVID TRAVEL GUARANTEE programme, which supports the liquidity of travel agencies.

A loan programme supporting small and medium-sized enterprises in 2023 was the EXPANSION-LOANS programme, which was launched in June 2017. The programme was implemented within the framework of the Operational Programme Enterprise and Innovations for Competitiveness (OP EIC). The conditions of the programme were amended several times during the operation of the programme, which had an impact on the growing interest of small and medium-sized enterprises in loans under the EXPANSION-LOANS programme. The programme has already been phased out in 2023 due to its end on 31 December 2023 and limited resources.

In 2023, loan programmes focused on energy savings were the ENERGO programme and the ENERGY SAVINGS programme under the OP EIC and the OP TAC. The goal of both of them is to reduce energy consumption. These energy saving pro-

grammes were eligible for consultancy under the ELENA programme.

On the basis of an agreement with the Regional Authority of the South Bohemian Region, preferential loans were also provided to small and micro enterprises (including start-ups) to finance projects implemented in that region.

Also in 2023, we provided interest-free loans under the S-ENTERPRISE programme to help social enterprises implement their development plans. The loan could be supplemented with free consultancy, which was part of the programme.

Based on an agreement with the Ministry of the Environment, the provision of preferential loans under the TRANSFORMATION programme was launched in 2023. The programme facilitates SMEs to finance their business projects in coal regions.

In line with the new strategy, the Bank also focused more on financing infrastructure development and providing consultancy services to the public sector in 2023.

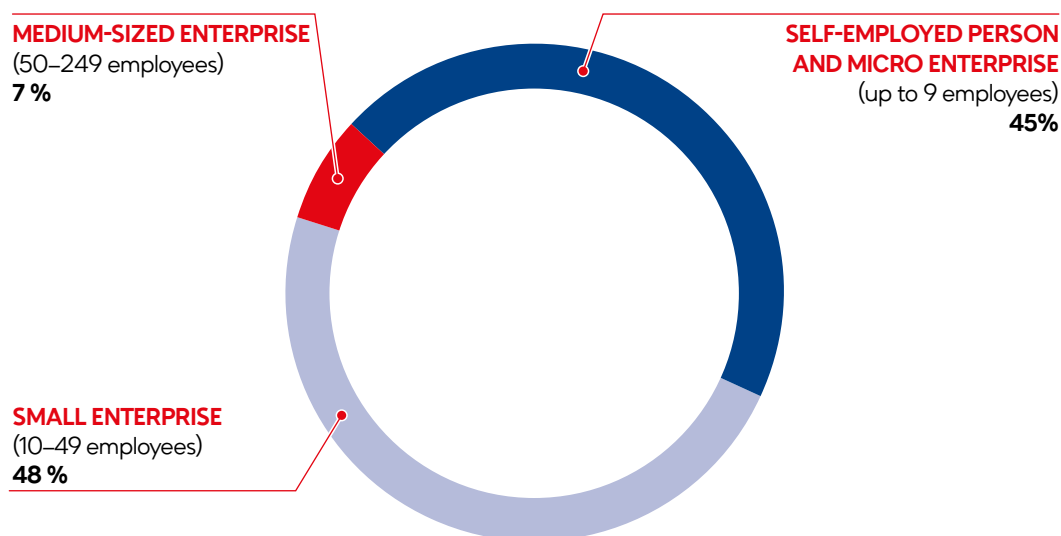
In general, in terms of product support, the NRB continued to provide products focused on energy savings and environmental protection in the context of climate targets in 2023. In 2024, we will continue this strategy in the framework of the new programmes under preparation.

## SUMMARY RESULTS FOR THE NRB PROGRAMMES

**TABLE 1 TOTAL PROJECTS SUPPORTED (EXCLUDING THE VADIUM PROGRAMME GUARANTEES AND TRAVEL GUARANTEES)**

	GUARANTEES			LOANS	
	Number	Amount of guarantees in CZK million	Amount of guaranteed loans in CZK million	Number	Amount of loans in CZK million
<b>TOTAL PROGRAMMES</b>	3,493	8,343	11,885	304	1,346

**CHART 1 SUPPORTED PROJECTS BROKEN DOWN BY BUSINESS ENTITIES (EXCLUDING INFRASTRUCTURE PROGRAMMES)**



## GUARANTEES

On the basis of guarantee agreements concluded in 2023, the Bank provided 3,493 guarantees in the total amount of CZK 8,343 million. The guarantees supported loans in the amount of CZK 11,885 million (see Table 2).

**TABLE 2 GUARANTEES PROVIDED AND GUARANTEED LOANS\*  
(EXCLUDING THE VADIUM PROGRAMME GUARANTEES AND TRAVEL GUARANTEES)**

INDICATOR		2019	2020	2021	2022	2023
Guarantees provided	Number	5,627	3,497	2,828	3,290	3,493
Amount of guarantees provided	CZK million	13,838	9,483	9,602	14,005	8,343
Amount of guaranteed loans	CZK million	20,814	14,254	13,784	19,562	11,885
Average guarantee amount		64%	66%	70%	72%	70%

\* COVID GUARANTEES are not included in the table

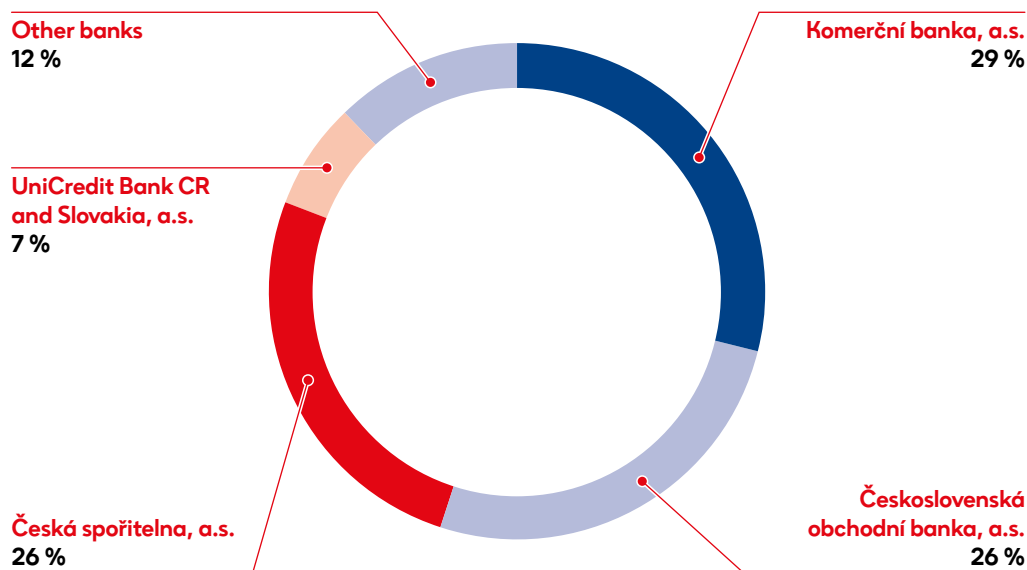
The guarantees were mostly used to support projects located in the Moravian-Silesian and South Moravian Regions (see Table 3).

**TABLE 3 DEVELOPMENT OF THE REGIONAL STRUCTURE OF THE AMOUNT OF GUARANTEES PROVIDED (IN % OF THE CONTRACTUAL VALUE OF GUARANTEES ISSUED)**

REGION	2019	2020	2021	2022	2023
City of Prague	13.0%	11.3%	8.8%	6.1%	12.9%
Central Bohemian Region	9.0%	8.1%	8.8%	9.3%	9.5%
South Bohemian Region	6.7%	4.7%	5.7%	6.7%	5.7%
Plzeň Region	3.5%	5.3%	4.3%	2.9%	5.9%
Karlovy Vary Region	1.2%	2.2%	1.4%	0.9%	1.3%
Ústí nad Labem Region	3.6%	5.7%	6.1%	5.9%	4.8%
Liberec Region	3.1%	3.2%	3.3%	2.1%	2.9%
Hradec Králové Region	4.7%	5.7%	4.3%	4.7%	4.8%
Pardubice Region	4.3%	5.7%	5.0%	6.3%	5.7%
Vysočina Region	2.6%	3.5%	3.5%	2.7%	2.8%
South Moravian Region	13.3%	12.7%	17.7%	18.0%	15.0%
Olomouc Region	8.5%	8.4%	7.8%	8.7%	6.5%
Zlín Region	7.5%	6.7%	6.3%	7.6%	6.4%
Moravian-Silesian Region	19.0%	16.8%	17.0%	18.2%	15.7%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

A decisive part of the guarantee transactions in 2023 was carried out with Komerční banka, a.s., Československá obchodní banka, a.s. and Česká spořitelna, a.s.

CHART 2 STRUCTURE OF GUARANTEE TRANSACTIONS IN 2023 BY LENDING BANKS



The largest volume of guarantees was provided for projects in business activities, followed by industrial production (see Table 4).

**TABLE 4** SECTORAL STRUCTURE OF GUARANTEES PROVIDED  
(IN % OF THE CONTRACTUAL VALUE OF GUARANTEES GRANTED IN 2023)

Commerce	42.6%
Industrial production	25.7%
Construction production	19.2%
Accommodation and catering	2.5%
Transport	3.4%
Other industrial production	1.1%
Healthcare	0.8%
Services	0.7%
Other business	4.0%
<b>TOTAL</b>	<b>100.0%</b>

Furthermore, during 2023, the Bank provided 50 bid guarantees for SMEs entering into tender/selection procedures in the total amount of CZK 27.4 million under the VADIUM 2018-2023 programme and 106 guarantees for travel agencies in a total amount of CZK 89.8 million.

## LOANS

In 2023, the Bank provided a total of 304 loans in the total amount of CZK 1,346 million.

**TABLE 5** TOTAL PREFERENTIAL LOANS PROVIDED

INDICATOR		2019	2020	2021	2022	2023
Loans provided	Number	463	314	531	597	304
Amount of loans provided	CZK million	2,407	1,699	3,979	3,816	1,346
Average amount of loan	CZK million	5.2	5.4	7.5	6.3	4.4

**OF WHICH INFRASTRUCTURE LOANS GRANTED IN 2023**

LOANS GRANTED TO INFRASTRUCTURE	2023
Quantity	7
Amount in CZK million	119.7

**MOST LOANS TO ENTERPRISES WERE GRANTED:**

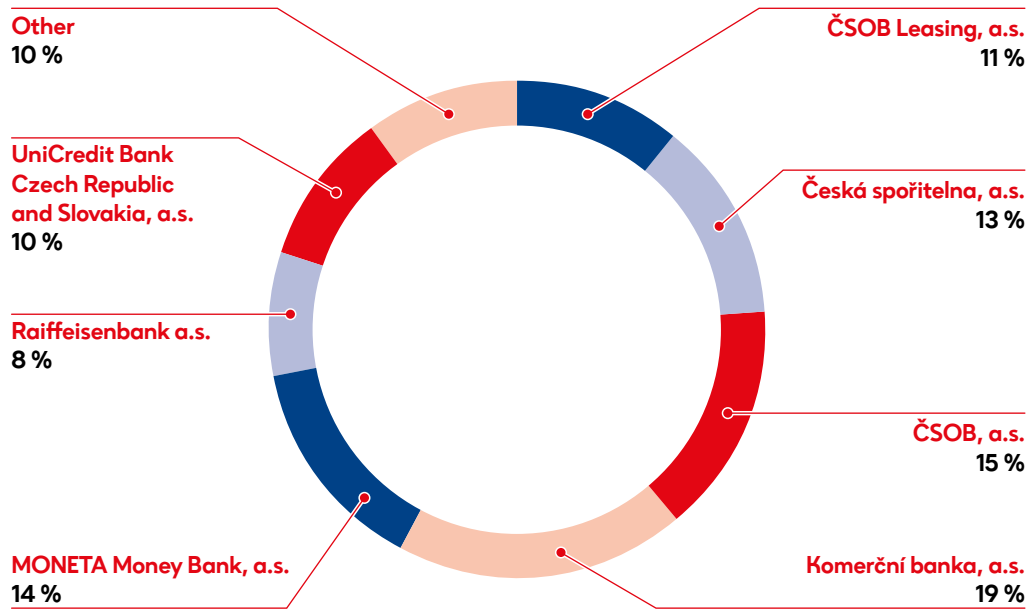
- 120 loans were concluded in the ENERGY SAVINGS (OP EIC and OP TAC) programmes in the total amount of CZK 462.1 million.
- In the EXPANSION programme, 91 loans in the total amount of CZK 423.0 million were concluded.
- In the TRANSFORMATION programme, 51 loans in the total amount of CZK 259.7 million were concluded.

LOANS GRANTED TO ENTERPRISES	2023
Quantity	297
Amount in CZK million	1,226.5

In other loan programmes (ENERG, SOUTHERN BOHEMIAN, S-ENTERPRISE), a total of 35 loans were provided with a total loan volume of CZK 81.7 million.

**TABLE 6 REGIONAL STRUCTURE OF BUSINESS LOANS PROVIDED IN 2023 (IN %)**

	AMOUNT OF LOAN
City of Prague	1.8%
South Bohemian Region	6.8%
South Moravian Region	10.5%
Karlovy Vary Region	6.4%
Hradec Králové Region	8.5%
Liberec Region	3.4%
Moravian-Silesian Region	22.6%
Olomouc Region	1.8%
Pardubice Region	10.1%
Plzeň Region	4.6%
Central Bohemian Region	6.1%
Ústí nad Labem Region	5.2%
Vysočina Region	6.8%
Zlín Region	5.2%
<b>SUM TOTAL</b>	<b>100.0%</b>

**CHART 3 STRUCTURE OF CO-FINANCING IN 2023 IN THE EXPANSION-LOANS PROGRAMME BY LENDING COMPANIES**

Among banks, Komerční banka, a.s. contributed the most to co-financing, and among leasing companies, ČSOB Leasing, a.s. contributed the most to co-financing.

**TABLE 7 SECTORAL STRUCTURE OF BUSINESS LOANS PROVIDED IN 2023 (IN % OF THE CONTRACTUAL VALUE OF AGREED LOANS)**

Industrial production	38.8%
Commerce	12.6%
Transport	2.9%
Construction production	16.7%
Accommodation and catering	4.0%
Other industrial production	4.0%
Services	0.9%
Healthcare	3.6%
Other business	16.5%
<b>TOTAL</b>	<b>100.0%</b>

### 3. SUPPORT FOR REPAIRS OF APARTMENT BUILDINGS

In 2023, the Bank administered a total of 3,574 active contracts on the provision of grants to cover loan interest (from the original number of 10,122 concluded contracts), on the basis of which it paid out more than CZK 238 million. In total, CZK 12,858 million was paid out to beneficiaries of grants in the period from the start of the programme of support of apartment house repairs until the end of 2023, which represents 94.1% of the total volume of concluded contracts on providing grants to cover loan interest (CZK 13,664 million).

In 2023, the Bank also managed a portfolio of guarantees for bank loans, which enabled the owners or co-owners of apartment buildings to obtain loans for their repairs. At the end of 2023, the portfolio consisted of a total of 662 guarantees for

a bank loan (of which 65 are portfolio guarantees) and the amount of the outstanding principal of guaranteed loans was CZK 999.3 million.

### 4. FINANCING OF MUNICIPAL INFRASTRUCTURE

Loans from the Regional Development Fund and the MUNICIPALITY 2 programme are intended for projects focused on transport and technical infrastructure, the construction of real estate for business, the environment and energy, social and health infrastructure and sports, and cultural and educational facilities and are provided only as a supplementary service to the overall portfolio of services. In 2023, the Bank supported seven public infrastructure projects. The volume of support amounted to CZK 119.7 million.

## 5. TRADING ON FINANCIAL MARKETS

In 2023, the Bank was active on financial markets for the purpose of liquidity management, bond portfolio management, interest rate and currency risk management, and the refinancing of loan programmes to support small and medium-sized enterprises and municipalities. The Bank was actively using standard money market instruments. In the area of portfolio management of bonds and money market instruments, the Bank continued to maintain a conservative investment strategy and focused on purchases of government bonds and government treasury bills. The Bank was active on the Start market of the Prague Stock Exchange and became one of the major investors on the Czech stock market in its Start segment.

## 6. OTHER LENDING ACTIVITIES

As the financial manager of infrastructure programmes, the Bank secured their financing in 2023 in the total amount of CZK 52 million. These were funds from the State Fund for Transport Infrastructure and were intended for financing the construction of the Lovosice-Ústí nad Labem section of the D8 motorway.

## 7. CENTRAL EUROPE FUND OF FUNDS

In 2018, the fundraising of the Central Europe Fund of Funds (CEFoF) was concluded; the total amount of investors' commitments is EUR 87 million. The NRB, which is intermediating the State's investment of EUR 8.2 million, is also a participant in the Fund. Other investors include the European Investment Fund, the Hungarian development bank MFB, the Austrian AWS, the Slovenian SEF, the Slovak SIH and SZRB.

As of 30 September 2023, 50.3% of investors' commitments to the CEFoF had been repaid. The liabilities of the CEFoF to nine selected funds (three of them with Czech management teams) amounted to EUR 81.03 million (of which EUR 17.34 million were funds managed by Czech teams). A total of 58 enterprises have already been supported by the CEFoF (17 of them in the Czech Republic).

## 8. PROVISION OF INFORMATION PURSUANT TO ACT NO. 106/1999 COLL., ON FREE ACCESS TO INFORMATION, FOR 2023 – SECTION 18 OF ACT NO. 106/1999 COLL.

➤ Number of requests for information submitted and the number of decisions to reject the request: In 2023, four requests for information were submitted pursuant to Act No. 106/1999 Coll. and one decision was issued on the rejection of the request.

➤ Number of appeals lodged against the decision: In 2023, one appeal was filed.

➤ A copy of the essential parts of each judgment of the court reviewing the legality of the obliged entity's decision to reject a request for information and an overview of all expenses incurred by the obliged entity in connection with legal proceedings on rights and obligations under the Act, including costs for its own staff and legal representation costs: In 2023, no court judgment was issued regarding the review of the legality of the decision of the obliged entity on the rejection of a request for information, nor were any court proceedings conducted with the obliged entity on rights and obligations pursuant to Act No. 106/1999 Coll.

➤ List of exclusive licences granted, including a justification for the need to grant an exclusive licence: In 2023, no exclusive licences were granted.

➤ Number of complaints filed pursuant to Section 16a, the reasons for their filing and a brief description of the manner of their settlement: In 2023, no complaints were filed pursuant to Section 16a of Act No. 106/1999 Coll.

➤ Further information related to the application of this Act: No information.

# REPORT OF THE SUPERVISORY BOARD OF THE NATIONAL DEVELOPMENT BANK FOR 2023

During 2023, the Supervisory Board performed the objectives assigned to it by law and the Articles of Association of the National Development Bank (hereinafter referred to as the “Bank”). As the Company’s supervisory body, it supervised the performance of the Bank’s Board of Directors and the implementation of business activities, the Bank’s management and the implementation of its strategy. The Supervisory Board was regularly informed by the Bank’s Board of Directors about the Bank’s activities, its financial situation and other significant matters.

After reviewing the Financial Statements as at 31 December 2023 and on the basis of the statement of an external auditor, the Supervisory Board states that the accounting records were kept in a demonstrable manner and in accordance with generally binding regulations governing bank accounting and in accordance with the Bank’s Articles of Association. The accounting records show the financial position of the Bank from all important points of view and the Financial Statements prepared on the basis of these accounting records give a true and fair view of the accounting and financial situation of the Bank.

The Financial Statements were audited by KPMG Česká republika Audit, s.r.o., which confirmed that the Financial State-

ments gave a true and fair view of the financial position of the National Development Bank as at 31 December 2023 and its operations for 2023 in accordance with Czech accounting regulations.

The Supervisory Board took note of the auditor’s statement.

The Supervisory Board discussed the Financial Statements and the proposal for profit distribution for the fiscal year 2023. On the basis of the above and in accordance with the valid Articles of Association of the National Development Bank, the Supervisory Board, following the recommendation of the Audit Committee, proposed that the sole shareholder acting in the competence of the General Meeting of the National Development Bank approve the Annual Financial Statements and the proposal for profit distribution for 2023 as proposed by the Bank’s Board of Directors.

The Supervisory Board also discussed the Bank’s Annual Report for 2023, including the Report of the Board of Directors on the Bank’s activities and assets for the fiscal year 2023 and the Report of the Board of Directors of the Bank on relations between affiliated entities for the year 2023, recommending that the sole shareholder, in the exercise of its powers at the Bank’s General Meeting, approve the report.

In Prague on 23 April 2024

On behalf of the Supervisory Board of the National Development Bank:



**Marek Mora**  
Chairman of the Supervisory Board



# REPORT OF THE AUDIT COMMITTEE OF THE NATIONAL DEVELOPMENT BANK FOR 2023

In 2023, the Audit Committee of the National Development Bank fulfilled its duties and performed the objectives assigned to it pursuant to Act No. 93/2009 Coll. on auditors, pursuant to Decree of the Czech National Bank No. 163/2014 Coll. on the performance of the activities of banks, credit unions and investment firms, and in accordance with the Articles of Association of the National Development Bank (hereinafter referred to as the “NRB”).

Within the scope of its competence, the Audit Committee dealt with the monitoring of the procedure for compiling the Financial Statements of the NRB and the process of their mandatory verification by the auditor - KPMG Česká republika Audit, s.r.o. It also dealt with the plan and strategy of the external audit. It assessed the independence of the audit firm KPMG Česká republika Audit, s.r.o. and the nature of the additional non-audit services provided by the external auditor, stating that on the basis of the documents that were submitted, the external auditor can be considered independent. The Audit Committee also discussed and took note of the report of the external auditor MiFID 2022. The cooperation with the external auditor was at a very good level in the past year.

In accordance with the Act on Auditors, the Audit Committee discussed and approved the provision of the presented non-audit services by KPMG Česká republika, s.r.o.

The Audit Committee was briefed on the progress of the procurement of audit services for the next period. It discussed and acknowledged the tender documents, terms and conditions and the outcome of the Audit Services 2023-2024 tender. The Audit Committee recommended KPMG Česká republika Audit, s.r.o. to the Bank's Supervisory Board as the external auditor for the period 2023 to 2024.

The object of the regular meetings of the Audit Committee was the evaluation of the effectiveness of the NRB management and control system and the activities of the Internal Audit Department, including its activity plans and individual audits performed. The Audit Committee stated that the systems set up in the NRB were functional and effective and that the measures taken as regards audit findings were being fulfilled.

In 2023, the Audit Committee considered and noted the IT - Review of Security Arrangements Audit Report as per RTS-SCA (PSD 2) and ICT - Information Security Review of Selected ICT Areas Audit Report. It discussed and took note of the information on ensuring the integrity of the accounting and financial reporting system and information on the status and progress of the Phoenix - Technological Change Project.

As part of the performance of the function of the Risk Committee, the Audit Committee assessed and took note of regular information on the risk management system and risk business cases; risk analysis; a report on the valuation of assets, liabilities and off-balance sheet items when they are reflected in the offer to clients, including taking into account the business model and risk strategies; the NRB's Recovery Plan; and contribution to the Crisis Resolution Fund for 2024. The Audit Committee also considered an evaluation of the internal capital and liquidity framework for 2022.

The Audit Committee considered and submitted the Report on the Activities of the Audit Committee for 2022/2023 (period under review from 27 April 2022 to 25 April 2023) to the Public Audit Oversight Board.

The Chairman of the Audit Committee regularly informed the Supervisory Board about the results of the meetings of the Audit Committee.

In Prague on 18 March 2024

On behalf of the Audit Committee of the National Development Bank:



**Pavel Závitkovský**  
Chairman of the Audit Committee

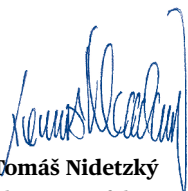
# DECLARATION

The National Development Bank declares that all the information and data provided in this Annual Report is true and complete. It further confirms that this document contains all the facts that may be important for investors' decisions.

The National Development Bank further declares that, up until the date of preparation of the Annual Report, there were no negative changes in the financial situation or other changes that could affect the accurate and correct assessment of the financial situation of the National Development Bank.

In Prague on 23 April 2024

On behalf of the Board of Directors signed by:




**Tomáš Nidetzký**

Chairman of the Board of Directors

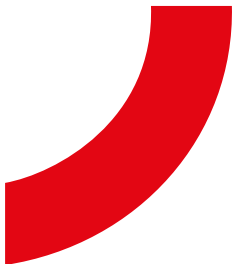


**Pavel Marek**

Member of the Board of Directors



UNCONSOLIDATED  
FINANCIAL STATEMENTS  
IN ACCORDANCE WITH  
CZECH ACCOUNTING  
REGULATIONS AS AT  
31 DECEMBER 2023



## BALANCE SHEET AS AT 31 DECEMBER 2023

CZK MILLION	NOTE	31 DECEMBER 2023	31 DECEMBER 2022
<b>1 Cash on hand and deposits with central banks</b>	<b>3</b>	<b>3</b>	<b>280</b>
<b>2 Government zero-coupon bonds and other securities accepted by the central bank for refinancing</b>	<b>4</b>	<b>19,457</b>	<b>17,041</b>
Including: a) Issued by government institutions		19,457	17,041
<b>3 Receivables from banks</b>	<b>5</b>	<b>2 606</b>	<b>3,308</b>
Including: a) Payable on demand		1	3
b) Other receivables		2,605	3,305
<b>4 Receivables from clients</b>	<b>6</b>	<b>11,332</b>	<b>10,220</b>
b) Other receivables		11,332	10,220
<b>5 Debt securities</b>	<b>7</b>	<b>541</b>	<b>564</b>
Including: b) Issued by other persons		541	564
<b>6 Shares, share certificates and other interests</b>	<b>8</b>	<b>76</b>	<b>73</b>
<b>7 Participating interests with significant influence</b>	<b>8</b>	<b>1</b>	<b>1</b>
<b>8 Participating interests with decisive influence</b>	<b>8</b>	<b>14</b>	<b>16</b>
<b>9 Intangible fixed assets</b>	<b>9</b>	<b>63</b>	<b>62</b>
<b>10 Tangible fixed assets</b>	<b>9</b>	<b>253</b>	<b>98</b>
Of which: Land and buildings for operating activities		253	98
<b>11 Other assets</b>	<b>10</b>	<b>144</b>	<b>208</b>
<b>13 Deferred costs and accrued income</b>	<b>10</b>	<b>18</b>	<b>81</b>
<b>TOTAL ASSETS</b>		<b>34,508</b>	<b>31,952</b>

## BALANCE SHEET AS AT 31 DECEMBER 2023 (CONTINUED)

CZK MILLION	NOTE	31 DECEMBER 2023	31 DECEMBER 2022
<b>1 Payables to banks – other term liabilities</b>	<b>12</b>	<b>155</b>	<b>161</b>
<b>2 Payables to clients</b>	<b>13</b>	<b>24,648</b>	<b>23,433</b>
Including: a) Payable on demand		58	215
b) Other payables		24,590	23,218
<b>4 Other liabilities</b>	<b>14</b>	<b>215</b>	<b>61</b>
<b>5 Accrued revenues and deferred expenses</b>	<b>14</b>	<b>94</b>	<b>92</b>
<b>6 Other provisions</b>	<b>11</b>	<b>3,732</b>	<b>3,788</b>
<b>Total debt</b>		<b>28,844</b>	<b>27,535</b>
<b>8 Share capital</b>	<b>15</b>	<b>2,632</b>	<b>2,632</b>
Of which: a) Paid-up share capital		2,632	2,632
<b>10 Reserve funds and other funds from profit</b>		<b>1,350</b>	<b>1,350</b>
Including: a) Mandatory reserve funds and hedge funds		1,150	1,150
c) Other funds from profit		200	200
<b>13 Valuation differences from assets and liabilities</b>	<b>15</b>	<b>-365</b>	<b>-702</b>
<b>14 Retained earnings from previous periods</b>		<b>1,121</b>	<b>842</b>
<b>15 Profit for the fiscal period</b>	<b>15</b>	<b>926</b>	<b>295</b>
<b>Total equity</b>		<b>5,664</b>	<b>4,417</b>
<b>TOTAL LIABILITIES</b>		<b>34,508</b>	<b>31,952</b>

## OFF-BALANCE SHEET ITEMS AS AT 31 DECEMBER 2023

CZK MILLION	NOTE	31 DECEMBER 2023	31 DECEMBER 2022	
<b>Off-balance sheet assets:</b>				
1	Commitments and guarantees provided	16	50,088	60,298
4	Receivables from fixed-term operations	24c	69	122
6	Written-off receivables		132	153
<b>Total off-balance sheet assets</b>			<b>50,289</b>	<b>60,573</b>
<b>Off-balance sheet liabilities:</b>				
9	Commitments and guarantees received	16	20,936	22,832
10	Pledges and collateral received	16	6,458	7,003
12	Liabilities from fixed-term operations	24c	70	128
14	Values taken into escrow, administration and storage	16	4,715	5,721
<b>Total off-balance sheet liabilities</b>			<b>32,179</b>	<b>35,684</b>


## PROFIT AND LOSS ACCOUNT FOR 2023

CZK MILLION	NOTE	2023	2022
<b>1 Interest income and similar revenues</b>	<b>17</b>	<b>1,287</b>	<b>1,090</b>
Of which: interest on debt securities		661	541
<b>2 Interest expenses and similar costs</b>	<b>17</b>	<b>-556</b>	<b>-452</b>
Of which: interest expense on debt securities		0	-1
<b>4 Revenues from fees and commissions</b>	<b>18</b>	<b>431</b>	<b>424</b>
<b>5 Fee and commission costs</b>		<b>-3</b>	<b>-3</b>
<b>6 Profit or loss from financial operations</b>	<b>19</b>	<b>8</b>	<b>-19</b>
<b>7 Other operational revenues</b>		<b>15</b>	<b>5</b>
<b>8 Other operational costs</b>	<b>20</b>	<b>-42</b>	<b>-35</b>
<b>9 Administrative costs</b>	<b>21</b>	<b>-474</b>	<b>-413</b>
Including: a) Staff costs		-350	-313
Of which: aa) Wages and salaries		-251	-224
ab) Social security and health insurance		-86	-76
b) Other administrative costs		-124	-100
<b>11 Depreciation of tangible and intangible fixed assets</b>		<b>-60</b>	<b>-46</b>
<b>12 Release of allowances and provisions for receivables, securities and guarantees, revenues from previously written-off receivables</b>	<b>11</b>	<b>1</b>	<b>1</b>
<b>13 Depreciation, generation and use of allowances and provisions for receivables, securities and guarantees</b>	<b>11</b>	<b>319</b>	<b>-218</b>
<b>15 Losses on transfer of participating interests with decisive and significant influence, generation and use of allowances for participating interests with decisive and significant influence</b>	<b>11</b>	<b>-9</b>	<b>-21</b>
<b>16 Release of other provisions</b>	<b>11</b>	<b>7</b>	<b>0</b>
<b>17 Generation and use of other provisions</b>	<b>11</b>	<b>0</b>	<b>-22</b>
<b>19 Profit or loss for the fiscal period before tax</b>		<b>924</b>	<b>291</b>
<b>23 Income tax</b>	<b>22</b>	<b>2</b>	<b>4</b>
<b>24 Profit or loss for the fiscal period after tax</b>	<b>15</b>	<b>926</b>	<b>295</b>

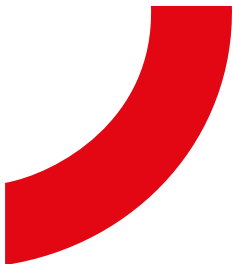


## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDING 31 DECEMBER 2023

CZK MILLION	SHARE CAPITAL	RESERVE AND HEDGE FUNDS	SOCIAL AND OTHER FUNDS FROM PROFIT	VALUATION DIFFERENCES	RETAINED EARNINGS	TOTAL EQUITY
<b>As at 1 January 2022</b>	<b>2 632</b>	<b>1 150</b>	<b>200</b>	<b>-420</b>	<b>854</b>	<b>4,416</b>
Profit in 2022	0	0	0	0	295	295
Movements in valuation differences	0	0	0	-282	0	-282
Allocation to the social fund	0	0	13	0	-13	0
Drawing on the social fund	0	0	-13	0	0	-13
Rounding up	0	0	0	0	1	1
<b>As at 31 December 2022</b>	<b>2,632</b>	<b>1,150</b>	<b>200</b>	<b>-702</b>	<b>1,137</b>	<b>4,417</b>
Profit in 2023	0	0	0	0	926	926
Movements in valuation differences	0	0	0	337	0	337
Allocation to the social fund	0	0	16	0	-16	0
Drawing on the social fund	0	0	-16	0	0	-16
Rounding up	0	0	0	0	0	0
<b>As at 31 December 2023</b>	<b>2,632</b>	<b>1,150</b>	<b>200</b>	<b>-365</b>	<b>2,047</b>	<b>5,664</b>



NOTES TO THE  
UNCONSOLIDATED  
FINANCIAL STATEMENTS  
IN ACCORDANCE WITH  
CZECH ACCOUNTING  
REGULATIONS AS AT  
31 DECEMBER 2023



## 1. GENERAL INFORMATION

Národní rozvojová banka, a.s., or, the National Development Bank (hereinafter the “Bank” or “NRB”) was established pursuant to the Commercial Code as a joint-stock company and was registered in the Commercial Register at the District Court of Prague 1 on 28 January 1992 (Section B, File 1329). As of 1 May 2023, the Bank’s address is Přemyslovská 2845/43, Prague 3 – Žižkov. The Bank has five branches in the Czech Republic: in Prague, Brno, Ostrava, Hradec Králové and Plzeň, and one regional office in České Budějovice.

The Bank was issued a banking licence by the Czech National Bank (hereinafter referred to as the “CNB”) to perform the activities specified in Section 1(1)(a) and (b) of the Act on Banks and to perform the activities specified in Section 1(3) of the Act on Banks.

Banking activities specialise in supporting small and medium-sized enterprises (SMEs) in the Czech Republic through guarantee and loan products, in supporting repairs of housing units in apartment houses, in providing loans to municipalities, especially from sources from international financial institutions, and in the activities of a finance manager for project financing in the field of infrastructure.

The National Development Bank, based on Government Resolution No. 574/2017 of 21 August 2017, fulfils the role of a national promotional bank. This presupposes, among other things, the key role of the Bank in the implementation of financial instruments in the Czech Republic, most of which are financed from European funds. Following the adoption of European Commission Regulation No. 2018/1046 (known as the Omnibus) in August 2018, the managing authorities of individual operational programmes can cooperate with national development banks as administrators of financial instruments directly, without the need to announce tenders.

### THE BANK’S ACTIVITIES CONSIST MAINLY OF:

- Accepting deposits;
- Providing loans;
- Investing in securities on its own account;
- Payment and settlement;
- Providing bank and financial guarantees;
- The provision of banking information;
- Trading on financial markets on its own account;
- Activities that are directly related to the activities specified in the Bank’s banking licence.

### USE OF THE BANK’S OWN RESOURCES TO FINANCE SME SUPPORT IN 2023

The Bank used part of its own resources to cover the credit risk of guarantees for the SME sector under the national guarantee programme. This measure helped maintain continuity in SME support in 2023.

The Bank does not have a branch abroad and does not hold its own shares. The Bank has long supported activities related to the financing of the science, research and innovation sectors.

It is also involved in the Innovation Strategy of the Czech Republic for 2019-2030. However, the Bank itself does not carry out any research or other activities in this area.

The Bank has long supported environmental protection and is actively involved in landscape maintenance and tree planting. It regularly organises company-wide and development events for employees.

## NON-FINANCIAL INFORMATION

The Bank discloses non-financial information in these Financial Statements based on the recommendations and public statement of the European Securities and Markets Authority (ESMA) on priorities for annual reports for 2023 dated 25 October 2023.

The Bank considers the sharing of non-financial information to be a very important aspect that will contribute significantly to environmental protection, social justice and, above all, to sustainable finance and responsible investment.

In March 2021, the Bank signed the CBA Memorandum for Sustainable Finance, thereby publicly declaring its commitment to maximally respect environmental protection requirements and social responsibility principles, to apply the principles of sustainability, and to transparently and regularly analyse the ESG impacts of its activities.

Following the development of a new long-term strategy for the period of 2024-2030, the Bank is preparing specific objectives and procedures for their implementation in the area of sustainability, including the environment, the social area and corporate governance.

## PROJECTS

In 2023, the Bank continued the implementation of the Technical Support Instrument (TSI) - Support to the Implementation of the Just Transition project launched in 2022, in collaboration with PWC. One of the main objectives of the project is to develop a methodology for assessing ESG risks and their impacts according to the rules for the InvestEU Fund sustainability proofing, including environmental and climate assessments.

## FINANCIAL INSTRUMENTS

In 2023, the Bank completed the development and preparation of several new financial instruments for SMEs.

Under Component 4.2 of the National Recovery Plan, entitled “New Quasi-Capital Instruments to Support Business and Development of the NRB as a National Promotional Bank”, the Bank in cooperation with the Ministry of Industry and Trade (hereinafter referred to as the “MIT”) is implementing a new financial instrument, known as the Subordinated NRP Loan. The concept of this financial instrument is defined by the fact that projects falling under the list of excluded sectors (e.g., activities and assets related to fossil fuels, landfills and incinerators, activities and assets falling under the EU Emissions Trading System and activities where long-term waste disposal may cause environmental damage) cannot be supported; the instrument can support only selected activities and assets with an assigned climate coefficient (40% or 100%), and the supported projects must comply with the principle of “Do No Significant Harm” (DNSH). Business projects are already being discussed.

In the first quarter of 2023, the Bank completed the development and started providing the Transformation Loan Facili-

ty under the Operational Programme Just Transition (OP JT) in collaboration with the MoE.

This financial instrument will also not be able to support projects on the list of excluded sectors; all projects must comply with the principle of “Do No Significant Harm” (DNSH) and are subject to climate proofing. The Transition Loan is designed to support entrepreneurship in coal regions.

In 2023, the Bank started preparing a financial instrument, the Electromobility Guarantee Programme, which is intended for traders and entrepreneurs of all sizes. It aims to encourage an increase in the market share of alternative fuel vehicles and the construction of charging stations. Under the programme, the Bank offers a guarantee that can be used for a loan provided by a cooperating commercial bank or leasing company. In addition to the guarantee, the Bank will provide a financial contribution per vehicle purchased. The Bank will provide the guarantees from March 2024 onwards.

Responsible behaviour towards the environment and environmental protection is not a competitive advantage for the Bank, but a necessity without which sustainable development cannot be achieved.

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## SOCIAL ASPECTS AND EMPLOYEES

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The emphasised values, selected binding rules of conduct and moral principles by which the Bank is bound and the observance of which is required and expected are anchored in the Code of Ethics of the Financial Group of the National Development Bank. The Code is an important part of the Bank’s regulatory base and is binding on every employee of the Bank, be they an ordinary employee, manager or member of the Board of Directors. Our core values include openness, honesty and accountability. The Code also sets out the Bank’s obligations to clients, business partners, employees, shareholders, the communities in which we live and society as a whole. The Bank complies with binding rules and principles in the areas of competition, financial integrity, personal data protection and prevention of money laundering and financing of terrorism. The Bank also avoids unfair practices and conflicts of interest as part of its prevention efforts.

The Bank establishes and strengthens fair relations both in the workplace and with business partners by promoting equal opportunities, not tolerating any discrimination, responsibility for the safety and health of employees, not providing unjustified advantages or unequal conditions, and the inadmissibility of selecting a business partner otherwise than in accordance with the Bank’s internal regulations.

The Bank is also guided by the principles and established rules of human resources management, which are based on the long-term Development Strategy of the National Development Bank. The training of the Bank’s employees and their transparent and fair remuneration is crucial for the Bank. Motivation to deepen employee engagement is provided by tools in the form of a base monthly salary (fixed salary constituent), a variable salary constituent, a system of employee benefits and a training programme.

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## CONSOLIDATED FINANCIAL STATEMENTS

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The Bank does not prepare consolidated financial statements in accordance with Czech accounting standards because it only

controls consolidated accounting entities that are individually and collectively insignificant.

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## 2. ACCOUNTING POLICIES

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### A) BASIC PRINCIPLES OF ACCOUNTING

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The Financial Statements for the 2023 fiscal period are prepared on the basis of the Bank’s accounting kept in accordance with Act No. 563/1991 Coll., on accounting, and relevant regulations, measures and decrees, in particular Decree No. 501/2002 Coll. issued by the Ministry of Finance of the Czech Republic (hereinafter referred to as the “MoF CR”) as amended (hereinafter referred to as the “Decree”), which implements certain provisions of Act No. 563/1991 Coll., on accounting, as amended, for accounting entities that are banks and other financial institutions, as amended, and in accordance with the Czech Accounting Standards for financial institutions.

In accordance with that Decree, the arrangement and designation of items in the Financial Statements and the content definition of the items in these Financial Statements are determined. At the same time, the Decree stipulates in Section 4a(1) that the Bank should follow the International Accounting Standards as amended by the directly applicable European Union regulations on the application of the International Accounting Standards (hereinafter referred to as the “International Accounting Standard” or “IFRS”) for the purpose of reporting and valuing financial instruments and disclosing information on them in the Notes to the Financial Statements.

The Financial Statements are based on the principle of the accrual of costs and revenues, with transactions and other events being recognised at the time of their occurrence and accounted for in the period to which they relate. The Financial Statements have been prepared under the historical cost convention as modified by the revaluation of financial instruments at fair value through profit or loss and at fair value through equity.

In order to prepare Financial Statements in accordance with Czech accounting regulations, it is necessary for the Bank’s management to make estimates that affect the amounts of assets and liabilities reported at the balance sheet date, disclosures about contingent assets and liabilities, and costs and revenues reported for the period. These estimates, which relate in particular to the determination of the fair value of financial instruments, the valuation of intangible assets, the impairment of assets and the generation of provisions, are based on information available at the date of the Financial Statements. The main areas where there may be significant differences between the actual result and the estimate include, in particular, loan allowances, provisions for guarantees and loan commitments and the fair value of securities. Information about key forward-looking assumptions and other key sources of estimation uncertainty at the date of the Financial Statements that are likely to cause significant adjustments to the carrying amounts of assets and liabilities within the next fiscal period is disclosed in the individual sections of the Financial Statements.

The fair values of listed investments in active markets are based on current ask prices (financial assets) or bid prices (financial liabilities). In the absence of an active market for a financial instrument, the Bank determines fair value using valuation

methods. Valuation methods reflect current market conditions at the valuation date, which may not correspond to market conditions before or after the valuation date. At the date of the Financial Statements, the Bank's management assessed the methods used to ensure that they adequately reflected current market conditions, including relative market liquidity and credit spread.

Financial assets and liabilities denominated in foreign currencies are converted into CZK at the exchange rate published by the CNB as at the balance sheet date. All foreign exchange gains and losses on monetary items are recognised in profit or loss from financial operations.

## B) MOMENT OF EXECUTION OF A BUSINESS TRANSACTION

The moment of execution of a business transaction is the day of settlement of spot trades in the case of the spot purchase and sale of financial assets. Spot operations are monitored on off-balance sheet accounts from the moment the trade is agreed to the moment the trade is settled.

The following rules apply to the derecognition of financial assets and liabilities:

- The Bank derecognises a financial asset or a part of it from the Balance Sheet if it loses control over the contractual rights to that financial asset or that part. The Bank loses control if it exercises the rights to the benefits defined in a contract, these rights expire or it waives these rights.
- The financial liability or part thereof expires, i.e., the obligation defined in the contract is fulfilled, cancelled or expires and the Bank no longer recognises that financial liability or part thereof in the Balance Sheet. The difference between the value of the liability in accounting, i.e., part of the liability that expires or has been transferred to another entity, and the amount paid for that liability is recognised in costs or revenues.

## C) FINANCIAL ASSETS AND FINANCIAL LIABILITIES

### (i) RECOGNITION AND INITIAL VALUATION

The Bank initially recognises selected financial assets and financial liabilities (e.g., receivables from clients, payables to clients, etc.) at the time they arise. All other financial instruments (including spot purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Bank becomes a party to the contractual provisions of the relevant financial instrument.

A financial asset or financial liability is initially measured at fair value, adjusted for transaction costs. Transaction costs are costs that are directly attributable to the acquisition or issue.

### (ii) CLASSIFICATION

#### FINANCIAL ASSETS

On initial recognition, a financial asset is classified as measured at:

- Amortised cost (AC),
- Fair value through equity (FVOCI),
- Fair value through profit or loss (FVTPL).

A financial asset is measured at amortised cost (AC) if it meets both of the following conditions and is not designated as measured at fair value through profit or loss (FVTPL):

- The asset is held within a business model that aims to hold financial assets to obtain contractual cash flows,
- The contractual terms of the financial asset specify the dates of cash flows consisting exclusively of principal repayments and payments of interest on the principal amount outstanding (the "SPPI test").

A debt instrument is measured at fair value through equity (FVOCI) only if it meets both of the following conditions and is not designated as measured at fair value through profit or loss:

- The asset is held within a business model whose objective is achieved both by the collection of contractual cash flows and by the sale of financial assets,
- The contractual terms of the financial asset specify the dates of cash flows consisting exclusively of principal repayments and payments of interest on the principal amount outstanding (the "SPPI test").

On the initial recognition of equity securities not held for trading, the Bank irrevocably determined that it would recognise subsequent changes in fair value through equity (FVOCI); for more details, see clause 2g (Shares, share certificates and other interests). This choice was made and applied at the level of the investment in question.

All other financial assets are measured at fair value through profit or loss (FVTPL).

On initial recognition, the Bank classifies a financial asset that otherwise meets the requirements for being measured at AC or FVOCI as being measured at FVTPL if this eliminates or significantly reduces a valuation or accounting mismatch that would otherwise arise; see clause 2c(vii) below.

## EVALUATION OF THE BUSINESS MODEL

The business model in the Bank reflects the way in which groups of financial assets are jointly managed in order to achieve a certain business goal. Therefore, this condition does not represent an approach to the classification by instruments individually but is set at a higher level of aggregation. The Bank takes into account all relevant information and evidence available at the assessment date. This relevant information and evidence includes, but is not limited to, the following:

- Established methods and objectives for the portfolio and the approach to these methods in practice, i.e., in particular, whether the accounting entity's strategy focuses on contractual interest revenues, maintaining the interest rate profile, matching the duration of financial assets to the duration of liabilities that serve as a source of funding for those financial assets or realising cash flows by selling assets;
- Evaluating the performance of the business model and financial assets held within each business model, including how to present it to key management personnel of the accounting entity;
- Risks that affect the performance of business models and financial assets held within selected business models and, in particular, the way in which those risks are managed;

- The method of remuneration of the Bank's managers and executives;
- The frequency, volume and timing of sales in previous periods, the reasons for the sales and their expectations in the future. Sales information is not evaluated in isolation but as part of an overall assessment of how the accounting entity's objectives for managing financial assets are achieved and how cash flows are realised.

Financial assets that are held for trading and whose performance is measured on the basis of fair value are measured at FVTPL because the financial assets are not held to obtain contractual cash flows or held to achieve the objective of collecting contractual cash flows or sales of financial assets.

### EVALUATION OF WHETHER CASH FLOWS ARE FORMED EXCLUSIVELY BY (RE)PAYMENTS OF PRINCIPAL AND INTEREST (THE "SPPI TEST")

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

In assessing whether cash flows consist exclusively of principal and interest payments, the Bank evaluates the contractual terms of the instrument. This includes evaluating whether a financial asset includes contractual arrangements that may change the timing and amount of the contractual cash flows. As part of the evaluation, it evaluates:

- Contingent events that may change the timing and amount of contractual cash flows;
- Leverage;
- Early repayment and extension of maturity;
- Conditions that limit an accounting entity from collecting cash flows from specific assets;
- Conditions that modify the payment for the time value of money (e.g., the methods used for the regular determination of the interest rate).

### RECLASSIFICATION

Subsequent to initial recognition, financial assets are not reclassified unless the Bank changes its business model for managing financial assets in the current fiscal period.

### FINANCIAL LIABILITIES

The Bank classifies its financial liabilities, other than financial guarantees and commitments, as valued at:

- Amortised cost (AC), or
- Fair value through profit or loss (FVTPL).

### (iii) DERECOGNITION

#### FINANCIAL ASSETS

The Bank derecognises a financial asset if

- The contractual rights to the cash flows from the financial asset expire - see clause 2c(iv) below - or

- It transfers the rights to receive cash flows in a transaction in which substantially all the risks and rewards of ownership of a financial asset are transferred or in which the Bank neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset and does not retain control of the financial asset.

When derecognising a financial asset, the difference between

- a) The book value of the asset (or part of the book value allocated to the portion of the derecognised asset) and
- b) The sum of the consideration received (including any acquired asset less the value of any new liability) and the cumulative gain or loss that was recognised in equity shall be reported in the Profit and Loss Account.

The cumulative gain or loss recognised in equity in connection with equity securities that are designated as measured at fair value through equity (FVOCI) is not recognised in the Profit and Loss Account when derecognised. See clause 2f below.

The Bank enters into transactions in which it transfers the assets recognised in the Balance Sheet but retains either all or substantially all the risks and rewards of the transferred financial assets or parts thereof. In such cases, the transferred assets are not derecognised. See clause 2j (Sale and repurchase operations).

In transactions in which the Bank neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset but retains control of the financial asset, the Bank continues to recognise the asset to the extent that it is exposed to changes in the value of the transferred asset.

### FINANCIAL LIABILITIES

The Bank derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

### (iv) MODIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

#### FINANCIAL ASSETS

If the terms of a financial asset are modified, the Bank assesses whether the cash flows of the modified financial asset are different.

In the event the client owes more than two repayments of the loan principal, the Bank proceeds to extend the loan maturity or postpone repayments, steps that do not result in a change in the amount of cash flows from the financial asset in question.

If the cash flows of a financial asset change as a result of a change in the contractual terms between the Bank and the counterparty (a change not just due to financial difficulties) and the change in the contractual terms is classified as significant, the original asset is derecognised and a new one is recognised at fair value, including transaction costs associated with the re-statement of the asset. The present value of the cash flows for that asset is discounted using the new effective interest rate also used to calculate interest income. In such a case, the original financial asset is derecognised - see clause 2c(iii) above - and the new financial asset is recognised and reported at fair value.

If the change in contractual terms and conditions is not classified as significant (i.e., the difference between the net present value of the asset using the original interest rate and the net present value of the asset using the updated interest rate



is close to 10%, or based on an individual assessment) and the financial asset has not been derecognised.

The Bank recalculates the present value of the adjusted cash flows from the financial asset and the difference between the gross carrying amount before the change in terms and conditions (excluding existing allowances) and the gross carrying amount after the change is recognised as an impact of the asset modification on profit or loss. The present value of the adjusted cash flows is discounted using the original effective interest rate also used to calculate interest income. The related costs and charges adjusting the book value of the modified financial asset are amortised over the residual maturity of the modified financial asset. If such a modification is made because of the debtor's financial difficulties - see clause 2c(vi) below - the gain or loss is recognised together with the generation, release or use of allowances in the Profit and Loss Account. In other cases, the gain or loss is recognised together with interest income in the Profit and Loss Account.

## FINANCIAL LIABILITIES

The Bank derecognises a financial liability when the terms of the financial liability are modified and the cash flows of the modified liability are significantly different. In that case, the new financial liability is recognised at fair value on the basis of the modified terms. The difference between the book value of a defunct financial liability and a new financial liability with modified terms is recognised in the Profit and Loss Account.

The Bank does not modify financial liabilities. Financial liabilities to programme sponsors are repaid upon completion of the business case recovery process.

### (v) VALUATION AT FAIR VALUE

“Fair value” is the price that would be received from the sale of an asset or paid for the assumption of a liability in a standard transaction between market participants at the measurement date in the principal (or most advantageous) market to which the Bank has access at that date. The fair value of a liability reflects the risk of default.

The Bank measures the fair value of an instrument using the price listed in an active market for that instrument, if available. An active market is a market in which transactions for assets or liabilities are carried out with sufficient frequency and volume to ensure a regular supply of price information.

If the price listed in an active market is not available, the Bank will use valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The selected valuation technique includes all of the factors that market participants would include in the valuation of the transaction in question.

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

If an asset or liability that is measured at fair value has a bid price and ask price, then the Bank measures

- Assets and long positions at the bid price
- Liabilities and short positions at the ask price.

The fair value of a financial liability that includes a demand repayment element (e.g., a deposit repayable on demand) is not

less than the amount repayable on demand, discounted from the first day that repayment can be required.

## HIERARCHY OF FAIR VALUE

The Bank determines fair values using the following fair value hierarchy, which reflects the significance of the inputs used for valuation.

**Level 1:** Level 1 inputs are (unadjusted) prices listed in active markets for identical assets or liabilities to which the Bank has access at the measurement date.

**Level 2:** Level 2 inputs are inputs other than listed prices included within Level 1 that are observable directly (i.e. as prices) or indirectly (i.e. as derived from prices) for an asset or liability. This level includes instruments valued using:

- Listed prices for similar instruments in active markets;
- Listed prices for identical or similar instruments in markets considered less than active;
- Or other valuation methods in which all significant inputs are directly or indirectly observable from market data.

**Level 3:** Level 3 inputs are unobservable inputs. This level includes all instruments for which valuation methods include inputs that are not observable, and the unobservable inputs have a significant impact on the valuation of the instrument. This level includes instruments that are valued on the basis of listed prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between instruments.

### (vi) IMPAIRMENT

The Bank recognises allowances and provisions for expected credit losses (ECL) for the following financial instruments that are not measured at fair value through profit or loss (FVTPL):

- Financial assets that are debt instruments;
- Loan commitments issued;
- Financial guarantees provided.

Equity financial instruments are not recognised for impairment.

The Bank establishes adjustments equal to lifetime ECL, with the exception of the following financial instruments, adjustments of which are determined as 12-month ECL:

- Debt securities for which a low credit risk is determined at the balance sheet date;
- Other financial instruments (other than leasing receivables) for which the credit risk has not increased significantly since their initial recognition.

The Bank assumes a low credit risk for debt securities if their respective credit risk rating is in accordance with the generally understood definition of “Low credit risk”.

The 12-month ECL are part of the expected credit losses that may arise as a result of the expected default of a financial instrument that may occur within 12 months of the balance sheet date.



## DETERMINATION OF EXPECTED CREDIT LOSSES (ECL)

ECL represent a probability-weighted estimate of expected credit losses and are determined as follows:

- Financial assets that are not credit-impaired: as the present value of all cash deficits (i.e., the difference between the contractual cash flows in favour of the Bank and the cash flows expected by the Bank);
- Financial assets that are credit-impaired: as the difference between the gross book value of the financial asset and the present value of estimated future cash flows;
- Undrawn loan commitments: as the present value of the difference between the contractual cash flows to the accounting entity if the credit commitment is drawn and the cash flows the Bank expects to receive;
- Financial guarantees: as the difference between the expected payments required to satisfy the holder of the financial guarantee and the payments that the Bank expects to receive.

Further information is provided in clause 24a).

## RESTRUCTURED FINANCIAL ASSETS

If the contractual terms of a financial asset are modified or an existing financial asset is replaced with a new one as a result of the financial difficulties of the debtor, the Bank assesses whether the financial asset should be derecognised and the expected credit losses (ECL) are determined as follows:

- If the expected restructuring does not result in the derecognition of the existing asset, the expected cash flows from the modified financial asset are included in the calculation of cash deficits from the existing asset.
- If the expected restructuring results in the derecognition of an existing asset, the expected fair value of the new asset is treated as the final cash flow from the existing asset at the time of derecognition. This value is included in the calculation of cash deficits on an existing asset that are discounted from the expected date of derecognition at the balance sheet date using the original effective interest rate of the existing financial asset.

## CREDIT-IMPAIRED FINANCIAL ASSETS

At each balance sheet date, the Bank assesses whether financial assets measured at amortised cost and debt financial assets measured at fair value through equity (FVOCI) are not credit-impaired. A financial asset is credit-impaired if one or more events have occurred that have an adverse effect on the estimated future cash flows of that financial asset.

Evidence that a financial asset has been credit-impaired includes the following observations:

- Significant financial problems of the debtor or issuer;
- Significant delay in fulfilling the contractual non-payment terms;
- Breach of contract, such as default by the debtor or failure to pay;
- Loan restructuring carried out by the Bank which the Bank would not otherwise have considered;

- If it becomes probable that the debtor will enter bankruptcy, insolvency or some other reorganisation; or
- The disappearance of an active market for the securities in question as a result of financial difficulties.

A loan whose contractual terms have been adjusted as a result of a deterioration in the debtor's solvency is usually considered to be credit-impaired if there is no evidence that the risk of non-receipt of contractual cash flows has been significantly reduced and there are no other indicators of impairment. In addition, loans that are 90 days or more overdue are considered credit-impaired.

When assessing the credit impairment of bonds, the Bank considers the following:

- How the market assessment of the issuer's creditworthiness is reflected in the yield of the bond;
- Creditworthiness assessment by rating agencies;
- The issuer's access to the capital markets for the purpose of issuing new bonds;
- The likelihood of the restructuring of the issuer resulting in a loss for the Bank as a result of voluntary or compulsory debt forgiveness.

## PRESENTATION OF ALLOWANCES FOR ECL IN THE BALANCE SHEET

Allowances for ECL are presented as follows:

- Financial assets measured at amortised cost: the allowance is deducted from the gross book value of the assets;
- Loan commitments and financial guarantees: as a provision with the exception mentioned in the clause below;
- If a financial instrument includes both an exhausted (financial asset) and an undrawn portion (loan commitment) and the Bank cannot separately distinguish between the expected credit losses from a loan commitment and losses from a financial asset, the Bank recognises expected credit losses from the loan commitment together with the allowance for the financial asset. These expected credit losses are recognised as a provision only to the extent that the combined expected credit losses exceed the gross book value of the financial asset.
- Debt instruments measured at fair value through equity (FVOCI): the allowance is not recognised in assets in the Balance Sheet, as these instruments are recognised in assets at their fair value. However, the allowance is reported under Valuation differences in equity and its amount is stated in the Notes to the Financial Statements.

Allowances and provisions for ECL generated against costs are reported in the Profit and Loss Account in the item "Depreciation, generation and use of allowances and provisions for receivables and guarantees". This item also recognises any subsequent use of allowances.

The release of allowances and provisions for ECL as a result of their redundancy is reported in the Profit and Loss Account in the item "Release of allowances and provisions for receivables and guarantees, revenues from previously written-off receivables".

## TAX ALLOWANCES

The tax-deductible part of the total allowances for credit losses for the fiscal period is calculated in accordance with Section 5 (“Bank provisions and allowances”) and Section 8 (“Allowances for receivables from debtors”) of Act No. 593/1992 Coll. on provisions for determining the income tax base, as amended. Allowances are kept in the analytical records for the purpose of calculating the tax liability.

## DEPRECIATION

Loans and debt securities are depreciated (either in part or in full) unless there is a realistic and achievable possibility of recovery proceeds. This generally occurs when the Bank finds that a debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount due that is being depreciated. However, depreciated financial assets may still be subject to recovery in order to comply with the Bank’s recovery procedures.

Depreciation of receivables is included in the item “Depreciation, generation and use of allowances and provisions for receivables and guarantees” in the Profit and Loss Account. In the case of a write-off of a receivable for which an allowance has been generated in full, the allowances in the same item of the Profit and Loss Account are reduced by the same amount. Revenues from previously written-off loans are reported in the Profit and Loss Account in the item “Release of allowances and provisions for receivables and guarantees, revenues from previously written-off receivables”.

### (vii) CLASSIFICATION OF A FINANCIAL INSTRUMENT IN THE CATEGORY MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

#### FINANCIAL ASSETS

Upon initial recognition, the Bank may classify certain financial assets in the FVTPL valuation category because this designation/classification eliminates or significantly reduces an accounting mismatch that would otherwise occur.

#### FINANCIAL LIABILITIES

The Bank may classify certain financial liabilities in the FVTPL valuation category for the following reasons:

- The liabilities are managed, assessed and internally reported on a fair value basis;
- This classification eliminates or significantly reduces an accounting mismatch that would otherwise occur.

## D) RECEIVABLES FROM BANKS

The Balance Sheet item Receivables from banks includes the following:

- Loans and borrowings measured at amortised cost - see clause 2c(ii) above - which are initially recognised at fair value plus additional direct transaction costs and subsequently measured at amortised cost using the effective interest rate.

Accrued interest is part of the account groups in which the assets are recognised and is reported together with the relevant asset.

## E) RECEIVABLES FROM CLIENTS

The Balance Sheet item Receivables from clients includes the following:

- Loans and borrowings measured at amortised cost - see clause 2c(ii) above - which are initially recognised at fair value plus additional direct transaction costs and subsequently measured at amortised cost using the effective interest rate;
- Loans and borrowings that are mandatorily measured at fair value through profit or loss (FVTPL) or included in FVTPL - see clauses 2c(ii) and 2c(vii) above - that are measured at fair value, any change in which is immediately recognised in profit or loss;

Accrued interest is part of the account groups in which the assets are recognised and is reported together with the relevant asset.

If the Bank purchases a financial asset and at the same time enters into a contract to sell the financial asset that was purchased (or a significantly similar asset) at a fixed price in the future (reverse repo operations or lending securities), the transaction is reported as a loan or borrowing and the underlying asset is not reported in the Bank’s Balance Sheet. See clause 2j below (Sale and repurchase operations).

## F) SECURITIES

### DEBT SECURITIES

Debt securities reported in the Balance Sheet items “Government zero-coupon bonds and other securities accepted by the central bank for refinancing” and “Debt securities” include the following valuation categories:

- Debt securities measured at amortised cost - see clause 2c(ii) above - which are initially recognised at fair value plus additional direct transaction costs and subsequently measured at amortised cost using the effective interest rate;
- Debt securities measured at fair value through equity (FVOCI);
- Debt securities that are mandatorily measured at fair value through profit or loss (FVTPL) or included in FVTPL - see clauses 2c(ii) and 2c(vii) above - that are measured at fair value, any change in which is immediately recognised in profit or loss.

For debt securities valued at FVOCI, gains or losses are recognised in the item Valuation differences in equity, except for the following, which are recognised in the Profit and Loss Account in the same way as financial assets measured at amortised cost:

- Interest income using the effective interest rate;
- Generation of an allowance for expected credit losses (ECL) and its release or use;
- Foreign exchange gains and losses.

If a debt security valued at FVOCI is derecognised, the cumulative gain or loss recognised up to that point in the item Valuation differences in equity is reclassified from equity and recognised in the Profit and Loss Account.

Gains/losses that are recognised in the Profit and Loss Account are reported under the item “Profit or loss from financial operations”.

## DERECOGNITION OF SECURITIES

When selling securities in the FVTPL valuation category, the Bank uses the average price method to value the decrease in securities.

When selling equity securities in the FVOCI valuation category, the Bank uses the average price method to value the decrease in securities.

When selling debt securities in the FVOCI valuation category or valued at amortised cost, the Bank uses the pro rata method to value the decrease in securities.

## G) SHARES, SHARE CERTIFICATES AND OTHER INTERESTS

### EQUITY SECURITIES

Equity securities reported in the Balance Sheet item “Shares, share certificates and other interests” include the following:

- Equity securities for which it is irrevocably determined that their subsequent changes in fair value will be reported through equity (FVOCI). This determination is based on individual instruments at initial recognition and the equity securities in question must not be “held for trading”.
- Equity securities that are mandatorily measured at fair value through profit or loss (FVTPL) or included in FVTPL - see clauses 2c(ii) and 2c(vii) above - that are measured at fair value, any change in which is immediately recognised in profit or loss.

Gains and losses on equity securities irrevocably identified in FVOCI are never reclassified from Valuation differences in equity to profit or loss (i.e., recognised in the Profit and Loss Account). Dividends received are recognised in the Profit and Loss Account unless they clearly represent a reimbursement of part of the cost of the investment (acquisition cost). If the dividends received clearly represent a refund of part of the investment costs (acquisition costs), they are recognised in equity. The cumulative gains and losses recognised in Valuation differences are transferred to the item “Retained earnings or unrecovered loss from previous periods” at the time of the sale of the securities.

Dividends received are recognised in the Profit and Loss Account when the right to receive payment is established. Dividends received are reported under “Revenues from shares and interests”.

## H) FAIR VALUE OF SECURITIES

The fair value of securities is determined as the price listed by the relevant stock exchange or other active public market. In other cases, fair value is estimated as the net present value of cash flows taking into account the risks in the case of bonds.

The Bank uses only data available from the market in its models designed to determine the fair value of securities. Valuation models take into account current market conditions existing at the valuation date, which may not reflect the market situation before or after that date. At the balance sheet date, the Bank’s management reviewed these models and ensured that they adequately reflected current market conditions, including relative market liquidity and credit spread.

## I) PARTICIPATING INTERESTS IN COMPANIES WITH DECISIVE AND SIGNIFICANT INFLUENCE

### PARTICIPATING INTERESTS WITH DECISIVE INFLUENCE

A subsidiary (participating interest with a decisive influence) is an accounting entity controlled by another accounting entity.

Controlling an entity in which an investment has been made means that the investor controls the entity if it is exposed to or entitled to variable revenues by virtue of its exposure to the entity and can influence those revenues through its power over the entity.

The investor therefore controls the entity in which it has invested only if all of the following points apply:

- It has power over the entity in which it has invested,
- On the basis of its exposure to the entity in which it has invested, it is exposed to variable revenues or is entitled to such revenues,
- It is able to use its power over the entity in which it has invested to influence the amount of its revenues.

### PARTICIPATING INTERESTS WITH SIGNIFICANT INFLUENCE

A company with significant influence (hereinafter referred to as an “affiliate”) is a company in which the Bank exercises significant influence through its share in financial and operational decisions but does not have the ability to control that company. A company with significant influence is also considered to be a participating interest that the Bank controls together with another person and in which it does not itself have a decisive influence.

Participating interests in companies with significant and decisive influence are valued at acquisition cost, taking into account any permanent impairment.

The generation, release and use of related allowances are recognised in the Profit and Loss Account in the items “Release of allowances for participating interests with decisive and significant influence” and “Losses from the transfer of participating interests with decisive and significant influence, generation and use of allowances for participating interests with decisive and significant influence”.

## J) SALE AND REPURCHASE OPERATIONS

Securities purchased or lent under agreements to resell (reverse repo operations) are not recognised in the Balance Sheet. In the case of the sale of securities thus acquired, the resulting short position is reported at fair value in liabilities arising from debt

securities. Securities sold or lent under repurchase agreements (repo operations) are retained in their original portfolio.

The underlying cash flows are reported at the settlement date as receivables from banks, receivables from clients, payables to banks and payables to clients.

Securities temporarily exchanged under a collateral exchange agreement are retained in their original portfolio in the case of lent securities. Borrowed (lent) securities are not reported in the Balance Sheet. In the case of the sale of securities thus acquired, the resulting short position is reported at fair value in liabilities arising from debt securities.

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## K) FINANCIAL DERIVATIVES

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The Bank accounts only for financial derivatives held for trading and does not apply hedge accounting.

Financial derivatives are initially recognised in the Balance Sheet at acquisition cost and subsequently measured at fair value.

Fair values are derived from discounted cash flow models that are based only on available market data. Valuation models take into account current market conditions existing at the valuation date, which may not reflect the market situation before or after that date. At the balance sheet date, the Bank reviewed these models and ensured that they adequately reflected current market conditions, including relative market liquidity and credit spread.

All derivatives are reported under other assets if they have a positive fair value or under other liabilities if their fair value is negative for the Bank.

Valuation differences on financial derivatives held for trading are included in the profit or loss from financial operations.

In the off-balance sheet, derivatives are reported at the undiscounted contractual value of the underlying instrument in the items “Receivables from fixed-term operations” and “Liabilities from fixed-term operations”.

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## L) BANK GUARANTEES AND LOAN COMMITMENTS

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Issued bank guarantees are recorded in the off-balance sheet from the date of execution of the bank guarantee agreement. The Bank's off-balance sheet liability resulting from a bank guarantee is reduced on the basis of the lending bank's information on the amount of the accumulated repaid principal of the guaranteed loan.

Guarantee revenues are recognised on an accrual basis (see clause 2o below). As of the date of delivery of the request for performance from the creditor, the request is accounted for in the off-balance sheet records. If the conditions specified in the deed of guarantee are met, the bank guarantee is paid in favour of the creditor. At the moment of performance under the guarantee, the off-balance sheet liability from the request for performance is derecognised and the balance sheet receivable from the client resulting from the performance under the guarantee is still recognised.

Issued loan commitments are commitments to provide a loan according to the agreed conditions. In 2023 and 2022, the Bank did not issue any loan commitments that were valued at FVTPL.

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## M) INTEREST INCOME AND EXPENSE

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Interest income and expense from all interest-bearing instruments are reported on an accrual basis.

The effective interest rate method is a method for calculating the amortised cost of a financial asset or a financial liability and for allocating the interest income or expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash flows until maturity or until the nearest date of a change in the interest rate to the current value of the financial asset or liability.

When calculating the effective interest rate, the Bank takes into account all contractual cash flows arising from the financial instrument (e.g., early repayment options) but does not include future credit losses in the calculation. The calculation includes all fees paid or received between the parties that are part of the effective interest rate, transaction costs and any premiums or discounts, with the exception of loan fees, which are recognised immediately in revenues from fees and commissions. The straight-line method is used as an approximation of the effective interest rate for securities with a remaining maturity of less than one year at the time of the settlement of the purchase, for loans, other receivables and payables if the periods between repayments are less than one year. Interest income includes accrued coupons and accrued discounts and premiums on all fixed revenue instruments.

Interest income from loans within the support of small and medium-sized enterprises includes accrued interest income paid by clients or interest income paid within that support of small and medium-sized enterprises by the State in accordance with concluded contracts.

Revenues from non-performing loans are also accrued and included in the balances of the respective loan. These amounts are taken into account when determining the allowance for outstanding loans.

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## N) PENALTY INTEREST

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Penalty interest is accrued to revenues only for receivables in Level 1. For other receivables, the accrual of penalty interest income is suspended. This interest is excluded from revenue until it is collected.

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## O) REVENUES FROM FEES AND COMMISSIONS

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Fees and commissions are reported on an accrual basis as of the date on which the service is provided. Fees and commissions for arranging a transaction for a third party or for contributing to such negotiations are recognised when the transaction to which they relate is completed.

Commissions for the provision of guarantees (with the exception of guarantees financed from OP EIC funds: EXPANSION, COVID II, COVID PRAGUE guarantees) are deferred to revenues on the basis of the expected course of repayment of the principal of the guaranteed loan.

For guarantees financed from OP EIC funds (EXPANSION, COVID II, COVID PRAGUE guarantees), the Bank is entitled to a fee for each managed guarantee in a given calendar month. The fee is entered under the Bank's revenues on a monthly basis.



For COVID III guarantees, the Bank is entitled to a percentage share of the fee paid by banks.

For loans financed from EU funds for the 2021-2029 programming period, which the Bank disburses from 2023 onwards, the Bank is entitled to a remuneration of a percentage of the drawn-down principal amount of the loan, and that amount is accrued to the Bank's income until the eligibility end date (31 December 2029).

## P) PROVISIONS

Provisions are established if the Bank has an existing liability as a result of past events and it is probable that an outflow of resources will be required to settle the liability, and the amount of the liability can be reasonably estimated. All provisions are included in liabilities.

The generation of a provision is reported in the relevant item of the Profit and Loss Account; its use is reported together with the costs or losses for which the provisions were generated in the relevant item of the Profit and Loss Account. The release of an unnecessary provision is recognised in revenues.

The provision is generated in the currency in which the Bank expects the relevant performance.

## Q) TANGIBLE AND INTANGIBLE ASSETS AND LEASED ASSETS

### TANGIBLE AND INTANGIBLE ASSETS

Tangible and intangible fixed assets are valued at their acquisition cost and depreciated over their estimated useful life using depreciation rates based on the Income Tax Act, as amended. Tangible assets are depreciated using the accelerated depreciation method. Intangible assets are depreciated using the accelerated or straight-line depreciation method, depending on the date of acquisition of the intangible asset. The costs of repairs and maintenance of tangible assets are charged directly to costs. The technical appreciation of an individual asset item is capitalised and depreciated.

### LEASED TANGIBLE AND INTANGIBLE ASSETS

The accounting entity has been applying the International Accounting Standard IFRS 16 Leases since 1 January 2019. A contract is considered to be a lease if it transfers the right to control the use of the identified asset for a specified period of time for a consideration.

IFRS 16 introduces, in particular, changes in the accounting and reporting on the part of the lessee. An accounting entity in the role of the lessee shall recognise an asset from the right to use the leased asset and the related lease payable in the Balance Sheet, except where:

- The lease period is not more than 12 months;
- Or the underlying asset has a low acquisition cost.

A contract contains a lease if, under it, the right to control the use of an identifiable asset for a specified period in exchange for a consideration is transferred.

For individual contracts, the Bank assesses whether the contract meets the definition of a lease, i.e. whether:

- There is an identifiable asset and whether the lessor has a material right to replace the asset with another asset;
- The Bank, as the lessee, has the right to obtain all economic benefits for the period of their use;
- The Bank has the right to control the use of assets, i.e., the lessor cannot change the conditions of use.

At the inception of the lease, the Bank recognises in the Statement of Financial Position:

- The right to use the assets in the item "Tangible fixed assets";
- The lease liability in "Other liabilities".

The right of use is measured at acquisition cost, which includes the initial amount of the lease liability adjusted for all lease payments made on or before the commencement date, plus direct costs and an estimate of the costs of dismantling and removing the underlying asset or renewing the underlying asset, less lease incentives.

Subsequently, the right of use is depreciated on a straight-line basis over its expected useful life or over the duration of the lease if shorter. The estimated useful life of the right of use is determined on the same basis as for the asset; in addition, this asset is regularly reduced by any impairment losses and adjusted by a certain revaluation of the lease liability.

At the commencement of the lease, the lease liability is measured at the present value of the lease payments not yet paid at the discounted incremental interest rate. Lease payments include:

- Fixed payments, including essentially fixed payments;
- Index- or rate-dependent variable lease payments (the index or rate that exists at the inception of the lease is used at the inception of the lease);
- The amount that the lessee must pay within the "guaranteed residual value";
- A call option if the Bank envisages its exercise and lease payments, including an extension option, if the Bank has reasonable assurance that it will exercise the extension option; and
- Penalties for termination of the lease.

Subsequently, the lease liability is measured at the amortised acquisition cost using the effective interest rate method. The liability is divided into interest recognised at interest expense and amortisation recognised as a reduction of the lease liability.

The liability is reassessed in the event of a change in future lease payments resulting from a change in the index or rate if the Bank's estimates of the amount due change or if the Bank changes its estimates as regards the exercise of the call option or extension or termination of the lease of the asset in question.

In the event that the liability is reassessed, the book value of the right of use is adjusted with an impact on the assets, or directly to the Profit and Loss Account if the right of use is fully depreciated, i.e., the book value of the asset is zero.

The Bank applies an exception in the reporting of leases and does not account for rights of use and lease payables if the duration of the lease is 12 months or less and/or the subject of the lease is of low value. Lease payments from such contracts are

charged directly to costs by the Bank on a straight-line basis over the duration of the lease and are recognised in the item “Administrative costs”.

In the event that the Bank acts as the lessor, it evaluates at the beginning of the lease whether it is a financial or operating lease. The transition to IFRS 16 did not result in differences in the reporting of leases in the Bank from the perspective of the lessor.

## R) TAXATION

### TAX PAYABLE

The tax base for income tax is calculated from the profit or loss for the current period before tax by adding non-deductible costs, deducting revenue that is not subject to income tax, and adjusting for tax rebates and setoffs, if any. Current tax stated in the Balance Sheet is already offset against tax advances.

### VALUE ADDED TAX

The Bank is a registered payer of value added tax (hereinafter “VAT”). Tangible and intangible fixed assets and inventories are valued at acquisition cost, including value added tax. The Bank does not apply input VAT as the ratio of income subject to VAT to the total income of the Bank does not reach such an amount that it is cost-effective for the Bank to apply input VAT. Input VAT (excluding tangible and intangible fixed assets) is recognised immediately in costs.

### DEFERRED TAX

Deferred tax is recognised for all temporary differences between the residual value of assets and liabilities in the Balance Sheet and their tax value using the full liability method. A deferred tax receivable is recognised to the extent that it is probable that it will be realised against expected taxable profits in the future.

The deferred tax is calculated using the approved tax rate for the period in which the Bank expects its realisation.

Deferred tax arising from the revaluation of available-for-sale securities to fair value recognised directly in equity is also recognised in equity.

## S) STAFF COSTS, ADDITIONAL PENSION INSURANCE AND SOCIAL FUND

Staff costs (employees of the Bank and members of the Board of Directors of the Bank in executive management offices) are part of administrative costs and also include remuneration paid to members of the Board of Directors, the Supervisory Board and the Audit Committee.

The Bank contributes to its employees’ pension savings and life insurance. These contributions paid by the Bank for pension savings and life insurance are charged directly to costs.

To finance the state pension plan, the Bank makes regular payments to the state budget.

The Bank has established a social fund to cover the social needs of its employees and employee benefits. In accordance with the accounting regulations in force in the Czech Republic, the allocation to the social fund is not reported in the Profit and Loss Account but as a profit distribution. The drawdown of the social fund is not reported in the Profit and Loss Account either; it is reported as a reduction of the fund.

## T) PERSONS WITH A SPECIAL RELATIONSHIP WITH THE BANK

Persons with a special relationship with the Bank (hereinafter referred to as “related parties”) are defined in accordance with Section 19(1) of the Act on Banks, as amended, as follows:

- a) Members of the governing body of the Bank;
- b) Members of the Board of Directors and the Supervisory Board of the Bank and members of the Audit Committee, Risk Committee, Remuneration Committee and Appointment Committee;
- c) Persons controlling the Bank (see Note 15), persons with a qualifying holding in these persons and members of the management of these persons;
- d) Persons close to members of the Bank’s governing body, members of the Board of Directors and members of the Supervisory Board of the Bank, members of the Audit Committee, Risk Committee, Remuneration Committee and Appointment Committee and persons controlling the Bank;
- e) Legal entities in which any of the persons referred to in clauses (a), (b) and (c) has a “qualifying holding”;
- f) Persons with a qualifying holding in the Bank and any person controlled by them;
- g) Members of the Bank Board of the Czech National Bank;
- h) Persons controlled by the Bank.

## U) SUBSEQUENT EVENTS

The effect of events that occurred between the balance sheet date and the date of the Financial Statements is recognised in the financial reports if those events provide additional evidence about conditions that existed at the balance sheet date.

If significant events occurred between the balance sheet date and the date of the Financial Statements that take into account conditions that occurred after the balance sheet date, the consequences of those events are described in the Notes but are not recognised in the financial reports.

## V) REGULATORY REQUIREMENTS

The Bank must comply with the regulatory requirements of the CNB and the EU. These requirements include limits and other restrictions on banks’ capital ratios, classification of loans and off-balance sheet liabilities, the generation of allowances and provisions to cover credit risk associated with banks’ clients, liquidity and the Bank’s currency positions.

## X) SUPPORT TO SMALL AND MEDIUM-SIZED ENTERPRISES

Through the Bank, the State provides support to small and medium-sized enterprises in the following forms:

### PREFERENTIAL GUARANTEES FOR SMES

For the provision of guarantees, guarantee funds are established as separate blocks of accounts in which the funds invested by the sponsors of individual support programmes are kept. One guarantee fund can serve several support pro-

grammes. From the resources of these guarantee funds, enterprises are provided with a contribution used to pay a part of the guarantee price (guarantee commission) called the contribution to the guarantee price (see clause 2o above) and for a part of guarantees also a financial contribution to the guaranteed loan.

For guarantees of the GUARANTEE 2015-2023 programme, the client does not participate in the payment of the price for the provision of the bank guarantee. The commission is fully paid from the MIT funds.

For the EXPANSION, COVID II and COVID PRAGUE guarantees, the Bank is paid a fee for the administration of the Guarantee Fund. The amount and structure of the fee is in accordance with EU Regulation No. 1303/2013 and is specified in the relevant agreement concluded with the managing authority.

The guarantee funds kept in risk coverage accounts which are part of the guarantee funds cover losses from the performance of guarantees. These funds are used to satisfy these receivables in the event of unsuccessful recovery of receivables arising from guarantees. Losses arising from the performance of guarantees that exceed the amount of funds held in the relevant risk coverage account are settled by the Bank. In the event of no special-purpose use of these funds to cover the Bank's final losses from individual programmes, these funds are returned to the sponsors of these programmes, either continuously or when the guarantee fund is settled. Balances in risk coverage accounts and other guarantee fund accounts are reported as part of Payables to state institutions.

In the case of the COVID II and COVID PRAGUE guarantees, clients are provided with a financial contribution to the guaranteed loan in the amount of interest paid by the client from the funds of the Operational Programme Enterprise and Innovations for Competitiveness (hereinafter referred to as the "OP EIC").

Since 2012, with the consent of shareholders, preferential guarantees have been provided that are co-financed from the Bank's own resources.

## PREFERENTIAL LOANS

The Bank provides preferential loans at lower-than-market rates and uses variously structured combinations of state funds, funds obtained from international financial institutions or the financial market to refinance them. For loans provided without the use of structural funds and preferential regional loans from the resources of the South Bohemian Region, state funds represent a source for covering part or the full amount of losses from loans provided and reimbursement of that part of the Bank's costs and reasonable profit not reflected in the interest rate amount. The Bank agreed with the sponsors on the following loan programmes: in 2017 EXPANSION, ENERGY SAVINGS and ENERGA with the MIT, in 2018 the INFIN loan programme with the Capital City of Prague, and in 2019 the S-ENTERPRISE loan programme with the Ministry of Labour and Social Affairs (hereinafter referred to as the "MoLSA"), which are provided in the form of co-financing investment loans with a zero interest rate and a possible interest rate grant for a co-financed commercial loan. In 2020, the Bank entered into an Agreement with the MIT on the COVID Loan Fund, on the basis of which loans were provided to clients of SMEs affected by the COVID pandemic. In 2020, the provision of EXPANSION loans was also expanded to include COVID loans.

For loans provided since 2004 with the participation of the Structural Funds, the source has been loan funds, which are established as separate blocks of accounts in which funds deposited by the sponsors of individual support programmes and funds deposited by the Bank obtained from international financial institutions or the financial market are kept. Interest on loans and default interest on loans paid by the client are transferred to the relevant loan funds. Remuneration (commission) in the amount and structure agreed with the managing authority is paid to the Bank for activities related to the management of loan funds and individual loans.

In the case of loan transactions, unlike guarantees, no risk coverage fund is established and the percentages of allowable losses are set in the contracts with the programme sponsors. Losses above the set limit are covered by the Bank. The amount of allowable losses is recorded in the off-balance sheet and is reported in the item Commitments and guarantees received.

## Y) SUPPORT FOR REPAIRS OF APARTMENT BUILDINGS

Through the Bank, the State Housing Development Fund provides support to apartment house owners in the following forms:

### PREFERENTIAL GUARANTEES

Guarantees were provided by the Bank in its own name. Following the provision of the guarantee, the resources of the State Housing Development Fund were transferred to risk coverage accounts, from which losses arising from the performance of guarantees are covered. These funds are used to satisfy these receivables in the event of unsuccessful recovery of receivables arising from guarantees. Losses arising from the performance of guarantees that exceed the amount of funds held in the relevant risk coverage account are settled by the Bank. In the event of no special-purpose use of these funds (receivables are fully repaid, the guarantees in question expire or guarantee receivables are repaid in full), these funds will be returned to the State Housing Development Fund, either continuously (for portfolio guarantees) or upon the settlement of the guarantee fund. In 2013, the balances in risk coverage accounts were transferred to the CNB, where they are earmarked for their original purpose. The Bank records balances in off-balance sheet accounts. The State Housing Development Fund pays a fee to the Bank for the administration of the guarantees that are provided. The provision of new guarantees was terminated in 2012 by the decision of the programme sponsor.

### INTEREST RATE SUBSIDIES

As a representative, the Bank, in the name of and on behalf of the State Housing Development Fund, entered into agreements with apartment building owners on the gradual payment of grants to cover interest, for a period of up to 15 years. These grants are paid by the Bank from the State Housing Development Fund. The State Housing Development Fund pays the Bank the remuneration as the representative and the remuneration for payment services and related banking services. The provision of new grants was terminated in 2011 by the decision of the programme sponsor.

## Z) LOANS TO MUNICIPALITIES

The Bank provides loans to municipalities from funds obtained under special programmes from international financial institutions invested by the Czech Republic in the Regional Development Fund programme, supplemented by funds obtained by the Bank from the financial market.

### AA) THE BANK'S PARTICIPATION IN THE CENTRAL EUROPE FUND OF FUNDS

On the basis of Czech Government Resolution No. 1164/2016, which approved the participation of the Czech Republic in the Central Europe Fund of Funds (CEFoF) managed by the European Investment Fund (EIF) through the Bank, agreements with the EIF and the MIT were signed by the

Bank in December 2017, fulfilling this. Out of the total framework of CZK 240 million of participation of the Czech Republic. The total investment in the CEFoF as at 31 December 2023 amounted to the par value of CZK 111 million. The change in fair value is CZK 11 million. The book value of the total investment in the CEFoF amounted to CZK 122 million as at 31 December 2023.

Further drawing will take place gradually, on the basis of the individual requirements of the CEFoF. The investment in the CEFoF is shown in the off-balance sheet. The Bank is acting as an agent in this respect.

### BB) IMPACT OF CHANGES IN ACCOUNTING METHODS

There was no change in accounting methods in 2023.

## 3. CASH ON HAND AND DEPOSITS WITH THE CENTRAL BANK

### CASH ON HAND AND DEPOSITS WITH CENTRAL BANKS BY TYPE OF INSTRUMENT

IN CZK MILLION	31 DECEMBER 2023	31 DECEMBER 2022
Cash on hand	0	0
Mandatory minimum provisions	3	180
Deposits with the CNB	0	100
<b>NET BOOK VALUE</b>	<b>3</b>	<b>280</b>

The mandatory minimum provisions bore interest until 4 October 2023 at the repo rate for the Czech crown, which was 7.00% p.a. on 4 October 2023 (as at 31 December 2022: 7.00% p.a.). As of 5 October 2023, mandatory minimum provisions are not subject to interest by the Czech National Bank.

### DEPOSITS WITH CENTRAL BANKS – ALLOWANCE

IN CZK MILLION	31 DECEMBER 2023	31 DECEMBER 2022
Gross amount	3	280
Allowances	0	0
<b>TOTAL</b>	<b>3</b>	<b>280</b>

As at 31 December 2023 and 2022, deposits with central banks were not credit-impaired, and no significant increase in credit risk was identified for them. Allowances are calculated on the basis of the expected 12-month credit loss.

## 4. GOVERNMENT ZERO-COUPON BONDS AND OTHER SECURITIES ACCEPTED BY THE CENTRAL BANK FOR REFINANCING

### GOVERNMENT ZERO-COUPON BONDS AND OTHER SECURITIES ACCEPTED BY THE CNB FOR REFINANCING BY TYPE OF INSTRUMENT

IN CZK MILLION	31 DECEMBER 2023	31 DECEMBER 2022
Government bonds	19,457	17,041
<b>NET BOOK VALUE</b>	<b>19,457</b>	<b>17,041</b>

Of the net book value of government zero-coupon bonds and other securities accepted by the central bank for refinancing, the Bank held 10.6% of bonds due within 1 year as at 31 December 2023 (31 December 2022: 12.45%).



## CLASSIFICATION OF GOVERNMENT ZERO-COUPON BONDS AND OTHER SECURITIES ACCEPTED BY THE CNB FOR REFINANCING BY VALUATION CATEGORY

IN CZK MILLION	31 DECEMBER 2023	31 DECEMBER 2022
At amortised cost (AC)	10,251	7,810
Measured at fair value through equity (FVOCI)	9,206	9,071
For trading	0	160
<b>NET BOOK VALUE</b>	<b>19,457</b>	<b>17,041</b>

## GOVERNMENT ZERO-COUPON BONDS AND OTHER SECURITIES ACCEPTED BY THE CNB FOR REFINANCING – ALLOWANCE

IN CZK MILLION	31 DECEMBER 2023	31 DECEMBER 2022
Gross amount	19,460	17,043
Allowances	-3	-2
<b>TOTAL</b>	<b>19,457</b>	<b>17,041</b>

As at 31 December 2023 and 2022, government zero-coupon bonds and other securities accepted by the CNB for refinancing were not credit-impaired and were not associated with a significant increase in credit risk. Allowances were calculated on the basis of the expected 12-month credit loss.

## GOVERNMENT ZERO-COUPON BONDS AND OTHER SECURITIES ACCEPTED BY THE CNB FOR REFINANCING AT FVOCI

Government zero-coupon bonds and other securities accepted by the CNB for refinancing at FVOCI are reported in the Balance Sheet at fair value. The allowance of CZK 3 million as at 31 December 2023 (as at 31 December 2022: CZK 3 million) is part of the item Valuation differences in the Bank's equity.

## 5. RECEIVABLES FROM BANKS

### RECEIVABLES FROM BANKS BY TYPE

IN CZK MILLION	31 DECEMBER 2023	31 DECEMBER 2022
Current accounts with banks	1	3
Receivables from reverse REPO operations with the CNB	2,605	3,305
<b>NET BOOK VALUE</b>	<b>2,606</b>	<b>3,308</b>

As at 31 December 2023 and 2022, no receivables from related parties were recorded.

## CLASSIFICATION OF RECEIVABLES FROM BANKS BY VALUATION CATEGORY

All receivables from banks as at 31 December 2023 and 31 December 2022 are measured at amortised cost in accordance with IFRS 9.

**RECEIVABLES FROM BANKS BY TYPE – ALLOWANCE**

IN CZK MILLION	31 DECEMBER 2023	31 DECEMBER 2022
Gross amount	2,607	3,309
Allowances*	-1	-1
<b>NET VALUE OF RECEIVABLES FROM CLIENTS</b>	<b>2,606</b>	<b>3,308</b>

\* Allowances as at 31 December 2023 in the amount of CZK 1 million (as at 31 December 2022: CZK 1 million) are generated for receivables from reverse repo operations with the CNB.

As at 31 December 2023 and 2022, receivables from banks were not credit-impaired, and no significant increase in credit risk was identified for them. Allowances were calculated on the basis of the expected 12-month credit loss.

**6. RECEIVABLES FROM CLIENTS****RECEIVABLES FROM CLIENTS BY TYPE**

IN CZK MILLION	31 DECEMBER 2023	31 DECEMBER 2022
Loan receivables	10,388	9,734
Credit-impaired financial assets (Purchased or Originated Credit-Impaired; POCI)*	1,546	1,289
Gross value of receivables from clients	11,934	11,023
Allowance for expected losses (item 11)	-602	-803
<b>NET VALUE OF RECEIVABLES FROM CLIENTS</b>	<b>11,332</b>	<b>10,220</b>

\* This is performance under guarantees. The gross value of receivables from clients under guarantees as at 31 December 2023 was CZK 2,001 million. The Bank's allowance for guarantees was CZK 454 million (as at 31 December 2022: CZK 1,957 million, allowance of CZK 668 million). The difference between the gross value of receivables from clients under guarantees and the allowance is covered by funds in the accounts of the programme sponsors, in the form of risk coverage funds (guarantees in the OPEI, INOSTART, EXPANSION, GUARANTEE 2015-2023, COVID PRAGUE and COVID TRAVEL programmes).

As at 31 December 2023 and 2022, no receivables from related parties were recorded.

**RECEIVABLES FROM CLIENTS BY VALUATION CATEGORY**

IN CZK MILLION	31 DECEMBER 2023	31 DECEMBER 2022
Receivables from clients at amortised cost	11,332	10,220
<b>NET VALUE OF RECEIVABLES FROM CLIENTS</b>	<b>11,332</b>	<b>10,220</b>

**RECEIVABLES FROM CLIENTS AT AMORTISED COST ACCORDING TO THE CREDIT RISK RATING GRADE**

31 DECEMBER 2023 IN CZK MILLION	PD	GRADE 1	GRADE 2	GRADE 3	PURCHASED OR PROVIDED FINANCIAL ASSETS THAT ARE CREDIT-IMPAIRED	TOTAL
		EXPECTED 12-MONTH CREDIT LOSSES	EXPECTED CREDIT LOSSES OVER THE LIFE OF FINANCIAL ASSETS THAT ARE NOT CREDIT- IMPAIRED	EXPECTED CREDIT LOSSES OVER THE LIFE OF FINANCIAL ASSETS THAT ARE CREDIT-IMPAIRED		
<b>Rating grade</b>						
No credit rating		7	0	0	0	7
Credit rating 4	0.07	0	0	0	0	0
Credit rating 5	0.75	360	0	0	0	360
Credit rating 6	1.53	3,853	0	0	0	3,853
Credit rating X7	5.60	5,162	0	0	0	5,162
<b>Credit rating 1–6 (up to X7)</b>		<b>9,382</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,382</b>
Credit rating 7	33.23	0	0	0	0	0
Credit rating X8	50.90	0	511	0	0	511
<b>Credit rating 7 (up to X8)</b>		<b>0</b>	<b>511</b>	<b>0</b>	<b>0</b>	<b>511</b>
<b>Credit rating 8–10 (including X9)</b>	<b>100.00</b>	<b>0</b>	<b>0</b>	<b>495</b>	<b>1,546</b>	<b>2,041</b>
<b>Gross value of receivables from clients</b>		<b>9,382</b>	<b>511</b>	<b>495</b>	<b>1,546</b>	<b>11,934</b>
Allowances		–302	–48	–252	0	–602
<b>Net value of receivables from clients</b>		<b>9,080</b>	<b>463</b>	<b>243</b>	<b>1,546</b>	<b>11,332</b>

IN CZK MILLION 31 DECEMBER 2022	PD	GRADE 1	GRADE 2	GRADE 3	PURCHASED OR PROVIDED FINANCIAL ASSETS THAT ARE CREDIT-IMPAIRED	TOTAL
		EXPECTED 12-MONTH CREDIT LOSSES	EXPECTED CREDIT LOSSES OVER THE LIFE OF FINANCIAL ASSETS THAT ARE NOT CREDIT- IMPAIRED	EXPECTED CREDIT LOSSES OVER THE LIFE OF FINANCIAL ASSETS THAT ARE CREDIT-IMPAIRED		
<b>Rating grade</b>						
No credit rating		10	0	0	0	10
Credit rating 4	0.07	0	0	0	0	0
Credit rating 5	0.87	434	0	0	0	434
Credit rating 6	1.49	3,234	0	0	0	3,234
Credit rating X7	5.29	4,965	0	0	0	4,965
<b>Credit rating 1–6 (up to X7)</b>		<b>8,643</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,643</b>
Credit rating 7	30.32	0	1	0	0	1
Credit rating X8	50.79	0	481	0	0	481
<b>Credit rating 7 (up to X8)</b>		<b>0</b>	<b>482</b>	<b>0</b>	<b>0</b>	<b>482</b>
<b>Credit rating 8–10 (including X9)</b>	<b>100.00</b>	<b>0</b>	<b>0</b>	<b>609</b>	<b>1,289</b>	<b>1,898</b>
<b>Gross value of receivables from clients</b>		<b>8,643</b>	<b>482</b>	<b>609</b>	<b>1,289</b>	<b>11,023</b>
Allowances		–405	–94	–304	0	803
<b>Net value of receivables from clients</b>		<b>8,238</b>	<b>388</b>	<b>305</b>	<b>1,289</b>	<b>10,220</b>

The amount of allowances for receivables from clients is described in more detail in clause 11.

## CONSORTIUM LOANS

Of receivables from clients as at 31 December 2023, consortium loans amount to CZK 56 million (as at 31 December 2022: CZK 88 million).

### ANALYSIS OF RECEIVABLES FROM CLIENTS BY TYPE OF COLLATERAL

The table shows the value of collateral received, up to the value of the loan. The unsecured part of the credits is then reported under the item Not secured.

IN CZK MILLION	31 DECEMBER 2023	31 DECEMBER 2022
Bank guarantees and collateral by reliable guarantors	2,040	1,759
Money collateral	1	2
Collateral as real estate mortgage	1,081	883
Other loan collateral	901	906
Not secured	7,911	7,473
<b>GROSS VALUE OF RECEIVABLES</b>	<b>11,934</b>	<b>11,023</b>

### SECTORAL BREAKDOWN OF RECEIVABLES FROM CLIENTS

IN CZK MILLION	31 DECEMBER 2023	31 DECEMBER 2022
Government institutions	197	186
Non-financial enterprises	11,245	10,370
Other financial institutions	4	5
Households (include homeowner associations)	488	462
<b>GROSS VALUE OF RECEIVABLES FROM CLIENTS</b>	<b>11,934</b>	<b>11,023</b>

Breakdown of receivables from clients according to the classification of economic activities (CZ-NACE).

IN CZK MILLION	31 DECEMBER 2023	31 DECEMBER 2022
Administrative and support service activities	140	102
Real estate activities	648	501
Transport and storage	1,526	1,612
Information and communication activities	104	82
Cultural, entertainment and recreational activities	70	71
Other activities	78	61
Finance and insurance	6	6
Professional, scientific and technical activities	592	550
Construction	1,306	1,136
Mining and quarrying	21	43
Accommodation, catering and hospitality	292	247
Wholesale and retail trade	2,321	2,221
Public administration and defence	197	186
Production and distribution of electricity, gas and heat	66	88
Education	42	48
Water supply	171	106
Health and social care	270	159
Agriculture, forestry and fishing	303	254
Manufacturing industry	3,781	3,550
<b>GROSS VALUE OF RECEIVABLES FROM CLIENTS</b>	<b>11,934</b>	<b>11,023</b>

**BREAKDOWN OF RECEIVABLES FROM CLIENTS BY INDIVIDUAL PROGRAMMES**

IN CZK MILLION	31 DECEMBER 2023	31 DECEMBER 2022
Infrastructure loans	1,048	1,113
Loans for financing water management and municipal infrastructure	249	187
Other loans for small and medium-sized enterprises	9,072	8,405
Loans for small and start-up enterprises	19	29
Receivables from guarantees	1,546	1,289
<b>GROSS VALUE OF RECEIVABLES FROM CLIENTS</b>	<b>11,934</b>	<b>11,023</b>

**7. SECURITIES****DEBT SECURITIES BY TYPE**

IN CZK MILLION	31 DECEMBER 2023	31 DECEMBER 2022
Bonds issued by lending institutions	405	408
Bonds issued by other financial institutions	0	39
Bonds issued by non-financial enterprises	136	117
<b>NET BOOK VALUE</b>	<b>541</b>	<b>564</b>

Of the total value of securities, securities issued by related parties amount to zero as at 31 December 2023 (as at 31 December 2022: CZK 26 million).

Of the net book value of securities held at 31 December 2023, the Bank held 0% of bonds due within 1 year (31 December 2022: 11.43%).

**DEBT SECURITIES BY VALUATION CATEGORY**

IN CZK MILLION	31 DECEMBER 2023	31 DECEMBER 2022
Debt securities measured at fair value through equity (FVOCI)	541	564
<b>NET BOOK VALUE</b>	<b>541</b>	<b>564</b>

Debt securities held by the Bank are traded on stock exchanges.

**DEBT SECURITIES IN FVOCI**

	GRADE 1	GRADE 2	GRADE 3	
	EXPECTED 12-MONTH CREDIT LOSSES	EXPECTED CREDIT LOSSES OVER THE LIFE OF FINANCIAL ASSETS THAT ARE NOT CREDIT- IMPAIRED	EXPECTED CREDIT LOSSES OVER THE LIFE OF FINANCIAL ASSETS THAT ARE CREDIT- IMPAIRED	TOTAL
<b>31 DECEMBER 2023 IN CZK MILLION</b>				
Book value of debt securities	541	0	0	541
	GRADE 1	GRADE 2	GRADE 3	
	EXPECTED 12-MONTH CREDIT LOSSES	EXPECTED CREDIT LOSSES OVER THE LIFE OF FINANCIAL ASSETS THAT ARE NOT CREDIT- IMPAIRED	EXPECTED CREDIT LOSSES OVER THE LIFE OF FINANCIAL ASSETS THAT ARE CREDIT- IMPAIRED	TOTAL
<b>31 DECEMBER 2022 CZK MILLION</b>				
Book value of debt securities	564	0	0	564

Debt securities at FVOCI are reported in the Balance Sheet at fair value. The allowance of CZK 3 million as at 31 December 2023 (as at 31 December 2022: CZK 3 million) is part of the item Valuation differences in the Bank's equity.

## 8. SHARES, SHARE CERTIFICATES AND OTHER INTERESTS AND PARTICIPATING INTERESTS IN COMPANIES WITH DECISIVE AND SIGNIFICANT INFLUENCE

### SHARES, SHARE CERTIFICATES AND OTHER INTERESTS

#### SHARES, SHARE CERTIFICATES AND OTHER INTERESTS BY TYPE

IN CZK MILLION	31 DECEMBER 2023	31 DECEMBER 2022
Shares issued by financial institutions	76	73
<b>NET BOOK VALUE</b>	<b>76</b>	<b>73</b>

#### SHARES, SHARE CERTIFICATES AND OTHER INTERESTS BY VALUATION CATEGORY

IN CZK MILLION	31 DECEMBER 2023	31 DECEMBER 2022
Shares measured at fair value through equity (FVOCI)	76	73
<b>NET BOOK VALUE</b>	<b>76</b>	<b>73</b>

The Bank owns five shares of the European Investment Fund. In 2017, the Bank purchased from the European Investment Bank three shares with a par value of EUR 3,000,000 and thus became, like many other development banks and institutions, a minority shareholder in the EIF. The acquisition cost of those three shares was EUR 1,280,858.04. In September 2021, the Bank purchased an additional two shares with a par value of EUR 2,000,000 at a purchase price of EUR 871,941.76.

#### PARTICIPATING INTERESTS WITH DECISIVE INFLUENCE

In 2021, an investment fund of qualified investors was established, the National Development Fund SICAV, with its registered office at Přemyslovská 2845/43, Žižkov, Prague 3 (until 30 April 2023: Na Florenci 1496/5, 110 00 Prague 1), in which the Bank holds 100% of the founder's shares. The aim of the company is to secure private funds for financing public benefit projects using capital from responsible investors on the principle of return on the invested funds. This is the fulfilment of the objectives set out in the Memorandum of Cooperation for the implementation of the National Development Fund between the Czech Republic, represented by the Ministry of Industry and Trade of the Czech Republic, and the banks Česká spořitelna, a.s., Československá obchodní banka, a.s., Komerční banka, a.s. and UniCredit Bank Czech Republic and Slovakia, a.s. and the National Development Bank.

The value of this participating interest as at 31 December 2023 and 2022 was as follows:

YEAR	NET BOOK VALUE IN CZK MILLION*	ACQUISITION PRICE IN CZK MILLION	PAR VALUE IN CZK MILLION	SHARE CAPITAL IN CZK MILLION	SHARE PREMIUM AND CAPITAL FUNDS IN CZK MILLION	DIRECT SHARE IN THE SHARE CAPITAL AND VOTING RIGHTS IN %
2023	10	2	2	2	37	100
2022	12	2	2	2	31	100

\* An allowance of CZK 29 million was made for the participating interest as at 31 December 2023 (as at 31 December 2022: CZK 21 million).

#### SUMMARY FINANCIAL INFORMATION ABOUT THE NATIONAL DEVELOPMENT FUND SICAV

IN CZK MILLION	FINANCIAL INFORMATION OF THE AFFILIATE			
	EQUITY	TOTAL ASSETS	REVENUES	PROFIT/LOSS
<b>AS AT 31 DECEMBER 2023 AND FOR 2023</b>	<b>10</b>	<b>12</b>	<b>1</b>	<b>-9</b>
As at 31 December 2022 and for 2022	12	16	0	-9

In 2019, the Bank established a subsidiary, National Development Investments, with its registered office at Přemyslovská 2845/43, Prague 3 - Žižkov (until 30 April 2023: Na Florenci 1496/5, 110 00 Prague 1), in which it holds a 100% share. The company's objective is to fulfil the strategic goals of NRB as a national promotional bank in the area of capital investments within the MIT programmes for small and medium-sized enterprises.

The value of this participating interest as at 31 December 2023 and 2022 was as follows:

YEAR	NET BOOK VALUE IN CZK MILLION	ACQUISITION PRICE IN CZK MILLION	PAR VALUE IN CZK MILLION	SHARE CAPITAL IN CZK MILLION	OTHER EQUITY ITEMS IN CZK MILLION	DIRECT SHARE IN THE SHARE CAPITAL AND VOTING RIGHTS IN %
2023	4	2	2	2	2	100
2022	4	2	2	2	2	100

#### SUMMARY FINANCIAL INFORMATION ABOUT THE NATIONAL DEVELOPMENT INVESTMENTS

IN CZK MILLION	FINANCIAL INFORMATION OF THE AFFILIATE			
	EQUITY	TOTAL ASSETS	REVENUES	PROFIT/LOSS
AS AT 31 DECEMBER 2023 AND FOR 2023	3	4	0	1
As at 31 December 2022 and for 2022	2	2	0	-2

#### PARTICIPATING INTERESTS WITH SIGNIFICANT INFLUENCE

The Bank has one affiliate, which is MUFIS a.s. (hereinafter referred to as “MUFIS”), with its registered office at Přemyslovská 2845/43, Prague 3 - Žižkov (until 30 April 2023: Jeruzalémská 964/4, 110 00 Prague 1). The MIT holds a participating interest of 49% and 2% is held by the Union of Towns and Municipalities of the Czech Republic.

#### THE VALUE OF THIS PARTICIPATING INTEREST AS AT 31 DECEMBER 2023 AND 2022 WAS AS FOLLOWS:

YEAR	NET BOOK VALUE IN CZK MILLION	ACQUISITION PRICE IN CZK MILLION	PAR VALUE IN CZK MILLION	SHARE CAPITAL IN CZK MILLION	DIRECT SHARE IN THE SHARE CAPITAL AND VOTING RIGHTS IN %
2023	1	1	1	2	49
2022	1	1	1	2	49

#### SUMMARY FINANCIAL INFORMATION ABOUT MUFIS A.S.

IN CZK MILLION	FINANCIAL INFORMATION OF THE AFFILIATE			
	EQUITY	TOTAL ASSETS	REVENUES	PROFIT/LOSS
AS AT 31 DECEMBER 2023 AND FOR 2023	4	4	0	0
As at 31 December 2022 and for 2022	4	4	0	0

In terms of share, the Bank is the controlling entity, together with the MoF CR. For the Bank, MUFIS represents an affiliate that does not meet the characteristics of a jointly managed enterprise, as the Bank does not participate in the management of the affiliate MUFIS. At present, the company's activities are minimised.

## 9. TANGIBLE AND INTANGIBLE FIXED ASSETS

### TANGIBLE FIXED ASSETS

IN CZK MILLION	LAND AND WORKS OF ART	BUILDINGS	EQUIPMENT AND FACILITIES	LEASEHOLD ASSETS (IFRS 16)	INVESTMENTS IN PROGRESS AND PREPAYMENTS MADE	TOTAL
<b>As at 1 January 2022</b>						
Acquisition cost	11	336	81	17	0	445
Accumulated depreciation	0	-249	-73	-16	0	-338
<b>Residual value</b>	<b>11</b>	<b>87</b>	<b>8</b>	<b>1</b>	<b>0</b>	<b>107</b>
<b>Year ending on 31 December 2022</b>						
Initial residual value	11	87	8	1	0	107
Acquisition	0	0	1	0	4	5
Disposals at residual value	0	0	0	0	-1	-1
Additions of accumulated depreciation (depreciation)	0	-8	-4	-1	0	-13
<b>Final residual value</b>	<b>11</b>	<b>79</b>	<b>5</b>	<b>0</b>	<b>3</b>	<b>98</b>
<b>As at 31 December 2022</b>						
Acquisition cost	11	336	70	0	3	420
Accumulated depreciation	0	-257	-65	0	0	-322
<b>Residual value</b>	<b>11</b>	<b>79</b>	<b>5</b>	<b>0</b>	<b>3</b>	<b>98</b>

IN CZK MILLION	LAND AND WORKS OF ART	BUILDINGS	EQUIPMENT AND FACILITIES	LEASEHOLD ASSETS (IFRS 16)	INVESTMENTS IN PROGRESS AND PREPAYMENTS MADE	TOTAL
<b>Year ended on 31 December 2023</b>						
Initial residual value	11	79	5	0	3	98
Acquisition	0	1	17	169	14	201
Disposals at residual value	-1	-5	0	0	-17	-23
Additions of accumulated depreciation (depreciation)	0	-8	-5	-10	0	-23
<b>Final residual value</b>	<b>10</b>	<b>67</b>	<b>17</b>	<b>159</b>	<b>0</b>	<b>253</b>
<b>As at 31 December 2023</b>						
Acquisition cost	10	305	57	169	0	541
Accumulated depreciation	0	-238	-40	-10	0	-288
<b>Residual value</b>	<b>10</b>	<b>67</b>	<b>17</b>	<b>159</b>	<b>0</b>	<b>253</b>



## INTANGIBLE FIXED ASSETS

IN CZK MILLION	SOFTWARE	OTHER INTANGIBLE ASSETS	INVESTMENTS IN PROGRESS AND PREPAYMENTS MADE	TOTAL
<b>As at 1 January 2022</b>				
Acquisition cost	337	14	12	363
Accumulated depreciation	-281	-13	0	-294
<b>Residual value</b>	<b>56</b>	<b>1</b>	<b>12</b>	<b>69</b>
<b>Year ending on 31 December 2022</b>				
Initial residual value	56	1	12	69
Acquisition	23	0	26	49
Disposals at residual value	0	0	-24	-24
Additions of accumulated depreciation (depreciation)	-32	0	0	-32
<b>Final residual value</b>	<b>47</b>	<b>1</b>	<b>14</b>	<b>62</b>
<b>As at 31 December 2022</b>				
Acquisition cost	360	14	14	388
Accumulated depreciation	-313	-13	0	-326
<b>Residual value</b>	<b>47</b>	<b>1</b>	<b>14</b>	<b>62</b>

IN CZK MILLION	SOFTWARE	OTHER INTANGIBLE ASSETS	INVESTMENTS IN PROGRESS AND PREPAYMENTS MADE	TOTAL
<b>Year ended on 31 December 2023</b>				
Initial residual value	47	1	14	62
Acquisition	6	0	36	42
Disposals at residual value	0	0	-8	-8
Additions of accumulated depreciation (depreciation)	-32	-1	0	-33
<b>Final residual value</b>	<b>21</b>	<b>0</b>	<b>42</b>	<b>63</b>
<b>As at 31 December 2023</b>				
Acquisition cost	366	14	42	422
Accumulated depreciation	-345	-14	0	-359
<b>Residual value</b>	<b>21</b>	<b>0</b>	<b>42</b>	<b>63</b>

## 10. OTHER ASSETS, DEFERRED COSTS AND ACCRUED INCOME

### OTHER ASSETS

IN CZK MILLION	31 DECEMBER 2023	31 DECEMBER 2022
Deferred tax receivables	121	187
Other receivables	36	33
Gross value of other assets	157	220
Allowances (item 11)	-13	-12
<b>TOTAL</b>	<b>144</b>	<b>208</b>

Other receivables include receivables from related parties amounting to CZK 2 million as at 31 December 2023 (as at 31 December 2022: CZK 3 million).

## DEFERRED COSTS AND ACCRUED INCOME

IN CZK MILLION	31 DECEMBER 2023	31 DECEMBER 2022
Accrued expenses	7	6
Accrued income	11	75
Gross value	18	81
Allowances (item 11)	0	0
<b>TOTAL</b>	<b>18</b>	<b>81</b>

Of the total value of accrued income, accrued income from related parties amounts to CZK 8 million as at 31 December 2023 (as at 31 December 2022: CZK 73 million).

## 11. ALLOWANCES, PROVISIONS AND DEPRECIATION OF ASSETS

The Bank reported the following provisions and allowances:

IN CZK MILLION	31 DECEMBER 2023	31 DECEMBER 2022
<b>Provisions</b>		
Provisions for guarantees provided (item 16)	3,641	3,563
Provisions for loan commitments (item 16)	50	177
Provisions for lines of credit (item 16)	8	8
Other provisions	33	40
<b>Total</b>	<b>3,732</b>	<b>3,788</b>
<b>Allowances</b>		
Receivables from central banks (item 3)	0	0
Receivables from banks (item 5)	1	1
Receivables from clients (item 6)	602	803
Securities at amortised cost (item 4)	3	2
Allowances for participating interests with decisive influence (item 8)	29	21
Other assets, deferred costs and accrued income (item 10)	13	12
<b>Total</b>	<b>648</b>	<b>839</b>

The change in other provisions can be analysed as follows:

IN CZK MILLION	CRISIS RESOLUTION FUND PROVISION	DEPOSIT INSURANCE FUND PROVISION	OTHER PROVISIONS IN TOTAL
<b>As at 1 January 2022</b>	<b>19</b>	<b>0</b>	<b>19</b>
Net generation/dissolution	53	1	54
Application	-32	-1	-33
<b>As at 31 December 2022</b>	<b>40</b>	<b>0</b>	<b>40</b>
Net generation/dissolution	26	1	27
Application	-33	-1	-34
<b>AS AT 31 DECEMBER 2023</b>	<b>33</b>	<b>0</b>	<b>33</b>

The table for other provisions includes the following items:

- In 2023 and 2022, the net generation of a provision for corporate income tax was zero. As at 31 December 2023 and 31 December 2022, the Bank did not incur any tax liability;
- Generation of a provision for the annual contribution to the Crisis Resolution Fund in the amount of CZK 33 million (as at 31 December 2022: CZK 53 million). At the same time as the payment to the Crisis Resolution Fund, a provision of CZK 33 million was used (in 2022: CZK 32 million). Release of a provision for the annual contribution to the Crisis Resolution Fund for non-necessity in the amount of CZK 7 million (as at 31 December 2022: CZK 0 million). The provision of CZK 33 million will be used to pay the contribution in 2024, depending on the actual amount of the contribution set by the CNB.

## RECONCILIATION OF OPENING AND CLOSING PROVISION BALANCES

## GUARANTEES PROVIDED

IN CZK MILLION	12-MONTH ECL	LIFETIME ECL FOR NON-CREDIT-IMPAIRED FINANCIAL ASSETS	LIFETIME ECL FOR CREDIT-IMPAIRED FINANCIAL ASSETS	TOTAL
	(GRADE 1)	(GRADE 2)	(GRADE 3)	
<b>Balance as at 1 January 2022</b>	<b>1,387</b>	<b>1,680</b>	<b>144</b>	<b>3,211</b>
Conversion from 12-month ECL (Grade 1)	-1,346	1,322	24	0
Conversion from lifetime ECL for non-credit-impaired financial assets (Grade 2)	183	-189	6	0
Conversion from lifetime ECL for non-credit-impaired financial assets (Grade 3)	2	6	-8	0
Newly provided or purchased financial assets	830	0	0	830
Derecognition of financial assets	-299	-267	-124	-690
Depreciation	0	0	0	0
Revaluations and changes in models/risk parameters	306	-156	62	212
<b>Balance as at 31 December 2022</b>	<b>1,063</b>	<b>2,395</b>	<b>105</b>	<b>3,563</b>
Conversion from 12-month ECL (Grade 1)	-477	445	32	0
Conversion from lifetime ECL for non-credit-impaired financial assets (Grade 2)	46	-84	38	0
Conversion from lifetime ECL for non-credit-impaired financial assets (Grade 3)	2	6	-8	0
Newly provided or purchased financial assets	526	0	0	526
Derecognition of financial assets	-266	-436	-177	-879
Depreciation	0	0	0	0
Revaluations and changes in models/risk parameters	291	31	109	431
<b>BALANCE AS AT 31 DECEMBER 2023</b>	<b>1,185</b>	<b>2,357</b>	<b>99</b>	<b>3,641</b>

## LOAN COMMITMENTS AND LINES OF CREDIT

IN CZK MILLION	12-MONTH ECL	LIFETIME ECL FOR NON-CREDIT-IMPAIRED FINANCIAL ASSETS	LIFETIME ECL FOR CREDIT-IMPAIRED FINANCIAL ASSETS	TOTAL
	(GRADE 1)	(GRADE 2)	(GRADE 3)	
<b>Balance as at 1 January 2022</b>	<b>76</b>	<b>8</b>	<b>9</b>	<b>93</b>
Conversion from 12-month ECL (Grade 1)	-5	5	0	0
Conversion from lifetime ECL for non-credit-impaired financial assets (Grade 3)	0	4	-4	0
Newly provided or purchased financial assets	166	0	0	166
Derecognition of financial assets	-66	-11	-9	-86
Revaluations and changes in models/risk parameters	5	3	4	12
<b>Balance as at 31 December 2022</b>	<b>176</b>	<b>9</b>	<b>0</b>	<b>185</b>
Conversion from 12-month ECL (Grade 1)	0	0	0	0
Conversion from lifetime ECL for non-credit-impaired financial assets (Grade 3)	0	0	0	0
Newly provided or purchased financial assets	58	0	0	58
Derecognition of financial assets	-176	-13	-5	-194
Revaluations and changes in models/risk parameters	0	4	5	9
<b>BALANCE AS AT 31 DECEMBER 2023</b>	<b>58</b>	<b>0</b>	<b>0</b>	<b>58</b>

## RECONCILIATION OF OPENING AND CLOSING ALLOWANCE BALANCES

## RECEIVABLES FROM CLIENTS

IN CZK MILLION	12-MONTH ECL	LIFETIME ECL FOR NON-CREDIT-IMPAIRED FINANCIAL ASSETS	LIFETIME ECL FOR CREDIT-IMPAIRED FINANCIAL ASSETS	TOTAL
	(GRADE 1)	(GRADE 2)	(GRADE 3) + POCI	
<b>Balance as at 1 January 2022</b>	<b>300</b>	<b>303</b>	<b>388</b>	<b>991</b>
Conversion from 12-month ECL (Grade 1)	-162	93	69	0
Conversion from lifetime ECL for non-credit-impaired financial assets (Grade 2)	8	-42	34	0
Conversion from lifetime ECL for non-credit-impaired financial assets (Grade 3)	0	40	-40	0
Newly provided or purchased financial assets	98	0	0	98
Derecognition of financial assets	-7	-20	-9	-36
Depreciation	0	0	-163	-163
Income from previously written-off receivables	0	0	1	1
Revaluations and changes in models/risk parameters	168	-280	24	-88
<b>Balance as at 31 December 2022</b>	<b>405</b>	<b>94</b>	<b>304</b>	<b>803</b>
Conversion from 12-month ECL (Grade 1)	-75	17	58	0
Conversion from lifetime ECL for non-credit-impaired financial assets (Grade 2)	5	-32	27	0
Conversion from lifetime ECL for non-credit-impaired financial assets (Grade 3)	0	10	-10	0
Newly provided or purchased financial assets	76	0	0	76
Derecognition of financial assets	-2	-4	-5	-11
Depreciation	0	0	-102	-102
Income from previously written-off receivables	0	0	1	1
Revaluations and changes in models/risk parameters	-107	-37	-21	-165
<b>BALANCE AS AT 31 DECEMBER 2023</b>	<b>302</b>	<b>48</b>	<b>252</b>	<b>602</b>

## UNDISCOUNTED EXPECTED CREDIT LOSSES FROM FIRST REPORTED POCI

The overview of undiscounted expected credit losses (ECL) on initial recognition of purchased or provided credit-impaired financial assets (POCI) first reported during the fiscal period is as follows:

IN CZK MILLION	2023	2022
Receivables from clients	2	18
<b>TOTAL</b>	<b>2</b>	<b>18</b>

## SECURITIES

IN CZK MILLION	12-MONTH ECL	LIFETIME ECL FOR NON-CREDIT-IMPAIRED FINANCIAL ASSETS	LIFETIME ECL FOR CREDIT-IMPAIRED FINANCIAL ASSETS	TOTAL
	(GRADE 1)	(GRADE 2)	(GRADE 3)	
<b>Balance as at 1 January 2022</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>2</b>
Newly provided or purchased financial assets	1	0	0	1
Derecognition of financial assets	-1	0	0	-1
<b>Balance as at 31 December 2022</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>2</b>
Newly provided or purchased financial assets	1	0	0	1
Derecognition of financial assets	0	0	0	0
<b>BALANCE AS AT 31 DECEMBER 2023</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>3</b>

## OTHER FINANCIAL ASSETS

IN CZK MILLION	12-MONTH ECL	LIFETIME ECL FOR NON-CREDIT-IMPAIRED FINANCIAL ASSETS	LIFETIME ECL FOR CREDIT-IMPAIRED FINANCIAL ASSETS	TOTAL
	(GRADE 1)	(GRADE 2)	(GRADE 3)	
<b>Balance as at 1 January 2021</b>	<b>2</b>	<b>0</b>	<b>13</b>	<b>15</b>
Newly provided or purchased financial assets	29	0	0	29
Derecognition of financial assets	-30	0	-1	-31
Depreciation	0	0	-1	-1
Revaluations and changes in models/risk parameters	0	0	1	1
<b>Balance as at 31 December 2022</b>	<b>1</b>	<b>0</b>	<b>12</b>	<b>13</b>
Newly provided or purchased financial assets	32	0	0	32
Derecognition of financial assets	-32	0	0	-32
Depreciation	0	0	-2	-2
Revaluations and changes in models/risk parameters	0	0	3	3
<b>BALANCE AS AT 31 DECEMBER 2023</b>	<b>1</b>	<b>0</b>	<b>13</b>	<b>14</b>

## OVERVIEW OF THE BALANCE OF ALLOWANCES

IN CZK MILLION BANK'S RATING GRADE	31 DECEMBER 2023				TOTAL
	IFRS 9 IMPAIRMENT GRADE	RECEIVABLES FROM CLIENTS	SECURITIES	OTHER FINANCIAL ASSETS	
Credit rating 1–6 (up to X7)	Grade 1	302	3	1	306
Credit rating 7 (up to X8)	Grade 2	48	0	0	48
Credit rating 8–10 (including X9) and credit-impaired financial assets	Grade 3	252	0	13	265
<b>TOTAL</b>		<b>602</b>	<b>3</b>	<b>14</b>	<b>619</b>

IN CZK MILLION BANK'S RATING GRADE	31 DECEMBER 2022				TOTAL
	IFRS 9 IMPAIRMENT GRADE	RECEIVABLES FROM CLIENTS	SECURITIES	OTHER FINANCIAL ASSETS	
Credit rating 1–6 (up to X7)	Grade 1	405	2	1	408
Credit rating 7 (up to X8)	Grade 2	94	0	0	94
Credit rating 8–10 (including X9) and credit-impaired financial assets	Grade 3	304	0	12	316
<b>TOTAL</b>		<b>803</b>	<b>2</b>	<b>13</b>	<b>818</b>

## RECONCILIATION OF THE GENERATION, RELEASE AND USE OF ALLOWANCES AND PROVISIONS

IN CZK MILLION	2023	2022
Revenues from previously written-off receivables	1	1
<b>TOTAL</b>	<b>1</b>	<b>1</b>
Net generation of allowances for financial assets	270	226
Use of allowances	143	158
Depreciation of receivables	-143	-158
Net generation of provisions for financial assets	49	-444
<b>TOTAL</b>	<b>319</b>	<b>-218</b>

## 12. PAYABLES TO BANKS

IN CZK MILLION	31 DECEMBER 2023	31 DECEMBER 2022
Loans received from development banks*	138	122
Deposits received from banks	15	39
Other payables to banks	2	0
<b>TOTAL</b>	<b>155</b>	<b>161</b>

\* Development banks are: the European Investment Bank (EIB) and the Council of Europe Development Bank (CEB).

As at 31 December 2023 and 2022, no payables to related parties were recorded.

## 13. PAYABLES TO CLIENTS

IN CZK MILLION	31 DECEMBER 2023	31 DECEMBER 2022
Payables to government institutions	22,519	20,827
Payables to financial institutions	2,109	2,443
Payables to non-financial enterprises	18	161
Payables to households (including homeowner associations)	2	2
<b>TOTAL</b>	<b>24,648</b>	<b>23,433</b>

Of the total amount of payables to clients, payables to related parties as at 31 December 2023: CZK 22,011 million (as at 31 December 2022: CZK 20,286 million). Bank management believes that these deposits were accepted on substantially normal terms and interest rates and these deposits do not exhibit different liquidity risk or other adverse factors.

Under the item “Payables to government institutions”, funds are included, inter alia, in risk coverage accounts if they are established from funds provided by programme sponsors. The structure of these payables is as follows:

IN CZK MILLION	31 DECEMBER 2023	31 DECEMBER 2022
Funds of sponsors from closed programme support	15,018	13,351
Guarantee risk coverage accounts	8,191	8,076

#### FUNDS OF SPONSORS FROM CLOSED PROGRAMME SUPPORT

IN CZK MILLION	31 DECEMBER 2023	31 DECEMBER 2022
Funds of sponsors from closed programme support	15,018	13,351
Of which:		
OP EIC loans – EXPANSIONS	9,754	10,352
OP EIC loans – ENERGY SAVINGS	690	388
ENERG loans	126	127
COVID working capital loans	335	48
TRANSITION loans	530	0
OP TAC loans – ENERGY SAVINGS	156	0
OP EIC guarantees – EXPANSIONS	419	-21

#### GUARANTEE RISK COVERAGE FUNDS

IN CZK MILLION	31 DECEMBER 2022	31 DECEMBER 2023
Guarantee risk coverage accounts	8,191	8,076
Of which:		
COVID II guarantees	3,308	3,421
EXPANSIONS-guarantees	2,916	2,954
COVID PRAGUE guarantees	382	382
COVID TRAVEL guarantees	104	258
PANEL and NEW PANEL guarantees	682	682

#### OTHER LIABILITIES, ACCRUED REVENUES AND DEFERRED EXPENSES

IN CZK MILLION	31 DECEMBER 2023	31 DECEMBER 2022
Negative fair value of currency derivatives (clause 24c)	2	7
Lease payables	147	0
Payables to suppliers	20	18
Payables to employees	27	21
Bank's social security and health insurance payables	7	6
Settlement with the state budget	4	3
Estimated liabilities	8	6
<b>TOTAL</b>	<b>215</b>	<b>61</b>

As at 31 December 2023 and 2022, there were no payables to related parties recorded in other liabilities.



## ACCRUED REVENUES AND DEFERRED EXPENSES

IN CZK MILLION	31 DECEMBER 2023	31 DECEMBER 2022
Accrued revenues	17	20
Of which: accrued guarantee management fees	17	20
Deferred expenses *	77	72
<b>TOTAL</b>	<b>94</b>	<b>92</b>

\* The item Deferred expenses includes an estimate for employee remuneration including social security and health insurance payments as at 31 December 2023: CZK 64 million (as at 31 December 2022: CZK 60 million).

Of the total amount of accrued revenues and deferred expenses, revenues from and expenses to related parties as at 31 December 2023 are CZK 22 million (as at 31 December 2022: CZK 10 million).

## LEASE PAYABLES

CZK MILLION	31 DECEMBER 2023	31 DECEMBER 2022
Up to 1 year	26	0
More than 1 year but a maximum of 5 years	72	0
Over 5 years	71	0
Total undiscounted lease payables	169	0
<b>Lease payables after taking into account the discount</b>	<b>147</b>	<b>0</b>
Up to 1 year	22	0
Over 1 year	125	0

The discount rate for lease payables ranged from 2.6% to 4.49% p.a.

## 15. EQUITY AND PROFIT DISTRIBUTION

### SHARE CAPITAL

	PAR VALUE OF 1 SHARE (CZK)	31 DECEMBER 2023		31 DECEMBER 2022	
		NUMBER OF SHARES (PCS)	VALUE (IN CZK MILLION)	NUMBER OF SHARES (PCS)	VALUE (IN CZK MILLION)
Paid-up registered capital	239,500	10,988	2,632	10,988	2,632
Total share capital			2,632		2,632

The shares are issued in book-entry registered form. The Central Securities Depository registers shares of the Czech Republic in the asset accounts of the Ministry of Industry and Trade, the Ministry of Regional Development and the Ministry of Finance.

The shares of the Bank's shareholders in its share capital can be analysed as follows:

SHAREHOLDER/SHARE IN THE SHARE CAPITAL	2023 %	2022 %
Czech Republic	100.00	100.00
Total	100.00	100.00
Registration of shares of the Czech Republic in the Central Securities Depository in the asset accounts of ministries	2023 %	2022 %
Ministry of Industry and Trade of the Czech Republic	33.53	33.53
Ministry of Regional Development of the Czech Republic	33.53	33.53
Ministry of Finance of the Czech Republic	32.94	32.94
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>

## SHARES IN PROFIT

In 2023 and 2022, the Bank did not pay out any shares in profit.

## PROFIT DISTRIBUTION

The net profit for 2022 was distributed and the profit for 2023 is proposed to be distributed as follows:

IN CZK MILLION	2023	2022
Allocation to the social fund	20	16
Other funds generated from profit	0	0
Transfer to retained earnings	906	279
<b>NET PROFIT</b>	<b>926</b>	<b>295</b>

## VALUATION DIFFERENCES

IN CZK MILLION	2023	2022
<b>Initial balance</b>	<b>-702</b>	<b>-420</b>
<b>Items that will not be reclassified to the Profit and Loss Account</b>		
Change in valuation differences (equity instruments)		
Net change in fair value	2	21
Tax effect	0	0
<b>Subtotal</b>	<b>2</b>	<b>21</b>
<b>Items that are, or may subsequently be, reclassified to the Profit and Loss Account</b>		
Change in valuation differences (debt instruments)		
Net change in fair value	400	-361
Net (profit) or loss transferred to the Profit and Loss Account	3	-7
Tax effect (item 22)	-68	66
<b>Subtotal</b>	<b>335</b>	<b>-302</b>
<b>Change in allowances for debt securities in FVOCI</b>	<b>0</b>	<b>-1</b>
<b>Net change in valuation differences</b>	<b>335</b>	<b>-303</b>
<b>VALUE OF VALUATION DIFFERENCES</b>	<b>-365</b>	<b>-702</b>

## 16. OFF-BALANCE SHEET ITEMS

### FINANCIAL GUARANTEES, LOAN COMMITMENTS AND LINES OF CREDIT PROVIDED

Commitments to provide credit, lines of credit and credit guarantees to third parties expose the Bank to credit risk and loss in the event of non-compliance by the client.

IN CZK MILLION	31 DECEMBER 2023	31 DECEMBER 2022
Financial guarantees provided	48,762	57,965
Loan commitments provided	226	1,233
Lines of credit provided	1,100	1,100
Provision for off-balance sheet liabilities (item 11)	-3,699	-3,748
<b>TOTAL NET VALUE</b>	<b>46,389</b>	<b>56,550</b>

As at 31 December 2023, lines of credit provided to related parties in the amount of CZK 300 million were recorded (as at 31 December 2022: CZK 300 million) in the form of an undrawn loan limit.

The Bank's management believes that as at 31 December 2023 and 2022, there are no liabilities arising from the performance of fiduciary duties.

## SECTORAL BREAKDOWN OF FINANCIAL GUARANTEES

IN CZK MILLION	31 DECEMBER 2023	31 DECEMBER 2022
Lending institutions*	11,927	14,164
Other financial institutions	30	108
Non-financial enterprises	34,767	41,272
Households	2,038	2,421
<b>GROSS VALUE OF FINANCIAL GUARANTEES</b>	<b>48,762</b>	<b>57,965</b>

\* The value is the amount of the maximum possible liability to individual lending institutions under the Portfolio Guarantee Agreement between the NRB and the respective lending institutions.

## COVER FOR FINANCIAL GUARANTEES PROVIDED

The financial guarantees provided are covered by the risk coverage funds on the earmarked deposits of the programme sponsors under the PANEL, INOSTART, OPEI, VADIUM and OP EIC - EXPANSION programmes, including guarantees under the COVID II, COVID PRAGUE and COVID TRAVEL programmes, or by provisions generated from the Bank's own resources under the 2012-2014 National Programme. The financial guarantees provided since 2015 under the 2015-2023 National Programme are covered by the provisions generated from the Bank's own resources, the risk coverage fund and the counter-guarantee of the European Investment Fund (EIF) COSME. The guarantees to lending institutions under the COVID III and COVID INVEST programmes are covered by the Ministry of Industry and Trade on the basis of the respective contracts concluded, which imply the obligation of the MIT to pay the required guarantee amounts to the NRB before any disbursement to the lending institutions.

## ANALYSIS OF FINANCIAL GUARANTEES BY TYPE OF COLLATERAL

IN CZK MILLION	31 DECEMBER 2023	31 DECEMBER 2022
Cash collateral (risk coverage funds)	8,191	8,076
Guarantees received from the EIF	704	578
Guarantees received under COVID III	11,944	14,220
Not secured	4,072	4,248
Not secured (exposure under guarantees without performance risk)	23,851	30,843
<b>GROSS VALUE OF FINANCIAL GUARANTEES</b>	<b>48,762</b>	<b>57,965</b>

## SECTORAL BREAKDOWN OF LOAN COMMITMENTS AND LINES OF CREDIT

IN CZK MILLION	31 DECEMBER 2023	31 DECEMBER 2022
Government institutions	350	349
Other financial institutions	200	200
Non-financial enterprises	774	1,749
Households	2	35
<b>GROSS VALUE OF LOAN COMMITMENTS AND LINES OF CREDIT</b>	<b>1,326</b>	<b>2,333</b>

**BREAKDOWN OF GUARANTEES BY PROGRAMME**

31 DECEMBER 2023 IN CZK MILLION	RISK CLASSIFICATION										TOTAL	
	4	5	6	X7 <sup>1)</sup>	7	X8 <sup>2)</sup>	X9 <sup>3)</sup>	9	10	CLASSIFICATION*		NO RISK
Guarantees for SMEs granted until 2006	0	0	0	0	0	3	0	0	0	0	0	3
Small PANEL portfolio guarantees	0	0	15	23	0	8	4	0	4	0	50	104
PANEL investment guarantees	0	0	280	389	0	138	89	0	0	0	0	896
EXPANSIONS programme guarantees	0	14	623	1,571	0	154	30	110	52	15,483	18,037	
EXPANSIONS COVID programme guarantees	0	4	13	11	0	2	0	0	0	196	226	
Guarantee – COVID III	9,432	2,222	289	0	0	0	0	0	0	1	11,944	
Guarantee – COVID PRAGUE 2020	0	0	0	0	0	0	0	0	0	1	1	
Guarantee – COVID TRAVEL	0	0	0	0	0	0	0	0	0	91	91	
VADIUM	0	0	0	17	0	0	0	0	0	0	17	
OPEI guarantees	0	0	0	0	0	1	0	0	0	47	48	
NP 2015–2023 guarantees from the Bank's own resources	0	0	110	353	1	37	32	50	28	8,457	9,068	
NP 2015–2023 guarantees from the MIT resources	0	6	111	381	0	12	8	15	3	7,506	8,042	
Individual bond guarantees since 2007	0	0	34	188	0	35	24	0	4	0	285	
<b>TOTAL</b>	<b>9,432</b>	<b>2,246</b>	<b>1,475</b>	<b>2,933</b>	<b>1</b>	<b>390</b>	<b>187</b>	<b>175</b>	<b>91</b>	<b>31,832</b>	<b>48,762</b>	

\* portfolio approach

<sup>1)</sup> Guarantees that are not more than 30 days past due and not called for performance

<sup>2)</sup> Guarantees that are not more than 90 days past due and not called for performance

<sup>3)</sup> Guarantees that are not more than 180 days past due and not called for performance

31 DECEMBER 2022 IN CZK MILLION	RISK CLASSIFICATION										TOTAL	
	4	5	6	X7 <sup>1)</sup>	7	X8 <sup>2)</sup>	X9 <sup>3)</sup>	9	10	CLASSIFICATION*		NO RISK CLASSIFICATION*
Guarantees for SMEs granted until 2006	0	0	0	3	0	0	10	0	0	0	0	13
Small PANEL portfolio guarantees	0	0	17	27	0	8	6	0	4	0	66	128
PANEL investment guarantees	0	0	347	495	0	121	176	0	0	0	0	1,139
EXPANSIONS programme guarantees	0	181	1,462	2,712	0	409	93	0	55	0	14,346	19,258
EXPANSIONS COVID programme guarantees	0	26	503	939	0	250	60	0	15	0	5,989	7,782
Guarantee – COVID III	11,523	2,299	390	0	0	0	0	0	0	0	8	14,220
Guarantee – COVID PRAGUE 2020	0	0	0	19	0	4	14	0	1	0	618	656
Guarantee – COVID TRAVEL	0	0	0	1	0	0	2	0	0	0	253	256
VADIUM	0	0	0	19	0	0	0	0	0	0	0	19
OPEI guarantees	0	0	0	1	0	2	1	0	0	0	60	64
NP 2015–2023 guarantees from the Bank's own resources	0	0	211	667	3	140	42	2	18	0	9,530	10,613
NP 2015–2023 guarantees from the MIT resources	0	2	73	223	0	52	13	0	0	0	2,972	3,335
Individual bond guarantees since 2007	0	0	67	286	0	76	26	0	27	0	0	482
<b>TOTAL</b>	<b>11,523</b>	<b>2,508</b>	<b>3,070</b>	<b>5,392</b>	<b>3</b>	<b>1,062</b>	<b>443</b>	<b>2</b>	<b>120</b>	<b>33,842</b>	<b>57,965</b>	

\* portfolio approach

<sup>1)</sup> Guarantees that are not more than 30 days past due and not called for performance

<sup>2)</sup> Guarantees that are not more than 90 days past due and not called for performance

<sup>3)</sup> Guarantees that are not more than 180 days past due and not called for performance

**FINANCIAL GUARANTEES RECEIVED**

IN CZK MILLION	31 DECEMBER 2023	31 DECEMBER 2022
Government institutions *	14,006	15,999
Other financial institutions	704	578
Non-financial enterprises	57	48
Households	1	1
<b>GROSS VALUE OF FINANCIAL GUARANTEES</b>	<b>14,768</b>	<b>16,626</b>

\* The value of guarantees received from government institutions includes the COVID III financial guarantee of CZK 11,559 million (as at 31 December 2022: CZK 13,829 million) and the COVID INVEST financial guarantee of CZK 385 million (as at 31 December 2022: CZK 391 million) towards lending institutions.

As at 31 December 2023, guarantees received from related parties amounting to CZK 13,956 million were recorded (as at 31 December 2022: CZK 15,951 million).

**LOAN COMMITMENTS RECEIVED**

IN CZK MILLION	31 DECEMBER 2023	31 DECEMBER 2022
Lending institutions	6,168	6,206
<b>GROSS VALUE OF LOAN COMMITMENTS</b>	<b>6,168</b>	<b>6,206</b>

**PLEDGES AND COLLATERAL RECEIVED**

The total value of received pledges and collateral as at 31 December 2023 in the amount of CZK 6,458 million (as at 31 December 2022: CZK 7,003 million) also includes collateral received for securing loan exposures as at 31 December 2023 in the amount of CZK 3,913 million (as at 31 December 2022: CZK 3,765 million).

Of the total value of pledges received, pledges received from related parties as at 31 December 2023 amount to CZK 682 million (as at 31 December 2022: CZK 682 million).

**COLLATERAL RECEIVED AND PROVIDED IN REPO TRADES**

CZK MILLION	31 DECEMBER 2023	31 DECEMBER 2022
Loans granted in reverse repo operations	2,606	3,306
Collateral received at fair value	2,545	3,238

The Bank exclusively uses bonds and other interest-bearing securities in repo operations and reverse repo operations and operations based on collateral exchange agreements (loans and borrowings of securities). Receivables from reverse repo operations are included in receivables from banks and clients (clause 5). Liabilities from repo operations are included in payables to banks and clients (clauses 12 and 13).

As part of these transactions, the Bank accepts (and provides as collateral) securities issued by the CNB and the Ministry of Finance of the Czech Republic.

**VALUES TAKEN INTO ESCROW, ADMINISTRATION AND STORAGE**

As part of its services, the Bank administers securities in asset accounts with the Central Securities Depository.

IN CZK MILLION	2023	2022
Assets managed in the Central Securities Depository		
Czech Export Bank	763	1,828
Ministry of Industry and Trade*	2,316	2,300
Ministry of Regional Development*	882	882
National Development Investments	131	71
Other values taken into escrow	623	640
<b>TOTAL</b>	<b>4,715</b>	<b>5,721</b>

\* Securities not priced on the public market are stated at par value.

Of the total amount of other values taken into escrow, the Bank records the amount of CZK 122 million from related parties as at 31 December 2023 (as at 31 December 2022: CZK 107 million).

## 17. NET INTEREST INCOME

IN CZK MILLION	2023	2022
Interest on interbank transactions	572	500
Interest on loans to clients	51	40
Interest on loans to government institutions	3	9
Interest on bonds	661	541
<b>Total interest income</b>	<b>1,287</b>	<b>1,090</b>
Interest expense on short sales of debt securities	0	1
Interest on interbank transactions	189	180
Interest on deposits and loans from clients	297	126
Interest on deposits from government institutions	70	145
<b>Total interest expense</b>	<b>556</b>	<b>452</b>
<b>NET INTEREST INCOME</b>	<b>731</b>	<b>639</b>

Interest income and interest expense calculated on the basis of the effective interest rate method for the following items are as follows:

IN CZK MILLION	2023	2022
Financial assets measured at amortised cost	790	672
Financial assets in FVOCI	491	412
<b>Financial assets other than financial assets in FTVPL</b>	<b>1,281</b>	<b>1,084</b>
<b>Financial liabilities measured at amortised cost</b>	<b>556</b>	<b>452</b>

In accordance with the applicable accounting procedures, only the penalty interest actually paid is transferred from the recorded penalty interest on non-performing loans to revenues. Recorded unpaid penalty interest in the amount of CZK 386 million (2022: CZK 430 million) was not accrued to revenues.

## 18. FEE AND COMMISSION REVENUES AND COSTS

IN CZK MILLION	2023	2022
Fees and commissions from guarantees	296	297
Fees and commissions from lending activities	126	108
Fees and commissions from payments	9	19
Fees and commissions from securities transactions *	0	0
<b>Total revenues from fees and commissions</b>	<b>431</b>	<b>424</b>
Fees and commissions on securities transactions	3	3
<b>Total costs of fees and commissions</b>	<b>3</b>	<b>3</b>
<b>NET REVENUES FROM FEES AND COMMISSIONS</b>	<b>428</b>	<b>421</b>

\* Fees and commissions from securities operations for 2023 in the amount of CZK 31,000 (2022: CZK 31,000) serve as the basis for the calculation of the contribution to the Investment Firms' Guarantee Fund (see clause 20).

## 19. NET PROFIT/(LOSS) FROM FINANCIAL OPERATIONS

IN CZK MILLION	2023	2022
Profit and loss from securities	14	-14
– Debt securities at amortised cost	6	0
– Debt securities in FVOCI	3	-6
– Amounts transferred from comprehensive income	3	-7
– Net generation of allowances	0	1
– Change in fair value of trading securities	5	-7
– Change in fair value of securities charged to costs or revenues	0	0
– Short sales of securities	0	-1
Profit/loss from financial assets mandatorily recognised at fair value	0	0
Profit/loss from trading derivatives	-3	-14
Profit/loss from foreign exchange operations	-3	9
<b>TOTAL</b>	<b>8</b>	<b>-19</b>

## 20. OTHER OPERATIONAL COSTS

Of the total amount of other operational costs, the contribution paid in 2023 to:

- The Crisis Resolution Fund is CZK 33 million (in 2022: CZK 32 million). Simultaneously with the payment, the provision generated in the amount of CZK 33 million was used (clause 11);
- The Deposit Insurance Fund is CZK 0.5 million (in 2022: CZK 1 million). Simultaneously with the payment, the provision created in the amount of CZK 0.5 million was used (clause 11);
- The Investment Firms' Guarantee Fund is CZK 0.01 million (2022: CZK 0.01 million).

In addition, there is non-applied input VAT on rent charged in accordance with IFRS 16 in the amount of CZK 5 million (in 2022: CZK 0 million).

## 21. ADMINISTRATIVE COSTS

IN CZK MILLION	2023	2022
Remuneration of management and supervisory bodies*	19	16
Management wages and salaries *	45	47
Wages and salaries of other employees	189	164
Social security and health insurance	85	76
Other staff costs	12	10
Audit, legal and tax advice	31	21
Other administrative costs	93	79
<b>TOTAL</b>	<b>474</b>	<b>413</b>

\* Part of the remuneration has a deferred payment.

## EMPLOYEE STATISTICS

	2023	2022
Average number of members of the Supervisory Board	6	5
Average number of members of the Audit Committee	3	3
Average number of members of the Board of Directors	3	3
Average number of management members	22	25
Average number of other employees	228	217

The Bank's management includes: the Directors of the Head Office Departments and the Branch Directors.



## COST OF REMUNERATION PAID TO THE STATUTORY AUDITOR ON AN ACCRUAL BASIS EXCLUSIVE OF VAT

IN CZK MILLION	2023	2022
Mandatory audit of financial statements	3.0	1.6
Tax consultation	0.6	0.4
Other audit services	1.3	0.7
<b>TOTAL</b>	<b>4.9</b>	<b>2.7</b>

The statutory auditor also provided a company controlled by the Bank with an optional audit of the financial statements in the amount of CZK 0.2 million (2022: 0.2 million).

## 22. INCOME TAX

IN CZK MILLION	2023	2022
<b>Profit before tax</b>	<b>924</b>	<b>292</b>
Non-taxable revenues	-2,188	-1,815
Non-deductible costs	1,122	1,529
Other items reducing/increasing the tax base	-1	-6
<b>Tax base</b>	<b>-143</b>	<b>0</b>
Corporate income tax payable (19%)	0	0
Income tax – deferred (21%)	2	4
Adjustment of income tax from previous years	0	0
<b>Total income tax</b>	<b>2</b>	<b>4</b>

## DEFERRED TAX

The recorded deferred tax can be analysed as follows:

IN CZK MILLION	31 DECEMBER 2023	31 DECEMBER 2022
Other provisions and allowances	23	22
The difference between the book value and the tax base of an asset	0	0
Tax effect of revaluation of securities to fair value in equity	98	165
Total deferred taxes	121	187
Deferred tax status as of 1 January	187	117
Movement through the Profit and Loss Account	2	4
Movement through equity	-68	66
<b>DEFERRED TAX STATUS AS AT 31 DECEMBER</b>	<b>121</b>	<b>187</b>

The tax loss balance as at 31 December 2023 is CZK 173 million, of which CZK 33 million is attributable to 2020 and CZK 140 million to 2023. The Bank does not expect it to be applied.

## 23. CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The table below provides a reconciliation between Balance Sheet items and the valuation categories of financial instruments:

31 DECEMBER 2023 IN CZK MILLION	NOTE	DETER- MINED IN FVTPL	FVOCI – DEBT INSTRUMENTS	FVOCI – EQUITY INSTRUMENTS	AMORTISED COST	TOTAL
Cash on hand and deposits with central banks	3	0	0	0	3	3
Government zero-coupon bonds and other securities accepted by the central bank for refinancing	4	0	9,206	0	10,251	19,457
Receivables from banks	5	0	0	0	2,606	2,606
Receivables from clients	6	0	0	0	11,332	11,332
Debt securities	7	0	541	0	0	541
Shares, share certificates and other interests	8	0	0	76	0	76
Participating interests with significant influence	8	0	0	0	1	1
Participating interests with decisive influence	8	0	0	0	14	14
Other assets	10	0	0	0	11	11
<b>TOTAL FINANCIAL ASSETS</b>		<b>0</b>	<b>9,747</b>	<b>76</b>	<b>24,218</b>	<b>34,041</b>

31 DECEMBER 2022 IN CZK MILLION	NOTE	DETER- MINED IN FVTPL	FVOCI – DEBT INSTRUMENTS	FVOCI – EQUITY INSTRUMENTS	AMORTISED COST	TOTAL
Cash on hand and deposits with central banks	3	0	0	0	280	280
Government zero-coupon bonds and other securities accepted by the central bank for refinancing	4	160	9,071	0	7,810	17,041
Receivables from banks	5	0	0	0	3,308	3,308
Receivables from clients	6	0	0	0	10,220	10,220
Debt securities	7	0	564	0	0	564
Shares, share certificates and other interests	8	0	0	73	0	73
Participating interests with significant influence	8	0	0	0	1	1
Participating interests with decisive influence	8	0	0	0	16	16
Other assets	10	0	0	0	76	76
<b>TOTAL FINANCIAL ASSETS</b>		<b>160</b>	<b>9,635</b>	<b>73</b>	<b>27,711</b>	<b>31,579</b>

31 DECEMBER 2023 IN CZK MILLION	NOTE	MANDA- TORY IN FVTPL	DETER- MINED IN FVTPL	FVOCI – DEBT INSTRUMENTS	FVOCI – EQUITY INSTRUMENTS	AMORTISED COST	TOTAL
Payables to banks	12	0	0	0	0	155	155
Payables to clients	13	0	0	0	0	24,648	24,648
Other liabilities and deferred expenses	14	0	2	0	0	77	79
<b>TOTAL FINANCIAL LIABILITIES</b>		<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>24,880</b>	<b>24,882</b>

31 DECEMBER 2022 IN CZK MILLION	NOTE	MANDA- TORY IN FVTPL	DETER- MINED IN FVT- PL	FVOCI – DEBT INSTRUMENTS	FVOCI – EQUITY INSTRUMENTS	AMORTISED COST	TOTAL
Payables to banks	12	0	0	0	0	161	161
Payables to clients	13	0	0	0	0	23,433	23,433
Other liabilities and deferred expenses	14	0	7	0	0	72	79
<b>TOTAL FINANCIAL LIABILITIES</b>		<b>0</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>23,666</b>	<b>23,673</b>

## 24. INFORMATION ON RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

### A) CREDIT RISK

#### CREDIT RATING OF THE DEBTOR

In the case of small and medium-sized enterprises, as well as in that of municipalities, water management companies, housing cooperatives, associations of housing unit owners and non-profit organisations, the credit rating is performed in accordance with the Bank's internal regulations and is based on the client's creditworthiness assessment resulting from economic and non-economic analysis. Non-economic evaluation includes analysis of external and internal factors that affect the client's activities. The economic evaluation is based on a financial analysis performed on the basis of economic indicators and additional information. The creditworthiness assessment is performed for each credit risk transaction at the initial assessment and the credit risk assessment is performed regularly throughout the duration of the loan transaction, usually at regular quarterly intervals. As part of its regular credit risk assessment, the Bank focuses mainly on information on payment history obtained from the Central Credit Register and also on information resulting from the analysis and financial analysis of financial reports regularly sent by the clients that document their economic situation.

For the credit rating of a debtor, the Bank uses its own internally developed rating tool, which is based on the principle of the synthesis of economic and non-economic information about the client. The Bank regularly updates its rating tool with relevant risk-free rates and surcharges in connection with the line of business and other parameters. The rating tool and its principles are documented in the Bank. The rating tool serves as an aid to the analyst's decision.

The credit risk is expressed by assigning the client to the relevant risk category. The credit risk in a specific case is regulated by setting contractual terms, including trade collateral.

The Bank determines the riskiness of individual clients in the segment of small and medium-sized enterprises on the basis of an analysis of the client's financial situation and evaluation of non-economic aspects (e.g., management experience, management qualifications, market position). The Bank generally classifies clients into 10 basic risk categories according to the internal rating assigned to individual clients.

For transactions concluded on financial markets and for issuers of securities, the client's creditworthiness rating is based on a rating from internationally renowned rating agencies, as well as an assessment of economic and non-economic aspects. Standard and Poor's, Moody's and Fitch Ratings are considered renowned agencies. The creditworthiness of counterparties and issuers is regularly reassessed throughout the duration of the business credit relationship. The frequency of the reassessment depends on the risk category of the counterparties and issuers.

#### PORTFOLIO CREDIT RISK MEASUREMENT

The Bank analyses the loss of products in individual years and determines the rate of actual losses on portfolios closed in individual years.

The Bank monitors the loss-making of its guarantee and loan portfolio according to individual product classes, as well as according to annual tranches. The results of the analyses are regularly presented to the Bank's management as a basis for decision-making in the areas of credit risk.

The Bank mainly analyses the following segments of its products: infrastructure and municipal loans, loans to small and medium-sized enterprises and individual guarantees to small and medium-sized enterprises.

#### EXPECTED CREDIT LOSSES

#### INPUTS, ASSUMPTIONS AND TECHNIQUES USED IN DETERMINING IMPAIRMENT

Credit risk rating grades are the basic input in creating a PD curve for loan exposures over time. The Bank collects performance and default information about its loan and guarantee exposures. The Bank uses statistical models to analyse the data obtained and to create PD curves and their course depending on the period remaining to maturity of the exposures (time structure) and to determine their expected changes over time.

Significant increases in credit risk are objectively assessed through ongoing client monitoring. As part of the monitoring, the Bank assesses changes in the client's performance and changes in the client's expected future development. The Bank considers a significant increase in credit risk to be a situation in which the client is in default for more than 30 days or information on the development of the client's performance indicates that the credit risk has deteriorated. Ratings from client monitoring are reflected in internal client ratings. If the credit risk increases significantly, the client is reassigned to Stage 2 or Stage 3 in the case of default.

In addition to the internal rating, additional indicators can be used to indicate a significant increase in credit risk:

#### Market information:

- Actual or expected significant adverse changes in the debtor's regulatory, economic or technological environment, resulting in a significant change in the debtor's ability to meet their debt liabilities,
- Significant negative information from the market,
- The sector is facing structural competitive challenges,
- The sector is facing serious challenges related to environmental protection, public health, etc.,
- Substantial change in the legal regulation of the sector,
- Entry of a strong new competitor.

#### Economic environment/Sector:

- The sector is facing structural competitive challenges,
- The sector is facing serious challenges related to environmental protection, public health, etc.,
- Substantial change in the legal regulation of the sector,
- Entry of a strong new competitor.

**Transaction behaviour:**

- Material fines from the tax or other authorities or investigations for tax evasion or similar,
- Disruption, interruption or cessation of business,
- Major new litigation.

**Quality and checking of collateral:**

- Significant changes in the value of the collateral securing the liability in question,
- Negative change in the status and enforceability of the collateral, e.g.:
  - A significant insured event on a key loan collateral,
  - A defect in the legal documentation that affects the enforceability,
  - Expiry of insurance,
  - Inability to exercise control over assets (flows),
  - Unreliable valuation, etc.

The Bank determines a significant increase in the credit risk on the basis of the consideration and assessment of adequate and verifiable information and factors that are available without incurring disproportionate costs or effort to indicate future prospects.

**DEFINITION OF DEFAULT**

The Bank considers a debtor to be in default if the principal, interest or fees on any exposure to the debtor are more than 90 days past due and/or the Bank has concluded, based on analysis and/or other information about the client, that the client is unlikely to repay in full its loan obligations to the Bank without taking specific action such as application of collateral.

For the purposes of calculating expected losses, the Bank divides exposures into three levels. Level 1 and Level 2 are loans and guarantees without default. In Level 2, there are loans and guarantees for which a significant increase in the credit risk has been recorded since their inception. In addition to loans and guarantees with default, purchased or originated credit-impaired financial assets (POCI) are also recorded in Level 3. The Bank classifies performance under guarantees in the POCI category.

**CALCULATION OF EXPECTED CREDIT LOSSES**

The key inputs for the calculation of expected credit losses (ECL) are the time structures of the following variables/parameters:

- Probability of default (PD);
- Risk coverage funds;
- Loss given by default (LGD);
- Exposure at default (EAD).

These parameters are derived from our own internally developed statistical models and historical data, which need to be adjusted to match the information about future prospects (FLI).

PD estimates are point-in-time estimates that are calculated on the basis of statistical models and rating tools tailored to different categories of counterparties and exposures. These statistical models are based on internally obtained data, including both quantitative and qualitative factors. If available, market data can also be used to determine the PD for large corporate counterparties. If a counterparty or exposure is shifted between rating grades, this leads to a change in the estimate of the relevant PD.

LGD represents the amount of probable loss if a default occurs. The Bank estimates LGD parameters on the basis of the historical recovery yield from debtors in default. LGD models take into account collateral, subordination of receivables, counterparty sector and debt collection costs.

The calculation is performed on the basis of discounted cash flows using the effective interest rate as a discount factor, except for exposures in the SME segment, where the EIR is 0. The reason for this procedure is the fact that the Bank provides preferential guarantees and loans to clients at a zero rate, which corresponds to the standard market conditions of development and guarantee institutions.

The EAD represents the expected loan exposure at the time of default. The Bank determines the EAD on the basis of the current exposure to the given counterparty and possible changes in the current exposure on the basis of a contract concluded with the counterparty, including regular and early repayments.

The EAD of a financial asset is its gross book value. For loan commitments and financial guarantees, the EAD includes the amount drawn, as well as possible future drawdowns that may occur on the basis of the concluded contract. These future drawdowns are estimated on the basis of historical experience and forecasts of future prospects. For some financial assets, the EAD is determined by modelling the range of possible resulting exposures at different future times using scenarios and statistical methods.

The Bank applies the FLI parameter to the PD and LGD values.

For the purpose of estimating the future evolution of the PD value through the FLI parameter, several approaches are used by the Bank, which are then combined according to expertly determined weights representing the influence of each estimate on the resulting value. Specifically, the following approaches are combined:

- **Statistical approach** based on the estimation of a statistical model that predicts the future evolution of the default rate of the NRB portfolio using the macroeconomic forecast of the MoF CR, weight of 50%,
- **Statistical approach with an optimistic scenario** based on the statistical approach, where the macroeconomic forecast of the MoF CR is adjusted in an optimistic direction, weight of 15%,
- **Statistical approach with a negative scenario** based on the statistical approach, where the macroeconomic forecast of the MoF CR is adjusted in a negative direction, weight of 15%,
  - The positive and negative scenarios are based on the macroeconomic forecast of the MoF CR, which is adjusted for the purposes of the scenarios as follows:
    - Variables representing the relative or absolute change in a macroeconomic variable (i.e., variables that do not “accumulate” over multiple periods, e.g., quarterly GDP change) are adjusted by adding/subtracting the product of the standard deviation from the available historical figure of the variable,
    - Other variables (i.e., variables that represent a “state” or are “cumulative” over multiple periods, e.g. GDP or the share of the balance of goods and services in GDP) are adjusted by adding/subtracting the product of the standard deviation of the change in the variable over the corresponding future horizon (e.g. for a horizon of 1 year, the

standard deviation of the annual changes in the variable is used), determined on the basis of the available historical figure of the variable.

➤ **Approach based on the CNB forecast** stemming from the CNB baseline scenario according to the Financial Stability Report, weight of 20%:

- Specifically, it is based on the expected evolution of the 12-month default rate on bank loans to non-financial enterprises under the baseline (BS) scenario as described in the Financial Stability Report.
- The Financial Stability Report is issued once a year (usually in June) with data up-to-date as at 31 March of that year. The 12-month default rates on bank loans to non-financial enterprises are captured there:
  - always for the last year and predictions for the next 3 years,
  - in some years, a quarterly forecast is added.
- The use of the approach based on the CNB forecast as an “alternative” view of the expected future evolution of the default rate is justified by the relatively strong dependence of the CNB default rate of non-financial enterprises and the default rate observed in the NRB portfolio.

➤ **Expert approach** capturing influences that are not captured in the MoF CR or CNB forecast or that may invalidate the relationships used in the statistical approach, weight of 0%.

Due to the insufficient number of historical defaults for robust statistical estimation of the dependence of LGD on macroeconomic variables, the prediction of future LGD via FLI parameters is based on a combination of two approaches:

➤ **Estimate based on the CNB forecast** stemming from the CNB baseline scenario according to the Financial Stability Report, weight of 50%:

- the Financial Stability Report contains the expected evolution of the loss given default (LGD) for non-financial conditions for the next 3 years,
- Specifically, it is assumed that the reported LGD value corresponds to the LGD observed in the middle of the year; for the other quarters the LGD is calculated using linear interpolation.

➤ **Expert approach** capturing effects not captured in the CNB forecast, weight of 50%.

The combination of the above approaches, including the above weights, results in an increase in allowance generation of 22.1% for Stage 1 and 4.9% for Stage 2 due to the application of FLI. The Bank performed back-testing of the FLI parameter, where the objective of the testing was to assess the accuracy and directional estimation of the different approaches and to improve the back-testing of the PD estimate when taking into account the FLI parameter. The Bank did not conduct further sensitivity analysis of the modelling of the change in weights for each FLI calculation scenario.

The year 2023 brought about a very turbulent time when the energy market situation was very dynamic and the gap between the bid and actual prices paid for energy widened significantly. Unfortunately, the degree of uncertainty as to whether the situation on the energy market will be stable and predictable in the coming years is still high. Rising energy prices continued to have a negative impact on inflation in 2023. Energy price de-

velopments have a major impact on household and business spending. The increase in energy prices is a very important variable, in particular, for energy-intensive sectors in their day-to-day operations, evaluation of their efficiency and future plans, and also affects their competitiveness.

The expected recovery in economic growth after the pandemic, which had been somewhat hampered in the previous period by problems in supply and demand chains, was interrupted in 2022 by the ongoing war.

How great the impact will be is still highly uncertain. It will depend on the duration of the conflict, the severity of the sanctions, and also on the cooperation of the free world in supplying strategically important raw materials. These factors are difficult to model and predict in terms of calculating ECL, and can in principle have a shock effect in terms of their impact on the Bank's SME clientele.

The unique situation that arose in 2020 and continued into 2021, 2022 as well as 2023 causes possible inaccuracies in the standard ECL parameter estimation models used by the Bank, exacerbated by the difficulty the Bank's usual clients had in delivering adequate and relevant performance information that the Bank normally takes into account in its internal rating. Furthermore, the Bank is not the parent bank for any client, does not conduct payment transactions and always provides only supporting complementary products for projects that the client normally implements through loan financing or other banking products from its parent bank. The absence of payment information combined with the ex-post notification obligation of the client also leads to a certain information asymmetry.

In connection with the above reasons and taking into account the necessary prudence, the Bank has implemented a management overlay in the calculation of allowances. The management overlay is directed at the Bank's entire portfolio, with the Expansions-loan product still forming the majority of the Bank's loan portfolio in the SME support segment. The main driver for the level of the management overlay is thus mainly the EXPANSIONS programme sponsor's expected loss coverage, which was set by the programme sponsor in 2017 at 15% and has not been changed over time. Unfortunately, this coverage does not reflect the current complex and difficult to predict situation. The Bank perceives as an appropriate benchmark the approach of the State as the programme sponsor to cover loan-related (credit) losses, which was particularly evident in the COVID crisis in 2020, when the State covered credit losses up to 25-30% depending on the type of programme (COVID II and COVID III). Therefore, the Bank considers it appropriate that credit losses in the entire portfolio, including the EXPANSIONS loan product, be covered at 25%.

## METHOD FOR CALCULATING PROVISIONS FOR M-GUARANTEES

In the case of portfolio M-guarantees, the credit risk is divided between the lending banks and the NRB and its amount is precisely limited by the maximum possible performance of the bank guarantee within the individual support programmes. The exact amount of the total possible payments from the portfolio of issued bank guarantees, for which the Bank generates provisions or funds to cover risks in full, is contractually agreed with the lending banks.



When calculating provisions for M-guarantees, the Bank divides M-guarantees into guarantees with uncompleted drawdown of the guaranteed loan and guarantees with completed drawdown of the guaranteed loan. The amount of the provisions is calculated on the original amount of the guarantee for guarantees with uncompleted drawdown of the loan and on the amount of the loan drawn for guarantees with completed drawdown of the loan. The maximum performance is capped at an agreed percentage of the relevant portfolio, e.g., 10% of the volume of loans drawn for the M-guarantee portfolio in the 2015-2023 National Programme (NP). For the portfolio of M-guarantees in the 2015-2023 NP, the value of the calculated provisions is reduced by the effect of the counter-guarantee of the European Investment Fund (EIF) COSME. The maximum performance under M-guarantees is covered by the sum of the generated provisions and risk coverage funds.

As at 31 December 2023, the Bank has reclassified M-guarantees between Stage 1 and Stage 2 based on a sectoral approach in relation to the identification of the sector with the highest level of performance by the Bank.

The transfer of the relevant positions to Stage 2 reflects an increase in the credit risk level for individual business cases for which the Bank did not have sufficiently reliable information on an individual basis and the Bank considers it to be correct in terms of risk management.

#### **SECURING LOAN AND GUARANTEE RECEIVABLES**

Movable and immovable pledges are recorded in the accounts and are valued on the basis of an expert's opinion (par value of collateral). For real estate, the Bank performs central revaluations to market prices when market conditions change on the basis of price maps prepared by an external agency. The Bank keeps the liabilities of natural persons and legal entities and bills of exchange in its records and they are valued at the values set by the Bank's internal regulations.

The realisable value of collateral takes into account the costs of realisation of collateral, including the time value of money.

#### **RECOVERY OF RECEIVABLES FROM DEBTORS**

The Bank recovers due receivables from bank guarantees and loans in its own system of risk-based business case management using all legal instruments in accordance with generally applicable legal regulations. To speed up the recovery process, it works with an arbitration clause in loan and guarantee agreements and with enforceable entries.

#### **PREFERENTIAL LOANS UNDER THE OPERATIONAL PROGRAMME ENTERPRISE AND INNOVATION FOR COMPETITIVENESS (OP EIC)**

Since 1 June 2017, the Bank has been providing preferential loans in the EXPANSION programme and since 19 September 2017 also preferential loans in the ENERGY SAVINGS programme within the Operational Programme Enterprise and Innovation for Competitiveness. The loans are financed from a loan fund established from the European Structural and Investment Funds.

The loans are provided as interest-free with a grace period. A financial contribution to cover interest is provided for selected loans, which serves the ultimate beneficiaries for the partial or full payment of interest on a commercial loan drawn for the im-

plementation of a supported project. In the case of the ENERGY SAVINGS programme, clients are also provided with a financial contribution to cover the costs of the energy assessment.

As at the eligibility end date (29 December 2023), OP EIC loans had been exhausted.

#### **PREFERENTIAL LOANS UNDER THE ENERGM PROGRAMME**

Since 1 June 2017, the Bank has been providing preferential loans in the national ENERGM programme. The loans are financed from a loan fund established from the state budget.

The loans are provided as interest-free with a grace period. A financial contribution is provided for the loans for achieving the results of the project and a financial contribution to cover the costs of the energy assessment.

#### **PREFERENTIAL LOANS UNDER THE INFIN PROGRAMME**

Since 2018, the Bank has been providing preferential loans in the INFIN programme. The INFIN programme offers small and medium-sized enterprises preferential loans to finance innovative business projects in the City of Prague.

The programme is financed from the ESI Funds within the Operational Programme Prague - Growth Pole of the Czech Republic. The loans are provided as interest-free with a grace period.

As at the eligibility end date (29 December 2023), the loans granted under the Operational Programme Prague had been exhausted.

#### **PREFERENTIAL LOANS FROM THE MINISTRY OF LABOUR AND SOCIAL AFFAIRS – S-ENTERPRISE**

Since 2020, the Bank has been providing preferential loans for Social Entrepreneurship (S-ENTERPRISE) from the MoLSA Loan Fund. The S-ENTERPRISE programme funds preferential loans for social enterprises, for which it is often very difficult, if not impossible, to meet the requirements of financial institutions. The loans are provided as interest-free with a grace period. The programme is funded by the ESIF Funds.

As at the eligibility end date (29 December 2023), the loans granted under the Operational Programme MoLSA had been exhausted.

#### **COVID I LOAN PROGRAMME**

In connection with the COVID-19 pandemic, the Bank provided a COVID I preferential loan for small and medium-sized enterprises in 2020 in accordance with the decision of the Government of the Czech Republic. The aim of this loan was to facilitate access to operational financing for small and medium-sized enterprises. The loan could be used for the acquisition of small tangible and intangible assets, for the acquisition and financing of inventories and for other operational expenses.

#### **NEW ENERGY SAVINGS LOAN PROGRAMME**

Since 2023, the Bank has been providing loans in the New Energy Savings programme. The loans are intended for the implementation of projects throughout the Czech Republic outside the Prague region. Businesses use the New Energy Savings programme funding to finance projects that will deliver at least 10% energy savings.

## TRANSITION PROGRAMME INTEREST-FREE LOANS

Since 2023, the Bank has been providing interest-free loans under the TRANSFORMATION programme. The loans are intended to support the investment activities of small and medium-sized enterprises. Enterprises in the coal regions, i.e., in the Moravian-Silesian, Ústí nad Labem and Karlovy Vary Regions, can benefit from the funds.

## PREFERENTIAL GUARANTEES IN NATIONAL GUARANTEE PROGRAMMES

In the period from 2009 to 2021, the Bank provided preferential guarantees in programmes announced by the Ministry of Industry and Trade to support small and medium-sized enterprises. The products were financed from the funds of guarantee funds established with the participation of state budget funds and from funds revised within other business support programmes and, since 2012, also from the Bank's own funds. The GUARANTEE 2015-2023 programme was extended to include a SMART guarantee for a digitalisation loan in April 2021.

## PREFERENTIAL GUARANTEES IN THE EXPANSION PROGRAMME

Since March 2019, the Bank has been providing preferential guarantees in the EXPANSION programme. These guarantees are financed from the European Structural and Investment Funds under the Operational Programme Enterprise and Innovations for Competitiveness.

As at the eligibility end date (29 December 2023), the provision of guarantees from OP EIC funds was terminated.

## COVID GUARANTEE PROGRAMMES

In connection with the COVID-19 pandemic, in 2020 the Bank introduced the COVID II, COVID PRAGUE and COVID III guarantee programmes in accordance with the decision of the Government of the Czech Republic.

The COVID II guarantee programme served to facilitate the access of self-employed persons and small and medium-sized enterprises affected by the pandemic to operational financing in the form of a commercial loan guarantee. The programme is financed from the EU structural funds and is not intended to finance projects in the Capital City of Prague.

The COVID PRAGUE guarantee programme was prepared by the Bank in cooperation with the City of Prague. The aim of this guarantee programme was to facilitate access to operational financing for self-employed persons and small and medium-sized entrepreneurs active within the territory of the Capital City of Prague who were affected by the pandemic. The programme is financed from the Operational Programme Prague - Growth Pole.

The aim of the COVID III guarantee programme was to aid entrepreneurs affected by the coronavirus pandemic and related preventive measures through guarantees for operating bank

credits. This programme covered enterprises with up to 500 employees.

The Bank ensures, at its own expense, the recovery of receivables from performance under guarantees and from sanctions for breaches of the terms of the guarantee agreements. After the payment of the receivable or after its settlement to the debit of the programme funds in the event of its uncollectibility, the receivable is removed from the Bank's accounting. Losses in excess of the funds in the risk coverage accounts are covered by the Bank.

## RISK CONCENTRATION

The Bank considers it a significant concentration of risk if unreasonable concentrations of exposures to variously related persons or groups of persons or to persons from the same industry, geographical area or the same activity could cause a significant impact on the Bank's operations and stability in the event of adverse developments.

The risks in the Bank are concentrated primarily in the area of preferential guarantees for SME loans and loans for repairs of apartment buildings, preferential loans provided by the Bank to small and medium-sized enterprises and the Bank's loans for business entities and municipalities for water management projects. Most of these loans and guarantees are provided in cooperation with the state administration, and since the state participates in covering some of the risks in some transactions, the risk is spread over several entities. The Bank manages concentration risk in relation to the rules for loan exposure and through a system of limits for credit risk management. To determine the concentration of credit risk, the Bank mainly uses methods and procedures based on the analysis of data stored in the Bank's internal business and accounting system. The Bank does not use any hedging derivatives to eliminate these risks. These risks are monitored periodically.

## FINANCIAL MARKET INSTRUMENTS

In accordance with internal regulations, the Bank defines financial instruments in which it can invest and with which it can manage currency and interest rate risks. These are mainly deposits, bonds (mortgage bonds, CZK bonds, foreign currency bonds and Eurobonds), bills of exchange, derivatives (forex operations - FX, cross-currency swaps - CCS and interest rate swaps - IRS). The credit rating of counterparties and issuers is based on the rating of the client's creditworthiness, which results from a rating from internationally renowned rating agencies and an assessment of economic and non-economic aspects. The creditworthiness of counterparties and issuers is regularly reassessed throughout the duration of the business credit relationship.

## QUALITY OF THE SECURITIES PORTFOLIO

Portfolio of securities by individual rating grades and broken down by individual groups of financial assets:

### 31 December 2023

IN CZK MILLION	AAA	AA+ TO AA-	A+ TO A-	BBB TO BB-	TOTAL
Debt instruments in FVTPL	0	0	0	0	0
Equity instruments in FVOCI	76	0	0	0	76
Debt instruments in FVOCI	400	9,211	0	136	9,747
Securities at amortised cost	0	10,251	0	0	10,251
<b>TOTAL</b>	<b>476</b>	<b>19,462</b>	<b>0</b>	<b>136</b>	<b>20,074</b>

### 31 December 2022

IN CZK MILLION	AAA	AA+ TO AA-	A+ TO A-	BBB TO BB-	TOTAL
Debt instruments in FVTPL	0	160	0	0	160
Equity instruments in FVOCI	73	0	0	0	73
Debt instruments in FVOCI	400	9,079	0	156	9,635
Securities at amortised cost	0	7,810	0	0	7,810
<b>TOTAL</b>	<b>473</b>	<b>17,049</b>	<b>0</b>	<b>156</b>	<b>17,678</b>

The Bank uses external ratings to assess the quality of its securities portfolio.

## QUALITY OF THE DERIVATIVES PORTFOLIO

The portfolio of derivatives as at 31 December 2023 and 2022 consists of transactions with trustworthy bank counterparties (with an external rating in the range from AA+ to A).

## BREAKDOWN OF ASSETS BY GEOGRAPHICAL SEGMENT

### 31 December 2023

IN CZK MILLION ASSETS	CZECH REPUBLIC	EUROPEAN UNION	ALLOWANCES AND ACCUMULATED DEPRECIATION	TOTAL
Cash and deposits with central banks	3	0	0	3
Receivables from banks	2,607	0	-1	2,606
Receivables from clients	11,934	0	-602	11,332
Securities valued through profit or loss	0	0	0	0
Debt instruments in FVOCI	9,341	406	0	9,747
Securities at amortised cost	10,254	0	-3	10,251
Financial derivatives	0	0	0	0
Equity instruments in FVOCI	0	76	0	76
Participating interests with significant influence	1	0	0	1
Participating interests with decisive influence	43	0	-29	14
Other financial assets	22	2	-13	11
<b>Total financial assets</b>	<b>34,205</b>	<b>484</b>	<b>-648</b>	<b>34,041</b>
Other non-financial assets	1,114	0	-647	467
<b>TOTAL</b>	<b>35,319</b>	<b>484</b>	<b>-1,295</b>	<b>34,508</b>



## 31 December 2022

IN CZK MILLION ASSETS	CZECH REPUBLIC	EUROPEAN UNION	ALLOWANCES AND ACCUMULATED DEPRECIATION	TOTAL
Cash and deposits with central banks	280	0	0	280
Receivables from banks	3,309	0	-1	3,308
Receivables from clients	11,023	0	-803	10,220
Securities valued through profit or loss	160	0	0	160
Debt instruments in FVOCI	9,188	447	0	9,635
Securities at amortised cost	7,812	0	-2	7,810
Financial derivatives	0	0	0	0
Equity instruments in FVOCI	0	73	0	73
Participating interests with significant influence	1	0	0	1
Participating interests with decisive influence	37	0	-21	16
Other financial assets	86	2	-12	76
<b>Total financial assets</b>	<b>31,896</b>	<b>522</b>	<b>-839</b>	<b>31,579</b>
Other non-financial assets	1,022	0	-649	373
<b>TOTAL</b>	<b>32,918</b>	<b>522</b>	<b>-1,488</b>	<b>31,592</b>

## MAXIMUM CREDIT RISK EXPOSURE

## 31 December 2023

IN CZK MILLION	BALANCE SHEET	OFF-BALANCE SHEET	EXPOSURE TO CREDIT RISK IN TOTAL	ACCEPTED COLLATERAL
Cash on hand and deposits with central banks	3	0	3	0
Receivables from banks	2,606	0	2,606	2,545
Securities valued through profit or loss	0	0	0	0
Financial derivatives	0	0	0	0
Receivables from clients*	11,332	1,326	12,658	4,023
Equity instruments in FVOCI	76	0	76	0
Debt instruments in FVOCI	9,747	0	9,747	0
Securities at amortised cost	10,251	0	10,251	0
Participating interests with significant influence	1	0	1	0
Participating interests with decisive influence	14	0	14	0
Other financial assets	11	0	11	0
Financial guarantees	0	48,762	48,762	24,480
<b>Total financial assets</b>	<b>34,041</b>	<b>50,088</b>	<b>84,129</b>	<b>31,048</b>
Non-financial assets	467			
<b>TOTAL ASSETS</b>	<b>34,508</b>			

## 31 December 2022

IN CZK MILLION	BALANCE SHEET	OFF-BALANCE SHEET	EXPOSURE TO CREDIT RISK IN TOTAL	ACCEPTED COLLATERAL
Cash on hand and deposits with central banks	280	0	280	0
Receivables from banks	3,308	0	3,308	3,238
Securities valued through profit or loss	160	0	160	0
Financial derivatives	0	0	0	0
Receivables from clients*	10,220	2,333	12,553	3,550
Equity instruments in FVOCI	73	0	73	0
Debt instruments in FVOCI	9,635	0	9,635	0
Securities at amortised cost	7,810	0	7,810	0
Participating interests with significant influence	1	0	1	0
Participating interests with decisive influence	16	0	16	0
Other financial assets	76	0	76	0
Financial guarantees	0	57,965	57,965	26,437
<b>Total financial assets</b>	<b>31,579</b>	<b>60,298</b>	<b>91,877</b>	<b>33,224</b>
Non-financial assets	373			
<b>TOTAL ASSETS</b>	<b>31,952</b>			

\* The value of collateral received is reported only up to the amount of the loan exposure.

The amount of collateral provided is disclosed in clause 6 Receivables from clients.

### QUANTITATIVE INFORMATION ON COLLATERAL FOR CREDIT-IMPAIRED FINANCIAL ASSETS (LEVEL 3)

IN CZK MILLION	31 DECEMBER 2023		31 DECEMBER 2022	
	GROSS	NET	GROSS	NET
Less than 50%	1,871	66	1,657	74
51-70%	8	4	15	9
More than 70%	163	158	225	221
<b>TOTAL</b>	<b>2,042</b>	<b>228</b>	<b>1,897</b>	<b>304</b>

### OVERVIEW OF RESTRUCTURED RECEIVABLES

YEAR	AMOUNT IN CZK MILLION *	NUMBER OF RECEIVABLES
2023	173	59
2022	120	51

\* The data is presented including interest on arrears recorded in the off-balance sheet.

## B) MARKET RISK

### CHARACTERISTICS OF MARKET RISKS

The basic market risk management strategy is set out in internal regulations and documents approved by the Bank's Board of Directors.

### CHARACTERISTICS OF OPERATIONS RELATED TO MARKET RISK

The Bank is exposed to market risks of loss in the purchase, holding and sale of investment instruments defined in the NRB

Investment Strategy. This risk arises from open positions in interest rates and currencies. The Bank applies a conservative approach to currency risk. The Bank is not interested in holding open positions in foreign currencies.

### MARKET RISK MEASUREMENT

To measure the interest rate risk, the Bank uses the basic methods (interest rate GAP analysis, duration, interest rate elasticity) and methods for calculating capital ratios set by the Regulation of the European Parliament and of the Council (EU), as amended.

Furthermore, the Bank has set internal limits limiting the market risk. Interest rate GAP analysis measures the interest

rate risk of the trading and investment portfolio together and is restricted by limits for the net interest rate position in each time zone.

The interest rate risk of all bond portfolios is restricted by the limits on the interest rate risk of bond portfolios. The Bank performs stress testing on a quarterly basis in accordance with Decree No. 163/2014 Coll., as amended.

### MARKET RISK MANAGEMENT

The market risk management tool is an external capital ratio limit and internal limits for interest rate change risk and for the interest rate elasticity of the bond portfolio. Furthermore, the market risk is limited by the internal capital ratio limit. The currency risk is limited by the limits set out in the Regulation of the European Parliament and of the Council (EU), as amended.

The limits for the risk of changes in the interest rate limit the size of the interest rate GAP in each time zone of the interest rate GAP analysis in relation to the Bank's capital and are expressed as a percentage.

The interest rate risk limits on bond portfolios limit the market risk of portfolios of bonds measured at fair value through profit or loss and realised bonds together and portfolios of bonds held to maturity and not held for trading together. The methods for calculating these limits are based on the principles of duration analysis (e.g., the limit on interest rate elasticity).

The internal capital ratio limit tightens the external capital ratio limit set by the banking regulator.

All derivatives are negotiated on the over-the-counter market.

## C) FINANCIAL DERIVATIVES

### TRADING DERIVATIVES

IN CZK MILLION	31 DECEMBER 2023		31 DECEMBER 2022	
	PAR VALUE		PAR VALUE	
	RECEIVABLE	PAYABLE	RECEIVABLE	PAYABLE
Currency derivatives				
Swaps	69	70	122	128
<b>TOTAL</b>	<b>69</b>	<b>70</b>	<b>122</b>	<b>128</b>

IN CZK MILLION	31 DECEMBER 2023		31 DECEMBER 2022	
	FAIR VALUE		FAIR VALUE	
	POSITIVE	NEGATIVE	POSITIVE	NEGATIVE
Currency derivatives				
Swaps	0	2	0	7
<b>TOTAL</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>7</b>

### Maturity of trading derivatives as at 31 December 2023

IN CZK MILLION	UP TO 3 MONTHS	3 MONTHS - 1 YEAR	1 YEAR - 5 YEARS	OVER 5 YEARS	TOTAL
Currency swaps	0	0	69	0	69
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>69</b>	<b>0</b>	<b>69</b>

### Maturity of trading derivatives as at 31 December 2022

IN CZK MILLION	UP TO 3 MONTHS	3 MONTHS - 1 YEAR	1 YEAR - 5 YEARS	OVER 5 YEARS	TOTAL
Currency swaps	0	33	89	0	122
<b>TOTAL</b>	<b>0</b>	<b>33</b>	<b>89</b>	<b>0</b>	<b>122</b>

## D) CURRENCY RISK

The Bank's financial position and cash flows are exposed to the risk of fluctuations in the exchange rates of common currencies. Currency position values are available daily. In the event that the limits are exceeded, the Bank shall proceed in accordance with internal regulations.

### 31 December 2023

IN CZK MILLION	EUR	CZK	TOTAL
Cash on hand and deposits with central banks	0	3	3
Receivables from banks	1	2,605	2,606
Receivables from clients	0	11,332	11,332
Securities valued through profit or loss	0	0	0
Debt instruments in FVOCI	0	9,747	9,747
Securities at amortised cost	0	10,251	10,251
Financial derivatives	0	0	0
Equity instruments in FVOCI	76	0	76
Participating interests with significant influence	0	1	1
Participating interests with decisive influence	0	14	14
Other financial assets	0	11	11
<b>Total financial assets</b>	<b>77</b>	<b>33,964</b>	<b>34,041</b>
Other non-financial assets	1	466	467
<b>TOTAL ASSETS</b>	<b>78</b>	<b>34,430</b>	<b>34,508</b>
Payables to banks	85	70	155
Payables to clients	46	24,602	24,648
Financial derivatives	0	2	2
Other financial liabilities	0	77	77
<b>Total financial liabilities</b>	<b>131</b>	<b>24,751</b>	<b>24,882</b>
Other non-financial liabilities	112	118	230
Provisions	0	3,732	3,732
Equity	23	5,641	5,664
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>266</b>	<b>34,242</b>	<b>34,508</b>
Net balance sheet position	-188	188	-
Net off-balance sheet position	69	-70	-
<b>Net position</b>	<b>-119</b>	<b>118</b>	<b>-</b>

**31 December 2022**

IN CZK MILLION	EUR	CZK	TOTAL
Cash on hand and deposits with central banks	0	280	280
Receivables from banks	3	3,305	3,308
Receivables from clients	0	10,220	10,220
Securities valued through profit or loss	0	160	160
Debt instruments in FVOCI	39	9,596	9,635
Securities at amortised cost	0	7,810	7,810
Financial derivatives	0	0	0
Equity instruments in FVOCI	73	0	73
Participating interests with significant influence	0	1	1
Participating interests with decisive influence	0	16	16
Other financial assets	0	76	76
<b>Total financial assets</b>	<b>115</b>	<b>31,464</b>	<b>31,579</b>
Other non-financial assets	1	372	373
<b>TOTAL ASSETS</b>	<b>116</b>	<b>31,836</b>	<b>31,952</b>
Payables to banks	161	0	161
Payables to clients	59	23,374	23,433
Financial derivatives	0	7	7
Other financial liabilities	0	72	72
<b>Total financial liabilities</b>	<b>220</b>	<b>23,453</b>	<b>23,673</b>
Other non-financial liabilities	0	74	74
Provisions	0	3,788	3,788
Equity	21	4,396	4,417
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>241</b>	<b>31,711</b>	<b>31,952</b>
Net balance sheet position	-125	125	-
Net off-balance sheet position	122	-128	-
<b>Net position</b>	<b>-3</b>	<b>-3</b>	<b>-</b>

**CURRENCY RISK SENSITIVITY ANALYSIS**

The table below provides an analysis of currency risk sensitivity. The foreign currency items of the Balance Sheet were tested with regard to an increase in the exchange rate by 10% (10% appreciation of currencies would have the same and opposite effect). The open position in EUR is very small and hedged using trading derivatives. Hedging instruments almost offset the open position (see the tables above) and therefore the impact of exchange rate movements on the Profit and Loss Account is not significant. As the euro was the only significant currency in which the Bank had an open position at the end of the year, the table below summarises the sensitivity of the CZK compared to the CZK/EUR exchange rate applicable on 31 December 2023 and 2022.

IN CZK MILLION	2023	2022
Sensitivity to changes in the EUR exchange rate		
Expected rate fluctuation in %	10%	10%
Open position	-118	-3
Effect on the Profit and Loss Account	-6	-10
Effect on capital	8	11

## E) INTEREST RATE RISK

The Bank's intention is to manage the interest rate risk arising from changes in interest rates through gap analysis between assets and liabilities in individual groups.

The table below provides information on the extent to which the Bank is exposed to the risk of interest rate change. It is based either on the contractual maturity of the financial instruments or, if the interest rate of these instruments changes before the maturity date, on the date of the determination of the new interest rate.

The column "Interest-rate-insensitive" includes trades that do not carry information on contractual maturity or rate change. On the assets side, a significant item is the interest-free loans granted in the SME programmes (Receivables from clients). On the liabilities side, a significant item in this column is the non-interest-bearing liabilities to programme sponsors (Payables to clients).

## 31 December 2023

IN CZK MILLION	UP TO 3 MONTHS	3-12 MONTHS	1-5 YEARS	OVER 5 YEARS	INTEREST-RATE-INSENSITIVE	TOTAL
Cash and deposits with central banks	3	0	0	0	0	3
Receivables from banks	2,606	0	0	0	0	2,606
Receivables from clients	16	49	312	659	10,296	11,332
Securities valued through profit or loss	0	0	0	0	0	0
Debt instruments in FVOCI	1,350	3,365	2,738	2,294	0	9,747
Securities at amortised cost	0	716	5,961	3,574	0	10,251
Financial derivatives	0	0	0	0	0	0
Equity instruments in FVOCI	0	0	0	0	76	76
Participating interests with significant influence	0	0	0	0	1	1
Participating interests with decisive influence	0	0	0	0	14	14
Other financial assets	0	0	0	0	11	11
<b>Total financial assets</b>	<b>3,975</b>	<b>4,130</b>	<b>9,011</b>	<b>6,527</b>	<b>10,398</b>	<b>34,041</b>
Tangible fixed assets	0	0	0	0	253	253
Intangible fixed assets	0	0	0	0	63	63
Other non-financial assets	0	0	0	0	151	151
<b>TOTAL ASSETS</b>	<b>3,975</b>	<b>4,130</b>	<b>9,011</b>	<b>6,527</b>	<b>10,865</b>	<b>34,508</b>
Payables to banks	27	18	74	34	2	155
Payables to clients	1,435	12,236	100	100	10,777	24,648
Financial derivatives	0	0	0	0	2	2
Other financial liabilities	0	0	0	0	77	77
<b>Total financial liabilities</b>	<b>1,462</b>	<b>12,254</b>	<b>174</b>	<b>134</b>	<b>10,858</b>	<b>24,882</b>
Other non-financial liabilities	0	0	0	0	230	230
Provisions	0	0	0	0	3,732	3,732
Equity	0	0	0	0	5,664	5,664
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,462</b>	<b>12,254</b>	<b>174</b>	<b>134</b>	<b>20,484</b>	<b>34,508</b>
<b>Net balance sheet position</b>	<b>2,513</b>	<b>-8,124</b>	<b>8,837</b>	<b>6,393</b>	<b>-9,619</b>	<b>-</b>

IN CZK MILLION	UP TO 3 MONTHS	3-12 MONTHS	1-5 YEARS	OVER 5 YEARS	INTEREST-RATE-INSENSITIVE	TOTAL
Cash and deposits with central banks	280	0	0	0	0	280
Receivables from banks	3,302	0	0	0	6	3,308
Receivables from clients	5	101	432	575	9,107	10,220
Securities valued through profit or loss	0	0	160	0	0	160
Debt instruments in FVOCI	450	4,925	2,209	2,051	0	9,635
Securities at amortised cost	0	241	3,863	3,706	0	7,810
Financial derivatives	0	0	0	0	0	0
Equity instruments in FVOCI	0	0	0	0	73	73
Participating interests with significant influence	0	0	0	0	1	1
Participating interests with decisive influence	0	0	0	0	16	16
Other financial assets	0	0	0	0	76	76
<b>Total financial assets</b>	<b>4,037</b>	<b>5,267</b>	<b>6,664</b>	<b>6,332</b>	<b>9,279</b>	<b>31,579</b>
Tangible fixed assets	0	0	0	0	98	98
Intangible fixed assets	0	0	0	0	62	62
Other non-financial assets	0	0	0	0	213	213
<b>TOTAL ASSETS</b>	<b>4,037</b>	<b>5,267</b>	<b>6,664</b>	<b>6,332</b>	<b>9,652</b>	<b>31,952</b>
Payables to banks	66	27	67	0	1	161
Payables to clients	1,575	1,819	4,998	5,529	9,512	23,433
Financial derivatives	0	0	0	0	7	7
Other financial liabilities	0	0	0	0	72	72
<b>Total financial liabilities</b>	<b>1,641</b>	<b>1,846</b>	<b>5,065</b>	<b>5,529</b>	<b>9,592</b>	<b>23,673</b>
Other non-financial liabilities	0	0	0	0	74	74
Provisions	0	0	0	0	3,788	3,788
Equity	0	0	0	0	4,417	4,417
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,641</b>	<b>1,846</b>	<b>5,065</b>	<b>5,529</b>	<b>17,871</b>	<b>31,952</b>
<b>Net balance sheet position</b>	<b>2,396</b>	<b>3,421</b>	<b>1,599</b>	<b>803</b>	<b>-8,219</b>	<b>0</b>

## INTEREST RATE SENSITIVITY ANALYSIS

Balance sheet items sensitive to interest rate movements were analysed for the expected parallel increase in interest rates by 2%. The Bank modelled eight possible scenarios and the most likely alternative of a 2% parallel shift was selected for reporting purposes.

## SENSITIVITY/IMPACT

BALANCE SHEET ITEMS (IN CZK MILLION)	31 DECEMBER 2023	31 DECEMBER 2022
Assets		
Receivables from clients	-90	-87
Receivables from banks	-1	-1
Securities at amortised cost	776	-549
Securities in FVOCI	447	-343
Financial derivatives	0	0
Payables		
Payables to banks	6	0
Payables to clients	1,003	789
Financial derivatives	1	2

The total impact of the parallel shock (+200 bp) on the Bank's capital was 6.79% as at 31 December 2023 (as at 31 December 2022: 5.13%).

## F) LIQUIDITY RISK

The Bank sees liquidity risk as the risk of losing the ability to meet its financial obligations when they fall due or when the Bank is unable to finance its assets. The Bank measures and monitors net cash flows in individual major currencies and at the same time compiles a daily liquidity gap analysis in all individual major currencies in which it has open positions. The Bank also uses a set of limits for liquidity risk management, compiles liquidity scenarios and has prepared a contingency plan for possible threats to the Bank's liquidity.

### CONTRACTUAL RESIDUAL MATURITY

31 December 2023

IN CZK MILLION	UP TO 3 MONTHS	3-12 MONTHS	1-5 YEARS	OVER 5 YEARS	NOT SPECIFIED	TOTAL
Cash and deposits with central banks	3	0	0	0	0	3
Receivables from banks	2,606	0	0	0	0	2,606
Receivables from clients	1,982	1,392	5,741	2,210	7	11,332
Securities valued through profit or loss	0	0	0	0	0	0
Debt instruments in FVOCI	59	1,394	2,789	5,505	0	9,747
Securities at amortised cost	0	716	5,961	3,574	0	10,251
Financial derivatives	0	0	0	0	0	0
Equity instruments in FVOCI	0	0	0	0	76	76
Participating interests with significant influence	0	0	0	0	1	1
Participating interests with decisive influence	0	0	0	0	14	14
Other financial assets	7	0	0	0	4	11
<b>Total financial assets</b>	<b>4,657</b>	<b>3,502</b>	<b>14,491</b>	<b>11,289</b>	<b>102</b>	<b>34,041</b>
Other non-financial assets	3	4	1	0	459	467
<b>TOTAL</b>	<b>4,660</b>	<b>3,506</b>	<b>14,492</b>	<b>11,289</b>	<b>561</b>	<b>34,508</b>
Payables to banks	27	18	74	36	0	155
Payables to clients	1,471	13,920	164	9,093	0	24,648
Financial derivatives	2	0	0	0	0	2
Other financial liabilities	0	0	0	0	77	77
<b>Total financial liabilities</b>	<b>1,500</b>	<b>13,938</b>	<b>238</b>	<b>9,129</b>	<b>77</b>	<b>24,882</b>
Other non-financial liabilities	22	3	2	0	203	230
Provisions	97	567	2,659	376	33	3,732
Equity	0	0	1	2	5,661	5,664
<b>TOTAL</b>	<b>1,619</b>	<b>14,508</b>	<b>2,900</b>	<b>9,507</b>	<b>5,974</b>	<b>34,508</b>
<b>Net balance sheet position</b>	<b>3,041</b>	<b>-11,002</b>	<b>11,592</b>	<b>1,782</b>	<b>-5,413</b>	<b>0</b>
<b>Commitments and guarantees provided</b>	<b>569</b>	<b>3,517</b>	<b>38,246</b>	<b>7,755</b>	<b>1</b>	<b>50,088</b>
<b>Commitments and guarantees received</b>	<b>0</b>	<b>6,168</b>	<b>0</b>	<b>0</b>	<b>14,768</b>	<b>20,936</b>



31 December 2022

IN CZK MILLION	UP TO 3 MONTHS	3-12 MONTHS	1-5 YEARS	OVER 5 YEARS	NOT SPECIFIED	TOTAL
Cash and deposits with central banks	280	0	0	0	0	280
Receivables from banks	3,308	0	0	0	0	3,308
Receivables from clients	1,625	1,115	5,148	2,325	7	10,220
Securities valued through profit or loss	6	0	154	0	0	160
Debt instruments in FVOCI	19	2,007	3,483	4,126	0	9,635
Securities at amortised cost	0	241	3,863	3,706	0	7,810
Financial derivatives	0	0	0	0	0	0
Equity instruments in FVOCI	0	0	0	0	73	73
Participating interests with significant influence	0	0	0	0	1	1
Participating interests with decisive influence	0	0	0	0	16	16
Other financial assets	11	0	0	0	65	76
<b>Total financial assets</b>	<b>5,249</b>	<b>3,363</b>	<b>12,648</b>	<b>10,157</b>	<b>162</b>	<b>31,579</b>
Other non-financial assets	2	3	1	0	367	373
<b>TOTAL</b>	<b>5,251</b>	<b>3,366</b>	<b>12,649</b>	<b>10,157</b>	<b>529</b>	<b>31,952</b>
Payables to banks	50	44	67	0	0	161
Payables to clients	1,872	12,726	0	8,835	0	23,433
Financial derivatives	7	0	0	0	0	7
Other financial liabilities	0	0	0	0	72	72
<b>Total financial liabilities</b>	<b>1,929</b>	<b>12,770</b>	<b>67</b>	<b>8,835</b>	<b>72</b>	<b>23,673</b>
Other non-financial liabilities	22	10	7	1	34	74
Provisions	90	369	2,687	602	40	3,788
Equity	0	1	1	1	4,414	4,417
<b>TOTAL</b>	<b>2,041</b>	<b>13,150</b>	<b>2,763</b>	<b>9,439</b>	<b>4,560</b>	<b>31,952</b>
<b>Net balance sheet position</b>	<b>3,210</b>	<b>-9,784</b>	<b>9,886</b>	<b>718</b>	<b>-4,031</b>	<b>0</b>
<b>Commitments and guarantees provided</b>	<b>455</b>	<b>24,457</b>	<b>26,452</b>	<b>8,934</b>	<b>0</b>	<b>60,298</b>
<b>Commitments and guarantees received</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,206</b>	<b>16,626</b>	<b>22,832</b>

## CONTRACTUAL LIQUIDITY OF THE MAIN NON-DERIVATIVE FINANCIAL LIABILITIES AT AMORTISED COST AND DERIVATIVES BASED ON UNDISCOUNTED CASH FLOWS

### A) PAYABLES TO BANKS AND CLIENTS

#### 31 December 2023

IN CZK MILLION	UP TO 3 MONTHS	3-12 MONTHS	1-5 YEARS	OVER 5 YEARS	TOTAL
Payables to banks	29	21	85	38	173
Payables to clients	1,474	13,929	199	9,130	24,732

#### 31 December 2022

IN CZK MILLION	UP TO 3 MONTHS	3-12 MONTHS	1-5 YEARS	OVER 5 YEARS	TOTAL
Payables to banks	50	44	74	0	168
Payables to clients	1,877	12,736	1	8,835	23,449

### B) DERIVATIVES SETTLED ON A NET BASIS

The Bank does not record any derivatives that are settled on a net basis.

### C) DERIVATIVES SETTLED ON A GROSS BASIS

Bank derivatives that will be settled on a gross basis include foreign exchange derivatives: foreign exchange forwards, currency swaps and currency interest rate swaps.

The table below shows the Bank's derivative financial liabilities, which will be settled on a gross basis and which are included in the relevant time baskets on the basis of the remaining maturity of the contract. The amounts shown below are contractual undiscounted cash flows.

#### 31 December 2023

IN CZK MILLION	UP TO 3 MONTHS	3-12 MONTHS	1-5 YEARS	OVER 5 YEARS	TOTAL
Currency derivatives:					
Inflows	13	12	49	0	74
Outflows	-8	-44	-26	0	-78

#### 31 December 2022

IN CZK MILLION	UP TO 3 MONTHS	3-12 MONTHS	1-5 YEARS	OVER 5 YEARS	TOTAL
Currency derivatives:					
Inflows	12	46	74	0	132
Outflows	-9	-57	-79	0	-145

## D) COMMITMENTS AND GUARANTEES PROVIDED

### 31 December 2023

IN CZK MILLION	UP TO 3 MONTHS	3-12 MONTHS	1-5 YEARS	OVER 5 YEARS	NOT SPECIFIED	TOTAL
Commitments provided	31	771	24	500	0	1,326
Guarantees provided	538	2,746	38,222	7,255	1	48,762

### 31 December 2022

IN CZK MILLION	UP TO 3 MONTHS	3-12 MONTHS	1-5 YEARS	OVER 5 YEARS	NOT SPECIFIED	TOTAL
Commitments provided	141	1,686	6	500	0	2,333
Guarantees provided	314	22,771	26,446	8,434	0	57,965

## E) OPERATIONAL RISK

The Bank defines operational risk as the risk of loss as a result of deficiencies or failures of internal processes, human factors or systems, or the risk of loss as a result of external events, including the risk of loss as a result of violation of, or non-compliance with, a legal standard.

The main objectives of the Bank's operational risk management system are:

- ✓ Protection of the Bank from possible negative consequences caused by operational risk;
- ✓ Better information for decision-making;
- ✓ Meeting the requirements set by the CNB and the EU;
- ✓ Compliance with best practices defined by the relevant EU regulations.

## 25. RELATED PARTY TRANSACTIONS

Persons with a special relationship with the Bank, known as “Related parties”; see clause 2t) of the Notes.

### RECEIVABLES FROM AND PAYABLES TO RELATED PARTIES

IN CZK MILLION	31 DECEMBER 2023 GROSS	31 DECEMBER 2022 GROSS
Government zero-coupon bonds and other securities accepted by the central bank for refinancing, issued by government institutions	19,460	17,043
Debt securities	0	26
Participating interests with significant and decisive influence	44	38
<b>Other assets</b>	<b>10</b>	<b>76</b>
Payables to clients	22,011	20,286
<b>Other liabilities</b>	<b>22</b>	<b>10</b>
Commitments and guarantees provided	300	300
Commitments and guarantees received	13,956	15,951
Pledges and collateral received	682	682
Values taken into escrow, administration and storage	106	107

### RELATED PARTY TRANSACTIONS

IN CZK MILLION	2023	2022
Interest income	624	516
Interest expense	-66	-137
Revenues from fees and commissions	402	379
Staff costs	-19	-16
Other operational revenues	2	2

### RECEIVABLES FROM PERSONS WITH A SPECIAL RELATIONSHIP WITH THE BANK

As at 31 December 2023 and 31 December 2022, the Bank does not record receivables from persons with a special relationship with the Bank.

## 26. FAIR VALUE

The fair value of financial instruments is the amount for which an asset could be sold or a liability settled between informed parties in an independent transaction. Estimates of fair value are made on the basis of listed market prices, if available. However, there are no available market price listings for a significant part of the Bank’s financial instruments. In cases where listed market prices are not readily available, fair value is estimated using discounted cash flow models or other acceptable pricing models. Estimates significantly affect changes in basic assumptions - discount rates, estimated future cash flows, etc. - and therefore these estimates may differ from the sale price of the financial instrument. The following methods and assumptions were used in estimating the fair value of the Bank’s financial instruments.

### CASH ON HAND AND DEPOSITS WITH CENTRAL BANKS

The book values of cash and balances with central banks correspond in principle to their fair values.

### SECURITIES MEASURED AT AMORTISED COST

The fair values of securities are taken from the active market where these instruments are listed.

### RECEIVABLES FROM BANKS

The fair value of receivables from banks is estimated on the basis of an analysis of discounted cash flows using interest rates currently offered for investments with similar terms (market rates adjusted to reflect credit risk).

### RECEIVABLES FROM CLIENTS

The fair value of variable revenue loans without a significant change in credit risk is generally close to their book value. The fair value of loans with fixed interest rates is estimated using discounted cash flow analyses based on interest rates currently offered for loans with similar terms to borrowers of similar loan quality.

### PAYABLES TO BANKS

The fair value of term deposits repayable on demand approximates the book value of the amounts at the end of the period.

The fair value of term deposits with variable interest rates approximates their book values at the end of the period. The fair value of fixed rate deposits is estimated by discounting their future cash flows using market interest rates.

## FINANCIAL INSTRUMENTS THAT ARE NOT MEASURED AT FAIR VALUE IN THE BALANCE SHEET

The table below sets out the book values and fair values of financial assets and financial liabilities that are not carried at fair value in the accounting entity's Balance Sheet.

### 31 December 2023

IN CZK MILLION		BOOK VALUE	FAIR VALUE
<b>FINANCIAL ASSETS</b>			
1	Cash on hand and deposits with CB (Level 2)	3	3
2	Government zero-coupon bonds and other securities (Level 1)	10,254	9,602
3	Receivables from banks (Level 2)	2,606	2,605
4	Receivables from clients (Level 3)	11,332	10,798
8	Participating interests with significant influence (Level 3)	1	1
8	Participating interests with decisive influence (Level 3)	14	14
11	Other financial assets (Level 3)	11	11
<b>FINANCIAL LIABILITIES</b>			
1	Payables to banks (Level 2)	155	129
2	Payables to clients (Level 2)	24,648	21,808
4	Other financial liabilities (Level 2)	77	77

### 31 December 2022

IN CZK MILLION		BOOK VALUE	FAIR VALUE
<b>FINANCIAL ASSETS</b>			
1	Cash on hand and deposits with CB (Level 2)	280	280
2	Government zero-coupon bonds and other securities (Level 1)	7,810	6,620
3	Receivables from banks (Level 2)	3,308	3,306
4	Receivables from clients (Level 3)	10,220	9,525
8	Participating interests with significant influence (Level 3)	1	1
8	Participating interests with decisive influence (Level 3)	16	16
11	Other financial assets (Level 3)	76	76
<b>FINANCIAL LIABILITIES</b>			
1	Payables to banks (Level 2)	161	149
2	Payables to clients (Level 2)	23,433	22,544
4	Other financial liabilities (Level 2)	79	79

## HIERARCHY OF FAIR VALUES

IFRS 7 specifies a hierarchy of valuation techniques that is based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Bank's assumptions. These two types of inputs form the following hierarchy of fair values:

- Level 1 - Listed prices (unadjusted) in active markets for identical assets and liabilities. This level includes listed debt instruments on stock exchanges (e.g. the Prague Stock Exchange).
- Level 2 - Other inputs (other than listed prices included within Level 1) that are observable for the asset or liability either directly (i.e., as prices) or indirectly (i.e., derived from prices). This level includes over-the-counter derivative transactions. Bloomberg and Reuters are the source of input parameters such as PRIBOR or yield curves.
- Level 3 - Inputs for the asset or liability that are not based on observable market data (invisible inputs). This level includes financial instruments with significant unobservable components.

The table below analyses financial instruments measured at fair value by level in the fair value hierarchy. The amounts are based on the values reported in the Bank's Balance Sheet.

#### FINANCIAL INSTRUMENTS THAT ARE MEASURED AT FAIR VALUE IN THE BALANCE SHEET

31 DECEMBER 2023 (IN CZK MILLION)	LEVEL 1	LEVEL 2	LEVEL 3
Financial assets at fair value			
Securities in FVOCI			
Equity instruments	0	0	76
Debt instruments	9,611	135	0
<b>Total assets at fair value</b>			
Financial liabilities against costs and revenues			
Other liabilities	0	2	0
<b>Total liabilities at fair value</b>			
<b>31 DECEMBER 2022 (IN CZK MILLION)</b>	<b>LEVEL 1</b>	<b>LEVEL 2</b>	<b>LEVEL 3</b>
Financial assets charged against costs or revenues			
Debt securities	160	0	0
Securities in FVOCI			
Equity instruments	0	0	73
Debt instruments	9,543	92	0
<b>Total assets at fair value</b>	<b>9,703</b>	<b>92</b>	<b>73</b>
Financial liabilities against costs and revenues			
Other liabilities	0	7	0
<b>Total liabilities at fair value</b>	<b>0</b>	<b>7</b>	<b>0</b>

No reclassifications between levels were made during these periods.

#### RECONCILIATION OF OPENING AND CLOSING BALANCES AT LEVEL 3

IN CZK MILLION	EQUITY INSTRUMENTS IN FVOCI	TOTAL
<b>Balance as at 1 January 2023</b>	<b>73</b>	<b>73</b>
Gains and losses for the period recognised in the Profit and Loss Account	0	0
Gains and losses for the period recognised in equity	3	3
Purchases	0	0
Repayment	0	0
<b>Balance as at 31 December 2023</b>	<b>76</b>	<b>76</b>

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## 27. SUBSEQUENT EVENTS

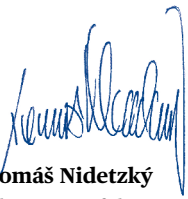
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The following events that may affect the operation of the company occurred after the date of the Financial Statements. Apart from the above facts, the Bank's management is not aware of any other events that have a significant impact on these Financial Statements.

As at 1 April 2024, the term of office of the member of the Bank's Board of Directors Ing. Pavel Fiala ended. From 10 April 2024, Ing. Pavel Marek became a new member of the Board of Directors of the Bank.

In Prague on 23 April 2024

Governing body of the accounting entity:



**Tomáš Nidetzký**  
Chairman of the Board of Directors



**Pavel Krivonožka**  
Member of the Board of Directors







REPORT OF THE BOARD  
OF DIRECTORS OF THE  
NATIONAL DEVELOPMENT  
BANK ON RELATIONS  
BETWEEN AFFILIATED  
ENTITIES FOR THE FISCAL  
PERIOD OF 2023



# REPORT OF THE BOARD OF DIRECTORS OF NRB, A.S. ON RELATIONS BETWEEN AFFILIATED ENTITIES FOR THE FISCAL PERIOD OF 2023

## I. AFFILIATED ENTITIES

Controlled entity:

**Národní rozvojová banka, a.s. (National Development Bank),**

with its registered office at Přemyslovská 2845/43, Prague 3 - Žižkov, 130 00

Company ID No.: 44848943, incorporated in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 1329 (hereinafter the “NRB”).

Controlling entity:

**Czech Republic** represented by:

- Ministry of Industry and Trade, with its registered office at Na Františku 32, Prague 1, postal code 110 15, Company ID No.: 47609109,
- Ministry of Regional Development, with its registered office at Staroměstské nám. 6, Prague 1, postal code 110 15, Company ID No.: 66002222,
- Ministry of Finance, with its registered office at Letenská 15, Prague 1, postal code 118 10, Company ID No.: 00006947.

The NRB is a one-member joint-stock company and, in accordance with the provisions of Section 12(1) of Act No. 90/2012 Coll. on commercial companies and cooperatives, as amended (hereinafter the “Business Corporations Act”), the Czech Republic, as the sole shareholder, exercises the powers of the General Meeting as the supreme body of the NRB.

The share capital of the NRB, in the amount of CZK 2,631,626,000, is divided into 10,988 registered shares in book-entry form, each with a par value of CZK 239,500, which are owned by the Czech Republic.

This Report has been prepared in accordance with Section 82 et seq. of the Business Corporations Act and provides, inter alia, an overview of all contractual relations between the controlling entity and the controlled entity and between the controlled entity and entities controlled by the same controlling entity that were effective in the fiscal period for which the Report on Relations is prepared, i.e. 2023.

The controlled entity represents a special state banking institution performing its activities in the public interest, designed to implement the measures of the economic policy of the Czech Republic and carried out through various types of financial instruments, in particular preferential bank guarantees and loans. Its role is to perform activities in the public interest from the position of a specialised banking institution, especially the implementation of programmes to support small and medium-sized enterprises and other selected areas of the economy requiring state support. The controlled entity fulfils this role by managing financial instruments using mainly the ESI Funds, funds from the European Fund for Strategic Investments and funds of the Czech Republic.

The relationship between the controlling entity and the controlled entity is balanced, the advantages and disadvantages are balanced and there are no significant risks arising from mutual relations. The relationship between the controlled entity and the entities controlled by the same controlling entity is also in balance.

In 2019, the NRB established a subsidiary company, the National Development Investments, Company ID No.: 08465797, with its registered office at Přemyslovská 2845/43, Prague 3 - Žižkov, 130 00 (hereinafter the “NRI”), in which it holds a 100% share. The company was established on 29 August 2019 by entry in the Commercial Register maintained by the Municipal Court in Prague,

Section B, File 24613. The company's objective is to meet the strategic objectives of the NRB as a national promotional bank in the area of equity investments and subordinated loans, especially under the Ministry of Industry and Trade's programmes for small and medium-sized enterprises as well as programmes of other ministries.

In 2020, the NRB established a subsidiary company, the National Development Fund SICAV, Company ID No.: 09829482, with its registered office at Přemyslovská 2845/43, Prague 3 - Žižkov, 130 00 (hereinafter the "NRF"), in which it holds 100% of the founder's shares. The company was established on 1 February 2021 by entry in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 25987.

The objective of the company, which is a regulated over-limit investment fund of qualified investors, is to secure private funds for financing public benefit projects using capital from responsible investors on the principle of return on the invested funds.

The NRB has one affiliate, which is MUFIS a.s., Company ID No.: 60196696, with its registered office at Přemyslovská 2845/43, Prague 3 - Žižkov, 130 00. A participating interest of 49% is held by the Czech Republic, represented by the Ministry of Finance; 49% is held by the NRB and 2% by the Union of Towns and Municipalities of the Czech Republic. The company was established on 15 April 1994 by entry in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 2517.

## II. RELATIONS BETWEEN THE CONTROLLING ENTITY AND THE CONTROLLED ENTITY

In the relevant period, no damage occurred in connection with the fulfilment of the following contracts and agreements and their amendments, which the NRB concluded in 2023 or previous years in the following areas of its activities.

### 1. PROGRAMMES TO SUPPORT SMALL AND MEDIUM-SIZED ENTERPRISES

**Agreement No. 02/3220/051 on the use of funds from the Phare Revolving Fund managed by the Business Development Agency to finance the Programme of preferential loans for start-up entrepreneurs - START, as amended by Amendment 1 of 20 December 2002, Amendment 2 of 12 September 2003 and Amendment 3 of 26 April 2010.**

- Parties: The NRB, the Ministry of Industry and Trade and the Business and Innovation Agency (formerly the Business Development Agency)
- Date of conclusion: 27 September 2002
- Subject-matter: Negotiation of conditions and procedures under which funds from the Phare Revolving Fund provided on the basis of the Memorandum of Understanding of 12 August 1997 on the use of returned Phare programme funds concluded between the European Commission and the Ministry of Industry and Trade to finance the START programme will be provided and settled, starting in 2002.

**Agreement on the implementation of selected programmes under the Operational Programme Industry and Enterprise in the years 2004-2006, as amended by Amendment 1 of 5 November 2004, Amendment 2 of 10 August 2005, Amendment 3 of 4 November 2005, Amendment 4 of 17 March 2006, Amendment 5 of 4 April 2006, Amendment 6 of 18 April 2009, Amendment 7 of 5 June 2012, Amendment 8 of 15 February 2013, Amendment 9 of 23 February 2015, Amendment 10 of 25 March 2020 and Amendment 11 of 14 February 2022.**

- Parties: The NRB and the Ministry of Industry and Trade
- Date of conclusion: 20 May 2004
- Subject-matter: The agreement stipulated the conditions and procedures for the implementation of the CREDIT, START and INNOVATION programmes approved by Czech Government Resolution No. 414/2004 of 28 April 2004 and the conditions and procedures for the use and settlement of funds intended for financing these programmes under the Operational Programme Industry and Enterprise in the years 2004-2006.

**Agreement on the implementation of programmes of support to small and medium-sized enterprises in the Czech Republic approved for the period of 2005-2006, as amended by Amendment 1 of 16 March 2005, Amendment 2 of 11 July 2005, Amendment 3 of 25 August 2005, Amendment 4 of 14 September 2005, Amendment 5 of 29 November 2005, Amendment 6 of 30 December 2005, Amendment 7 of 4 April 2006, Amendment 8 of 3 May 2006, Amendment 9 of 30 August 2006, Amendment 10 of 4 January 2007, Amendment 11 of 23 August 2007, Amendment 12 of 30 November 2007, Amendment 13 of 26 January 2010, Amendment 14 of 22 June 2010, Amendment 15 of 21 May 2018 and Amendment 16 of 25 March 2020.**

- Parties: The NRB and the Ministry of Industry and Trade
- Date of conclusion: 12 January 2005
- Subject-matter: Determination of procedures and conditions for the implementation of the GUARANTEE, MARKET and PROGRESS programmes and conditions and procedures for the use and financing of these programmes.

**Agreement on the establishment, use and management of the Credit Fund R 2006 from the resources of the Phare Revolving Fund, as amended by Amendment 1 of 16 February 2009 and Amendment 2 of 25 March 2020.**

- Parties: The NRB and the Ministry of Industry and Trade
- Date of conclusion: 21 November 2006
- Subject-matter: Negotiation of conditions and procedures for the implementation of the CREDIT programme in cases where the funds of the R 2006 Loan Fund are used for its financing, the establishment of which used funds from the Phare Revolving Fund.

**Agreement on the implementation of the MARKET programme and on the establishment and administration of a loan fund and a guarantee fund, as amended by Amendment 1 of 23 August 2007, Amendment 2 of 30 November 2007, Amendment 3 of 25 April 2012 and Amendment 4 of 21 September 2015.**

- Parties: The NRB and the Ministry of Industry and Trade
- Date of conclusion: 14 May 2007
- Subject-matter: Negotiation of conditions and procedures for the establishment of a loan and guarantee fund. In the part concerning the replenishment and administration of the P 2007 Guarantee Fund, the Agreement was replaced by the Agreement on the Implementation of the MARKET and GUARANTEE (guarantees for working capital loans) programmes and on the establishment and administration of the P 2007 Guarantee Fund, as amended.

**Agreement on the completion of the implementation of the GUARANTEE and START programmes (preferential guarantees) and on the management of the E 2007 Guarantee Fund in the Operational Programme Enterprise and Innovation for the years 2007-2013, as amended by Amendment 1 of 29 March 2022, Amendment 2 of 2 June 2022 and Amendment 3 of 18 December 2023.**

- Parties: The NRB and the Ministry of Industry and Trade
- Date of conclusion: 4 May 2015
- Subject-matter: Agreeing on the conditions and procedures for completing the implementation of the Programmes in cases where the resources of the E 2007 Guarantee Fund are used for their financing.

**Agreement on the implementation of the MARKET and GUARANTEE (guarantees for working capital loans) programmes and on the establishment and administration of the P 2007 Guarantee Fund, as amended by Amendment 1 of 22 April 2009, Amendment 2 of 6 November 2009, Amendment 3 of 3 March 2010, Amendment 4 of 17 August 2010, Amendment 5 of 25 October 2010, Amendment 6 of 7 June 2011, Amendment 7 of 25 April 2012, Amendment 8 of 5 June 2012, Amendment 9 of 15 February 2013, Amendment 10 of 21 June 2013, Amendment 11 of 25 June 2014, Amendment 12 of 23 February 2015 and Amendment 13 of 9 December 2016.**

- Parties: The NRB and the Ministry of Industry and Trade
- Date of conclusion: 16 February 2009
- Subject-matter: Negotiation of conditions for the administration of the P 2007 Guarantee Fund.

**Agreement on the implementation of the PROGRESS and START programmes and on the establishment and administration of the E 2007 Loan Fund in the Operational Programme Enterprise and Innovation for 2007-2013, as amended by Amendment 1 of 12 July 2012, Amendment 2 of 21 June 2013, Amendment 3 of 11 December 2013, Amendment 4 of 4 May 2015, Amendment 5 of 21 May 2018, Amendment 6 of 25 March 2020 and Amendment 7 of 29 March 2022.**

- Parties: The NRB and the Ministry of Industry and Trade
- Date of conclusion: 13 March 2009
- Subject-matter: Regulation of mutual relations in the creation, supplementation and administration of the E 2007 Credit Fund and determination of procedures and conditions in the implementation of programmes.

**Agreement on the establishment and administration of the SV 2012 Guarantee Fund (INOSTART), as amended by Amendment 1 of 30 April 2014, Amendment 2 of 25 June 2014, Amendment 3 of 15 February 2016 and Amendment 4 of 20 June 2019.**

- Parties: The NRB and the Ministry of Industry and Trade
- Date of conclusion: 6 September 2012
- Subject-matter: Establishment, supplementation and administration of a guarantee fund to support innovative projects, including the establishment of procedures and conditions for the provision of guarantees.

**Agreement on the establishment and administration of the N 2013 Loan Fund, as amended by Amendment 1 of 25 June 2014, Amendment 2 of 21 September 2015, Amendment 3 of 25 March 2020 and Amendment 4 of 14 February 2022.**

- Parties: The NRB and the Ministry of Industry and Trade
- Date of conclusion: 11 December 2013
- Subject-matter: Regulation of relations in the establishment, financing and administration of the N 2013 Loan Fund and negotiation of conditions and procedures for the implementation of the REVIT programme.

**Agreement on the implementation of the GUARANTEE 2015-2023 programme and on the establishment and administration of the N 2015 Guarantee Fund, as amended by Amendment 1 of 21 September 2015, Amendment 2 of 8 February 2016, Amendment 3 of 23 August 2016, Amendment 4 of 9 December 2016, Amendment 5 of 26 October 2017, Amendment 6 of 21 May 2018, Amendment 7 of 9 December 2019 and Amendment 8 of 18 December 2023.**

- ▮ Parties: The NRB and the Ministry of Industry and Trade
- ▮ Date of conclusion: 23 February 2015
- ▮ Subject-matter: Determination of conditions and procedures for the implementation of the GUARANTEE 2015-2023 programme and negotiation of conditions for the administration of the N 2015 Guarantee Fund.

**Agreement on the creation and administration of the NX 2017 Credit Fund, as amended by Amendment 1 of 1 June 2017, Amendment 2 of 22 December 2017 and Amendment 3 of 5 September 2018.**

- ▮ Parties: The NRB and the Ministry of Industry and Trade
- ▮ Date of conclusion: 9 May 2017
- ▮ Subject-matter: Regulation of relations in the establishment, financing and administration of the NX 2017 Loan Fund and negotiation of conditions and procedures for the implementation of the ENERG programme.

**Agreement on the establishment and administration of the E 2017 Loan Fund, as amended by Amendment 1 of 21 May 2018, Amendment 2 of 19 November 2018, Amendment 3 of 11 November 2019, Amendment 4 of 28 April 2020, Amendment 5 of 13 August 2020, Amendment 6 of 30 June 2021, Amendment 7 of 13 December 2021, Amendment 8 of 14 February 2022, Amendment 9 of 29 March 2022, Amendment 10 of 27 May 2022, Amendment 11 of 11 October 2022 and Amendment 12 of 21 December 2023.**

- ▮ Parties: The NRB and the Ministry of Industry and Trade
- ▮ Date of conclusion: 24 March 2017
- ▮ Subject-matter: Regulation of relations in the establishment, financing and administration of the E 2017 Loan Fund and negotiation of conditions and procedures for the implementation of the EXPANSION programme.

**Agreement on the establishment and administration of the EX 2017 Loan Fund, as amended by Amendment 1 of 26 June 2018, Amendment 2 of 16 April 2019, Amendment 3 of 3 February 2020, Amendment 4 of 6 August 2020, Amendment 5 of 20 January 2021, Amendment 6 of 20 December 2022, Amendment 7 of 21 April 2023 and Amendment 8 of 21 December 2023.**

- ▮ Parties: The NRB and the Ministry of Industry and Trade
- ▮ Date of conclusion: 21 June 2017
- ▮ Subject-matter: Regulation of relations in the establishment, financing and administration of the EX 2017 Loan Fund and negotiation of conditions and procedures for the implementation of the ENERGY SAVINGS programme.

**Agreement on the establishment and administration of the VC 2017 Fund.**

- ▮ Parties: The NRB and the Ministry of Industry and Trade
- ▮ Date of conclusion: 20 December 2017
- ▮ Subject-matter: Regulation of relations in the establishment, financing and administration of the VC 2017 Fund and negotiation of conditions and procedures for the implementation of investments in the Central Europe Fund of Funds.

**Agreement on the implementation of the VADIUM programme and on the establishment and administration of the V 2018 Guarantee Fund.**

- ▮ Parties: The NRB and the Ministry of Industry and Trade
- ▮ Date of conclusion: 26 June 2018
- ▮ Subject-matter: Regulation of relations in the establishment, financing and administration of the V 2018 Guarantee Fund and negotiation of conditions and procedures for the implementation of the VADIUM programme.

**Agreement on the establishment and administration of the E 2018 Guarantee Fund, as amended by Amendment 1 of 27 March 2020, Amendment 2 of 22 May 2020, Amendment 3 of 3 August 2020, Amendment 4 of 30 June 2021, Amendment 5 of 29 March 2022, Amendment 6 of 27 May 2022, Amendment 7 of 11 October 2022 and Amendment 8 of 21 December 2023.**

- ▮ Parties: The NRB and the Ministry of Industry and Trade
- ▮ Date of conclusion: 19 November 2018
- ▮ Subject-matter: Regulation of relations in the establishment, financing and administration of the E 2018 Guarantee Fund and negotiation of conditions and procedures for the implementation of the EXPANSION programme.

**Agreement on the establishment and administration of the COVID 2020 Loan Fund, as amended by Amendment 1 of 25 March 2020, Amendment 2 of 14 February 2022 and Amendment 3 of 15 September 2022.**

- ▀ Parties: The NRB and the Ministry of Industry and Trade
- ▀ Date of conclusion: 16 March 2020
- ▀ Subject-matter: Establishment, supplementation and administration of the COVID 2020 Loan Fund, agreement on the conditions and procedures for the implementation of the Programme, regulation of relations and rights and obligations.

**Agreement on the establishment and administration of the COVID PRAGUE 2020 Guarantee Fund, as amended by Amendment 1 of 15 July 2020 and Amendment 2 of 9 June 2021.**

- ▀ Parties: The NRB, the Ministry of Industry and Trade and the Capital City of Prague
- ▀ Date of conclusion: 16 April 2020
- ▀ Subject-matter: Establishment, supplementation and administration of the COVID PRAGUE 2020 Guarantee Fund, agreement on the conditions and procedures for the implementation of the programme, regulation of relations and rights and obligations.

**Agreement on the establishment and administration of the COVID III Guarantee Fund, as amended by Amendment 1 of 25 June 2020, Amendment 2 of 22 December 2020, Amendment 3 of 30 June 2021 and Amendment 4 of 13 December 2021.**

- ▀ Parties: The NRB and the Ministry of Industry and Trade
- ▀ Date of conclusion: 19 May 2020
- ▀ Subject-matter: Regulation of conditions and relations in the establishment and administration of the COVID III Guarantee Fund, transfer of funds from the state budget and disbursement of funds from the COVID III Guarantee Fund, establishment of conditions for portfolio liability and regulation of other rights and obligations.

**Agreement on the implementation of the COVID TRAVEL GUARANTEE programme and on the establishment and administration of the CK 2021 Guarantee Fund, as amended by Amendment 1 of 4 January 2023.**

- ▀ Parties: The NRB and the Ministry of Industry and Trade
- ▀ Date of conclusion: 19 February 2021
- ▀ Subject-matter: Establishment, supplementation and administration of the CK 2021 Guarantee Fund, agreement on the conditions and procedures for the implementation of the Programme, regulation of relations and rights and obligations.

**Agreement on the establishment and administration of the COVID III - Invest Guarantee Fund, as amended by Amendment 1 of 15 September 2022.**

- ▀ Parties: The NRB and the Ministry of Industry and Trade
- ▀ Date of conclusion: 30 June 2021
- ▀ Subject-matter: Establishment and administration of the COVID III - Invest Guarantee Fund, transfer and disbursement of funds, agreement on the conditions and procedures for the implementation of the Programme, regulation of relations and rights and obligations.

**Agreement on the establishment and administration of the “K.4.2/2022” Loan Fund.**

- ▀ Parties: The NRB and the Ministry of Industry and Trade
- ▀ Date of conclusion: 19 May 2022
- ▀ Subject-matter: Negotiation of the mutual relations between the contracting parties in the administration of the “K.4.2/2022” Loan Fund.

**Agreement on the establishment and administration of the ZP 2023 Loan Fund.**

- ▀ Parties: The NRB and the Ministry of the Environment
- ▀ Date of conclusion: 4 April 2023
- ▀ Subject-matter: Negotiation of the mutual relations between the contracting parties in the administration of the ZP 2023 Loan Fund.

**Agreement on the establishment and administration of the E 2023 Loan Fund.**

- ▀ Parties: The NRB and the Ministry of Industry and Trade
- ▀ Date of conclusion: 31 March 2023
- ▀ Subject-matter: Negotiation of the mutual relations between the contracting parties in the administration of the E 2023 Loan Fund.

## 2. PROGRAMME COOPERATION WITH OTHER MINISTRIES

### **Agreement on the implementation of the INTERNATIONAL DEVELOPMENT COOPERATION GUARANTEE programme and on the establishment and administration of the IDC 2019 Guarantee Fund, as amended by Amendment 1 of 27 October 2021 and Amendment 2 of 7 September 2022.**

- Parties: The NRB and the Ministry of Foreign Affairs
- Date of conclusion: 19 December 2018
- Subject-matter: Establishment, supplementation and administration of the IDC 2019 Guarantee Fund and negotiation of conditions and procedures for the implementation of the IDC GUARANTEE programme, where the funds of the IDC 2019 Guarantee Fund are used for their financing.

### **Agreement on the establishment and administration of the SP 2019 Loan Fund, as amended by Amendment 1 of 22 November 2023.**

- Parties: The NRB and the Ministry of Labour and Social Affairs
- Date of conclusion: 30 July 2019
- Subject-matter: Regulation of relations in the establishment, financing and administration of the SP 2019 Loan Fund and negotiation of conditions and procedures for the implementation of the S-ENTERPRISE programme.

### **Agreement on the implementation of the TRAVEL GUARANTEE subtitle and on the establishment and administration of the CK 2022 Guarantee Fund, as amended by Amendment 1 of 16 June 2022**

- Parties: The NRB and the Ministry of Regional Development
- Date of conclusion: 22 December 2021
- Subject-matter: Establishment, supplementation and administration of the CK 2022 Guarantee Fund, agreement on the conditions and procedures for the implementation of the subtitle, regulation of relations and rights and obligations.

## 3. LOANS TO MUNICIPALITIES

### **Financial agreement on the establishment and management of the Regional Development Fund in the Czech Republic CZ 96.03.01, as amended by Amendment 1 of 23 May 2000, Amendment 2 of 30 June 2003, Amendment 3 of 18 December 2003, Amendment 4 of 16 June 2006, Amendment 5 of 28 April 2008, Amendment 6 of 11 February 2009, Amendment 7 of 18 October 2010, Amendment 8 of 20 October 2014, Amendment 9 of 21 September 2015 and Amendment 10 of 16 December 2020.**

- Parties: The NRB and the Ministry of Regional Development
- Date of conclusion: 30 June 1999
- Subject-matter: Establishment of the Regional Development Fund with the original goal of supporting the construction and development of industrial zones, which was subsequently expanded to support the development of transport, water and other municipal infrastructure, as well as setting principles for organising, managing and providing loans from the Regional Development Fund.

## 4. PROVISION OF BANKING SERVICES

### **4.1 CONTRACTS WITH STATE ORGANISATIONAL CONSTITUENTS TO ENSURE THE IMPLEMENTATION AND ADMINISTRATION OF PAYMENTS UNDER INFRASTRUCTURE PROGRAMMES**

#### **Agreement on securing the activities of a finance manager in connection with loans received from the European Investment Bank, Reg. No. 2001-9003.**

- Parties: The NRB, the Ministry of Finance and the State Fund for Transport Infrastructure
- Date of conclusion: 3 September 2001
- Subject-matter: Arranging mutual relations between the contracting parties in securing activities related to loans received by the NRB from the European Investment Bank to finance programmes for the renewal and construction of transport and water management infrastructure in the Czech Republic.



**Agreement on ensuring cooperation between the Ministry of Finance, the Ministry of Agriculture and the NRB in the implementation of measures included in the Water Management Investment Support Programme in the Czech Republic (EIB), Reg. No. 2002-9009, as amended by Amendment 1 of 16 August 2005.**

- ▀ Parties: The NRB, the Ministry of Finance and the Ministry of Agriculture
- ▀ Date of conclusion: 24 February 2002
- ▀ Subject-matter: Arranging mutual relations between the contracting parties in securing activities related to loans received by the NRB from the European Investment Bank and the Bank of the Council of Europe to finance programmes for the renewal and construction of water management infrastructure in the Czech Republic.

**Agreement on the management of financial resources for the Czech Motorways B Project, as amended by Amendment 1 of 22 December 2004 and Amendment 2 of 22 March 2013.**

- ▀ Parties: The NRB, the Ministry of Finance and the State Fund for Transport Infrastructure
- ▀ Date of conclusion: 4 July 2002
- ▀ Subject-matter: Arranging mutual relations between the contracting parties in securing activities related to the implementation of a credit received by the Czech Republic from the European Investment Bank for the Czech Motorways B Project.

**Agreement on ensuring mutual cooperation in the implementation of the Czech Motorways B Project, as amended by Amendment 1 of 16 March 2005.**

- ▀ Parties: The NRB and the Ministry of Transport
- ▀ Date of conclusion: 20 September 2002
- ▀ Subject-matter: Negotiation of mutual relations between the contracting parties in the financing of the Czech Motorways B Project.

**Agreement on ensuring mutual cooperation in the administration of payments of part of the interest on commercial loans under the programme 229 310 - Construction and renovation of water supply and sewerage infrastructure and programme 129 180 - Construction and renovation of water supply and sewerage infrastructure II, as amended by Amendment 1 of 15 October 2009 and Amendment 2 of 29 July 2010.**

- ▀ Parties: The NRB and the Ministry of Agriculture
- ▀ Date of conclusion: 7 August 2008
- ▀ Subject-matter: Negotiation of mutual relations between the contracting parties in the administration of payments of part of the interest on commercial credits within the two programmes for the construction and renewal of water management infrastructure.

**Agreement on the administration of the owner's account with the Central Securities Depository.**

- ▀ Parties: The NRB and the Ministry of Regional Development
- ▀ Date of conclusion: 29 August 2014
- ▀ Subject-matter: Regulation of mutual rights and obligations of the parties in the administration of the owner's account in the Central Securities Depository.

**Agreement on the administration of the owner's account with the Central Securities Depository.**

- ▀ Parties: The NRB and the Ministry of Industry and Trade
- ▀ Date of conclusion: 11 November 2021
- ▀ Subject-matter: Regulation of mutual rights and obligations of the parties in the administration of the owner's account in the Central Securities Depository.

## 4.2 CONTRACTS FOR THE ESTABLISHMENT AND MAINTENANCE OF ACCOUNTS

**Agreement on the opening and maintenance of a special current account number 21/2006/U.**

- ▀ Parties: The NRB and the Ministry of Industry and Trade
- ▀ Date of conclusion: 21 November 2006
- ▀ Subject-matter: Agreement on the opening and maintenance of a special current account in CZK.

**Agreement on the opening and maintenance of a special current account number 19/2022/U**

- ▀ Parties: The NRB and the Ministry of Agriculture
- ▀ Date of conclusion: 30 May 2022
- ▀ Subject-matter: Agreement on the opening and maintenance of special current accounts in CZK.
- ▀ Date of termination: 28 April 2023, terminated by the Termination Agreement.



## 5. AML COOPERATION AGREEMENT

### Agreement on cooperation within the Money Web Lite project.

- Parties: The NRB and the Ministry of Finance - Financial Analytical Department
- Date of conclusion: 21 May 2014
- Subject-matter: Transmission of information for the purpose of fulfilling the statutory notification obligation.

## 6. FINANCIAL MARKETS

In the course of 2023, the NRB accepted short-term deposits from the Ministry of Finance with a maturity of up to 14 days in the form of reverse repo operations. The operations took place under standard conditions for concluding transactions in the financial markets.

## 7. MEMORANDA

### MEMORANDUM OF UNDERSTANDING.

#### Memorandum of Understanding on cooperation in the public-private partnership project for the preparation and construction of the D35 motorway in the Opatovec-Staré Město-Mohelnice section

- Parties: The NRB and the Ministry of Transport
- Date of conclusion: 14 December 2022
- Subject-matter: Methodological and consultancy support of the NRB to the Ministry of Transport in the selection of the contractor for the construction and operation of a section of the D35 motorway.

## 8. OTHER COOPERATION

### Centralised Procurement Contract.

- Parties: The NRB and the Ministry of the Interior
- Date of conclusion: 4 August 2023
- Subject-matter: Adjustment of the rights and obligations of the central sponsor (Ministry of the Interior) and the sponsor in charge (NRB) in the implementation of centralised procurement for the provision of original products included in the current Microsoft product portfolio and original products included in the current Microsoft licensed programs.

### Framework agreement for the purchase of Microsoft products.

- Contracting parties: central sponsor (Ministry of the Interior), suppliers (SoftwareONE Czech Republic s.r.o., DATRON, a.s., AUTOCNT a.s., exe, a.s., Crayon Czech Republic and Slovakia s.r.o.), sponsors in charge (currently 823 entities including the NRB)
- Date of conclusion: 26 April 2022 (Amendment 4 of 28 August 2023)
- Subject-matter: Provision of licences and support for Microsoft products (software tools), on the basis of implementation contracts concluded between a specific supplier and the client (central sponsor or sponsor in charge); the NRB became the sponsor in charge on the basis of Amendment 4 to the framework agreement of 28 August 2023.

## III. RELATIONS BETWEEN THE CONTROLLED ENTITY AND OTHER ENTITIES CONTROLLED BY THE SAME CONTROLLING ENTITY

In the fiscal period, the contractual relations between the NRB, the subsidiaries of the NRB and other persons controlled by the Czech Republic were concentrated on activities to the extent specified in items 1 to 12 of this chapter.

No damage occurred during the fiscal period in connection with the fulfilment of the following contracts and amendments. Individual banking services were performed under standard business conditions and the NRB did not incur additional costs, risks or any harm from them.

## 1. IMPLEMENTATION OF A PROGRAMME TO SUPPORT REPAIRS OF APARTMENT HOUSES

**Agreement on the implementation of the Programme for the support of repairs of apartment houses built with panel technology in the part concerning grants, as amended by Amendment 1 of 29 February 2012, Amendment 2 of 8 April 2013, Amendment 3 of 3 September 2013, Amendment 4 of 1 September 2014 and Amendment 5 of 11 August 2016.**

- ✓ Parties: The NRB and the State Fund for Investment Support (formerly the State Housing Development Fund)
- ✓ Date of conclusion: 21 December 2011
- ✓ Subject-matter: Regulation of mutual relations between the State Fund for Investment Support and the NRB in the implementation of the Regulation, the PANEL programme to support repairs of apartment buildings built with panel technology and the NEW PANEL programme to support repairs and modernisation of apartment buildings.

**Agreement on the implementation of the Programme for the support of repairs of apartment buildings in the part concerning bank guarantees (Consolidated Agreement 2), as amended by Amendment 1 of 3 September 2013, Amendment 2 of 23 February 2017.**

- ✓ Parties: The NRB and the State Fund for Investment Support
- ✓ Date of conclusion: 17 June 2013
- ✓ Subject-matter: Regulation of mutual relations between the State Fund for Investment Support and the NRB in the administration of guarantees provided under the PANEL programme to support repairs of apartment buildings built with panel technology and the NEW PANEL programme to support repairs and modernisation of apartment houses for the period in which new guarantees will no longer be provided.

## 2. IMPLEMENTATION OF RELATIONS WITH THE NATIONAL DEVELOPMENT INVESTMENTS

**Agreement on the provision of a voluntary shareholder surcharge outside the company's registered capital.**

- ✓ Parties: The NRB and NRI
- ✓ Date of conclusion: 18 December 2019
- ✓ Subject-matter: Regulation of mutual relations between the NRB and NRI in connection with the provision of a voluntary surcharge of the sole shareholder (the NRB) to the equity of the NRI outside the share capital of the NRI.

**Agreement on cooperation and provision of services, as amended by Amendment 1 of 30 June 2022 and Amendment 2 of 1 June 2023.**

- ✓ Parties: The NRB and NRI
- ✓ Date of conclusion: 6 May 2020
- ✓ Subject-matter: Negotiation of more detailed conditions and the nature of services provided by the NRB for the NRI in order to fully secure its activities.

**Agreement on the fee for the provision of services pursuant to the Agreement on cooperation and provision of services of 30 May 2023.**

(This agreement replaced the Agreement on the fee for the provision of services pursuant to the Agreement on cooperation and provision of services of 1 July 2022)

- ✓ Parties: The NRB and NRI
- ✓ Date of conclusion: 30 May 2023
- ✓ Subject-matter: Determination of the amount of the fee for the provision of services for 2023, resulting from the agreement on cooperation and provision of services concluded between the NRB and NRI.

**Agreement on the procurement of the purchase or sale of investment instruments.**

- ✓ Parties: The NRB and NRI
- ✓ Date of conclusion: 6 May 2021
- ✓ Subject-matter: The procurement of the purchase, sale or other disposition of investment instruments by the NRB for the client for the purpose of implementing what is known as the IPO Fund.

**Personal Data Processing Agreement**

- ✓ Parties: The NRB and NRI
- ✓ Date of conclusion: 11 June 2021
- ✓ Subject-matter: The NRF, as controller, has entrusted the NRB, as processor, with the processing of personal data provided in the context of the performance of the Cooperation and Service Agreement between the parties.

### 3. IMPLEMENTATION OF RELATIONS WITH THE NATIONAL DEVELOPMENT FUND SICAV

#### Agreement on cooperation and provision of services.

- Parties: The NRB and NRF
- Date of conclusion: 11 February 2021
- Subject-matter: Negotiation of the detailed terms and nature of the services falling under the management and administration of the investment funds provided by the NRB to the NRF in order to fully secure the activities carried out by it.

#### Agreement on the fee for the provision of services following the Agreement on cooperation and provision of services.

- Parties: The NRB and NRF
- Date of conclusion: 21 April 2021
- Subject-matter: Determination of the amount of the fee for the provision of services, resulting from the agreement on cooperation and provision of services concluded between the NRB and NRF.

#### Agreement on the sublease of premises for commercial purposes.

(This agreement replaced the Agreement on the lease of premises for commercial purposes dated 12 February 2021)

- Parties: The NRB and NRF
- Date of conclusion: 24 March 2023
- Subject-matter: Sublease of premises by the NRB to the NRF for the purpose of administrative activities in accordance with the business of the NRF.

#### Personal Data Processing Agreement

- Parties: The NRB and NRF
- Date of conclusion: 14 June 2021
- Subject-matter: The NRF, as controller, has entrusted the NRB, as processor, with the processing of personal data provided in the context of the performance of the Cooperation and Service Agreement between the parties.

#### Agreement on the provision of a voluntary shareholder surcharge outside the company's registered capital.

- Parties: The NRB and NRF
- Date of conclusion: 22 August 2022
- Subject-matter: Regulation of mutual relations between the NRB and NRF in connection with the provision of a voluntary surcharge of the sole shareholder (the NRB) to the equity of the NRF outside the share capital of the NRF.

#### Agreement on the provision of a voluntary shareholder surcharge outside the company's registered capital.

- Parties: The NRB and NRF
- Date of conclusion: 7 August 2023
- Subject-matter: Regulation of mutual relations between the NRB and NRF in connection with the provision of a voluntary surcharge of the sole shareholder (the NRB) to the equity of the NRF outside the share capital of the NRF.

### 4. IMPLEMENTATION OF RELATIONS WITH MUFIS A.S.

#### Mandate agreement, as amended by Amendment 1 of 20 December 2017 and Amendment 2 of 28 August 2018.

- Parties: The NRB and MUFIS a.s.
- Date of conclusion: 7 November 2012
- Subject-matter: The NRB, on behalf of MUFIS a.s. and on its account, for a fee, performs and procures activities aimed at the realisation of receivables and liabilities of MUFIS a.s., as well as the company's obligations arising from generally binding regulations.

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## 5. IMPLEMENTATION OF RELATIONS WITH THE CZECH EXPORT BANK

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### **Agreement on the conditions for providing portfolio guarantees in the GUARANTEE 2015-2023 programme.**

- ▀ Parties: The NRB and the Czech Export Bank
- ▀ Date of conclusion: 4 May 2015
- ▀ Subject-matter: Establishment of principles for the coordination of procedures for the provision of bank guarantees for loans of the Czech Export Bank and principles for the inclusion of loans in the portfolio of guaranteed loans and information obligations of the Czech Export Bank to the NRB.

### **Agreement on cooperation in the provision of individual guarantees in the GUARANTEE 2015-2023 programme.**

- ▀ Parties: The NRB and the Czech Export Bank
- ▀ Date of conclusion: 11 May 2015
- ▀ Subject-matter: Establishment of principles for the coordination of procedures for the provision of bank guarantees for loans of the Czech Export Bank and information obligations of the Czech Export Bank to the NRB.

### **Memorandum of Partnership and Cooperation.**

- ▀ Parties: The NRB and the Czech Export Bank
- ▀ Date of conclusion: 30 June 2017
- ▀ Subject-matter: Support and financing of SMEs, development and joint implementation of financial instruments and preparation of their legislative environment.

### **Confidentiality and Non-Disclosure Agreement.**

- ▀ Parties: The NRB and the Czech Export Bank
- ▀ Date of conclusion: 4 May 2023
- ▀ Subject-matter: Determination of the scope of confidential information and the conditions of its use in the project of coordination of joint action in the regulatory and economic framework of the Czech Republic.

### **Centralised Procurement Contract.**

- ▀ Parties: The NRB and the Czech Export Bank
- ▀ Date of conclusion: 3 October 2023
- ▀ Subject-matter: Adjustment of mutual rights and obligations of the central sponsor (Czech Export Bank) and the sponsor in charge (NRB) in the implementation of the centralised procurement procedure entitled “Framework agreement for the purchase of computer equipment for the Czech Export Bank and the NRB”.

### **Framework agreement for the purchase of laptops and monitors.**

- ▀ Contracting parties: central sponsor (Czech Export Bank), supplier (Af Office, s.r.o.), sponsor in charge (NRB)
- ▀ Date of conclusion: 7 December 2023
- ▀ Subject-matter: Framework agreement for the supply of computer equipment.

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## 6. IMPLEMENTATION OF RELATIONS WITH THE CZECH DEVELOPMENT AGENCY AND THE EXPORT GUARANTEE AND INSURANCE CORPORATION

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### **Memorandum of Partnership and Cooperation.**

- ▀ Parties: The NRB, the Czech Development Agency and the Export Guarantee and Insurance Corporation
- ▀ Date of conclusion: 11 October 2017
- ▀ Subject-matter: Exchange of information and coordination of activities, especially in the implementation of national programmes and the implementation of European Union initiatives; informing target groups about products and projects provided by the NRB, the Czech Development Agency and the Export Guarantee and Insurance Corporation.

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## 7. IMPLEMENTATION OF RELATIONS WITH CZECHINVEST, BUSINESS AND INVESTMENT DEVELOPMENT AGENCY

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### **Memorandum of Partnership and Cooperation.**

- Parties: The NRB and CzechInvest, Business and Investment Development Agency
- Date of conclusion: 10 October 2017
- Subject-matter: Exchange of information and coordination of activities, especially in the provision of products in the regions, informing target groups about the products of the NRB and CzechInvest, Business and Investment Development Agency, support to start-ups, support for the development of brownfields, innovation and technology transfer.

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## 8. IMPLEMENTATION OF RELATIONS WITH THE TECHNOLOGY AGENCY OF THE CZECH REPUBLIC

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### **Memorandum of Partnership and Cooperation.**

- Parties: The NRB and the Technology Agency of the Czech Republic
- Date of conclusion: 19 March 2018
- Subject-matter: Cooperation on the common interest in the support of research, experimental development and innovation with a focus on support to innovative small and medium-sized enterprises and their involvement in research and development projects in cooperation with research organisations.

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## 9. IMPLEMENTATION OF RELATIONS WITHIN THE MINISTRY OF INDUSTRY AND TRADE PROJECT "CZECH REPUBLIC – THE COUNTRY FOR THE FUTURE"

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### **Memorandum on shared business support.**

- Parties: The Ministry of Industry and Trade, the NRB, CzechInvest, Business and Investment Development Agency, CzechTrade, CzechTourism, the Czech Export Bank, the Export Guarantee and Insurance Corporation and the Technology Agency of the Czech Republic
- Date of conclusion: 2 October 2018
- Subject-matter: Cooperation between partners through the exchange of information, sharing contacts, coordination of activities, strengthening horizontal links and other activities.

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## 10. PROVISION OF BANKING SERVICES

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### **Agreement on the opening and maintenance of a special current account number 20/2022/UT.**

- Parties: The NRB and MUFIS a.s.
- Date of conclusion: 26 May 2022
- Subject-matter: Agreement on the opening and maintenance of a special current account in CZK.

### **Internet Banking Agreement No. 09/2022/IB.**

- Parties: The NRB and MUFIS a.s.
- Date of conclusion: 26 May 2022
- Subject-matter: Mutual agreement of the parties enabling remote access of the client to NRB Internet Banking.

### **Agreement on settlement of over-the-counter trades and transactions number 1/2015/MOT.**

- Parties: The NRB and the Czech Export Bank
- Date of conclusion: 14 October 2015
- Subject-matter: Settlement of agreed securities transactions on the basis of an instruction from the Czech Export Bank, as well as the conclusion and settlement of block transactions between the contracting parties.

**Agreement on cooperation in payments made by type A postal orders.**

- ▀ Parties: The NRB and Česká pošta, s.p.
- ▀ Date of conclusion: 30 January 2006
- ▀ Subject-matter: Arrangement of mutual relations between the contracting parties in the execution of payment transactions via type A postal orders.

**Cooperation agreement.**

- ▀ Parties: The NRB and the State Fund for Transport Infrastructure
- ▀ Date of conclusion: 26 May 2017
- ▀ Subject-matter: Establishment of a framework for cooperation between the contracting parties to secure payments for selected projects in the transport sector, which are financed from the budget of the State Housing Development Fund.

**Agreement on the opening and maintenance of a special current account number 09/2022/UKT.**

- ▀ Parties: The NRB and Podpůrný a garanční rolnický a lesnický fond, a.s.
- ▀ Date of conclusion: 19 April 2022
- ▀ Subject-matter: Agreement on the opening and maintenance of a special current account in CZK with an overdraft facility.

**Internet Banking Agreement No. 06/2022/IB.**

- ▀ Parties: The NRB and Podpůrný a garanční rolnický a lesnický fond, a.s.
- ▀ Date of conclusion: 19 April 2022
- ▀ Subject-matter: Mutual agreement of the parties enabling remote access of the client to NRB Internet Banking.

**Agreement on the opening and maintenance of a special current account number 04/2022/UT.**

- ▀ Parties: The NRB and NRI
- ▀ Date of conclusion: 26 April 2022
- ▀ Subject-matter: Agreement on the opening and maintenance of a special current account in CZK, an account for a subsidiary.

**Internet Banking Agreement No. 07/2022/IB.**

- ▀ Parties: The NRB and NRI
- ▀ Date of conclusion: 26 April 2022
- ▀ Subject-matter: Mutual agreement of the parties enabling remote access of the client to NRB Internet Banking.

**Agreement on the opening and maintenance of a special current account number 10/2022/U.**

- ▀ Parties: The NRB and NRI
- ▀ Date of conclusion: 26 April 2022
- ▀ Subject-matter: Agreement on the opening and maintenance of special accounts in CZK, an account for a subsidiary (IPO Fund).

**Agreement on the opening and maintenance of a special current account number 11/2022/U.**

- ▀ Parties: The NRB and NRI
- ▀ Date of conclusion: 26 April 2022
- ▀ Subject-matter: Agreement on the opening and maintenance of special accounts in CZK, an account for a subsidiary (Brownfield Fund).

**Agreement on the opening and maintenance of a special current account number 22/2023/U.**

- ▀ Parties: The NRB and NRI
- ▀ Date of conclusion: 9 August 2023
- ▀ Subject-matter: Agreement on the opening and maintenance of special accounts in CZK, an account for a subsidiary (NATO 2023 Fund).

**Agreement on the opening and maintenance of a special current account number 06/2022/UT.**

- ▀ Parties: The NRB and ČPP Transgas, s.p.
- ▀ Date of conclusion: 30 March 2022
- ▀ Subject-matter: Agreement on the conditions for the establishment and management of term deposits in CZK.

**Agreement on the opening and maintenance of a special current account number 2/2022/UT.**

- ✓ Parties: The NRB and NRF
- ✓ Date of conclusion: 4 April 2022
- ✓ Subject-matter: Agreement on the opening and maintenance of a special current account in CZK.

**Internet Banking Agreement No. 02/2022/IB.**

- ✓ Parties: The NRB and NRF
- ✓ Date of conclusion: 4 April 2022
- ✓ Subject-matter: Mutual agreement of the parties enabling remote access of the client to NRB Internet Banking.

## 11. OTHER

**Agreement on the use of a payment machine to pay for postal services number 2017/26469.**

- ✓ Parties: The NRB and Česká pošta, s.p.
- ✓ Date of conclusion: 12 December 2017
- ✓ Subject-matter: Agreement on the conditions and use of the NEOPOST stamping machine.

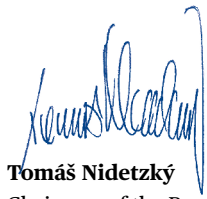
**Hybrid Mail Services Agreement No. 2018/18523.**

- ✓ Parties: The NRB and Česká pošta, s.p.
- ✓ Date of conclusion: 20 December 2018
- ✓ Subject-matter: Agreement on the conditions and use of the Hybrid Mail service.

## 12. FINANCIAL MARKETS

During 2023, the NRB accepted funds from the Czech Export Bank, MUFIS a.s., the NRI, the NRF and ČPP Transgas, s.p., in the form of short-term deposits and term deposits with a maturity of up to 90 days. The operations took place under standard conditions for concluding transactions in the financial markets.

In Prague, on 8 February 2024



**Tomáš Nidetzký**  
Chairman of the Board of Directors



**Pavel Křivonožka**  
Member of the Board of Directors

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