



**ANNUAL FINANCIAL REPORT**  
31 Dec 2022



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Contents

Foreword by the board of directors	3
Board of Directors proposal for the appropriation of earnings from the previous accounting period	5
Report of the Supervisory Committee	6
Report on relationships	7
Other information in the annual report	12
Report on company management and governance	13
Declaration of honor	14
Annex to the financial statements	15
Auditor’s report on the consolidated financial statements	90
Individual financial statements	102
Auditor’s report on the individual financial statements	183



## Foreword by the Board of Directors

Dear shareholders, clients, business partners,

We are honored to present to you the consolidated annual report of SAB Finance a.s. ("SAB Finance" or the "Group") for 2022, historically the most successful year of our Group. We are proud to announce that in the past year we recorded remarkable growth.

With over 19,000 clients, SAB Finance a.s. continues to develop its customer base and will reach the milestone of 20 thousand satisfied clients for whom it helps address foreign currency needs, ensures the best foreign exchange rates on the Czech market, and helps businesses overcome unexpected hurdles.

2022 was remarkable due to high economic volatility and market disturbances. The receding COVID-19 pandemic, economic recession, the war in Ukraine, and the changes in the management of the Czech National Bank and subsequent interventions to support the Czech crown tested our agility in overcoming challenges of the global economic market.

In this complex and difficult situation, we have been able to focus on providing reliable and efficient services to all our clients. Thanks to this, we were able to increase our revenue and report a record pre-tax profit of CZK 268 million at the individual level of SAB Finance a.s., which is 34% more than in 2021 (CZK 200 million). This means an 8% annual valuation for all our shareholders, which is well above standard. Consolidated profit before tax of the SAB Finance a.s. Group reached CZK 336 million in 2022, compared to CZK 213 million in 2021.

Mention must also be made of Malta's FCM Bank, which also had a successful year, posting a profit before tax of CZK 63 million. This represents an impressive growth of 554% compared to the profit before tax for 2021 (CZK 10 million). This successful year and record profit is a synthesis of the many individual achievements of FCM Bank, whether by growing its client base and the related growth of the loan portfolio by 47% or by growing the bank's deposit base by an impressive 81%. The balance-sheet total grew by 43% year-on-year. The bank is also striving for a stable capital base, which was supported in 2022 by the issuance of ordinary shares (top-quality CET1 capital) with a total nominal value of EUR 7 million.

Looking ahead, we believe that the global economy will continue to slowly recover, which will mean increased demand for our services. 2023 will certainly again present many challenges, unexpected events, and global market disturbances. Nevertheless, our resolve to provide exceptional services and meet our clients' needs remains strong.

I would like to thank all our shareholders, employees and clients for their continuing support and loyalty. We believe that SAB Finance a.s. will continue to report good results and bring extraordinary value to its shareholders.

Prague, 19 April 2023



The Company's board of directors

## Board of Directors proposal for the appropriation of earnings from the previous accounting period

The board of directors of SAB Finance a.s. proposes to distribute the profit after tax for 2022 of **CZK 216,648,131** as follows (this represents a profit based on the individual financial statement of SAB Finance a.s.):

1. An amount of **CZK 141,752,600** for the shareholders.
2. An amount of **CZK 74,895,531** credited to the retained earnings account.



## Report of the supervisory board

The Supervisory Board of SAB Finance a.s. (the “Company”) operated during the accounting period from 1 Jan 2022 to 31 Dec 2022 (hereinafter the “Accounting Period”) and was made up of: Ing. Radomír Lapčík and Jana Ježková.

The Supervisory Committee in the accounting period performed its activity in accordance with the relevant legal regulations, bylaws, and code of conduct. The supervisory board met nine times during the reporting period.

The supervisory board carried out supervisory activities in which it was regularly informed about the management of the Group, the expected fiscal development and all material matters pertinent to the Group. The supervisory board regularly discussed the conclusions of internal audit reports, including the monitoring of corrective actions on the findings of internal audits, and the report on complaints and claims, addressing, proposing, implementing measures, and monitoring their effectiveness in the management and control system of the Group. The supervisory board was briefed in detail on the Company’s trading in the shares of SAB Finance a.s. The supervisory board issued an approval of the final draft of the interim consolidated financial statements as of 30 Jun 2022.

Based on the information available, the supervisory board states that the efficiency and quality of the Group’s management and control system continued to improve during the reporting period. Furthermore, the supervisory board notes that its cooperation with the board of directors, company management within the group, the internal audit department, and the audit committee was positive and that it had the statutory conditions necessary for the performance of its tasks.

The supervisory board reviewed the consolidated and individual financial statements and the board of directors’ proposal for the distribution of profit for the reporting period, including the audit report of the 2022 consolidated and individual financial statements. The supervisory board has no reservations regarding the result of the audit.

The supervisory board recommends that the general meeting of shareholders approve this consolidated annual report, and the proposal for distribution of profits as proposed by the board of directors.

The supervisory board notes that it did not identify any material weaknesses in its supervisory activities that would result in the non-functionality of the management and control system, either in whole or in part, or that would require the adoption of extraordinary corrective measures.

Prague, 27 March 2023



Ing. Radomír Lapčík, LL.M.  
Chair of the supervisory board

## Report on Relations Between the Controlling and Controlled Entities and Between the Controlled Entity and Entities Controlled by the Same Controlling Entity in the Accounting Period from 1 January 2022 to 31 December 2022

The report on relations between the related parties has been prepared by the board of directors of SAB Finance a.s. in compliance with Section 82 of Act No. 90/2012 Coll., on Business Corporations and Cooperatives (the “Act on Business Corporations”), as amended.

**SAB Financial Group a.s.**, with registered office at Senovážné nám. 1375/19, 110 00 Prague 1, Identification No.: 036 71 518.

As the controlling entity, SAB Financial Group a.s. (hereinafter also the “Controlling Entity”), owns 1,850,476 registered ordinary shares in book-entry format at a nominal value of CZK 388, which represents a total share of the voting rights in SAB Finance a.s. of 71.8%.

Mutual relations between the Controlling Entity and SAB Finance a.s. were established on the following basis:

- Contract on subscription of shares dated 25 Aug 2020
- Voluntary Contribution Agreement dated 10 November 2020
- Loan agreements dated 6 Apr 2022, 2 May 2022, 13 May 2022, 30 May 2022, 15 Jun 2022, 22 Jul 2022, 26 Aug 2022, 1 Nov 2022, 15 Nov 2022, 29 Nov 2022, 13 Dec 2022, and 14 Dec 2022, as amended. As of 31 December 2022, all receivables and payables related to the above agreements were settled.

Agreements and contracts were executed under the usual conditions and none of the parties referenced above incurred any market advantage by virtue of these agreements.

The influence of the Controlling Entity is exercised through decisions of the general meeting in matters defined by applicable articles and law. The actual business activities of SAB Finance a.s. are independent of the Controlling Entity.

The parent company’s controlling entity is Ing. Radomír Lapčík, LL.M.

No mutual relationships exist between Ing. Radomír Lapčík, LL.M. and SAB Finance a.s. apart from his membership on the supervisory board of the Company.

### ENTITIES CONTROLLED BY THE SAME CONTROLLING ENTITY:

**SAB Financial Group a.s.**, with registered office at Senovážné nám. 1375/19, 110 00 Prague 1, Identification No.: 036 68 118.

SAB Financial Group a.s. owns 1,670 ordinary registered shares in certificated form at a nominal value of CZK 100,000, representing a 100% share of voting rights in SAB Holding a.s.

For the period in question, mutual relationships exist between SAB Holding a.s. and SAB Finance a.s. based on the following:

- Payment Services Agreement dated 30 June 2016
- Loan Agreement dated 6 Apr 2022, 2 May 2022, and 30 May 2022 As of 31 December 2022, all receivables and payables related to the above agreements were settled.

The agreements were executed under usual business conditions and none of the parties referenced above incurred any market advantage by virtue of these agreements.

**SAB Financial Investments a.s.**, with registered office at Senovážné náměstí 1375/19, Nové Město, 110 00 Prague 1, Identification No.: 019 57 201.

SAB Finance a.s. owns six ordinary registered shares in certificated form at a nominal value of CZK 1,000,000 and 16 ordinary registered shares in certificated form at a nominal value of CZK 10,000,000 representing the sum total of a 100% share in the voting rights of SAB Financial Investments a.s. The controlling entity is the controlling entity of SAB Finance a.s. and therefore indirectly of SAB Financial Investments a.s.

In the reporting period, no contractual relationship existed between SAB Financial Investments a.s. and SAB Finance a.s.

**SAB Europe Holding Ltd.**, with registered office at SUITE 3, TOWER BUSINESS CENTRE, TOWER STREET, SWATAR, BIRKIRKARA 4013, Malta, Registration No. C70457.

SAB Finance a.s. owns 26,022,330 ordinary registered shares in certificated form at a nominal value EUR 0.5, representing a 100% share of voting rights in SAB Europe Holding Ltd. The controlling entity is the controlling entity of SAB Finance a.s. and therefore indirectly of SAB Europe Holding Ltd.

In the period in question, mutual relationships exist between SAB Europe Holding Ltd. and SAB Finance a.s. for the period in question based on the following:

- Cooperation Agreement dated 29 Mar 2018

The above agreements were executed under the usual business conditions, and none of the parties referenced above incurred any market advantage by virtue of this agreement..

**SAB Bohemia s.r.o.**, with registered office at Senovážné náměstí 1375/19, Nové Město, 110 00 Prague 1, Identification No.: 05 132 363.

SAB Finance a.s. is the owner of a 100% business share in the voting rights of SAB Bohemia s.r.o., which corresponds to a 100% share in the voting rights of SAB Bohemia s.r.o.; the controlling entity is the controlling entity of SAB Finance a.s. and therefore indirectly of SAB Bohemia s.r.o.

For the period in question, mutual relationships exist between SAB Bohemia s.r.o. and SAB Finance a.s. based on the following:

- Payment Services Agreement dated 28 June 2016 including subsequent amendments
- Master Service Agreement for leasing of modes of transportation dated 17 April 2018
- Agreement on a lease of a vehicle dated 5 April 2022

The above agreements were executed under the usual business conditions, and none of the parties referenced above incurred any market advantage by virtue of this agreement.

**FCM Bank Limited**, FCM Bank Limited, with registered office at SUITE 3, TOWER BUSINESS CENTRE, TOWER STREET, SWATAR, BIRKIRKARA 4013, Malta, Registration No. C 50343

SAB Finance a.s. owns one common registered share with a nominal value of EUR 1 and, indirectly via SAB Europe Holding Limited, 28,484,999 common shares with a nominal value of EUR 1, thereby jointly representing a 99% share in the voting rights of FCM Bank Limited. The Controlling Entity is the controlling entity of SAB Finance a.s. and indirectly of FCM Bank Limited.

Mutual relationships exist between FCM Bank Limited and SAB Finance a.s. for the period in question based on the following:

- Cooperation Agreement dated 29 Mar 2018
- Loan Agreement dated 26 November 2021 and 18 May 2022, and related agreements on a bill of exchange completion right, and a contract of pledge to receivable from deposit dated 18 May 2022
- Payment Services Agreement dated 29 May 2018, as amended

**mediaport solutions s.r.o.**, with registered office Zlín, třída Tomáše Bati 2132, postcode 760 01; Company ID No. 291 92 790. mediaport solutions s.r.o. is owned by SAB Holding a.s., which is owned by SAB Financial Group a.s. Mutual relations between mediaport solutions s.r.o. and SAB Finance a.s. were established on the following basis:

- Payment Services Agreement dated 21 December 2011, as amended
- Agreement on the provision of software and IT services dated 14 December 2018, as amended
- Agreements on sub-lease of commercial space dated 25 May 2022

The above agreements were executed under the usual business conditions, and none of the parties referenced above incurred any market advantage by virtue of this agreement.

**SAB MALTA LIMITED**, with registered office at SUITE 3, TOWER BUSINESS CENTRE, TOWER STREET, SWATAR, BIRKIRKARA 4013, Malta, Registration No.: C 91163.

Via SAB Europe Holding Limited, SAB Finance a.s. indirectly owns 10,000 common shares with a nominal value of EUR 1, representing a 100% share in the voting rights of SAB Malta Limited. The controlling entity is the controlling entity of SAB Finance a.s. and indirectly of SAB Malta Limited.

In the reporting period, no contractual relationship existed between SAB Malta Limited and SAB Finance a.s.

**newstream agency a.s.**, with registered office at Sokolovská 85/104, Karlín, 186 00 Prague 8, Identification No.: 10716491

Via SAB Holding a.s., SAB Financial Group a.s. indirectly owns nine ordinary registered shares in certificated form at a nominal value of CZK 200,000, representing a 90% share of voting rights in newstream agency a.s.

In the reporting period, no contractual relationship existed between newstream agency a.s. and SAB Finance a.s.



**TRINITY Investorská a.s.**, with registered office at Senovážné náměstí 1375/19, Nové Město, 110 00 Prague 1, Identification No.: 063620280

SAB Financial Group a.s. owns 2,000,000 ordinary registered shares in certificated form at a nominal value of CZK 1, representing a 100% share of voting rights in TRINITY Investorská a.s.

In the reporting period, no contractual relationship existed between TRINITY Investorská a.s. and SAB Finance a.s.

**SAB o.c.p., a.s.**, with registered office at Gajova 2513/4, Bratislava – Staré Mesto 811 09, Slovakia, Identification No.: 35,960,990.

SAB Financial Group a.s. owns six ordinary registered shares in certificated form at a nominal value of EUR 1,950,000, representing a 100% share of voting rights in SAB o.c.p., a.s.

In the reporting period, no contractual relationship existed between SAB o.c.p., a.s. and SAB Finance a.s.

**PROSTREAM FX LTD** (formerly SAB Corporate Finance Ltd.), 30 St Mary Axe, Level 28/29, London, United Kingdom, EC3A 8BF

SAB Financial Group a.s. owns 211 ordinary registered shares in certificated form at a nominal value of GBP 10,000 representing a 100% share of voting rights in PROSTREAM FX LTD.

Mutual relationships exist between PROSTREAM FX LTD and SAB Finance a.s. for the period in question based on the following:

- Payment Services Agreement dated 25 April 2018, including subsequent amendments.

The above agreement on the provision of payment services to PROSTREAM FX LTD was executed under the usual business conditions, and none of the contracting parties incurred any market advantage by virtue of these agreements.

In the 2022 reporting period, no legal actions or measures were undertaken by SAB Finance a.s. in the interest or at the instigation of the Controlling Entity within the meaning of the provisions of Section 82(2)(d) of the Corporations Act. SAB Finance a.s. did not incur any loss in association with the existence of the Controlling Entity in the 2022 reporting period, and for this reason no collateral was required for payment of incomes nor were any contracts executed in relation to this payment.

Prague, 27 March 2023



Ing. Ondřej Korecký, FCCA  
Chair of the Board



Ing. Dana Hübnerová  
Member of the board of directors



Ing. Petr Čumba  
Member of the board of directors

## Other disclosures in the annual report

### Information on activities in the field of environmental protection

Because the group operates in the field of providing financial services, its activities do not directly influence the environment.

### Activities in labor law relationships

The group acts in its labor law relationships in accordance with all applicable laws and regulations. It enables its employees to continually increase their technical qualifications and language skills.

### Information on activities in the field of research and development

The group did not report any activities in the field of research and development in the accounting period.

### Information about whether the entity has a branch or other facilities abroad

FCM Bank, SAB Europe Holding, and SAB Malta have registered offices in Malta. Apart from these, the Group does not have a branch or other facility abroad.

### Information about whether the accounting entity has acquired its own shares

No company in the group acquired its own shares in 2022.

### Information on anticipated trends in the company's activities

The Group does not anticipate any change to its activities in the coming year and will continue to provide financial services with SAB Finance as a payment institution and FCM Bank as a licensed bank.

### Events as of the date of the consolidated annual report

As of the date of the consolidated annual report, other than the events listed in the notes to the consolidated and individual financial statements, the management is not aware of any significant subsequent events that would affect the consolidated annual report as of 31 December 2022.

## Report on company management and governance

### Information on the Company's corporate governance codes

See Note A.6 in the annex to the individual and consolidated financial statements.

### Information on the processes for company management and governance

See Note A.2 in the annex to the individual and consolidated financial statements.

### Description of the main parameters of internal control and risk management systems in relation to the process of financial reporting

The Company and the Group use a number of tools to ensure that the accounting records present a true and fair view of individual transactions and that they are accurately reflected in the financial statements of the Company and the Group. The accounting treatment of the principal activities of the Company and the Group is automated to the maximum extent possible. The individual analytical ledger accounts are reconciled on a regular basis and each account has a designated person who is responsible for inspection and accuracy.

The Company's economic department and the economic departments of the individual companies within the Group are responsible for the compliance of accounting with international accounting standards and stipulating checks as part of the accounting and accounting controlling. Information on the accounting and valuation methods used is described in section B of the individual and consolidated financial statements.

The accuracy of the information in the individual and consolidated financial statements of the Company and the Group is confirmed by the auditor's opinion. The auditor's opinions on the individual and consolidated financial statements are included in this annual report.

### Description of the rights associated with the shares

See Note A.4 in the annex to the individual financial statements and Note A.5 in the consolidated financial statements.

### Description of the membership and decision-making process of the management body

See Note A.2 in the annex to the individual and consolidated financial statements.

### Description of the decision-making process and the basic scope of the General Meeting

See Note A.5 in the annex to the separate financial statements and Note A.4 in the consolidated financial statements.

### Structure of the issuer's equity capital and other particulars pursuant to Section 118(5) of the Act on capital market trading

See Note C.13 in the annex to the separate financial statements and Note C.14 in the consolidated financial statements.

## Declaration of honor

We solemnly declare that to the best of our knowledge this consolidated annual report gives a true and fair view of the financial position, business activity along with a description of the main risks, and results of operations of SAB Finance a.s. and the SAB Finance group as of 31 December 2022 and for the year 2022.


Prague, 19 April 2023



Ing. Ondřej Korecký, FCCA  
Chair of the Board



Ing. Dana Hübnerová  
Member of the board of directors



Ing. Petr Čumba  
Member of the board of directors



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (in thousand CZK)	Note	31 Dec 2022	31 Dec 2021
Cash and cash equivalents	C.1.	1,129,107	360,457
Receivables from banks	C.2.	221,441	232,744
Receivables from non-banking entities	C.3.	5,419,461	3,832,648
Debt securities	C.4.	2,245,819	2,116,316
Positive fair value of derivatives	C.5.	681,184	200,619
Stocks, unit certificates, and other shares	C.6.	368,258	184,431
Tax liabilities	C.12.	80,247	81,218
of which: Deferred tax		80,247	81,218
Non-current intangible assets	C.7.	92,992	87,225
Non-current tangible assets	C.7.	163,855	69,601
Other assets	C.8.	187,057	168,376
<b>Total assets</b>		<b>10,589,422</b>	<b>7,333,635</b>

LIABILITIES (in thousand CZK)	Note	31 Dec 2022	31 Dec 2021
<b>Liabilities</b>			
Liabilities to banks	C.9.	661,551	1,308,472
Liabilities to non-banks	C.10.	7,719,374	4,354,709
Negative fair value of derivatives	C.5.	456,869	103,216
Tax liabilities	C.12.	19,804	17,407
of which: tax payable		19,756	17,389
Deferred tax		48	18
Other liabilities	C.11.	167,434	41,361
Provisions	C.13.	2,050	0
<b>Total liabilities</b>		<b>9,027,082</b>	<b>5,825,166</b>
<b>Shareholders' equity</b>			
Registered capital	C.14.	1,000,000	1,000,000
Share premium	C.14.	6,356	6,356
Capital funds	C.14.	373,783	432,807
Revaluation gains		34,894	-1,115
Profit or loss brought forward		-81,924	-120,109
Profit or loss during the accounting period		269,726	212,439
Translation reserves		-47,202	-28,579
<b>Shareholders' equity</b>		<b>1,555,633</b>	<b>1,501,800</b>
Non-controlling interests	C.16.	6,706	6,669
<b>Total liabilities</b>		<b>10,589,422</b>	<b>7,333,635</b>

The notes are an integral part of these consolidated financial statements.



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM 1 JAN 2022 TO 31 DEC 2022

(in thousand CZK)	Bod	2022	2021
Gain or loss on financial operations	C.20.	539,992	388,633
Interest income calculated using the effective interest rate method	C.18.	255,001	123,928
Interest expense and similar expense	C.18.	116,790	41,016
<b>Net interest expenses</b>		<b>138,211</b>	<b>82,912</b>
Fee and commission income	C.19.	21,440	4,907
Fee and commission expense	C.19.	33,640	16,615
<b>Net expense from fees</b>		<b>12,200</b>	<b>11,708</b>
Revenues from stock and shares		13,663	0
Other operating income	C.21.	68,174	85,516
Miscellaneous operating expenses	C.21.	59,021	76,359
Administrative expenses	C.22.	330,427	241,365
of which: a) employee expenses		205,610	161,200
b) other administrative expenses		124,817	80,165
Depreciation, additions and utilization of provisions and allowances for non-current tangible and intangible assets	C.6.	10,281	11,055
Net impairment of financial assets		12,157	3,466
Profit before tax		335,953	212,908
Income tax	C.11.	65,864	69
<b>Profit after tax</b>		<b>270,089</b>	<b>212,839</b>
Of which controlling interest		269,726	212,439
Of which minority interests		363	399
Other comprehensive income – that will not be converted to profit and loss in future periods (other)		1,115	0
Other comprehensive income – that will not be converted to profit and loss in future periods (FCM bonds)		-27,431	-6,326
Other comprehensive income – that will not be converted to profit and loss in future periods (revaluation of financial investment in TRINITY BANK a.s.)		62,325	-2,017
<b>Total comprehensive income</b>		<b>306,097</b>	<b>204,496</b>

The notes are an integral part of these consolidated financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDING 31 Dec 2022

(in thousand CZK)	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Pre-tax profit</b>	<b>335,953</b>	<b>212,908</b>
<b>Adjustment:</b>		
Depreciation and net change in adjustments to tangible and intangible assets	17,074	11,055
Net change in provisions	2,050	0
Value adjustments and allowances	-12,157	-3,466
Net interest income	-138,211	-82,912
Gain/loss on sale of non-current tangible and intangible assets	-25,955	-60,632
Other adjustments	0	0
	<b>178,754</b>	<b>76,953</b>
<b>Changes in:</b>		
Receivables from non-banking entities	-1,586,813	-2,042,815
Receivables from banks	11,303	-180,254
Other assets	-498,276	-214,716
Liabilities to banks	-646,921	1,046,021
Liabilities to non-banks	3,364,665	1,485,417
Other liabilities	159,956	-48,496
	<b>982,668</b>	<b>122,110</b>
Interest, fees, and other revenue received	276,441	128,835
Profit participations received	13,663	0
Interest, fees, and other expenses paid	-150,430	-57,631
Income tax paid	-49,718	-32,336
<b>Net cash used in operating activities</b>	<b>1,072,624</b>	<b>160,978</b>
<b>INVESTMENT ACTIVITY</b>		
Acquisition of investment securities	-495,645	-1,327,812
Income from completed sales of securities	182,316	346,897
Proceeds from the sale of non-current tangible and intangible assets	-74,143	-134,261
Net cash used in investing activities	41,395	73,629
<b>Net cash used in investing activities</b>	<b>-346,078</b>	<b>-1,041,547</b>

(in thousand CZK)	2022	2021
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from the issue of common stock	168,805	211,310
Income from issue of capital investment deposits	0	385,330
Dividends	-209,371	-168,299
Collection of member deposits and disbursement of severance balances	-13,790	-3,141
Other income from parent company	96,460	0
<b>Net cash used in financing activities</b>	<b>42,104</b>	<b>425,200</b>
<b>Net decrease in cash and cash equivalents</b>	<b>768,650</b>	<b>-455,370</b>
<b>Cash and cash equivalents at 1 January</b>	<b>360,457</b>	<b>815,827</b>
<b>Cash and cash equivalents at 31 December</b>	<b>1,129,107</b>	<b>360,457</b>
<b>Cash and cash equivalents include:</b>	<b>1,129,107</b>	<b>360,457</b>
Cash in hand	116	101
Current accounts	1,128,991	360,356
<b>Cash and cash equivalents at 31 December</b>	<b>1,129,107</b>	<b>360,457</b>

The notes are an integral part of these consolidated financial statements.



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 Dec 2022

(v tis. Kč)	Registered capital	Share premium	Reserve and other funds	Capital funds	Revaluation gains	Translation reserves	Retained earnings	Profit	Total	Minority shares	Other profit or loss
<b>Balance as of 1 Jan 2021</b>	<b>1,000,000</b>	<b>6,356</b>	<b>23,451</b>	<b>76,000</b>	<b>7,228</b>	<b>5,844</b>	<b>-136,633</b>	<b>131,960</b>	<b>1,114,206</b>	<b>6,980</b>	<b>0</b>
transfer to retained earnings	0	0	-23,451	0	0	0	155,411	-131,960	0	0	0
Net profit for the accounting period	0	0	0	0	0	0	0	212,439	212,439	399	0
Other comprehensive income	0	0	0	0	-8,343	0	0	0	-8,343	0	-8,343
Currency revaluation gains	0	0	0	0	0	-34,423	4,029	0	-30,393	-711	0
Capital issuance AT1 (FCM Bank)	0	0	0	385,330	0	0	0	0	385,330	0	0
Dividend payment	0	0	0	-28,523	0	0	-139,776	0	-168,299	0	0
Disbursement of gains on investment capital deposits	0	0	0	0	0	0	-3,141	0	-3,141	0	0
<b>Balance as of 1 Dec 2021</b>	<b>1,000,000</b>	<b>6,356</b>	<b>0</b>	<b>432,807</b>	<b>-1,115</b>	<b>-28,579</b>	<b>-120,109</b>	<b>212,439</b>	<b>1,501,800</b>	<b>6,669</b>	<b>-8,343</b>
<b>Balance as of 1 Jan 2022</b>	<b>1,000,000</b>	<b>6,356</b>	<b>0</b>	<b>432,807</b>	<b>-1,115</b>	<b>-28,579</b>	<b>-120,109</b>	<b>212,439</b>	<b>1,501,800</b>	<b>6,669</b>	<b>-8,343</b>
transfer to retained earnings	0	0	0	0	0	0	92,439	-92,439	0	0	0
Net Profit/Loss during the accounting period	0	0	0	0	0	0	0	269,726	269,726	363	0
Other comprehensive income	0	0	0	0	36,009	0	0	0	36,009	0	36,009
Currency revaluation gains	0	0	0	-11,547	0	-18,624	1,430	0	-28,741	-325	0
Transfers to funds	0	0	0	0	0	0	0	0	0	0	0
Dividend payment	0	0	0	-47,477	0	0	-41,894	-120,000	-209,371	0	0
Disbursement of gains on investment capital deposits	0	0	0	0	0	0	-13,790	0	-13,790	0	0
<b>Balance as of 31 Dec 2022</b>	<b>1,000,000</b>	<b>6,356</b>	<b>0</b>	<b>373,783</b>	<b>34,894</b>	<b>-47,202</b>	<b>-81,924</b>	<b>269,726</b>	<b>1,555,633</b>	<b>6,707</b>	<b>27,666</b>

The notes are an integral part of these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the period 01 Jan 2022 – 31 Dec 2022

## Obsah

### A. GENERAL INFORMATION

A.1.	DESCRIPTION OF PARENT COMPANY	22
A.2.	DESCRIPTION OF THE GROUP	22
A.3.	MEMBERS OF THE BOARD OF DIRECTORS AND SUPERVISORY BOARD AS OF 31 DEC 2022	23
A.4.	CHANGES IN THE COMMERCIAL REGISTER	29
A.5.	COMPANY'S SECURITIES	29
A.6.	INFORMATION ON THE CODES FOR MANAGEMENT AND GOVERNANCE OF THE GROUP	29
A.7.	ORGANIZATIONAL STRUCTURE AS OF 31 DEC 2022	30
A.8.	OSOBY S PODSTATNÝM NEBO ROZHODUJÍCÍM VLIVEM	30
A.9.	AVERAGE NUMBER OF EMPLOYEES IN THE GROUP	30
A.10.	PERFORMANCE IN FAVOR OF PERSONS CLOSE TO THE COMPANY	31
A.11.	BASIS FOR PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS	31
A.12.	NEW OR AMENDED STANDARDS AND INTERPRETATIONS, AS ENDORSED BY THE EU AS OF 10 NOVEMBER 2022, THAT ARE EFFECTIVE FOR ANNUAL PERIODS BEGINNING AFTER 1 JANUARY 2022	32
A.13.	NEW OR AMENDED STANDARDS AND INTERPRETATIONS THAT ARE EFFECTIVE FOR ANNUAL PERIODS BEGINNING AFTER 1 JANUARY 2022, NOT YET ENDORSED BY THE EU AS OF 10 NOVEMBER 2022	33

### B. ACCOUNTING POLICIES AND VALUATION METHODS

B.1.	TRANSACTION DATE	35
B.2.	NON-CURRENT TANGIBLE AND INTANGIBLE ASSETS	35
B.3.	FINANCIAL ASSETS AND FINANCIAL LIABILITIES (FINANCIAL INSTRUMENTS)	37
B.4.	PROVISIONS	42
B.5.	CONVERSION OF FOREIGN CURRENCY	43
B.6.	TAXATION	43
B.7.	USE OF ESTIMATES	43
B.8.	DERIVATIVES	44
B.9.	REGISTERED CAPITAL	44
B.10.	INVESTMENT CAPITAL CONTRIBUTIONS	44
B.11.	PRIOR PERIOD ERROR CORRECTIONS AND CHANGES IN ACCOUNTING METHODS	44

### C. DOPLŇUJÍCÍ INFORMACE K ROZVAZE A VÝKAZU ZISKU A ZTRÁTY

C.1.	CASH AND CASH EQUIVALENTS	45
C.2.	RECEIVABLES FROM BANKS	45
C.3.	RECEIVABLES FROM NON-BANKING ENTITIES	46
C.4.	DEBT SECURITIES	47
C.5.	DERIVATIVES	48
C.6.	STOCKS, UNIT CERTIFICATES, AND OTHER SHARES	49
C.7.	NON-CURRENT ASSETS	50
C.8.	OTHER ASSETS	51
C.9.	LIABILITIES TO BANKS	52
C.10.	LIABILITIES TO NON-BANKS	53
C.11.	OTHER LIABILITIES	53
C.12.	INCOME TAX	55
C.13.	PROVISIONS	54
C.14.	SHAREHOLDERS' EQUITY	54
C.15.	PUBLIC DISCLOSURES PURSUANT TO IFRS 3	57
C.16.	NON-CONTROLLING INTEREST	57
C.17.	COMMITMENTS AND GUARANTEES RECEIVED	58
C.18.	NET INTEREST INCOME/EXPENSE	58
C.19.	FEE AND COMMISSION INCOME AND EXPENSE	58
C.20.	GAIN OR LOSS ON FINANCIAL OPERATIONS	59
C.21.	OTHER OPERATING EXPENSE AND INCOME	59
C.22.	ADMINISTRATIVE EXPENSES	60
C.23.	VINCOME AND EXPENSES BY OPERATING SEGMENTS	61
C.24.	TRANSACTIONS WITH RELATED PARTIES	61
C.25.	FINANCIAL INSTRUMENTS - RISK MANAGEMENT	63
C.26.	FINANČNÍ NÁSTROJE – ŘÍZENÍ RIZIK	64
C.27.	FAIR VALUE	72
C.28.	RELEVANT ELEMENTS	75
C.29.	RELEVANT EVENTS OCCURRING AFTER THE DATE OF THE CONSOLIDATED FINANCIAL STATEMENTS	75
C.30.	DECLARATION OF PERSONS WITH MANAGING POWERS	76



## A. OBECNÉ ÚDAJE

### A.1. Description of parent company

**Name:** SAB Finance a.s.

**Registered office:** Praha 1 - Nové Město, Senovážné nám.1375/19, 110 00, Czech Republic

**Legal form:** Joint-stock company

**Principal business activity:** performance of activities of a payment institution within the scope of the authorization granted by the Czech National Bank pursuant to Act No. 284/2009 Coll., on payment transactions

**Date of incorporation:** 30 July 2010

**Company ID No. [IČ]:** 247 17 444

("SABF" or "the Company" or "the entity")

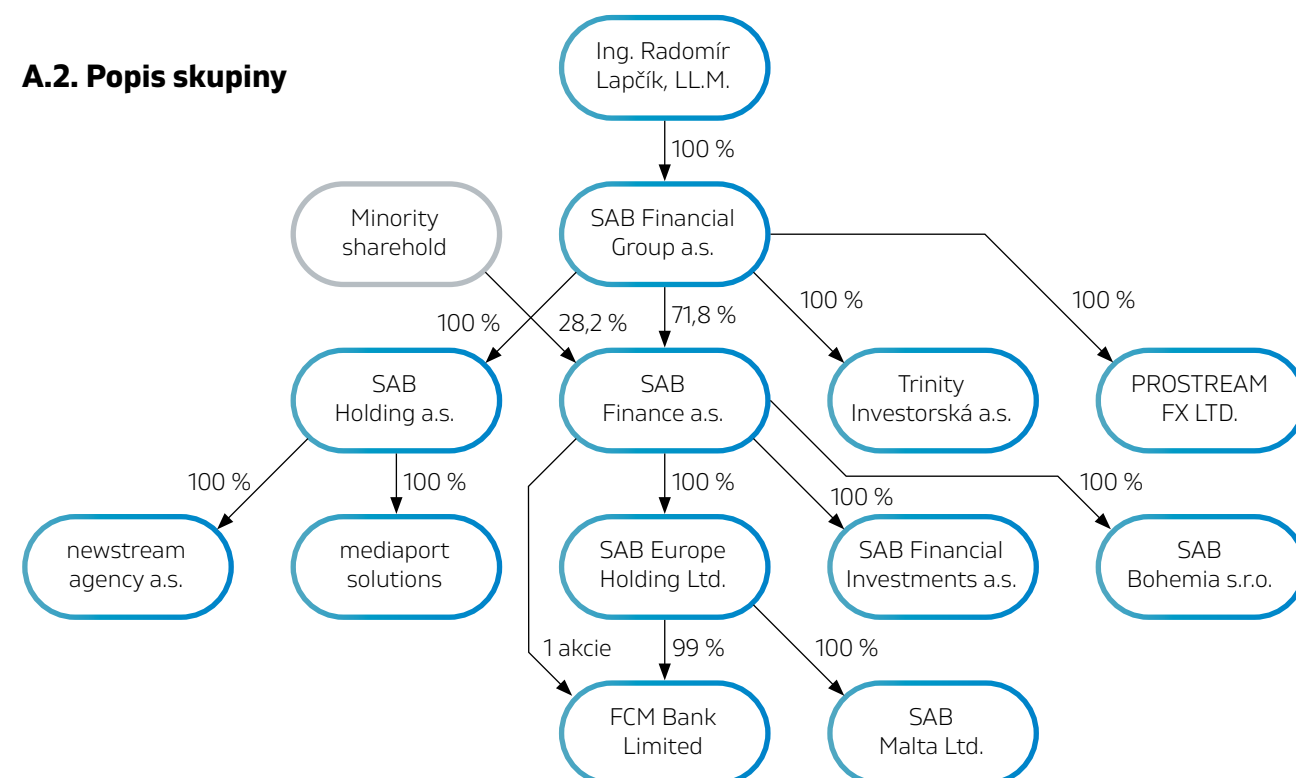
Since 27 April 2011, the Company has been performing the activities of a payment institution within the scope of the authorization granted by the Czech National Bank pursuant to Act No. 284/2009 Coll., on payment transactions. This was recorded in the Commercial Register on 15 February 2013.

Since 2 April 2014, the Company's other activity has been the lease of real estate, flats, and non-residential premises.

Since 2 April 2014, the Company has complied with Act No. 90/2012 Coll., on Corporations and Cooperatives, in its entirety by proceeding in accordance with Section 777 (5) of this act.

Since 28 January 2021, the Company's shares have been traded on the Standard Market of the Prague Stock Exchange.

### A.2. Popis skupiny



List of companies with SAB Finance a.s. comprising the consolidated entity of the SAB Finance Group (hereinafter referred to as the "Group"):

Shareholder's first and last name	Share of registered capital as of 31 Dec 2022	Share of registered capital as of 31 Dec 2021
SAB Europe Holding Ltd.	100 %	100 %
SAB Bohemia s.r.o.	100 %	100 %
SAB Financial Investments a.s.	100 %	100 %
FCM Bank Limited	99 %	99 %
SAB Malta Limited	100 %	100 %

**SAB Europe Holding Ltd.**, with registered office at SUITE 3, TOWER BUSINESS CENTRE, TOWER STREET, SWATAR, BIRKIRKARA 4013, Malta, Registration No. C70457.

**SAB Bohemia s.r.o.**, with registered office at Senovážné náměstí 1375/19, Nové Město, 110 00 Prague 1, Identification No.: 05 132 363.

**SAB Financial Investments a.s.**, with registered office at Senovážné náměstí 1375/19, Nové Město, 110 00 Prague 1, Identification No.: 019 57 201.

**FCM Bank Limited**, with registered office at SUITE 3, TOWER BUSINESS CENTRE, TOWER STREET, SWATAR, BIRKIRKARA 4013, Malta, Registration No. C 50343

**SAB MALTA LIMITED**, with registered office at SUITE 3, TOWER BUSINESS CENTRE, TOWER STREET, SWATAR, BIRKIRKARA 4013, Malta, Registration No.: C 91163.

No companies were excluded from the consolidation of SAB Finance a.s. due to negligibility.

### A.3. Members of the board of directors and supervisory board as of 31 Dec 2022

Status as of 31 Dec 2022	First and last name	Function
Statutory body - board of directors	Ing. Ondřej Korecký, FCCA	Chairman of the Board
Statutory body - board of directors	Ing. Petr Čumba	Member of the board of directors
Statutory body - board of directors	Ing. Dana Hübnerová	Member of the board of directors
Supervisory Board	Ing. Radomír Lapčík, LL.M.	Chair of Supervisory Committee
Supervisory Board	Jana Ježková	Member of the Supervisory Committee
Audit Committee	MVDr. Jan Černý	chairman of the audit committee
Audit Committee	Prof. Dr. Ing. Drahomíra Pavelková	member of the audit committee
Audit Committee	Ing. Blanka Kameníková, Ph.D.	member of the audit committee

The chair of the board of directors on their own or at least two members of the board of directors act on behalf of the Company.

The board of directors has three members who are appointed and dismissed by the supervisory board. Members of the Board of Directors elect the chair from among their number. The term of service is five years. Each member of the board of directors has the right to one vote at a meeting of the board of directors, with the chair's vote being decisive if the votes are deadlocked.

The supervisory board has two members who are appointed and dismissed by the general meeting. Members of the supervisory board elect the chair from among their number. The term of service is five years. The supervisory board meets at least once a year. Each member of the supervisory board has the right to one vote at a meeting of the supervisory board, with the chair's vote being decisive if the votes are deadlocked.

The audit committee has three members who are appointed and dismissed by the general meeting from among the members of the supervisory board or third parties. The audit committee elects its own chair and vice-chair, with the chair being independent as defined by the relevant provisions of the Act on Auditors. The term of office of each member of the audit committee is five years. The audit committee is quorate when a majority of all members are present. Each member of the Audit Committee has one vote in the decision-making process. The Audit Committee reaches decisions through a supermajority of all its members. The vote of the chair of the audit committee is not decisive if the votes are deadlocked.

### **Changes in the board of directors and supervisory board during the period**

In 2022, the board of directors changed as follows:

- On 3 February 2022, Ing. Petr Čumba was recalled from his position as the chair of the board of directors.
- On 03 February 2022, Ing. Ondřej Korecký, FCCA was appointed the chair of the board of directors.
- On 02 February 2022, Ing. Martin Farský, FCCA was recalled from his position as member of the board of directors.

The above changes were recorded in the Commercial Register on 9 March 2022.

### **Board of Directors as of 31 Dec 2022**

#### **Ing. Ondřej Korecký, FCCA**

In addition to deciding on all Company matters not reserved by law or the articles of association for the general meeting or the supervisory board and acting for the Company externally, Ing. Ondřej Korecký, FCCA holds the position of head of the economic department in the Company based on an employment contract.

Born on: 20 May 1986

Office assumed on: 03 Feb 2022

#### Experience:

He graduated from the University of Economics in Prague, specializing in commercial law, monetary economics, and banking. From 2009 to 2014, he worked in the audit department of Ernst & Young Audit, where he was responsible for audits of separate financial statements of companies in the financial sector. From 2014 to 2016, he gained international experience at Ernst & Young Wellington in New Zealand where he was responsible for audits and other assurance engagements for companies operating in various sectors. From 2016 to 2018, he held the position of head of compliance at Moravský Peněžní Ústav - spořitelní družstvo (today Trinity Bank a.s.) and SAB Finance a.s. In 2018, he was appointed as member of the board of directors of FCM Bank Limited, a Maltese bank, and held the position of chief financial officer. As such, he has been approved by both the European Central Bank and the Malta Financial Services Authority as being professionally fit and proper to serve on the bank's board of directors. Since 2019, he has held the position of director of the economic department at TRINITY BANK a.s. and head of the economic department at the Company. In 2009-2013, he completed the qualifications of the Association of Chartered Certified Accountants and holds the FCCA title.

#### Current membership in the statutory bodies of other companies:

member of the board of directors of FCM Bank Limited (Malta)

#### Former membership in the statutory bodies of other companies in the last five years:

Vice-chair of the supervisory board of SAB o.c.p., a.s. (Slovakia)

#### **Ing. Petr Čumba**

Other than deciding on all Company matters not reserved by law or the articles of association for the general meeting or the supervisory board and acting for the Company externally, Ing. Petr Čumba does not perform any other activity for the Company.

Born on: 02 Aug 1968

Office assumed on: 03 Feb 2022

#### Experience:

Mr. Čumba is a graduate of the Brno University of Technology. In addition to the positions he held in the governing bodies of the Company over the last 5 years (listed below), between 1994 and 1997 he was the deputy director of Union banka a.s., Hodonín, where he was responsible for managing the company's business development. Between 1999 and 2001, he was the director of SPP Bohemia Trade a.s. In 2001-2010, he worked as CFO at MND a.s. where he was responsible for all economic processes in the company. From 2004 to 2010, he was a member of the board of directors and chairman of the supervisory board of Moravské naftové doly a.s. From 2013 to the present, in addition to the positions mentioned below, he held the position of director of the economic department (in the period May 2013 to Jan 2015) and from 2015 to 2018 he was a member of the audit committee (a position accredited by the CNB) at Moravský Peněžní Ústav - spořitelní družstvo (Savings Association) (now TRINITY BANK a.s.). He is currently a member of the audit committee of TRINITY BANK. Petr Čumba has been a member of the board of directors of FCM Bank Limited in Malta since its acquisition by the SAB Group at the end of 2017.

#### Current membership in the statutory bodies of other companies:

member of the statutory body of TRINITY Investorská a.s.

member of the board of trustees of Trinity Credo Foundation

member of the board of trustees of MORAM CZ, s.r.o.

member of the board of trustees of EduVision s.r.o.

member of the statutory body of EcoSave technologies a.s.

statutory representative of mediaport solutions s.r.o.

statutory representative of SAB Bohemia s.r.o.

member of the board of directors of SAB Europe Holding Ltd. (Malta)

member of the board of directors of SAB Malta Ltd. (Malta)

member of the board of directors of SAB Financial Investments a.s.

member of the board of directors of FCM Bank Limited (Malta)

member of the board of directors of Prostream Global Limited (Ireland)

member of the supervisory board of SAB o.c.p., a.s. (Slovakia)

#### Former membership in the statutory bodies of other companies in the last five years:

- member of the board of directors of SAB o.c.p., a.s. (Slovakia)
- member of the board of trustees of Optiware Net, s.r.o.
- vice-chair of the board of directors of Národní Centrum Tkání a Buněk a.s.
- vice-chair of the board of directors of Centrum buněčné terapie a diagnostiky a.s.
- statutory representative of Cryo Storage s.r.o.
- statutory representative of BioniX s.r.o.

#### **Ing. Dana Hübnerová**

In addition to deciding on all Company matters not reserved by law or the articles of association for the general meeting or the supervisory board and acting for the Company externally, Ing. Dana Hübnerová works as a compliance officer in the Company based on an employment contract.

Born on: 01 Feb 1955

Office assumed on: 14 Oct 2020

#### Experience:

Ms. Hübnerová is a graduate of the University of Economics in Prague. After graduating from the university (1978), she worked at the former State Bank of Czechoslovakia in various credit-related positions until 1989. Between 1990 and 2004, she worked in the banking sector, including ČSOB a.s. where she held the position of head of the economic and accounting department and later served as the economic deputy director of a regional branch. From 2005, she worked as internal audit manager and later as compliance manager at Moravský Peněžní Ústav – Savings Association (now TRINITY BANK a.s.) where she is currently a compliance consultant. Since 2016, she has also worked as compliance consultant at SAB Finance a.s. Since 2014, she has been a member of the board of directors of Správa Aktiv a Bankovní Poradenství a.s. and SAB Financial Group a.s. and a member of the supervisory board of SAB Holding a.s. In 2017, she was appointed to the supervisory board of SAB o.c.p. and in the following year to the supervisory board of SAB Financial Investments a.s. In 2019, she was appointed a member of the board of trustees of the Trinity Credo Foundation.

#### Current membership in the statutory bodies of other companies:

- chair of the supervisory board of SAB o.c.p., a.s. (Slovakia)
- member of the board of directors of SAB Financial Group a.s.
- member of the supervisory board of SAB Holding a.s.
- member of the supervisory board of SAB Financial Investments a.s.
- member of the board of trustees of Trinity Credo Foundation

#### Former membership in the statutory bodies of other companies in the last five years:

- member of the board of directors of Správa Aktiv a Bankovní Poradenství a.s.

The members of the board of directors declare that:

- none of the members of the board of directors has been convicted of a deliberate criminal offence in the past five years;
- no member of the board of directors has been publicly charged or sanctioned by statutory or regulatory authorities in the past five years;

- no member of the board of directors has been barred by a court from holding any office as a member of an administrative, management, or supervisory body or from holding any office in the management or conduct of the business of the Company or any other issuer of securities in the past five years;
- no member of the board of directors has been involved in bankruptcy proceedings, liquidation, or receivership in the past five years as an individual or as a member of the Company's statutory or supervisory body;
- they are not related to any other members of the Company's board of directors or members of the Company's supervisory board;
- they are not aware of any existing or impending conflict of interest related to the performance of their duties as members of the board of directors.

#### **Supervisory board as of 31 Dec 2022**

#### **Ing. Radomír Lapčík, LL. M.**

Chair of the supervisory board

Born on: 03 Jul 1969

Office assumed on: 04 Mar 2019

#### Experience:

A Zlín native and patriot, Mr. Lapčík is the founder and 100% owner of SAB Group with more than 26 years of experience in the banking sector. He is an adherent of the Baťa style of business – from drops in the sea, from pennies to millions – i.e., achieving profitability step by step, taking care of clients every day. He is a supporter of conservative and safe banking and of gradual and continuous development, resting on the continuous improvement of services. He was awarded Entrepreneur of the Year of the Zlín Region in 2008.

His career has strongly focused on the banking sector and financial services. He started doing business in the financial sector in the Czech Republic 26 years ago when he founded Moravský Peněžní Ústav – Savings Association in 1996, which he transformed into TRINITY BANK a.s. on 1.1.2019. At Moravský Peněžní Ústav – Savings Association, he served as chair of the board of directors and CEO.

At present, he is chairman of the supervisory board of SAB Finance a.s. and chairman of the supervisory board of TRINITY BANK a.s., and has been approved by the Czech National Bank as a person suitable and professionally qualified for these positions.

In 2017 and 2018, he was approved along with SAB Finance a.s. and SAB Europe Holding Ltd. by the European Central Bank and the Malta Financial Services Authority, the National Bank of Slovakia, and the UK regulator Financial Conduct Authority as a suitable and financially strong owner of regulated entities (bank, securities dealer, and payment institution).

He studied business law at Nottingham Trent University (UK) where he obtained a Master of Laws degree. Prior to that, he graduated from Brno University of Technology and completed his doctoral studies at Tomas Baťa University in Zlín.

In addition to conducting business, he is also a professor, having lectured at the University of Economics in Prague and having introduced the subject of financial mathematics at Tomas Baťa University.

He is also active as a philanthropist. His foundation CREDO CZ has been supporting families with disabled children for some time. The NAVZDORY program, to which he has donated CZK 10 million, is currently working to mitigate the effects of the COVID-19 pandemic on socially vulnerable families in the Zlín Region.



#### Current membership in the statutory bodies of other companies:

- chair of the supervisory board of TRINITY BANK a.s.
- chair and member of the supervisory board of CREDO CZ – foundation
- member of the board of trustees of Trinity Credo Foundation

#### **Jana Ježková**

Member of the supervisory board

Born on: 04 Jan 1959

Office assumed on: 11 Nov 2020

#### Experience:

Vystudovala střední ekonomickou školu zakončenou maturitou, po absolvování SEŠ (1978) do roku 1991 pracovala na různých pozicích až po funkci samostatného odborného referenta na Federálním ministerstvu zahraničního obchodu, v letech 1992 až 1994 pracovala ve společnosti SETRA Service Trading s.r.o. jako vedoucí prodeje telekomunikační techniky, od roku 1995 do roku 2013 pak vykonávala funkci ředitele obchodního a nákupního centra ve společnosti OVUS a.s., od roku 2014 dosud pracuje na manažerské pozici ve společnosti Správa Aktiv a Bankovní Poradenství a.s., u které se v roce 2021 díky fúzi stala nástupnickou společností společnost SAB CZ s.r.o.

#### Current membership in the statutory bodies of other companies:

- statutory representative of SAB CZ s.r.o.
- statutory representative of Domy Květnice Development s.r.o.
- member of the board of directors of OVUS a.s.
- member of the board of the Unit Owners' Association for the building at Makovského 1140-1145, Prague 6
- member of the supervisory board of SAB Financial Group a.s.
- chair of the management board of newstream agency a.s.

The members of the supervisory board declare that:

- none of the members of the supervisory board has been convicted of a deliberate criminal offence in the past five years;
- no member of the supervisory board has been publicly charged or sanctioned by statutory or regulatory authorities in the past five years;
- no member of the supervisory board has been barred by a court from holding any office as a member of an administrative, management, or supervisory body or from holding any office in the management or conduct of the business of the Company or any other issuer of securities in the past five years;
- no member of supervisory board has been involved in bankruptcy proceedings, liquidation, or receivership in the past five years as an individual or as a member of the Company's statutory or supervisory body;
- they are not related to any other members of the Company's supervisory board or members of the Company's board of directors.
- they are not aware of any existing or impending conflict of interest related to the performance of their duties as members of the supervisory board.

The business addresses of members of the board of directors and supervisory board are the same as the registered office of the Company.

## **A.4. Changes in the Commercial Register**

In 2022, changes were made to the Commercial Register, in particular changes to the Company's board of directors, see section A.3. ***Changes to the board of directors and supervisory board during the current period***, which is included in the appendix to this consolidated annual report. On 11 March 2022, the following documents were added to the Collection of Deeds:

- Supervisory board meeting minutes dated 01 Feb 2022
- Board of directors meeting minutes of 02 Feb 2022
- Board of directors meeting minutes of 03 Feb 2022

On 3 May 2022, the following documents were added to the Collection of Deeds:

- individual financial statements for 2021
- individual annual report for 2021
- report on relations for 2021
- auditor's report on the individual financial statements for 2021

## **A.5. Company's securities**

The Company's ordinary shares, ISIN: CZ0009009940, have been issued pursuant to the Corporations Act and Act No. 89/2012 Coll., the Civil Code, as bearer shares in book-entry form. The shares have a nominal value of CZK 388 (before the share split in October 2021: CZK 3,880). The shares are registered in the central register of book-entry securities maintained by Centrální depozitář cenných papírů, a.s., corp. ID: 250 81 489, with registered office in Rybná 14, 110 05 Prague 1. The shares are freely transferable.

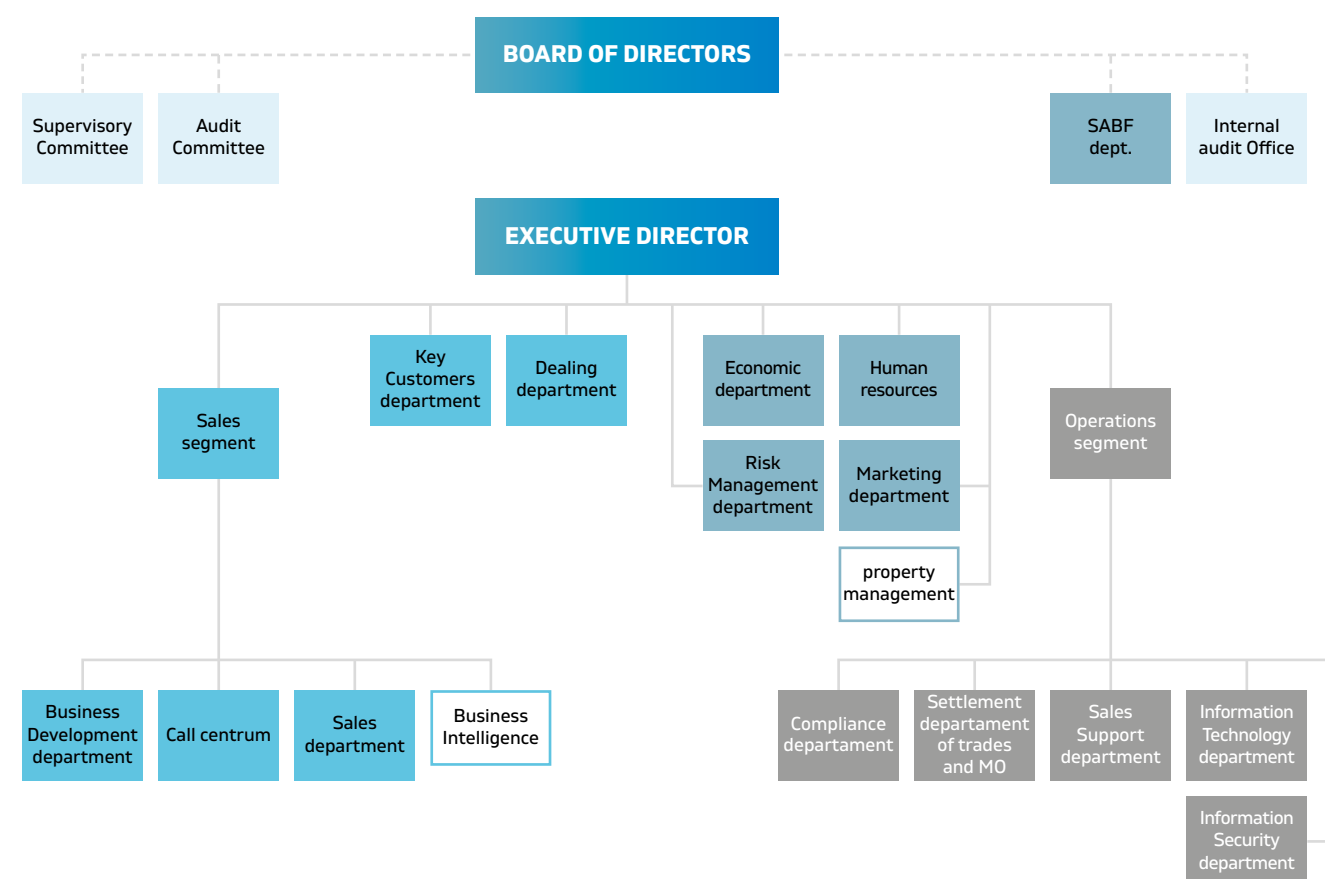
No special rights are attached to the shares. Shareholders particularly have the following rights: the right to a share in the Company's profit (dividend) and the right to participate in the general meeting, to vote at the general meeting, to request and receive explanations of matters concerning the Company, to make proposals and counterproposals, to lodge protests, or to exercise other shareholder rights under the articles of incorporation and applicable legislation. Upon dissolution of the Company, the shareholder shall be entitled to a share of the liquidation balance. A detailed description of the rights and obligations attached to the shares is contained in the Company's articles of incorporation available on [www.justice.cz](http://www.justice.cz) and in applicable legislation, in particular the Corporations Act.

## **A.6. Information on the codes for management and governance of the Group**

In 2022, the companies in the Group did not implement any corporate governance policies or any other similar policies.

The activities of the companies in the Group are governed by generally binding legislation, the articles of incorporation, and internal policies, which are regularly reviewed and updated accordingly. The Group considers this framework to be sufficient to maintain responsible and transparent operations, including corporate governance.

## A.7. Organizational structure as of 31 Dec 2022



## A.8. Entities with significant and controlling influence

A list of shareholders who hold more than 20% of the Company's registered capital.

Shareholder's first and last name	Share of registered capital as of 31 Dec 2022	Share of registered capital as of 31 Dec 2021
SAB Financial Group a.s.	71.80 %	86.48 %

## A.9. Average number of employees in the group

Indicator	2022	2021
Average converted number of employees in the Group:	126	109
Of which: members of boards of directors	9	9
members of supervisory boards	3	3

Personnel expenses for employees including the personnel expenses for executives are listed in section C.22. Administrative expenses.

## A.10. Performance in favor of persons close to the Company

The Group does not provide any loans, borrowings, or any other types of security, pecuniary or non-pecuniary, to any persons who are loved ones of statutory bodies or members of statutory or other managing or supervisory bodies.

## A.11. Basis for preparing the consolidated financial statements

The consolidated financial statements have been prepared based on the accounting records maintained in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union under Regulation (EC) No. 1606/2002, on the application of International Accounting Standards.

These consolidated financial statements are the Company's first consolidated financial statements of the entity. These consolidated financial statements include a consolidated statement of financial position under IFRS, which includes data as of the balance sheet date (31 December 2022) and as of the end of the previous financial year (31 December 2021).

The consolidated financial statements have been prepared based on the assumption that the Company will continue as a going concern and that nothing has occurred that would restrict or prevent it from continuing in its business in the foreseeable future.

The consolidated financial statements were prepared on a historical price basis, except for the financial instruments recognized at fair value through profit or loss.

The balance sheet date of the consolidated financial statements is 31 December 2022. The current period runs from 1 January 2022 to 31 December 2022. The previous period ran from 1 January 2021 to 31 December 2021.

The consolidated financial statements of the SAB Finance Group are presented in the Czech crowns ("CZK"), which is the functional currency. All data stated in thousand CZK (th. CZK) unless indicated otherwise. The financial statements of consolidated companies with registered office abroad have been translated at the exchange rate prevailing at the date of closing the books of the consolidating company. All financial statements included in the consolidation were prepared as of 31 Dec 2022.

These financial statements are consolidated. The company also prepares individual financial statements.

#### A.12. New or amended Standards and Interpretations, as endorsed by the EU as of 10 November 2022, that are effective for annual periods beginning after 1 January 2022

Standard/interpretation	Nature of the impending change in accounting policy	Potential impact on the financial statements
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Materiality assessment (Effective for annual periods beginning on or after 1 January 2023; earlier use is permitted.)	The amendments to IAS 1 require entities to disclose significant (material) information about their accounting policies instead of substantive accounting policies.	The Group plans to apply the amendment on 1 January 2024. The Group expects that the amendments, when initially applied, will have no material impact on its financial statements.
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Effective for annual periods beginning on or after 1 January 2023; earlier use is permitted.)	The amendments introduced a definition of 'accounting estimates' and included other amendments to IAS 8 clarifying how to distinguish changes in accounting policies from changes in estimates. The distinction is important as changes in accounting policies are generally applied retrospectively while changes in estimates are accounted for in the period in which the change occurs.	The Group plans to apply the amendment on 1 January 2023. The Group expects that the amendments, when initially applied, will have no material impact on its financial statements.
Amendments to IAS 12 Income Taxes Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Effective for annual periods beginning on or after 1 January 2023. Early application is permitted.)	The amendments narrow the scope of the initial recognition exemption (IRE) to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.	The Group plans to apply the amendment on 1 January 2024. The Group expects that the amendments, when initially applied, will have no material impact on its financial statements.

#### A.13. New or amended Standards and Interpretations that are effective for annual periods beginning after 1 January 2022, not yet endorsed by the EU as of 10 November 2022

Standard/interpretation	Nature of the impending change in accounting policy	Potential impact on the financial statements
Amendments to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and its associate or joint venture (Effective date deferred indefinitely. Available for optional adoption in full IFRS financial statements. The European Commission decided to defer the endorsement indefinitely, it is unlikely that it will be endorsed by the EU in the foreseeable future)	The Amendments clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business, such that: • a full gain or loss is recognized when a transaction between an investor and its associate or joint venture involves the transfer of an asset or assets which constitute a business (whether it is housed in a subsidiary or not), while • a partial gain or loss is recognized when a transaction between an investor and its associate or joint venture involves assets that do not constitute a business, even if these assets are housed in a subsidiary.	The Group plans to apply the amendment on 1 January 2023. The Group expects that the amendments, when initially applied, will have no material impact on its financial statements.
Amendments to IAS 1 Presentation of Financial Statements Classification of Liabilities as Current or Non-current (Effective for annual periods beginning on or after 1 January 2024; earlier use is permitted.)	See description below.	See description below.
Amendments to IAS 1 Presentation of Financial Statements Non-Current Liabilities with Covenants (Effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Early application is permitted. Specific transition requirements apply for companies that have early-adopted the previously issued but not yet effective 2020 amendments.)	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments, as issued in 2020, has removed the requirement for a right to be unconditional and instead requires that a right to defer settlement must exist at the reporting date and have substance (the classification of liabilities is unaffected by management's intentions or expectations about whether the company will exercise its right to defer settlement or will choose to settle early) The amendments, as issued in 2022, further clarify that when the right to defer settlement is subject to a company complying with conditions (covenants) specified in a loan arrangement, only covenants with which the company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date do not affect a liability's classification at that date. However, the amendments require companies to disclose information about these future covenants to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments also clarify how a company classifies a liability that can be settled in its own shares (e.g. convertible debt).	The Group plans to apply the amendment on 1 January 2024. The Group expects that the amendments, when initially applied, will have no material impact on its financial statements.



Standard/interpretation	Nature of the impending change in accounting policy	Potential impact on the financial statements
Amendments to IFRS 16 Leases Lease Liability in a Sale and Leaseback  (Effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively.) Early application is permitted.)	Amendments to IFRS 16 Leases impact how a seller-lessee accounts for variable lease payments in a sale-and-leaseback transaction. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered into since 2019. Novelizace potvrzuje: • on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction; • after initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. These amendments do not change the accounting for leases other than those arising in a sale and leaseback transaction.	The Group plans to apply the amendment on 1 January 2024. The Group expects that the amendments, when initially applied, will have no material impact on its financial statements.

<sup>1</sup> On 31 October 2022, the IASB issued an amendment which delayed the effective date to 01 January 2024.

The chapters in Section A consist of other information in the individual annual report

## B. ACCOUNTING POLICIES AND VALUATION METHODS

### B.1. Transaction date

Depending on the transaction type, the transaction date is generally defined as the date of cash payment or collection, the date of purchase or sale of foreign currency, the date of executing a payment or collection from a customer's account, the date of ordering a correspondent to execute a payment, the date the funds are credited according to the notification received from the correspondent bank, or the trade and settlement date for foreign currency transactions

For accounting transactions involving the purchase and sale of financial assets with a usual supply date (spot transactions), the trade day accounting method was used. The purchase or sale of a financial asset is reported in the balance sheet on the trade day, as is the liability or receivable associated with the payment for a financial asset

The Group derecognizes a financial asset or its part from the balance sheet if it loses control over its contractual rights to that asset or its part. The Group loses that control if it exercises the rights to benefits defined by a contract or if those rights are revoked or if it waives those rights

### B.2. Non-current tangible and intangible assets

Non-current tangible and intangible assets are reported at their acquisition cost. Depreciation is calculated based on the acquisition cost and the estimated useful lives of the appropriate assets. Non-current tangible assets and non-current intangible assets with acquisition cost up to CZK 2 thousand are not recognized on the balance sheet and are expensed in the year of acquisition.

Depreciation and amortization methods and periods according to asset groups

Assets	Method	Number of years
Buildings	linear	60
Inventory, instruments, equipment	linear	4-10
Software	linear	3-5

Land, assets under construction, works of art and art collections are not depreciated. Leasehold improvements are depreciated on a straight-line basis over the shorter of the lease term and their estimated useful lives.

Expected useful lives are annually assessed and/or reviewed. Changes in depreciation periods, if any, are recognized as changes in the estimate of the current year's result.

Costs incurred after the asset has been put into use, such as the repair and maintenance costs, are recorded in the period in which they were incurred.

#### a) Non-current tangible assets

Tangible assets are measured at cost less accumulated depreciation and impairment losses over the estimated useful life of the asset.

The acquisition cost includes the purchase price of the asset, any costs directly attributable to transporting the asset to its destination and ensuring that the asset is in the condition necessary for its intended use by the Company's management, and an initial estimate of the cost of dismantling and removing the asset.

Subsequent to initial recognition, non-current tangible assets are recognized at cost less accumulated depreciation and any accumulated impairment losses.

## b) Intangible assets

Software acquired by the Group is valued at cost less accumulated depreciation and any impairment losses.

The cost of internally produced software is recognized as an asset when the Group is able to demonstrate its intention and ability to complete the development of the software and use it to generate future economic benefits while the cost of completing the development can be reliably measured.

Software internally produced by the Company is valued at cost less accumulated depreciation and any impairment losses.

Software is depreciated over its useful life, usually not exceeding 3 to 5 years.

Subsequent costs incurred for the software are capitalized only if they increase the future economic benefits arising from the related asset. All other costs are charged to expenses as they are incurred.

## c) Impairment of non-financial assets

At each balance sheet date, the Group reviews the carrying amounts of its non-financial assets and assesses whether there is any indication of impairment. If such an indication exists, the recoverable amount is estimated.

The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. Impairment losses are charged to profit or loss.

An impairment loss may be reversed to the extent that the new value does not exceed the carrying amount that would have been determined if no impairment loss had been recognized.

## Leasing from the lessee perspective

The Group applies IFRS 16 Leases. A contract is considered a lease if it transfers the right to control the use of the identified asset for a certain time period in exchange for consideration.

IFRS 16 brings in particular changes in accounting and reporting for lessees. The accounting entity in the role of lessor reports leased right-of-use assets and the associated lease liability on the balance sheet, with the exception where:

- the lease period is not more than 12 months,
- or the underlying asset has a low purchase price.

## Right-of-use assets

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

- initial measurement of lease liability,
- lease payments made from the beginning of or prior to this date after deducting all retained lease incentives,
- initial direct costs,
- estimated costs that the lessee expends for dismantling and removal of the leased asset.

The right-of-use asset is reported on the balance sheet in the item "Non-current tangible assets" and is depreciated using the straight-line method for the period until the end of the economic life of the underlying asset or until the end of the lease, depending on which period ends sooner. Relevant write-offs are reported in the consolidated profit and loss statement in the item "Depreciation, additions and utilization of provisions and adjustments to non-current tangible and intangible assets".

## Lease liability

A lease liability is initially measured in the amount of the net present value of lease payments not paid as of the date of initial presentation. Lease payments are discounted by the interest rate that the lessee would have to pay if the funds for purchase of the underlying asset were borrowed, taking into account the conditions associated with lease (i.e. lease/loan term, amount of the loan, etc.).

The lease liability is then remeasured if there is a change to future lease payments (e.g. due to a change in the evaluation of whether and when the extension or premature termination of the lease will occur, etc.). If the lease liability is remeasured in this manner, this results in the modification of the valuation of the right-of-use asset. If the right-of-use asset is null, the given remeasurement of the lease liability is recognized via the consolidated profit and loss statement.

The lease liability is reported on the balance sheet in the line item "Other liabilities".

Interest expenses originating from a lease liability are reported in the profit and loss statement in the field "Interest expenses and similar costs" and differentiated using effective interest rate.

## B.3. Financial assets and financial liabilities (financial instruments)

### 1. Initial recognition and subsequent measurement

SABF initially recognizes selected financial assets and financial liabilities (e.g., receivables from clients, liabilities to clients, debt securities, shares) at the moment they arise. All other financial instruments (including spot purchases and sales of financial assets – regular-way purchases and sales of financial assets) are recognized at the date the trade is agreed, which is the date when the accounting entity becomes the owner of the relevant financial instrument according to the contractual provisions.

### 2. Classification

On initial recognition a financial asset is measured under the following classification categories:

- amortized cost (AC)
- fair value through other comprehensive income (FVOCI)
- fair value through profit or loss (FVTPL).

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

- the asset is held within a business model that seeks to hold financial assets to earn contractual cash flows,
- the contractual terms of the financial asset specify a specific date for cash flows consisting solely of principal and interest payments on the outstanding principal amount (the 'SPPI test').

A financial asset is measured at fair value through other comprehensive income (FVOCI) only if it meets both of the following conditions and at the same time is not designated as measured at fair value through profit or loss (FVTPL):

- the asset is held within a business model whose objective is achieved through both the collection of contractual cash flows and the sale of financial assets
- the contractual terms of the financial asset specify a specific date for cash flows consisting solely of principal and interest payments on the outstanding principal amount (the 'SPPI test').

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

### Business model assessment (debt securities)

Key management personnel determine the business model in which a financial asset is held by assessing how the financial instruments are managed to generate cash flows, i.e. whether the objective is to collect only contractual cash flows from the assets or to collect both contractual cash flows and cash flows from the sale of the assets. If neither applies (e.g. the financial assets are being held for trading purposes), then the financial assets are classified and measured at FVPL. Such an assessment is carried out at the “portfolio level”, as this best indicates how the business has been managed, and the information is provided to management.

### Reclassification

Financial assets are not reclassified after initial recognition unless the accounting entity changes its business model for the management of financial assets during the current period.

### Financial liabilities

The accounting entity classifies its financial liabilities other than financial guarantees and commitments measured as measured at:

- amortized cost or
- fair value through profit or loss (FVTPL).

## 3. Odúčtování

### Financial assets

The accounting entity derecognizes a financial asset if

- the contractual rights to the cash flows from the financial asset cease to exist, or
- it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownerships of the financial asset are transferred or in which the entity neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between

- the carrying amount of the asset (or part of the carrying amount allocated to the part of the asset derecognized) and
- the sum of (i) the consideration received (including any new asset acquired less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in equity is recognized in the consolidated profit and loss statement.

### Financial liabilities

The entity derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire.

## 4. Modification of financial assets and financial liabilities

### Financial assets

If the terms of a financial asset are modified, the entity evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to the cash flows from the original financial asset are deemed to have expired. In such a case, the original financial asset is derecognized and a new financial asset is recognized at fair value.

If the cash flows from the modified asset carried at amortized cost are not substantially different, then the modification does not result in the derecognition of the financial asset. In such a case, the entity recalculates the gross carrying amount of the financial asset and recognizes the amount arising from adjusting the gross carrying amount as a gain or loss from modification in the consolidated profit and loss statement. If such a modification is carried out because of a borrower’s financial difficulties, then the gain or loss is recognized together with the creation, release, or use of loss allowances in the consolidated profit and loss statement. In other cases, the gain or loss is recognized together with interest income in the consolidated profit and loss statement.

### Financial liabilities

The accounting entity derecognizes a financial liability if the conditions of the financial liability are modified and the cash flows from the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in the consolidated profit and loss statement.

## 5. Fair value measurement

Fair value is the price that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants at the measurement date on the principal (or most advantageous) market to which the accounting entity has access as of the given date. The fair value of a liability reflects the risk of non-performance. Non-performance risk includes but may not be limited to the entity’s own credit risk.

The accounting entity measures the fair value of an instrument using the quoted prices on the active market for the given instrument if such as price is available. An active market is the market where transactions for assets or liabilities are carried out frequently and in sufficient volume to ensure regular price information.

When a quoted price is not available, the entity shall use valuation techniques maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. The selected valuation technique includes all factors that market participants would include in the measurement of the given transaction.

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 the accounting entity determines that the fair value at initial recognition differs from the transaction price and the fair value is neither based on the quoted price on the active market for an identical asset or liability nor on a valuation technique for which unobservable inputs are considered insignificant in relation to measurement, then the carrying amount of the financial instrument on initial recognition is adjusted to defer the difference between the fair value measurement and the transaction price and subsequently, the difference between the initial fair value and the transaction price is gradually and systematically charged on an accrual basis to the consolidated profit and loss statement over the useful life of the instrument. However, this is only for a maximum period of time during which the valuation is fully supported by observable market data or until the transaction is completed.

If an asset or a liability measured at fair value has a bid price and an ask price, the entity shall measure

- assets and long positions at the bid price
- and liabilities and short positions at the ask price.

The fair value of a financial liability with a demand feature (e.g., a deposit repayable on demand) is not lower than the amount payable on demand discounted from the first date that the amount could be demanded to be paid.



## 6. Fair value hierarchy

The accounting entity determines fair values using the following fair value hierarchy, which reflects the significance of inputs used for measurement.

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

**Level 2:** Level 2 inputs are inputs other than quoted prices included in Level 1 that are directly (i.e., as prices) or indirectly (i.e., derived from prices) observable for an asset or liability. This level comprises instruments measured by using:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in markets that are 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 measured based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required for them to reflect the differences between the instruments.

The entity considers transfers between the individual levels of the fair value hierarchy performed at the end of the period in which the given change occurred. For more details, see Note C.25 Fair value.

## 7. Impairment

### Determining expected credit loss (ECL)

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the entity expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount 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 that are due to the entity if the commitment is drawn down and the cash flows that the entity expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the entity expects to recover.

The entity recognizes allowances for expected credit losses (ECL) for the following financial instruments not measured at fair value through profit or loss (FVTPL):

- Cash and cash equivalents;
- Receivables from banks;
- Receivables from non-banking entities;
- Other receivables.

### Credit impaired financial assets

At each balance sheet date, the accounting entity assesses whether financial assets measured at amortized cost and debt financial instruments measured at fair value through other comprehensive income (FVOCI), loan commitments and financial guarantee are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence of credit impairment of a financial asset includes the following observable facts:

- significant financial problems of the debtor or issuer;
- breach of contract, e.g., default of the debtor or failure to meet the due date;
- if the debtor is likely to enter bankruptcy, insolvency or other financial reorganization; or
- loss of an active market for the security due to financial difficulties

## 8. Effective interest rate

Interest income and expense are recognized in the consolidated profit and loss statement under 'Interest income calculated using the effective interest rate method' and 'Interest expense and similar expense', respectively, using the effective interest method.

The effective interest rate is the interest rate that discounts expected future cash inflows and outflows over the expected useful life of a financial instrument to:

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

In calculating the effective interest rate for financial instruments (other than credit-impaired financial assets), the entity estimates future cash flows by considering the contractual terms of the financial instrument but not expected credit losses. For credit-impaired financial assets, the effective interest rate adjusted for credit risk is calculated based on estimated future cash flows including expected credit losses.

The effective interest rate calculation includes transaction costs, fees and interest paid or received between the parties to the contract and forming an integral part of the effective interest rate. Transaction costs include incremental costs directly attributable to the acquisition or issue of a financial asset or financial liability.

## 9. Amortized cost and gross carrying amount

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition less any repayments of principal plus or minus the cumulative amortization of any premium or discount using the effective interest rate (i.e., the difference between the initial cost and the cost at maturity), adjusted for any loss allowances where financial assets are concerned.

The gross carrying amount of a financial asset is the amortized cost of the financial asset before adjustment for any loss allowance.

### Interest income and interest expense calculation

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

- the gross carrying amount of an asset (if the asset is not credit impaired) or
- the amortized cost of a liability.

For financial assets that become credit impaired only after initial recognition, interest income is calculated using the effective interest rate applied to the amortized cost of the financial asset. If the asset is no longer credit impaired, the effective interest rate is again applied to the gross carrying amount.

For financial assets that were credit impaired already at initial recognition, interest income is calculated using the effective interest rate adjusted for the credit risk applied to the amortized cost of the financial asset. For these financial assets, the interest income calculation does not change to applying the effective interest rate to the gross carrying amount even if the credit risk of the asset subsequently improves.

#### Presentation

Interest income and interest expense recognized in the consolidated profit and loss statement under ‚Interest income and similar income‘ and ‚Interest expense and similar expense‘ include the following:

- interest on financial assets and financial liabilities measured at amortized cost calculated using the effective interest rate.

Interest income and interest expense relating to assets and liabilities held for trading and to other financial assets and financial liabilities measured at FVTPL are recognized together with changes in the fair value of those financial assets and financial liabilities under ‚Gain or loss on financial operations‘ in the consolidated profit and loss statement.

Reporting of allowances for expected credit losses in the separate statement of financial position

Allowances for ECL are reported as follows:

- Financial assets measured at amortized cost: an allowance is deducted from the gross carrying amount of an asset.

Allowances for ECL debited to expenses are recognized in the consolidated profit and loss statement under ‚Net impairment of financial assets‘. Any subsequent use of loss allowances is also recognized in this income statement line.

The release of allowances for ECL for redundancy is recognized in the consolidated profit and loss statement under ‚Net impairment of financial assets‘.

#### Write-off

Loans and debt securities are written off (either partially or fully) when there is no realistic and achievable possibility of their repayment. This generally occurs when the entity determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount owed that is the subject of the write-off. However, written-off financial assets may still be subject to recovery in order to comply with the entity’s recovery procedures.

Recoveries from written-off loans are recognized in the consolidated profit and loss statement under ‚Net impairment of financial assets‘. In the case of the write-off of a receivable for which an allowance has been created in the full amount, the allowance in the same line item in the consolidated profit and loss statement is reduced by the same amount. Income from previously depreciated loans are reported in the consolidated profit and loss statement under ‚Net impairment of financial assets‘.

#### Fees and commissions

Fee income and expense that are an integral part of the effective interest rate of a financial asset or liability are included in the measurement of the effective interest rate and are treated as part of interest income and expense.

Other fee income is recognized when the related services are rendered. Fee expenses relate mainly to transaction and service fees, which are expensed when the service is received.

### B.4. Provisions

A provision represents a probable cash outflow of uncertain timing or amount. A provision is created provided that all the following criteria are met:

- there exists a (legal or constructive) obligation as the result of past events,
- it is probable or certain that an outflow of economic benefits will be required to settle the obligation (probable meaning probability exceeding 50%),
- the amount of the obligation can be estimated reliably

#### Income tax liability

As the Company’s income tax return has not yet been filed at the date of preparation of the 1) consolidated profit and loss statement, the income tax liability represents the difference between the calculated income tax payable and the prepayments made.

### B.5. Conversion of foreign currency

The consolidated financial statements have been prepared in Czech crowns, which are the Group’s functional currency. The functional currency is the currency of the primary economic environment in which the Group operates.

Transactions in foreign currency are accounted for in the domestic currency translated at the exchange rate declared by the Czech National Bank applicable as of the transaction date.

Assets and liabilities in foreign currency are translated to the domestic currency at the exchange rate announced by the Czech National Bank applicable as of the balance sheet date. The resulting profit or loss from the conversion of assets and liabilities in foreign currency is reported in the consolidated profit and loss statement as “Gain or loss from financial operations”. Exchange rate differences arising on consolidation are recognized in the consolidated statement of financial position in the line Translation reserves.

### B.6. Taxation

#### Tax payable

The income tax base is calculated from the profit for the current period by adding non-deductible expenses and deducting revenues not subject to income tax, further adjusted for tax credits and any possible offsets.

#### Deferred tax

Deferred tax is based on all temporary differences between the book value and the tax value of assets and liabilities using the expected tax rates applicable for the following period. A deferred tax receivable is only accounted for if there is no doubt over its further application in subsequent accounting periods.

### B.7. Použití odhadů

In preparing the consolidated financial statements in accordance with the international accounting regulations, the Company’s management uses estimates and makes assumptions that affect the amounts of assets and liabilities reported as of the balance sheet date, information disclosed on contingent assets and liabilities, and the amount of expenses and revenues for the reporting period.

The management of the Company has made these estimates and assumptions on the basis of all relevant information available to it.

These estimates and accounting judgments are based on information available at the date of the consolidated financial statements and relate in particular to the determination of:

- fair values of financial instruments in the consolidated statement of financial position of financial instruments not listed on active markets that are classified as financial assets or financial liabilities at fair value recognized in profit or loss;
- impairment of financial assets.

## B.8. Derivatives

A derivative is a financial instrument that meets the following conditions:

- its fair value changes in dependence on a change to the interest rate, the price of a security, the price of a commodity, the exchange rate, price index, credit rating or index, or any other variable (i.e. underlying asset).
- compared to other types of contracts in which a similar response to changes of market conditions is based, it requires little to no initial investment,
- it will be settled in the future, whereas the term of negotiating the trade until its settlement is longer than for spot operations.

The fair value of financial derivatives is determined as the current value of expected cash flows arising from these transactions. Parameters determined on the active market are used to establish the net present value, such as forex rates, interest rates for the given maturities on the basis of yield curves, etc.

The Group also enters into forward contracts that are settled in tranches over time. The fair value of these derivatives is determined as the sum of the option and forward components. The valuation of the forward component is based on the classic forward contract valuation. To calculate the option component, a simulation of the random path of the FX rate is performed for each day from the valuation date until the maturity date of the derivative. The sum of the fair value of the two components comprises the total fair value of the derivative.

## B.9. Registered capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares are recognized in equity as a deduction of proceeds net of tax.

## B.10. Investment capital contributions

Investment capital deposits qualify as Tier 1 non-core capital instruments; they are undated and subordinated liabilities. Coupon payments on permanent capital bonds may be canceled at the Bank's discretion and are accounted for through equity in the statement of financial position.

## B.11. Prior period error corrections and changes in accounting methods

No corrections of prior period errors were made in the accounting period ended 31 December 2022 and 31 December 2021.

# C. NOTES TO THE STATEMENT OF FINANCIAL POSITION AND STATEMENT OF COMPREHENSIVE INCOME

## C.1. Cash and cash equivalents

(In thousand CZK)	31 Dec 2022	31 Dec 2021
Cash in hand	116	101
Current accounts	290,504	233,279
Balances with central banks	838,653	127,293
Allowances	-166	-216
<b>Total</b>	<b>1,129,107</b>	<b>360,457</b>

Receivables due from banks as of 31 December 2022 comprise cash deposited by clients for the purpose of entering into spot transactions, totaling TCZK 55,258 (2021: CZK 35,213 thousand), which the Company has a limited ability to dispose of. It also includes cash deposited in the Central Bank of Malta account amounting to CZK 838,653 thousand (2021: CZK 127,293 thousand).

## C.2. Receivables from banks

(In thousand CZK)	31 Dec 2022	31 Dec 2021
Other receivables	221,441	232,744
<b>Total</b>	<b>221,441</b>	<b>232,744</b>

Receivables from banks as of 31 December 2022 consist of cash deposited in bank accounts totaling CZK 221,441 thousand (2021: CZK 232,744 thousand) these funds represent collateral deposited for the purpose of conducting transactions with banking counterparties.

All cash and cash equivalents and receivables from banks as of 31 December 2022 and 31 December 2021 are stated at amortized cost pursuant to IFRS 9. Receivables from banks consist exclusively receivables from stable financial institutions. From a credit risk perspective, the Company considers all of its receivables from banks as of 31 December 2022 and 31 December 2021 to be of high quality. When calculating ECLs, all receivables from banks were categorized to fall in Stage 1 as of 31 December 2022 and 31 December 2021. As of 31 December 2022 and 31 December 2021, loss allowances were calculated using the 12-month expected credit losses.

	Level 1	Level 2	Level 3	Total
31 Dec 2022 (In thousand CZK)	12-month expected credit losses	Anticipated credit losses for the term for financial assets that are not credit impaired	Anticipated credit losses for the term for financial assets that are credit impaired	
Cash and cash equivalents and receivables from banks measured at amortized cost				
Credit rating min. Baa1	1,350,599	-	-	1,350,599
Allowance	-166	-	-	-166
<b>Cash and cash equivalents and receivables from banks - net balance</b>	<b>1,350,433</b>	<b>-</b>	<b>-</b>	<b>1,350,433</b>

	Level 1	Level 2	Level 3	Total
31 Dec 2021 (In thousand CZK)	12-month expected credit losses	Anticipated credit losses for the term for financial assets that are not credit impaired	Anticipated credit losses for the term for financial assets that are credit impaired	
Cash and cash equivalents and receivables from banks measured at amortized cost				
Credit rating min. Baa1	593,316	-	-	593,316
Allowance	-216	-	-	-216
<b>Cash and cash equivalents and receivables from banks - net balance</b>	<b>593,100</b>	<b>-</b>	<b>-</b>	<b>593,100</b>

### C.3. Receivables from non-banking entities

(In thousand CZK)	31 Dec 2022	31 Dec 2021
a) Callable on demand	638,595	554,893
Of which: Receivables from unsettled FX transactions	581,512	514,079
Of which: Credit provided (FCM Bank)	57,083	40,814
b) Other reserves	4,792,347	3,286,449
Of which: Credit provided (FCM Bank)	4,756,706	3,146,943
Of which: Other receivables	35,641	139,506
Loss allowances for loans (under IFRS9)	-11,481	-8,694
<b>Total</b>	<b>5,419,461</b>	<b>3,832,648</b>

Receivables from non-banking entities payable on demand represent receivables from clients arising from unsettled FX transactions.

Breakdown of receivables from non-bank entities by credit quality grades:

	Level 1	Level 2	Level 3	Total
31 Dec 2022 (In thousand CZK)	12-month ECL	ECL for the term for financial assets that are not credit impaired	ECL for the term for financial assets that are credit impaired	
Receivables from clients Gross	5,367,716	44,130	19,096	5,430,942
Allowances	-7,518	-839	-3,123	-11,481
<b>Receivables from clients Net</b>	<b>5,360,198</b>	<b>43,291</b>	<b>15,972</b>	<b>5,419,461</b>

	Level 1	Level 2	Level 3	Total
31 Dec 2022 (In thousand CZK)	12-month ECL	ECL for the term for financial assets that are not credit impaired	ECL for the term for financial assets that are credit impaired	
Receivables from clients Gross	3,752,047	89,295	0	3,841,342
Allowances	-6,380	-2,314	0	-8,694
<b>Receivables from clients Net</b>	<b>3,745,667</b>	<b>86,981</b>	<b>0</b>	<b>3,832,648</b>

The Company does not establish allowances for receivables arising from unsettled fx transactions as settlement of foreign currency transactions always occurs only after the client has transferred funds to the accounts maintained by the Company, thus not exposing the Company to any credit risk.

The largest item is receivables from loans granted to customers outside the SAB Finance a.s. group by FCM Bank. An allowance of CZK 11,481 thousand (as of 31 Dec 2021: CZK 8,694 thousand) has been made for these loans as of 31 Dec 2022.

### C.4. Debt securities

The Company's debt securities consist solely of listed securities. Their breakdown by valuation categories and types is as follows:

#### a) Debt securities at amortized cost

(In thousand CZK)	31 Dec 2022	31 Dec 2021
Bonds issued by the governmental sector	101,526	105,806
Bonds issued by other institutions	1,899,463	1,627,150
Allowances	-5,415	-1,394
<b>Total</b>	<b>1,995,574</b>	<b>1,731,562</b>

#### b) Debt securities valued at fair value through other comprehensive income (FVOCI)

(In thousand CZK)	31 Dec 2022	31 Dec 2021
Bonds issued by the governmental sector	16,777	23,390
Bonds issued by other institutions	233,468	361,364
<b>Total</b>	<b>250,245</b>	<b>384,754</b>



### c) Change in the carrying amount of financial investments

#### Debt securities at amortized cost

(In thousand CZK)	2022	2021
<b>As of 1 Jan</b>	<b>1,731,562</b>	<b>501,784</b>
Increases	406,400	1,198,746
Decreases	-104,272	0
Amortization of premium/discount	17,634	32,117
Exchange rate revaluation	-51,688	0
Amendment of loss allowances	-4,062	-1,085
<b>As of 31 Dec</b>	<b>1,995,574</b>	<b>1,731,562</b>

#### Debt securities valued at fair value through other comprehensive income (FVOCI)

(In thousand CZK)	2022	2021
<b>As of 1 Jan</b>	<b>384,754</b>	<b>586,244</b>
Increases	0	152,557
Decreases	-81,961	-346,897
Amortization of premium/discount	876	408
Exchange rate revaluation	-11,530	0
Changes in fair value	-41,894	-7,559
<b>As of 31 Dec</b>	<b>250,245</b>	<b>384,754</b>

As of 31 December 2022, the valuation allowance for debt securities measured at fair value through other comprehensive income (FVOCI) amounted to CZK 269 thousand (as of 31 Dec 2021: CZK 54 thousand). These allowances are charged against the equity accounts and are included in the "Revaluation gains (losses)" line of the financial statements.

Debt securities in the amount of CZK 408 million (as of 31 Dec 2021: CZK 515 million) were provided as collateral to the Central Bank of Malta for the purpose of accessing the European Central Bank's open market operations.

### C.5. Deriváty

As of 31 Dec 2022 (In thousand CZK)	Nominal value		Fair value	
	Assets	Liabilities	Assets	Liabilities
Positive value of currency forwards	23,404,264	-	681,184	-
Of which: product Forward+	8,888,309	-	47,306	-
Negative value of currency forwards	-	23,151,976	-	456,869
Of which: product Forward+	-	9,315,751	-	317,271
<b>Total derivatives for trading</b>	<b>23,404,264</b>	<b>23,151,976</b>	<b>681,184</b>	<b>456,869</b>

As of 31 Dec 2021 (In thousand CZK)	Nominal value		Fair value	
	Assets	Liabilities	Assets	Liabilities
Positive value of currency forwards	15,676,918	-	200,619	-
Of which: product Forward+	5,277,454	-	51,373	-
Negative value of currency forwards	-	15,575,459	-	103,216
Of which: product Forward+	-	5,437,936	-	50,816
<b>Total derivatives for trading</b>	<b>15,676,918</b>	<b>15,575,459</b>	<b>200,619</b>	<b>103,216</b>

### C.6. Akcie, podílové listy a ostatní podíly

(In thousand CZK)	31 Dec 2022	31 Dec 2021
Shares issued by financial institutions	368,258	184,431
<b>Total</b>	<b>368,258</b>	<b>184,431</b>

As of 31 December 2022, the Group, through SAB Finance and SAB Financial Investments, holds a qualifying interest in Trinity Bank a.s. together with the following entities: Ing. Radomír Lapčík, LL.M. and SAB Financial Group a.s. As of 31 December 2022, the SAB Finance Group holds a 10.15% share in registered capital and a 10.21% share in voting rights (9.62% share in registered capital and 9.62% share in voting rights as of 31 December 2022). The acquisition of beneficial ownership in the bank took place after the Czech National Bank granted its consent to the acquisition of beneficial ownership.

The shares of Trinity Bank a.s. are held within the FVOCI portfolio and revalued to fair value; this revaluation is reflected in the Other Comprehensive Income line item in the Consolidated Statement of Comprehensive Income. The fair value of the shares was determined as a multiple of the number of shares and the share value disclosed by the Bank as of the date of the financial statements. The value of a share is determined by the bank according to the ratio of equity capital to the number of issued individual shares; the equity capital consists of the contributions of the founders (owners, shareholders) to the company's registered capital and to components that have arisen during the company's management. Shareholders' equity thus includes cash and non-cash contributions of assets to the company, capital funds, profit or loss from previous accounting periods and losses from the current period, and funds made up of profits (reserve fund), or other components of shareholders' equity meeting the definition of common equity Tier 1 capital under EU Regulation 575/2013 (CRR). For the purpose of calculating the value of a share, the unaudited profit or loss for the part of the financial year for which the value is being determined is included. The value of the share is published in the bank's internet banking system or is communicated upon request at the bank's branches.

## C.7. Non-current assets

### Non-current intangible assets

Acquisition cost (In thousand CZK)	Non-current intangible assets	Unfinished non-current intangible assets	Goodwill	Total
<b>As of 1 Jan 2021</b>	<b>37,683</b>	<b>8,282</b>	<b>21,859</b>	<b>67,824</b>
Increases	53,647	1,895	0	55,542
Decreases	0	8,282	0	8,282
Currency revaluation of goodwill		0	-1,154	
<b>As of 31 Dec 2021</b>	<b>91,330</b>	<b>1,895</b>	<b>20,705</b>	<b>113,930</b>
<b>As of 1 Jan 2022</b>	<b>91,330</b>	<b>1,895</b>	<b>20,705</b>	<b>113,930</b>
Increases	19,506	0	0	19,506
Decreases	0	-1,476	0	-1,476
Currency revaluation of goodwill		0	-620	
<b>As of 31 Dec 2022</b>	<b>110,836</b>	<b>419</b>	<b>20,085</b>	<b>131,960</b>

Accumulated depreciation and loss allowances (In thousand CZK)	Non-current intangible assets	Unfinished non-current intangible assets	Goodwill	Total
<b>As of 1 Jan 2021</b>	<b>20,085</b>	<b>0</b>	<b>0</b>	<b>20,085</b>
Write-offs at AC of disposed assets	6,620	0	0	6,620
Decreases	0	0	0	0
<b>As of 31 Dec 2021</b>	<b>26,705</b>	<b>0</b>	<b>0</b>	<b>26,705</b>
<b>As of 1 Jan 2022</b>	<b>26,705</b>	<b>0</b>	<b>0</b>	<b>26,705</b>
Write-offs at AC of disposed assets	11,643	0	0	11,643
Decreases	0	0	0	0
<b>As of 31 Dec 2022</b>	<b>38,348</b>	<b>0</b>	<b>0</b>	<b>38,348</b>

Residual price (In thousand CZK)	Non-current intangible assets	Unfinished non-current intangible assets	Goodwill	Total
<b>As of 31 Dec 2021</b>	<b>64,625</b>	<b>1,895</b>	<b>20,705</b>	<b>87,225</b>
<b>As of 31 Dec 2022</b>	<b>72,488</b>	<b>419</b>	<b>20,085</b>	<b>92,992</b>

The acquisition of FCM Bank by the Group in 2017 resulted in goodwill of EUR 833 thousand. This represents the difference between the acquisition cost and the fair value of the identifiable assets and liabilities acquired as of the acquisition date. Goodwill is an asset that represents future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. These include a banking license from the Maltese banking regulator which is non-transferable and therefore does not meet the requirements for intangible assets under IAS 38. Goodwill does not generate cash flows independently of other assets or groups of assets and often contributes to the cash flows of multiple cash-generating units.

The Group tests goodwill for impairment on an annual basis as of the date of the financial statements. No indicators of impairment have been identified as of 31 Dec 2022 and 31 Dec 2021.

### Non-current tangible assets

Acquisition cost (In thousand CZK)	Vehicles	Buildings and real estate	Instruments and equipment	Other tangible assets	Assets in progress	Total
<b>As of 1 Jan 2021</b>	<b>70,380</b>	<b>6,696</b>	<b>8,009</b>	<b>3,225</b>	<b>1,149</b>	<b>89,459</b>
Increases	56,532	2,527	9,285	2,307	3,176	73,827
Decreases	-74,263	0	385	0	-1,149	-75,027
<b>As of 31 Dec 2021</b>	<b>52,649</b>	<b>9,223</b>	<b>17,679</b>	<b>5,532</b>	<b>3,176</b>	<b>88,259</b>
<b>As of 1 Jan 2022</b>	<b>52,649</b>	<b>9,223</b>	<b>17,679</b>	<b>5,532</b>	<b>3,176</b>	<b>88,259</b>
Increases	116,816	3,323	2,477	1,611	23,512	147,738
Decreases	-41,804	-434	-703	0	-3,176	-46,117
<b>As of 31 Dec 2022</b>	<b>127,661</b>	<b>12,112</b>	<b>19,453</b>	<b>7,143</b>	<b>23,512</b>	<b>189,880</b>

Accumulated depreciation and loss allowances (In th. CZK)	Vehicles	Buildings and real estate	Instruments and equipment	Other tangible assets	Assets in progress	Total
<b>As of 1 Jan 2021</b>	<b>3,080</b>	<b>3,053</b>	<b>5,389</b>	<b>2,504</b>	<b>0</b>	<b>14,026</b>
Write-offs at AC of disposed assets	74,322	2,021	1,928	238	0	78,510
Decreases	-74,263	0	385	0	0	-73,878
<b>As of 31 Dec 2021</b>	<b>3,139</b>	<b>5,074</b>	<b>7,702</b>	<b>2,743</b>	<b>0</b>	<b>18,658</b>
<b>As of 1 Jan 2022</b>	<b>3,139</b>	<b>5,074</b>	<b>7,702</b>	<b>2,743</b>	<b>0</b>	<b>18,658</b>
Write-offs at AC of disposed assets	44,553	2,053	2,804	708	0	50,117
Decreases	-41,804	-246	-700	0	0	-42,751
<b>As of 31 Dec 2022</b>	<b>5,888</b>	<b>6,880</b>	<b>9,806</b>	<b>3,450</b>	<b>0</b>	<b>26,025</b>

Net book value of non-current tangible assets (In th. CZK)	Vehicles	Buildings and real estate	Instruments and equipment	Other tangible assets	Assets in progress	Total
<b>As of 31 Dec 2021</b>	<b>49,510</b>	<b>4,149</b>	<b>9,977</b>	<b>2,790</b>	<b>3,176</b>	<b>69,601</b>
<b>As of 31 Dec 2022</b>	<b>121,773</b>	<b>5,232</b>	<b>9,646</b>	<b>3,692</b>	<b>23,512</b>	<b>163,855</b>

## C.8. Other assets

(In thousand CZK)	31 Dec 2022	31 Dec 2021
Receivables owed by various debtors	59,001	3,406
Advances provided	95,748	32,940
Other assets	15,367	110,031
Prepaid expenses and accrued income	17,478	22,422
Allowances	-537	-424
<b>Total</b>	<b>187,057</b>	<b>168,376</b>

The largest line items of advances provided are advances for IT services, implementation of a banking information system and software development, and an advance to a law firm in the amount of CZK 20,000 thousand (2021: CZK 20,000 thousand) consisting of finding a suitable object of purchase abroad.

On the line item Other assets, the highest item is the Depositor compensation scheme reserve (similar to the Czech deposit insurance fund) in the amount of CZK 10,364 thousand (2021: CZK 13,202 thousand).

All other assets 31 December 2022 are stated at amortized cost pursuant to IFRS 9. When calculating ECL, all other assets were categorized to fall in Stage 1 as of 31 December 2022 and 31 December 2021. As of 31 December 2022 and 31 December 2021, loss allowances were calculated using the 12-month expected credit losses.

	Level 1	Level 2	Level 3	Total
31 Dec 2022 (In thousand CZK)	12-month expected credit losses	Anticipated credit losses for the term for financial assets that are not credit impaired	Anticipated credit losses for the term for financial assets that are credit impaired	
Other assets	187,594	-	-	187,594
Allowance	-537	-	-	-537
<b>Other assets - net balance</b>	<b>187,057</b>	<b>-</b>	<b>-</b>	<b>187,057</b>

	Level 1	Level 2	Level 3	Total
31 Dec 2021 (In thousand CZK)	12-month expected credit losses	Anticipated credit losses for the term for financial assets that are not credit impaired	Anticipated credit losses for the term for financial assets that are credit impaired	
Other assets	168,800	-	-	168,800
Allowance	-424	-	-	-424
<b>Other assets - net balance</b>	<b>168,376</b>	<b>-</b>	<b>-</b>	<b>168,376</b>

### C.9. Liabilities to banks

(In thousand CZK)	Maturity	Currency	Balance as of 31 Dec 2022	Balance as of 31 Dec 2021
Callable on demand		CZK/EUR	116	0
Loans received*	n/a	EUR	241,150	507,144
REPO operations	n/a	CZK/EUR	420,285	105,837
Interbank deposit	up to 1 year	EUR	0	695,491
<b>Total</b>			<b>661,551</b>	<b>1,308,472</b>

\*Loans received consist of an ECB loan under the PELTRO program.

### C.10. Liabilities to non-banks

(In thousand CZK)	31 Dec 2022	31 Dec 2021
Callable on demand	2,198,396	2,405,936
Of which: Payables from unsettled FX transactions	597,578	515,724
Of which: Client deposits	1,555,321	1,858,220
Of which: Other	45,497	31,992
Other liabilities	5,520,978	1,948,773
Of which: Client deposits	4,820,054	1,658,212
Of which: Other	700,924	290,561
<b>Total</b>	<b>7,719,374</b>	<b>4,354,709</b>

Liabilities to non-banking entities payable on demand represent liabilities due for customer deposits received payable on sight in the amount of CZK 1,555,321 thousand (as of 31 Dec 2021: CZK 1,858,220 thousand) and liabilities to non-banking entities due to unsettled foreign exchange transactions. All these liabilities are not past their due dates.

Other payables as of 31 Dec 2022 consist mainly of customer term deposits in the amount of CZK 4,820,054 thousand (as of 31 Dec 2022: CZK 1,658,212 thousand), as well as collateral received under forward transactions in the amount of CZK 191,169 thousand (as of 31 Dec 2022: CZK 1,658,212 thousand). (as of 31 Dec 2021: CZK 12,892 thousand) and an intra-group loan from the ultimate parent company SAB Financial Group, which is not part of the consolidated entity and these consolidated financial statements, of CZK 509,625 thousand (as of 31 Dec 2022: CZK 254,660 thousand).

### C.11. Other liabilities

(In thousand CZK)	31 Dec 2022	31 Dec 2021
Payables for employees	6,491	10,036
Liabilities from social security and health insurance	2,111	3,450
Estimated payables	3,899	6,651
Other	154,932	21,224
<b>Total</b>	<b>167,433</b>	<b>41,361</b>

In 2022 and 2021, no liabilities were due in more than 5 years.

The largest item within the Other line is the cash provided by SAB Financial Group in the amount of CZK 96,460 thousand as of 31 December 2022. The increase to the capital was subsequently approved in 2023.



## C.12. Income tax

### The main components of income tax include

(In thousand CZK)	31 Dec 2022	31 Dec 2021
Income tax payable - current year, recognized in profit or loss	52,763	39,959
Income tax from previous tax years	-730	-300
Deferred tax	13,831	-39,728
<b>Total</b>	<b>65,864</b>	<b>-69</b>

### The items explaining the difference between the Group's theoretical and effective tax rates are as follows:

(In thousand CZK)	31 Dec 2022	31 Dec 2021
Profit or loss for the accounting period before taxation	335,953	212,908
Tax calculated on the basis of the corporate tax rate for a Czech subject (19 %)	55,125	39,382
Tax calculated on the basis of the corporate tax rate for a Maltese subject (35 %)	21,958	3,358
Tax effect of:		
Non-tax expenses	4,430	1505
Non-taxable revenues	0	0
Effect of deferred tax assets and loss-making entities	-17,044	-40,480
Other	1,396	2,204
Income tax for the period	52,763	39,959
Correction of prior period tax errors	-730	-300
Movements in deferred tax	13,831	-39,728
<b>Total income tax expense</b>	<b>65,864</b>	<b>-69</b>
<b>Effective tax rate</b>	<b>19.61 %</b>	<b>-0.03%*</b>

\*The Group's effective tax rate for 2021 is significantly impacted by the capitalization of deferred tax assets and related income from the recognition of historical tax losses of FCM Bank.

### Deferred tax

Items giving rise to temporary differences (in thousands CZK)	31 Dec 2022	31 Dec 2021	01 Jan 2021	Change
Non-current assets (deferred tax liability)	-48	-18	-66	-30
<b>Deferred tax liability (SAB Finance)</b>	<b>-48</b>	<b>-18</b>	<b>-66</b>	<b>-30</b>
Deferred tax asset (deferred tax liability)	65,419	81,667	40,371	-16,248
Gain/loss on debt securities valued through equity accounts (deferred tax liability)	14,828	-449	0	15,277
<b>Deferred tax liability (FCM Bank)</b>	<b>80,247</b>	<b>81,218</b>	<b>40,371</b>	<b>-971</b>

Deferred income tax is calculated on all temporary differences using the tax rate applicable to the period in which the tax liability or asset is applied, i.e., 19%, or 35% in the case of FCM Bank Limited. Deferred tax assets and liabilities are recognized separately, as each item arises in a different jurisdiction.

## C.13. Provisions

Provisions represent a provision for unused vacation leave of CZK 2,050 thousand (2021: CZK 0). The entire amount of the provision was created in 2022.

## C.14. Shareholders' equity

The Company's registered capital consists of 2,577,320 (2021: 2,577,320) ordinary registered shares in certificated form in a nominal value of CZK 388 (2021: CZK 388). With effect from 1 October 2021, the shares of SAB Finance a.s. were split at a ratio of 1 to 10. There was no change to the number of shares in 2022.

The volume of SAB Finance a.s.'s shares placed and sold in a public offering as of 31 Dec 2022 is 726,644 shares. As of 30 Sep 2022, the public offering of the Company's shares has been terminated.

Securities	
Type	Ordinary shares
Form	Registered shares
Format	Book-entry
Number of shares as of 31 Dec 2022	2,577,320
No of shares owned by persons with managing powers	160
Volume of SAB Finance a.s.'s shares placed and sold in a public offering as of 31 Dec 2021	726,844
ISIN	CZ0009009940
Nominal value	388
Taxation of shares	Revenues from securities are taxed pursuant to Act No. 586/1992 Coll., on income tax, as amended.
Payer of tax withheld from the security's yield	Issuer
Manner of transfer of security	Via the Central Securities Depository Prague
Restriction on transferability	No restriction on transferability of shares
Restricting on voting rights	The Company is not aware of any restrictions on the voting rights pertaining to the shares issued by the Company.
Dividend strategy	5% p.a. of the market price of shares on admission to trading
Payment of dividend	Semi-annually

### Significant direct or indirect shares of the Company's voting rights

See Note A.8.

**Information about contracts between shareholders or similar owners of securities representing an interest in the Company that may result in encumbering the transferability of shares or similar securities representing an interest in the Company, if known to the Company**

The Company is not aware of any contracts between shareholders that could encumber the transferability of shares issued by the Company.

**Information on special rules governing the election and removal of members of a statutory body and the amendment of the articles of incorporation or similar documents of the Company**

The Company has not adopted any special rules governing the election and removal of members of a statutory body and the amendment of the articles of incorporation or any similar documents of the Company.

**Information on special powers of a statutory body or the board of directors under laws regulating the legal relations of companies and cooperatives**

The statutory body of the Company does not have any special powers under the law regulating the legal relations of companies and cooperatives.

**Information on significant agreements to which the Company is a party and which will take effect, be amended, or terminate in the event of a change of control of the Company as a result of a takeover bid, and the effects thereof**

The Company is not aware of any such agreements.

**Information on contracts between the Company and members of its statutory body or employees which the Company is obliged to perform in the event of the termination of their office or employment in connection with a takeover bid**

The Company has not entered into any agreements with members of its statutory body or employees which contain provisions for performance by the Company should their office be terminated in connection with a takeover bid.

**Information on any plans under which employees and members of the statutory body of the Company are permitted to acquire participating securities of the Company, options to such securities, or other rights to such securities under advantageous conditions, and on the method by which rights under such securities are exercised**

The Company does not have any plans under which employees and members of the statutory body are allowed to acquire participating securities, options to such securities, or other rights under advantageous conditions.

**Profit distribution**

The board of directors of SAB Finance a.s. proposes to distribute the profit after tax for 2022 of CZK 216,648,131 as follows:

- 1) An amount of CZK 141,752,600 for the shareholders.
- 2) An amount of CZK 74,895,531 credited to the retained earnings account.

On 16 September 2022, the general meeting of SAB Finance a.s. decided on the distribution of the Company's own resources totaling CZK 89,371 thousand in favor of its shareholders. The interim dividend per share (after

the split) amounted to CZK 34.68 before tax.

On 25 April 2022, the general meeting of SAB Finance a.s. decided on a proposal for the distribution of profit for the year 2021. CZK 120,000 thousand was decided in favor of its shareholders; CZK 41,499 thousand was transferred to the retained earnings account.

On 03 September 2021, the general meeting of SAB Finance a.s. decided on the distribution of the Company's equity totaling CZK 68,299 thousand to the benefit of its shareholders. The interim dividend per share (after the split) amounted to CZK 265 before tax.

On 16 April 2021, the general meeting of SAB Finance a.s. decided on the distribution of the Company's profit for 2020. CZK 5,836 thousand was transferred to the reserve fund account while CZK 10,884 thousand was transferred to the retained earnings account and CZK 100,000 thousand was paid to the sole shareholder in the form of dividends.

The Company's long-standing and implemented dividend policy has been to pay all profits to shareholders after transfers to statutory reserve funds. The planned dividend strategy is to pay out a dividend twice a year, corresponding to at least 5% per annum of the price of the share at the time of a public offering, i.e., CZK 1,060 per share.

**C.15. Public disclosures pursuant to IFRS 3**

Date of acquisition or incorporation of individual subsidiaries in the group:

Shareholder's first and last name	Date of acquisition/ incorporation of subsidy	Method of acquiring control	Reasons
SAB Europe Holding Ltd.	07 May 2015	Incorporation	Acquisition of Maltese bank
SAB Bohemia s.r.o.	02 Jun 2016	Incorporation	Property Management
SAB Financial Investments a.s.	4 Apr 2018	Incorporation	Management of financial investments
FCM Bank Limited	30 Nov 2017	Acquisition	Expansion of Group operations in the eurozone
SAB Malta Limited	22 Apr 2019	Incorporation	Support services for Maltese corporation

**C.16. Non-controlling interest**

Non-controlling interests arose only in the case of FCM bank, where 0.74% of the registered capital is held by a minority shareholder. Non-controlling interests are measured as share of equity capital (not at fair value).

**C.17. Commitments and guarantees received**

As of 31 December 2022, the Company reports commitments and guarantees received of CZK 500,000 thousand (as of 31 December 2021: CZK 300,000 thousand). It relates to the undrawn credit facility under a loan agreement with TRINITY BANK a.s. Interest income calculated using the effective interest rate method. The Company also records credit facilities of CZK 2,657,258 thousand (as of 31 Dec 2021: CZK 1,586,598 thousand) in respect of loan commitments granted to FCM Bank.

### C.18. Net interest income/expense

(In thousand CZK)	2022	2021
Interest income calculated using the effective interest rate method	255,001	123,928
<b>Total</b>	<b>255,001</b>	<b>123,928</b>

(In thousand CZK)	2022	2021
Interest on overdraft bank accounts	145	310
Interest on loans	25,793	7,472
Interest on deposits received	90,441	32,975
From financial leasing	411	260
<b>Total</b>	<b>116,790</b>	<b>41,016</b>

Interest income represents mainly interest from loans provided to customers.

Interest on loans mainly include interest expense for loans received from FCM Bank Limited and SAB Financial Group a.s. Interest on deposits received represents interest generated on deposits received from customers.

All interest was calculated using the effective interest method.

### C.19. Fee and commission income and expense

(In thousand CZK)	2022	2021
Income from fees on executed transactions	1,747	2,075
Fees from loans	19,693	2,832
<b>Total</b>	<b>21,440</b>	<b>4,907</b>

Loan fees include income from credit origination fees, credit application fees, fees for undrawn facilities as of the date stipulated by the credit agreement, etc.

(In thousand CZK)	2022	2021
Expenses for bank fees	30,287	13,985
Commission expense	2,919	2,290
Other	434	340
<b>Total</b>	<b>33,640</b>	<b>16,615</b>

Fees and commissions expense includes the cost of bank overdraft fees at TRINITY BANK a.s. The overdraft facility was in the amount of CZK 500 million and was not drawn down (2021: CZK 350 mil. The Company can draw down this overdraft in three currencies – CZK, EUR, and USD depending on the current liquidity needs in a given currency. The overdraft facility is for an indefinite term with a three-month notice period. In addition, the cost of fees and commissions includes fees for current accounts with other banks.

The commission item includes costs related to commissions to third parties for referring/intermediating a new credit client.

### C.20. Gain or loss on financial operations

(In thousand CZK)	2022	2021
Foreign exchange gain/loss	10,689	-9,572
Gain/loss from trading	401,980	316,637
Revaluation of financial derivatives	127,323	81,568
<b>Total</b>	<b>539,992</b>	<b>388,633</b>

Gains on financial operations were split into a portion representing the FX difference on the revaluation of balance sheet account balances and gains from trading, representing the FX differences between the rate agreed at settlement and the CNB rate, and gains on the sale of securities and the revaluation of derivative transactions.

### C.21. Other operating expense and income

#### Miscellaneous operating income

(In thousand CZK)	2022	2021
Proceeds from disposals of non-current assets	41,395	73,629
Other revenues	26,779	11,887
<b>Total</b>	<b>68,174</b>	<b>85,516</b>

Proceeds from disposals of non-current assets mainly include revenues from the sale of automobiles and disposed assets (particularly IT equipment).

Other income consists mainly of car rental income.

#### Miscellaneous operating expenses

(In thousand CZK)	2022	2021
Presents	145	20
Insurance	668	459
Other costs	19,983	5,424
Residual price of assets sold	38,225	70,456
<b>Total</b>	<b>59,021</b>	<b>76,359</b>



## C.22. Administrative expenses

(In thousand CZK)	2022	2021
Wages and compensation	169,311	133,108
Social security and health insurance	32,752	26,520
Other employee expenses	3,548	1,572
Other administrative expenses	124,816	80,365
of which: audit costs, legal and tax consulting	21,467	9,232
of which: statutory audit of financial statements	4,058	2,229
tax consultation	214	281
regulatory consulting	1,611	662
<b>Total</b>	<b>330,427</b>	<b>241,565</b>

As of 31 December 2022 and 31 December 2021, the Company had not provided any loans, advances, security, or borrowings to members of the management and supervisory bodies.

### Persons with managing powers

#### Remuneration principles

The Company operates in accordance with generally binding legislation when remunerating employees and employees with managing authority, particularly with Act No. 262/2006 Coll., the Labor Code, and Act No. 90/2012 Coll., the Act on Commercial Corporations. In addition to the above, remuneration is regulated by internal regulations. The principles of remuneration seek to ensure transparency, predictability, compliance with legal requirements, and the fair treatment of all employees.

Basic remuneration for performance of offices is payable to the members of a statutory body based on a Contract for Performance of an Office concluded with the Company. Members of the board of directors are remunerated for the performance of their offices in accordance with the applicable provisions of the Act on Commercial Corporations and the Labor Code. The above remuneration has the character of a fixed monthly salary.

At the same time, the Contract for the Performance of an Office requires that the issuer reimburse the member for all reasonable expenses actually incurred in the performance of obligations arising from the performance of their offices. The extent of the reimbursement of expenses and other conditions are governed by internal regulations and applicable legislation governing employee compensation. Such reimbursements include, e.g., travel expenses, travel insurance, etc.

To perform their offices, the Company shall provide members of the board of directors who are not also employees of the Company and do not already have such resources at their disposal by virtue of their position with working equipment at its own expense as needed for the performance of their duties. The resources needed for the performance of their office include, e.g., a company vehicle, laptop computer, mobile phone, SIM card, calling and data plans, etc.

Finally, the Company undertakes to reimburse board members for the costs of educational or other activities related to the performance of the office of a board member and the business management of the Company. The purpose of these costs is to enhance the professional knowledge and skills of such management personnel.

No monetary or non-monetary compensation shall be due to a member of a statutory body upon the termination of their contract. The only exception is where a member of the board of directors is also an employee of the

Company and therefore entitled to remuneration by virtue of this employment relationship.

The Company has no other persons with management authority apart from members of the board of directors.

The supervisory board of the Company does not have a remuneration arrangement arising from the performance of its office.

No material contracts have been concluded during 2022 and 2021 other than the contracts concluded in the ordinary course of business to which the Company is a party.

## C.23. Income and expenses by operating segments

(In thousand CZK)	Czech Republic		European Union except the Czech Republic		Other	
	2022	2021	2022	2021	2022	2021
Interest income and similar income	69,920	35,314	185,081	88,614	0	0
Interest expense and similar expense	63,550	21,333	53,133	19,683	106	0
Gain or loss on financial operations	504,181	355,505	35,745	16,117	66	42
Depreciation and amortization	10,281	7,561	0	0	0	0
Tax-related expense or income	52,064	39,941	13,801	-39,776*	0	0

\*Monetization of deferred tax.

The Company is operating as one segment. The Company does not monitor other segments separately. And the above table represents the geographical location of clients.

## C.24. Transactions with related parties

(In thousand CZK)	31 Dec 2022	31 Dec 2021
Receivables from banks	152,532	1,162,088
Receivables from non-banking entities	193,937	121,459
Other assets	15,071	273,063
Liabilities to banks	420,405	1,802,677
Payables to non-banking entities	509,625	254,660
Other liabilities	100,609	296,796

Receivables from banks consist of receivables under the title of reverse REPO transactions executed with another bank. Liabilities to banks consist of deposits from another bank held in the FCM Bank current account.

Receivables from non-banking entities consist of credit provided, payables to non-banking entities, and then deposits and a loan from parent company SAB Financial Group.

Other assets mainly include advances for the purchase of cars, advances for the implementation of the Bank's software, and in the year 2021 the nominal value of open spot trades. Other liabilities mainly include payables to an IT outsourcing company and in the year 2021 the nominal value of open spot trades.

(In thousand CZK)	31 Dec 2022	31 Dec 2021
Interest income and similar income	6,053	5,643
Interest expense and similar expense	66,233	3,458
Revenues from stock and shares	13,663	0
Fee and commission expense	18,402	8,539
Miscellaneous operating expenses	57	43
Administrative expenses	23,104	15,279

The above expenses primarily relate to IT services and interest on received loans and bank fees. Income from stock and shares consist of a dividend disbursed from Trinity Bank a.s.

List of balances between the Group and its parent company SAB Financial Group:

(In thousand CZK)	2022	2021
Payables to non-banking entities	509,625	254,660

The balances consist of loans within the Group.

The following transactions were made between the Group and its parent company SAB Financial Group a.s. in 2022 and 2021:

(In thousand CZK)	2022	2021
Interest income and similar income	396	156
Interest expense and similar expense	19,580	3,953
Administrative expenses	785	185

The expense between the Group and SAB Financial Group a.s. represents interest expense generated by short-term loans provided by SAB Financial Group a.s. to the Group during 2022 and non-current loans provided in the years 2021 and 2022. The income represents interest income earned on short-term loans provided by the Group to SAB Financial Group a.s. The Group used these short-term loans to meet its short-term liquidity needs.

## C.25. Classification of financial assets and financial liabilities

31 Dec 2022 (In thousand CZK)	Note	FVTPL	FVOCI	Amortized cost	Total
Cash and cash equivalents	C.1.	0	0	1,129,108	1,129,108
Receivables from banks	C.2.	0	0	221,441	221,441
Positive fair value of currency forwards	C.5.	681,184	0	0	681,184
Receivables from non-banking entities	C.3.	0	0	5,419,461	5,419,461
Debt securities	C.4.	0	250,277	1,995,543	2,245,819
Stocks, unit certificates, and other shares	C.6.	0	368,258	0	368,258
Other assets	C.8.	0	0	187,057	187,057
<b>Total financial assets</b>		<b>681,184</b>	<b>618,535</b>	<b>8,952,610</b>	<b>10,252,328</b>

31 Dec 2022 (In thousand CZK)	Note	FVTPL	FVOCI	Amortized cost	Total
Liabilities to banks	C.9.	0	0	661,551	661,551
Liabilities to non-banks	C.10.	0	0	7,719,374	7,719,374
Negative fair value of currency forwards	C.5.	456,869	0	0	456,869
Other liabilities	C.11.	0	0	167,434	167,434
<b>Total financial assets</b>		<b>456,869</b>	<b>0</b>	<b>8,548,359</b>	<b>9,005,228</b>

31 Dec 2021 (In thousand CZK)	Note	FVTPL	FVOCI	Amortized cost	Total
Cash and cash equivalents	C.1.	0	0	360,457	360,457
Receivables from banks	C.2.	0	0	232,744	232,744
Positive fair value of currency forwards	C.5.	200,619	0	0	200,619
Receivables from non-banking entities	C.3.	0	0	3,832,648	3,832,648
Debt securities	C.4.	0	384,754	1,731,570	2,116,316
Stocks, unit certificates, and other shares	C.6.	0	0	184,431	184,431
Other assets	C.7.	0	0	168,376	168,376
<b>Total financial assets</b>		<b>200,619</b>	<b>384,754</b>	<b>6,510,226</b>	<b>7,095,591</b>

31 Dec 2021 (In thousand CZK)	Note	FVTPL	FVOCI	Amortized cost	Total
Liabilities to banks	C.9.	0	0	1,308,472	1,308,472
Liabilities to non-banks	C.10.	0	0	4,354,709	4,354,709
Negative fair value of currency forwards	C.5.	103,216	0	0	103,216
Other liabilities	C.11.	0	0	41,361	41,361
<b>Total financial assets</b>		<b>103,216</b>	<b>0</b>	<b>5,704,812</b>	<b>5,807,758</b>

## C.26. Financial instruments - risk management

An overview of the main risks that may affect the Group's business activities and results of operations and the manner in which they are managed:

### a) Credit risk

The Group's credit risk under the heading of payment services provided is defined as the failure to repay funds provided to clients in the agreed amount and time. The Group does not bear credit risk as part of its activities in providing payment services, as settlement of foreign currency transactions always occurs once the client funds are credited to the company's accounts.

Credit risk under the heading of lending institutions is the risk of losses incurred by the Group arising from default by a contracting party who does not perform obligations stipulated by the conditions of the contract by which the Group became the creditor of the party.

The Group is exposed to credit risk in particular from the provision of loans and credit, investments in securities, and credit facilities. Based on the character of its activities, the Group considers these to be the most significant. The goal of the process of managing credit risk is to ensure the identification of the credit risks undertaken by the Group as part of its activities in the most effective way possible, to determine the amounts of these risks, to analyze their status and trends, and to take measures for long-term optimization of financial risks and income from Group activities.

The Company is exposed to credit risk arising from receivables from banks, receivables from non-banking entities, and other assets.

#### Determining expected credit loss (ECL)

For the purposes of determining expected credit losses (ECL), the Group divided “Receivables from banks” and “Receivables from non-banking entities” and “Other assets” based on quantitative and qualitative criteria to receivables:

- without default and without a significant increase in credit risk (Stage 1)
- with a significant increase in credit risk after initial recognition (Stage 2)
- in default (Stage 3).

#### Calculation of expected credit losses (ECL):

Expected credit losses are determined using the following formula:

$$ECL = PD * EAD * LGD$$

The key inputs and prerequisites for calculating ECL are as follows:

##### i) Probability of default (PD)

#### Cash and cash equivalents, receivables from banks:

PD for each exposure is established in relation to external credit rating of the counterparty based on data from Moody's. If the counterparty does not have an external credit rating assigned, an external rating is calculated based on the rating of the parent company reduced by one rating level. If the parent company does not have an assigned external credit rating either, the average rating of the remaining banks is used, reduced by two rating levels.

#### Receivables from non-banking entities and Other assets

Each exposure from receivables from non-banking entities and other assets is assigned an external credit rating based on Moody's data after considering relevant quantitative and qualitative criteria.

#### Applied PD

Rating equivalent to	PD
Aaa-Aa	0-0.04%
A	0.04-0.06%
Baa	0.10-0.21%
Ba	0.39-1.19%
B	1.78-4.24%
Caa	3.93-17.33%
Ca-C	30.04 %

##### ii) Exposure at default (EAD)

The gross carrying amount of the exposure as of the date of calculating ECL is used as EAD.

##### Loss given default (LGD)

Loss given default is determined based on the regulatory values for LGD and the Czech National Bank statistics published as part of the Report on Financial Stability.

#### Classification of receivables into individual stages of impairment

The calculation of ECL for receivables according to individual stages of impairment is as follows:

- impairment stage 1 – 12-month ECL
- impairment stage 2 and 3 – lifetime ECL

##### Assets in Stage 1:

- financial assets less than 30 days past due
- financial assets for which no qualitative or quantitative factors exist that would indicate that these are not assets with low counterparty credit risk

##### Assets in Stage 2:

- financial assets between 30 and 90 days past due
- financial assets that have experienced a decrease in counterparty credit rating according to Moody's scale by two or more levels from initial recognition (significant increase in credit risk after initial recognition).

##### Assets in Stage 3:

- financial assets 90 or more days past due
- financial assets designated as purchased or originated credit-impaired financial assets (POCI)
- financial assets whose counterparty has a Moody's credit rating of Caa1 or worse.

#### b) Operational risk

Operational risk is defined as the risk of loss arising from inadequate or failed internal processes, people and systems or as a result of external events. The basis for the Group's operational risk management has been created primarily through the conceptualization of the organizational structure. The human factor risk is managed by the strict definition of the duties of the individual bodies and employees and the organizational rules. Information systems risk is managed by creating access profiles to information systems and establishing control mechanisms. The risk of inappropriate or flawed internal processes is limited by the control mechanisms in place.

The objective of the operational risk management process is to ensure that, on the basis of observation and evaluation of past events, measures are taken to eliminate or remove individual elements of operational risk. The Group monitors operational risk in all areas of operations where losses may arise from this risk. Operational risk management includes preventing the laundering of criminal proceeds and ensuring the Group's information technology security.

### c) Market risk

Market risk is the risk of loss arising from a change in market prices, interest rates, and exchange rates. It is a summary term for general interest and stock risk, currency risk, commodity risk, and other risks associated with movement of market prices. Market risk is managed by prudent and efficient management of open foreign exchange and interest rate positions and by setting internal limits on the maximum amount of total open foreign exchange and interest rate positions.

### d) FX risk

Assets and liabilities denominated in foreign currencies, including off-balance sheet exposures, represent the Group's exposure to FX risk.

The management and monitoring of currency risk is furthermore carried out on a daily basis using the VaR method, performed on the basis of an estimate of the maximum change in the exchange rate over a given time period with a certain probability.

Assets as of 31 Dec 2022 (In thousand CZK)	CZK	EUR	Other	Total
Cash and cash equivalents	66,840	982,643	79,624	1,129,107
Receivables from banks	13,231	202,240	5,970	221,441
Receivables from non-banking entities	188,559	5,199,644	31,257	5,419,461
Debt securities	685,406	1,552,834	7,579	2,245,819
Stocks, unit certificates, and other shares	368,258	0	0	368,258
Ownership interests with controlling influence	0	0	0	0
Other	929,771	275,507	57	1,205,336
<b>Total balance sheet</b>	<b>2,252,066</b>	<b>8,212,868</b>	<b>124,488</b>	<b>10,589,422</b>

Liabilities as of 31 Dec 2022 (In thousand CZK)	CZK	EUR	Other	Total
Liabilities to banks	161,754	499,797	0	661,551
Liabilities to non-banks	565,387	7,007,610	146,377	7,719,374
Other	1,890,435	317,736	324	646,157
<b>Total balance sheet</b>	<b>2,617,577</b>	<b>7,825,143</b>	<b>146,701</b>	<b>9,027,082</b>

Long positions of off-balance sheet instruments	12,169,884	10,014,499	1,219,882	23,404,264
Short positions of off-balance sheet instruments	12,245,962	10,220,680	1,185,334	23,651,976
<b>Net foreign exchange position</b>	<b>-441,589</b>	<b>181,543</b>	<b>12,334</b>	<b>-247,712</b>

Assets as of 31 Dec 2021 (In thousand CZK)	CZK	EUR	Other	Total
Cash and cash equivalents	62,869	245,030	52,558	360,457
Receivables from banks	9,194	213,576	9,979	232,744
Receivables from non-banking entities	966,421	2,784,412	81,815	3,832,648
Debt securities	842,402	1,266,261	7,652	2,116,316
Stocks, unit certificates, and other shares	184,431	0	0	184,431
Ownership interests with controlling influence	0	0	0	0
Other	333,119	273,898	21	607,037
<b>Total balance sheet</b>	<b>2,398,437</b>	<b>4,783,176</b>	<b>152,025</b>	<b>7,333,635</b>

Liabilities as of 31 Dec 2021 (In thousand CZK)	CZK	EUR	Other	Total
Liabilities to banks	549,915	758,558	0	1,308,472
Liabilities to non-banks	403,779	3,822,912	128,018	4,354,709
Other	1,664,433	5,882	138	161,984
<b>Total balance sheet</b>	<b>2,618,126</b>	<b>4,587,351</b>	<b>128,156</b>	<b>5,825,165</b>

Long positions of off-balance sheet instruments	7,971,562	6,930,209	775,147	15,676,918
Short positions of off-balance sheet instruments	7,924,253	7,154,522	796,684	15,875,459

<b>Net foreign exchange position</b>	<b>-172,380</b>	<b>-28,488</b>	<b>2,332</b>	<b>-198,536</b>
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The following table provides a sensitivity analysis of EUR-denominated assets and liabilities whose value depends on the exchange rate:

31 Dec 2022 (In thousand CZK)	10% increase in exchange rate	10% decrease in exchange rate
Impact on profit and loss statement	18,154	-18,154
Impact on equity	0	0
<b>Total balance sheet</b>	<b>18,154</b>	<b>-18,154</b>

31 Dec 2021 (In thousand CZK)	10% increase in exchange rate	10% decrease in exchange rate
Impact on profit and loss statement	-2,848	2,848
Impact on equity	0	0
<b>Total balance sheet</b>	<b>-2,848</b>	<b>2,848</b>



### e) Interest rate risk

The Group is exposed to interest rate risk due to the fact that interest-bearing assets and liabilities have different maturities or periods of change/adjustment of interest rates and also the volumes in these periods.

Assets as of 31 Dec 2022 (In thousand CZK)	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Total
Cash and cash equivalents	1,129,335	0	0	0	1,129,335
Receivables from banks	53,014	168,805	0	0	221,819
Receivables from non-banking entities	638,595	161,770	2,318,645	2,311,932	5,430,942
Debt securities	642,769	0	695,866	912,599	2,251,234
<b>Total</b>	<b>2,463,712</b>	<b>330,575</b>	<b>3,014,511</b>	<b>3,224,531</b>	<b>9,033,329</b>

Derivative assets					
Positive fair value of currency derivatives	177,159	308,473	195,552	0	681,184

Liabilities as of 31 Dec 2022 (In thousand CZK)	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Total
Liabilities to banks	403,893	257,659	0	0	661,551
Liabilities to non-banks	3,973,035	3,109,857	636,482	0	7,719,374
Other liabilities	158,143	0	0	0	158,143
<b>Total</b>	<b>4,535,071</b>	<b>3,367,515</b>	<b>636,482</b>	<b>0</b>	<b>8,539,069</b>

Derivative liabilities					
Negative fair value of currency derivatives	123,653	217,368	115,848	0	456,869

<b>Gap</b>	<b>-2,017,853</b>	<b>-2,945,835</b>	<b>2,457,733</b>	<b>3,224,531</b>	<b>718,576</b>
<b>Cumulative gap</b>	<b>-2,017,853</b>	<b>-4,963,688</b>	<b>-2,505,955</b>	<b>718,576</b>	<b>1,437,152</b>

Assets as of 31 Dec 2021 (In thousand CZK)	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Total
Cash and cash equivalents	339,595	0	0	0	339,595
Receivables from banks	83,589	156,847	0	0	240,436
Receivables from non-banking entities	2,958,876	206,973	675,493	0	3,841,342
Debt securities	675,848	0	544,698	897,164	2,117,710
Other assets	0	53,992	0	0	53,992
<b>Total</b>	<b>4,057,909</b>	<b>363,820</b>	<b>1,220,190</b>	<b>897,164</b>	<b>6,539,083</b>

Derivative assets					
Positive fair value of currency derivatives	60,359	91,001	58,759	0	210,119

Liabilities as of 31 Dec 2021 (In thousand CZK)	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Total
Liabilities to banks	507,144	1,030,040	0	0	1,537,184
Liabilities to non-banks	2,791,613	1,253,772	32,829	0	4,078,214
Other liabilities	248,600	0	0	0	248,600
<b>Total</b>	<b>3,547,357</b>	<b>2,283,812</b>	<b>32,829</b>	<b>0</b>	<b>5,863,998</b>

Derivative liabilities					
Negative fair value of currency derivatives	40,588	58,023	4,523	0	103,134

<b>Gap</b>	<b>530,323</b>	<b>-1,887,014</b>	<b>1,241,597</b>	<b>897,164</b>	<b>782,070</b>
<b>Cumulative gap</b>	<b>530,323</b>	<b>-1,356,691</b>	<b>-115,094</b>	<b>782,070</b>	<b>1,564,140</b>

The above summary includes only interest sensitive assets and liabilities and is therefore not identical to the balances presented in the Company's balance sheet.

### e) Liquidity risk

Liquidity risk is a risk that the Group will lose the ability to meet its financial obligations at the time they come due, or that it will not be capable of financing its assets.

#### Payment services:

The Group's liquidity is defined as the ability to duly and in time fulfill client obligations arising on foreign exchange conversions and related payment transactions.

The Group has established mechanisms to segregate client funds from the Group's operating funds when providing payment services.

Concluded foreign currency transactions are settled by the Group after obtaining the financial coverage from the client. This mechanism prevents liquidity risk.

#### Banking services:

In order to mitigate liquidity risk, the Group optimizes its cash flows over the short-term, medium-term, and long-term, with the objective of being capable at every moment to cover needs arising from the payment orders of its clients and to settle commercial transactions on its own account.

When managing liquidity risk, the Group uses two types of scenarios for the Bank, the basic scenario, based on the expected development of the bank, and an alternative scenario. Alternative scenarios include an established risk scenario, supplemented with a set of stress scenarios, taking into account the trend during potential extremely unfavorable conditions. In order to retain an optimal volume of liquid assets and sufficiently liquid reserves, the bank specifies a set of indicators and limits for ensuring a commensurate level of liquidity.

The table below contains assets and liabilities sorted according to their residual maturity. The residual maturity is the period from the balance sheet date until the date a relevant asset or liability is contractually payable.

Non-derivative assets as of 31 Dec 2022 (In thousand CZK)	Carrying amount	Undisc. cash flows	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years
Cash and cash equivalents	1,129,108	1,129,335	1,077,153	0	0	52,182
Receivables from banks	221,441	223,834	52,636	171,198	0	0
Receivables from non-banking entities	5,419,461	5,430,942	638,595	161,770	2,318,645	2,311,932
Debt securities	2,245,819	2,251,234	110,065	1,408,621	0	732,548
Other assets	109,394	109,932	21,433	78,135	0	10,364
<b>Total</b>	<b>9,125,222</b>	<b>9,145,277</b>	<b>1,899,882</b>	<b>1,819,723</b>	<b>2,318,645</b>	<b>3,107,026</b>
<b>Derivative assets</b>						
Positive fair value of currency derivatives	681,184	716,111	182,844	322,818	210,449	0
<b>Total</b>	<b>9,806,406</b>	<b>9,861,388</b>	<b>2,082,726</b>	<b>2,142,541</b>	<b>2,529,094</b>	<b>3,107,026</b>
Non-derivative liabilities as of 31 Dec 2022 (In thousand CZK)	Carrying amount	Undisc. cash flows	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years
Liabilities to banks	661,551	667,302	662,521	4,781	0	0
Liabilities to non-banks	7,719,374	7,725,253	3,973,548	3,115,223	636,482	0
Other liabilities	167,434	167,433	63,539	103,895	0	0
<b>Total</b>	<b>8,548,360</b>	<b>8,559,989</b>	<b>4,699,608</b>	<b>3,223,899</b>	<b>636,482</b>	<b>0</b>
<b>Derivative Liabilities</b>						
Negative fair value of currency derivatives	456,869	460,653	124,240	218,626	117,787	0
<b>Total</b>	<b>9,005,229</b>	<b>9,020,642</b>	<b>4,823,848</b>	<b>3,442,525</b>	<b>754,269</b>	<b>0</b>
<b>Net liquidity risk</b>	<b>801,177</b>	<b>840,746</b>	<b>-2,741,122</b>	<b>-1,299,984</b>	<b>1,774,825</b>	<b>3,107,026</b>

Non-derivative assets as of 31 Dec 2021 (In thousand CZK)	Carrying amount	Undisc. cash flows	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years
Cash and cash equivalents	360,457	360,457	333,838	0	0	26,619
Receivables from banks	232,745	232,745	232,745	0	0	0
Receivables from non-banking entities	3,832,648	3,841,342	554,893	166,074	1,757,913	1,362,462
Debt securities	2,116,303	2,117,710	118,569	0	1,019,051	980,090
Other assets	178,999	178,999	125,007	53,992	0	0
<b>Total</b>	<b>6,721,153</b>	<b>6,731,253</b>	<b>1,365,053</b>	<b>220,067</b>	<b>2,776,963</b>	<b>2,369,170</b>

Derivative assets						
Positive fair value of currency derivatives	200,619	222,707	64,659	91,748	66,299	0
<b>Celkem</b>	<b>6 921 772</b>	<b>6 953 960</b>	<b>1 429 712</b>	<b>311 815</b>	<b>2 843 262</b>	<b>2 369 170</b>
Non-derivative liabilities as of 31 Dec 2021 (In thousand CZK)	Carrying amount	Undisc. cash flows	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years
Liabilities to banks	1,308,472	1,315,139	1,945	1,313,194	0	0
Liabilities to non-banks	4,354,709	4,354,709	2,790,559	1,531,321	32,829	0
Other liabilities	41,069	41,069	41,069	0	0	0
<b>Total</b>	<b>5,704,250</b>	<b>5,710,917</b>	<b>2,833,573</b>	<b>2,844,515</b>	<b>32,829</b>	<b>0</b>
Derivative Liabilities						
Negative fair value of currency derivatives	103,216	106,945	43,765	56,551	5,104	0
<b>Total</b>	<b>5,807,466</b>	<b>5,817,862</b>	<b>2,877,338</b>	<b>2,901,066</b>	<b>37,933</b>	<b>0</b>
<b>Net liquidity risk</b>	<b>1,114,306</b>	<b>1,136,098</b>	<b>-1,447,626</b>	<b>-2,589,251</b>	<b>2,805,329</b>	<b>2,369,170</b>

The above summary includes only assets and liabilities with contractual maturity and is therefore not identical to the balances presented in the Group's balance sheet.

## C.27 Fair value

### Valuation methods

Valuation methods include:

- net present value and models based on discounted cash flows
- comparison to similar instruments with comparable prices
- and other valuation models.

### Assumptions and inputs

Assumptions and inputs used in valuation methods include:

- risk-free interest rates
- FX rates
- reference interest rates
- swap rates
- counterparty credit risk.

### Objective of the valuation method

The objective of the valuation method is to determine a fair value that reflects the price that would be received to sell an asset or paid to assume a liability in an orderly transaction between market participants at the measurement date.

### Processes and controls

The entity has established a set of controls for measuring fair value. Those controls include the following:

- verification of observable inputs and prices
- re-running calculations based on models
- review and approval of processes for new valuation models and changes to these models

### Financial instruments not reported at fair value on the balance sheet

The following table reports the carrying amounts and fair values of financial assets and financial liabilities not recognized at fair value on the balance sheet:

Assets as of 31 Dec 2022 (In thousand CZK)	Carrying amount	Fair value
Cash and cash equivalents	1,129,107	1,129,108
Receivables from banks	221,441	221,441
Receivables from non-banking entities	5,419,461	5,367,942
Debt securities	2,245,819	2,251,207
Other assets	187,057	144,184
<b>Total</b>	<b>9,202,885</b>	<b>9,113,882</b>

Liabilities as of 31 Dec 2022 (In thousand CZK)	Carrying amount	Fair value
Liabilities to banks	661,551	661,551
Liabilities to non-banks	7,719,374	7,719,374
Other liabilities	167,434	167,434
<b>Total</b>	<b>8,548,360</b>	<b>8,548,360</b>

Assets as of 31 Dec 2021 (In thousand CZK)	Carrying amount	Fair value
Cash and cash equivalents	360,457	360,457
Receivables from banks	232,744	232,744
Receivables from non-banking entities	3,832,648	3,841,342
Debt securities	2,116,316	2,117,718
Other assets	168,376	110,291
<b>Total</b>	<b>6,710,541</b>	<b>6,662,552</b>

Liabilities as of 31 Dec 2021 (In thousand CZK)	Carrying amount	Fair value
Liabilities to banks	1,308,472	1,308,472
Liabilities to non-banks	4,354,709	4,354,709
Other liabilities	41,361	39,485
<b>Total</b>	<b>5,704,543</b>	<b>5,702,667</b>

### Financial instruments reported at fair value on the balance sheet

As of 31 Dec 2022 (In thousand CZK)	Level FV 1	Level FV 2	Level FV 3	Total fair value	Total carrying amount
Positive fair value of derivatives	0	633,878	47,306	681,184	681,184
Negative fair value of derivatives	0	139,652	317,217	456,869	456,869
Debt securities	2,245,819	0	0	2,245,819	2,245,819

As of 31 Dec 2021 (In thousand CZK)	Level FV 1	Level FV 2	Level FV 3	Total fair value	Total carrying amount
Positive fair value of derivatives	0	203,238	51,373	254,611	200,619
Negative fair value of derivatives	0	52,693	50,816	103,509	103,216
Debt securities	384,754	0	0	384,754	2,116,316

### Převody mezi úrovní 1 a úrovní 2

V průběhu roku 2022 a 2021 nedošlo k žádným přesunům mezi úrovní 1 a úrovní 2.

Sesouhlasení počátečních a konečných zůstatků v úrovni 3:

As of 31 Dec 2022 (In thousand CZK)	Positive fair value of derivatives	Negative fair value of derivatives	Total
<b>Balance as of 1 Jan 2022</b>	<b>51,373</b>	<b>-50,816</b>	<b>557</b>
Revaluation of unsettled derivatives recognized in the profit and loss	24,775	-267,431	-242,656
Settlements	-28,842	1,030	-27,812
<b>Balance as of 31 Dec 2022</b>	<b>47,306</b>	<b>-317,217</b>	<b>-269,911</b>

As of 31 Dec 2021 (In thousand CZK)	Positive fair value of derivatives	Negative fair value of derivatives	Total
<b>Balance as of 1 Jan 2021</b>	<b>0</b>	<b>0</b>	<b>0</b>
Revaluation of unsettled derivatives recognized in the profit and loss	51,373	-50,816	557
<b>Balance as of 1 Dec 2021</b>	<b>51,373</b>	<b>-50,816</b>	<b>557</b>

Účetní jednotka používá k určení odhadu reálné hodnoty pro hlavní položky následující vstupy a techniky:

#### Cash and cash equivalents

Carrying amount equal to fair value. These financial assets are categorized at Level 1 in the Fair Value Hierarchy

#### Receivables from banks

Due to the short maturity of these receivables, the carrying amount approximates their fair value. These financial assets are categorized at Level 2 in the Fair Value Hierarchy

#### Receivables from non-banking entities

The estimated fair value of credits is based on discounted expected cash flows, using an interest rate valid for credits connected with similar credit risk, interest rate risk, and similar maturity. Due to the short maturity of these receivables, the carrying amount approximates their fair value.

These financial assets are categorized at Level 2 in the Fair Value Hierarchy

#### Liabilities to banks

Due to the short maturity of these liabilities, the carrying amount approximates their fair value. These financial liabilities are categorized at Level 2 in the Fair Value Hierarchy.

#### Liabilities to non-banks

Payables to non-banking entities payable on demand represent payables to clients arising from unsettled spot transactions. The carrying amount of these payables corresponds to their fair value due to their short maturity.

These financial liabilities are categorized at Level 2 in the Fair Value Hierarchy.

#### Positive fair value of derivatives/negative fair value of derivatives

The Group values financial derivatives at fair value. The fair value of financial derivatives is determined as the current value of expected cash flows arising from these transactions. Parameters determined on the active market are used to establish the net present value, such as forex rates, interest rates for the given maturities on the basis of yield curves, etc.

The Group also enters into derivative contracts that are settled in tranches over time. The fair value of these derivatives is determined as the sum of the option and forward components. The valuation of the forward component is based on the classic forward contract valuation. To calculate the option component, a simulation of the random path of the FX rate is performed for each day from the valuation date until the maturity date of the derivative. The sum of the fair value of the two components comprises the total fair value of the derivative and this value is presented in the balance sheet. Positive fair values in "Positive fair value of derivatives". Negative fair values in "Negative fair value of derivatives".

These financial assets are categorized at Level 2 a 3 in the fair value hierarchy.

For other assets and liabilities, the carrying amount equals their fair value.

## C.28. Relevant elements

### War in Ukraine

Following the Russian invasion of Ukraine and the sanctions imposed by the EU, the Group has implemented appropriate payment measures (including suspension of payments to Russia and Belarus). The Group has no direct exposure to Russia.

## C.29. Relevant events occurring after the date of the consolidated financial statements

Management is not aware of any events occurring after the balance sheet date that would require an adjustment of the consolidated financial statements.



### C.30. Declaration of persons with managing powers

We solemnly declare that to the best of our knowledge these consolidated financial statements give a true and fair view of the financial position, business activity along with a description of the main risks, and results of operations of SAB Finance a.s. as of 31 December 2022 and for the year 2022.

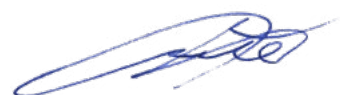
Prague, 19 April 2023



Ing. Ondřej Korecký, FCCA  
Chair of the Board



Ing. Dana Hübnerová  
Member of the board of directors



Ing. Petr Čumba  
Member of the board of directors



**Auditor's report on the consolidated financial statements**

# SAB Finance a.s.

## REPORT

ON THE AUDIT  
OF FINANCIAL STATEMENTS  
AS AT 31 DECEMBER 2022

- **Annual Financial Report**
- **Consolidated Financial Statements of the Group**
- **Individual Financial Statements of the Company**



This report constitutes the auditor's report, which relates solely and exclusively to the official annual financial report prepared in XHTML format. This is a translation of the original Czech Auditor's Report on the accompanying financial statements. Therefore, in the event of any inconsistency between the English and the Czech version, the Czech version shall prevail.

INDEPENDENT AUDITOR’S REPORT

This report is intended for the Company’s shareholders

SAB Finance a.s.

Registered Address: Prague 1 – Nové Město, Senovážné náměstí 1375/19, z.c. 110 00  
Company Identification Number (IČ): 247 17 444

Auditor’s Opinion

We have audited the accompanying consolidated financial statements of SAB Finance a.s. (hereinafter also the “Company”) and their subsidiaries (hereinafter the "Group") prepared in accordance with International Reporting Standards as adopted by the European Union with the balance sheet amount of 10 589 422 thsd. CZK and consolidated profit after tax in the amount of 270 089 thsd. CZK. These consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated income statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 December 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information. Information about the Company and the Group is given in point A.1. and A.2. of the notes to these consolidated financial statements.

**In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year ended 31 December 2022 in accordance with International Financial Reporting Standards as adopted by the European Union.**

Basis for Opinion

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

Other Matter

It is an audit of consolidated financial statements for the first accounting period. Comparable data in the Group’s consolidated financial statements have not been audited.

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Key Audit Matters

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

a. Calculation of profit and loss from spot transactions

The profit and loss from spot transactions amounted to 539 992 thsd CZK for the year ended 31 December 2022 (388 633 thsd CZK for the year ended 31 December 2021).

Additional detailed data are provided in the following points of the notes to the consolidated financial statements: point B.1. (Accounting transaction day), point C.15. (Net profit from trade transactions).

Key audit matters	How the audit matter was handled
<p>As one of its activities, the Group performs transactions where financial assets are purchased and sold at an agreed exchange rate. The most frequent type of transactions performed by the Group include purchases and sales of financial assets with customary delivery dates - so-called spot transactions.</p> <p>The Company performs a significant number of spot transactions with various combinations of currency pairs during the accounting year. Spot transaction data are entered into the Company's operating system by the Company's employees. The Company uses the transaction date method to recognize these transactions in its accounting, while recognizing the payment of the financial asset as a receivable or payable. The foreign currency receivables or payables from spot transactions are subsequently remeasured at the current rate by the settlement date. The recognition of these spot transactions is a complex process, during which a high number of individual transactions generating a small profit or loss is recognized. Because of this fact, the existence, accuracy and completeness of recognized profits and losses represent an inherent risk of the Company’s business.</p>	<p>In cooperation with our IT specialists, we performed, among other things, the following auditing procedures:</p> <p>Based on our knowledge, experience and market standards, we critically assessed the accounting methods and processes concerning the accuracy of calculated revenues from spot transactions.</p> <p>We tested the design, implementation and operating effectiveness of IT and manual checking of the accuracy of input data entered in the operating system, the accuracy of calculated profits and losses from spot transactions in the operating system and the transfer of data between the operating system and the accounting system.</p> <p>We received the counterparty’s confirmation of transaction data for a sample of spot transactions (transaction date, settlement date, currency pair, exchange rate, nominal value) and we found corresponding data in the Company’s operating system.</p> <p>We recalculated profits and losses from spot transactions based on all spot transactions performed in 2022 and compared our results with the values posted by the Company.</p>

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Due to the aforesaid factors, we believe that this area represents a major risk of a significant discrepancy. This risk required our extra attention during the audit. This is why we consider this matter to be a key audit matter.	We assessed the sufficiency and adequacy of released information on profits and losses from spot transactions in the financial statements as required by law.
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**b. Valuation of the Forward+ product**

As at 31 December 2022, the positive fair value of unsettled transactions with Forward+ was 47 306 thsd CZK (as at 31 December 2021: 51 373 thsd CZK) and the negative fair value of unsettled transaction with Forward+ was -317 271 thsd CZK (as at 31 December 2021: -50 816 thsd CZK).

Additional detailed data are provided in the following points of the notes to the consolidated financial statements: point B.8., point C.5. (Derivatives), point C.20 (Classification of financial assets and financial liabilities) and point C.22. (Fair value).

Key audit matters	How the audit matter was handled
<p>As part of its business activity, the Group offers the Forward+ product, which is a currency forward transaction that allows the counterparty to gradually and partly settle a currency transaction within a pre-defined time period. As at 31 December 2022, the Company had a significant number of unsettled Forward+ transactions in different currency pairs and recognized them at their fair value.</p> <p>For accounting purposes, the Company uses its own valuation model to determine the fair value, which consists of both forward and option components. The model simulates a sufficient number of scenarios for a potential transaction settlement. The key data and key assumptions used in the valuation model include the expected yield curve, the discount rate and the expected transaction settlement date. This means that the model outputs are significant complex, use management judgement and include estimation uncertainty.</p> <p>Due to the aforesaid factors, we believe that this area represents a major risk of a significant discrepancy. This risk required our extra attention during the audit. This is</p>	<p>In cooperation with our specialists in the valuation of financial instruments, we performed, among other things, the following auditing procedures:</p> <p>Based on our knowledge, experience and market standards, we critically assessed the processes, accounting methods, assumptions, data and valuation methods concerning the determination of the fair value of unsettled Forward+ transactions.</p> <p>As part of the valuation process, we tested the design and implementation of the Company management’s manual checking of approvals of key parameters, data and assumptions in the valuation model, based on which the fair value of unsettled Forward+ transactions is determined, and approvals of model outputs.</p> <p>We checked the relevancy and reliability of inputs and judgments used in the calculation of the fair value of unsettled Forward+ transactions. We checked the suitability of the valuation model and made our own independent estimation of the fair value for the entire population of unsettled Forward+ transactions. For the forward component, we used the market yield curve, the discount</p>

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why we consider this matter to be a key audit matter.	<p>rate and the expected normal distribution for the transaction settlement date. For the option component, we used the assumption of an incidental change in the spot exchange rate to simulate the trend of settled transactions.</p> <p>We assessed the sufficiency and adequacy of released information on profits and losses from spot transactions in the financial statements as required by law.</p>
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**c. Adjustments to losses from credits and advances provided to clients**

Adjustments to credit receivables and advances provided to clients amounted to 11 481 thsd CZK for the year ended 31 December 2022 (for the year ended 31 December 2021: 8 694 thsd CZK).

Additional detailed data are provided in the following points of the notes to the consolidated financial statements: point B.3. (7) (Impairment) and point C.3. (Receivables from non-banking entities).

Key audit matters	How the audit matter was handled
<p>The Group provides credits to non-banking entities through its subsidiary company FCM Bank (hereinafter referred to as the “Bank”).</p> <p>Credit loss allowances in respect of loans and advances to customers represent management’s best estimate of expected credit losses (“ECL”) within the loan portfolios at the balance sheet date. The development of models designed to estimate ECLs on the Banks’ loans to customers, measured at amortized cost in accordance with the requirements of IFRS 9, requires a considerable level of judgement since the determination of ECLs is subject to a high degree of estimation uncertainty.</p> <p>The outbreak of the Covid-19 pandemic, followed by the ensuing global macroeconomic uncertainties driven by the Russian invasion of Ukraine, have resulted in supply chain disruptions and significant inflationary pressures.</p> <p>These events have increased the level of uncertainty around the calculation of ECLs, giving rise to heightened subjectivity in the</p>	<p>During our audit of the financial statements for the year ended 31 December 2022, we continued to focus on the key drivers of the estimation of ECLs.</p> <p>Since modelling assumptions and parameters are based on peer data, we independently assessed the appropriateness of management’s judgments in respect of the calibration of PDs. We also assessed the reasonableness of the PDs and LGDs generated by the model as well as the application of multiple scenarios.</p> <p>The appropriateness of the modelling methodology and the key parameters used within the ECL calculations were discussed extensively with management. Discussions with management and the audit committee also included staging classification of individual borrowers and assumptions in the determination of ECLs for impaired loan.</p>

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<p>determination of model assumptions used to estimate key model risk parameters and hence necessitating a higher level of expert judgement.</p> <p>Credit loss allowances relating to all non-defaulted loans and advances to customers are determined at portfolio level through the use of an ECL model.</p> <p>Through its ECL model, the Bank calculates ECLs by multiplying three main components: probability of default (PD), loss given default (LGD) and exposure at default (EAD).</p> <p>i. Probability of default (PD): the likelihood of a borrower defaulting on its financial obligation either over the next 12 months or over the remaining lifetime of the obligation.</p> <p>ii. Loss given default ("LGD"): the expected losses taking into account, among other attributes, the mitigating effect of collateral value (if any) at the time it is expected to be realised and the time value of money.</p> <p>iii. Exposure at default (EAD): the expected exposure in the event of a default (including any expected drawdowns of committed facilities).</p> <p>Within the ECL model for non-defaulted (Stages 1 and 2) exposures, in the absence of sufficient internal historical default data, the Bank's starting point PDs are derived by reference to published peer data for similar portfolios which might result in limitations in appropriately estimating ECLs. For exposures secured by immovable properties, LGDs are driven by the loan-to-value ratio of the individual facilities taking into account other assumptions including market value haircut (which includes costs to sell), time to sell and the impact of discounting the collateral from the date of realisation back to the date of default. The maximum period considered when measuring ECLs is the maximum contractual period over which the Bank is exposed to credit</p>	<p>Our audit procedures in respect of credit loss allowances attributable to loans and advances to customers of the Bank included:</p> <ul style="list-style-type: none"> <li>• Ensuring that the granting of facilities was performed in accordance with the approval criteria of the Bank; testing of Controls implemented by management over the monitoring of arrears, and of Controls ensuring the necessary follow up actions on past due loans are satisfactorily resolved. We tested the design and operating effectiveness of these Controls and determined that we could rely on these Controls for the purposes of our audit.</li> <li>• Testing of a sample of exposures to independently review the borrower's financial performance and ability to meet loan repayments and assess the appropriateness of the stage classification assigned by management.</li> <li>• Assessing the reasonableness of the starting point PD derived by reference to peer data as well as the modelling methodology applied to determine life-time PDs.</li> <li>• Testing the completeness and accuracy of the critical data utilised within the models for the year-end ECL calculations, including agreeing the terms of the exposures to supporting documentation.</li> <li>• Reviewing, on a sample basis, property collateral valuations utilised to determine LGDs applied by the Bank within ECL calculations.</li> <li>• Challenging the application of certain parameters considered in the LGD estimations such as the time to realise the collateral and costs associated with such process.</li> <li>• Assessing whether the severity in respect of modelled scenarios was appropriate in view of the surrounding economic conditions.</li> </ul>
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<p>risk.</p> <p>Under IFRS 9, the Bank is also required to formulate and incorporate multiple forward-looking economic conditions, reflecting management's view of potential future economic variables and environments, into the ECL estimates. The complexity attributable to this factor requires management to apply significant judgements within the ECL estimates to meet the requirements of IFRS 9.</p> <p>Data used in the impairment calculation is manually compiled. The ECL model is based on a general-purpose application which requires extensive manual handling of data. This increases risk around the accuracy and completeness of data used to determine assumptions and to operate the ECL model. In some cases, data is unavailable and reasonable alternatives have been applied to allow calculations to be performed.</p> <p>Judgement is also required to determine when an increase in credit risk or a default has occurred and as a result, allocate the appropriate stage classification. Staging is determined based on a combination of criteria including days past due criteria, the regular monitoring of the performance of borrowers against forecasts, as well as strategy developments affecting the borrowers' future payment capabilities.</p> <p>Since the estimation of ECLs is subjective in nature and inherently judgmental, the Bank's application of the IFRS 9 impairment requirements is deemed to be an area of focus.</p>	<ul style="list-style-type: none"> <li>• Testing independently the model calculations.</li> <li>• Assessing critically the criteria used by management for determining whether a default event had occurred by testing a sample of performing loans to challenge whether default events had actually occurred.</li> <li>• Reviewing the credit files of defaulted loans to understand the latest developments at the level of the borrower and the basis of measuring the ECL provisions and considering whether key judgements were appropriate given the borrowers' circumstances.</li> <li>• Determining different scenarios and their respective probability weights independently and formed our view (based on detailed loan and customer Information in the credit file) on the recoverability of the selected defaulted corporate loans.</li> </ul> <p>Based on the evidence obtained, we found the model assumptions, data used within the models and model calculations to be reasonable.</p> <p>In the case of some ECL allowances, we formed a different view from that of management, but in our view the differences were within a reasonable range of outcomes.</p>
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#### d. Qualified participation in Trinity Bank a.s.

The Group held a 10.15% share in Trinity Bank a.s.'s capital stock and a 10.21% share in voting rights for the year ended 31 December 2022 (for the year ended 31 December 2021: a 9.62% share in capital stock and a 9.62% share in voting rights).

Additional detailed data are provided in the following points of the notes to the consolidated financial statements: point C.6. (Shares, participation certificates and other participations).

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Key audit matters	How the audit matter was handled
<p>The Group holds Trinity Bank a.s.’s shares as part of the FVOCI portfolio and revalues them at fair value; the revaluation is shown on the line Other Comprehensive Income in the Consolidated Statement of Comprehensive Income. The fair value of the shares was calculated as a multiple of the number of shares and the share value disclosed by Trinity Bank a.s. as at the date of the financial statements.</p> <p>The Group determined the value of Trinity Bank a.s.’ shares based on the ratio of equity to the number of issued no-par value shares.</p>	<p>When verifying the qualified participation, we mostly checked the valuation of no-par value share.</p> <p>The value of the share was verified from two sources. The first source was a statement from the custodian's records as at 31 December 2022, which showed the value of the share. The second source was Trinity Bank a.s.’s audited financial statements as at 12 December 2022 to verify the equity amount. The valuation of no-par value share in the audited financial statements as at 31 December 2022 was higher than the non-audited valuation as at 31 December 2022. Due to the immaterial difference, the increase in the valuation of shares was not taken into account after the audit.</p> <p>We consider the evidence of the fair value of Trinity Bank a.s. to be sufficient.</p>

### Other Information in the Annual Report

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the consolidated financial statements and auditor’s report thereon. The Company’s Board of Directors is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge about the accounting entity and the Group obtained during the audit or otherwise appears to be significantly (materially) misstated. In addition, we assess whether the other information was prepared, in all material aspects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of significance (materiality), i.e. whether any non-compliance with these requirements could influence judgements made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements and the consolidated financial statements is, in all significant (material)

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- aspects, consistent with the financial statements and the consolidated financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

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

### Responsibilities of the Company’s Board of Directors (hereinafter also the “Company’s statutory body”) and Supervisory Board for the Consolidated Financial Statements

The Company’s statutory body is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the European Union and for such internal control as the statutory body determines is necessary to enable the preparation of the consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Company’s statutory body is responsible for assessing the Group’s ability to continue as a going concern, describing in the notes to the financial statements, as applicable, matters related to going concern and using the going concern assumption in preparing the consolidated financial statements, unless the Company’s statutory body either intends to liquidate the Company or to cease operations, or has no other realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Company’s financial reporting process. The Audit Committee is responsible for overseeing the preparation of financial statements and consolidated financial statements.

### Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of any significant (material) misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the above-mentioned regulations will always detect any potential significant (material) misstatement in the consolidated financial statements.

Misstatements can arise from fraud or error and are considered significant (material) if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional skepticism throughout the audit. Our duty was also to:

- Identify and assess the risks of significant (material) misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responding to those risks, and obtain audit evidence that is sufficient and

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appropriate to provide a basis for our opinion. The risk of not detecting a significant (material) misstatement resulting from fraud is higher than the risk of not detecting a significant (material) misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain and understanding of Group's internal control system relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control system.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's statutory body in the notes to the consolidated financial statements.
- Evaluate whether the Company's statutory body's use of the going concern assumption in preparing the consolidated financial statements was appropriate and, based on the obtained evidence, whether there is a significant (material) uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that there is a significant (material) uncertainty, we are required to point out in our auditor's report any information concerning this fact in the notes to the consolidated financial statements or, if such information is inadequate, to modify our opinion. Our conclusions regarding the Group's ability to continue as a going concern are based on the evidence obtained up to the date of our auditor's report. However, future events or conditions may result in the Group's loss of its ability to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and suitable information about financial information concerning the Group's accounting entities or business activities in order to express our opinion on the consolidated financial statements. We are responsible for the management, oversight and execution of the Group's audit. It is our exclusive responsibility to provide our opinion.

It is our duty to communicate with the Company's statutory body, the Supervisory Board and the Audit Committee regarding, among other matters, the planned scope and timing of the audit and our significant audit findings, including any significant deficiencies identified in the internal controls.

It is also our duty to provide the Audit Committee with a statement that we have complied with the relevant ethical requirements relating to independence and to inform it about any relationships and other matters that could reasonably be expected to affect our independence as well as about any potential related measures.

Furthermore, it is our duty to select, based on the matters communicated to the Company's statutory body, the Supervisory Board and the Audit Committee, those matters that are most significant for the audit of the consolidated financial statements for the current year and that therefore constitute key audit matters, and to describe those matters in our report. This duty does not apply where law prohibits the disclosure of such matters or where, in a very exceptional case, we believe that we should not report on the matters in our report because it can be reasonably expected that any potential negative impact of such disclosure could outweigh the public interest benefit.

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## **Information about Other Legal Requirements**

### ***Information required by Regulation (EU) no. 537/2014 of the European Parliament and of the Council***

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

#### ***Appointment of the auditor and the audit time period***

The Company's General Meeting appointed us as the Group's auditor on 16 September 2022. We are the Group's auditor for one year.

#### ***Compliance with additional report to the Audit Committee***

We confirm that our opinion on the consolidated financial statements in this report is in compliance with our additional report to the Company's Audit Committee, which we issued on 27 March 2023 in compliance with Article 11 of Regulation (EU) No 537/2014 of the European Parliament and of the Council.

#### ***Provision of non-audit services***

We declare that we did not provide any prohibited services referred to in Article 5 of Regulation (EU) No 537/2014 of the European Parliament and of the Council.

Other than the statutory audit, we did not provide the Company and the entities controlled by the Company with any other services undisclosed in the Company's annual financial report.

## **Report on compliance with the ESEF Regulation**

We have performed an engagement that provided reasonable assurance and was to verify the compliance of the financial statements included in the annual financial report with the provisions of Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format ("ESEF Regulation"), as they relate to the financial statements.

### ***Responsibility of the Board of Directors ("the Company's statutory body")***

The Company's statutory body is responsible for the preparation of the financial statements in accordance with the ESEF Regulation. The Company's statutory body is responsible for, inter alia:

- Designing, implementing and maintaining an internal control system relevant to the application of the requirements of the ESEF Regulation;
- Preparing all financial statements included in the annual financial report in the applicable XHTML format; and
- Selecting and using XBRL tags as required by the ESEF Regulation.

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## Responsibility of the auditor

Our responsibility is to express an opinion, based on obtained evidence, on whether the financial statements included in the annual financial report comply, in all significant (material) aspects, with the requirements of the ESEF Regulation. We have performed this engagement providing reasonable assurance in accordance with International Standard on Assurance Engagements ISAE 3000 (Revised) - "Assurance Engagements that are not Audits or Reviews of Historical Financial Information" ("ISAE 3000").

The nature, timing and extent of the selected procedures depend on the auditor's judgement. Reasonable assurance is a high degree of assurance, but is not a guarantee that a verification performed in accordance with the aforesaid standard will in all cases detect any potential existing significant (material) non-compliance with the ESEF Regulation.

Using the selected procedures, we performed the following activities:

- We familiarized ourselves with the requirements of the ESEF Regulation;
- we familiarized ourselves with the Company's internal controls relevant to the application of the requirements of the ESEF Regulation;
- We identified and assessed the risks of a significant (material) non-compliance with the requirements of the ESEF Regulation due to fraud or error; and as a result
- Proposed and performed procedures to address the assessed risks and to obtain reasonable assurance for the purpose of expressing our conclusion.

The goal of our procedures was to assess whether

- The financial statements included in the annual financial report were prepared in a valid XHTML format;
- The information in the consolidated financial statements, where required by the ESEF Regulation, were tagged and all tagging complies with these requirements:
  - XBRL markup language was used;
  - The elements of the basic taxonomy specified in the ESEF Regulation with the closest accounting relevance were used, unless an element of an extension taxonomy was created in accordance with Annex IV of the ESEF Regulation;
  - The tagging is in accordance with the common tagging rules of the ESEF Regulation.

We believe that the obtained evidence provides a sufficient and appropriate basis for our conclusion.

## Conclusion

**In our opinion, the Company's financial statements for the year ended 31 December 2022 included in the annual financial report comply, in all significant (material) aspects, with the requirements of the ESEF Regulation.**

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In Prague, on 21 April 2023

*Grant Thornton Audit*

Grant Thornton Audit s.r.o.

Pujmanové 1753/10a, 140 00 Prague 4 - Nusle

License no. 603

*J. Pešíčková*

Mgr. Jitka Pešíčková  
Auditor, License no. 2106



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## INDIVIDUAL FINANCIAL STATEMENTS

### SAB Finance a.s.

## INDIVIDUAL STATEMENT OF FINANCIAL POSITION

ASSETS (In thousand CZK)	Note	31 Dec 2022	31 Dec 2021
Cash and cash equivalents	C.1.	289,426	225,440
Receivables from banks	C.2.	168,805	149,160
Receivables from non-banking entities	C.3.	581,512	514,079
Positive fair value of derivatives	C.5.	681,184	200,619
Participating interests	C.4.	965,114	965,114
Non-current intangible assets	C.6.	33,935	33,975
Non-current tangible assets	C.6.	7,984	6,658
Other assets	C.7.	67,873	61,092
<b>Total assets</b>		<b>2,795,833</b>	<b>2,156,137</b>

LIABILITIES (In thousand CZK)	Note	31 Dec 2022	31 Dec 2021
<b>Liabilities</b>			
Liabilities to banks	C.8.	242,236	228,712
Liabilities to non-banks	C.9.	826,487	561,782
Negative fair value of derivatives	C.5.	456,869	103,216
Tax liabilities	C.11.	19,753	17,407
of which Tax payable		19,705	17,389
Deferred tax	C.11.	48	18
Other liabilities	C.10.	25,434	29,293
Provisions	C.12.	2,050	0
<b>Total liabilities</b>		<b>1,572,829</b>	<b>940,410</b>
<b>Shareholders' equity</b>			
Registered capital	C.13.	1,000,000	1,000,000
Share premium	C.13.	6,356	6,356
Capital funds	C.13.	0	47,477
Profit or loss brought forward		0	395
Profit or loss during the accounting period		216,648	161,499
<b>Equity Total</b>		<b>1,223,004</b>	<b>1,215,727</b>
<b>Total liabilities</b>		<b>2,795,833</b>	<b>2,156,137</b>

The notes form an integral part of these individual financial statements.

## INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM 1 JAN 2022 TO 31 DEC 2022

(In thousand CZK)	Note	2022	2021
Gain or loss on financial operations	C.18.	528,449	371,664
Interest income calculated using the effective interest rate method	C.16.	2,406	157
Interest expense and similar expense	C.16.	22,579	4,573
<b>Net interest expenses</b>		<b>20,173</b>	<b>4,416</b>
Fee and commission income	C.17.	1,747	2,075
Fee and commission expense	C.17.	29,226	13,985
<b>Net expense from fees</b>		<b>27,479</b>	<b>11,910</b>
Other operating income	C.19.	21	88
Miscellaneous operating expenses	C.19.	842	515
Administrative expenses	C.20.	201,383	147,180
of which a) employee expenses		149,714	114,227
b) other administrative expenses		51,669	32,953
Depreciation, additions and utilization of provisions and adjustments to non-current tangible and intangible assets	C.6.	10,281	7,561
Net impairment of financial assets		63	186
Profit before tax		268,248	200,252
Income tax	C.11.	51,600	38,753
<b>Profit after tax</b>		<b>216,648</b>	<b>161,499</b>
Other comprehensive income		0	0
<b>Total comprehensive income</b>		<b>216,648</b>	<b>161,499</b>
<b>Basic earnings per share/diluted earnings per share (in CZK)</b>	<b>C.14.</b>	<b>84.06</b>	<b>62.66</b>

The notes form an integral part of these individual financial statements.

## INDIVIDUAL CASH FLOW STATEMENT

FOR THE YEAR ENDING 31 Dec 2022

(In thousand CZK)	Note	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Pre-tax profit</b>		<b>268,248</b>	<b>200,252</b>
<b>Adjustment:</b>			
Depreciation and net change in adjustments for tangible and intangible assets	C.6.	10,281	7,561
Net change in provisions	C.12.	2,050	0
Value adjustments and value re-adjustments	C.1./C.7.	83	-82
Net change in financial instruments recognized in profit or loss	C.18.	-127,323	-81,568
Net interest expenses	C.16.	20,173	4,416
Gain/loss on sale of non-current tangible and intangible assets	C.19.	-19	-16
Other adjustments		1,995	-52
		<b>175,488</b>	<b>130,511</b>
<b>Changes in:</b>			
Receivables from non-banking entities	C.3.	-67,433	57,917
Receivables from banks	C.2.	-19,645	-96,670
Other assets	C.7.	-6,781	13,587
Liabilities to non-banks	C.9.	264,705	-28,348
Other liabilities	C.10.	-1,207	20,529
		<b>345,127</b>	<b>97,526</b>
Interest received	C.16.	2,406	157
Profit participations received		0	3,280
Interest paid	C.17.	-28,783	-4,573
Income tax paid	C.11.	-49,254	-31,244
<b>Net cash used in operating activities</b>		<b>269,496</b>	<b>65,146</b>
<b>INVESTMENT ACTIVITY</b>			
Proceeds from the sale of non-current tangible and intangible assets	C.6.	-13,234	-20,952
Net cash used in investing activities	C.6.	19	16
<b>Net cash used in investing activities</b>		<b>-13,215</b>	<b>-20,936</b>

(In thousand CZK)	Note	2022	2021
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends	C.13.	-209,371	-168,299
Lease liability repayments		-2,652	-2,180
Drawdown of bank credit		246,600	236,118
Repayment of credit		-226,872	-92,702
<b>Net cash used in financing activities</b>		<b>-192,295</b>	<b>-27,063</b>
<b>Net decrease in cash and cash equivalents</b>		<b>63,986</b>	<b>17,147</b>
<b>Cash and cash equivalents at 1 January</b>		<b>225,440</b>	<b>208,293</b>
<b>Cash and cash equivalents at 31 December</b>		<b>289,426</b>	<b>225,440</b>
<b>Cash and cash equivalents include:</b>			
Cash in hand		60	64
Current accounts		289,366	225,376
<b>Cash and cash equivalents at 31 December</b>		<b>289,426</b>	<b>225,440</b>

The notes form an integral part of these individual financial statements.

## INDIVIDUAL STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 Dec 2022

(In thousand CZK)	Registered capital	Share premium	Capital funds	Retained earnings	Profit funds	Profit	Total
<b>Balance as of 1 Jan 2021</b>	<b>1,000,000</b>	<b>6,356</b>	<b>76,000</b>	<b>0</b>	<b>23,451</b>	<b>116,720</b>	<b>1,222,527</b>
Transfers to funds	0	0	0	0	5,836	-5,836	0
transfer to retained earnings	0	0	0	40,171	-29,287	-10,884	0
Dividend payment	0	0	-28,523	-39,776	0	-100,000	-168,299
Profit from financial period	0	0	0	0	0	161,499	161,499
Other comprehensive income	0	0	0	0	0	0	0
<b>Balance as of 1 Dec 2021</b>	<b>1,000,000</b>	<b>6,356</b>	<b>47,477</b>	<b>395</b>	<b>0</b>	<b>161,499</b>	<b>1,215,727</b>
<b>Balance as of 1 Jan 2022</b>	<b>1,000,000</b>	<b>6,356</b>	<b>47,477</b>	<b>395</b>	<b>0</b>	<b>161,499</b>	<b>1,215,727</b>
Transfers to funds	0	0	0	0	0	0	0
transfer to retained earnings	0	0	0	41,499	0	-41,499	0
Dividend payment	0	0	-47,477	-41,894	0	-120,000	-209,371
Profit from financial period	0	0	0	0	0	216,648	216,648
Comprehensive income	0	0	0	0	0	0	0
<b>Balance as of 31 Dec 2022</b>	<b>1,000,000</b>	<b>6,356</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>216,648</b>	<b>1,223,004</b>

The notes form an integral part of these individual financial statements.



# NOTES TO THE INDIVIDUAL FINANCIAL STATEMENTS

for the period 01 Jan 2022 – 31 Dec 2022

## Contents

### A. GENERAL INFORMATION

A.1.	ENTITY DESCRIPTION	98
A.2.	MEMBERS OF THE BOARD OF DIRECTORS AND SUPERVISORY BOARD AS OF 31 DEC 2022	98
A.3.	CHANGES IN THE COMMERCIAL REGISTER	104
A.4.	COMPANY'S SECURITIES	104
A.5.	DECISION-MAKING AND POWERS OF THE GENERAL MEETING	104
A.6.	INFORMATION ON THE COMPANY'S CORPORATE GOVERNANCE CODES	105
A.7.	ORGANIZATIONAL STRUCTURE AS OF 31 DEC 2022	105
A.8.	ENTITIES WITH SIGNIFICANT AND CONTROLLING INFLUENCE	105
A.9.	OWNERSHIP INTERESTS WITH DECISIVE INFLUENCE	106
A.10.	IDENTIFICATION OF THE GROUP	106
A.11.	AVERAGE NUMBER OF EMPLOYEES, PERSONNEL EXPENSES	107
	A.11.1. Average converted number of FTE during the accounting period	107
	A.11.2. Fees payable to persons acting as statutory bodies and to members of statutory and supervisory bodies	107
A.12.	PERFORMANCE IN FAVOUR OF PERSONS CLOSE TO THE COMPANY	107
A.13.	BASIS FOR PREPARING THE INDIVIDUAL FINANCIAL STATEMENTS	107
A.14.	NEW OR AMENDED STANDARDS AND INTERPRETATIONS, AS ENDORSED BY THE EU AS OF 10 NOVEMBER 2022, THAT ARE EFFECTIVE FOR ANNUAL PERIODS BEGINNING AFTER 1 JANUARY 2022	108
A.15.	NEW OR AMENDED STANDARDS AND INTERPRETATIONS THAT ARE EFFECTIVE FOR ANNUAL PERIODS BEGINNING AFTER 1 JANUARY 2022, NOT YET ENDORSED BY THE EU AS OF 10 NOVEMBER 2022	109

### B. ACCOUNTING POLICIES AND VALUATION METHODS

B.1.	TRANSACTION DATE	111
B.2.	NON-CURRENT TANGIBLE AND INTANGIBLE ASSETS	111
B.3.	PARTICIPATING INTERESTS	113
B.4.	FINANCIAL ASSETS AND FINANCIAL LIABILITIES (FINANCIAL INSTRUMENTS)	113
B.5.	PROVISIONS	119
B.6.	CONVERSION OF FOREIGN CURRENCY	119
B.7.	TAXATION	120
B.8.	USE OF ESTIMATES	120
B.9.	DERIVATIVES	120
B.10.	CHANGES IN ACCOUNTING POLICIES	121
B.11.	PRIOR PERIOD ERROR CORRECTIONS AND CHANGES IN ACCOUNTING METHODS	124

### C. ADDITIONAL INFORMATION TO THE BALANCE SHEET AND INDIVIDUAL PROFIT AND LOSS STATEMENT

C.1.	CASH AND CASH EQUIVALENTS	125
C.2.	RECEIVABLES FROM BANKS	125
C.3.	RECEIVABLES FROM NON-BANKING ENTITIES	126
C.4.	ÚČASTI S ROZHODUJÍCÍM VLIVEM	127
C.5.	DERIVATIVES	127
C.6.	NON-CURRENT ASSETS	128
	C.6.1. Structure of non-current assets	128
	C.6.2. Non-current tangible assets acquired as part of leasing	130
C.7.	OTHER ASSETS	131
C.8.	LIABILITIES TO BANKS	132
C.9.	LIABILITIES TO NON-BANKS	132
C.10.	OTHER LIABILITIES	133
C.11.	INCOME TAX	133
C.12.	PROVISIONS	134
C.13.	SHAREHOLDERS' EQUITY	134
C.14.	EARNINGS PER SHARE	137
C.15.	COMMITMENTS AND GUARANTEES RECEIVED	137
C.16.	NET INTEREST INCOME/EXPENSE	137
C.17.	FEE AND COMMISSION INCOME AND EXPENSE	138
C.18.	GAIN OR LOSS ON FINANCIAL OPERATIONS	138
C.19.	OTHER OPERATING EXPENSE AND INCOME	138
C.20.	ADMINISTRATIVE EXPENSES	139
C.21.	INCOME AND EXPENSES BY OPERATING SEGMENTS	140
C.22.	TRANSACTIONS WITH RELATED PARTIES	140
C.23.	CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES	141
C.24.	FINANCIAL INSTRUMENTS - RISK MANAGEMENT	142
C.25.	FAIR VALUE	151
C.26.	RELEVANT ELEMENTS	154
C.27.	SUBSEQUENT EVENTS	155
C.28.	DECLARATION OF PERSONS WITH MANAGING POWERS	155



## A. GENERAL INFORMATION

### A.1. Description of parent company

**Name:** SAB Finance a.s.

**Registered office:** Praha 1 - Nové Město, Senovážné nám.1375/19, 110 00, Czech Republic

**Legal form:** Joint-stock company

**Principal business activity:** performance of activities of a payment institution within the scope of the authorization granted by the Czech National Bank pursuant to Act No. 284/2009 Coll., on payment transactions

**Date of incorporation:** 30 July 2010

**Company ID No. [IČ]:** 247 17 444

("SABF" or "the Company" or "the entity")

Since 27 April 2011, the Company has been performing the activities of a payment institution within the scope of the authorization granted by the Czech National Bank pursuant to Act No. 284/2009 Coll., on payment transactions. This was recorded in the Commercial Register on 15 February 2013.

Since 2 April 2014, the Company's other activity has been the lease of real estate, flats, and non-residential premises.

Since 2 April 2014, the Company has complied with Act No. 90/2012 Coll., on Corporations and Cooperatives, in its entirety by proceeding in accordance with Section 777 (5) of this act.

Since 28 January 2021, the Company's shares have been traded on the Standard Market of the Prague Stock Exchange.

### A.2. Members of the board of directors and supervisory board as of 31 Dec 2022

Status as of 31 Dec 2022	First and last name	Function
Statutory body - board of directors	Ing. Ondřej Korecký, FCCA	Chairman of the Board
Statutory body - board of directors	Ing. Petr Čumba	Member of the board of directors
Statutory body - board of directors	Ing. Dana Hübnerová	Member of the board of directors
Supervisory Board	Ing. Radomír Lapčík, LL.M.	Chair of Supervisory Committee
Supervisory Board	Jana Ježková	Member of the Supervisory Committee
Audit Committee	MVDr. Jan Černý	chairman of the audit committee
Audit Committee	Prof. Dr. Ing. Drahomíra Pavelková	member of the audit committee
Audit Committee	Ing. Blanka Kameníková, Ph.D.	member of the audit committee

The chair of the board of directors on their own or at least two members of the board of directors act on behalf of the Company.

The board of directors has three members who are appointed and dismissed by the supervisory board. Members of the Board of Directors elect the chair from among their number. The term of service is five years. Each member of the board of directors has the right to one vote at a meeting of the board of directors, with the chair's vote being decisive if the votes are deadlocked.

The supervisory board has two members who are appointed and dismissed by the general meeting. Members of the supervisory board elect the chair from among their number. The term of service is five years. The supervisory board meets at least once a year. Each member of the supervisory board has the right to one vote at a meeting of the supervisory board, with the chair's vote being decisive if the votes are deadlocked.

The audit committee has three members who are appointed and dismissed by the general meeting from among the members of the supervisory board or third parties. The audit committee elects its own chair and vice-chair, with the chair being independent as defined by the relevant provisions of the Act on Auditors. The term of office of each member of the audit committee is five years. The audit committee is quorate when a majority of all members are present. Each member of the Audit Committee has one vote in the decision-making process. The Audit Committee reaches decisions through a supermajority of all its members. The vote of the chair of the audit committee is not decisive if the votes are deadlocked.

#### Changes in the board of directors and supervisory board during the period

In 2022, the board of directors changed as follows:

- On 3 February 2022, Ing. Petr Čumba was recalled from his position as the chair of the board of directors.
- On 03 February 2022, Ing. Ondřej Korecký, FCCA was appointed the chair of the board of directors.
- On 02 February 2022, Ing. Martin Farský, FCCA was recalled from his position as member of the board of directors.

The above changes were recorded in the Commercial Register on 9 March 2022.

#### Board of Directors as of 31 Dec 2022

##### Ing. Ondřej Korecký, FCCA

In addition to deciding on all Company matters not reserved by law or the articles of association for the general meeting or the supervisory board and acting for the Company externally, Ing. Ondřej Korecký, FCCA holds the position of head of the economic department in the Company based on an employment contract.

Born on: 20 May 1986

Office assumed on: 03 Feb 2022

##### Experience:

He graduated from the University of Economics in Prague, specializing in commercial law, monetary economics, and banking. From 2009 to 2014, he worked in the audit department of Ernst & Young Audit, where he was responsible for audits of separate financial statements of companies in the financial sector. From 2014 to 2016, he gained international experience at Ernst & Young Wellington in New Zealand where he was responsible for audits and other assurance engagements for companies operating in various sectors. From 2016 to 2018, he held the position of head of compliance at Moravský Peněžní Ústav - spořitelní družstvo (today Trinity Bank a.s.) and SAB Finance a.s. In 2018, he was appointed as member of the board of directors of FCM Bank Limited, a Maltese bank, and held the position of chief financial officer. As such, he has been approved by both the European Central Bank and the Malta Financial Services Authority as being professionally fit and proper to serve on the bank's board of directors. Since 2019, he has held the position of director of the economic department at TRINITY BANK a.s. and head of the economic department at the Company. In 2009-2013, he completed the qualifications of the Association of Chartered Certified Accountants and holds the FCCA title.

#### Current membership in the statutory bodies of other companies:

member of the board of directors of FCM Bank Limited (Malta)

#### Former membership in the statutory bodies of other companies in the last five years:

Vice-chair of the supervisory board of SAB o.c.p., a.s. (Slovakia)

#### **Ing. Petr Čumba**

Other than deciding on all Company matters not reserved by law or the articles of association for the general meeting or the supervisory board and acting for the Company externally, Ing. Petr Čumba does not perform any other activity for the Company.

Born on: 02 Aug 1968

Office assumed on: 03 Feb 2022

#### Experience:

Mr. Čumba is a graduate of the Brno University of Technology. In addition to the positions he held in the governing bodies of the Company over the last 5 years (listed below), between 1994 and 1997 he was the deputy director of Union banka a.s., Hodonín, where he was responsible for managing the company's business development. Between 1999 and 2001, he was the director of SPP Bohemia Trade a.s. In 2001-2010, he worked as CFO at MND a.s. where he was responsible for all economic processes in the company. From 2004 to 2010, he was a member of the board of directors and chairman of the supervisory board of Moravské naftové doly a.s. From 2013 to the present, in addition to the positions mentioned below, he held the position of director of the economic department (in the period May 2013 to Jan 2015) and from 2015 to 2018 he was a member of the audit committee (a position accredited by the CNB) at Moravský Peněžní Ústav - spořitelní družstvo (Savings Association) (now TRINITY BANK a.s.). He is currently a member of the audit committee of TRINITY BANK. Petr Čumba has been a member of the board of directors of FCM Bank Limited in Malta since its acquisition by the SAB Group at the end of 2017.

#### Current membership in the statutory bodies of other companies:

member of the statutory body of TRINITY Investorská a.s.

member of the board of trustees of Trinity Credo Foundation

member of the board of trustees of MORAM CZ, s.r.o.

member of the board of trustees of EduVision s.r.o.

member of the statutory body of EcoSave technologies a.s.

statutory representative of mediaport solutions s.r.o.

statutory representative of SAB Bohemia s.r.o.

member of the board of directors of SAB Europe Holding Ltd. (Malta)

member of the board of directors of SAB Malta Ltd. (Malta)

member of the board of directors of SAB Financial Investments a.s.

member of the board of directors of FCM Bank Limited (Malta)

member of the board of directors of Prostream Global Limited (Ireland)

member of the supervisory board of SAB o.c.p., a.s. (Slovakia)

#### Former membership in the statutory bodies of other companies in the last five years:

member of the board of directors of SAB o.c.p., a.s. (Slovakia)

member of the board of trustees of Optiware Net, s.r.o.

vice-chair of the board of directors of Národní Centrum Tkání a Buněk a.s.

vice-chair of the board of directors of Centrum buněčné terapie a diagnostiky a.s.

statutory representative of Cryo Storage s.r.o.

statutory representative of BioniX s.r.o.

#### **Ing. Dana Hübnerová**

In addition to deciding on all Company matters not reserved by law or the articles of association for the general meeting or the supervisory board and acting for the Company externally, Ing. Dana Hübnerová works as a compliance officer in the Company based on an employment contract.

Born on: 01 Feb 1955

Office assumed on: 14 Oct 2020

#### Experience:

Ms. Hübnerová is a graduate of the University of Economics in Prague. After graduating from the university (1978), she worked at the former State Bank of Czechoslovakia in various credit-related positions until 1989. Between 1990 and 2004, she worked in the banking sector, including ČSOB a.s. where she held the position of head of the economic and accounting department and later served as the economic deputy director of a regional branch. From 2005, she worked as internal audit manager and later as compliance manager at Moravský Peněžní Ústav – Savings Association (now TRINITY BANK a.s.) where she is currently a compliance consultant. Since 2016, she has also worked as compliance consultant at SAB Finance a.s. Since 2014, she has been a member of the board of directors of Správa Aktiv a Bankovní Poradenství a.s. and SAB Financial Group a.s. and a member of the supervisory board of SAB Holding a.s. In 2017, she was appointed to the supervisory board of SAB o.c.p. and in the following year to the supervisory board of SAB Financial Investments a.s. In 2019, she was appointed a member of the board of trustees of the Trinity Credo Foundation.

#### Current membership in the statutory bodies of other companies:

chair of the supervisory board of SAB o.c.p., a.s. (Slovakia)

member of the board of directors of SAB Financial Group a.s.

member of the supervisory board of SAB Holding a.s.

member of the supervisory board of SAB Financial Investments a.s.

member of the board of trustees of Trinity Credo Foundation

#### Former membership in the statutory bodies of other companies in the last five years:

member of the board of directors of Správa Aktiv a Bankovní Poradenství a.s.

The members of the board of directors declare that:

- none of the members of the board of directors has been convicted of a deliberate criminal offence in the past five years;
- no member of the board of directors has been publicly charged or sanctioned by statutory or regulatory authorities in the past five years;
- no member of the board of directors has been barred by a court from holding any office as a member of an administrative, management, or supervisory body or from holding any office in the management or conduct of the business of the Company or any other issuer of securities in the past five years;
- no member of the board of directors has been involved in bankruptcy proceedings, liquidation, or receivership in the past five years as an individual or as a member of the Company's statutory or supervisory body;
- they are not related to any other members of the Company's board of directors or members of the Company's supervisory board;
- they are not aware of any existing or impending conflict of interest related to the performance of their duties as members of the board of directors.

## Supervisory board as of 31 Dec 2022

### Ing. Radomír Lapčík, LL. M.

Chair of the supervisory board

Born on: 03 Jul 1969

Office assumed on: 04 Mar 2019

#### Experience:

A Zlín native and patriot, Mr. Lapčík is the founder and 100% owner of SAB Group with more than 26 years of experience in the banking sector. He is an adherent of the Baťa style of business – from drops in the sea, from pennies to millions – i.e., achieving profitability step by step, taking care of clients every day. He is a supporter of conservative and safe banking and of gradual and continuous development, resting on the continuous improvement of services. He was awarded Entrepreneur of the Year of the Zlín Region in 2008.

His career has strongly focused on the banking sector and financial services. He started doing business in the financial sector in the Czech Republic 26 years ago when he founded Moravský Peněžní Ústav – Savings Association in 1996, which he transformed into TRINITY BANK a.s. on 1 1. 2019. At Moravský Peněžní Ústav – Savings Association, he served as chair of the board of directors and CEO.

At present, he is chairman of the supervisory board of SAB Finance a.s. and chairman of the supervisory board of TRINITY BANK a.s., and has been approved by the Czech National Bank as a person suitable and professionally qualified for these positions.

In 2017 and 2018, he was approved along with SAB Finance a.s. and SAB Europe Holding Ltd. by the European Central Bank and the Malta Financial Services Authority, the National Bank of Slovakia, and the UK regulator Financial Conduct Authority as a suitable and financially strong owner of regulated entities (bank, securities dealer, and payment institution).

He studied business law at Nottingham Trent University (UK) where he obtained a Master of Laws degree. Prior to that, he graduated from Brno University of Technology and completed his doctoral studies at Tomas Baťa University in Zlín.

In addition to conducting business, he is also a professor, having lectured at the University of Economics in Prague and having introduced the subject of financial mathematics at Tomas Baťa University.

He is also active as a philanthropist. His foundation CREDO CZ has been supporting families with disabled children for some time. The NAVZDORY program, to which he has donated CZK 10 million, is currently working to mitigate the effects of the COVID-19 pandemic on socially vulnerable families in the Zlín Region.

#### Current membership in the statutory bodies of other companies:

chair of the supervisory board of TRINITY BANK a.s.

chair and member of the supervisory board of CREDO CZ – foundation

member of the board of trustees of Trinity Credo Foundation

### Jana Ježková

Member of the supervisory board

Born on: 04 Jan 1959

Office assumed on: 11 Nov 2020

#### Experience:

Vystudovala střední ekonomickou školu zakončenou maturitou, po absolvování SEŠ (1978) do roku 1991 pracovala na různých pozicích až po funkci samostatného odborného referenta na Federálním ministerstvu zahraničního obchodu, v letech 1992 až 1994 pracovala ve společnosti SETRA Service Trading s.r.o. jako vedoucí prodeje telekomunikační techniky, od roku 1995 do roku 2013 pak vykonávala funkci ředitele obchodního a nákupního centra ve společnosti OVUS a.s., od roku 2014 dosud pracuje na manažerské pozici ve společnosti Správa Aktiv a Bankovní Poradenství a.s., u které se v roce 2021 díky fúzi stala nástupnickou společností společnost SAB CZ s.r.o.

#### Current membership in the statutory bodies of other companies:

statutory representative of SAB CZ s.r.o.

statutory representative of Domy Květnice Development s.r.o.

member of the board of directors of OVUS a.s.

member of the board of the Unit Owners' Association for the building at Makovského 1140-1145, Prague 6

member of the supervisory board of SAB Financial Group a.s.

chair of the management board of newstream agency a.s.

The members of the supervisory board declare that:

- none of the members of the supervisory board has been convicted of a deliberate criminal offence in the past five years;
- no member of the supervisory board has been publicly charged or sanctioned by statutory or regulatory authorities in the past five years;
- no member of the supervisory board has been barred by a court from holding any office as a member of an administrative, management, or supervisory body or from holding any office in the management or conduct of the business of the Company or any other issuer of securities in the past five years;
- no member of supervisory board has been involved in bankruptcy proceedings, liquidation, or receivership in the past five years as an individual or as a member of the Company's statutory or supervisory body;
- they are not related to any other members of the Company's supervisory board or members of the Company's board of directors.
- they are not aware of any existing or impending conflict of interest related to the performance of their duties as members of the supervisory board.

The business addresses of members of the board of directors and supervisory board are the same as the registered office of the Company.

## A.3. Changes in the Commercial Register

In 2022, changes were made to the Commercial Register, in particular changes to the Company's board of directors, see section A.3. **Changes to the board of directors and supervisory board during the current period**, which is included in the appendix to this consolidated annual report. On 11 March 2022, the following documents were added to the Collection of Deeds:

- Supervisory board meeting minutes dated 01 Feb 2022
- Board of directors meeting minutes of 02 Feb 2022
- Board of directors meeting minutes of 03 Feb 2022

On 3 May 2022, the following documents were added to the Collection of Deeds:

- individual financial statements for 2021
- individual annual report for 2021
- report on relations for 2021
- auditor's report on the individual financial statements for 2021

#### A.4. Company's securities

The Company's ordinary shares, ISIN: CZ0009009940, have been issued pursuant to the Corporations Act and Act No. 89/2012 Coll., the Civil Code, as bearer shares in book-entry form. The shares have a nominal value of CZK 388 (before the share split in October 2021: CZK 3,880). The shares are registered in the central register of book-entry securities maintained by Centrální depozitář cenných papírů, a.s., corp. ID: 250 81 489, with registered office in Rybná 14, 110 05 Prague 1. The shares are freely transferable.

No special rights are attached to the shares. Shareholders particularly have the following rights: the right to a share in the Company's profit (dividend) and the right to participate in the general meeting, to vote at the general meeting, to request and receive explanations of matters concerning the Company, to make proposals and counterproposals, to lodge protests, or to exercise other shareholder rights under the articles of incorporation and applicable legislation. Upon dissolution of the Company, the shareholder shall be entitled to a share of the liquidation balance. A detailed description of the rights and obligations attached to the shares is contained in the Company's articles of incorporation available on [www.justice.cz](http://www.justice.cz) and in applicable legislation, in particular the Corporations Act.

#### A.5. Decision-making and powers of the general meeting

As the supreme body of the Company, the general meeting is quorate if shareholders holding shares with a nominal value exceeding 30% of the registered capital are present. Voting at the general meeting takes place through a show of hands. An electronic voting machine or other similar method may be used to record votes. If all shareholders agree, the general meeting may be conducted without complying with the requirements stipulated by law for convening a general meeting. Per rollam decision-making pursuant to Sections 418 to 420 of the Corporations Act is not permitted.

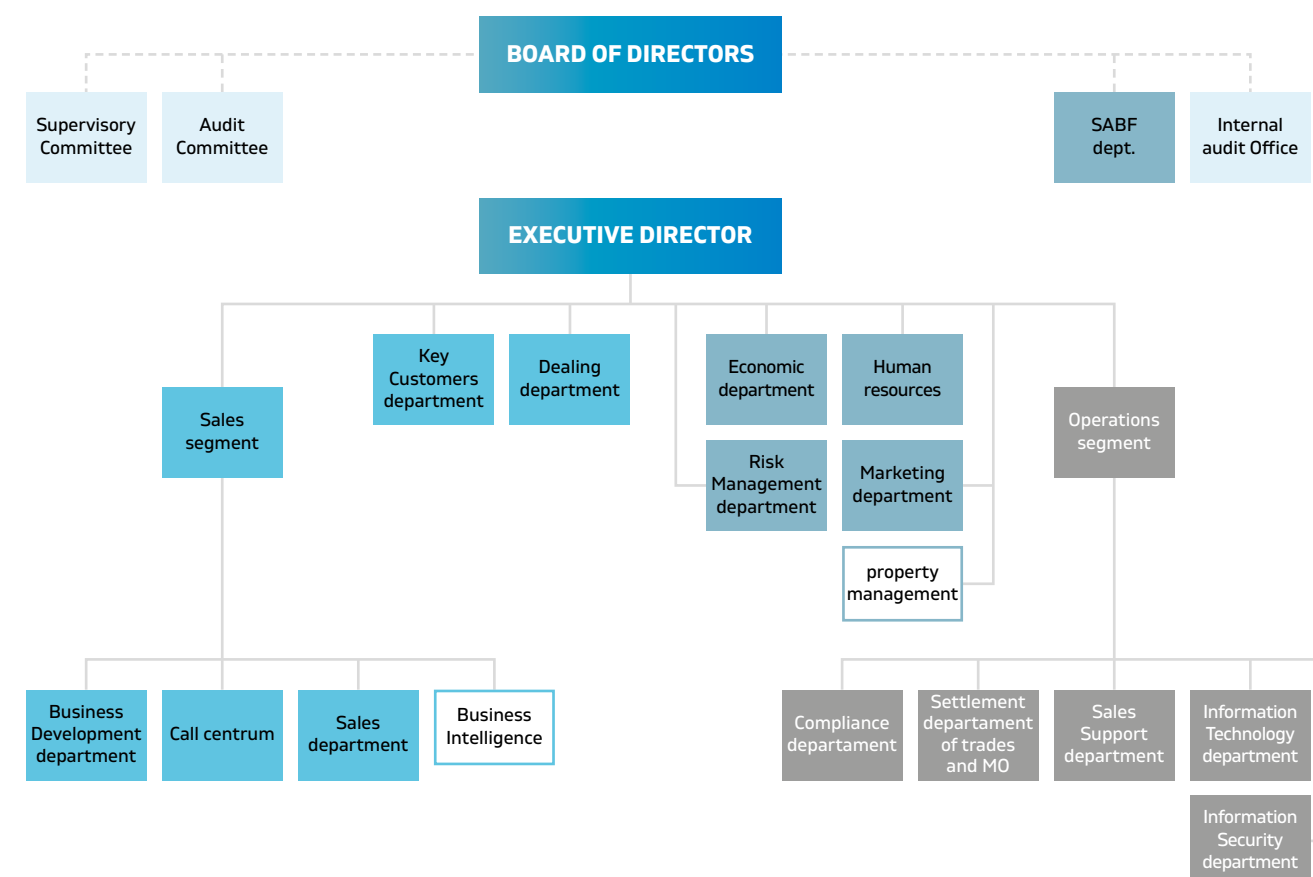
The powers of the general meeting mainly include decision-making regarding the change of the articles of incorporation unless such an amendment is due to an increase in the registered capital authorized by the board of directors or a change resulting from other legal circumstances, the issuing of instructions to the board of directors or the approval of the principles of the board of directors' activities, and the decision to lease the Company's plant or any of its parts comprising a separate organizational unit, the appointing or dismissing of a liquidator, the approving of a contract for performance of an office and its remuneration pursuant to Section 61 of the Act on Corporations, the appointing and dismissing of members of the supervisory board, the appointing and dismissing of the audit committee and the approving of contracts for performance of the office of a member of the audit committee, the approving of remuneration policy and remuneration reports pursuant to the Act on Capital Market Undertakings, the approving of significant transactions pursuant to Section 121s et seq. of the Act on Capital Market Undertakings, and decisions on any other matters entrusted to it by the articles of incorporation or applicable legislation, in particular the Act on Corporations.

#### A.6. Information on the Company's corporate governance codes

In 2022, the Company did not implement any corporate governance policies or any other similar policies.

The Company's activities are governed by generally binding legislation, the articles of incorporation, and internal policies, which are regularly reviewed and updated accordingly. The Company considers this framework to be sufficient to maintain responsible and transparent operations, including corporate governance.

#### A.7. Organizational structure as of 31 Dec 2022



#### A.8. Entities with significant and controlling influence

A list of shareholders who hold more than 20% of the Company's registered capital.

Shareholder's first and last name	Share of registered capital as of 31 Dec 2022	Share of registered capital as of 31 Dec 2021
SAB Financial Group a.s.	71.80 %	86.48 %

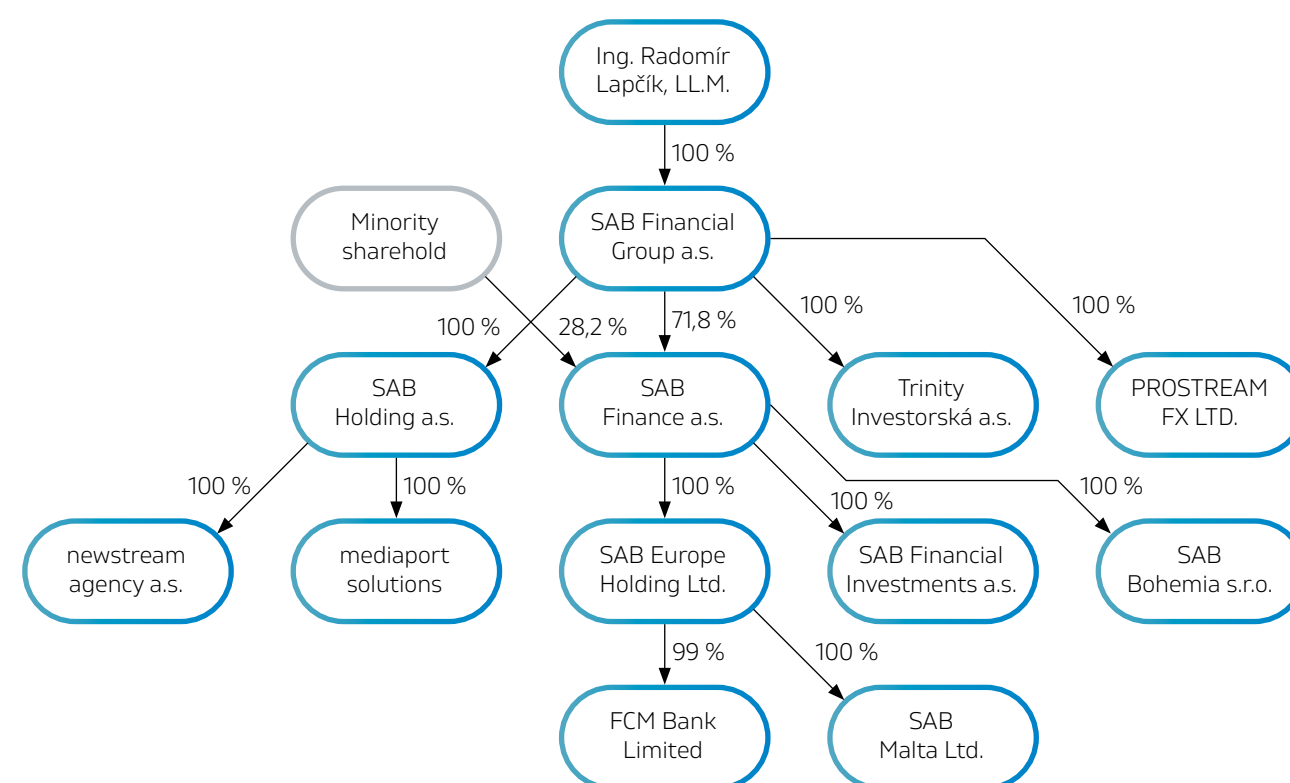


## A.9. Ownership interests with decisive influence

List of companies and cooperatives in which the Company holds more than 20% of the registered capital.

Shareholder's first and last name	Share of registered capital as of 31 Dec 2022	Share of registered capital as of 31 Dec 2021
SAB Europe Holding Ltd.	100 %	100 %
SAB Bohemia s.r.o.	100 %	100 %
SAB Financial Investments a.s.	100 %	100 %

## A.10. Identification of the group



The parent company of SAB Financial Group a.s. has its registered office at Senovážné náměstí 1375/19, Nové Město, 110 00 Prague 1.

## A.11. Average number of employees, personnel expenses

### A.11.1. Average converted number of FTE during the accounting period

Indicator	2022	2021
Average converted number of employees	64	60
Of which: members of the board of directors	3	3
Members of the supervisory board	2	2

Personnel expenses for employees including the personnel expenses for executives are listed in section C.20. Administrative expenses.

### A.11.2. Fees payable to persons acting as statutory bodies and to members of statutory and supervisory bodies

In 2022, the Company paid fees to statutory body members for their activities in these bodies on the basis of relevant service contracts, totaling CZK 530 thousand (2021: CZK 420 thousand) – see note C.20.

No fees were paid to supervisory board members in 2022 and 2021.

Executives are defined as employees at the senior management level (B-1 and B-2 levels).

Wages and compensation		115,454	87,808
Of which:	executives	29,399	16,921
	Member of the board of directors	530	420
	Members of the supervisory board	0	0

## A.12. Performance in favor of persons close to the Company

The Entity does not provide any loans, borrowings or any other types of security, regardless of whether pecuniary or non-pecuniary, to any persons acting as statutory bodies or members of statutory or other managing or supervisory bodies.

## A.13. Basis for preparing the individual financial statements

The individual financial statements have been prepared based on the accounting records maintained in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union under Regulation (EC) No. 1606/2002, on the application of International Accounting Standards.

These individual financial statements are the Company's first individual financial statements prepared under IFRS. The date of transition to IFRS is 1 January 2021. These individual financial statements include an individual statement of financial position under IFRS, which includes data as of the balance sheet date (31 December 2022) and as of the end of the previous financial year (31 December 2021). The transition to IFRS and its impact on the reported financial position, financial performance, and cash flows is discussed in chapter B.10. Changes in accounting policies.

The individual financial statements have been prepared based on the assumption that the Company will continue as a going concern and that nothing has occurred that would restrict or prevent it from continuing in its business in the foreseeable future.

The individual financial statements were prepared on a historical cost basis, except for the financial instruments recognized at fair value through profit or loss.

The balance sheet date is 31 Dec 2022. The current period runs from 1 Jan 2022 to 31 Dec 2022. The previous period ran from 1 Jan 2021 to 31 Dec 2021.

The individual financial statements are presented in the Czech crowns ("CZK"), which is the Company's functional currency. All data stated in thousands of CZK (th. CZK) unless indicated otherwise.

These individual financial statements are non-consolidated. The Company also prepares consolidated financial statements.

#### A.14. New or amended Standards and Interpretations, as endorsed by the EU as of 10 November 2022, that are effective for annual periods beginning after 1 January 2022

Standard/interpretation	Nature of the impending change in accounting policy	Potential impact on the financial statements
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Materiality assessment (Effective for annual periods beginning on or after 1 January 2023; earlier use is permitted.)	The amendments to IAS 1 require entities to disclose significant (material) information about their accounting policies instead of substantive accounting policies.	The Group plans to apply the amendment on 1 January 2024. The Group expects that the amendments, when initially applied, will have no material impact on its financial statements.
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Effective for annual periods beginning on or after 1 January 2023; earlier use is permitted.)	The amendments introduced a definition of 'accounting estimates' and included other amendments to IAS 8 clarifying how to distinguish changes in accounting policies from changes in estimates. The distinction is important as changes in accounting policies are generally applied retrospectively while changes in estimates are accounted for in the period in which the change occurs.	The Group plans to apply the amendment on 1 January 2023. The Group expects that the amendments, when initially applied, will have no material impact on its financial statements.
Amendments to IAS 12 Income Taxes Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Effective for annual periods beginning on or after 1 January 2023. Early application is permitted.)	The amendments narrow the scope of the initial recognition exemption (IRE) to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.	The Group plans to apply the amendment on 1 January 2024. The Group expects that the amendments, when initially applied, will have no material impact on its financial statements.

#### A.15. New or amended Standards and Interpretations that are effective for annual periods beginning after 1 January 2022, not yet endorsed by the EU as of 10 November 2022

Standard/interpretation	Nature of the impending change in accounting policy	Potential impact on the financial statements
Amendments to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and its associate or joint venture (Effective date deferred indefinitely. Available for optional adoption in full IFRS financial statements. The European Commission decided to defer the endorsement indefinitely, it is unlikely that it will be endorsed by the EU in the foreseeable future)	The Amendments clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business, such that: • a full gain or loss is recognized when a transaction between an investor and its associate or joint venture involves the transfer of an asset or assets which constitute a business (whether it is housed in a subsidiary or not), while • a partial gain or loss is recognized when a transaction between an investor and its associate or joint venture involves assets that do not constitute a business, even if these assets are housed in a subsidiary.	The Group plans to apply the amendment on 1 January 2023. The Group expects that the amendments, when initially applied, will have no material impact on its financial statements.
Amendments to IAS 1 Presentation of Financial Statements Classification of Liabilities as Current or Non-current (Effective for annual periods beginning on or after 1 January 2024; earlier use is permitted.)	See description below.	See description below.
Amendments to IAS 1 Presentation of Financial Statements Non-Current Liabilities with Covenants (Effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Early application is permitted. Specific transition requirements apply for companies that have early-adopted the previously issued but not yet effective 2020 amendments.)	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments, as issued in 2020, has removed the requirement for a right to be unconditional and instead requires that a right to defer settlement must exist at the reporting date and have substance (the classification of liabilities is unaffected by management's intentions or expectations about whether the company will exercise its right to defer settlement or will choose to settle early) The amendments, as issued in 2022, further clarify that when the right to defer settlement is subject to a company complying with conditions (covenants) specified in a loan arrangement, only covenants with which the company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date do not affect a liability's classification at that date. However, the amendments require companies to disclose information about these future covenants to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The amendments also clarify how a company classifies a liability that can be settled in its own shares (e.g. convertible debt).	The Group plans to apply the amendment on 1 January 2024. The Group expects that the amendments, when initially applied, will have no material impact on its financial statements.

Standard/interpretation	Nature of the impending change in accounting policy	Potential impact on the financial statements
Amendments to IFRS 16 Leases Lease Liability in a Sale and Leaseback  (Effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively.) Early application is permitted.)	Amendments to IFRS 16 Leases impact how a seller-lessee accounts for variable lease payments in a sale-and-leaseback transaction. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered into since 2019. Novelizace potvrzuje: • on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction; • after initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. These amendments do not change the accounting for leases other than those arising in a sale and leaseback transaction.	The Group plans to apply the amendment on 1 January 2024. The Group expects that the amendments, when initially applied, will have no material impact on its financial statements.

<sup>1</sup> On 31 October 2022, the IASB issued an amendment which delayed the effective date to 01 January 2024.

The chapters in Section A consist of other information in the individual annual report.

## B. ACCOUNTING POLICIES AND VALUATION METHODS

### B.1. Transaction date

Depending on the transaction type, the transaction date is generally defined as the date of cash payment or collection, the date of purchase or sale of foreign currency, the date of executing a payment or collection from a customer's account, the date of ordering a correspondent to execute a payment, the date the funds are credited according to the notification received from the bank's correspondent, or the trade and settlement date for foreign currency transactions

For accounting transactions involving the purchase and sale of financial assets with a usual supply date (spot transactions), the trade day accounting method was used. The purchase or sale of a financial asset is reported in the balance sheet on the trade day, as is the liability or receivable associated with the payment for a financial asset

The Company derecognizes a financial asset or its part from the balance sheet if it loses control over its contractual rights to that asset or its part. The accounting entity loses that control if it exercises the rights to benefits defined by a contract or if those rights are revoked or if it waives those rights.

### B.2. Non-current tangible and intangible assets

Non-current tangible assets and intangible assets are reported at their acquisition cost. Depreciation is calculated based on the acquisition cost and the estimated useful lives of the appropriate assets. Non-current tangible assets and non-current intangible assets with acquisition cost up to CZK 2 thousand are not recognized on the balance sheet and are expensed in the year of acquisition.

Depreciation and amortization methods and periods according to asset groups

Assets	Method	Number of years
Buildings	linear	60
Inventory, instruments, equipment	linear	4-10
Software	linear	3-5

Land, assets under construction, works of art and art collections are not depreciated. Leasehold improvements are depreciated on a straight-line basis over the shorter of the lease term and their estimated useful lives.

Expected useful lives are annually assessed and/or reviewed. Changes in depreciation periods, if any, are recognized as changes in the estimate of the current year's result.

Costs incurred after the asset has been put into use, such as the repair and maintenance costs, are recorded in the period in which they were incurred.

#### a) Non-current tangible assets

Tangible assets are measured at cost less accumulated depreciation and impairment losses over the estimated useful life of the asset.

The acquisition cost includes the purchase price of the asset, any costs directly attributable to transporting the asset to its destination and ensuring that the asset is in the condition necessary for its intended use by the Company's management, and an initial estimate of the cost of dismantling and removing the asset.

Subsequent to initial recognition, non-current tangible assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

## b) Intangible assets

Software acquired by the Company is valued at cost less accumulated depreciation and any impairment losses.

The cost of internally produced software is recognized as an asset when the Company is able to demonstrate its intention and ability to complete the development of the software and use it to generate future economic benefits while the cost of completing the development can be reliably measured.

Software internally produced by the Company is valued at cost less accumulated depreciation and any impairment losses.

Software is depreciated over its useful life, usually not exceeding 3 to 5 years.

Subsequent costs incurred for the software are capitalized only if they increase the future economic benefits arising from the related asset. All other costs are charged to expenses as they are incurred.

## c) Impairment of non-financial assets

At each balance sheet date, the Company reviews the carrying amounts of its non-financial assets and assesses whether there is any indication of impairment. If such an indication exists, the recoverable amount is estimated.

The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. Impairment losses are charged to profit or loss.

An impairment loss may be reversed to the extent that the new value does not exceed the carrying amount that would have been determined if no impairment loss had been recognized.

## Leasing from the lessee perspective

The Group applies IFRS 16 Leases. A contract is considered a lease if it transfers the right to control the use of the identified asset for a certain time period in exchange for consideration.

IFRS 16 brings in particular changes in accounting and reporting for lessees. The accounting entity in the role of lessor reports leased right-of-use assets and the associated lease liability on the balance sheet, with the exception where:

- the lease period is not more than 12 months,
- or the underlying asset has a low purchase price.

## Right-of-use assets

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

- initial measurement of lease liability,
- lease payments made from the beginning of or prior to this date after deducting all retained lease incentives,
- initial direct costs,
- estimated costs that the lessee expends for dismantling and removal of the leased asset.

The right-of-use asset is reported on the balance sheet in the item "Non-current tangible assets" and is depreciated using the straight-line method for the period until the end of the economic life of the underlying asset or until the end of the lease, depending on which period ends sooner. Relevant write-offs are reported in the consolidated profit and loss statement in the item "Depreciation, additions and utilization of provisions and adjustments to non-current tangible and intangible assets".

## Lease liability

A lease liability is initially measured in the amount of the net present value of lease payments not paid as of the date of initial presentation. Lease payments are discounted by the interest rate that the lessee would have to pay if the funds for purchase of the underlying asset were borrowed, taking into account the conditions associated with lease (i.e. lease/loan term, amount of the loan, etc.).

The lease liability is then remeasured if there is a change to future lease payments (e.g. due to a change in the evaluation of whether and when the extension or premature termination of the lease will occur, etc.). If the lease liability is remeasured in this manner, this results in the modification of the valuation of the right-of-use asset. If the right-of-use asset is null, the given remeasurement of the lease liability is recognized via the consolidated profit and loss statement.

The lease liability is reported on the balance sheet in the line item "Other liabilities".

Interest expenses originating from a lease liability are reported in the profit and loss statement in the field "Interest expenses and similar costs" and differentiated using effective interest rate.

## B.3. Participating interests

### Participating interests

A subsidiary (controlling interest) is an entity controlled by another entity.

Control of an investee means that the investor controls the investee if it is exposed to, or entitled to, variable returns by virtue of its involvement with the investee and can influence those returns through its power over the investee.

Therefore, an investor controls an investee only if all of the following apply:

- it has power over the investee,
- by virtue of his or her involvement in the investee, he or she is exposed to, or has the right to, variable returns,
- is able to use its power over the investee to influence the amount of its returns.

### Measurement

Investments in subsidiaries are valued at cost less any allowances for impairment of those interests, individually for each interest.

The establishment, release and utilization of related adjustments is recognized in the individual profit and loss statement under "Release of adjustments to ownership interests with controlling or significant influence" and "Losses on transfer of ownership interests with controlling or significant influence, establishment and utilization of adjustments to ownership interests with controlling or significant influence".

## B.4. Financial assets and financial liabilities (financial instruments)

### 1. Initial recognition and subsequent measurement

SABF initially recognizes selected financial assets and financial liabilities (e.g., receivables from clients, liabilities to clients) at the moment they arise. All other financial instruments (including spot purchases and sales of financial assets – regular-way purchases and sales of financial assets) are recognized at the date the trade is agreed, which is the date when the accounting entity becomes a party to the contract for the relevant financial instrument.



## 2. Classification

On initial recognition a financial asset is measured under the following classification categories:

- amortized cost (AC)
- fair value through other comprehensive income (FVOCI)
- fair value through profit or loss (FVTPL).

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

- the asset is held within a business model that seeks to hold financial assets to earn contractual cash flows,
- the contractual terms of the financial asset specify a specific date for cash flows consisting solely of principal and interest payments on the outstanding principal amount (the 'SPPI test').

A financial asset is measured at fair value through other comprehensive income (FVOCI) only if it meets both of the following conditions and at the same time is not designated as measured at fair value through profit or loss (FVTPL):

- the asset is held within a business model whose objective is achieved through both the collection of contractual cash flows and the sale of financial assets
- the contractual terms of the financial asset specify a specific date for cash flows consisting solely of principal and interest payments on the outstanding principal amount (the 'SPPI test').

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

### Reclassification

Financial assets are not reclassified after initial recognition unless the accounting entity changes its business model for the management of financial assets during the current period.

### Financial liabilities

The accounting entity classifies its financial liabilities other than financial guarantees and commitments measured as measured at:

- amortized cost or
- fair value through profit or loss (FVTPL).

## 3. Derecognition

### Financial assets

The accounting entity derecognizes a financial asset if

- the contractual rights to the cash flows from the financial asset cease to exist, or
- it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownerships of the financial asset are transferred or in which the entity neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between

- the carrying amount of the asset (or part of the carrying amount allocated to the part of the asset derecognized) and
- the sum of (i) the consideration received (including any new asset acquired less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in equity

is recognized in the individual statement of profit and loss and comprehensive income.

### Financial liabilities

The entity derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire.

## 4. Modification of financial assets and financial liabilities

### Financial assets

If the terms of a financial asset are modified, the entity evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to the cash flows from the original financial asset are deemed to have expired. In such a case, the original financial asset is derecognized and a new financial asset is recognized at fair value.

If the cash flows from the modified asset carried at amortized cost are not substantially different, then the modification does not result in the derecognition of the financial asset. In such a case, the entity recalculates the gross carrying amount of the financial asset and recognizes the amount arising from adjusting the gross carrying amount as a gain or loss from modification in the income statement. If such a modification is carried out because of a borrower's financial difficulties, then the gain or loss is recognized together with the creation, release, or use of loss allowances in the income statement. In other cases, the gain or loss is recognized together with interest income in the income statement.

### Financial liabilities

The accounting entity derecognizes a financial liability if the conditions of the financial liability are modified and the cash flows from the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in the income statement.

## 5. Fair value measurement

Fair value is the price that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants at the measurement date on the principal (or most advantageous) market to which the accounting entity has access as of the given date. The fair value of a liability reflects the risk of non-performance. Non-performance risk includes but may not be limited to the entity's own credit risk.

The accounting entity measures the fair value of an instrument using the quoted prices on the active market for the given instrument if such as price is available. An active market is the market where transactions for assets or liabilities are carried out frequently and in sufficient volume to ensure regular price information.

When a quoted price is not available, the entity shall use valuation techniques maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. The selected valuation technique includes all factors that market participants would include in the measurement of the given transaction.

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 the accounting entity determines that the fair value at initial recognition differs from the transaction price and the fair value is neither based on the quoted price on the active market for an identical asset or liability nor on a valuation technique for which unobservable inputs are considered insignificant in relation to measurement, then the carrying amount of the financial instrument on initial recognition is adjusted to defer the difference between the fair value measurement and the transaction price and subsequently, the difference between the initial fair value and the transaction price is gradually and systematically charged on an accrual basis to the individual profit and loss statement over the useful life of the instrument. However, this is only for a maximum period of time during which the valuation is fully supported by observable market data or until the transaction is completed.

If an asset or a liability measured at fair value has a bid price and an ask price, the entity shall measure

- assets and long positions at the bid price
- and liabilities and short positions at the ask price.

The fair value of a financial liability with a demand feature (e.g., a deposit repayable on demand) is not lower than the amount payable on demand discounted from the first date that the amount could be demanded to be paid.

## 6. Fair value hierarchy

The accounting entity determines fair values using the following fair value hierarchy, which reflects the significance of inputs used for measurement.

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

**Level 2:** Level 2 inputs are inputs other than quoted prices included in Level 1 that are directly (i.e., as prices) or indirectly (i.e., derived from prices) observable for an asset or liability. This level comprises instruments measured by using:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in markets that are 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 measured based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required for them to reflect the differences between the instruments.

The entity considers transfers between the individual levels of the fair value hierarchy performed at the end of the period in which the given change occurred. For more details, see Note C.25 Fair value.

## 7. Impairment

### Determining expected credit loss (ECL)

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the entity expects to receive);

- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount 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 that are due to the entity if the commitment is drawn down and the cash flows that the entity expects to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the entity expects to recover.

The entity recognizes allowances for expected credit losses (ECL) for the following financial instruments not measured at fair value through profit or loss (FVTPL):

- Cash and cash equivalents;
- Receivables from banks;
- Receivables from non-banking entities;
- Other receivables.

### Credit impaired financial assets

At each balance sheet date, the accounting entity assesses whether financial assets measured at amortized cost and debt financial instruments measured at fair value through other comprehensive income (FVOCI), loan commitments and financial guarantee are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence of credit impairment of a financial asset includes the following observable facts:

- significant financial problems of the debtor or issuer;
- breach of contract, e.g., default of the debtor or failure to meet the due date;
- if the debtor is likely to enter bankruptcy, insolvency or other financial reorganization; or
- loss of an active market for the security due to financial difficulties

## 8. Effective interest rate

Interest income and expense are recognized in the individual profit and loss statement under 'Interest income calculated using the effective interest rate method' and 'Interest expense and similar expense', respectively, using the effective interest method.

The effective interest rate is the interest rate that discounts expected future cash inflows and outflows over the expected useful life of a financial instrument to:

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

In calculating the effective interest rate for financial instruments (other than credit-impaired financial assets), the entity estimates future cash flows by considering the contractual terms of the financial instrument but not expected credit losses. For credit-impaired financial assets, the effective interest rate adjusted for credit risk is calculated based on estimated future cash flows including expected credit losses.

The effective interest rate calculation includes transaction costs, fees and interest paid or received between the parties to the contract and forming an integral part of the effective interest rate. Transaction costs include incremental costs directly attributable to the acquisition or issue of a financial asset or financial liability.

## 9. Amortized cost and gross carrying amount

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition less any repayments of principal plus or minus the cumulative amortization of any premium or discount using the effective interest rate (i.e., the difference between the initial cost and the cost at maturity), adjusted for any loss allowances where financial assets are concerned.

The gross carrying amount of a financial asset is the amortized cost of the financial asset before adjustment for any loss allowance.

### Interest income and interest expense calculation

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

- the gross carrying amount of an asset (if the asset is not credit impaired) or
- the amortized cost of a liability.

For financial assets that become credit impaired only after initial recognition, interest income is calculated using the effective interest rate applied to the amortized cost of the financial asset. If the asset is no longer credit impaired, the effective interest rate is again applied to the gross carrying amount.

For financial assets that were credit impaired already at initial recognition, interest income is calculated using the effective interest rate adjusted for the credit risk applied to the amortized cost of the financial asset. For these financial assets, the interest income calculation does not change to applying the effective interest rate to the gross carrying amount even if the credit risk of the asset subsequently improves.

### Presentation

Interest income and interest expense recognized in the individual profit and loss statement under ‚Interest income and similar income‘ and ‚Interest expense and similar expense‘ include the following:

- interest on financial assets and financial liabilities measured at amortized cost calculated using the effective interest rate.

Interest income and interest expense relating to assets and liabilities held for trading and to other financial assets and financial liabilities measured at FVTPL are recognized together with changes in the fair value of those financial assets and financial liabilities under ‚Gain or loss on financial operations‘ in the individual profit and loss statement.

### Reporting of allowances for expected credit losses in the separate statement of financial position

Allowances for ECL are reported as follows:

- Financial assets measured at amortized cost: an allowance is deducted from the gross carrying amount of an asset.

Allowances for ECL debited to expenses are recognized in the income statement under ‚Net impairment of financial assets‘. Any subsequent use of loss allowances is also recognized in this income statement line.

The release of allowances for ECL for redundancy is recognized in the income statement under ‚Net impairment of financial assets‘.

### Write-off

Loans and debt securities are written off (either partially or fully) when there is no realistic and achievable possibility of their repayment. This generally occurs when the entity determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount owed that is the subject of the write-off. However, written-off financial assets may still be subject to recovery in order to comply with the entity’s recovery procedures.

Recoveries from written-off loans are recognized in the income statement under ‚Net impairment of financial assets‘. In the case of the write-off of a receivable for which an allowance has been created in the full amount, the allowance in the same line item in the individual profit and loss statement is reduced by the same amount. Income from previously depreciated loans are reported in the individual profit and loss statement under ‚Net impairment of financial assets‘.

## B.5. Provisions

A provision represents a probable cash outflow of uncertain timing or amount. A provision is created provided that all the following criteria are met:

- there exists a (legal or constructive) obligation as the result of past events,
- it is probable or certain that an outflow of economic benefits will be required to settle the obligation (probable meaning probability exceeding 50%),
- the amount of the obligation can be estimated reliably

### Income tax liability

As the Company’s income tax return has not yet been filed at the date of preparation of the 1) individual profit and loss statement, the income tax liability represents the difference between the calculated income tax payable and the prepayments made.

## B.6. Conversion of foreign currency

The individual financial statements have been prepared in Czech crowns, which are the Company’s functional currency. The functional currency is the currency of the primary economic environment in which the Company operates.

Transactions in foreign currency are accounted for in the domestic currency translated at the exchange rate declared by the Czech National Bank applicable as of the transaction date.

Assets and liabilities in foreign currency are translated to the domestic currency at the exchange rate announced by the Czech National Bank applicable as of the balance sheet date. The resulting profit or loss from the conversion of assets and liabilities in foreign currency is reported in the individual profit and loss statement as “Gain or loss from financial operations”.

## B.7. Taxation

### Tax payable

The income tax base is calculated from the profit for the current period by adding non-deductible expenses and deducting revenues not subject to income tax, further adjusted for tax credits and any possible offsets.

### Deferred tax

Deferred tax is based on all temporary differences between the book value and the tax value of assets and liabilities using the expected tax rates applicable for the following period. A deferred tax receivable is only accounted for if there is no doubt over its further application in subsequent accounting periods.

## B.8. Use of estimates

In preparing the non-consolidated individual financial statements in accordance with the international accounting regulations, the Company's management uses estimates and makes assumptions that affect the amounts of assets and liabilities reported as of the balance sheet date, information disclosed on contingent assets and liabilities, and the amount of expenses and revenues for the reporting period.

The management of the Company has made these estimates and assumptions on the basis of all relevant information available to it.

These estimates and accounting judgments are based on information available at the date of the individual financial statements and relate in particular to the determination of:

- fair values of financial instruments in the individual statement of financial position of financial instruments not listed on active markets that are classified as financial assets or financial liabilities at fair value recognized in profit or loss;
- impairment of financial assets.

## B.9. Derivatives

A derivative is a financial instrument that meets the following conditions:

- its fair value changes in dependence on a change to the interest rate, the price of a security, the price of a commodity, the exchange rate, price index, credit rating or index, or any other variable (i.e. underlying asset).
- compared to other types of contracts in which a similar response to changes of market conditions is based, it requires little to no initial investment,
- it will be settled in the future, whereas the term of negotiating the trade until its settlement is longer than for spot operations.

The fair value of financial derivatives is determined as the current value of expected cash flows arising from these transactions. Parameters determined on the active market are used to establish the net present value, such as forex rates, interest rates for the given maturities on the basis of yield curves, etc.

The Company also enters into forward contracts that are settled in tranches over time. The fair value of these derivatives is determined as the sum of the option and forward components. The valuation of the forward component is based on the classic forward contract valuation. To calculate the option component, a simulation of the random path of the FX rate is performed for each day from the valuation date until the maturity date of the derivative. The sum of the fair value of the two components comprises the total fair value of the derivative.

## B.10. Změny účetních metod

These individual financial statements are the Company's first individual financial statements prepared under IFRS. The date of transition to IFRS is 1 January 2021. The reason for the change in accounting methods is the Company's admission to the Standard Market of the Prague Stock Exchange, which took place on 28 January 2021. The Company is therefore obliged to prepare its individual financial statements under IFRS in accordance with Accounting Act No. 563/1991 Coll.

### a) Effect of transition to IFRS

The previous individual financial statements for the period ended 31 December 2021 were prepared in accordance with Accounting Act 563/1991 Coll., as amended; Regulation 501/2002 Coll., which provides implementation guidance on certain provisions of the Accounting Act for reporting entities that are financial institutions maintaining double-entry accounting records, as amended; and the Czech Accounting Standards (further referred as „CAS“) Financial Institutions, as amended. The accounting policies in Note B were applied to prepare the individual financial statements for the year ended 31 December 2022, the comparative information in the individual financial statements for the year ended 31 December 2021, and the opening IFRS individual statement of financial position as of 1 January 2021 (the Company's date of transition to IFRS).

In preparing its opening IFRS balance sheet, the Company has adjusted amounts reported previously in the individual financial statements prepared in accordance with CAS. An explanation of how the transition from CAS to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

The effect of transition to IFRS on the individual statement of financial position as of 1 January 2021 and 31 December 2021 is described below. Changes between the Czech Accounting Standards (CAS) and IFRS are as follows:

- 1) The difference in presentation of the fair values of derivatives; whereas previously the positive fair values were reported under 'Other assets' and negative fair values under 'Other liabilities', now they form an individual line in the individual statement of financial position.
- 2) Under CAS, deferred tax assets were reported under "Other assets" and deferred tax liability were reported under "Other liabilities". Under IFRS, these are reported separately. The Company has reclassified its deferred tax liability from "Other liabilities" and presented it in a separate line item. Under IFRS, the "Current income tax liability" is presented in the separate line item while under CAS the current income tax liability was included in the "Provisions" line.
- 3) Different recognition of "Deferred charges and income" and "Deferred income and expense". The Company reported items in IFRS in the items "Other assets" and "Other liabilities".
- 4) Different recognition of "Cash and deposits with central banks" and "Due from banks and credit unions". The Company reported items in IFRS in the items "Cash and cash equivalents".
- 5) Differences in presentation of "Release of provisions and allowances for receivables and guarantees, income from previously written-off receivables" and "Write-offs, creation and use of provisions and allowances for receivables and guarantees". Under CAS they were presented as separate lines in the statement of other comprehensive income while under IFRS they are included in "Net impairment of financial assets".



The table below shows the reconciliation of the individual statement of financial position as of 1 January 2021:

Name of account	CAS – as of 1 Jan 2021	Relevant point in list of IFRS standards	Reclassifi- cation	IFRS – as of 1 Jan 2021
Cash in hand and balances with central banks	67	4)	- 67	0
Cash and cash equivalents	0	4)	208,293	208,293
Positive fair value of derivatives	0	1)	64,397	64,397
Receivables from banks	260,716	4)	-208,226	52,490
Receivables from non-banking entities	579,928			579,928
Participating interests	965,114			965,114
Non-current intangible assets	21,791			21,791
Non-current tangible assets	5,451			5,451
Other assets	132,165	1), 3)	-62,273	69,892
Prepaid expenses and accrued income	2,124	3)	-2,124	0
<b>Total assets</b>	<b>1,967,356</b>		<b>0</b>	<b>1,967,356</b>

Liabilities to banks	85,296			85,296
Liabilities to non-banks	585,343			585,343
Negative fair value of derivatives		1)	48,562	48,562
Outstanding tax liabilities		2)	9,880	9,880
Deferred tax liabilities		2)	66	66
Other liabilities	64,214	1), 3)	-48,532	15,682
Deferred income and accrued expenses	96	3)	-96	0
Provisions	9,880		-9,880	0
Registered capital	1,000,000			1,000,000
Share premium	6,356			6,356
Other reserves from profits	23,451			23,451
Capital funds	76,000			76,000
Profit or loss during the accounting period	116,720			116,720
<b>Total liabilities</b>	<b>1,967,356</b>		<b>0</b>	<b>1,967,356</b>

The table below shows the reconciliation of the individual statement of financial position as of 31 December 2021:

Name of account	CAS – as of 31 Dec 2021	Relevant point in list of IFRS standards	Reclassifi- cation	IFRS – as of 31 Dec 2021
Cash in hand and balances with central banks	64	4)	-64	0
Positive fair value of derivatives	0	1)	200,619	200,619
Cash and cash equivalents	0	4)	225,440	225,440
Receivables from banks	374,536	4)	-225,376	149,160
Receivables from non-banking entities	514,079			514,079
Participating interests	965,114			965,114
Non-current intangible assets	33,975			33,975
Non-current tangible assets	6,658			6,658
Other assets	260,253	1), 3)	-199,161	61,092
Prepaid expenses and accrued income	1,458	3)	-1,458	0
<b>Total assets</b>	<b>2,156,137</b>		<b>0</b>	<b>2,156,137</b>

Liabilities to banks	228,712			228,712
Liabilities to non-banks	561,782			561,782
Negative fair value of derivatives	0	1)	103,216	103,216
Outstanding tax liabilities	0	2)	17,389	17,389
Deferred tax liabilities	0	2)	18	18
Other liabilities	132,526	1), 3)	-103,233	29,293
Deferred income and accrued expenses	1	3)	-1	0
Provisions	17,389		-17,389	0
Registered capital	1,000,000			1,000,000
Share premium	6,356			6,356
Capital funds	47,477			47,477
Profit or loss brought forward	395			395
Profit or loss during the accounting period	161,499			161,499
<b>Total liabilities</b>	<b>2,156,137</b>		<b>0</b>	<b>2,156,137</b>

Tabulka níže zobrazuje sesouhlasení individuálního výkazu o finanční pozici k 31. 12. 2021:

Name of account	CAS – for the year 2021	Relevant point in list of IFRS standards	Reclassifi- cation	IFRS – for the year 2021
Interest income and similar income	157			157
Interest expense and similar expense	4,573			4,573
Revenues from stock and shares	0			0
Fee and commission income	2,075			2,075
Fee and commission expense	13,985			13,985
Gain or loss on financial operations	371,644			371,644
Other operating income	88			88
Miscellaneous operating expenses	515			515
Administrative expenses	147,180			147,180
Depreciation, additions, and utilization of provisions and allowances for non-current tangible and intangible assets	7,561			7,561
Net impairment of financial assets	0	5)	186	186
Release of loss allowances and provisions for receivables and guarantees, income from written-off receivables	134	5)	-134	0
Write-offs, additions and use of loss allowances and provisions for receivables and guarantees	52	5)	-52	0
Profit or loss from derecognition of financial assets at amortized cost	0	5)		0
Current year profit (loss) from ordinary activities before tax	200,252			200,252
Income tax	38,801			38,801
Deferred tax	48			48
<b>Profit or loss on ordinary activities for the period after tax</b>	<b>161,499</b>			<b>161,499</b>
Other comprehensive income for the period after tax				0
Comprehensive income attributable to owners	161,499			161,499
<b>Net profit for the period attributable to owners</b>	<b>161,499</b>		<b>0</b>	<b>161,499</b>

The effects related to the above adjustments were accommodated in the individual cash flow statement in the previous period as well.

### B.11. Prior period error corrections and changes in accounting methods

No corrections of prior period errors were made in the accounting period ended 31 December 2022 and 31 December 2021.

## C. ADDITIONAL INFORMATION TO THE BALANCE SHEET AND INDIVIDUAL PROFIT AND LOSS STATEMENT

### C.1. Cash and cash equivalents

(In thousand CZK)	31 Dec 2022	31 Dec 2021
Cash in hand	60	64
Current accounts	289,532	225,592
Allowances	-166	-216
<b>Total</b>	<b>289,426</b>	<b>225,440</b>

Receivables due from banks as of 31 December 2022 comprise cash deposited by clients for the purpose of entering into spot transactions, totaling CZK 55,258 thousand (2021: CZK 35,213 thousand), which the Company has a limited ability to dispose of.

### C.2. Pohledávky za bankami

(In thousand CZK)	31 Dec 2022	31 Dec 2021
Other receivables	168,805	149,160
<b>Total</b>	<b>168,805</b>	<b>149,160</b>

Receivables from banks as of 31 December 2022 comprise cash deposited on bank accounts, totaling CZK 168,805 thousand (2021: CZK 149,160 thousand), which is used as collateral to hedge the risk of non-settlement of forward transactions.

All cash and cash equivalents and receivables from banks as of 31 December 2022 and 31 December 2021 are stated at amortized cost pursuant to IFRS 9. Receivables from banks consist exclusively receivables of stable financial institutions. From a credit risk perspective, the Company considers all of its receivables from banks as of 31 December 2022 and 31 December 2021 to be of high quality. When calculating ECLs, all receivables from banks were categorized to fall in Stage 1 as of 31 December 2022 and 31 December 2021. As of 31 December 2022 and 31 December 2021, loss allowances were calculated using the 12-month expected credit losses.

	Level 1	Level 2	Level 3	Total
<b>31 December 2022 (In thousand CZK)</b>	<b>12-month expected credit losses</b>	<b>Anticipated credit losses for the term for financial assets that are not credit impaired</b>	<b>Anticipated credit losses for the term for financial assets that are credit impaired</b>	

Cash and cash equivalents and receivables from banks measured at amortized cost

Credit rating min. Baa1	458,337	-	-	458,337
Allowance	-166	-	-	-166
<b>Cash and cash equivalents and receivables from banks - net balance</b>	<b>458,171</b>	<b>-</b>	<b>-</b>	<b>458,171</b>

	Level 1	Level 2	Level 3	Total
31 December 2021 (In thousand CZK)	12-month expected credit losses	Anticipated credit losses for the term for financial assets that are not credit impaired	Anticipated credit losses for the term for financial assets that are credit impaired	
Cash and cash equivalents and receivables from banks measured at amortized cost				
Credit rating min. Baa1	374,752	-	-	374,752
Allowance	-216	-	-	-216
<b>Cash and cash equivalents and receivables from banks - net balance</b>	<b>374,536</b>	<b>-</b>	<b>-</b>	<b>374,536</b>

### C.3. Receivables from non-banking entities

(In thousand CZK)	31 Dec 2022	31 Dec 2021
Receivables from non-banking entities	581,512	514,079
Of which: Receivables from unsettled FX transactions	581,512	514,079
<b>Total</b>	<b>581,512</b>	<b>514,079</b>

Receivables from non-banking entities represent receivables from clients arising from unsettled FX transactions. Liabilities to non-banks represent liabilities to clients arising mainly from unsettled FX transactions. All these liabilities are not past their due dates.

When calculating ECL, all receivables from non-banking entities were categorized to fall in Stage 1 as of 31 December 2022. As of 31 December 2022, loss allowances were calculated using the 12-month expected credit losses.

The Company does not establish allowances for receivables arising from unsettled fx transactions as settlement of foreign currency transactions always occurs only after the client has transferred funds to the accounts maintained by the Company, thus not exposing the Company to any credit risk.

### C.4. Ownership interests with controlling influence

At 31 December 2022

Name, registered office, and main subject of business	Registe- red capital*	Other com- ponents of equity*	Share of registered capital (%)	Number of shares (pcs)	Share in voting rights (%)	Acquisi- tion cost	Carry- ing amount
<b>SAB Europe Holding Ltd.</b> Suite 183, The Fort, Hard Rocks Business Park, Naxxar, Malta	187,091	405,608	100	26,022,330	100	650,114	650,114
<b>SAB Bohemia s.r.o.</b> Senovážné nám. 1375/19 Praha 1, 110 00	1,000	5,319	100	n/a	100	1,000	1,000
<b>SAB Financial Investments a.s.</b> Senovážné náměstí 1375/19, Nové Město, 110 00 Praha 1	166,000	149,781	100	22	100	314,000	314,000
<b>Celkem</b>	<b>354,091</b>	<b>560,708</b>				<b>965,114</b>	<b>965,114</b>

\*Unaudited balances; translated at the FX rate for 31 December in the case of foreign currency.

At 31 December 2021

Name, registered office, and main subject of business	Registe- red capital*	Other com- ponents of equity*	Share of registered capital (%)	Number of shares (pcs)	Share in voting rights (%)	Acquisi- tion cost	Carry- ing amount
<b>SAB Europe Holding Ltd.</b> Suite 183, The Fort, Hard Rocks Business Park, Naxxar, Malta	187,091	422,687	100	26,022,330	100	650,114	650,114
<b>SAB Bohemia s.r.o.</b> Senovážné nám. 1375/19 Praha 1, 110 00	1,000	3,388	100	n/a	100	1,000	1,000
<b>SAB Financial Investments a.s.</b> Senovážné náměstí 1375/19, Nové Město, 110 00 Praha 1	166,000	151,449	100	22	100	314,000	314,000
<b>Celkem</b>	<b>354,091</b>	<b>577,524</b>				<b>965,114</b>	<b>965,114</b>

\*Unaudited balances; translated at the FX rate for 31 December in the case of foreign currency.

### C.5. Derivatives

As of 31 Dec 2022 (In thousand CZK)	Nominal value		Fair value	
	Assets	Liabilities	Assets	Liabilities
Positive value of currency forwards	23,404,264	-	681,184	-
Of which: product Forward+	8,888,309	-	47,306	-
Negative value of currency forwards	-	23,151,976	-	456,869
Of which: product Forward+	-	9,315,751	-	317,271
<b>Total derivatives for trading</b>	<b>23,404,264</b>	<b>23,151,976</b>	<b>681,184</b>	<b>456,869</b>

As of 31 Dec 2021 (In thousand CZK)	Nominal value		Fair value	
	Assets	Liabilities	Assets	Liabilities
Kladná hodnota měnových forwardů	15 676 918	-	200 619	-
Z toho: produkt Forward+	5 277 454	-	51 373	-
Záporná hodnota měnových forwardů	-	15 575 459	-	103 216
Z toho: produkt Forward+	-	5 437 936	-	50 816
<b>Deriváty k obchodování celkem</b>	<b>15 676 918</b>	<b>15 575 459</b>	<b>200 619</b>	<b>103 216</b>

## C.6. Non-current assets

### C.6.1. Structure of non-current assets

#### A) Intangible assets

Acquisition cost (In thousand CZK)	Non-current intangible assets	Unfinished non-current intangible assets	Total
<b>As of 1 Jan 2021</b>	<b>21,334</b>	<b>8,282</b>	<b>30,116</b>
Increases	23,507	1,895	25,402
Decreases	0	8,282	8,782
<b>As of 31 Dec 2021</b>	<b>44,841</b>	<b>1,895</b>	<b>46,736</b>
<b>As of 1 Jan 2022</b>	<b>44,841</b>	<b>1,895</b>	<b>46,736</b>
Increases	8,329	0	8,329
Decreases	0	1,476	1,476
<b>As of 31 Dec 2022</b>	<b>53,170</b>	<b>419</b>	<b>53,589</b>

Accumulated depreciation and loss allowances (In thousand CZK)	Non-current intangible assets	Unfinished non-current intangible assets	Total
<b>As of 1 Jan 2021</b>	<b>8,325</b>	<b>0</b>	<b>8,325</b>
Write-offs at AC of disposed assets	4,436	0	4,436
Decreases	0	0	0
<b>As of 31 Dec 2021</b>	<b>12,761</b>	<b>0</b>	<b>12,761</b>
<b>As of 1 Jan 2022</b>	<b>12,761</b>	<b>0</b>	<b>12,761</b>
Write-offs at AC of disposed assets	6,893	0	6,893
Decreases	0	0	0
<b>As of 31 Dec 2022</b>	<b>19,654</b>	<b>0</b>	<b>19,654</b>

Residual price (In thousand CZK)	Non-current intangible assets	Unfinished non-current intangible assets	Total
<b>As of 31 Dec 2021</b>	<b>32,080</b>	<b>1,895</b>	<b>33,975</b>
<b>As of 31 Dec 2022</b>	<b>33,516</b>	<b>419</b>	<b>33,935</b>

In 2022 and 2021, the Company developed software in part through its own activities and in cooperation with mediaport solutions s.r.o., aiming to streamline and automate the Company's operations.

Disposal of intangible assets under construction represent the putting of assets into use.

#### B) Non-current tangible assets

Acquisition cost (In thousand CZK)	Instruments and equipment	Total
<b>As of 1 Jan 2021</b>	<b>5,304</b>	<b>5,304</b>
Increases	1,803	1,803
Decreases	385	385
<b>As of 31 Dec 2021</b>	<b>6,722</b>	<b>6,722</b>
<b>As of 1 Jan 2022</b>	<b>6,722</b>	<b>6,722</b>
Increases	1,581	1,581
Decreases	703	703
<b>As of 31 Dec 2022</b>	<b>7,600</b>	<b>7,600</b>

Accumulated depreciation and loss allowances (In thousand CZK)	Instruments and equipment	Total
<b>As of 1 Jan 2021</b>	<b>3,496</b>	<b>3,496</b>
Write-offs at AC of disposed assets	1,102	1,104
Decreases	385	385
<b>As of 31 Dec 2021</b>	<b>4,213</b>	<b>4,215</b>
<b>As of 1 Jan 2022</b>	<b>4,213</b>	<b>4,215</b>
Write-offs at AC of disposed assets	1,335	1,335
Decreases	700	700
<b>As of 31 Dec 2022</b>	<b>4,848</b>	<b>4,848</b>

Net book value of non-current tangible assets (In thousand CZK)	Instruments and equipment	Total
<b>As of 31 Dec 2021</b>	<b>2,509</b>	<b>2,509</b>
<b>As of 31 Dec 2022</b>	<b>2,752</b>	<b>2,752</b>



### C.6.2. Non-current tangible assets acquired as part of leasing

Acquisition cost (In thousand CZK)	Buildings and real estate	Total
<b>As of 1 Jan 2021</b>	<b>6,696</b>	<b>6,696</b>
Increases	2,527	2,527
Decreases	0	0
<b>As of 31 Dec 2021</b>	<b>9,223</b>	<b>9,223</b>
<b>As of 31 Jan 2022</b>	<b>9,223</b>	<b>9,223</b>
Increases	3,323	3,323
Decreases	434	434
<b>As of 31 Dec 2022</b>	<b>12,112</b>	<b>12,112</b>

Accumulated depreciation and loss allowances (In thousand CZK)	Buildings and real estate	Total
<b>As of 1 Jan 2021</b>	<b>3,053</b>	<b>3,053</b>
Write-offs at AC of disposed assets	2,021	2,021
Decreases	0	0
<b>As of 31 Dec 2021</b>	<b>5,074</b>	<b>5,074</b>
<b>As of 1 Jan 2022</b>	<b>5,074</b>	<b>5,074</b>
Write-offs at AC of disposed assets	2,053	2,053
Decreases	247	246
<b>As of 31 Dec 2022</b>	<b>6,880</b>	<b>6,880</b>

Net book value of non-current tangible assets acquired via lease (In thousand CZK)	Buildings and real estate	Total
<b>As of 31 Dec 2021</b>	<b>4,149</b>	<b>4,149</b>
<b>As of 31 Dec 2022</b>	<b>5,232</b>	<b>5,232</b>

The entity leases land and buildings for its registered office and headquarters. These leases are usually concluded for an indefinite term with a notice period of one year. The lease term was estimated at 3 years. The estimated term is based on the judgement of the Company's senior management and is based on the medium-term horizon for which the Company prepares its financial plan. Lease payments are renegotiated if the size of the leased area changes.

Total net book value of non-current tangible assets (In thousand CZK)	Celkem
<b>K 31. 12. 2021</b>	<b>6 658</b>
<b>K 31. 12. 2022</b>	<b>7 984</b>

### C.7. Other assets

(In thousand CZK)	31 Dec 2022	31 Dec 2021
Receivables owed by various debtors	2,848	2,380
Advances provided	63,409	57,549
Other assets	419	129
Prepaid expenses and accrued income	1,734	1,458
Allowances	-537	-424
<b>Total</b>	<b>67,873</b>	<b>61,092</b>

The major items of advances paid are security deposits for the purchase of cars of CZK 28,599 thousand (2021: CZK 24,600 thousand), advances for IT services of CZK 13,690 thousand (2021: CZK 12,890 thousand), and an advance paid for legal services of CZK 20,000 thousand (2021: CZK 20,000 thousand) consisting of finding a suitable object for purchase abroad.

All other assets 31 December 2022 are stated at amortized cost pursuant to IFRS 9. When calculating ECL, all other assets were categorized to fall in Stage 1 as of 31 December 2022 and 31 December 2021. As of 31 December 2022 and 31 December 2021, loss allowances were calculated using the 12-month expected credit losses.

	Level 1	Level 2	Level 3	Total
<b>31 December 2022 (In thousand CZK)</b>	<b>12-month expected credit losses</b>	<b>Anticipated credit losses for the term for financial assets that are not credit impaired</b>	<b>Anticipated credit losses for the term for financial assets that are credit impaired</b>	
Other assets	25,001	-	-	25,001
Allowance	-537	-	-	-537
<b>Other assets - net balance</b>	<b>24,464</b>	<b>-</b>	<b>-</b>	<b>24,464</b>

	Level 1	Level 2	Level 3	Total
<b>31 December 2021 (In thousand CZK)</b>	<b>12-month expected credit losses</b>	<b>Anticipated credit losses for the term for financial assets that are not credit impaired</b>	<b>Anticipated credit losses for the term for financial ass ets that are credit impaired</b>	
Other assets	23,967	-	-	23,967
Allowance	-424	-	-	-424
<b>Other assets - net balance</b>	<b>23,543</b>	<b>-</b>	<b>-</b>	<b>23,543</b>

## C.8. Liabilities to banks

	Maturity	Currency	Balance 31 Dec 2022 (In thousand CZK)	Balance 31 Dec 2021 (In thousand CZK)
Callable on demand		EUR/CZK	1,086	0
Credit received	31 May 2023	EUR	241,150	228,712
<b>Total</b>			<b>242,236</b>	<b>228,712</b>

Other payables represent a bank loan received from FCM Bank on 18 May 2022 in the amount of EUR 10 million (2021: EUR 9.2 million) with a fixed interest rate.

### Reconciliation of opening and closing balances due to banks

(In thousand CZK)	2022	2021
<b>Balance as of 1 January</b>	<b>228,712</b>	<b>79,785</b>
Accrued interest	22,479	4,573
Drawdown	246,600	236,118
Repayment	-255,655	-92,702
Exchange rate difference	100	398
<b>Balance as of 31 December</b>	<b>242,236</b>	<b>228,172</b>

## C.9. Liabilities to non-banks

(In thousand CZK)	31 Dec 2022	31 Dec 2021
Callable on demand	635,183	548,770
Of which: Payables from unsettled FX transactions	597,578	515,724
Other liabilities	191,304	13,012
<b>Total</b>	<b>826,487</b>	<b>561,782</b>

Liabilities to non-banks represent liabilities to clients arising mainly from unsettled FX transactions. All these liabilities are not past their due dates.

Other payables as of 31 December 2022 mainly include collateral received under forward transactions of CZK 191,169 thousand (31 Dec 2021: CZK 12,892 thousand).

## C.10. Ostatní pasiva

(In thousand CZK)	31 Dec 2022	31 Dec 2021
Payables for employees	6,475	10,034
Liabilities from social security and health insurance	2,101	3,450
Estimated payables	3,849	3,338
Lease liabilities	5,233	4,151
Other	7,776	7,850
<b>Total</b>	<b>25,434</b>	<b>29,293</b>

In 2022 and 2021, no liabilities were due in more than 5 years.

Lease liabilities as of 31 December 2022 of CZK 5,233 thousand (2021: CZK 4,151 thousand) consist of lease liabilities under IFRS 16. The undiscounted balance of these lease liabilities as of 31 December 2022 was CZK 7,666 thousand (2021: CZK 6,563 thousand).

## C.11. Income tax

### The main components of income tax include:

(In thousand CZK)	31 Dec 2022	31 Dec 2021
Income tax payable - current year, recognized in profit or loss	52,300	39,101
Income tax from previous tax years	-730	-300
Deferred tax	30	48
<b>Total</b>	<b>51,600</b>	<b>38,849</b>

### The items explaining the difference between the Company's theoretical and effective tax rates are as follows:

(In thousand CZK)	31 Dec 2022	31 Dec 2021
Profit or loss for the accounting period before taxation	268,248	200,252
Tax calculated on the basis of the corporate tax rate (19 %)	50,967	38,048
Tax effect of:		
Non-tax expenses	5,218	1,505
Non-taxable revenues	0	0
Other	1,396	2,204
Income tax for the period	52,300	39,101
Correction of prior period tax errors	-730	-300
Movements in deferred tax	30	48
<b>Total income tax expense</b>	<b>51,600</b>	<b>38,849</b>
<b>Effective tax rate</b>	<b>19.2 %</b>	<b>19.4 %</b>

### Income tax provision

In 2022, the Company created a current income tax liability of CZK 52,300 thousand (2021: CZK 39,101 thousand) and released an income tax provision of CZK 38,371 thousand (2021: CZK 27,120 thousand).

The current income tax<sup>TM</sup> liability is recognized in the individual statement of financial position net of income tax advances paid. Since the paid current income tax prepayments of CZK 32,595 thousand (2021: CZK 21,712 thousand) were lower than the current income tax liability, the Company reports the current income tax liability of CZK 19,705 thousand (2021: CZK 17,389 thousand).

(In thousand CZK)	Income tax provision
<b>Balance as of 01 Jan 2021</b>	<b>27,120</b>
Additions during the year	39,101
Dissolution	-27,120
<b>Balance as of 31 Dec 2021</b>	<b>39,101</b>
Additions during the year	51,570
Dissolution	-38,371
<b>Balance as of 31 Dec 2022</b>	<b>52,300</b>

### Odložená daň

Items giving rise to temporary differences (in thousand CZK)	31 Dec 2022	31 Dec 2021	01 Jan 2021	Change
Non-current assets (deferred tax liability)	48	18	66	-30
<b>Total deferred tax receivable/asset</b>	<b>48</b>	<b>18</b>	<b>66</b>	<b>-30</b>

Deferred income tax is calculated on all temporary differences using the tax rate applicable to the period in which the tax liability or asset is utilized, i.e., 19%.

## C.12. Provisions

Provisions represent a provision for unused vacation leave of CZK 2,050 thousand (2021: CZK 0 thousand). In 2022, the Company made a provision for unused vacation leave in the amount of CZK 2,050 thousand.

## C.13. Shareholders' equity

The Company's registered capital consists of 2,577,320 (2021: 2,577,320) ordinary registered shares in certificated form in a nominal value of CZK 388 (2021: CZK 388). With effect from 1 Oct 2021, the shares of SAB Finance a.s. were split at a ratio of 1 to 10. There was no change to the number of shares in 2022.

Volume of SAB Finance a.s.'s shares placed and sold in a public offering as of 31 Dec 2022 is 726,644 shares. As of 30 September 2022, the public offering of the Company's shares has been terminated.

Securities	
Type	Ordinary shares
Form	Registered shares
Format	Book-entry
Number of shares	2,577,320
No of shares owned by persons with managing powers	160
Volume of SAB Finance a.s.'s shares placed and sold in a public offering as of 31 Dec 2021	726,844
ISIN	CZ0009009940
Nominal value	388
Taxation of shares	Revenues from securities are taxed pursuant to Act No. 586/1992 Coll., on income tax, as amended.
Payer of tax withheld from the security's yield	Issuer
Manner of transfer of security	Via the Central Securities Depository Prague
Restriction on transferability	No restriction on transferability of shares
Restricting on voting rights	The Company is not aware of any restrictions on the voting rights pertaining to the shares issued by the Company.
Dividend strategy	5% p.a. of the market price of shares on admission to trading
Payment of dividend	Semi-annually

### Significant direct or indirect shares of the Company's voting rights

See Note A.9.

### Information about contracts between shareholders or similar owners of securities representing an interest in the Company that may result in encumbering the transferability of shares or similar securities representing an interest in the Company, if known to the Company

The Company is not aware of any contracts between shareholders that could encumber the transferability of shares issued by the Company.

### Information on special rules governing the election and removal of members of a statutory body and the amendment of the articles of incorporation or similar documents of the Company

The Company has not adopted any special rules governing the election and removal of members of a statutory body and the amendment of the articles of incorporation or any similar documents of the Company.

### Information on special powers of a statutory body or the board of directors under laws regulating the legal relations of companies and cooperatives

The statutory body of the Company does not have any special powers under the law regulating the legal relations of companies and cooperatives.

**Information on significant agreements to which the Company is a party and which will take effect, be amended, or terminate in the event of a change of control of the Company as a result of a takeover bid, and the effects thereof**

The Company is not aware of any such agreements.

**Information on contracts between the Company and members of its statutory body or employees which the Company is obliged to perform in the event of the termination of their office or employment in connection with a takeover bid**

The Company has not entered into any agreements with members of its statutory body or employees which contain provisions for performance by the Company should their office be terminated in connection with a takeover bid.

**Information on any plans under which employees and members of the statutory body of the Company are permitted to acquire participating securities of the Company, options to such securities, or other rights to such securities under advantageous conditions, and on the method by which rights under such securities are exercised**

The Company does not have any plans under which employees and members of the statutory body are allowed to acquire participating securities, options to such securities, or other rights under advantageous conditions.

**Profit distribution**

The board of directors of SAB Finance a.s. proposes to distribute the profit after tax for 2022 of CZK 216,648,131 as follows:

- 1) An amount of CZK 141,752,600 for the shareholders.
- 2) An amount of CZK 74,895,531 credited to the retained earnings account.

On 16 September 2022, the general meeting of SAB Finance a.s. decided on the distribution of the Company's own resources totaling CZK 89,371 thousand in favor of its shareholders. The interim dividend per share (after the split) amounted to CZK 34.68 before tax.

On 25 April 2022, the general meeting of SAB Finance a.s. decided on a proposal for the distribution of profit for the year 2021. CZK 120,000 thousand was decided in favor of its shareholders; CZK 41,499 thousand was transferred to the retained earnings account.

On 03 September 2021, the general meeting of SAB Finance a.s. decided on the distribution of the Company's equity totaling CZK 68,299 thousand to the benefit of its shareholders. The interim dividend per share (after the split) amounted to CZK 265 before tax.

On 16 April 2021, the general meeting of SAB Finance a.s. decided on the distribution of the Company's profit for 2020. CZK 5,836 thousand was transferred to the reserve fund account while CZK 10,884 thousand was transferred to the retained earnings account and CZK 100,000 thousand was paid to the sole shareholder in the form of dividends.

The Company's long-standing and implemented dividend policy has been to pay all profits to shareholders after transfers to statutory reserve funds. The planned dividend strategy is to pay out a dividend twice a year, corresponding to at least 5% per annum of the price of the share at the time of a public offering, i.e., CZK 1,060 per share.

**C.14. Earnings per share**

**Basic earnings per share**

The calculation of basic EPS has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

(in thousand CZK)	2022	2021
Profit or loss after tax	216,648	161,499
Weighted number of shares	2,577,320	2,577,320
Earnings per share	84.06	62.66

**Diluted earnings per share**

The calculation of diluted EPS has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

(in thousand CZK)	2022	2021
Profit or loss after tax	216,648	161,499
Weighted number of shares	2,577,320	2,577,320
Earnings per share	84.06	62.66

**C.15. Commitments and guarantees received**

As of 31 December 2022, the Company reports commitments and guarantees received of CZK 500,000 thousand (as of 31 December 2021: CZK 300,000 thousand). It relates to the undrawn credit facility under a loan agreement with TRINITY BANK a.s. Interest income calculated using the effective interest rate method

**C.16. Net interest income/expense**

(in thousand CZK)	2022	2021
Interest income calculated using the effective interest rate method	2,406	157
<b>Total</b>	<b>2,406</b>	<b>157</b>

(in thousand CZK)	2022	2021
Interest on overdraft bank accounts	145	310
Interest on loans	22,022	4,003
From financial leasing	411	260
<b>Total</b>	<b>22,579</b>	<b>4,573</b>

Interest on loans mainly include interest expense for loans received from FCM Bank Limited and SAB Financial Group a.s.

All interest was calculated using the effective interest rate method and, in the case of interest expense on finance leases, the implicit lease rate.



### C.17. Fee and commission income and expense

(in thousand CZK)	2022	2021
Income from fees on executed transactions	1,747	2,075
<b>Total</b>	<b>1,747</b>	<b>2,075</b>

(in thousand CZK)	2022	2021
Expenses for bank fees	29,226	13,985
<b>Total</b>	<b>29,226</b>	<b>13,985</b>

Fees and commissions expense includes the cost of bank overdraft fees at TRINITY BANK a.s. The overdraft facility was in the amount of CZK 500 million and was not drawn down (2021: CZK 350 mil. The Company can draw down this overdraft in three currencies – CZK, EUR and USD – depending on the current liquidity needs in a given currency. The overdraft facility is for an indefinite term with a three-month notice period. In addition, the cost of fees and commissions includes fees for current accounts with other banks.

### C.18. Gain or loss on financial operations

(in thousand CZK)	2022	2021
Foreign exchange gain/loss	10,689	-9,572
Gain/loss from trading	390,437	299,668
Revaluation of financial derivatives	127,323	81,568
<b>Total</b>	<b>528,449</b>	<b>371,664</b>

Gains on financial operations were split into a portion representing the FX difference on the revaluation of balance sheet account balances and gains from trading, representing the FX differences between the rate agreed at settlement and the CNB rate, and the revaluation of derivative transactions.

### C.19. Other operating expense and income

#### Miscellaneous operating income

(in thousand CZK)	2022	2021
Proceeds from disposals of non-current assets	19	16
Other revenues	2	72
<b>Total</b>	<b>21</b>	<b>88</b>

Proceeds from disposal of non-current assets mainly include revenues from the sale of assets disposed (particularly IT equipment).

#### Miscellaneous operating expenses

(in thousand CZK)	2022	2021
Presents	145	20
Insurance	668	459
Other costs	29	36
<b>Total</b>	<b>842</b>	<b>515</b>

### C.20. Administrative expenses

(in thousand CZK)	2022	2021
Wages and compensation	115,454	87,808
Social security and health insurance	30,712	24,847
Other employee expenses	3,548	1,572
Other administrative expenses	51,669	32,953
of which: audit costs, legal and tax consulting	17,926	7,169
of which*: statutory audit of individual financial statements	1,767	862
tax consultation	157	157
regulatory consulting	417	90
<b>Total</b>	<b>201,383</b>	<b>147,180</b>

\* Services provided to the Company by KPMG Česká republika Audit, s.r.o. and KPMG Česká republika, s.r.o. include VAT.

As of 31 December 2022 and 31 December 2021, the Company had not provided any loans, advances, security, or borrowings to members of the management and supervisory bodies.

### Persons with managing powers

#### Remuneration principles

The Company operates in accordance with generally binding legislation when remunerating employees and employees with managing authority, particularly with Act No. 262/2006 Coll., the Labor Code, and Act No. 90/2012 Coll., the Act on Commercial Corporations. In addition to the above, remuneration is regulated by internal regulations. The principles of remuneration seek to ensure transparency, predictability, compliance with legal requirements, and the fair treatment of all employees.

Basic remuneration for performance of offices is payable to the members of a statutory body based on a Contract for Performance of an Office concluded with the Company. Members of the board of directors are remunerated for the performance of their offices in accordance with the applicable provisions of the Act on Commercial Corporations and the Labor Code. The above remuneration has the character of a fixed monthly salary.

At the same time, the Contract for the Performance of an Office requires that the issuer reimburse the member for all reasonable expenses actually incurred in the performance of obligations arising from the performance of their offices. The extent of the reimbursement of expenses and other conditions are governed by internal regulations and applicable legislation governing employee compensation. Such reimbursements include, e.g., travel expenses, travel insurance, etc.

To perform their offices, the Company shall provide members of the board of directors who are not also employees of the Company and do not already have such resources at their disposal by virtue of their position with working equipment at its own expense as needed for the performance of their duties. The resources needed for the performance of their office include, e.g., a company vehicle, laptop computer, mobile phone, SIM card, calling and data plans, etc.

Finally, the Company undertakes to reimburse board members for the costs of educational or other activities related to the performance of the office of a board member and the business management of the Company. The purpose of these costs is to enhance the professional knowledge and skills of such management personnel.

No monetary or non-monetary compensation shall be due to a member of a statutory body upon the termination of their contract. The only exception is where a member of the board of directors is also an employee of the Company and therefore entitled to remuneration by virtue of this employment relationship.

The Company has no other persons with management authority apart from members of the board of directors.

The supervisory board of the Company does not have a remuneration arrangement arising from the performance of its office.

No material contracts have been concluded during 2022 and 2021 other than the contracts concluded in the ordinary course of business to which the Company is a party.

## C.21. Income and expenses by operating segments

(in thousand CZK)	Czech Republic		European Union except the Czech Republic		Other	
	2022	2021	2022	2021	2022	2021
Interest income and similar income	2,406	157	0	0	0	0
Interest expense and similar expense	14,497	1,446	7,671	3,127	0	0
Gain or loss on financial operations	505,972	355,505	22,411	16,117	66	42
Depreciation and amortization	10,281	7,561	0	0	0	0
Tax-related expense or income	51,600	38,849	0	0	0	0

The Company is operating as one segment. The Company does not monitor other segments separately. And the above table represents the geographical location of clients.

## C.22. Transactions with related parties

(in thousand CZK)	31 Dec 2022	31 Dec 2021
Receivables from banks	146,328	73,008
Other assets	43,687	39,674
Liabilities to banks	241,270	228,806
Other liabilities	4,149	1,317

Receivables from banks represent current bank accounts. Other assets represent advances for IT services and property. Payables consist primarily of payables from borrowings and bank loans received.

There were no receivables from and liabilities to the parent company SAB Financial Group a.s. as of 31 Dec 2022 and 31 Dec 2021.

(in thousand CZK)	31 Dec 2022	31 Dec 2021
Interest income and similar income	408	624
Interest expense and similar expense	17,274	3,623
Fee and commission expense	18,402	8,539
Miscellaneous operating expenses	57	43
Administrative expenses	23,393	14,562

The above expenses primarily relate to leases of cars, IT services and interest on received loans and bank fees.

The following transactions were made between the Company and its parent company SAB Financial Group a.s. in 2022 and 2021:

(in thousand CZK)	31 Dec 2022	31 Dec 2021
Interest income and similar income	396	156
Interest expense and similar expense	8,146	495
Administrative expenses	785	185

The expense between the Company and SAB Financial Group a.s. represents interest expense generated by short-term loans provided by SAB Financial Group a.s. to the Company during 2022. The income represents interest income earned on short-term loans provided by the Company to SAB Financial Group a.s. The Company used these short-term loans to meet its short-term liquidity needs.

## C.23. Classification of financial assets and financial liabilities

The following table provides a reconciliation between balance sheet items and the valuation categories of financial instruments.

31 Dec 2022 (in thousand CZK)	Note	FVTPL	Amortized cost	Total
Cash and cash equivalents	C.1.	0	289,426	289,426
Receivables from banks	C.2.	0	168,805	168,805
Positive fair value of currency forwards	C.5.	681,184	0	681,184
Receivables from non-banking entities	C.3.	0	581,512	581,512
Other assets	C.7.	0	24,464	24,464
<b>Total financial assets</b>		<b>681,184</b>	<b>1,064,207</b>	<b>1,576,755</b>

31 Dec 2022 (in thousand CZK)	Note	FVTPL	Amortized cost	Total
Liabilities to banks	C.9.	0	242,236	242,236
Liabilities to non-banks	C.9.	0	826,487	826,487
Negative fair value of currency forwards	C.5.	456,869	0	456,869
Other liabilities	C.11.	0	25,434	25,434
<b>Total financial assets</b>		<b>456,869</b>	<b>1,097,157</b>	<b>1,554,026</b>

31 Dec 2021 (in thousand CZK)	Note	FVTPL	Amortized cost	Total
Cash and cash equivalents	C.1.	0	225,440	225,440
Receivables from banks	C.2.	0	149,160	149,160
Positive fair value of currency forwards	C.5.	200,619	0	200,619
Receivables from non-banking entities	C.3.	0	514,079	514,079
Other assets	C.7.	0	23,543	23,543
<b>Total financial assets</b>		<b>200,619</b>	<b>912,222</b>	<b>1,112,841</b>

31 Dec 2021 (in thousand CZK)	Note	FVTPL	Amortized cost	Total
Liabilities to banks	C.9.	0	228,712	228,712
Liabilities to non-banks	C.9.	0	561,782	561,782
Negative fair value of currency forwards	C.5.	103,216	0	103,216
Other liabilities	C.11.	0	29,293	29,293
<b>Total financial assets</b>		<b>103,216</b>	<b>819,787</b>	<b>923,003</b>

## C.24. Financial instruments - risk management

An overview of the main risks that may affect the Company's business activities and results of operations and the manner in which they are managed:

### a) Credit risk

The Company's credit risk is defined as the failure to repay funds provided to clients in the agreed amount and time. The Company does not bear credit risk as part of its core activities, as settlement of foreign currency transactions always occurs after the client has credited funds to the Company's accounts.

The Company is exposed to credit risk arising from receivables from banks, receivables from non-banking entities, and other assets.

### Determining expected credit loss (ECL)

For the purposes of determining expected credit losses (ECL), the Company divided "Receivables from banks" and "Receivables from non-banking entities" and "Other assets" based on quantitative and qualitative criteria to receivables:

- without default and without a significant increase in credit risk (Stage 1)
- with a significant increase in credit risk after initial recognition (Stage 2)
- in default (Stage 3).

### Calculation of expected credit losses (ECL):

Expected credit losses are determined using the following formula:

$$ECL = PD * EAD * LGD$$

The key inputs and prerequisites for calculating ECL are as follows:

#### i) Probability of default (PD)

### Cash and cash equivalents, receivables from banks:

PD for each exposure is established in relation to external credit rating of the counterparty based on data from Moody's. If the counterparty does not have an external credit rating assigned, an external rating is calculated based on the rating of the parent company reduced by one rating level. If the parent company does not have an assigned external credit rating either, the average rating of the remaining banks is used, reduced by two rating levels.

### Receivables from non-banking entities and Other assets

Each exposure from receivables from non-banking entities and other assets is assigned an external credit rating based on Moody's data after considering relevant quantitative and qualitative criteria.

### Applied PD

Rating ekvivalent to	PD
Aaa-Aa	0-0.04%
A	0.04-0.06 %
Baa	0.10-0.21 %
Ba	0.39-1.19 %
B	1.78-4.24 %
Caa	3.93-17.33 %
Ca-C	30.04 %

#### ii) Exposure at default (EAD)

The gross carrying amount of the exposure as of the date of calculating ECL is used as EAD.

#### Loss given default (LGD)

Loss given default is determined based on the regulatory values for LGD and the Czech National Bank statistics published as part of the Report on Financial Stability.

### Classification of receivables into individual stages of impairment

The calculation of ECL for receivables according to individual stages of impairment is as follows:

- impairment stage 1 – 12-month ECL
- impairment stage 2 and 3 – lifetime ECL

#### Assets in Stage 1:

- financial assets less than 30 days past due
- financial assets for which no qualitative or quantitative factors exist that would indicate that these are not assets with low counterparty credit risk

#### Assets in Stage 2:

- financial assets between 30 and 90 days past due
- financial assets that have experienced a decrease in counterparty credit rating according to Moody's scale by two or more levels from initial recognition (significant increase in credit risk after initial recognition).

#### Assets in Stage 3:

- financial assets 90 or more days past due
- financial assets designated as purchased or originated credit-impaired financial assets (POCI)
- financial assets whose counterparty has a Moody's credit rating of Caa1 or worse.

Cash and cash equivalents, receivables from banks as of 31 Dec 2022 are stated at amortized cost pursuant to IFRS 9.

	Level 1	Level 2	Level 3	Total
(in thousand CZK)	12-month expected credit losses	Anticipated credit losses for the term for financial assets that are not credit impaired	Anticipated credit losses for the term for financial assets that are credit impaired	
<b>Balance as of 1 Jan 2021</b>	<b>164</b>	<b>-</b>	<b>-</b>	<b>164</b>
Remeasurement and changes to models/risk parameters	52	-	-	52
<b>Balance as of 1 Dec 2021</b>	<b>216</b>	<b>-</b>	<b>-</b>	<b>216</b>
Remeasurement and changes to models/risk parameters	-50	-	-	-50
<b>Balance as of 31 Dec 2022</b>	<b>166</b>	<b>-</b>	<b>-</b>	<b>166</b>

Receivables from non-banking entities and other assets as of 31 Dec 2022 are stated at amortized cost pursuant to IFRS 9.

#### b) Market risk

Market risk is defined as potential gain or loss from movements in asset prices on global markets. Market risk is managed by prudent and efficient management of open foreign exchange and interest rate positions and by setting internal limits on the maximum amount of total open foreign exchange and interest rate positions.

#### c) Operational risk

Operational risk is defined as the risk of loss arising from inadequate or failed internal processes, people and systems or as a result of external events. The basis for the Company's operational risk management has been created primarily through the conceptualization of the organizational structure. The human factor risk is managed by the strict definition of the duties of the individual bodies and employees and the organizational rules. Information systems risk is managed by creating access profiles to information systems and establishing control mechanisms. The risk of inappropriate or flawed internal processes is limited by the control mechanisms in place.

The objective of the operational risk management process is to ensure that, on the basis of observation and evaluation of past events, measures are taken to eliminate or remove individual elements of operational risk. The Company monitors operational risk in all areas of operations where losses may arise from this risk. Operational risk management includes preventing the laundering of criminal proceeds and ensuring the Company's information technology security.

#### d) FX risk

Assets and liabilities denominated in foreign currencies, including off-balance sheet exposures, represent the Company's exposure to FX risk.

The management and monitoring of currency risk is furthermore carried out on a daily basis using the VaR method, performed on the basis of an estimate of the maximum change in the exchange rate over a given time period with a certain probability.

Assets as of 31 Dec 2022 (in thousand CZK)	EUR	USD	PLN	GBP	CZK	Other	Total
Cash and cash equivalents	143,928	19,184	41,863	5,194	65,812	13,445	289,426
Receivables from banks	168,805	0	0	0	0	0	168,805
Receivables from non-banking entities	397,332	20,480	2,757	3,295	152,923	4,725	581,512
Ownership interests with controlling influence	650,114	0	0	0	315,000	0	965,114
Other	258	0	0	0	790,718	0	790,976
<b>Total balance sheet</b>	<b>1,360,437</b>	<b>39,664</b>	<b>44,620</b>	<b>8,489</b>	<b>1,324,453</b>	<b>18,170</b>	<b>2,795,833</b>

Liabilities as of 31 Dec 2022 (in thousand CZK)	EUR	USD	PLN	GBP	CZK	Other	Total
Liabilities to banks	242,139	0	0	0	97	0	242,236
Liabilities to non-banks	224,883	115,287	11,009	7,639	459,634	8,035	826,487
Other	32	0	0	0	1,727,078	0	1,727,110
<b>Total balance sheet</b>	<b>467,054</b>	<b>115,287</b>	<b>11,009</b>	<b>7,639</b>	<b>2,186,809</b>	<b>8,035</b>	<b>2,795,833</b>

Long positions of off-balance sheet instruments	10,014,499	865,318	83,871	0	12,169,884	270,692	23,404,264
Short positions of off-balance sheet instruments	10,220,680	789,477	115,824	0	12,245,962	280,033	23,651,976

<b>Net foreign exchange position</b>	<b>687,202</b>	<b>218</b>	<b>1,658</b>	<b>850</b>	<b>-938,434</b>	<b>794</b>	
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Assets as of 31 Dec 2021 (in thousand CZK)	EUR	USD	PLN	GBP	CZK	Other	Total
Cash and cash equivalents	117,700	13,775	15,783	10,952	55,182	12,048	225,440
Receivables from banks	149,160	0	0	0	0	0	149,160
Receivables from non-banking entities	290,163	80,670	162	19	142,101	964	514,079
Ownership interests with controlling influence	650,114	0	0	0	315,000	0	965,114
Other	0	0	0	0	302,344	0	302,344
<b>Total balance sheet</b>	<b>1,207,137</b>	<b>94,445</b>	<b>15,945</b>	<b>10,976</b>	<b>814,659</b>	<b>12,975</b>	<b>2,156,137</b>

Liabilities as of 31 Dec 2021 (in thousand CZK)	EUR	USD	PLN	GBP	CZK	Other	Total
Liabilities to banks and credit unions	228,712	0	0	0	0	0	228,712
Liabilities to non-banks	104,462	93,295	3,117	2,033	345,622	13,253	561,782
Other	0	0	0	0	1,365,643	0	1,365,643
<b>Total balance sheet</b>	<b>333,174</b>	<b>93,295</b>	<b>3,117</b>	<b>2,033</b>	<b>1,711,265</b>	<b>13,253</b>	<b>2,156,137</b>

Long positions of off-balance sheet instruments	6,930,209	467,008	104,448	52,783	7,971,562	150,908	15,676,918
Short positions of off-balance sheet instruments	7,154,522	469,169	117,229	60,890	7,924,253	149,396	15,875,459

<b>Net foreign exchange position</b>	<b>652,650</b>	<b>-1,011</b>	<b>47</b>	<b>846</b>	<b>-849,297</b>	<b>1,234</b>	
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The net foreign exchange position for EUR/CZK flows primarily from equity investments in subsidiaries that are remeasured to CZK as of the date of acquiring the investment. The company does not currently perform economic hedging of this open position.

The following table provides a sensitivity analysis of EUR-denominated assets and liabilities whose value depends on the exchange rate:

31 Dec 2022 (in thousand CZK)	10% increase in exchange rate	10% decrease in exchange rate
Impact on individual profit and loss statement	68,720	-68,720
Impact on equity	0	0
<b>Total balance sheet</b>	<b>68,720</b>	<b>-68,720</b>

31 Dec 2021 (in thousand CZK)	10% increase in exchange rate	10% decrease in exchange rate
Impact on individual profit and loss statement	65,265	-65,265
Impact on equity	0	0
<b>Total balance sheet</b>	<b>65,265</b>	<b>-65,265</b>

### e) Interest rate risk

The Company is exposed to interest rate risk due to the fact that interest-bearing assets and liabilities have different maturities or periods of change/adjustment of interest rates and also the volumes in these periods.

Assets as of 31 Dec 2022 (in thousand CZK)	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Total
Cash and cash equivalents	289,592	0	0	0	289,592
Receivables from banks	0	168,805	0	0	168,805
Receivables from non-banking entities	581,512	0	0	0	581,512
<b>Total</b>	<b>871,104</b>	<b>168,805</b>	<b>0</b>	<b>0</b>	<b>1,039,909</b>

Derivative assets					
Positive fair value of currency derivatives	177,159	308,473	195,552	0	681,184

Liabilities as of 31 Dec 2022 (in thousand CZK)	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Total
Liabilities to banks	1,086	241,150	0	0	242,236
Liabilities to non-banks	635,183	191,304	0	0	826,487
Other liabilities	25,433	0	0	0	25,433
<b>Total</b>	<b>661,702</b>	<b>432,454</b>	<b>0</b>	<b>0</b>	<b>1,094,156</b>

Derivative liabilities					
Negative fair value of currency derivatives	123,653	217,368	115,848	0	456,869

<b>Gap</b>	<b>262,908</b>	<b>-172,544</b>	<b>79,704</b>	<b>0</b>	<b>170,068</b>
<b>Cumulative gap</b>	<b>262,908</b>	<b>90,364</b>	<b>170,068</b>	<b>170,068</b>	<b>170,068</b>

Assets as of 31 Dec 2021 (in thousand CZK)	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Total
Cash and cash equivalents	225,440	0	0	0	225,440
Receivables from banks	0	149,160	0	0	149,160
Receivables from non-banking entities	514,079	0	0	0	514,079
Other assets and prepaid expenses	0	0	0	0	0
<b>Total</b>	<b>739,519</b>	<b>149,160</b>	<b>0</b>	<b>0</b>	<b>888,679</b>

Derivative assets					
Positive fair value of currency derivatives	60,359	91,001	58,759	0	210,119

Liabilities as of 31 Dec 2021 (in thousand CZK)	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Total
Liabilities to banks	0	228,712	0	0	228,712
Liabilities to non-banks	561,782	0	0	0	561,782
Other liabilities, and accrued expenses	0	0	0	0	0
<b>Total</b>	<b>561,782</b>	<b>228,712</b>	<b>0</b>	<b>0</b>	<b>790,494</b>
<b>Derivative liabilities</b>					
Negative fair value of currency derivatives	40,588	58,023	4,523	0	103,134
<b>Gap</b>	<b>197,508</b>	<b>-46,574</b>	<b>54,236</b>	<b>0</b>	<b>205,170</b>
<b>Cumulative gap</b>	<b>197,508</b>	<b>150,934</b>	<b>205,170</b>	<b>205,170</b>	<b>205,170</b>

The above summary includes only interest sensitive assets and liabilities and is therefore not identical to the balances presented in the Company's balance sheet.

The Company is exposed to interest rate risk at several levels:

#### Cost of not-own capital

The Company uses loans from banks to finance short-term liquidity. Expenses for these loans are directly related to the current interest rates for the currencies in which the loans are denominated and any increase in the interest rates has a negative impact on the Company's results of operations.

#### Interest rate differential

The Company has limited exposure to interest rate risk arising from the Forward+ product. This product, derived from the standard FWD product, allows clients the flexibility to settle these transactions over a pre-agreed period. However, this type of FWD is not offered to all clients and accounts for less than half of all FWD transactions. However, the probability of a loss is low also due to the fact that this product is mainly used by exporters to hedge foreign currency sales. This fact gives rise to the Company's interest rate position, positively affected by the difference between interest rates in the Czech Republic and the euro zone (interest rate differential). Both the CNB and the ECB assure the markets that this situation will continue for at least the next 12 months.

The Forward+ product is classified within Level 3 of the fair value hierarchy. The fair value of these derivatives is determined as the sum of the option and forward components. The forward component of the derivatives is determined as the present value of the expected cash flows arising from these transactions. Parameters observed in an active market such as foreign exchange rates, interest rates for given maturities based on the yield curve, etc. are used to determine the present value. To calculate the option component, a random path simulation of the FX rate is performed for each day from the valuation date to the maturity date of the derivative.

#### f) Liquidity risk

The Company's liquidity is defined as the ability to duly and in time fulfil client obligations arising on foreign exchange conversions and related payment transactions.

The Company has mechanisms in place to separate the clients' financial means from the Company's operating funds.

Concluded foreign currency transactions are settled by the Company after obtaining the financial coverage from the client. This mechanism prevents liquidity risk.

The table below contains assets and liabilities sorted according to their residual maturity. The residual maturity is the period from the balance sheet date until the date a relevant asset or liability is contractually payable

Non-derivative assets as of 31 Dec 2022 (in thousand CZK)	Carrying amount	Undisc. cash flows	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years
Cash and cash equivalents	289,426	289,592	289,592	0	0	0
Receivables from banks	168,805	171,198	0	171,198	0	0
Receivables from non-banking entities	581,512	581,512	581,512	0	0	0
Other assets	67,873	68,411	5,003	63,408	0	0
<b>Total</b>	<b>1,107,616</b>	<b>1,110,713</b>	<b>876,107</b>	<b>234,606</b>	<b>0</b>	<b>0</b>
<b>Derivative assets</b>						
Positive fair value of currency derivatives	681,184	716,111	182,844	322,818	210,449	0
<b>Total</b>	<b>1,788,800</b>	<b>1,826,824</b>	<b>1,058,951</b>	<b>557,424</b>	<b>210,449</b>	<b>0</b>
Non-derivative liabilities as of 31 Dec 2022 (in thousand CZK)	Carrying amount	Undisc. cash flows	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years
Liabilities to banks	242,236	247,987	1,086	246,901	0	0
Liabilities to non-banks	826,487	832,366	635,318	197,048	0	0
Other liabilities	25,434	25,433	25,433	0	0	0
<b>Total</b>	<b>1,094,157</b>	<b>1,105,786</b>	<b>661,837</b>	<b>443,949</b>	<b>0</b>	<b>0</b>
<b>Derivative Liabilities</b>						
Negative fair value of currency derivatives	456,869	460,653	124,240	218,626	117,787	0
<b>Total</b>	<b>1,551,026</b>	<b>1,566,439</b>	<b>786,077</b>	<b>662,575</b>	<b>117,787</b>	<b>0</b>
<b>Net liquidity risk</b>	<b>237,774</b>	<b>260,385</b>	<b>272,874</b>	<b>-105,151</b>	<b>92,662</b>	<b>0</b>

Non-derivative assets as of 31 Dec 2021 (in thousand CZK)	Carrying amount	Undisc. cash flows	Up to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years
Cash and cash equivalents	225,440	225,440	225,440	0	0	0
Receivables from banks	149,160	149,160	149,160	0	0	0
Receivables from non-banking entities	514,079	514,079	514,079	0	0	0
Other assets	61,092	61,092	61,092	0	0	0
<b>Total</b>	<b>800,611</b>	<b>800,611</b>	<b>800,611</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Derivative assets</b>						
Positive fair value of currency derivatives	200,619	222,707	64,659	91,748	66,299	0
<b>Total</b>	<b>1,001,230</b>	<b>1,023,318</b>	<b>865,270</b>	<b>91,748</b>	<b>66,299</b>	<b>0</b>
<b>Non-derivative liabilities as of 31 Dec 2021 (in thousand CZK)</b>						
Liabilities to banks	228,712	235,379	0	235,379	0	0
Liabilities to non-banks	561,782	561,782	561,782	0	0	0
Other liabilities	29,293	29,293	29,293	0	0	0
<b>Total</b>	<b>819,787</b>	<b>826,454</b>	<b>591,075</b>	<b>235,379</b>	<b>0</b>	<b>0</b>
<b>Derivative Liabilities</b>						
Negative fair value of currency derivatives	103,216	106,945	43,765	56,551	5,104	0
<b>Total</b>	<b>923,003</b>	<b>933,399</b>	<b>634,840</b>	<b>291,930</b>	<b>5,104</b>	<b>0</b>
<b>Net liquidity risk</b>	<b>78,227</b>	<b>89,919</b>	<b>230,430</b>	<b>-200,182</b>	<b>61,195</b>	<b>0</b>

The above summary includes only assets and liabilities with contractual maturity and is therefore not identical to the balances presented in the Company's balance sheet.

#### g) Counterparty default risk

Counterparty default risk is defined as the possibility of loss or gain from failure to meet the obligations of clients with whom a contractual relationship has been concluded. The Company is exposed to counterparty default risk particularly in FWD transactions. This risk is higher for transactions agreed with no collateral. The conclusion of such a FWD transaction is conditional on an internal assessment of the creditworthiness of the new client, which is based on an analysis of financial and non-financial indicators, and the regular assessment of the creditworthiness of existing clients. Clients who are not assessed as eligible to trade without collateral are required to provide collateral in the form of cash transferred to the Company's account. The sufficiency of this collateral is monitored on an ongoing basis considering potential losses on open positions and, if necessary, the client is required to increase the collateral to a sufficient level.

## C.25 Fair value

### Valuation methods

Valuation methods include:

- net present value and models based on discounted cash flows
- comparison to similar instruments with comparable prices
- and other valuation models.

### Assumptions and inputs

Assumptions and inputs used in valuation methods include:

- risk-free interest rates
- FX rates
- reference interest rates
- swap rates
- counterparty credit risk.

### Objective of the valuation method

The objective of the valuation method is to determine a fair value that reflects the price that would be received to sell an asset or paid to assume a liability in an orderly transaction between market participants at the measurement date.

### Processes and controls

The entity has established a set of controls for measuring fair value. Those controls include the following:

- verification of observable inputs and prices
- re-running calculations based on models
- review and approval of processes for new valuation models and changes to these models

### Financial instruments not reported at fair value on the balance sheet

The following table reports the carrying amounts and fair values of financial assets and financial liabilities not recognized at fair value on the balance sheet:

Assets as of 31 Dec 2022 (in thousand CZK)	Carrying amount	Fair value
Cash and cash equivalents	289,426	289,426
Receivables from banks	168,805	168,805
Receivables from non-banking entities	581,512	518,512
Other assets	25,001	25,001
<b>Total</b>	<b>1,064,744</b>	<b>1,064,744</b>

Liabilities as of 31 Dec 2022 (in thousand CZK)	Carrying amount	Fair value
Liabilities to banks	242,236	242,236
Liabilities to non-banks	826,487	826,487
Other liabilities	25,434	25,434
<b>Total</b>	<b>1,094,157</b>	<b>1,094,157</b>

Assets as of 31 Dec 2021 (in thousand CZK)	Carrying amount	Fair value
Cash and cash equivalents	225,440	225,440
Receivables from banks	149,160	149,160
Receivables from non-banking entities	514,079	514,079
Other assets	23,967	23,967
<b>Total</b>	<b>912,646</b>	<b>912,646</b>

Liabilities as of 31 Dec 2021 (in thousand CZK)	Carrying amount	Fair value
Liabilities to banks	228,712	228,712
Liabilities to non-banks	561,782	561,782
Other liabilities	27,416	27,416
<b>Total</b>	<b>817,910</b>	<b>817,910</b>

#### Financial instruments reported at fair value on the balance sheet

As of 31 Dec 2022 (in thousand CZK)	Level FV 1	Level FV 2	Level FV 3	Total fair value	Total carrying amount
Positive fair value of derivatives	0	633,878	47,306	681,184	681,184
Negative fair value of derivatives	0	139,652	317,217	456,869	456,869

As of 31 Dec 2021 (in thousand CZK)	Level FV 1	Level FV 2	Level FV 3	Total fair value	Total carrying amount
Positive fair value of derivatives	0	149,246	51,373	200,619	200,619
Negative fair value of derivatives	0	52,400	50,816	103,216	103,216

#### Transfers between Level 1 and Level 2

There were no transfers between Level 1 and Level 2 in 2022 and 2021.

#### Reconciliation from the opening balances to the closing balances in Level 3:

As of 31 Dec 2022 (in thousand CZK)	Positive fair value of derivatives	Negative fair value of derivatives	Total
<b>Balance as of 1 Jan 2022</b>	<b>51,373</b>	<b>-50,816</b>	<b>557</b>
Revaluation of unsettled derivatives recognized in the individual profit and loss	24,775	-267,431	-242,656
Settlements	-28,842	1,030	-27,812
<b>Balance as of 31 Dec 2022</b>	<b>47,306</b>	<b>-317,217</b>	<b>-269,911</b>

As of 31 Dec 2021 (in thousand CZK)	Positive fair value of derivatives	Negative fair value of derivatives	Total
<b>Balance as of 1 Jan 2021</b>	<b>0</b>	<b>0</b>	<b>0</b>
Revaluation of unsettled derivatives recognized in the individual profit and loss	51,373	-50,816	557
<b>Balance as of 1 Dec 2021</b>	<b>51,373</b>	<b>-50,816</b>	<b>557</b>

The accounting entity uses the following inputs and techniques to estimate the fair value of main items:

#### Cash and cash equivalents

Carrying amount equal to fair value. These financial assets are categorized at Level 1 in the Fair Value Hierarchy

#### Receivables from banks

Due to the short maturity of these receivables, the carrying amount approximates their fair value. These financial assets are categorized at Level 2 in the Fair Value Hierarchy

#### Receivables from non-banking entities

The estimated fair value of credits is based on discounted expected cash flows, using an interest rate valid for credits connected with similar credit risk, interest rate risk, and similar maturity. Due to the short maturity of these receivables, the carrying amount approximates their fair value.

These financial assets are categorized at Level 2 in the Fair Value Hierarchy

#### Liabilities to banks

Due to the short maturity of these liabilities, the carrying amount approximates their fair value. These financial liabilities are categorized at Level 2 in the Fair Value Hierarchy.

#### Liabilities to non-banks

Payables to non-banking entities payable on demand represent payables to clients arising from unsettled spot transactions. The carrying amount of these payables corresponds to their fair value due to their short maturity.

These financial liabilities are categorized at Level 2 in the Fair Value Hierarchy.



### Positive fair value of derivatives|negative fair value of derivatives

Financial derivatives are measured at fair value. The fair value of financial derivatives is determined as the net present value of expected cash flows arising from these transactions. Parameters determined on the active market are used to determine the net present value, such as forex rates, interest rates for the given maturities on the basis of yield curves, etc.

The Company also enters into derivative contracts that are settled in tranches over time. The fair value of these derivatives is determined as the sum of the option and forward components. The valuation of the forward component is based on the classic forward contract valuation. To calculate the option component, a simulation of the random path of the FX rate is performed for each day from the valuation date until the maturity date of the derivative. The sum of the fair value of the two components comprises the total fair value of the derivative and this value is presented in the balance sheet. Positive fair values in “Positive fair value of derivatives”. Negative fair values in “Negative fair value of derivatives”.

These financial assets are categorized at Level 2 a 3 in the fair value hierarchy.

For other assets and liabilities, the carrying amount equals their fair value.

## C.26. Relevant elements

### War in Ukraine

Following the Russian invasion of Ukraine and the sanctions imposed by the EU, the Company has implemented appropriate payment measures (including suspension of payments to Russia and Belarus). The Company has no direct exposure to Russia. In connection with the Russian invasion, the Company has identified the following potential risks:

#### Risk of additional collateral

The war in Ukraine affects the Company in several respects. The biggest risk is the sharp depreciation of the Czech crown, which leads to requests for additional collateral from bank counterparties providing FWD transactions as instruments to close foreign exchange and interest rate positions. This collateral is provided by the Company, which results in an increase in the cost of its capital not from equity, as the funds necessary to raise the collateral are external resources for the Company and are raised within its financial group. The risk of additional collateral has been mitigated by increasing the available liquidity and establishing procedures for obtaining additional liquidity from the client portfolio.

#### Risk of default of the client counterparty to the transaction

Despite diversification and the rigorous assessment of clients, the default of client counterparties in FWD transactions cannot be completely eliminated. In such cases, there is a risk of loss equal to the difference between the rate agreed by the client and the rate in effect at the time the position is closed should the client refuse to carry out the transaction. Given the ongoing sanctions and disruption of supply chains in both Ukraine and Russia, there is an increasing risk of a transaction not settling on time or of default by a client that is affected by the sanctions, supply disruptions, or price increases in inputs or services.

#### Risk of higher rates

The war in Ukraine has led to a rise in energy prices due to fears of disruption of gas and oil supplies. This increase translates into higher consumer inflation, resulting in higher rates set by the central bank. The CB is using higher rates to keep the inflation rate within the fluctuation band. The rise in rates is reflected in higher costs of external resources, leading to a negative impact on the Company’s results of operations.

However, thanks to the temporary depreciation of the Czech crown, the situation in Ukraine has led to a significant increase in interest in hedging, used by the Company to increase the volume of its business. Higher expenses as a result of higher rates are thus being compensated for by higher revenues.

## C.27. Subsequent events

Management is not aware of any events occurring after the balance sheet date that would require an adjustment of the individual financial statements.

## C.28. Declaration of persons with managing powers

We solemnly declare that to the best of our knowledge these individual financial statements give a true and fair view of the financial position, business activity, and results of operations of SAB Finance a.s. as of 31 December 2022 and for the year ended as 31 December 2022.

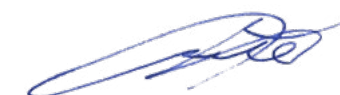
Prague, 2 March 2023



Ing. Ondřej Korecký, FCCA  
Chair of the Board



Ing. Dana Hübnerová  
Member of the board of directors



Ing. Petr Čumba  
Member of the board of directors

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Only the Czech version of the report is legally binding.

## **Independent Auditor's Report to the Shareholder of SAB Finance a.s.**

### **Report on the Audit of the separate Financial Statements**

#### ***Opinion***

We have audited the accompanying separate financial statements of SAB Finance a.s. ("the Company"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union, which comprise the separate statement of financial position as at 31 December 2022, and the separate statement of comprehensive income, the separate statement of changes in equity and the separate cash flow statement for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies and other explanatory notes. Information about the Company is set out in Note A.1. to the separate financial statements.

In our opinion, the accompanying separate financial statements give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2022, and of its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

#### ***Basis for Opinion***

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

## **Auditor's report on the individual financial statements**



### Key Audit Matters

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

### Gains and losses from spot operations

For the year ended 31 December 2022, gains and losses from spot operations amounted to CZK 528 449 thousand (year ended 31 December 2021: CZK 371 664 thousand).

Refer to note B.1 Transaction date and C.18 Gains and losses from spot operations in the notes to the financial statement for further information.

Key audit matter	How the audit matter was addressed
The Company's principal activity is conclusion of transactions, consisting in purchase and sale of financial assets (foreign currency) at agreed foreign exchange rates. The most common transaction types are spot trades, i.e. purchase and sale of currency assets on a specified spot date.	Assisted, where relevant, by our own information technology specialists, we performed, among others, the procedures outlined below: <ul style="list-style-type: none"> <li>— We critically assessed the Company's accounting policies and processes related to the recognition of gains and losses from spot transactions.</li> </ul>
In any given year, the Company concludes a significant number of such spot transactions, with different combinations of currencies (currency pairs), each trade requiring manual input of underlying trade data into the accounting system. The Company initially accounts for the concluded deals at the trade date to be subsequently remeasured with actual foreign exchange rate until the settlement date.	<ul style="list-style-type: none"> <li>— We tested the design, implementation and operating effectiveness of selected IT-based and manual controls over trade input data entered into the operating system, accuracy of the calculation of gains and losses on spot transactions, and transfer of data between the operating and accounting system.</li> </ul>
In addition, complex systems (trade journals) are used to process and record high volume of individually low-value transactions. Due to that fact, the existence, accuracy and completeness of recognized trade-related gains and losses is an inherent industry risk.	<ul style="list-style-type: none"> <li>— For a sample of spot transactions, we obtained counterparty confirmations of trade terms (trade date, settlement date, currency pair, foreign exchange rate, nominal amounts) and traced them to the corresponding data in the Company's operating system (trade journal).</li> </ul>
Due to the above complexities, coupled with the magnitude of the amounts involved, the area was associated with a significant risk of material misstatement, which required our increased attention in the audit. As such, we determined it to be a key audit matter.	<ul style="list-style-type: none"> <li>— Using the above trade journal data, we independently recalculated gain and losses from a sample of spot operations and subsequent foreign exchange differences in the reporting period and compared our outcome with that of the Company.</li> </ul>

Key audit matter	How the audit matter was addressed
	<ul style="list-style-type: none"> <li>— We evaluated related disclosures in the financial statements for accuracy, completeness and compliance with the relevant requirements of the financial reporting standards.</li> </ul>

### Valuation of Forward+ contracts

As at 31 December 2022, assets related to Forward+ contracts amounted to CZK 47 306 thousand (as at 31 December 2021: CZK 51 373 thousand) and liabilities related to Forward+ contracts amounted to CZK -317 321 thousand (as at December 2021: CZK -50 816 thousand).

Refer to note B.1 Transaction date and B.11 Derivatives and C.5 Derivatives in the notes to the financial statement for further information.

Key audit matter	How the audit matter was addressed
The Company's product offering includes the "Forward +" contracts, representing forward exchange contracts that enable the counterparty to gradually and partially settle the foreign exchange transaction within a predefined period of time. As at 31 December 2022, the Company had a substantial number of unsettled Forward + transactions, in various currency pairs and accounted for at fair value.	Assisted, where relevant, by our own financial instruments specialists, we performed, among others, the procedures outlined below: <ul style="list-style-type: none"> <li>— We critically assessed, against the relevant requirements of the financial reporting standards, the Company's processes, accounting policies, and valuation methods (models) related to determining the fair value of the unsettled transactions with the Forward + product.</li> </ul>
In accounting for the Forward + transactions, the Company uses its in-house model to determine fair value, including that for both the forward and option portion of the transaction, applying a simulation of a number of scenarios of the possible transaction settlement. The key model assumptions and data include those for yield curves, discount rates and the expected date of transaction settlement. Accordingly, the fair value measurement involves significant complexity, management judgment and estimation uncertainty.	<ul style="list-style-type: none"> <li>— We evaluated the design and implementation of selected controls within the valuation process, including those in respect of management's review and approval of the key parameters, data and assumptions in the valuation model, as well as the model outcome.</li> </ul>
Due to the above factors, we determined this area to be associated with a significant risk of material misstatement, which required our increased attention in the audit. As such, we considered it to be a key audit matter.	<ul style="list-style-type: none"> <li>— We assessed the appropriateness of the Company's valuation model and, for the entire population of Forward+ transaction unsettled at the reporting date, we developed our own fair value estimate for the forward portion of the transaction, using independently derived market yield curve, discount rates and uniform distribution related to the settlement date. For the option</li> </ul>



Key audit matter	How the audit matter was addressed
	<p>portion, we simulated settlement of deals using assumption of random motion for spot foreign exchange rate.</p> <p>— We evaluated related disclosures in the financial statements for accuracy, completeness and compliance with the relevant requirements of the financial reporting standards.</p>

#### Other Information

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

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable laws and regulations, in particular, whether the other information complies with laws and regulations in terms of formal requirements and the procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with those requirements could influence judgments made on the basis of the other information.

We have not obtained the other information prior to the date of this auditor's report. Consequently, we do not report on the other information. When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the statutory body and the Supervisory Board.

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

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

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

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

#### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in





our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

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

##### *Appointment of Auditor and Period of Engagement*

We were appointed as the auditors of the Company by the General Meeting of Shareholders on 25 April 2022 and our uninterrupted engagement has lasted for 12 years.

##### *Consistency with Additional Report to Audit Committee*

We confirm that our audit opinion on the financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 21 February 2023 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council.

##### *Provision of Non-audit Services*

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

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



#### **Statutory Auditor Responsible for the Engagement**

Jindřich Vašina is the statutory auditor responsible for the audit of the financial statements of SAB Finance a.s. as at 31 December 2022, based on which this independent auditor's report has been prepared.

Prague  
2 March 2023

*Signed by*

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

*Signed by*

Jindřich Vašina  
Partner  
Registration number 2059



**SAB Finance a.s.**

Senovážné nám. 1375/19  
110 00 Praha 1 - Nové Město





# Zpráva nezávislého auditora

1. 1. 2020 – 31. 12. 2020



## KPMG Česká republika Audit, s.r.o.

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## Zpráva nezávislého auditora pro akcionáře společnosti SAB Finance a.s.

### Výrok auditora

Provedli jsme audit přiložené účetní závěrky společnosti SAB Finance a.s. (dále také „Společnost“) sestavené na základě českých účetních předpisů, která se skládá z rozvahy k 31. prosinci 2020, výkazu zisku a ztráty, přehledu o změnách vlastního kapitálu a přehledu o peněžních tocích za rok končící 31. prosincem 2020 a přílohy v účetní závěrce, která obsahuje popis použitých podstatných účetních metod a další vysvětlující informace. Údaje o Společnosti jsou uvedeny v bodě A.1. přílohy v této účetní závěrce.

Podle našeho názoru přiložená účetní závěrka podává věrný a poctivý obraz aktiv a pasiv Společnosti k 31. prosinci 2020 a nákladů a výnosů a výsledku jejího hospodaření a peněžních toků za rok končící 31. prosincem 2020 v souladu s českými účetními předpisy.

### Základ pro výrok

Audit jsme provedli v souladu se zákonem o auditorech a standardy Komory auditorů České republiky pro audit, kterými jsou mezinárodní standardy pro audit (ISA) případně doplněné a upravené souvisejícími aplikačními doložkami. Naše odpovědnost stanovená těmito předpisy je podrobněji popsána v oddílu Odpovědnost auditora za audit účetní závěrky. V souladu se zákonem o auditorech a Etickým kodexem přijatým Komorou auditorů České republiky jsme na Společnosti nezávislí a splnili jsme i další etické povinnosti vyplývající z uvedených předpisů. Domníváme se, že důkazní informace, které jsme shromáždili, poskytují dostatečný a vhodný základ pro vyjádření našeho výroku.

### Ostatní informace

Ostatními informacemi jsou v souladu s § 2 písm. b) zákona o auditorech informace uvedené ve výroční zprávě mimo účetní závěrku a naši zprávu auditora. Za ostatní informace odpovídá statutární orgán Společnosti.

Náš výrok k účetní závěrce se k ostatním informacím nevztahuje. Přesto je však součástí našich povinností souvisejících s auditem účetní závěrky seznámení se s ostatními informacemi a posouzení, zda ostatní informace nejsou ve významném (materiálním) nesouladu s účetní závěrkou či s našimi znalostmi o účetní jednotce získanými během auditu účetní závěrky nebo zda se jinak tyto informace nejví jako významně (materiálně) nesprávné. Také posuzujeme, zda ostatní informace byly ve všech významných (materiálních) ohledech vypracovány v souladu s příslušnými právními



předpisy. Tímto posouzením se rozumí, zda ostatní informace splňují požadavky právních předpisů na formální náležitosti a postup vypracování ostatních informací v kontextu významnosti (materiality), tj. zda případné nedodržení uvedených požadavků by bylo způsobitelné ovlivnit úsudek činěný na základě ostatních informací.

Na základě provedených postupů, do míry, již dokážeme posoudit, uvádíme, že

- ostatní informace, které popisují skutečnosti, jež jsou též předmětem zobrazení v účetní závěrce, jsou ve všech významných (materiálních) ohledech v souladu s účetní závěrkou a
- ostatní informace byly vypracovány v souladu s právními předpisy.

Dále jsme povinni uvést, zda na základě poznatků a povědomí o Společnosti, k nimž jsme dospěli při provádění auditu, ostatní informace neobsahují významné (materiální) věcné nesprávnosti. V rámci uvedených postupů jsme v obdržených ostatních informacích žádné významné (materiální) věcné nesprávnosti nezjistili.

#### **Odpovědnost statutárního orgánu a dozorčí rady Společnosti za účetní závěrku**

Statutární orgán Společnosti odpovídá za sestavení účetní závěrky podávající věrný a poctivý obraz v souladu s českými účetními předpisy a za takový vnitřní kontrolní systém, který považuje za nezbytný pro sestavení účetní závěrky tak, aby neobsahovala významné (materiální) nesprávnosti způsobené podvodem nebo chybou.

Při sestavování účetní závěrky je statutární orgán Společnosti povinen posoudit, zda je Společnost schopna nepřetržitě trvat, a pokud je to relevantní, popsat v příloze v účetní závěrce záležitosti týkající se jejího nepřetržitého trvání a použití předpokladu nepřetržitého trvání při sestavení účetní závěrky, s výjimkou případů, kdy statutární orgán plánuje zrušení Společnosti nebo ukončení její činnosti, resp. kdy nemá jinou reálnou možnost, než tak učinit.

Za dohled nad procesem účetního výkaznictví ve Společnosti odpovídá dozorčí rada.

#### **Odpovědnost auditora za audit účetní závěrky**

Naším cílem je získat přiměřenou jistotu, že účetní závěrka jako celek neobsahuje významnou (materiální) nesprávnost způsobenou podvodem nebo chybou a vydat zprávu auditora obsahující náš výrok. Přiměřená míra jistoty je velká míra jistoty, nicméně není zárukou, že audit provedený v souladu s výše uvedenými předpisy ve všech případech v účetní závěrce odhalí případnou existující významnou (materiální) nesprávnost. Nesprávnosti mohou vznikat v důsledku podvodů nebo chyb a považují se za významné (materiální), pokud lze reálně předpokládat, že by jednotlivě nebo v souhrnu mohly ovlivnit ekonomická rozhodnutí, která uživatelé účetní závěrky na jejím základě přijmou.

Při provádění auditu v souladu s výše uvedenými předpisy je naší povinností uplatňovat během celého auditu odborný úsudek a zachovávat profesní skepticismus. Dále je naší povinností:

- Identifikovat a vyhodnotit rizika významné (materiální) nesprávnosti účetní závěrky způsobené podvodem nebo chybou, navrhnout a provést auditorské postupy reagující na tato rizika a získat dostatečné a vhodné důkazní informace, abychom na jejich základě mohli vyjádřit výrok. Riziko, že neodhalíme významnou

(materiální) nesprávnost, k níž došlo v důsledku podvodu, je větší než riziko neodhalení významné (materiální) nesprávnosti způsobené chybou, protože součástí podvodu mohou být tajné dohody (koluze), falšování, úmyslná opomenutí, nepravdivá prohlášení nebo obcházení vnitřních kontrol.

- Seznámit se s vnitřním kontrolním systémem Společnosti relevantním pro audit v takovém rozsahu, abychom mohli navrhnout auditorské postupy vhodné s ohledem na dané okolnosti, nikoli abychom mohli vyjádřit názor na účinnost jejího vnitřního kontrolního systému.
- Posoudit vhodnost použitých účetních pravidel, přiměřenost provedených účetních odhadů a informace, které v této souvislosti statutární orgán Společnosti uvedl v příloze v účetní závěrce.
- Posoudit vhodnost použití předpokladu nepřetržitého trvání při sestavení účetní závěrky statutárním orgánem a to, zda s ohledem na shromážděné důkazní informace existuje významná (materiální) nejistota vyplývající z událostí nebo podmínek, které mohou významně zpochybnit schopnost Společnosti nepřetržitě trvat. Jestliže dojdeme k závěru, že taková významná (materiální) nejistota existuje, je naší povinností upozornit v naší zprávě na informace uvedené v této souvislosti v příloze v účetní závěrce, a pokud tyto informace nejsou dostatečné, vyjádřit modifikovaný výrok. Naše závěry týkající se schopnosti Společnosti nepřetržitě trvat vycházejí z důkazních informací, které jsme získali do data naší zprávy. Nicméně budoucí události nebo podmínky mohou vést k tomu, že Společnost ztratí schopnost nepřetržitě trvat.
- Vyhodnotit celkovou prezentaci, členění a obsah účetní závěrky, včetně přílohy, a dále to, zda účetní závěrka zobrazuje podkladové transakce a události způsobem, který vede k věrnému zobrazení.

Naší povinností je informovat osoby pověřené správou a řízením mimo jiné o plánovaném rozsahu a načasování auditu a o významných zjištěních, která jsme v jeho průběhu učinili, včetně zjištěných významných nedostatků ve vnitřním kontrolním systému.

#### **Statutární auditor odpovědný za zakázku**

Ing. Jindřich Vašina je statutárním auditorem odpovědným za audit účetní závěrky společnosti SAB Finance a.s. k 31. prosinci 2020, na jehož základě byla zpracována tato zpráva nezávislého auditora.

V Praze, dne 25. ledna 2021

KPMG Česká republika Audit

KPMG Česká republika Audit, s.r.o.  
Evidenční číslo 71

Ing. Jindřich Vašina  
Partner  
Evidenční číslo 2059



