

ANNUAL REPORT 2024



Partners Banka, a.s.

Partners Banka, a.s.

Annual report 2024

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This document is a translation of the original Annual Report for 2024 issued in Czech.

Partners Banka, a.s.

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1. BANK PROFILE AND CONTACT DETAILS

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

Contact person

Spokesperson: Tereza Píchalová, tel.: +420 603 173 254

The Bank has no branch or organisational unit abroad.

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

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

The full annual report is available on the website:

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

2. FOREWORD BY THE CHAIRMAN OF THE BOARD OF DIRECTORS

Dear friends,

2024 brought the start of our business. In March, we successfully launched banking services to the public, capping off our multi-year effort to obtain a banking license and build a system for a future technologically advanced bank. In ten months, we managed to attract more than 90,000 customers and CZK 36 billion in deposits.

First, we launched everyday banking products, i.e. current and savings accounts in local currency, domestic payments from and to the account, including instant payments, standing orders, direct debits and SIPO (joint collection of utility payments), and payment cards



for payments and withdrawals from ATMs at home and abroad. We initially allowed clients to open an account through our Partners advisory network and, from April, remotely through our banking identity services.

Our Bank is built as an advisory and family-oriented bank. We have combined the latest and safest banking technology with live advice through qualified financial advisors. When launching, we were already offering joint accounts for couples, where both are true joint owners and therefore equal in their rights. We created special services for children and parents, such as pocket money management, financial assessment tasks or payments and payment cards, which allow parents to set the rules and increase their children's financial literacy.

We paid special attention to the simple design, accessibility, advanced features and security of our Partners mobile application. We gradually expanded the available range of services to include

SEPA payments in euros across Europe, children's savings accounts and savings goals, connecting client accounts from other banks according to PSD2 standards, advisor selection directly in the application and active banking identity services, with which our clients can, e.g., log in to public administration portals. With the help of reliable suppliers, our Bank has been built on a robust multi-cloud architecture using state-of-the-art technologies allowing us, e.g., to run our application as a non-stop application.

Our Bank has quickly become popular also thanks to our business policy, where the terms of our products have been set up transparently and without unnecessary obstacles and fees. For example, we attract clients with a favourable interest rate on savings accounts with no deposit limit, free account maintenance, payments and card withdrawals, and the availability of information about the entire financial product portfolio in the application,

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including the possibility to share information among life partners. Partners' fourth largest advisory network in the country with more than 175 branches played a critical role in attracting new clients to the Bank.

At the end of the year, we completed the development and testing of the Bank's loan proposition, i.e. mortgages and consumer loans. We began providing our first loans at Partners' branches in November.

The Bank's successful launch in 2024 also enabled the preparation of innovations for 2025, such as card purchases in foreign currencies without exchange rate spreads or the launch of mortgage loans.

Dear clients, business partners, colleagues and supporters, let me express my great thanks to you for your trust, cooperation and support of a modern, truly Czech bank.

With respect and joy,

Marek Ditz

Chief executive officer and chairman of the board of directors



3. REPORT OF THE BOARD OF DIRECTORS ON BUSINESS IN 2024 AND FUTURE OUTLOOK

Dear clients, shareholders, and business partners,

We present to you a report on the Bank's activities in 2024 and its plans for the future. The most significant event of 2024 was the launch of banking services to the public on 4 March 2024, which followed the Czech National Bank's decision to grant our company a banking licence in August 2023, thus completing the successful development, integration, testing and trial operation of our banking systems and services.

Full operation of banking services for individuals thus commenced at the beginning of March 2024, when the first accounts were opened by the public, the first payment cards were issued, and the first payments were processed. The necessary certifications were obtained and Apple Pay and Google Pay payment services were launched. At the same time, all regulatory obligations regarding customer identification, anti-money laundering and anti-terrorist financing, and mandatory reporting were complied with. The Bank's board of directors regularly reviewed the business and operational indicators, quantitative and qualitative feedback from the clients and Partners' advisors and addressed any shortcomings. To strengthen the public's awareness of the new Bank, an advertising campaign was launched based on a collaboration with the singer and songwriter Pokáč, which ran with varying intensity until the end of the year and ranked among the financial institution advertisements with the strongest momentum of spontaneous and supported brand awareness. At the same time, the appearance of the Partners branch network was being modernised and rebranded as Partners Banka.

Activities of the Bank's expert committees, in particular the new products committee, the risk and capital committee and the asset and liability management committee were launched, and good governance processes were initiated in accordance with the relevant regulations and the Bank's internal regulations. The Bank was accepted as a member of the Czech Banking Association and participated in the work of the relevant professional commissions. Pursuant to relevant legislation and a decision of the Czech National Bank, the fulfilment of obligations of financial holding company Partners BankIn, a.s. was transferred to the Bank. In the design and delivery of our services we paid particular attention to the principles of sustainability, for example, by using digital processes instead of consuming paper, plastic and excessive travel, or by ensuring equal working conditions for men and women, including the promotion of career growth. Financial literacy and consumer protection are also key for us. We do not plan to introduce technologies vulnerable to abuse for fraudulent transactions, such as internet banking or applications that can be activated by a combination of username and password.

In the first half of 2024, our services were expanded to include in particular the possibility of opening an account remotely via our banking identity services and SEPA payments in euros. The bank account mobility service was launched. Cooperation with rohlik.cz was established, enabling clients to receive free premium services from both business partners for up to one year when regularly paying for purchases with our bank's card.

In the second half of the year, banking identity services were launched and clients who tried Partners Group services for the first time by opening a bank account online were offered the opportunity to choose their advisor directly in the mobile application. The range of services for families was expanded to include children's savings accounts and goals. The development

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of unsecured consumer loans (borrowings) was completed, and the product was launched to clients in November. The development of secured consumer housing loans (mortgages) was also completed and underwent a test run with its launch expected in early 2025. The mobile application was launched in Slovakia and began providing information on the advisory products provided by SIMPLEA FINANCIAL SERVICES, s.r.o.

By the end of the year, the Bank had managed to gain over 91,000 clients and receive more than 35 billion Czech crowns in client deposits.

For 2025, the development of services supporting travel and the active use of our Bank are planned in addition to the above introduction of the loan offer on the market. The launch of an attractive foreign exchange rate for card payments in foreign currencies without exchange rate spread has been prepared and has the potential to significantly increase the addition of new customers and their banking activities. The business policy promoting attractive terms and conditions for savings accounts will continue and the functionalities of the accounts will be expanded to include multi-currency components. Following the launch of Partners Securities a.s. as a securities dealer, the mobile application will be supplemented with additional investment services. The cooperation with business Partners will also continue aimed at the provision of premium services to joint clients, as well as the preparation for the launch of banking activities in Slovakia. We will also continue with advertising campaigns focused on promoting the brand and the specific benefits of our client proposition.

We believe that our Bank is entering its second year of business operations strengthened by the proven functionality and attractiveness of our user-friendly services and modern processes. We would like to take this opportunity to thank not only our clients, but also our employees, collaborators, suppliers, shareholders and all fans of modern Czech banking for their trust and support.

Marek Ditz

Chairman
of the board of directors

Lada Kičmerová

Vice-chair
of the board of directors

Petr Borkovec

Vice-chair
of the board of directors

Prague, 31 March 2025

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4. THE BANK'S PERFORMANCE AND ASSET POSITION

In 2024, the Bank incurred a loss of CZK 269 million after tax, or CZK 355 million before tax, which was fully in line with the projected loss in the first full year of operation as a bank. The Bank won the trust of more than 91 thousand customers who made deposits with the bank amounting to CZK 35,831 million as at 31 December 2024.

The Bank continuously deposited client funds mainly in reverse repo operations with the Czech National Bank. A part of the funds from the registered capital and contributions outside the registered capital remained invested in Czech government bonds, and the remaining part was invested together with client funds also in reverse repo operations. As a result of these deposits, the Bank earned net interest income of CZK 158 million in 2024.

In 2024, the volume of administrative expenses of CZK 470 million included the costs associated with the full operation of the systems and activities necessary to run the Bank, the major portion being personnel costs (CZK 123 million), IT services costs (CZK 114 million), the costs of services and systems provided by the subsidiary PBK technology, s.r.o. (CZK 106 million), and marketing costs (CZK 95 million).

As at 31 December 2024, the Bank's balance sheet total amounted to CZK 38 724 million, representing a year-on-year increase in the balance sheet total of 1,138%. The most significant item are receivables from banks comprising reverse repo transactions with the Czech National Bank of CZK 34,868 million and deposits with central banks to cover mandatory minimum reserves of CZK 1,347 million.

During 2024, the Bank increased its investment in Czech government bonds by CZK 359 million to a total of CZK 1,460 million. As at 31 December 2024, it also increased its investment in its subsidiary PBK technology, s.r.o. by CZK 31 million needed for the further development of the Bank's systems to CZK 603 million. The Bank's return on assets as at 31 December 2024 was (1.29%).

At the end of the year and as part of the trial operation, the Bank granted its first consumer loans of CZK 87 million and the first mortgage loan.

In view of the Bank's projected results in future years, the Bank created a deferred tax asset of CZK 83 million for the tax loss for 2024.

The Bank's equity as at 31 December 2024 totalled CZK 2,798 million, of which CZK 3,000 million is the paid-up registered capital including contributions outside the registered capital, CZK 15 million is the revaluation of bonds held at fair value through other comprehensive income, and CZK (218) million are retained earnings/accumulated losses, and in particular current period loss. Compared to 2023, the equity thus decreased by CZK 275 million, mainly due to the current period loss of CZK 269 million and the decrease in the revaluation of government bonds of CZK 6 million.

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Key figures of the financial statements as at 31 December 2024:

BALANCE SHEET

	31 Dec 2024	31 Dec 2023
TOTAL ASSETS	38,723,812	3,128,717
Cash in hand and balances with central banks	1,457,197	17805
State bonds	1,460,872	1,102,334
Receivables from banks	34,893,579	1,398,841
Receivables from clients	90,422	0
Ownership interests with controlling influence	603,100	572,100
Fixed assets	23,670	24,503
Other assets and prepaid expenses	194,972	13,134
TOTAL LIABILITIES AND EQUITY	38,723,812	3,128,817
Equity	2,797,602	3,072,722
<i>Registered capital</i>	<i>2,470,588</i>	<i>2,470,588</i>
<i>Share premium and capital funds</i>	<i>529,412</i>	<i>529,412</i>
<i>Revaluation gains (losses)</i>	<i>15,113</i>	<i>21,266</i>
<i>Retained profits (accumulated losses)</i>	<i>51,456</i>	<i>25,240</i>
<i>Profit (loss) for the accounting period</i>	<i>(268,967)</i>	<i>26,216</i>
Payables to customers – credit union members	35,830,880	12,838
Other liabilities, accrued revenues and accrued expenses	95,274	42,214
Provisions	56	1,043

INCOME STATEMENT

	2024	2023
Net interest income	158,242	144,396
Net fee and commission expense	42,913	331
Gain or loss from financial operations	7,564	48
Other operating income	3,666	1,365
Administrative expenses	470,225	117,685
Depreciation and amortisation of fixed assets	6,444	783
Net creation of loss allowances and provisions for receivables	4,654	197
Profit before tax	(354,764)	26,813
Income tax	(85,797)	597
Net profit (loss) for the period	(268,967)	26,216

5. INFORMATION ON CAPITAL, CAPITAL REQUIREMENTS, AND RATIOS

5.1. Capital management

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

The Bank performs both a regulatory assessment of capital ratio (Pillar 1) and an internally determined assessment of capital ratio (Pillar 2). The Bank did not receive any additional capital requirements from the CNB for 2024 under the Supervisory Review and Evaluation Process.

Because of the continuous development of the business environment and applicable regulations, the Bank continuously assesses the impact of changes in the environment and of the planned regulatory changes as part of its capital planning process. As the national regulator, the Czech National Bank oversees the Bank's compliance with capital adequacy requirements. Since receiving its banking licence, the Bank has complied with all regulatory requirements applicable to 2024.

5.2. Information on capital

The Bank's equity as at 31 December 2024 amounted to CZK 2,798 million, of which CZK 2,471 million was the registered capital (fully paid-up), CZK 529 million were additional payments outside the registered capital (also fully paid up), CZK 15 million was the revaluation of bonds, and the remaining CZK (218) million were retained earnings/accumulated losses and current period loss.

The Bank did not acquire any of its own shares in 2024 (or 2023).

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TCZK	31 Dec 2024	31 Dec 2023
Capital	2,708,834	3,044,446
Tier 1 capital	2,708,834	3,044,446
Common Equity Tier 1 (CET 1)	2,708,834	3,044,446
Of which:		
<i>paid up CET 1 instruments</i>	2,470,588	2,470,588
<i>retained earnings</i>	51,456	25,240
<i>current period loss</i>	(268,967)	
<i>accumulated other comprehensive income</i>	15,113	21,266
<i>other reserves</i>	529,412	529,412
Adjustments to Common Equity Tier 1 capital due to prudential filters	(704)	(441)
(-) <i>valuation adjustments arising from prudent valuation requirements</i>	(704)	(441)
Adjustments to Common Equity Tier 1 capital for intangible assets	(4,940)	(1,619)
(-) <i>other intangible assets before deduction of deferred tax liabilities</i>	(4,940)	(1,619)
Adjustments to Common Equity Tier 1 capital for deferred tax asset	(83,124)	-
Tier 2 capital	-	-

5.3. Capital requirements

TCZK	31 Dec 2024	31 Dec 2023
Total volume of risk exposure	1,481,884	1,290,122
Risk-weighted exposures for credit risk, counterparty credit risk, and dilution and free delivery risk	810,644	660,153
Standardised Approach (SA)	810,644	660,153
Exposure categories covered by the standardised approach, excluding securitisation positions		
<i>Institutions</i>	5,155	52,034
<i>Retail exposures</i>	69,656	-
<i>Shares and other participations</i>	603,100	572,100
<i>Other items</i>	132,733	36,019
<i>Of which: software as an intangible asset</i>	12,767	15,706
Total volume of exposure for position, currency and commodity risk	62,467	-
Total risk exposure for operational risk	608,773	629,969

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5.4. Capital ratios

Capital ratios as at 31 December 2024 as a percentage of risk exposure:

TCZK	31 Dec 2024	31 Dec 2023
Common Equity Tier 1 ratio	182.80%	235.98%
<i>Common Equity Tier 1 Surplus</i>	<i>2,642,150</i>	<i>2,986,391</i>
Tier 1 capital ratio	182.80%	235.98%
<i>Tier 1 capital surplus</i>	<i>2,619,921</i>	<i>2,967,039</i>
Total capital ratio	182.80%	235.98%
<i>Total capital surplus</i>	<i>2,590,284</i>	<i>2,941,237</i>

5.5. Business activity

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

6. THE BANK'S BODIES AND ITS MANAGEMENT

6.1. Board of directors

Marek Ditz, chairman of the board of directors

Marek has worked in the banking sector since 1994. He graduated from the University of Economics in Prague and the Swiss Banking School. Until 2018, he worked at ČSOB, working his way up to become head of corporate banking, later managing restructurings. In 2013, he joined the board of directors of ČSOB and was responsible for its retail branches and the Postal Savings Bank, then insurance, pensions, markets, investments and finally transformations. In June 2020, he became part of the Partners team to launch the bank. He focuses on loans, IT, human resource management, finance, risk and compliance.



Petr Borkovec, vice-chair of the board of directors



Petr started his career in finance in 2000 at the Mendel University in Brno, where he taught courses on financial markets, capital markets, stock exchanges and securities and international finance. He worked at the university until 2008 and simultaneously ran his own business as an independent financial advisor. In 2007, Petr founded the financial consulting company Partners with Radim Lukeš. Since 2012, he has headed the Partners Financial Group, where he has been involved in the establishment of Partners Investment Company, Simplea Insurance Company, Rentea Pension Company, Trigea Real Estate Fund and the establishment and launch of Partners Banka. At the Bank, he mainly focuses on products, distribution, and marketing.

Lada Kičmerová, vice-chair of the board of directors

Lada studied at the University of Economics and Journalism at the Faculty of Social Science of Charles University. She also studied in France and the USA and obtained an EBA degree at the University of Lyon. She joined Partners Financial Group in 2009 and successively held the positions of marketing and PR director, client service director, member of the board of directors of Partners Financial Services and Partners Banka. Lada's dream is for all Partners clients to have the kind of information that gives them financial confidence, independence, and control over their money.



Tomáš Kořínek, member of the board of directors



Tomáš graduated in economics and management from the Faculty of Electrical Engineering of the Czech Technical University in Prague. He has held senior management positions in major financial institutions on the Czech market. Before joining Partners, Tomáš was chairman of the board of directors of the Czech building savings bank ČMSS, where he was responsible for IT and business architecture and process management. Before that, he was a member of the board of directors of ČSOB responsible for risk management, compliance and legal

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services. Banking is very much about trading in risk and risk management, and that is his area of expertise.

Jiří Charousek, member of the board of directors

Jiří came to Partners from Česká spořitelna. He was with Česká spořitelna from 1998, and for 24 years held various IT positions and worked his way up through CEO of the IT subsidiary to CTO of the bank. In this leadership position, Jiří focused on technology, cloud, security, digitalisation, automation and transformation-transition of the bank to agile operations. At Partners Banka, he has primary responsibility for technology project management and coordination across the group and holds a lead development and operational role from development to production.



Bohumil Čučela, member of the board of directors

Bohumil started working in the banking sector while studying at the University of Economics in Prague and has been continuously working in it for more than 30 years. He has experience with both small and large banking houses, having worked the longest at Komerční banka, where he spent more than 17 years mainly in finance, accounting and reporting. At Partners Banka, he has focused on financial administration, including asset and liability management since 2022.

6.2. Supervisory board

Petr Bartoš, chairman of the supervisory board

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

Zuzana Kepková, member of the supervisory board

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

Petr Kroupa, member of the supervisory board

After graduating from the Economic Policy and Public Administration programme at the University of Economics in Prague, Petr worked extensively in financial consulting. Gradually he worked his way up to the position of a partner in the Partners Financial Services, a.s. group and is also its shareholder. As a partner and shareholder, he is actively involved in its strategic development. In addition to his financial advisory activities, he lectures

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at professional conferences on finance, business skills, and motivation. He has also been the chairman of the supervisory board of Partners investiční společnost, a.s. since mid-2012.

Simona Machulová, member of the supervisory board

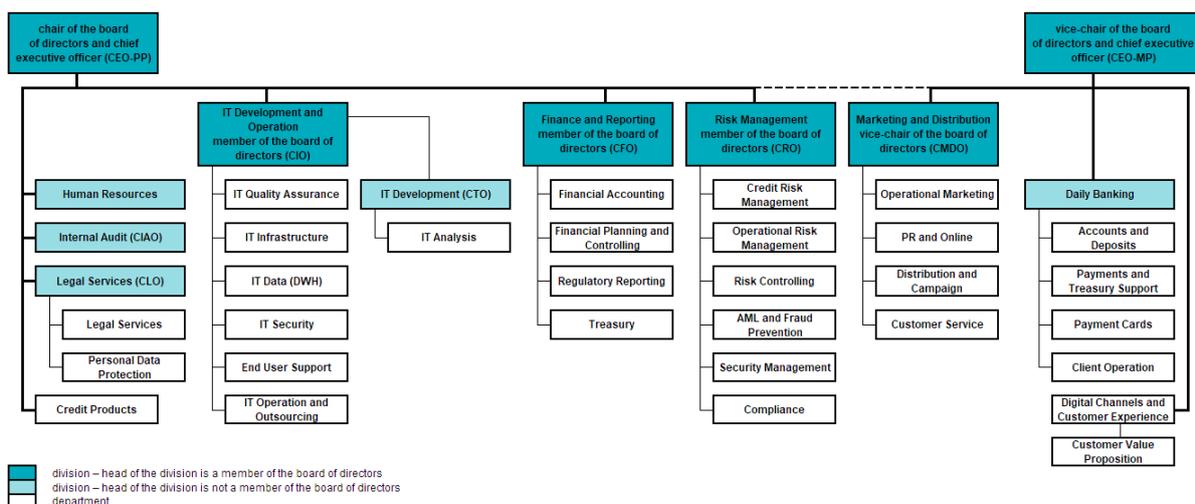
Simona received a master’s degree in law from the University of West Bohemia in Pilsen. She passed professional examinations in sectoral laws governing the financial market – investments, consumer loans, supplementary pension savings and insurance. She has been active in insurance (since 2003 at Aviva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

6.3. Audit committee

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

7. ORGANISATIONAL STRUCTURE OF THE BANK

Organisational structure of Partners Banka, a.s.



8. INFORMATION ON THE BANK’S ENVIRONMENTAL ACTIVITIES

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

The Bank reduces its negative environmental impact by automating and digitising its processes. It has set up its client processes as fully digital and its clients can fully manage their banking products on the mobile app. Full digitalisation and automation is the Bank’s goal for internal and support processes as well.

Digitalisation allows clients and employees to handle much of what they need electronically. Therefore, we enable employees to work from home, thus optimising the need for transport and helping to reduce the negative impact of transport on the environment.

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Furthermore, paper consumption and any impact associated with handling paper documents is minimised. Clients also have immediate and free access to virtual payment cards. Physical payment cards are made from recycled plastic. The goal is to get rid of plastic cards completely by 2030.

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

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

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

To keep abreast of the most recent ESG measures, the Bank participates in debates within the sustainable finance commission and the CSRD working group of the Czech Banking Association and adopts and implements those elements that fit its profile and product focus.

9. INFORMATION ON ACTIVITIES IN LABOUR RELATIONS

The Bank's starting point and a matter of course is compliance with labour legislation and the creation of favourable and equal working conditions.

Beyond this baseline, the Bank supports employees' work-life balance by allowing them to work from home and to take five paid sick days. To provide for its employees' retirement and to manage their financial life responsibly in the long term, the Bank provides a pension contribution.

The Bank's priority when selecting employees and executives is professional competence, skills, and experience. No criteria are applied that would be discriminatory with regard to gender, age, sexual orientation, etc. As at 31 December 2024, the six-member board of directors was composed of one woman and five men.

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

The Bank strictly observes the fair treatment of employees and does not tolerate any form of discrimination or bullying. It unequivocally rejects any suggestion of corrupt behaviour and violations or circumventions of legal and regulatory provisions. Employees may report suspected violations in this area through any of the channels offered by the internal procedure for such situations, including anonymous reporting. Protection from retaliation is assured. The "Information on Whistleblowing in Partners banka" document is available at www.partnersbanka.cz.

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

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In the event of a breach, the board of directors is informed and decides on the next course of action. The Code of Conduct is available at www.partnersbanka.cz.

10. RESEARCH AND DEVELOPMENT ACTIVITIES

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

Our banking application, which is developed for us by our subsidiary, also includes a non-banking part called Partners. This is an app that connects the advisory and banking worlds. Finding out how the app should look to best meet the needs of our clients, including children and teenagers for whom we have special versions of the app, necessitates nearly continuous research and the testing of the individual steps, content, communication style, graphics, and UX. All while meeting strict security and technical requirements.

11. SIGNIFICANT POST-BALANCE SHEET EVENT

No significant events occurred after the balance sheet date.

12. RESPONSIBILITY FOR THE ANNUAL REPORT

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

Statement

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

Prague, 31 March 2025

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

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

13. ANNEXES

- a. Report of the supervisory board 2024
- b. Auditor's report on the audit of the financial statements as at 31 December 2024
- c. Individual financial statements as at 31 December 2024
- d. Report on relations from 1 January 2024 to 31 December 2024

**100 thousand
clients by 2024**



REPORT OF THE SUPERVISORY BOARD FOR 2024

Report of the supervisory board on its audit activities in 2024 and its review of the annual financial statements as at 31 December 2024, the proposal for the settlement of loss for 2024, and the report on relations between the controlling entity and the controlled entity and between the controlled entity and entities controlled by the same controlling entity for 2024

Until 25 June 2024, the Bank's supervisory board was composed of three members, namely Mgr. Petr Bartoš, Ing. Petr Kroupa and RNDr. Zuzana Kepková. With effect from 25 June 2024, the number of supervisory board members increased to four; Mgr. Simona Machulová, who until then had been a member of the Company's board of directors, was elected a new member of the supervisory board.

Within the scope of its competence, the Company's supervisory board supervised the board of directors and the Company's business activities. The supervisory board held four regular meetings in 2024 and made four per rollam decisions. At least one member of the Company's board of directors always attended the supervisory board meetings and informed the supervisory board members of business results and operational matters. In addition, the internal auditor and the CRO was a regular guest. The Company's supervisory board regularly receives financial reports (monthly frequency) and business reports (weekly frequency) after they are discussed by the Company's board of directors. In addition, the quarterly reports of the board of directors and the audit reports for each audit are regularly uploaded.

The revision of internal regulation A-015 Internal audit statutes and rules, the board of directors' suitability assessment, MRT identification, internal regulation A-004 Organisational rules, the internal auditor salary increase, and the new internal auditor suitability assessment were approved per rollam.

In addition to business results and operational matters, regular meetings discussed internal audit and risk management, and the supervisory board considered annual reports (fraud, AML, compliance), reports (ILAAP, ICAAP) and other submitted information.

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

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

The supervisory board reviewed the Company's annual financial statements as at 31 December 2024 and the board of directors' proposal for the settlement of loss for 2024. The supervisory board also reviewed the board of directors' report on the relations between the controlling entity and the controlled entity and between the controlled entity and entities controlled by the same controlling entity for 2024 (the "Report on Relations") prepared for the past financial year pursuant to Section 82 et seq. of Act No. 90/2012 Coll., on Commercial Companies and Cooperatives, as amended.

Partners Banka, a.s.

Annual report 2024

Based on the document presented, information available to it and its own audit activities, the supervisory board of the Company has no comments on the Company's financial statements as at 31 December 2024, the board of directors' proposal for the settlement of loss for 2024, and the Report on Relations. The supervisory board therefore proposes that the general meeting of shareholders of the Company approve the Company's annual financial statements as at 31 December 2024 and the board of directors' proposal for the distribution of loss for 2024.

Prague, 31 March 2025

Mgr. Petr Bartoš
Chairman of the supervisory board

Ing. Petr Kroupa
Member of the supervisory board

RNDr. Zuzana Kepková
Member of the supervisory board

Mgr. Simona Machulová
Member of the supervisory board



KPMG Česká republika Audit, s.r.o.

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*This document is an unsigned English translation of the Czech auditor's report.
Only the Czech version of the report is legally binding.*

Independent Auditor's Report

to the Shareholders of Partners Banka, a.s.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Partners Banka, a.s. ("the Company"), prepared in accordance with Czech accounting legislation, which comprise the balance sheet as at 31 December 2024, and the income statement, the statement of changes in equity and the cash flow statement for the year then ended, and notes to the financial statements, comprising material accounting policies. Information about the Company is set out in Note 1 to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with Czech accounting legislation.

Basis for Opinion

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

Key Audit Matters

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

Payables to Customers

Payables to customers as at 31 December 2024 are at TCZK 35,830,880 (as at 31 December 2023: TCZK 12,838).

Further information is provided in the notes to the financial statements: 2 (Material accounting policies) and 3.10 (Payables to customers – credit union members)

Description of Key Audit Matter

The Bank received a banking license in August 2023. During March 2024, the Bank launched its banking services related to current and savings accounts and payment services for the public. In this context, the number of the Bank's clients and the volume of deposits received from clients and the volume of transactions performed significantly increased in 2024. In order to correctly record the amount of deposits received from clients, it is necessary for the Bank's payment and operational systems to work properly.

Payables to customers represent the most significant financial statements item of the Bank's liabilities. At the same time, 2024 was the first year of truly live operation of the Bank's payment and operational systems, in which deposits received from clients are recorded and maintained.

Due to the above factors, this area required our increased attention during the audit and as such was considered to be the key audit matter.

How the Matter Was Addressed in our Audit

In relation to the key audit matter, we carried out, among others, the following audit procedures:

We have assessed the procedures and controls that the Bank's management has put in place to ensure the correct recognition and reporting of deposits received from the Bank's clients.

In cooperation with KPMG IT specialists, we have carried out:

- testing of relevant information systems in terms of their general IT controls (e.g. setting access rights, change management of Bank's relevant information systems, etc.),
- testing of controls related to daily data transfers from the transaction system via the data warehouse to the accounting system,
- testing of controls over Bank's clients wire transfers.

We tested the design, implementation and operational effectiveness of monthly manual control over the transfer of data between the transaction system and the accounting system, i.e. monthly reconciliation of balances.

We assessed the design and implementation of automatic daily control over the transfer of data between the transaction system and the accounting system, i.e. daily reconciliation of balances from the related information systems carried out in the Bank's data warehouse.

We tested the design, implementation and operational effectiveness of controls over recognition of transactions arising from Bank's clients card payments.

We compared the balances representing payables to customers in the transaction system and accounting system as at 31 December 2024.

We assessed complaints from the Bank's clients and evaluated whether there are any complaints indicating systemic errors that could cause misstated payables to customers.

We assessed whether the information on payables to customers disclosed in the financial statements was appropriate and described the relevant quantitative and qualitative information required by the relevant financial reporting framework.



Other Information

In accordance with Section 2(b) of the Act on Auditors, other information is defined as information included in the annual report other than the financial statements and our auditor's report. The statutory body is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable laws and regulations, in particular, whether the other information complies with laws and regulations in terms of formal requirements and the procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with those requirements could influence judgments made on the basis of the other information.

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

- the other information describing matters that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- the other information has been prepared in accordance with applicable laws and regulations.

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

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

The statutory body is responsible for the preparation and fair presentation of the financial statements in accordance with Czech accounting legislation and for such internal control as the statutory body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the statutory body is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the statutory body either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The supervisory board is responsible for overseeing the Company's financial reporting process. The supervisory board is responsible for monitoring the Company's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the above regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the above regulations, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory body.
- Conclude on the appropriateness of the statutory body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Report on Other Legal and Regulatory Requirements

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

Appointment of Auditor and Period of Engagement

We were appointed as the auditors of the Company by the General Meeting of Shareholders on 23 April 2024 and our uninterrupted engagement has lasted for 2 years.

Consistency with Additional Report to the Supervisory Board, Acting within the Scope of Powers of the Audit Committee

We confirm that our audit opinion on the financial statements expressed herein is consistent with the additional report to the Company's supervisory board, which we issued on 17 March 2025 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

Josef Matušů is the statutory auditor responsible for the audit of the financial statements of Partners Banka, a.s. as at 31 December 2024, based on which this independent auditor's report has been prepared.

Prague, 31 March 2025

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

Josef Matušů
Director
Registration number 2578

178 branches



Partners Banka, a.s.

Financial statements

For the year ended 31 December 2024
(in thousands of Czech crowns "TCZK")

INCOME STATEMENT

for the accounting period ended 31 December 2024

(in thousands of Czech crowns "TCZK")

Ident.		Note	Current period	Prior period
1.	Interest income and similar income	5.1	949,348	150,720
	<i>of which: interest on debt securities</i>		61,228	30,369
2.	Interest expense and similar expense	5.1	791,106	6,324
	<i>of which: interest on debt securities</i>		-	976
4.	Fee and commission income	5.2	10,752	6
5.	Fee and commission expense	5.2	53,663	337
6.	Gain or loss from financial operations	5.3	7,564	48
7.	Other operating income	5.4	3,666	1,365
8.	Other operating expense		3	-
9.	Administrative expenses	5.5	470,225	117,685
	<i>of which: a) employee expenses</i>		122,942	40,772
	<i>of which: aa) wages and salaries</i>		93,379	30,279
	<i>ab) social security and health insurance</i>		26,929	9,880
	<i>b) other administrative expenses</i>		347,283	76,913
11.	Depreciation, additions and utilisation of provisions and allowances for tangible and intangible fixed assets	5.6	6,444	783
12.	Release of loss allowances and provisions for receivables and guarantees, income from written-off receivables		711	113
13.	Write-offs, additions and use of loss allowances and provisions for receivables and guarantees	5.7	5,364	310
19.	Profit or loss on ordinary activities for the period before tax		(354,764)	26,813
23.	Income tax	5.8	(85,797)	597
24.	Profit or loss for the period after tax		(268,967)	26,216

Partners Banka, a.s.

Financial statements

For the year ended 31 December 2024
(in thousands of Czech crowns "TCZK")

BALANCE SHEET

as at 31 December 2024

(in thousands of Czech crowns "TCZK")

Ident.	ASSETS	Note	Current period	Prior period
1.	Cash in hand and balances with central banks	3.1	1,457,197	17,805
2.	State zero coupon bonds and other securities eligible for refinancing with the central bank	3.2	1,460,872	1,102,334
	<i>Of which: a) issued by government institutions</i>		1,460,872	1,102,334
3.	Receivables from banks and credit unions	3.3	34,893,579	1,398,941
	<i>Of which: a) repayable on demand</i>		25,774	11,810
	<i>b) other receivables</i>		34,867,805	1,387,131
4.	Receivables from customers – credit union members	3.4	90,422	-
	<i>Of which: b) other receivables</i>		90,422	-
8.	Ownership interests with controlling influence	3.5	603,100	572,100
9.	Intangible assets	3.6	17,706	17,325
10.	Tangible fixed assets	3.7	5,964	7,178
11.	Other assets	3.8	145,014	8,092
13.	Prepaid expenses and accrued income	3.9	49,958	5,042
TOTAL ASSETS			38,723,812	3,128,817

Partners Banka, a.s.

Financial statements

For the year ended 31 December 2024
(in thousands of Czech crowns "TCZK")

Ident.	LIABILITIES AND EQUITY	Note	Current period	Prior period
2.	Payables to customers – credit union members	3.10	35,830,880	12,838
	<i>Of which: a) repayable on demand</i>		35,830,880	12,838
4.	Other liabilities	3.11	92,845	42,214
5.	Deferred revenues and accrued expenses		2,429	-
6.	Provisions		56	1,043
	<i>Of which: b) for taxes</i>		-	1,043
	<i>c) other</i>		56	-
Total liabilities			35,926,210	56,095
8.	Registered capital		2,470,588	2,470,588
	<i>Of which: b) other receivables</i>		2,470,588	2,470,588
12.	Ownership interests with controlling influence		529,412	529,412
13.	Revaluation gains (losses)		15,113	21,266
	<i>of which: a) on assets and liabilities</i>		15,113	21,266
14.	Retained profits or accumulated losses from previous years		51,456	25,240
15.	Profit or loss for the period		(268,967)	26,216
Total equity			2,797,602	3,072,722
TOTAL LIABILITIES AND EQUITY			38,723,812	3,128,817

Partners Banka, a.s.

Financial statements

For the year ended 31 December 2024
(in thousands of Czech crowns "TCZK")

OFF-BALANCE SHEET ITEMS

as at 31 December 2024

(in thousands of Czech crowns "TCZK")

Ident.	OFF-BALANCE SHEET	Current period	Prior period
1.	Commitments and guarantees provided	7,170	-
6.	Written-off receivables	18	-
Total off-balance sheet assets		7,188	-
10.	Collaterals and pledges received	34,536,000	1,127,724
Total off-balance sheet liabilities		34,536,000	1,127,724

Partners Banka, a.s.

Financial statements

For the year ended 31 December 2024
(in thousands of Czech crowns "TCZK")

STATEMENT OF CHANGES IN EQUITY

for the accounting period ended 31 December 2024

(in thousands of Czech crowns "TCZK")

	Registered capital	Capital contributions	Revaluation gains (losses)	Retained earnings (accumulated losses)	Current year profit (loss)	TOTAL
Balance at 1/1/2023	2,470,588	529,412	-	(1,007)	26,247	3,025,240
Transfer of profit for 2022	-	-	-	26,247	(26,247)	-
FX gains (losses) and revaluation gains (losses) not included in profit or loss	-	-	21,266	-	-	21,266
Net profit (loss) for the period	-	-	-	-	26,216	26,216
Balance at 31/12/2023	2,470,588	529,412	21,266	25,240	26,216	3,072,722
Transfer of profit for 2023	-	-	-	26,216	(26,216)	-
FX gains (losses) and revaluation gains (losses) not included in profit or loss	-	-	(6,153)	-	-	(6,153)
Net profit (loss) for the period	-	-	-	-	(268,967)	(268,968)
Balance at 31/12/2024	2,470,588	529,412	15,113	51,456	(268,967)	2,797,602

Partners Banka, a.s.

Financial statements

For the year ended 31 December 2024
(in thousands of Czech crowns "TCZK")

CASH FLOW STATEMENT

for the accounting period ended 31 December 2024

(in thousands of Czech crowns "TCZK")

	Current period	Prior period
P. Opening balance of cash and cash equivalents	1,416,746	1,434,274
<i>Cash flows from main activities (operating activities)</i>		
Z. Profit (loss) before tax	(354,764)	26,813
A.1. Adjustment for non-cash operations	(147,061)	(143,350)
A.1.1 Impairment losses on loans and receivables and financial investments	4,681	262
A.1.2 Amortisation and depreciation of fixed assets	6,444	784
A.1.3 Change in provisions	56	-
A.1.6 Interest expense and income	(158,242)	(144,396)
A.* Net operating cash flows before working capital changes	(501,825)	(116,537)
A.2 Change in operating assets and liabilities	35,683,286	28,192
A.2.1 Change in receivables from customers	(93,702)	(98)
A.2.2 Change in payables to banks and customers	35,818,042	12,838
A.2.4 Change in of other assets and accruals of assets	(99,322)	(6,195)
A.2.5 Change in other liabilities and accruals of liabilities	58,268	21,647
A.** Net operating cash flows before tax	35,181,461	(88,345)
A.3 Interest paid out	(791,106)	(5,348)
A.4 Interest received	641,387	143,892
A.5 Income tax paid on ordinary activities	(1,325)	(8,979)
A.*** Net cash flows from operating activities	35,181,461	(88,345)
<i>Cash flows from investing activities</i>		
B.1 Acquisition of fixed assets	(396,387)	(1,258,748)
B.1.1 Acquisition of ownership interests in subsidiaries and associates	(31,000)	(300,000)
B.1.2 Acquisition of tangible and intangible fixed assets	(5,610)	(7,354)
B.1.2 Acquisition of investment securities	(359,777)	(951,394)
B.*** Net cash flows from investing activities	(396,387)	(1,258,748)
<i>Cash flows from financing activities</i>		
C.2 Impact of changes in equity on cash and cash equivalents	-	1,200,000
C.2.1 Increase in cash and cash equivalents due to increase in registered capital	-	547,059
C.2.5 Direct payments to funds	-	352,941
C.*** Net cash flows from financing activities	-	1,200,000
F. Net change in cash and cash equivalents	34,934,030	(17,528)
R. Closing balance of cash and cash equivalents	36,350,776	1,416,746

Partners Banka, a.s.

Notes to the financial statements

Year ended 31 December 2024
(in thousands of Czech crowns "TCZK")

1. GENERAL INFORMATION

1.1. Establishment and description of the Bank

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

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

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

1.2. Registered capital

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

1.3. Principal activities

The Bank carries out its business within the scope of the banking licence granted by the Czech National Bank, i.e., performs the following activities pursuant to Act No. 21/1992 Coll., on Banks, as amended:

- accepting deposits from the public;
- provision of loans;
- investing in securities for its own account;
- payment services and issue of electronic money;
- issue and administration of means of payment with the exception of provision of payment services or the issue of electronic money;
- financial brokering;
- provision of banking information;
- trading on own account or on behalf of a client in foreign exchange values that are not investment instruments and in gold;
- activities directly related to activities specified in the banking licence.

Under the banking licence, the Bank commenced its banking activities on 1 November 2023 and since 31 December 2024 has been offering customers current and savings accounts in Czech crowns including debit payment cards, domestic and foreign payments, consumer loans, and mortgage loans.

Partners Banka, a.s.

Notes to the financial statements

Year ended 31 December 2024
(in thousands of Czech crowns "TCZK")

1.4. Statutory bodies

1.4.1. Board of directors

As at 31 December 2024, members of the board of directors were as follows:

<i>Chair:</i>	Ing. Marek Ditz
<i>Vice-chair:</i>	Ing. Petr Borkovec (office held from 25 June 2024) Mgr. Ing. Lada Kičmerová
<i>Members:</i>	Mgr. Jiří Charousek Ing. Tomáš Kořínek (membership renewed on 2 July 2024) Ing. Bohumil Čučela (office held from 25 June 2024)

On 25 June 2024, the membership of Ing. Daniela Hynštová, Mgr. Simona Machulová, Ing. Michal Skalický and Jiří Raška in the board of directors ceased to exist.

Ing. Tomáš Kořínek's term of office expired on 1 July 2024. He was re-appointed on 2 July 2024.

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

1.4.2. Supervisory board

Members of the supervisory board as at 31 December 2024 were as follows.

<i>Chair:</i>	Mgr. Petr Bartoš
<i>Members:</i>	RNDr. Zuzana Kepková Ing. Petr Kroupa Mgr. Simona Machulová (office held from 25 June 2024)

The Bank does not have an audit committee; its function is performed by the Bank's supervisory board.

1.5. Changes in the Commercial Register

In 2024, the following changes to the structure of the Bank's statutory bodies were recorded in the Commercial Register:

On 26 June 2024, Ing. Daniela Hynštová, Mgr. Simona Machulová, Ing. Michal Skalický and Jiří Raška were erased from the Commercial Register as members of the board of directors. Ing. Petr Borkovec and Ing. Bohumil Čučela were recorded as the new members on the same date. On 26 June 2024, Mgr. Simona Machulová was recorded as member of the supervisory board.

On 8 August 2024, the re-appointment of Ing. Tomáš Kořínek as member of the board of directors (office held from 2 July 2024) and the appointment of Ing. Petr Borkovec as vice-chairman of the board of directors (office held from 28 June 2024) were recorded in the Commercial Register. Ing. Petr Borkovec was erased as a regular board member on the same date.

Partners Banka, a.s.

Notes to the financial statements

Year ended 31 December 2024
(in thousands of Czech crowns "TCZK")

1.6. Consolidated group

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

The consolidated financial statements of the Bank's controlling entity as at 31 December 2024 are available in the Collection of Deeds on the www.justice.cz website.

Partners Banka, a.s.

Notes to the financial statements

Year ended 31 December 2024
(in thousands of Czech crowns "TCZK")

2. MATERIAL ACCOUNTING POLICIES

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

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

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

The accounting period of the Bank is a calendar year.

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

2.1. Changes to the significant accounting policies applied

The Bank did not change any of its accounting policies in 2024.

2.2. Transaction recognition date

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

2.3. Foreign currency translation

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

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

- a) the transaction recognition date; and

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b) the date of the financial statements.

When purchasing or selling foreign currencies for Czech currency, at the time of measurement the Bank uses the exchange rate at which these currencies were purchased.

2.4. Classification and measurement of financial instruments

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

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

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

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

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

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

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

- financial assets measured at amortised costs, if
 - the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;
 - on specified dates, the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding;

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-
- financial assets measured at fair value through other comprehensive income, if
 - the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
 - financial assets measured at fair value through profit or loss, if
 - the financial asset is held within a business model whose objective is achieved solely through selling financial assets.

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

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

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

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

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

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

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

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

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

2.5. Impairment of financial assets

The Bank accounts for impairment of financial assets in accordance with the requirements of IFRS 9 in the form of a loss allowance calculated based on the expected credit loss model.

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To determine expected losses, the Bank classifies debt financial assets by risk into the three following categories:

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

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

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

The basic parameters for ECL calculation comprise:

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

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

The Bank views as impaired those assets where the debtor is over 91 days overdue with the contractual payment.

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

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

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

The Bank creates loss allowances in the amount of 100% of the exposure to receivables from current accounts (unauthorised debit) when it identifies such receivable.

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2.6. Determination of fair value and fair value hierarchy

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

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

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

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

The hierarchy input levels are as follows:

- Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities to which the Bank has access at the measurement date;
- Level 2 – other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 – Level 3 inputs are unobservable inputs for the asset liability.

2.7. Financial derivatives

Financial derivatives are financial instruments:

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

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

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

The Bank did not execute any derivative transactions in 2024 (or 2023), nor did it identify any embedded derivatives in the contracts entered into.

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2.8. Ownership interests with controlling influence

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

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

2.9. Tangible and intangible fixed assets

Tangible and intangible fixed assets are stated cost less accumulated depreciation/amortisation and any loss allowances.

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

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

Intangible and tangible assets costing between TCZK 10 and TCZK 30 with useful lives of more than one year are maintained off-balance sheet. These assets are accounted for on an accrual basis in the income statement under Administrative expenses: b) Other administrative expenses.

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

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

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

Asset	Method	Period
Structures, technical improvement	Straight-line	30 or 50 years
IT machinery and equipment	Straight-line	3 years
Office equipment	Straight-line	5 years
Motor vehicles	Straight-line	5 years
Other intangible assets	Straight-line	6 years
Software	Straight-line	According to estimated useful life 5-10 years
Audiovisual works	Straight-line	1.5 years

2.10. Cost and risks provisions

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

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

2.11. Measurement of leases

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

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

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

- fixed lease payments (including basically fixed payments), less any receivables from lease incentives;
- variable lease payments dependent on an index or rate that were initially priced based on the index or rate at the commencement date;
- the amount expected to be payable by the lessee under the residual value guarantees;
- the exercise price of the call option if it is reasonably certain that the lessee will exercise the option;
- payment of lease termination penalties if the term of the lease reflects the fact that the lessee will use it;
- option to terminate the lease.

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

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

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

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

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

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

2.12. Interest income and expense

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

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

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

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

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

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the entity estimates future cash flows considering all contractual terms of the financial

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instrument, but not expected credit losses. For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

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

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

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

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

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

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

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

2.13. Fee and commission

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

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

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

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2.14. Income tax

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

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

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

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

2.15. Cash and cash equivalents

The Bank holds no cash.

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

Cash equivalents are held primarily to meet short-term cash obligations by monetising them in the short term and not for investment purposes. This item also includes mandatory minimum reserves, as the Bank is free to dispose of the mandatory minimum reserves if it meets the average level of mandatory minimum reserves over the relevant period calculated by the CNB. The CNB imposed the obligation on the Bank to hold minimum reserves from 4 January 2024.

2.16. Use of estimates

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

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

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3. ADDITIONAL DISCLOSURES IN RESPECT OF THE BALANCE SHEET

3.1. Cash in hand and balances with central banks

	31 December 2024	31 December 2023
Account with the Czech National Bank	1,347,188	17,805
Term deposits with the CNB– principal	110,000	-
Term deposits with the CNB– accrued interest	9	-
Total	1,457,197	17,805

The balance of the account with the Czech National Bank as well as the time deposit for one business day are shown at amortised cost. Their fair value (Level 2) does not materially differ from their carrying amount.

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

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

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

Category	31 December 2024	31 December 2023
At amortised cost - gross	757,425	661,635
At amortised cost - allowances	(112)	(99)
At FVOCI	703,559	440,798
Total	1,460,872	1,102,334

Debt securities	31 December 2024	31 December 2023
Government bonds issued by the Ministry of Finance of the Czech Republic measured at amortised cost	757,313	661,536
Government bonds issued by the Ministry of Finance of the Czech Republic measured at FVOCI	703,559	440,798
Total government bonds issued by the Ministry of Finance of the Czech Republic	1,460,872	1,102,334

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3.3. Receivables from banks and credit unions

	At 31 December 2024	At 31 December 2023
Current accounts	25,784	11,810
Term deposits – principal	-	248,000
Term deposits – aliquot interest income	-	459
Issued loans – reverse repo transactions with the CNB – principal	34,840,000	1,137,000
Issued loans – reverse repo transactions with the CNB – aliquot interest income	27,805	1,770
Loss allowances	(10)	(98)
Total	34,893,579	1,398,941

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

The ECL model shows these receivables in Stage 1, i.e., the expected loss is calculated for the next 12 months. As at 31 December 2024, the Bank reported expected credit losses from these receivables of TCZK 10 (2023: losses of TCZK 98).

3.4. Receivables from customers – credit union members

At 31 December 2024	Principal	Accrued interest	Loss allowances	Carrying amount
Unauthorised overdrafts	2,887	-	(2,887)	-
Consumer loans provided	90,101	1,347	(1,735)	89,713
Mortgage loans	714	3	(8)	709
Total	93,702	1,350	(4,630)	90,422

3.5. Ownership interests with controlling influence

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

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

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

As at 31 December 2024, the investment comprises registered capital of TCZK 100 (2023: TCZK 100), and contributions in equity outside the registered capital totalling TCZK 603,000 (2023: TCZK 572,000). In 2024, contributions in equity outside the registered capital increased by TCZK 31,000 in total.

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	Ownership interest	Share in voting rights	Turnover (TCZK)	Average FTE	Profit / (loss) before tax (TCZK)
At 31 December 2024	100%	100%	110,105	2	2,959
At 31 December 2023	100%	100%	18,429	3	(4,632)

PBK Technology, s.r.o. operates only in the Czech Republic, i.e., pays no income tax abroad. In 2024 and 2023, PBK Technology, s.r.o. did not receive any state aid.

In 2024, PBK Technology reported a profit of TCZK 2,247 (unaudited result). In 2023, it reported a loss of TCZK 3,910.

3.6. Intangible assets

At 31 December 2024	Software	Intangible fixed assets under construction	Total
Acquisition cost			
Balance as at 1 Jan 2024	16,163	1,347	17,510
Additions	3,855	2,984	6,839
Disposals	-	3,855	3,855
Balance as at 31 Dec 2024	20,018	476	20,494
Accumulated amortisation			
Balance as at 1 January 2024	185	-	185
Amortisation expense	2,603	-	2,603
Disposals	-	-	-
Balance as at 31 Dec 2024	2,788	-	2,788
Net book value as at 31 Dec 2024	17,230	476	17,706

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

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3.7. Tangible fixed assets

At 31 December 2024	Leases under IFRS 16	IT	Tangible fixed assets under construction	Total
Acquisition cost				
Balance as at 1 Jan 2024	7,562	215	-	7,777
Additions	-	2,627	2,627	5,254
Disposals	-	-	2,627	2,627
Balance as at 31 Dec 2024	7,562	2,842	-	10,404
Accumulated depreciation				
Balance as at 1 Jan 2024	582	17	-	599
Depreciation expense	3,490	351	-	3,841
Disposals	-	-	-	-
Balance as at 31 Dec 2024	4,072	368	-	4,440
Net book value as at 31 Dec 2024	3,490	2,474	-	5,964

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

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

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3.8. Other assets

	31 December 2024	31 December 2023
Trade receivables	680	85
Receivables - group undertakings	20	-
Receivables from employees	4,030	-
Receivables from payment services	444	572
Short-term advances paid	37	1,950
Long-term advances paid	54,056	2,311
Corporate income tax prepayments	3,435	2,993
Estimated receivables	238	180
Deferred tax asset	82,074	-
Total	145,014	8,092

The significant increase in other assets mainly relates to the recognition of a deferred tax asset of TCZK 82,074 (2023: a deferred tax liability of TCZK 5,208). A deferred tax asset arises from unutilised tax losses and is recognised by the Bank as management believes, based on its approved financial plans, that it is highly probable that a sufficient income tax base will be available against which these losses can be utilised for tax purposes in the future.

Another significant items are long-term advances comprising the deposit made in favour of the VISA Europe Limited card association of TCZK 54,035 (2023: TCZK 2,312) whose cards are issued by the Bank to its customers. The deposit amount increased due to the significant increase in the number of customers and the related significant increase in the volume of card transactions.

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

3.9. Prepaid expenses and accrued income

	31 December 2024	31 December 2023
Commissions on deposit products	21,836	62
Cost of marketing campaign	12,676	-
Royalties	10,222	3,082
Material inventories	2,787	1,431
Low-value tang. assets (IT equipment)	1,243	467
Insurance	258	-
Other prepaid expenses	936	-
Total	49,958	5,042

Commissions on deposit products represent commissions paid to intermediaries for contracting clients with current or savings accounts. Owing to the on-demand maturity of these products, these fees are not included in the calculation of the effective interest rate but are accounted for on an accrual basis over a twelve-month period.

Marketing campaign costs mainly represent the cost of producing advertising spots that do not qualify for recognition as intangible assets and are scheduled to be broadcast in 2025.

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

3.10. Payables to customers – credit union members

	31 December 2024	31 December 2023
Customers' current accounts	802,031	1,836
Customers' savings accounts	35,028,849	11,002
Total	35,830,880	12,838

3.11. Other liabilities

	31 December 2024	31 December 2023
Trade payables	2,937	2,284
Payables to group companies	10,786	8,153
Liabilities to employees	5,297	3,406
Liabilities to members of statutory bodies	1,022	1,022
Social security liabilities	2,060	1,560
Health insurance liabilities	1,099	772
Tax liabilities and subsidies	17,956	838
Estimated payables	31,797	11,927
Liabilities arising from leases under IFRS 16	3,632	7,021
Deferred tax liability	-	5,208
Payables from payment card transactions	10,653	-
Payables from domestic payment instructions	4,718	-
Other liabilities	888	23
Total	92,845	42,214

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

Estimated payables as at 31 December 2024 include mainly estimates for supplies of contractual services and works of TCZK 14,971 (2023: TCZK 7,837), for annual bonuses to employees including related health and social insurance of TCZK 6,732 (2023: TCZK 1,787), for an audit of TCZK 912 (2023: TCZK 608) and for contributions to the Deposit Insurance Fund of TCZK 6,927 (2023: TCZK 6).

The significant increase in tax liabilities is associated with an increase in withholding tax on deposits, amounting to TCZK 16,615 as at 31 December 2024 (2023: TCZK 5), which increased as a result of a huge increase in the volume of deposits.

The increase in payables from credit card transactions and domestic payment instructions is related to the significant increase in customers and their transactions.

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

As at 31 December 2024 the Bank recognised a deferred tax asset, while as at 31 December 2023 it recognised a deferred tax liability. Details of the deferred tax calculation are set out in Note 5.8.2 Deferred tax assets and liabilities to these financial statements.

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3.12. Equity

As at the balance sheet date, the Bank has a subscribed and paid-up registered capital of TCZK 2,470,588 (as at 31 December 2023: subscribed registered capital of TCZK 2,470,588 that had been fully paid up), which consists of 12,352,941 registered ordinary shares in book-entry form with a nominal value of CZK 200 (as at 31 December 2023: 12,352,941 registered ordinary shares in certificated form with a nominal value of CZK 200).

In 2024, the registered capital did not increase nor was paid up. In 2023, the registered capital was not increased but shares totalling TCZK 847,059 were paid up on 19 July 2023 and subscribed in 2022.

In 2024, there were no agreements for contributions in equity outside the registered capital nor were there any contributions under prior agreements. No agreements were concluded in 2023; however, contributions outside the registered capital of TCZK 352,941 were paid on 1 August 2023 as a result of the agreements concluded in December 2022.

As at 31 December 2024, the Bank's equity included revaluation gains/losses from bonds measured at FVOCI. Revaluation gains/losses total TCZK 19,000 (2023: TCZK 26,837) and are adjusted by a loss allowance of TCZK 103 (2023: TCZK 65) and reduced by the related deferred tax liability of TCZK 3,990 (2023: TCZK 5,636), i.e., the amount reported in equity is TCZK 15,113 (2023: TCZK 21,266).

The Bank's ordinary general meeting held on 23 April 2024 approved the profit for the 2023 accounting period totalling TCZK 26,216 and decided to transfer it to the retained earnings of previous years.

The Bank plans to distribute the result for the current period by transferring losses to the accumulated losses from previous years.

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

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

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Financial assets

At 31 December 2024	Carrying amount		Fair value			
	At FVOCI*	At amortised cost	Of which:			TOTAL
			Level 1	Level 2	Level 3	
Cash in hand and balances with central banks	-	1,457,197	-	1,457,197	-	1,457,197
State zero coupon bonds and other securities eligible for refinancing with the central bank– at amortised cost	-	757,313	782,707	-	-	782,707
State zero coupon bonds and other securities eligible for refinancing with the central bank– at FVOCI	703,559	-	703,559	-	-	703,559
Receivables from banks and credit unions	-	34,893,579	-	34,893,579	-	34,893,579
Receivables from customers – credit union members	-	90,422	-	-	90,422	90,422
Other (financial) assets	-	145,014	-	-	145,014	145,014
TOTAL as at 31 December 2024	703,559	37,343,525	1,486,266	36,350,776	235,436	38,072,478

*At fair value through other comprehensive income

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At 31 December 2023	Carrying amount		Fair value			TOTAL
	At FVOCI*	At amortised cost	Of which:			
			Level 1	Level 2	Level 3	
Cash in hand and balances with central banks	-	17,805	-	17,805	-	17,805
State zero coupon bonds and other securities eligible for refinancing with the central bank– at amortised cost	-	661,536	629,412	-	-	629,412
State zero coupon bonds and other securities eligible for refinancing with the central bank	440,798	-	440,798	-	-	440,798
Receivables from banks and credit unions	-	1,398,941	-	1,398,941	-	1,398,941
Receivables from customers – credit union members	-	-	-	-	-	-
Other (financial) assets	-	8,092	-	-	8,092	8,092
TOTAL as at 31 December 2023	440,798	2,086,374	1,070,210	1,416,746	8,092	2,495,048

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Financial liabilities

	Carrying amount			Fair value			
	At FVTPL	At amortised cost	TOTAL	Of which:			TOTAL
				Level 1	Level 2	Level 3	
Payables to customers – credit union members*	-	35,830,880	35,830,880	-	-	35,830,880	35,830,880
Lease liabilities	-	3,632	3,632	-	-	3,632	3,632
Other financial liabilities	-	89,213	89,213	-	-	89,213	89,213
TOTAL as at 31 December 2024	-	35,923,725	35,923,725	-	-	35,923,725	35,923,725
Payables to customers – credit union members*	-	12,838	12,838	-	-	12,838	12,838
Lease liabilities	-	7,021	7,021	-	-	7,021	7,021
Other financial liabilities	-	35,193	35,193	-	-	35,193	35,193
TOTAL as at 31 December 2023	-	55,052	55,052	-	-	55,052	55,052

* Payables to customers - credit union members comprise savings accounts and current accounts of the Bank's customers and are repayable on demand, therefore their fair value is equal to their amortised cost.

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

In its off-balance sheet records, the Bank keeps collateral received under reverse repo transactions, credit commitments made, and receivables written off.

	31 December 2024	31 December 2023
Consumer credit promises made	7,170	-
Written-off receivables in recovery	18	-
State treasury bills received as collateral under reverse repo transactions	34,536,000	1,127,724

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5. ADDITIONAL DISCLOSURES IN RESPECT OF INCOME STATEMENT

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

5.1. Interest and similar income and expense

	2024	2023
Interest on reverse repo transactions	875,386	9,237
Interest on debt securities measured at amortised cost	35,140	26,197
Interest on debt securities measured at FVOCI	26,088	4,172
Interest on term deposits with banks	10,785	111,024
Interest on current bank accounts	28	90
Interest on provided consumer loans	612	-
Interest on provided mortgage loans	2	-
Interest on long-term operating advances	1,307	-
Total interest income and similar income	949,348	150,720
Interest on deposits received from customers	790,562	32
Interest on loans	-	5,236
Lease-related interest expense (IFRS 16)	493	80
Interest on debt securities	-	976
Interest on current bank accounts	51	-
Total interest expense and similar expense	791,106	6,324
Net interest income/expense	158,242	144,396

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

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5.2. Fee and commission income and expense

	2024	2023
Fees from card associations	6,751	6
Commission for mediation of non-banking products*	2,556	-
Current account fees	1,306	-
Other fees	139	-
Total fee and commission income	10,752	6
Card transaction fees	14,752	2
Commission for mediation of deposit products*	29,919	10
Payment transaction and user identification fees	5,088	52
Other fees	3,904	273
Total fee and commission expense	53,663	337
Net fee and commission expense	(42,911)	(331)

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

5.3. Gain or loss from financial operations

	2024	2023
Net FX gains	7,602	113
Changes in ECLs from financial instruments at FVOCI	(38)	(65)
Gain/(loss) from financial operations	7,564	48

The increase in foreign exchange gains and losses is associated with a significant increase in customer payment transactions.

5.4. Other operating income

	2024	2023
Lease income	2,631	1,353
Income from the sale of services	1,035	-
Income from the sale of fixed assets	-	12
Total	3,666	1,365

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5.5. Administrative expenses

Expenses for employees, executives and statutory body members

	2024		2023	
	TOTAL	Of which paid to executives and statutory body members	TOTAL	Of which paid to executives and statutory body members
Wages and salaries	93,379	17,960	30,279	7,784
Social security and health insurance expenses	26,929	4,764	9,880	2,488
Other expenses for employees, executives and statutory body members	2,634	518	613	121
Total	122,942	23,242	40,772	10,393

Other administrative expenses

	2024	2023
Licensing procedure services and setting up operating processes and procedures	106,169	8,697
IT services	113,368	57,628
Marketing	96,276	1,292
Contributions to the guarantee system	6,924	6
Audit and economic advisory services	4,640	2,196
Customer payments	4,248	9
Other services	3,688	2,427
Lease and services	3,451	1,371
Entertainment expenses	1,800	716
Expenses for telecommunication, shipping, data	1,709	598
Personnel service expenses	1,201	1,326
Other administrative expenses	3,809	647
Total administrative expenses	347,283	76,913

Total fees payable to the auditing company:

	2024	2023
Statutory audit	1,735	1,090
Tax advisory	335	81
Total	2,070	1,171

As at 31 December 2024, the Bank had 78 employees (2023: 51), of whom 8 were in the Bank's management (2023: 8). The average recalculated headcount for 2024 was 65 (2023: 20).

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In 2024 and in the prior period, the Bank did not provide any advances, loans or advances to members of its statutory and management bodies.

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

5.6. Depreciation/amortisation of fixed assets

	2024	2023
Amortisation of intangible fixed assets	2,603	185
Depreciation of tangible fixed assets	3,841	598
Total	6,444	783

5.7. Write-offs, additions and use of loss allowances and provisions for receivables and guarantees

	2024	2023
Additions to allowances for debit balances on customer current accounts	3,042	-
<i>Of which: Stage 1</i>	3,032	-
<i>Stage 2</i>	9	-
<i>Stage 3</i>	1	-
Use of allowances for debit balances on customer current accounts	23	-
<i>Of which: Stage 1</i>	21	-
<i>Stage 2</i>	2	-
Additions to allowances for debt securities at amortised cost	14	99
Additions to allowances for receivables from banks	319	211
<i>Of which: deposits on demand</i>	27	-
<i>term deposits</i>	292	-
Additions to allowances for provided consumer loans - Grade 1	1,778	-
Additions to allowances for provided mortgage loans - Grade 1	8	-
Additions to provisions for credit commitments	182	-
Write-off of receivables	44	-
Total	5,364	310

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5.8. Income tax

5.8.1. Income tax expense

INCOME TAX EXPENSE	2024	2023
Current corporate income tax		
- for the current period	-	1,043
- adjustments relating to prior periods	(160)	(19)
Total current income tax	(160)	1,024
Deferred tax		
- origination and cancellation of temporary differences	(2,513)	(427)
- impact of changes in tax rates	-	-
- tax losses carried forward	(83,124)	-
Total deferred tax	(85,637)	(427)
Total income tax	(85,797)	597

The corporate income tax rate for 2024 is 21% (2023: 19%).

RECONCILIATION OF INCOME TAX EXPENSE WITH PROFIT BEFORE TAX	2024	2023
Profit before tax	(354,764)	26,813
Tax calculated using the current tax rate (21% or 19%)	(74,500)	5,094
Effect of non-deductible expenses (+)	667	195
Effect of revenues exempt from tax (-)	11,804	4,673
Effect of adjustments to current tax relating to prior periods	(160)	(19)
Income tax expense for the year	(85,797)	597

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5.8.2. Deferred tax asset and deferred tax liability

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

	Assets		Liabilities		Net	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
State zero coupon bonds	45	34	-	-	45	34
Receivables from banks and credit unions	2	21	-	-	2	21
Receivables from customers – credit union members	972	-	-	-	972	-
Provisions for credit commitments	12	2	2	2	10	-
Tangible fixed assets	45	-	732	1,476	(687)	(1,476)
Liabilities arising from leases under IFRS 16	763	1,473	-	-	763	1,473
Estimated payables	1,835	375	-	-	1,835	375
Revaluation differences in equity	-	-	3,990	5,635	(3,990)	(5,635)
Tax losses carried forward	83,124	-	-	-	83,124	-
Deferred tax asset/liability (+/-)	86,798	1,905	4,724	7,113	82,074	(5,208)

As at the date of the financial statements, the Bank records tax losses carried forward amounting to TCZK 395,830 (2023: CZK 0) for which the latest year of their utilisation is 2029.

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

	2024	2023
Deferred tax asset/liability at 1 January (+/-)	(5,208)	-
Changes in deferred tax recognised in profit or loss	85,637	427
Changes in deferred tax reported in other comprehensive income	1,645	(5,635)
Deferred tax asset/liability at 31 December (+/-)	82,074	(5,208)

6. ADDITIONAL DISCLOSURES IN RESPECT OF THE CASH FLOW STATEMENT

	31 December 2024	31 December 2023
Cash in hand and balances with central banks	1,457,197	17,805
Receivables from banks and credit unions	34,893,579	1,398,941
<i>of which: a) repayable on demand</i>	<i>25,774</i>	<i>11,810</i>
<i>b) other receivables</i>	<i>34,867,805</i>	<i>1,387,131</i>
Cash and cash equivalents	36,350,776	1,416,746

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7. RISK MANAGEMENT

7.1. Bank risk management

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

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

7.2. Bank capital management

The Bank manages its capital requirements to meet its capital and regulatory limits at all times.

The Bank's capital management includes:

- Identifying and quantifying all risks that are material to the Bank (Risk Scan), assessing their limitations, and determining which of them will be covered by capital
- Determining the maximum and target level of acceptable risk - Risk Appetite
- Calculating the risk-weighted exposure for risks under Pillar 1
- Calculating the capital requirement and the risk-weighted exposure under Pillar 2
- Developing a three-year capital plan, setting capital targets and limits in line with the Risk Appetite, and ongoing monitoring of reporting
- Preparing a one-year capital outlook and continuous monitoring, reporting and updating in accordance with capital targets and limits, quarterly monitoring and reporting of capital, capital requirements and capital adequacy
- Stress testing under ICAAP - the capital plan is stressed using scenarios with low probability to ensure that the Bank is sufficiently resilient even under severe stress conditions. The stress scenarios primarily address the main risks identified in the Risk Scan. If necessary, the capital targets or the Bank's overall plan are adjusted based on the results of the stress tests to maintain compliance with the Risk Appetite.
- Capital and capital requirement management in line with the plan and the Risk Appetite.

Within its capital management framework, the Bank normally assesses capital requirements for the risks identified in the Risk Scan, but at least the following risks:

- Credit risk
- Operational risk
- Interest rate risk in the banking book
- Business and strategic risk

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- Concentration risk within the broader definition of credit risk
- Risk of excess leverage

In 2024, the Bank did not have any additional capital requirement under Pillar 2. The Bank's capital was allocated to the main risks listed above.

7.3. Liquidity risk

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

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

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

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

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7.3.1. Residual maturity based on undiscounted cash flows

The tables below show the residual contractual maturity deriving from undiscounted cash flows as at 31 December 2024 and 31 December 2023.

At 31 December 2024	On demand up to 7 days	Under 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Unspecified	TOTAL
Cash in hand and balances with central banks	1,457,197	-	-	-	-	-	1,457,197
State zero coupon bonds and other securities eligible for refinancing with the central bank	-	14,500	48,375	790,250	1,027,850	-	1,880,975
Receivables from banks and credit unions	19,755,871	15,163,891	-	-	-	-	34,919,762
Receivables from customers - credit union members	491	3,612	11,174	56,082	48,137	-	119,496
Ownership interests with controlling influence	-	-	-	-	-	603,100	603,100
Intangible assets	-	-	-	-	-	17,706	17,706
Tangible fixed assets	-	-	-	-	-	5,964	5,964
Other assets	1,126	2,286	5,131	1,564	141,420	-	151,527
Prepaid expenses and accrued income	-	21,343	17,751	10,864	-	-	49,958
TOTAL ASSETS	21,214,685	15,205,632	82,431	858,760	1,217,407	626,770	39,205,685
Payables to customers – credit union members	35,830,880	-	-	-	-	-	35,830,880
Other liabilities	16,568	72,891	3,547	-	-	-	93,006
Deferred revenues and accrued expenses	2,326	103	-	-	-	-	2,429
Provisions	-	56	-	-	-	-	56
Equity	-	-	-	-	-	2,797,602	2,797,602
TOTAL LIABILITIES AND EQUITY	35,849,774	73,050	3,547	-	-	2,797,602	38,723,973
NET LIQUIDITY POSITION	(14,635,089)	15,132,582	78,884	858,760	1,217,407	(2,170,832)	481,712
ACCUMULATED NET LIQUIDITY POSITION	(14,635,089)	497,493	576,377	1,435,137	2,652,544	481,712	

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

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7.3.2. Analysis of the maturity of financial liabilities

The table below shows payables to customers – credit union members and other liabilities.

Due date	At 31 December 2024	At 31 December 2023
2023	-	-
2024	-	51,813
2025	35,923,725	3,782
2026	-	-
2027	-	-
2028	-	-
Total liabilities, gross	35,923,725	55,595
Future interest expense	(161)	(543)
Total liabilities, net	35,923,564	55,052

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7.3.3. Residual maturity based on balance sheet balances

The tables below show the residual contractual maturity deriving from balance sheet balances as at 31 December 2024 and 31 December 2023.

At 31 December 2024	On demand up to 7 days	Under 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Unspecified	Total
Cash in hand and balances with central banks	1,457,197	-	-	-	-	-	1,457,197
State zero coupon bonds and other securities eligible for refinancing with the central bank	-	11,060	15,873	565,767	868,172	-	1,460,872
Receivables from banks and credit unions	19,747,558	15,146,021	-	-	-	-	34,893,579
Receivables from customers- credit union members	-	2,252	6,915	39,641	41,614	-	90,422
Ownership interests with controlling influence	-	-	-	-	-	603,100	603,100
Intangible assets	-	-	-	-	-	17,706	17,706
Tangible fixed assets	-	-	-	-	-	5,964	5,964
Other assets	1,126	2,286	5,131	1,564	134,907	-	145,014
Prepaid expenses and accrued income	-	21,343	17,751	10,864	-	-	49,958
TOTAL ASSETS	21,205,881	15,182,962	45,670	617,836	1,044,693	626,770	38,723,812
Payables to customers – credit union members	35,830,880	-	-	-	-	-	35,830,880
Other liabilities	16,568	72,829	3,448	-	-	-	92,845
Deferred revenues and accrued expenses	2,326	103	-	-	-	-	2,429
Provisions	-	56	-	-	-	-	56
Equity	-	-	-	-	-	2,797,602	2,797,602
TOTAL LIABILITIES AND EQUITY	35,849,774	72,988	3,448	0	0	2,797,602	38,723,812
NET LIQUIDITY POSITION	(14,643,893)	15,109,974	42,222	617,836	1,044,693	(2,170,832)	-
ACCUMULATED NET LIQUIDITY POSITION	(14,643,893)	466,081	508,303	1,126,139	2,170,832	-	-

Partners Banka, a.s.

Notes to the financial statements

Year ended 31 December 2024

(in thousands of Czech crowns "TCZK")

At 31 December 2023	On demand up to 7 days	Under 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Unspecified	Total
Cash in hand and balances with central banks	17,805	-	-	-	-	-	17,805
State zero coupon bonds and other securities eligible for refinancing with the central bank	-	2,578	16,352	145,101	938,303	-	1,102,334
Receivables from banks and credit unions	613,142	785,799	-	-	-	-	1,398,941
Ownership interests with controlling influence	-	-	-	-	-	572,100	572,100
Intangible assets	-	-	-	-	-	17,325	17,325
Tangible fixed assets	-	-	-	-	-	7,178	7,178
Other assets	650	2,121	3,010	-	-	2,311	8,092
Prepaid expenses and accrued income	-	601	3,308	1,133	-	-	5,042
TOTAL ASSETS	631,597	791,099	22,670	146,234	938,303	598,914	3,128,817
Payables to customers – credit union members	12,838	-	-	-	-	-	12,838
Other liabilities	204	30,604	2,561	3,637	-	5,208	42,214
Provisions	-	-	1,043	-	-	-	1,043
Equity	-	-	-	-	-	3,072,722	3,072,722
TOTAL LIABILITIES AND EQUITY	13,042	30,604	3,604	3,637	-	3,077,930	3,128,817
NET LIQUIDITY POSITION	618,555	760,495	19,066	142,597	938,303	(2,479,016)	-
ACCUMULATED NET LIQUIDITY POSITION	618,555	1,379,050	1,398,116	1,540,713	2,479,016	-	

Partners Banka, a.s.

Notes to the financial statements

Year ended 31 December 2024
(in thousands of Czech crowns "TCZK")

7.4. Credit risk

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

In 2024, the Bank provided loans exclusively to individuals for their personal use. This funding was provided on a limited basis as part of its pilot operation. To calculate the maximum funding limit, it used a combination of the KO criteria, a calculation of repayment capacity, and information from credit registers. The maximum exposure per client/economically connected group is limited by a cap that ensures that no undesirable concentration of credit risk arises in the portfolio.

Within its banking book, the Bank purchases exclusively bonds issued by the Czech Republic. In addition, the Bank enters into short-term reverse repo transactions with the Czech National Bank where the collateral (protection) for the Bank's receivables are state treasury bills. The excess liquidity is further invested in the form of short-term deposits with domestic banks with high credit ratings. The Bank regularly monitors reports on the credit ratings of the Czech Republic and the above banks. The Bank's exposure to other financial institutions (a nostro account for the settlement of credit card transactions) is immaterial.

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

The Bank's exposure limits are governed by generally applicable legal regulations on bank credit exposure rules. The Bank uses the definition of an economically connected group of customers under EU Regulation 575/2013, which also sets the limits of large exposures to a borrower or an economically connected group of borrowers at 25% of the Bank's eligible capital or EUR 150 million for exposures to institutions. The Bank also has internal limits on exposure to a single borrower or an economically related group of borrowers.

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

Partners Banka, a.s.

Notes to the financial statements

Year ended 31 December 2024
(in thousands of Czech crowns "TCZK")

Maximum credit risk exposures

At 31 Dec 2024	Balance sheet	Off-balance sheet	Credit risk exposure	Collateral received*	Main type of collateral
Cash in hand and balances with central banks	1,457,197	-	1,457,197	-	None
State zero coupon bonds and other securities eligible for refinancing with the central bank	1,460,872	-	1,460,872	-	None
Receivables from banks and credit unions	34,893,579	-	34,893,579	34,536,000	State treasury bills received under repo transactions with the CNB
Receivables from customers – credit union members – unauthorised overdrafts	2,887	-	2,887	-	None
Receivables from customers – credit union members – consumer loans	91,448	7,170	98,618	-	None
Receivables from customers – credit union members – mortgage loans	717	-	717	717	Residential real estate in the Czech Republic
Other assets – Long-term advances paid	54,056	-	54,056	-	None
Total	37,960,756	7,170	37,967,926	34,536,717	

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Year ended 31 December 2024

(in thousands of Czech crowns "TCZK")

At 31 Dec 2023	Balance sheet	Off-balance sheet	Credit risk exposure	Collateral received*	Main type of collateral
Cash in hand and balances with central banks	17,805	-	17,805	-	None
State zero coupon bonds and other securities eligible for refinancing with the central bank	1,102,334	-	1,102,334	-	None
Receivables from banks and credit unions	1,398,941	-	1,398,941	1,127,724	State treasury bills received under repo transactions with the CNB
Receivables from customers – credit union members – unauthorised overdrafts	-	-	-	-	-
Receivables from customers – credit union members – consumer loans	-	-	-	-	-
Receivables from customers – credit union members – mortgage loans	-	-	-	-	-
Other assets – Long-term advances paid	2,312	-	2,312	-	None
Total	2,521,392	-	2,521,392	1,127,724	

* Collateral received means the realisable value of the collateral applicable to each of the credit exposures. For the purposes of this table, the realisable value of collateral for receivables from customers is limited to the gross amount of the receivables from customers of each receivable to which the relevant collateral relates.

Partners Banka, a.s.

Notes to the financial statements

Year ended 31 December 2024
(in thousands of Czech crowns "TCZK")

Credit risk by counterparty

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

At 31 Dec 2024	Entrepreneurs	Government institutions	Banks	Citizens	TOTAL
Cash in hand and balances with central banks	-	-	1,457,197	-	1,457,197
State zero coupon bonds and other securities eligible for refinancing with the central bank	-	1,460,872	-	-	1,460,872
Receivables from banks and credit unions	-	-	34,893,579	-	34,893,579
Receivables from customers – credit union members	-	-	-	90,422	90,422
Other assets	996	85,509	54,479	4,030	145,014
Total	996	1,546,381	36,405,255	94,452	38,047,084

At 31 Dec 2023	Entrepreneurs	Government institutions	Banks	TOTAL
Cash in hand and balances with central banks	-	-	17,805	17,805
State zero coupon bonds and other securities eligible for refinancing with the central bank	-	1,102,334	-	1,102,334
Receivables from customers – credit union members	-	-	1,398,941	1,398,941
Other assets	5,208	-	2,884	8,092
Total	5,208	1,102,334	1,419,630	2,527,172

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Year ended 31 December 2024
(in thousands of Czech crowns "TCZK")

Credit risk by geographic location of the borrower

At 31 Dec 2024	Czech Republic	Great Britain	TOTAL
Cash in hand and balances with central banks	1,457,197	-	1,457,197
State zero coupon bonds and other securities eligible for refinancing with the central bank	1,460,872	-	1,460,872
Receivables from banks and credit unions	34,873,164	20,415	34,893,579
Receivables from customers – credit union members	90,422	-	90,422
Other assets	90,979	54,035	145,014
Total	37,972,634	74,450	38,047,084

At 31 Dec 2023	Czech Republic	Great Britain	TOTAL
Cash in hand and balances with central banks	17,805	-	17,805
State zero coupon bonds and other securities eligible for refinancing with the central bank	1,102,334	-	1,102,334
Receivables from customers – credit union members	1,398,941	-	1,398,941
Other assets	5,780	2,312	8,092
Total	2,524,860	2,312	2,527,172

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Notes to the financial statements

Year ended 31 December 2024
(in thousands of Czech crowns "TCZK")

Credit risk by maturity

At 31 Dec 2024	Cash in hand and balances with central banks	State zero coupon bonds and other securities eligible for refinancing with the central bank	Receivables from banks and credit unions	Receivables from customers-credit union members	Other assets	TOTAL
To maturity (net)	1,457,197	1,460,872	34,893,579	90,422	144,952	38,047,022
Past maturity (net)	-	-	-	-	62	62
Total net	1,457,197	1,460,872	34,893,579	90,422	145,014	38,047,084
Financial assets - gross						
To maturity	1,457,197	1,460,984	34,893,589	92,265	144,952	38,048,987
Past due less than 30 days	-	-	-	-	42	42
Past due for 31-90 days	-	-	-	-	20	20
Past due for 91-180 days	-	-	-	2,768	-	2,768
Past due for 181-365 days	-	-	-	19	-	19
Past due for more than 365 days	-	-	-	-	-	-
Total financial assets - gross	1,457,197	1,460,984	34,893,589	95,052	145,014	38,051,836
Loss allowances for financial assets						
To maturity	-	112	10	1,843	-	1,965
Past due less than 30 days	-	-	-	-	-	-
Past due for 31-90 days	-	-	-	-	-	-
Past due for 91-180 days	-	-	-	2,768	-	2,768
Past due for 181-365 days	-	-	-	19	-	19
Past due for more than 365 days	-	-	-	-	-	-
Total loss allowances	-	112	10	4,630	-	4,752
Total financial assets - net	1,457,197	1,460,872	34,893,579	90,422	145,014	38,047,084

The table of credit risk by maturity as at 31 December 2023 is not disclosed due to its insignificance.

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Year ended 31 December 2024
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Analysis of movements in allowances

	At 1 January 2024	Additions	Release	Use	Transfers	At 31 December 2024
Stage 1	262	5,196	580	21	(2,802)	2,055
Receivables from banks and credit unions	98	319	407	-	-	10
State zero coupon bonds and other securities eligible for refinancing with the central bank	164	59	8	-	-	215
<i>of which: at amortised cost</i>	99	14	1	-	-	112
<i>of which: at FVOCI*</i>	65	45	7	-	-	103
Receivables from customers - credit union members	-	4,818	165	21	(2,802)	1,830
Stage 2	-	9	7	2	12	12
Receivables from customers - credit union members	-	9	7	2	12	12
Stage 3	-	1	3	0	2,790	2,788
Receivables from customers - credit union members	-	1	3	-	2,790	2,788
Total	262	5,206	590	23	-	4,855

*In accordance with the Bank's accounting policies, this loss allowance is recognised in other comprehensive income

7.4.1. Concentration risk

The concentration risk associated with the loan portfolio is limited by a maximum exposure limit per client/economically connected group.

7.5. Market risk management

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

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

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Year ended 31 December 2024
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7.5.1. Assets and liabilities by currency

At 31 Dec 2024	CZK	EUR	USD	Total
Cash in hand and balances with central banks	1,457,197	-	-	1,457,197
State zero coupon bonds and other securities eligible for refinancing with the central bank	1,460,872	-	-	1,460,872
Receivables from banks and credit unions	34,885,438	8,141	-	34,893,579
Receivables from customers – credit union members	90,422	-	-	90,422
Ownership interests with controlling influence	603,100	-	-	603,100
Intangible assets	17,706	-	-	17,706
Tangible fixed assets	5,964	-	-	5,964
Other assets	90,666	54,348	-	145,014
Prepaid expenses and accrued income	49,958	-	-	49,958
TOTAL ASSETS	38,661,323	62,489	-	38,723,812
Payables to customers – credit union members	35,830,880	-	-	35,830,880
Other liabilities	92,532	21	292	92,845
Deferred revenues and accrued expenses	2,429	-	-	2,429
Provisions	56	-	-	56
Equity	2,797,602	-	-	2,797,602
TOTAL LIABILITIES AND EQUITY	38,723,499	21	292	38,723,812
NET CURRENCY POSITION	(62,176)	62,468	(292)	-

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

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Year ended 31 December 2024
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At 31 Dec 2023	CZK	EUR	USD	Total
Cash in hand and balances with central banks	17,805	-	-	17,805
State zero coupon bonds and other securities eligible for refinancing with the central bank	1,102,334	-	-	1,102,334
Receivables from banks and credit unions	1,397,721	1,220	-	1,398,941
Ownership interests with controlling influence	572,100	-	-	572,100
Intangible assets	17,325	-	-	17,325
Tangible fixed assets	7,178	-	-	7,178
Other assets	5,780	2,312	-	8,092
Prepaid expenses and accrued income	5,042	-	-	5,042
TOTAL ASSETS	3,125,285	3,532	-	3,128,817
Payables to customers – credit union members	12,838	-	-	12,838
Other liabilities	42,164	25	25	42,214
Provisions	1,043	-	-	1,043
Equity	3,072,722	-	-	3,072,722
TOTAL LIABILITIES AND EQUITY	3,128,767	25	25	3,128,817
NET CURRENCY POSITION	(3,482)	3,507	(25)	-

7.5.2. Interest rate risk

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

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

7.5.2.1. Interest rate analysis of assets and liabilities

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

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

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(in thousands of Czech crowns "TCZK")

At 31 Dec 2024	Under 3 months	3 months to 1 year	Between 1-5 years	More than 5 years	Interest rate insensitive	TOTAL
Cash in hand and balances with central banks	1,457,197	-	-	-	-	1,457,197
State zero coupon bonds and other securities eligible for refinancing with the central bank	11,060	15,873	565,767	868,172	-	1,460,872
Receivables from banks and credit unions	34,893,579	-	-	-	-	34,893,579
Receivables from customers - credit union members	2,252	6,915	39,641	41,614	-	90,422
Other assets	-	-	-	54,034	90,980	145,014
Total assets	36,364,088	22,788	605,408	963,820	90,980	38,047,084
Payables to customers – credit union members	35,830,880	-	-	-	-	35,830,880
Other liabilities	184	3,447	-	-	91,540	95,171
Equity	-	-	-	-	2,797,602	2,797,602
Total liabilities and equity	35,831,064	3,447	-	-	2,889,142	38,723,653
Net position	533,024	19,341	605,408	963,820	(2,798,162)	(676,569)
ACCUMULATED NET POSITION	533,024	552,365	1,157,773	2,121,593	(676,569)	

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Year ended 31 December 2024

(in thousands of Czech crowns "TCZK")

At 31 Dec 2023	Under 3 months	3 months to 1 year	Between 1-5 years	More than 5 years	Interest rate insensitive	TOTAL
Cash in hand and balances with central banks	17,805	-	-	-	-	17,805
State zero coupon bonds and other securities eligible for refinancing with the central bank	2,578	16,352	145,100	938,304	-	1,102,334
Receivables from banks and credit unions	1,398,941	-	-	-	-	1,398,941
Other assets	-	-	-	-	8,092	8,092
Total assets	1,419,324	16,352	145,100	938,304	8,092	2,527,172
Payables to customers – credit union members	12,838	-	-	-	-	12,838
Other liabilities	-	-	-	-	42,214	42,214
Equity	-	-	-	-	3,072,722	3,072,722
Total liabilities and equity	12,838	-	-	-	3,114,936	3,127,774
Net position	1,406,486	16,352	145,100	938,304	(3,106,844)	(600,602)
ACCUMULATED NET POSITION	1,406,486	1,422,838	1,567,938	2,506,242	(600,602)	

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

The impact of the parallel yield curve shift on the Bank's economic value of capital and its net interest income (in TCZK) is shown in the table below:

TCZK	At 31 Dec 2024	At 31 Dec 2023
Movement +200 basis points		
ΔEVE	(174,245)	(140,203)
ΔNII	8,911	25,710
Movement -200 basis points		
ΔEVE	202,488	167,063
ΔNII	(8,619)	(26,180)

Partners Banka, a.s.

Notes to the financial statements

Year ended 31 December 2024
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7.6. Trading on own account

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

7.7. Operational risks

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

The basic procedures for mitigating operational risk to an acceptable level are:

- Comprehensive identification, analysis, management and recording of operational risks.
- The Bank has a process for reporting, handling and recording operational risk events that is regulated in an internal policy and implemented in practice.
- In its internal policy, the Bank has developed and described a process for specifying risks, procedures and measures to mitigate risks arising from the use of information systems, outsourcing, and the use of other ICT suppliers.
- In its internal policy, the Bank also regulates procedures and processes to minimise risks arising from the introduction of new products and services including regular checks on the risks associated with the products already on offer.
- The Bank currently determines its capital requirement for the operational risk using the basic indicator in accordance with the applicable regulatory requirements, and at the same time monitors operational risk events and creates a database of them so that it may evaluate them using its own statistical models.
- The Bank has business continuity plans in place for unplanned interruptions or limitations to its activities due to, for example, failure of external infrastructure. These plans are tested and updated as necessary.

8. TRANSACTIONS WITH RELATED PARTIES

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

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

Receivables and payables

	Receivables		Payables	
	At 31 Dec 2024	At 31 Dec 2023	At 31 Dec 2024	At 31 Dec 2023
Bank's statutory body members	-	-	1,022	1,022
PBK Technology, s.r.o. *	20	-	7,214	8,153
Partners Financial Services, a.s.	639	7	3,572	71
Total	659	7	11,808	9,246

* Receivables reported in Estimated receivables

Partners Banka, a.s.

Notes to the financial statements

Year ended 31 December 2024
(in thousands of Czech crowns "TCZK")

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

PBK Technology, s.r.o.	Receivables		Payables	
	2024	2023	2024	2023
Opening balance as at 1 January	-	949	8,153	349
Additions	23	-	106,768	12,204
Disposals	3	949	107,707	4,400
Closing balance at 31 December	20	-	7,214	8,153

Revenues and expenses

	Revenues		Expenses	
	2024	2023	2024	2023
Remuneration to Bank's statutory body members (incl. social and health insurance payments)	-	-	22,724	10,307
PBK Technology, s.r.o.	23	-	106,169	11,892
Partners Financial Services, a.s.	3,979	-	30,658	1,117
Partners HoldCo, a.s.	-	-	-	3,475
Partners BankIn, a.s.	-	-	-	1,761
Total	4,002	-	159,551	28,552

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

9. MATERIAL SUBSEQUENT EVENTS

No significant events occurred after the date of the financial statements.

Prague, on 31 March 2025

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

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

CZK 36 billion
in deposits
for 2024



Partners Banka, a.s.

Report on relations

From 1 January 2024 to 31 December 2024

Partners Banka, a.s.

Report on Relations

from 1 January 2024 to 31 December 2024

In compliance with the relevant provisions of Act No. 90/2012 Coll., on Business Corporations and Cooperatives (the “**Business Corporations Act**”), as amended, Partners Banka, a.s., with its registered office at Türkova 2319/5b, Chodov, 149 00 Prague 4, Identification No.: 09727094, recorded in the Commercial Register of the Municipal Court in Prague, section B, file no. 25885, represented by Marek Ditz, chairman of the board of directors, and Bohumil Čučela, member of the board of directors (the “**Bank**” or the “**Controlled Entity**”), is a business corporation in the capacity of a controlled entity.

In compliance with the statutory provisions, the statutory body of the Bank is obliged to prepare a written report on relations between the Controlling Entity and the Controlled Entity and between the Controlled Entity and entities controlled by the same Controlling Entity (the “**Report on Relations**”), for the past accounting period, i.e., the period from **1 January 2024 to 31 December 2024** (the “**Relevant Period**”).

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

All data are stated as at 31 December 2024, unless explicitly stated otherwise.

1) Structure of relations between the Controlling and Controlled Entity, and the Controlled Entity and other entities controlled by the same Controlling Entity (the “Related Entities”)

Controlled Entity

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

Controlling Entity

The Controlling Entities of the Bank, exercising direct influence on the Bank, are **Partners BankIn, a.s.**, with its registered office at Türkova 2319/5b, Chodov, 149 00 Praha 4, Identification No.: 09602887, recorded in the Commercial Register of the Municipal Court in Prague under section B, file no. 25749 with a 59.106873% share in the registered capital and voting rights of the Bank, **Apana s.r.o.**, with its registered office at Türkova 2319/5b, Chodov, 149 00 Praha 4, Identification No.: 02879107, recorded in the Commercial Register of the Municipal Court in Prague under section C, file no. 224876 with a 14.38812% share in the registered capital and voting rights of the Bank, **Brno Investment Group s.r.o.**, with its registered office in Březina 103, 666 01, Identification No.: 29194636, recorded in the Commercial Register of the Regional Court in Brno under section C, file no. 64733 with a 1.195140% share in the registered capital and voting rights of the Bank, and **Partners HoldCo, a.s.**, with its registered office at Türkova 2319/5b, Chodov, 149 00 Praha 4, Identification No.: 14013690, recorded in the Commercial Register of the Municipal Court

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in Prague under section B, file no. 26821 with a 4.285708% share in the registered capital and voting rights of the Bank.

Partners BankIn, a.s., Apana s.r.o., Brno Investment Group s.r.o. and Partners HoldCo, a.s. are entities acting in factual concert.

The majority shareholder of Partners BankIn, a.s. with a share in the registered capital and voting rights of 49.984375% is Brno Investment Group s.r.o.

Apana s.r.o. and Brno Investment Group s.r.o. are the shareholders of Partners HoldCo, a.s., with Apana s.r.o. holding a share in the registered capital and voting rights of 47.73%, and Brno Investment Group s.r.o. holding a share in the registered capital and voting rights of 35.32% as well as with a share in the registered capital of 0.064% concerning non-voting priority shares.

The sole shareholder of Brno Investment Group s.r.o. is **BIG Private Holding a.s.**, with its registered office at Březina 103, 666 01, Identification No.: 11798118, recorded in the Commercial Register of the Regional Court in Brno under section B, file no. 8602, in which the **Borkovec Family nadační fond**, with its registered office at Na Florenci 1332/23, Nové Město, 110 00 Praha 1, Identification No.: 11797690, recorded in Register of Foundations of the Municipal Court in Prague under section N, file no. 2003, holds 95% of the registered capital and **Petr Borkovec**, born on 1 July 1977, residing at Krasová 600/12, Maloměřice, 614 00 Brno, has a 5% share and the voting rights are fully exercised by the Borkovec Family nadační fond. The Borkovec Family nadační fond is 100% owned by Petr Borkovec, who is also the chairman of the board of directors. Petr Borkovec is also the sole statutory representative of Brno Investment Group s.r.o. and the sole member of the board of directors of BIG Private Holding a.s.

The sole shareholder of Apana is **Element Private Holding, a.s.**, with its registered office at Türkova 2319/5b, Chodov, 149 00 Praha 4, Identification No.: 11797231, recorded in the Commercial Register of the Municipal Court in Prague, section B, file no. 26605, in which **Element nadační fond**, with its registered office at Na Florenci 1332/23, Nové Město, 110 00 Praha 1, Identification No.: 11797797, recorded in the Register of Foundations of the Municipal Court in Prague under section N, file no. 2004, holds 60% of the registered capital, and **Radim Lukeš**, born on 13 May 1972, residing at Čílova 275/15, Veleslavín, 162 00 Prague 6, holds 40% of the registered capital, and the voting rights are exercised fully by Element nadační fond. Element nadační fond is 100% owned by Radim Lukeš who is chairman of the board of directors. Radim Lukeš is also the sole statutory representative of Apana s.r.o. and the sole member of the board of directors of Element Private Holding a.s.

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

(collectively, the “**Controlling Entity**” or “**Controlling Entities**”).

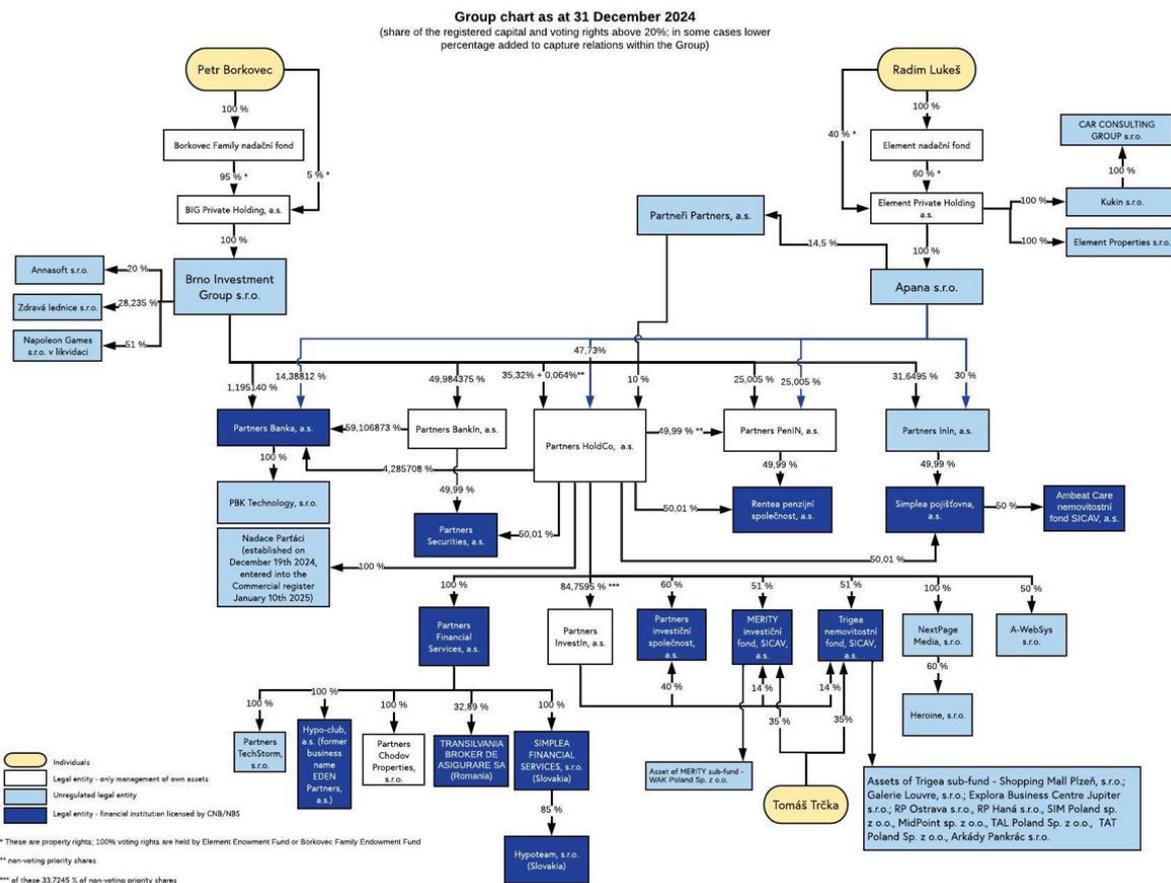
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For 2024, the Bank was part of the consolidated unit of BIG Private Holding a.s.

Ownership structure of the Bank and structure of relations with related parties as at 31 December 2024



The members of the Bank's board of directors declare that during the Relevant Period relations existed between the Bank and the following related entities: Apana s.r.o., Brno Investment Group s.r.o., Partners HoldCo, a.s., Partners BankIn, a.s., Partners Financial Services, a.s., Identification No.: 27699781, Simplea pojišťovna, a.s., Identification No.: 078 80 014, Rentea penzijní společnost, a.s., Identification No.: 097 01 125, Trigea nemovitostní fond, SICAV, a.s., Identification No.: 079 73 179, Partners investiční společnost, a.s., Identification No.: 24716006, PBK Technology, s.r.o., Identification No.: 09233971, SIMPLEA FINANCIAL SERVICES, s.r.o., Mierová 83, 821 05 Bratislava, Slovakia, Identification No.: 53725654, and Partners Securities, a.s., Identification No.: 19926685.

2. Role of the Controlled Entity

In the Relevant Period, namely in March 2024, the Controlled Entity commenced the provision of banking products and services to the public. Initially, these were payment products and services. Credit services in the consumer lending in a pilot scheme were added in July 2024.

The Bank has been offering mortgage loans in a pilot scheme from December 2024; they started to be offered to the public in January 2025.

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In December 2024, the Bank also started providing electronic identification services (bank identity services).

In its activities, the Controlled Entity closely links banking services with financial consulting, where banking products and services are offered by the consulting network of Partners Financial Services, a.s. on the principle of open architecture as another private brand of Partners Group alongside the products of other financial institutions.

The Controlled Entity also ensures the operation and development of a mobile application as a primary platform for the banking services offered by the Controlled Entity and a place where the Bank, Partners Financial Services, a.s. and other companies within the Partners Group offer their products and services.

The Bank also provides the development and operation of certain specialised systems for use within the Partners Group, e.g., services relating to the customer identification data base, the AML system used to prevent money laundering, etc.

3. Manner and means of control

The Controlling Entities – Partners BankIn, a.s., Apana s.r.o., Brno Investment Group s.r.o. and Partners HoldCo, a.s. – controlled the Bank during the Relevant Period by holding shares corresponding to 78.98% of the Bank's registered capital and voting rights. The Controlling Entities were entitled to express their will at the general meeting of the Bank through the exercise of their shareholder rights.

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

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

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

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

- agreement on compliance with prudential requirements on a consolidated basis dated 4 September 2024

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

- contract for the provision of services dated 28 December 2023 as amended by its amendments dated 30 April 2024 and 26 June 2024
- personal data processing agreement dated 28 December 2023
- agreement on the use of the name, logo and other brand elements dated 3 October 2023
- framework cooperation agreement dated 5 September 2023 amended by its amendment dated 1 March 2024
- remuneration and pilot scheme activity agreement 4 March 2024
- marketing support agreement dated 22 January 2024 as amended by its amendments dated 9 December 2024
- cooperation agreement dated 28 November 2022

Partners Banka, a.s.

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

- agreement on a contribution outside the registered capital dated 24 April 2024 as amended by its amendment dated 12 December 2024
- contract for the provision of the Application and its development dated 1 November 2023
- contract for the provision of Banking Software and its development dated 1 November 2023
- contract for the provision of PID and its development dated 1 November 2023
- contract for the provision of technical support dated 16 February 2024
- contract for licensing procedure services dated 27 March 2024
- management structure sharing and empowerment agreement of Partners Bank and its managers dated 18 November 2024

Other agreements:

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

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

Agreement on transferring, sharing and joint processing of personal data dated 13 January 2023, the parties to which were the Bank and the following companies: **Partners Financial Services, a.s., Simplea Pojišťovna, a.s., Rentea penzijní společnost, a.s., Partners investiční společnost, a.s., Trigea nemovitostní fond, SICAV, a.s., and PBK Technology, s.r.o.**, which was joined by **Partners Securities, a.s. and SIMPLEA FINANCIAL SERVICES, s.r.o.** on 31 May 2024.

Agreement on sharing and joint processing of personal data of job applicants and other cooperation dated 26 February 2024, the parties to which were the Bank and the following companies: **Partners Financial Services, a.s., Simplea Pojišťovna, a.s., Rentea penzijní společnost, a.s., Partners investiční společnost, a.s., Trigea nemovitostní fond, SICAV, a.s., PBK Technology, s.r.o. and SIMPLEA FINANCIAL SERVICES, s.r.o.**

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

Agreement on the use of part of the mobile application dated 30 October 2024 between **the Bank** and **SIMPLEA FINANCIAL SERVICES, s.r.o.**

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

No such acts were undertaken in the Relevant Period.

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

The Bank's board of directors believes all relations between the Bank and the Related Entities are made under arm's length conditions without posing increased risks or potential harm to the Bank.

During the Relevant Period, all above-mentioned activities were undertaken and all agreements concluded to prepare for the operation of the Bank and the commencement of the Bank's operations under such banking licence.

From this point of view, these negotiations and agreements are considered advantageous for the Bank.

The Bank is not currently aware of any disadvantages or risks arising from the cooperation and relationship between it and the Related Entities.

7. Conclusion

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

In Prague, 31 March 2025

On behalf of the Bank's board of directors:

Marek Ditz

Chairman of the board of directors

Partners Banka, a.s.

Bohumil Čučela

Member of the board of directors

Partners Banka, a.s.