Annual Report 2013

J&T FINANCE GROUP

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PRESENTATION PART

FINANCIAL PART

The annual report is compiled for the consolidated group (the "Group") of J&T FINANCE GROUP, a.s, which was created by the legal merger of TECHNO PLUS, a.s., a Group's shareholder, into J&T FINANCE, a.s., a subsidiary of J&T FINANCE GROUP, a.s. The merger was accounted for a transaction under common control based on the carrying amounts of the merged companies as at 1 January 2014 including the elimination of intragroup transactions within the respective accounting operations.

The holding company J&T FINANCE, a.s., originally established on 24 August 2006 in the Czech Republic, was renamed J&T FINANCE GROUP SE upon the crossborder merger becoming effective and became the new parent company of the Group. J&T FINANCE GROUP SE is a European joint-stock company (Societas Europaea) with its registered office and place of business at the address Pobřežní 297/14, 186 00 Prague 8. Jozef Tkáč and Ivan continue to be the ultimate shareholders.

The primary reason for the merger was to simplify the structure of the ultimate shareholders' financial holding group and maintain continuity of the supervision of the Czech National Bank over the activities of the regulated consolidated group (RCG) even after the acquisition of Poštová banka, a.s. in 2013.

Financial Highlights

J&T Finace Group SE

in millions of EUR	2013	2012	2011	2010	2009
Total assets	8,388	5,779	5,030	3,799	4,475
Equity attributable to equity holders of the parent	921	733	646	729	663
Net interest income (expense)	143*	33*	99	71	39
Net fee and commission income (expense)	31*	23*	20	12	(14)
Profit (loss) from operations	15*	8*	43	84	(71)
Net profit (loss) attributed to the equity holders of the parent	90	48	40	86	118
SELECTED INDICATORS					
Average number of employees of the Group	1,486	788	721	1,055	2,007
Return on Assets (ROA)	1.1%	0.8%	0.8%	2.3%	2.6%
Return on Equity (ROE)	8.9%	6.3%	6.0%	11.4%	17.2%

* continuing operations only

J&T Group is a strong financial investor operating in the market since 1993. J&T Group specializes in providing a wide range of services in private banking, investment banking, asset management and specialized financing.

Total assets of J&T Group amounted to EUR 8.4 billion with equity of EUR 921 million. The Group also manages EUR 1.9 billion for its clients under the Asset management service.

Board of Directors' Report

2013 was an important year for J&T Group due to a number of reasons. The acquisition of Poštová Banka was successfully finalized during the year; before the year end J&T Group disposed the remaining non-banking activities (Group's assets in the sectors of energy, industry, real estate, media and sport, tourism, information and communication technologies as well as in science and research) into a newly established holding, J&T PRIVATE EQUITY GROUP LITIMED and finally it was preparing for merger with its parent company TECHNO PLUS, a.s. This merger was successfully finalized at the beginning of 2014. J&T Group also increased the share capital of its subsidiary J&T BANKA, a.s. ("J&T Banka") by EUR 208 million during 2013 to support its further expansion.

All these steps finalized the strategic ambitions of the owners and top management taken over the last few years and led to formation of a strong banking group, value of which is built on the performance of the banks, which can now satisfy even the most demanding requirements of private as well as retail clients.

Profit of the J&T Group for 2013 of EUR 90.3 million reflects all these key aspects.

Strategy and vision of J&T Finance Group

J&T FINANCE GROUP, a.s. (since 1.1.2014 J&T FINANCE GROUP SE, further "J&T Finance Group" or "JTFG") succeeded in creation of a strong banking holding. The private banking part is represented by J&T Banka in the Czech Republic including its branch in Slovakia, J&T Banka ZAO in Russia and J&T Bank and Trust in Barbados. The retail part is represented by Poštová Banka, a.s. ("Poštová banka"). Through the integration of Poštová banka the Group acquired a respectable volume of one million clients, for whom a wide scale of banking products is provided. At the same time J&T Group has been continuously strengthening and building its position in the private banking sector by development of activities focused on project and structured financing. In the prestigious contest The Bank of the Year 2013 organized by Fincentrum, J&T Banka won the third place in the Private Bank category.

In the future the Group plans to expand its activities to another markets in Southern and Eastern Europe. First step was the acquisition of 58.33% share in VABA d.d. banka Varaždin in first half of 2014, which opened the Croatian market for the Group. Further expansion and development of the Russian J&T Bank ZAO and PROFIREAL OOO, a company providing consumer loans in Russia (joint venture of the Group with PROFIREAL Group SE), is expected as well. J&T Finance Group is the Parent company of J&T Group.

FINANCIAL OPERATIONS REPORT

Net consolidated profit of J&T Finance Group for the year 2013 amounted to EUR 90.3 million, compared to prior year profit of EUR 47.5 million. In addition to stable results of J&T Banka, 2013 profit was affected mainly by the finalized acquisition of Poštová Banka on 1 July 2013 (the profit of Poštová banka Group for the first six months of 2013 is not included in the consolidated profit of JTFG) as well as by the sale of non-banking activities of JTFG to the newly established holding J&T PRIVATE EQUITY GROUP LIMITED („J&T Private Equity Group").

Deposits from clients increased by 64% to EUR 6.45 billion at year end and strengthened the position of J&T Finance Group in the banking sector. Positive results of J&T Banka (see separate chapter below) were one of the reasons for this growth, however the main reason was a significant increase in Group's clients' base and extension of the portfolio of offered products in the retail segment as a result of the finalization of the acquisition of 88.06% share in Poštová banka.

Foreign exchange interventions of the Czech National Bank resulting into the decrease in value of Czech crown against the Euro, had a negative impact on the consolidated profit of J&T Finance Group. J&T Banka hedged its participations held in foreign currencies against foreign exchange risks (mainly share in Poštová banka). Despite the ability of J&T Banka to neutralize the impact of decreased value of Czech crown on the individual financial results, on the JTFG consolidated level the impact of decreased value of Czech crown against the euro led to increase in foreign exchange losses by EUR 13 million. Management of J&T Finance Group however considers this as one-off event and does not expect any additional negative impacts.

SALE OF NON-BANKING ACTIVITIES

As at 30 December 2013 most of the non-banking activities of J&T Finance Group were disposed to a newly established holding J&T Private Equity Group. Result generated by these activities within the consolidation scope of JTFG for 2013 is recognized as profit from discontinued operations in the amount of EUR 90.3 million.

The majority of non-banking activities not transferred to J&T Private Equity Group represents bonds issued by companies within the J&T Finance Group consolidation scope, for which guarantees are provided by J&T Finance Group. Interest expense from these bonds decreased the profit of J&T Finance Group from continued operations.

During the preparation phase for disposal of the non-banking activities to J&T Private Equity Group a series of steps were taken in order to clearly separate both parts (banking and non-banking) on the asset side of the balance sheet even before the sale of non-banking activities to J&T Private Equity Group. This process took place mainly during the last quarter of 2013 and therefore all active relations that commenced or were changed during this period within the consolidated scope of J&T Finance Group, affected results from continued operations only for a short period of time before the year end 2013. In the future years, revenues from these activities will be fully recognized as result from continued operations.

RESULTS AND EVENTS OF J&T BANKA

J&T Banka Group generated a profit of EUR 41 million for the year 2013. The assets of the bank increased by EUR 796 million to more than EUR 4 billion. In connection with this growth, the shareholder increased the share capital of the bank by EUR 208 million and thus the capital adequacy ratio increased from 11.87% to 15.85% at the year-end 2013.

Operating results

Net interest income of EUR 70 million did not change significantly compared to 2012. Considering the asset growth, the stagnation of interest income was mainly caused by the significant liquidity reserve held in order to finalize the acquisition of Poštová banka in first half of 2013, whereas the increase in credit portfolio occurred in larger extent only in the last quarter. Both mentioned aspects will be reflected more significantly in the result for 2014.

Net fees and commissions' income decreased from EUR 20 million to EUR 17 million, partially as a result of long-term market trend where fees for trading with securities are decreasing and also due to a change in the bank clients' portfolio.

Following the growth of loans and guarantees provided, fee income from financing and guarantees provided increased as well. Fees for new bonds issues and fees from bills of exchange programs had also positive trends. Additionally, considering the growth of assets managed in clients' portfolios and funds managed by a subsidiary of the bank, the fee income from this activity increased as well.

Operating expenses 2013 increased by almost EUR 9 million and exceeded EUR 68 million, despite of that the total operating expenses growth rate was lower than the asset growth rate. The ratio of operating expenses to total assets amounting to 1.6% ranks J&T Banka among the best on the market.

FINANCIAL HIGHLIGHTS

J&T Banka, a.s.

in millions of EUR	2013	2012
Total assets	110,237	88,401
Equity attributable to equity holders of the parent	13,426	7,412
Net interest income (expense)	1,832	1,851
Net fee and commission income (expense)	448	500
Profit (loss) from operations	1,217	1,672
Net profit (loss) attributed to the equity holders of the parent	977	1,015
SELECTED INDICATORS		
Average number of employees of the Group	487	499
Return on Assets (ROA)	1.08%	1.26%
Return on Equity (ROE)	9.96%	16.06%

Poštová banka, a.s.

in millions of EUR	2013	2012
Total assets	3 843	3 415
Equity attributable to equity holders of the parent	463	404
Net interest income (expense)	191	175
Net fee and commission income (expense)	19	19
Profit (loss) from operations	141	97
Net profit (loss) attributed to the equity holders of the parent	70	66
SELECTED INDICATORS		
Average number of employees of the Group	1 311	1 243
Return on Assets (ROA)	1,80%	1,90%
Return on Equity (ROE)	15,00%	16,20%

Total operating profit for the year 2013 in the amount of EUR 47 million decreased by EUR 17 million compared to 2012. However, the year 2012 was influenced by extraordinary profits from investments in Eurozone government bonds and profits from foreign exchange operations. After adjusting these effects, the operating profit was stable.

Trade results

Dynamic growth had continued during the last year also in the management of clients' assets. Number of clients increased by 41% year-on-year to almost 34,000 clients. Deposits from clients increased as well by more than 34%, at year end these amounted to EUR 3.1 billion.

The share of large institutional investors and large private clients continuously declines. Despite the fact that the amount of average deposit decreased to approximately 100 000 EUR, it still remains well above the market average.

The volume of clients' assets placed in mutual funds, bond issues, bills of exchange programs and individual asset administration reached EUR 2.9 billion. The bank managed seven new bond issues in 2013, in total volume of more than EUR 437 million, which are listed on stock exchanges in Prague and Bratislava. The bank also offers the opportunity to invest into five bill of exchange programs.

Mutual funds administered by J&T INVESTIČNÍ SPOLEČNOST, a.s. represent also an important part of the investment products portfolio. An important achievement is the award for J&T MONEY CZK mutual fund, which became the absolute winner in the Fincentrum & Forbes Investment of the year 2013 competition, organized by the company Fincentrum in cooperation with the magazine Forbes and PwC Czech Republic.

RESULTS AND EVENTS OF POŠTOVÁ BANKA

Poštová banka Group continued the growth of previous years and achieved additional increase of total assets (annual increase of 12.5%) that reached EUR 3.8 billion in 2013. Net profit of Poštová banka Group was almost EUR 70 million and thus exceeded the 2012 level (EUR 66 million).

Operating results

Net interest income reached EUR 191 million. Annual growth of 9% was achieved despite the growing competition, pulled by growth of loans provided that accelerated mainly in the second half of 2013.

Net fees and commissions' income of EUR 19 million remained at the same level as in 2012. This stagnation was caused mainly by higher special levy for bank institutions which eliminated the impact of increased volume of transactions and volume of loans provided.

Net non-interest income amounted to nearly EUR 48 million and significantly exceeded the prior year balance (EUR 4 million). The group achieved essential improvement in net profit from financial operations, which in 2013 amounted to more than EUR 10 million compared to loss of almost EUR 21 million in 2012, which was mainly caused by loss from revaluation of Greek state bonds.

Total operating expenses increased to EUR 98 million. The 19% growth is attributable mainly to increase in personal expenses, services expenses and material expenses particularly because of the increase in leasing activities of PB Finančné služby, a.s.

Poštová banka group generated operating profit of EUR 141 million and significantly exceeded the prior year operating result (profit of EUR 97 million).

Trade results

Poštová banka reached another milestone in 2013 and serves now 1 million clients. Loans provided increased by 9% (or EUR 153 million) and the growing trust of clients was also reflected in growth of deposits from clients (EUR 438 million and 15%).

PRVÁ PENZIJNÁ SPRÁVCOVSKÁ SPOLOČNOSŤ POŠTOVEJ BANKY, správ. spol., a. s. (Prvá penzijná) also showed positive development in 2013, introduced two new funds and recorded a 29% increase in asset volume (EUR 487 million) in other funds. During 2013 this company improved its position among competition and increased its market share from less than 9% to more than 11%. The company also newly provides fund management services to third parties. The implementation of new information system contributed to further simplification of the investment process. These developments also contributed to the award in competition Zlatá minca 2013, where Prvá penzijná defended second place in Real Estate Funds category.

Dôchodková správcovská spoločnosť Poštovej banky, d.s.s., a.s. recorded significant increase of savers despite the change in legislation which led to opening of second pillar. Dôchodková správcovská spoločnosť Poštovej banky, d.s.s., a.s. continues to manage four funds.

Poisťovňa Poštovej banky, a.s. also recorded a profit increase and introduced child insurance Nezbednik and Travel insurance Online products.

Supervisory Board Report

The Supervisory Board of J&T FINANCE GROUP, a.s. consisted of three members in 2013. It continuously worked on the fulfillment of the tasks required by the law and the Articles of Association. As a supervisory body, it monitored the performance of the Board of Directors of J&T FINANCE GROUP, a.s., and communicated important messages within the whole J&T Group.

The Supervisory Board monitored the operations and fulfillment of the strategic goals. The Supervisory Board was informed regularly about significant transactions, financial situation and other important matters in the company and its subsidiaries.

The consolidated financial statements of the Group were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The individual financial statements were prepared in accordance with the Slovak Act on Accounting and generally applicable Slovak legal regulations.

KPMG Slovensko spol. s r. o. audited the consolidated financial statements prepared in accordance with IFRS and on 30 May 2014 issued their independent auditors' report, the full wording of which is presented on pages 12 and 13 of this Annual Report.

The Supervisory Board reviewed the individual and consolidated financial statements and concluded that the accounting records and evidence were maintained in a manner which is transparent and in compliance with applicable legislation and that the financial statements present fairly the financial position and performance of J&T FINANCE GROUP, a.s. and the entire Group as of 31 December 2013.

The Supervisory Board concurs with the independent auditors' report. Based on these facts the Supervisory Board recommended that the General Meeting approve the consolidated financial statements of J&T FINANCE GROUP, a.s. as of 31 December 2013.

4 August 2014
Bratislava

Tkáčová

RNDr. Marta Tkáčová

Financial part

Auditors' report to the shareholder, board of directors and supervisory board of J&T Finance Group, a.s.

KPMG Slovensko spol. s r. o.
Dvořákovo nábrežie 10
P.O. Box 7
820 04 Bratislava 24
Slovakia

Telephone +421 (0)2 59 98 41 11
Fax +421 (0)2 59 98 42 22
Internet www.kpmg.sk

Independent Auditors' Report to the Shareholder, Board of Directors and Supervisory Board of J&T FINANCE GROUP SE, successor company of J&T FINANCE GROUP, a.s.

We have audited the accompanying consolidated financial statements of J&T FINANCE GROUP, a.s. and its subsidiary companies ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2013, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management as represented by the statutory body is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2013, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

30 May 2014
Bratislava, Slovak Republic

Slovenská komora audítorov
SKAU
Č. licencie 96
KPMG
Slovensko spol. s r.o.

Auditing company:	Responsible auditor:	Responsible audit partner:
KPMG Slovensko spol. s r.o.	Ľuboš Vančo	Marc Derydt
License SKAU No. 96	License SKAU No. 745	

Consolidated income statement for the year ended 31 December 2013

In thousands of EUR	Note	2013	2012
Interest income	7	295,075	163,724
Interest expense	7	(151,874)	(131,160)
Net interest income		**143,201**	**32,564**
Fee and commission income	8	48,880	29,510
Fee and commission expense	8	(17,502)	(6,767)
Net fee and commission income		**31,378**	**22,743**
Net dealing profit (loss)	9	(55,955)	59,768
Total revenues		**118,624**	**115,075**
Other operating income	10	96,569	15,612
Total income		**215,193**	**130,687**
Personnel expenses	11	(59,857)	(41,343)
Depreciation and amortisation	25, 26	(16,154)	(5,829)
Goodwill impairment	25	(1,914)	–
Impairment of property, plant and equipment and intangible assets	25, 26	(980)	(1,654)
Reversal (creation) of impairment losses on loans	20	(44,379)	(19,131)
Other operating expenses	12	(76,895)	(54,797)
Total expenses		**(200,179)**	**(122,754)**
Profit loss from operations		**15,014**	**7,933**
Profit (loss) from associates and joint ventures		(523)	–
Profit before tax		**14,491**	**7,933**
Income tax expense	13	(20,369)	(13,095)
Profit (loss) for the period from continuing operations		**(5,878)**	**(5,162)**
Profit for the period from discontinued operations	6	96,199	52,692
Profit for the period		**90,321**	**47,530**

Attributable to:

Equity holders of the parent	88,805	47,243
– continuing operations	(11,424)	(5,605)
– discontinued operation	100,229	52,848
Non-controlling interests	1,516	287
– continuing operations	5,546	443
– discontinued operation	(4,030)	(156)
Profit for the period	**90,321**	**47,530**

The notes presented on page 24 to page 121 form an integral part of the consolidated financial statements.

An analysis of the income statement by segment is provided in Note 4. Operating segments.

Consolidated statement of comprehensive income for the year ended 31 December 2013

In thousands of EUR	2013	2012
Profit for the period	**90,321**	**47,530**
OTHER COMPREHENSIVE INCOME – ITEMS THAT ARE OR MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS		
Foreign exchange translation differences	(63,216)	11,862
Net change in fair value of financial assets available for sale	(7,871)	27,391
Other comprehensive income for the period, net of income tax	**(71,087)**	**39,253**
Total comprehensive income for the period	**19,234**	**86,783**

Attributable to:

EQUITY HOLDERS OF THE PARENT		
– continuing operations	(75,087)	86,614
– discontinued operations	93,637	(447)
Total	**18,550**	**86,167**
NON-CONTROLLING INTERESTS		
– continuing operations	4,449	703
– discontinued operations	(3,765)	(87)
Total	**684**	**616**
Total comprehensive income for the period	**19,234**	**86,783**

Consolidated statement of financial position as at 31 december 2013

In thousands of EUR	Note	2013	2012
ASSETS			
Cash and cash equivalents	14	499,094	417,998
Financial assets at fair value through profit or loss	15	365,057	514,489
Securities available for sale	16	1,336,265	1,032,187
Financial instruments held to maturity	17	892,233	84,495
Disposal group held for sale	6	9,495	63,441
Loans and advances to banks	18	237,392	154,812
Loans and advances to customers	19, 20	4,348,687	2,524,157
Loans to "Limited Partnerships"	21	–	376,443
Trade receivables and other assets	23	322,381	530,384
Current tax assets		2,798	1,686
Investments in joint ventures and associates		3,398	–
Investment property	24	138,791	26,476
Intangible assets	25	182,638	25,402
Property, plant and equipment	26	46,018	26,280
Deferred tax assets	33	3,294	1,196
Total assets		**8,387,541**	**5,779,446**

In thousands of EUR	Note	2013	2012
LIABILITIES			
Financial liabilities at fair value through profit or loss	15	29,257	4,478
Liabilities associated with assets held for sale	6	–	27,744
Deposits and loans from banks	27	236,090	490,777
Deposits and loans from customers	28	6,450,369	3,927,685
Issued bonds	29	302,482	260,311
Subordinated debt	30	156,686	89,613
Trade payables and other liabilities	31	165,778	207,787
Current tax liability		4,207	7,552
Provisions	32	11,308	1,781
Deferred tax liabilities	33	19,290	11,316
Total liabilities		**7,375,467**	**5,029,044**

In thousands of EUR	Note	2013	2012
EQUITY			
Share capital		31,540	31,540
Share premium		14,937	14,937
Retained earnings and other reserves		874,730	686,804
Equity attributable to equity holders of the parent	**34**	**921,207**	**733,281**
Non-controlling interests	35	90,867	17,121
Total equity		**1,012,074**	**750,402**
Total equity and liabilities		**8,387,541**	**5,779,446**

The notes presented on page 24 to page 121 form an integral part of the consolidated financial statements.

Consolidated statement of changes in equity for the year ended 31 December 2013

In thousands of EUR	Note	Share capital	Share premium	Non-distributable reserve
Balance at 1 January 2013		**31,540**	**14,937**	**12,829**
Profit for the period		–	–	–
Other comprehensive income for the period, net of income tax – items that are or may be reclassified subsequently to profit or loss		–	–	–
Foreign exchange translation differences		–	–	–
Net change in fair value of financial assets available for sale		–	–	–
Total comprehensive income for the period		**–**	**–**	**–**
Acquisition of non-controlling interests without a change in control		–	–	–
Acquisition of subsidiaries with non-controlling interests		–	–	–
Contribution to other capital funds		–	–	–
Total transaction with owners of the Company, recognised directly in equity		**–**	**–**	**–**
Effect of disposals of subsidiaries	5.2	–	–	–
Disposal of partial interest in subsidiary		–	–	–
Transfer to legal reserve fund	34	–	–	1,980
Balance at 31 December 2013		**31,540**	**14,937**	**14,809**

See Note 34. Shareholders' equity and Note 35. Non-controlling interests.

Foreign exchange translation reserve	Other reserves and funds	Retained earnings	Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
28,867	**67,166**	**577,942**	**733,281**	**17,121**	**750,402**
–	–	88,805	88,805	1,516	90,321
(61,849)	(8,406)	–	(70,255)	(832)	(71,087)
(61,849)	–	–	(61,849)	(1,367)	(63,216)
–	(8,406)	–	(8,406)	535	(7,871)
(61,849)	**(8,406)**	**88,805**	**18,550**	**684**	**19,234**
–	–	(70)	(70)	4,471	4,401
–	–	–	–	63,729	63,729
–	192,000	–	192,000	–	192,000
–	**192,000**	**(70)**	**191,930**	**68,200**	**260,130**
16,218	(38,285)	–	(22,067)	(12,476)	(34,543)
692	(18)	(1,161)	(487)	17,338	16,851
–	–	(1,980)	–	–	–
(16,072)	**212,457**	**663,536**	**921,207**	**90,867**	**1,012,074**

Consolidated statement of changes in equity for the year ended 31 December 2012

In thousands of EUR	Note	Share capital	Share premium	Non-distributable reserves
Balance at 1 January 2012		**31,540**	**14,937**	**11,063**
Profit for the period		–	–	–
Other comprehensive income for the period, net of income tax – items that are or may be reclassified subsequently to profit or loss		–	–	–
Foreign exchange translation differences		–	–	–
Net change in fair value of financial assets available for sale		–	–	–
Total comprehensive income for the period		**–**	**–**	**–**
Effect of disposals of subsidiaries	5.2	–	–	(135)
Transfer to legal reserve fund	34	–	–	1,901
Balance at 31 December 2012		**31,540**	**14,937**	**12,829**

The notes presented on page 24 to page 121 form an integral part of the consolidated financial statements.

	Foreign exchange translation reserve	Other reserves and funds	Retained earnings	Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
	16,533	**39,775**	**532,465**	**646,313**	**16,505**	**662,818**
	–	–	47,243	47,243	287	47,530
	11,533	27,391	–	38,924	329	39,253
	11,533	–	–	11,533	329	11,862
	–	27,391	–	27,391	–	27,391
	11,533	**27,391**	**47,243**	**86,167**	**616**	**86,783**
	801	–	135	801	–	801
	–	–	(1,901)	–	–	–
	28,867	**67,166**	**577,942**	**733,281**	**17,121**	**750,402**

Consolidated cash flow statement for the year ended 31 december 2013

In thousands of EUR	Note	2013	2012
OPERATING ACTIVITIES			
Profit before tax		108,798	57,928
Adjustments for:			
Depreciation and amortization	25, 26	16,154	5,829
Impairment losses	25, 26	980	1,654
Revaluation of financial instruments at fair value		16,885	(26,852)
Gain on disposal of property, plant and equipment, investment property and intangible assets	10	(920)	(160)
(Gain) loss on the disposal of subsidiaries, special purpose entities, joint ventures and associates	10, 12	(30,604)	801
(Gain) loss on disposal of financial assets		(26,988)	6,343
Net interest income	7	(188,753)	(60,046)
Dividends income	9	(3,504)	(4,432)
Increase in allowance for impairment of loans	20	44,503	7,961
Change in impairment of trade receivables and other assets		452	(383)
Change in provisions	32	6,866	(29,468)
Goodwill impairment	25	1,914	–
Unrealised foreign exchange (gains) loss, net		(37,123)	6,912
Operating loss before changes in working capital		**(91,340)**	**(33,913)**
Change in loans and advances to customers and banks		(338,576)	(326,131)
Change in trade receivables and other assets		(220,317)	106,572
Change in deposits and loans from banks and customers		421,564	723,211
Change in trade payables and other liabilities		87,025	91,792
Cash generated from (used in) operations		**(141,644)**	**561,531**
Interest received		282,433	254,960
Interest paid		(147,754)	(130,064)
Income taxes paid		(15,964)	(6,853)
Cash flows generated from (used in) operating activities		**(22,929)**	**679,574**

In thousands of EUR	Note	2013	2012
INVESTING ACTIVITIES			
Purchase of financial instruments at fair value through profit or loss		(339,426)	(443,570)
Proceeds from sale of financial instruments at fair value through profit or loss		201,751	511,041
Purchase of financial instruments in available for sale portfolio		(389,976)	(381,675)
Proceeds from sale of financial instruments in available for sale portfolio		587,847	86,818
Purchase of financial instruments in held to maturity portfolio		–	(487)
Proceeds from financial instruments in held to maturity portfolio		31,605	38,871
Acquisition of property, plant and equipment, investment property and intangible assets		(15,959)	(5,887)
Proceeds from sale of property, plant and equipment, investment property and other intangible assets		9,922	266
Acquisition of subsidiaries and special purpose entities, net of cash acquired	5.1	(41,311)	(7,261)
Advance payment relating to acquisition of subsidiaries	5.1, 23	–	(422,236)
Net cash outflow from disposal of subsidiaries and special purpose entities	5.2	(12,734)	(21,381)
Dividends received		3,504	4,432
Cash flows generated from (used in) investing activities		**35,223**	**(641,069)**

In thousands of EUR	Note	2013	2012
FINANCING ACTIVITIES			
Proceeds from issued debt securities	29	70,105	120,995
Payments for buy-back of issued debt securities		(29,502)	(66)
Subordinated debt issued	30	65,363	76
Payments of finance lease liabilities		–	(9,831)
Dividends paid		–	(140,000)
Cash flows generated from (used in) by financing activities		**105,966**	**(28,826)**
Net increase (decrease) in cash and cash equivalents		**118,260**	**9,679**
Cash and cash equivalents at beginning of the year	**14**	**417,998**	**405,909**
Effect of exchange rate fluctuations on cash held		(37,164)	2,410
Cash and cash equivalents at end of the year	**14**	**499,094**	**417,998**

The cash flow statement does not include subsidiaries acquired in 2012 exclusively with a view to resale (refer to Note 5.1. Acquisition or establishment of subsidiaries and to Note 5.2. Disposals), as disclosure of cash flows for such subisidaries is not required.

For the cash flows relating to operating, investing and financing activities from discontinued operations refer to Note 6. Discontinued operations.

The notes presented on page 24 to page 121 form an integral part of the consolidated financial statements.

Notes to the consolidated financial statements

1. CORPORATE INFORMATION

J&T FINANCE GROUP, a.s. (the "Parent Company" or "the Company") is a joint–stock company having its legal seat and domicile at Dvořákovo nábrežie 8, 811 02 Bratislava. The Company was founded on 7 February 1995 and incorporated into the commercial register on 20 March 1995. The shareholder of the Company is a holding company owned by Jozef Tkáč and Ivan Jakabovič, who are the ultimate owners.

The shareholder of the Company as at 31 December 2013 and 31 December 2012 was as follows:

	Interest in share capital v In thousands of EUR	Interest in share capital in %	Voting rights in %
TECHNO PLUS, a. s.	31,540	100	100
Total	**31,540**	**100**	**100**

The consolidated financial statements of the Company for the year ended 31 December 2013 comprise the Parent Company and its subsidiaries and special purpose entities (together referred to as "the Group") and the Group's interests in associates and jointly controlled entities.

J&T Group, as a financial investor, actively takes positions in a diversified range of investment opportunities including investments in banks, investments in securities and structured investments, such as special project financing, acquisitions financing, restructuring and private equity funds. J&T Group also provides a comprehensive range of services to private individuals, financial institutions, privately-held and state companies. Investment banking services are represented by the areas of research, sales and trading, equity capital markets and debt capital markets. Asset management primarily consists of asset management in own funds, discretionary portfolio management services, as well as passive asset management. In the area of collective investment, client resources are managed through various types of investment funds representing a variety of investment approaches and strategies.

Following the gain in importance of the banking activities, represented also by the acquisition of Poštová banka, a.s., the shareholder of the Group decided in 2013 to focus primarily on banking and asset management and to dispose of the non-banking operations (Principal Investment segment) through divesting the activities relating to structured investments in the sectors of energy, industry, real estate, tourism and media to a newly established holding, J&T PRIVATE EQUITY GROUP LIMITED (JTPEG), with its seat in Cyprus. JTPEG has a diversified shareholders'structure and the ultimate shareholders of the Group are owning a 9.9% share each.

For changes in ownership structure after the balance sheet date, refer to Note 42. Subsequent events.

The members of the Board of Directors were as at 31 December 2013 and 31 December 2012 as follows:
Ing. Jozef Tkáč – chairman
Ing. Ivan Jakabovič – vice chairman
Ing. Patrik Tkáč – vice chairman
Ing. Dušan Palcr – vice chairman
Mgr. Miloš Badida (until 31.12.2013 including)
JUDr. Jarmila Jánošová (until 31.12.2013 including)
Ing. Gabriela Lachoutová

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB), as adopted by the European Union (EU).

The consolidated financial statements were approved by the Board of Directors on 30 May 2014.

(b) Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention, except for investment property, derivative financial instruments, financial assets and liabilities at fair value through profit or loss and available-for-sale assets, which are at fair value.

The consolidated financial statements are presented in Euro, rounded to the nearest thousand. The accounting policies have been consistently applied by the Group enterprises and are consistent with those used in the previous year.

Financial statements prepared in compliance with International Financial Reporting Standards require various judgements, assumptions, and estimates to be exercised that affect the reported amounts of assets, liabilities, income and expenses. Actual results will likely differ from these estimates. Critical accounting estimates and judgements made by management with a significant risk of material adjustment in the next year are discussed in Note 3. Critical accounting estimates and assumptions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods, if the revision affects both current and future periods.

The following standards, amendments to standards and interpretations are effective for the first time for the year ended 31 December 2013, and have been applied in preparing the Group's consolidated financial statements:

Amendments to IAS 1 – Presentation of Financial Statements (effective for reporting periods beginning on or after 1 January 2013). The amendments retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. Since the Group presents only items within other comprehensive income that will be reclassified subsequently to profit or loss, this amendment has no impact on the Group's financial statements.

Amendments to IAS 12 – Income taxes (effective for reporting periods beginning on or after 1 January 2013). The amendment introduces an exception to the general measurement requirements of IAS 12 in respect of investment properties measured at fair value. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. These new amendments had no impact on the Group's financial statements.

Amendments to IAS 19 – Employee Benefits (effective for reporting periods beginning on or after 1 January 2013). The amendments change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. This amendment has no impact on the Group's financial statements.

Amendments to IFRS 7 – Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (effective for reporting periods starting on or after 1 January 2013). The amendments contain new disclosure requirements for financial assets and liabilities that are either offset in the statement of financial position, or subject to master netting arrangements or similar agreements. The amendment has no impact on the consolidated financial statements since the Group do not currently apply offsetting to any of its financial assets and financial liabilities and it has not entered into master netting arrangements.

IFRS 13 – Fair Value Measurement (effective for reporting periods beginning on or after 1 January 2013). IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. The application of the new standard resulted in more extensive disclosures in the financial statements (refer to Note 15. Financial assets and liabilities at fair value through profit or loss and Note 16. Securities available for sale). In accordance with the transitional provision of IFRS 13, the standard has been applied prospectively. The change had no significant impact on the measurement of the Group's assets and liabilities.

Improvements to IFRSs issued in 2012 (effective for reporting periods beginning on or after 1 January 2013). Since the improvements are focused on issues such as the first adoption of IFRSs (IFRS 1), interim financial reporting (IAS 34), financial instruments (IAS 32) or recognition of spare parts (IAS 16), the adoption has not had any material effect on the amounts reported in the consolidated financial statements.

Issued but not yet effective International Financial Reporting Standards

A number of new standards, amendments to standards and interpretations are not yet effective or not yet adopted by the EU for the year ended 31 December 2013, and have not been applied in preparing these financial statements:

- **Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities** (effective for annual periods beginning on or after 1 January 2014; to be applied retrospectively. Earlier application is permitted, however the additional disclosures required by amendments to IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities must also be made). The amendments do not introduce new rules for offsetting financial assets and liabilities; rather they clarify the offsetting criteria to address inconsistencies in their application. The amendments clarify that an entity currently has a legally enforceable right to set-off if that right is:
  - not contingent on a future event; and
  - enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

The Group is currently assessing the impact of this standard on its financial statements.

- **Amendments to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets** (effective for annual periods beginning on or after 1 January 2014; to be applied retrospectively. Earlier application is permitted, however an entity shall not apply the amendments in periods (including comparative periods) in which it does not also apply IFRS 13). The amendments clarify that the recoverable amount should be disclosed only for individual assets (including goodwill) or cash-generating units for which an impairment loss was recognised or reversed during the period. The amendments also require the following additional disclosures when an impairment for individual assets (including goodwill) or cash-generating units has been recognised or reversed in the period and the recoverable amount is based on fair value less costs to disposal:

- the level of IFRS 13 'Fair value hierarchy' within which the fair value measurement of the asset or cash-generating unit is categorized;
- for fair value measurements categorised within Level 2 and Level 3 of the fair value hierarchy, a description of the valuation techniques used and any changes in that valuation technique together with the reason for making it;
- for fair value measurements categorised within Level 2 and Level 3, each key assumption (i.e. assumptions to which the recoverable amount is most sensitive) used in determining fair value less costs of disposal. If fair value less costs of disposal is measured using a present value technique, the discount rate(s) used both in current and previous measurement should be disclosed.

The Group has assessed that it will have available the information necessary to meet the disclosure requirements.

- **Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting** (effective for annual periods beginning on or after 1 January 2014; to be applied retrospectively. Earlier application is permitted, however an entity shall not apply the amendments in periods (including comparative periods) in which it does not also apply IFRS 13). The amendments allows hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws and regulations, when the following criteria are met:
  - the novation is made as a consequence of laws or regulations;
  - a clearing counterparty becomes a new counterparty to each of the original counterparties of the derivative instrument;
  - changes to the terms of the derivative are limited to those necessary to replace the counterparty.

The Group is currently assessing the impact of this standard on its financial statements.

- **IFRS 9 – Financial Instruments**. IFRS 9 issued in November 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 amended in October 2010 includes new requirements for the classification and measurement of financial liabilities and for derecognition. Key requirement are described below:
  - IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of the subsequent accounting periods.
  - Gains and losses on remeasurement of financial assets measured at fair value are recognised in profit or loss, except that for an investment in an equity instrument which is not held for trading, IFRS 9 provides, on initial recognition, an irrevocable election to present all fair value changes from the investment in other comprehensive income. The election is available on an individual share-by-share basis. No amount recognised in other comprehensive income is ever reclassified to profit or loss at a later date.
  - The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability (designated as at fair value through profit

or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The management of the Group anticipates that IFRS 9 will be adopted in the Group`s consolidated financial statements for the annual period beginning 1 January 2015. The Group is currently assessing the impact of this standard on its financial statements.

In May 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011). Earlier application is permitted provided that all of these five standards are applied early at the same time. Key requirements of these five Standards are described below:

– **IFRS 10 – Consolidated Financial Statements replaces the parts of IAS 27 Consolidated and Separate Financial Statements** that deal with consolidated financial statements. SIC-12 Consolidation – Special Purpose Entities has been withdrawn upon the issuance of IFRS 10. Under IFRS 10, there is only one basis for consolidation, that is control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) investor's power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.
– **IFRS 11 – Joint Arrangements replaces IAS 31 Interests in Joint Ventures.** IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC-13 Jointly Controlled Entities – Non-monetary Contributions by Venturers has been withdrawn upon the issuance of IFRS 11. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate accounting.
– **IFRS 12 – Disclosure of Interests in Other Entities** is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

Management anticipates that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2014 as required by EFRAG (European Financial Reporting Advisory Group). The Group is currently assessing the impact of these standards on its financial statements.

- Amendments to IAS 28 (2011) Investments in Associates and Joint Ventures (amendments effective for annual periods beginning on or after 1 January 2014; to be applied retrospectively. Earlier application is permitted if IFRS 10, IFRS 11, IFRS 12 and IAS 27 (2011) are also applied early). There are limited amendments made to IAS 28 (2008):
  - Associates and joint ventures held for sale. IFRS 5, Non-current Assets Held for Sale and Discontinued Operations applies to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale. For any retained portion of the investment that has not been classified as held for sale, the equity method is applied until disposal of the portion held for sale. After disposal, any retained interest is accounted for using the equity method if the retained interest continues to be an associate or a joint venture.
  - Changes in interests held in associates and joint ventures. Previously, IAS 28 (2008) and IAS 31 specified that the cessation of significant influence or joint control triggered remeasurement of any retained stake in all cases, even if significant influence was succeeded by joint control. IAS 28 (2011) now requires that in such scenarios the retained interest in the investment is not remeasured

The Group is currently assessing the impact of this standard on its financial statements.

- **IFRS 10 – Investment Entities** (effective for annual reports beginning on or after 1 January 2014, with earlier application permitted; to be applied retrospectively subject to transitional provisions). Amendments to this standard were issued in October 2012. Since the Group does not meet the definition of an investment entity, the amendments will not have any impact on the financial statements of the Group.
- **IFRIC 21 – Levies,** (effective for annual reports beginning on or after 1 January 2014) was issued in May 2013. The new interpretation provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets' and those where the timing and amount of the levy is certain. The Interpretation covers the accounting for outflows imposed on entities by governments (including government agencies and similar bodies) in accordance with laws and/or regulations. However, it does not include income taxes, fines and other penalties, liabilities arising from emissions trading schemes and outflows within the scope of other Standards. The management of the Group is about to discuss an adoption of this interpretation. Assesing the current situation, this interpretation will have no effect to the financial statements of the Group.

In December 2013, two Improvements to IFRSs – Cycle 2010-2012 and 2011-2013 (both effective for annual reports beginning on or after 1 July 2014) were issued. The Group is currently analysing whether there are amendments with a material effect on its financial position and performance.

Other new International Financial Reporting Standards and Interpretations not yet due

The Group has not early adopted any IFRS standards where adoption is not mandatory at the statement of financial position date. Where transition provisions in adopted IFRS give an entity the choice of whether to apply new standards prospectively or retrospectively, the Group elects to apply the standards prospectively from the date of transition. Management of the Group does not expect that these other new standards will have a significant effect on the consolidated financial statements of the Group.

(c) Basis of consolidation

(i) Subsidiaries

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise, so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The consolidated financial statements include the Group's interests in other entities based on the Group's ability to control such entities regardless of whether control is actually exercised or not. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Associates

Associates are those enterprises in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to nil and recognition of further losses is discontinued, except to the extent that the Group has incurred obligations in respect of the associate.áväzky.

(iii) Jointly controlled entities (joint ventures)

Jointly controlled entities are those enterprises over whose activities the Group has joint control, established by contractual agreement. The consolidated financial statements include the Group's share of the total recognised gains and losses of joint ventures on an equity accounted basis, from the date that joint control commences until the date that joint control ceases.

(iv) Special purpose entities ("SPEs")

The Group operates partly through SPEs, in which it does not have any direct or indirect shareholdings. Consolidated special purpose entities are principally those from which the Group will obtain the majority of the economic benefits embodied in or to be realised by those entities.

(v) Consolidation scope

There are 54 companies included in the consolidation as at 31 December 2013 (2012: 50). All fully consolidated companies prepared their annual financial statements at 31 December 2013. The companies are listed in Note 43. Group entities and this list is based on the ownership hierarchy.

Although the Group does not own shares in the SPEs, the majority of the economic benefits belong to the Group (refer to accounting policy (c)(iv)).

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains (losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the enterprise. Unrealised gains arising from transactions with associates are eliminated against the investment in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent of the recoverable amount.

(vii) Acquisition method of accounting

Acquisitions of subsidiaries are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the recognition criteria under IFRS 3 are recognised at their fair value at the acquisition date. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Any non-controlling interest in an acquiree is measured as the non-controlling interest's proportionate share of the acquiree's net identifiable assets. Goodwill arising in a business combination is recognised as an asset and is not amortised but is reviewed for impairment at least annually.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss.

(viii) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(ix) Tax effect of inclusion of the consolidated subsidiaries' reserves

The consolidated financial statements do not include the tax effects that might arise from transferring the consolidated subsidiaries' reserves to the accounts of the Parent Company, since no distribution of profits, not taxed at the source, is expected in the foreseeable future, and the Group considers that these reserves will be used as self-financing resources at each consolidated subsidiary.

(x) Unification of accounting principles

The accounting principles and procedures applied by the consolidated companies in their financial statements were unified in the consolidation, and agree with the principles applied by the Parent Company.

(d) Foreign currency

(i) Foreign currency transactions

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

Transactions in foreign currencies are translated into the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate valid as at the statement of financial position date.

Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated into the functional currency using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into the functional currency at the foreign exchange rates ruling at the dates the fair values are determined.

(ii) Financial statements of foreign operations

The consolidated financial statements are presented in Euro, which is the Group's presentation currency.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into Euro at foreign exchange rates ruling at the statement of financial position date. The revenues and expenses of foreign operations are translated into Euro at the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on translation are recognised directly in other comprehensive income.

(iii) Embedded derivatives

Hybrid financial instruments are a combination of non-derivative host contracts and derivative financial instruments (embedded derivatives). Subject to certain conditions, IAS 39 Financial Instruments: Recognition and Measurement requires that embedded derivative components be separated from the host contracts and separately carried at fair value with changes recorded in the income statement.

(e) Financial instruments

(i) Classification

Financial instruments at fair value through profit or loss are those that the Group holds for trading that is, with the purpose of short-term profit taking. These include investments and derivative contracts that are not designated as effective hedging instruments and liabilities from short sales of financial instruments.

Loans and advances to banks and customers are non-derivative financial assets with fixed and determinable payments, not quoted in an active market, which are not classified as securities available-for-sale or held to maturity or as financial assets at fair value through profit or loss.

Held to maturity assets are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the intent and ability to hold to maturity.

Available-for-sale financial assets are those non-derivative financial assets that are not designated as fair value through profit or loss, loans and advances to banks and customers or as held to maturity.

(ii) Recognition

Financial assets at fair value through profit or loss and available-for-sale assets are recognised on the date the Group commits to purchase the assets. Regular way purchases and sales of financial assets including held to maturity assets are accounted for on the trade date.

Loans and advances to banks and customers are recognised on the day they are provided by the Group.

(iii) Measurement

Financial instruments are measured upon initial recognition at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue of the financial instrument.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Subsequent to initial recognition, financial assets are measured at their fair value, except for loans and advances to customers, held to maturity instruments, and certain non-quoted equity securities classified as available-for-sale the fair value of which cannot be measured reliably, which are measured at amortised cost or at cost. After initial recognition, financial liabilities are measured at amortised cost, except for financial liabilities at fair value through profit or loss. In measuring amortised cost, any difference between cost and redemption value is recognised in the income statement over the period of the asset or liability on an effective interest rate basis.

(iv) Fair value measurement principles

The fair value of financial instruments is based on their quoted market price at the statement of financial position date without any deduction for transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated by management using pricing models or discounted cash flow techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market-related rate at the statement of financial position date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market-related measures at the statement of financial position date.

(v) Gains and losses on subsequent measurement

Gains and losses arising from a change in fair value are recognised in the income statement for instruments at fair value through profit or loss and directly in other comprehensive income as a revaluation difference for assets available-for-sale. The cumulative gain or loss of available-for-sale assets previously recognised in other comprehensive income is reclassified to profit or loss as a reclassification adjustment when the available-for-sale asset is derecognised. Interest income and expense from available-for-sale securities are recorded in the income statement by applying the effective interest rate method. Refer to accounting policy (e) vii for accounting for gains and losses on subsequent measurement of hedges.

(vi) Derecognition

A financial asset is derecognised when the Group loses control over the contractual rights that comprise that asset. This occurs when the rights are realised, expire or are surrendered. A financial liability is derecognised when the Group's obligations specified in the contract expire or are discharged or cancelled.

Available-for-sale assets and assets at fair value through profit or loss that are sold are derecognised and the corresponding receivables from the buyer for the payment are recognised as of the date the Group commits to sell the assets.

Held to maturity instruments and loans and advances to banks and customers are derecognised on the day they are disposed of by the Group.

(vii) Accounting for hedging instruments

Hedging instruments that consist of derivatives associated with a currency risk are classified either as cash-flow hedges or fair value hedges.

From the inception of the hedge, the Group maintains a formal documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge. The Group also periodically assesses the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.

In case of a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in other comprehensive income and the ineffective portion of the gain or loss on the hedging instrument is recognised in profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designiation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

In case of a fair value hedge, the gain or loss from remeasuring the hedging instrument at fair value is recognised in profit or loss.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances on hand and in banks, cash deposited with central banks and short-term highly liquid investments with original maturities of three months or less, including treasury bills and other bills eligible for rediscounting with central banks.

(g) Loans and advances to banks and customers and Loans to "Limited Partnerships"

Loans and advances originated by the Group are classified as originated loans and receivables. Loans and advances are reported net of impairment allowance to reflect the estimated recoverable amounts (refer to accounting policy (j)).

(h) Sale and repurchase agreements

Where securities are sold under a commitment to repurchase at a predetermined price (repos), they remain on the statement of financial position and a liability is recorded equal to the consideration received. Conversely, securities purchased under a commitment to resell (reverse repos) are not recorded on the statement of financial position and the consideration paid is recorded as a loan. The difference between the sale price and the purchase price is treated as interest and accrued evenly over the life of the transaction. Repos and reverse repos are recognised on a settlement date basis.

(i) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Group has a legally enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis or to realise the asset and settle the liability simultaneously.

(j) Impairment

The carrying amounts of the Group's assets, other than deferred tax assets (refer to accounting policy (x)) are reviewed at each statement of financial position date to determine whether there is objective evidence of impairment. If any such indication exists, the asset's recoverable amount is estimated. Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation, but are tested annually for impairment as part of the cash generating unit to which they belong.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Loans and advances are presented net of impairment allowances. Allowances for impairment are determined based on the credit standing and performance of the borrower and take into account the value of any collateral or third-party guarantee.

The recoverable amount of the Group's investment in held to maturity securities and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed upon initial recognition of these financial assets).

The recoverable amount of other assets is the greater of their fair value less costs of diposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of a held to maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through the income statement. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in the income statement, then the impairment loss is reversed, with the amount of the reversal recognised in the income statement.

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss no longer exists and there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Assets held for sale and discontinued operations

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Immediately before classification as held-for-sale, the assets, or components of disposal group, are remeasured in accordance with the Group´s other accounting policies. Thereafter, generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax, employee benefits, investment property, which continue to be measured in accordance with the Group´s other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Once classified as held-for-sale, intangible assets and property, plant end equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

A discontinued operation is a component of the Group´s business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

– represents a separate major line of business or geographical area of operations;
– is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations;. or
– is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier.

When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

(l) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (refer to accounting policy (j)).

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs.

Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified as investment property.

When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised if it is probable that the future economic benefits embodied in the part of property, plant and equipment will flow to the Group and its cost can be measured reliably. All other expenditures including the costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as an expense as incurred.

(iii) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of items of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

Buildings	
Aircraft	
– electronics	3 years
– interior	5 years
– APU	13 years
– airframe	23 years
Equipment	
Fixtures, fittings and others	3 – 8 years

Depreciation methods and useful lives, as well as residual values, are reassessed annually at the reporting date.

The maintenance of the aircraft's engine is covered under an agreement with a third party, whereby the Company pays a determinable amount to the third party. For this reason the residual value of the engine is not lower than the carrying amount at the reporting date and the depreciation expense of the engine is zero.

(m) Intangible assets

(i) Goodwill and intangible assets acquired in a business combination

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisition of subsidiaries is included under intangible assets. Goodwill on acquisition of associates and joint ventures is included in the carrying amount of investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Negative goodwill arising on an acquisition is reassessed and any excess remaining after the reassessment is recognised in the income statement.

Intangible assets acquired in a business combination are recorded at fair value on the acquisition date if the intangible asset is separable or arises from contractual or other legal rights. Intangible assets with an indefinite useful life are not subject to amortisation and are recorded at cost less impairment. Intangible assets with a definite useful life are amortised over their useful lives and are recorded at cost less accumulated amortisation and impairment.

(ii) Software and other intangible assets

Software and other intangible assets acquired by the Group are stated at cost less accumulated amortisation (see below) and impairment losses (refer to accounting policy (j)).

The useful lives are usually finite. Those intangible assets that have an indefinite useful life are not amortised and are tested annually for impairment. Their useful life is reviewed at each period-end to assess whether events and circumstances continue to support an indefinite useful life.

(iii) Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets other than goodwill, from the date the asset is available for use. The estimated useful lives are as follows:

Software	4 years
Other intangible assets	
Customers relationships	3 – 20 years
Tradename	13 – 14 years

(n) Investment Property

Investment property is initially measured at cost and subsequently at fair value with any change therein recognized in profit or loss.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss for the period in which it arises. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

(o) Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

The Group recognizes a provision related to a customer loyalty programme run by J&T BANKA, a.s. The provision decreases interest revenue when the first points are credited to the customer upon setting up a new bank account. The provision is then further built up as further points are credited to the customer depending on the use of services offered by the Group.

(p) Insurance contracts

A contract, under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder, is classified as an insurance contract. Insurance premium is earned from the day of the acceptance of the risks and is recognized as revenue. For unearned premium, a provision is created. Insurance claims expenses are represented by claims for the events that have occurred during the accounting period and adjustment of provision for the insurance claims for previous and current accounting period.

Provision for insurance claims and benefits

The provision for outstanding claims and benefits represents an estimate of total costs for settling all claims from insured events that have occurred up to the end of the accounting period. Outstanding insurance claims are recognised by assessing individual events and creating provisions for claims reported but not settled (RBNS), provision for claims incurred but not reported (IBNR). Such provisions are created for both life and non-life insurance.

Provision for life insurance

The provision for life insurance is an actuarial estimate of the Group's liability from life insurance contracts. The provision is calculated separately for each insurance contract and considering all guaranteed insurance benefits and bonuses, applying the actuarial estimates used to calculate the insurance tariffs. Any adjustment to the provision is recognised in profit or loss in the period in which it arises.

(q) Employee benefits

For termination employee benefits, a provision is recognised for the amount expected to be paid under long or short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. The benefit is classified as short term, if and only if the whole benefit category will be settled within one year; otherwise, it is disclosed as long term.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

The revaluation of the net liability from defined benefit plans (including actuarial gains and losses) is recognised in full immediately in other comprehensive income.

Amounts due to employees, such as amounts relating to accrued vacation pay or performance bonuses, are recognized as other liabilities.

(r) Financial guarantees

Financial guarantees are contracts that require the Group to make specific payments to reimburse the holder for a loss it incurs because a specified debtor fails to make a payment when due in accordance with the terms of the debt instrument. Financial guarantee liabilities are recognised initially at their fair value, and the initial fair value is amortised over the life of the financial guarantee. Financial guarantee liabilities are subsequently carried at the higher of this amortised amount and the present value of any expected payment when a payment under the guarantee has become probable. Financial guarantees are included within other liabilities when future payment is considered probable and included in off-balance sheet when considered to be a possible obligation.

(s) Trade and other payables

Trade and other payables are stated at amortised cost.

(t) Interest income and expense

Interest income and expense is recognised in the income statement as it accrues. Interest income and expense includes the amortisation of any discount or premium or other differences between the initial carrying amount of an interest bearing instrument and its amount at maturity calculated on an effective interest rate basis. All borrowing costs are recognised in the income statement.

(u) Fee and commission income and expense

Fee and commission income arises on financial services provided by the Group, including cash management services, brokerage services, investment advice and financial planning, investment banking services, project and structured finance transactions, and asset management services. Assets under management comprising all client assets managed or held for investment purposes by the Group in its own name, but for the account of third parties, are not reported in its consolidated statement of financial position (refer to Note 40. Assets under management). Commissions received from such business are shown in fee and commission income.

Fee and commission income and expense are recognised when the corresponding services are provided or received.

(v) Dealing profits, net

Dealing profits, net includes gains and losses arising from disposals and changes in the fair value of financial assets and liabilities available-for-sale and at fair value through profit or loss, as well as gains and losses from foreign exchange trading.

(w) Rental income

Rental income is recognised in the income statement on a straight-line basis over the term of the lease.

(x) Income tax

Income tax on the profit for the year comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities, in a transaction that is not a business combination, that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future since the parent is able to control the reversal of the temporary difference. No taxable temporary differences are recognised on the initial recognition of goodwill. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the statement of financial position date.

Income tax is recognised in the income statement, except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in other comprehensive income.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred income taxes are calculated using currently enacted tax rates expected to apply when the asset is realized or the liability settled.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

(y) Operating and finance lease payments

A finance lease is a lease that transfers substantially all risks and rewards incidental to ownership of an assets. Title may or may not eventually be transferred.

An operating lease is a lease other than a finance lease.

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Operating leases with an option to terminate the contract earlier than at the end of the agreed period are considered as non-cancellable for the time of the contracted notice period.

Minimum lease payments for finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(z) Revenue from goods sold and services rendered

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the statement of financial position date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding the recovery of the consideration due, associated costs or the possible return of goods.

(aa) Dividends

Dividends are recognised in the statement of changes in equity and recorded as liabilities in the period in which they are declared.

(bb) Operating segments
Operating segments are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. The Group reports information to the chief operating decision maker about the revenues derived from its products or services (or groups of similar products and services), about the countries in which it earns revenues and holds assets, and about major customers. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

The operating segments regularly reviewed by the chief operating decision maker include Banking, Asset Management, and Principal Investments.

The Banking segment includes Group companies whose activities mainly comprise receiving deposits and providing credit or loans. The major companies in the segment have banking licenses.

The Asset Management segment comprises Group companies active in the asset management business.

The Principal Investments segment includes investments that do not fall into either the banking or asset management segments and are held as medium or longer-term investments for the Group. Financing is obtained from standard loan products (senior or mezzanine) or private equity funds or partnerships. In 2013, Principal Investments were sold out of the Group (refer to Note 5.2. Disposals).

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in accordance with International Financial Reporting Standards requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise judgement in the process of applying the Company's accounting policies. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1. Business combinations and purchase price allocations
In a business combination (see also Note 5.1. Acquisition or establishment of subsidiaries), the acquiree's identifiable assets, liabilities and contingent liabilities are recognised and measured at their fair values at the acquisition date. Allocation of the total purchase price among the net assets acquired for financial statement reporting purposes is performed with the support of professional advisors.

The valuation analysis is based on historical and prospective information available as of the date of the business combination. Any prospective information that may impact the fair value of the acquired assets is based on management's expectations of the competitive and economic environments that will prevail in the future.

The results of the valuation analyses are used as well for determining the amortisation and depreciation periods of the values allocated to specific intangible and tangible fixed assets.

On 17 May 2012, the Group, through its subsidiaries J&T FINANCE, a.s. and J&T BANKA, a.s., entered with ISTROKAPITAL SE into an agreement by which the Group acquired an 82.41% interest in Poštová banka, a.s. and its subsidiaries, additional to the 5.65% interest already held by the Group. The necessary regulatory approvals were obtained on 1 July 2013.

Consequently, the Group acquired the control over FOND DLHODOBÝCH VÝNOSOV o.p.f. - PRVÁ PENZIJNÁ SPRÁVCOVSKÁ SPOLOČNOSŤ POŠTOVEJ BANKY, správ.spol., a.s. and NÁŠ DRUHÝ REALITNÝ o.p.f. - PRVÁ PENZIJNÁ SPRÁVCOVSKÁ SPOLOČNOST POŠTOVEJ BANKY, správ.spol., a.s., in which a share of 49.95% and 48.77% respectively was held immediately before acquisition.

Through the acquisition of Poštová banka, a.s. the Group entered the retail banking segment. Based on its exclusive contract with Slovenská pošta, a.s. valid until 2026, Poštová banka has through the post offices the largest distribution network on the Slovak market, supported by own branches providing services to the corporate segment as well.

The fair value adjustments resulting from business combinations in 2013 are presented in the following table:

v In thousands of EUR	Intangible assets	Property, plant and equipment	Financial instruments held to maturity	Loans and advances to customers	Deposits and loans from customers	Deferred tax liability	Total net effect
Skupina Poštová banka[1]	128,484	1,682	60,658	(23,650)	(2,675)	(37,835)	126,664

[1] Poštová banka, a.s., was acquired together with its subsidiaries and associate, for a detailed structure refer to Note 5.1. Acquisition or establishment of subsidiaries

In the previous year the Group acquired three companies that own and operate four solar power plants in the Czech Republic: FVE Slušovice s.r.o. on 18 January 2012 and FVE Němčice s.r.o. and FVE Napajedla s.r.o. on 29 February 2012. These companies were acquired by the Group with the intention of further sale to individual investors (therefore transferred to J&T FVE uzavřený podílový fond, J&T INVESTIČNÍ SPOLEČNOST, a. s.) and were presented as Disposal group held for sale as at 31 December 2012.

In July 2012, the Group acquired 100% of the shares in TERCES MANAGEMENT LIMITED with its subsidiary Interznanie OAO, which owns a multifunctional building in the centre of Moscow, Russia. The goodwill of EUR 10,977 thousand arisen on TERCES upon acquisition is attributable mainly to expected economic benefits flowing to the Group due to the synergies gained considering the current operations of the Group in Russia.

The goodwill recognised is not expected to be deductible for tax purposes.

The fair value adjustments resulting from business combinations in 2012 are presented in the following table:

v In thousands of EUR	Property, plant and equipment	Investment property	Deferred tax asset (liability)	Total net effect
Disposal group held for sale –Photovoltaic power plants[1]	13,458	–	(2,557)	10,901
TERCES Group[2]	–	(4,977)	995	(3,982)

[1] J&T FVE uzavřený podílový fond, J&T INVESTIČNÍ SPOLEČNOST, a. s., FVE Slušovice s.r.o., FVE Němčice s.r.o. and FVE Napajedla s.r.o.
[2] TERCES MANAGEMENT LIMITED and its subsidiary Interznanie OAO

3.2. Goodwill and impairment testing

The Group conducts impairment testing of goodwill arisen in a business combination during the current period and impairment testing of goodwill already recognised in prior years annually (see also Note 5.1. Acquisitions or establishment of subsidiaries and Note 25. Intangible assets). The Group also conducts impairment testing of other intangible assets with indefinite useful lives and of cash-generating units (CGUs) where a trigger for impairment testing is identified. As at the acquisition date, goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which goodwill relates, on the basis of a value in use that reflects estimated future discounted cash flows or on the basis of fair value less costs to sell.

Fair value measurements for impairment testing purposes were categorized as a Level 3 measurement based on the inputs used in the valuation technique. In the majority of cases the Group estimated the recoverable amounts of goodwill and the cash generating units based on value in use. Value in use was derived from management forecasts of future cash flows updated since the date of acquisition. The discount rates applied to the cash flow projections are calculated as the weighted average cost of capital (WACC) of each CGU.

(i) ATLANTIK and J&T BANKA, a.s.

In June 2010 the Group acquired ATLANTIK finanční trhy, a.s. and ATLANTIK Asset Management investiční společnost, a.s. (in 2011 renamed to J&T INVESTIČNÍ SPOLEČNOST, a.s. and merged with J&T ASSET MANAGEMENT, INV. SPOL., a.s.), together "Atlantik", which generated combined goodwill of EUR 7,393 thousand. These two new subsidiaries were each identified as separate cash generating units. The acquisition of Atlantik was strategically linked to the development of the Group's banking and asset management operations in the Czech Republic, and therefore synergies from the acquisition were expected to also benefit the J&T BANKA, a.s. cash generating unit.

As at 31 December 2012, the Group reviewed the allocation of the combined goodwill to the two cash generating units, resulting in EUR 3,773 thousand being allocated to the Atlantik cash generating unit and EUR 2,778 thousand to the J&T BANKA, a.s. cash generating unit. The re-allocation was performed to better reflect the synergies coming from the acquisition of the two Atlantik entities in 2010. Goodwill of both cash generating units was tested for impairment before and after the re-allocation described above and no impairment charge was identified.

As at 31 December 2013, the recoverable amounts of the two cash generating units were determined on the basis of value in use. The cash flows were derived from the units' long term business plans and applied over a specific ten-year forecast period. The other key assumptions were assets under management, forecast of fee income, forecast net interest income, loans provided to customers and the cost of capital applied to discount future cash flows. The pre-tax cost of capital applied to the cash flows was 16,1% for the Atlantik cash generating unit and 8,9% for the J&T BANKA, a.s. cash generating unit. Based on the impairment testing, a loss in respect of goodwill allocated to the J&T BANKA, a.s. cash generating unit in amount of EUR 1,914 thousand was recognized. If the interest and fee income had been lower by 10% from management's estimate, a part of goodwill allocated to the Atlantik cash generating unit in amount of EUR 565 thousand would have been impaired and an additional impairment loss in respect of goodwill allocated to J&T BANKA, a.s. cash generating unit in amount of EUR 429 thousand would have had to be recognised.

(ii) Interznanie OAO

The recoverable amount of the Interznanie cash generating unit, with a carrying amount of EUR 38,587 thousand including goodwill of EUR 9,744 thousand as at 31 December 2013, was determined on the basis of value in use, considering rental income from the rental contracts currently in place. There was no impairment loss identified as a result of this impairment test. Expected future cash flows were discounted using a weighted-average cost of capital ("WACC") of 8.7%. The WACC is the key assumption in the impairment testing. Should the WACC increase by 1%, the value in use would decrease but no impairment loss would have to be recognized.

(iii) Poštová banka, a.s.

At the acquisition of Poštová banka, a.s. and its subsidiaries goodwill in amount of EUR 20,033 thousand was recognized. The full goodwill amount was allocated to the bank as cash generating unit. The recoverable amount of the Poštová banka, a.s. cash generating unit, with a carrying amount of EUR 531,666 thousand (share controlled by the Group), was determined on the basis of value in use. The cash flows were derived from the bank's long term business plan, the key assumptions being forecast net interest income and loans provided to customers, and these were applied over a specific five-year forecast period. The growth rate used to extrapolate cash flows beyond this period was 2%. Expected future cash flows were discounted using a weighted-average cost of capital of 11.67%.

There was no impairment loss identified as a result of this impairment test and should net interest income decrease by 10%, the value in use would decrease but no impairment loss would have to be recognized.

3.3. Financial instruments

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices of similar instruments) or indirectly (i.e. derived from such prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If the market for a financial instrument is not active, fair value is estimated by using valuation techniques. In applying valuation techniques, management uses estimates and assumptions that are consistent with available information about estimates and assumptions that market participants would use in setting a price for the financial instrument.

Level 2 fair values are based on market values, but adjusted mainly by credit risk taking into account the credit risk of the Group and counterparty when appropriate.

If fair values had been higher or lower by 10% than quoted prices, the net carrying amount of financial instruments on Level 1 and Level 2, would have been EUR 108,905 thousand higher or lower than as disclosed as at 31 December 2013 (2012: EUR 114,238 thousand).

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

In the vast majority of cases, the fair value of Level 3 investments was estimated using discounted cash flow ("DCF") models, with inputs coming from the specific investment's business plan or cash flow projections. The individual business plans and cash flow projections were critically reviewed by management before inclusion in the models. The discount rates were based on the specificities of the industries and countries in which the investments operate and ranged from 6.75% to 13.31% as at 31 December 2013 (2012: from 6.5% to 13.5%). The key assumptions used in the valuations were the expected cash flows and discount rates.

If the fair values had been higher or lower by 10% from management's estimates, the net carrying amount of financial instruments on Level 3 would have been estimated to be EUR 58,302 thousand higher or lower than as disclosed as at 31 December 2013 (2012: EUR 39,982 thousand).

For more information, refer to the following notes:

- Note 15. Financial assets and liabilities at fair value through profit or loss
- Note 16. Securities available for sale
- Note 24. Investment property

3.4. Valuation of investment property

Investment property is carried at fair value and classified as Level 2 according to the fair value hierarchy. Fair values of investment property are determined either by independent registered valuers or by management, in both cases based on current market values in an active market for similar properties in the same location and conditions.

Valuations reflect, where appropriate, the type of tenants in occupation or responsible for meeting lease commitments, or likely to be in occupation after letting vacant property, the general market's perception of tenants' creditworthiness and the remaining economic life of the properties.

Were fair values to differ by 10% from management estimates, the carrying amount of investment property would be an estimated EUR 13,879 thousand higher or lower than disclosed as at 31 December 2013 (2012: EUR 2,648 thousand).

4. OPERATING SEGMENTS

4.1. Information about operating segments – Consolidated Income statement for the year ended 31 December 2013

In thousands of EUR	Banking	Asset Manage-ment	Principal Invest-ments	Unallocated	Total segments	Inter-segment eliminations	J&T FINANCE GROUP
Interest income	295,003	554	132,071	17	427,645	(11,223)	416,422
Interest expense	(119,667)	(22)	(116,773)	(2,430)	(238,892)	11,223	(227,669)
Net interest income (expense)	**175,336**	**532**	**15,298**	**(2,413)**	**188,753**	**–**	**188,753**
Fee and commission income	47,901	12,839	105	53	60 898	(11,913)	48,985
Fee and commission expense	(17,352)	(2,278)	(7,403)	(171)	(27,204)	9,476	(17,728)
Net fee and commission income (expense)	**30,549**	**10,561**	**(7,298)**	**(118)**	**33,694**	**(2,437)**	**31,257**
Net dealing profit (loss)	(45,365)	913	(1,893)	(8,864)	(55,209)	–	(55,209)
Total revenues	**160,520**	**12,006**	**6,107**	**(11,395)**	**167,238**	**(2,437)**	**164,801**
– external	144,534	8,688	25,557	(13,978)	164,801	–	164,801
– inter-segment	15,986	3,318	(19,450)	2,583	2,437	(2,437)	–
Other operating income	87,541	(806)	63,403	6,505	156,643	(8,260)	148,383
Personnel expenses	(49,446)	(2,796)	(6,738)	(907)	(59,887)	–	(59,887)
Depreciation and amortisation	(13,258)	(373)	–	(2,523)	(16,154)	–	(16,154)
Goodwill impairment	(1,914)	–	–	–	(1,914)	–	(1,914)
Impairment of property, plant and equipment and intangible assets	–	–	–	(980)	(980)	–	(980)
Reversal (creation) of impairment losses on loans	(44,379)	–	(124)	–	(44,503)	–	(44,503)
Other operating expenses	(67,578)	(1,533)	(13,939)	(1,335)	(84,385)	7,880	(76,505)
Other operating non-cash expenses	(3,706)	(82)	–	(132)	(3,920)	–	(3,920)
Income (expense) from associates and joint ventures	(523)	–	–	–	(523)	–	(523)
Income tax expense	(20,152)	(1,276)	(2,888)	891	(23,425)	–	(23,425)
Profit for the period related to subsidiaries acquired exclusively with a view to resale	2,131	–	–	–	2,131	2,817	4,948
Segment result	**49,236**	**5,140**	**45,821**	**(9,876)**	**90,321**	**–**	**90,321**
– discontinued operations	1,696	–	76,640	435	78,771	17,428	96,199
– continuing operations	47,540	5,140	(30,819)	(10,311)	11,550	(17,428)	(5,878)

Inter-segment prices are determined on the basis of market rates for similar services and financing.

4.2. Information about operating segments – Consolidated Assets and Liabilities as at 31 December 2013

In thousands of EUR	Banking	Asset Manage-ment	Principal Invest-ments	Unallocated	Total segments	Inter-segment eliminations	J&T FINANCE GROUP
Cash and cash equivalents	471,267	62,474	37,784	1,394	572,919	(73,825)	499,094
Financial assets at fair value through profit or loss	341,947	10,034	21,001	4,484	377,466	(12,409)	365,057
Securities available for sale	1,304,214	4,842	69,164	5	1,378,225	(41,960)	1,336,265
Financial instruments held to maturity	892,233	–	–	–	892,233	–	892,233
Disposal group held for sale	9,495	–	–	–	9,495	–	9,495
Loans and advances to banks	236,483	909	–	–	237,392	–	237,392
Loans and advances to customers	4,149,593	5,181	300,863	607	4,456,244	(107,557)	4,348,687
Loans to "Limited Partnerships"	–	–	–	–	–	–	–
Trade receivables and other assets	99,698	6,773	200,180	19,525	326,176	(3,795)	322,381
Current tax assets	2,620	–	–	178	2,798	–	2,798
Investments in joint ventures and associates	3,398	–	–	–	3,398	–	3,398
Investment property	115,233	–	–	23,558	138,791	–	138,791
Goodwill	24,232	909	3	10,105	35,249	–	35,249
Other intangible assets	139,851	5,935	–	1,603	147,389	–	147,389
Property, plant and equipment	24,445	193	–	21,380	46,018	–	46,018
Deferred tax assets	1,321	144	332	1,497	3,294	–	3,294
Total segment assets	**7,816,030**	**97,394**	**629,327**	**84,336**	**8,627,087**	**(239,546)**	**8,387,541**
Financial liabilities at fair value through profit or loss	24,184	797	6	8,724	33,711	(4,454)	29,257
Deposits and loans from banks	222,421	–	25,282	31,854	279,557	(43,467)	236,090
Deposits and loans from customers	6,391,159	67,011	119,531	10,751	6,588,452	(138,083)	6,450,369
Issued bonds	–	–	348,158	–	348,158	(45,676)	302,482
Subordinated debt	43,836	–	112,850	–	156,686	–	156,686
Trade payables and other liabilities	141,120	1,943	24,196	6,385	173,644	(7,866)	165,778
Current tax liability	3,009	942	256	–	4,207	–	4,207
Provisions	11,171	137	–	–	11,308	–	11,308
Deferred tax liabilities	14,620	79	–	4,591	19,290	–	19,290
Total segment liabilities	**6,851,520**	**70,909**	**630,279**	**62,305**	**7,615,013**	**(239,546)**	**7,375,467**

Inter-segment prices are determined on the basis of market rates for similar services and financing.

4.3. Information about geographical areas for the year ended 31 December 2013

In thousands of EUR	Slovakia	Czech Republic	Russian Federation	Other	Total segments	Inter-segment eliminations	J&T FINANCE GROUP
Investment property	110,852	4,381	23,558	–	138,791	–	138,791
Goodwill	20,033	5,315	9,898	3	35,249	–	35,249
Other intangible assets	140,453	6,804	128	4	147,389	–	147,389
Property, plant and equipment	30,345	3,214	6,238	6,221	46,018	–	46,018
Deferred tax assets	1,842	41	336	1,075	3,294	–	3,294
Total	**303,525**	**19,755**	**40,158**	**7,303**	**370,741**	**–**	**370,741**

The geographical area Other comprises assets primarily from Ireland.

In thousands of EUR	Slovakia	Czech Republic	Russian Federation	Cyprus	Liechtenstein	Other	J&T FINANCE GROUP
Interest income	124,785	70,170	17,151	157,693	4,178	42,445	416,422
Interest expense	(80,279)	(83,889)	(9,627)	(13,164)	(15,940)	(24,770)	(227,669)
Fee and commission income	31,683	11,704	688	1,719	71	3,120	48,985
Fee and commission expense	(11,427)	(5,158)	(120)	(85)	–	(938)	(17,728)
Net dealing profit (loss)	(2,733)	(7,655)	2,369	(518)	2	(46,674)	(55,209)
Total revenues	**62,029**	**(14 828)**	**10,461**	**145,645**	**(11 689)**	**(26 817)**	**164,801**
– discontinued operation	(26,271)	(11,981)	291	84,371	(11 762)	11,529	46,177
– continuing operations	88,300	(2,847)	10,170	61,274	73	(38 346)	118,624

The geographical area Other comprises revenue items primarily from Jersey, Channel Islands and Netherlands.

The Group has no revenues from continuing transactions with a single external customer amounting to 10% or more of the Group's revenues in 2013.

4.4. Information about operating segments – Consolidated Income statement for the year ended 31 December 2012

In thousands of EUR	Banking	Asset Manage-ment	Principal Invest-ments	Unallocated	Total segments	Inter-segment eliminations	J&T FINANCE GROUP
Interest income	163,771	354	144,365	65	308,555	(43,402)	265,153
Interest expense	(121,956)	(85)	(124,428)	(2,040)	(248,509)	43,402	(205,107)
Net interest income (expense)	**41,815**	**269**	**19,937**	**(1,975)**	**60,046**	**–**	**60,046**
Fee and commission income	32,172	4,900	160	53	37,285	(7,631)	29,654
Fee and commission expense	(7,267)	(499)	(11,001)	(76)	(18,843)	9,338	(9,505)
Net fee and commission income (expense)	**24,905**	**4,401**	**(10,841)**	**(23)**	**18,442**	**1,707**	**20,149**
Net dealing profit (loss)	44,487	76	42,014	(547)	86,030	(108)	85,922
Total revenues	**111,207**	**4,746**	**51,110**	**(2,545)**	**164,518**	**1,599**	**166,117**
– external	133,907	4,835	22,808	4,567	166,117	–	166,117
– inter-segment	(22,700)	(89)	28,302	(7,112)	(1,599)	1,599	–
Other operating income	6,200	–	8,046	6,139	20,385	(4,225)	16,160
Personnel expenses	(33,571)	(2,304)	(4,717)	(822)	(41,414)	–	(41,414)
Depreciation and amortisation	(3,624)	(292)	–	(1,913)	(5,829)	–	(5,829)
Impairment of property, plant and equipment and intangible assets	(988)	–	–	(666)	(1,654)	–	(1,654)
Reversal (creation) of impairment losses on loans	(19,131)	–	11,158	–	(7,973)	12	(7,961)
Other operating expenses	(44,103)	(1,210)	(22,751)	(1,545)	(69,609)	2,614	(66,995)
Other operating non-cash expenses	(263)	(62)	(71)	(100)	(496)	–	(496)
Income tax expense	(10,519)	(255)	(1,570)	(1,830)	(14,174)	–	(14,174)
Profit for the period related to subsidiaries acquired exclusively with a view to resale	3,776	–	–	–	3,776	–	3,776
Segment result	**8,984**	**623**	**41,205**	**(3,282)**	**47,530**	**–**	**47,530**
– discontinued operations	3,776	–	41,219	–	44,995	7,697	52,692
– continuing operations	5,208	623	(14)	(3,282)	2,535	(7,697)	(5,162)

Inter-segment prices are determined on the basis of market rates for similar services and financing.

Information about operating segments – Consolidated Assets and Liabilities as at 31 December 2012

In thousands of EUR	Banking	Asset Manage-ment	Principal Invest-ments	Unallocated	Total segments	Inter-segment eliminations	J&T FINANCE GROUP
Cash and cash equivalents	396,847	40,397	15,510	2,731	455,485	(37,487)	417,998
Financial assets at fair value through profit or loss	272,199	9,536	239,243	–	520,978	(6,489)	514,489
Securities available for sale	890,760	–	141,422	5	1,032,187	–	1,032,187
Financial instruments held to maturity	84,495	–	–	–	84,495	–	84,495
Disposal group held for sale	63,441	–	–	–	63,441	–	63,441
Loans and advances to banks	152,822	396	1,907	–	155,125	(313)	154,812
Loans and advances to customers	1,689,244	1,961	1,569,160	649	3,261,014	(736,857)	2,524,157
Loans to "Limited Partnerships"	–	–	376,443	–	376,443	–	376,443
Trade receivables and other assets	468,798	2,567	79,179	14,504	565,048	(34,664)	530,384
Current tax assets	326	–	1,321	39	1,686	–	1,686
Investment property	–	–	–	26,476	26,476	–	26,476
Goodwill	6,555	992	127	11,349	19,023	–	19,023
Intangible assets	5,028	736	–	890	6,654	(275)	6,379
Property, plant and equipment	2,885	185	–	23,210	26,280	–	26,280
Deferred tax assets	769	–	–	427	1,196	–	1,196
Total segment assets	**4,034,169**	**56,770**	**2,424,312**	**80,280**	**6,595,531**	**(816,085)**	**5,779,446**
Financial liabilities at fair value through profit or loss	3,430	–	225	1,462	5,117	(639)	4,478
Liabilities associated with assets held for sale	27,744	–	–	–	27,744	–	27,744
Deposits and loans from banks	443,286	–	178,417	32,502	654,205	(163,428)	490,777
Deposits and loans from customers	3,075,488	46,921	1,394,287	22,443	4,539,139	(611,454)	3,927,685
Issued bonds	–	–	266,217	–	266,217	(5,906)	260,311
Subordinated debt	39,591	–	50,022	–	89,613	–	89,613
Trade payables and other liabilities	150,280	1,615	82,378	8,172	242,445	(34,658)	207,787
Current tax liability	5,207	184	444	1,717	7,552	–	7,552
Provisions	1,567	13	–	201	1,781	–	1,781
Deferred tax liabilities	6,225	134	–	4,957	11,316	–	11,316
Total segment liabilities	**3,752,818**	**48,867**	**1,971,990**	**71,454**	**5,845,129**	**(816,085)**	**5,029,044**

Inter-segment prices are determined on the basis of market rates for similar services and financing.

4.5. Information about geographical areas for the year ended 31 December 2012

In thousands of EUR	Slovakia	Czech Republic	Russian Federation	Other	Total segments	Inter-segment eliminations	J&T FINANCE GROUP
Investment property	–	–	26,476	–	26,476	–	26,476
Goodwill	1	7,774	11,121	127	19,023	–	19,023
Other intangible assets	224	6,090	61	4	6,379	–	6,379
Property, plant and equipment	7,983	2,835	7,353	8,109	26,280	–	26,280
Deferred tax assets	769	63	364	–	1,196	–	1,196
Total	**8,977**	**16,762**	**45,375**	**8,240**	**79,354**	**–**	**79,354**

The geographical area Other comprises assets primarily from Ireland and Switzerland.

In thousands of EUR	Slovakia	Czech Republic	Russian Federation	Cyprus	Liechtenstein	Other	J&T FINANCE GROUP
Interest income	36,980	69,222	17,309	101,448	6,997	33,197	265,153
Interest expense	(49,507)	(86,707)	(5,831)	(28,614)	(24,047)	(10,401)	(205,107)
Fee and commission income	4,046	16,771	621	3,579	288	4,349	29,654
Fee and commission expense	(349)	(5,950)	(126)	(257)	(2,294)	(529)	(9,505)
Net dealing profit (loss)	7,667	1,311	1,980	40,529	–	34,435	85,922
Total revenues	**(1,163)**	**(5,353)**	**13,953**	**116,685**	**(19,056)**	**61,051**	**166,117**
– discontinued operations	(12,326)	(10,944)	1,831	64,164	(19,257)	27,574	51,042
– continuing operations	11,163	5,591	12,122	52,521	201	33,477	115,075

The geographical area Other comprises revenue items primarily from the Netherlands and Barbados.

The Group had no revenues from transactions with a single external customer amounting to 10% or more of the Group's revenues in 2012.

5. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, SPECIAL PURPOSE ENTITIES, JOINT VENTURES AND ASSOCIATES

5.1. Acquisition and establishment of subsidiaries, joint ventures and associates

(a) Acquisition of subsidiaries and associate

31 December 2013

In thousands of EUR	Date of acquisition	Cost[1]	Cash outflow	Group's interest after acquisition (%)
Poštová banka, a.s.	1.7.2013	482,093	27,974	88.06
Poisťovňa Poštovej banky, a. s.	1.7.2013	–	–	100.00
Dôchodková správcovská spoločnosť Poštovej banky, d.s.s., a. s.	1.7.2013	–	–	100.00
PRVÁ PENZIJNÁ SPRÁVCOVSKÁ SPOLOČNOSŤ POŠTOVEJ BANKY, správ. spol., a. s.	1.7.2013	–	–	100.00
POBA Servis, a. s.	1.7.2013	–	–	100.00
PB PARTNER, a. s.	1.7.2013	–	–	100.00
PB Finančné služby, a. s.	1.7.2013	–	–	100.00
SPPS, a.s.	1.7.2013	–	–	40.00
FOND DLHODOBÝCH VÝNOSOV o.p.f. – PRVÁ PENZIJNÁ SPRÁVCOVSKÁ SPOLOČNOSŤ POŠTOVEJ BANKY, správ. spol., a. s.	1.7.2013	54,595	54,700	99.90
FORESPO BDS a.s.	1.7.2013	–	–	100.00
FORESPO - RENTAL 1 a.s.	1.7.2013	–	–	100.00
FORESPO - RENTAL 2 a. s.	1.7.2013	–	–	100.00
INVEST-GROUND a. s.	1.7.2013	–	–	100.00
NÁŠ DRUHÝ REALITNÝ o.p.f. – PRVÁ PENZIJNÁ SPRÁVCOVSKÁ SPOLOČNOSŤ POŠTOVEJ BANKY, správ. spol.,a. s.	1.7.2013	20,811	–	97.62
FORESPO PÁLENICA a. s.	1.7.2013	–	–	100.00
FORESPO SMREK a. s.	1.7.2013	–	–	100.00
FORESPO HOREC a SASANKA a. s.	1.7.2013	–	–	100.00
FORESPO HELIOS 1 a. s.	1.7.2013	–	–	100.00
FORESPO HELIOS 2 a. s.	1.7.2013	–	–	100.00
FORESPO SOLISKO a. s.	1.7.2013	–	–	100.00
Total	**–**	**557,499**	**82,674**	**–**

31 December 2012

In thousands of EUR	Date of acquisition	Cost[1]	Cash outflow	Group's interest after acquisition (%)
FVE Slušovice s.r.o.	18.1.2012	3,849	3,849	100.00
FVE Němčice s.r.o.	29.2.2012	1,753	1,753	100.00
FVE Napajedla s.r.o.	29.2.2012	2,014	2,014	100.00
J&T Café, s.r.o.	2.2.2012	9	9	100.00
J&T Sport Team ČR, s.r.o.	26.4.2012	10	10	100.00
Interznanie OAO	12.7.2012	–	–	100.00
TERCES MANAGEMENT LIMITED	12.7.2012	–	–	100.00
AGUNAKI ENTERPRISES LIMITED	10.12.2012	1	1	100.00
Total	**–**	**7,636**	**7,636**	**–**

[1] For detail of the cost settlement related to the acquisition of Poštová banka Group refer to part (c) of this Note and to Note 23. Trade receivables and other assets.

(b) (b) Establishment of subsidiaries and joint ventures

31 December 2013

	Date of establishment	Group's interest after establishment (%)
SUBSIDIARIES		
J&T Global Finance III., s.r.o.	19.3.2013	100.00
J&T REALITY otevřený podílový fond, J&T INVESTIČNÍ SPOLEČNOST, a. s.	30.7.2013	100.00
SOLEGNOS ENTERPRISES LIMITED	18.11.2013	100.00
JOINT VENTURES		
PGJT B.V.	20.3.2013	50.00
PROFIREAL OOO	5.7.2013	50.00

31 December 2012

	Date of establishment	Group's interest after establishment (%)
SUBSIDIARIES		
J&T Private Investments II B.V.	26.6.2012	100.00
J&T FVE uzavřený podílový fond, J&T INVESTIČNÍ SPOLEČNOST, a.s.	1.8.2012	100.00

(c) Effect of acquisitions

The acquisitions of new subsidiaries had the following effect on the Group's assets and liabilities (refer also to Note 3.1. Business combinations and purchase price allocations and to Note 3.2. Goodwill and impairment testing):

Effect of acquisitions in 2013

In thousands of EUR	Skupina Poštová banka[1]
Cash and cash equivalents	41,363
Financial assets at fair value through profit or loss	13,615
Securities available for sale	639,001
Financial instruments held to maturity	838,588
Loans and advances to customers	1,834,379
Trade receivables and other assets	53,130
Current tax assets	3,059
Investments in joint ventures and associates	54
Investment property	114,797
Intangible assets	144,713
Property, plant and equipment	31,869
Deferred tax assets	2,259
Financial liabilities at fair value through profit or loss	(1,344)
Deposits and loans from banks	(67,103)
Deposits and loans from customers	(2,992,886)
Subordinated debt	(8,012)
Trade payables and other liabilities	(37,114)
Current tax liability	(825)
Provisions	(6,553)
Deferred tax liabilities	(1,795)
Non-controlling interests	(63,729)
Net identifiable assets and liabilities	**537,466**
Goodwill on acquisition of new subsidiaries	20,033
Cost of acquisition	**557,499**
Settlement of advance payment from 2012	(422,236)
Value of investment previously held	(52,589)
Consideration paid, satisfied in cash	(82,674)
Cash acquired	41,363
Net cash inflow (outflow)	**(41,311)**
Profit (loss) of the acquired entities since acquisition date	31,397
Profit (loss) of the acquired entities for all of 2013	76,885
Revenues of the acquired entities for all of 2013	244,337

[1] Poštová banka, a.s. was acquired together with its subsidiaries and associate, for a detailed structure refer to part (a) of this Note. Revenues comprise of net interest income, net fee income and dealing profits.

For details, refer to Note 3.1. Business combinations and purchase price allocations.

Vplyv prírastkov v roku 2012

In thousands of EUR	Fotovoltaické elektrárne[1]	Skupina TERCES[2]	Ostatné	Celkom
Cash and cash equivalents	–	360	15	375
Disposal group held for sale	55,636	–	–	55,636
Trade receivables and other assets	–	1,131	1	1,132
Investment property	–	26,538	–	26,538
Property, plant and equipment	–	7,412	–	7,412
Liabilities associated with assets held for sales	(46,225)	–	–	(46,225)
Deposits and loans from banks	–	(23,317)	–	(23,317)
Deposits and loans from customers	–	(17,001)	–	(17,001)
Trade payables, other liabilities and provisions	–	(1,385)	–	(1,385)
Deferred tax liability	–	(4,715)	–	(4,715)
Net identifiable assets and liabilities	**9,411**	**(10,977)**	**16**	**(1,550)**
Goodwill on acquisition of new subsidiaries	–	10,977	4	10,981
Negative goodwill on acquisition of new subisidiaries presented as discontinued operations	(1,795)	–	–	(1,795)
Cost of acquisition	**7,616**	**–**	**20**	**7,636**
Consideration paid, satisfied in cash	(7,616)	–	(20)	(7,636)
Cash acquired	–	360	15	375
Net cash inflow (outflow)	**(7,616)**	**360**	**(5)**	**(7,261)**
Profit (loss) of the acquired entities since acquisition date	1,996	(333)	(260)	1,403
Profit (loss) of the acquired entities for all of 2012	1,994	7,999	(254)	9,739
Revenues of the acquired entities for all of 2012	7,708	12,515	60	20,283
Negative goodwill on acquisition of new subsidiary	–	–	–	1,795
Foreign exchange differences	–	–	–	(15)
Negative goodwill at 31 December 2012	–	–	–	1,780

[1] J&T FVE uzavřený podílový fond, J&T INVESTIČNÍ SPOLEČNOST, a. s., FVE Slušovice s.r.o., FVE Němčice s.r.o. and FVE Napajedla s.r.o.
[2] TERCES MANAGEMENT LIMITED and its subsidiary Interznanie OAO.

5.2. Disposals

(a) Disposals of subsidiaries and fully consolidated SPEs

31 December 2013

In thousands of EUR	Segment	Date of disposal	Sales price	Cash inflow	Gain (loss) on disposal
SUBSIDIARIES AND FULLY CONSOLIDATED SPES					
AGUNAKI ENTERPRISES LIMITED	Principal Investments	30.12.2013	286	–	282
J&T BFL Anstalt	Principal Investments	30.12.2013	(115,748)	–	(115,796)
LCE COMPANY LIMITED	Principal Investments	1.10.2013	–	–	28,888
NEEVAS INVESTMENT LIMITED	Principal Investments	1.10.2013	–	–	57,682
STOMARLI HOLDINGS LIMITED	Principal Investments	1.10.2013	–	–	37,520
J&T Concierge SR, s.r.o., v likvidácii	Principal Investments	30.11.2013	–	–	–
Investment Pools[1]	Principal Investments	30.12.2013	5,400	–	1,291
J&T Private Equity B.V.	Principal Investments	30.12.2013	186,964	–	(9 126)
J&T FINANCIAL INVESTMENTS LIMITED	Principal Investments	30.12.2013	–	–	–
J&T Private Investments B.V.	Principal Investments	30.12.2013	–	–	–
J&T Private Investments II B.V.	Principal Investments	30.12.2013	36	–	2
J&T SECURITIES MANAGEMENT LIMITED	Principal Investments	30.12.2013	57,130	–	(920)
KOTRAB ENTERPRISES LIMITED	Principal Investments	30.12.2013	626	–	15
RIGOBERTO INVESTMENTS LIMITED	Principal Investments	30.12.2013	64,639	–	15,422
SOLEGNOS ENTERPRISES LIMITED	Principal Investments	30.12.2013	73,863	–	15,344
SUBSIDIARIES ACQUIRED EXCLUSIVELY WITH A VIEW TO RESALE					
Photovoltaic power plants[2]	Banking	19.12.2013	8,786	–	1,096
Total		**–**	**281,982**	**–**	**31,700**

31 December 2012

In thousands of EUR	Date of disposal	Sales price	Cash inflow	Gain (loss) on disposal
SUBSIDIARIES				
J&T Bank Switzerland Ltd.	9.10.2012	8,566	–	(801)
J&T International Anstalt	21.12.2012	20	–	–
Total	**–**	**8,586**	**–**	**(801)**

[1] J&T Investment Pool - I - SKK, a.s., J&T Investment Pool - I - CZK, a.s., J&T Capital Management Anstalt
[2] J&T FVE uzavřený podílový fond, J&T INVESTIČNÍ SPOLEČNOST, a. s., FVE Slušovice s.r.o., FVE Němčice s.r.o. and FVE Napajedla s.r.o.

Most of the selling price was settled through compensation of mutual receivables and payables with J&T Private Equity Group for a total of EUR 274,411 thousand.

(b) Effect of disposals

The disposals of subsidiaries and special purpose entities had the following effect on the Group's assets and liabilities (refer also to Note 6. Discontinued operations):

Effect of disposal in 2013

In thousands of EUR	Principal Investments	Photovoltaic power plants[1]	Total effect
Cash and cash equivalents	12,734	–	12,734
Financial assets at fair value through profit or loss	203,942	–	203,942
Securities available for sale	194,643	–	194,643
Financial instruments held to maturity	157	–	157
Disposal group held for sale	–	55,094	55,094
Loans and advances to banks	1,756	–	1,756
Loans and advances to customers	1,681,076	–	1,681,076
Loans to "Limited Partnerships"	182,806	–	182,806
Trade receivables and other assets	326,664	–	326,664
Current tax assets	48	–	48
Intangible assets	115	–	115
Financial liabilities at fair value through profit or loss	(519)	–	(519)
Liabilities associated with assets held for sale	–	(28,327)	(28,327)
Deposits and loans from banks	(162,086)	–	(162,086)
Deposits and loans from customers	(1,942,416)	–	(1,942,416)
Trade payables and other liabilities	(213,732)	–	(213,732)
Current tax liability	(682)	–	(682)
Non-controlling interests	1,837	(14,313)	(12,476)
Net assets and liabilities	**286,343**	**12,454**	**298,797**
Sales price	273,196	8,786	281,982
Other values acquired	20,184	6,264	26,448
Cumulative exchange profits and changes in fair value in respect of net assets of the subsidiaries reclassified from equity to profit or loss	23,567	(1,500)	22,067
Gain on disposal	**30,604**	**1,096**	**31,700**
Consideration received, satisfied in cash	–	–	–
Cash disposed of	(12,734)	–	(12,734)
Net cash outflow	**(12,734)**	**–**	**(12,734)**

[1] J&T FVE uzavřený podílový fond, J&T INVESTIČNÍ SPOLEČNOST, a. s., FVE Slušovice s.r.o., FVE Němčice s.r.o. and FVE Napajedla s.r.o.

Effect of disposal in 2012

In thousands of EUR	J&T International Anstalt	J&T Bank Switzerland Ltd.	Total effect
Cash and cash equivalents	14	30,059	30,073
Financial assets at fair value through profit or loss	–	129	129
Financial instruments held to maturity	–	3,953	3,953
Loans and advances to banks	6,011	4,422	10,433
Trade receivables and other assets	3,468	732	4,200
Property, plant and equipment	–	17	17
Financial liabilities at fair value through profit or loss	–	(12)	(12)
Deposits and loans from banks	(7,602)	–	(7,602)
Deposits and loans from customers	–	(23,413)	(23,413)
Trade payables and other liabilities	(1,871)	(719)	(2,590)
Provisions	–	(6,602)	(6,602)
Net assets and liabilities	**20**	**8,566**	**8,586**
Sales price	20	8,566	8,586
Cumulative exchange loss in respect of net assets of the subsidiary reclassified from equity to profit or loss	–	(801)	(801)
Loss on disposal	**–**	**(801)**	**(801)**
Consideration received, satisfied in cash	–	–	–
Cash disposed of	(14)	(30,059)	(30,073)
Net cash outflow	**(14)**	**(30,059)**	**(30,073)**
Cash received from disposals in prior years	–	–	8,692
Total cash outflow	**–**	**–**	**(21,381)**

The Group, as sole shareholder of J&T Bank Switzerland Ltd, decided to terminate its business activities in Switzerland. By a resolution of the Extraordinary General Meeting held on 19 July 2012, the bank entered the process of liquidation. On 9 October 2012 the Swiss Financial Market Supervisory Authority (FINMA), based on a claimed breach of the bank to meet the applicable capital adequacy requirements, decided to force the bank into bankruptcy proceedings. The Group appealed against the bankruptcy declaration and took legal action to obtain compensation for the lossed incurred in relation with the measures taken by FINMA. However, as of the banktruptcy declaration, the Group lost control over the bank and therefore derecognised its assets and liabilities. As at December 2013 the bankruptcy proceedings are still in process.

The amount of EUR 8,566 thousand represents the expected proceeds from the liquidation and was calculated as the bank's net assets after recognition of a provision for liquidation costs at the date of loss of control (see also Note 23. Trade receivables and other assets).

6. DISCONTINUED OPERATIONS

In 2013, The Group sold the major part of the Principal Investments segment (refer to Note 4. Operating segments). Management committed to a plan to sell these companies in 2013 following a strategic decision to focus on banking and financing activities.

These entities were not previously classified as held-for-sale or as a discontinued operation. The comparative consolidated statement of profit or loss has been restated to show discontinued operations separately from continuing operations.

In thousands of EUR	2013	2012
RESULTS OF DISCONTINUED OPERATIONS		
Interest income	121,347	101,429
Interest expense	(75,795)	(73,947)
Net interest income	**45,552**	**27,482**
Fee and commission income	105	144
Fee and commission expense	(226)	(2,738)
Net fee and commission expense	(121)	(2,594)
Net dealing profit	746	26,154
Total revenues	**46,177**	**51,042**
Other operating income	21,210	548
Total income	67,387	51,590
Personnel expenses	(30)	(71)
Reversal (creation) of impairment losses on loans	(124)	11,170
Other operating expenses	(3,530)	(12,694)
Total expenses	**(3,684)**	**(1,595)**
Profit before tax	**63,703**	**49,995**
Gain on sale of discontinued operations	30,604	–
Income tax expense	(3,056)	(1,079)
Profit for the period from discontinued operations	**91,251**	**48,916**
Profit for the period related to subsidiaries acquired exclusively with a view to resale	4,948	3,776
Total profit for the period from discontinued operations	96,199	52,692

In thousands of EUR	2013	2012
CASH FLOW FROM (USED IN) DISCONTINUED OPERATIONS		
Net cash flow from (used in) operating activities	35,614	(33,018)
Net cash flows from (used in) investing activities	(32,626)	8,332
Net cash flows from (used in) financing activities	–	–
Net cash flows from (used in) discontinued operations	**2,988**	**(24,686)**

In 2012, the disposal group held for sale included mainly three companies that own and operate photovoltaic power plants in the Czech Republic: FVE Slušovice s.r.o., FVE Němčice s.r.o. and FVE Napajedla s.r.o. These companies were acquired by the Group in 2012 exclusively with the intention of further sale. For more information about those acquisitions refer to Note 3.1. Business combinations and purchase price allocations.

31 December 2012

In thousands of EUR	Photovoltaic power plants	Other assets	Total
Disposal group held for sale	57,954	5,487	63,441
Liabilities associated with assets held for sale	27,744	–	27,744
Net amount of disposal group held for sale	**30,210**	**5,487**	**35,697**

The Group lost control over these entities together with their direct holding entity J&T FVE uzavřený podílový fond, J&T INVESTIČNÍ SPOLEČNOST, a. s. in December 2013 as a part of discontinued operations. The economic benefit to the Group from their holding is presented in the table above as Profit for the period related to subsidiaries acquired exclusively with a view to resale. The remaining share of 19.14% has been recognised as securities available for sale.

Disposal group held for sale as at December 2013 amounting to EUR 9,495 thousand (2012: EUR 5,487 thousand) includes also non-current assets from collaterals of default loans. There are no cumulative income or expenses included in OCI relating to the disposal group.

For effect of disposal on the financial position of the Group, refer to Note 5.2. Disposals.

7. NET INTEREST INCOME

In thousands of EUR	2013	2012
INTEREST INCOME		
Loans and advances to banks and customers	312,466	206,726
Repo transactions	23,135	10,175
Bonds and other fixed income securities	52,891	36,344
Bills of exchange	16,730	10,540
Receivables from central banks	677	788
Other	10,523	580
Total interest income	**416,422**	**265,153**
Less discontinued operations	(121,347)	(101,429)
Total for continuing operations	**295,075**	**163,724**

In thousands of EUR	2013	2012
INTEREST EXPENSE		
Deposits and loans from banks and customers	(156,112)	(131,252)
Repo transactions	(1,562)	(2,866)
Bonds and other securities with fixed interest rate	(18,809)	(17,963)
Bills of exchange	(44,816)	(49,074)
Other	(6,370)	(3,952)
Total interest expense	**(227,669)**	**(205,107)**
Less discontinued operations	75,795	73,947
Total for continuing operations	**(151,874)**	**(131,160)**
Total net interest income	**188,753**	**60,046**
Less net interest income from discontinued operations	(45,552)	(27,482)
Total net interest income from continuing operations	**143,201**	**32,564**

The interest income from impaired loans accrued in 2013 was in amount of EUR 7,916 thousand (2012: EUR 10,665 thousand). The receivable from the interest income from impaired loans has also been impaired.

Interest income from financial assets that are not at fair value through profit or loss in 2013 was EUR 404,154 thousand (2012: EUR 251,940 thousand).

8. NET FEE AND COMMISSION INCOME

In thousands of EUR	2013	2012
FEE AND COMMISSION INCOME		
Fees on administration and payment transactions	14,227	675
Fees on assets under management	8,795	4,862
Fees on financial instrument operations	5,550	8,113
Fees on promises and guarantees	4,697	4,067
Fees on bond issue	2,712	5,937
Intermediation fees	2,703	1,503
Fees on custody, administration and depositing of valuables	1,825	1,836
Other fees and commission income	8,476	2,661
Total fee and commission income	**48,985**	**29,654**
Less discontinued operations	(105)	(144)
Total for continuing operations	**48,880**	**29,510**

In thousands of EUR	2013	2012
FEE AND COMMISSION EXPENSE		
Intermediation fees	(6,397)	(3)
Fees on payment transaction	(4,734)	(344)
Fees on financial instrument operations	(4,563)	(5,246)
Other fees and commission expenses	(2,034)	(3,912)
Total fee and commission expense	**(17,728)**	**(9,505)**
Less discontinued operations	226	2,738
Total for continuing operations	**(17,502)**	**(6,767)**
Total net fee and commission income	31,257	20,149
Less net fee and commission income from discontinued operations	121	2,594
Total net fee and commission income from continuing operations	**31,378**	**22,743**

9. NET DEALING PROFIT (LOSS)

In thousands of EUR	2013	2012
Realised and unrealised gains (losses) on financial instruments at fair value	(59,561)	80,091
Realised and unrealised gains (losses) from receivables held for trading	848	1,399
Dividend income	3,504	4,432
Total net dealing profit (loss)	**(55,209)**	**85,922**
Less discontinued operations	(746)	(26,154)
Total for continuing operations	**(55,955)**	**59,768**

The majority of losses on financial instruments in 2013 arises from trading in currency derivatives of EUR 57,778 thousand (2012: profit of EUR 31,138 thousand) and from the Group's investments in Unipetrol, a.s., amounting to EUR 2,416 thousand (in 2012: profit of EUR 2,838 thousand), in New World Resources Plc. for EUR 1,810 thousand (2012: nil), JSC VTB Bank amounting to EUR 1,334 thousand EUR (2012: nil), Petrol d.d., Ljubljana for EUR 1,065 thousand (in 2012: profit of EUR 2,466 thousand). There were also gains from financial instruments in Slovak government bonds for EUR 3,271 thousand (2012: nil) and in Erste Bank der oesterreichischen Sparkassen AG for EUR 664 thousand (2012: EUR 9,537 thousand).

The dividend income of the Group mainly consists of dividend income from Tatry mountain resorts, a.s. in amount of EUR 1,216 thousand (2012: EUR 1,134 thousand) and ČEZ, a.s. in amount EUR 431 thousand (2012: EUR 553 thousand).

10. OTHER OPERATING INCOME

In thousands of EUR	2013	2012
Exchange rate gains	74,321	–
Gain on the disposal of subsidiaries and special purpose entities, net (Note 5)	30,604	–
Revenues from receivables written off	15,567	–
Revenues from services and consulting	11,112	6,587
Income from rendered aircraft and other operating leases	5,777	4,087
Rental income from investment property	3,515	1,455
Revenues (premium) of insurance companies	2,152	–
Gain on disposal of property, plant and equipment and intangible assets, net	920	160
Other rental income	451	441
Other income	3,964	3,430
Total other operating income	**148,383**	**16,160**
Less discontinued operations including gain on their disposal	(51,814)	(548)
Total for continuing operations	**96,569**	**15,612**

An analysis of Other operating income by segment is provided in Note 4. Operating segments.

11. PERSONNEL EXPENSES

In thousands of EUR	2013	2012
Wages and salaries	47,647	32,783
Compulsory social security contributions	11,233	7,600
Other social expenses	1,007	1,031
Total personnel expenses	**59,887**	**41,414**
Less discontinued operations	(30)	(71)
Total for continuing operations	**59,857**	**41,343**

The weighted average number of employees during 2013 was 1,486 (2012: 788), out of which executives represent 191 (2012: 100).

12. OTHER OPERATING EXPENSES

In thousands of EUR	2013	2012
Rent expenses	10,036	7,120
Tax on financial transactions	9,659	2,580
Advertising expenses	9,166	4,654
Consulting expenses	6,682	5,588
Repairs and maintenance expenses	4,945	1,846
Mandatory fees paid by financial institutions	4,661	3,616
Transport and accommodation, travel expenses	4,614	4,429
Communication expenses	3,518	1,496
Materials	2,469	1,484
Sponsoring and gifts	2,443	1,387
Change in impairment of receivables and inventories	2,441	402
Property and other taxes	2,344	758
Handling and operation of aircraft	1,483	1,294
Insurance technical provisions and claims	1,066	–
Training, courses and conferences	971	117
Outsourcing	601	619
Energy	431	129
Contractual penalties	155	905
Loss on the disposal of subsidiaries	–	801
Exchange rate losses	–	15,319
Other operating expenses	12,740	12,947
Total other operating expenses	**80,425**	**67,491**
Less discontinued operations	(3 530)	(12 694)
Total for continuing operations	**76,895**	**54,797**

An analysis of Other operating expenses by segment is provided in Note 4. Operating segments.

13. INCOME TAX

In thousands of EUR	2013	2012
CURRENT TAX EXPENSE		
Current year	(12,802)	(14,284)
Adjustments for prior periods	(1,621)	(81)
Withheld on interest	(259)	(127)
Total	**(14,682)**	**(14,492)**
DEFERRED TAX INCOME (EXPENSE)		
Origination and reversal of temporary differences	(9,218)	241
Change in tax rate	475	77
Total	**(8,743)**	**318**
Total income tax expense	**(23,425)**	**(14,174)**
Less discontinued operations	3,056	1,079
Total for continuing operations	**(20,369)**	**(13,095)**

The corporate income tax rate in the Czech Republic for 2013 and 2012 is 19%. The corporate income tax rate in Slovakia increased as of 1 January 2013 from 19% to 23%. As from 1 January 2014 the tax rate in Slovakia is 22%.

(i) Reconciliation of the effective tax rate

In thousands of EUR	2013		2012	
Profit before tax	%	**108,798**	%	**57,928**
Income tax at 23% (2012: 19%)	(23.0)	(25,024)	(19.0)	(11,006)
Effect of tax rates in foreign jurisdictions	(8.2)	(8,941)	3.4	1,963
Non-deductible expenses	(37.7)	(41,060)	(33.5)	(19,437)
Non-taxable income	49.0	53,288	40.4	23,402
Tax withheld on interest	(0.2)	(259)	(0.2)	(127)
Recognition of previously unrecognised tax losses	12.4	13,475	0.9	501
Current year tax losses for which no deferred tax asset was recognised	(4.5)	(4,827)	(10.0)	(5,782)
Change in temporary differences for which no deferred tax asset was recorded	(8.2)	(8,931)	(6.4)	(3,684)
Tax charges under (over) provided in prior years	(1.5)	(1,621)	(0.2)	(81)
Change in tax rate	0.4	475	0.1	77
Total income tax expense	**(21.5)**	**(23,425)**	**(24.5)**	**(14,174)**
Less discontinued operations	2.8	3,056	1.9	1,079
Total tax from continuing operations	**(18.7)**	**(20,369)**	**(22.6)**	**(13,095)**

(ii) Income tax recognized in other comprehensive income

In thousands of EUR			2013
	Before tax	Tax benefit	Net of tax
Foreign exchange translation differences	(63,216)	–	(63,216)
Change in fair value of financial assets available for sale	(9,495)	1,624	(7,871)
Total	**(72,711)**	**1,624**	**(71,087)**

In thousands of EUR			2012
	Before tax	Tax benefit	Net of tax
Foreign exchange translation differences	11,862	–	11,862
Change in fair value of financial assets available for sale	33,796	(6,405)	27,391
Total	**45,658**	**(6,405)**	**39,253**

(iii) Movements in deferred tax balances during the year

In thousands of EUR	Balance at 1 January 2013	Recognised in profit or loss	Recognised in other compre-hensive income	Acquired in business combinations (see Note 5.1.)	Foreign exchange translation differences	Balance at 31 December 2013
Property, plant and equipment	(220)	(630)	–	(542)	33	(1,359)
Intangible assets	(645)	435	–	(1,842)	44	(2,008)
Investment properties	(4,775)	177	–	(395)	532	(4,461)
Impairment of trade receivables and other assets	5	(242)	–	8,839	(1)	8,601
Securities available for sale	(3,727)	–	1,624	(1,578)	179	(3,502)
Financial instruments held to maturity	–	1,326	–	(13,952)	59	(12,567)
Employees benefits (IAS 19)	–	441	–	495	(1)	935
Unpaid interest, net	(924)	847	–	(36)	30	(83)
Financial assets at fair value through profit or loss	(824)	864	–	–	21	61
Loans and borrowings	246	546	–	(21,654)	96	(20,766)
Provisions	12	2,074	–	15	(82)	2,019
Tax losses	446	(14,463)	–	31,069	(114)	16,938
Other temporary differences	286	(118)	–	45	(17)	196
Total	**(10,120)**	**(8,743)**	**1,624**	**464**	**779**	**(15,996)**

In thousands of EUR	Balance at 1 January 2013	Recognised in profit or loss	Recognised in other compre-hensive income	Acquired in business combinations (see Note 5.1.)	Foreign exchange translation differences	Balance at 31 December 2013
Property, plant and equipment	(125)	(94)	–	–	(1)	(220)
Intangible assets	(1,177)	557	–	–	(25)	(645)
Investment properties	–	(72)	–	(4,715)	12	(4,775)
Impairment of trade receivables and other assets	5	–	–	–	–	5
Securities available for sale	2,612	–	(6,405)	–	66	(3,727)
Unpaid interest, net	(109)	(811)	–	–	(4)	(924)
Financial assets at fair value through profit or loss	(842)	36	–	–	(18)	(824)
Loans and borrowings	(42)	290	–	–	(2)	246
Provision	21	(10)	–	–	1	12
Tax losses	392	40	–	–	14	446
Other temporary differences	(94)	382	–	–	(2)	286
Total	**641**	**318**	**(6,405)**	**(4,715)**	**41**	**(10,120)**

See also Note 33. Deferred tax assets and liabilities.

14. CASH AND CASH EQUIVALENTS

In thousands of EUR	31 December 2013	31 December 2012
CASH AND CASH EQUIVALENTS AT AMORTISED COST		
Cash on hand	29,052	5,394
Current accounts with banks	109,217	101,844
Current accounts with central banks	3,957	6,932
Loans and advances to central banks	319,417	195,460
Loans and advances to other banks	37,451	108,368
Total cash and cash equivalents	**499,094**	**417,998**

Term deposits with original maturity up to three months are classified as cash equivalents.

The weighted average interest rate on loans and advances to banks was 0.09% as at 31 December 2013 (2012: 0.94%).

15. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

15.1. Financial assets at fair value through profit or loss

In thousands of EUR	31 December 2013	31 December 2012
NON-DERIVATIVE FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
Bonds	287,843	164,948
Shares	8,939	173,460
Other financial assets	1,151	3,214
Total trading portfolio	**297,933**	**341,622**
Bonds	30,173	37,147
Shares	21,259	130,666
Other financial assets	3,123	331
Total investing portfolio	**54,555**	**168,144**
Total	**352,488**	**509,766**
DERIVATIVES		
Forward currency contracts	10,214	4,234
Option contracts for share purchase	2,245	–
Option contracts for commodity purchase	110	219
Interest rate swaps (IRS)	–	270
Total	**12,569**	**4,723**
Total financial assets at fair value through profit or loss	**365,057**	**514,489**

The trading portfolio as at 31 December 2012 included mainly shares of Unipetrol, a.s. for EUR 124,014 thousand and investing portfolio included mainly shares of Tatry mountain resorts, a.s. for EUR 52,432 thousand, which were disposed in 2013. Shares as at 31 December 2013 in the investing portfolio comprises mainly shares of Best Hotel Properties, a.s. for EUR 21,235 thousand (2012: EUR 75,985 thousand).

Debentures for trading as at 31 December 2013 comprises mainly Czech government bonds of EUR 89,848 thousand (2012: EUR 53,391 thousand), Slovak government bonds of EUR 77,258 thousand (2012: EUR 19,914 thousand) and various corporate bonds in the amount of EUR 115,178 thousand (2012: nil).

Government bonds in amount of EUR 25,788 thousand (2012: nil) have been pledged as security for bank loans as at 31 December 2013 (2012: shares of Unipetrol, a.s. in amount of EUR 28,854 thousand). Income from debt and other fixed-rate instruments is recognised in interest income. At 31 December 2013 the weighted average interest rate on bonds was 7.46% (2012: 7.34%).

(i) Fair value measurement of financial assets at fair value through profit or loss

31 December 2013

In thousands of EUR	Shares	Bonds	Other financial assets	Total
FAIR VALUE OF NON-DERIVATIVE FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
Level 1 – quoted market prices	1,176	248,937	1,653	251,766
Level 2 – derived from quoted prices	–	–	2,004	2,004
Level 3 – calculated using valuation techniques	29,022	69,079	617	98,718
Total	**30,198**	**318,016**	**4,274**	**352,488**
FAIR VALUE OF DERIVATIVES				
Level 2 – derived from quoted prices	–	–	–	12,569
Total	**–**	**–**	**–**	**12,569**
Total financial assets at fair value through profit or loss	**–**	**–**	**–**	**365,057**

31 December 2012

In thousands of EUR	Shares	Bonds	Other financial assets	Total
FAIR VALUE OF NON-DERIVATIVE FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS				
Level 1 – quoted market prices	174,850	191,000	3,545	369,395
Level 2 – derived from quoted prices	–	3,032	–	3,032
Level 3 – calculated using valuation techniques	129,276	8,063	–	137,339
Total	**304,126**	**202,095**	**3,545**	**509,766**
FAIR VALUE OF DERIVATIVES				
Level 1 – quoted market prices	–	–	–	291
Level 2 – derived from quoted prices	–	–	–	4,432
Total	**–**	**–**	**–**	**4,723**
Total financial assets at fair value through profit or loss	**–**	**–**	**–**	**514,489**

(ii) Detail of fair value measurement in Level 3

The following table shows a reconciliation from the opening balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

In thousands of EUR	Shares	Bonds	Other financial assets	Total
Balance at 1 January 2013	129,276	8,063	–	137,339
Total gains (losses) recognized in profit and loss	(5,834)	(423)	(3)	(6,260)
Incoming entities	8,315	–	–	8,315
Outgoing entities	(35,368)	–	–	(35,368)
Transfer from level 1	–	39,422	–	39,422
Additions	64	26,811	621	27,496
Disposals	(67,154)	(4,652)	–	(71,806)
Interest income less interest received	–	253	–	253
Effect of movements in foreign exchange	(277)	(395)	(1)	(673)
Balance at 31 December 2013	**29,022**	**69,079**	**617**	**98,718**
Balance at 1 January 2012	–	–	–	–
Total gains (losses) recognised in profit or loss	2,311	(126)	–	2,185
Transfer from level 1	125,343	–	–	125,343
Additions	–	7,950	–	7,950
Interest income less interest received	–	152	–	152
Effect of movements in foreign exchange	1,622	87	–	1,709
Balance at 31 December 2012	**129,276**	**8,063**	**–**	**137,339**

Based on changes in market conditions for some financial instruments, market prices for these instruments were not available on an active market as at 31 December 2013. Financial instruments amounting to EUR 39,422 thousand were therefore transferred from Level 1 to Level 3 as at that date.

There were no transfers of financial assets at fair value through profit or loss between Level 1 and Level 2 of the fair value hierarchy during the years ended 31 December 2013 and 2012.

15.2. Financial liabilities at fair value through profit or loss

In thousands of EUR	31 December 2013	31 December 2012
NON-DERIVATIVE FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		
Other financial liabilities at fair value	13	179
Total	**13**	**179**
DERIVATIVES		
Forward currency contracts	1,703	718
Cross currency swaps	18,016	2,077
Put share options	8,725	1,478
Commodity derivatives	791	26
Interest rate derivatives	9	–
Total	**29,244**	**4,299**
Total financial liabilities at fair value through profit or loss	**29,257**	**4,478**

(i) Fair value measurement of financial liabilities at fair value through profit or loss

In thousands of EUR	31 December 2013	31 December 2012
FAIR VALUE OF NON-DERIVATIVE FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		
Level 1 – quoted market prices	13	179
Total	**13**	**179**
Fair value of derivatives		
Level 1 – quoted market prices	–	6
Level 2 – derived from quoted prices	29,244	4,293
Total	**29,244**	**4,299**
Total financial liabilities at fair value through profit or loss	**29,257**	**4,478**

There were no transfers of financial liabilities at fair value through profit or loss between Level 1, Level 2 or Level 3 of the fair value hierarchy for the years ended 31 December 2013 and 2012.

16. SECURITIES AVAILABLE FOR SALE

In thousands of EUR	31 December 2013	31 December 2012
Equity instruments	152,379	209,201
Allotment certificates (mutual funds)	97,953	51,614
Bonds	957,018	771,372
Bills of exchange	128,915	–
Total securities available for sale	**1,336,265**	**1,032,187**

At 31 December 2013 EUR 928,799 thousand (2012: EUR 719,033 thousand) of securities available for sale are expected to be recovered more than 12 months after the reporting date.

(i) Fair value measurement of available-for-sale financial assets

31 December 2013

In thousands of EUR	Shares	Allotment certificates	Bonds	Bills of exchange	Total
Level 1 – quoted market prices	29,176	97,730	705,588	–	832,494
Level 2 – derived from quoted prices	5,984	223	13,262	–	19,469
Level 3 – calculated using valuation techniques	117,219	–	238,168	128,915	484,302
Total	**152,379**	**97,953**	**957,018**	**128,915**	**1,336,265**

31 December 2012

In thousands of EUR	Shares	Allotment certificates	Bonds	Bills of exchange	Total
Level 1 – quoted market prices	24,470	51,614	693,614	–	769,698
Level 2 – derived from quoted prices	6	–	–	–	6
Level 3 – calculated using valuation techniques	184,725	–	77,758	–	262,483
Total	**209,201**	**51,614**	**771,372**	**–**	**1,032,187**

Securities available for sale comprise primarily bonds, shares and bills of exchanges as at 31 December 2013 and bonds and shares at 31 December 2012. Bonds as at 31 December 2013 comprise Czech government bonds in amount of EUR 314,084 thousand (2012: EUR 401,496 thousand), Slovak government bonds in amount of EUR 164,338 thousand (2012: EUR 224,111 thousand), Polish government bonds of EUR 85,508 thousand (2012: nil) and bonds of Czech Property Investment, a.s. of EUR 161,038 thousand (2012: EUR 33,721 thousand).

The weighted average interest rate of the securities was 4.01% (2012: 3.36%). The maturity of the bonds is between 2014 and 2023. Bonds with maturity in 2023 are in amount of EUR 173,868 thousand (2012: EUR 197,133 thousand).

Shares at fair value as at 31 December 2013 comprise primarily shares of GIM Limited of EUR 48,980 thousand (2012: EUR 100,000 thousand), Best Hotel Properties, a.s. of EUR 28,733 thousand (2012: nil), Unipetrol, a.s. of EUR 19,050 thousand (2012: nil), Tatry mountain resorts, a.s. of EUR 10,113 thousand (2012: nil) and ČEZ, a.s. of EUR 6,227 thousand (2012: EUR 8,992 thousand).

(ii) Detail of fair value measurement in Level 3

The following table shows a reconciliation from the opening balances to the closing balances for fair value measurements in Level 3 of the fair value hierarchy:

In thousands of EUR	Equity instruments	Bonds	Other financial assets	Total
Balance at 1 January 2013	184,725	77,758	–	262,483
Total gains (losses) recognised in other comprehensive income	2,174	236	(3)	2,407
Acquired subsidiaries	49,210	137,796	158,828	345,834
Disposed subsidiaries and special purpose entities	(39,196)	–	–	(39,196)
Additions	21,959	87,996	522,200	632,155
Disposals	(100,895)	(68,266)	(558,653)	(727,814)
Interest income less interest received	–	1,199	6,543	7,742
Effect of movements in foreign exchange	(758)	1,449	–	691
Balance at 31 December 2013	**117,219**	**238,168**	**128,915**	**484,302**
Balance at 1 January 2012	167,699	4,909	35,040	207,648
Total gains (losses) recognised in other comprehensive income	2,289	(902)	–	1,387
Additions	27,263	77,460	–	104,723
Disposals	(11,634)	(4,882)	(35,040)	(51,556)
Interest income less interest received	–	1,054	–	1,054
Effect of movements in foreign exchange	(892)	119	–	(773)
Balance at 31 December 2012	**184,725**	**77,758**	**–**	**262,483**

There were no transfers of securities available for sale between Level 1 and Level 2 or Level 3 of the fair value hierarchy during the years ended 31 December 2013 and 2012.

17. FINANCIAL INSTRUMENTS HELD TO MATURITY

In thousands of EUR	31 December 2013	31 December 2012
Slovak government bonds	575,948	–
Government bonds of other European Union countries	247,668	–
Financial institution and corporate bonds	68,617	84,495
Total financial instruments held to maturity	**892,233**	**84,495**

Government bonds of other European Union countries as at 31 December 2013 comprise Hungarian government bonds in amount of EUR 132,097 thousand (2012: nil), Greek government bonds in amount of EUR 73,795 thousand (2012: nil) government bonds of Cyprus in amount of EUR 41,776 thousand (2012: nil). Bonds of Financial institution and corporate bonds comprise the following bonds listed on stock exchanges: MOL Hungarian Oil and Gas in amount of EUR 31,723 thousand (2012: EUR 31,237 thousand), Home Credit & Finance Bank LLC in amount of EUR 19,990 thousand (2012: EUR 20,949 thousand) and Gaz Capital S.A. of EUR 15,593 thousand (2012: EUR 16,100 thousand).

At 31 December 2013 EUR 673,446 thousand (2012: EUR 65,845 thousand) of financial instruments held to maturity are expected to be recovered more than 12 months after the reporting date.

18. LOANS AND ADVANCES TO BANKS

In thousands of EUR	31 December 2013	31 December 2012
Obligatory minimum reserves deposited in central banks	233,552	69,691
Term deposits	2,915	1,593
Other loans and advances to banks	925	83,528
Total loans and advances to banks	**237,392**	**154,812**

At 31 December 2013 EUR 1,919 thousand (2012: EUR 57,641 thousand) of loans to banks are expected to be recovered more than 12 months after the reporting date.

The weighted average interest rate of loans to banks as at 31 December 2013 was 0.43% (2012: 0.97%).

Balances with central banks represent the obligatory minimum reserves maintained by J&T BANKA, a.s., J&T Bank ZAO and Poštová banka, a.s. under regulations of the relevant regulatory authorities. The obligatory minimum reserve for J&T BANKA, a.s. is calculated as 2% of primary deposits with a maturity of less than two years. These obligatory minimum reserves are interest earning. The obligatory minimum reserve for J&T Bank ZAO is calculated as 5.5% of nonresidents' deposits (including banks) and 4.0% of residents' deposits (excluding banks) minus average balances of deposits and accrued interest multiplied by 0.6. In the case of J&T Bank ZAO, the obligatory minimum reserve is not bearing any interest. The obligatory minimum reserve for Poštová banka, a.s. is calculated as 1% of primary deposits with maturity of less than two years and is interest bearing.

19. LOANS AND ADVANCES TO CUSTOMERS

In thousands of EUR	31 December 2013	31 December 2012
Loans and advances to customers	4,417,912	2,562,409
Less allowance for impairment of loans	(69 225)	(38 252)
Net loans and advances to customers	**4,348,687**	**2,524,157**

At 31 December 2013 EUR 2,168,624 thousand (2012: EUR 1,148,337 thousand) of loans and advances to customers are expected to be recovered more than 12 months after the reporting date.

Loans and advances to customers include 290 significant loans and advances, which represent 99.98% of total loans and advances to customers (2012: 360 representing 99.93%).

Loans and advances include a loan of EUR 100,016 thousand including accrued interest, granted to Energetický a průmyslový holding, a.s. (2012: EUR 105,930 thousand). In 2013 the Group had loans to four other customers with an aggregated balance of EUR 416,414 thousand (2012: EUR 360,879 thousand).

In 2012 the Group entered into financing arrangements with Energetický a průmyslový holding, a.s. (EPH), based on which a loan of EUR 100,000 thousand, repayable by 31 March 2016 at the latest, was granted. The loan principal may be converted by issuance of new shares into EPH equity (combination of Share capital and Share premium) at the discretion of either EPH (as a debtor) or the lender. The conversion option varies depending on the particular loan and whether the convertor is the lender or borrower. The utmost conversion date is 31 March 2016.

As noted above, this financing arrangement contains embedded options to swap the outstanding amount of loan principal into EPH shares, under pre-defined conditions. Management believes that the fair value of the option cannot be reasonably measured due to the fact that it is impossible to reliably determine the time value of the embedded option, which is expected to represent a significant portion of the overall option's fair value. As a consequence, the embedded derivative is measured at cost, which is zero.

Provisions for loans and advances to customers are determined and recorded based on the financial position and expected cash flows of the debtor, taking into account the value of collateral as well as guarantees from third parties.

A significant part of the loans provided to customers relate to financing of projects and, as such, the repayment is dependent on realisation of the assets acquired by the customers financed by these loans as part of the projects. The assets are, in many cases, pledged in favour of the Group. Management believes that these receivables will be repaid in full.

The amount of non-interest bearing loans as at 31 December 2013 totaled EUR 3,674 thousand (2012: EUR 3,238 thousand). These loans are mostly from the former Podnikateľská banka, the clients of which are now in bankruptcy proceedings. Receivables from these loans are fully provided for.

The weighted average interest rate of loans to customers as at 31 December 2013 was 8.03% (2012: 7.83%).

20. IMPAIRMENT OF LOANS

In thousands of EUR	2013	2012
Balance at 1 January	38,252	64,593
Creation	53,332	28,586
Release	(8,829)	(20,625)
Use	(5,523)	(35,515)
Differences due to foreign currency translation	(2,494)	1,246
Changes due to outgoing entities	(5,513)	(33)
Balance at 31 December	**69,225**	**38,252**

21. LOANS TO "LIMITED PARTNERSHIPS"

As at 31 December 2012 Loans to "Limited Partnerships" included two loans of EUR 211,239 thousand and EUR 165,204 thousand, including accrued interest, granted to J&T Partners LP I and J&T Partners LP II, which hold participations in Energetický a průmyslový holding, a.s. (Czech Republic), and were expected to be recovered more than 12 months after the reporting date.

These loans were disposed of during 2013 as part of the divestment of the Principal Investment segment (refer to Note 1. Corporate information and Note 5.2. Disposals).

22. REPURCHASE AND RESALE AGREEMENTS

22.1. Repurchase agreements

The Group raises funds by selling financial instruments under agreements to repay the funds by repurchasing the instruments at future dates at the same price, plus interest at a predetermined rate. At 31 December 2013 and 2012, total assets sold under repurchase agreement were as follows:

31 December 2013

In thousands of EUR	Fair value of underlying asset	Carrying amount of liability	Repurchase price
LOANS AND ADVANCES FROM CUSTOMERS			
– maturity up to 1 month	836	837	838
– maturity 1-6 months	4	4	4
LOANS AND ADVANCES FROM BANKS			
– maturity up to 1 month	78,642	73,780	73,795
– maturity 1-6 months	63,381	50,778	50,820
Total	**142,863**	**125,399**	**125,457**

31 December 2012

In thousands of EUR	Fair value of underlying asset	Carrying amount of liability	Repurchase price
LOANS AND ADVANCES FROM CUSTOMERS			
– maturity up to 1 month	14,151	11,516	11,519
– maturity 1-6 months	8,291	6,600	6,704
– maturity 6-12 months	8,303	5,651	5,899
LOANS AND ADVANCES FROM BANKS			
– maturity up to 1 month	29,339	20,961	20,972
Total	**60,084**	**44,728**	**45,094**

22.2. Reverse repurchase agreements

The Group also purchases financial instruments under agreements to resell them at future dates ("reverse repurchase agreements"). Reverse repurchases are entered into as a facility to provide funds to customers. At 31 December 2013 and 2012, total assets purchased subject to agreements to resell them were as follows:

31 December 2013

In thousands of EUR	Fair value of assets held as collateral	Carrying amount of receivable	Repurchase price
LOANS AND ADVANCES TO CUSTOMERS			
– maturity up to 1 month	519,822	429,092	430,411
– maturity 1-6 months	195,067	160,044	163,426
LOANS AND ADVANCES TO BANKS AND CASH AND CASH EQUIVALENTS			
– maturity up to 1 month	14	15	15
Total	**714,903**	**589,151**	**593,852**

31 December 2012

In thousands of EUR	Fair value of assets held as collateral	Carrying amount of receivable	Repurchase price
LOANS AND ADVANCES TO CUSTOMERS			
– maturity up to 1 month	271,067	199,573	200,021
– maturity 1-6 months	2,170	1,744	1,761
LOANS AND ADVANCES TO BANKS, CASH AND CASH EQUIVALENTS			
– maturity up to 1 month	61	60	60
– maturity 1-6 months	81,275	75,061	75,124
Total	**354,573**	**276,438**	**276,966**

Loans and advances to banks with an original maturity up to three months are disclosed as cash and cash equivalents.

23. TRADE RECEIVABLES AND OTHER ASSETS

In thousands of EUR	31 December 2013	31 December 2012
Receivables from capital contribution (refer to Note 34)	192,000	–
Trade receivables	20,169	24,000
– brutto	20,583	24,370
– allowance	(414)	(370)
Settlement with post offices	17,474	–
Expected proceeds from liquidation	8,566	8,566
Purchased receivables	7,787	17,153
Receivables from sale of subsidiaries	5,401	20
Securities settlement balances	5,164	13,920
Receivables from insurance and reinsurance	566	–
Other tax receivables	484	646
Other receivables	38,688	31,290
– brutto	38,944	31,290
– allowance	(256)	–
Total receivables presented under risk management (see Note 39)	**296,299**	**95,595**
Prepayments	23,430	4,694
Advance payments	2,451	429,999
Inventories	201	96
Total non-financial receivables and other assets	**26,082**	**434,789**
Total trade receivables and other assets	**322,381**	**530,384**

At 31 December 2013, EUR 2,725 thousand (2012: EUR 18,564 thousand) of trade receivables and other assets are expected to be recovered more than 12 months after the reporting date.

Advance payments as at 31 December 2012 included EUR 422,236 thousand relating to the Group's planned acquisition of Poštová banka, a.s. in 2013 (refer to Note 3.1. Business combinations and purchase price allocations and Note 5.1. (c) Effect of acquisitions).

24. INVESTMENT PROPERTY

In thousands of EUR	2013	2012
Balance at 1 January	26,476	–
Additions	684	–
Acquisition through business combination	114,797	26,538
Effect of movement in foreign exchange	(3,166)	(62)
Balance at 31 December	**138,791**	**26,476**

Investment property as at 31 December 2013 includes land in amount of EUR 43,350 thousand (2012: nil) and buildings in amount of EUR 95,441 thousand (2012: EUR 26,476 thousand).

The Group acquired investment property in 2012 through the acquisition of Interznanie OAO (refer to Note 3.1. Business combinations and purchase price allocations and Note 5.1. Acquisition of subsidiaries). Due to the acquisition of Poštová banka, a.s., the value of investment property increased significantly in 2013 through obtaining control in real estate investment funds.

At 31 December 2013 investment property with a carrying amount of EUR 66,497 thousand is subject to pledges securing bank loans (2012: EUR 26,476 thousand).

As at 31 December 2013 the insured amount of the buildings included in Group's investment property totals EUR 92,322 thousand (2012: EUR 26,476 thousand).

25. INTANGIBLE ASSETS

In thousands of EUR	Goodwill	Contracts and brand	Customer relationships	Software and other intangible assets	Total
COST					
Balance at 1 January 2012	20,834	–	46,172	11,096	78,102
Additions	–	–	–	1,848	1,848
Acquisitions through business combinations	10,981	–	–	–	10,981
Disposals	(1,006)	–	(3,506)	(498)	(5,010)
Effect of movements in foreign exchange	204	–	(587)	237	(146)
Balance at 31 December 2012	**31,013**	**–**	**42,079**	**12,683**	**85,775**
Balance at 1 January 2013	31,013	–	42,079	12,683	85,775
Additions	–	–	–	10,869	10,869
Acquisitions through business combinations	20,033	89,316	35,388	20,009	164,746
Disposals	(115)	–	–	(3,746)	(3,861)
Effect of movements in foreign exchange	(2,719)	–	(2,027)	(964)	(5,710)
Balance at 31 December 2013	**48,212**	**89,316**	**75,440**	**38,851**	**251,819**
AMORTIZATION AND IMPAIRMENT LOSSES					
Balance at 1 January 2012	(12,967)	–	(41,688)	(7,689)	(62,344)
Amortization charge for the year	–	–	(833)	(1,668)	(2,501)
Impairment	–	–	(697)	(291)	(988)
Disposals	1,006	–	3,506	443	4,955
Effect of movements in foreign exchange	(29)	–	689	(155)	505
Balance at 31 December 2012	**(11,990)**	**–**	**(39,023)**	**(9,360)**	**(60,373)**
Balance at 1 January 2013	(11,990)	–	(39,023)	(9,360)	(60,373)
Amortization charge for the year	–	(3,308)	(3,381)	(3,827)	(10,516)
Impairment	(1,914)	–	–	–	(1,914)
Disposals	–	–	–	321	321
Effect of movements in foreign exchange	941	–	1,808	552	3,301
Balance at 31 December 2013	**(12,963)**	**(3,308)**	**(40,596)**	**(12,314)**	**(69,181)**
CARRYING AMOUNT					
At 1 January 2012	7,867	–	4,484	3,407	15,758
At 31 December 2012	**19,023**	**–**	**3,056**	**3,323**	**25,402**
At 1 January 2013	19,023	–	3,056	3,323	25,402
At 31 December 2013	**35,249**	**86,008**	**34,844**	**26,537**	**182,638**

Assets under development and borrowing costs

As at 31 December 2013 the cost of intangible assets under development (included in Other intangible assets) was EUR 2,202 thousand (2012: EUR 285 thousand).

There were no capitalised borrowing costs related to the acquisition of intangible assets during the year (2012: nil).

26. PROPERTY, PLANT AND EQUIPMENT

In thousands of EUR	Land and buildings	Aircraft and related flight equipment	Fixtures, fittings and equipment	Total
COST				
Balance at 1 January 2012	6,797	8,627	10,428	25,852
Additions	566	934	2,143	3,643
Acquisitions through business combinations	6,635	–	777	7,412
Disposals	–	–	(1,696)	(1,696)
Disposals of subsidiaries	–	–	(877)	(877)
Transfers	179	–	(179)	–
Effect of movements in foreign exchange	(12)	(191)	121	(82)
Balance at 31 December 2012	**14,165**	**9,370**	**10,717**	**34,252**
Balance at 1 January 2013	14,165	9,370	10,717	34,252
Additions	70	–	5,119	5,189
Acquisitions through business combinations	20,512	–	11,357	31,869
Disposals	(7,618)	–	(2,947)	(10,565)
Effect of movements in foreign exchange	(801)	(406)	(584)	(1,791)
Balance at 31 December 2013	**26,328**	**8,964**	**23,662**	**58,954**
DEPRECIATION AND IMPAIRMENT LOSSES				
Balance at 1 January 2012	(200)	(278)	(5,761)	(6,239)
Depreciation charge for the year	(303)	(557)	(2,468)	(3,328)
Impairment	–	(666)	–	(666)
Disposals	–	–	1,437	1,437
Disposals of subsidiaries	–	–	860	860
Effect of movements in foreign exchange	(2)	37	(71)	(36)
Balance at 31 December 2012	**(505)**	**(1,464)**	**(6,003)**	**(7,972)**
Balance at 1 January 2013	(505)	(1,464)	(6,003)	(7,972)
Depreciation charge for the year	(1,264)	(576)	(3,798)	(5,638)
Impairment	–	(980)	–	(980)
Disposals	1	–	1,328	1,329
Effect of movements in foreign exchange	38	120	167	325
Balance at 31 December 2013	**(1,730)**	**(2,900)**	**(8,306)**	**(12,936)**
CARRYING AMOUNT				
At 1 January 2012	6,597	8,349	4,667	19,613
At 31 December 2012	**13,660**	**7,906**	**4,714**	**26,280**
At 1 January 2013	13,660	7,906	4,714	26,280
At 31 December 2013	**24,598**	**6,064**	**15,356**	**46,018**

At 31 December 2013 property, plant and equipment with a carrying value of EUR 10,728 thousand is subject to pledges securing bank loans (2012: EUR 6,619 thousand).

As at 31 December 2013 the insured amount of the Group's property, plant and equipment totals EUR 96,295 thousand (2012: EUR 48,475 thousand).

Assets under construction and borrowing costs
As at 31 December 2013 the cost of property, plant and equipment under construction (included in Fixtures, fittings and equipment) was EUR 24 thousand (2012: EUR 308 thousand).

There were no capitalised borrowing costs related to the acquisition of property, plant and equipment during the year (2012: nil).

Idle assets
At 31 December 2013 the Group had no material idle assets (2012: nil).

27. DEPOSITS AND LOANS FROM BANKS

In thousands of EUR	31 December 2013	31 December 2012
Received loans from repurchase agreements	124,558	20,961
Term deposit from banks	60,324	122,506
Other received loans	51,208	347,310
Total deposits and loans from banks	**236,090**	**490,777**

KAt 31 December 2013 EUR 29,632 thousand (2012: EUR 311,412 thousand) of deposits and loans from banks are expected to be settled more than 12 months after the reporting date.

The weighted average interest rate of deposits and loans from banks as at 31 December 2013 was 1.93% (2012: 2.32%).

For more information about repurchase agreements see Note 22. Repurchase and resale agreements.

28. DEPOSITS AND LOANS FROM CUSTOMERS

In thousands of EUR	31 December 2013	31 December 2012
DEPOSIT AND LOANS FROM CUSTOMERS		
Term and escrow deposits	4,844,994	2,224,246
Received loans from repurchase agreements	841	23,767
Other received loans	1,545,488	959,969
Total	**6,391,323**	**3,207,982**
ISSUED DEBT SECURITIES AT AMORTISED COST		
Issued bills of exchange	59,046	716,449
Other liabilities from issued debt securities	–	3,254
	59,046	**719,703**
Total	**6,450,369**	**3,927,685**

At 31 December 2013 EUR 955,145 thousand (2012: EUR 705,026 thousand) of deposits and loans from customers are expected to be settled more than 12 months after the reporting date.

The weighted average interest rate of deposits and loans from customers as at 31 December 2013 was 2.21% (2012: 4.23%).

For more information about repurchase agreements see Note 22. Repurchase and resale agreements.

29. ISSUED BONDS

In thousands of EUR	Original currency	Interest rate	Maturity date	31 December 2013	31 December 2012
Bonds listed on Prague Stock Exchange	CZK	6.4%	30.11.2014	160,985	159,712
Bonds listed on Bratislava Stock Exchange	EUR	6.4%	6.2.2015	63,573	100,599
Bonds listed on Bratislava Stock Exchange	EUR	6.0%	21.6.2016	77,924	–
Total issued bonds	**–**	**–**	**–**	**302,482**	**260,311**

In November 2011 the Group issued 1,000 pieces of bonds with a nominal value of CZK 3,000 thousand per piece, that are listed and traded on the Prague Stock Exchange. By the end of 2011 an additional 170 pieces and in February 2012 another 330 pieces of CZK denominated bonds were issued.

In February 2012 the Group issued 1,000 pieces of bonds with a nominal value of EUR 100 thousand per piece, which were formally accepted by the Bratislava Stock Exchange in March 2012 and are traded on the regulated market.

In June 2013 the Group issued another 100,000 pieces of bonds with a nominal value of EUR 1,000 per piece. The bonds are listed and traded on the Bratislava Stock Exchange.

The interest from the three issues is paid regularly twice a year.

The total carrying amoung of the bonds issued does not include the amount of the bonds held by the companies within the Group.

30. SUBORDINATED DEBT

In thousands of EUR	31 December 2013	31 December 2012
Subordinated debt at amortised cost	156,686	89,613

As at 31 December 2013 and 2012 subordinated debt includes floating rate subordinated notes issued by J&T BANKA, a.s. (initial amount of EUR 25,000 thousand) with maturity in 2022, subordinated term deposits (initial amount of EUR 2,000 thousand) with maturity in 2020, floating rate subordinated notes issued by J&T FINANCE GROUP, a.s. (initial amount of EUR 50,000 thousand) with maturity in 2022 and fixed interest rate subordinated deposit (initial amount of EUR 12,000 thousand) with maturity in 2023.

As at 31 December 2013 subordinated debt includes a new fixed interest subordinated loan (initial amount of EUR 60,000 thousand) with maturity in 2023 and fixed interest subordinated deposits of individuals (initial amount of EUR 5,000 thousand) with maturity in 2019.

Floating rate subordinated notes are based on 3 months EURIBOR. The weighted average interest rate on the subordinated debt as at 31 December 2013 was 4.95% (2012: 5.35%).

31. TRADE PAYABLES AND OTHER LIABILITIES

In thousands of EUR	31 December 2013	31 December 2012
Trade payables	9,475	78,933
Securities settlement balances	7,149	8,168
Payables to clients from securities trading	69,325	80,991
Employee benefits	24,784	4,915
Uninvoiced supplies	7,644	7,080
Liabilities arising from acquisitions of subsidiaries and SPEs	–	2,286
Other liabilities	42,925	21,012
Total payables presented under risk management (see Note 39)	**161,302**	**203,385**
Advance payments received	1,087	1,343
Deferred income	3,389	3,059
Total non-financial payables and other liabilities	**4,476**	**4,402**
Total	**165,778**	**207,787**

At 31 December 2013 EUR 313 thousand (2012: EUR 394 thousand) of trade payables and other liabilities are expected to be paid more than 12 months after the reporting date.

32. PROVISIONS

In thousands of EUR	Insurance contracts	Other	Total
Balance at 1 January 2012	–	38,015	38,015
Provisions recorded during the period	–	8,260	8,260
Provisions used during the period	–	(37,004)	(37,004)
Provisions reversed during the period	–	(855)	(855)
Decrease from outgoing entities	–	(6,602)	(6,602)
Foreign exchange loss	–	(33)	(33)
Balance at 31 December 2012	**–**	**1,781**	**1,781**
Balance at 1 January 2013	–	1,781	1,781
Additions through business combinations	5,250	1,303	6,553
Provisions recorded during the period	1,995	4,957	6,952
Provisions used during the period	(1,343)	(2,143)	(3,486)
Provisions reversed during the period	–	(86)	(86)
Foreign exchange gain	–	(406)	(406)
Balance at 31 December 2013	**5,902**	**5,406**	**11,308**

As at 31 December 2013 provisions in amount of EUR 5,962 thousand (2012: nil) are expected to be used later than 12 months after the reporting date. These include mainly provisions for life insurace of EUR 5,531 thousand (2012: nil) and provisions for unearned premiums of EUR 371 thousand (2012: nil).

Other provisions include mainly provisions for a clients benefit programme (Magnus) of EUR 2,143 thousand (2012: EUR 1,150 thousand) and warranty provisions of EUR 1,049 thousand (2012: EUR 417 thousand).

33. DEFERRED TAX ASSETS AND LIABILITIES

33.1. Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following item:

In thousands of EUR	31 December 2013	31 December 2012
Tax losses carried forward	20,972	39,277

An estimation of the expiry of unrecognized tax losses is as follows:

In thousands of EUR	2014	2015	2016	2017	Po 2017
Tax losses	5,262	5,251	5,251	4,393	815

A deferred tax asset is recognised for the carry forward of unused tax losses only to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized.

Tax losses expire over a period of five years for losses arisen after 1 January 2004 in the Czech Republic. In Slovakia, tax losses arisen in the years 2008-2009 expire over a period of five years and tax losses arisen after 1 January 2010 can be amortised in the next four years equally each year. Some deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because, due to the varying nature of the sources of these assets, it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

33.2. Recognised deferred tax assets and liabilities

The following deferred tax assets and liabilities have been recognised:

In thousands of EUR	31 December 2013		31 December 2012	
	Assets	Liabilities	Assets	Liabilities
Property, plant and equipment	114	1,473	17	237
Intangible assets	6	2,014	20	665
Investment property	–	4,461	–	4,775
Impairment of trade receivables and other assets	8,601	–	5	–
Securities available for sale	2	3,504	906	4,633
Financial instruments held to maturity	–	12,567	–	–
Employee benefits (IAS 19)	935	–	–	–
Unpaid interest, net	–	83	–	924
Financial assets at fair value through profit or loss	61	–	50	874
Loans and borrowings	–	20,766	766	520
Provisions	2,019	–	12	–
Tax losses	16,938	–	446	–
Other temporary differences	237	41	320	34
	28,913	44,909	2,542	12,662
Netting[1]	(25,619)	(25,619)	(1,346)	(1,346)
Total	**3,294**	**19,290**	**1,196**	**11,316**

[1] Netting - gross deferred tax assets and liabilities were netted for each individual subsidiary of the Group when applicable.

Many parts of Slovak, Czech and Russian tax legislation remain untested and there is uncertainty about the interpretation that the financial authorities may apply in a number of areas. The effect of this uncertainty cannot be quantified and will only be resolved as legislative precedents are set or when the official interpretations of the authorities are available.

34. SHAREHOLDERS' EQUITY

(i) Share capital and share premium

The authorised, issued and fully paid share capital as at 31 December 2013 and 2012 consisted of 19,000 ordinary shares with a par value of EUR 1.66 thousand each.

The shareholders are entitled to receive dividends and to one vote per share at meetings of the Company's shareholders. The sole shareholder of the Group is TECHNO PLUS, a. s. Payment of dividends in amount of EUR 140,000 thousand was approved by the sole shareholder on 15 June 2011 and dividends were paid in three tranches in May 2012.

31 December 2013

	Number of shares	Ownership %	Voting rights %
TECHNO PLUS, a. s.	19,000	100	100
Total	**19,000**	**100**	**100**

(ii) Non-distributable reserves

Non-distributable reserves include the legal reserve fund of the parent company and post-acquisition increases in subsidiaries' legal reserves. The legal reserve fund can only be used to cover losses of the Company and it may not be distributed as a dividend. The calculation of the legal reserve is based on local statutory regulations.

In Slovakia creation of a legal reserve fund is required at a minimum of 10% of net profit (annually) and up to a minimum of 20% of the registered share capital (cumulative balance).

In the Czech Republic creation of a legal reserve fund is required at a minimum of 20% of net profit (annually), however up to a maximum of 10% of the registered share capital in the first year. In the following years at a minimum of 5% of net profit (annually) and up to a minimum of 20% of the registered share capital.

In Russia creation of a legal reserve fund is required at a minimum of 5 % of net profit (annually) up to a minimum of 5% of the registered share capital.

(iii) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations that are not integral to the operations of the Company.

(iv) Other reserves and funds

Other reserves comprise changes in the fair value of financial instruments available-for-sale.

In addition, in 2013, the shareholder increased the equity through contribution of bills of exchange amounting to EUR 192,000 thousand to Other capital funds (refer also to Note 23. Trade receivables and other assets). Part of the receivable due from the shareholder in amount of EUR 142,000 thousand will be set off with the corresponding liability of TECHNO PLUS, a. s. after the merger (refer to Note 42. Subsequent events). The remaining EUR 50,000 thousand were paid as at the date of issuance of these financial statements.

35. NON-CONTROLLING INTERESTS

In thousands of EUR	31 December 2013	31 December 2012
Poštová banka, a.s.	66,870	–
Equity Holding, a.s.	17,196	17,738
J&T REALITY otevřený podílový fond, J&T INVESTIČNÍ SPOLEČNOST, a. s.	5,267	–
Other	1,534	(617)
Total non-controlling interests	**90,867**	**17,121**

36. FAIR VALUE INFORMATION

The following table is a comparison of the carrying amounts and fair values of the Group's financial assets and liabilities that are not carried at fair value:

In thousands of EUR	Carrying amount	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS					
Cash and cash equivalents	499,094	–	499,033	–	499,033
Financial instruments held to maturity	892,233	919,824	–	–	919,824
Loans and advances to banks	237,392	–	237,253	–	237,253
Loans and advances to customers	4,348,687	–	4,606,578	240,960	4,847,538
Trade receivables and other financial assets under risk management	296,299	–	295,927	–	295,927
FINANCIAL LIABILITIES					
Deposits and loans from banks	236,090	–	234,259	–	234,259
Deposits and loans from clients	6,450,369	–	6,335,780	20,238	6,356,018
Issued bonds	302,482	312,533	–	–	312,533
Subordinated debt	156,686	–	159,406	–	159,406
Trade payables and other financial liabilities under risk management	161,302	–	161,302	–	161,302

Estimation of fair values

The following summarizes the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table.

Loans and advances: Fair value is calculated based on discounted expected future principal and interest cash flows using the appropriate yield curve and risk spread. Expected future cash flows are estimated considering credit risk and any indication of impairment. The estimated fair values of loans reflect changes in credit status since the loans were made and changes in interest rates in the case of fixed rate loans.

Bank and customer deposits: For demand deposits and deposits with no defined maturities, fair value is taken to be the amount payable on demand at the statement of financial position date. The estimated fair value of fixed-maturity deposits is based on discounted cash flows using appropriate yield curve.

Trade receivables/ payables and other assets/ liabilities: For receivables/ payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. Other receivables/ payables are discounted to determine the fair value.

Financial instruments held to maturity: Fair value is based on quoted market prices traded in active markets at the statement of financial position date. If not available, the fair value is calculated based on discounted expected future principal and interest cash flows using the appropriate yield curve and risk spread. Expected future cash flows are estimated considering credit risk and any indication of impairment. The estimated fair values of financial instruments held to maturity reflect changes in credit status since they were acquired and changes in interest rates in the case of fixed rate instruments

37. FINANCIAL COMMITMENTS AND CONTINGENCIES

In thousands of EUR	31 December 2013	31 December 2012
Accepted and endorsed bills of exchange	102,703	73,268
Guarantees given	297,973	326,237
Pledged assets	489,062	457,637
Loan commitments	330,033	255,005
Total financial commitments and contingencies	**1,219,771**	**1,112,147**

The carrying value of pledged assets that are used as collateral for loan financing is EUR 489,062 thousand (2012: EUR 457,637 thousand). Guarantees given mostly represent various guarantees issued in relation to loans, bills of exchange issued by other parties, lease contracts and other liabilities of third parties in amount of EUR 297,973 thousand (2012: EUR 326,237 thousand). These guarantees are disclosed in the table above at the amount of the possible obligation in the future. The maximum amount payable for guarantees given by the Group as at 31 December 2013 is EUR 307,879 thousand (2012: EUR 330,794 thousand). Loan commitments relate to loan facilities granted by the banks of the Group.

On 18 May 2010 the Group announced a minimum guaranteed return on TATRY MOUNTAIN RESORTS, a.s. (TMR) shares listed on the Bratislava Stock Exchange of 6% per annum. The guaranteed return is through repurchasing shares of maximum value of EUR 20,000 thousandn each year during the following three years. Based on the current development in market prices of the shares together with expected payments of dividends, the Group did not anticipate any outflow of economic resources from this guarantee as at 31 December 2012. The guarantee expired on 3 June 2013.

38. OPERATING LEASES

38.1. Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

In thousands of EUR	31 December 2013	31 December 2012
Less than one year	5,544	5,558
Between one and five years	14,330	15,110
More than five years	6,186	8,819
Total	**26,060**	**29,487**

The Group leases a number of cars and administration space under operating leases. The administration space leases typically run for an initial period of five to fifteen years, with an option to renew after that date. During the year ended 31 December 2013, EUR 8,755 thousand was recognized as an expense in the income statement in respect of operating leases for continuing operations (2012: EUR 6,003 thousand as restated for continuing operations only).

38.2. Leases as lessor

The Group leases out its property under operating leases. Non-cancellable operating lease rentals are receivable as follows:

In thousands of EUR	31 December 2013	31 December 2012
Less than one year	177	908
Between one and five years	73	426
More than five years	5	27
Total	**255**	**1,361**

During the year ended 31 December 2013, EUR 9,742 thousand was recognized as rental income from continuing operations (2012: EUR 5,826 thousand).

39. RISK MANAGEMENT POLICIES AND DISCLOSURES

The Group has exposure to the following risks:
- credit risk,
- liquidity risk,
- market risk
- operation risks

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

39.1. Credit risk

The Group's primary exposure to credit risk arises through its loans and advances provided. The maximum amount of credit exposure is represented by the respective carrying amounts in the statement of financial position. In addition, the Group is exposed to off-balance sheet credit risk through commitments to extend credit and financial guarantees (refer to Note 37. Financial commitments and contingencies). Most loans and advances are to corporates (companies from the non-financial sector, retail and various manufacturing companies). Further loans and advances are to retail, banks and other financial institutions.

The carrying amount of loans and advances and the off-balance sheet amounts represent the maximum accounting loss that would be recognised on these items at the statement of financial position date if counterparties failed to perform completely as contracted and any collateral or security proved to be of no value. The Group's policy is to require suitable collateral to be provided by customers prior to the disbursement of loans by the Group's banks.

The assessment of credit risk in respect of a counter-party or an issued debt is based on the Group's internal rating system, covering both external credit assessments by the S&P, Moody's or Fitch rating agencies, and the Group's internal scoring system.

The scoring system of the Group has seven degrees. It is based on a standardised point evaluation of relevant criteria, which describe the financial position of a contractual party and its ability to fulfil its credit obligations – in both cases including the expected development, quality and adequacy of the collateral, as well as proposed conditions for effecting the transaction. The internal rating is determined using the credit scale of S&P.

Credit risk in the banking entities of the Group is managed based on credit analysis and the Internal Rating Based (IRB) methodology.

The Group monitors concentrations of credit risk by sector and by geographic location.

(i) Concentration of credit risk by sector

31 December 2013

In thousands of EUR	Corporate	State, government	Financial institutions	Individuals	Other	Total
ASSETS						
Cash and cash equivalents	–	–	470,042	–	29,052	499,094
Financial assets at fair value through profit or loss	148,467	176,090	40,023	63	414	365,057
Securities available for sale	494,592	563,929	234,078	43,666	–	1,336,265
Financial instruments held to maturity	15,882	824,638	51,713	–	–	892,233
Loans and advances to banks	–	–	237,392	–	–	237,392
Loans and advances to customers	3,242,471	–	441,527	659,660	5,029	4,348,687
Loans to "Limited Partnerships"	–	–	–	–	–	–
Trade receivables and other financial assets under risk management	60,108	3,464	155,795	51,662	28,068	299,097
Total	**3,961,520**	**1,568,121**	**1,630,570**	**755,051**	**62,563**	**7,977,825**
LIABILITIES (FOR INFORMATIONAL PURPOSES)						
Financial liabilities at fair value through profit or loss	8,167	–	20,143	947	–	29,257
Deposits and loans from banks	–	–	236,090	–	–	236,090
Deposits and loans from customers	1,460,344	224,653	213,360	4,435,916	116,096	6,450,369
Issued bonds	47,135	2,639	111,311	139,638	1,759	302,482
Subordinated debt	121,587	–	27,810	5,230	2,059	156,686
Trade payables and other financial liabilities under risk management	68,918	10,514	10,532	49,089	26,456	165,509
Total	**1,706,151**	**237,806**	**619,246**	**4,630,820**	**146,370**	**7,340,393**

31 December 2012

In thousands of EUR	Corporate	State, government	Financial institutions	Individuals	Other	Total
ASSETS						
Cash and cash equivalents	–	–	412,604	–	5,394	417,998
Financial assets at fair value through profit or loss	372,137	73,304	68,838	210	–	514,489
Securities available for sale	296,145	625,606	110,436	–	–	1,032,187
Financial instruments held to maturity	31,270	–	53,225	–	–	84,495
Loans and advances to banks	–	–	154,812	–	–	154,812
Loans and advances to customers	2,304,975	–	101,268	115,570	2,344	2,524,157
Loans to "Limited Partnerships"	376,443	–	–	–	–	376,443
Trade receivables and other financial assets under risk management	76,244	2,598	17,422	940	77	97,281
Total	**3,457,214**	**701,508**	**918,605**	**116,720**	**7,815**	**5,201,862**
LIABILITIES (FOR INFORMATIONAL PURPOSES)						
Financial liabilities at fair value through profit or loss	1,565	–	2,546	352	15	4,478
Deposits and loans from banks	–	–	490,777	–	–	490,777
Deposits and loans from customers	1,959,673	179,142	69,030	1,508,548	211,292	3,927,685
Issued bonds	35,611	1,559	159,211	63,091	839	260,311
Subordinated debt	59,115	–	27,717	539	2,242	89,613
Trade payables and other financial liabilities under risk management	70,420	11,547	25,181	102,582	1,207	210,937
Total	**2,126,384**	**192,248**	**774,462**	**1,675,112**	**215,595**	**4,983,801**

(ii) Concentration of credit risk by location

31 December 2013

In thousands of EUR	Slovakia	Czech Republic	Cyprus	Liech-tenstein	Other	Total
ASSETS						
Cash and cash equivalents	38,717	357,548	34	–	102,795	499,094
Financial assets at fair value through profit or loss	130,096	168,400	4,734	2	61,825	365,057
Securities available for sale	441,591	593,755	86,583	–	214,336	1,336,265
Financial instruments held to maturity	576,357	–	41,776	–	274,100	892,233
Loans and advances to banks	232,429	2,343	–	–	2,620	237,392
Loans and advances to customers	1,506,081	616,427	1,664,848	–	561,331	4,348,687
Trade receivables and other financial assets under risk management	247,804	14,101	13,226	83	23,883	299,097
Total	**3,173,075**	**1,752,574**	**1,811,201**	**85**	**1,240,890**	**7,977,825**
LIABILITIES (FOR INFORMATIONAL PURPOSES)						
Financial liabilities at fair value through profit or loss	9,489	941	339	–	18,488	29,257
Deposits and loans from banks	41,773	75,917	–	–	118,400	236,090
Deposits and loans from customers	3,929,523	2,121,273	88,637	773	310,163	6,450,369
Issued bonds	96,272	160,985	45,225	–	–	302,482
Subordinated debt	11,738	7,295	–	–	137,653	156,686
Trade payables and other financial liabilities under risk management	51,854	54,568	32,928	369	25,790	165,509
Total	**4,140,649**	**2,420,979**	**167,129**	**1,142**	**610,494**	**7,340,393**

31 December 2012

In thousands of EUR	Slovakia	Czech Republic	Cyprus	Liech-tenstein	Other	Total
ASSETS						
Cash and cash equivalents	118,620	188,883	325	–	110,170	417,998
Financial assets at fair value through profit or loss	156,083	226,322	6,154	–	125,930	514,489
Securities available for sale	332,873	516,974	40,571	–	141,769	1,032,187
Financial instruments held to maturity	–	52,025	–	–	32,470	84,495
Loans and advances to banks	88,728	64,415	–	–	1,669	154,812
Loans and advances to customers	472,094	463,084	1,135,715	75,255	378,009	2,524,157
Loans to "Limited Partnerships"	–	–	376,443	–	–	376,443
Trade receivables and other financial assets under risk management	5,543	23,768	26,847	9,634	31,489	97,281
Total	**1,173,941**	**1,535,471**	**1,586,055**	**84,889**	**821,506**	**5,201,862**
LIABILITIES (FOR INFORMATIONAL PURPOSES)						
Financial liabilities at fair value through profit or loss	1,602	343	58	–	2,475	4,478
Deposits and loans from banks	313,428	139,856	–	–	37,493	490,777
Deposits and loans from customers	1,059,133	2,061,131	334,956	214,076	258,389	3,927,685
Issued bonds	100,599	159,712	–	–	–	260,311
Subordinated debt	12,093	2,782	–	–	74,738	89,613
Trade payables and other financial liabilities under risk management	27,804	115,077	49,321	2,826	15,909	210,937
Total	**1,514,659**	**2,478,901**	**384,335**	**216,902**	**389,004**	**4,983,801**

The above table displays the credit risk by the location of the debtor or issuer of the securities.

Securities available for sale in the location Other include as at 31 December 2013 an investment of EUR 85,508 thousand in Polish government bonds (2012: nil), an investment of EUR 48,980 thousand in a holding company incorporated in Jersey, Channel Islands (2012: EUR 100,000 thousand) and an investment of EUR 56,015 thousand in investment funds incorporated in Malta (2012: EUR 23,360 thousand).

Financial instruments held to maturity in the location Other include as at 31 December 2013 investment of EUR 132,097 thousand in Hungarian government bonds (2012: nil) and investment of EUR 31,723 thousand in MOL Hungarian Oil and Gas bonds (2012: nil) and investment of EUR 73,795 thousand in Greek government bonds (2012: nil).

In addition, loans and advances to customers in the location Other primarily relates to companies incorporated in The Netherlands, in the United Kingdom and in the Russian Federation (2012: companies incorporated in the British Virgin Islands and in the Russain federation).

(iii) Credit risk – impairment of financial assets

31 December 2013

In thousands of EUR	Financial instruments held to maturity	Loans and advances to banks	Loans and advances to customers	Loans to "Limited Partnership"	Trade receivables and other financial assets under risk management
Maximum exposure to credit risk – Carrying amount	**892,233**	**237,392**	**4,348,687**	**–**	**299,097**
A) ASSETS FOR WHICH A PROVISION HAS BEEN CREATED					
– Gross	–	–	288,908	–	771
– Provision individual	–	–	(49,475)	–	(356)
– Provision collective	–	–	(19,750)	–	(314)
Impaired total (net)	**–**	**–**	**219,683**	**–**	**101**
B) OVERDUE ASSETS FOR WHICH A PROVISION HAS NOT BEEN CREATED					
– <30 days	–	–	729	–	100
– 31-180 days	–	–	1,404	–	171
– 181-365 days	–	–	7,360	–	138
– >365 days	–	–	18,953	–	203
Total	**–**	**–**	**28,446**	**–**	**612**

Loans and advances to customers overdue more than one year but with no provision created consist of receivables acquired through business combination in 2013 and were recognized at their fair value as at the date of acquisition.

31 December 2012

In thousands of EUR	Financial instruments held to maturity	Loans and advances to banks	Loans and advances to customers	Loans to "Limited Partnership"	Trade receivables and other financial assets under risk management
Maximum exposure to credit risk –Carrying amount	**84,495**	**154,812**	**2,524,157**	**376,443**	**97,281**
A) ASSETS FOR WHICH A PROVISION HAS BEEN CREATED					
– Gross	–	–	208,948	–	370
– Provision individual	–	–	(37,067)	–	(370)
– Provision collective	–	–	(1,185)	–	–
Impaired total (net)	**–**	**–**	**170,696**	**–**	**–**
B) OVERDUE ASSETS FOR WHICH A PROVISION HAS NOT BEEN CREATED					
– <30 days	–	–	2,631	–	402
– 31-180 days	–	–	15	–	272
– 181-365 days	–	–	6	–	294
– >365 days	–	–	665	–	8,039
Total	**–**	**–**	**3,317**	**–**	**9,007**

(iv) Credit risk – collaterals

The Group holds collateral against loans and advances to customers mainly in the form of pledges, securities and acceptances of bills of exchange. Collaterals are used as assets that can be realized in the event of failure of the primary source of repayment of debts. The Group does not generally use the non-cash collateral for its own operations.

Loans and advances to customers are secured by collateral with the fair values below:

	31 December 2013		31 December 2012	
In thousands of EUR	Fair value	Carrying amount	Fair value	Carrying amount
Securities	1,273,723	1,124,553	737,735	645,787
Real estate	980,221	753,038	475,823	371,982
Bills of exchange	514,709	100,312	572,120	238,166
Cash deposits	74,925	74,507	65,789	65,602
Other	539,493	241,576	172,070	110,835
Total	**3,383,071**	**2,293,986**	**2,023,537**	**1,432,372**

The Group has not taken possession of any collateral held previously as security during 2013 except for an appartment included in Disposal group held for sale amounting to EUR 5,393 thousand (2012: nil), refer also to Note 6. Discontinued operation.

39.2. Liquidity risk

Liquidity risk arises in the general funding of the Group's activities and in the management of positions. It includes both the risk of not being able to meet the obligations when they fall due, as well as the risk of being unable to fund assets at appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame.

Various methods of managing liquidity risks are used by individual companies in the Group, including individual monitoring of large deposits. The Group's management focuses on methods used by financial institutions, that is, diversification of sources of funds. This diversification makes the Group flexible and limits its dependency on one financing source. Liquidity risk is evaluated in particular by monitoring changes in the structure of financing and comparing these changes with the Group's liquidity risk management strategy. The Group also holds, as a part of its liquidity risk management strategy, a portion of its assets in highly liquid funds.

The table below provides an analysis of assets and liabilities into relevant contractual maturity groupings based on the remaining period from the statement of financial position date to the contractual maturity date. Expected maturities differ from contracted ones as historical evidence shows that most short-term loans and deposits are prolonged. The analysis is presented under the most prudent consideration of maturity dates, where options or repayment schedules allow for early repayment possibilities. Therefore, in the case of liabilities, the earliest possible repayment date is shown while for assets the latest possible repayment date is disclosed. Those assets and liabilities that do not have a contractual maturity date are grouped together in the "undefined maturity" category. The amounts disclosed are the contractual undiscounted cash flows and therefore may not agree with the carrying amounts in the statement of financial position.

Contractual maturities of financial assets and liabilities, including estimated interest payments

31 December 2013

In thousands of EUR	Carrying amount	Contractual cash flows	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Undefined maturity
NON-DERIVATIVE FINANCIAL ASSETS							
Cash and cash equivalents	499,094	499,100	499,100	–	–	–	–
Financial assets at fair value through profit or loss	352,488	399,228	43,516	40,604	235,263	45,481	34,364
Securities available for sale	1,336,265	1,485,831	155,361	23,967	690,948	365,224	250,331
Financial instruments held to maturity	892,233	1,119,054	90,112	138,858	399,901	490,183	–
Loans and advances to banks	237,392	243,069	226,644	1,360	4,311	2,680	8,074
Loans and advances to customers	4,348,687	5,242,926	1,123,540	1,269,652	1,960,227	869,060	20,447
Loans to "Limited Partnerships"	–	–	–	–	–	–	–
Trade receivables and other financial assets under risk management	299,097	297,805	263,261	22,917	79	–	11,548
Total	**7,965,256**	**9,287,013**	**2,401,534**	**1,497,358**	**3,290,729**	**1,772,628**	**324,764**
DERIVATIVE FINANCIAL ASSETS							
Forward exchange contracts							
– outflow	–	(1,002,693)	(992,221)	(8,044)	(2,428)	–	–
– inflow	10,214	1,012,592	1,001,732	8,268	2,592	–	–
Other derivatives							
– outflow	–	(70,604)	(70,604)	–	–	–	–
– inflow	2,355	83,948	82,500	–	1,448	–	–
Total	**12,569**	**23,243**	**21,407**	**224**	**1,612**	**–**	**–**

In thousands of EUR	Carrying amount	Contractual cash flows	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Undefined maturity
NON-DERIVATIVE FINANCIAL LIABILITIES							
Financial liabilities at fair value through profit or loss	13	(13)	(13)	–	–	–	–
Deposits and loans from banks	236,090	(238,769)	(176,083)	(31,939)	(30,747)	–	–
Deposits and loans from customers	6,450,369	(6,532,053)	(3,945,812)	(1,585,615)	(998,358)	(2,268)	–
Issued bonds	302,482	(327,792)	(2,033)	(176,878)	(148,881)	–	–
Subordinated debt	156,686	(231,116)	(3,895)	(3,613)	(32,858)	(190,750)	–
Trade payables and other financial liabilities under risk management	165,509	(163,999)	(117,022)	(34,917)	(273)	–	(11,787)
Total	**7,311,149**	**(7,493,742)**	**(4,244,858)**	**(1,832,962)**	**(1,211,117)**	**(193,018)**	**(11,787)**
Accepted and endorsed bills of exchange	102,703	102,703	10,867	58,439	31,101	2,296	–
Guarantees given	297,973	(641,847)	(641,847)	–	–	–	–
Loan commitments	330,033	(330,033)	(278,743)	(37,134)	(14,156)	–	–
	730,709	(869,177)	(909,723)	21,305	16,945	2,296	–
Total	**8,041,858**	**(8,362,919)**	**(5,154,581)**	**(1,811,657)**	**(1,194,172)**	**(190,722)**	**(11,787)**
DERIVATIVE FINANCIAL LIABILITIES							
Forward exchange contracts							
– outflow	(19,719)	(543,310)	(299,481)	(43,843)	(199,986)	–	–
– inflow	–	523,926	298,246	43,487	182,193	–	–
Other derivatives							
– outflow	(9,525)	(29,361)	(10,045)	(218)	(19,098)	–	–
– inflow	–	14,008	–	217	13,791	–	–
Total	**(29,244)**	**(34,737)**	**(11,280)**	**(357)**	**(23,100)**	**–**	**–**

The liquidity gap up to one year comes essentially from Deposits and loans from customers, which are expected to be prolonged as shown by historical evidence.

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In thousands of EUR	Carrying amount	Contractual cash flows	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Undefined maturity
NON-DERIVATIVE FINANCIAL ASSETS							
Cash and cash equivalents	417,998	418,090	418,090	–	–	–	–
Financial assets at fair value through profit or loss	509,766	541,000	31,438	50,785	140,332	11,114	307,331
Securities available for sale	1,032,187	1,170,793	6,394	54,163	514,242	335,179	260,815
Financial instruments held to maturity	84,495	95,904	1,862	18,172	75,870	–	–
Loans and advances to banks	154,812	163,007	26,812	6,822	51,355	9,600	68,418
Loans and advances to customers	2,524,157	2,890,133	565,946	896,689	1,130,291	294,697	2,510
Loans to "Limited Partnerships"	376,443	376,443	–	–	–	–	376,443
Trade receivables and other financial assets under risk management	97,281	96,208	47,605	17,756	14,549	–	16,298
Total	**5,197,139**	**5,751,578**	**1,098,147**	**1,044,387**	**1,926,639**	**650,590**	**1,031,815**
DERIVATIVE FINANCIAL ASSETS							
Forward exchange contracts							
– outflow	–	(656,308)	(655,512)	(796)	–	–	–
– inflow	4,234	660,453	659,581	872	–	–	–
Other derivatives							
– outflow	–	(82,325)	(82,325)	–	–	–	–
– inflow	489	84,572	84,443	–	129	–	–
Total	**4,723**	**6,392**	**6,187**	**76**	**129**	**–**	**–**

In thousands of EUR	Carrying amount	Contractual cash flows	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Undefined maturity
NON-DERIVATIVE FINANCIAL LIABILITIES							
Financial liabilities at fair value through profit or loss	179	(179)	(179)	–	–	–	–
Deposits and loans from banks	490,777	(518,989)	(135,179)	(48,840)	(308,080)	(26,890)	–
Deposits and loans from customers	3,927,685	(4,091,685)	(1,757,003)	(1,529,466)	(798,559)	(6,657)	–
Issued bonds	260,311	(292,963)	(3,201)	(13,319)	(276,443)	–	–
Subordinated debt	89,613	(142,546)	(1,045)	(3,099)	(20,461)	(117,941)	–
Trade payables and other financial liabilities under risk management	210,937	(209,572)	(189,666)	(5,960)	(170)	(46)	(13,730)
Total	**4,979,502**	**(5,255,934)**	**(2,086,273)**	**(1,600,684)**	**(1,403,713)**	**(151,534)**	**(13,730)**
Accepted and endorsed bills of exchange	73,268	(73,268)	(8,283)	(62,869)	–	(2,116)	–
Guarantees given	326,237	(330,795)	(330,795)	–	–	–	–
Loan commitments	255,005	(255,005)	(99,603)	(97,988)	(57,412)	(2)	–
	654,510	(659,068)	(438,681)	(160,857)	(57,412)	(2,118)	–
Total	**5,634,012**	**(5,915,002)**	**(2,524,954)**	**(1,761,541)**	**(1,461,125)**	**(153,652)**	**(13,730)**
DERIVATIVE FINANCIAL LIABILITIES							
Forward exchange contracts							
– outflow	(2,795)	(354,636)	(154,505)	(180)	(199,951)	–	–
– inflow	–	352,574	153,746	148	198,680	–	–
Other derivatives							
– outflow	(1,504)	(25,151)	(2)	(1,111)	(24,038)	–	–
– inflow	–	23,552	–	1,095	22,457	–	–
Total	**(4,299)**	**(3,661)**	**(761)**	**(48)**	**(2,852)**	**–**	**–**

39.3. Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Group separates its exposure to market risk between the trading and non-trading portfolios. Trading portfolios include positions arising from market making and position taking, together with financial assets and liabilities that are managed on a fair value basis.

The Group uses the Value at Risk ("VaR") methodology to evaluate market risk on its trading portfolio as a whole using a confidence level of 99% and a horizon of 10 business days. A historical simulation method is implemented for VaR calculation. The Group performs backtesting for market risk associated with its trading portfolio, by applying a method of hypothetical backtesting, on a quarterly basis.

Although VaR is an important tool for measuring market risk, the assumptions on which the model is based do give rise to some limitations, including the following:

- A 10-day holding period assumes that it is possible to hedge or dispose of positions within that period. This is considered to be a realistic assumption in almost all cases but may not be the case in situations in which there is severe market illiquidity for a prolonged period.
- A 99 percent confidence level does not reflect losses that may occur beyond this level. Even within the model used there is a one percent probability that losses could exceed the VaR.
- VaR is calculated on an end-of-day basis and does not reflect exposures that may arise on positions during the trading day.
- The VaR measure is dependent on the Group's position and the volatility of market prices. The VaR of an unchanged position reduces if the market price volatility declines and vice versa.

In thousands of EUR	31 December 2013	31 December 2012
VaR market risk overall	35,218	5,931

(i) Interest rate risk

The Group's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets (including investments) and interest-bearing liabilities mature or reprice at different times or in differing amounts. The length of time for which the rate of interest is fixed on a financial instrument therefore indicates to what extent it is exposed to interest rate risk. The table below provides information on the extent of the Group's interest rate exposure based either on the contractual maturity date of its financial instruments or, in the case of instruments that reprice to a market rate of interest before maturity, the next repricing date. Those assets and liabilities that do not have a contractual maturity date or are non interest-bearing are grouped together in the "maturity undefined" category.

The VaR statistics for trading portfolio is as follows:

In thousands of EUR	31 December 2013	31 December 2012
VaR interest rate risk	22,297	3,213

A summary of the Group's interest rate gap position as per the carrying amounts is as follows:

31 December 2013

In thousands of EUR	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Undefined maturity	Total
ASSETS						
Cash and cash equivalents	470,042	–	–	–	29,052	499,094
Financial assets at fair value through profit or loss	89,757	46,264	158,634	33,679	36,723	365,057
Securities available for sale	200,616	109,302	476,600	296,860	252,887	1,336,265
Financial instruments held to maturity	135,870	228,777	175,699	351,887	–	892,233
Loans and advances to banks	234,364	1,319	–	–	1,709	237,392
Loans and advances to customers	1,565,798	1,588,766	873,181	266,780	54,162	4,348,687
Loans to "Limited Partnerships"	–	–	–	–	–	–
Trade receivables and other financial assets under risk management	1,485	–	72	–	297,540	299,097
Total	**2,697,932**	**1,974,428**	**1,684,186**	**949,206**	**672,073**	**7,977,825**
LIABILITIES						
Financial liabilities at fair value through profit or loss	10,917	8,729	–	–	9,611	29,257
Deposits and loans from banks	168,301	38,061	29,643	–	85	236,090
Deposits and loans from customers	3,747,280	1,695,602	947,648	882	58,957	6,450,369
Issued bonds	–	160,985	141,497	–	–	302,482
Subordinated debt	77,932	29	–	78,725	–	156,686
Trade payables and other financial liabilities under risk management	21,334	–	1	–	144,174	165,509
Total	**4,025,764**	**1,903,406**	**1,118,789**	**79,607**	**212,827**	**7,340,393**

31 December 2012

In thousands of EUR	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Undefined maturity	Total
ASSETS						
Cash and cash equivalents	412,603	–	–	–	5,395	417,998
Financial assets at fair value through profit or loss	22,253	73,982	80,317	7,063	330,874	514,489
Securities available for sale	–	472,489	288,582	10,301	260,815	1,032,187
Financial instruments held to maturity	–	16,622	20,539	47,334	–	84,495
Loans and advances to banks	5,718	147,822	–	–	1,272	154,812
Loans and advances to customers	302,629	1,492,174	573,907	139,284	16,163	2,524,157
Loans to "Limited Partnerships"	–	–	–	–	376,443	376,443
Trade receivables and other financial assets under risk management	8,269	–	–	–	89,012	97,281
Total	**751,472**	**2,203,089**	**963,345**	**203,982**	**1,079,974**	**5,201,862**
LIABILITIES						
Financial liabilities at fair value through profit or loss	–	2,771	22	–	1,685	4,478
Deposits and loans from banks	44,516	155,882	290,332	–	47	490,777
Deposits and loans from customers	882,760	2,079,310	936,799	2,844	25,972	3,927,685
Issued bonds	–	904	259,407	–	–	260,311
Subordinated debt	50,022	24,911	–	14,680	–	89,613
Trade payables and other financial liabilities under risk management	–	3,953	–	–	206,984	210,937
Total	**977,298**	**2,267,731**	**1,486,560**	**17,524**	**234,688**	**4,983,801**

An analysis of the Group's sensitivity to an increase or decrease in market interest rates on the non-trading portfolio, assuming no asymmetrical movement in yield curves and a constant financial position, is as follows:

In thousands of EUR	31 December 2013	31 December 2012
IMPACT ON PROFIT OR LOSS		
decrease in interest rates by 100 bp	21,346	(12,391)
increase in interest rates by 100 bp	(21,346)	12,391
IMPACT ON OTHER COMPREHENSIVE INCOME		
decrease in interest rates by 100 bp	25,153	8,596
increase in interest rates by 100 bp	(25,153)	(8,596)
TOTAL IMPACT ON EQUITY		
decrease in interest rates by 100 bp	46,499	(3,795)
increase in interest rates by 100 bp	(46,499)	3,795

(ii) Foreign exchange risk

The breakdown of the carrying amounts by currency translated to thousands EUR is as follows:

31 December 2013

In thousands of EUR	EUR	CZK	USD	RUB	Other	Total
ASSETS						
Cash and cash equivalents	93,289	323,333	52,113	10,401	19,958	499,094
Financial assets at fair value through profit or loss	188,066	132,930	17,788	21,437	4,836	365,057
Securities available for sale	900,570	427,087	6,150	736	1,722	1,336,265
Financial instruments held to maturity	872,243	–	19,990	–	–	892,233
Loans and advances to banks	232,429	424	1,933	1,712	894	237,392
Loans and advances to customers	3,182,668	836,109	202,517	92,090	35,303	4,348,687
Loans to "Limited Partnerships"	–	–	–	–	–	–
Trade receivables and other financial assets under risk management	262,664	23,642	11,120	231	1,440	299,097
Total	**5,731,929**	**1,743,525**	**311,611**	**126,607**	**64,153**	**7,977,825**
Off balance sheet assets	760,778	1,613,419	246,879	32,650	2,658	2,656,384
LIABILITIES						
Financial liabilities at fair value through profit or loss	9,522	19,660	75	–	–	29,257
Deposits and loans from banks	180,911	36,624	18,555	–	–	236,090
Deposits and loans from customers	4,115,035	2,106,835	83,019	130,367	15,113	6,450,369
Issued bonds	141,497	160,985	–	–	–	302,482
Subordinated debt	149,391	7,295	–	–	–	156,686
Trade payables and other financial liabilities under risk management	95,266	57,360	11,512	966	405	165,509
Total	**4,691,622**	**2,388,759**	**113,161**	**131,333**	**15,518**	**7,340,393**
Off balance sheet liabilities	1,766,080	247,781	303,188	5,302	31,762	2,354,113

31 December 2012

In thousands of EUR	EUR	CZK	USD	RUB	Other	Total
ASSETS						
Cash and cash equivalents	155,178	153,514	77,368	13,944	17,994	417,998
Financial assets at fair value through profit or loss	167,495	281,894	46,155	16,478	2,467	514,489
Securities available for sale	487,819	533,099	7,689	–	3,580	1,032,187
Financial instruments held to maturity	47,337	–	37,158	–	–	84,495
Loans and advances to banks	88,728	64,415	397	1,272	–	154,812
Loans and advances to customers	1,744,359	581,256	103,997	67,562	26,983	2,524,157
Loans to "Limited Partnerships"	–	376,443	–	–	–	376,443
Trade receivables and other financial assets under risk management	49,274	36,115	8,016	1,310	2,566	97,281
Total	**2,740,190**	**2,026,736**	**280,780**	**100,566**	**53,590**	**5,201,862**
Off balance sheet assets	650,551	1,137,375	27,414	31,547	5,887	1,852,774
LIABILITIES						
Financial liabilities at fair value through profit or loss	1,521	2,937	20	–	–	4,478
Deposits and loans from banks	313,462	96,590	65,766	14,959	–	490,777
Deposits and loans from customers	1,548,641	2,212,498	77,814	74,575	14,157	3,927,685
Issued bonds	100,599	159,712	–	–	–	260,311
Subordinated debt	74,738	14,875	–	–	–	89,613
Trade payables and other financial liabilities under risk management	115,612	68,030	24,697	317	2,281	210,937
Total	**2,154,573**	**2,554,642**	**168,297**	**89,851**	**16,438**	**4,983,801**
Off balance sheet liabilitie	1,169,459	378,469	205,131	18,309	47,993	1,819,361

Off balance sheet items mostly relate to derivative operations and granted and received guarantees.

The VaR statistic is as follows:

In thousands of EUR	31 December 2013	31 December 2012
VaR foreign exchange risk	12,967	4,852

An analysis of the Group's sensitivity to an increase or decrease in foreign exchange rates is presented in the table below.

The impact on profit or loss represents a strengthening or weakening of foreign currencies compared to local functional currencies of the Group entities. The impact on other comprehensive income represents the risk of change in values of assets and liabilities of subsidiaries with a functional currency different from the Group's functional currency.

A one percent strengthening in foreign currencies would have had the following effects on profit or loss and other comprehensive income:

In thousands of EUR	31 December 2013	31 December 2012
IMPACT ON PROFIT OR LOSS		
CZK	(1,929)	3,002
EUR	(8,457)	(10,347)
RUB	44	12
USD	(1,997)	(1,101)
IMPACT ON OTHER COMPREHENSIVE INCOME		
CZK	(2,511)	(8,857)
EUR	–	–
RUB	(6)	(160)
USD	322	151
TOTAL IMPACT ON EQUITY		
CZK	(4,440)	(5,855)
EUR	(8,457)	(10,347)
RUB	38	(148)
USD	(1,675)	(950)

(iii) Equity price risk

Equity price risk arises from the quoted financial instruments held by the Group, further to changes in perception by the markets of the expected financial performance of the investments concerned. Equity price risk is essentially managed through diversification of the investment portfolio of available-for-sale and fair value through profit or loss equity securities.

The VaR statistics is as follows:

In thousands of EUR	31 December 2013	31 December 2012
VaR stock risk (trading book)	4,818	4,243

A 100 bp increase in the price of non-derivative financial assets at fair value through profit or loss would have had a positive effect on profit or loss as set out below.

A 100 bp increase in the price of securities available-for-sale would have had a positive effect on other comprehensive income as set out below.

A 100 bp decrease in price would have had an equal but opposite effect on profit or loss and other comprehensive income.

In thousands of EUR	31 December 2013	31 December 2012
IMPACT ON PROFIT OR LOSS		
Level 1 – quoted market prices	28	1,789
Level 2 – derived from quoted prices	20	–
Level 3 – calculated using valuation techniques	296	1,284
Total	**344**	**3,073**
IMPACT ON OTHER COMPREHENSIVE INCOME		
Level 1 – quoted market prices	1,269	761
Level 2 – derived from quoted prices	62	–
Level 3 – calculated using valuation techniques	1,172	1,847
Total	**2,503**	**2,608**
TOTAL IMPACT ON EQUITY		
Level 1 – quoted market prices	1,297	2,550
Level 2 – derived from quoted prices	82	–
Level 3 – calculated using valuation techniques	1,468	3,131
Total	**2,847**	**5,681**

39.4. Operational risk

Operational risk is the risk of loss arising from fraud, unauthorised activities, error, omission, inefficiency or system failure. It arises from all the Group's activities and is a risk faced by all business organisations. Operational risk includes legal risk.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and avoid control procedures that would restrict initiative and creativity.

The primary responsibility for the implementation of controls to address operational risk is assigned to management within each subsidiary. This responsibility is supported by the development of overall standards within the Group for the management of operational risk which is done by the Risk Management Department and which cover the following areas:

- Requirements for the reconciliation and monitoring of transactions.
- Identification of operational risk within the framework of each subsidiary's control system and development of conditions for decreasing and limiting operational risk (while the required level of activities is secured), as well as its impacts and consequences; recommendations for appropriate solutions in this area.
- Reporting of operational risk events by entering the corresponding information into the Regulated Consolidated Group's database of operational risk events (see Note 39.5. Capital management section regarding the definition of the Regulated Consolidated Group).
- This overview of the Group's operational risk events allows the Group to specify the direction of the steps and processes to take in order to limit these risks, as well as to make decisions with regard to:
  - accepting the individual risks that are faced;
  - initiating processes leading to limitation of possible impacts; or
  - decreasing the scope of the relevant activity or discontinuing it entirely.

39.5. Capital management

The Group's policy is to hold a strong capital base so as to maintain creditor and market confidence and to sustain future development of its business.

Consolidated capital adequacy is calculated in accordance with regulation of the Central Bank of the Czech Republic Decree No. 123/2007 Coll.

The Consolidated Group's capital is analysed into two tiers:

– Tier 1 capital, which includes ordinary share capital, share premium, retained earnings (profit of current year is excluded), translation reserve and non-controlling interests after deduction of goodwill and intangible assets.
– Tier 2 capital, which includes qualifying subordinated liabilities.

The Regulated Consolidated Group (RCG) is defined for the purposes of the prudential rules on a consolidated basis by the Act on Banks No. 21/1992 and Decree No. 123/2007 Coll. (Regulation of the Central Bank of the Czech Republic). According to this regulation, the financial holding group of the ultimate shareholders of J&T FINANCE GROUP, a.s. (see Note 1. Corporate information) is defined as the RCG. Different consolidation rules are applicable for RCG's purposes – only companies which have the status of financial institutions as defined by Czech legislation are fully consolidated.

Regulatory Capital

In thousands of EUR	31 December 2013	31 December 2012
Core capital (Tier 1)	845,035	938,095
Supplementary capital (Tier 2)	100,834	38,901
Total regulatory capital	945,869	976,996
CAPITAL REQUIREMENTS		
Credit risk of investment portfolio	438,946	385,893
Operational risk (BIA)	18,465	16,074
General interest risk	12,876	10,359
General equity risk	1,845	552
Capital requirement for currency risk	17,325	112,410
Capital requirement for commodity risk	438	869
Credit risk of trading portfolio	32,484	124,190
Total amount of capital requirements	**489,895**	**526,157**

The regulatory capital is calculated as the sum of the core capital (Tier 1) and supplementary capital (Tier 2) reduced by deductible items and increased by capital for market risk coverage (Tier 3). Tier 1 capital comprises paid up share capital, the statutory reserve fund, other equity funds and retained earnings. Tier 2 capital comprises subordinated debt approved by the Czech National Bank in an amount of EUR 100,834 thousand (2012: EUR 38,901 thousand). The deductible items include intangible assets at net book value..

In thousands of EUR		31 December 2013		31 December 2012
Calculation of Capital adequacy ratio	8% x	945,869 / 489,895	8% x	976,996 / 526,157
Capital adequacy ratio		15.45%		14.85%

The capital adequacy ratio is calculated according to regulatory requirements as the ratio of regulatory capital to total capital requirements multiplied by 8%. The capital adequacy ratio must be at least 8%.

40. ASSETS UNDER MANAGEMENT

In thousands of EUR	31 December 2013	31 December 2012
Assets in own-managed funds	711,129	173,344
Assets with discretionary mandates	160,139	164,373
Other assets under management	993,896	837,996
Total assets under management (including double counting)	**1,865,164**	**1,175,713**
Of which double counting	407	20,456

(a) Calculation method

Assets under management comprise all client assets managed or held for investment purposes only. In summary, these include all balances due to customers, fiduciary time deposits and all valued portfolio assets. Custodial assets (assets held solely for transaction and safe-keeping purposes) are not included in assets under management. Assets under management are measured at fair value for quoted financial instruments. If these are not quoted, debt and equity financial instruments are valued at amortized cost or using common valuation techniques (e.g. pricing models with market inputs as available), respectively.

(b) Assets in own-managed funds

This comprises assets of all the Group's investment funds.

(c) Assets with discretionary mandates

Securities, value rights, precious metals, the market value of fiduciary investments with third parties and customer deposits are included in the calculation of assets with discretionary mandates. The figures comprise both assets deposited with Group companies and assets deposited with third parties, for which the Group companies hold a discretionary mandate.

(d) Other assets under management

Securities, value rights, precious metals, the market value of fiduciary investments with third parties and customer deposits are included in the calculation of other assets under management. The figures comprise assets for which an administration or advisory mandate is exercised.

(e) Double counting

This item comprises fund units from own-managed funds, which are disclosed also in client portfolios with discretionary mandates or in other assets under management.

41. RELATED PARTIES

Identity of related parties

The Group has, or had, a related party relationship with its parent company, ultimate parent and the owners of the ultimate parent and other parties, as identified in the following table, either at 31 December 2013 and 2012 or during the years:

(1) Ultimate shareholders and companies they control
(2) Entities with joint control or significant influence over the Company and its subsidiaries or associates
(3) Associates
(4) Joint ventures in which the Group is a venturer
(5) Key management personnel of the Company or parent of the Company and companies they control

"Ultimate shareholders and companies they control" includes the following: Jakabovič Ivan, Tkáč Jozef, DANILLA EQUITY LIMITED, BRUBESCO LIMITED (until 31 December 2013), Bresco Financing S.àr.l. (until 31 December 2013), TECHNO PLUS, a. s., J&T Securities, s.r.o., KOLIBA REAL s.r.o., KPRHT 3, s.r.o., KPRHT 14 s.r.o. and KPRHT 19, s.r.o. None of these, except TECHNO PLUS, a. s., produce publicly available consolidated financial statements which include the Group.

The summary of transactions with related parties during 2013 and 2012 is as follows:

	31 December 2013		31 December 2012	
In thousands of EUR	Accounts receivable	Accounts payable	Accounts receivable	Accounts payable
Ultimate shareholders and companies they control	200,404	1,356	168	2,076
Associates	1	606	–	–
Other key management personnel of the entity or its parent and companies they control	203,867	56,261	403,397	127,015
Total	**404,272**	**58,223**	**403,565**	**129,091**

There was no provision for doubtful debts due from the "Ultimate shareholders and companies they control" as at 31 December 2013 (2012: nil).

The summary of transactions with related parties during 2013 and 2012 is as follows:

In thousands of EUR	Revenues 2013	Expenses 2013	Revenues 2012	Expenses 2012
Ultimate shareholders and companies they control	4,924	60	173	71
Associates	1,047	1,504	–	–
Other key management personnel of the entity or its parent and companies they control	40,617	3,117	27,044	4,925
Total	**46,588**	**4,681**	**27,217**	**4,996**

The summary of guarantees with related parties at year-end is as follows:

	31 December 2013		31 December 2012	
In thousands of EUR	Guarantees received	Guarantees provided	Guarantees received	Guarantees provided
Ultimate shareholders and companies they control	62,830	55	212,966	55
Key management personnel of the entity or its parent and companies they control	21,441	210	19,693	213
Total	**84,271**	**265**	**232,659**	**268**

Transactions with directors and key management

Total remuneration included in "personnel expenses" and loans to directors and key management are as follows:

In thousands of EUR	31 December 2013	31 December 2012
Remuneration	650	686
Loans	574	1,625

Of the loans to directors and key management, new loans of EUR 66 thousand were granted during 2013 and EUR 70 thousand was repaid.

42. SUBSEQUENT EVENTS

On 1 January 2014, J&T FINANCE GROUP, a.s., as the parent of the Group, and TECHNO PLUS, a. s., as the shareholder of the Group, merged into J&T FINANCE, a.s., a subsidiary of J&T FINANCE GROUP, a.s.

J&T FINANCE, a.s. was renamed to J&T FINANCE GROUP SE after the merger took effect. J&T FINANCE GROUP SE as the new parent of the Group is a European joint–stock company (Societas Europeae) having its legal seat and domicile at Pobřežní 297/14, 186 00 Praha 8, Czech Republic. The ultimate shareholders of the Group remain unchanged, i.e. Jozef Tkáč and Ivan Jakabovič.

On 17 January 2014 the Group established a subsidiary PB IT, a.s. with its seat in the Slovak Republic.

On 4 April 2014 the Group established a subsidiary J&T Global Finance IV B.V. with its seat in the Netherlands.

In line with the Group's decision to concentrate on banking activities the General Assembly of Croatian bank Vaba d.d. banka Varaždin approved on 12 May 2014 the increase of its share capital by J&T BANKA, a.s. in amount of HRK 75,000 thousand (approximately EUR 9,895 thousand). After approval of this capital increase by the Croatian National Bank the Group will become a 58% shareholder.

Vaba d.d. banka Varaždin operates through two financial centres in Varaždin and Zagreb, and 11 branches in Croatia. As at 31 December 2013 it had total assets of HRK 1,155,351 thousand (approximately EUR 152,421 thousand) and focuses on the retail and SME segments.

Ukraine's political and economic situation has deteriorated significantly since the Government's decision not to sign the Association Agreement and the Deep and Comprehensive Free Trade Agreement with the European Union in late November 2013 and these events have indirectly affected the business climate in Moscow, where the Group is operating some banking and real estate activities.

Although the Group's interests in Moscow are limited (2.0% of total assets for the banking activities and 0.5% of total assets for the real estate activities), a further deterioration of the political and economic climate might affect the Group's income statement in the future though impairment charges and loss of revenues.The final resolution and the effects of the Ukrainian political and economic crisis are difficult to predict. These consolidated financial statements reflect management's current assessment of the impact of the Ukrainian crisis on the operations and the financial position of the Group. The future business environment in Moscow may differ from management's assessment.

43. GROUP ENTITIES

The list of the Group entities as at 31 December 2013 and 2012 is set out below

Company name	Country of incorporation	31 December 2013 Conso-lidated %	Ownership interest	Consolidation method	31 December 2012 Conso-lidated %	Ownership interest
J&T FINANCE GROUP, a.s.	**Slovakia**			**parent company**		
J&T FINANCE, a.s.	Czech Republic	100.00	direct	Full	100.00	direct
J&T BANKA, a.s.	Czech Republic	100.00	direct	Full	100.00	direct
ATLANTIK finanční trhy, a.s.	Czech Republic	100.00	direct	Full	100.00	direct
J&T INVESTIČNÍ SPOLEČNOST, a.s.	Czech Republic	100.00	direct	Full	100.00	direct
J&T IB and Capital Markets, a.s.	Czech Republic	100.00	direct	Full	100.00	direct
J&T FVE uzavřený podílový fond J&T INVESTIČNÍ SPOLEČNOST, a.s.	Czech Republic	–	–	Full	100.00	direct
FVE Slušovice s.r.o.	Czech Republic	–	–	Full	100.00	direct
FVE Němčice s.r.o.	Czech Republic	–	–	Full	100.00	direct
FVE Napajedla s.r.o.	Czech Republic	–	–	Full	100.00	direct
J&T Bank ZAO[1]	Russia	–	direct	Full	100.00	direct
TERCES MANAGEMENT LIMITED[2]	Cyprus	100.00	direct	Full	100.00	direct
Interznanie OAO	Russia	100.00	direct	Full	100.00	direct
PGJT B.V.	Netherlands	50.00	direct	Equity	–	–
PROFIREAL OOO	Russia	50.00	direct	Equity	–	–
Poštová banka, a.s.[3]	Slovakia	88.06	direct	Full	–	–
Poisťovňa Poštovej banky, a.s.	Slovakia	100.00	direct	Full	–	–
Dôchodková správcovská spoločnosť Poštovej Banky d.s.s., a.s.	Slovakia	100.00	direct	Full	–	–
PRVÁ PENZIJNÁ SPRÁVCOVSKÁ SPOLOČNOSŤ POŠTOVEJ BANKY, správ.spol., a.s.	Slovakia	100.00	direct	Full	–	–
POBA Servis, a. s.	Slovakia	100.00	direct	Full	–	–
PB PARTNER, a.s.	Slovakia	100.00	direct	Full	–	–
PB Finančné služby, a.s.	Slovakia	100.00	direct	Full	–	–
SPPS, a.s.	Slovakia	40.00	direct	Equity	–	–
FOND DLHODOBÝCH VÝNOSOV o.p.f. - PRVÁ PENZIJNÁ SPRÁVCOVSKÁ SPOLOČNOSŤ POŠTOVEJ BANKY, správ.spol. a.s.[4]	Slovakia	93.94	direct	Full	–	–
FORESPO BDS, a.s.	Czech Republic	100.00	direct	Full	–	–
FORESPO - RENTAL 1 a.s.	Slovakia	100.00	direct	Full	–	–
FORESPO - RENTAL 2 a.s.	Slovakia	100.00	direct	Full	–	–
INVEST-GROUND a.s.	Slovakia	100.00	direct	Full	–	–
NÁŠ DRUHÝ REALITNÝ o.p.f. - PRVÁ PENZIJNÁ SPRÁVCOVSKÁ SPOLOČNOSŤ POŠTOVEJ BANKY, správ.spol., a.s.[5]	Slovakia	91.69	direct	Full	–	–
FORESPO PÁLENICA a.s.	Slovakia	100.00	direct	Full	–	–

Company name	Country of incorporation	31 December 2013 Conso-lidated %	Ownership interest	Consolidation method	31 December 2012 Conso-lidated %	Ownership interest
FORESPO SMREK a.s.	Slovakia	100.00	direct	Full	–	–
FORESPO HOREC a SASANKA a.s.	Slovakia	100.00	direct	Full	–	–
FORESPO HELIOS 1 a.s.	Slovakia	100.00	direct	Full	–	–
FORESPO HELIOS 2 a.s.	Slovakia	100.00	direct	Full	–	–
FORESPO SOLISKO, a.s.	Slovakia	100.00	direct	Full	–	–
J&T REALITY otevřený podílový fond J&T INVESTIČNÍ SPOLEČNOST, a.s.[6]	Czech Republic	82.10	direct	Full	–	–
J&T Global Finance III., s.r.o.	Slovakia	100.00	direct	Full	–	–
J&T Integris Group LTD	Cyprus	100.00	direct	Full	100.00	direct
J&T BFL Anstalt	Lichtenstein	–	–	Full	100.00	direct
LCE Company Limited	Cyprus	–	–	SPE	95.00	SPE
NEEVAS INVESTMENT LIMITED	Cyprus	–	–	SPE	95.00	SPE
STOMARLI HOLDINGS LIMITED	Cyprus	–	–	SPE	95.00	SPE
Bayshore Merchant Services Inc.	British Virgin Islands	100.00	direct	Full	90.00	direct
J&T Funds Inc.	Cayman Islands	100.00	direct	Full	100.00	direct
J&T Bank and Trust Inc.	Barbados	100.00	direct	Full	100.00	direct
J and T Capital Sociedad Anonima de Capital Variable	Mexiko	100.00	direct	Full	100.00	direct
J&T Advisors (Canada) Inc.	Canada	100.00	direct	Full	100.00	direct
J&T MINORITIES PORTFOLIO LIMITED	Cyprus	100.00	direct	Full	100.00	direct
Equity Holding, a.s.	Czech Republic	62.64	direct	Full	62.64	direct
ABS PROPERTY LIMITED	Ireland	100.00	direct	Full	100.00	direct
J&T Investment Pool - I – CZK, a.s.	Czech Republic	–	–	Full	10.20	direct
J&T Investment Pool - I – SKK, a.s.	Slovakia	–	–	Full	29.11	direct
J&T Capital Management Anstalt[7]	Lichtenstein	–	–	Full	100.00	direct
AGUNAKI ENTERPRISES LIMITED	Cyprus	–	–	Full	100.00	direct
J&T Global Finance I. B.V.	Netherlands	100.00	direct	Full	100.00	direct
J&T Global Finance II. B.V.	Netherlands	100.00	direct	Full	100.00	direct
J&T Sport Team ČR, s.r.o.	Czech Republic	100.00	direct	Full	100.00	direct
První zpravodajská a.s.	Czech Republic	100.00	direct	Full	100.00	direct
J&T Concierge, s.r.o.	Czech Republic	100.00	direct	Full	100.00	direct
J&T Concierge SR, s. r. o., v likvidácii	Slovakia	–	–	Full	100.00	direct
J&T Cafe, s.r.o.	Czech Republic	100.00	direct	Full	100.00	direct
KHASOMIA LIMITED[8]	Cyprus	100.00	direct	Full	100.00	direct
RIGOBERTO INVESTMENTS LIMITED	Cyprus	–	–	Full	100.00	direct
KOTRAB ENTERPRISES LIMITED	Cyprus	–	–	Full	100.00	direct
J&T Private Equity B.V.	Netherlands	–	–	Full	100.00	direct
J&T FINANCIAL INVESTMENTS LIMITED	Cyprus	–	–	Full	100.00	direct

Company name	Country of incorporation	31 December 2013 Conso-lidated %	Ownership interest	Consolidation method	31 December 2012 Conso-lidated %	Ownership interest
J&T Private Investments B.V.	Netherlands	–	–	Full	100.00	direct
J&T SERVICES ČR, a.s.	Czech Republic	100.00	direct	Full	100.00	direct
J&T GLOBAL SERVICES LIMITED	Cyprus	100.00	direct	Full	100.00	direct
JTG Services Anstalt	Lichtenstein	100.00	direct	Full	100.00	direct
J&T SERVICES SR, s.r.o.	Slovakia	100.00	direct	Full	100.00	direct
J&T Finance, LLC	Russia	99.90	direct	Full	99.90	direct
J&T SECURITIES MANAGEMENT LIMITED	Cyprus	–	–	Full	100.00	direct
J&T Private Investments II B.V.	Netherlands	–	–	Full	100.00	direct

The structure above is listed by ownership of companies at the different levels within the Group.

1 The Group owns a 99.13% share in J&T Bank ZAO through the subsidiary J&T BANKA, a.s. and another 0.87% share through J&T FINANCE GROUP, a.s.
2 The Group owns a 99% share in TERCES MANAGEMENT LIMITED through the subsidiary J&T Bank ZAO and another 1% share through the subsidiary J&T Finance, LLC.
3 The Group owns a 51.70% share in Poštová banka., a.s. through the subsidiary J&T Finance, a.s. and another 36.36% share through the subsidiary J&T BANKA, a.s.
4 The Group owns a 49.96% share in FOND DLHODOBÝCH VÝNOSOV o.p.f. - PRVÁ PENZIJNÁ SPRÁVCOVSKÁ SPOLOČNOSŤ POŠTOVEJ BANKY, správ.spol., a.s. through the subsidiary J&T BANKA, a.s. and another 43.98% share through the subsidiary Poštová banka, a.s.
5 The Group owns a 48.74% share in NÁŠ DRUHÝ REALITNÝ o.p.f. - PRVÁ PENZIJNÁ SPRÁVCOVSKÁ SPOLOČNOSŤ POŠTOVEJ BANKY, správ.spol., a.s. through the subsidiary J&T BANKA, a.s. and another 42.95% share through the subsidiary Poštová banka, a.s.
6 The Group owns a 43.66% share in J&T REALITY otevřený podílový fond, J&T INVESTIČNÍ SPOLEČNOST., a.s. through the subsidiary J&T BANKA, a.s. and another 38.44% share through the subsidiary Poštová banka, a.s.
7 J&T Investment Pool - I - CZK, a.s. and J&T Investment Pool - I - SKK, a.s. each own 50 % in J&T Capital Management Anstalt.
8 On 19 November 2013 the Group established the subsidiary SOLEGNOS ENTERPRISES LIMITED, contributed the assets of KHASOMIA LIMITED into its capital and subsequently sold the company as a part of divestment of non-banking operations (refer to Note 1. Corporate information).

J&T Finance Group, a.s.
River Park
Dvořákovo nábrežie 8
811 02 Bratislava
tel.: +421 2 5941 8111
www.jtfg.com