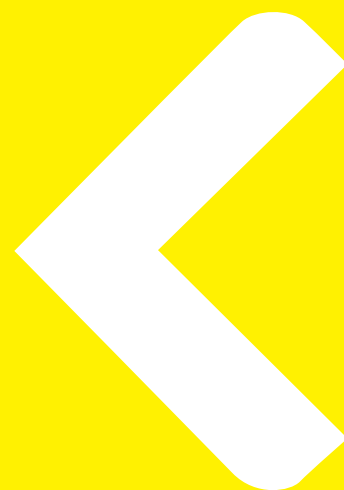




Raiffeisen
Stavební spořitelna

Annual Report 2023



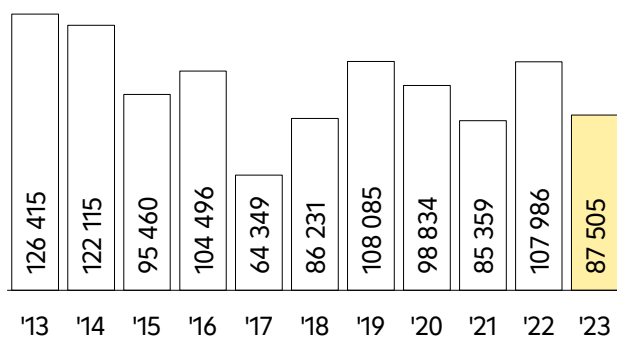
> Table of Contents

Table of Contents.....	1
Survey of key economic indicators.....	2
Shareholders.....	4
Company bodies and organizational structure.....	5
Board of Directors' Report on the Company's business activity and status of assets.....	8
Raiffeisen stavební spořitelna Supervisory Board 2023 Business activity report.....	15
Auditor's statement.....	16
Financial section.....	21
Statement of comprehensive income.....	22
Statement of financial position.....	23
Statement of changes in equity.....	24
Cash flow statement.....	25
Annex to the Financial Statement for the year ending 31 December, 2023.....	26
Report on related parties.....	73
Information on capital.....	79
Contact Details.....	81

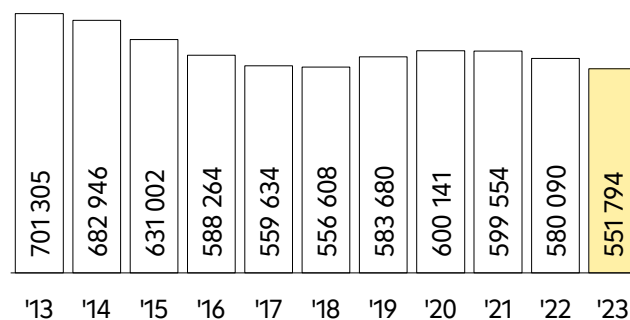
> Survey of key economic indicators

	Units	2023	2022
Number of new building savings contracts by natural persons	pcs	80,260	103,964
Number of topped-up building savings contracts by natural persons	pcs	7,245	4,022
Number of valid building savings contracts by natural persons	pcs	551,794	580,090
Number of valid loan contracts by natural persons	pcs	79,356	81,896
Volume of new loans by natural persons and legal entities	M CZK	7,141	12,321
Balance sheet total	M CZK	81,186	77,286
Payables to clients	M CZK	59,434	62,146
Receivables from clients	M CZK	69,254	70,383
Registered capital	M CZK	650	650
Equity	M CZK	8,310	5,883
Profit/loss for the accounting period after taxation	M CZK	827	468
Total capital ratio	%	22.07	15.91
ROAA – Return on average assets	%	1.05	0.61
ROAE – Return on average equity Tier 1	%	12.50	9.23
Assets per employee	M CZK	1,015	859
Administrative expenses per employee	M CZK	-6.538	-5.533
Net earnings per employee	M CZK	10.338	5.200
Number of employees	Number of individuals	80	90

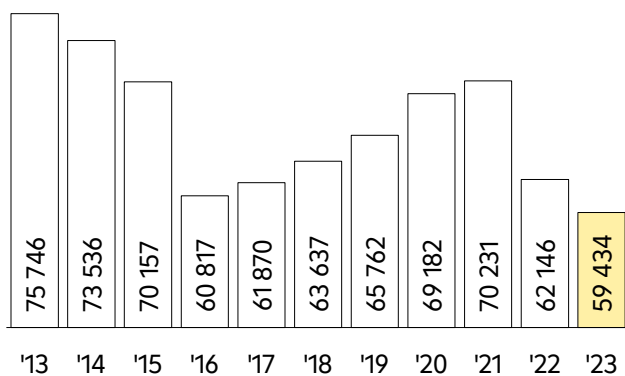
New building savings contracts by natural persons including topped-up contracts (quantity)



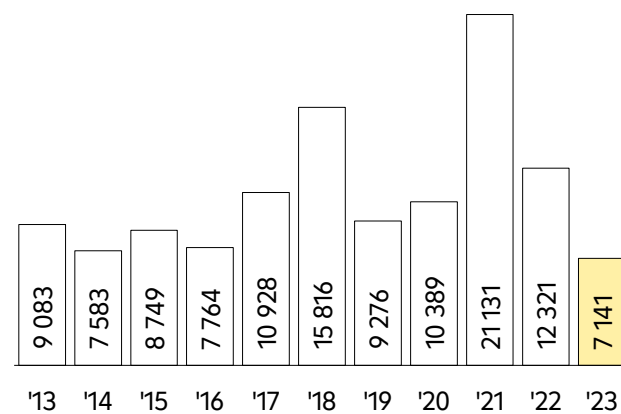
Valid building savings contracts by natural persons as at EOY (quantity)



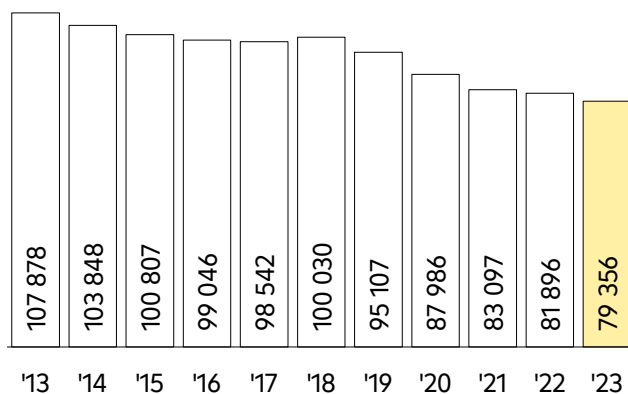
Deposits by building savings clients as at EOY (MCZK)



Volume of new loans by natural persons and legal entities (MCZK)



Valid loan contracts by natural persons as at EOY (quantity)



Client loans as at EOY (MCZK)



> Shareholders

Raiffeisenbank a.s.

The sole shareholder of Raiffeisen stavební spořitelna is Raiffeisenbank a.s. ("Raiffeisenbank"), which owns 6,500 shares of Raiffeisen stavební spořitelna a.s. and its share in the registered capital and voting rights is 100%.

Raiffeisenbank is a general bank active on the Czech banking market since 1993 and is one of the largest banks on the domestic market. It is a Czech bank under Austrian ownership with its registered office in the Czech Republic. It is governed by the business rules set forth by the Czech National Bank and it is one of the five most important "banks of systemic significance", on which the Czech National Bank imposes the most strenuous requirements in regard to financial strength and stability.



Raiffeisenbank offers services and products to natural persons, entrepreneurs and companies. Raiffeisenbank prides itself on offering services that simplify its clients' lives. Clients can access its services online and in person through Raiffeisenbank's broad network of branches. It creates simple and clear products and services that clients can easily manage online. The range of products and services includes personal and business accounts, credit, savings and investment products, specialized financial services and consulting for corporate clients and large corporations. A detailed overview of all of Raiffeisenbank's services is available at www.rb.cz.

Raiffeisenbank won first place in the two main categories of the 2023 Hospodářské noviny Visa Best Bank competition, making it the first bank to hold these positions in both of the categories. Since 2013, Raiffeisenbank has been recognized as the best bank of the year three times and as the most client-friendly bank seven times, and is also the first bank to receive both awards in the same year three times. In 2023, Raiffeisenbank also received the Mastercard most responsible bank of the year award.

In addition to its business activities, the bank is also involved in a number of public benefit activities, including educational, charitable and cultural projects. Raiffeisenbank has a tradition of responsible business practices and sustainability. The bank monitors its impacts, with particular attention to economic, social and environmental impacts.

As at the end of 2023, Raiffeisenbank served 1.623 million clients through a network of 119 branches and a client centre based in Teplice. The bank has 3,300 employees.

The Austrian financial group Raiffeisen Bank International (RBI) owns 75% of Raiffeisenbank and the Austrian Raiffeisenlandesbank Oberösterreich owns 25%.

> Company bodies and organizational structure

General Meeting

The General Meeting is the supreme body of Raiffeisen stavební spořitelna. Raiffeisenbank a.s. is the sole shareholder of Raiffeisen stavební spořitelna. In 2023, the sole shareholder acting as the General Meeting issued two decisions: on 18 April and 19 December, 2023.

Supervisory Board

PhDr. Vladimír Kreidl, MSc. – Chairman	
In office	Chairman since 22 June, 2020 (Member since 17 June, 2020)
Company	Raiffeisenbank a.s., Prague
Ing. Igor Vida – Deputy Chairman	
In office	Deputy Chairman since 21 March, 2022 (Member since 21 December, 2022, Member from 15 December, 2016 to 15 December, 2021, Deputy Chairman from 22 June, 2020 to 15 December, 2021)
Company	Raiffeisenbank a.s., Prague
Ing. Ondřej Hák – Member	
In office	Member since 20 December, 2022
Company	Raiffeisenbank a.s., Prague
Kamila Makhmudova – Member	
In office	Member since 20 December, 2022
Company	Raiffeisenbank a.s., Prague
Mag. Dr. Martin Stotter – Member	
In office	Member since 1 October, 2020
Company	Raiffeisenbank a.s., Prague

Audit Committee

Ing. Stanislav Staněk – Chairman	
In office	Chairman since 19 January, 2022 (Member since 1 December, 2021)
Mag. Dr. Martin Stotter – Deputy Chairman	
In office	Reelected as Deputy Chairman on 19 January, 2022 (Member since 1 October, 2020)
Ing. Martin Smekal – Member	
In office	Member since 1 December, 2021

Board of Directors



Ing. Pavel Čejka, MBA

Chairman of the Board of Directors

Reelected to office on 4 July, 2023
Member of the Board of Directors in office since 1 July, 2020 (reelected on 1 July, 2023)



Ing. Yvona Tošnerová

Deputy Chairwoman of the Board of Directors

Member of the Board of Directors in office since 1 July, 2021

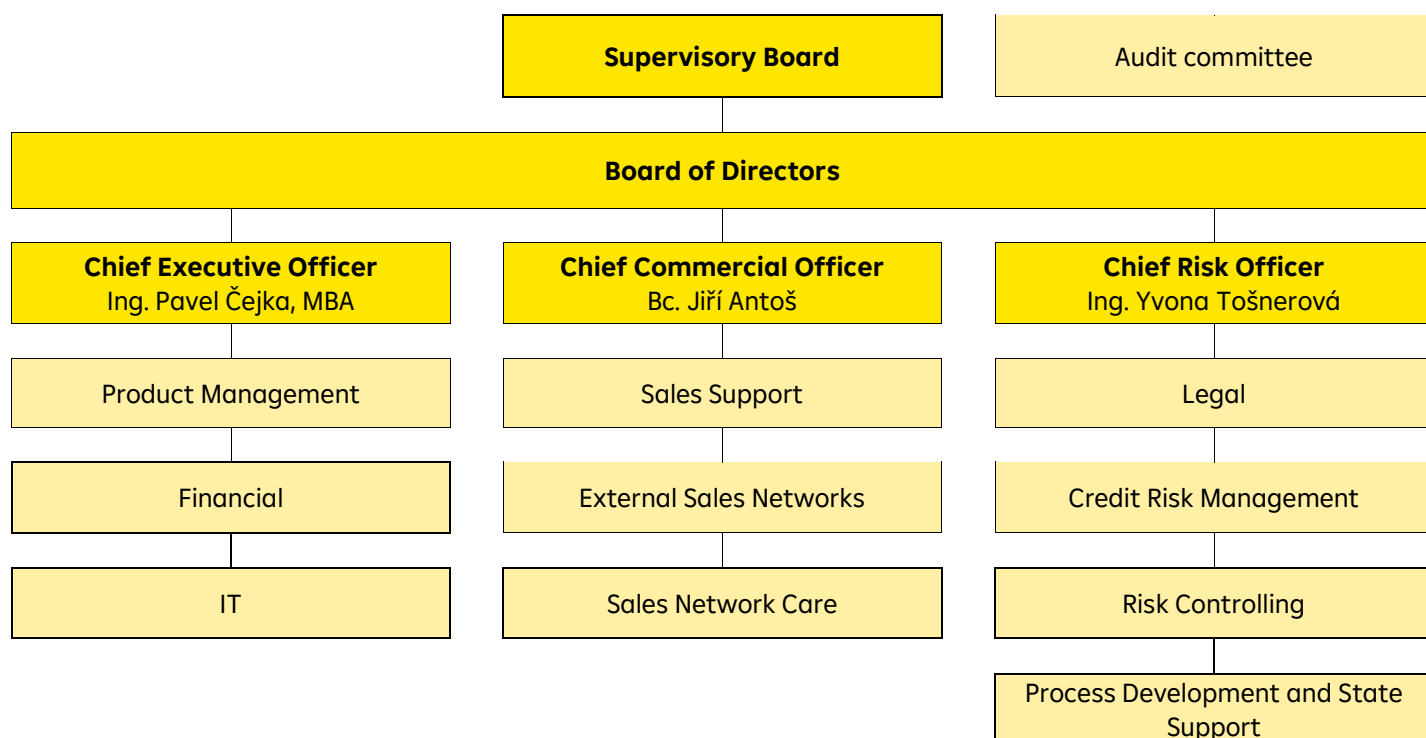


Bc. Jiří Antoš

Deputy Chairman of the Board of Directors

Member of the Board of Directors in office since 1 June, 2021

Organizational structure of the Company valid as at 31 December, 2023



Advisory Bodies to the Board of Directors

Outsourcing Management Committee

Executive Bodies of the Board of Directors

Assets and Liabilities Committee
Credit Risk Management Committee
Operational Risk Management & Controls Committee
Change Management Committee
Security Committee
Marketing and PR Committee
Sales Committee
IT Management Committee

Activities not listed here are outsourced to Raiffeisenbank a.s.

➤ Board of Directors' Report on the Company's business activity and status of assets

Business performance

2023 was an extraordinary year for our clients, sales staff and employees. Public and political discussion about the reduction of state support for building savings, the role of the building savings sector in general, high base interest rates, geopolitical changes, inflation and associated growth in prices across the market resulted in many changes. We are very pleased to see that once again, despite difficult and challenging times, our sales representatives and employees are able to cope with new and challenging situations and support our clients. The new role of building savings banks in subsidy advisory services focused on improving energy efficiency has opened up a new area for our business. The Czech Republic faces a difficult task: its residential building energy efficiency level, especially of single-family houses, is one of the lowest in the EU. Tens of billions of Czech crowns need to be expended for renovations and upgrades of residential buildings, public education and funds allocated in the right areas. Our building savings bank is ready to help our clients navigate through a wide range of subsidies, provide advice about documents required to obtain a subsidy or process a subsidy directly on behalf of our clients, which will help transform the housing environment in the Czech Republic.

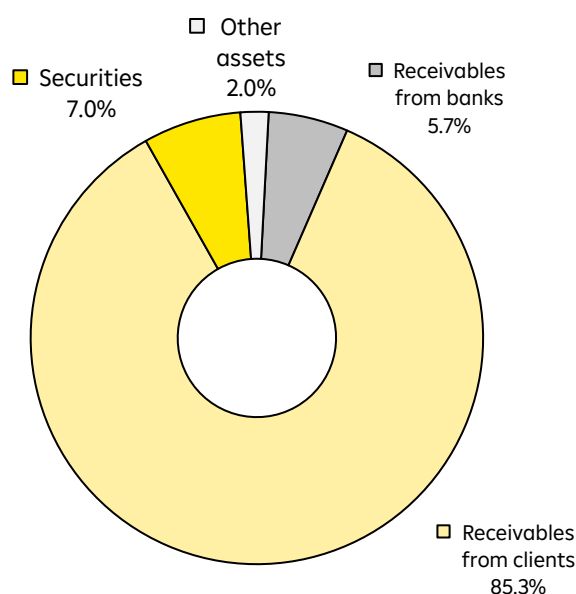
We saw continued growth in our key products and despite the highly competitive environment we achieved record sales results, particularly in unsecured loans. We are intensifying collaboration in the cross-selling of Raiffeisen stavební spořitelna and Raiffeisenbank products; for example, clients can open a current account or take out a consumer loan or a mortgage. Clients can purchase a building savings product or apply for a housing renovation loan at a Raiffeisenbank's branch or in its mobile banking app or internet banking. We continue to work collaboratively with brokerage companies, especially in the distribution of loans for renovation or acquisition of cooperative housing and, of course, building savings products.

In terms of business performance, the volume of new unsecured loans grew, while mortgage loans declined year-on-year. However, the last months of 2023 indicated a recovery in the mortgage market, and thus growth in business. We provided loans totalling more than CZK 7.1 billion. There was growth in the volume of new unsecured loans, with an increase of almost 8% from 2022. Raiffeisen stavební spořitelna concluded almost 88,000 new building savings contracts with natural persons and legal entities, including top-ups to the savings target amounts, bringing total production to the 2021 level. Despite the relatively dramatic changes in this traditional product, we believe that building savings will continue to thrive and remain the most popular savings product on the market. We have more than 552,000 building savings contracts in our portfolio.

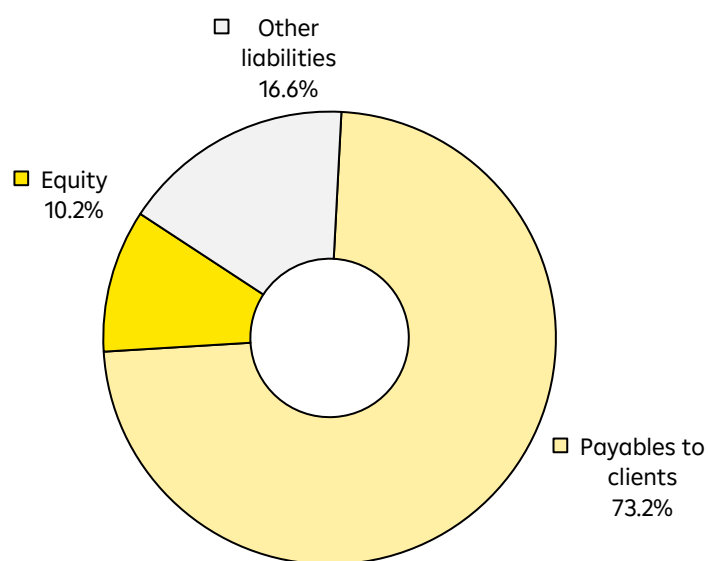
Additional services in various types of insurance, retirement savings, non-purpose consumer loans or current accounts remain very popular with our clients. In collaboration with Uniqa and Generali we offer loan repayment, life and property insurance products. We have continued to sell our parent company's products very successfully. In addition to traditional current accounts, we have continued to offer secured and unsecured consumer loans.

Raiffeisen stavební spořitelna's professional team of in-house financial advisors, who provide high quality advisory services at almost 170 advisory centres throughout the Czech Republic, continues to be an important distribution channel for all types of products in our portfolio. Online channels and Raiffeisenbank branches play increasingly important roles in our distribution mix.

Structure of assets in 2023



Structure of liabilities in 2023



Commentary on financial results

Similarly to 2022, in 2023 the Company's performance was affected by significant external and internal circumstances. As in the previous year, inflation was a key factor in the Czech Republic, with an average rate of 10.7%. The Czech National Bank maintained a restrictive monetary policy throughout 2023 to keep inflation down, but of course this measure negatively impacted the demand for real estate financing. Undoubtedly, one of the most important factors affecting the building savings business was the government's pending legislative package on consolidation of the state budget. Raiffeisen stavební spořitelna's profit was CZK 827 million, which is a 76.8% year-on-year increase.

Total assets equalled CZK 81.2 billion, which equals a year-on-year increase of 5.0%. Total client deposits decreased year-on-year by 4.4% to CZK 59.4 billion. The decrease in deposits is quite significant in a year-on-year comparison; in absolute figures it is more than CZK 2.7 billion. There are several key reasons for this development: high interest rates on savings accounts of commercial banks, which are in direct competition with building savings, negative portrayal of building savings products by some politicians and media as an outdated product in the context of government austerity measures and the planned reduction of the state contribution. Last but not least, the sharp rise in energy prices forced some members of the public to use some of their reserves or limited their ability to generate savings within their disposable income.

Raiffeisen stavební spořitelna provided client loans in a total volume of CZK 7.1 billion in 2023, which equals a year-on-year decrease of 42%. The main reason is the year-on-year decrease in the demand for secured housing loans. In the building savings sector, there was a 60% year-on-year decrease in the volume of secured loans and a 37% decrease in the total volume of loans provided by RSTS. The total balance of loans provided to RSTS clients was CZK 69.3 billion, which equals a year-on-year decrease of 1.6%. The total volume of receivables from clients comprised 116.6% of client deposits, which is a year-on-year change of 3.3 percentage points. This marks the third year in a row that RSTS's total loan balance is greater than the volume of client deposits. The main source of funding for loans provided in excess of client deposits is interbank borrowings from the parent company Raiffeisenbank. At the end of 2023, these loans equalled CZK 12.0 billion.

The volume of securities held was CZK 5.7 billion, which equals a year-on-year increase of 47.6%. Securities constitute a liquidity reserve against potential liquidity fluctuations. Free liquidity is reinvested in the Czech National Bank under the 14-day repo facility.

Net interest income equalled CZK 1,059.2 million in 2023, which was a year-on-year increase of 19.4%. Owing to high market interest rates, loan income developed favourably, with year-on-year growth of 27.1%, although client deposit financing costs also increased year-on-year by 9.8%.

The balance of payables to clients decreased by CZK 2.7 billion, while interest expense increased to CZK 1,101.6 million. The development of subordinated liabilities remained unchanged year-on-year at CZK 602 million. Interest expense related to servicing subordinated debt equalled CZK 30.4 million in 2023.

Net gain from fees and commissions equalled CZK 205.2 million, which is a year-on-year decrease of 14.0%. Fee gains were positively affected by income from Raiffeisenbank product sales, which grew year-on-year. On the contrary, the new fee of CZK 36.5 million for the guarantee issued by the parent company in favour of Raiffeisen stavební spořitelna for resolution proceedings (MREL) had a negative effect.

Total administrative expenses and depreciation were CZK 592.5 million in 2023, a year-on-year increase of 4.1%. Given the significant price increases across the economic sector, this can be considered a reasonable value. Total costs of subcontracted tasks secured by Raiffeisenbank equalled CZK 172.6 million. Depreciation decreased by CZK 1.9 million year-on-year to CZK 69.5 million.

The balance of receivables from clients decreased by almost CZK 1.1 billion year-on-year. This was due to a persistent decline in consumer demand for secured loans. Comparing the lending performance of the building savings sector, we see a 37% year-on-year decrease in volume, with a 60% decrease in the key area of secured loans. In the case of Raiffeisen stavební spořitelna, the total volume of loan sales fell by 42% year-on-year.

The development of risk costs in 2023 significantly affected Raiffeisen stavební spořitelna's financial results. According to Basel II guidelines, banks can use their own estimated risk parameters to calculate regulatory capital. This approach is known as the Internal Ratings Based (IRB) approach to capital requirements for credit risk. Due to implementation of this approach and some partial steps preceding it, Raiffeisen stavební spořitelna decided to release a significant part of loss allowances for loans. The total accounting impact of this step on the total costs of risk, including ordinary developments, was CZK 374 million year-on-year, which is an extraordinary contribution to the Company's profit.

The Company's overall liquidity is very good. In addition to its own liquidity reserve, the Company has the option of drawing on the resources of the parent company Raiffeisenbank through interbank loans. At the end of 2023, we had drawn down resources totalling CZK 12.0 billion through interbank loans.

The adoption of the consolidation package by the Czech Chamber of Deputies of Parliament was an important factor that influenced building savings in 2023, and which will continue to influence it in ensuing years. One of the many amended regulations was Act No. 96/1993 Coll., on building savings and state support for building savings. Starting from January 2024, state support is 5% per year of the amount saved, but calculated from a maximum base of CZK 20,000. Annual state support can therefore equal no more than CZK 1,000.

Concurrently, however, the law allows building savings banks to carry out a new activity, namely the provision of advisory services pertaining to environmental subsidies to households known as "New Green Savings". Financing options for building savings banks' clients will now also pertain to environmental projects.

Information about acquisition of own shares or stock

Raiffeisen stavební spořitelna did not acquire any own shares or stock in the 2023 accounting period.

Awards, achievements, points of interest

Raiffeisen stavební spořitelna has been on the market for 30 years and is a stable financial institution. In interviews and campaigns, the Bank focused on the factors that make it unique and special, such as the cooperative housing segment, which is gradually growing in its portfolio. Unlike a bank, a building savings institution is able to finance the purchase of cooperative housing without the need to pledge the property as collateral.

Similarly, RSTS' provision of unsecured loans with maturities of up to 25 years to clients of all income groups, a unique product not offered by other institutions, has earned it media attention.

Raiffeisen stavební spořitelna is the state's partner in a whole spectrum of New Green Savings subsidy advisory services. It has established a system and processes for the distribution of the state contribution, and is able to check compliant use of these funds. It helps clients navigate the system of government subsidies by providing advice and referrals.

RSTS also sees great potential in collaboration with associations of unit owners and cooperatives. For these groups, RSTS finances mainly external insulation, solar panels and, more recently, community energy projects.

The SAMOZŘEJMĚ ("Of course") communication concept continued to permeate all of Raiffeisen stavební spořitelna's communication channels.

In 2023, Raiffeisen stavební spořitelna used all available means to be as close as possible to its clients. Through media outputs, RSTS presented how it has made arranging services in the mobile application easier, as well as making it possible for minors to set up building savings accounts. As a result, it reached the younger age group of potential clients.

It also demonstrated its position on the market by winning an award in the Golden Crown competition in the Building Savings category. RSTS won third place with its product REKOpůjčka (loan for renovation purposes) up to CZK 1.5 million without a real estate guarantee. Its lucrative savings offered the best interest rate on building savings of all savings banks, which was also linked to an offer of a financial reward for opening an account with Raiffeisenbank.

Services and products in 2023

Services

In 2023, Raiffeisen stavební spořitelna continued to focus on the quality and speed of its services.

We are continuing with digitalization in line with our goal of becoming a paperless bank. Given that 95% of our employees now work solely with digital documents when processing client requests, we have begun focusing more on digitalizing our interactions with our clients as well.

We have replaced many paper communications with emails and we use official databoxes for formal communication. We enable our clients to use RSTS's modern digital channels, where they can see their product details and documents related to building savings products and loans at RSTS. And that's not all. We will use these digital platforms more and more, making it easier and faster for clients to communicate with our building savings bank.

We are gradually offering digital formats to new clients as well as existing clients who have been using the now obsolete Specialist's Internet Service.

As a result of digitalization, in recent years we have reaped significant cost savings on postage, which has become markedly more expensive. Another significant side effect is the considerable reduction in use of paper, which helps preserve our forests. We saved approximately 1,800 trees over a four-year period.

We use modern technology, deploying robotic processing in those parts of our processes where it makes sense, allowing our employees to focus on more interesting tasks instead of simple repetitive administrative work. Our long-term goal is to increase the expertise of our employees; by increasing their knowledge and skills, we seek to get even closer to our clients and provide fast, high quality services.

We launched a project called Customer Satisfaction and identified key areas and priorities and ways we will address them. We believe that customer experience is now one of the deciding factors for many clients in choosing and staying with a financial institution.

Products

The first half of 2023 was particularly notable, as it was consumed by discussions focused on the very existence of building savings banks. We operated in a high interest rate environment during the entire year. Nonetheless, we can assess 2023 positively.

The discussion around building savings led to the expansion of opportunities to help our clients even more by adding a subsidy advisory service. This service beautifully complements our role as housing financing specialists.

In savings, we had to focus primarily on maintaining client deposits in a competitive environment, particularly savings accounts. First, we introduced a new building savings tariff with interest rates of up to 3.5% p.a. and continued to link the offer with a current account at Raiffeisenbank a.s.

Over the course of the year, we had to revise the offer and increase it to a promotional offer of 7% p.a. until the end of 2024, which caught our clients' attention.

Thanks to synergies with the parent bank, we were able to expand the existing tools and create a new tool for clients who want to take out building savings online, either through their internet or mobile banking or for new clients through the website.

In credit, unsecured loans were the main focus in 2023. Building savings loans are enjoying a renaissance, with clients discovering the magic of building savings and the low interest rates of these loans.

In 2023, we introduced the option of using pre-approved limits for loans from our building savings bank. Once again, the synergy with the parent bank is apparent here, along with the associated active use of the current account. This new feature gradually became a fixed part of new loans during the year.

We also support an offer for clients who want to acquire housing through a cooperative share. We have observed increased interest in this option, especially in recent months. It is an interesting alternative to the high entry costs of acquiring housing through personal ownership.

A major challenge is the aforementioned subsidy advisory service and associated financial services to cover the full costs of home comfort improvements.

We see a similar challenge in apartment buildings, whether associations of unit owners or housing cooperatives. We have offers for these clients as well, related to updating housing to save energy or making improvements to the quality of housing.

General information about risk management

Raiffeisen stavební spořitelna manages all risks associated with its business activities in compliance with valid legal standards and regulations stipulated by relevant regulatory institutions, particularly the Czech National Bank. It monitors and manages risks inherent to its area of business, particularly credit, interest rate, liquidity and operational risks.

Since 1 December, 2020 Raiffeisenbank a.s. has been the 100% owner of Raiffeisen stavební spořitelna; therefore, risk management is outsourced to Raiffeisenbank.

The key risk management task is identification of assumed risks and subsequent development and implementation of risk management strategies for specific assumed risks. The specific strategies define measurement and management methods for given risk areas, determine procedures including control mechanisms, and set limits leading to minimization of assumed risks.

Aside from the Risk Controlling Department, the Board of Directors, Credit Risk Management Committee and Assets and Liabilities Committee are involved in the risk management system. They get an overview of risk exposure through regular monthly reports on risk status and development and have the opportunity to conduct appropriate controls and give feedback. Other parts of the system include the Operational Risk Management Committee, Change Management Committee and Security Committee. The risk management system continues to develop in alignment with product and process changes, new activities and all requirements to refine risk management.

In 2023, Raiffeisen stavební spořitelna used the standardized approach to calculate capital adequacy for credit risks and the basic indicator method to calculate capital needs for operational risks. Raiffeisen stavební spořitelna regularly conducts an Internal Capital Adequacy Assessment Process (ICAAP) including reporting within the financial group and for the Czech National Bank. Raiffeisen stavební spořitelna publishes information about fulfilment of prudential rules (Pillar 3) on an individual basis in abbreviated form.

Staff policy

Raiffeisen stavební spořitelna's staff policy is fully aligned with the Company's goals and strategy. The policy stresses development of a pleasant and dynamic work environment, relationships based on friendship, trust and cooperation and respect for individual employees. The Company emphasizes sharing knowledge, fostering innovation and digitalization. The atmosphere in the Company promotes open communication and both formal and informal tools are in place for feedback and dialogue.

In 2023, many off-site meetings were held, which helped strengthen relationships and improve collaboration across Raiffeisen stavební spořitelna and with Raiffeisenbank employees. There were several joint events, such as teambuilding events and company-wide gatherings, which gave employees a chance to spend time together outside of the office.

Employees meet regularly with the Company's Board of Directors, which gives them the opportunity to learn about the Company's strategy and business performance and suggest new ideas.

Raiffeisen stavební spořitelna's remuneration system is designed to support healthy, effective risk management. Its main goal is to recognize and motivate employees for their contribution and achievements. This creates an atmosphere that supports employees' professional growth and helps the Bank achieve excellent results. We use the approach employed throughout the Raiffeisen group to determine categories of employees with a significant impact on the risk profile.

Employee care includes systematic employee development and education. Through our collaboration with Raiffeisenbank, we are able to expand the development opportunities available to employees of Raiffeisen stavební spořitelna. The range of employee benefits is constantly updated in response to market developments and employees' preferences.

We value our employees and try to support them in various situations that arise in their lives. RSTS offers them supportive programmes and benefits to improve their professional and personal lives.

Corporate social responsibility

In 2023, Raiffeisen stavební spořitelna donated over half a million CZK to more than a dozen non-profit organizations. RSTS donated CZK 100,000 to the Klub svobodných matek z.s. (Single Mothers' Club), which supports single parents across the Czech Republic. Another CZK 100,000 was donated to the Poradna při finanční tísni (Debt Advisory Center - Counselling in Stringency), which provides debt counselling. Raiffeisen stavební spořitelna also continued with its longstanding support of the Akord Day Care Centre, which it has supported for three decades.

All of the organizations to which Raiffeisen stavební spořitelna distributed funding for charitable purposes have been supported repeatedly. In 2023, Raiffeisen stavební spořitelna also supported the organization Cesta domů, z.ú. (Journey Home), Muži proti rakovině (Men Against Cancer), debt counselling provided by the Diaconia of the Evangelical Church of the Czech Brethren and the project Teribear. Employees also contributed to the Movember fundraising drive for the Akord Day Care Centre and participated in a volunteer day at the sheltered workshop Lemniskáta, o.p.s. The number of employees who are regular donors of the organization Dobrý anděl (Good Angel) also increased.

Research and development costs

Raiffeisen stavební spořitelna did not have any research and development costs in the 2023 accounting period.

Branches abroad

Raiffeisen stavební spořitelna has no branches or other business units abroad.

Environmental protection

Thanks to our association with Raiffeisenbank, Raiffeisen stavební spořitelna actively implements ESG principles. Sustainability is one of our priorities. We are increasing energy efficiency and reducing our carbon footprint. We are installing energy-efficient electricity, heating and cooling technologies. We are reducing our water consumption and using environmentally-friendly cleaning products. We follow measures in place for the collection, sorting and recycling of secondary raw materials (plastics, paper, glass) and electronic waste.

Thanks to our association with Raiffeisenbank, we collaborate with domestic and foreign organizations and interested parties on sustainability and actively contribute to development of corporate responsibility in the Czech Republic.

Prague, 26 March, 2024

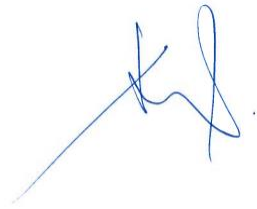
Raiffeisen stavební spořitelna a.s. Board of Directors:



Ing. Pavel Čejka, MBA
Chairman of the Board of Directors



Ing. Yvona Tošnerová
Deputy Chairwoman of the Board of
Directors



Bc. Jiří Antoš
Deputy Chairman of the Board of
Directors

➤ Raiffeisen stavební spořitelna Supervisory Board 2023 Business activity report

Over the course of 2023, Raiffeisen stavební spořitelna a.s.'s (the "Company") Supervisory Board managed tasks which it is authorized to perform in accordance with valid legal regulations and the Company's Articles of Association.

There were three Supervisory Board meetings in 2023. The meetings took place on 3 April, 14 June and 23 November, 2023. When needed, the Supervisory Board also took decisions outside these meetings (per rollam) on issues where legal or internal regulations or the Articles of Association require a statement by the Supervisory Board. The Supervisory Board meetings were attended by the members of the Company Board of Directors, other invited Company employees and employees of the sole shareholder in cases of reports concerning outsourced areas of business.

There were no changes to the composition of the Supervisory Board in 2023.

Throughout 2023, the Supervisory Board supervised business and economic performance, developments in liquidity, risk management, the internal audit, and implementation of corrective actions in regard to audit findings. The Supervisory Board also supervised compliance and anti-money laundering tasks.

The Company Board of Directors informed the Supervisory Board about the current status of the IT transformation program, long-term plans and other significant events in the Company. One of the key topics in 2023 was information about current developments in the building savings market, along with political discussions about the level of state support for building savings addressed under the government's proposed austerity measures. Proposed legislation in this area led to a reduction of state support for building savings and a new role for building savings banks providing complete support for financing energy savings and advisory services and acting as an intermediary for state subsidies.

Due to the ending mandate of the Chairman of the Board Pavel Čejka, in June 2023 the Supervisory Board unanimously elected him as a member of the Board of Directors of Raiffeisen stavební spořitelna and the Board of Directors subsequently reelected him as Chairman.

The Supervisory Board took note of the internal audit report assessing the management and control system, in which the Company's management and control system was found to be functional and effective. The Supervisory Board also approved a new Company vision, mission and values.

The Supervisory Board assessed the professional competence and experience of the members of the Board of Directors, i.e. both as the Company's executive body and as individual members, in relation to performance of their tasks. The Supervisory Board did not find any inadequacies in these areas. The Supervisory Board also monitored application of and adherence to principles underlying compensation of Company staff over the entire year.

At its meeting on 4 April, 2024 the Supervisory Board discussed the Board of Directors' 2023 Annual Report and the report on related parties, reviewed the Financial Statement as at 31 December, 2023, including the respective draft statement by Deloitte Audit s.r.o., and discussed the profit distribution proposal.

The Supervisory Board had no objections to the submitted Board of Directors' 2023 Annual Report, report on related parties, Financial Statement or profit distribution proposal and recommended that the sole shareholder exercising the powers of the General Meeting approve these documents.

Prague, 4 April, 2024



PhDr. Vladimír Kreidl, MSc.
Chairman of the Supervisory Board

> Auditor's statement

Deloitte.

Deloitte Audit s.r.o.
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Registered by the Municipal
Court in Prague, Section C,
File 24349
ID. No.:49620592
Tax ID. No.: CZ49620592

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of
Raiffeisen stavební spořitelna a.s.

Having its registered office at: Hvězdova 1716/2b, Nusle, 140 00 Praha 4

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Raiffeisen stavební spořitelna a.s. (hereinafter also the "Company") prepared on the basis of IFRS Accounting Standards as adopted by the European Union, which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Raiffeisen stavební spořitelna a.s. as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application guidelines. Our responsibilities under this law and regulation are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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Key audit matter	Related audit procedures
Allowances for losses from loans and advances to customers	
(Note 2.12.2 to the Financial Statements)	
As at 31 December 2023, gross loans and advances to customers (hereinafter "loans") amounted to CZK 69 848 million, against which allowances for expected credit losses (hereinafter "allowances") of CZK 594 million were recorded.	Based on our risk assessment and industry knowledge, we assessed the amount of allowances and methodology applied and the assumptions used in the calculation of allowances. Together with our specialists, we performed re-calculation of the allowances.
The allowances are determined using statistical models for both performing loans (Stage 1 and 2) and non-performing exposures (Stage 3).	We tested the design and operating effectiveness of selected key internal controls the management of the Bank has established for the impairment assessment and allowance recognition. With the assistance of our IT specialists, we tested IT controls relating to access rights and change management of relevant IT applications.
The measurement of allowances for loans is deemed a key audit matter due to the level of judgement applied by the Management especially with regard to identifying impairment of receivables and quantifying loan impairment.	<u>Assumptions used in the expected credit loss models</u> In cooperation with our specialists, we assessed the model methodology and internal validation reports. We assessed whether the modelling assumptions considered relevant material risks, were relevant in the light of historical experience and future outlook, economic climate and the circumstances of customers. We assessed the adequacy of the risk parameters used in the calculation of loss allowances.
In addition, due to the current geopolitical and macroeconomic situation, the level of uncertainty and the degree of subjectivity of management's judgements in relation to the 2023 financial reporting has significantly increased.	In light of the high volatility in economic scenarios caused by the current geopolitical and macroeconomic situation, we assessed whether the macroeconomic and other parameters used in the ECL statistical models fairly reflect the expected degree of defaults and recoverability of loans in the future.
The most significant judgements applied in determining allowances relate to:	<u>Identification of exposures with a significant increase in credit risk and non-performing loans</u> We tested system-based and manual controls of the timely classification of loans to the relevant stage. In cooperation with our specialists, we evaluated the appropriateness of the Company's methodology and the assumptions used for staging models including post-model adjustments and performed selected recalculations related to the inclusion into individual stages.
<ul style="list-style-type: none"> • Assumptions used in the expected credit loss (ECL) statistical models such as probability of default, recovery rates and macroeconomic factors reflected in forward looking information, • Timely identification of exposures with a significant increase in credit risk (Stage 2) and non-performing exposures (Stage 3) • Valuation of collateral used in allowances calculations. 	
Management provided further information about loan impairment in Note 2.3.1.6.3 and Note 2.26.2 to the Financial Statements.	We performed comparison of allowance levels to industry benchmarks.

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Key audit matter	Related audit procedures
<p>Interest and fee income recognition</p>	
<p>(Note 2.4 and 2.5 to the Financial Statements)</p>	<p>Based on our risk assessment and industry knowledge, we evaluated the methodology applied in revenue recognition and the assumptions used by management.</p>
<p>For the year ended 31 December 2023 the net interest income amounted to CZK 1 059 million. Total net fee and commission income for the same period amounted to CZK 205 million. These items are the main contributors to the operating income of the Company affecting their profitability, with their main source being building savings loans and bridge loans.</p>	<p>We tested the design and operating effectiveness of the key internal controls and focused on:</p>
<p>While interest income is recognised on an accrual's basis over the expected life of a financial instrument, the recognition of fee income depends on the nature of the fees as follows:</p>	<ul style="list-style-type: none"> • Input of interest/fees on customer loans and deposits, including authorisation of changes in the interest and fee tables. • Recognition of fees and interest income and management oversight; and • IT controls relating to access rights and change management of relevant IT applications with the assistance of our IT specialists.
<ul style="list-style-type: none"> • Fees that are directly attributable to origination of financial instruments are recognised over the anticipated lifetime of the instrument and reported as interest income. • Fees for the services rendered are recognised over time when services are rendered and reported as fee and commission income. • Fees for transaction acts are recognised when the act is performed and reported as fee and commission income. 	<p>We also performed the following procedures with regard to interest and fee income recognition:</p>
<p>The specifics of revenue recognition and a large volume of individually small transactions, which depends on the quality of input data relating to interest and fees and on IT solutions for their recognition, resulted in this matter being identified as a key audit matter.</p>	<ul style="list-style-type: none"> • We evaluated the accounting policy applied by the entity to determine whether the methodology complies with the requirements of the relevant accounting standard. • We considered appropriateness of the length of the period for recognition of fee and commission income and expense.
<p>Management provided further information about interest income in Note 2.3.1.1 to the Financial Statements.</p>	<p>We focused our testing on verification of the correct classification of:</p>
	<ul style="list-style-type: none"> • Fees that are identified as directly attributable to a financial instrument; and • Fees that are not identified as directly attributable to a financial instrument.
	<p>We evaluated the mathematical formulae used for amortisation of relevant income over the expected life of the financial instrument.</p>
	<p>We analysed the accuracy of the recognised amount of interest income and fee and commission income using substantive analytical tests and data analytics.</p>

Other Information in the Annual Report

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

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

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

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

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

Responsibilities of the Company's Board of Directors and Supervisory Board for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as adopted by the European Union and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

Report on Report on Relations among Related Entities (the "Report on Relations")

We have reviewed the factual accuracy of the information included in the accompanying related party transactions report of Raiffeisen stavební spořitelna a.s. for the year ended 31 December 2023 which is included in this annual report on pages 73 to 78. This related party transactions report is the responsibility of the Board of Directors. Our responsibility is to express our view on the related party transactions report based on our review.

We conducted our review in accordance with Auditing Standard 56 issued by the Chamber of Auditors of the Czech Republic. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the related party transactions report is free of material factual misstatements. A review is limited primarily to inquiries of Company personnel and analytical procedures and examination, on a test basis, of the factual accuracy of information, and thus provides less assurance than an audit. We have not performed an audit of the related party transactions report and, accordingly, we do not express an audit opinion.

Nothing has come to our attention based on our review that indicates that the information contained in the related party transactions report of Raiffeisen stavební spořitelna a.s. for the year ended 31 December 2023 contains material factual misstatements.

The Company has decided not to disclose amounts under related party contracts citing business secrecy restrictions.

Report on Other Legal and Regulatory Requirements

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

Appointment of the Auditor and the Period of Engagement

We were appointed as the auditors of the Company for year 2023 by the General Meeting of Shareholders on 17 June 2020 and our uninterrupted engagement has lasted for 3 years.

Consistence with the Additional Report to the Audit Committee

We confirm that our audit opinion on the financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 03 April 2024 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council.

Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5 of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided. In addition, there are no other non-audit services which were provided by us to the Company and its controlled undertakings and which have not been disclosed in the financial statements.

In Prague on 4 April 2024

Audit firm:

Deloitte Audit s.r.o.
registration no. 079

Statutory auditor:

David Batal
registration no. 2147

> Financial section

Raiffeisen stavební spořitelna a.s.

Financial Statement
compiled in compliance with
International Accounting Standards (IFRS)
as adopted by the European Union
for the year ending 31 December, 2023

The Financial Statement includes:

- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Equity
- Cash Flow Statement
- Annex

1 Financial Statements

1.1 STATEMENT OF COMPREHENSIVE INCOME

M CZK	Chapter	2023	2022
Interest income and similar income recognized through the effective interest rate method		2,751	2,104
Other interest income		0	0
Interest expense and similar expense recognized through the effective interest rate method		-1,692	-1,217
Net interest income	2.4	1,059	887
Fee and commission income		414	366
Fee and commission expense		-209	-127
Net fee and commission income	2.5	205	239
Net gain (+) / loss (-) from financial operations		-1	0
Net gain (+) / loss (-) from financial assets other than FVTPL		0	0
Net gain (+) / loss (-) from hedge accounting		0	0
Dividend income		0	0
Gain (+) / loss (-) from financial asset impairment at amortized cost	2.6	355	-77
Gain (+) / loss (-) from derecognition of financial assets recognized at amortized cost	2.7	19	22
Employee expenses	2.8	-127	-139
General operating expense	2.9	-446	-415
Depreciation of tangible and intangible assets	2.14	-70	-71
Other operating income	2.10	46	96
Other operating expense	2.10	-47	-66
Gain on the sale of shares in subsidiary	2.13	0	83
Operating profit		-271	-567
Profit before income tax		993	559
Income tax	2.24	-166	-91
Net profit/loss for the accounting period		827	468
Other comprehensive profit or loss			
Cash flow hedge		0	0
Deferred tax		0	0
Other comprehensive profit or loss		0	0
Total comprehensive income		827	468

1.2 STATEMENT OF FINANCIAL POSITION

M CZK	Chapter	31/ 12/ 2023	31/ 12/ 2022	1/ 1/ 2022
ASSETS				
Cash & cash equivalents	2.11	4	5	14
Financial assets held for trading		0	0	0
Other financial assets mandatorily measured at fair value through profit and loss		0	0	0
Financial assets at amortized cost	2.12	79,576	75,558	77,016
Receivables from banks	2.12.1	4,608	1,302	7,904
Receivables from clients	2.12.2	69,254	70,383	64,332
Debt securities	2.12.3	5,682	3,850	4,749
Other receivables at amortized cost	2.12.4	32	23	31
Hedging derivatives with a positive fair value		0	0	0
Shares in subsidiaries	2.13	0	0	370
Intangible fixed assets	2.14	263	245	240
Tangible fixed assets	2.14	15	26	59
Other assets	2.15	1,328	1,452	1,291
Non-current assets held for sale		0	0	0
Total assets		81,186	77,286	78,990
LIABILITIES AND EQUITY				
Financial liabilities held for trading		0	0	0
Hedging derivatives		0	0	0
Financial liabilities at amortized cost	2.16	72,654	71,219	73,345
Payables to banks	2.16.1	12,033	7,763	2,002
Payables to clients	2.16.2	59,434	62,146	70,231
Issued debt securities		0	0	0
Subordinated liabilities	2.16.3	602	602	602
Other financial liabilities at amortized cost	2.16.4	585	708	510
Hedging derivatives with a negative fair value		0	0	0
Provisions	2.17	41	55	57
Liability for tax due		67	6	52
Deferred tax liability		18	17	15
Other liabilities	2.18	96	106	106
Liabilities related to non-current assets held for sale		0	0	0
Total liabilities		72,876	71,403	73,575
Registered capital	2.19	650	650	650
Other capital funds	2.20	1,600	0	0
Reserve fund	2.20	130	130	130
Retained earnings from previous years		5,103	4,635	4,635
Profit for the current period		827	468	0
Total equity		8,310	5,883	5,415
Total equity and liabilities		81,186	77,286	78,990

1.3 STATEMENT OF CHANGES IN EQUITY

M CZK	Registered capital	Share buy-back	Share premium	Reserve funds	Other funds	Capital funds	Gains (losses) from revaluation	Retained earnings	Profit (loss)	Total
Balance as at 1/ 1/ 2022	650	0	0	130	0	0	0	4,192	443	5,415
Changes in accounting policies	0	0	0	0	0	0	0	0	0	0
Corrections of fundamental errors	0	0	0	0	0	0	0	0	0	0
Exchange rate differences and gains (losses) from revaluation not included in P/L	0	0	0	0	0	0	0	0	0	0
Net profit/loss for the accounting period	0	0	0	0	0	0	0	0	468	468
Paid share in profit	0	0	0	0	0	0	0	0	0	0
Transfers to funds	0	0	0	0	0	0	0	443	-443	0
Use of funds	0	0	0	0	0	0	0	0	0	0
Issue of shares	0	0	0	0	0	0	0	0	0	0
Reduction in registered capital	0	0	0	0	0	0	0	0	0	0
Own shares purchased	0	0	0	0	0	0	0	0	0	0
Other changes	0	0	0	0	0	0	0	0	0	0
Balance as at 31/ 12/ 2022	650	0	0	130	0	0	0	4,635	468	5,883
Balance as at 1/ 1/ 2023	650	0	0	130	0	0	0	4,635	468	5,883
Changes in accounting policies	0	0	0	0	0	0	0	0	0	0
Corrections of fundamental errors	0	0	0	0	0	0	0	0	0	0
Exchange rate differences and gains (losses) from revaluation not included in P/L	0	0	0	0	0	0	0	0	0	0
Net profit/loss for the accounting period	0	0	0	0	0	0	0	0	827	827
Paid share in profit	0	0	0	0	0	0	0	0	0	0
Transfers to funds	0	0	0	0	0	0	0	468	-468	0
Use of funds	0	0	0	0	0	0	0	0	0	0
Issue of shares	0	0	0	0	0	0	0	0	0	0
Reduction in registered capital	0	0	0	0	0	0	0	0	0	0
Own shares purchased	0	0	0	0	0	0	0	0	0	0
Other changes	0	0	0	0	0	1,600	0	0	0	1,600
Balance as at 31/ 12/ 2023	650	0	0	130	0	1,600	0	5,103	827	8,310

1.4 CASH FLOW STATEMENT

M CZK	Chapter	31/ 12/ 2023	31/ 12/ 2022
Before tax profit		993	559
Adjustments for non-cash transactions			
Creation of loss allowances and provisions for credit risks	2.6	-355	77
Depreciation of tangible and intangible assets	2.14	70	71
Change in fair values of derivatives		0	0
Gain (-) / loss (+) on sale of tangible and intangible assets	2.10	0	-30
Gain (-) / loss (+) on sale of shares in subsidiaries	2.13	0	-83
Exchange rate gains (-) / losses (+)		1	0
Other non-cash adjustments		-83	-29
Operating profit before changes in operating assets and liabilities		626	565
Increase/decrease in operating assets			
Mandatory minimum reserves at the CNB	2.15	10	-146
Receivables from banks	2.12.1	-3,306	6,602
Receivables from clients	2.12.2	1,542	-6,094
Debt securities at amortized cost	2.12.3	-1,832	899
Securities held for trading		0	0
Other assets	2.15	114	-14
Increase/decrease in operating liabilities			
Payables to banks	2.16.1	4,270	5,761
Payables to clients	2.16.2	-2,712	-8,085
Other financial liabilities	2.16.4	-120	205
Other liabilities	2.18	-13	1
Net cash flow from operating activities before tax		-1,421	-306
Income tax paid	2.24	-103	-137
Net cash flow from operating activities		-1,524	-443
Income from the sale of equity interests	2.13	0	453
Expenses for acquisition of tangible and intangible assets	2.14	-76	-68
Income from the sale of tangible and intangible assets	2.10	1	54
Income from dividends		0	0
Net cash flow from investment activities		-75	439
Dividends paid		0	0
Income from contributions to other capital funds	2.20	1,600	0
Change in financing liabilities		0	0
Change in lease contract liabilities	2.16.4	-4	-6
Net cash flow from financing activities		1,596	-6
Net increase/decrease in cash and cash equivalents		-3	-10
Cash and cash equivalents at the beginning of the year		5	14
Exchange rate differences on revaluation of cash and cash equivalents		0	0
Cash and cash equivalents at the end of the year		4	5
Interest received		2,520	1,953
Interest paid		-1,084	-939

2 Annex to the Financial Statement for the year ending 31 December, 2023

2.1 COMPANY DETAILS

Basic information about Raiffeisen stavební spořitelna a.s.

Corporate name	Raiffeisen stavební spořitelna a.s. (hereinafter "Raiffeisen stavební spořitelna" or the "Company" or "Bank")
Business objects	Operation of buildings savings as defined in S. 1 of Act No. 96/1993 Coll., on building savings and state support for building savings, and execution of activities listed in S. 9(1) of Act No. 96/1993 Coll.
Initiation of business activity	7 September, 1993
Business ID	49241257
Tax ID	CZ699003154
Registered office	Hvězdova 1716/2b 140 78 Prague 4
E-mail	rsts@rsts.cz
Internet	www.rsts.cz
Info line	412 446 408
Data box	f6qr5pb
Amendments recorded in the Commercial Registry in 2023	10 March, 2023, entry of new members of the Supervisory Board and of the position of the Deputy Chairman of the Supervisory Board, deletion of a member of the Supervisory Board 30 August, 2023, entry of new membership and of the position of the Chairman of the Board of Directors, correction in the details of a member of the Supervisory Board
Legal form	Joint stock company
Shareholder and consolidated unit that compiles the consolidated Financial Statement for the smallest group of accounting units to which the Bank belongs	Raiffeisenbank a.s., Prague, Czech Republic (100% of registered capital)
Registered capital	CZK 650,000,000
Consolidated unit that compiles the consolidated Financial Statement for the entire group of accounting units to which the Bank belongs	Raiffeisen Bank International AG with its registered office at Am Stadtpark 9, Vienna, Austria
Members of the Board of Directors as at 31 December, 2023	Ing. Pavel Čejka, MBA – Chairman Ing. Yvona Tošnerová – Deputy Chairwoman Bc. Jiří Antoš – Deputy Chairman
Members of the Supervisory Board as at 31 December, 2023	PhDr. Vladimír Kreidl, MSc. – Chairman Ing. Igor Vida – Deputy Chairman Ing. Ondřej Hák – Member Kamila Makhmudova – Member Mag. Dr. Martin Stotter – Member

Based on equivalent disclosure of information, which the Company conducted pursuant to accounting or other requirements, information is provided in the Financial Statement and on the Company's website.

Mandatorily disclosed information pursuant to Part Eight of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June, 2013 is published on the Bank's website in the Mandatory Disclosure section (<https://www.rsts.cz/povinne-uverejnovane-informace/>). The Raiffeisen stavební spořitelna Financial Statement was compiled in compliance with the following major accounting policies.

2.2 BASIS FOR THE FINANCIAL STATEMENT

2.2.1 FIRST-TIME ADOPTION OF THE IFRS ACCOUNTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

In accordance with the Accounting Act, the Company has adopted the IFRS accounting standards as adopted by the European Union (hereinafter referred to as "IFRS") for the preparation of this Financial Statement. In accordance with IFRS 1, the date of transition to IFRS is 1 January, 2022. A commentary on the transition to IFRS is provided later in this chapter. The reconciliation of the data from the Financial Statements under previous accounting standards to IFRS is presented in section 2.2.1.1. The significant accounting policies used in the preparation of this Financial Statement are described in Section 2.3.

The Financial Statements for the periods until 31 December, 2022 inclusive were compiled in compliance with Act No. 563/1991 Coll., on accounting (hereinafter the "Accounting Act"), as amended, and Decree No. 501/2002 Coll. of the Ministry of Finance of the Czech Republic as applicable from 1 January, 2018, and the Czech accounting standards for financial institutions issued by the Ministry of Finance (hereinafter referred to as "previous accounting standards").

The Financial Statement as at 31 December, 2023 is the first Financial Statement prepared in accordance with IFRS. The Financial Statement, including comparative information for the period ending 31 December, 2022 and the information contained in the opening balance sheet prepared as at the date of transition to IFRS, i.e. 1 January, 2022, has been prepared in accordance with IFRS applicable as at 31 December, 2023. Below are the main adjustments to the figures presented in this Financial Statement and to those presented in the Financial Statements prepared in accordance with the previous accounting standards. The Company did not prepare statements of cash flows prior to the date of transition to IFRS, and no reconciliation of the Cash Flow Statement under previous accounting policies to IFRS has been performed.

The Company has not taken advantage of the exemption allowed by IFRS 1 for first-time adopters of IFRS. A description of the accounting policies is given in Section 2.3.

2.2.1.1 Reconciliation of shareholders' equity

Reconciliation of shareholders' equity as at 1 January, 2022

M CZK	Previous accounting standards	Adjustments	IFRS
Registered capital	650	0	650
Reserve fund	130	0	130
Retained earnings from previous years	4,635	0	4,635
Other funds from profit	8	-8	0
Profit for the current period	0	0	0
Total equity	5,423	-8	5,415

Reconciliation of shareholders' equity as at 31 December, 2022

M CZK	Previous accounting standards	Adjustments	IFRS
Registered capital	650	0	650
Reserve fund	130	0	130
Retained earnings from previous years	4,635	0	4,635
Other funds from profit	8	-8	0
Profit for the current period	468	0	468
Total equity	5,891	-8	5,883

The only difference is the different reporting of the social fund. This item was recognized as part of equity under previous accounting standards, whereas in this IFRS Financial Statement it is a financial liability.

The accounting unit applied IFRS accounting policies for the measurement and recognition of financial instruments in previous accounting periods; therefore, the impact of the first-time adoption of IFRS on equity and profit is immaterial.

2.2.1.2 Reconciliation of profits for the period until 31 December, 2022

M CZK	Previous accounting standards	Adjustments	IFRS
Profit for the accounting period	468	0	468

The Company did not prepare a Statement of Comprehensive Income under the previous accounting standards; therefore, the reconciliation is performed at the level of profit for the accounting period. As mentioned in the previous chapter, the accounting unit applied IFRS accounting policies for the measurement and recognition of financial instruments in previous accounting periods; therefore, the impact of the first-time adoption of IFRS on equity and profit is immaterial.

2.3 A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

Figures in this Financial Statement are presented in Czech crowns (CZK). The unit of measurement is million CZK, unless stated otherwise. This Financial Statement is unconsolidated.

The Financial Statement has been prepared on an accrual basis on the assumption of the Company's continuous operation.

The preparation of the Financial Statement in conformity with IFRS requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the date of the Financial Statement and the reported amounts of income and expenses during the reporting period. These estimates are based on information available as at the date of the Financial Statement, and actual values in the future may differ from these estimates. The key source of estimation uncertainty as at the end of the reporting period is the classification of financial assets, the estimation of impairment of financial assets measured at amortized cost, the determination of the fair value of financial assets and liabilities measured at fair value and the determination of provisions equalling the expected amount of utilized funds.

2.3.1 ACCOUNTING POLICIES**2.3.1.1 Interest income and expense**

Interest income and expense are reported in the Statement of Comprehensive Income as "Interest income and similar income" and "Interest expense and similar expense" using the effective interest rate method.

The effective interest rate (EIR) is a rate discounting the anticipated future incoming or outgoing cash flows over the financial instrument's expected life. When applying the amortized cost valuation, the accounting unit uses the EIR method to calculate the interest income and expense. When applying the EIR method, the accounting unit identifies income and expense which comprise an inseparable part of the financial instrument's EIR. The EIR of a financial instrument includes the following income and expense, in particular:

- Initial fees for the conclusion of building savings contracts and loans;
- Commissions associated with the conclusion of building savings contracts and loans;
- Contributions to client campaigns;
- Real estate appraisals;
- Any other transaction costs and income associated with acquisition.

These items, as well as any premiums or discounts, are recognized sequentially as part of Interest income and similar income accounted for using the effective interest rate method or Interest expense and similar expense accounted for using the effective interest rate method to arrive at an income or expense equal to the effective interest rate determined at inception of the financial instrument over the expected life of the financial instrument. Assets and liabilities are recognized for a maximum of 15 years.

2.3.1.2 Fees and commissions

Fee and commission income from contracts with clients is measured based on the consideration specified in the contract with the client. Income is recognized when the Bank provides the service to clients.

Fees and commissions paid or received that are directly attributable to the issuance or acquisition of a financial asset or financial liability are an integral part of the effective interest rate of the financial asset or financial liability and are included in the calculation of the effective interest rate. These include, for example, fees for granting a loan or processing a loan application, commissions paid, etc.

Deposit and loan account management fees are deducted from the client's account on a regular basis and are debited when the client uses the relevant benefits.

2.3.1.3 Dividends

Dividend income from equity interests is recognized when the right to receive the dividend payment arises and is reported in the Statement of Financial Position as a receivable under "Other assets" and in the Statement of Comprehensive Income as income under "Dividend income". At the time of actual payment of the dividend, the receivable is offset against the cash collected.

Dividends paid reduce retained earnings in the accounting period in which the payout is approved by the Annual General Meeting.

2.3.1.4 Other income and expense reported in the Statement of Comprehensive Income

Other income and expense presented in the Statement of Comprehensive Income are accounted for on an accrual basis, i.e. in the period to which they relate in terms of time and substance, irrespective of the moment of their payment or receipt.

2.3.1.5 Taxation

The resulting amount of taxation shown in the Statement of Comprehensive Income includes tax payable for the accounting period adjusted for the value of any change in the tax liability from previous years and the value of deferred tax. The tax payable for the accounting period is calculated on the basis of taxable income using the tax rate and tax laws in force as at the balance sheet date.

Deferred tax is determined using the liability method and is calculated on all temporary differences between the reported book value of assets and liabilities and their valuation for tax purposes. The main temporary differences arise from certain non-tax-deductible provisions and differences between the book and tax values of tangible and intangible assets.

If the resulting amount represents a deferred tax asset and if it is not probable that the tax asset will be realized, the asset is recognized only to the extent of its expected realization.

Deferred tax is calculated using the expected tax rate applicable to the period when the tax asset is realized or the tax liability is settled. Deferred tax is calculated on all temporary differences using the liability method, by applying a basic income tax rate of 21% (or 19% as at 31 December, 2022 and as at 1 January, 2022).

The impact of changes in tax rates on deferred tax is recognized directly in the Statement of Comprehensive Income except to the extent that the changes relate to accounting items charged directly to equity.

Deferred tax assets and liabilities are offset if there is a legal right to offset them and the deferred taxes relate to the same tax authority.

2.3.1.6 Financial assets and liabilities

2.3.1.6.1 Time of recognition and derecognition of financial instruments in/from of the Statement of Financial Position

Financial assets with regular delivery terms, except for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income, are recognized using settlement date accounting.

The settlement (collection) date is the day on which the financial instrument is delivered (on which cash is paid). When settlement date accounting is applied, the financial asset is recognized on the day of receipt of a financial instrument (remittance of cash) and derecognized on the day of its provision (collection of cash).

All loans and receivables are recognized when funds are provided to clients. Loans and receivables are derecognized when repaid by the borrower. Assigned receivables are derecognized when payment is collected from the assignee, and receivables which the Bank decided to write off are derecognized as at the write-off date.

For financial assets and liabilities at fair value through profit or loss, the Bank uses trade date accounting where the trade date is the date when the accounting unit undertakes to buy or sell the financial asset.

The substance of trade date accounting is as follows:

- Recognition of an asset to be received by the accounting unit as at the trade date; and
- Derecognition of a sold asset and recognition of the gain or loss upon disposal and recognition of a receivable from the buyer as at the trade date.

The interest on financial assets and financial liabilities is accrued from the settlement date when the ownership rights are transferred.

Financial derivatives are remeasured at fair value from the trade date until the settlement date, i.e. delivery of the last related cash flow.

The Bank recognizes financial liabilities when it becomes party to a contractual provision relating to the financial instrument and derecognizes them on the date the obligation is extinguished, i.e. when the obligation defined in the contract is discharged, cancelled or expires.

2.3.1.6.2 Principles of fair value measurement

Fair value is the price that would be obtained from a sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal (or most advantageous) market that the accounting unit can access at the given date. The fair value of a liability reflects the risk of default. The risk of default includes, but need not be limited to, the accounting unit's own credit risk.

The accounting unit measures the fair value of an instrument using the quoted price in an active market for the instrument, if available. An active market means a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If no quoted price from an active market is available, the accounting unit shall apply valuation techniques that use relevant observable inputs to the maximum extent and minimize the use of unobservable inputs. The selected valuation technique shall consider all factors that market participants would consider for valuation of such transaction.

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

Should the accounting unit determine that the fair value at initial recognition differs from the transaction price and the fair value is supported neither by a price quoted on the active market for an identical asset or liability nor based on a valuation technique where unobservable inputs are disregarded as insignificant for the valuation, the financial asset shall be initially valued at fair value and subsequently the difference between the initial fair value and the transaction price shall be accrued in the income statement over the remaining life of the instrument. The accrual may apply only over the period for which such valuation remains supported by observable market data or until the transaction is closed.

Where there is a bid and ask price for an asset or liability measured at fair value, the accounting unit shall measure:

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

Portfolios of financial assets and financial liabilities exposed to market and credit risks, managed by the accounting unit based on their net exposure to market or credit risks, shall be measured based on the price that could be obtained from a sale of the net long position (or paid for transfer of the net short position) of the given risk exposure. Modifications at the portfolio level (e.g. modification of bid and ask prices or modification of credit risks that reflect the valuation on the basis of net position) shall be allocated to each asset and liability correspondingly to the respective risk modification of the given instrument in the portfolio.

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

Fair value hierarchy

The accounting unit measures fair value by applying the following fair value hierarchy, which reflects the significance of inputs used in valuation techniques.

Level 1 inputs: Level 1 inputs are (unadjusted) quoted prices in active markets for identical assets or liabilities that the accounting unit can access at the measurement date.

Level 2 inputs: Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (as derived from prices). Level 2 inputs include instruments measured using:

- Quoted prices for similar instruments in active markets;
- Quoted prices for identical or similar instruments in markets that are considered less than active;
- Other valuation methods where all significant inputs are observable directly or indirectly from market data.

Level 3 inputs: Level 3 inputs are unobservable inputs. Level 3 inputs include all instruments where valuation methods involve unobservable inputs which have a significant impact on the instrument valuation. This level includes instruments measured based on quoted prices for similar instruments for which significant unobservable modifications or assumptions are required to reflect the differences between the instruments.

2.3.1.6.3 Classification and measurement of financial assets and liabilities

The classification of financial assets under IFRS 9 reflects the cash flow characteristics (the "SPPI test") and the business model under which the assets are held. Based on these criteria, the Bank classifies financial instruments as:

- Financial assets measured at amortized cost ("AC");
- Financial assets measured at fair value through profit or loss ("FVTPL").

Financial assets measured at amortized cost ("AC")

Financial assets may be measured at amortized cost if they are held under a model that seeks to hold financial assets to collect contractual cash flows and the cash flows meet the conditions of the SPPI test.

In the Statement of Financial Position, financial assets at amortized cost are recognized under "Financial assets at amortized cost" and include loans and receivables from banks and clients and debt securities not held for trading.

The amortized cost is the acquisition cost plus accrued interest minus principal repayments and expected credit losses through loss allowances. The Bank uses the effective interest rate method to calculate the amortized cost. Fees and related transaction costs are an integral part of the effective interest rate. All loans are recognized when funds are

provided to clients (or banks). Interest income from financial assets measured at amortized cost is reported in the Statement of Comprehensive Income under "Interest income and similar income calculated using the effective interest rate method". Impairment losses are reported in the Statement of Comprehensive Income under "Gain (+) / loss (-) from financial asset impairment at amortized cost".

Analysis of contractual cash flow characteristics

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

When assessing whether cash flows meet the "solely payments of principal and interest" criterion, the accounting unit assesses the contractual terms of the given instrument. This includes consideration of whether the financial asset's contractual terms allow for changes to the timing and amount of the contractual cash flows. As a part of the assessment, the accounting unit considers:

- Contingent events that may change the timing and amount of the contractual cash flows;
- The leverage effect;
- Early termination and term extension;
- Terms limiting the accounting unit's collection of cash flows from specific assets;
- Terms modifying the time value of money (e.g. ways of periodically resetting the interest rate).

The Bank classifies financial assets into the "Hold and collect contractual cash flows" business model:

- Loans and debt securities classified by the Bank as part of the "Hold and collect contractual cash flows" business model are held to collect contractual cash flows over the entire useful life of the instrument. In accordance with the Building Savings Act, Raiffeisen stavební spořitelna is only allowed to purchase mortgage bonds and similar products issued by the Member States of the Organization for Economic Cooperation and Development, bonds issued by the Czech Republic, bonds for which the Czech Republic assumed guarantees, bonds issued by the Czech National Bank, bonds issued by the Member States of the Organization for Economic Cooperation and Development, central banks and financial institutions of such states and banks domiciled in such states, bonds for which these states assumed guarantees, and bonds issued by the European Investment Bank, the Nordic Investment Bank and the European Central Bank.
- The Bank has the intention and ability to hold these loans and debt securities to maturity and expects to do so. In determining whether cash flows will be realized by collecting contractual cash flows from financial assets, the Bank assesses the frequency, value and timing of sales in prior periods, the reasons for those sales and expectations about future sales activity on the portfolio.
- The Bank considers the following sales to be consistent with the "Hold and collect contractual cash flows" business model:
 - A sale as a result of an increase in the credit risk associated with a financial instrument, irrespective of the frequency and value;
 - A sale carried out to manage credit risk concentration if this sale is unique (even if material in terms of its value) or immaterial in terms of value but frequent.

Impairment of financial assets

The accounting unit reports loss allowances for expected credit loss (ECL) from the following financial instruments that are not measured at FVTPL:

- Loans and loan commitments;
- Debt securities and term deposits;
- Receivables from the Czech National Bank;
- Trade receivables;
- Other receivables not measured at FVTPL.

For financial instruments on which no significant increase in credit risk has appeared since initial recognition, the Bank uses the 12-month ECL loss allowance.

For financial instruments on which a significant increase in credit risk, or indeed credit impairment (default) has appeared, the Bank uses the lifetime ECL loss allowance.

12-month ECLs represent the portion of lifetime expected credit losses that result from default events on the financial instrument that may occur within the 12 months following the balance sheet date.

Measuring expected credit loss (ECL)

ECL represents the probability-weighted estimate of credit loss and is determined as follows:

- Financial assets that are not impaired: as the present value of all cash shortfalls (i.e. difference between the contractual cash flows credited to the accounting unit and cash flows that the accounting unit expects to receive);
- Financial assets that are impaired: as the difference between the gross book value of the given financial asset and the present value of estimated future cash flows;
- As-yet unused loan commitments: as the present value of the difference between contractual cash flows credited to the accounting unit, if the loan commitment has already been used, and cash flows that the accounting unit expects to receive,
- They are quantified on a case-by-case basis.

For further information see Chapter 2.26.2.4.

Management overlays as defined by IFRS 9

In situations where existing input parameters, assumptions and modelling do not cover all relevant risk factors, post-modelling adjustments are the most important types of management overlays as defined by IFRS 9. These are used in circumstances where existing inputs, assumptions and modelling techniques do not capture all relevant risk factors. Existing inputs, assumptions and modelling techniques may not capture all relevant risk factors due to temporary circumstances, lack of time to properly incorporate relevant new information into the rating process or changes in portfolio segmentation, and/or if individual credit exposures within a group of credit exposures react to factors or events differently than originally expected.

For the retail segment, these are post-modelling adjustments, which is a holistic approach. The adjustments applicable to 2023 are shown in the table below and are broken down by category.

Accumulated impairment losses (Stage 1 and 2) as at 31 December, 2023

M CZK	Modelled credit losses	Post-modelling adjustments		Total
		HF – rising interest rates	Other	
Retail exposure	162	117	28	307
Non-retail exposure	6	0	0	6
Total	168	117	28	313

The accumulated losses table includes loss allowances for loan receivables from clients, loss allowances for receivables related to building savings and provisions for loan commitments.

Further information on the holistic approach is provided in Chapter 2.26.2.4.1.

Restructured financial assets

When the financial asset's contractual terms are modified, or it is restructured, such asset is usually not derecognized at Raiffeisen stavební spořitelna. A restructured financial asset is considered impaired, i.e. default, and a lifetime ECL loss allowance is measured.

Impaired financial assets

The accounting unit shall assess as at each balance sheet date whether its financial assets valued at amortized cost are impaired. A financial asset is impaired if one or more events occurred that have a negative impact on the estimated future cash flows from such financial asset. Measuring impairment is consistent with measuring default, which is explained in more detail in Chapter 2.26.2.4.3.

Presentation of impairment losses in ECL in the Statement of Financial Position:

- Financial assets measured at amortized cost: the loss allowance is deducted from the gross book value of the assets;
- Loan commitments: as provisions;

- Loss allowances and provisions for ECL created by debiting expenses are reported in the income statement as "Gain (+) / Loss (-) from financial asset impairment at amortized cost". This item also includes possible subsequent use of loss allowances;
- Release of allowances and provisions for ECL when no longer needed is reported in the income statement under "Gain (+) / Loss (-) from financial asset impairment at amortized cost";
- Write-offs of receivables are included in the income statement under "Gain (+) / Loss (-) from financial asset impairment at amortized cost". When writing off a receivable for which a loss allowance has been created in the full amount, loss allowances under the same item of the income statement are decreased by the same amount. Income from written-off loans is reported in the income statement as "Gain (+) / Loss (-) from financial asset impairment at amortized cost".

2.3.1.6.4 Modification of financial assets

Financial assets are modified when there are newly agreed or otherwise modified contractual terms related to cash flows from a financial asset between the date of origination and the maturity date.

In determining whether changes in contractual terms are material or immaterial, the Bank assesses changes in contractual cash flows of financial assets based on qualitative indicators, such as a change in currency or type of instrument, and quantitative criteria, such as a change in net present value. If the terms are materially modified, the existing asset is derecognized and a new financial asset (including the new classification and new impairment stage) is recognized at its fair value as at the date of modification. Immaterial changes in the contractual terms do not result in derecognition, but in an adjustment to the gross book value of the financial asset calculated using the original effective interest rate. The gain or loss on the modification is reported under "Other operating income" and "Other operating expense", respectively.

In assessing the materiality of a change in quantitative criteria, the Bank calculates the change in the net present value (NPV) of the past and current cash flows. If the change in NPV is material, the existing asset is derecognized and a new financial asset is recognized. The difference in the book value is reported as a gain or loss on derecognition. The new financial asset (including the new classification and new impairment stage) is carried at fair value as at the date of modification and at the new effective interest rate. The date of modification is treated as the date of origination of the financial asset, in particular to determine whether there has been a significant increase in credit risk. Immaterial changes in the contractual terms (change in NPV lower than 10%) do not result in derecognition of a financial asset, but in an adjustment to the gross book value of the financial asset calculated using the original effective interest rate and the new cash flow. The assessment of materiality of the modification is not dependent on the portfolio to which the financial asset belongs; it is only affected by the change in financial flows.

The only modification relevant in the Raiffeisen stavební spořitelna environment would be restructuring of financial assets or loans. However, cash flows following restructuring are not substantially different (the modification consists merely in different timing of instalments). Therefore, such modified financial assets are not derecognized. However, such modified financial assets are considered to be in default.

Following the offer by Raiffeisen stavební spořitelna, and later on the basis of Act No. 177/2020 Coll. (on certain measures regarding the repayment of loans during the Covid-19 pandemic), clients had the opportunity to apply for a loan repayment deferral of 1 to 6 months between 1 May, 2020 and 31 October, 2020. As at 31 December, 2023, Raiffeisen stavební spořitelna recorded 2,717 contracts totalling CZK 2.6 billion under the government moratorium. Raiffeisen stavební spořitelna calculated the difference between the net present value of the original cash flow with the original instalment plans, and the new cash flow with the deferred instalments. The loss added up to CZK 11.7 million.

2.3.1.6.5 Derecognition of financial assets

A financial asset shall be derecognized if the contractual rights to collect cash flows from the asset expire:

- Rights to collect cash flows from the financial asset are transferred to a third party; the overall objective of the receivable assignment is to generate an immediate financial return higher than the estimated net present value of the future recovered performance under other instruments. Beside cash generation from the assigned receivables, another objective is one-off streamlining of the receivables portfolio;
- If a debt is assessed as unrecoverable or its further recovery is uneconomical, it shall be written off.

2.3.1.6.6 Financial liabilities

The Bank classifies its financial liabilities, other than financial guarantees and commitments issued, as valued at amortized cost. After initial recognition, all other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The Bank derecognizes a financial liability when its contractual obligations are fulfilled, cancelled or expire.

2.3.1.6.7 Repurchase agreements

Raiffeisen stavební spořitelna carries out operations where securities are sold under the commitment to repurchase them (repo) at a predetermined price or purchased under the commitment to resell them (reverse repo), which are treated as collateralized borrowing or lending transactions. The legal title to the securities is transferred to the lender. Securities legally transferred under a repurchase agreement are accounted for in an unchanged manner for the duration of the repo agreement, i.e. they continue to be included under the relevant securities items in the Bank's balance sheet and continue to be measured in the same way.

These securities are kept on separate analytical accounts and the amount obtained from the transfer of securities under repurchase agreements is reported under "Payables to banks". Securities received under reverse repo agreements are only kept in off-balance sheet accounts. Loans provided under reverse repurchase agreements are included in "Receivables from banks". Interest on bonds transferred under repurchase agreements is accrued while interest on bonds received under reverse repurchase agreements is not. Income and expense arising under repurchase or reverse repurchase agreements as the difference between the sale and purchase prices are accrued evenly over the term of the agreement and reported in the income statement as "Interest income and similar income calculated using the effective interest rate method" or "Interest expense and similar expense calculated using the effective interest rate method".

2.3.1.6.8 Subordinated loan

A subordinated loan is a loan that has been contractually agreed to be repaid in the event of liquidation, bankruptcy, compulsory settlement or debt settlement only after all other liabilities to other creditors have been satisfied in full, except for liabilities that are subject to the same or similar subordination condition.

The principal amount of the subordinated loan and the related interest are recognized from the drawdown date to the maturity date of the subordinated loan. The subordinated loan, including accrued and unpaid interest, is reported in the Statement of Financial Position under "Subordinated liabilities". The amount of interest expense on a subordinated deposit is reported in the Statement of Comprehensive Income under "Interest expense and similar expense".

2.3.1.6.9 Offsetting of financial assets and liabilities

Financial assets and financial liabilities may be offset and their net value reported in the balance sheet only if Raiffeisen stavební spořitelna holds an enforceable right to offset the given balances and Raiffeisen stavební spořitelna plans either to settle them at net value or realize the asset and settle the liability simultaneously.

2.3.1.7 Equity investments

Equity investments in companies with controlling and substantial influence and jointly controlled entities are recognized at acquisition cost, including transaction costs, net of any loss allowances made due to temporary impairment of their value or net of any write-offs due to permanent impairment of their value.

As at the date of the Financial Statement or interim Financial Statement, the Bank assesses equity investments in companies with a controlling or substantial influence or jointly controlled entities for impairment. Impairment of any equity investment in companies with a controlling or substantial influence is measured as the difference between the book value and the recoverable amount of the investment. The recoverable amount is the higher of either the investment's fair value less the cost of disposal, or its value in use determined as the sum of the discounted expected cash flows.

2.3.1.8 Tangible and intangible fixed assets

Tangible fixed assets are assets that have a tangible substance, whose useful life is longer than one year and whose entry price is higher than CZK 80,000.

Intangible fixed assets are assets that do not have a tangible substance, whose useful life is longer than one year and whose entry price is higher than CZK 80,000.

Tangible and intangible fixed assets are carried at acquisition cost less accumulated amortization and loss allowances and are depreciated in the Statement of Comprehensive Income under "Depreciation of tangible and intangible assets" from the moment they are ready for use, evenly over their estimated useful lives.

Depreciation periods for individual categories of tangible and intangible fixed assets are the following:

Type of asset	Depreciation period
Software	4–21 years
Machinery and equipment	4–5 years
Computer equipment	4 years
Furniture and fixtures	5–6 years
Vehicles	5 years
Right of use	as per the anticipated validity of the lease contract

2.3.1.9 Lease contracts

A contractual arrangement is considered a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Bank in the position of a lessee reports the right-of-use asset and the related lease liability in the balance sheet, unless:

- The lease period is shorter than 12 months;
- The underlying asset has a low acquisition cost.

Right-of-use asset

A right-of-use asset is initially valued at the acquisition cost which includes:

- Initial valuation of the lease liability;
- Payments made as at the start date or earlier, reduced by any received lease incentives;
- Initial direct costs;
- Estimated costs to be expended by the lessee for the dismantling and removal of the leased asset; commissions paid to a real estate agent. These are costs to acquire the lease that would not have been expended if the lease had not come into effect.

Right-of-use assets are reported in the balance sheet under "Tangible fixed assets" and are subject to linear depreciation during the underlying asset's economic life or until the lease termination, whichever occurs first. Respective depreciation is reported in the income statement under the "Depreciation of tangible and intangible fixed assets" item.

Lease liabilities

A lease liability is initially valued at the present value of lease payments that have not been paid as at the initial recognition date. Lease payments are discounted applying the interest rate (incremental interest rate) that the lessee would be obliged to pay if it borrowed funds to purchase the underlying asset while respecting conditions related to the lease (i.e. lease/loan duration, loan amount, etc.).

Subsequently, the lease liability is revalued if any changes in the future lease payments occur (e.g. due to reassessment of extension or early termination of the lease, etc.). When a lease liability valuation is thus adjusted, the right-of-use asset shall also be revalued. For zero-value right-of-use assets the revaluation of the lease liability shall be recognized either as an income, or as an expense.

Lease liabilities are reported in the balance sheet under the "Other liabilities" item.

Interest expense ensuing from lease liabilities is reported in the income statement under the "Interest expense and similar expense calculated using the effective interest rate method" item.

Raiffeisen stavební spořitelna leases non-residential premises.

The right-of-use assets are subject to depreciation. The depreciation period was determined individually depending on particular lease contracts. The depreciation period determined in this manner is based on the lease period and the time

period over which the Company is sure to be leasing the asset. The accounting unit applies the linear depreciation method to right-of-use assets depending on each lease period.

2.3.1.10 Provisions

Provisions represent a probable performance of an obligation with an uncertain timespan and amount. Provisions are created to the debit of expenses at an amount equal to the best estimate of the expenses necessary to settle the existing debt. Provisions are recognized in the balance sheet for cases meeting the following criteria:

- There is a (legal or material) duty to perform resulting from past events;
- It is probable that performance will occur and that it will require cash outflow representing economic benefit; "probable" means a probability exceeding 50%;
- The value of such performance can be reasonably and reliably estimated.

Provisions are broken down according to the purpose of their use, in particular to:

- Provisions for commitments made in accordance with IFRS 9;
- Other provisions – their creation is not stipulated by law (tax non-deductible provisions).

2.3.1.11 Reporting foreign currency operations

Foreign currency transactions are initially valued at the official exchange rate announced by the Czech National Bank (hereinafter referred to as "CNB") on the transaction date. Foreign currency assets and liabilities are translated into the local currency at CNB's exchange rate applicable as at the reporting date of the Statement of Financial Position. Realized and unrealized exchange rate gains and losses are recognised in the Statement of Comprehensive Income under "Net gain (+) / loss (-) from financial operations". Non-cash items valued at fair value denominated in a foreign currency are translated using the exchange rate as at the date the fair value is determined. Non-cash items measured at historical cost denominated in a foreign currency are not translated.

2.3.1.12 Value added tax

Raiffeisen stavební spořitelna is a registered value added tax payer. Due to the high proportion of financial activity, Raiffeisen stavební spořitelna is not entitled to tax deductions on a majority of received taxable supplies.

2.3.1.13 Cash & cash equivalents

Cash in hand, deposits with central banks except for mandatory minimum reserves, and deposits with other banks with one-day maturity are considered to be cash equivalents.

2.3.1.14 Mandatory minimum reserves

Mandatory minimum reserves are mandatory deposits with the Czech National Bank, the drawing of which is limited for the Bank. The Bank may draw an amount from mandatory minimum reserves which exceeds the actual average amount of the mandatory minimum reserves for the given period calculated according to the Czech National Bank's regulation. The deposit is mandatory for all commercial banks in the Czech Republic. Mandatory minimum reserves are not included in "Cash & cash equivalents" due to their limited availability for the Bank's liquidity management and possible sanctions by the Czech National Bank in the event of non-compliance with their required average amount for the given period.

2.3.1.15 Employee benefits

Employee benefits include wages and other cash and non-cash benefits granted to employees based on their contracts or internal guidelines. Provided employee benefits are recognized under "Employee expenses" for the period to which they are factually and temporally related.

Wage expenses include also discretionary bonuses tied to fulfilment of predefined targets. There are different targets defined for different employee groups and [the bonuses] are recognized under "Employee expenses" for the period in which the targets were fulfilled.

2.3.1.16 Key accounting estimates and assumptions

When applying accounting rules to prepare each Financial Statement in accordance with IFRS, it is necessary that the management of Raiffeisen stavební spořitelna uses professional judgement, makes estimates and assumptions with an impact on the amounts of assets and liabilities reported as at the date of the Financial Statement compilation, on information published on contingent assets and liabilities, as well as on the revenues and costs reported in the period in question. Such estimates and accounting judgements are based on the information available as at the date of the Financial Statement and relate, in particular, to the determination of:

- Amount of decrease in the value of assets;
- Provisions recognized under liabilities;
- Amount of deferred tax assets that can be recognized on the basis of the probable timing and amount of future taxable income, together with the future tax planning strategy;
- Amount of decrease in the value of and provisions for credit risks in respect of financial assets valued at amortized cost, provided loan commitments valued on the basis of models or internal assumptions, while taking into account past, present and future data;
- Lease periods for lease contracts concluded for an indefinite period of time;
- Value of intangible fixed assets.

Information on key accounting judgements and assumptions relating to the future and other important sources of uncertainty in estimates as at the date of the Financial Statement which pose a high risk that they will cause significant adjustments to the accounting amounts of assets and liabilities during the following accounting period is provided, where appropriate, in the following chapters.

2.3.1.17 New and revised IFRS standards and interpretations which have not yet been applied

The following new and revised IFRS standards have not yet been applied by the accounting unit as at the date of the Financial Statement:

- Amendments to IFRS 10 and IAS 28 on sale or contribution of assets between an investor and its associate or joint venture. As the accounting unit has no associates or joint ventures, these amendments will have no effect on the Financial Statements for future periods.
- Amendment to IAS 1 on classification of liabilities as current or non-current and non-current liabilities with covenants. The amendment in particular clarifies which facts and covenants may affect such classification. The amendment is effective for periods on or after 1 January, 2024, however, the accounting unit's management does not expect the amendment to have a material effect on the Financial Statements for future periods.
- Amendments to IAS 7 and IFRS 7 on supplier finance arrangements. This amendment addresses the scope of disclosure requirements for such arrangements and their effect on liabilities and cashflow. The amendment is effective for periods on or after 1 January, 2024, however, the accounting unit's management does not expect the amendment to have a material effect on the Financial Statements for future periods.
- Amendment to IFRS 16 on lease liability in a sale and leaseback. The amendment clarifies how the liability is measured in sale and leaseback transactions that satisfy the requirements in IFRS 15. The amendment is effective for periods on or after 1 January, 2024, however, the accounting unit's management does not expect the amendment to have a material effect on the Financial Statements for future periods.

2.4 NET INTEREST INCOME

M CZK	2023	2022
Interest income from loans granted	2,425	1,837
Interest income from interbank transactions	130	157
Interest income from securities	196	110
Income from hedging derivatives	0	0
Interest income and similar income	2,751	2,104
Interest expense – banks	-559	-247
Interest expense on client deposits	-1,102	-939
Interest expense on lease liabilities	0	0
Interest expense on subordinate loan received	-31	-31
Interest expense and similar expense	-1,692	-1,217
Net interest income	1,059	887

All interest income is calculated at the effective interest rate and only relates to financial assets and liabilities at amortized cost.

Raiffeisen stavební spořitelna does not claim interest on late payments (penalty interest) in defaulted loans prior to repayment. In 2023, the value of unclaimed interest was CZK 65 million (in 2022: CZK 78 million), which is recognized in off-balance sheet accounts.

Interest income from hedging derivatives equalled CZK 106,000 in 2023 (in 2022: CZK 26,000).

Interest expense on lease liabilities reached CZK 286,000 in 2023 (in 2022: CZK 349,000).

2.5 NET FEE AND COMMISSION INCOME

M CZK	2023	2022
Fee income from building savings	241	235
Fee income from loans	58	53
Other income	115	78
Fee and commission income	414	366
Fee expense	-49	-15
Commission expense	-159	-111
Other expense	-1	-1
Fee and commission expense	-209	-127
Net fee and commission income	205	239

Fee income from building savings and loans includes in particular fees for account management, account statements and account closing. The fees are not accrued.

“Other income” mainly includes income from cross-selling commissions.

In 2023, the “Fee expenses” item included the cost of the fee of CZK 37 million for the guarantee issued by the parent company in favour of Raiffeisen stavební spořitelna for the sake of potential resolution proceedings (MREL) (in 2022: CZK 9 million).

“Commission expense” includes commissions paid to sales representatives that are not accrued – in particular, cross-selling commissions and incentive and target commissions.

2.6 GAIN/LOSS FROM IMPAIRED FINANCIAL ASSETS RECOGNIZED AT AMORTIZED COST

M CZK	2023	2022
Creation of loss allowances for receivables from clients	-211	-348
Release of unneeded loss allowances for receivables from clients	551	253
Creation of loss allowances for other receivables	-2	0
Release of unneeded loss allowances for other receivables	0	0
Creation of provisions for loan commitments	7	6
Release of provisions for loan commitments	10	12
Gain (+) / loss (-) from financial asset impairment at amortized cost	355	-77

2.7 GAIN/LOSS FROM DERECOGNITION OF FINANCIAL ASSETS RECOGNIZED AT AMORTIZED COST

M CZK	2023	2022
Use of loss allowances for receivables from clients	75	52
Use of loss allowances for other receivables	0	0
Receivable write-offs and assignments	-75	-52
Income from written-off and assigned receivables	19	22
Gain (+) / Loss (-) from derecognition of financial assets recognized at amortized cost	19	22

2.8 EMPLOYEE EXPENSES

M CZK	2023	2022
Salaries and remuneration paid to Members of the Board of Directors	-20	-20
Remuneration paid to Members of the Supervisory Board	-1	-1
Salaries and remuneration paid to other executives	-15	-15
Salaries and remuneration paid to other employees	-59	-56
Social security and health insurance	-28	-27
Other employee expenses	-4	-20
Employee expenses	-127	-139

Either in 2023 or in 2022, Raiffeisen stavební spořitelna did not report any pension liabilities incurred or contracted by former members of the management and supervisory bodies.

As at the end of the reporting periods, Raiffeisen stavební spořitelna recorded no bonuses tied to equity.

Average number of employees, number of Board of Directors, Supervisory Board and other management team members

Count	2023	2022
Average number of employees in a given year	83	90
Number of members of the Board of Directors as at 31 December	3	3
Number of members of the Supervisory Board as at 31 December	5	5
Number of other members of management as at 31 December	8	9

2.9 GENERAL OPERATING EXPENSE

M CZK	2023	2022
Information technology	-58	-46
Rent and associated expenses	-4	-1
Advertising and marketing	-58	-65
Audit, legal and tax advisory	-10	-4
Of which: Statutory audit of the Financial Statement (Deloitte Audit s.r.o.)	-6	-3
s.r.o.) Other verification jobs performed by auditors (Deloitte Audit s.r.o.)	-2	0
Other verification jobs performed by auditors (other companies)	-2	-1
Contributions to the Crisis Resolution Fund	-7	-5
Contributions to the Deposit Insurance Fund	-43	-36
Other	-266	-258
Other administrative expenses	-446	-415

The 2023 costs include the cost of the audit of the 2023 and 2022 Financial Statements. The 2022 costs include the cost of the audit of the 2021 Financial Statement.

The statutory audit of the 2023 Financial Statement was performed by Deloitte Audit s.r.o. The total cost of the audit of the Financial Statements in the 2023 accounting period was CZK 5.0 million excluding VAT (of which CZK 2.5 million excluding VAT for the audit of the Financial Statement as at 31 December, 2023, and CZK 2.5 million excluding VAT for the audit of the Financial Statement as at 31 December, 2022).

In addition to the statutory audit of the statutory Financial Statement, Deloitte Audit s.r.o. provided other verification services, namely the verification (audit) of the financial information for consolidation purposes prepared in accordance with the accounting instructions of the Raiffeisen Bank International Group. The total cost of this verification in the 2023 accounting period was CZK 1.4 million excluding VAT (of which CZK 0.7 million excluding VAT for the year ending 31 December, 2023, and CZK 0.7 million excluding VAT for the year ending 31 December, 2022).

"Other verification jobs performed by auditors (other companies)" in 2023 mainly includes the cost of auditing models developed as part of the IRBA project; the audit was conducted by Ernst & Young, s.r.o.

2.10 OTHER OPERATING INCOME AND EXPENSE

M CZK	2023	2022
Gain on sale of non-financial assets	1	54
Changes in operating provisions	-3	1
Expenses on the transfer of assets	-1	-24
Other	2	-1
Gain (+) / Loss (-) from other operating income or expense	-1	30

2.11 CASH & CASH EQUIVALENTS

M CZK	31/ 12/ 2023	31/ 12/ 2022	1/ 1/ 2022
Cash	0	0	0
Deposits repayable on demand	4	5	14
Cash & cash equivalents – total	4	5	14

2.12 FINANCIAL ASSETS AT AMORTIZED COST

2.12.1 RECEIVABLES FROM BANKS

M CZK	31/ 12/ 2023	31/ 12/ 2022	1/ 1/ 2022
Reverse repo operations with the CNB	4,608	1,302	7,904
Other receivables	0	0	0
Receivables from banks – total	4,608	1,302	7,904

As at 31 December, 2023; 31 December, 2022; as well as 1 January, 2022, a single-digit loss allowance was created for receivables from banks.

As at 31 December, 2023, Raiffeisen stavební spořitelna acquired state zero coupon bonds and other securities in reverse repo operations as a collateral at a nominal value of CZK 4,620 million (as at 31 December, 2022: CZK 1,311 million; as at 1 January, 2022: CZK 7,891 million).

2.12.1.1 Analysis of receivables from banks by type of collateral received

M CZK	31/ 12/ 2023	31/ 12/ 2022	1/ 1/ 2022
Securities	4,519	1,274	7,739
Unsecured	89	28	165
Total	4,608	1,302	7,904

2.12.2 RECEIVABLES FROM CLIENTS

2.12.2.1 Receivables from clients by type

M CZK	31/ 12/ 2023	31/ 12/ 2022	1/ 1/ 2022
Receivables from loans	69,766	71,305	65,195
Other receivables	82	85	101
Receivables from clients – gross	69,848	71,390	65,296
Allowances for expected losses	-594	-1,007	-964
Receivables from clients – net	69,254	70,383	64,332

All receivables from clients as at 31 December, 2023; 31 December, 2022; as well as 1 January, 2022 were valued at amortized costs as per IFRS 9.

The assessment method for losses from impairment of receivables from clients is described in Chapter 2.26.2. As detailed below, the model to calculate expected loss was adjusted in the course of 2023. The adjustment resulted in reduced loss allowances for receivables from clients.

2.12.2.2 Receivables from clients by degree of impairment

Receivables from clients by degree of impairment as at 31 December, 2023

M CZK	31/ 12/ 2023 Receivables from clients – gross	31/ 12/ 2023 Loss allowances	31/ 12/ 2023 Receivables from clients – net
Stage 1	44,395	-20	44,375
Stage 2	24,680	-291	24,389
Stage 3	773	-283	490
Total	69,848	-594	69,254

Receivables from clients by degree of impairment as at 31 December, 2022

M CZK	31/ 12/ 2022 Receivables from clients – gross	31/ 12/ 2022 Loss allowances	31/ 12/ 2022 Receivables from clients – net
Stage 1	51,955	-150	51,805
Stage 2	18,793	-425	18,368
Stage 3	642	-432	210
Total	71,390	-1,007	70,383

Receivables from clients by degree of impairment as at 1 January, 2022

M CZK	1/ 1/ 2022 Receivables from clients – gross	1/ 1/ 2022 Loss allowances	1/ 1/ 2022 Receivables from clients – net
Stage 1	52,214	-170	52,044
Stage 2	12,433	-330	12,103
Stage 3	649	-464	185
Total	65,296	-964	64,332

2.12.2.3 Provided subordinated receivables from clients

As at the end of the reporting periods, Raiffeisen stavební spořitelna did not record any provided subordinated receivables from clients.

2.12.3 DEBT SECURITIES**Debt securities by issuer**

M CZK	31/ 12/ 2023	31/ 12/ 2022	1/ 1/ 2022
Government bonds	5,477	3,645	4,544
Other bonds	205	205	205
Debt securities – total	5,682	3,850	4,749

As at 31 December, 2023, a loss allowance for debt securities was created in the amount of CZK 934,000. (As at 31 December, 2022: CZK 168,000; as at 1 January, 2022: CZK 120,000).

Government bonds can be used for refinancing through repo transactions with the CNB.

2.12.4 OTHER RECEIVABLES AT AMORTIZED COST

The "Other receivables at amortized cost" item includes in particular estimated receivables, accrued revenues and receivables from other debtors.

2.13 SHARES IN SUBSIDIARIES**2.13.1 PARTICIPATION INTERESTS WITH CONTROLLING INFLUENCE**

Either as at 31 December, 2023; or 31 December, 2022, Raiffeisen stavební spořitelna did not record any participation interests with controlling influence. In 2022, the participation interest with controlling influence in KONEVOVA s.r.o. was divested. The gain of CZK 83 million on the sale was reported as at 31 December, 2022 in the "Gain on the sale of shares in subsidiary" item in the Statement of Comprehensive Income.

Participation interests with controlling influence as at 1 January, 2022

M CZK	Registered office	Business objects	Registered capital	Other equity components	Share in registered capital	Share in voting rights	Book value
KONEVOVA s.r.o.	Koněvova 2747/99, Prague 3	Production, trade and services not specified in Annexes 1 to 3 of the Trade Licensing Act	50	224	100%	100%	370

2.14 FIXED INTANGIBLE AND TANGIBLE ASSETS

2.14.1 CHANGES IN INTANGIBLE FIXED ASSETS

Changes in intangible fixed assets in 2023

M CZK	Software	Other intangible assets	Tangible assets not in use	Total
Acquisition cost as at 31/ 12/ 2022	843	3	21	867
Additions	62	0	76	138
Disposals	-3	0	-62	-65
Acquisition cost as at 31/ 12/ 2023	902	3	35	940
Adjustments as at 31/ 12/ 2022	-621	-1	0	-622
Additions	3	0	0	3
Disposals	-58	0	0	-58
Adjustments as at 31/ 12/ 2023	-676	-1	0	-677
Net book value as at 31/ 12/ 2023	226	2	35	263
Depreciation 2023	-58	0	0	-58

Changes in intangible fixed assets in 2022

M CZK	Software	Other intangible assets	Tangible assets not in use	Total
Acquisition cost as at 1/ 1/ 2022	801	29	8	838
Additions	53	0	66	119
Disposals	-11	-26	-53	-90
Acquisition cost as at 31/ 12/ 2022	843	3	21	867
Adjustments as at 1/ 1/ 2022	-572	-26	0	-598
Additions	-60	0	0	-60
Disposals	11	25	0	36
Adjustments as at 31/ 12/ 2022	-621	-1	0	-622
Net book value as at 31/ 12/ 2022	222	2	21	245
Depreciation 2022	-59	0	0	-59

The values under "Software" contain both additions to and disposals of Raiffeisen stavební spořitelna's software. Additions are due to the appreciation of Raiffeisen stavební spořitelna's core client system CIBIS and core accounting system SAP. Disposals reflect the disposal of outdated software which was no longer usable for the performance of Raiffeisen stavební spořitelna's economic activities.

2.14.2 CHANGES IN TANGIBLE FIXED ASSETS

Changes in tangible fixed assets in 2023

M CZK	Land and buildings for operating activities	Right of use	Operating tangible assets	Non-operating tangible assets	Tangible assets not in use	Total
Acquisition cost as at 31/ 12/ 2022	1	26	62	2	2	93
Additions	0	2	1	0	0	3
Disposals	0	0	-42	0	-2	-44
Acquisition cost as at 31/ 12/ 2023	1	28	21	2	0	52
Adjustments as at 31/ 12/ 2022	0	-12	-55	0	0	-67
Additions	0	0	42	0	0	42
Disposals	0	-7	-5	0	0	-12
Adjustments as at 31/ 12/ 2023	0	-19	-18	0	0	-37
Net book value as at 31/ 12/ 2023	1	9	3	2	0	15
Depreciation 2023	0	-7	-5	0	0	-12

Changes in tangible fixed assets in 2022

M CZK	Land and buildings for operating activities	Right of use	Operating tangible assets	Non-operating tangible assets	Tangible assets not in use	Total
Acquisition cost as at 1/ 1/ 2022	39	26	93	5	0	163
Additions	0	0	0	0	2	2
Disposals	-38	0	-31	-3	0	-72
Acquisition cost as at 31/ 12/ 2022	1	26	62	2	2	93
Adjustments as at 1/ 1/ 2022	-18	-6	-80	0	0	-104
Additions	-22	-6	-6	0	0	-34
Disposals	40	0	31	0	0	71
Adjustments as at 31/ 12/ 2022	0	-12	-55	0	0	-67
Net book value as at 31/ 12/ 2022	1	14	7	2	2	26
Depreciation 2022	-1	-6	-5	0	0	-12

The values under "Right of use" reflect two leasing contracts in Raiffeisen stavební spořitelna's accounting concerning leases of real property and four new leasing contracts (concluded in 2023) on the lease of vehicles:

- Sublease agreement with Raiffeisenbank a.s., premises on the 8th floor of the CTW building,
- Lease agreement with Kvanta, a.s., premises in Kischova street in Prague;
- Four leasing contracts with Raiffeisen – leasing s.r.o., operating lease of vehicles.

Disposals of CZK 42 million under "Operating tangible assets" are due to the accounting and physical disposal of outdated hardware that was no longer usable for Raiffeisen stavební spořitelna. Furthermore, three vehicles were sold to Raiffeisen – leasing s.r.o. in 2023.

2.14.3 TANGIBLE FIXED ASSETS ACQUIRED UNDER LEASING CONTRACTS AS PER IFRS 16

Raiffeisen stavební spořitelna rents the building primarily for the purpose of its headquarters. In 2021, the Company changed its seat and executed a new lease contract (a sublease contract with Raiffeisenbank a.s., premises on the 8th floor of the CTW building in Prague) for the period of four years.

In April 2023, Raiffeisen stavební spořitelna reflected in its accounting the modification of the sublease contract with Raiffeisenbank a.s. The aim of the modification was to increase the rent for the office space by the coefficient specified in the sublease contract. The Company recognized and reported the modification as an increase in the book value of the right to use the asset and an increase in the lease liability.

The lease agreements include additional rental payments related to the development of the inflation rate in the coming years. In July 2023, the Company recognized and reported a modification to the lease agreement with Kvanta a.s. The lessor exercised its right to increase the rent by 100% of the inflation rate for the previous calendar year. Raiffeisen stavební spořitelna recognized and reported the modification as an increase in the book value of the right to use the asset and an increase in the lease liability.

In 2023, Raiffeisen stavební spořitelna concluded four new leasing contracts with Raiffeisen – leasing s.r.o. The subject matter of the contracts was operating lease of vehicles. Three of the contracts were concluded in March 2023, and one in September 2023.

List of new leasing contracts including their lease periods:

- Leasing contract with Raiffeisen – leasing s.r.o., operating lease of Audi A 6, duration 3 years
- Leasing contract with Raiffeisen – leasing s.r.o., operating lease of Audi A 6 Avant, duration 3 years
- Leasing contract with Raiffeisen – leasing s.r.o., operating lease of Škoda Karoq, duration 2 years
- Leasing contract with Raiffeisen – leasing s.r.o., operating lease of Škoda Octavia Combi, duration 4 years.

2.15 OTHER ASSETS

M CZK	31/ 12/ 2023	31/ 12/ 2022	1/ 1/ 2022
Estimated receivables – government premiums	672	785	769
Mandatory minimum reserves	644	654	508
Other	12	13	14
Total other assets	1,328	1,452	1,291

"Estimated receivables – government premiums" include an estimate of government contributions to building savings to be received by Raiffeisen stavební spořitelna in the following year. At the same time, this estimate is entered under "Payables to clients".

Mandatory minimum reserves are deposits the amount of which is determined on the basis of a CNB regulation; their drawing is limited. Without being sanctioned, the Group may only draw an amount from mandatory minimum reserves which exceeds the actual average amount of the mandatory minimum reserves for the given period calculated according to the CNB regulation.

2.16 FINANCIAL LIABILITIES AT AMORTIZED COST

2.16.1 PAYABLES TO BANKS

M CZK	31/ 12/ 2023	31/ 12/ 2022	1/ 1/ 2022
Received term deposits	12,033	7,763	2,002
Payables to banks	12,033	7,763	2,002

Received term deposits include mainly deposits from related parties. All transactions are arranged under fair market conditions.

2.16.2 PAYABLES TO CLIENTS

Payables to clients by type

M CZK	31/ 12/ 2023	31/ 12/ 2022	1/ 1/ 2022
Building savings deposits of households	59,147	61,753	69,607
Of that: Savings accounts on demand	3,622	5,177	8,376
Building savings deposits with fixed maturity	34,561	32,523	33,436
Building savings notice deposits	20,964	24,053	27,795
Building savings deposits of non-financial and financial institutions and government institutions	165	265	485
Of that: Savings accounts on demand	3	10	32
Building savings deposits with fixed maturity	56	74	249
Building savings notice deposits	106	181	204
Other	122	128	139
Total payables to clients	59,434	62,146	70,231

The "Other" item includes liabilities from unpaid payables to clients after the termination of their building savings contract, and liabilities associated with overpaid client loans.

According to the methodology of the CNB, building savings deposits with a running saving period are recognized as deposits with fixed maturity until the expiry of the mandatory saving period stipulated by the Building Savings Act. Deposits with a notice period are deposits made during the extension of the building savings contract after the expiry of the mandatory saving period, and deposits payable on demand are non-term deposits and deposits made after the granting of a building savings loan.

Payables to clients by sector – residents

M CZK	31/ 12/ 2023	31/ 12/ 2022	1/ 1/ 2022
Households	59,147	61,753	69,607
Non-financial and financial institutions	90	169	359
Government institutions	75	96	126
Other	122	128	139
Total payables to clients	59,434	62,146	70,231

2.16.3 SUBORDINATED LIABILITIES

M CZK	31/ 12/ 2023	31/ 12/ 2022	1/ 1/ 2022
Subordinate loans	602	602	602
Total subordinated liabilities	602	602	602

As at 31 December, 2023; 31 December, 2022; and 1 January, 2022, Raiffeisen stavební spořitelna recognized two subordinate loans. The remaining maturity of both loans as at 31 December, 2023 was: CZK 2 million 3–12 months, CZK 600 million more than 5 years (as at 31 December, 2022 and 1 January, 2022: CZK 2 million 3–12 months, CZK 600 million more than 5 years).

The parameters of the two loans are as follows:

- The first of the loans was drawn on 8 November, 2019; its nominal value is CZK 300 million; it is repayable on 8 November, 2029; the interest rate of 5% p. a. applies until repayment; the interest is paid once a year; there is no option of premature repayment.
- The second subordinate loan was drawn on 27 December, 2021; its nominal value is CZK 300 million; it is repayable on 29 December, 2031; the interest rate of 4.99% p. a. applies for 5 years, i.e. until 27 December, 2026; the interest is paid once a year; there is a put option of early repayment after 5 years.

Both subordinate loans comply with the purpose below: The loan must be used by the debtor as a subordinate loan constituting a capital instrument in accordance with Article 62(a) of (EU) Regulation No. 575/2013, on prudential requirements for credit institutions and investment firms and on amendment to (EU) Regulation No. 648/2012, as amended ("CRR"), so that the debtor can meet the relevant capital requirements in accordance with the CRR.

Both subordinate loans meet the required prerequisites to be recognized as Tier 2 capital, and therefore have been accepted by the Czech National Bank as such.

2.16.4 OTHER FINANCIAL LIABILITIES AT AMORTIZED COST

M CZK	31/ 12/ 2023	31/ 12/ 2022	1/ 1/ 2022
Clearing accounts for the Czech National Bank	338	384	178
Estimated payables	125	120	75
Accrued expenses	34	37	100
Lease liabilities	9	14	20
Other	79	153	137
Other financial liabilities at amortized cost – total	585	708	510

The item "Clearing accounts for the Czech National Bank" contains liabilities to clients and suppliers, which will be paid on the following business day through the Czech National Bank clearing centre.

2.17 PROVISIONS

M CZK	31/ 12/ 2023	31/ 12/ 2022	1/ 1/ 2022
Provisions for loan commitments	4	21	38
Other provisions	37	34	19
Of that: Provisions for litigations	9	5	6
Provisions for wages	28	29	13
Provisions for restructuring	0	0	0
Other provisions	0	0	0
Provisions total	41	55	57

Provisions for wages include provisions for bonuses to the Board of Directors and for bonuses and extraordinary bonuses to employees. Provisions for restructuring were fully used up in 2022.

Changes in other provisions in 2023

M CZK	Provisions for litigations	Provisions for wages	Other provisions	Total
Status as at 31/ 12/ 2022	5	29	0	34
Created	4	19	43	66
Used	0	-15	-43	-58
Released	0	-5	0	-5
Status as at 31/ 12/ 2023	9	28	0	37
Of that: Short-term	0	11	0	11
Long-term	9	17	0	26

Changes in other provisions in 2022

M CZK	Provisions for litigations	Provisions for wages	Provisions for restructuring	Other provisions	Total
Status as at 1/ 1/ 2022	6	13	0	0	19
Created	0	27	0	40	67
Used	-1	-9	0	-39	-49
Released	0	-2	0	-1	-3
Status as at 31/ 12/ 2022	5	29	0	0	34
Of that: Short-term	0	13	0	0	13
Long-term	5	16	0	0	21

Provisions for restructuring in the amount of CZK 0.4 million were fully used up in 2022. "Other provisions" include provisions for contributions to the Financial Market Guarantee System.

2.18 OTHER LIABILITIES

M CZK	31/ 12/ 2023	31/ 12/ 2022	1/ 1/ 2022
Settlement of the withholding income tax on interest	93	104	101
Other	3	2	5
Total other liabilities	96	106	106

2.19 REGISTERED CAPITAL

Composition of Raiffeisen stavební spořitelna shareholders as at 31 December, 2023

Name	Registered office	Relationship to the Bank	Number of shares (units)	Share in registered capital (in %)	Type of share	Nominal share value
Raiffeisenbank a.s.	Czech Republic	Controlling company	6,500	100%	Ordinary	CZK 100,000
Total			6,500	100%	Ordinary	CZK 100,000

Composition of Raiffeisen stavební spořitelna shareholders as at 31 December, 2022 and 1 January, 2022

Name	Registered office	Relationship to the Bank	Number of shares (units)	Share in registered capital (in %)	Type of share	Nominal share value
Raiffeisenbank a.s.	Czech Republic	Controlling company	6,500	100%	Ordinary	CZK 100,000
Total			6,500	100%	Ordinary	CZK 100,000

The share in the registered capital is equal to the share in voting rights.

As at the end of the reporting periods, Raiffeisen stavební spořitelna recorded no bonuses tied to equity.

Raiffeisen stavební spořitelna issued no shares in the reported periods.

2.20 OTHER EQUITY COMPONENTS

One of the equity components is a reserve fund (as at 31 December, 2023: CZK 130 million; as at 31 December, 2022: CZK 130 million; as at 1 January, 2022: CZK 130 million). The reserve fund, currently corresponding to 20% of the registered capital, was created upon the establishment of the accounting unit and subsequently gradually increased by allocations from profit after tax.

In 2023, other capital funds were created through the monetary contribution of CZK 1,600 million by the single shareholder. The decision on the use of other capital funds is at the discretion of the General Meeting.

2.21 PROPOSAL FOR USE OF PROFIT OR SETTLEMENT OF LOSS FROM THE CURRENT ACCOUNTING PERIOD

M CZK	Profit/loss in 2023	Accumulated losses from previous years	Reserve fund	Retained earnings
Balance as at 31 December, 2023	827	0	130	5,103
Allocations to funds from profit	-827	0	0	827
Other use of funds from profit	0	0	0	0
Other use of earnings	0	0	0	0
Share in profit	0	0	0	0
Royalties	0	0	0	0
	0	0	130	5,930

2.22 COMMITMENTS AND GUARANTEES RECEIVED

M CZK	31/ 12/ 2023	31/ 12/ 2022	1/ 1/ 2022
Guarantees received for client loans	304	391	501
Guarantees received (MREL)	700	1,900	0
Commitments and guarantees received	1,004	2,291	501

In 2023, Raiffeisen stavební spořitelna received no new MREL guarantees issued by Raiffeisenbank a.s.; one guarantee worth CZK 1,200 million issued in 2022 expired. The balance of received (MREL) guarantees as at 31 December, 2023 was CZK 700 million (as at 31 December, 2022: CZK 1,900 million; as at 1 January, 2022: CZK 0 million). A guarantee worth CZK 700 million was issued in 2022 for 7 years.

2.23 COLLATERALS AND PLEDGES RECEIVED

M CZK	31/ 12/ 2023	31/ 12/ 2022	1/ 1/ 2022
Real property pledges for client loans	42,461	45,288	40,879
Cash collaterals for client loans	6,027	6,011	5,500
Securities – collateral received (MREL)	800	2,400	0
Collaterals – securities	4,620	1,311	7,891
Collaterals and pledges received	53,908	55,010	54,270

In 2023, Raiffeisen stavební spořitelna received a total of CZK 800 million worth of securities as collateral for MREL guarantees issued by Raiffeisenbank a.s. (as at 31 December, 2022: CZK 2,400 million; as at 1 January, 2022: CZK 0 million).

2.24 INCOME TAX AND DEFERRED TAX LIABILITY/ASSET

Expenses pertaining to income tax

M CZK	2023	2022
Tax payable for the current accounting period	-164	-90
Additional tax/tax refunds for previous periods	0	0
Deferred tax	-2	-1
Total	-166	-91

The income tax differs from the supposed amount of tax calculated from profit before tax by applying the applicable rate as follows:

M CZK	2023	2022
Tax calculated using the applicable tax rate (2023: 19%, 2022: 19%)	-164	-90
Effect of income subject to special tax rate	29	15
Effect of non-tax-deductible expenses	-23	-19
Adjustments relating to previous years	0	0
Other	-8	3
Total	-166	-91

Deferred tax liability/asset

M CZK	31/ 12/ 2023	31/ 12/ 2022	1/ 1/ 2022
Other	10	9	7
Deferred tax assets	10	9	7
Asset book and tax value difference	-28	-26	-22
Deferred tax liabilities	-28	-26	-22
Deferred tax liability or asset	-18	-17	-15
Change in deferred tax recognized in expenses	-1	-2	0
Effect of tax rate change	-2	0	0

For the purpose of calculating the deferred tax in 2023, the tax rate was increased from 19% to 21% (rate applicable in 2024). The effect of the changed tax rate on the total deferred tax liability was CZK 2 million (i.e. the tax liability increased). The effect of the tax rate change was reported in item "Income tax" in the Statement of Comprehensive Income. In line with IAS 12, Raiffeisen stavební spořitelna did not include the potential effect of the top-up tax in the deferred tax liability.

2.25 TRANSACTIONS WITH RELATED PARTIES

For the purposes of reporting transactions with related parties, Raiffeisen stavební spořitelna considers its parent companies to be Raiffeisenbank a.s. (direct parent company) and Raiffeisen Bank International AG (company with indirect controlling influence over Raiffeisen stavební spořitelna). Other related parties include other companies within the Group. Transactions with related parties are made under usual business terms and at fair market prices.

Transactions with related parties as at 31 December, 2023

M CZK	Parent companies	Board of Directors, Supervisory Board	Other related parties	Total
Receivables	7	0	205	212
Positive fair values of financial derivatives	0	0	0	0
Payables	12,104	2	1	12,107
Negative fair values of financial derivatives	0	0	0	0
Subordinated liabilities	300	0	302	602
Nominal value of financial derivatives (off-balance sheet liabilities)	10	0	0	10
Guarantees received (MREL)	700	0	0	700
Interest income	2	0	8	10
Interest expense	-575	0	-15	-590
Fee and commission income	57	0	0	57
Fee and commission expense	-43	0	0	-43
Net gain or loss from financial operations	0	0	0	0
General operating expense	-184	-21	0	-205
Other operating income	0	0	1	1

Receivables include mainly:

- Securities of Raiffeisenlandesbank Oberösterreich AG in the amount of CZK 205 million.

Payables include mainly:

- Term deposits of Raiffeisenbank a.s. in the amount of CZK 12,033 million (including accrued interest);
- Payables in the amount of CZK 50 million recorded in estimated payables to Raiffeisenbank a.s. arising from outsourcing contracts;
- Lease payables in the amount of CZK 8 million arising from a sublease agreement with Raiffeisenbank a.s.

Fee and commission expense includes a CZK 37 million fee for the MREL pledge received.

Raiffeisen stavební spořitelna did not provide the members of the management and supervisory bodies with any advance payment, earnest money or loan in the reported periods. Raiffeisen stavební spořitelna provides loans and building saving schemes to individuals with a special relationship to the Bank under normal market conditions.

Transactions with related parties as at 31 December, 2022

M CZK	Parent companies	Board of Directors, Supervisory Board	Other related parties	Total
Receivables	7	0	205	212
Positive fair values of financial derivatives	0	0	0	0
Payables	7,831	2	0	7,833
Negative fair values of financial derivatives	0	0	0	0
Subordinated liabilities	300	0	302	602
Nominal value of financial derivatives (off-balance sheet liabilities)	10	0	0	10
Guarantees received (MREL)	1,900	0	0	1,900
Interest income	0	0	8	8
Interest expense	-263	0	-15	-278
Fee and commission income	21	0	0	21
Fee and commission expense	-16	0	0	-16
Net gain or loss from financial operations	0	0	0	0
General operating expense	-175	-22	0	-197
Other operating income	0	0	0	0

Receivables include mainly:

- Securities of Raiffeisenlandesbank Oberösterreich AG in the amount of CZK 205 million.

Payables include mainly:

- Term deposits of Raiffeisenbank a.s. in the amount of CZK 7,763 million (including accrued interest);
- Payables in the amount of CZK 48 million recorded in estimated payables to Raiffeisenbank a.s. arising from outsourcing contracts;
- Lease payables in the amount of CZK 13 million arising from a sublease agreement with Raiffeisenbank a.s.

Fee and commission expense includes a CZK 9 million fee for the MREL pledge received.

2.26 RISK MANAGEMENT

2.26.1 INTRODUCTION

The risk management strategy is in line with other strategies of Raiffeisen stavební spořitelna. The risk management strategy responds to these strategies in a timely manner to identify risks arising from new business activities, operations and processes to keep these risks at an acceptable level. The strategic risk management documents cover the credit risk management strategy, the market risk management strategy, the liquidity management strategy and the operational risk management strategy.

The risk that Raiffeisen stavební spořitelna is willing to undertake in pursuing its business and enforcing its goals and plans is quantified through risk appetite. The risk appetite of Raiffeisen stavební spořitelna is reflected in a system of limits. The acceptable level of credit risk is reflected in the setting of criteria and conditions for the provision of credit products and the execution of transactions, as well as in the credit processes, the credit risk system and limits, while taking into account other risks.

2.26.1.1 Risk management system

In Raiffeisen stavební spořitelna, a member of the Board of Directors acts as the Chief Risk Officer (CRO) to the effect of the Raiffeisen group's banking corporate governance, management control system and regulations. The CRO is the

guarantor of supervision over outsourcing of job functions pertaining to Raiffeisen stavební spořitelna's risk management.

The Board of Directors has set up advisory, working and executive bodies for the purpose of collective assessment of, discussion on and/or decision-making on and approval of fundamental expert issues of Raiffeisen stavební spořitelna management and activities. The advisory body for the Board of directors is the Outsourcing Management Committee (OMCO).

The executive bodies of the Board of Directors are:

- Asset Liability Management Committee (ALCO);
- Credit Risk Committee (CRCO)
- Operational Risk Management & Controls Committee (ORMCC).

Risk management principles and methods are used to:

- Identify and analyze the risks that Raiffeisen stavební spořitelna is exposed to;
- Set appropriate limits and controls;
- Monitor risks and comply with the appropriate limits.

Risk management principles and methods are regularly reviewed to reflect changes in market conditions and activities pursued by Raiffeisen stavební spořitelna. The goal of Raiffeisen stavební spořitelna is to create a control environment in which all employees understand their roles and responsibilities, with the help of training and management and setting of standards and methodologies.

The Audit Committee of Raiffeisen stavební spořitelna assesses the effectiveness of the risk management systems. The internal audit department performs both regular and ad hoc audits of risk management controls and procedures, and the results are then presented to the Audit Committee and the Board of Directors.

2.26.2 CREDIT RISK

Credit risk is the risk of loss arising from the failure of the counterparty (debtor) to meet its obligations under the terms of the contract based on which the Bank became the creditor, causing loss to the holder of the receivable (creditor). These liabilities arise from lending activities, trading and investment activities, payment transactions and settlement of securities in trading on own account or someone else's behalf (i.e. when acting as an agent on behalf of clients).

2.26.2.1 Settlement risk in trading on financial markets

The following transactions are subject to settlement risk:

- Deposit operations on the interbank market in CZK;
- Bond trading on Raiffeisen stavební spořitelna's own account;
 - Trading in bonds issued by the Czech Republic, guaranteed by the Czech Republic or issued by the Czech National Bank on Raiffeisen stavební spořitelna's own account;
 - Trading in mortgage bonds and similar products issued by the member states of the Organization for Economic Cooperation and Development;
 - Trading in other bonds pursuant to S. 9(1)(f) of the Building Savings Act.

Raiffeisen stavební spořitelna reduces this risk for certain types of transactions by the use of settlement/clearing agents. This ensures that the transaction is settled only when both parties fulfil their contractual obligations. Settlement limits form part of the credit approval process and subsequent credit risk monitoring and evaluation.

2.26.2.2 Credit risk management

The Board of Directors of Raiffeisen stavební spořitelna has established a Credit Risk Management Committee as an executive body for credit risk management and supervision.

Credit risk management is governed by the following rules and principles:

- Credit risk management is fully in line with regulatory requirements, parent company regulations, BCBS standards and EBA guidelines;

- Credit risk management is fully in line with the risk appetite of Raiffeisen stavební spořitelna, so it is carried out in compliance with the regulatory, RBI and internal credit risk limits.

In managing credit risk, Raiffeisen stavební spořitelna uses in particular the following methods:

- Analysis of the contracting party's creditworthiness and credibility, and/or investment plan;
- Scoring (natural persons), rating (legal entities);
- Use of collateral;
- Purpose checking;
- Cross-checks of the internal blacklist and publicly available registers;
- Mathematical and statistical models;
- Setting of limits;
- Quality analysis of the credit portfolio including time series;
- Monitoring of:
- Credit risk exposure;
- The contracting party's financial and economic standing;
- Compliance with the terms of the contract;
- Collateral value;
- The contracting party's current situation/problems;
- Adequacy of loss allowances and provisions;
- Forecasts of future development of important risk management indicators and individual limits;
- Periodic review of product input parameters;
- Regular review of processes and procedures based on the results of analyses.

Credit risk measurement – credit risk at Raiffeisen stavební spořitelna is measured through:

- Assessment of loan portfolio quality;
- Evaluation of the success rate of the loan process;
- Evaluation of the effectiveness of recovery processes;
- Verification of adequate loss allowance creation;
- Stress testing.

Generally, Raiffeisen stavební spořitelna requires that certain creditors provide collateral when taking a loan. Raiffeisen stavební spořitelna considers the following types of collateral as eligible:

Funded credit protection (reduction of credit risk associated with exposure results from Raiffeisen stavební spořitelna's right to satisfy its receivable in the event of the debtor's default from the proceeds of collateral realization or by collateral appropriation):

- Financial collateral;
- Pledged receivable – credit balance on own building savings contract;
- Pledged receivable – credit balance on a third party's building savings contract;
- Real property;
- Other non-financial collateral – cash collateral with another bank, i.e. a lien on a receivable held by another bank.

Unfunded credit protection (a reduction in credit risk associated with exposure arises from a third party's obligation to pay Raiffeisen stavební spořitelna a certain amount in the event of the debtor's default):

- Guarantees/surety.

Determination of the net realizable value of collateralized real property ensues from the real-property price estimate based on market principles and/or from internal evaluations prepared by the Credit Risk Management Department. The net realizable value of the collateral is then determined from such value by applying a correction coefficient which reflects the ability of Raiffeisen stavební spořitelna to realize the collateral if needed. Raiffeisen stavební spořitelna conducts regular revaluation of collaterals and correction coefficients.

The model to calculate expected loss from impairment was adjusted in the course of 2023. The adjustments included especially:

- Use of PD rating in the calculation of expected loss;
- Adjusted rules for receivables classification to Stages 1 and 2 based on quantitative criteria;
- Inclusion of new holistic flags that serve to identify risks unrecognized in the rating model.

The impact of the change in methodology is quantified in chapter 2.26.2.5; the overall impact is described in the introduction to the Annual Report in the chapter Commentary on financial results.

2.26.2.3 Debt recovery

Raiffeisen stavební spořitelna has a Recovery Unit that manages receivables with a non-recoverability risk. Classified receivables' recovery is urged by telephone, in writing, and where no agreement with the client is reached, also in court. The Recovery Unit takes legal steps in order to achieve maximum recoverability, including realization of collateral and representation of Raiffeisen stavební spořitelna in insolvency proceedings.

2.26.2.4 Expected credit losses

Raiffeisen stavební spořitelna classifies financial instruments into three groups:

- Non-defaulted financial instruments without a significant increase in credit risk ("Stage 1");
- Non-defaulted financial instruments with a significant increase in credit risk ("Stage 2");
- Defaulted financial instruments ("Stage 3").

For Stage 1 financial instruments, loss allowances are calculated at 12-month expected credit losses, and for Stage 2 and Stage 3 financial instruments, loss allowances are calculated at lifetime expected credit losses.

2.26.2.4.1 Significant increase in credit risk

In determining whether the risk of default arising from a financial instrument has increased significantly since initial recognition, Raiffeisen stavební spořitelna assesses reasonable and verifiable information that is available without expenditure of unreasonable cost or effort. This includes quantitative and qualitative information and analyses based on the historical experience of Raiffeisen stavební spořitelna and expert credit assessment, including forward-looking information.

The objective of this assessment is to identify whether there has been a significant increase in credit risk for a given credit exposure. The quantitative assessment component is based on a comparison of the probability of default (PD) for the remaining maturity determined as at the balance-sheet date with the probability of default (PD) for the remaining maturity determined for the balance-sheet date as at the date of initial recognition.

The qualitative assessment component takes into account the following information:

- Number of days past due (DPD) exceeding 30 (including delinquency in relation to compulsory regular savings deposits for bridge loans);
- Significant increase in credit risk of the same client's other exposures;
- Minor credit fraud (serious frauds are classified as default – see the definition of default);
- Pending execution procedure related to building savings worth CZK 20,000+ in total;
- Forbearance;
- Other comprehensive information that can be obtained without unreasonable cost or effort (non-compliance with specific contractual conditions, client's default in another institution, risk of interest rate increase upon renewal of the fixed-interest-rate period, etc.).

The calculation of expected credit losses for non-retail financial instruments at Stages 1 and 2 is carried out by the parent RBI. Expected credit losses for retail financial instruments at Stages 1, 2, and 3 and for non-retail financial instruments at Stage 3 are calculated by Raiffeisen stavební spořitelna.

Due to the absence of a local rating system, the quantitative component is applied to non-retail financial instruments (the rating is obtained using the rating systems of the parent RBI), with the PD change threshold set at 250%.

The qualitative component is applied to assess a significant increase in credit risk for retail financial assets.

Development of the probability of default (PD) curve

Credit risk rating grades are an essential input in developing the PD curve for credit exposure in relation to time. Raiffeisen stavební spořitelna collects information about performance and defaults relating to its credit exposures and analyzes this information from different perspectives.

Raiffeisen stavební spořitelna uses statistical models to analyze the acquired data and to create PD curves and their evolution over the remaining maturity of the given exposures (time structures) and to determine expected changes to these curves over time.

This analysis involves identification and calibration of correlations between changes in default rates and changes in key macroeconomic factors on the one hand and the risk of default on the other hand. Key macroeconomic indicators include in particular gross domestic product, unemployment rate, inflation rate, market interest rates and increase in real property prices (the last of these indicators primarily for LGD).

For non-retail credit exposures, PD curves are estimated by individual rating grades. For retail credit exposures, for the reasons given in the previous chapter, PD curves are estimated for each grade individually and the segmentation is based on the nature of Raiffeisen stavební spořitelna's product (secured and unsecured loans).

Raiffeisen stavební spořitelna uses development scenarios for macroeconomic variables generated by the parent RBI (for details refer to Forward-looking information). These scenarios are then used in conjunction with macroeconomic models developed in-house to modify the probability of default estimates.

Determining whether credit risk has increased significantly

The criteria for determining whether credit risk has increased significantly include quantitative changes in the probability of default and qualitative factors including defined delinquency limits and other risk attributes of the exposures.

It is assumed that a significant increase in credit risk since the initial recognition for that exposure has occurred when the probability of default (PD) for the remaining period to maturity has increased by more than 250%.

On the basis of an expert opinion and relevant historical experience (where available), Raiffeisen stavební spořitelna is able to state that credit risk for the exposure has increased significantly, as indicated by selected qualitative indicators. The factors listed at the beginning of this chapter are taken into account in this process.

Raiffeisen stavební spořitelna therefore set the following limit: regardless of other facts, a significant increase in credit risk occurs when the asset is more than 30 days past due. Days past due are calculated in two ways:

- The number of days that have transpired from the earliest due date when the full payment was not received ("the RSTS DPD counter");
- The number of days that a material credit obligation is past due irrespective of its time structure ("the EBA DPD counter").

Furthermore, Raiffeisen stavební spořitelna has set limits for a significant increase in credit risk within the framework of the holistic approach. The limits for each rule are set as follows:

- Failure to meet specific contractual conditions – if a client fails to meet more than one specific post-drawing condition for which a penalty has been charged or fails to meet exactly one specific post-drawing condition for which a penalty has been charged and the asset has been overdue for the last 12 months or the client has a lower credit rating (as measured by the CB score), the asset is categorized as showing a significant increase in credit risk.
- Client default at another institution – if a regular credit assessment (as measured by the CB score) indicates that a client has defaulted on their obligations at another institution and the asset has been overdue for the last 12 months, the asset is categorized as showing a significant increase in credit risk.
- Risk of interest rate increase upon renewal of the fixed-interest-rate period – if the DSTI limit calculated for assets with a future renewal date based on the estimated macroeconomic development of rates for a given interest-rate period exceeds the acceptable DSTI limit at the time of loan provision, which is determined on the basis of an inversely proportional non-linear logarithmic DSTI increase (a lower absolute increase is accepted for higher DSTI than for lower DSTI), the asset is categorized as showing a significant increase in credit risk.
- Risk of collateral impairment due to environmental risks – collaterals at risk are identified using an external model developed by Prometia based on information about the collateral (location, age, etc.). This identification is done by the RBI.

Raiffeisen stavební spořitelna monitors the efficacy of criteria used to identify a significant increase in credit risk through regular analyses and control measures, to confirm that:

- The criteria are capable of identifying a significant increase in credit risk sooner than the exposure defaults;
- The criteria are not tied to the particular moment in time when the asset becomes 30 days past due;

- There is no unjustified volatility of the loss allowances from the transfer between the twelve-month probability of default (Stage 1) and lifetime probability of default (Stage 2).

In the course of 2023, rules for reclassification of non-defaulted receivables between Stages 1 and 2 were expanded by quantitative criteria which assess the change in probability of default between the loan granting date and the balance sheet date. The new rules were applied to all unpaid loans.

2.26.2.4.2 Modified financial assets

The contractual terms of a loan may generally be modified for a variety of reasons, such as changes in market conditions, retention of the debtor, or other factors unrelated to the debtor's current or potential credit deterioration. Following modification of loan terms, Raiffeisen stavební spořitelna shall assess whether the cash flows from such modified loan are substantially different.

The only modifications Raiffeisen stavební spořitelna makes are loan repayment deferrals. These are provided individually subject to defined conditions, including the requirement that the client has no debt past due when applying for the deferral. However, the cash flows after the loan repayment deferral are not significantly different, so the loan is not derecognized.

Deferral of loan repayments is considered a forbearance (with the exception of the government's moratorium in connection with the Covid-19 pandemic). Forbearance is considered a qualitative indicator of a significant increase in credit risk, so the loan is classified at least as Stage 2 (typically with three-month deferrals). However, if the forbearance meets the definition of forced restructuring, the loan is directly classified as Stage 3, meaning it is considered default (typically with six-month deferrals).

2.26.2.4.3 Definition of default

Raiffeisen stavební spořitelna considers a debtor to be in default if at least one of the following occurs:

- a) It is assumed that the debtor will probably not repay his/her credit liabilities in full;
- b) One of the debtor's important credit liabilities is more than 90 days past due (in the case of a bridge loan, related compulsory savings deposits are also considered).

Following the group methodology, Raiffeisen stavební spořitelna defines a default as follows:

- For individuals at the level of a payable, i.e. the default on a client's individual payable does not automatically mean default on that client's other payables;
- For legal entities at the level of a debtor, i.e. the default on any payable means default of the client and on all of its payables.

The materiality limit of the credit liability is divided into absolute and relative:

- The absolute limit of materiality is set at CZK 2,500 for retail receivables and CZK 12,600 for non-retail receivables.
- The relative limit of materiality is set to 1% of exposure.

In relation to a), Raiffeisen stavební spořitelna has defined the following 17 default indicators:

- Discontinued interest accrual;
- Specific credit risk adjustments (to maintain consistency between IFRS 9 grades and the definition of default);
- Sale of a receivable with an economic loss exceeding a defined limit;
- Forced restructuring;
- Bankruptcy/insolvency;
- Credit fraud;
- Death of the debtor;
- Loss of regular income;
- Significant indebtedness;
- Breach of contractual terms;
- Immediate repayability of the receivable prior to maturity;
- Realization of collateral or activation of guarantees;
- Acquisition or creation of a receivable with a material discount;

- Product-related cross default;
- Volume-related cross default;
- Cross effect of consolidated receivables;
- Cross effect of consolidated debtors.

The definition of default is consistent with the definition of default for the purposes of capital adequacy.

2.26.2.4.4 Forward-looking information (FLI)

FLI is taken into account during assessment of whether the credit risk of a financial instrument has significantly increased since the initial recognition (for non-retail exposures) as well as during calculation of expected credit losses.

Scenarios of macroeconomic variables generated by the parent RBI and supplied to Raiffeisen stavební spořitelna usually on a quarterly basis are used unless there is an emergency like the Covid-19 pandemic (where significant deterioration of the foreseen macroeconomic situation had to be reflected as soon as possible). A total of 3 macroeconomic development scenarios are generated – basic, positive and negative – weighted at 50%, 25% and 25% respectively. The time horizon for macroeconomic forecasting is 3 years.

These scenarios are then used in combination with macroeconomic models developed in-house or within the group to adjust estimates of the probability of default (PD) and loss given default (LGD) in the calculation of expected credit losses for retail exposures or are used in combination with group models to calculate expected credit losses for non-retail exposures.

The basic outlook scenario shows the most likely result and is in line with information that Raiffeisen stavební spořitelna uses for other purposes such as strategic and short-term planning. The other two scenarios include a more optimistic scenario and a more pessimistic outcome.

Raiffeisen stavební spořitelna identified and documented key credit risk and credit loss indicators for each financial instrument credit portfolio and using analyses of historical data it determined the relationship between macroeconomic variables, credit risk and credit losses. The economic scenarios applied as at 31 December, 2023 include the following range of key indicators for the Czech Republic for the years ending on 31 December, 2023 and 31 December, 2024.

	2023	2024
Unemployment rate	Baseline: 3.85% Range: 3.18–4.35%	Baseline: 3.52% Range: 3.25–4.27%
Inflation (year-on-year growth in CPI)	Baseline: 3.62% Range: 0.25–7.40%	Baseline: 2.28% Range: 0.49–3.80%
Growth in GDP (year-on-year)	Baseline: 1.96% Range: -0.39–3.83%	Baseline: 2.92% Range: 1.15–3.72%
Growth in real property prices (year-on-year)	Baseline: -1.33% Range: -5.69–3.57%	Baseline: 2.25% Range: -2.39–4.57%
3M interbank interest rate	Baseline: 5.86% Range: 4.12–7.31%	Baseline: 3.94% Range: 2.91–5.40%

The expected relationships between key indicators and the default and loss rates of various financial asset portfolios are determined based on historical data, in a manner that enables coverage of the economic cycle, including economic recession. In addition, Raiffeisen stavební spořitelna regularly monitors the economic validity of the resulting model predictions.

2.26.2.4.5 Calculation of expected credit losses (ECL)

The key input for calculation of expected credit losses (ECL) consists of the time structure of the following variables/parameters:

- Probability of default (PD),
- Loss given default (LGD),
- Exposure at default (EAD).

These parameters are derived from proprietary statistical models (for retail exposures) or from the statistical models of the parent RBI (for non-retail exposures) and from historical data, which must be adjusted to correspond to forward-looking information (FLI), as stated above.

PD estimates are estimates as at a particular moment in time which are calculated on the basis of statistical models and rating instruments adapted for various counterparty and exposure categories. These statistical models are based on acquired data that includes both quantitative and qualitative factors. If the rating of a counterparty or exposure changes, the relevant PD estimate is changed. Exposure maturity is taken into account during estimation of probabilities of default (PD).

The LGD is the volume of the probable loss should default occur. LGD parameters are forecast on the basis of historical rates of recovery from debtors in default. LGD models take into account collateralization and the direct costs of receivable recovery.

LGD estimates are specified for various economic scenarios so that they also reflect possible changes in real property prices for the purposes of loans secured by real property.

Calculations are made on the basis of discounted cash flows.

The EAD is the expected credit exposure at the time of default. The EAD is calculated on the basis of current exposure in regard to a given counterparty and possible changes to the current exposure on the basis of contracts concluded with the counterparty.

The EAD of a financial asset equals the asset's gross book value. For loan commitments, the EAD includes the drawn amount and also possible future drawing which may occur based on the concluded contract.

As described above, aside from use of a max. 12-month PD for financial assets whose credit risk did not increase significantly, expected credit losses (ECL) are calculated with regard to the default risk during the expected lifespan of the subject financial assets (i.e. for the period during which Raiffeisen stavební spořitelna is exposed to the credit risk).

Raiffeisen stavební spořitelna does not have any revolving products in its portfolio.

For credit risk parameter estimates the portfolio is segmented by the very character of the product, i.e. primarily into secured and unsecured loans.

Calculation of expected credit losses (ECL) for credit-impaired loans

For credit-impaired loans, loss allowances are calculated based on the Best estimate of expected loss (BEEL). For retail exposures, BEEL parameters are estimated for the segments listed above; they are based on the LGD and increase as the exposure period in default increases up to 100% at the end of the effective recovery period. For non-retail exposures, BEEL parameters are calculated individually in regard to the very low number of historical defaults and only after the CRCO has reached a consensus.

2.26.2.5 Reconciliation of opening and closing loss allowance balances for financial assets at amortized cost

Total loss allowances for financial assets at amortized cost – 31/ 12/ 2023

M CZK	Stage 1	Stage 2	Stage 3	POCI	Total
Status as at 1/ 1/ 2023	-150	-426	-434	0	-1,010
Transfer to/from Stage 1	194	-129	-65	0	0
Transfer to/from Stage 2	-1	35	-34	0	0
Transfer to/from Stage 3	0	-1	1	0	0
Increase due to creation and acquisition	-6	-8	-2	0	-16
Decrease due to derecognition	11	53	113	0	177
Changes due to change in credit risk (net)	-203	26	-11	0	-188
Decrease in loss allowances due to depreciation	0	0	0	0	0
Impact of unwinding	0	0	0	0	0
Adjustments for exchange rate differences	0	0	0	0	0
Changes due to change in methodology	133	159	147	0	439
Status as at 31/ 12/ 2023	-22	-291	-285	0	-598

In May 2023, Raiffeisen stavební spořitelna started using rating models to calculate expected credit losses from retail loans. The PD vectors estimated for each rating grade are now used both for the evaluation of the quantitative criterion for inclusion in Stage 2 and for the actual calculation of expected credit losses. At the same time, new LGD models were deployed.

Total loss allowances for financial assets at amortized cost – 31/ 12/ 2022

M CZK	Stage 1	Stage 2	Stage 3	POCI	Total
Status as at 1/ 1/ 2022	-170	-331	-466	0	-967
Transfer to/from Stage 1	248	-185	-63	0	0
Transfer to/from Stage 2	-3	31	-28	0	0
Transfer to/from Stage 3	0	-7	7	0	0
Increase due to creation and acquisition	-35	-2	-3	0	-40
Decrease due to derecognition	12	17	86	0	115
Changes due to change in credit risk (net)	-202	51	33	0	-118
Decrease in loss allowances due to depreciation	0	0	0	0	0
Impact of unwinding	0	0	0	0	0
Adjustments for exchange rate differences	0	0	0	0	0
Status as at 31/ 12/ 2022	-150	-426	-434	0	-1,010

Transfers are designed such that when the stage changes, the transfer of the loss allowance occurs first and the change of amount second. "Newly purchased or originated financial assets" include loss allowances that were created for newly originated financial assets during 2022. Parameter changes fall under "Revaluation and changes in models/risk parameters". All newly originated assets are classified as Stage 1 (POCI = 0). The Stage 2 and 3 values under "Newly purchased or originated financial assets" are loss allowances for assets originated in 2023 and transferred to Stage 2 or 3 before 31 December, 2023.

The gross value of receivables from clients by the stages is stated in Chapter 2.12.2.2, while the gross value of financial assets at amortized cost is stated in Chapter 2.26.2.8.3.

2.26.2.6 Sensitivity analysis

As mentioned above, key macroeconomic indicators with impact on the amount of loss allowances include in particular gross domestic product, unemployment rate, inflation rate, market interest rates and increase in real property prices (the last of these indicators primarily for LGD).

The table below compares the expected credit losses from financial assets in Stages 1 and 2 (weighted 25% for the optimistic scenario, 50% for the baseline scenario and 25% for the pessimistic scenario) and each scenario with a 100% weighting.

Amount of loss allowances under each scenario (Stages 1 and 2) – 31/ 12/ 2023

M CZK	Reported	Optimistic	Baseline	Pessimistic
Retail exposure	307	289	306	325
Non-retail exposure	6	6	6	6
Total	313	295	312	331

Amount of loss allowances under each scenario (Stages 31 and 2) – 1/ 12/ 2022

M CZK	Reported	Optimistic	Baseline	Pessimistic
Retail exposure	571	528	568	611
Non-retail exposure	4	4	4	5
Total	575	533	572	616

Amount of loss allowances under each scenario (Stages 1 and 2) – 1/ 1/ 2022

M CZK	Reported	Optimistic	Baseline	Pessimistic
Retail exposure	494	435	480	587
Non-retail exposure	6	6	6	6
Total	500	441	486	593

2.26.2.7 Maximum credit risk exposure

Maximum credit risk exposure – 31/ 12/ 2023

M CZK	Balance sheet	Off-balance sheet	Total credit risk exposure	Collateral received	Main type of collateral
Cash & cash equivalents	4	0	4	0	
Receivables from banks	4,608	0	4,608	4,620	CNB treasury bills
Receivables from clients	69,324	2,444	71,768	42,762	Real property
Debt securities	5,682	0	5,682	0	
Other assets	1,638	0	1,638	0	

Maximum credit risk exposure – 31/ 12/ 2022

M CZK	Balance sheet	Off-balance sheet	Total credit risk exposure	Collateral received	Main type of collateral
Cash & cash equivalents	5	0	5	0	
Receivables from banks	1,302	0	1,302	1,311	CNB treasury bills
Receivables from clients	70,892	4,934	75,826	42,739	Real property
Debt securities	3,850	0	3,850	0	
Other assets	1,746	0	1,746	0	

Maximum credit risk exposure – 1/ 1/ 2022

M CZK	Balance sheet	Off-balance sheet	Total credit risk exposure	Collateral received	Main type of collateral
Cash & cash equivalents	14	0	14	0	
Receivables from banks	7,904	0	7,904	7,891	CNB treasury bills
Receivables from clients	64,813	7,308	72,121	34,144	Real property
Debt securities	4,749	0	4,749	0	
Other assets	1,991	0	1,991	0	

Any differences from items in the Financial Statement are due to accruals of input fees that are part of the effective interest rate. Since these fees have already been paid, they do not pose a credit risk to the Bank and are therefore excluded from loans and receivables from clients in this and the following sub-chapters.

2.26.2.8 Credit risk concentration

Credit risk concentration develops when there are credit receivables with similar economic characteristics which affect a debtor's ability to meet his or her obligations. Raiffeisen stavební spořitelna considers a receivable from a debtor or economically associated group of debtors that exceeds 25% of the Tier 1 capital as significantly exposed. If the debtor is a credit institution (i.e. a bank other than a central bank, an international development bank or a credit union), the limit is 25% of the Tier 1 capital or EUR 150 million, whichever is higher.

2.26.2.8.1 Concentration by sectors**Concentration by sectors – 31/ 12/ 2023**

M CZK	Financial institutions	Non-financial institutions	Government sector and central banks	Households	Total
Cash & cash equivalents	4	0	0	0	4
Receivables from banks	0	0	4,608	0	4,608
Receivables from clients	0	4,428	10	64,886	69,324
Debt securities	205	0	5,477	0	5,682
Other assets	27	1	1,319	5	1,352
Commitments and guarantees issued	0	249	0	2,195	2,444
Total	236	4,678	11,414	67,086	83,414

Concentration by sectors – 31/ 12/ 2022

M CZK	Financial institutions	Non-financial institutions	Government sector and central banks	Households	Total
Cash & cash equivalents	5	0	0	0	5
Receivables from banks	0	0	1,302	0	1,302
Receivables from clients	0	5,155	11	65,726	70,892
Debt securities	205	0	3,645	0	3,850
Other assets	18	1	1,441	3	1,463
Commitments and guarantees issued	0	129	0	4,805	4,934
Total	228	5,285	6,399	70,534	82,446

Concentration by sectors – 1/ 1/ 2022

M CZK	Financial institutions	Non-financial institutions	Government sector and central banks	Households	Total
Cash & cash equivalents	14	0	0	0	14
Receivables from banks	0	0	7,904	0	7,904
Receivables from clients	0	5,007	13	59,793	64,813
Debt securities	205	0	4,544	0	4,749
Other assets	22	2	1,278	4	1,306
Commitments and guarantees issued	0	208	0	7,100	7,308
Total	241	5,217	13,739	66,897	86,094

2.26.2.8.2 Concentration by geographical criteria

Except for the debt securities worth CZK 205 million (as at 31 December, 2022 and 1 January, 2022: CZK 205 million) issued by an issuer based in the EU, all exposures are to Czech natural persons or legal entities.

2.26.2.8.3 Financial assets at amortized cost – change in gross book value

M CZK	Stage 1	Stage 2	Stage 3	POCI	Total
Status as at 1/ 1/ 2023	57,008	18,916	644	0	76,568
Transfer to/from Stage 1	-10,817	10,597	220	0	0
Transfer to/from Stage 2	1,551	-1,697	146	0	0
Transfer to/from Stage 3	4	42	-46	0	0
Transfers	-9,262	8,942	320	0	0
Increase due to creation and acquisition	11,270	404	5	0	11,679
Decrease due to derecognition and total repayment	-4,048	-3,446	-194	0	-7,688
Decrease due to depreciation	0	0	0	0	0
Partial repayment	-248	-137	0	0	-385
Adjustments for exchange rate differences	0	0	0	0	0
Status as at 31/ 12/ 2023	54,720	24,679	775	0	80,174

M CZK	Stage 1	Stage 2	Stage 3	POCI	Total
Status as at 1/ 1/ 2022	64,814	12,517	652	0	77,983
Transfer to/from Stage 1	-8,154	7,990	164	0	0
Transfer to/from Stage 2	1,138	-1,205	67	0	0
Transfer to/from Stage 3	23	30	-53	0	0
Transfers	-6,993	6,815	178	0	0
Increase due to creation and acquisition	11,629	828	10	0	12,467
Decrease due to derecognition and total repayment	-10,815	-653	-196	0	-11,664
Decrease due to depreciation	0	0	0	0	0
Partial repayment	-1,627	-591	0	0	-2,218
Adjustments for exchange rate differences	0	0	0	0	0
Status as at 31/ 12/ 2022	57,008	18,916	644	0	76,568

2.26.3 LIQUIDITY

2.26.3.1 Liquidity risk exposure

One of the key liquidity risk exposure criteria is the liquidity coverage ratio (LCR). The LCR focuses on the Bank's short-term liquidity. Its objective is to ensure that banks maintain an adequate proportion of highly liquid assets to be able to cover their 30-day liquidity needs in the event of crisis scenarios. According to the LCR, banks must have a sufficient volume of highly liquid assets that is greater than their expected future net outflows over the ensuing 30 days. Highly liquid assets in the Raiffeisen stavební spořitelna environment include cash, state bonds, treasury bills securing reverse repo operations with the CNB and reserves with central banks that may be drawn.

Given the three-month notice period for building savings, the LCR indicator is above the regulatory minimum of 100%.

The LCR at the end of the accounting period and during the period was as follows:

	2023	2022	2021
As at 31 December	1,515.0%	456.0%	953.0%
Average	825.0%	384.0%	1,114.0%
Maximum	1,515.0%	589.0%	1,526.5%
Minimum	299.0%	146.0%	744.5%

2.26.3.2 Liquidity risk management

Liquidity risk is defined as the risk of the Bank's loss of ability to meet its financial obligations at maturity (short-term liquidity risk), or inability to fund its assets (funding liquidity risk).

Risk materiality is calculated based on an assessment of the impact on the Company's capital or profit, or by an expert estimate.

Liquidity risk in the Raiffeisen stavební spořitelna environment is considered material. It is measured and managed only in CZK, because Raiffeisen stavební spořitelna's foreign currency assets are negligible. Raiffeisen stavební spořitelna holds foreign currencies only for internal purposes. Given the absence of a trading portfolio, the only relevant liquidity risk for Raiffeisen stavební spořitelna is that of the investment portfolio.

Raiffeisen stavební spořitelna holds two major types of assets in its portfolio. The first type consists of loans provided to clients. These include building savings loans, bridge loans and commercial loans. The second most important type of asset is debt instruments, primarily bonds issued by the Ministry of Finance of the Czech Republic or by financial institutions. Raiffeisen stavební spořitelna also conducts deposit transactions on the interbank market, repo operations, reverse repo operations and securities operations with a repurchase or sale obligation. The general rule is that all purchased instruments must fulfil the conditions of S. 9 of the Building Savings Act. The range of financial instruments available to building savings banks is more limited than that available to universal banks.

The majority of the Bank's liabilities are client deposits, which yield interest at a fixed interest rate for at least the six-year fixation period. The interest rate is defined by the rate at which the buildings savings contract was concluded or the rate to which the contract was changed.

Liquidity risk is a natural part of Raiffeisen stavební spořitelna's banking activities, for there is a maturity mismatch in the structure of assets and liabilities.

Raiffeisen stavební spořitelna manages its liquidity risk primarily through its investment policy with use of financial instruments defined by the Building Savings Act.

The investment policy determines the basic principles and opportunities for investment of available funding. Raiffeisen stavební spořitelna appreciates its unallocated free funds through deposit operations on the interbank market, the CNB deposit facility, reverse repo operations with the CNB and investments in bonds. Use of these instruments is an integral part of asset and liability management. The main goal is to ensure Raiffeisen stavební spořitelna's ability to meet its payment obligations at maturity under both ordinary and adverse circumstances, while respecting the specific nature of building savings, Raiffeisen stavební spořitelna's investment horizon and acceptable risk levels.

In general, Raiffeisen stavební spořitelna uses financial instruments that ensure Raiffeisen stavební spořitelna sufficient liquidity while maintaining acceptable risk levels from its investments. Raiffeisen stavební spořitelna holds part of its

assets in highly liquid forms, which primarily include deposits on the interbank market with selected credit institutions with a 3-month maturity, the CNB deposit facility, reverse repo operations with the CNB, securities with a repo guarantee and other securities from issuing institutions with high credit quality.

Monitoring and management of liquidity risk is carried out using regulatory limits, limits set by the RBI group or internally set limits. These limits are assessed by the Assets and Liabilities Committee and approved by the Board of Directors.

2.26.3.3 Estimated remaining maturity

Estimated remaining maturity of the Bank's financial liabilities as at 31 December, 2023

M CZK	Up to 3 months	3–12 months	1–5 years	More than 5 years	Unspecified	Total
Payables to banks	1,060	847	10,126	0	0	12,033
Payables to clients	4,816	7,747	20,475	25,827	569	59,434
Subordinated liabilities	0	2	300	300	0	602
Other liabilities at amortized cost	431	111	3	0	40	585
Provisions	0	0	0	0	41	41
Other liabilities	94	69	0	0	18	181
Total financial liabilities	6,401	8,776	30,904	26,127	668	72,876

Estimated remaining maturity of the Bank's financial liabilities as at 31 December, 2022

M CZK	Up to 3 months	3–12 months	1–5 years	More than 5 years	Unspecified	Total
Payables to banks	3,020	503	4,240	0	0	7,763
Payables to clients	5,041	8,860	22,348	26,044	-147	62,146
Subordinated liabilities	0	2	300	300	0	602
Other liabilities at amortized cost	551	106	8	0	43	708
Provisions	0	0	0	0	55	55
Other liabilities	104	8	0	0	17	129
Total financial liabilities	8,716	9,479	26,896	26,344	-32	71,403

Estimated remaining maturity of the Bank's financial liabilities as at 1 January, 2022

M CZK	Up to 3 months	3–12 months	1–5 years	More than 5 years	Unspecified	Total
Payables to banks	0	0	2,002	0	0	2,002
Payables to clients	5,407	10,167	26,342	28,320	-5	70,231
Subordinated liabilities	0	2	300	300	0	602
Other liabilities at amortized cost	337	52	14	0	107	510
Provisions	0	0	0	0	57	57
Other liabilities	103	55	0	0	15	173
Total financial liabilities	5,847	10,276	28,658	28,620	174	73,575

2.26.3.4 Liquidity reserve

As part of management of liquidity risk resulting from the its financial obligations, Raiffeisen stavební spořitelna holds part of its assets in highly liquid instruments, such as cash, state bonds, treasury bills and reserves with central banks that may be drawn.

2.26.4 MARKET RISKS

Market risk is the risk of the Bank incurring losses from changes in prices, exchange rates and other rates on the financial markets. It is a general term for interest-rate, currency, equity and other risks associated with the fluctuation of market prices.

In regard to the scope of building savings banks' activities, which is limited by the Buildings Savings Act, the main market risk that affects Raiffeisen stavební spořitelna is interest-rate risk. Raiffeisen stavební spořitelna does not have a trading portfolio and does not create capital requirements for market risk.

2.26.4.1 Interest-rate risk

2.26.4.1.1 Interest-rate risk management

Interest-rate risk is the risk of a potential loss as a result of open interest-rate positions where net interest income or the market value of assets and liabilities may decrease due to adverse changes in market interest rates. Given the structure of interest-bearing assets and liabilities, which are characterized by a duration gap and have different maturity dates or intervals for interest rate changes, Raiffeisen stavební spořitelna is exposed to interest-rate risk. Due to the absence of a trading portfolio, only the interest-rate risk related to the investment portfolio is relevant and material to Raiffeisen stavební spořitelna.

Due to the nature of the building savings product and in view of its size, scale and nature and the complexity of the transactions and activities, Raiffeisen stavební spořitelna uses gap analysis, Basis Point Value (BPV) sensitivity analysis, Net Interest Income (NII) calculation and the Value at Risk (VaR) method to manage interest-rate risk.

The impact of regulatory interest-rate shock on capital by means of parallel shifts in the yield curve is measured in full accordance with the general EBA guidelines on the management of interest-rate risk arising from non-trading activities (EBA/GL/2018/02). Supervisory outlier testing is conducted in accordance with these guidelines and stress testing of interest-rate risk is also carried out on a regular basis. Monitoring and management of interest-rate risk is carried out using regulatory limits, limits set by the RBI group or internally set limits. These limits are assessed by the Assets and Liabilities Committee and approved by the Board of Directors.

The table below shows the results of the standardized interest-rate shock in the Income statement and Raiffeisen stavební spořitelna's equity as at the balance sheet date. The calculation is based on the interest-rate gap, i.e. the difference between interest-rate sensitive assets and liabilities in each defined time period. It is assumed that the yield curve will move 200 basis points up and down, whereas the minimum interest rate floor as per EBA/GL/2018/02 is applied for movements in the downward direction.

M CZK	2023 Interest rate increase 200 basis points	2023 Interest rate decrease 200 basis points
Impact on the Income statement	-348	461
Impact on the Bank's equity	4.44%	0.00%

M CZK	2022 Interest rate increase 200 basis points	2022 Interest rate decrease 200 basis points
Impact on the Income statement	-34	89
Impact on the Bank's equity	0.58%	0.00%

2.26.4.1.2 Simulation of net interest rate yield

Simulation and forecasting of the net interest rate yield is an additional component of interest-rate risk monitoring in the accounting unit. Raiffeisen stavební spořitelna regularly measures the sensitivity of the net interest rate yield on various changes to the interest rate (parallel shifts in both directions from 1 to 300 basis points). An appropriate limit is set on the net interest rate yield.

2.26.4.2 Currency risk

Currency risk results from exchange rate movements and the existence of open currency positions. Raiffeisen stavební spořitelna's currency risk is immaterial as open foreign currency positions (cash in hand or foreign currency receivables and payables from customer-supplier relationships) are insignificant in terms of volume.

2.26.4.3 Market risk sensitivity analysis using Value at Risk (VaR)

Market risks related to Raiffeisen stavební spořitelna's trading activities (trading portfolio) are managed using the Value at Risk method. Value at Risk shows the potential loss from market volatility measured over a specific time frame at a particular confidence level. Raiffeisen stavební spořitelna sets the Value at Risk using two approaches: the variance-covariance (parametric) method and Monte Carlo simulation, i.e. stochastic simulation of a large quantity of financial market potential development scenarios. Value at Risk is measured for one-day holding periods and at a 99% confidence level.

Value at Risk results for interest-rate risk (calculated using Monte Carlo simulation)

M CZK	As at 31 December, 2023	Average 2023	As at 31 December, 2022	Average 2022	As at 1 January, 2022	Average 2021
VaR of interest-rate instruments	157	164	61	93	105	78

As at 31 December, 2023 the VaR equalled CZK 157 million (in 2022: CZK 61 million; in 2021: CZK 105 million).

2.26.4.4 Market risk management limits

All market risk management limits are proposed through a collaborative effort between the Risk Controlling Department and the Financial Department, discussed by the ALCO and approved by the Board of Directors of Raiffeisen stavební spořitelna.

2.26.4.5 Stress testing

Raiffeisen stavební spořitelna conducts stress testing of interest-rate risks on a monthly basis by applying historical financial market volatility scenarios and internally defined improbable scenarios, and models their impacts on Raiffeisen stavební spořitelna's profits. Raiffeisen stavební spořitelna has set limits for these stress scenarios which are part of the risk management process.

2.26.5 OPERATIONAL RISK

Operational risk is defined in line with the applicable legislation as the risk of a loss incurred due to inadequacy or failure of internal processes, human factor or systems, or due to external events. Raiffeisen stavební spořitelna monitors, records and regularly assesses such risks and adopts measures to minimize losses. The basic indicator approach (BIA) is used to calculate capital adequacy for operational risk.

The elementary principle is the individual responsibility of each employee for identification and escalation of operational risks and timely and accurate reporting of incidents. In Raiffeisen stavební spořitelna, there is a centrally established operational risk management function which is responsible for methodology setting and measurements and analysis performance, and it also provides methodological support to managerial staff.

The cornerstones of operational risk management are:

- Event data collection;
- General ledger analysis;
- Risk assessment;
- Scenario analysis;
- Early warning indicators (EWI);
- Mitigation plans.

The objective of collecting data on loss incurred due to operational risk is not only aggregation, but especially analysis of such data. More serious cases are submitted to and discussed by the Operational Risk Management Committee. The Committee presents, discusses and approves measures to minimize repeated occurrence of similar events, or to completely avoid them. Any changes to be implemented have their accountable sponsors and the implementation progress is monitored by the Operational Risk Management Committee. Other cases are resolved by the respective departments/units.

General ledger analysis ensures reconciliation between reported losses and their reflection in the ledger.

Risk assessment serves to improve awareness of operational risks, clarify individual processes and mitigate identified operational risks. Risk assessment determines the risk level of individual processes, organizational units or activities. The risk level is relevant for the adoption of measures within qualitative risk management.

Scenario analysis is a process through which Raiffeisen stavební spořitelna weighs the impacts of extreme, yet likely events on its activities, assesses the likelihood of their occurrence, and estimates the severity of impacts on a range of possible outcomes. The aim of scenario analysis is to (i) offer a method of potentially intercepting a specific event which has not yet occurred in the particular organization; (ii) educate and improve awareness of the management by providing insight into different risk types, and manage the corrective measure and investment plan.

EWIs are used for ongoing monitoring and reporting of risk exposure to operational risks. They provide early warning of potential steps or changes in the risk profile which may activate executive measures.

Raiffeisen stavební spořitelna determines and regularly reviews the level of risk appetite. Utilizing all the above tools, it confronts the identified risks with the risk appetite; for risks exceeding the determined level, a mitigation plan is created.

All tools are applied on a regular yearly basis.

2.27 FAIR VALUE

2.27.1 FINANCIAL INSTRUMENTS NOT CARRIED AT FAIR VALUE IN THE BALANCE SHEET

The following table lists the book values and fair values of financial assets and financial liabilities that are not carried at fair value in Raiffeisen stavební spořitelna's balance sheet.

Financial assets and financial liabilities at book and fair values as at 31 December, 2023

M CZK	Book value 31/ 12/ 2023	Fair value 31/ 12/ 2023
Cash & cash equivalents	4	4
Financial assets at amortized cost	79,576	78,659
Of that: Receivables from banks	4,608	4,608
Receivables from clients	69,254	68,268
Debt securities	5,682	5,751
Other receivables at amortized cost	32	32
Shares in subsidiaries	0	0
Other assets	1,328	1,328
Total financial assets	80,908	79,991
Financial liabilities at amortized cost	72,654	72,322
Of that: Payables to banks	12,033	12,380
Payables to clients	59,434	58,801
Subordinated liabilities	602	556
Other financial liabilities at amortized cost	585	585
Other liabilities	222	222
Total financial liabilities	72,876	72,544

Financial assets and financial liabilities at book and fair values as at 31 December, 2022

M CZK	Book value 31/ 12/ 2022	Fair value 31/ 12/ 2022
Cash & cash equivalents	5	5
Financial assets at amortized cost	75,558	70,740
Of that: Receivables from banks	1,302	1,302
Receivables from clients	70,383	65,814
Debt securities	3,850	3,601
Other receivables at amortized cost	23	23
Shares in subsidiaries	0	0
Other assets	1,452	1,452
Total financial assets	77,015	72,197
Financial liabilities at amortized cost	71,219	69,785
Of that: Payables to banks	7,763	7,625
Payables to clients	62,146	60,933
Subordinated liabilities	602	518
Other financial liabilities at amortized cost	708	709
Other liabilities	184	185
Total financial liabilities	71,403	69,970

Financial assets and financial liabilities at book and fair values as at 1 January, 2022

M CZK	Book value 1/ 1/ 2022	Fair value 1/ 1/ 2022
Cash & cash equivalents	14	14
Financial assets at amortized cost	77,016	74,511
Of that: Receivables from banks	7,904	7,905
Receivables from clients	64,332	61,993
Debt securities	4,749	4,582
Other receivables at amortized cost	31	31
Shares in subsidiaries	370	430
Other assets	1,291	1,291
Total financial assets	78,691	76,246
Financial liabilities at amortized cost	73,345	72,603
Of that: Payables to banks	2,002	2,002
Payables to clients	70,231	69,496
Subordinated liabilities	602	596
Other financial liabilities at amortized cost	510	509
Other liabilities	230	231
Total financial liabilities	73,575	72,834

The accounting unit uses the following inputs and techniques to estimate fair values:

Cash & cash equivalents – the book value is equal to the fair value. These financial assets are classified as Level 1 in the fair value hierarchy.

Debt securities – the difference between the fair value and the book value is mainly due to the different market and effective interest rates on the government bonds included in this portfolio. These financial assets are classified as Level 1 for government bonds and Level 3 for foreign debt securities in the fair value hierarchy.

Receivables from banks – due to the short maturity of these receivables, the book value approximates their fair value. These financial assets are classified as Level 3 in the fair value hierarchy.

Receivables from clients – estimates of the loan fair value are based on discounted expected future cash flows, using the interest rate applicable to loans associated with similar credit and interest risks and similar maturity. For credit-impaired loans, the basis is the present value of expected future cash flows including the expected proceeds from collateral realization, if applicable.

Estimating the cash flows used for discounting is based on assumptions and consideration of the expected course of repayment of the particular product or group of products. The applied discount rates are based on the rates of the Bank's main competitors or other comparable rates on similar types of assets.

These financial assets are classified as Level 3 in the fair value hierarchy.

Payables to banks – due to the short maturity of these payables, the book value approximates their fair value. These financial liabilities are classified as Level 3 in the fair value hierarchy.

Payables to clients – the fair value of demand deposits and floating rate term deposits equals the book value of the deposits as at the balance sheet date.

The fair value of fixed rate term deposits is estimated on the basis of discounted cash flows applying the respective interest rates. The applied discount rates are based on main competitors' rates or other comparable rates on similar types of liabilities.

These financial liabilities are classified as Level 3 in the fair value hierarchy.

Subordinated liabilities – the fair value is estimated on the basis of discounted cash flows applying the respective interest rates. The applied discount rates are based on main competitors' rates or other comparable rates on similar types of liabilities.

Subordinated liabilities are classified as Level 3 in the fair value hierarchy.

2.28 TRANSACTIONS NOT INCLUDED IN THE BALANCE SHEET

As at the date of the Financial Statement, the management of Raiffeisen stavební spořitelna is not aware of any major events that would require amendments to the Financial Statement as at 31 December, 2023.

2.29 SUBSEQUENT EVENTS

Raiffeisen stavební spořitelna is part of a group subject to the minimum taxation rules ("OECD Pillar Two"). The legislation governing the top-up tax as applicable for the taxation period starting from 1 January, 2024 introduces rules for the national top-up tax which shall apply also to Raiffeisen stavební spořitelna. Raiffeisen stavební spořitelna does not expect that the introduction of the national top-up tax should have effect on the Financial Statements for future periods.

2.30 MAJOR EVENTS SUBSEQUENT TO THE FINANCIAL STATEMENT DATE

In line with the credit risk management strategy, Raiffeisen stavební spořitelna has started using interest rate swaps (IRS) for hedging starting from January 2024. The hedging IRSs offer fair value hedging (FVH) where the hedgeable item is a portfolio deposit. In these IRSs, Raiffeisen stavební spořitelna collects fixed payments and pays variable payments. The aim is to manage the credit risk balance in line with the strategies of Raiffeisen stavební spořitelna and the Group. Between January and February 2024, Raiffeisen stavební spořitelna executed IRSs in overall nominal value of CZK 2,000 million with maturity of 5 and 6 years.

Prague, 26 March, 2024

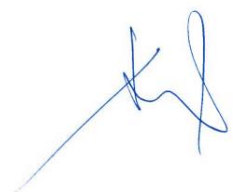
Raiffeisen stavební spořitelna a.s. Board of Directors:



Ing. Pavel Čejka, MBA
Chairman of the Board of Directors



Ing. Yvona Tošnerová
Deputy Chairwoman of the Board of Directors



Bc. Jiří Antoš
Deputy Chairman of the Board of Directors

Officer in charge of accounting and the Financial Statement:



Ing. Petr Zaremba
Financial Department Director

3 Report on related parties

Raiffeisen stavební spořitelna a.s., with its registered office at Hvězdova 1716/2b, 140 78 Praha 4, Business ID: 49241257, incorporated in the Commercial Register administered by the Municipal Court in Prague, Section B, Insert 2102 (hereinafter the "Reporting Party") is part of a business grouping (holding) with the following relations between the Reporting Party and the controlling party, and among the Reporting Party and other parties controlled by the same controlling party (hereinafter "Related Parties").

This report on relations among the parties identified below was prepared for the accounting period of 2023 in line with the provisions of S. 82 of Act No. 90/2012 Coll., on business corporations (hereinafter the "Act"), as amended and applicable in the given accounting period.

Within the accounting period in question, the contracts and agreements identified below were concluded between the Reporting Party and the identified parties, the following legal acts were adopted or implemented, and other material measures stated in the Report were taken.

3.1 STRUCTURE OF RELATIONS AMONG THE PARTIES PURSUANT TO S. 82(2)(a) THROUGH (c) OF THE ACT

3.1.1 CONTROLLING PARTIES AND STRUCTURE OF THE CONSOLIDATION UNIT

3.1.1.1 Controlling parties

Raiffeisenbank a.s.

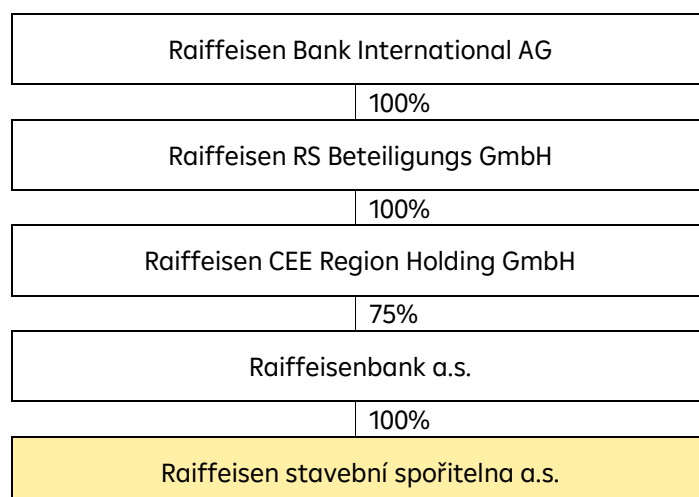
With its seat at Hvězdova 1716/2b, Prague, Czech Republic
100% share in Raiffeisen stavební spořitelna

Raiffeisen Bank International AG

With its seat at Am Stadtpark 9, Vienna, Austria
Ultimate beneficial owner of the group

The parties listed above take concerted action to the effect of S. 78 of the Act.

3.1.1.2 Ownership structure of the consolidation unit



3.1.2 ROLE OF THE CONTROLLED PARTY, METHODS AND MEANS OF CONTROL

The role of the Reporting Party is representation of the Raiffeisen financial group on the Czech market in the field of building savings. The method of control is through share or participation interest in the controlled party. The controlling parties control the Reporting Party through voting at the General Meeting in compliance with the Reporting Party's Articles of Association. Representatives of the controlling party are members of the Supervisory Board of Raiffeisen stavební spořitelna.

3.1.3 OTHER RELATED PARTIES

3.1.3.1 Companies controlled by the Reporting Party

Raiffeisen stavební spořitelna controlled no companies in 2023.

Until 30 June, 2022, Raiffeisen stavební spořitelna fully controlled KONEVOVA s.r.o. On 30 June, 2022, KONEVOVA s.r.o. was divested and all contractual relations between Raiffeisen stavební spořitelna and KONEVOVA s.r.o. were terminated by that date at the latest.

3.1.3.2 Companies controlled by the same controlling party as the Reporting Party, with which the Reporting Party holds contractual relations

Raiffeisen – Leasing, s.r.o., Prague, Czech Republic

Raiffeisen Bausparkassen Holding GmbH, Vienna, Austria

3.2 LIST OF CONTRACTS PURSUANT TO S. 82(2)(e) OF THE ACT

Contract	Closing date	Counterparty
Current Account Certificate	15/ 12/ 1993	Raiffeisenbank a.s., Prague
Current Account Agreement	13/ 6/ 2000	Raiffeisenbank a.s., Prague
Current Investment Account Agreement	2/ 10/ 2001	Raiffeisenbank a.s., Prague
Agreement to Buy or Sell Securities, to Settle Trades with Securities, and to Administer Securities + Annexes No. 1–5 Amendment No. 1	10/ 4/ 2007 25/ 9/ 2013	Raiffeisenbank a.s., Prague
Framework Contract – Preferential Financing for Employees Amendment No. 1	13/ 6/ 2011 8/ 8/ 2011	Raiffeisen – Leasing, s.r.o.
Treasury Master Agreement No. HS/02/TMAPO/02/49241257	29/ 2/ 2012	Raiffeisenbank a.s., Prague
Direct Banking Service Agreement	15/ 11/ 2013	Raiffeisenbank a.s., Prague
Agreement to Provide X-business Internet Banking Services	3/ 2/ 2015	Raiffeisenbank a.s., Prague
Framework Agreement	26/ 1/ 2016	Raiffeisen Bank International AG, Vienna
Service Level Agreement	26/ 1/ 2016	Raiffeisen Bank International AG, Vienna
Debit Card Agreement	18/ 1/ 2017	Raiffeisenbank a.s., Prague
Personal Data Processing Verification Agreement pursuant to Article 28 of the GDPR	21/ 5/ 2018	Raiffeisen Bank International AG, Vienna
Service Level Agreement – Retail Risk Management	7/ 9/ 2018	Raiffeisen Bank International AG, Vienna
Service Level Agreement – Group Risk Controlling	2/ 10/ 2018	Raiffeisen Bank International AG, Vienna

Contract	Closing date	Counterparty
Tip Brokerage Agreement	10/ 10/ 2018	Raiffeisenbank a.s., Prague
Amendment No. 1	30/ 4/ 2019	
Amendment No. 2	18/ 11/ 2019	
Amendment No. 3	28/ 2/ 2020	
Amendment No. 4	31/ 1/ 2021	
Contract for the Provision of Call Centre Services	12/ 11/ 2018	Raiffeisenbank a.s., Prague
Subordinate Loan Contract	23/ 10/ 2019	Raiffeisen Bausparkassen Holding GmbH, Vienna
Amendment No. 1	5/ 12/ 2019	
Debit Card Agreement	10/ 7/ 2020	Raiffeisenbank a.s., Prague
Cooperation Contract S/2020/00099	5/ 8/ 2020	Raiffeisenbank a.s., Prague
Cooperation Contract S/2020/00191	15/ 10/ 2020	Raiffeisenbank a.s., Prague
Confidentiality Agreement CDR10722	21/ 10/ 2020	Raiffeisenbank a.s., Prague
Contract of Cooperation in Provision of Services Consisting in Informing Clients on RSTS Active Products	15/ 2/ 2021	Raiffeisenbank a.s., Prague
Framework Contract for Trading on the Financial Market	25/ 2/ 2021	Raiffeisenbank a.s., Prague
Sales Representation Agreement	9/ 3/ 2021	Raiffeisenbank a.s., Prague
Agreement on Mutual Cooperation	30/ 3/ 2021	Raiffeisenbank a.s., Prague
Framework Service Agreement	26/ 4/ 2021	Raiffeisenbank a.s., Prague
Framework Contract on Data Protection and Transfer	26/ 4/ 2021	Raiffeisenbank a.s., Prague
Sales Representation Agreement CDR17260	28/ 4/ 2021	Raiffeisenbank a.s., Prague
Product Appendix	2/ 5/ 2022	
Amendment No. 1	13/ 10/ 2022	
Product Appendix	13/ 10/ 2022	
Amendment No. 2	4/ 4/ 2023	
Amendment No. 3	12/ 6/ 2023	
Contract for the Sublease of Business Premises	28/ 4/ 2021	Raiffeisenbank a.s., Prague
Amendment No. 1	15/ 12/ 2021	
Amendment No. 2	31/ 7/ 2023	
Agreement to Provide Contact Centre Services	29/ 4/ 2021	Raiffeisenbank a.s., Prague
Annex Amendment Agreement	1/ 1/ 2022	
Annex Amendment Agreement	1/ 7/ 2022	
Annex Amendment Agreement	2/ 11/ 2023	
Agreement to Provide General Administration (OVS) and Archiving Services	29/ 4/ 2021	Raiffeisenbank a.s., Prague
Annex Amendment Agreement	1/ 1/ 2022	
Annex Amendment Agreement	1/ 7/ 2022	
Terms Amendment Agreement	18/ 10/ 2022	
Terms Amendment Agreement	1/ 7/ 2023	
Annex Amendment Agreement	2/ 8/ 2023	
Annex Amendment Agreement	12/ 12/ 2023	
Agreement to Provide Services (Back Office)	29/ 4/ 2021	Raiffeisenbank a.s., Prague
Annex Amendment Agreement	1/ 1/ 2022	
Annex Amendment Agreement	1/ 7/ 2022	
Annex Amendment Agreement	1/ 1/ 2023	
Annex Amendment Agreement	21/ 6/ 2023	
Annex Amendment Agreement	21/ 11/ 2023	
Annex Amendment Agreement	22/ 11/ 2023	
Agreement to Provide Comprehensive Loan Processing and Approval Services Including Credit Risk Management	29/ 4/ 2021	Raiffeisenbank a.s., Prague
Annex Amendment Agreement	1/ 1/ 2022	
Annex Amendment Agreement	7/ 3/ 2022	
Annex Amendment Agreement	1/ 7/ 2022	
Annex Amendment Agreement	21/ 7/ 2023	

Contract	Closing date	Counterparty
Agreement to Provide Risk Controlling Services	29/ 4/ 2021	Raiffeisenbank a.s., Prague
Annex Amendment Agreement	1/ 1/ 2022	
Annex Amendment Agreement	1/ 7/ 2022	
Annex Amendment Agreement	1/ 7/ 2023	
Annex Amendment Agreement	12/ 9/ 2023	
Agreement to Provide Debt Recovery Services	29/ 4/ 2021	Raiffeisenbank a.s., Prague
Annex Amendment Agreement	1/ 1/ 2022	
Annex Amendment Agreement	5/ 4/ 2022	
Annex Amendment Agreement	1/ 7/ 2022	
Annex Amendment Agreement	21/ 7/ 2023	
Cooperation Contract for Joint Use of RB Appraiser Services	30/ 4/ 2021	Raiffeisenbank a.s., Prague
Agreement on the Sublease of Non-Residential Premises and Payment for Services Associated with their Use and Preparation Amendment No. 1	20/ 5/ 2021	Raiffeisenbank a.s., Prague
	30/ 6/ 2021	
Agreement to Provide Internal Audit Services	25/ 5/ 2021	Raiffeisenbank a.s., Prague
Annex Amendment Agreement	1/ 1/ 2022	
Annex Amendment Agreement	1/ 7/ 2022	
Annex Amendment Agreement	14/ 8/ 2023	
Agreement to Provide Marketing Services	31/ 5/ 2021	Raiffeisenbank a.s., Prague
Annex Amendment Agreement	1/ 1/ 2022	
Annex Amendment Agreement	1/ 7/ 2022	
Annex Amendment Agreement	2/ 8/ 2023	
Agreement to Provide Information Security and BCM Services	31/ 5/ 2021	Raiffeisenbank a.s., Prague
Annex Amendment Agreement	1/ 1/ 2022	
Terms Amendment Agreement	31/ 10/ 2022	
Annex Amendment Agreement	1/ 7/ 2022	
Annex Amendment Agreement	1/ 1/ 2023	
Annex Amendment Agreement	1/ 4/ 2023	
Agreement to Provide CRM Services	31/ 5/ 2021	Raiffeisenbank a.s., Prague
Annex Amendment Agreement	1/ 1/ 2022	
Annex Amendment Agreement	1/ 7/ 2022	
Annex Amendment Agreement	2/ 8/ 2023	
Agreement to Provide Personnel and HR Management Services	17/ 6/ 2021	Raiffeisenbank a.s., Prague
Annex Amendment Agreement	1/ 1/ 2022	
Annex Amendment Agreement	1/ 7/ 2022	
Annex Amendment Agreement	21/ 7/ 2023	
Agreement to Provide Early Debt Recovery Services	23/ 6/ 2021	Raiffeisenbank a.s., Prague
Annex Amendment Agreement	1/ 1/ 2022	
Annex Amendment Agreement	1/ 7/ 2022	
Annex Amendment Agreement	27/ 7/ 2023	
Agreement to Provide Selected Compliance Services	30/ 6/ 2021	Raiffeisenbank a.s., Prague
Annex Amendment Agreement	1/ 1/ 2022	
Annex Amendment Agreement	7/ 3/ 2022	
Annex Amendment Agreement	1/ 7/ 2022	
Annex Amendment Agreement	1/ 8/ 2022	
Annex Amendment Agreement	21/ 7/ 2023	
Cooperation Contract	20/ 7/ 2021	Raiffeisenbank a.s., Prague
Cooperation Contract – Acceptance of Risk	22/ 7/ 2021	

Contract	Closing date	Counterparty
Agreement to Provide Analysis and Application Development Services (OAV)	31/ 8/ 2021	Raiffeisenbank a.s., Prague
Annex Amendment Agreement	1/ 1/ 2022	
Annex Amendment Agreement	28/ 8/ 2023	
Agreement to Provide IT Services (OIT)	31/ 8/ 2021	Raiffeisenbank a.s., Prague
Annex Amendment Agreement	1/ 1/ 2022	
Annex Amendment Agreement	1/ 6/ 2023	
Annex Amendment Agreement	1/ 1/ 2024	
Annex Amendment Agreement	26/ 1/ 2024	
Annex Amendment Agreement	26/ 1/ 2024	
Contract of Cooperation and Personal Data Processing Amendment No. 1	31/ 8/ 2021	Raiffeisenbank a.s., Prague
Commission Memorandum	30/ 12/ 2021	
	8/ 2/ 2022	
Agreement on the Assignment of Agreement to Provide Record Management Services	20/ 10/ 2021	Raiffeisenbank a.s., Prague
CZK 300,000,000 Subordinated Loan Agreement	22/ 12/ 2021	Raiffeisenbank a.s., Prague
MREL Commitment Agreement	1/ 3/ 2022	Raiffeisenbank a.s., Prague
MREL Pledge Agreement	1/ 3/ 2022	Raiffeisenbank a.s., Prague
Debit Card Agreement	31/ 3/ 2022	Raiffeisenbank a.s., Prague
Escrow Account Agreement	29/ 6/ 2022	Raiffeisenbank a.s., Prague
Debit Card Agreement	18/ 7/ 2022	Raiffeisenbank a.s., Prague
Debit Card Agreement	29/ 8/ 2022	Raiffeisenbank a.s., Prague
Debit Card Agreement	8/ 9/ 2022	Raiffeisenbank a.s., Prague
MREL Commitment Agreement	15/ 12/ 2022	Raiffeisenbank a.s., Prague
MREL Pledge Agreement	15/ 12/ 2022	Raiffeisenbank a.s., Prague
Insurance Participation Agreement	28/ 12/ 2022	Raiffeisenbank a.s., Prague
Contract of Purchase	20/ 3/ 2023	Raiffeisen – Leasing, s.r.o.
Lease Contract No. 5019007392	20/ 3/ 2023	Raiffeisen – Leasing, s.r.o.
Contract of Purchase	20/ 3/ 2023	Raiffeisen – Leasing, s.r.o.
Lease Contract No. 5019007412	20/ 3/ 2023	Raiffeisen – Leasing, s.r.o.
Contract of Purchase	20/ 3/ 2023	Raiffeisen – Leasing, s.r.o.
Lease Contract No. 5019007393	20/ 3/ 2023	Raiffeisen – Leasing, s.r.o.
Contract on Additional Contribution Outside Registered Capital	18/ 4/ 2023	Raiffeisenbank a.s., Prague
Contract on the Use of Electronic Banking	20/ 4/ 2023	Raiffeisenbank a.s., Prague
Agreement to Provide Balance Management Services	30/ 5/ 2023	Raiffeisenbank a.s., Prague
Debit Card Agreement	13/ 9/ 2023	Raiffeisenbank a.s., Prague
Lease Contract No. 5019006679	18/ 9/ 2023	Raiffeisen – Leasing, s.r.o.
Framework Agreement Including Annexes 1–8	1/ 10/ 2023	Raiffeisen Bank International AG, Vienna
Framework Agreement on Supply Terms of Vehicles for Sales Representatives	5/ 12/ 2023	Raiffeisen – Leasing, s.r.o.
Service Level Agreement – Group Risk Controlling	20/ 12/ 2023	Raiffeisen Bank International AG, Vienna
Service Level Agreement – Retail Risk Validation	15/ 1/ 2024	Raiffeisen Bank International AG, Vienna

3.3 OVERVIEW OF ACTIONS IMPLEMENTED IN THE LATEST ACCOUNTING PERIOD TO THE BENEFIT OF THE CONTROLLING PARTY TO THE EFFECT OF S. 82(2)(d) OF THE ACT

Paid shares in profit and shares in equity: No shares in profit were paid out by the Reporting Party during the accounting period.

Raiffeisen stavební spořitelna received CZK 10,140 million worth of borrowings from Raiffeisenbank a.s. in 2023.

In 2023, Raiffeisen stavební spořitelna received no new MREL guarantees from Raiffeisenbank a.s.

3.4 BENEFITS AND DRAWBACKS ARISING FROM RELATIONS AMONG THE CONTROLLING AND CONTROLLED PARTIES STATED IN CHAPTER 3.1

The key benefit of relations among the entities within the Raiffeisen group is awareness of the Raiffeisen brand across Europe, and perception of Raiffeisen as a strong international banking group. Other benefits include strong methodological guidance on European banking regulation and IFRS accounting standards as adopted by the European Union, IT risk management systems, as well as experience in selling a wide range of financial products.

Minor drawbacks of working within a large group include the need to reserve capacity for consolidated reporting and the complex risk management system. The language barrier also places higher demands on employees in their efforts to facilitate flawless communication.

3.5 CLOSING STATEMENT OF THE BOARD OF DIRECTORS

Having reviewed the legal relations between the Reporting Party and the related parties, we are certain that no harm was incurred by the Reporting Party in consequence of the contracts, other legal acts and/or other measures concluded, executed or adopted by the Reporting Party in the accounting period of 2023 in the interest or upon the impetus of any of the related parties.

Statement: Raiffeisen stavební spořitelna a.s. hereby declares that it has produced this report with due diligence on the basis of information available as at the date of the report's compilation.

Prague, 26 March, 2024

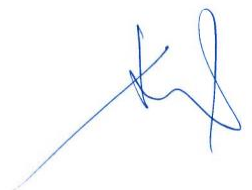
Raiffeisen stavební spořitelna a.s. Board of Directors:



Ing. Pavel Čejka, MBA
Chairman of the Board of Directors



Ing. Yvona Tošnerová
Deputy Chairwoman of the Board of Directors



Bc. Jiří Antoš
Deputy Chairman of the Board of Directors

> Information on capital

RECONCILIATION OF REGULATORY AND BOOK CAPITAL

The tables below summarize the composition of regulatory and book capital and of specific indicators as at 31 December, 2023 and 31 December, 2022, allowing thus full reconciliation of regulatory capital items with the institution's capital and balance sheet.

REGULATORY CAPITAL

M CZK	31/ 12/ 2023	31/ 12/ 2022
Paid-up registered capital entered in the Commercial Register	650	650
Capital funds	1,600	0
Gains (losses) from revaluation of assets and liabilities	0	0
Retained earnings or accumulated losses from previous years	0	0
Reserve funds	5,233	4,765
(-) Additional value adjustment according to prudent valuation principles (AVA)	0	0
(-) Intangible assets other than goodwill	-263	-245
(-) Insufficient non-performing exposure coverage	-2	0
(-) Deferred tax liabilities associated with other intangible assets	28	25
Total capital meeting the criteria for Tier 1	7,246	5,194
Total amount of Tier 2 capital	600	600
Capital relevant for calculation of limits for major exposures, for qualified interests, and the capital ratio	7,846	5,794

EQUITY

M CZK	31/ 12/ 2023	31/ 12/ 2022
Paid-up registered capital entered in the Commercial Register	650	650
Other capital funds	1,600	0
Retained earnings from previous periods	5,103	4,635
Current year profit	827	468
Gains (losses) from revaluation of assets and liabilities	0	0
Reserve funds	130	130
Total equity	8,310	5,883

CAPITAL REQUIREMENTS

M CZK	31/ 12/ 2023	31/ 12/ 2022
Exposures to central governments and central banks	0	0
Exposures to regional governments and local authorities	0	0
Exposures to public sector entities	5	0
Exposures to institutions	8	15
Exposures to enterprises	198	244
Retail exposures	1,365	1,411
Exposures secured with real property	988	985
Defaulting exposures	49	26
Exposures in covered bonds	0	0
Exposures to shares	0	0
Exposures to other items	53	51
Total capital requirements for credit risk	2,666	2,732
Capital requirement pursuant to Title III, Chapter 2 of Regulation No. 2013/575/EU	178	182
Total capital requirements for operational risk	178	182
Total capital requirements	2,844	2,914

> Contact Details

Raiffeisen stavební spořitelna a.s.

Hvězdova 1716/2b

140 78 Prague 4

Corporation registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert 2102

Year of founding:	1993
Legal Status:	Joint-stock company
Business ID:	49241257
Tax ID:	CZ699003154
Bank details:	IBAN CZ82 5500 0000 0010 0100 5369
Data box ID:	f6qr5pb
Internet:	www.rsts.cz Facebook Instagram LinkedIn
E-mail:	rsts@rsts.cz
Info line:	412 446 408



Raiffeisen
Stavební spořitelna

