Results
H1 2025

Regulatory information

First half 2025: Komerční banka reports strong increase in net profit due to higher revenues, lower operating expenditures, and excellent assets quality

“The first half results confirm a sound revenue trend, strict cost discipline, and our continued consistency in risk management. The brisk growth in the number of Komerční banka’s clients continued, and business performance remains solid despite that client activity was affected by market uncertainty, challenges in international trade, and geopolitical tensions,” commented Jan Juchelka, Chairman and CEO of Komerční banka.

“This year, we will complete the transfer of individual clients to the new digital bank with the KB+ app, and, in the next two years, we will offer KB’s New Era banking services to sole traders and small businesses. In connection with the transformation of the Komerční banka Group, we are continuing to make significant investments in line with the financial capacity generated by the Group’s operations. These investments will secure KB’s strong position and enable us to support our clients in the long term across all challenges of future developments,” added Jan Juchelka.

- KB Group’s lending to customers rose by 4.3% year on year to CZK 859.5 billion. Both corporate and retail lending saw growth.
- Deposits from clients decreased by (2.6%) from a year earlier to CZK 1,031.5 billion. The volume of current accounts increased.
- Volume of non-bank assets (mutual funds, pension funds, life insurance) under management expanded by 8.0% to CZK 290.0 billion.
- Standalone Komerční banka had 1,755,000 customers, up by 47,000 year on year. The Bank continued successfully to migrate clients from legacy systems to the new digital bank with the KB+ app. KB Group was serving 2,176,000 clients.
- First half 2025: Total revenues were up by 3.6% year on year, at CZK 18.2 billion. Operating expenditures decreased by (3.9%) to CZK 8.7 billion. The Group reported CZK (1.0) billion net release of provisions for credit risk. Income taxes reached CZK 1.8 billion. Net profit attributable to the Group’s equity holders, at CZK 8.8 billion, improved by 38.9% year over year.
- Second quarter 2025: Total revenues increased by 3.6% year on year to CZK 9.0 billion. Operating expenditures were lower by (3.4%), at CZK 4.1 billion. The net release of provisions for credit risk in the quarter reached CZK (0.5) billion. Income taxes came to CZK 0.9 billion. Net profit attributable to the Group’s equity holders, at CZK 4.6 billion, was up by 30.6% year on year.
- Volume of regulatory capital reached CZK 104.7 billion, capital adequacy stood at 18.6%, and the Core Tier 1 ratio was 17.7%.
- KB had 78,699 shareholders (greater by 3,791 year on year), of which 72,711 were private individuals from the Czech Republic.

Prague, 31 July 2025 – Komerční banka reported today its unaudited consolidated results for the first half of 2025.

Business performance

Lending to clients was up by 4.3% to CZK 859.5 billion.[1] The volume of housing loans outstanding grew by 3.6%. New production of housing loans was higher by 44.0% compared to the previous year's first half. The expansion in consumer lending reached 2.2%. Business lending growth, at 5.1%, was concentrated in working capital financing while investment lending was affected by prevailing economic uncertainty and increased share of bond issuance to finance investment projects.

Deposits from clients were lower by (2.6%) year on year, at CZK 1,031.5 billion.[2] Within this total, the volumes on current accounts expanded by 1.8%. Meanwhile, the volume of KB Group clients' assets in mutual funds, pension savings, and life insurance had risen by 8.0% year on year to CZK 290.0 billion.

Financial performance

Total revenues reached CZK 18.2 billion, up by 3.6% compared to the first half of 2024. Net interest income improved slightly, mainly thanks to growing volumes of loans and lower cost of funds. That is despite the fact that the Czech National Bank has doubled, effective from January 2025, the amount of the so-called minimum reserve requirement that banks must deposit with the CNB without interest. Net fee and commission income was higher, reflecting in particular clients' larger investments in mutual funds and greater demand among corporate clients for various financial services, such as bond issuance and loan syndications. Net profit on financial operations increased year on year, as well, due to solid client demand for financial risk hedging and higher income from currency conversions.

Operating expenses were down by (3.9%), at CZK 8.7 billion. Personnel expenses were (0.9%) lower. The average number of employees decreased by (4.8%) year on year, a reflection of ongoing digitalisation together with optimisation of operational processes and the distribution network. Administrative costs declined, with savings achieved in all major areas. The full-year levy to the regulatory funds decreased because the CNB adjusted downwards the aggregate contribution from Czech banks to the Resolution Fund now that the fund has reached its target volume. Greater depreciation and amortisation charges reflected the ongoing investments into digitalisation.

Cost of risk reached a negative CZK (1.0) billion. The overall credit risk profile remained stable and excellent. Net release of credit risk allowances related predominantly to successful resolution of an exposure in the large corporate client segment. KB also slightly reduced the inflation overlay reserve which had been created in 2021 and 2022.

Reported net profit attributable to shareholders for 2025's first half increased by 38.9% year on year to CZK 8.8 billion. Income taxes came to CZK 1.8 billion.

Capital and liquidity

KB's capital adequacy ratio reached a strong 18.6%, and Core Tier 1 capital ratio stood at 17.7%. During 2025, the reported capital ratios are adjusted for what management terms the 'foreseeable dividend' at the level of a 100% payout ratio. That is in accordance with management's published intention.

The liquidity coverage ratio was 145%, significantly above the regulatory minimum of 100%.

Shareholders

As of 30 June 2025, Komerční banka had 78,699 shareholders (up by 3,791 year on year), of which 72,711 (greater by 3,847 from the year earlier) were private individuals from the Czech Republic. Strategic shareholder Société Générale maintained its 60.4% stake while minority shareholders owned 39.0% and KB held 0.6% of the registered capital in treasury.

Strategic transformation of KB Group

Komerční banka continues its strategic transformation, which includes building KB's new digital bank (NDB). That involves redesigning the client proposition and all banking processes and developing a new banking information infrastructure.

KB already operates all the main technological components of the NDB, and it has achieved solid performance and stability across the

[1] Including debt securities issued by KB's corporate clients and held by KB. The volume of reverse repo operations with clients as of 30 June 2025 as well as of 30 June 2024 was nil.
[2] Excluding repo operations with clients. The total volume of 'Amounts due to customers' moved up by 1.3% to CZK 1,216.5 billion.

board. Client satisfaction is improving as the new application is used over time, and the Bank is gradually developing and expanding its product offering in KB's New Era of Banking. The simplification of banking processes, their digitalisation, and the gradual phasing out of the original infrastructure's components already have enabled KB to achieve increased operational efficiency and cost savings.

As of 30 June, the new digital bank already had 1,269,000 users from among private individuals and entrepreneurs. Of this total, some 1,000,000 clients were migrated from the legacy systems.

By the end of 2025, the Bank will focus on completing the transfer of individual clients to the new KB+ app offering. The transition of entrepreneurs and small businesses will continue in 2026 and 2027.

At the same time, KB is working to develop its client proposition and to create and exploit new opportunities for providing financial services. In the corporate client segments, Komerční banka will continue to develop its offering with the aim of increasing client satisfaction based on its existing infrastructure. Komerční banka Group continues to invest in the development of its services and technologies in alignment with the investment capacity generated from operations.

KB Group's transformation also involves optimising its structure. This year, KB completed the acquisition of full ownership in SG Equipment Finance Czech Republic, thereby strengthening its leading position in leasing and corporate client financing. With the aim of facilitating the international expansion of Platební instituce Roger, KB Smart Solutions sold its 24.8% stake in this innovative factoring platform to British financial services provider Orbian. Furthermore, KB Smart Solutions is negotiating to acquire the remaining 4% stake it does not already own in the upvest real estate crowdfunding platform.

Market environment in second quarter 2025[1)]

Due to ongoing trade tensions brought on by the U.S. administration's broad import tariffs, global financial markets experienced a great deal of uncertainty in the second quarter of 2025.

The preliminary estimate by the Czech Statistical Office showed GDP growth in the second quarter of 2025 of 0.2% quarter on quarter and 2.4% year on year. Year on year growth was driven mainly by domestic demand, particularly household final consumption. The estimate attested to a solid performance of the Czech economy. In Q1 2025, GDP had expanded by 0.8% quarter on quarter and 2.2% year on year. Driven mainly by rising household consumption and a notable increase in inventories, this growth occurred despite negative contributions from gross fixed capital formation and the international trade balance.

Also in Q1 2025, nominal wages had risen faster than inflation, leading to a 3.9% gain in real wages, although growth varied across sectors. The unemployment rate continued to be one of the lowest in the EU, standing at 2.7% in May 2025 (as per the Eurostat methodology after seasonal adjustment).[2)]

Inflation in the Czech Republic remained within manageable levels, with the annual rate reaching 2.9% in June 2025. Although this is slightly above the Czech National Bank's target, it confirms that inflation remains under control, particularly in comparison with the volatility on global markets. The core inflation reached 3% in the second quarter of 2025.[3)]

On 9 May 2025, the Czech National Bank continued its monetary policy easing, reducing the two-week repo rate by 25 basis points to 3.5%. This was the second cut since the year began. The decision was made in a situation where inflation had been within the tolerance band around the CNB's target for several months, but persisting inflation pressures from the domestic economy are limiting room for further rate cuts. As of the end of 2025's second quarter, the three-month PRIBOR rate stood at 3.49%, marking a decrease of 43 basis points since the beginning of the year. The 10-year interest rate swap was at 3.86% (up by 5 bps year to date) while the 5-year IRS rate edged down by 3 basis points to 3.63%. Yields on 10-year Czech government bonds rose by 5 basis points to 4.27%.

The Czech crown appreciated against the euro by 1.7% year to date, reaching CZK 24.75 per euro by the end of June.

The latest information on residential real estate prices, available for the first quarter of 2025 from the Czech Statistical Office, showed prices for second-hand homes in Prague had grown by 3.5% quarter on quarter and were up by 15.8% as compared to the previous year's first quarter.[4)] Prices of second-hand flats in the rest of the country were up by 4.2% quarter on quarter and higher by 15.8% compared to the previous year's first quarter. Prices of newly developed flats in Prague rose by 3.4% in the first quarter of 2025 and were up by 12.4% from the same quarter a year earlier. According to the European house price index,[5)] Czech residential real estate prices were higher quarter on quarter by 2.3% but rose year on year by 9.9%.

As of May 2025 (latest available data), total bank lending on the overall market (excluding repo operations) had grown by 6.1% year over year.[6)] Lending to individuals climbed by 6.7%, with housing loans expanding 6.4% year on year mainly because mortgage rates were gradually declining. Lending to businesses and other corporations increased from the year earlier by 5.5%.

The volume of client deposits in Czech banks had expanded by 5.3% year over year as of May 2025.[7)] Deposits from individuals had grown in total by 5.4% while the market deposits from businesses and other corporations were up by 5.1% year over year. Switching from current to term and saving deposits moderated somewhat as the volumes on current accounts were up by 4.6% from the same month a year earlier while those on term deposits were greater by 0.2% and saving accounts added 16.7%.

1) Unless stated otherwise, data sources for this section: Czech Statistical Office, Czech National Bank, KB Economic Research. Comparisons are year on year.
2) Source: https://ec.europa.eu/eurostat/databrowser/view/EI_LMHR_M/default/table?lang=en&category=euroind.ei_lm Data as of May 2025.
3) Source: https://www.cnb.cz/arad/#/en/display_link/single__SCPIMZM09YOYPECNA_ ARAD statistics of the CNB.
4) Source: https://csu.gov.cz/produkty/indices-of-realized-flat-prices-1-quarter-of-2025 Publication code 014007-25, released 16 June 2025.
5) Source: https://ec.europa.eu/eurostat/databrowser/view/prc_hpi_q/default/table?lang=en&category=prc.prc_hpi.prc_hpi_inx
6) Source of data on banking market developments: ARAD statistics of the CNB, www.cnb.cz/arad
7) Source of data on banking market developments: ARAD statistics of the CNB, www.cnb.cz/arad.

Developments in the client portfolio and distribution networks

	30 Jun 2024	30 Jun 2025	Change YoY
KB Group's clients	2,203,000	2,176,000	(27,000)
Komerční banka	1,708,000	1,755,000	47,000
– Individual clients	1,465,000	1,513,000	47,000
– New Digital Bank users	482,000	1,269,000	787,000
Modrá pyramida	407,000	365,000	(42,000)
KB Penzijní společnost	452,000	406,000	(45,000)
ESSOX (Group)	115,000	103,000	(12,000)
KB branches (CZ)	205	187	(18)
KB Poradenství outlets	n.a.	199	n.a.
ATMs (KB network)	793	764	(29)
ATMs (Total shared network)	1,982	1,947	(35)
Number of active debit cards	1,563,000	1,631,000	68,000
Number of active credit cards	224,000	231,000	7,000

Comments on business and financial results

The financial data published below are from unaudited consolidated results compiled under IFRS (International Financial Reporting Standards). Unless stated otherwise, the data are as of 30 June 2025.

BUSINESS PERFORMANCE

Loans to customers

Total **gross volume of lending to clients** rose by 4.3% year on year to CZK 859.5 billion.[1)]

In **lending to individuals,** the overall volume of housing loans grew by 3.6% from the year earlier. Within this total, the portfolio of mortgages to individuals expanded by 3.6% to CZK 291.7 billion. Modrá pyramida's loan portfolio volume increased by 3.8% to CZK 98.7 billion. New production of housing loans was higher by 44.0% compared to the previous year's first half and reached CZK 32.0 billion. The volume of KB Group's consumer lending (provided by the Bank and ESSOX Group in the Czech Republic and Slovakia) was up by 2.2%, at CZK 39.5 billion.

The total volume of **loans to businesses and other lending provided by KB Group** was greater by 5.1% year on year, at CZK 429.6 billion. Growth in lending to businesses was concentrated in working capital financing, as investment lending was still affected by prevailing economic uncertainty and increased share of bond issuance for financing investment projects. Lending to small businesses grew by 1.7%**,** to CZK 48.7 billion. The overall CZK volume of credit granted by KB to medium-sized, large corporate, and other clients in the Czech Republic and Slovakia[2)] climbed by 5.7% year on year to CZK 344.2 billion. At CZK 36.7 billion, the total credit and leasing amounts outstanding at SGEF were up by 4.5% year over year.

Amounts due to customers and assets under management

The **volume of standard client deposits** across KB Group diminished by (2.6%) year on year to CZK 1,031.5 billion.[3)] Within the total deposit base, volumes on current accounts were up by 1.8%.

Deposits at Komerční banka from individual clients were down by (0.5%) to CZK 338.2 billion. The deposit book at Modrá pyramida contracted by (8.7%) to CZK 46.4 billion. Total deposits from businesses and other corporations were down by (3.1%), at CZK 639.7 billion.

[1)] Including debt securities issued by KB's corporate clients. There were no reverse repo operations with clients to report as of 30 June 2025 or 30 June 2024.
[2)] Inclusive of factor finance outstanding at Factoring KB and merchant and car dealers' financing from ESSOX Group.
[3)] Excluding volatile repo operations with clients. The total volume of 'Amounts due to customers' increased by 1.3% year on year to CZK 1,216.5 billion.

The volumes in mutual funds held by KB Group clients grew by 14.2% to CZK 167.6 billion. Client assets managed by KB Penzijní společnost were down by (0.3%) to CZK 75.2 billion. Technical reserves in life insurance at Komerční pojišťovna were up by 2.0% year on year to CZK 47.1 billion.

The Group's liquidity as measured by the ratio of net loans[1] to deposits (excluding repo operations with clients but including debt securities held by KB and issued by the Bank's clients) stood at 83.5%. The Group's liquidity coverage ratio ended the first half at 145% and the net stable funding ratio at 130%, both well above the regulatory limit of 100%.

FINANCIAL PERFORMANCE

Income statement

Komerční banka's **revenues (net operating income)** reached CZK 18,174 million, up by 3.6% compared to the first half of 2024.

Net interest income was higher by 3.0%, at CZK 12,808 million, driven mainly by growing loans volume and lower cost of funds, despite that the Czech National Bank has doubled, effective from January 2025, the amount of the so-called minimum reserve requirement that banks must deposit with the CNB without interest. Average lending spreads were stable with the exception of slight decrease for consumer loans and financing of top corporations. The revenues from deposits were positively influenced by their changing structure and by higher revenues from their reinvestment. Net interest margin for the six months of 2025, computed as the ratio of net interest income to interest-earning assets reported on the balance sheet, reached 1.7%, stable year on year.

Net fee and commission income grew by 4.9% to CZK 3,420 million. This growth was mainly driven by cross-selling of mutual funds and insurance and by stronger demand among corporate clients for various financial services, such as bond issuance and loan syndications. Despite that a higher number of client transactions were executed, transaction fees were lower year on year due to the influence of transactions being included into subscription plans. Deposit product fees also were down, affected by transfer of clients to the new digital bank and a lower number of building savings contracts. Income from loan services decreased somewhat, reflecting lower mortgage, credit card, and overdraft fees while income from consumer lending and from loans to small businesses was stable.

Net profit on financial operations increased by 11.7% from 2024's first half to CZK 1,893 million. The changing outlook for the economic environment has also led to fluctuations in client demand for financial risk hedging. The result was supported by a growing client base using trading instruments as well as relatively strong activity in bond issuance. Gains from foreign exchange payments were higher year on year, reflecting both a larger number of transactions executed by clients and adjusted spreads.

Dividend and other income was lower by (66.7%), at CZK 53 million. This line item primarily comprises revenues from property rental as well as ancillary services and dividends from associated companies.

Operating expenses declined by (3.9%) to CZK 8,723 million. Personnel expenses diminished by (0.9%) to CZK 4,311 million. The average number of employees decreased by (4.8%) to 7,155[2], a reflection of ongoing digitalisation together with optimisation of operational processes and the distribution network. The management agreed with the trade unions on raising the average salary by 2.5% with effect from April. General and administrative expenses (not including contributions to the regulatory funds) were

[1] Gross volume of loans reduced by the volume of provisions for loan losses.
[2] Recalculated to a full-time equivalent number according to methodology of the Czech Statistical Office.

down by (5.5%), at CZK 1,992 million. Savings were achieved in all main categories. The full-year levy to the regulatory funds (Deposit Insurance Fund, Resolution Fund) was lower by (48.6%) year on year, at CZK 403 million, because the CNB adjusted downwards the aggregate contribution from Czech banks to the Resolution Fund after the fund had reached its target volume. Depreciation, amortisation, and impairment of operating assets grew by 10.0% to CZK 2,018 million, driven mainly by higher charges reflecting investments in pursuit of KB's digitalisation strategy. That impact was dampened, however, by a reduction in operational premises used.

The sum of profit before allowances for loan losses, provisions for other risk, profit on subsidiaries, and income tax (**operating profit**) was up by 11.6%, at CZK 9,451 million.

Cost of risk (impairment losses, provisions for loans, and net result from loans written off) reached CZK (1,025) million (i.e. a net release of provisions or (22) basis points in relative terms) compared to net provisions creation of CZK 585 million a year earlier (or 13 basis points in relative terms). The overal credit risk profile remained excellent in both the retail and corporate segments. Net release of credit risk allowances related predominantly to successful resolution of an exposure in the large corporate client segment. KB also slightly reduced the inflation overlay reserve which had been created in 2021 and 2022.

Income from shares in associated undertakings (i.e. Komerční pojišťovna) was up by 27.1% year on year, at CZK 169 million, influenced by creation and utilisation of the insurance reserves as well as by interest rate developments.

Net result on subsidiaries and associates was CZK 0 million. In the same period of 2024, this line had reached CZK (54) million due to impairment of a stake in a subsidiary of KB Smart Solutions.

Net profits on other assets reached CZK 12 million, mainly reflecting sales of buildings. In the previous year's first half, net loss on other assets had been CZK (33) million.

Income tax was higher by 20.4%, at CZK 1,779 million.

KB Group's consolidated net profit for the first half of 2025 reached CZK 8,877 million, which was up by 37.5% in comparison with the year earlier. Of this total, CZK 68 million was profit attributable to the non-controlling owners of minority stakes in KB's subsidiaries (down by (38.2%) year on year).

Reported **net profit attributable to the Group's equity holders** totalled CZK 8,809 million, which is 38.9% higher year over year.

Other comprehensive income reached CZK (48) million. This derived mainly from revaluation of some cash flow hedging positions and debt securities. Consolidated comprehensive income for the first half of 2025 totalled CZK 8,829 million, of which CZK 65 million was attributable to owners of non-controlling stakes.

Statement of financial position

Unless indicated otherwise, the following text provides a comparison of the balance sheet values as of 30 June 2025 with the values from the statement of financial position as of 31 December 2024.

Assets

As of 30 June 2025, KB Group's total assets had grown by a 4.5% year to date to an CZK 1,604.6 billion.

Cash and current balances with central banks were up by 2.0%, at CZK 74.4 billion. Financial assets held for trading at fair value through profit or loss (trading securities and derivatives) increased by 9.1% to CZK 45.6 billion. The fair value of hedging financial derivatives rose by a 0.8% to CZK 7.0 billion.

Year to date, there was a (10.3%) drop in financial assets at fair value through other comprehensive income totalling CZK 10.1 billion. This item consisted mainly of debt securities issued by government institutions.

Financial assets at amortised cost grew by 4.8% to CZK 1,437.2 billion. The largest portion of this consisted of (net) loans and advances to customers, which increased year to date by 1.0% to CZK 861.2 billion. A 98.1% share in the gross amount of client loans was classified in Stage 1 or Stage 2 while 1.9% of the loans were classified in Stage 3 (non-performing loans). The volume of loss allowances created for amounts due from customers came to CZK 12.0 billion. Loans and advances to banks climbed by 17.2% to CZK 393.7 billion. The majority of this item consists in reverse repos with the central bank. The value held in debt securities was down by (0.3%), to CZK 182.3 billion, as of the end of June 2025.

Revaluation differences on portfolio hedge items totalled CZK (0.5) billion, lower by (19.1%). Current and deferred tax assets stood at CZK 0.7 billion. Prepayments, accrued income, and other assets, which include receivables from securities trading and settlement balances, decreased overall by (15.4%) to CZK 5.2 billion. Assets held for sale declined by (89.6%) to CZK 0.0 billion.

Investments in associates, at CZK 2.3 billion, were lower by (15.0%) compared to the 2024 year-end value.

The net book value of tangible assets decreased by (0.1%) to CZK 8.0 billion. Intangible assets grew by 0.3% to reach CZK 10.8 billion. Goodwill, which primarily derives from the acquisitions of Modrá pyramida, SGEF, and ESSOX, remained unchanged at CZK 3.8 billion.

Liabilities

Total liabilities were 5.6% higher in comparison to the end of 2024 and stood at CZK 1,485.0 billion.

Financial liabilities at amortised cost went up by 6.4% to CZK 1,363.4 billion. Amounts due to customers comprise the largest proportion of this sum, and these climbed by 3.6% to CZK 1,216.5 billion. This total included CZK 185.0 billion of liabilities from repo operations with clients and CZK 6.7 billion of other payables to customers. Amounts due to banks increased by 43.8% through the first 6 months of 2025 to CZK 131.7 billion.

Revaluation differences on portfolios hedge items were CZK (29.0) billion. Current and deferred tax liabilities ended at CZK 0.8 billion, higher by 5.9%. Accruals and other liabilities, which include payables from securities trading and settlement balances, grew by 65.1% to CZK 22.8 billion.

The provisions balance was 7.3% higher, at CZK 0.8 billion. Provisions for other credit commitments are held to cover credit risks associated with credit commitments issued. The provisions for contracted commitments principally comprise those for ongoing contracted contingent commitments, legal disputes, self-insurance, and the retirement benefits plan.

Subordinated and senior non-preferred debt, at CZK 64.5 billion, was down by (1.8%) year to date, due to the Czech crown’s appreciated exchange rate vis-à-vis the euro. That is because instruments covering the minimum requirements for own funds and eligible liabilities (MREL) are denominated in euro.

Equity

Total equity declined year to date by (8.0%) to CZK 119.6 billion, reflecting payment of dividends from the result of 2024. The value of non-controlling interests reached CZK 1.6 billion. As of 30 June 2025, KB held in treasury 1,193,360 of its own shares constituting 0.63% of the registered capital.

Regulatory capital and other regulatory requirements

Total regulatory capital for the capital adequacy calculation came to CZK 104.7 billion as of 30 June 2025. Capital adequacy stood at 18.6%. Core Tier 1 (CET1) capital totalled CZK 99.6 billion and the Core Tier 1 ratio was 17.7%. Tier 2 capital summed to CZK 5.2 billion, which was 0.9% of risk-weighted assets.

As from 1 January 2025, Komerční banka’s overall capital requirements (OCR) were at approximately 16.6%. The minimum required level of CET1 was 12.0% and the minimum Tier 1 capital ratio stood at 14.0%.

As of 30 June 2025, KB Group’s Liquidity Coverage Ratio came to 145% and the Net Stable Funding Ratio to 130%. The applicable regulatory minimum for both indicators is 100%.

Effective from 1 January 2024, KB Group has needed to comply with an MREL minimum requirement equal to 21.2% of the consolidated total risk exposure and 5.91% of the consolidated total exposure. The MREL requirement is defined as the sum of the amount of loss absorption and recapitalisation.

In addition to the MREL, expressed as a percentage of risk-weighted assets, the Group must also fulfil the combined capital buffer. This requirement stood at 6.25% as of 30 June 2025.

Pursuing the so-called “single point of entry” resolution strategy, KB intends to fulfil its MREL requirements by taking on senior non-preferred loans from Société Générale S.A. As of 30 June 2025, KB had accepted such loans in a total principal volume of EUR 2.4 billion.[1)] KB Group’s MREL ratio stood at 29.4%.

[1)] An overview of senior non-preferred tranches to meet the MREL requirements is provided in the Annex.

Developments in corporate governance and in the Group structure in second quarter

On 16 July 2025, Ms. Delphine Garcin Meunier stopped serving as the chairperson and member of the Supervisory Board.

At the time of writing this regulatory announcement, KB SmartSolutions, s.r.o., a fully owned subsidiary of Komerční banka, was negotiating about a purchase of the remaining 4% it does not already own in upvest s.r.o., a fintech company that intermediates real estate crowdfunding investments. (KB SmartSolutions owned a 96.0% share in upvest s.r.o. as of 31 December 2024.)

Expected development and main risks to that development in 2025

Note: This outlook updates and replaces the outlook presented on 6 February 2025 on the occasion of Komerční banka's announcing its results for the full year 2024 and updated on 30 April 2025 at the time of announcing results for the first quarter of 2025.

Given the high level of uncertainty and risks related to projecting future business results, investors should exercise caution and judgement before making investment decisions while considering these forward-looking estimates and targets.

After GDP expanded by 1.0% in 2024,[1)] the Czech economy's expansion should accelerate to around 1.5% in 2025. Domestic demand is likely to be the dominant source of economic growth this year, supported mainly by a continued recovery in household consumption against a backdrop of renewed real wage growth.

Inflation should remain within the CNB's 1–3% tolerance band. Average inflation for the full year 2025 should be only slightly above the midpoint of this band. This trend and the muted economy will allow the CNB to continue cutting interest rates. The forecast expects a gradual reduction in the main monetary policy two-week repo rate during the year 2025 towards a terminal 3%.

The President has summoned the elections to the Chamber of Deputies of the Parliament of the Czech Republic for 3 and 4 October 2025.

In December 2022, the Parliament approved a bill introducing a new tax impacting several banks, including Komerční banka. This so-called "windfall tax" has been applied to profits of selected banks generated in the years 2023, 2024, and 2025. The windfall tax rate of 60% is constructed as a surcharge on top of the standard 21% (from 2024) tax rate, which means that the effective tax rate for the "windfall" part of the profit is 81%. Windfall is defined as the difference between the income tax base (profit before tax) of the respective year and the average profit before tax in the four years 2018–2021, increased by 20%. The windfall tax is imposed on (standalone) banks with net interest income that had exceeded CZK 6 billion in 2021. Within KB Group, it applies to standalone Komerční banka. Given the income tax base of standalone KB in 2018, 2019, 2020, and 2021, the windfall tax base comes to CZK 15.8 billion. According to the projections for the financial results detailed below, the impact of the tax in 2025, if any, should be limited.

The Slovak Parliament approved for 2025 a boost in the corporate income tax rate to 24% from 21%, changes in VAT rates, including to raise the base rate to 23% from 21%, as well as a new transaction tax on cashless transfers (at 0.4%) and ATM withdrawals (at 0.8%) among Slovak legal entities and entrepreneurs with effect from April 2025.

According to the joint decision of the College of Supervisors of the Société Générale Group (where the Czech National Bank participates

1) https://www.czso.cz/csu/czso/hdp_narodni_ucty

as a local regulator), effective from 1 January 2025, Komerční banka is required to maintain a capital ratio on a sub-consolidated basis at the minimum level of 10.4% (Total SREP Capital Ratio), representing a decrease by 20 basis points in comparison with the ratio required previously.

Moreover, credit institutions in the Czech Republic are simultaneously subject to the combined capital requirements, which are additive to the TSCR requirement set in the aforementioned joint decision. As of 1 January 2025, KB is required to maintain a combined capital buffer comprising the capital conservation buffer at 2.5%, the O-SII capital buffer at 2.0%, and the countercyclical buffer determined by competent authorities for exposures in the particular country (at 1.25% in the Czech Republic). Furthermore, the Czech National Bank has applied from 1 January 2025 a systemic risk buffer at 0.5% (set for exposures located in the Czech Republic).

Thus, Komerční banka's overall capital requirement as of 1 January 2025 is at approximately 16.6% in relation to the volume of risk-weighted assets. The minimum Common Equity Tier 1 capital ratio stands at about 12.0% and the minimum Tier 1 capital ratio at approximately 14.0% in relation to the volume of risk-weighted assets. In its capital planning, Komerční banka will continue to apply prudent assumptions as to the future development of regulatory capital requirements.

As of 31 December 2024, the regulatory requirements for own funds and eligible liabilities (MREL) from the EU's banks recovery and resolution directive, stood at 21.2% of the consolidated total risk exposure and 5.91% of the consolidated total exposure. The MREL requirement is defined as the sum of the amount of loss absorption and recapitalisation. In addition to the MREL, expressed as a percentage of risk-weighted assets, the Group must also fulfil the combined capital buffer.

Pursuing the so-called "single point of entry" resolution strategy, KB fulfils its MREL requirements by taking on senior non-preferred loans from Société Générale S.A. In view of expected development for risk exposures, capital instruments, and regulatory requirements, Komerční banka is not assuming to take additional senior non-preferred loans in the remainder of 2025.

As part of its ongoing mortgage covered bond programme, which was established in January 2021, Komerční banka is planning to come to the markets with a new issue of euro-denominated mortgage covered bonds in the second half of 2025. KB is aiming for the bonds to be rated AAA by Fitch Ratings. The purpose of the issue is to strengthen KB's general liquidity in euro and to provide the Bank with funding to expand its activities in the single European currency.

The bank lending market is expected to grow at a mid-single-digit rate in 2025. This could accelerate slightly compared with the previous year, mainly due to a slightly higher growth rate of housing loans. Consumer lending should maintain a high-single-digit pace. Corporate lending is likely to grow at a mid-single-digit pace, and also with a higher degree of uncertainty, given the dependence of business confidence on the external economic environment.

Growth in total market deposits may slow slightly to mid-single digits. Household deposits may grow relatively faster than corporate deposits, especially if corporate investment activity picks up. Nevertheless, both segments are likely to grow by mid-single-digit percentages. Moreover, the growth of client investments in mutual funds should maintain a brisk pace.

Komerční banka will continue its strategic transformation. The main tasks for 2025 will include completing the migration of individual clients from the original banking infrastructure to the new digital bank with the KB+ application and preparing the KB New Era client proposition for entrepreneurs and small business clients. The Group will continue to harmonise the IT environment and processes among its members and centralise certain support functions. KB closed 17 of its branches as of 1 March and adjusted opening hours and staffing at other branches to match declining demand for cash services.

The attractive offer of the New Era of KB is also being built with the aim of growing the number of Komerční banka's clients. Development of the digital offer and completion of the migration of individual clients from the original banking infrastructure, and thus partial release of the distribution network's capacity, should make it possible to increase the number of the Bank's clients during 2025.

In this context, KB management expects that the Group's loan portfolio will record a mid-single-digit growth rate for 2025. The volume of housing loans outstanding should accelerate its growth to an upper mid-single-digit pace, supported by recovery on the market and improved efficiency of the sales and internal process from deploying the Group's single mortgage production centre. Consumer lending will expand at a mid-single-digit pace thanks to improvements in the offer and the sales process, together with expected continued growth in households' consumption. The corporate loan book should grow at a mid-single-digit pace, assuming a positive effect of lower interest rates and improving investment activity in Czechia.

Total deposit balances are expected to expand at a mid-single-digit pace. Deposits of clients in retail segments should grow somewhat faster than do volumes from corporate clients. The share of current accounts on the total deposit book should stabilise or slightly increase.

The volume of clients' assets in mutual funds should expand at a double-digit pace while assets in pension funds and volumes of technical reserves in life insurance will probably decline slightly.

KB Group's total net operating income (revenues) is expected to grow at a low- to mid-single-digit rate in 2025. Net interest income is likely also to grow at a mid-single-digit rate, driven by growth in business volumes and some decline in the average cost of deposits. Net fees and commissions income is expected to retreat slightly from a high base of 2024, riding a still healthy underlying trend driven by growth in mutual fund volumes, rising client numbers, and greater client activity. Fuelled by gains from currency transactions and clients' greater hedging of financial risk in a growing economy, net profit from financial operations should grow.

Total operating expenditures remain as tightly controlled as ever and will decline at a low-to mid-single-digit rate for the full year 2025. Personnel costs will remain stable as the effect of wage increases and a changing staff structure in favour of data and software professionals is offset by a gradual reduction in headcount of around 500 over the course of the year. The ongoing transformation of the Group includes the development of a new digital infrastructure, overall simplification of processes, and optimisation of the distribution network. This will enable general administrative costs to be reduced by just above one-tenth compared to 2024. With the Resolution Fund at the target level, and in line with the indication published by the Czech National Bank,[1)] the total amount of mandatory contributions to regulatory funds, booked already in the first half, decreased substantially.

Depreciation and amortisation will grow at a high-single-digit rate, reflecting continued investment in digital transformation.

The credit risk profile is expected to remain resilient despite geopolitical and macroeconomic uncertainties. Full-year cost of risk guidance for 2025 is expected to be around 0 basis points, primarily due to the release of provisions booked against non-defaulted loan exposures.

The corporate income tax rate is expected to stay at the 21% level to which it was increased in 2024. The windfall tax at the 60% incremental rate will remain in place for the 2023–2025 period as originally legislated.

The Group will grow the volume of risk-weighted assets at a pace that is optimal from the perspective of creating shareholder value. The volume and structure of regulatory capital will be managed effectively, even as it will at all times safely and assuredly meet the applicable and expected regulatory requirements.

Assuming all those factors as described above, KB Group targets ROE to come in around 14% for 2025 and the cost-to-income ratio near 44%.

Key risks to the expectations described above include further escalation of geopolitical conflicts, in particular the war in Ukraine, and their economic impacts. The open Czech economy is generally vulnerable to deterioration in the external economic environment, including weakening external demand, trade disruptions due to protectionism, disruptions in the supply of fuel, raw materials, and other production inputs, and disturbance of transport links. Sudden changes in relevant exchange rates and interest rates, as well as monetary or fiscal policies, also pose risks.

Management expects that KB's operations will generate sufficient profit in 2025 to cover the Group's capital needs ensuing from its growing volume of assets as well as to pay out dividends. Considering the current state of affairs and assumptions, KB's management intends for 2025 to propose distributing as dividends 100% of attributable consolidated net profit earned in the year.

1) https://www.cnb.cz/en/resolution/contributions-to-resolution-financing-arrangement/determination-of-annual-contributions/

ANNEX: Consolidated results as of 30 June 2025 under International Financial Reporting Standards (IFRS)

Profit and Loss Statement	Reported			Recurring		
	1H 2024	1H 2025	Change YoY	1H 2024	1H 2025	Change YoY
(CZK million, unaudited)						
Net interest income	12,435	12,808	3.0%	12,435	12,808	3.0%
Net fee and commission income	3,259	3,420	4.9%	3,259	3,420	4.9%
Net profit on financial operations	1,695	1,893	11.7%	1,695	1,893	11.7%
Dividend and other income	159	53	(66.7%)	159	53	(66.7%)
Net banking income	**17,547**	**18,174**	**3.6%**	**17,547**	**18,174**	**3.6%**
Personnel expenses	(4,349)	(4,311)	(0.9%)	(4,349)	(4,311)	(0.9%)
General admin. expenses (excl. regulatory funds)	(2,109)	(1,992)	(5.5%)	(2,109)	(1,992)	(5.5%)
Resolution and similar funds	(784)	(403)	(48.6%)	(784)	(403)	(48.6%)
Depreciation, amortisation and impairment of operating assets	(1,835)	(2,018)	10.0%	(1,835)	(2,018)	10.0%
Total operating expenses	**(9,076)**	**(8,723)**	**(3.9%)**	**(9,076)**	**(8,723)**	**(3.9%)**
Operating profit	**8,471**	**9,451**	**11.6%**	**8,471**	**9,451**	**11.6%**
Impairment losses	(589)	1,010	+/-	(589)	1,010	+/-
Net gain from loans and advances transferred and written off	4	15	>100%	4	15	>100%
Cost of risk	**(585)**	**1,025**	**+/-**	**(585)**	**1,025**	**+/-**
Net operating income	**7,886**	**10,476**	**32.8%**	**7,886**	**10,476**	**32.8%**
Income from share of associated companies	133	169	27.1%	133	169	27.1%
Net profit/(loss) on subsidiaries and associates	(54)	0	n.a.	(54)	0	n.a.
Net profits on other assets	(33)	12	+/-	(33)	12	+/-
Profit before income taxes	**7,932**	**10,656**	**34.3%**	**7,932**	**10,656**	**34.3%**
Income taxes	(1,477)	(1,779)	20.4%	(1,477)	(1,779)	20.4%
Net profit for the period	**6,455**	**8,877**	**37.5%**	**6,455**	**8,877**	**37.5%**
Profit attributable to the Non-controlling owners	110	68	(38.2%)	110	68	(38.2%)
Profit attributable to the Group's equity holders	**6,344**	**8,809**	**38.9%**	**6,344**	**8,809**	**38.9%**

Statement of Financial Position	31 Dec 2024	30 Jun 2025	Year to date
(CZK million, unaudited)			
Assets	**1,536,000**	**1,604,596**	**4.5%**
Cash and current balances with central bank	72,956	74,426	2.0%
Loans and advances to banks	335,834	393,739	17.2%
Loans and advances to customers (net)	853,022	861,185	1.0%
Securities and trading derivatives	235,974	238,072	0.9%
Other assets	38,214	37,174	(2.7%)
Liabilities and shareholders' equity	**1,536,000**	**1,604,596**	**4.5%**
Amounts due to banks	91,574	131,698	43.8%
Amounts due to customers	1,174,525	1,216,486	3.6%
Securities issued	12,629	12,394	(1.9%)
Subordinated and senior non preferred debt	65,715	64,536	(1.8%)
Other liabilities	61,520	59,900	(2.6%)
Total equity	130,037	119,582	(8.0%)

Key ratios and indicators	30 Jun 2024	30 Jun 2025	Change year on year
Capital adequacy (CNB)	18.9%	18.6%	▼
Tier 1 ratio (CNB)	17.8%	17.7%	▼
Total risk-weighted assets (CZK billion)	560.8	562.0	0.2%
Risk-weighted assets for credit risk (CZK billion)	447.6	444.7	(0.7%)
Net interest margin (NII / average interest-bearing assets)[III]	1.7%	1.7%	▼
Loans (net) / deposits ratio[IV]	78.5%	83.5%	▲
Cost / income ratio[V]	51.7%	48.0%	▼
Return on average equity (ROAE)[VI]	10.5%	14.4%	▲
Return on average Tier 1 capital[VII]	12.7%	17.7%	▲
Return on average assets (ROAA)[VIII]	0.8%	1.1%	▲
Earnings per share (CZK)[IX]	67.2	93.3	38.9%
Average number of employees during the period	7,515	7,155	(4.8%)

Business performance in retail segment – overview	30 Jun 2025	Change year on year
CZK bil.		
Mortgages to individuals – volume of loans outstanding	291.7	3.6%
Building savings loans (MPSS) – volume of loans outstanding	98.7	3.8%
Consumer loans (KB + ESSOX + PSA Finance) – volume of loans outstanding	39.5	2.2%
Small business loans – volume of loans outstanding	48.7	1.7%
Insurance premiums written (KP)	4,264.1	13.4%

Senior non-preferred loans as of 30 June 2025:

Drawing date	Principal	Call option date*	Interest rate (ACT/360)
27 Jun 2022	EUR 250m	28 Jun 2027	3M Euribor + 2.05%
21 Sep 2022	EUR 250m	21 Jun 2026	1M Euribor + 1.82%
21 Sep 2022	EUR 250m	21 Sep 2029	1M Euribor + 2.13%
9 Nov 2022	EUR 250m	9 Nov 2025	1M Euribor + 2.05%
9 Nov 2022	EUR 250m	9 Nov 2027	1M Euribor + 2.23%
9 Nov 2022	EUR 250m	9 Nov 2028	3M Euribor + 2.28%
15 Jun 2023	EUR 250m	15 Jun 2026	3M Euribor + 1.70%
15 Jun 2023	EUR 200m	15 Jun 2028	3M Euribor + 2.01%
28 Nov 2023	EUR 250m	30 Nov 2026	3M Euribor + 1.51%
28 Nov 2023	EUR 200m	29 Nov 2027	3M Euribor + 1.61%

* Call option exercise date is 1 year before final maturity date.

Subordinated debt as of 30 June 2025:

Drawing date	Principal	Call option date*	Interest rate (ACT/360)
10 Oct 2022	EUR 100m	11 Oct 2027	3M Euribor + 3.79%
29 Nov 2023	EUR 100m	29 Nov 2028	3M Euribor + 2.82%

* Call option exercise date is 5 years before final maturity date

Financial calendar

30 October 2025 9M and 3Q 2025 results

Definitions of the performance indicators mentioned herein:

I. Housing loans: mortgages to individuals provided by KB + loans to clients provided by Modrá pyramida;

II. Cost of risk in relative terms: annualised 'Allowances for loan losses' divided by the average of 'Gross amount of client loans and advances', year to date;

III. Net interest margin (NIM): 'Net interest income' divided by average interest-earning assets (IEA) year to date. IEA comprise 'Cash and current balances with central banks' ('Current balances with central banks' only), 'Loans and advances to banks', 'Loans and advances to customers', 'Financial assets held for trading at fair value through profit or loss' (debt securities only), 'Non-trading financial assets at fair value through profit or loss' (debt securities only), 'Financial assets at fair value through other comprehensive income' (debt securities only), and 'Debt securities';

IV. Net loans to deposits: ('Net loans and advances to customers' inclusive of debt securities held by KB and issued by the Bank's clients less 'reverse repo operations with clients') divided by the quantity ('Amounts due to customers' less 'repo operations with clients');

V. Cost-to-income ratio: 'Operating costs' divided by 'Net operating income';

VI. Return on average equity (ROAE): annualised 'Net profit attributable to the Group's equity holders' divided by the quantity average group 'shareholders' equity' less 'Minority equity', year to date;

VII. Return on average Tier 1 capital: annualised 'Net profit attributable to the Group's equity holders' divided by average group 'Tier 1 capital', year to date;

VIII. Return on average assets (ROAA): annualised 'Net profit attributable to the Group's equity holders' divided by average 'Total assets', year to date;

IX. Earnings per share: annualised 'Net profit attributable to the Group's equity holders' divided by the quantity average number of shares issued minus average number of own shares in treasury.

Reconciliation of ‘Net interest margin’ calculation, (CZK million, consolidated, unaudited):

(source: Profit and Loss Statement)	1H 2025		1H 2024	
Net interest income, year to date	**12,808**		**12,435**	
Of which:				
Loans and advances at amortised cost	26,705		36,595	
Debt securities at amortised cost	2,810		2,191	
Other debt securities	80		108	
Financial liabilities at amortised cost	(14,126)		(23,146)	
Hedging financial derivatives – income	18,244		22,530	
Hedging financial derivatives – expense	(20,906)		(25,843)	

(source: Balance Sheet)	30 Jun 2025	31 Dec 2024	30 Jun 2024	31 Dec 2023
Cash and current balances with central banks/Current balances with central banks	67,346	64,383	28,318	4,530
Loans and advances to banks	393,739	335,834	425,819	411,644
Loans and advances to customers	861,185	853,022	831,938	833,542
Financial assets held for trading at fair value through profit or loss / Debt securities	27,229	19,622	22,193	19,621
Non-trading financial assets at fair value through profit or loss / Debt securities	0	0	0	0
Financial asset at fair value through other comprehensive income (FV OCI) / Debt securities	10,076	11,258	14,381	16,729
Debt securities	182,323	182,874	141,014	152,238
Interest-bearing assets (end of period)	**1,541,897**	**1,466,993**	**1,463,663**	**1,438,304**
Average interest-bearing assets, year to date	**1,504,445**		**1,450,983**	
NIM year to date, annualised	**1.70%**		**1.71%**	