

KPI Assessment

for the year 2024



KPIs of individual Board Members for 2024 as the basis for the bonus awarded in 2025

The annual assessment as to the results of KPI fulfilment was made by the Supervisory Board at its meeting held on 6 March 2025 in accordance with Chapter 3.1 of the Remuneration Policy.

KPIs for Board members for 2024 and serving as the basis for the bonus for performance in 2024 awarded in 2025 are structured as follows:

KPI category	Chairman of the Board of Directors and Chief Executive Officer (CEO)	Member of the Board of Directors and Chief Risk Officer (CRO)	Other members of the Board of Directors
Goals linked to the fulfilment of strategic priorities, including priorities related to sustainable development (ESG) measured at SG Group level	✓		
Performance targets linked to Return on Equity (ROE), Cost/Income Ratio (CIR), and Net Banking Income (NBI)	✓		✓
Implementation of KB Group’s financial and strategic plan	✓	✓	✓
Risk management requirements, audit and regulatory recommendations	✓	✓	✓
Managerial culture and conduct	✓	✓	✓

Remuneration of the Board of Directors is primarily linked to the results of KB Group while also incorporating, to a lesser extent, goals evaluated at the SG Group level. This reflects the group’s use of mutual synergies, including a strong international brand and shared know-how. Aligning the strategies and objectives of the two companies ensures better co-ordination and more efficient management.

At the same time, KB’s performance constitutes a significant part of the SG Group’s results, particularly within the Mobility and International Banking (MIBS) division, contributing to the stability and growth of the entire group. This approach delivers value not only to the majority shareholder but also to minority shareholders by optimising performance and ensuring the company’s long-term sustainability.

To assure maximum transparency and measurability, each KPI has a target value aligned with the budget and strategic plan and performance threshold values for fulfilment. The performance evaluation scale is as follows for most KPIs:

- Achieving the goal corresponding to expectations in the given year means 100% of the target KPI weight.
- Maximum fulfilment means up to 120% of the target KPI weight.
- Threshold fulfilment means 50% of the target KPI weight.
- Values below threshold fulfilment mean 0% of the target KPI weight.

The implementation and results of selected strategies, projects, and plans, including ESG sustainable development goals in the form of Company Objectives and Key Results (COKRs), are measured using a success score. This shows the current fulfilment of key results associated with the given goal and is calculated as the arithmetic average of the fulfilment of all key results that were planned and realised in the evaluated period.

The list of defined key performance indicators for the year 2024 is divided according to the nature of the defined goals as follows:

Goals at the level of the parent company SG linked to the fulfilment of strategic priorities, including priorities related to sustainable development (ESG)

- SG financial goals (CIR, ROTE, CET1): Cost Income Ratio (CIR) SG Group, Return on Tangible Equity ROTE SG Group, Common Equity Capital Tier 1 (CET1) SG Group
- Engagement score: Engagement score measures the level of engagement, satisfaction, and motivation of employees in the Group.
- NPS: Client satisfaction measured by Net Promoter Score (NPS) in the Bank’s key segments showing the clients’ willingness to recommend KB as a reference bank
- ESG strategy implementation: Summary indicator for fulfilment of the ESG strategy’s key goals (quantitative and qualitative)

Implementation of the financial and strategic plan

- International Retail Banking ROE: Return on equity of the SG International Retail Banking Division (KB, BRD, AFMO perimeter)
- International Retail Banking CIR: Cost/income ratio of SG International Retail Banking Division (KB, BRD, AFMO perimeter)
- Budgetary cost discipline: Budgetary cost discipline of KB Group in the area of responsibility
- Digital risk strategy implementation: The strategy focuses on adapting risk appetite to the new world of digital banking by leveraging advanced technologies and risk management expertise to identify, measure, and manage emerging risks in a volatile and complex economic environment while aiming to support business growth and improve operational efficiency.
- ESG strategy implementation: Summary indicator of the fulfilment of the key goals of the ESG strategy (with quantitative and qualitative goals)

- Implementation of the new digital bank for corporate clients: The strategic aim is to be a market leader in the corporate client segment through data-driven sales, digitisation, a multichannel approach, and advisory services, delivering innovative and sustainable solutions, simplifying the customer journey, and ensuring best-in-market customer experience.
- Implementation of the new digital bank for retail clients: The strategy focuses on creating a New Digital Bank (NDB) by 2025, delivering a unique user experience, and setting new standards in advisory and service quality through state-of-the-art technologies, seamless omnichannel experience, and innovative services aligned with the values of growth, helpfulness, and responsibility.
- KB Group CIR: Cost/income ratio of KB Group
- KB Group ROE: Return on equity of KB Group
- NBI Corporate and Investment Banking: Net banking income of corporate and investment banking of KB Group
- NBI Retail Banking: Net retail banking income of KB Group
- New revenues: Identify and develop innovative and profitable revenue sources through a culture of continuous innovation, focusing on verification, co-ordination, and ownership of new ideas.
- Operational efficiency: Strengthen KB Group's leading position in operational efficiency within Europe by automating, digitising, and centralising processes to address industry challenges and customer needs.
- Capital adequacy: Capital adequacy of KB Group should be managed in such a way as to ensure no breaching of regulatory requirements while taking into account the results of regular baseline projections, stress testing, and other key factors and available information. Targets and thresholds could be changed based on CNB inputs.
- Digital sales: Significantly grow business and efficiency through smarter data use, developing a digital sales culture with a mobile-

first approach, and optimising processes to meet changing customer expectations and reduce operational costs.

- One mortgage factory: Become the most attractive housing partner for clients by delivering a unique ecosystem of housing-related services, combining expert human advisory with digital solutions, and creating strong long-term client relationships.

Risk management requirements, audit and regulatory recommendations

- Capital adequacy: Capital adequacy of KB Group should be managed in such a way as to ensure no breaching of regulatory requirements while taking into account the outcomes of regular baseline projections, stress testing, as well as other key factors and available information. Target and thresholds could be changed based on CNB inputs.
- Average rating of KB bank loan portfolio: The KPI is met if the value achieved is lower than the target KPI
- Data quality of Key Group reports: The KPI serves as a comprehensive measure of data integrity and regulatory compliance. Calculated as a simple average of specified targets with the aim to enhance the quality of key regulatory reports.
- Default rate at KB loan portfolio: Represents the 12-month default rate of the portfolio as of month M, calculated as the ratio of exposure to clients who were not in default in month M and then defaulted at least once within the next 12 months (M+1, M+2, ..., M+12) to the exposure to all clients not in default in month M.
- Operational risk, including compliance and audit findings: Number of compliance incidents and amount of operational losses relative to KB NBI
- Regulatory requirements: Fulfilment of SG regulatory projects and EBA+CNB stress tests
- Recovery performance: Recovery performance on KB bank's defaulted corporate portfolio

- IT system availability + Incident/Crisis management: Composite metric used to evaluate the stability of KB's information systems. It integrates the proportion of major incidents, internal time loss, and the number of impacted clients to provide a holistic view of system performance and reliability.

Managerial culture and conduct

- Manager assessment with focus on increasing employees' engagement: Employee satisfaction is determined through a regular survey and is expressed by the Staff Engagement Rate indicator.

Comprehensive assessment of goals achievement for 2024 as the basis for the 2024 bonus awarded in 2025

Development of banking market in 2024

The Czech economy developed in 2024 in line with the expectations of KB economists at the beginning of the year. GDP growth was only moderate, but inflation returned relatively quickly to the Czech National Bank’s tolerance band. The labour market remained tight and nominal wage growth was relatively brisk, which, together with receding inflation, led to a rise in real wages. Aggregate transfers to the population from the government also rose, and household consumption became the main engine of economic growth.

Slowing inflation allowed the Czech National Bank to cut monetary policy rates. The main two-week repo rate had fallen to 4% by the end of 2024 from 6.75% at the year’s start.

Key macroeconomic data	2021	2022	2023	2024
Average yearly inflation rate (%) *	3.8	15.1	10.7	2.4
Growth of average gross wage in the national economy (%) *	5.8	4.3	8.0**	7.0***

*Source: Czech Statistical Office.
** Estimate.
***Data for Q3.

Declining interest rates and rising household purchasing power had a positive effect on household credit demand. On the other hand, uncertainty about global economic developments and, in particular, the outlook for individual industrial sectors constrained the business confidence of non-financial corporations and their willingness to invest in the development of their production capacities. Large corporates have also increased their issuance activity in the bond

market. The growth of corporate lending in the market therefore slowed compared to 2023.

Businesses maintained a high level of cash reserves in their accounts, while households invested part of their savings in mutual funds and other financial market instruments. Interest rates on deposits and market loans moved broadly in line with the corresponding interbank market rates.

KB Group business results

Standalone Komerční banka recorded high growth in the total number of clients in 2024, by 63,000 to 1,727,000. In the subsidiaries, the number of clients tended to decrease, which in the case of building savings and pension funds was influenced by the limitation of state support for these products.

The Group has achieved a number of transformation programme milestones, including to reach more than 1 million customers in the new KB+ digital bank. Among other things, it has also transferred the administration of all KB and Modrá pyramida housing loans to a new joint mortgage factory, consolidated the retail distribution network inclusive of the new KB Advisory network, and prepared for the switch of KB’s general ledger to the core Temenos system from January 2025.

The growth of KB Group’s total loan portfolio was slower than in the forecast published at the beginning of the year. The result was also affected by the ongoing major transformation of KB and the transfer of retail banking clients from the original infrastructure to the new digital bank KB+, which tied up considerable capacity in the Bank’s business and operational areas during the year.

The Group’s total deposits grew almost as expected. Client assets in mutual funds grew even faster and their structure improved.

Financial performance

Consolidated net operating income for 2024 grew by 1.6% year on year, in line with the published guidance. Within the revenue mix, net interest income grew more slowly than originally expected, mainly due to slower volume growth and a slower decline in deposit rates. Net fee and commission income was higher than plan due to strong demand for services in the debt capital markets, growth in clients’ mutual fund investments, and strong performance of asset management products. Net income from financial operations ended slightly below budgeted levels. Net operating income in retail banking was up slightly, while corporate and investment banking were down slightly year on year.

The Group reported total operating expenses in line with the original guidance (low single-digit growth). Within the total operating cost structure, staff costs were slightly higher, driven by the insourcing of software specialists. This was offset by lower general administrative costs.

In the context of the described development of operating income and expenses, the cost-to-income ratio reached 48.2%, which is higher than budgeted for 2024.

The cost of risk ended below the budgeted level, mainly due to the overall high quality of the loan portfolio and strong recovery performance. The year-on-year increase was mainly related to a slight deterioration in the credit rating of some SME exposures and in connection with regular calibration of the provisioning models under IFRS 9. The overlay reserve for risks related to the high inflation remained almost unchanged.

In this context, the Group achieved the targets set for 2024 for the risk management KPIs. The overall default rates remained below the defined thresholds, mainly due to the resilient credit risk profile of the mortgage and large corporate portfolios and despite higher recorded default intensities in the SME, small business, and consumer loan portfolios, mainly caused by the increase in inflation in the previous periods. The average credit ratings of the loan exposures also remained below the defined thresholds and were stable throughout the year. The recovery performance of KB’s non-performing corporate loan portfolio was excellent. The ratio of operational risk losses to NBI in 2024 exceeded the threshold level due to a one-time incident recorded in the third quarter. Analysis as to causes of the incident led to the adoption of preventive measures for the future. The system availability indicator only reached the target value in the third quarter, while it was close to the target value in the remaining quarters. In addition, the Group met all defined regulatory requirements.

The Group’s result was further supported by a gain on sale of the subsidiary VN42, s.r.o. in the amount of CZK 2.4 billion. This had not been foreseen in the published outlook or the KB budget, as the timing and outcome of the transaction were not known in advance.

KB achieved in 2024 a healthy level of profitability. Measured by return on equity (ROE), the Group’s profitability reached 13.7%, better year on year as well as in comparison to the budget. The Group also maintained its robust capital adequacy – even when adjusting for the proposed dividend payment – and strong liquidity.

KPI develop- ment and com- parison to 2024 target, consolidated data	2021	2022	2023	2024	2024 Target
NBI (CZK bil.)	31.346	38.632	36.199	36.786	38.168
ROE (%)	10.7	14.4	12.7	13.7	11.9
CIR (%)	48.2	41.5	47.8	48.2	46.4
Capital ade- quacy	21.3	19.5	18.8	18.8	17.6

Consistent delivery on ESG targets

In addition to being perceived as a green bank in the Czech Republic, it is KB’s strategic ambition to be a leader in sustainable banking on the Czech financial market and within the SG Group. KB believes that pursuing sustainability in business and operations generates long-term benefits in delivering new business and value for shareholders as well as compliance with future Czech and European regulations.

In 2024, KB pursued implementation of SG group tools for assessing environmental and social risks at client level and the related adjustment of internal processes. In co-operation with SG Group, KB also continued in implementing EBA guidelines on loan origination and EBA standards on Pillar 3 reporting on physical and transition climate risks.

As part of SG’s group-wide project ESG by Design, attention was also given to streamlining tools for detecting and automating the evaluation of environmental and sustainability risks in the forms of excluding inadmissible activities, as well as evaluating negative information and including it into the approval process for accepting

clients, their control, and their transactions. In 2024, one of the main topics was implementation of the new CSRD Directive requirements.

As a measure of its maturity in the environmental, social, and governance areas, KB has selected the globally recognised FTSE4Good index of sustainably managed companies. Its target is to exceed the level of 4 points by 2025. The Bank’s index stood at 4.2 in 2024, up by 0.5 points in comparison with 2023. In accordance with MSCI ESG measurement, meanwhile, KB maintained its ‘AA’ rating, which is reserved for companies leading their respective industries in managing the most significant ESG risks and opportunities.

Managerial culture and conduct/behaviour

Managerial culture and conduct reflect the development of managerial culture and leadership within the area of responsibility of a member of the Board of Directors and while taking into account KB values, employee satisfaction, effective management and governance, the talent development programme, succession planning, and the promotion of corporate culture. At the same time, these encompass responsible conduct in compliance with applicable regulations and principles of responsible governance. These aspects are individually assessed by the relevant superior manager.

In 2024, all members of the Board of Directors successfully met the required standards of conduct and compliance. Their performance in this area was individually assessed by the relevant superior manager, confirming adherence to applicable regulations, principles of responsible governance, and the expected managerial culture and conduct.

Individual evaluation of goal achievement for 2024 as basis for the 2024 bonus awarded in 2025

Jan Juchelka, Chairman of the Board of Directors and Chief Executive Officer (CEO)

The CEO’s goals for 2024 were set so that 75% of the total weighting was assigned to objectives specific to the KB Group while that for the goals shared with the SG Group was limited to a maximum of 25%.

The shared goals of the KB CEO for 2024 included aligning strategic priorities across five key areas listed below, including priorities focused on sustainable development. These priorities were measured similarly to KB’s strategic objectives using the COKR (Company Objectives and Key Results) system.

The remuneration is linked to the performance of both KB and the SG Group, as the entire group benefits from mutual synergies, including a strong international brand and shared know-how.

Overview of goals, their weightings, and achievement levels for 2024:

Category of goals	KPIs	KPI weight	Category of goals weight	Fulfilment
Goals at the level of the parent company SG linked to the fulfillment of strategic priorities, including priorities related to sustainable development (ESG)	SG financial goals (CIR, ROTE, CET1)	15%	25%	118%
	Engagement score	4%		
	NPS	4%		
	ESG strategy implementation	2%		
	KB Group ROE	5%		
	KB Group CIR	5%		
	Capital adequacy	5%		
Implementation of the financial and strategic plan	Implementation of new digital bank for retail clients	10%	35%	94%
	Implementation of new digital bank for corporate clients	5%		
	ESG strategy implementation	5%		
	Operational risk including compliance and audit findings	5%		
Risk management requirements, audit and regulatory recommendations	Data quality of Key Group reports	5%	20%	103%
	Regulatory requirements	10%		
Managerial culture and conduct	Manager assessment with focus on increasing employees’ engagement	20%	20%	90%
Total		100%	100%	101%

Didier Colin, member of the Board of Directors, Chief Risk Officer (CRO)

The goals of the Board member responsible for risk management (CRO) must, as an internal control function, be independent of the performance of the business areas he oversees. For this reason, his goals are not of a business performance nature.

According to Decree No. 163/2014 Coll. of the Czech National Bank, employees in internal control functions are remunerated based on the achievement of objectives set for their respective control functions, independently of the performance of the units they supervise. The remuneration of employees in leadership positions within risk management is, under this decree, subject to the direct supervision of the Remuneration Committee or of the control body.

Overview of goals, their weightings, and achievement levels for 2024:

Category of goals	KPIs	KPI weight	Category of goals weight	Fulfilment
Implementation of the financial and strategic plan	Budgetary cost discipline	10%	35%	90%
	Digital risk strategy implementation	15%		
	ESG strategy implementation	5%		
	Implementation of new digital bank for corporate clients	5%		
	Operational risk including compliance and audit findings	5%		
	Capital adequacy	5%		
	Data quality of Key Group reports	5%		
Risk management requirements, audit and regulatory recommendations	Default rate at KB loan portfolio	10%	45%	113%
	Recovery performance	10%		
	Regulatory requirements	5%		
	Avg. rating of KB bank loan portfolio	5%		
Managerial culture and conduct	Manager assessment with focus on increasing employees’ engagement	20%	20%	100%
Total		100%	100%	103%

The goals of **the other Board members** for 2024 were set so that 90% of the total weighting was assigned to objectives specific to the KB Group, while the shared goals with the Mobility, International Retail Banking & Financial Services (MIBS) division were limited to a combined maximum of 10%.

The shared goals included KB Group’s contribution to the ROE and CIR indicators.

Miroslav Hiršl, member of the Board of Directors, Senior Executive Director for Retail banking

Category of goals		KPIs	KPI weight	Category of goals weight	Fulfilment
Implementation of the financial and strategic plan	KB Group ROE		5%	60%	98%
	International Retail Banking ROE		5%		
	KB Group CIR		5%		
	International Retail Banking CIR		5%		
	Budgetary cost discipline		5%		
	NBI Retail Banking		10%		
	Implementation of new digital bank for retail clients		10%		
	One mortgage factory		5%		
	ESG strategy implementation		5%		
	Digital sales		5%		
Risk management requirements, audit and regulatory recommendations	Operational risk including compliance and audit findings		5%	20%	116%
	Capital adequacy		5%		
	Data quality of Key Group reports		5%		
	Default rate at KB loan portfolio		5%		
Managerial culture and conduct	Manager assessment with focus on increasing employees’ engagement		20%	20%	100%
Total			100%	100%	102%

David Formánek, member of the Board of Directors, Senior Executive Director for Corporate and Investment Banking

Category of goals		KPIs	KPI weight	Category of goals weight	Fulfilment
Implementation of the financial and strategic plan	KB Group ROE		5%	60%	89%
	International Retail Banking ROE		5%		
	KB Group CIR		5%		
	International Retail Banking CIR		5%		
	Budgetary cost discipline		5%		
	NBI Corporate and investment banking		10%		
	Implementation of new digital bank for corporate clients		15%		
	ESG strategy implementation		5%		
	New revenues		5%		
	Operational risk including compliance and audit findings		5%		
Risk management requirements, audit and regulatory recommendations	Capital adequacy		5%	20%	89%
	Data quality of Key Group reports		5%		
	Default rate at KB loan portfolio		5%		
	Managerial culture and conduct	Manager assessment with focus on increasing employees’ engagement	20%		
Total			100%	100%	89%

Margus Simson, member of the Board of Directors, Chief Digital Officer

Category of goals	KPIs	KPI weight	Category of goals weight	Fulfilment
Implementation of the financial and strategic plan	KB Group ROE	5%	55%	97%
	International Retail Banking ROE	5%		
	KB Group CIR	5%		
	International Retail Banking CIR	5%		
	Budgetary cost discipline	10%		
	Implementation of new digital bank for retail clients	5%		
	Implementation of new digital bank for corporate clients	5%		
	ESG strategy implementation	10%		
	Operational efficiency	5%		
	Operational risk including compliance and audit findings	5%		
Risk management requirements, audit and regulatory recommendations	Capital adequacy	5%	25%	110%
	Data quality of Key Group reports	5%		
	System availability + Incident/Crisis management	10%		
Managerial culture and conduct	Manager assessment with focus on increasing employees’ engagement	20%	20%	100%
Total		100%	100%	101%

Jitka Haubová, member of the Board of Directors, Chief Operations Officer

Category of goals	KPIs	KPI weight	Category of goals weight	Fulfilment
Implementation of the financial and strategic plan	KB Group ROE	5%	55%	98%
	International Retail Banking ROE	5%		
	KB Group CIR	5%		
	International Retail Banking CIR	5%		
	Budgetary cost discipline	10%		
	Implementation of new digital bank for retail clients	5%		
	Implementation of new digital bank for corporate clients	5%		
	ESG strategy implementation	10%		
	Operational efficiency	5%		
	Operational risk including compliance and audit findings	5%		
Risk management requirements, audit and regulatory recommendations	Capital adequacy	5%	25%	109%
	Data quality of Key Group reports	5%		
	System availability + Incident/Crisis management	10%		
Managerial culture and conduct	Manager assessment with focus on increasing employees' engagement	20%	20%	100%
Total		100%	100%	101%

The variable remuneration component for performance in 2024 will be paid out in accordance with the deferral scheme between 2025 and 2031. Bonus amount awarded in 2025 for performance in 2024 will be included in the Report on Remuneration for the year 2025.