Annual Financial Report 2024

This document is a transcription of the 2024 Annual Financial Report of Komerční banka, a.s., except it does not include tags in XBRL language. The official 2024 Annual Financial Report has been published in accordance with the applicable regulations in European Single Electronic Format (ESEF), and it is available at https://www.kb.cz/en/about-the-bank/for-investors/reporting-and-results/annual-and-half-yearly-reports.

848.3

Loans to clients +2.5%

KB Group, gross volume, CZK billion*

2023 827.7

2024 848.3

*Excluding other receivables from clients, but including bonds issued by KB's corporate clients.

1,029.5

Client deposits +2.3%

KB Group, CZK billion*

2023 1,006.2

2024 1,029.5

*Excluding repo operations with clients.

17.2

Net profit attributable to KB's equity holders +10.4%

KB Group, CZK billion*

2023 15.6

2024 17.2

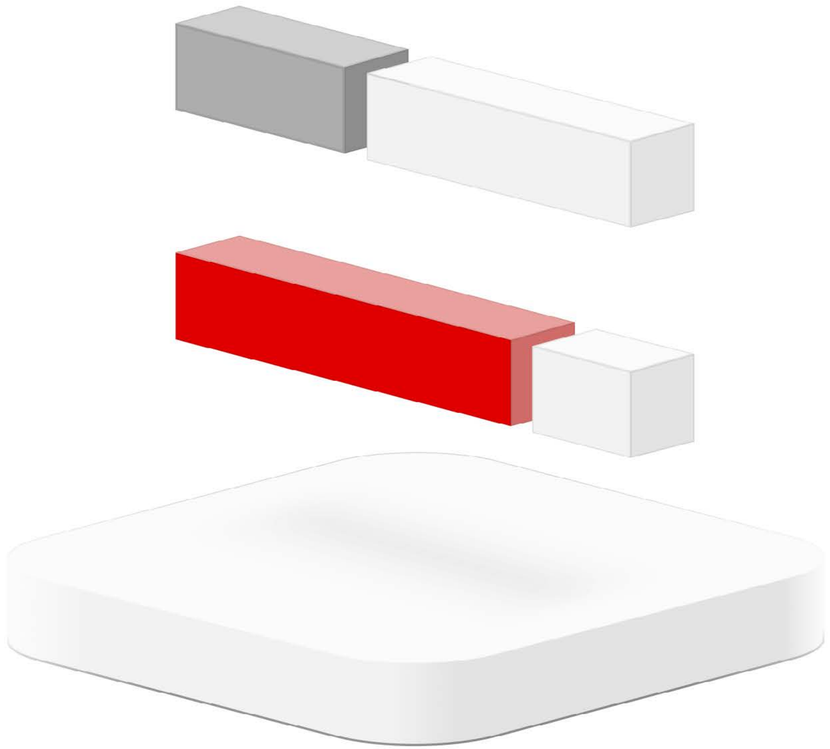
1,727,000

Number of standalone Bank clients +3.8%

The bank

2023 1,664,000

2024 1,727,000



Survey of Results 2020–2024

According to IFRS Accounting Standards

Consolidated data (CZK million)	2024	2023	2022	2021	2020
Financial results					
Net operating income	36,786	36,199	38,632	31,346	29,664
of which Net interest income	25,278	25,595	28,632	21,795	21,360
of which Net fees and commissions	7,291	6,414	6,121	5,711	5,210
of which Net profit on financial operations	3,831	3,832	3,666	3,630	2,884
Total operating expenses	(17,725)	(17,321)	(16,014)	(15,099)	(14,995)
Profit attributable to the Group's equity holders	17,243	15,612	17,622	12,727	8,156
Earnings per share (CZK)	91.30	82.67	93.31	67.39	43.19
Balance sheet					
Total assets	1,536,000	1,516,302	1,305,304	1,244,353	1,167,131
Loans and advances to customers, net	853,022	833,542	781,463	724,587	679,956
Amounts due to customers	1,174,525	1,127,227	950,693	956,929	906,217
Total shareholders' equity[1)]	126,658	125,058	121,444	123,509	113,816
Ratios (%)[2)]					
Return on average equity (ROAE)	13.70	12.67	14.39	10.73	7.44
Return on average assets (ROAA)	1.13	1.11	1.38	1.06	0.73
Net interest margin	1.74	1.94	2.42	1.93	2.03
Cost/income ratio	48.18	47.85	41.45	48.17	50.55

Consolidated data (CZK million)	2024	2023	2022	2021	2020
Capital					
Capital adequacy (%)	18.77	18.78	19.45	21.31	22.34
Core Tier 1 ratio (%)	17.64	17.68	18.86	20.87	21.73
Core Tier 1 capital	99,903	99,718	98,616	101,072	97,906
Tier 2 capital	6,404	6,154	3,122	2,136	2,784
Total regulatory capital	106,307	105,872	101,738	103,209	100,690
Total risk-weighted assets	566,326	563,886	522,975	484,372	450,628
Number of shares issued	190,049,260	190,049,260	190,049,260	190,049,260	190,049,260
Number of outstanding shares	188,855,900	188,855,900	188,855,900	188,855,900	188,855,900
Other data					
Total number of clients (thousands)	2,184	2,199	2,240	2,251	2,293
Number of permanent employees, average [3]	7,456	7,551	7,503	7,687	8,061
Number of employees, average, including employees working on agreement [4]	7,618	7,695	n.a.	n.a.	n.a.

Notes

1) Excluding Non-controlling interest.

2) According to the Komerční banka methodology.

3) According to the methodology of the Czech Statistical Office.

4) According to the CSRD methodology.

Definitions of the Alternative Performance Measures mentioned in this annual financial report are provided in the respective section herein.

Credit ratings (as of end of February 2025)[1]	Short-term	Long-term
Standard & Poor's	A-1	A
Moody's	Prime-1	A1
Fitch	F1	A

1) KB was assigned a credit rating by rating agencies registered under Regulation of the European Parliament and Council Regulation (EC) No. 462/2013. KB has considered appointment of rating agencies in accordance with Article 8d of this Regulation and decided not to appoint a rating agency whose market share is smaller than 10%.

Separate data (CZK million)	2024	2023	2022	2021	2020
Financial results					
Net operating income	33,805	33,187	36,627	28,996	26,288
of which Net interest income	22,030	22,798	25,947	19,100	18,611
of which Net fees and commissions	6,263	5,530	5,277	4,924	4,536
of which Net profit on financial operations	3,825	3,816	3,654	3,629	2,878
Total operating expenses	(16,290)	(15,773)	(14,355)	(13,581)	(13,573)
Net profit	17,273	14,574	17,572	12,353	6,929
Balance sheet					
Total assets	1,458,446	1,439,074	1,228,892	1,169,147	1,093,508
Loans and advances to customers, net	728,915	714,319	668,201	622,178	589,741
Amounts due to customers	1,125,652	1,076,443	896,663	899,654	849,029
Total shareholders' equity	116,672	115,103	112,584	115,418	105,196
Ratios (%)[1)]					
Return on average equity (ROAE)	14.90	12.80	15.41	11.20	6.81
Return on average assets (ROAA)	1.19	1.09	1.47	1.09	0.66
Net interest margin	1.61	1.85	2.37	1.83	1.91
Cost/income ratio	48.19	47.53	39.19	46.84	51.63
Capital					
Capital adequacy (%)	19.70	19.61	20.75	23.02	23.82
Core Tier 1 ratio (%)	18.47	18.42	20.12	22.50	23.13
Core Tier 1 capital	94,340	94,005	95,443	97,182	93,360
Tier 2 capital	6,283	6,064	3,004	2,236	2,775
Total regulatory capital	100,623	100,069	98,447	99,419	96,135
Total risk-weighted assets	510,830	510,313	474,477	431,973	403,622

Notes

[1)] According to the Komerční banka methodology.

Definitions of the Alternative Performance Measures mentioned in this annual financial report are provided in the respective section herein.

Separate data (CZK million)	2024	2023	2022	2021	2020
Other operational data					
Number of clients (thousands)	1,727	1,664	1,652	1,625	1,641
Number of new digital bank users (thousands)	1,028	137	n.a.	n.a.	n.a.
Number of permanent employees, average [1)]	6,381	6,499	6,553	6,736	7,104
Number of employees, average, including employees working on agreement [2)]	6,524	6,628	n.a.	n.a.	n.a.
Number of points of sale [3)]	205	211	218	242	243
Number of own ATMs	791	796	850	860	809
Number of shared ATMs [4)]	1,965	1,974	1,412	n.a.	n.a.

Notes

1) According to the methodology of the Czech Statistical Office.

2) According to the CSRD methodology.

3) Including one branch in Slovakia and one Private Banking branch, excluding remote branches.

4) Sharing of ATMs for withdrawals was launched in August 2024.

Further information

Detailed financial and operational information about Komerční banka Group is available in other publications on KB's website for shareholders and investors www.kb.cz/investors. Additional information on corporate social responsibility and ethics at KB is available in the 'About KB' section at https://www.kb.cz/en/about-bank. Information about KB's products and services is accessible from the homepage www.kb.cz/en.

This document contains a number of forward-looking statements relating to the targets and strategies of Komerční banka Group. These statements are based on numerous assumptions, both general and specific. As a result, there is a risk that these projections will not be fulfilled. Forward-looking statements are valid only as of the date they are made, and it should not be assumed that they will be revised or updated in the light of new information or future events. Readers are therefore advised not to rely on this information more than is justified, as the Group's future results are liable to be affected by a number of factors and may therefore differ from current estimates.

Readers are advised to take into account factors of uncertainty and risk when basing their investment decisions on information provided in this document.

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Profile
KB Group

Note: The full names of the KB Group companies mentioned in this Annual Report are given in the chapter "*Komerční banka Group*".

Komerční banka, a.s., (hereinafter also referred to as "KB" or "the Bank") is parent company of the KB Group (hereinafter also referred to as "the Group") and is part of the Société Générale financial group. Komerční banka is one of the leading banking institutions in the Czech Republic and the Central and Eastern European region.

KB is a universal bank providing a wide range of retail, corporate, and investment banking services. Komerční banka Group companies offer other specialised services, including pension insurance, building savings, leasing, factoring, consumer loans, insurance and services of fintech companies. These are available through KB's branch network, direct banking, and its own distribution network as well as those respective companies and business partners. KB operates also in the Slovak Republic through a branch dedicated to serving corporate clients and through certain subsidiaries.

	Loans to clients – gross loans*		Amounts due to customers**	
(CZK billion)	**31 December 2024**	**31 December 2023**	**31 December 2024**	**31 December 2023**
KB Group	**848.3**	**827.7**	**1,029.5**	**1,006.2**
KB (including KB Slovakia)	723.8	708.4	979.8	954.9
– Individuals	318.4	306.3	341.4	337.9
– Businesses and other (including KB Slovakia)	405.4	402.0	638.4	617.1
– Small businesses	40.3	40.2	243.0	238.6
– Medium corporates and municipalities	123.6	126.4	276.0	244.5
– Top corporates and other (including KB Slovakia)	241.6	235.4	119.4	134.0
Modrá pyramida	97.6	92.5	50.4	52.3
ESSOX (group)	21.3	20.8	0.1	0.1
Factoring KB	12.7	10.0	0.7	0.8
SGEF	36.6	34.2	n.a.	n.a.
BASTION	1.8	1.9	n.a.	n.a.
Consolidation and other adjustments	(45.6)	(40.1)	(1.5)	(2.0)

* IFRS numbers entering into consolidation, excluding 'Other amounts due from customers' but including debt securities issued by KB corporate clients.

** IFRS numbers entering into consolidation, excluding repo operations with clients.

Identification details and scope of business activities

Komerční banka, a.s., entered in the Commercial Register maintained with the Municipal Court in Prague, Section B, File No. 1360

Date of registration:
5 March 1992

Registered office:
Prague 1, Na Příkopě 33, building identification number 969, postal code 114 07

Identification number:
45317054

Legal entity identifier (LEI):
IYKCAVNFR8QGF00HV840

Legal form:
Public limited company

Business activities:

I. The Bank shall carry on business pursuant to Act No. 21/1992 Coll., the Banking Act, as amended. The business activities of the Bank shall include:
   a) acceptance of deposits from the public;
   b) granting of loans;
   c) investing in securities on the Bank's own account;
   d) financial leasing;
   e) making and receiving payments and administration of a clearing system;
   f) issuing of payment instruments, such as payment cards and traveller's cheques;
   g) provision of guarantees;
   h) issuing of letters of credit;
   i) provision of collection services;
   j) provision of investment services, including:
      - main investment services of reception and transmission, on behalf of investors, of orders in relation to investment instruments,
      - main investment services of execution of orders on behalf of investors in relation to investment instruments,
      - main investment services of dealing in investment instruments for the Bank's own account in relation to investment instruments,
      - main investment services of managing portfolios of investments in accordance with mandates given by investors on a discriminatory, client-by-client basis where such portfolios include one or more investment instruments,
      - main investment services of underwriting in respect of issues of investment instruments and/or the placing of such issues in relation to investment instruments,
      - ancillary services of safekeeping and administration in relation to investment instruments,
      - ancillary services of safe custody,
      - ancillary services of granting credits or loans to an investor for the purpose of allowing the investor to carry out a transaction in one or more investment instruments wherein the firm granting the credit or loan is involved in the transaction in relation to the investment instrument,
      - ancillary services of advice to undertakings on capital structure, industrial strategy and related matters, and advice and service relating to mergers and the purchase of undertakings,
      - ancillary services of services related to underwriting in relation to investment instruments,
      - ancillary services of investment advice concerning investment instruments in relation to investment instruments, and
      - ancillary services of foreign-exchange service where these are connected with the provision of investment services;
   k) dealing on the Bank's own account or on the client's account in foreign currencies and gold;
   l) financial brokerage;
   m) foreign exchange operations (purchase of foreign currency);
   n) provision of depository services;
   o) provision of banking information;
   p) renting of safe-deposit boxes;
   q) issuing of mortgage bonds; and
   r) activities directly related to those mentioned in paragraphs a) – q).

II. Furthermore, the business activities comprise activities carried out for another as long as these activities relate to the operation of the Bank and to the operation of other banks controlled by it, of saving and credit unions,

investment companies, insurance and reinsurance companies, financial institutions, and businesses which provide ancillary banking services in the scope specified below:

a) accounting consultancy activities, book-keeping, tax record-keeping;
b) intermediating of trades and services;
c) advisory and consulting activities, preparation of expert studies and reports;
d) administration and maintenance of real property;
e) organisation of specialised courses, training, and other educational programmes, including teaching;
f) provision of software, advisory in information technologies, data processing, hosting and relating activities, and web portals; and
g) administration and organisational services.

Registered capital:
CZK 19,004,926,000; of which paid up: 100%

Method of the Company's establishment:
In accordance with the privatisation project of the state financial institution Komerční banka, with its registered office at Prague, Na příkopech 28, approved by resolutions of the Government of the Czechoslovak Federative Republic No. 1 of 9 January 1992 and No. 109 of 20 February 1992, the National Property Fund of the Czech Republic, as the sole founder, established the public limited company Komerční banka, a.s., based on a Deed of Incorporation of 3 March 1992 under Section 172 of the Commercial Code.

Foreign branch:
Name: Komerční banka, a.s., pobočka zahraničnej banky
Registered office: Bratislava, Hodžovo námestie 1A, postal code 811 06, Slovak Republic

Main economic activity (CZ NACE):
64190 - Other monetary intermediation

Other economic activities (CZ NACE):
63 - Information service activities
74 - Other professional, scientific, and technical activities
461 - Wholesale on a fee or contract basis
649 - Other financial service activities, except insurance and pension funding
702 - Management consultancy activities
711 - Architectural and engineering activities and related technical consultancy
66190 - Other activities auxiliary to financial services, except insurance and pension funding
68320 - Management of real estate on a fee or contract basis
69200 - Accounting, bookkeeping, and auditing activities; tax consultancy

Institutional Sector (ESA 2010)
12203 - Deposit-taking corporations, except the central bank, under foreign control

Financial and ESG ratings

On 28 October 2024, S&P Global Ratings affirmed KB's rating at ICR A/Stable/A-1 and RCR A+/A-1.

On 2 October 2024, Fitch Rating affirmed Long Term Issuer Default Rating (IDR) at 'A' with a Stable Outlook and Viability Rating at 'a'.

On 25 June 2024, Moody's Rating affirmed Long Term Deposit rating at 'A1'.

Komerční banka is included in the FTSE4Good index of companies that demonstrate good sustainability practices. KB improved its rating to 4 points (out of a maximum of 5) in 2024.

KB also maintained its AA rating in the MSCI ESG rating, which assesses companies' management of financially relevant ESG risks and opportunities. The AA rating is reserved for businesses that are leaders in their industries.

KB scored 54 points in the annual S&P Global Corporate Sustainability Assessment, making it one of the world's leading banks in sustainability measures.

Société Générale Group

Komerční banka has been an integral part of Société Générale Group's international retail banking since October 2001. Société Générale is a leading European bank with more than 119,000 employees serving approximately 26 million clients in 62 countries worldwide. For over 160 years, Société Générale has supported economic growth by offering a broad range of value-added financial and advisory services to corporate, institutional, and individual clients.

Société Générale's most fundamental goal is sustainable value creation for all of our stakeholders, and these goals are served by our enduring and reliable client relationships, cutting-edge expertise, distinctive innovation, ESG skills, and industry-leading franchises. These traits are all ingrained in our DNA. The Group is built on three complementary core businesses:

- **French Retail Banking** with leading retail bank SG and insurance franchise, premium private banking services, and the leading digital BoursoBank;
- **International Retail Banking, Insurance, and Financial Services**, comprising well-established universal banks (in the Czech Republic, Romania, and several African countries), and ALD / LeasePlan, a global player in sustainable mobility;
- **Global Banking and Investor Solutions**, a top tier wholesale bank offering tailor-made solutions with distinctive global leadership in equity derivatives, structured finance, and ESG.

Société Générale aims to take the lead in promoting sustainability generally and the environmental transition in particular. The DJSI (Europe), FTSE4Good (Global and Europe), Bloomberg Gender-Equality Index, Refinitiv Diversity and Inclusion Index, Euronext Vigeo (Europe and Euro zone), STOXX Global ESG Leaders indexes, and MSCI Low Carbon Leaders Index (World and Europe) are the main socially responsible investment indices within which the Group is included. Société Générale remains steadfast in its commitment to innovation, sustainability, and delivering value to clients and stakeholders across all markets it serves.

History of Komerční banka

Komerční banka was established in 1990 as a state institution, and in 1992 it was transformed into a joint-stock company. KB's shares have been listed on the Prague Stock Exchange since its inception in 1993, as well as within the RM-SYSTÉM Czech Stock Exchange.

In 2001, the state's 60% holding in Komerční banka was purchased by Société Générale. Following privatisation, KB began significantly to develop its activities for individual customers and entrepreneurs while continuing to build on its traditionally strong position in the enterprises and municipalities market.

The development of the Bank was based not only on organic growth but also on optimising the Bank's and Group's presence on the market in the form of acquisitions. Therefore, in 2004, a short-lived subsidiary of KB and SG, FRANFINANCE CONSUMER CREDIT, was merged with ESSOX and focused on consumer finance. In 2005, Komerční banka sold 100% of its stake in the asset management company Investiční kapitálová společnost KB, a.s. to SG Asset Management and a 51% stake in Komerční pojišťovna to SOGECAP S.A., whereby it retained a 49% minority interest. In 2006, it completed the acquisition of Modrá pyramida by buying the remaining 60% stake, through which the Bank gained full control over the third-largest building savings bank in the Czech Republic.

Another significant step in extending the offer to clients was the acquisition of a 50.1% share in SG Equipment Finance Czech Republic s.r.o., the leading provider of asset-backed financing in the Czech Republic, in May 2011. Through a branch, SGEF also is active in Slovakia. In 2016, KB established a business alliance for credit and debit card acceptance whereby it transferred a share of its Cataps subsidiary to Worldline SA/NV. In July 2016, then, ESSOX's subsidiary completed takeover of a 100% stake in PSA FINANCE ČESKÁ REPUBLIKA, s.r.o. and PSA FINANCE SLOVAKIA, s.r.o.

In 2019, KB established a fully owned subsidiary, KB SmartSolutions s.r.o., as a platform facilitating introduction of new services to the clients. This subsidiary has acquired several stakes in start-up fintech companies. In 2020, KB established Bankovní identita, a.s., a joint venture with Česká spořitelna and Československá obchodní banka, for providing electronic identification and electronic signature services based upon the digital identities of bank clients.

Komerční banka has been operating in Slovakia since 1995, originally in the form of a subsidiary. Komerční banka Bratislava successfully implemented changes connected with the adoption of the euro (EUR) on 1 January 2009. Since 1 January 2011, it has operated as a foreign branch of the Bank.

In 2018, the Bank launched a transformation programme, KB Change, which comprised, among other things, simplification of the management and distribution structures and switching of important central functions to agile working methodology. Komerční banka followed upon full implementation of the transformation steps from that plan by announcing in 2020 a further KB2025 strategic programme, which will assure KB's leading position in the new era of digital banking.

In April 2023, KB launched "the New Era of Banking". After more than 2 years of work on a complete technological and business transformation, KB introduced to the market a new customer proposition and new KB+ banking applications for clients, all based on the completely new banking and analytical infrastructure. In accordance with the agile approach, the KB+ app initially included only a simple set of basic products, which will be gradually enhanced. At the same time, onboarding of new clients and transfer of (retail) clients from the legacy system to the new banking proposition was launched.

In December 2024, the KB+ banking application crossed the 1 million client mark, thus successfully continuing Komerční banka's transformation of retail banking.

Major events of 2024

January
In co-operation with the State Environmental Fund of the Czech Republic, Komerční banka and Modrá pyramida introduced a new subsidy advisory service designed to help clients navigate the New Green Savings Subsidy Programme for individuals.

February
The Supervisory Board seconded Ms Delphine Garcin Meunier as a substitute member of the Supervisory Board with effect from 1 February 2024 until the Annual General Meeting and, at the same time, elected her as Chair of the Supervisory Board.

KB introduced the Sustainable Housing Loan enabling clients to obtain loans for environmentally friendly and energy-efficient renovations of their homes without the need to secure the loan with real estate.

March
KB SmartSolutions, a fully owned subsidiary of Komerční banka, decreased to 25.317% from 33.171% its stake in MonkeyData s.r.o. MonkeyData fully owns the subsidiary, Lemonero, s.r.o., which provides financing to e-shops utilising an AI-powered scoring model.

Komerční banka received two recognitions in the Mastercard Awards 2024. The title Responsible Innovation went to KB's Touch cards featuring a new card design with tactile notches cut out to make life easier for visually impaired clients. KB was also named Premium Card Issuer for having the fastest growth in the volume of transactions made using premium payment cards.

April
The General Meeting held on 24 April 2024 approved the reported financial statements for 2023 and the proposal for distribution of profit, including dividend payment in the amount of CZK 15.7 billion. It further approved the consolidated financial statements for 2023 and the Remuneration Report for 2023. It also decided on revision of the Articles of Association. The General Meeting elected Ms Delphine Garcin-Meunier as a member of the Supervisory Board. Ms Garcin-Meunier and Mr Petr Dvořák were elected as members of the Audit Committee. The General Meeting decided, as well, to appoint KPMG Česká republika Audit s.r.o. to perform the statutory audit for 2024.

KB was named #1 sustainable bank in the 2023 Visa Awards. The jury recognised KB's innovative work in the area of sustainability, including its co-operation with the LAFORMELA fashion brand on production of clothing from captured carbon dioxide.

June
In June, the Commercial Register recorded a merger of ENVIROS s.r.o. and KB Advisory, s.r.o. Both companies had been fully owned by KB SmartSolutions, s.r.o., which is itself 100% owned by Komerční banka, a.s. Following the merger, ENVIROS s.r.o. continues as the successor company and as a leading energy, environmental, and management consultancy for businesses, institutions, and municipalities.

Komerční banka signed an agreement with the City of Prague on the sale of its fully owned subsidiary VN 42, s.r.o., which owns the head office building at Václavské náměstí 796/42 in Prague. This transaction concluded the long-term strategic consolidation of Komerční banka Group's staff from multiple locations into a state-of-the-art office centre in Prague–Stodůlky, thereby fostering the company culture while enhancing collaboration and innovation by bringing KB's team together. Transfer of the VN 42 company to the City of Prague took place at the beginning of July 2024.

KB was honoured with the Green Crown Award for its Loan for Sustainable Technologies, and SGEF stood third in this contest with its Photovoltaics for One Crown solution. Furthermore, KB received a Sustainability Banking Award from global banking technology provider Temenos. Komerční banka also placed third in the Pluxee Employer of the Year competition among employers with more than 5,000 employees. As in previous years, KB was again recognised by the Ministry of Finance among the Top 20 income taxpayers in the Czech Republic for 2023.

July
On 18 July 2024, the Bank signed a non-binding memorandum of understanding with Société Générale Equipment Finance, S.A. (SGEF SA) and its parent company Société Générale, S.A. (SG SA) to purchase the remaining 49.9% interest in SG Equipment Finance Czech Republic from SGEF SA.

August
Since 6 August, customers of Komerční banka, Moneta, and Air Bank have been able to deposit cash into almost 800 shared deposit ATMs under the same conditions as they could deposit at their own banks. This was the next step in a joint initiative launched in February 2023,

when the banks and UniCredit Bank enabled their customers to withdraw cash from a shared network of nearly 2,000 ATMs

Komerční banka emphasised sustainability with the renovation of 17 branches into digital, paperless spaces.

The Bank launched a cybersecurity awareness initiative, including the #nePINdej! (Don't give your PIN) campaign and creative “cyber monsters”, actively supported by more than 200 employees and featured in nearly 400 schools.

September
Komerční pojišťovna processed over 2,200 claims, with expected payouts of CZK 301 million, and implemented expedited assistance measures, including advance payments and on-site support in disaster-stricken regions. Komerční banka and its subsidiaries donated CZK 5 million to ADRA to support households affected by floods. Through a charity drive that raised more than CZK 4 million and was then double-matched by the Nadace KB, a total of CZK 13 million was routed to providing direct assistance to those in need.

In organisational news, Komerční pojišťovna welcomed Thierry Thibault as its new CEO and Chairman of the Board.

KB Penzijní společnost launched a loyalty bonus for retired clients. It provides compensation for a loss of state contribution due to legislative changes while motivating the clients to maintain and grow their pension savings.

October
Komerční banka completed the integration of KB Poradenství, built on Modrá pyramida’s former distribution network, into its retail banking. The network, rebranded as “KB poradenské místo”, now shares unified technological and regulatory infrastructure with the Bank’s advisors. On 1 October 2024, Modrá pyramida transferred ownership of KB Poradenství to Komerční banka, making it an integral part of the Bank’s structure without establishing a new subsidiary.

Komerční banka offered public sector clients and medium to large enterprises benefits of the European Investment Bank’s ELENA (European Local Energy Assistance) programme to reduce energy consumption and improve buildings efficiency. Under the programme, clients receive comprehensive advisory services (with a 90% discount on technical assistance provided by InvestEU Advisory Hub) and sustainable financing for energy-saving projects in non-residential buildings and for technological equipment.

Komerční banka launched the “KB Without Barriers” initiative, accessible at https://bezprekazek.kb.cz/, to enhance banking accessibility for clients with disabilities. This platform offers tailored services, including real-time transcription for the hearing impaired and video consultations in Czech Sign Language for the deaf. It features text enlargement and high-contrast modes in the KB+ application for visually impaired users. Additionally, the Bank provides Touch Cards with unique notches to help blind and partially sighted clients distinguish between card types by touch. Most branches and ATMs are equipped with barrier-free access to accommodate clients with mobility challenges.

November
Komerční banka and SGEF secured EUR 400 million in loans from the European Investment Bank (EIB) to support SMEs and mid-cap companies in the Czech Republic and Slovakia. Half of the funds are allocated to climate and sustainability projects, including renewable energy and energy efficiency, thereby enhancing economic growth and regional development.

The Bank introduced a Digital Carbon Footprint Calculator for SMEs in partnership with Impact Metrics, helping businesses measure their environmental impacts.

December
On 4 December 2024, the Supervisory Board of Komerční banka re-elected Jan Juchelka as a member of the Board of Directors for another 4-year term with effect from 5 August 2025.

The Bank was honoured as “Responsible Bank of the Year 2024” at the Mastercard Bank of the Year Awards and achieved top positions in multiple ESG-focused ratings.

Events after the balance sheet date
In February 2025, the Bank closed a transaction with Société Générale, S.A. and SGEF, S.A. whereby it purchased a 49.9% stake in SG Equipment Finance Czech Republic, s.r.o. Following this transaction, the Bank has acquired full ownership of SG Equipment Finance Czech Republic, s.r.o.

Selected awards received in 2024

March 2024	**Mastercard Awards:** -Responsible Innovation Award for Touch Cards -Sustainability Award for KB SmartPay in the Premium Card category **Czech Grand Design:** -2nd place in Fashion Designer of the Year for the PURE X KB collection (LAFORMELA). **Hospodářské noviny:** -Jitka Haubová named among the Top 25 Women in the Czech Republic
April 2024	**Visa Awards:** #1 Sustainable Bank for collaboration with LARORMELA on PURE CO_2 clothing. E**conomia Sustainability Ranking:** -Strategy Award for Best Practices in Banking Sustainability
June 2024	**Temenos Award:** -Sustainability Banking Award P**luxee Employer of the Year** - KB ranked 3rd among employers with more than 5,000 employees. **Zlatá koruna Awards:** - KB Loan for sustainable technologies - Golden Crown in the Green Crown category - SGEF 1st place in the Leasing category for Photovoltaics. - SGEF 3rd place in the Green Crown category for Photovoltaics. - KB Profi Loan - Bronze Crown in the Business Loans category - ESSOX Staggered payment - Silver Crown in the Non-bank Loans category
July 2024	**Global Finance Awards:** -Best Sub-Custodian Bank in the Czech Republic 2024
September 2024	**EcoVadis Sustainability Rating:** -Silver Medal for SGEF, ranked in the top 15% globally for sustainable business practices
October 2024	**SDG Awards:** -Finalist in Diversity and Inclusion category (Asociace Společenské Odpovědnosti) **Euromoney Awards:** -2nd place in Best Cash Management Provider in the Czech Republic.
November 2024	**ESG Rankings:** Top 10 Large Companies in ESG Rankings (Forbes and VŠE). **Asset Finance Europe:** -SGEF Top 5 in Asset Finance Europe 50 ranking. **Leasing Life Conference:** -SME Champion Award 2024
December 2024	**Mastercard Bank of the Year Awards:** -Responsible Bank of the Year. -2nd place in Corporate Bank -High placements in Private Bank, Developer Bank, and Bank without Barriers categories.

Komerční banka Group

As of 31 December 2024, Komerční banka had 11 subsidiaries, where KB had majority shareholdings, and 1 associate, Komerční pojišťovna, where it held a minority interest (49%). In addition to these ownership interests, KB held strategic interests of 20% or less in the following companies: (i) Czech Banking Credit Bureau, a.s. (20%), (ii) Worldline Czech Republic, s.r.o. (1%), and (iii) Bankovní identita, a.s. (17%).

Again in 2024, the Group continued in deepening co-operation among individual companies in both business and operational areas. As part of increasing operational efficiency, selected activities were transferred from the subsidiaries to the Bank during the year.

A significant modification of the Group's operating model is the centralisation of mortgage processing from the entire Group into Modrá pyramida stavební spořitelna, a.s.

In July 2024, the Bank sold its 100% share in the company VN42, s.r.o. In April 2024, the Bank increased equity capital in Modrá pyramida stavební spořitelna, a.s. by CZK 0.4 billion as a financial contribution to other capital funds.

The Bank further strengthened business co-operation with start-up and fintech companies through KB SmartSolutions and its subsidiaries.

In March 2024, KB SmartSolutions, s.r.o. decreased its stake from 33.2% to 25.3% in Lemonero s.r.o. In December 2024, liquidation of the company My Smart Living, s.r.o., v likvidaci was completed and the company ceased to exist.

Information on values and changes in equity investments is provided in the Separate Financial Statements according to IFRS, Note 24 *'Investments in subsidiaries and associates'*.

Summary of the results of major companies in Komerční banka Group

CZK million, IFRS	Group Holding (%)*	Total assets		Shareholders' equity		Net profit		Consolidation method
		2024	2023	2024	2023	2024	2023	
Domestic participations								
Modrá pyramida stavební spořitelna, a.s.	100.00	109,008	107,983	8,718	8,032	575	290	Full
Komerční pojišťovna, a.s.	49.00	52,677	51,982	4,541	5,040	519	668	Equity
KB Penzijní společnost, a.s.	100.00	2,673	2,386	1,935	1,796	479	341	Full
SG Equipment Finance Czech Republic s.r.o.	50.10	37,183	35,760	3,540	3,300	239	381	Full
ESSOX s.r.o.	50.93	18,954	18,826	3,255	3,206	78	30	Full
Factoring KB, a.s.	100.00	13,416	10,894	1,945	1,983	231	191	Full
Protos, uzavřený investiční fond, a.s.	100.00	6,560	6,476	6,556	6,475	78	77	Full
KB Real Estate, s.r.o.	100.00	790	816	540	532	29	22	Full
VN 42, s.r.o.	100.00	N/A	1,576	N/A	1,474	N/A	19	Full
STD2, s.r.o.	100.00	497	518	251	250	18	17	Full
KB SmartSolutions, s.r.o.	100.00	454	535	443	527	(90)	18	Full
KB Poradenství, s.r.o.	100.00	0	1	0	1	0	0	Full
Foreign participations								
BASTION EUROPEAN INVESTMENT S.A.	99.98	2,276	2,436	475	505	8	6	Full
ESSOX FINANCE, s.r.o. (100% subsidiary of ESSOX s.r.o.)	50.93	3,197	2,748	291	273	20	5	Full

* KB direct and indirect holding.

KB Group companies conduct their business in the Czech Republic, except for ESSOX FINANCE, which operates in the Slovak Republic, and SGEF which operates in both of these countries; BASTION, which is financing an EU project in Belgium; and ENVIROS, which operates in the UK, Slovakia, and Serbia. Komerční banka is also active in Slovakia through a branch. Detailed information on the activities of KB Group companies is provided in the following text of this chapter.

Basic information on Komerční banka Group's major companies

Komerční banka, a.s., pobočka zahraničnej banky

In Slovakia, Komerční banka serves corporate clients through its branch, Komerční banka, a.s., pobočka zahraničnej banky (KB SK). KB's branch in the Slovak Republic serves large and medium-sized enterprises with turnover of EUR 40 million or more. The position of KB SK in its market niche is a strong one, underpinned by know-how of the parent KB and utilising the synergies of the KB and SG groups to provide its clients with comprehensive financial solutions. KB SK offers standard banking services, including cash management, direct banking, payment cards, financing, and investment banking products, as well as trade finance solutions.

Financial summary[1)]

(IFRS, CZK thousand)	31 Dec 2024	31 Dec 2023
Total assets	78,626,501	32,658,144
Shareholder's equity	117,401	102,967
Loans to clients (gross)	24,460,079	23,702,706
Volume of deposits	4,048,804	5,073,574
Net operating income	613,003	551,405
Tax	(207,923)	(117,338)
Net profit	229,745	301,571
Average number of FTEs	44	43
Number of points of sale	1	1
State support	0	0

Contact:
Komerční banka, a.s., pobočka zahraničnej banky,
Hodžovo námestie 1A
P. O. BOX 137
811 06 Bratislava
ID: 47231564
Phone: +421 259 277 328, 329
Fax: +421 252 961 959
E-mail: kb@kb.sk

[1)] The Branch has the euro as its functional currency. Because the Branch is included in the separate financial statements of the Bank, data in the table above are shown in CZK.

Modrá pyramida

Modrá pyramida stavební spořitelna, a.s.

Modrá pyramida is a fully owned subsidiary of KB. This second-largest building savings bank in Czechia as measured by loan volume has a 26% market share.[1)] Main products offered include state-subsidised savings accounts, bridging loans, and building savings loans. In October 2024, the Bank acquired Modrá pyramida's distribution. Modrá pyramida's team of 553 financial advisors became a fully fledged part of the Komerční banka Group distribution network. The existing network of KB branches was joined by 187 KB advisor locations (the Modrá pyramida branches being renamed and rebranded). As part of this centralisation, the Bank's employees were transferred to Modrá pyramida. In 2024, Modrá pyramida became a one-stop shop for housing finance within the Komerční banka Group. All of the Group's housing-related products, including mortgages, are now arranged and managed by Modrá pyramida for the entire Komerční banka Group.

Financial summary

(IFRS*, CZK thousand)	31 Dec 2024	31 Dec 2023
Total assets	109,008,035	107,982,577
Shareholder's equity	8,718,023	8,031,732
Loans to clients (gross)	99,238,023	94,094,116
Volume of deposits	50,329,455	52,295,919
Net operating income	1,812,977	1,365,669
Tax	(151,705)	(75,306)
Net profit	575,290	289,993
Average number of FTEs	565	495
Number of points of sale	0	199
State support	0	0

* Not audited.

Contact:
Modrá pyramida stavební spořitelna, a.s.
Bělehradská 128, č. p. 222
120 21 Prague 2
ID: 60192852
Phone: +420 210 220 230
E-mail: info@modrapyramida.cz
Internet: www.modrapyramida.cz

[1)] Source: comparison of internal data with reporting of other building societies and CNB ARAD statistics at http://www.cnb.cz/arad/#/en/display_link/single__SUCM100172XXX101101_

KB Penzijní společnost

KB Penzijní společnost, a.s.

A fully owned subsidiary of Komerční banka, KB Penzijní společnost's core business is to collect contributions and manage them in pension funds pursuant to the Supplementary Pension Savings Act and as supplementary pension insurance in the Transformed Fund.

By number of participants, this pension company has an 11% share in the supplementary pension savings market (3rd pillar) and an 11% share in the pension insurance market (Transformed Fund).[1)]

Financial summary

(CAS*, CZK thousand)	31 Dec 2024	31 Dec 2023
Assets under management**	74,988,051	75,956,935
of which		
in Transformed Fund	47,751,841	53,67,3745
Shareholder's equity	1,934,375	1,517,774
Net operating income	781,653	576,735
Tax	(128,024)	(-82,583)
Net profit	479,224	340,510
Average number of FTEs	46	52
State support	0	0

* CAS: Czech Accounting Standards, not audited.

** Total volume on client accounts.

Contact:
KB Penzijní společnost, a.s.
náměstí Junkových 2772/1
155 00 Prague 5 – Stodůlky
ID: 61860018
Phone: +420 955 525 999
E-mail: kbps@kbps.cz
Internet: www.kbps.cz

[1)] Source: Association of Pension Funds of the Czech Republic, data as of 31 December 2024, https://apscr.cz/statistiky

SOCIETE GENERALE
Equipment Finance

SG Equipment Finance Czech Republic s.r.o.

SGEF is owned by Komerční banka (50.1%) and SGEF SA (49.9%). In October, the Bank signed an agreement with Société Générale S.A. and SGEF, S.A. on the purchase of a 49.9% stake in SGEF. After settlement of the transaction, which took place in February 2025, the Bank owns 100% of SGEF. Through KB and its own network of seven branches in the Czech Republic and two in Slovakia, this company provides financing of equipment, agricultural and forestry technology, vehicles for transportation of goods and passengers, high-technology, real estate, and special projects by leasing and lending.

SGEF has an 11% market share in the non-bank financing market in the Czech Republic as measured by the financed amount (excluding consumer loans).[1)]

Financial summary

(CAS*, CZK thousand)	31 Dec 2024	31 Dec 2023
Total assets	38,992,211	37,712,264
Shareholders' equity	3,435,839	3,328,714
Volume of new financing	16,709,202	16,109,967
Net operating income	867,348	285,375
Tax	(65,077)	(31,978)
Net profit	110,210	16,165
Average number of FTEs	146	141
State support	0	0

* CAS: Czech Accounting Standards, not audited.

Contact:
SG Equipment Finance Czech Republic s.r.o.
náměstí Junkových 2772/1,
155 00 Prague 5 – Stodůlky
ID: 61061344
Phone: +420 955 526 700
E-mail: info@sgef.cz
Internet: https://www.kb.cz/en/sgef

[1)] The numerator is the amount of financing provided (CZK 29.8 billion) and the source for market data in the denominator is the Czech Leasing and Finance Association. Data as of 31 December 2024, https://www.clfa.cz/data/dokumenty/1993-rok2024produktykomodity.xlsx

ESSOX s.r.o.

Owned by Komerční banka (50.93%) and SG FINANCIAL SERVICES HOLDING (49.07%), ESSOX is a non-bank provider of consumer loans and financial leasing for consumers and performs activities of payment institutions within the scope of payment services under a licence from CNB.

ESSOX provides its services through the Peugeot, Citroën, DS, Hyundai, and Kia brands. ESSOX has a 19% market share in consumer lending provided to households by companies associated in the Czech Leasing and Finance Association.[1)] Main products include financing of consumer goods and automobiles, general purpose loans, and revolving credit (credit cards).

Financial summary

(CAS*, CZK thousand)	31 Dec 2024	31 Dec 2023
Total assets	18,800,265	18,659,266
Shareholders' equity	3,114,147	3,065,219
Amounts due from clients (gross)	18,189,031	18,052,329
Net operating income	707,113	657,827
Tax	(76,757)	(50,533)
Net profit	78,231	30,332
Average number of FTEs	296	312
State support	0	0

* CAS: Czech Accounting Standards, not audited.

Contact:
ESSOX s.r.o.
F. A. Gerstnera 52
370 01 České Budějovice
ID: 26764652
Phone: +420 389 010 422
E-mail: essox@essox.cz
Internet: www.essox.cz

[1)] The numerator is loans to consumers in Czechia (CZK 6.7 billion) and the source for market data in the denominator is the Czech Leasing and Finance Association, data as of 31 December 2024, https://www.clfa.cz/data/dokumenty/1993-rok2024produktykomodity.xlsx

ESSOX FINANCE s.r.o.

ESSOX FINANCE (formerly PSA FINANCE SLOVAKIA, s.r.o.), a fully owned subsidiary of ESSOX, provides its services through the Peugeot and Citroën brands. Financial and insurance services include financial leasing, consumer credit, accident insurance for motor vehicles, liability insurance for motor vehicles, loss insurance, and operational leasing (the last of which is outsourced). The company also provides inventory financing to authorised dealers selling new Peugeot and Citroën cars.

Financial summary

(SAS*, EUR thousand)	31 Dec 2024	31 Dec 2023
Total assets	126,715	111,416
Shareholder's equity	11,282	10,885
Amounts due from clients (gross)	119,291	106,649
Net operating income	4,654	3,884
Tax	(260)	(105)
Net profit	692	311
Average number of FTEs	37	36
State support	0	0

* SAS: Slovak Accounting Standards, not audited.

Contact:
ESSOX FINANCE, s.r.o.
Karadžičova 16
821 08 Bratislava, Slovakia
ID: 35846968
Phone: +421 249 229 650
Internet: http://www.essoxfin.sk

KB Factoring

Factoring KB, a.s.

Factoring KB is a fully owned subsidiary of Komerční banka and is the second-largest factoring company in the Czech Republic. It has a 26% share on the Czech factoring market according to the volume of receivables transferred.[1)]

Through its own and KB's networks, the company provides the following products: domestic factoring, export factoring, import factoring, modified factoring, and receivables management.

In integrating selected subsidiaries into the Bank's internal structures, all employees of Factoring KB were moved as from 1 April 2023 to KB. Since that date, Factoring KB's activities are fully outsourced from Komerční banka, a.s.

Financial summary

(CAS*, CZK thousand)	31 Dec 2024	31 Dec 2023
Total assets	23,228,561	19,416,142
Shareholder's equity	1,945,553	1,872,302
Factoring turnover	78,170,210	72,461,497
Amounts due from clients (gross)	22,471,296	18,662,325
Net operating income	401,787	302,036
Tax	(72,356)	(33,065)
Net profit	231,239	191,650
Average number of FTEs	1	11
State support	0	0

* CAS: Czech Accounting Standards, not audited.

** Figures for 2023 have been restated in accordance with a change in the company's accounting method.

Contact:
Factoring KB, a.s.
náměstí Junkových 2772/1
155 00 Prague 5 – Stodůlky
ID: 25148290
Phone: +420 955 526 904
E-mail: info@factoringkb.cz
Internet: www.factoringkb.cz

[1)] Source: Czech Leasing and Finance Association, data as of 31 December 2024, https://www.clfa.cz/data/dokumenty/1983-statistika-afs-cr-1-12-2024-1-form.xlsx

KB Pojišťovna

Komerční pojišťovna a.s.

The shareholders of Komerční pojišťovna are SOGECAP (51%) and Komerční banka (49%).

Main products include: savings life insurance, risk life insurance, capital life insurance, investment life insurance, accident insurance, payment card insurance, travel insurance, travel insurance for payment cards, risk life insurance for credit cards, risk life insurance for consumer loans, and non-life insurance for residential real estate and households.

Financial summary

(CAS*, CZK thousand)	31 Dec 2024	31 Dec 2023
Total assets	51,376,685	50,278,806
Shareholders' equity	3,402,794	3,637,924
Technical reserves (gross)	47,985,140	46,825,112
Gross premium written	6,493,537	6,161,854
Tax	(98,427)	(20,080)
Net profit	384,280	472,599
Average number of FTEs	281	265
State support	0	0

* CAS: Czech Accounting Standards, not audited.

Contact:
Komerční pojišťovna a.s.
náměstí Junkových 2772/1, Stodůlky,
155 00 Prague 5 – Stodůlky
ID: 63998017
Phone: +420 800 106 610
E-mail: servis@komercpoj.cz
Internet: www.kb-pojistovna.cz/

BASTION EUROPEAN INVESTMENTS S.A.

The ownership share of Komerční banka a.s. in BASTION was 99.98% as of 31 December 2024. BASTION is a special purpose vehicle, based in Belgium, intended for financing a long-term transaction of the European Union. Given the long-term profile of this transaction, BASTION was financed by both a long-term loan and KB's own capital. This transaction helps to diversify the KB portfolio by adding a financial asset with a very low risk profile.

Financial summary

(IFRS*, EUR thousand)	31 Dec 2024	31 Dec 2023
Total assets	90,363	98,523
Shareholders' equity	18,864	20,190
Loans to clients (gross)	71,486	78,098
Volume of deposits	0	0
Net operating income	431	343
Tax	(100)	(78)
Net profit	299	233
Average number of FTEs	0	0
State support	0	0

* Not audited.

Contact:
BASTION EUROPEAN INVESTMENTS S.A.
Rue des Colonies 11
1000 Brussels
Belgium
ID: BE 0877.881.474
E-mail: operations@bastion-ei.be

KB Real Estate s.r.o.

KB Real Estate s.r.o was fully owned by Komerční banka as of 31 December 2024.

KB Real Estate s.r.o. was established in 2011 to provide administration and maintenance of real property and real estate services. In 2012, KB Real Estate acquired the office building in Stodůlky, which was subsequently leased to KB.

Financial summary

(CAS*, CZK thousand)	31 Dec 2024	31 Dec 2023
Total assets	790,195	815,646
Shareholder's equity	539,555	532,371
Net operating income	82,419	69,548
Tax	(7,676)	(2,130)
Net profit	28,860	21,677
Average number of FTEs	0	0
State support	0	0

* CAS: Czech Accounting Standards, not audited.

Contact:
KB Real Estate s.r.o.
Václavské náměstí 796/42,
Prague 1, 110 00 Nové Město
ID: 24794015

STD2 s.r.o.

STD2 s.r.o. was fully owned by Komerční banka as of 31 December 2024.

The company STD2 s.r.o. (originally named Office Center Stodůlky a.s.) was purchased in 2017 and owns the office building in Stodůlky, the construction of which was completed in 2018. The company STD2 s.r.o. rents office space to KB.

Financial summary

(CAS*, CZK thousand)	31 Dec 2024	31 Dec 2023
Total assets	496,853	519,956
Shareholder's equity	251,325	250,249
Net operating income	45,191	42,754
Tax	(4,842)	(3,599)
Net profit	18,216	17,139
Average number of FTEs	0	0
State support	0	0

* CAS: Czech Accounting Standards, not audited.

Contact:
STD2 s.r.o.
Václavské náměstí 796/42,
Prague 1, 110 00 Nové Město
ID: 27629317

Protos, uzavřený investiční fond a.s.

Komerční banka's ownership share in Protos as of 31 December 2024 was 83.65% and that of Factoring KB was 16.35%.

Protos, uzavřený investiční fond a.s. (a closed-end investment fund) was established in 2007 as a fund for qualified investors. The company invests predominantly in primary issues of government bonds and other receivables issued or guaranteed by governments of European Union member states. The long-term intention is a regular and consistent dividend that accords with the accrued revenues and costs in the company's accounts. Hence, Protos prefers to minimise purchases and sales into and from the asset portfolio so that trading gains and losses do not create additional dividend volatility.

Financial summary

(IFRS*, CZK thousand)	31 Dec 2024	31 Dec 2023
Total assets	6,556,453	6,479,896
Shareholders' equity	6,555,758	6,475,243
Net operating income	82,431	82,657
Tax	(4,122)	(4,074)
Net profit	78,312	77,413
Average number of FTEs	0	0
State support	0	0

* Not audited.

Contact:
Protos, uzavřený investiční fond a.s.
Rohanské nábřeží 693/10,
Prague 8, 186 00 Karlín
ID: 27919871

KB SmartSolutions, s.r.o.

As of 31 December 2024, Komerční banka fully owned KB SmartSolutions, s.r.o. (KBSS).

On 7 January 2019, KB SmartSolutions, s.r.o. was established to facilitate the preparation of some new KB Group services. The company supports the financing and development of external start-ups, but it also supports internal innovative solutions.

Financial summary

(CAS*, CZK thousand)	31 Dec 2024	31 Dec 2023
Total assets	450,473	543,059
Shareholder's equity	439,652	534,293
Net operating income	25,517	45,156
Tax	(728)	(4,373)
Net profit	(94,012)	18,286
Average number of FTEs	6	6
State support	0	0

* CAS: Czech Accounting Standards, not audited.

Contact:
KB SmartSolutions, s.r.o.
Václavské náměstí 796/42,
Prague 1, 110 00 Nové Město
ID: 02021161
Phone: +420 605 204 618
Internet: https://www.kbsmart.cz/

upvest s.r.o.

KB SmartSolutions owned a 96.0% share in upvest s.r.o. as of 31 December 2024.

KB SmartSolutions first invested in upvest, s.r.o. in July 2020. Upvest s.r.o. is a fintech company that provides real estate crowdfunding investments in the form of participation in debt financing of development projects. Upvest s.r.o. fully owns Upvest JV Equity s.r.o. As of the end of December 2024, the company upvest equity II s.r.o. was merged into upvest s.r.o. and its assets were transferred to the successor company.

Contact:
upvest s.r.o.
Jindřišská 937/16, Nové Město,
110 00 Prague 1
ID: 05835526
Phone: +420 773 633 925
E-mail: info@upvest.cz
Internet: www.upvest.cz

Lemonero, s.r.o.

KB SmartSolutions owned a 25.32% share in Lemonero s.r.o. as of 31 December 2024.

KB SmartSolutions invested in MonkeyData s.r.o. in October 2020. In December 2024, the company MonkeyData s.r.o. merged with Lemonero, its own subsidiary with the successor company being MonkeyData s.r.o. It was then renamed to Lemonero, s.r.o. on the same day. Lemonero, s.r.o., provides financing to e-shops utilising an AI-powered scoring model.

Contact:
Lemonero s.r.o.
Náměstí Junkových 2772/1, Stodůlky
155 00 Prague 5
ID: 02731452
E-mail: info@lemonero.cz
Internet: www.lemonero.cz

Platební instituce Roger a.s.

KB SmartSolutions, s.r.o. owned a 24.83% share in Platební instituce Roger a.s. as of 31 December 2024.

KB SmartSolutions invested in Platební instituce Roger a.s. in December 2020. Platební instituce Roger a.s. fully owns two subsidiaries: (i) Invoice Financing s.r.o., and (ii) Roger Finance s.r.o. Platební instituce Roger connects investors with companies which seek fast financing of their long due date receivables. It also provides a supply chain financing platform for large customers.

In December, a contract was signed for sale of the company Platební instituce Roger a.s. The Bank expects the transaction to be settled within the first half of 2025.

Contact:
Platební instituce Roger a.s.
Merhautova 327/1
613 00 Brno – Černá Pole
ID: 01729462
Phone: +420 545 217 434
E-mail: info@roger.cz
Internet: www.roger.cz

ENVIROS s.r.o.

KB SmartSolutions invested in ENVIROS s.r.o. in July 2022 and acquired 100% of its shares. In addition to ENVIROS, s.r.o. (CZ), the ENVIROS Group also includes ENVIROS, s.r.o. (SK), ENVIROS d.o.o. in Belgrade, and ENVIROS GLOBAL LIMITED. ENVIROS is a leading energy, environmental, and management consultancy. It operates mainly in the Czech Republic, but also in Slovakia and provides its services internationally.

In June 2024, there was a merger of two subsidiary companies of KB SmartSolutions, s.r.o., namely ENVIROS, s.r.o. and KB Advisory s.r.o., with the successor company being ENVIROS, s.r.o.

Contact:
ENVIROS, s.r.o.,
Dykova 53/10
101 00 Prague 10 – Vinohrady
ID: 61503240
Phone: +420 284 007 498
E-mail: enviros@enviros.cz
Internet: www.enviros.cz

KB Poradenství, s.r.o.

KB Poradenství, s.r.o. was established and is full owned by Komerční banka. It was incorporated on 27 June 2023 by registration in the Commercial Register.

KB Poradenství, s.r.o. was established in connection with intended development of KB Group's distribution model. The company's registered business is provision of consumer credits, insurance and reinsurance, supplementary pension savings, and investment intermediary activities.

KB Poradenství, s.r.o. has share capital of CZK 100,000 and has become part of the regulatory consolidation unit of Komerční banka (i.e. KB Group).

Contact:
KB Poradenství, s.r.o.
náměstí Junkových 2772/1
155 00 Prague 5 – Stodůlky
IČO: 19438702

Bankovní identita, a.s.

Komerční banka owned a 17% share in Bankovní identita, a.s. as of 31 December 2024.

Established on 15 September 2020, the goal of Bankovní identita, a.s. was to make the use of client banking identification available to other online service providers in the Czech Republic. The company was established by the three largest Czech banks, namely Česká spořitelna, ČSOB, and Komerční banka.

Contact:
Bankovní identita, a.s.
Smrčkova 2485/4,
180 00 Prague 8 – Libeň
ID: 09513817
E-mail: info@bankid.cz
Internet: www.bankid.cz

Strategy and Results

Market environment

Economic and monetary environment in 2024

The performance of the Czech economy remained under its potential in 2024, with gross domestic product growing by 1.0% year on year. Full-year growth was supported by higher household final consumption and government spending. Even so, household consumption remained well below its pre-pandemic level, as did real wages.

Consumer spending was held back by concerns about future economic developments, while households continued to hold large amounts of accumulated savings. The savings rate was almost double that of the pre-Covid pandemic period.

Gross capital formation in particular had a negative impact on GDP in 2024. It was hampered by low business confidence and a poor situation in domestic industry. On the other hand, in contrast to household consumption, investment is well above pre-pandemic levels.

The development of gross value added was particularly supported by the trade, transport, accommodation, and hospitality group of industries. The manufacturing sector declined.[1)]

Inflation and monetary policy

For 2024 as a whole, headline inflation was 2.4%, down significantly from 10.7% in 2023. In all months of 2024, annual inflation was in the range of 2–3%, which means in the upper half of the central bank's tolerance band. It reached its highest level (3%) in December. During 2024, inflation was mainly influenced by price increases in the housing sector. To a lesser extent, it was driven by rising prices in the catering and accommodation, alcoholic beverages and tobacco, and most other sectors. Conversely, price developments in the food and non-alcoholic beverages area had a downward effect on the price level. Prices grew here in 2024, too, but at a slower pace. Prices of goods rose by 0.9% for 2024, while prices of services increased by more than 5%.[2)]

During the first half of 2024, the Czech National Bank continued the monetary easing cycle it had started at the end of 2023. From February to June, it cut interest rates by 50 bp at each of the four monetary policy meetings. Then, in August, September, and November, there were cuts of just 25 bp, and in December the central bank took a break from cutting rates. The main reason for this was the Board's concern about December inflation, which threatened to exceed 3% year on year and thus come in above the upper end of the CNB's tolerance band. The key repo rate thus ended last year at 4%.[3)]

Real economy

Average nominal wages rose 7.1% year on year in 2024.[4)] Purchasing power of the average wage rose by 4.6% year on year in 2024. Given the previous sharp decline in real wages, however, this means that, despite seven straight quarters of relatively moderate quarter-on-quarter growth, average real wages were at a a level corresponding to that of fourth quarter 2018 and still 3.9% below that from the last

[1)] https://csu.gov.cz/rychle-informace/gdp-resources-and-uses-4-quarter-of-2024
[2)] https://csu.gov.cz/rychle-informace/consumer-price-indices-inflation-december-2024
[3)] https://www.cnb.cz/en/monetary-policy/bank-board-decisions/
[4)] https://csu.gov.cz/rychle-informace/average-wages-4-quarter-of-2024

quarter before the Covid-19 pandemic (the fourth quarter of 2019). Even so, household consumption began slowly to revive in 2024.

Retail sales posted 4.6% growth in real terms. Sales of non-food, fuel, and groceries, respectively, rose by 6.1%, 5.1%, and 2.4%. Motor vehicle sales and repairs were up 1.2%.[1)]

Industrial production was down 1.4% year on year in 2024. Declines in machinery and equipment manufacturing and motor vehicle production contributed significantly to this result. The output of basic metals, metallurgy, and metals casting was also lower. Domestic industry suffered from a global weakening of demand for manufactured goods due to tighter monetary conditions and a drop in household purchasing power caused by high inflation. Structural causes include high energy prices, dependence on scarce and already relatively expensive labour, as well as general underinvestment in Czech industry. Last year's industrial production was 1.1% lower compared to the pre-Covid year 2019.[2)]

The unemployment rate remained at low levels during 2024. According to the general unemployment rate (ILO measure), it remained below 3%, while the share of unemployed according to the Ministry of Labour and Social Affairs held below 4% throughout the year, except that in December it reached 4.1%. There were 1.2 job seekers per job vacancy at the end of 2024, the highest level since February 2018.[3)]

Czech crown exchange rate development

The Czech crown fluctuated in the range of CZK 24.50–25.50 against the euro during 2024, with the strongest levels occurring at the beginning of the year. The currency gradually weakened under pressure from generally negative sentiment towards emerging market currencies, the turbulent geopolitical situation, and strong performance of the US economy, which, unlike the Czech economy, proved surprisingly resilient. In the final quarter, the exchange rate held at weaker levels due to continued capital inflows into dollar-denominated assets amid pressure on weakening emerging market currencies. The US dollar benefited from the growing chances of Donald Trump's re-election, which was finally confirmed.[4)]

Fiscal and tax policy

The state budget deficit in cash terms reached CZK 271.4 billion last year. That was CZK 17.1 billion lower year on year and CZK 10.6 billion under the approved CZK 282 billion. That better-than-planned result was related to, among other things, funds for flood relief that were not fully spent. As a proportion of GDP, the state budget deficit in cash terms reached 3.4% last year and was thus the lowest since 2019. An acceleration of defence spending in order to comply with the NATO alliance commitment (2% of GDP) was particularly visible at the end of the year.

Outlays were CZK 34.1 billion (+1.6%) greater year on year. Compared to 2023, the increase was mainly in social benefits spending (CZK +36.6 billion), mainly reflecting the orderly indexation of old-age pensions. Investments (CZK +30.5 billion) and expenditures within the chapters of non-investment transfers to state funds (CZK +21.3 billion) also rose significantly year on year. Spending to service the national debt (CZK +20.1 billion) was nearly one-third greater than a year earlier. By contrast, the previous compensation offsetting high energy prices fell out of non-investment transfers to businesses (CZK –71.2 billion).

Revenues grew by CZK 51.3 billion (+2.7%) year on year in 2024. Of the individual items, the biggest contributors were insurance premiums (CZK +63.4 billion), personal income tax (CZK +20 billion), value added tax (CZK +16.4 billion), and excise duties (CZK +14.6 billion). This, in turn, was offset by year-on-year lower revenues from the EU (CZK –14.3 billion). The positive development of the social security contributions (+9.2% year on year), which constitute the category most important by weight, reflects both solid growth in nominal wages and tax changes effective since the beginning of 2024. Nevertheless, the pension system was in deficit by CZK 55 billion in 2024, according to the Ministry of Finance estimate.[5)]

Banking market development

Total bank lending for the overall market (excluding repo operations) had grown by 5.4% year on year as of the end of December 2024.[6)] Lending to individuals rose by 6.0%, with housing loans expanding by 5.3% year over year as new mortgage production was recovering and gaining momentum while interest rates continued gradually to come

[1)] https://csu.gov.cz/rychle-informace/retail-trade-december-2024
[2)] https://csu.gov.cz/rychle-informace/industry-december-2024
[3)] https://www.mpsv.cz/web/cz/mesicni (only in Czech)
[4)] Bloomberg
[5)] https://www.mfcr.cz/cs/ministerstvo/media/tiskove-zpravy/2025/pokladni-plneni-sr-58324 (only in Czech)
[6)] Source of data on banking market developments: ARAD statistics of the CNB, https://www.cnb.cz/arad/#/en/home

down. Lending to businesses and other corporations increased year on year by 4.8% in December 2024, with growth recorded across all main segments and mainly in euro-denominated loans.

The volume of client deposits in Czech banks had expanded by 7.8% year over year as of the end of December 2024.[1)] Deposits from individuals had grown in total by 7.0% while deposits market wide from businesses were up by 8.6% year over year. Switching from current accounts to term and saving deposits moderated further, as the volumes on current accounts increased by 9.8% and those on saving accounts by 35.5% year on year. Term deposit volumes grew by 3.2% as compared to the same month a year earlier.

[1)] Source of data on banking market developments: ARAD statistics of the CNB, https://www.cnb.cz/arad/#/en/home

Equity markets

Global stock market performance
The US (S&P 500) and European (STOXX Europe 600) indices reached all-time highs. Equity markets were influenced by technology stocks, which benefited from excitement over artificial intelligence. Another stimulus was the start of monetary easing on both sides of the Atlantic. Last but not least, decent corporate results also contributed to the gains.

The S&P 500 general US stock index rose last year by +23.3% (5,881.6 points), similarly to the Prague Stock Exchange. Inclusive of dividends, the appreciation was +25.0%. In November, its value surpassed the 6,000-point mark for the first time. This happened just a few trading sessions after the election of Donald Trump as President of the United States. In the last trading sessions of the year, however, the index retreated slightly from this mark. One reason for this may have been the diminished expectations for a rate cut by the US Federal Reserve in 2025.

The STOXX Europe 600 index rose by +6.0% over the past year (+9.6% including dividends), reaching an all-time high of 528.08 points at the end of September (then closing 2024 at 507.6 points).

Czech stock market development
The main index of the Prague Stock Exchange (PSE), the PX, rose by +24.5% (1,760.2 points) through 2024, outperforming the previous year's +17.67%. Inclusive of dividends, the increase was even greater, at +33.8%. The index is thus closing in on its all-time high of 1,936.10 points set on 29 October 2007. The volume traded on the Prime Market in 2024 fell by 12.4% to CZK 107.9 billion. This was due to declining interest in trading ČEZ shares, for which the volume decreased by 37.1% in 2024. Activity in other titles grew, however.

Most of the issues traded on the Prime Market of the Prague Stock Exchange strengthened in 2024.

Primoco moved from the PSE's Start Market to the Prime Market at the beginning of 2024. No issues were delisted from the PSE's Prime and Standard markets in 2024.

Name	Closing price (CZK)	Change (% yoy)	Traded volume (CZK bil.)	Market capitalisation (CZK bil.)
Colt CZ	669.0	25.1	2.9	37.8
ČEZ	957.0	(0.2)	40.8	514.9
Erste Group Bank	1,486.5	64.8	19.4	610.2
GEVORKYAN CZ	272.0	(3.6)	0.1	4.5
Kofola ČeskoSlovensko	392.0	42.0	0.4	8.7
Komerční banka	848.5	17.1	28.9	161.3
MONETA Money Bank	123.8	32.3	11.3	63.3
Primoco UAV SE	900.0	1.7	0.5	4.2
TMR	530.0	(10.9)	0.0	6.9
VIG	756.0	16.3	0.5	96.8

KB share performance

KB share price development

The KB shares closed out trading in 2024 at a price of CZK 848.5, higher by 17.1% from the previous year's ending price. As of 31 December 2024, Komerční banka's market capitalisation stood at CZK 160.2 billion (EUR 6.4 billion). The average daily trading volume of KB shares on the Prime Market of the Prague Stock Exchange in 2024 was CZK 114.9 million, which ranked KB second among the shares listed on this PSE market.

KB's share price started 2024 at CZK 725.0 and was initially supported by growth momentum continuing from the end of 2023. In mid-February, the stock reached its first local high in 2024, followed by a brief correction in the second half of February. KB's share price quickly moved back up, however, supported by the Board of Directors' proposal to pay out 100% of earnings as dividend, reaching its 2024 high of CZK 878.0 on 15 April. With the ex-dividend date (3 May), the price fell roughly by the amount of the dividend (CZK 82.66 per share). Subsequently, the price traded in a corridor between CZK 750 and CZK 800 during the summer months. A local low was touched in early August, when the price reached CZK 736.0, but the low for the entire year was actually the opening price of 2024. From August onwards, KB's share price gathered strength again, closing 2024 at CZK 848.5.

Return for shareholders

Komerční banka's dividend policy aims to ensure appropriate remuneration of shareholders for their investments while at the same time maintaining solid and safe capital adequacy and with a view to potential growth opportunities and currently applicable as well as anticipated regulatory requirements.

In view of KB's 2023 result, strong capital position of both the Bank and of KB Group, outlook for growth in risk-weighted assets, capital requirements, and intention of the management to maintain the level of capital at efficient and safe levels, Komerční banka's Board of Directors decided to propose to the Annual General Meeting a dividend payment of CZK 15.7 billion. That came to CZK 82.66 per share and put the payout ratio at 100% of KB Group's attributable consolidated net profit.

The Annual General Meeting held in April 2024 approved distribution of the dividend as proposed by the Board of Directors. The corresponding total gross dividend yield based on 2023's closing share price was therefore 11.4%. The total return from holding KB shares in 2024 was thus 27.6%, assuming reinvestment of the net dividend on the payment day.

Strategy and Results

The following chapter summarises KB Group's strategy and describes how Komerční banka Group looks after its customers, how it organises its business activities, and what it has done in 2024 to further improve its customer experience and market position. It also describes the evolution of the market environment, summarises the business and financial results, including a comparison with the targets set for 2024, and provides an outlook for 2025.

Purpose of Komerční banka

Building together with our clients a better and sustainable future through responsible and innovative financial solutions.

Mission

Be a leader in the new era of banking for 2 million active clients.

Principles of activity

The principles of Komerční banka's activities constitute a part of KB's governance. KB shall respect legal regulations, inclusive of international conventions to which it adheres. In its operations, KB shall respect, among others, the following general principles:

- KB's activities shall be conducted with respect for fundamental human rights and the rights of workers. No discrimination of any kind with regard to employees, job seekers, customers, business partners, or suppliers shall be permitted.
- KB shall respect intellectual property rights, and special emphasis shall be placed upon the honouring of software product licences.
- KB shall respect the rules of economic competition in its activities and, especially, in its contacts with the representatives and employees of other banks and financial institutions.
- KB shall comply with the rules for disclosure of information to the shareholders, investors in financial markets, and the general public. KB shall publish the information regarding its current situation and expected development in a timely manner, in an accessible form, sufficiently, and proportionally.
- KB shall be active in performing its duties in fighting corruption, money laundering, and the financing of terrorism.
- KB shall respect the privacy of its customers, business partners, and employees. Therefore, it shall request and use only such information about its customers, business partners, and employees as is needed to serve these, to enhance the quality of KB's services, to manage KB's human resources, and to comply with the obligations specified by legal regulations.
- KB applies recognised and proven principles and procedures of corporate governance (so-called recognised standards) that it has chosen as well as policies that the controlling company, Société Générale, requires to be applied in its subsidiaries. On a standalone basis, KB applies the Code of Corporate Governance that is based upon principles of the Organisation for Economic Co-operation and Development (OECD)[1)] and the Guidelines on internal governance of credit institutions issued by the European Banking Authority (EBA Guidelines).
- KB shall co-operate with the Czech National Bank and other regulatory bodies responsible for supervising KB's activities. It shall provide correct, complete, current, and transparent information about its activities.
- KB supports the principle of social responsibility. It shall seek to minimise the impact of its activities on the environment and use natural resources and energy in a conservative manner. KB is governed by international conventions to which it has acceded or which were acceded to by the SG Group.
- KB shall maintain political neutrality. It shall not back any political party or political movement through donations or any other kind of support.
- KB continuously strives for long-term creation of value for its shareholders.

Moreover, KB respects a range of principles relating to specific areas, including principles regarding business conduct, dealing with clients, the management and control system, and remuneration.

[1)] https://www.mfcr.cz/cs/o-ministerstvu/odborne-studie-a-vyzkumy/2019/kodex-spravy-a-rizeni-spolecnosti-cr-201-34812

Environmental, social, and governance (ESG) principles

Komerční banka and its subsidiaries act responsibly in their relationships with clients, employees, shareholders, and other stakeholders and partners. KB perceives that such behaviour is in accordance with the interests and expectations of the main stakeholders, as well as with applicable regulations. Responsibility is the basis of every partnership, and it is also a precondition for long-term successful business.

KB Group's environmental, social, and governance (ESG) strategy[1)] is based on a materiality assessment that identifies the ESG factors most important to the Group's stakeholders, as well as for the Group's growth and risk outlook. KB's ESG strategy is fully aligned with the purpose, mission, and overall strategy of KB as formulated in the KB2025 plan. The implementation of changes in the ESG area is closely co-ordinated with Société Générale and takes place within the SG group's "ESG by Design" programme.

KB Group has been gradually applying a holistic approach to ESG regulations and embedding further ESG impacts into its core operations and policies. KB Group is gradually increasing its ability to collect, measure, and disclose ESG data.

KB develops responsible business in economic, environmental, and societal areas through a variety of activities at all levels and as an integral aspect of the entire organisation. KB Group has very little to no appetite to develop business with the following sectors: political parties, economic sectors that are prohibited under the CSR policy, or any activities likely to create compliance or reputational risks.

Information on ESG activities

The information required to understand the sustainability implications of KB Group's activities and to understand the impact of sustainability on the development, performance, and position of KB Group within the meaning of Part 8 of Act No. 563/1991 Coll., on Accounting, is provided in the Sustainability Statement, which is a separate section of this Annual Report. The Sustainability Statement also includes information on KB Group's activities in the areas of human rights, as well as social and labour relations.

Information relating to corporate governance, within the meaning of Section 118(4) and (5) of Act No. 256/2004 Coll., on Capital Market Undertakings, is presented in the Corporate Governance Statement, which is a separate section of this Annual Report.

Information on KB Group's products and services having positive impacts on sustainability, as well as on activities aimed at improving client satisfaction and introducing improvements and innovations are presented in the Business Results section of this Annual Report.

Information about fighting against corruption and bribery as well as on other activities for assuring compliance with the legal and regulatory obligations is presented in the Risk Management chapter of this Annual Report.

Sustainable development

KB's strategic ambition is to be a leader in sustainable banking on the Czech financial market and within the SG Group, as well as to be perceived as a green bank in the Czech Republic.

Komerční banka is aware of the influence that its activities have on the surroundings wherein it operates, and it considers responsible behaviour to be important. Therefore, it adopts adequate measures that on the one hand should eliminate negative influences on the environment and on the other contribute to its protection and improvement. KB monitors the impact of its activities on the environment and identifies those areas upon which it needs to focus. Komerční banka then adopts measures directed towards effectively reducing its environmental impact.

Corporate culture

Komerční banka's strategic vision in the area of human resources is to build professional relationships with employees based on trust, respect, open communication, equal opportunities, and possibilities for interesting professional and career growth. Komerční banka strives to create an inspiring and supportive environment where people enjoy working, are successful, and become brand ambassadors. Employee collaboration is based on four core values: team spirit, innovation, commitment, and responsibility. These values form the basis of the corporate culture upon which Komerční banka is building its future.

[1)] https://www.kb.cz/en/about-bank/we-do-business-sustainably

Ethical conduct

Only by taking an ethical approach to doing business and providing financial services can Komerční banka hope to maintain and even strengthen its market position over the long term. A fundamental prerequisite to successfully developing the company consists in professional conduct and behaviour on the part of its employees, as exemplified in particular by fostering and preserving direct and open relationships with clients and by fortifying mutual trust. Komerční banka expects all its employees to be fully aware of and committed to their obligation to act in accordance with the ethical standards set forth in its Code of Ethics and to endeavour always to adhere to those standards.

Corporate governance

Komerční banka acceded to and upholds all the principal standards of the Code of Corporate Governance of the Czech Republic (2018)[1)] issued by the Institute of Administrative Bodies on the basis of international standards of corporate governance, in particular the G20/OECD Principles of Corporate Governance from 2015. Komerční banka's Board of Directors applies and develops the aforementioned principles of corporate governance in a spirit of transparency, accountability, and with a view to the long term, and it translates these best practices into its internal procedures and regulations.

Tax policy

Komerční banka ensures that all KB Group companies fully respect the tax rules of all countries wherein the Group operates. Within its tax policy, Komerční banka complies with all applicable reporting obligations. Komerční banka does not encourage or promote tax evasion for itself or its clients and refrains from operations whose main purpose is tax-motivated unless this is consistent with the intention of the law.

Komerční banka strictly respects correct tax procedures and maintains open and transparent relations with tax authorities while guarding its good reputation. KB adheres to the SG Group Tax Code of Conduct,[2)] and all of KB's employees are obliged to comply with this Code. Tax policy is internally supervised by the Internal Audit arm. External oversight in relation to Czech tax law is performed by the Specialised Tax Office.

[1)] https://www.mfcr.cz/cs/o-ministerstvu/odborne-studie-a-vyzkumy/2019/kodex-spravy-a-rizeni-spolecnosti-cr-201-34812
[2)] https://www.kb.cz/getmedia/7632c13e-f17b-4383-a0b7-05c84489cbca/tax_code_of_conduct_of_societe_generale_group_uk.pdf

KB2025 strategic plan

On 5 November 2020, Komerční banka presented its KB2025 plan updating strategic directions and addressing the emerging challenges and opportunities for creating a strong, client-focused bank.[1)]

Together with its clients, the Bank aims to build a better and sustainable future through responsible and innovative financial solutions. KB aspires to be a leader in a new era of banking for 2 million active clients.

Komerční banka is building a new digital bank founded on new technological and process infrastructure, introducing new services and new partners, and supported by smart innovations.

The new digital KB is rebalancing its organisation towards fully digital sales and services. As a data-driven company, KB will maximise the business value extracted from data in the digital world even as it assures the privacy of its clients' data. The Bank is developing a new advisory model supported by data analytics.

To evolve its agile, adaptive, and effective organisation, the Bank is implementing DevOps (develop–operate) practices as well as the Smart Office concept of workplace organisation. Both methodologies are expected also to support employee engagement at high levels.

The Group's position on the housing finance market is being reinforced by building up a single mortgage factory delivering solutions for clients of both KB and Modrá pyramida.

KB is striving to reinforce its market leadership position in services for corporate clients. It aims to protect KB's already best-in-market level of client satisfaction in corporate and investment banking by focusing on speed, predictability, and efficiency of corporate customer journeys.

With digitisation and automation incorporating artificial intelligence and data science components as well as advanced fraud prevention, KB's risk management is directed to identifying emerging risks and containing risk losses in the new world of digital banking and within a volatile environment.

As part of its risk management framework, KB has been developing its environmental and social risk management system, including climate vulnerability assessment of clients, and it is building a data collection and analytical infrastructure for indicators related to clients' ESG factors.

The overall productivity increase; centralisation of support functions, services, and premises across KB Group; as well as branch network and sourcing optimisation will enable the Group to reaffirm its leading position in operational efficiency within the CEE region.

Komerční banka is positioning itself as a green bank and a sustainability leader in the Czech financial market and within Société Générále Group.

During 2025, Komerční banka is working to prepare a strategic plan for the months and years ahead.

[1)] Komerční banka's Consolidated Annual Report 2020, pages 10 and following.

Business model and performance

Business model and client service organisation

Business model

As a leading Czech bank, Komerční banka's has centred its business model around providing a wide range of financial services to individual, business, public sector, and institutional clients. Its core activities include retail, corporate, and investment banking.

Komerční banka is the parent company and main component of KB Group. Its subsidiaries contribute with their know-how and capacities in specific areas of the financial markets. The Group enhances its offer to clients in co-operation with external services providers, either in commercial partnerships or by acquiring ownership participations.

Komerční banka Group is active on the financial market in Czechia. Through its branch as well as via the activities of some subsidiaries, it is present also in Slovakia.

Inputs and resource management

The main inputs to Komerční banka's business model are financial capital inclusive of liquidity; human capital represented by the skills, knowledge, and commitment of the staff; as well as intellectual capital in the forms of accumulated expertise and an advanced technology base. Other resources critical for the successful operation of KB Group's business are capital in the form of relationships with customers and other stakeholders, which implies responsibility in relation to the communities and the social and economic environment within which the Group operates. KB Group is dependent also on the natural environment and uses a range of natural resources. It is committed to contributing to the protection of the environment.

Key approaches to securing and developing these inputs include maintaining strong relationships with clients, regulators, investors, and communities; fostering a positive work environment and developing talent; collecting and analysing data; managing risks; developing technology and innovation; adhering to compliance and governance standards and best practices; and integrating ESG criteria into decision-making processes.

These approaches are described in greater detail within the relevant chapters of this Annual Report.

Outputs and benefits of the Group's activities for clients, investors, and other stakeholders

The main benefits of KB Group's activities for customers include access to financial services. Clients benefit from a wide range of financial products and services, including payment, saving and investment solutions, mortgages, and other loans. Furthermore, clients receive financial advice and support from experienced professionals, helping them make informed decisions and achieve their financial goals.

KB is a universal bank with a multi-channel distribution model. Its business model is founded upon building long-term relationships with customers and offering relevant solutions for situations occurring during clients' lives. KB's investment in digital banking and innovative technologies provides customers with effective, secure, and user-friendly banking services.

The business strategy focuses on reinforcing or achieving market-leading customer satisfaction status in the target client segments. KB differentiates itself in the market by best-in-class advisory, a relevant and comprehensive product offer leveraging the global scale of the Komerční banka and Société Générale groups, and a highly effective model of servicing clients.

The services provided by subsidiaries include housing loans and building savings (Modrá pyramida), pension savings (Penzijní společnost KB), consumer financing (ESSOX), life and property insurance (Komerční pojišťovna), financing of equipment and technologies (SGEF), and factoring (Factoring KB). Another Komerční banka subsidiary, KB Smart Solutions, administers the Group's participations in several companies mainly from the fintech sector, such as upvest, Finbricks and ENVIROS.

Investors benefit from KB's prudent financial and risk management, which aims to protect their capital, provide a fair and attractive return on their investment, and ensure the long-term stability and resilience of the Group.

KB's commitment to transparent reporting and compliance with regulatory standards ensures that investors have access to accurate and timely information on the Group's performance and sustainability initiatives.

KB Group's activities contribute to economic development by financing businesses and individuals' private projects, supporting job creation, and promoting entrepreneurship and innovation.

The Group's adherence to regulatory requirements and ethical standards ensures that it operates responsibly, supports financial stability, and maintains the trust of regulators, customers, and the public.

KB's commitment to sustainable finance and environmental conservation helps mitigate climate change and promotes the transition to a low-carbon economy.

The human resources management practices applied across KB Group contribute to a fulfilling and supportive work environment, enabling employees to thrive both personally and professionally.

Through corporate social responsibility (CSR) initiatives, the Bank supports numerous activities, including environmental protection, disadvantaged families and children, palliative care, and other social programs that benefit society.

Organisation structure

KB is organised into arms, tribes, and separate independent departments. The managers of these units report directly to the Chairman or another member of the Board of Directors. In the cases of tribes, either they report to a member of top management or these units may be directly managed by a member of the Board of Directors. Allocation of responsibilities among the individual members of the Board of Directors is stipulated by a decision of the Board.

Those units focused on ensuring the operations of the Bank form its operational (Run) perimeter. Units established for the purpose of developing the Bank, its products, and its services constitute a change (Agile) perimeter.

Tribes are cross-functional teams working in accordance with the agile@KB methodology. They are dedicated to development of new client or internal solutions. The tribes are structured in such a way that they cover holistic, end-to-end views of specific customer journeys or segment needs rather than focusing on specific features of individual products. Following initial implementation of the agile@KB method, people responsible for business implementation and IT development are working together within the tribes. In the next phase, KB is developing the BizDevOps concept, wherein employees in charge of operations for specific IT applications are also included into the tribes alongside their selling and IT development colleagues.

The activities of the subsidiaries are organised according to the specific needs of each company. Corporate and support services are shared across the Group as far as practicable.

Principles of business activities and dealing with clients

Business activities of KB Group companies shall be carried out in a transparent, fair, and disciplined manner in compliance with best market practice and be performed within the global framework of Société Générale Group operating rules.

KB shall not participate in transactions which might lead to the breach of any legal regulation or international agreements. KB does not, however, rule out any transaction a priori for geographical or sector reasons if the related risks are duly assessed and managed.

Clients come first. Client relations management is conducted in accordance with the know-your-customer principle and takes into account all aspects of a relationship so that the client's needs will be met under optimal service and cost conditions and at an appropriate professional level in order to promote the client's loyalty and trust in the Bank while respecting the client's legitimate interests.

The level of a client's knowledge and experience with the products and risks associated with a provided product is taken into account in providing advice.

Client and operating segmentation

KB Group is developing a system for detailed segmentation of customer relationships. The clients of the Bank are served by the following arms:

- Retail Banking (the arm serves individual clients inclusive of high-net-worth individuals [in Private Banking], entrepreneurs, and small businesses with the indicative criterion being annual revenues up to CZK 60 million),
- Corporate and Municipal Banking (for clients with annual revenues approximately between CZK 60 million and CZK 1.5 billion and further clients according to the volume of their business with KB, as well as public institutions and municipalities of more than 4,000 inhabitants), and
- Global Banking (covering clients with annual turnover greater than CZK 1.5 billion and other clients according to the volume of their business with KB, as well as selected financial institutions).

Moreover, a set of additional thresholds and sub-segments within these segments is elaborated. The Corporate and Municipal Banking and Global Banking arms are part of Corporate and Investment Banking.

Retail Banking is an operating segment of Komerční banka Group that includes the provision of such products and services to individuals, small businesses, and entrepreneurs as current and savings accounts, term deposits, building savings, pension insurance, overdrafts, credit card loans, personal loans and mortgages, as well as private banking services.

Besides the services to individual and small business clients of Komerční banka, the Retail Banking operating segment comprises Modrá pyramida, Penzijní společnost KB, ESSOX, and Komerční pojišťovna, as well as some activities of SGEF and Factoring KB.

Retail banking services are provided through direct banking channels, including contact centres; within a network of branches and advisory points, including the remote branch; via distribution networks of other members of KB Group; or through partnerships with third-party independent sales agents.

Corporate and Investment Banking is an organisational part of Komerční banka that includes provision to corporate customers (with turnover exceeding CZK 60 million), various types of public institutions, the non-profit sector, and public institutions of such products and services as current and savings accounts, term deposits, operating or investment loans, other types of loans, specialised foreign trade or investment banking services, cash circulation services, as well as other specialised services provided by KB itself or in co-operation with other partners or Société Générale.

The Corporate Banking segment in KB Group includes most activities of SGEF and Factoring KB.

Corporate banking services are provided by teams of relationship managers and specialised experts in Corporate Centres, via distribution networks of other KB Group members, or through direct banking channels.

Distribution and client service model

KB is developing a multi-channel distribution model. Subsidiaries sell their services through the distribution network of Komerční banka, and some also have their own networks. Digital banking is an integral part of the multi-channel distribution model, and the Bank aims to reinforce its leadership position on the Czech market in digital banking.

KB perceives its competitive advantage on the banking market as consisting in the value of partnerships with clients; the ability of its banking advisors to provide high-quality advisory; a wide range of relevant and advantageous financial products; proximity to clients via the branch network and advanced, secure direct banking; and its ability to provide services efficiently in accordance with clients' needs and preferences.

The provision of services to clients in KB's retail banking is carried out by bank branches, remote KB branches, the network of KB Poradenství consultants, direct banking channels, as well as non-banking channels, the networks belonging to other KB Group companies, and other business partners.

The service model in KB's retail banking is focused on assisting clients by providing them with professional advisory, preferably at appointments agreed with the client in advance. In creating their recommendations to clients, the relationship managers refer to an analysis of each client's needs based upon the Bank's data about that client. This enables the relationship managers to propose a solution most suited to each client's circumstances.

Rapid service spots have been created in branches for addressing basic service requests, and the relationship managers assist clients so that they are able to execute simple transactions and administer their services by themselves in their mobile banking application or internet banking.

The network of branches remains a pillar of KB's omnichannel strategy. Therefore, the Bank is progressively reconstructing its branches in a new design concept that is convenient for advisory and efficient servicing of clients' various financial needs. Experts in particular areas, such as investments, financing, or debt resolution, are available remotely to assist the relationship managers.

In KB Premium Centres, senior bankers provide individualised services to discerning clients based on KB's Top Offer.[1)] It includes a premium current account with prestigious payment cards, exclusive investment opportunities, and more favourable interest rates.

Private Banking[2)] consists in a specific service model within Retail Banking. Komerční banka offers comprehensive Private Banking services to clients with financial assets exceeding CZK 30 million at its branches in Prague, Brno, and Ostrava. Clients with assets up to CZK 30 million have access to selected Private Banking products in co-operation with KB Premium service. The services provided include especially portfolio management under mandates, a wide range of

[1)] https://www.kb.cz/en/kb-premium/top-offer-account
[2)] https://www.kb.cz/en/private-banking

investment instruments, complete banking services, tailored loans to finance the private projects as well as needs of clients, investments in funds for qualified investors and club deals (real estate funds and private equity), investments in corporate bonds, assistance in selling companies, trust fund services, and other instruments for intergenerational planning.

Individual clients are also served by KB Poradenství, a network of advisors built on the basis of Modrá pyramida's former distribution network. In 2024, its transformation and integration into the KB network was completed, including rebranding to the "KB poradenské místo" (KB Advice Point) brand. In October 2024, Modrá pyramida transferred ownership of the KB Poradenství business to Komerční banka, and the network became part of KB Retail Banking. The KB Poradenství network shares the same technology and information facilities with the Bank's relationship managers, as well as the same control and regulatory environment. Financial advisors now have all the support needed to develop their advisory activities in relation to clients of the entire KB Group. KB Group clients have thus gained more contact points and new availability of mobile bankers who are able to provide banking services in the "New KB Era".

Since January 2024, the service for entrepreneurs and small businesses has been concentrated in "KB Firemní centra" (KB Business Centres). The new service model has enabled better sharing of information and know-how, capacity management, and unified client service level. The concentration of expertise and specialisation brings quality advice and individual solutions to clients' needs.

Servicing of corporate clients is specific, as it is based principally on in-person dealings with relationship managers and seeking individual solutions for client needs. The service model in corporate banking reflects clients' potential as well as their actual needs for financial services in order to create optimum value for the clients while allocating KB's resources effectively. The relationships with economically interconnected clients are usually managed by the Bank at the level of the whole group.

In addition to the full range of banking products and services, the Bank provides large corporate clients also with highly specialised services, especially in the areas of investment banking, as well as export, structured, and syndicated financing. At the same time, it brings solutions for transactions unique on the banking market, including the primary issue of bonds, M&A consulting, and real estate services. The offer is complemented by the services of subsidiaries and associated companies providing leasing or factoring services.

Membership in a truly global banking group is a significant competitive advantage for KB in this segment, especially in the areas of investment banking, foreign trade financing, cross-border payments, and international cash pooling structures, as the Bank is able to provide corporate clients access to the services of all major global financial centres through Société Générale networks.

Komerční banka's sole foreign branch is in Slovakia. It operates on the basis of a single banking licence issued by the CNB. The branch is a trusted financial partner for top corporations in Slovakia, as well as for those corporate clients of the KB and SG groups operating there.

KB's own distribution network is further complemented by the subsidiaries' distribution capacities and, in the cases of selected products, also by business partners' networks. Services and products of other KB Group companies are available within their own distribution networks, in the KB branch network and digital channels, and potentially through the business partners.

The Bank does not provide any products and services that would be prohibited in certain markets.

Client satisfaction, consumer protection

Satisfaction of clients is a priority for all of KB Group's member companies. Clients' loyalty and trust are crucial prerequisites for long-term success and resilience of the Group. Feedback from customers enables the Group to develop and offer relevant and competitive products and services.

Development, helpfulness, and responsibility are the three values characterising the KB brand. Komerční banka aims to be perceived on the market as a bank which, by its helpfulness, responsibility, and commitment to sustainability and progress, contributes meaningfully to the personal and entrepreneurial development of its clients.

Protecting clients and especially consumers
KB Group companies rigorously abide by all rules established for protection of clients, including the regulations for consumer protection and prohibition of certain clauses in consumer contracts.

The procedures applied by KB Group companies to uphold applicable regulatory and internal rules are described mainly in the Risk Management chapter of this annual financial report.

The client comes first for the Group. In managing client relationships, the know-your-customer principle is applied and all aspects of the relationship are taken into account in order to satisfy clients' needs according to the optimal service and cost conditions and at an appropriate professional level. That way, clients' loyalty and trust in the Bank and Group are promoted and their legitimate interests respected.

When advising clients, the Group considers each client's knowledge and experience with the respective products, as well as with the associated risks.

The Group provides its financial services with professional care and refrains from engaging in unfair business practices.

In providing its services, the Group does not discriminate against consumers. Generally in this context, discrimination is understood to mean intentional or negligent differentiation, exclusion, limitation, or favouring of a client based on a discriminatory cause, unless it is objectively justified as pursuit of a legitimate goal and using reasonable and necessary means.

KB Group companies inform consumers about prices of the services provided or they appropriately disclose the information about the prices of services.

When negotiating remotely about contracts on provision of financial services, the Group follows applicable regulations, including the Civil Code. In particular, it provides the consumer with the stipulated set of information in due time ahead of closing the contract or before the consumer submits a binding bid. It also respects the right of the consumer to withdraw from the contract.

The Group companies abide by additional rules under special laws when providing specific financial services, such as the acts on payment systems, on consumer loans, on capital market undertakings, insurance, the circulation of bank notes and coins, and on pension savings.

Komerční banka develops measures protecting the clients that go far beyond the regulatory requirements.

Caring for client satisfaction
All KB Group employees strive to enhance clients' satisfaction. This satisfaction is investigated, measured, and evaluated at KB by the Customer Experience team, connected via ambassadors throughout the head office, contact centre, and distribution networks.

Trends in the numbers of clients and sales volumes for individual products and services are a natural source of information about developments in client satisfaction. In order to learn in depth about clients' expectations and preferences, however, KB Group companies survey their clients on a regular basis, test user experience when developing new products in all client segments, monitor the individual phases of customer journeys, and adjust their offers accordingly.

The Group also measures client satisfaction when introducing new products to the market. If a client expresses dissatisfaction, business support specialists contact the client to explain the new product, modify the service, or recommend a more suitable product. Feedback is shared with the development teams so they can improve even the smallest details. After purchasing a product, KB asks customers if they received everything they were supposed to in

a timely manner and if they understand everything, or, as the case may be, if they need help setting it up.

Measuring client satisfaction

KB Group's most widely used method for measuring clients' loyalty is the Net Promoter Score (NPS). The NPS methodology compares the number of respondents who would recommend a specific service or a provider to their friends or family (termed "promoters") with the number of those who would not do so (so-called "detractors").[1)] NPS thus achieves positive values if the number of promoters exceeds the number of detractors.

The measurement provides a consistent time series describing the development in clients' perceptions regarding a certain service, product, distribution channel, method of communication, brand, or company. Moreover, the surveys provide a number of valuable comments about what clients appreciate and what they would prefer be done differently.

In retail banking, KB received more than 100,000 statements from its clients in this way during 2024. The results confirmed solid levels of satisfaction in both the retail and corporate segments, including an improving trend of client satisfaction with the new KB+ digital bank as the clients become more familiar with the new environment.

The results in 2024 confirmed the importance customers place on security, expertise, professionalism, and a personalised approach to everyday banking. Komerční banka is one of the strongest banking institutions in this ranking and KB customers are characterised by a very high level of loyalty as a result. KB Group's banking advisors have traditionally received high ratings from clients, both in the retail and corporate segments.

In light of the ongoing transition of retail banking clients to the new digital bank KB+, the Bank has paid special attention to the customer experience throughout the entire customer journey, from account opening at KB+, through initial use, to long-term experience. The customer experience team surveyed approximately 100 clients daily and, based on the responses received, prioritised feedback for the development teams.

Thanks to KB's prompt response to expressed customer needs, their satisfaction with KB+ increased throughout 2024. Clients appreciated KB's support during the migration from the original system to the new one, whether online or at branches, as well as fully online services, simple application design, savings envelopes, and the integration of KB Key into mobile banking.

Because not every client adapts to changes quickly and easily, the most common complaints concerned lower clarity of the new system. Nevertheless, many customers stated it was mainly a matter of getting used to the system. This is also reflected in clients' growing satisfaction with KB+ as they use the new digital bank longer.

In 2024, KB achieved an average NPS rating of 43 in the corporate segment. The high overall satisfaction rating of corporate customers was mainly due to the wide product range and professional service. Traditionally, macroeconomic factors, such as slow economic growth and especially subdued industrial production, as well as perceived weak domestic demand still due to the fall in real wages in the previous inflationary period, also had some impact on the satisfaction expressed.

Results of client satisfaction measurement in 2024

Clients	NPS 2024
Individuals	25
Small businesses	24
Medium companies	36
Municipalities	54
Large firms	72
International companies	84
KB Slovakia	84
Modrá pyramida	27
ESSOX	48
KB Pojišťovna	40
SGEF	87

Working with customer feedback

KB Group's customer care specialists address individual suggestions, explain the reasons for specific situations, and suggest measures to improve the customer experience. Many clients have been with the Group for a long time. They appreciate how their needs are recognised, an active offer of relevant solutions, and useful information.

KB prioritises the collected suggestions, develops improvements, then deploys these according to how important they are to clients. Inspired by client feedback, the Bank delivered more than 150

[1)] https://www.bain.com/consulting-services/customer-strategy-and-marketing/customer-loyalty/

improvements overall in 2024. Komerční banka presents the improvements on its website[1].

Among the 2024 enhancements in the KB+ environment, the creation and modification of frequent payment templates, standing order and direct debit reports, easy tariff changes, and online term account set-up have all met with great success. The KB+ Guide, available directly in the app and on the KB website.[2] helps clients navigate the KB+ new digital bank and its updates.

In corporate banking, for example, clients requested digitisation of the Banking Report for audit, and KB deployed this in 2024.

KB's subsidiaries also work systematically with feedback from customers and business partners.

At Modrá pyramida, customer suggestions and reactions have also helped in setting up a new service model for mortgage processing, as Modrá pyramida became a single centre for housing finance in the KB Group. The creation of a subsidy consulting team in the area of state support for sustainable housing also was in response to the expressed needs of clients.

At ESSOX, meanwhile, client wishes were important when completing a new client zone or developing paperless customer contract documentation. The company also drew on the insights of merchants to design an API communication interface for VIP business partners.

In the insurance industry, the "moments of truth" that fundamentally affect client satisfaction usually occur in the claims handling phase. This is why Komerční pojišťovna is continuously improving its online service and claims reporting based on client feedback. It has also created a new client zone for property insurance claims, which improves the client experience when reporting a new claim and providing the necessary documentation. It has also offered mobile phone-based damage site inspections, is preparing basic risk advice for damage prevention, and will equip its technicians with drones to document difficult-to-reach areas.

At the same time, Komerční pojišťovna is developing a completely new system for settling property insurance claims. It will automate the process of registering claims and speed up their processing. Speed of settlement is crucial for client satisfaction.

At SGEF, among other things, they have simplified with respect to customer feedback the creditworthiness assessment of smaller clients, thereby accelerating the approval of financing for these clients. Moreover, SGEF also refined segmentation of business partners, simplifying administration for a large number of vendors.

Complaints management, ombudsman

Komerční banka has established a mechanism for complaints resolution that is in accordance with regulatory requirements and industry standards. Complaints resolution is conducted pursuant to the Claim Settlement Rules of KB, which are available to clients both in branches and online via KB's web page.[3]

There are three levels of complaints resolution in KB: at the branch, by the customer experience team, and via the KB Group Ombudsman.

An independent ombudsman addresses concerns of KB Group companies' clients in the Czech Republic and Slovakia. The ombudsman serves as the third instance for resolving complaints and claims within the KB Group and operates entirely independently. The activities of the ombudsman are governed and defined by the KB Group Ombudsman's Charter.

A client may contact the ombudsman if dissatisfied with the resolution of his or her complaint or claim at the second instance (for KB clients, this refers to the Quality and Customer Experience Department). This may be done in writing, including via email communication. Although the ombudsman's decision is not legally binding for either party, as part of the conciliation procedure, the companies of Komerční banka Group commit to respecting it.

Since 5 January 2022, the post of KB Group's ombudsperson has been held by Prof. JUDr. Marie Karfíková, CSc. She is an expert in financial, tax, and insurance law, a long-time attorney, and a lecturer and head of the Department of Financial Law and Financial Science at the Faculty of Law of the Charles University in Prague.

Internal policy sets forth the obligation of the complaints resolution administrator to inform compliance, operational risk, or personal data protection officers in case of a complaint that is related to their respective areas. An annual report on complaints resolution is provided to the Board of Directors and the Supervisory Board.

All client complaints are reported on a quarterly basis as part of the Group reporting system, as well as to the Compliance Committee. The Compliance Department evaluates at least once in 3 years whether the complaints resolution process is in accordance with the internal as well as regulatory rules.

[1] https://www.kb.cz/cs/o-bance/spokojenost-klientu
[2] https://www.kb.cz/cs/podpora/mobilni-aplikace/pruvodce-kb
[3] https://www.kb.cz/en/faq-and-support/relationships-with-customers/complaints-and-claims

Business performance

Development of client numbers

Number of clients	31 December 2024	31 December 2023
KB Group's clients	2,184,000	2,199,000
Komerční banka	1,727,000	1,664,000
– Individual clients	1,485,000	1,422,000
– New Digital Bank users	1,028,000	137,000
Modrá pyramida	390,000	429,000
KB Penzijní společnost	421,000	474,000
ESSOX (group)	109,000	117,000

Komerční banka ranks among the three largest banks in the Czech Republic as measured by the volume of loans provided, total assets, and many other indicators.[1)]

KB newly acquired more than 154,000 clients in the segment of individual clients during 2024, up by 84% in comparison with the previous year. This growth was supported by the KB+ new digital bank offering, including ongoing acquisition campaigns. That brought the total number of individual clients to 1,485,000. The Bank also maintains a strong position in the segment for children and young people, with more than 247,000 child and student accounts plus additional young people with standard accounts.

KB onboarded more than 12,000 new small business clients in 2024, fewer by 2% year on year. The number of clients in this segment, at 228,000, was almost unchanged year on year.

In 2023, KB maintained its leading position in the segment of medium-sized corporations, with approximately 42% of enterprises in this segment using its services.[2)]

Komerční banka remains one of the two largest banks in public sector financing. KB served approximately 63% of municipalities and 49% of municipally owned businesses in 2024.[3)]

The number of corporate and municipal banking clients rose by 1% year on year to 11,300, adjusting for some shifts between the networks for small businesses and entrepreneurs.

Komerční banka maintains a strong position in servicing large companies with turnover exceeding CZK 1.5 billion. The number of clients in the large corporate segment again increased in 2024. KB's clients include about 49% of large companies in Czechia with turnover exceeding CZK 1.5 billion.[4)]

A decrease in the number of clients of Modrá pyramida and KB Penzijní společnosti was in accordance with market trends. The decline was mainly influenced by the reduction in state support for building savings and, for pension savings, an increase in the minimum monthly payment of the client to receive the state contribution as well as abolition of the state contribution for clients receiving a retirement pension from the state.

Business network and payment tools

Distribution network	31 December 2024	31 December 2023
KB branches (CZ)*	204	210
KB Poradenství outlets	187	n.a.
SGEF branches	9	9
ESSOX (group) – points of sale**	1,848	1,924
ATMs (KB network)	791	796
ATMs (Total shared network)	1,965	1,974

* Including one Private Banking branch, excluding remote branches.
** Number of partners with valid contracts.

Cards	31 December 2024	31 December 2023
KB Payment cards – active	1,827,000	1,715,000
– debit cards	1,601,000	1,499,000
– credit cards	226,000	215,000
ESSOX credit cards – active	31,000	33,000

[1)] Source: Statements of individual Czech banks.
[2)] Sources: The Business Register of the Czech Statistical Office, KB's client database.
[3)] Sources: The Business Register of the Czech Statistical Office, KB's client database.
[4)] Sources: The Business Register of the Czech Statistical Office, KB's client database.

The importance of digital channels for sales of financial products and services further increased.

In the segment of individual clients, the share of digitally sold products in total sales reached 53% in 2024. Some 36% of new clients in the individual segment became KB customers in a fully digital way. The Bank also opened 59% of current accounts fully digitally and provided 43% of consumer loans (by number) also in that manner. ESSOX provided 62% of consumer credit (by number) fully digitally.

As of 31 December 2024, KB operated 204 physical retail branches in the Czech Republic. It had one branch serving corporate clients in Slovakia. In 2024, the Bank continued to optimise its branch network with a view to shifting the handling of routine banking transactions by customers to online tools. During 2024, the Bank relocated 4 branches to new premises and closed 6 branches. In 98 branches, cash services were provided only through ATMs or by accepting deposits in sealed envelopes.

The KB2025 plan also includes reconstruction of bank branches in a new design that supports assisted customer service and remote consulting. The Bank had remodelled 28 branches by the end of 2024, including 11 during 2024.

KB Poradenství, an internal network of Komerční banka Group advisors comprised 187 outlets as of 31 December 2024.

KB's virtual branches also provide comprehensive remote servicing of retail clients, including consulting video calls with a team of professional bankers.

Within the KB distribution network, there is a structure of service points adapted to the specific needs of individual types of clients.

Demanding individual clients are taken care of by specialised banking advisors at 20 KB Premium Centres. A specific model of servicing individual clients within retail banking is KB Private Banking for high net worth clients with financial assets of more than CZK 30 million. Private Banking has branches in Prague, Brno, Ostrava, Hradec Králové, and Pilsen. For clients with assets up to CZK 30 million, selected Private Banking products are available in co-operation with KB Premium.

A key service element in the segment of entrepreneurs and small businesses consists in 20 Corporate Centres, which, thanks to the concentration there of expertise and specialisation, bring quality advice and individual solutions to meet clients' needs.

Clients in the Corporate and Municipal Banking segment are provided with integrated financial solutions by 17 sales teams across the Czech Republic, including 1 team specialising in public sector clients.

Large corporate clients and economically connected groups in the Global Banking segment are served by 3 sales teams, including 1 team dedicated to serving financial institutions and international companies. Komerční banka's Corporate and Investment Banking also includes a branch in Slovakia focused on large corporates and international companies.

Within the shared ATM network, KB clients can also use MONETA Money Bank, UniCredit Bank, and Air Bank machines for their cash withdrawals under the same conditions as at KB ATMs. This initiative has increased the availability of ATMs even in less-frequented locations and at the same time reduced the environmental burden and costs associated with servicing and operating the ATM networks of all participating banks.

The joint withdrawal network comprised a total of 1,965 ATMs as of 31 December 2024, making it the largest network in the Czech Republic. KB also agreed with MONETA Money Bank, UniCredit Bank, and Air Bank to share the deposit function of ATMs from August 2024. By the end of 2024, 795 deposit ATMs were available to customers in the shared network.

Loans, deposits and client assets under management

Loans to customers

Loans to clients – gross loans (CZK billion)*	31 December 2024	31 December 2023
KB Group	**848.3**	**827.7**
KB – total loan portfolio	723.8	708.4
– Loans to individuals	318.4	306.3
– Volume of KB's mortgages	286.6	276.4
– Volume of KB's consumer and other loans	31.8	29.9
– Loans to small businesses	40.3	40.2
– Loans to medium corporates and municipalities	123.6	126.4
– Loans to top corporates and other loans*	241.6	235.4
Modrá pyramida – total loan portfolio	97.6	92.5
ESSOX (group) – total loan portfolio	21.3	20.8
Factoring KB – total loan portfolio	12.7	10.0
SGEF – total loan portfolio	36.6	34.2
BASTION – total loan portfolio	1.8	1.9
Consolidation and other adjustments	(45.6)	(40.1)

* Excluding Other amounts due from customers and repo operations, but including debt securities issued by KB corporate clients.

** Including loans provided by KB Slovakia.

Total **gross volume of lending to clients** rose by 2.5% year on year to CZK 848.3 billion.[1)]

In **lending to individuals,** the overall volume of housing loans grew by 4.1% from the year earlier. Within this total, the portfolio of mortgages to individuals increased by 3.7% to CZK 286.6 billion while Modrá pyramida's loan portfolio expanded by 5.6% to CZK 97.6 billion. New production of housing loans was higher by 34.1% compared to the previous year. The volume of KB Group's consumer lending (provided by the Bank and ESSOX Group in the Czech Republic and Slovakia) was up by 5.2%, at CZK 39.1 billion, growing within the Bank across all product categories.

The total volume of **loans to businesses** and other lending provided by KB Group was greater by 0.8% year on year, at CZK 424.9 billion. Growth in lending to businesses was affected by subdued investment activity in the slow economy, increased bond financing of large corporations, as well the Bank's taking a selective approach to making these loans. Lending to small businesses expanded by 1.0% to CZK 47.9 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 0.2% year on year to CZK 340.4 billion. At CZK 36.6 billion, the total credit and leasing amounts outstanding at SGEF were up by 6.9% year over year.

[1)] Including debt securities issued by KB's corporate clients and excluding reverse repo operations with clients. There were no reverse repo operations with clients to report as of 31 December 2024 or 31 December 2023.

[2)] Inclusive of factor finance outstanding at Factoring KB and merchant and car dealers' financing from ESSOX Group.

Deposits and client assets under management

Amounts due to customers and assets under management (CZK billion)	31 December 2024	31 December 2023
KB Group deposits[1)]	**1,029.5**	**1,006.2**
KB deposits	979.8	954.9
– individuals	341.4	337.9
– small business	243.0	238.6
– MEM corporates	276.0	244.5
– top corporates and other deposits[2)]	119.4	134.0
Modrá pyramida – building savings	50.4	52.3
ESSOX	0.1	0.1
Factoring KB	0.7	0.8
Consolidation and other adjustments	(1.5)	(2.0)
Non-bank assets under management	**278.8**	**251.3**
Assets under management in mutual funds[3)]	159.0	131.4
Clients' assets managed by KB Penzijní společnost	73.7	74.1
KP life insurance technical reserves[4)]	46.1	45.7

1) Excluding repo operations with clients.

2) Including deposits in KB Slovakia.

3) Assets of KB Group clients managed by third-party asset managers.

4) Komerční pojišťovna is consolidated by the equity method.

The **volume of standard client deposits** within KB Group increased by 2.3% year on year to CZK 1,029.5 billion.[1)] The share of savings accounts and time deposits stopped growing during 2024; at the end of the year, clients even moved some of their deposits to current accounts. Consequently, as of 31 December 2024, the volumes on current accounts were up by 5.0% year on year but those on term and savings accounts had declined by (2.5%).

Deposits at Komerční banka from individual clients were higher by 1.0% from the year earlier, at CZK 341.4 billion. The deposit book at Modrá pyramida diminished by (3.8%) to CZK 50.4 billion. Total deposits from businesses and other corporations were 3.7% greater, at CZK 630.9 billion.

The volumes in mutual funds held by KB Group clients grew by 21.0% to CZK 159.0 billion. Client assets managed by KB Penzijní společnost were down by a slight (0.5%), to CZK 73.7 billion. Technical reserves in life insurance at Komerční pojišťovna increased by 0.8% year on year to CZK 46.1 billion.

The Group's liquidity as measured by the ratio of net loans[2)] to deposits (excluding repo operations with clients but including debt securities held by KB and issued by the Bank's clients) stood at 82.9%. The Group's liquidity coverage ratio ended the year at 169%, well above the regulatory limit of 100%.

1) Excluding volatile repo operations with clients. The total volume of 'Amounts due to customers' increased by 4.2% year on year to CZK 1,174.5 billion.

2) Gross volume of loans reduced by the volume of provisions for loan losses.

Investment banking

In 2024, KB's Investment Banking increased the number of active clients, adjusted its client product offer, and achieved very good performance and financial results, mainly in the area of sales activities. KB's Investment Banking achieved higher numbers of clients and growing trade numbers, especially in electronic trading platforms, which are the main direction of KB Investment Banking's development. Investment Banking continues to expand the range of products and services traded via digital channels and is developing new functionalities of its digital platforms for financial market activities.

Revenues from Trading operations were changing structurally in 2024 as compared to 2023. FX trading/spot and FX hedging continued to generate solid results, whereas interest rates trading was relatively weaker – impacted by subdued economic growth, lower loan activity, and reduced interest rates hedging. The drop was partly compensated by increased activity in Czech government bonds trading and demand from foreign investors.

Sales activities were significantly affected by the development of the economic environment in 2024. Both EUR and CZK interest rates settled at higher than previously expected levels in 2024. The previous tightening of monetary policy, despite gradual easing in 2024, had contributed to a slowdown in inflation, but also to lower GDP growth and high economic uncertainty, which was reflected in subdued corporate investment activity and a lower overall need for interest rate hedging. Despite that most of the FX volatility and nominal increases from the 2022/2023 energy crisis did not repeat in 2024, currency hedging positively impacted the year's sales results in the large corporate segment. In the small and medium-sized enterprises segment, however, still weak GDP growth resulted also in decrease in new orders/contracts for local exporters and, together with poorer market parameters (especially for the Czech crown versus euro and versus US dollar currency pairs), were behind lower FX hedging activity on a year-over-year basis.

The savings rate for non-financial corporations was the highest in history as corporate investments were postponed and corporates were overall careful with their cash due to the uncertain economic outlook. The previous inflationary period also contributed to this. This was reflected in significant growth in term deposit volumes, which helped the overall investment banking results in this segment.

Institutional clients' high expectation for sharp future rate cuts by central banks in Europe and the US at the beginning of 2024 contributed to money market fund outflow into instruments providing longer duration with the possibility to lock in higher yields. After significant rates repricing in April, due to higher-than-expected US inflation, that trend slowed. High household savings created a foundation for strong institutional investor activity in investment products, including primary issuance of Czech crown bonds and particularly those fulfilling sustainability parameters, as well as strong demand for structured products.

Payment operations

Komerční banka (Bank only)	2024	2023	Year-on-year change (%)
Number of payment cards in circulation	**1,827,000**	**1,715,000**	**6.5%**
– debit cards	1,601,000	1,499,000	6.8%
– credit cards	226,000	215,000	5.1%
Volume of payments using KB cards (CZKm)	237,000	218,000	8.7%
Number of payments using KB cards	355,000,000	322,614,000	10.0%

Cash payment operations

Komerční banka continued to set the tone during 2024 in the development of sustainable and modern technologies and procedures in the field of cash payments. As founder of the alliance of banks operating a shared ATM network, KB implemented another unique innovation, which was the launch of functionality enabling deposits of Czech currency banknotes through a network of shared ATMs for clients of Komerční banka, Moneta Money Bank, and Air Bank. The clients of this alliance can now make cash deposits at almost 800 ATMs among nearly 2,000 shared ATMs under conditions set and guaranteed by the bank issuing their payment cards. From the start of deposit sharing in August 2024, more than 250,000 deposits were executed in the shared ATM network by the end of 2024 in a total volume of more than CZK 3 billion. Mostly these were via KB deposit ATMs, as the Bank operates the largest number of these in the entire Czech Republic. With the latest member of the alliance, UniCredit Bank, joining in the sharing of deposits during 2025, the shared ATM network will be expanded by an additional approximately 140 deposit ATMs.

The availability of cash for clients has been significantly increased thanks to the optimisation of shared ATM locations – without increasing costs and in the spirit of sustainable development. The elimination of so-called duplicate installations (where ATMs of several banks were concentrated, typically in shopping centres, for example) made it possible to move some of the shared ATMs to new locations (especially smaller municipalities) where ATMs were not previously available and cash services were limited. Thus, since the beginning of co-operation among the four participating banks, it has been possible to reposition more than 100 shared ATMs, even to smaller towns and villages with populations of less than 5,000. Komerční banka itself relocated almost 20 ATMs during 2024.

By placing ATMs in smaller municipalities, the availability of ATMs has increased for another 360 municipalities (6% of the total number in the Czech Republic), which now have a shared ATM available within a distance of less than 5 km. That represents the potential for almost 600,000 residents to have better cash availability, which number can be roughly compared to the sum of inhabitants in municipal areas the sizes of Brno and Pilsen.

At the end of 2024, KB was operating 791 ATMs, all of which are already equipped with a contactless payment card reader. Komerční banka also modernised its deposit ATMs so that all 493 of its devices allow for so-called recycling of banknotes. That increases the efficiency of ATM operations and hence reduces the carbon footprint, as the frequency of refilling ATMs is reduced.

The average deposit amount carried out via KB ATMs was around CZK 27,000. Partly thanks to sharing, the number of ATM deposit transactions increased year on year by more than 320,000 to 4.2 million transactions.

The share of ATMs in cash transactions at KB recorded a further increase in 2024, reaching 63% by volume and 94% by the number of all KB client cash transactions (withdrawals + deposits).

During 2024, clients in the Czech Republic could use KB services in the branch network, which at the end of the year totalled 203 retail branches, of which 105 branches offered cash and exchange services and 67 cashless branches were authorised to accept client deposits in the form of cash in sealed packages.

Non-cash payment operations

The Bank observed a significant year-on-year increase in both domestic and foreign payment transactions in the past year. Domestic payments grew by 5.3% (3.3% in outgoing payments and 7.3% in incoming payments). Foreign SEPA payments, which accounted for 88% of the total number of foreign payments in 2024, returned to a growth trajectory of 5% after a previous slight decline. Other foreign payments increased by 4.1% year on year.

Throughout 2024, Komerční banka continued the migration of clients to the KB+ new digital bank, which also resulted in a substantial increase in the number of transactions. In 2024, a total of 48 million payments were processed in the new digital bank in a total volume of CZK 375 billion.

During 2024, Komerční banka continued to expand its KB+ services while focusing on the needs and feedback of clients. To simplify the management of domestic payments, KB introduced a function to create and edit templates, which greatly facilitates recurring payments. Clients can also now easily access a payment confirmation or direct debit authorisation, thereby providing a simple and practical way to document their financial transactions.

In the area of foreign payments, the Bank has enabled payments to be entered in a local account number format and BIC/SWIFT code, providing greater flexibility in making cross-border transactions. The offer of payment services was further expanded to include standing orders in foreign currency to meet the specific needs of KB's clients.

Another important innovation was the introduction of a mechanism that automatically saves payments for authorisation when the available limit is exceeded. This move has brought greater efficiency and convenience in managing transactions. Finally, the Bank responded to strong client demand by introducing the possibility of topping up credit with mobile operators.

Preparations also began during 2024 to deliver payment products of the New Era for corporate clients. This work will continue intensively in 2025 in order to be ready to start migrating smaller corporate clients to KB+ new digital bank during 2025 and larger corporate clients in 2026.

In 2024, Komerční banka actively provided PSD2 API services through 49 licensed entities (i.e. third parties), including 33 payment institutions (fintech companies) and 16 banks. Through 2024, KB processed more than 109.5 million requests sent via PSD2 API from customers' payment accounts and processed payments with total value of more than CZK 5.1 billion (this represents a year-on-year increase of almost 777%). In the Batch Sending Payments via API business service, KB processed payments totalling CZK 15 billion in 2024, which represents a year-on-year increase of almost 226%.

Komerční banka continued in connecting other systems and applications to the centralised payment processing system of the Payment Hub application, the aim being to expand the payment options of clients and meet its own banking needs. In the past year, credit cards were connected, including Merlin payment card insurance, as well as mortgage and consumer loans.

In the middle of 2024, work began on creating a second instance of the Payment Hub for the KB branch in Slovakia in order to meet the regulatory requirements for accepting SEPA instant payments. The possibility of entering outgoing SEPA instant payments for clients of the KB branch in Slovakia is planned for autumn 2025.

At the same time, the connection of systems and products to satisfy the payment needs of corporate clients in the New Era will be analysed and gradually implemented, in particular the possibilities for processing batches of payment orders and sending direct debit orders.

Payment cards

Also in 2024, the trend of overall growth in the number and volume of card transactions continued. The number of transactions increased by 10% year on year and the volume by 9%. KB recorded larger gains in internet transactions, by 19% in number and 21% in volume. Transactions at brick-and-mortar establishments grew by 9% in number and almost 4% in volume. Almost all of these transactions were made in a contactless manner and the share of payments made by smartphones and watches increased to 47%, thus confirming again that contactless payments and mobile payments are extremely popular among KB's clients.

In 2024, the Bank again ensured the smooth processing of card transactions, which was based on successful transfer to a new card platform in 2022.

In spring 2024, KB offered its clients a special ice hockey payment card design confirming KB's unique approach in the area of card designs, where it has long been offering clients the possibility to choose according to their preferences. Exclusive designs include those with an e-sport theme from the League of Legends game and other designs created in co-operation with the Bank's partners.

KB continues to extend the Touch Card standard (a unique solution for clients with visual impairments for better card identification) within its card products as well as the migration to cards made from 100% recycled materials.

KB continues to co-operate successfully in a business alliance with Worldline in the area of POS terminals under the KB SmartPay brand and the GoPay payment gateway in the field of e-commerce. The alliance portfolio expanded to more than 47,000 clients in 2024, which still makes us the largest acceptance provider on the Czech market by this measure. The numbers and volumes of transactions occurring within this alliance grew in 2024 by 12%.

The product offer was extended by new POS terminal types Saturn (an Android-based portable terminal) and Link (a compact and portable terminal ideal for tradespeople and courier services). The PayPhone (POS on a mobile) offer was completed with a TapToPay product for card acceptance via iPhone.

In the Czech Republic Pays by Card project, KB SmartPay and GoPay continue to provide the longest free period on the market. The terminal, including the PayPhone mobile terminal (Android and Apple) or the GoPay payment gateway, is provided free of charge for 12 months. This helped KB during 2024 to expand its network of KB SmartPay acquirers by more than 2,000 business locations.

Trade finance

KB confirmed its traditionally strong position in providing trade finance services to corporate clients. An increase in the number of newly issued transactions was recorded, with the growth trend in import letters of credit continuing from the previous period and the number of bank guarantees remaining stable. The main driver of growth was the segment of small and medium-sized enterprises, where both the number and volume of transactions increased across the entire spectrum of trade finance products – that growth was double-digit in documentary payments.

KB maintained a high degree of digitalisation. Through the client online portal Trade & Finance OnLine, clients submitted to the Bank nearly 100% of all letters of credit applications and more than 80% of guarantee applications.

In 2024, KB intensified its co-operation in the field of trade finance with the multinational bank supporting African trade development, African Export–Import Bank, reflecting the increasing interest in this continent among Czech exporters.

Cash management

In the area of cash management, KB observed increased client interest in implementing direct integration between the Bank and the client's accounting system, known as the host–to–host solution. The advantages of this solution lie in the full automation of bank–client communication, whereby the client operates solely within its own accounting system. That system automatically generates payment orders to the bank and, conversely, it retrieves account statements from the bank. The solution is multinational and allows the integration of accounts in various banks worldwide without geographic limitations. This primarily involves multinational conglomerates with subsidiaries in the Czech Republic, but also large Czech companies such as energy and water distributors as well as telecoms.

In partnership with SG, the Bank has several products available for this type of operation, which in 2024 it successfully operated to the satisfaction of the Bank's major clients. In the prestigious Euromoney magazine survey for 2024, clients rated KB as the best on the market for cash management technologies and awarded it second place for cash management services overall.

Custody of investment instruments

In the area of securities custody, the Bank has seen an increase in the client asset position and number of client settlement instructions. Significant increases occurred particularly in the UK, US, and Romanian markets. In the Czech market, growth in client assets was more moderate, with a stronger preference for CNB treasury bills.

The increase in assets and in the number of clients and their transactions is also related to the growing number of processed corporate actions related to securities held for KB clients. The share of more complex corporate actions with more complex processing is expanding as issuers offer a greater number of so-called optional corporate actions.

For the third consecutive year, KB has been awarded the prestigious Global Finance award for custody activities, recognising it as the World's Best Sub-custodian Bank in the Czech Republic.

Depository

As a depository, KB has long been developing and deepening its co-operation with investment and pension companies. This service is undergoing a number of changes to meet the growing demands of clients. During 2024, KB worked to automate processes, leading to greater efficiency and reduced risks associated with the depository function. The Bank is responding flexibly to the changing needs of clients, arising, among other reasons, from new legislation (e.g. in relation to the alternative participation funds).

Development of services and processes in 2024

KB Group continued in making substantial investments and changes in pursuing its strategic KB2025 plan.

New Digital Bank

The New Digital Bank (NDB) is a programme for KB's business transformation, involving construction of a new banking infrastructure and an overhaul of related banking processes.

The building of the NDB started in 2020 as part of the KB2025 transformation strategy. In April 2023, KB introduced a new NDB client proposition for retail banking under the title "A New Era of Banking". The banking application for NDB clients is called "KB+".

The NDB encompasses the construction of a flexible, modular infrastructure including the core banking platform (Temenos Transact), card management system, payment hub, and customer management.

On this basis, KB is introducing new, simple digital products and customer relationship management around a single source of information across all channels and systems and supported by elements of artificial intelligence.

At the same time, KB is building a new omnichannel front-end system for clients and relationship managers, employing a mobile-first approach. Personal contact with clients and the branch network remain pillars of the service model focused on providing professional advisory to customers.

The New Digital Bank allows for continuous 24/7 real-time processing of transactions, analytics, and lead generation. The innovation cycle is significantly shortened by the ability to release software customisations on a daily basis, increasing the efficiency of meeting client needs as well as the Bank's internal needs, including regulatory obligations, reporting, and customer relationship management.

The gradual digitisation of processes and phasing out of the legacy banking infrastructure's individual components that will follow once the NDB reaches the necessary maturity will lead to improved efficiency and savings in operating costs.

Users of the New Digital Bank in 2024

Customers come to KB's New Digital Bank via two routes. First, there is the onboarding of new clients into the KB+ application environment built on the new digital banking infrastructure. Second, is the gradual transfer of customers who have been using the existing offer of Komerční banka.

The transfer of customers from the existing offer started in 2023 for individual retail banking customers. Thus, KB entered 2024 with almost 90,000 individuals who had been transferred to the "New Era of Banking" in 2023.

During 2024, KB invited additional individual customers to transfer to a more comprehensive product offer, as well as children, for whom a special proposition was created. Since August 2024, the Bank has also offered New Era services to another group of existing clients, namely entrepreneurs from the small business segment.

In the course of 2024, KB transferred another 695,000 individuals and 20,000 small businesses to the New Era. Thus, a total of 805,000 clients had been switched over by the end of the year. Around 50% of eligible clients have switched to the new offer on their own using only an online wizard and digital authentication.

The year 2024 was also very successful in the acquisition of completely new clients to NDB, thanks to the New Era benefits and acquisition campaigns. From July 2024, KB has opened the New Era offer for new clients from the ranks of small businesspeople.

For the full year, NDB acquired more than 158,000 new clients, and, together with the 2023 new customers, this brings the total number of NDB users who had not been previously clients of KB's original banking offering to 178,000. This included 31,000 young customers 18–26 years of age and nearly 24,000 children under 18. The share of fully digital acquisition is an excellent 38% for adult customers.

Thus, by the end of 2024, the New Digital Bank of KB with the KB+ app was used by 1,028,000 individuals and entrepreneurs.

Services offered in the New Digital Bank in 2024

With launch of the NDB, and specifically of the New Era offering, Komerční banka aims to increase client satisfaction as measured by the Net Promotor Score together with customer numbers and average revenues per user. The share of sales via digital channels should exceed 50%. Communication with clients is basically paperless and productivity of relationship managers improves.

Upon arrival at KB, new clients receive information about the New Era offer, service options, and contacts to whom they can reach out with their needs. They are also offered advice, both in person and through remote meetings.

In the “New Era of KB Banking”, the Bank is rebuilding its offer, initially for clients from the Individuals’ segment, which it is gradually developing and enriching. At the same time, however, the Bank is continuously striving for simplicity and clarity in its offer, both from the point of view of customers and the internal administration of the product catalogue.

The main distinguishing features of New Era’s offer for individual customers include multi-currency accounts, savings envelopes, categorisation of income and expenditure, and the ability to choose an account number. The popular functionalities of the legacy offering, such as instant payments, payment to a mobile phone number, and monitoring of duplicate or suspicious transactions remain also available to clients. Last year’s annual report provided a more detailed overview of the functionalities available in the KB+ application in the initial stages of development[1)].

Four subscription plans are available to the clients in the retail segments. The subscriptions make it easy for clients to choose the combination of banking services they need and pay only for what they use frequently. KB offers the Start plan including transactions free of charge. Clients can have multiple accounts including multi-currency or even multiple payment cards in a single subscription.

The development of product and service offerings is carried out in an agile development methodology, where feedback from clients plays a crucial role.

In 2024, the NDB expanded the basic daily banking offer with a new extra service called Travel. This includes permanent worldwide coverage for medical expenses, as well as liability and accident insurance. It includes higher-risk sports such as diving, kiting, and alpine hiking.

The higher subscription plans now provide clients with a better exchange rate and a higher interest rate on their savings accounts.

Since May, a children’s bundle has been available for young children, schoolchildren, and students. The older a child gets, the more services and features he or she can use in the KB+ app. Setting up daily banking and savings products also supports the development of financial literacy of young clients. The children’s offer also includes building savings and pension insurance products of the subsidiaries. Parents can monitor the products in their own KB+ apps. Young clients can set up their own tariff from the age of 15, which is exceptional on the Czech market.

Entrepreneurs can use the KB+ app to manage their personal and business finances in one place. They also can designate an unlimited number of people with administration rights to control their multi-currency accounts. They can use a payment terminal or app or payment gateway for 12 months at no cost and a range of smart services such as online accounting, invoicing, digital workshop, or business start-up assistant. From October 2024, overdraft protection is also part of the New Era offer for entrepreneurs.

Other enhancements to the KB+ app in 2024 include the display of credit cards, term deposits, repayment insurance, and the ability to obtain a mortgage for new clients. Clients can change their plan, enter standing orders and direct debits, create templates and payment confirmations, set limits, or top up mobile credit on the app.

In 2025, KB will introduce a New Era proposition for affluent clients. The Bank also is working on a special offer for Private Banking clients.

KB was gradually shifting development capabilities during 2024 to the corporate part of the NDB, including the new banking front-end channel KB+ Business. The optimal solution paths in individual product areas (the so-called winning propositions) are defined on the basis of client needs research, consultation with the clients and relationship managers, and subsequent testing.

One Mortgage Factory

Modrá pyramida has become a one-stop shop for housing finance within the Komerční banka Group. All of the Group’s housing-related products, including mortgages, are managed by Modrá pyramida for Komerční banka Group from a single place. The aim of the change was to simplify processes while increasing efficiency and speed of processing.

As part of the transformation of Modrá pyramida within the KB Group, a technological change involved a new end-to-end process for the origination and administration of KB Group’s housing loans. The New Era of mortgages simultaneously unifies the tools for users from Modrá pyramida, Komerční banka, and co-operating third parties.

[1)] Annual Financial Report, page 35

The New Era in mortgages was launched on 19 October 2023. Its first phase was mainly a technical deployment of the Starbuild and NOBY systems and all related applications. This was followed by testing of the entire mortgage origination process from the very beginning (i.e. verifying the client's creditworthiness, property valuation, and deal approval) through to drawing down the mortgage, making the monthly payment, and simulating the situation of a mortgage in arrears.

Loan administration is fully digital and paperless in the new mortgage factory. The origination process has been unified and the Group's product portfolio in the area of home loans has been simplified. The sales process is supported by a new application. During 2024, the Group migrated all mortgages to the new systems in two waves, with the extensive migration resulting in only a short temporary increase in mortgage processing times. All new mortgage loans originated through all KB Group distribution channels continue to be originated in the new joint mortgage factory.

OneGroup

The OneGroup initiative is part of the KB2025 strategic programme, which aims to leverage resources and skills, create synergies, and fully exploit the strengths of individual companies across the Group. In doing so, the Group also strives to improve the client experience and the clarity of its business offering.

The Group achieves efficiency gains by, among other things, unifying marketing communication under the KB brand, harmonising the IT environment, simplifying the product portfolio, offering consistent solutions, sharing the distribution network, and harmonising co-operation with third parties while deepening expertise.

As part of the OneGroup activity in 2024, the Group has:

- Successfully completed the merger of KB and Modrá pyramida's systems, processes, and applications in the housing finance sector. The financial management, risk management, compliance, and claims processing activities of Modrá pyramida have been outsourced to the relevant KB departments. The harmonisation of IT systems and processes between KB and Modrá pyramida has ensured a unified working environment for end users in both companies.
- Fully consolidated the retail distribution network by converting the Modrá pyramida's agent network into KB Poradenství with a simultaneous transition to KB's new systems.
- Transferred the marketing, product management, distribution, communications, and finance activities of KB Penzijní společnost to Komerční banka.

In 2025, the Group will complete the integration and harmonisation of Modrá pyramida's applications and information systems in KB's environment. Integration of the back-office of Penzijní společnost KB into Komerční banka will also be completed.

Development of other services for KB Group's clients

Shared ATM network for deposit-taking

Since 6 August, customers of Komerční banka, Moneta, and Air Bank have been able to deposit cash into almost 800 shared deposit ATMs under the same conditions as they could only deposit at their own banks. This is the next step in a joint initiative launched in February 2023, when the banks – and also UniCredit Bank – enabled their customers to withdraw cash from a shared network of nearly 2,000 ATMs.

Instant incoming SEPA payments in Slovakia

KB Slovakia has prepared the instant crediting of incoming transactions in EUR within the Single European Payment Area (SEPA) from January 2025. SEPA payments submitted to KB in the Czech Republic on a business day before 11 a.m. will be forwarded by KB for further processing so that the beneficiary bank receives them on the same day.

Insurance products

Komerční pojišťovna prepared several significant improvements and gradually introduced its products into the KB+ application.

Since January 2024, KB's New Era offer includes a new Safety Extra Service, which includes insurance of payment cards and personal belongings in Standard and Plus variants. In the higher product variant, the risk of misuse of card payment data or banking access data is also included. The product also covers the risk of misuse of electronic payments in the form of phishing.

In May 2024, Komerční pojišťovna improved the parameters of the repayment capacity insurance for KB consumer loans. It also rebuilt the Elán risk life insurance for income loss, serious illness, and other extraordinary life events.

Since June, long-term travel insurance has also been available to clients in the KB+ application as part of the Travel Extra Service. Coverage can also be arranged for close relatives, and from autumn it is also available for business people as part of the Travel Business Extra Service. It covers a range of risks in addition to medical expenses worldwide, including loss of documents, trip cancellation, baggage insurance, legal assistance in the event of an accident, and third-party damage. It also covers holidays within the Czech Republic.

In October 2024, property insurance coverages for new policies were expanded to include damage or theft of bicycles of all household members and off-site travel insurance. Komerční pojišťovna's assistance services now include out-of-warranty servicing of household appliances.

In the area of investment life insurance, Komerční pojišťovna has continuously updated the offer of Vital Invest and Vital Platinum Private funds, including new secured funds Stabilita 6 (with a capital guarantee of 120%), Stabilita 7 (with a capital guarantee of 113%), and Stabilita 8 (with a capital guarantee of 113%).

Fostering innovation: network of start-ups and fintec partners

KB Smart Solutions
KB SmartSolutions, a subsidiary of Komerční banka, was established in 2019 as a platform with the aim of accelerating digitisation, innovation, and the development of new financial services. Through strategic investments in fintech and technology startups, KB SmartSolutions plays a key role in the development of innovative solutions that expand the range of financial products and services for clients.

Upvest: crowdfunding real estate investments
Since 2020, KB has been working with Czech fintech startup upvest, which operates an online crowdfunding platform for financing real estate projects.

In 2023, upvest launched a new product allowing clients to invest in KB senior loans. This model allows for broader investor participation in real estate project financing and brings new opportunities for investment diversification. In 2024, 14 new investment projects were added with a total volume of almost CZK 2.49 billion. Two of these were financed by Komerční banka.

Finbricks: the PSD2 payment gateway
Finbricks focuses on PSD2 payment aggregation. At the end of 2024, it connected 12 banks in the Czech Republic and expanded to Slovakia. During 2024, Finbricks applied for a payment institution licence from the CNB.

Roger Payment Institutions: digital factoring and global expansion
Since 2020, KB SmartSolutions has been a strategic partner of Roger Payment Institution, which specialises in digital factoring and supply chain finance. By the end of 2024, Roger will have financed almost CZK 40 billion via factoring. In 2024, the company launched a new investment fund, the Roger Receivables Fund, which allows qualified investors to participate in the purchase of short-term fixed-income receivables.

Another milestone was the launch of PayFin service, which helps companies optimise cash flow through accounts payable financing.

In January 2025, KB SmartSolutions sold its 24.83% stake in Roger Payment Institution to Orbian Management, a leading global provider of supply chain finance services.

Lemonero: AI financing for e-commerce
Lemonero, a fintech focused on lending to small and medium-sized e-commerce stores, has been working together with KB SmartSolutions since 2019. With AI models and fully digital processes, Lemonero offers flexible financing through integrated solutions with platforms such as Shoptet, Mall, and Alza. In 2024, Lemonero was selected for Visa's prestigious innovation programme in Spain.

Merger of KB Advisory and ENVIROS
KB Advisory and ENVIROS have merged into one entity to provide clients with highly effective, comprehensive energy, sustainability, and ESG advice under the ENVIROS Advisory brand.

Optimisation of internal processes and tools

Accounting general ledger
The New Digital Bank's new core banking system, Temenos Transact, includes a general ledger module for accounting for financial transactions. This is an important tool to ensure accurate reporting, compliance with regulatory requirements, and efficient financial management.

After extensive preparation and testing, this module has taken over the role of KB's general ledger with effect from 1 January 2025. The original general ledger in the KBI system has thus become a subledger for processing transactions from systems that do not yet post directly in Transact. The gradual transition of all systems to Transact general ledger accounting will allow closure of the original KBI general ledger in future.

Sustainable banking and customer support programmes

Sustainable retail banking

Sustainable housing

KB Group can help clients not only with financing an energy-saving solution, but also with selecting a suitable subsidy under the New Green Savings government programme. In addition, it informs clients about proven suppliers and implementation companies for sustainable technologies in housing.

Energetické úspory (Energy Savings) project

KB Group, in co-operation with CEZ, VEKRA, and Wienerberger, launched the Energy Savings Project in 2024 to help clients with solutions to reduce their household energy costs. The project covers key areas related to energy-efficient home renovation, including installing photovoltaics, replacing windows, arranging subsidies, and providing favourable financing. As part of the project, each partner offers a range of benefits to joint clients that make sustainable housing more affordable.

Sustainable housing loan

Modrá pyramida provides a special-purpose loan of up to CZK 2.5 million without its being secured by real estate at a discounted interest rate, provided that the majority of the financing is used to increase sustainability of the housing in the forms of repairs, modernisation, and the purchase of photovoltaics, a heat pump, insulation, replacement windows, the construction of a reservoir and system for the treatment of rainwater or wastewater, or a green roof.

Clients can obtain additional benefits when financing comprehensive insulation that satisfies the conditions of the Repair Grandma's House state subsidy programme. In 2024, the Group provided 671 such loans totalling CZK 488 million.

Mortgage for sustainable housing

The Sustainable Housing Mortgage offers a discounted interest rate and waiver of the loan application and valuation fees if the client submits a PENB (building energy performance certificate) in energy class A or B. In 2024, the Group granted 1,155 such loans totalling CZK 5,407 million.

Responsible investing

Responsible investing integrates ESG rules into traditional investment criteria, with the aim of reducing negative impacts on the environment and human health, strengthening the protection of human rights, and promoting responsible business conduct in accordance with ethics and the law.

In order to ensure that the rules for assessing these areas are harmonised and transparent, comprehensive European regulation has been developed introducing a number of classification criteria against which the sustainability of investments is assessed.

KB clients can choose from a range of ESG funds and invest in areas such as water resources, nutrition for future generations, or climate protection.

KB's retail clients invested CZK 13.3 billion in 2024 in selected funds that comply with Article 8 (before the criteria were tightened initially to Article 9) of the SFDR (financial products) regulation and which also have environmental or social features or a combination of both.

In addition, KB Private Banking continued to develop its offering of responsible investment products that take into account environmental and social responsibility (ESG) criteria in 2024.

Help to individual clients in financial distress

KB Group regularly offers assistance to its clients in difficulties, and it is always helping to find appropriate solutions for those clients who actively seek to resolve their situations.

The options for resolving issues with repayments are presented in dedicated sections of the web presentations of individual KB Group companies.[1)] An online assistant is available 24/7 to direct clients to the most appropriate methods. The Bank alerts clients in arrears by text message and e-mail at no charge and well in advance of sending a reminder of a pending penalty or fee. Teams of debt resolution advisors are reachable by telephone or e-mail, and they also join

[1)] For KB, at www.kb.cz/splaceni, for Modrá pyramida, https://www.kb.cz/cs/modra-pyramida/podpora/potize-se-splacenim, and for ESSOX, www.essox.cz/odklad-splatek/odklad.

meetings between relationship managers and clients either remotely or at the branches. Clients may ask for postponement or reduction of instalments even via KB's web.[1)]

Komerční banka and Nadace Komerční Banky (KB Foundation) are partners of Poradna při finanční tisní, o.p.s.,[2)] a not-for-profit organisation providing effective advisory to people in financial distress, at risk of or in insolvency, or under distraint order. It also helps with filing debt relief applications. Furthermore, it aims to influence consumers positively so that they have deeper financial and legal knowledge regarding the taking on of debt, can borrow in a prudent manner, and take a responsible and active approach to resolving their potential insolvency.

Sustainable business financing

KB's strategic ambition is to be a leader in supporting and financing sustainable investments in the Czech financial market and within the SG Group and to be perceived as a sustainable bank in the Czech Republic.

KB Group promotes corporate and public sector interest in sustainable finance, expanding the range of services supporting clients' investment in sustainable projects. KB Group provides a full range of advisory services in the areas of financial and subsidy consulting, energy and renewable energy consulting, as well as assistance with setting a sustainability strategy for clients' businesses.

KB focuses on the following areas in sustainable corporate banking:

- decarbonisation of industry (energy savings in companies and the public sector, transition to renewable energy sources, clean mobility),
- reducing the energy intensity of the building stock (construction of zero- or low-emission buildings and renovations),
- circular economy, water saving in industry and water retention in the landscape,
- projects with a positive social impact (modernisation of health facilities, healthcare, social care, employment).

Sustainable financing from KB subsidiaries

KB has developed a methodology and tools for identifying and screening transactions that meet the criteria for environmentally and socially sound financing. The criteria are based on the EU Taxonomy and SG's Sustainable and Positive Impact Finance (SPIF) methodology.

The methodology is updated and refined annually. The aim is to identify benefits for climate change mitigation and adaptation, water resource protection, transition to a circular economy, pollution prevention and reduction, biodiversity protection, promotion of employment, education, social services, affordable housing, and improving access to and quality of healthcare.

In 2024, KB entered into new contracts for investment loans identified as ESG beneficial in the amount of CZK 20.4 billion (including loans linked to sustainability goals [SLLs]). These loans represented 48% of all new corporate investment loans. The majority (75%) of the new loan agreements identified as ESG-beneficial were environmentally beneficial, around 14% financed social benefits, and 11% of these new loans were linked to a combination of environmental and social objectives.

Among loans with a positive environmental impact, loans for energy-efficient buildings were the most common (68% of the volume). Wastewater management (11%), low-emission mobility (7%), photovoltaics and other renewable energy (6%), and sustainable forestry (6%) were also represented.

Among the loans with social objectives, the most projects (50%) were in the education sector (for construction, reconstruction, and equipping of schools) and for public health infrastructure (33%), including the construction or reconstruction of hospitals and health facilities.

In addition to investment loans for sustainable projects, KB also provides the following:

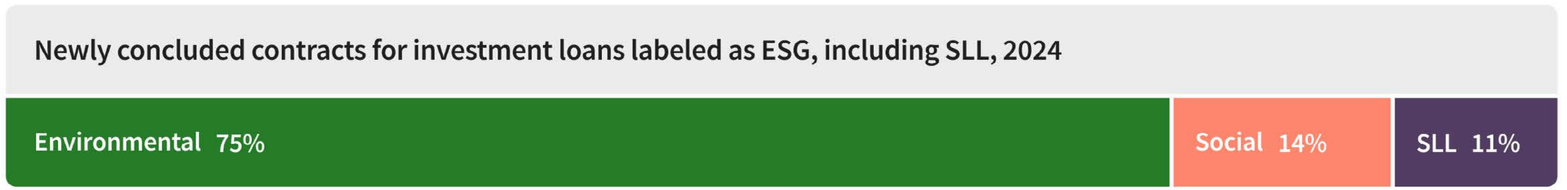
- Green loans – for investments in environmentally friendly buildings, renewable energy sources, water or waste management projects, and in other assets that protect the environment;
- Sustainability linked loans – non-targeted loans linked to corporate sustainability goals. Clients commit to their chosen sustainability goals for the duration of the loan.

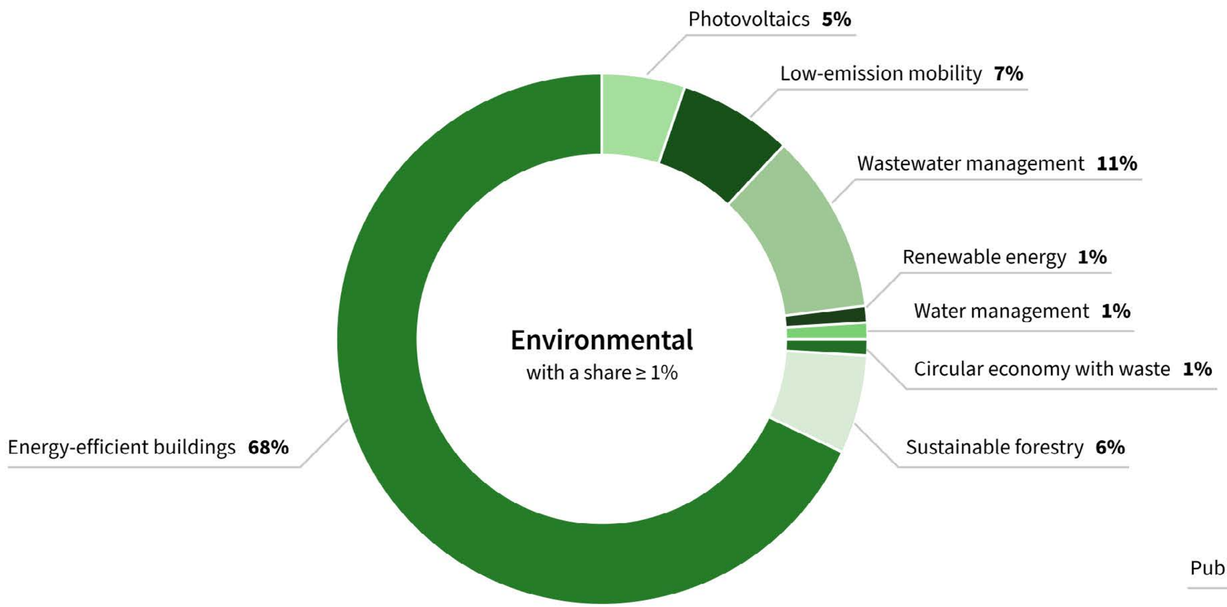
KB also offers clients a comprehensive service in issuing green, social, or sustainable bonds or sustainability-linked bonds. Clients can also enter into an interest rate swap linked to sustainability targets (sustainability-linked interest rate swap).

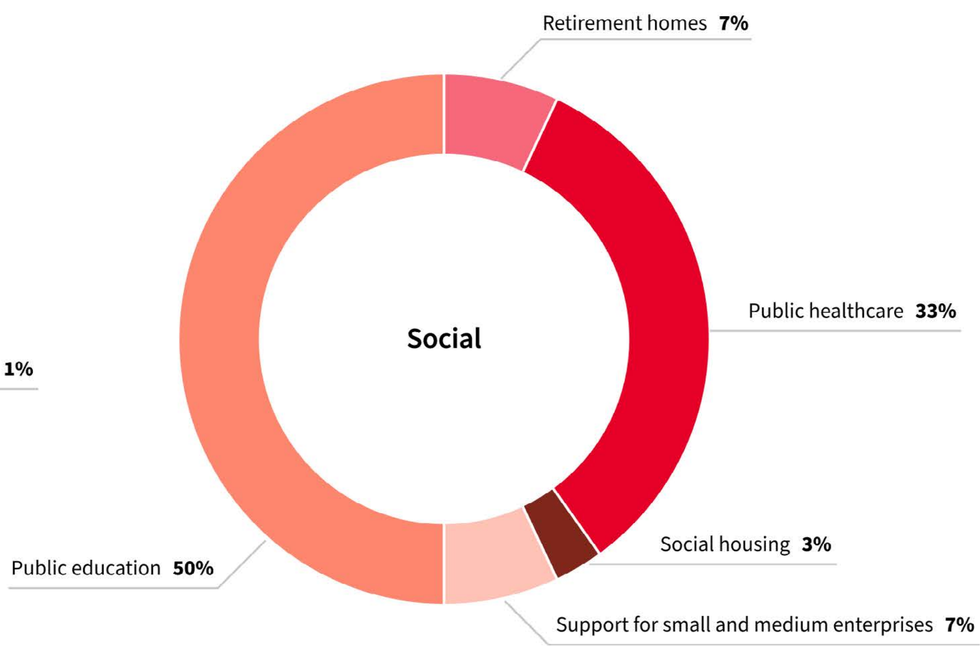
[1)] https://www.kb.cz/cs/obcane/pujcky/odlozeni-splatek
[2)] https://www.financnitisen.cz/

Positive impact financing in 2024

Purpose of financing (ESG code) – newly concluded contracts for investment loans labeled as ESG (SPIF), including Sustainability Linked Loans (SLL)







Sustainable financing from KB subsidiaries
SGEF offers preferential terms for investment financing when meeting ESG criteria. The volume of new positive-impact financing from SGEF for 2024 exceeded CZK 5.5 billion. In addition, SGEF has partially digitised the environmental and social risk assessment (ESRM) process for client activities.

Factoring KB is developing the financing of EPC (energy performance contracting) projects, the principle of which is to use savings from the reduction of energy consumption achieved by a financed project to repay the investment. In 2024, it financed three new projects. The subsidies provided have enabled the scale of the projects to be increased.

In addition, during 2024, Factoring KB financed the renewal of municipal fleets with a focus on sustainability, totalling over CZK 5 billion. It also financed waste management components.

Advisory

KB EU Point
The KB EU Point[1)] team has been providing comprehensive advisory in the field of subsidies and investment incentives since 2003, when KB was the first to introduce subsidy project financing to the market. Services include preparation of applications for support, administration of projects, assessment of their sustainability, pre-financing of subsidies and co-financing of the project with the use of advantageous programmes, consultancy in the field of economic and technical specifics of the project, and preparation and implementation of tenders for private and public entities (including sustainable and circular public procurement).

ENVIROS Advisory
In 2024, there were significant changes in ENVIROS, s.r.o., which is part of Komerční banka Group. On 1 June 2024, the merger with KB Advisory, s.r.o. was completed. KB Group's comprehensive consulting services in the areas of ESG and sustainability, energy, environment, and subsidies are subsequently provided under the brand ENVIROS Advisory.[2)] The merger has enabled more efficient co-operation of professional teams and expanded the range of services for corporate, institutional, and municipal clients. The merger came at the symbolic moment of 30 years since the establishment of ENVIROS.

Carbon footprint calculator
At the end of 2024, KB launched a partnership with Impact Metrics, which enables small and medium-sized businesses to calculate their carbon footprints. This is a digital online calculator[3)] that makes it relatively easy and quick to calculate your carbon footprint, including for more complex categories such as Scope 3.

Společně udržitelně (Together Sustainably) web
The Společně udržitelně (Together Sustainably) website[4)] raises awareness of sustainability within companies. In 2024, KB handed over the project to CIRA Advisory for further development while remaining a partner of the website.

Professional webinars and educational events
KB organises professional seminars for its clients, as well as webinars which are publicly available and are recorded for web viewing.[5)] In the year, KB broadcast five webinars, with topics including how to calculate your carbon footprint, using a power purchase agreement to buy renewable energy, improving energy efficiency with ELENA subsidies, certifying the sustainability of properties, and savings through energy performance contracts. More than 500 participants registered for the webinars.

Support programmes for businesses and municipalities

Komerční banka Group has long been involved in programmes supporting businesses and projects making positive impacts on society or the environment.

Programmes available to KB clients
In 2024, Komerční banka entered into an agreement with European Investment Bank which includes support for Climate Action projects (for energy savings and renewable energy). Support is provided in the form of a small reduction in the interest rate of the business loan.

During 2024, Komerční banka offered guarantees by the European Investment Fund (EIF) in the European Union's InvestEU programmes. Together with the EIF, Komerční banka provided preferential loans to more than 600 entrepreneurs in 2024, totalling approximately CZK 1 billion.

[1)] https://www.kb.cz/en/corporations-and-institutions/kb-eu-point
[2)] https://www.enviros.cz/
[3)] https://www.kb.cz/cs/korporace-a-instituce/vypocet-uhlikove-stopy
[4)] https://www.spolecne-udrzitelne.cz/
[5)] https://webinar.kb.cz/

The most commonly used programme is Microfinance, which supports micro-entrepreneurs with up to 10 employees having a focus on sustainable employment and social inclusion by supporting entrepreneurship. In 2024, KB provided loans under this programme, for example, to entrepreneurs with disabilities or entrepreneurs without secondary education.

ELENA (European Local Energy Assistance) is a 3-year programme (until 2027) funded by European Investment Bank. It is open to medium-sized and larger enterprises with up to 3,000 employees and to public administrations without restrictions. Since 2024, KB offers a 90% discount on advice and grant application preparation for energy saving programmes under the ELENA programme. The supported projects include in particular investments in reducing the energy consumption of existing buildings and increasing energy efficiency in production and technological processes.

Other new KB preferential programmes for corporate clients include:

- EuroGreen – a discounted loan with an EIF guarantee for solar energy projects, storage and production of renewable energy products, and energy-saving renovations of commercial buildings. In addition, it can be used for investments related to the production of energy-saving products or the reduction of climate vulnerability in agriculture.
- EuroEdu – for staff training.
- EuroSocial – for social enterprises.

The KB Nastartujte se (Start-up) grant programme[1)] also supports aspiring entrepreneurs. In its 12th year, KB and other partners distributed more than CZK 1 million in prizes to participants.

Programmes available to clients of SGEF

SGEF actively co-operates with European and national institutions to support SMEs in the Czech Republic and Slovakia. Under the InvestEU programme, the European Investment Fund (EIF) has provided a EUR 15 million guarantee against new loans for innovation and digitalisation for businesses with up to 500 employees. It is expected to benefit around 130 companies. The contract was signed in July 2023, and 70% of the total guarantee had been allocated by the end of 2024.

European Investment Bank and SGEF signed a EUR 200 million loan agreement in November 2024 to provide Czech and Slovak companies with new financing at a preferential interest rate. Most of the funding is earmarked for SMEs and mid-sized companies. At least one-fifth of the total is earmarked for sustainability projects.

In a long-standing partnership with the National Development Bank, the SGEF supports the financing of investments in machinery and equipment through the Expansion and Energy Savings programmes, which allow businesses to obtain soft loans with the possibility of deferring principal repayments and a possible financial contribution towards interest payments. In 2024, this framework was extended to include the Electric Mobility programme, aimed at financing the acquisition of electric vehicles.

Co-operation with the Agricultural and Forestry Support and Guarantee Fund provides preferential financing of agricultural equipment, including interest subsidies under the AGROÚVĚR PRÉMIUM programme, which has been in operation for 13 years. In addition, SGEF financing can be combined with subsidy programmes of the State Agricultural Intervention Fund and the Ministry of Industry and Trade, as well as with selected programmes of the Ministry of the Environment and Ministry of Regional Development.

[1)] https://www.nastartujtese.cz/

Sponsorship and support partnerships

In 2024, the KB logo appeared on the jerseys of the Czech national under-20 hockey team during their successful quest for bronze medals at the World Junior Ice Hockey Championship in Canada. KB is the main partner of the Czech Ice Hockey Extraliga and the national team, which won the World Championship title at home in Prague. The co-operation also includes educational activities focused on financial literacy for young athletes.

KB has expanded its presence in the dynamically growing e-sports sector. In co-operation with Mastercard, it launched a limited-edition payment card with a design inspired by League of Legends in 2023 and successfully followed up with a marketing campaign targeting the gaming community in 2024.

As part of its long-term commitment to culture and social responsibility, KB supports major institutions and projects, including the National Gallery Prague, Prague Zoo, Ostrava Zoo, PKF – Prague Philharmonia, and the French Film Festival.

In co-operation with the National Gallery Prague and the Sport in Art initiative, KB became a partner of an exhibition reflecting the development of skating and ice hockey in the visual arts.

An important cultural partnership is the co-operation with the Rock for People festival, of which KB is a long-standing sponsor. The festival will celebrate its 30th anniversary in 2025.

Financial performance

Financial results and development of financial position

KB Group reported consolidated and audited net profit attributable to the Group's equity holders for 2024 reached CZK 17,243 million, which is up 10.4% year on year. Adjusted for the gain from the sale of VN42, s.r.o., the attributable net profit would reach CZK 14,769 million, down (5.4%) from the year earlier.

Income statement

KB Group's **revenues (net operating income)** reached CZK 36,786 million, up by 1.6% compared to the full year 2023.

Net interest income was lower by (1.2%), at CZK 25,278 million, in spite of the expanded volumes of loans and deposits. The average cost of deposits was higher compared to the previous year, but this cost declined gradually during 2024. The average lending spreads were virtually stable compared to those in 2023. KB also had to absorb interest costs on loans taken out to meet the CNB's requirement for own funds and eligible liabilities (MREL). Moreover, from October 2023, the CNB stopped paying interest on banks' obligatory deposits (minimum reserves) that it holds. Net interest margin for the full year 2024, computed as the ratio of net interest income to interest-earning assets reported on the balance sheet, reached 1.7%. That compares to 1.9% a year earlier.

Net fee and commission income grew by 13.7% to CZK 7,291 million. This growth was broad-based, driven mainly by cross-selling of mutual funds and insurance products, services related to the management of client assets, income from pension funds, as well as stronger demand from corporate clients for various financial services, mainly in the debt capital markets but also trade finance or custody and depositary services. Transaction fees also increased slightly, due to a higher number of non-cash transactions and, in particular, card payments. Income from lending services also rose slightly, thanks to higher income from business and export credits, while net fee income from retail loans was slightly lower year on year. Fees on deposit products fell slightly, driven by the transition of customers to the new digital bank, customer acquisition costs, and a lower number of building society savings contracts.

Net profit on financial operations repeated the excellent result of the previous year, at CZK 3,831 million (compared to CZK 3,832 million a year earlier), thanks to a solid turnaround in travel-related currency conversions and the resilience of clients' hedging and trading activities. That was despite a weak economy and falling rates. The prior year result had included also a gain on the sale of bonds recognised in the banking book.

Dividend and other income was up by 7.8% to CZK 386 million. This line item includes revenues from property rental and ancillary services, as well as dividends from associated companies.

Operating expenses rose by 2.3% to CZK 17,725 million. The average number of employees decreased by (1.2%) to 7,456,[1)] as a lower number of staff in support functions and the distribution network was partially offset by hiring of additional IT and data specialists. The Bank has agreed with the trade unions on raising salaries in the annual compensation review by an average 4.5%, effective from April. Personnel expenses subsequently grew by 4.8% to CZK 8,731 million. General administrative expenses (not including contributions to the regulatory funds) were up by 1.7%, at CZK 4,371 million, reflecting mainly expenditures related to rebranding of the KB Poradenství network as well as higher costs of IT support. These expenses were not fully offset by savings in costs related to real estate and telecommunications. The full-year levy to the regulatory funds (Deposit Insurance Fund, Resolution Fund) was lower by (37.6%) year on year, at CZK 806 million, because the CNB adjusted downwards the aggregate contribution from Czech banks to the Resolution Fund and the comparison base from 2023 year was also influenced by the temporarily increased charge for deposit insurance due to the failure of Sberbank CZ. Depreciation, amortisation, and impairment of operating assets grew by 12.5% to CZK 3,817 million, driven mainly by higher charges reflecting investments in pursuit of KB's digitalisation strategy.

The sum of profit before allowances for loan losses, provisions for other risk, profit on subsidiaries, and income tax **(operating profit)** was up by 1.0%, at CZK 19,061 million.

[1)] Average recalculated number of employees during the year (full-time equivalent), according to the CSRD methodology. According to the methodology of the Czech Statistical Office, the average recalculated number of employees was 7,456, down (1.3%) year on year. The difference is made up of workers who work other than under an employment contract.

Cost of risk (impairment losses, provisions for loans, and net result from loans written off) reached CZK 993 million (i.e. a net creation of provisions or 11 basis points in relative terms) compared to a net creation of CZK 14 million a year earlier (or 0 basis points in relative terms). Net creation of credit risk allowances was primarily attributable to a slight deterioration of credit ratings for certain small business and medium-sized corporate exposures. Additionally, there was some creation related to the regular calibration of IFRS 9 provisioning models. The credit profile for mortgages and large corporate exposures remained resilient and the recovery performance was strong. KB did not reduce the inflation overlay reserve which had been created in 2021 and 2022.

Income from shares in associated undertakings (i.e. Komerční pojišťovna) was down by (22.1%) year on year, at CZK 257 million, influenced by interest rate developments, as well as by creation and utilisation of the insurance reserves.

Net loss on subsidiaries and associates reached CZK (127) million, mainly due to impairment of a stake in subsidiaries of KB Smart Solutions. In the same period of 2023, this line had been at CZK 0.

Net profits (losses) on other assets reached CZK 2,329 million, especially due to a gain on sale of the VN42, s.r.o. subsidiary in July. It also comprised allowances for buildings held for sale and costs related to sale of buildings. In the previous year, net loss on other assets had been CZK (87) million.

Income tax was lower by (5.1%), at CZK 3,120 million.

Current tax per country (2024)

(CZK million)	Czechia	Slovakia	Belgium
		(branch of KB and SGEF*, ESSOX FINANCE)	(BASTION)
Net operating income	35,950	825	11
Profit before income tax	20,012	505	10
Current tax	3,063	226	3
State support	0	0	0

* SGEF activities in Slovakia.

KB Group's consolidated **net profit** for the full year 2024 came to CZK 17,407 million, up by 10.0% in comparison with the year earlier. Of this total, CZK 164 million was profit attributable to the non-controlling owners of minority stakes in KB's subsidiaries (lower by (20.8%) year on year).

Reported **net profit attributable to the Group's equity holders** totalled CZK 17,243 million, which is 10.4% up year on year. Adjusted for the gain from the sale of VN42, s.r.o., the attributable net profit would reach CZK 14,769 million, down (5.4%) from the year earlier.

Other comprehensive income stood at CZK (80) million. This derived mainly from revaluation of some cash flow hedging positions and liabilities. **Consolidated comprehensive income** for 2024 totalled CZK 17,326 million, of which CZK 167 million was attributable to owners of non-controlling stakes.

Statement of financial position

Assets

As of 31 December 2024, KB Group's total assets had grown year to date by 1.3% to CZK 1,536.0 billion.

Cash and current balances with central banks were up by 468.4%, at CZK 73.0 billion. Financial assets held for trading at fair value through profit or loss (trading securities and derivatives) decreased by (13.8%) to CZK 41.8 billion. The fair value of hedging financial derivatives declined by (19.8%) to CZK 6.9 billion.

Year to date, there was a (32.6%) drop in financial assets at fair value through other comprehensive income totalling CZK 11.3 billion. This item consisted mainly of debt securities issued by government institutions.

Financial assets at amortised cost declined by (1.8%) to CZK 1,371.7 billion. The largest portion of this consisted of (net) loans and advances to customers, which increased year to date by 2.3% to CZK 853.0 billion. A 98.0% share in the gross amount of client loans was classified in Stage 1 or Stage 2 while 2.0% 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 12.3 billion. Loans and advances to banks declined by (18.4%) to CZK 335.8 billion. The majority of this item consists in reverse repos with the central bank. The value held in debt securities was up by 20.1% and reached CZK 182.9 billion at the end of December 2024.

Revaluation differences on portfolio hedge items totalled CZK (0.7) billion, lower by (19.3%). Current and deferred tax assets stood at CZK 0.5 billion. Prepayments, accrued income, and other assets, which include receivables from securities trading and

settlement balances, declined overall by (1.9%) to CZK 6.2 billion. Assets held for sale declined by (89.6%) to CZK 0.1 billion.

Investments in associates were lower by (12.2%) in comparison with the 2023 year-end value, at CZK 2.7 billion.

The net book value of tangible assets decreased by (0.8%) to CZK 8.0 billion. Intangible assets grew by 5.9% to reach CZK 10.8 billion. Goodwill, which derives primarily from the acquisitions of Modrá pyramida, SGEF, and ESSOX, remained unchanged at CZK 3.8 billion.

Liabilities

Total liabilities were 1.3% higher in comparison to the end of 2023 and stood at CZK 1,406.0 billion.

Financial liabilities at amortised cost went up by 2.7% to CZK 1,281.4 billion. Amounts due to customers comprise the largest proportion of this sum, and these climbed by 4.2% to CZK 1,174.5 billion. This total included CZK 145.0 billion in liabilities from repo operations with clients and CZK 6.7 billion of other payables to customers. Amounts due to banks decreased through the year by (13.4%) to CZK 91.6 billion.

Revaluation differences on portfolios hedge items were CZK (31.8) billion. Current and deferred tax liabilities ended at CZK 0.8 billion, down by (20.5%). Accruals and other liabilities, which include payables from securities trading and settlement balances, declined by (20.4%) to CZK 13.8 billion.

The provisions balance was (13.7%) lower, at CZK 0.7 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 65.7 billion, was up by 1.8% year to date, due to the Czech crown's weakened exchange rate vis-à-vis the euro. That is because MREL instruments are denominated in euro.

Equity

Total equity increased year to date by 1.4% to CZK 130.0 billion. The value of non-controlling interests reached CZK 3.4 billion. As of 31 December 2024, KB held in treasury 1,193,360 of its own shares constituting 0.63% of the registered capital.

Fulfilment of targets for 2024 and outlook for 2025

Fulfilment of business and financial targets set for 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 retreated relatively quickly to within 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 fell to 4% at the end of 2024 from 6.75% at its start.

Declining interest rates and rising household purchasing power had a positive effect on household demand for credit. 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 capacity. Large corporates also increased their issuance activity in the bond market. The growth of corporate lending in the market therefore slowed in comparison to 2023.

Businesses maintained a high level of cash reserves in their accounts, and 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 achieved solid business results

The standalone Komerční banka recorded high growth in the total number of clients in 2024, by some 63,000 to 1,727,000. In the subsidiaries, client numbers 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 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 transfer of retail banking clients from the original infrastructure to the new digital bank KB+. That work 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 at net profit level better than budgeted

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 rose more slowly than originally expected, mainly due to weaker volume growth and a gentler decline in deposit rates. Net fee and commission income was higher than planned due to strong demand for services in the debt capital markets, growth in client investments in mutual funds, 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 both down slightly year on year.

The Group reported total operating expenses in line with the original guidance (low single-digit growth). Within the overall 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 related mainly 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.

The Group's result was further supported by a gain on the sale of the subsidiary VN42, s.r.o. in the amount of CZK 2.4 billion, which had not been foreseen in the published outlook or 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.

Expected development in 2025 and main risks to that development

Note: This outlook was first presented on 6 February 2025 as part of the presentation of Komerční banka's results for 2024.

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.

Czech economic growth will remain below its potential in 2025. After GDP expanded by 1.0% in 2024,[1)] the economy's expansion should accelerate to 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. Industry, on the other hand, is likely to experience a contraction for the third year in a row. This will be accompanied by a deterioration in the economy's export performance. The worsening industrial situation is likely to slow wage growth and contribute to a slight rise in unemployment.

Inflation in the first half of the year may be marked by higher volatility, but it should remain safely 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 favourable 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 first half of 2025 to a final 3%.

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.

[1)] https://csu.gov.cz/rychle-informace/gdp-preliminary-estimate-4-quarter-of-2024

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 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 16.65% in relation to the volume of risk-weighted assets. The minimum Common Equity Tier 1 capital ratio stands at approximately 12.10% and the minimum Tier 1 capital ratio at about 14.05% in relation to the volume of risk-weighted assets.

Komerční banka will continue to apply prudent assumptions about the future development of regulatory capital requirements in its capital planning.

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 may continue in 2025 to fulfil its MREL requirements by taking on senior non-preferred loans from Société Générale S.A., if such a need ensues from the developing volumes of risk exposures and regulatory requirements.

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 more slowly, but still at a mid-single-digit pace, and also with a greater 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 as expected. 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 corporate clients. The Group will continue to harmonise the IT environment and processes among its members and centralise certain support functions. KB will close 17 of its branches as of 1 March and adjust 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 of the distribution network's capacity, should make it possible to increase the number of the Bank's clients to 1,850,000 by the end of 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 processes from deploying the Group's single mortgage production centre. Consumer lending will expand at a high-single-digit pace thanks to improvements in the offer and the sales process, together with the expected continued growth in households' consumption. The corporate loan book should grow at a mid-single-digit pace, assuming a positive effect of improving investment activity in Czechia.

Total deposit balances are expected to expand at a mid-single-digit pace, similar to that of total lending. 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 probably will decline slightly.

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

Total operating expenditures remain as tightly controlled as ever and will decline at a low-single-digit rate for the full year 2025. Personnel costs will rise by a low-single-digit percentage 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 approximately 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 is also expected to decrease substantially. Depreciation and amortisation will grow at a high-single-digit rate, reflecting continued investment in digital transformation.

Cost of risk in 2025 is expected to remain significantly below the 20–30 bps through-the-cycle range. In addition to the development of underlying credit trends, credit costs will benefit from the expected positive contribution from recovery activities as well as from a potential adjustment of inflation overlay reserves built up in previous years.

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 13–14% for 2025 and the cost-to-income ratio between 43% and 44%.

Key risks to the expectations described above include further escalation of geopolitical conflicts, in particular the war in Ukraine, and their economic impact. 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, 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/

Capital and Risk management

Capital management

Regulatory framework

Komerční banka is subject to supervision by the Czech National Bank (CNB), and since November 2014 the Société Générale Group has been supervised by the European Central Bank. The regulatory requirements in the European Union are established through Regulation No. 575/2013 on prudential requirements for credit institutions and investment firms (the Capital Requirements Regulation, or "CRR"), and by Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (the Capital Requirements Directive, or "CRD").

According to the applicable capital rules, an additional Pillar 2 buffer of 2.6% over the minimum required capital ratio of 8.0% was applied to the Bank in 2024. This brought the required TSCR (i.e. total SREP) capital ratio to 10.6%.

A combined capital buffer in the final amount of 5.75% was applied on top of the TSCR capital ratio. That consisted of the capital conservation buffer of 2.5%, the buffer for Other Systemically Important Institution (O-SII) of 2.0%, and a required countercyclical capital buffer of 1.25% for exposures in the Czech Republic (the countercyclical capital buffer was gradually decreased by the CNB from the level of 2.0% valid from 1 October 2023 to 1.75% from 1 April 2024 and then to 1.25% from 1 July 2024).

The required overall capital ratio (OCR) thus reached approximately 16.35% as from 1 July 2024 until 31 December 2024 (a decrease of 1.05 percentage points in comparison with the previous year).

Komerční banka's OCR was increased to approximately 16.65% as of 1 January 2025, growing by 0.3 percentage points compared to 2024.

That is a result of an imposition of systemic risk buffer on the level of 0.5% applied on exposures in the Czech Republic and - at the same time - a reduction in the additional capital requirement of Pillar 2 by 0.2 percentage points.

The Bank and Group meet the overall capital ratio requirement with significant reserve, because their respective capital ratios stand sufficiently above the minimum required level.

In addition to the aforementioned capital requirements, the Bank is also required to comply with a minimum requirement for own funds and eligible liabilities (MREL). The MREL requirement is defined as a 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 in accordance with the CNB's general approach. Pursuant to the CNB's decision dated 16 July 2024, the Bank is required to maintain its own funds and eligible liabilities on a consolidated basis of at least 21.2% of the total risk exposure amount (i.e. the risk weighted exposure amount) and 5.91% of the total exposure amount.

As part of meeting the interim targets in previous years and meeting the final target valid from 1 January 2024, the Bank gradually took on eligible liabilities (senior non-preferred debt) in total volume of EUR 1,500 million during 2022 and of EUR 900 million in 2023 (i.e. in aggregate nominal volume of EUR 2,400 million). These eligible liabilities were drawn from the Bank's parent company (Société Générale S.A.) in accordance with the preferred resolution strategy for the Société Générale Group.

During the past year, the Bank fulfilled all regulatory MREL requirements.

Capital and risk-weighted assets

Total shareholders' equity comprises the following main items: share capital, reserve funds, and retained earnings. As of 31 December 2024, total equity rose by 1.4% year on year to CZK 130 billion, with the positive contribution from the net profit generated during the year offset by the volume of the annual dividend paid in May 2024. The value of non-controlling interests reached CZK 3.4 billion.

As of 31 December 2024, KB held in treasury 1,193,360 of its own shares constituting 0.63% of the registered capital. These shares had been acquired in previous years at the cost of CZK 726 million. The Bank did not acquire its own shares during 2024. The acquisition of its own shares had been authorised by the General Meeting, particularly for the purposes of managing KB's capital adequacy.

As of 31 December 2024, the Bank reported subordinated debt amounting to CZK 5.1 billion, which was 0.9% of risk-weighted assets. The subordinated loan is denominated in EUR in order to better align the currency structure of KB's regulatory capital with that of its assets. The loan was accepted from Société Générale after the Bank assessed other opportunities available on the market and concluded that the loan from SG provides the most effective option for the Bank. Actual decisions on potential further Tier 2 reinforcement will reflect the required level of regulatory capital as well as prevailing market conditions.

Consolidated regulatory capital for the capital adequacy calculation stood at CZK 106.3 billion as of 31 December 2024, which is 0.4% higher compared to 31 December 2023. Total capital adequacy stood at 18.8%. Core Tier 1 capital totalled CZK 99.9 billion (having increased by 0.2% since the end of 2023 after regulatory adjustment for the foreseeable dividend), and the Core Tier 1 ratio was 17.6%.

Tier 2 capital summed to CZK 6.4 billion, which was 1.1% of risk-weighted assets.

The volume of the Group's risk-weighted assets (RWA) reached CZK 566.3 billion as of 31 December 2024 (compared to CZK 563.9 billion at the end of 2023). RWA for credit risk (including credit valuation adjustments) constituted 82%, operational risk 9%, and market risk 9% of the total RWA. The slight increase in RWA during 2024 was driven by growth in corporate exposures partially reduces by decrease of market risks RWA.

The macroeconomic environment stabilised during 2024. The rate of inflation slowed, interest rates decreased, and the Czech economy returned to mild GDP growth. Due to the resilience of the portfolio, however, macroeconomic fluctuations in recent years did not have material impact on RWA development.

The average credit risk weight as of 31 December 2024 was 27.5%, a decrease of 20 basis points from 27.7% as of 31 December 2023. Decrease of risk weight was driven by growing mortgages and public sector entities exposures with low risk weight. Moderate deterioration of risk weight was observed only in the large corporate portfolio (the risk weight increased from 58.4% as of 31 December 2023 to 60.7% as of 31 December 2024).

Capital requirement calculation approaches for KB Group Companies

KB uses the following approaches for calculating capital requirements related to individual types of risk:

	Capital requirement calculation approach		
KB Group entity	**Credit risk**	**Market risk**	**Operational risk**
KB*	AIRB	STA	AMA
BASTION			TSA
Protos			
KB Penzijní společnost			
Modrá pyramida			AMA
SGEF	STA		
ESSOX			
Other entities			TSA

AIRB: Advanced Internal Rating-Based Approach.

AMA: Advanced Measurement Approach.

STA/TSA: Standardised Approach.

* KB Slovakia uses the STA approach for calculating the requirement for credit risk.

Information on consolidated capital, risk-weighted assets for calculation of capital adequacy, and capital requirements (in CZK million)

Reconciliation of accounting and regulatory capital (consolidated)

(CZK million)	31 December 2024	31 December 2023
Items from Statement of Financial Position – Total shareholders' equity	**130,037**	**128,284**
Share capital	19,005	19,005
Share premium	149	149
Other equity	605	584
Accumulated Other comprehensive income	(60)	2
Retained earnings from previous periods	85,229	85,219
Reserve funds	5,213	5,213
Own shares	(726)	(726)
Net profit for the period	17,243	15,612
Minority interests	3,379	3,226
Total adjustments to CET1	**(30,134)**	**(28,566)**
Gains/(losses) on hedging instruments (cash flow hedging)	(172)	(208)
Additional value adjustment	(104)	(117)
Goodwill	(3,752)	(3,752)
Other intangible assets, net of tax	(5,336)	(5,416)
Insufficient coverage of expected credit losses (lack of provisions)	0	0
Unusable profit	(17,243)	(15,709)
Minority interests	(3,379)	(3,226)
Insufficient coverage for non-performing exposures	(148)	(138)
Other transitional adjustments to CET 1	0	0
Tier 2 capital	**6,404**	**6,154**
Subordinated debt received	5,091	5,005
Provided subordinated debt	(446)	(446)
Surplus coverage of expected credit losses (Excess of provisions)	1,759	1,595
Total capital	**106,307**	**105,872**
Tier 1 capital	**99,903**	**99,718**
Core Tier 1 (CET1) capital	**99,903**	**99,718**

* The value of total shareholders' equity as of 31 December 2022 in this table is before restatement in relation to implementation of IFRS 17 in Komerční pojišťovna. See also Notes to the Consolidated Financial Statements according to IFRS, note 3.6.1.

Consolidated risk-weighted assets

(CZK million)	31 December 2024	31 December 2023
Total risk-weighted assets	**566,326**	**563,886**
for credit risk	**462,181**	**452,312**
for credit risk pursuant to the Standardised Approach in IRB	84,990	80,274
for credit risk pursuant to the IRB Approach	377,191	372,038
for settlement risk	**–**	**–**
for position, foreign exchange, and commodity risks	**49,468**	**61,726**
for operational risk	**50,757**	**46,566**
for credit valuation adjustment	**3,920**	**3,282**

Capital requirements (consolidated)

(CZK million)	31 December 2024	31 December 2023
Total capital requirements	**45,306**	**45,111**
for credit risk pursuant to the Standardised Approach in IRB	**6,799**	**6,422**
Exposures to central governments or central banks	1	1
Exposures to regional governments or local authorities	0	0
Exposures to public sector entities	3	1
Exposures to international development banks	0	0
Exposure to international organisations	0	0
Exposures to institutions	55	52
Exposures to corporates	4,868	4,449
Retail exposures	1,134	1,091
Exposures secured by real estate	0	0
Exposures in default	145	127
Exposure associated with particularly high risks	0	0
Exposure to covered bonds	0	0
Items representing securitisation positions	0	0
Exposures to institutions and businesses with short-term credit rating	0	0
Exposures in the form of units of shares or shares in collective investment undertakings	0	0
Equity exposure	484	564
Other items	109	137
for credit risk pursuant to the IRB Approach	**30,175**	**29,763**
Exposures to central governments or central banks	153	72
Exposures to institutions	1,311	1,415
Exposures to corporates	19,974	19,576
Retail exposures	7,175	7,122
Equity exposure	20	42
Items representing securitisation positions	0	0
Other assets that are non-credit obligation	1,542	1,536
for position risk	**3,957**	**4,938**
for large exposures exceeding the limits	**0**	**0**
to currency risk	**0**	**0**
to settlement risk	**0**	**0**
to commodity risk	**0**	**0**
to operation risk	**4,061**	**3,725**
for credit valuation adjustment	**314**	**263**

Information in accordance with Decree 163/2014 Coll. on an individual basis

Reconciliation of accounting and regulatory capital (on an individual basis)

(CZK million)	31 December 2024	31 December 2023
Items from Statement of Financial Position – Total shareholders' equity	**116,673**	**115,103**
Share capital	19,005	19,005
Share premium	134	134
Other equity	545	525
Accumulated Other comprehensive income	26	106
Reserve funds	4,189	4,189
Retained earnings from previous periods	76,227	77,296
Own shares	(726)	(726)
Net profit for the period	17,273	14,574
Total adjustments to CET1	**(22,333)**	**(21,098)**
Gains/(losses) on hedging instruments (cash flow hedging)	(177)	(213)
Additional value adjustment	(104)	(117)
Other intangible assets, net of tax	(4,740)	(4,980)
Insufficient coverage of expected credit losses (lack of provisions)	(68)	(78)
Unusable profit	(17,244)	(15,710)
Insufficient coverage for non-performing exposures	0	0
Other transitional adjustments to CET 1	0	0
Tier 2 capital	**6,283**	**6,064**
Subordinated debt	5,091	5,005
Provided subordinated debt	(446)	(446)
Surplus coverage of expected credit losses (Excess of provisions)	1,638	1,505
Total capital	**100,623**	**100,069**
Tier 1 capital	**94,340**	**94,005**
Core Tier 1 (CET1) capital	**94,340**	**94,005**

Risk-weighted assets (on an individual basis)

(CZK million)	31 December 2024	31 December 2023
Total risk-weighted assets	**510,830**	**510,313**
for credit risk	**412,122**	**403,933**
for credit risk pursuant to the Standardised Approach in IRB	42,733	41,612
for credit risk pursuant to the IRB Approach	369,389	362,321
for settlement risk	**–**	**–**
for position, foreign exchange, and commodity risks	**49,467**	**61,726**
for operational risk	**45,321**	**41,372**
for credit valuation adjustment	**3,920**	**3,282**

Capital requirements (individual)

(CZK million)	31 December 2024	31 December 2023
Total capital requirements	**40,866**	**40,825**
for credit risk pursuant to the Standardised Approach in IRB	**3,419**	**3,329**
Exposures to central governments or central banks	1	1
Exposures to regional governments or local authorities	0	0
Exposures to public sector entities	0	1
Exposures to international development banks	0	0
Exposure to international organisations	0	0
Exposures to institutions	50	41
Exposures to corporates	2,106	1,975
Retail exposures	0	0
Exposures secured by real estate	0	0
Exposures in default	1	0
Exposure associated with particularly high risks	0	0
Exposure to covered bonds	0	0
Items representing securitisation positions	0	0
Exposures to institutions and businesses with short-term credit rating	0	0
Exposures in the form of units of shares or shares in collective investment undertakings	0	0
Equity exposure	1,261	1,311
Other items	0	0
for credit risk pursuant to the IRB Approach	**29,551**	**28,986**
Exposures to central governments or central banks	153	72
Exposures to institutions	1,804	1,946
Exposures to corporates	20,561	20,142
Retail exposures	5,732	5,597
Equity exposure	13	13
Items representing securitisation positions	0	0
Other assets that are non-credit obligation	1,288	1,216
for position risk	**3,957**	**4,938**
for large exposures exceeding the limits	**0**	**0**
to currency risk	**0**	**0**
to settlement risk	**0**	**0**
to commodity risk	**0**	**0**
to operation risk	**3,626**	**3,310**
for credit valuation adjustment	**313**	**262**

Capital ratios and ratios in % (on an individual basis)

	31 December 2024	31 December 2023
Capital ratio for common equity tier 1	18.47	18.42
Capital ratio of Tier 1 capital	18.47	18.42
Capital ratio for total capital	19.70	19.61
Return on average assets (ROAA)	1.16	1.06
Return on average equity Tier 1 (ROAE)	18.31	15.10
Assets per employee in CZK thousand	226,151	218,704
Administrative costs per employee in CZK thousand	1,836	1,743
Profit or loss after tax per employee in CZK thousand	2,678	2,215

Note: The calculation methodology according to Decree 163/2014 Coll. differs from the methodology specified in the section Definitions of the mentioned alternative performance measures.

Capital adequacy management

The Bank manages its capital adequacy to ensure its sufficient level in the environment of changing regulatory requirements while allowing for organic business growth and for potentially adverse macroeconomic developments.

Under the applicable regulation of capital adequacy, in addition to the usual reporting of the capital adequacy ratio (so-called Pillar 1), regulatory demands comprise also fulfilling conditions for evaluating required economic capital, stress testing, and capital planning (so-called Pillar 2, or the internal capital adequacy assessment process, ICAAP). To determine the required economic capital, the Bank has substantially selected methods close to the regulatory procedures applied for Pillar 1. That has resulted in there being very similar levels of necessary economic and regulatory capital.

Given the fact that capital requirements are continuing to develop, the Bank is continuously assessing the impact of their changes in the process of capital planning. As the national regulatory authority, the CNB oversees KB's compliance with capital adequacy requirements on standalone and consolidated bases.

During the past year, the Bank met all regulatory requirements. On a regular basis, KB also compiles and reports to the CNB mandatory information regarding its ICAAP.

Stress testing

As an essential part of its risk management under Pillar 2, KB regularly simulates hypothetical macroeconomic scenarios involving potential adverse external macroeconomic conditions.

On this basis, the Bank estimates impacts upon its financial result and the risk profile of its business in a medium-term horizon. It subsequently generates expectations for the development of risk-weighted assets (i.e. capital requirements) and financial results. The results of stress testing are among the inputs considered in determining the Bank's dividend policy.

In the liquidity risk area, client behaviour and its effect on the deposit base are modelled on the basis of stress scenarios such that any possible outflow of liquidity would be very securely covered.

The results of stress testing in 2024 confirmed that KB is resistant to impacts from potential unexpected adverse developments in the Czech economy.

Risk management

Risk governance and strategy in KB Group

Risk governance

Risk management at Komerční banka is based upon an integrated concept that takes into account the advanced risk management standards of the Société Générale Group together with the statutory and regulatory norms as defined and required by the Czech National Bank and other regulatory bodies.

Komerční banka's corporate governance standards assure that the risk and compliance management functions are independent of commercial and operational functions, as well as from the internal audit function. This approach is also applied at all subsidiaries.

KB Group conducts risk identification and materiality assessments on a semi-annual basis. The following risk types are identified as having potentially material impact on the Group: credit, counterparty, market, non-financial (consisting of operational, compliance, and legal risks), model, structural, business, and strategic. In addition, KB Group has identified three risk factors (ESG, country, and reputational risk) with potentially material impact on the aforementioned risks.

KB Group applies the risk management and internal control system based on three lines of defence:

- 1st line of defence (LoD1) represented by business units, tribes and support services, responsible for risk management on a daily basis (processes and controls are set up to ensure that risks are identified, monitored, and managed).
- 2nd line of defence (LoD2) represented by the Risk Management Arm and Compliance Arm, ensuring independent risk and compliance management and control activities. LoD2 aims to ensure that risks are properly identified, evaluated, monitored, and managed by the LoD1 in compliance with the risk appetite of the Group and with regulatory requirements.
- 3rd line of defence (LoD3) consists in the Independent Internal Audit Arm, which performs the third level of control activity.

KB's Chief Risk Officer (CRO) and Chief Compliance Officer (CCO) is a member of the Board of Directors independent of the other top managers and also has access to the Supervisory Board. In addition, KB's CRO&CCO oversees the risk and compliance management functions in KB's subsidiaries. In his role, the KB's CRO&CCO is responsible for LoD2 activities for all types of risks incurred by the KB Group.

The other members of KB's Board of Directors supervise the risks undertaken in their areas from an LoD1 perspective (e.g. the member of the Board responsible for retail banking supervises the LoD1 risk management related to retail activities, such as credit risk, operational risk, compliance risk). Specifically:

- Structural and business risks are managed from an LoD1 perspective within the Strategy and Finance arm.
- Legal risk is managed from an LoD1 perspective within an organisational structure under the responsibility of KB's Chief Operating Officer.
- Strategic risk is managed directly by KB's Board of Directors from an LoD1 perspective.

Organisationally, all LoD2 risk and compliance management activities are carried out under the risk management organisational structures managed by KB's CRO&CCO. This also includes the production of risk software and data solutions in close co-ordination with the Bank's information technology organisational structure and

supervision of the risk and compliance management activities of KB's subsidiaries.

The development of risks incurred is regularly reported to KB's Supervisory Board, the Board of Directors, or the Enterprise Risk Committee, as well as to Société Générale and to external supervisory authorities.

Overall risk management strategy

Through its risk management strategy, KB Group continues to pursue a prudent and balanced approach to all types of risks assumed. At the same time, it aims to support development of the Group's business activities, including sustainable growth of its lending activities and reinforcing the Group's market positions.

The objective is to ensure profitable credit and market activities across the business cycle and, at the same time, to preserve a sound balance sheet with strong capital and liquidity ratios. To this end, advanced risk management tools, including statistical tools, are continuously enhanced and analytical and risk management skills are maintained at high levels for both risk management and business staff.

A general target of Komerční banka's risk management is to harmonise risk management processes and tools throughout the Group.

Risk appetite

KB Group's risk appetite is set out in the KB Group Risk Appetite Statement (RAS), which has been prepared since 2015 in accordance with the recommendations of the Financial Stability Board. The purpose of the RAS is to define the level and type of risk that KB Group is willing to accept in pursuit of its strategic objectives, and to establish quantitative risk thresholds and qualitative strategies for all material risks to which KB Group is exposed. In addition, alignment of the RAS with risk policies and standards must be ensured on an ongoing basis.

KB Group's RAS is developed with the aim of ensuring consistency between risk-taking capacity, capital adequacy, and business and financial objectives. The level of the Group's risk appetite and its risk management strategy are fully aligned and within the limits of the SG Group Strategy & Risk Appetite.

The KB Group RAS includes an assessment as to the consistency of credit risk appetite with long-term risk and financial objectives, as well as regular updates of quantitative thresholds and limits for indicators measuring material risks and their alignment with the semi-annual ICAAP (Internal Capital Adequacy Assessment Process) results.

The KB Group RAS is reviewed annually or more frequently according to need.

The development of a comprehensive set of RAS indicators (e.g. capital adequacy, cost of risk, operational risk losses) is monitored on a quarterly basis by the KB Enterprise Risk Committee (ERC), which reviews the identified causes and action plans in the event of RAS thresholds being breached.

The most recent validation of the KB RAS for the year 2025 was performed by the KB ERC in November 2024 (making no material update of risk appetite for any of the risks).

Risk management process audit

KB's internal audit function regularly evaluates the Group's approach to risk-taking and assesses risk management procedures, including compliance with regulatory requirements, on a regular and ad hoc basis.

KB's risk management is organised on the basis of a concept encompassing three lines of defence, with KB's Internal Audit as the independent third line.

Internal Audit conducts regular risk assessments on an annual basis to analyse and evaluate the severity of risks and likelihood of their occurrence. This activity covers all of the Bank's operations, including the risk management component.

On this basis, Internal Audit defines a strategy to cover significant identified risks. The strategy is reflected in the annual and multi-year audit plans approved by KB management, the Audit Committee, and by Société Générale. The main objective of the audit reviews is to assess the completeness and functionality of the risk management and internal control systems. Their main purpose is to comprehensively verify the correctness, legality, and appropriateness of banking transactions and operations and to provide reasonable assurance as to whether the risk management process complies with all relevant regulations and is effective, efficient, and consistently applied throughout the Bank.

The results of the audits are reported to the KB management and remedial action plans are developed. Internal Audit systematically monitors the implementation of these action plans in the respective audit systems and assesses their adequacy.

All roles and responsibilities, organisational structure and reporting lines, scope, and audit methodologies are set out in the KB Audit Charter, which was last updated in November 2024.

Developing a culture of risk management

Continuous development of employees' risk management skills is assured by regular trainings in, among other areas, operational risks, anti-money laundering, and ESG. Specifically, employees participating in the lending process, including in the branch network, attend KB Risk Academy, a set of trainings in the area of credit risks. Moreover, selected staff members take part in targeted trainings, lectures, conferences, and other activities.

Regular performance assessment of all the Bank's employees, including of those in top management, includes mandatory assessment of compliance with the Code of Conduct. The Key Performance Indicators include at least one risk indicator for each member of the top management and for a specified group of employees with material impact on the Bank's risk profile. These indicators must have at least 20% weight in the overall assessment.

Employees in the branch network who participate in the credit process are also assessed according to risk performance of the loans granted.

To support a sound risk culture, the Bank also ensures an appropriate balance between fixed and variable remuneration, thereby preventing excessive risk-taking while maintaining a performance-driven culture.

Stress testing

Stress-testing exercises provide a forward-looking medium-term simulation of the Bank's results and key characteristics in hypothetical adverse macroeconomic scenarios that may occur in the economic or business environment. Projected macroeconomic variables are translated into the development of risk parameters and relevant exposures and/or positions and impacts on risk-weighted assets, capital requirements, financial performance, and other variables.

During 2024, KB Group performed these main stress-testing activities: (i) semi-annual Internal Capital Adequacy Assessment Process (ICAAP), and (ii) annual Internal Liquidity Adequacy Assessment Process (ILAAP). The aim of such tests is to assess resilience of the financial institution to adverse market developments.

The results of stress testing in 2024 confirmed that KB Group remains solidly resilient to impacts from potential unexpected adverse developments in the Czech economy.

Systemic risks

In order to address systemic risks, KB Group is subject in particular to the specified capital buffer for systemically important institutions, recovery planning, stress testing, and resolvability requirements.

Capital buffer for systemically important institutions
The capital buffer for systemically important institutions is intended to mitigate the risks associated with potential destabilisation of systemically important institutions which could have significant adverse effects on the financial system and the economy as a whole. The Czech National Bank, as the supervisory authority, compiles a list of systemically important financial institutions based on the systemic importance scores of domestic institutions (in fact, the list includes other systemically important institutions [known as "O-SIIs"] for capital adequacy purposes). In determining the scores, which include an assessment of size, importance to the economy, complexity, and interconnectedness with the financial system, the CNB fully follows the guidelines of the European Banking Authority.

As a result, the CNB sets additional capital requirements in the form of an O-SII capital buffer where appropriate. KB Group has been identified as an O-SII since 2014. In the latest review by the CNB in mid-2024, KB Group reached a systemic importance score of 17.6% and, as a result, KB Group was required to meet a capital O-SII buffer rate of 2% for the year 2024. That rate is valid until the next review. The O-SII buffer is part of the overall required capital ratio (OCR). KB Group meets the OCR with an adequate reserve.

Resolvability
The KB Group is subject to recovery planning based on the EU Bank Recovery and Resolution Directive and the Czech Act on Recovery and Resolution in the Financial Market. The main parts of the recovery

plan focus on crisis management, including crisis communication and identification of potential measures that could be applied in the event of a significant deterioration of the solvency or liquidity situation. The contingency funding plan, which focuses solely on a possible liquidity crisis, is an integral part of the recovery plan.

The CNB is also the resolution authority for institutions in the Czech Republic. The resolvability of an institution refers to a state of affairs wherein the institution can be resolved in a feasible and credible manner through liquidation or by applying the procedures set out in the Insolvency Act or the Recovery and Resolution Act while avoiding significant adverse effects on the financial system and ensuring continuity of the institution's critical functions.

In this context, and similar to the Single Resolution Board of the European Banking Union, the CNB has defined its expectations in the following areas: (1) governance, (2) loss absorbency and recapitalisation capacity, (3) liquidity and funding in resolution, (4) operational continuity in resolution and access to FMI services, (5) information systems and data requirements, (6) communication, and (7) separability and restructuring.

The CNB also prepares the so-called resolution plan, which details the characteristics of the institution and its group, identifies critical functions, identifies and addresses any impediments to its resolvability, and sets the minimum requirements for own funds and eligible liabilities (MREL). KB and MPSS have dedicated significant capacity to meeting these resolvability requirements.

As a component of resolvability, supervisors require institutions to issue a sufficient amount of MREL (minimum requirement for own funds and eligible liabilities) instruments capable of absorbing losses and subsequently recapitalising an institution in case of need. The CNB regularly reviews the MREL requirement, taking into account the institution's risk profile, financial soundness, business model, internal and external interdependencies, and critical functions. According to the latest CNB decision from mid-2024, KB Group is required to maintain its MREL instruments at a level of no less than 21.2% of total risk exposure (i.e. risk-weighted exposure) and 5.91% of total exposure. KB Group met all regulatory MREL requirements during 2024.

Emerging risks

During the risk identification exercise, which is conducted on a semi-annual basis, emerging risks are also systematically assessed. Through the most recent risk identification exercise in autumn 2024, the following four risks were identified as recent or emerging and with potential to impact the Group's risk profile in the short to medium term:

Increased geopolitical tensions
KB Group is continuously monitoring and assessing impacts of the war in Ukraine on its operations and customers. In most cases, the impact on customers is secondary and indirect, mainly due to customers' dependence on strategic materials. The Group believes that the geopolitical risks are correctly reflected in the ratings of the respective customers and considers the overall situation of the customers to be stable.

In addition, impacts of the war in Ukraine continue to be reflected in increased cybersecurity threats (to which KB is reacting by further strengthening its security setup in the IT area) and compliance (sanctions and embargo challenges).

At the same time, KB Group is monitoring growing tensions in other regions and assessing potential impacts on its activities and clients. If necessary, the Group will respond to the changing situation by adjusting its policies and accounting estimates, including by adjusting its provisioning models in accordance with the IFRS 9 standard.

Post-inflationary period with potential negative impact on the macroeconomy
The main areas potentially affected are (i) credit risk (with some deterioration in the credit risk profile of the SME, consumer finance, and small business portfolios in 2024), and (ii) business volumes (potentially lower customer borrowing appetite). The Group created the IFRS9 post-inflation provisioning overlay to cover future credit risk losses.

Transformation risk
Transformation risk is related to KB's current key strategic objective of creating the New Digital Bank, which means mastering the digital interaction with KB's customers for acquisition, sales, and service with the aim of improving customer experience and internal efficiency. Transformation risk is related to potential problems with the functionality of systems, regulatory obligations, or possible delays and consequent business risk. Transformation risk is mitigated through a number of measures, such as proper evaluation and approval of individual transformation activities through the New Product Committee process, improvement and strengthening of IT infrastructure, proper testing.

Regulatory risk
Regulatory risk relates to the implementation of various regulatory activities, such as DORA or NIS2 in the IT area or regulatory activities related to the ESG area (see ESG section in this annual report for more details, including mitigation actions).

Credit risk

Key activities in 2024

In 2024, KB Group focused on the following credit risk activities in particular:

- Assessing impact of the current macroeconomic situation and outlook on the credit quality of its portfolio.
- Meeting regulatory requirements (ongoing upgrading of regulatory IRBA models to reflect EBA guidelines, regular updating of provisioning models) or gradually integrating ESG principles into its activities.
- Implementation of the Bank's digital risk strategy (e.g. ongoing implementation of the upgraded KB Group risk engine, redesign of origination processes for retail and SME segments enabling the digital customer journey, strengthening of digital fraud prevention).

Credit risk management tools

Credit risk assessment and monitoring

Client credit risk is managed on the basis of comprehensively assessing clients' risk profiles from quantitative (financial) and qualitative viewpoints using advanced scoring and rating models along with individual approval by competent risk or business managers. The system of approval authorities is set up to reflect the risk profiles of the counterparties and the levels of competencies required for their assessment. No credit exposure can be originated until internal credit limits for the client and transaction have been first duly established.

The Bank has a strong monitoring process for clients financed and exposures granted that allows for triggering corrective actions in case deterioration is evidenced. The monitoring is continuously enhanced, and, specifically for non-retail clients, the Bank uses advanced models based on AI (artificial intelligence) algorithms.

All KB scoring, rating, and Basel (e.g. Loss Given Default, Probability of Default, or Credit Conversion Factor) models are back-tested at least annually and adjusted whenever needed.

The KB Group carries out detailed monitoring of its loan portfolio. It reports the results regularly to the Bank's management on a quarterly basis and to the Supervisory Board on a semi-annual basis.

Fraud prevention

Payment fraud

KB identified the following main types of payment fraud in 2024:

- Investment fraud, where perpetrators trick individuals into investing money in bogus or misleading opportunities, often promising high returns with little risk to attract victims. This accounted for 62% of recorded fraud.
- Vishing scams, where fraudsters use telephone calls to trick individuals into revealing personal or financial information by pretending to be legitimate representatives of banks, government agencies, or technical support. This can lead to identity theft, financial loss, and unauthorised access to personal accounts. This type of fraud represented 10% of all recorded fraud cases.
- Phishing scams, where fraudsters use fake emails or websites to trick individuals into providing sensitive information such as login details, passwords, or authorisation tokens. This accounted for 12% of recorded fraud.

Komerční banka uses an automated Fraud Detection System (FDS) to detect and prevent payment fraud. The system is based on rules and models that analyse data from transactions, devices, and user sessions. The system and its rules are continuously adapted to the market situation and help in adapting to emerging threats. Specifically to address the above threats, we have implemented new security features in our mobile and internet banking, such as dynamic QR codes and the ability to verify calls from the Bank using the KB+ or KB Key application.

Credit fraud

Komerční banka uses an advanced automated system for detecting credit fraud and co-ordinating responses to credit fraud attacks. This system is fully integrated with KB's main applications, ensuring seamless operation and real-time monitoring.

The anti-fraud tools and processes are continuously adapted to the market situation, allowing the Bank to quickly adapt to new threats and challenges. Through the use of new algorithms and data analysis, the system enhances the Bank's ability to identify and mitigate fraudulent activity, thereby protecting customers' financial assets and strengthening their trust.

Staging of receivables

KB Group allocates its receivables arising from financial activities into three categories (Stages 1, 2, and 3) in accordance with the IFRS 9 standard. Stages 1 and 2 constitute non-default (performing) while Stage 3 comprises default (non-performing) receivables. The staging reflects both quantitative criteria (payment discipline, financial data) and qualitative criteria (e.g. in-depth client knowledge).

Model Risk Management

Due to the growing importance of predictive models, Komerční banka established a team of experts (Model Risk Management) in 2018. The team focuses on risks arising from the use of these models. The MRM team provides an initial review of a model's design, verifies its correct usage and implementation, controls appropriate lifecycle governance and provides annual model revalidation. KB's MRM team covers all credit risk, ALM, and compliance models. Models shared within the SG Group are reviewed in collaboration with the central SG MRM team. In addition, the KB MRM team ensures regulatory compliance for regulated models (IRB, IFRS 9, ALM) for the KB Group. With the ongoing digitalisation of the Bank's services, the team will gradually extend its scope to control other KB Group model families (e.g. marketing models).

Real estate valuation

In compliance with Czech and EU regulations, the valuation and monitoring of real estate collaterals accepted by the KB Group as security for corporate and retail loan exposures are delegated to a dedicated independent unit. This unit is a part of the Risk Management Arm and co-operates with a broad group of external valuation experts.

KB Group continuously monitors both residential and commercial real estate markets and regularly revaluates the real estate collaterals. KB Group utilises appropriate techniques (individual or statistical) for this purpose in order to react adequately to market developments. KB Group uses statistical monitoring of residential real estate market developments and applies an adjustment for pertinent residential real estate appraised values if residential real estate market values significantly decrease in relevant regions and periods. Moreover, KB Group monitors the development of commercial rents and performs individual revaluation of pertinent commercial real estate if rents significantly decrease in relevant regions and commercial real estate segments. In addition, real estates securing exposures exceeding EUR 3 million are individually revaluated every 3 years.

Since November 2019, KB Group has been using online statistical real estate collateral evaluation for a limited part of the low-risk production of mortgages as one of the steps in digitalising the mortgage loan granting process.

Recovery activities

In 2024, KB Group observed that the effects of the energy price shock from previous years had begun to fade. Year-on-year inflation declined significantly and fell within the tolerance range of the CNB's inflation target, resulting in a smooth reduction of the policy rates.

Nevertheless, the negative effects from the previous year(s) continue to manifest themselves as delay in the recovery processes.

In particular, KB Group has observed an increase in the time needed to "cure" customers in the first stage of collection (up to 90 days after the due date) and a moderate but observable increase in the value of loans entering this stage each month. These effects have a negative impact on the slightly worsening percentage of customers returning to a non-delinquent status and on the total volume of loans in the commercial recovery phase, which was slowly but gradually increasing throughout the year for retail customers.

During the year, KB Group experienced a deterioration in the risk profile for some small business customers. For these customers, KB Group has observed longer delays in the payment of their credit claims and more frequent entry into the next stage of recovery, namely out-of-court settlements.

Although the volume of KB Group's non-performing loans (from a long-term perspective) remains well below pre-COVID-19 levels, KB Group responded to the gradually deteriorating situation during the year. It initiated pilot projects for retail customers who, based on expert and statistical models, were identified as having a higher risk of failing to repay due debts within 90 days. For these customers, KB Group has shortened the period of so-called "soft recovery" (loans in the commercial recovery phase) and reduced the time for transition to legal recovery. These pilot projects helped to stabilise the negative impact on recovery from the previous year's economic development and stopped the deterioration in the repayment situation of KB Group's retail loans.

In order to increase the efficiency of recovery, KB Group continued to digitise and automate certain processes of retail out-of-court collection. KB Group generally takes a proactive approach to debt management and enforcement. By making better use of data and tailoring the approach to the specific situation of each client, the chances of resolving problematic situations are significantly increased, to the benefit of both KB Group and the client.

In 2024, KB Group continued regularly to sell unsecured and secured retail non-performing loans and receivables to selected qualified investors in order to achieve the highest possible recovery rate. KB Group did not conduct mass sales of non-performing loans secured by real estate collateral.

KB Group has observed a decrease in the amounts recovered from non-performing unsecured loans to individuals as a result of interventions on the non-seizable amount, particularly due to the repeated increases in the minimum subsistence level and normative housing costs since 2019. In debt relief processes, KB Group focuses primarily on assessing whether the client is offering appropriate repayment(s) in relation to their capabilities and the opportunities available in the labour market. During the debt relief period, KB Group also monitors the fulfilment of conditions by the clients.

KB Group expects a negative impact from the amendment to the Insolvency Act, in particular the reduction of the debt relief period from 5 to 3 years for all debtors. Given the effective date of the amendment, KB Group expects the financial impact to begin in 2028, when the first proceedings under the new rules will gradually be resolved.

The Group plays an active role in insolvency proceedings. Throughout 2024, KB observed confirmation of the trend for large corporate customers to resolve their insolvency situations through reorganisation.

Consumer protection in recovery activities
KB Group ensures that its debt collection and recovery activities are fully compliant with consumer protection regulations. This includes four key areas:

- Transparency: Providing consumers with clear and concise information about their debts, including the amount owed, the creditor, and the consequences of non-payment.
- Fair treatment: Ensuring that all interactions with consumers are respectful and non-threatening. This includes avoiding harassment, misrepresentation, and unfair practices.
- Dispute resolution: Offering consumers opportunity to dispute their debts and providing a clear process for resolving such disputes.
- Privacy: Protecting consumers' personal information and ensuring that it is used only for legitimate purposes related to debt collection.

In identifying deterioration in a client's financial situation, KB Group assesses and evaluates the client's situation, focusing in particular on:

- the cause of the current or anticipated financial problems (e.g. loss of job, long-term illness, changes in personal relationships, extraordinary one-off expenses, unexpected life situations),
- the customer's previous payment behaviour within the KB Group,
- fulfilment of previous promises and agreements,
- the client's other obligations outside the KB Group and their extent in relation to the credit exposure within the KB Group.

Based on the information gathered during a meeting with the client and its evaluation, KB Group proposes an appropriate solution. KB Group offers several options / solutions to the client:

- Changing the payment date (during the month),
- Instalment reduction (temporary/permanent),
- Instalment deferral (with/without loan maturity extension) – up to 6 months,
- Consolidation (of internal or even external debts), and
- A repayment schedule based upon a by court order, possibly with debt reduction.

Specific training for staff involved in debt collection and recovery
KB Group provides comprehensive training to employees involved in debt collection and recovery. This training includes the following areas:

- Regulatory compliance: Ensuring that employees are fully aware of and comply with all relevant consumer protection laws and regulations.
- Communication skills: Training employees to communicate effectively and empathetically with consumers.
- Conflict resolution: Equipping employees with the skills to handle disputes and negotiate payment plans.
- Ethical practices: Emphasising the importance of ethical behaviour and fair treatment of consumers.

Provisioning

KB Group uses the IFRS 9 standard in the area of allowances for receivables. Depending on the client segment, materiality, risk profile, and characteristics of the receivables, allowances are created either

- individually (for part of defaulted exposures, or, exceptionally, for exposures in Stage 2) while taking into account the present value of expected future cash flows and considering all available information, including the estimated value of collateral and the expected duration of the recovery process; or
- using expected credit loss statistical models based on the observed history of defaults and losses and forward-looking adjustments.

Allowances calculation in accordance with IFRS 9 is consistent with the risk-weighted assets calculation (IFRS 9 statistical models are originally derived from the IRBA regulatory models), the same statistical models being used in both calculations, and with the regular stress-testing approach (forward-looking predictions in the IFRS 9 calculations are the same as those used in the regular stress testing).

In 2024, KB Group updated and recalibrated its IFRS 9 models for the performing portfolio (Stage 1 and Stage 2) and for the retail non-performing portfolio (Stage 3). This is further detailed in the following chapter.

Granting policy

In 2024, the Bank implemented a sophisticated algorithm for determining income and expenses on current accounts of individual clients. The Bank also updated and, above all, refined the internal minimum values of expenses that are included in the creditworthiness assessment of natural persons. These steps have improved the adequacy of creditworthiness assessment and the Bank expects their positive impact on the risk profile of granted consumer loans. Throughout the year, the Bank also continued to simplify processes and speed up lending to all customer segments (with the gradual introduction of digital processes).

Cost of risk's development in 2024

KB Group recorded cost of risk at 11 basis points (net creation) in 2024 compared with 0 basis points in 2023. The total volume of allowances created for amounts due from customers came to CZK 13.6 billion as of 31 December 2024 versus CZK 13.5 billion as of 31 December 2023.

Key drivers of cost of risk's development in 2024 were as follow:

- Retail: Residual contribution from the NPL portfolio driven by higher default intensity in the small business and consumer lending portfolios, offset by the resilient credit risk profile of mortgages and continued strong recovery levels. Moderate contribution from the performing portfolio, driven by some limited rating deterioration in the small business and consumer portfolios and the annual recalibration of IFRS 9 provisioning models.
- Corporates: Near-zero contribution from the NPL portfolio, driven by the resilient credit risk profile of large corporates and continued strong recovery levels, offsetting the higher default intensity of SMEs. Moderate contribution from the performing portfolio, mainly driven by a small number of newly watch-listed customers.

Overall, 1.9% of loans (on balance sheet) are classified as Stage 3 (non-performing) As of 31 December 2024, compared to 1.8% in 2023. The flat NPL share in 2024 reflects low default migration intensity for mortgages and large corporates and continued strong recoveries across all segments, offsetting higher default migration intensity for SME, small business, and consumer loan portfolios.

During 2024, the Bank updated and recalibrated its IFRS 9 models for the performing portfolio (Stages 1 and 2) and for the retail non-performing portfolio (Stage 3), taking into account new macroeconomic forecasts in line with the IFRS 9 forward-looking approach (in terms of sensitivity, GDP, unemployment, and real estate prices are the main predictors in the forward-looking models).

These IFRS 9 model updates resulted in the creation of provisions for the performing portfolio totalling CZK 41 million and the release of provisions for the non-performing portfolio totalling CZK 57 million.

In accordance with the IFRS 9 methodology, the update was based on the multi-scenario approach, which as of the end of 2024 was based on three scenarios:

- baseline scenario with a probability of 56%,
- the adverse (stress) scenario with a 34% probability, and
- an optimistic scenario with a 10% probability.

At 31 December 2024	GDP	Inflation	Interest rate on mortgages	Real wages (YoY)	Unem-ployment
Baseline economic assumption					
3-year average	2.13	2.01	4.60	3.20	2.95
Peak	2.40	1.65	4.52	3.96	2.77
Optimistic economic assumption					
3-year average	3.46	1.54	3.63	3.92	2.52
Peak	4.30	0.56	3.31	3.96	2.46
Stress economic assumption					
3-year average	(0.67)	3.28	5.51	3.08	4.6

The scenarios were developed internally using best estimates and following forecasts published by government, as well as regulatory and other authorities. In line with the forward-looking approach, KB Group continued to apply a specific approach using post-model adjustments for the following portfolios:

- Exposures in the retail individual and small business segments, where the future credit risk profile may be affected by the lagged effects of recent very high inflation, costs, or interest rates, and therefore the customer credit ratings at 31 December 2024 may not adequately reflect the future risk profile. As of 31 December 2024, the exposure of this identified portfolio totals CZK 66.9

billion. The rating of these customers has been downgraded by one notch in the individual segment and by two notches in the small business segment for the purpose of calculating the allowance. In addition, exposures to the aforementioned clients with maturities up to the end of 2021 have been reclassified to Stage 2 (due to the deterioration of the macroeconomic situation since initial recognition, which may affect the future credit profile of the exposures). The amount of additional provisions for KB Group as of 31 December 2024 was CZK 635 million. KB Group will reconsider the validity and amount of the overlay during 2025, subject to a reduction in the current elevated default rates for the small business and consumer loan portfolios.

- The entire performing non-retail portfolio for the same reason as above. The amount of additional provisions for KB Group as of 31 December 2024 was CZK 1,639 million. KB Group used the approach of additional allowances for the whole non-retail segment as it does not observe significant differences in risk profile between the sectors. However, KB Group closely monitors the situation of sectors which it considers to be potentially sensitive in the future. Similarly to the retail segment, the Group will reconsider the validity and amount of the overlay during 2025.

Structural and market risks

Financial risks management

In addition to credit and non-financial risks, the Group is exposed to risks related to changes in interest and exchange rates and liquidity of assets (financial risks). The process of managing financial risks aims to hold risks undertaken to a minimum while also facilitating the Group's organic development. The methods for identifying, measuring, and managing risks in the areas of foreign exchange and interest rates are typically based on the requirement to minimise the impact on earnings.

Supervision of the financial risk management process is by the Assets and Liabilities Committee (ALCO), which includes, among others, members of Komerční banka's senior management. The ALCO also oversees the levels of risk taken on and the proposed hedging transactions that the Bank executes in managing risk.

KB's Asset and Liability Management (ALM) department defines methodologies for identifying and measuring these risks, subject to approval by the ALCO. The ALM department also measures the risk indicators and reports them regularly to the ALCO and Board of Directors.

The methodology of identification and measurement of financial risks is reviewed by the Risk Management Arm, specifically by the Market and Structural Risk Department. This department is also responsible for managing the limits for individual risk categories.

KB's Treasury Department proposes and implements investment and hedging operations for managing the Bank's risk profile. Treasury is also in charge of setting up appropriate economic benchmarks for price setting, again subject to ALCO approval. Mirroring the regulatory developments in France and the USA, liquidity risk management has been centralised into the Treasury Department.

The ALCO, as well as the ALM, Treasury, and Market and Structural Risk departments, supervise the processes of asset and liabilities management also in other KB Group entities. All financial risk management activities fully comply with the rules of Czech regulatory authorities and with relevant international banking regulations.

Capital markets risks management

Market risk and counterparty risk on market transactions within KB Group's financial markets activities are managed by a dedicated Markets and Structural Risks Department. This department reports directly to the Bank's Chief Risk and Compliance Officer and is fully independent of business units. It operates within the framework of Société Générale Group's Market Risk Division. Methodologies for measuring risks and control procedures are thus aligned with the best practices of Société Générale.

Liquidity and funding risk

KB Group's strong liquidity position is founded upon the various types of customer deposits that it holds and the fact that the Group does not substantially use secondary financing. Thanks to the stability of its large deposit base, the Group had no need to modify the structure of its balance sheet in response to external economic developments by reducing certain types of exposures or seeking to obtain other types of funding. KB Group's strong creditworthiness is supported by its stable financial results, as well as the level of capital adequacy it has achieved. As a result, as of 31 December 2024, it had an excellent net loan-to-deposit ratio of 83%.[1)] KB also meets by a large margin the 3% required minimum leverage ratio that has been binding since mid-2021. This indicator confirms Komerční banka's solid position and its adequate room for further business growth.

Funding of KB Group

Client deposits in the volume of CZK 1,030 billion[2)] comprise a crucial part (approximately 67%) of the Group's total liabilities and shareholders' equity. Current accounts made up the largest proportion of client deposits within the Group (66%). In addition to its broad and stable base of client deposits, KB Group has other

[1)] Excluding repo operations with clients.

[2)] Excluding volatile repo operations with clients. The total volume of 'Amounts due to customers' reached CZK 1,175 billion.

possible funding sources, including cross currency swaps and debt securities issues and loans taken.

Historically, primarily cross-currency swaps were used as the main source of EUR funds, swapping CZK for EUR. This was a consequence of the excess liquidity in CZK resulting from the large CZK deposit base.

To enhance currency diversification of its funding sources, the Bank brought out in 2021 its inaugural issue of mortgage covered bonds denominated in euro in the volume of EUR 500 million. The bond was rated AAA by Fitch Ratings and admitted for trading on the regulated market of the Luxembourg Stock Exchange.

Komerční banka did not increase in 2024 the volume of issued debt securities. As of the end of 2024, the total nominal amount of mortgage bonds and other debt securities placed outside KB Group reached the equivalent of CZK 12.6 billion.

In terms of the overall balance sheet and funding requirements, the Bank remains primarily funded by client deposits, with additional financing sourced from the secondary market through financial debt.

In line with the strategy to minimise interest rate risk, the Bank anticipates no significant financial impacts from fluctuations in market interest rates or refinancing spreads.

Liquidity management

Liquidity risk management focuses primarily on the ability of the Bank and entire Group to meet their payment obligations at all times. This includes maintaining adequate cash volumes as well as balances on nostro accounts and the mandatory minimum reserves account while not unnecessarily adding to the Bank's costs or restraining its business activities. Liquidity is maintained by rigorous cash flow management.

A liquidity snapshot broken down by currency (CZK and foreign) is monitored based on static indicators measuring the incoming and outgoing cash flows within particular time horizons and also based on dynamic stress scenarios focusing on potential adverse development of the economic environment as well as the deterioration of individual positions.

Behaviour of the client deposit base and clients' use of financing are modelled (including off-balance sheet transactions) in its liquidity ratios in order to maintain a very high certainty of covering possible outflows of funds. Sufficient liquidity is managed using a system of limits. To achieve these, KB uses on- and off-balance sheet transactions on the interbank market.

The Group is prudent in its strategy and uses medium- and long-term instruments which allow it to stabilise both volumes and associated costs while at the same time reflecting changes in costs when setting prices.

The Group maintains high liquidity at all times. It covered all its liabilities during 2024 from its internal sources without any problems, and the use of additional secondary funding remained limited. As of 31 December 2024, the Group was not drawing liquidity from central banks. The Group's liquidity cushion consists in a combination of investments in government bonds and placements made directly with the central banks.

As required by the regulator, the Bank monitors and steers the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR). Both these regulatory indicators were regularly measured and reported to the CNB and within the SG Group reporting framework. Both LCR and NSFR were safely above the regulatory requirements of 100% on an ongoing basis.

Interest rate risk in the banking book

Interest rate risk constitutes the risk of possible financial loss or negative changes in the Group's net interest income due to movements in market interest rates. KB Group has divided its business activities according to their nature into the banking book and market book. Transactions executed with clients through the branch network typically fall within the banking book while operations with instruments acquired with intention of further trading belong in the market book. Interest rate risk is measured and managed separately for the banking and market books. With regard to interest rate risk in the banking book, the parent company (i.e. Komerční banka) and Modrá pyramida are the most significant members of the Group. The Group manages its banking book interest rate risk using such standard methods as gap analysis and interest rate sensitivity analysis. The aim of the Group is to minimise banking book risk and not at all to speculate on interest rate changes. To this end, the Group has established prudential limits. Thanks to the strategy aimed at minimising interest rate risk, the Bank's exposure to the effects of rising interest rates is substantially limited, and any potential future interest rates decreases will not adversely affect the Bank.

KB uses such standard market instruments for hedging against interest rate risk as interest rate swaps and forward rate agreements, as well as to invest in securities. All hedging and investment

transactions are immediately entered into the Bank's front office system, where they are recorded and priced.

As from 2018, the Group classifies financial assets pursuant to the IFRS 9 Financial Instruments into the following business models:

- for the banking book – Hold to Collect contractual cash flows (HTC portfolio) and Hold to Collect and Sell (HTCS portfolio) contractual cash flows, and
- for the trading book – Held for Trading.

The choice of portfolio for holding an investment in the banking book is defined by accounting requirements and the associated internal rules (for classification of securities, the Bank considers the business model and the nature of the cash flows).

Revaluation of the HTCS portfolio to fair value impacts upon regulatory capital through changes in Other Comprehensive Income (OCI). The volume of regulatory capital could be impacted mainly by a worsening in the credit quality of bonds, whereas an impact from movements of market interest rates is substantially limited due to the bonds' interest payments being hedged. Selection of the HTC or HTCS portfolio allows for hedging an investment against interest rate risk.

Interest rate derivatives (for hedging risk in the banking book) are recognised pursuant to valid accounting rules (including IAS 39) so as to achieve the most precise accounting recognition. Changes in the economic environment and in the product mix of the balance sheet had no impact on the Bank's hedge accounting. During 2024, all hedging derivatives of the Bank met the conditions defined by accounting standards, and their complete effectiveness was validated during regular testing.

KB has prepared a detailed strategy for managing interest rate risks that includes descriptions of permitted derivatives, instructions on using them, and methods for their accounting valuation.

Price setting

The process of product price setting is organised on two levels. The first involves the economic principle of determining a proper benchmark in terms of current market conditions and at the level of Komerční banka's portfolios (by the ALCO). The second is to determine the price for the customer in view of a combination of marketing objectives and product parameters from the client perspective (by the Commercial Committee). Treasury provides tools and supports the Bank's business network in valuing transactions, setting client rates, and determining exchange rate spreads. The price-setting strategy is to offer clients products bearing competitive interest rates while always taking into account those costs connected with the price of liquidity and hedging against interest rate risk. In that manner, margins and financial stability are preserved even despite possible changes in market conditions.

Foreign exchange risk in the banking book

Foreign exchange risk is defined as the risk of potential loss to the Group due to fluctuations in currency exchange rates. The Group's foreign exchange risk is measured and managed on a daily basis, and its position is controlled by a system of limits. The strategy is to minimise the impact of foreign exchange risk in the banking book, which means essentially to achieve neutral foreign exchange positions. For the purposes of hedging these, the Bank uses such standard instruments as FX spot and FX forward operations.

Within the Group, foreign exchange risk is concentrated especially in Komerční banka itself. The maximum open foreign exchange position of the Group's banking book in 2024 was 0.2% of the Group's capital, and thus it was essentially negligible. Part of foreign exchange risk management also involves KB's ability to respond quickly to market developments so as to prevent the conclusion of economically disadvantageous transactions. Komerční banka uses an automatic system for continuously monitoring the development of market rates, and it changes those rates used in client transactions once the market movement reaches a predetermined threshold.

Market risk of the trading portfolio

Several types of measures are used for assessing risks in Komerční banka's trading portfolio:

- Value-at-Risk (VaR) is calculated using historical scenarios with a 99% confidence level and 1-day time horizon. As of 31 December 2024, the VaR came to CZK (19) million. Reliability of the VaR model's results is back-tested while checking the daily P&L against the VaR. KB's Board of Directors is regularly informed about the results of the back-testing.
- The impacts of low-probability events not covered by VaR are assessed using various stress-testing methods and scenarios.
- Volume and sensitivity metrics are used to measure exposure to all relevant risk factors (e.g. FX, interest rate, basis, flight to quality, and credit spread risks).

Market risk limits are approved by two members of KB's Board of Directors (the Member of the Board in charge of Risk Management and the Member in charge of Corporate and Investment Banking) after being validated by SG's Market Risk Division.

The Bank uses enhanced valuation techniques for derivatives while considering whether a given derivative is concluded with or

without collateral agreement and thus reflecting the cost of the Bank's liquidity.

Komerční banka's exposure to the risk of change in volatility on its market book is limited to asymmetry effect stemming from the different collateral arrangements between client transactions and their hedges.

Counterparty risk on financial markets activities

A market transaction may be concluded with a counterparty only on validated products and if approved limits exist for that counterparty. Counterparty limits for financial markets operations are monitored on a daily basis. Any breach of such limits is immediately reported to the relevant management level within the Bank.

The measurement of counterparty risk arising from derivative products is based on the Credit Value at Risk (CVaR) indicator. This indicator is calculated using Monte Carlo simulation while taking into account netting and collateral effect. With a 99% confidence level, CVaR quantifies the potential future replacement costs of a transaction with a client in case of such client's default.

As of 31 December 2024, KB Group had credit exposure of CZK 318.5 billion on financial derivative instruments and repo operations, including those with the central banks (expressed in CVaR). This amount represents the replacement costs at market rates as of 31 December 2024 for all outstanding agreements. The netting agreements and parameters of collateral agreements are taken into account where applicable.

Operational risk

The overall strategy for operational risk management is determined by the Operational Risk Committee, which also adopts appropriate steps in case of any negative development in the operational risk area and approves principal changes in the insurance programme utilised for mitigating impacts of operational risk events.

Already since 2008, KB has been applying the Advanced Measurement Approach (AMA) to operational risk management and capital requirement calculation. Capital requirement calculation is performed using a central model administered by the parent company Société Générale. In addition to the standard tools utilised within the AMA approach, such as collecting data on actual operational risk losses, risk control self-assessment, key risk indicators, and scenario analysis, KB also has implemented a system of permanent supervision composed of daily and formalised controls. The headquarters departments use the SG Group tool GPS (Group Permanent Supervision) to manage and report on these formalised controls. In line with Société Générale's principles, KB applies procedures for the performance of 'second level controls', the concept of which is being continuously developed. The objective of this control layer is to independently review the set-up of control procedures and to verify the adequacy in implementing formalised and operational controls. The Bank continuously enhances the effectiveness of individual operational risk management processes, including the collection of information about internal events.

In 2024, Komerční banka Group recorded 266 operational risk events. In a year-on-year comparison, this represents an 18% increase in the number of losses. The total amount of operational risk losses in 2024 was significantly impacted by a single event with a material financial impact. Excluding the impact of this single loss, total operational risk losses would have increased by 8% compared to 2023. Regarding net loss volumes, fraud and other criminal acts constitute the most significant long-term risk category.

In the interest of strengthening KB's holistic approach to risk management, the Operational Risk Department was transferred already in 2019 to be under the Risk Management Arm and thus the department is currently being supervised directly by the Chief Risk Officer, a member of KB's Board of Directors. Co-operation within KB Group companies in the area of operational risk management has been ensured through the regular exchange of information and participation of KB representatives on Operational Risk Committees organised by major KB Group companies. Within KB Group, the AMA approach is already used in four KB Group companies. In addition to the Bank itself, these include Modrá pyramida, as well as two non-banking entities, SGEF and ESSOX. As part of the OneGroup initiative, Modrá pyramida's operational risk management was transferred to Komerční banka's Operational Risks unit as of November 2024.

KB, in co-operation with its parent company and in accordance with SG Group principles, is continuously streamlining operational risk management procedures and strengthening the control environment. As part of the Group's strategic risk management initiatives, the Risk Control Self-Assessment methodology was further developed in 2024 to place more emphasis on a "process" approach to risk assessment. In order to reflect recent regulatory challenges at SG Group level and to mitigate the most significant risks, new formalised controls were implemented while the setup of certain formalised controls was updated to strengthen a unitary approach in implementing control activities across SG Group.

A significant part of the operational risk management activities in 2024 was devoted to KB's transformation and, in particular, to developing services integrated into the KB+ application that KB is developing as one of the pillars of its new digital infrastructure. By digitising and optimising both front- as well as back-office processes based primarily on digital interaction with the client and utilising modern technological solutions, KB has entered a new era of its existence. Operational risks related to the Bank's transformation activities, including the KB+ new digital banka, are analysed and taken into account already in the development of new solutions. The identified risks are monitored and evaluated on an ongoing basis.

KB devotes considerable effort and resources to fighting fraud. Already in 2021, and in order to strengthen the Bank's ability to detect and prevent fraudulent behaviour in the current environment, fraud prevention units in charge of preventing and dealing with payment, credit, and internal frauds were joined into a unified department that is being supervised directly by the Chief Risk Officer.

In line with the growth in cashless transactions, KB spotted in 2022 an increase in fraudulent payment transactions and in attempts to prey upon clients' trust with the aim of fraudulently acquiring the credentials and access codes for their internet or mobile banking or to persuade clients to execute payment transactions to accounts controlled by fraudsters. Compared to 2023, last year saw a 31%

reduction in the volume of fraudulent payments intercepted and a 32% reduction in the number of fraudulent transactions recorded. Effective system measures ensured that the vast majority of these fraudulent attempts were identified. Komerční banka persistently monitors existing fraudulent scenarios and continuously accommodates its control mechanisms to these. That contributes significantly to reducing total client losses due to fraudsters. The total amount of client funds saved by stopping fraudulent payment transactions reached CZK 129 million in 2024. Because the most effective protection against these fraudulent attacks is prudence together with knowledge of potential risks and the basics of safe behaviour on the internet, Komerční banka regularly warns and informs its clients about recent security threats.

Business continuity

Business continuity management consists in developing Komerční banka's structures, procedures, and resources intended to cope with incidents and crisis situations with the aim of reducing the potential damaging impacts these may have on the Bank; protect the entity's employees, clients, assets, and activities; and enable it to continue providing critical and important services and thus to protect KB's reputation, brand, products, processes, and know-how while limiting the impact on its financial position. KB has developed business continuity plans for all its vital and critical services. These plans are regularly assessed, updated, and tested. The system is subject to regular reviews by internal auditors as well as regulatory authorities. KB is a part of the Czech Republic's recognised critical infrastructure within the financial market and currency sector.

In 2024, the Bank fundamentally changed its approach to business continuity management. One of the most significant steps was to adjust methodology and procedures in accordance with the DORA regulation. These changes have contributed to a significant strengthening of the Bank's resilience to current and future threats and, as a result, it has enhanced the Bank's ability to provide critical and important services to its customers.

Cyber and information security

Cyber and information security within Komerční banka is managed under the Chief Digital Officer, a member of the Board of Directors. The key governing and influencing body in relation to cyber and information security within the Bank is the Security Center of Expertise. It defines the overall cyber and information security governance, proposes the Bank's cybersecurity strategy, which is approved annually by the Bank's Board of Directors, ensures the development of security solutions and the dissemination of related practices throughout the organisation, assesses security risks, and monitors the achievement of established security levels. The whole approach towards organising cyber and information security is built upon a key, fundamental principle that every asset owner is responsible for the security of the owned asset and every employee is responsible for his or her own secure behaviour.

Komerční banka's approach to protecting the digital environment is based on the ISO/IEC 27000 methodology. KB strives to achieve a well-harmonised, comprehensive coverage of the security settings of its digital environment and to ensure that the key pillars of information security – confidentiality, integrity, availability, and non-repudiation – are properly addressed and maintained. The above-described approach is combined with the application of security requirements based upon business process criticality, which is itself founded on the Digital Operational Resilience Act (DORA) regulatory classification, as well as consideration of the need to protect sensitive information, which means personal data and banking secrets. These inputs then determine specific measures – preventive, detection, and control – for protecting data and the digital environment the achievement of which is regularly evaluated at KB as part of monitoring the security settings of the Bank's internal digital environment, as well as in the development of new products and services. KB+'s new suite of digital banking products already uses the built-in security settings from the definition of the new process ("by design"), where security requirements and standards are an integral part of the agile@scale development methodology, including comprehensive controls conducted as part of the development. Findings and deficiencies are logged as part of information security risk management and then prioritised for resolution by the development tribes using risk dashboards and with close management oversight.

The most serious cyber risks come from the external environment and include, for example, risks of fraud, risks of attacks on KB clients, risks of penetration into the Bank's information systems, risks of loss of availability of electronic services, risks of unauthorised data exfiltration, etc. The Bank also does not underestimate threats that originate from within the organisation, such as internal fraud, abuse of access rights, or potential leakage of the Bank's confidential information. To mitigate these risks, Komerční banka employs a broad set of preventive and detection measures that create a comprehensive, layered set of security protections for the Bank.

KB, through its Security Surveillance Centre, continuously monitors the external and internal environment, user behaviour, and internal asset settings. Consistent implementation of key security procedures is monitored by a set of automated controls or regular physical inspections (first level controls). Further risk mitigation activities are initiated, too, as a result of regular risk reviews on all IT assets.

Komerční banka also continuously monitors the implementation of new regulatory requirements for prudent security settings, which contributes to improvement in the high prevention and control standards. Already as standard best practice, Komerční banka continues to use benchmark monitoring of the security status of the outer perimeter by an external service provided by BitSight and has succeeded to maintain the highest rating of "advanced", which the Bank achieved in 2020. Compliance with internal policies and external requirements is regularly monitored by the Internal Audit Department, which conducts approximately five missions per year on various cyber and information security topics.

Negative developments in external cyber risks persisted in 2024. The Bank continued to be targeted by hostile cyber actors. In particular, in the second half of 2024, KB was the target of several diverse types of DDoS attacks, which, while not causing any major disruption to the Bank's operations or major unavailability of services, may have caused a number of customers to experience short-term difficulties associated with logging into online or mobile banking. These attempts were managed using standard security procedures for this type of attack. The number of serious, publicly reported vulnerabilities that could compromise the security of KB's digital environment remained at a high level and the Bank continued to respond promptly by applying recommended fixes or patches. Similarly, phishing and vishing attempts remained at a non-negligible level, but without any significant service disruption or damage to the internal environment.

The development of the security set-up in 2024 continued in particular with implementation of the Group's wing-to-wing security enhancement programme, managed by Société Générale and approved by the ECB. Under this programme, Komerční banka achieved the targets set by the SG Group. At the same time, KB responded to the safety findings of the ECB's supervisor at Société Générale and contributed to the timely closure of findings relevant also to KB. Improvements were made in the area of server security: EDR protection was applied also to Linux servers, a new IT asset management system was piloted, security implementation controls were extended to all applications with a high sensitivity rating, a Group-standardised set of key risk indicators was introduced, and all vulnerabilities identified in the red teaming tests conducted in 2023 were remediated.

Continuous improvements were made particularly in the areas of vulnerability management; application of group governance to ensure the security of new developments, including secure by design, classification of the application portfolio and requirements for adequate security protection; tightening of rules for the separation of internal network segments; management of privileged accounts; and the addition of security awareness programmes for users of KB applications.

In addition to all these activities, the Bank responded to the requirements and deadlines associated with new EU legislation, specifically the Digital Operational Resilience Regulation (DORA), which also has implications for cyber security. Komerční banka conducted a detailed analysis of requirements, responded to the approaches to solutions decided within the SG Group, and subsequently adjusted its incident management procedures, third party security oversight, and operational resilience testing strategy. It slightly modified its security and security risk management requirements, which largely were already compliant.

As part of the revised testing strategy, the Bank continued to develop a scenario for responding to a potential data destruction event under business continuity management. For this scenario, the Bank created a new infrastructure-specific recovery environment and updated and refined the recovery plans for individual applications as part of the first critical business process designed for testing. This is moving towards testing recovery of the full chain of applications that support the first critical process. At the same time, the Bank is prepared to conduct advanced penetration tests based on threats.

The secure behaviour of employees, and now also of external employees, has been supported by KB's ongoing information security awareness programme. This includes annual training on this topic complemented by internal communication on security updates. The Bank continues to provide training on secure development techniques to KB's developers. User awareness for both in-house and external employees was tested continuously through regular simulated phishing attacks (at least three times a year) and vishing campaigns.

Like the Bank, KB's clients have been the targets of sophisticated cyber fraud attempts. As a result, the Bank has implemented a number of countermeasures, ranging from awareness campaigns to more sophisticated detection techniques or additional restrictions addressing the most recurrent attack vectors directed against our clients. KB's continuously improved anti-fraud system has helped save many clients' money by detecting and blocking suspicious payments that were made by affected clients but based on fraudulent requests.

The security of client-facing solutions continued to receive great attention. The dominant method of client authentication is secure two-factor authentication via KB Key/KB+. The number of clients with an active KB Key is already well over 1 million, and strong authentication is mandatory for fully digital access to the new KB+ products. Komerční banka actively promotes the use of bank identity

and contributes to improving the quality of its security, use, and support.

Komerční banka assists clients in dealing with the security aspects of digital banking through an innovated and dedicated security website[1)] which addresses clients in a more appealing way that is more focused on dealing with situations in which the clients may find themselves. The site also continues to provide basic information on key security practices and features to help clients stay safe. They include recommendations on how to protect client devices and information on current threats and active fraud schemes.

Komerční banka continuously monitors a defined set of key risk indicators (KRIs), such as the number of security exceptions, the number and criticality of open vulnerabilities, and the number of security incidents. None of the monitored KRIs deviated from their long-term values during 2024. The Bank reported 12 security incidents in 2024 within the meaning of the Cybersecurity Act (Act No. 181/2014 Coll.). All reported attacks related to the aforementioned DDoS attacks on KB's environment had targeted the MojeBanka and KB+ digital banking services and KB's website.

[1)] https://www.kb.cz/en/security

Environmental and social risks

Assessment of environmental and social risks
Komerční banka has implemented a system for identifying and managing environmental and social risks (ESRM) in the provision of financing to the Bank's clients from the viewpoint of potential damage or negative effects on the environment, health and safety, human rights, and basic freedoms. Komerční banka's internal regulations fully align with the group-wide policies and requirements of Société Générale.

Impacts of these factors may lead to a potential non-compliance with KB's rules and commitments, with obligations from applicable regulations, or with environmental and social commitments of Société Générale Group. They may also impact negatively on KB's reputation or even give rise to a credit risk exposure, including from physical damage to a client's assets due to such environmental or social factors as climate change or industrial accidents.

The aim of the ESRM system is to make sure that the Bank neither co-operates with companies involved in excluded activities nor finances such companies or activities.

Implementation of the ESRM system is a prerequisite for the long-term successful development of KB's business and also relates to commitments of the SG Group. In addition to Komerční banka, KB Group's companies applying the ESRM rules in 2024 were Factoring KB, SGEF and ESSOX. In each company within KB Group, the ES Risk Management Co-ordinator is responsible for implementing the ESRM system and overseeing compliance with the Group's ESRM rules. Subsidiaries co-ordinate their procedures with the Bank's environmental and social (ES) experts.

The ES risk assessment process is closely linked to the process of securing the necessary client information. The assessment of ESG aspects is part of the due diligence of all new transactions and screening of new clients as part of the KYC process. For existing clients, ES risk assessment is carried out regularly in parallel with the renewal of credit lines. The Bank is particularly thorough in assessing ES risks when servicing clients operating in sensitive sectors.

ESG assessment includes:

- Screening against the exclusion list of entities (the list of excluded companies common to the entire Société Générale Group, the SG Exclusion List),
- Screening against the list of sensitive activities and projects,
- Screening against the exclusion criteria of ESG sectoral policies,
- Evaluation of reputational risks related to clients and planned projects from an environmental and social perspective.

Clients with high turnover or those in sectors with elevated ESG risks are assessed, along with their transactions, by Komerční banka's ESG risk expert. Bank advisors communicate ESG standards to clients, particularly in sensitive sectors, and support them in meeting these standards, especially in relation to energy transition and climate commitments.

If ESG risks are identified for a client, a detailed ESG assessment is conducted by ESG experts. If significant reputational risks are confirmed or corrective actions are required, the assessment outcome is validated by the Compliance Department or escalated for review by the relevant Société Générale unit. In cases where ESG risks present potential credit risks, Komerční banka's Risk Management Department is also involved in the validation process.

Equator Principles, climate vulnerability
The ESRM system also considers the requirements of the Equator Principles, voluntary rules for environmental and social risk assessment of major industrial and infrastructure projects. In 2024, no client project qualified for financing under the Equator Principles framework.

Since 2020, the Climate Vulnerability Indicator (CVI) has been evaluated for larger corporate clients in sectors more exposed to climate risks (e.g., energy, transport, metallurgy, mineral extraction, oil and gas). In 2023, the indicator was expanded to cover all industrial sectors and renamed the Corporate Climate Vulnerability Indicator (CCVI). This indicator is used in credit risk assessment concerning transition and physical risks caused by climate change. The tool evaluates clients' financial capacities for transition of their businesses towards zero-carbon activities potentially influenced by changing regulations, market demand, externalities, and new technologies with respect to climate change.

Sector policies

SG has developed the Environmental and Social (ES) General Guidelines, which define the basic framework of its environmental and social risk management system for the responsible conduct of banking and financial activities. Within this framework, both cross-cutting ES policies addressing topics common to all sectors, as well as sector-specific ES policies (sector policies) have been developed in areas with significant environmental and social impacts, such as coal mining, thermal power, defence, nuclear power, dam building, agriculture, oil and gas, mining, transport, cement, aluminium, steel, and automotive. Sectoral policies also apply to agriculture, forestry and timber and, from 2023, to the tobacco industry. The sector policies are available on KB's website[1] (as well as that of SG[2]).

Among other rules, KB fully respects the commercial restrictions on the provision of banking services and products to companies involved in coal mining activities (coal mines, coal-fired power plants, and related services); asbestos mining; and oil and gas extraction in Arctic regions, from sands, or shale.

Financing of the defence industry

Komerční banka fully supports strengthening of the Czech Republic's defence capability. In accordance with its sector policy, it provides financing to the defence industry while taking strict account of regulatory requirements, international sanctions regime, and the principles of responsible banking. KB's total exposure to the Czech defence sector amounts to almost CZK 20 billion, with financing also covering the domestic and international expansion of key companies.

KB's internal policies do not allow the financing of entities involved in the production of arms and ammunition that are subject to international sanctions. The Bank does not finance exports of arms and military equipment to high-risk countries and countries with undemocratic and authoritarian governments. These restrictions also apply to individual private or state entities or business groups whose activities within the arms industry are considered non-transparent.

The Bank routinely assesses the environmental sustainability of clients' businesses in industries, including the defence industry.

Given the need and importance of the defence sector, the Bank continuously adjusts its internal procedures and actively engages in dialogue with regulators and institutions to promote a stable regulatory framework for defence finance in the Czech Republic.

Key development activities in 2024

In 2024, KB pursued implementation of SG group tools for assessing ES risks at the client level and the related adjustment of internal processes.

In co-operation with SG Group, KB continued in implementing EBA guidelines on loan origination and EBA standards on Pillar 3 reporting on physical and transition climate risks.

In accordance with the EU Financial Services Sustainability Related Disclosures Regulation (SFDR),[3] KB publishes specific information on its approach to integrating sustainability risks and taking into account adverse sustainability impacts, and this information was updated and supplemented in 2024.

Also in the area of investment services (MIFID II)[4], new requirements connected to sustainability have been taken into account in 2024, especially in relation to green bonds.

As part of SG's group-wide ESG by Design project, 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 requirements of the CSRD Directive.[5]

[1] https://www.kb.cz/en/about-bank/we-do-business-sustainably
[2] https://www.societegenerale.com/en/responsibility/ethics-and-governance
[3] Regulation (EU) 2019/2088 on sustainability related disclosures in the financial services sector (SFDR).
[4] Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directives 2002/92/EC and 2011/61/EU.
[5] Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU as regards corporate sustainability reporting.

Compliance risk

Compliance risk arises from possible breaches of regulatory rules, standards, principles of ethical conduct, and KB's internal regulations based on general ethical and corporate social responsibility principles that are obligatory for all employees. Any materialisation of this risk means the possibility of bringing KB into conflict with regulatory authorities, institutions, or its clients. KB could face financial penalties, liability for damages, and costs for corrective measures, as well as loss of reputation and goodwill with clients and the general public.

To manage compliance risk, KB has established a set of rules and processes within the control and management system. KB is scrupulously attentive to their observance. The Compliance Department is an important part of KB's management and control system. It has clearly defined functions and powers to identify these risks. Risk management rules and processes are vested in KB's internal regulations. Those internal regulations are regularly communicated to all employees, and compliance with them is regularly controlled. Senior employees are responsible for the continuous education of their colleagues to ensure compliance with the rules.

KB conducts a series of activities for the purposes of compliance risk management. The first step is systematically to monitor outputs of the relevant regulatory bodies as well as to follow new regulations. The next activity is continuing to co-ordinate the implementation of the regulations within KB by creating internal policies and procedures. Finally, there is a follow-up that involves inspection and consulting.

KB has developed a broad basis of internal regulations within risk management focused primarily on preventing the violation of regulatory and ethical rules and minimising the associated risks. The main areas relevant for KB include in particular preventing money laundering and financing of terrorism, rules for preventing corruption and accepting gifts, managing conflicts of interest, rules for providing financial market services, rules for handling insider information, distribution and advertising of products, payment operations, protecting banking secrecy, consumer protection, whistleblower protection, client data protection, competition, and rules regulating advertisement.

Within these areas, KB provides training to relevant employees and informs them about new regulatory developments. The purpose of the training is to ensure understanding and compliance with regulatory requirements while maintaining general awareness of the main principles and rules of conduct that both KB and its employees must observe. KB provides advice and support in the aforementioned areas across all KB Group companies.

In the context of compliance risk management, KB strictly insists on zero tolerance for fraudulent and dishonest conduct of any kind, as well as for any infringement of the pertinent regulatory and ethical rules, whether consciously or through negligence. Special attention is given also to reputation risks that must be taken into account within the context of KB's activities.

A number of mechanisms have been put into place to minimise the risks of regulatory non-compliance by KB and its employees. There is continuous monitoring of compliance with the rules and subsequent controls. The results of particular controls are regularly reviewed. KB records the findings and conclusions from inspections carried out by regulatory institutions and internal audit. Special attention is paid to corrective measures. Furthermore, individual regulatory discrepancies identified through normal banking operations are recorded and carefully evaluated. The process of improvement is constantly being reported to KB's Board of Directors.

Compliance incidents are governed according to a formalised process adopted on the basis of SG Group rules. All employees are encouraged to avoid such incidents. In case of any compliance failure, however, the resolution process is in accordance with the regulatory duties and also serves as a basis for continuous improvement. The process of compliance incidents management comprises six key steps:

1. Incident detection
2. Compliance incident qualification
3. Investigation of compliance incident
4. Analysis of review of compliance incident in committee
5. Compliance incident reporting
6. Framework management

All compliance incidents are registered and archived. Any critical concerns in the compliance area are reported both periodically (via the Compliance Committee or Operational Risk Committee) or ad hoc, whereby the Head of Compliance directly supervised by the Chief Risk and Compliance Officer has direct access to meetings of the Board of Directors, the highest governance body of the Bank, or

via the Chief Risk and Compliance Officer, who is a member of the Board of Directors.

The Compliance Committee approves all basic internal policies relating to compliance risk, as well as proposals and recommendations in the area of compliance risk, including ethical conduct rules and anti-corruption and anti-money laundering measures. The Committee shares information on current compliance risks, discusses new legal and regulatory developments (including pending legislation) along with their operational and business implications, material failures (incidents) and regulatory non-compliance, as well as the results of regulatory investigations. Since 4 September 2023, this Committee has become one of the direct committees of the Bank's Board of Directors.

Rules of conduct

KB is aware that the professional behaviour and conduct of its employees are basic preconditions for the successful development of the Bank and Group. Such behaviour and conduct are based on building open relationships with the clients and deepening trust between KB, its employees, and its clients and partners. KB Group has created rules for ethical behaviour and conduct of its employees that are based on general obligations as defined both by regulatory provisions and by standards of professional conduct applicable to the banking industry. These obligations consist of particular rules preventing conflicts of interest and corruption, rules for accepting gifts, rules preventing abuse of position, and rules against misuse of confidential information. The principles of ethical conduct and the necessity for upholding these rules are effective for all employees and are defined in KB's internal policies. A Société Générale and KB training programme raises the awareness of ethical conduct among KB employees. It is designed for all employees of the Group and focuses on principles of conduct and values for individuals and the Group as a whole. From 2022, oversight and assessment of issues related to ethical conduct, including identified compliance incidents, are conducted on a regular basis by the Appointment Committee of the Supervisory Board.

On a local level, KB has internal policies such as its Code of Ethics, Practical Interpretation of the Ethical Code, and other internal policies (non-public and intended only for KB employees) encompassing, among others, such areas as anti-discrimination rules, conflict of interest, whistleblowing, anti-corruption and anti-bribery, confidentiality of information, banking secrecy, anti-competitive practices, anti-money laundering, and insider dealing, as well as compliance with local, EU, and international regulations regarding, above all, environment, health, and safety.[1)]

KB has zero tolerance for any kind of fraudulent behaviour, corruption and bribery, antitrust/anti-competitive business practices, as well as discrimination or harassment in any form. KB is fully in line with the SG Code governing the fight against corruption and influence peddling.[2)]

On the SG group level, KB is bound by SG's Code of Conduct,[3)] which encompasses all those areas wherein SG has obligations. It refers, among other things, to the prevention of discrimination, confidentiality of information, conflict of interest, insider trading, and whistleblowing. In addition, Société Générale has a specific code dealing with tax issues.[4)] These publicly available principles guide the work of the Group across the globe. Therefore, they are applied and promoted also in KB, whose website contains information regarding corporate culture applicable to KB and external partners.[5)]

All employees, including those who work part-time, receive training on the rules of conduct at the beginning of their work relationship, after which they are trained every 2 years. As of the second half of 2024, employees working under a contract of employment or employment contract must also undergo such training. In addition, there are dedicated KB or group training courses (from SG) that are tailored for exposed staff and conducted more frequently or on an ad hoc basis. Only employees on maternity leave or in long-term absence receive no new training.

Since 2020, new employees are required to sign off a document confirming that they have read and understood the latest version of the Code of Conduct. In addition, all applicants are informed at an early application stage about the existence of the Code of Conduct and SG Code governing the fight against corruption and influence peddling, and they are asked to act according to the rules encompassed in these two documents.

[1)] Further information is available at https://www.kb.cz/en/about-bank/we-do-business-sustainably/economic-sustainability.
[2)] https://www.kb.cz/getmedia/5ca79c56-5683-47b5-85aa-e4af43e66ec8/code-governing-the-fight-against-corruption-and-influence-peddling-uk-(1).pdf
[3)] https://www.kb.cz/getmedia/50272b65-a151-4a76-9cb0-1409c8cfe08b/code_of_conduct_eng.pdf
[4)] https://www.kb.cz/getmedia/7632c13e-f17b-4383-a0b7-05c84489cbca/tax_code_of_conduct_of_societe_generale_group_uk.pdf
[5)] www.kb.cz/en/suppliers and to https://www.kb.cz/en/about-bank

Effective implementation of the Code of Conduct is assured by responsibilities, accountabilities, and reporting lines systematically defined in the internal policies of KB and its subsidiaries. The relevant contacts are available on the website (www.kb.cz/en/about-the-bank/contacts). All employees are encouraged to follow the rules in the Code of Conduct and SG Code, which are linked to the remuneration principles. Internal policy covers breaches of compliance risk by enabling the Bank to issue warnings or a dismissal.

Efficiency of the conduct rules is continuously assessed by the system of internal controls (First Level Controls, Second Level Controls), regular evaluation of key risk indicators, promotion and assessment of the whistleblowing system, regular risk mapping of the most exposed risk areas (including anti-bribery and corruption, conflict of interest), and training programmes followed by tests.

The compliance system is verified on a regular basis by internal audit, SG supervision, and the Czech National Bank. The Czech National Bank is the supervisory authority for banks in the Czech Republic. This supervision comprises on-site and off-site inspections.

Generally, KB does not disclose breaches, except for systemic breaches or serious breaches which must be disclosed according to mandatory disclosure requirements. KB reports on breaches to SG via an intragroup reporting tool. Qualified breaches are always reported to the CNB or other relevant authority. Following investigations, the actual breaches would be published by such authority on their web sites. One such breach in the area of rules of conduct occurred in 2024 and it concerned protection of personal date area. This incident was reported to the Office for Personal Data Protection.

KB Group is not pursuing any proceedings arising out of or related to fraud, insider trading, antitrust, anti-competitive conduct, market manipulation, collusion or other related financial industry laws or regulations.

Anti-corruption measures

The adoption and upholding of clear rules against corruption and KB's zero tolerance towards any kind of corruption constitute basic standards and a foundation for responsible business. These are prerequisites for maintaining and strengthening the position of the Group and its place in the competitive market. KB's anti-corruption measures target KB itself and its business activities, employees of KB, as well as third parties, including clients, suppliers, and financial service providers. The rules and principles adopted to fight corruption and bribery are anchored in the internal policies and are elements of mandatory training for all employees. Members of KB's Board of Directors have the same scope of training as do all other employees, i.e. the training programmes cover 100% of the risk functions. The Supervisory Board does not receive training.

	Risk functions	Managers	All employees
Total receiving training			
Komerční banka	112	974	6,702
KB Group	150	1,141	7,684
Training name			
Fight against corruption (online, 45 min)	once in 3 years	once in 3 years	once in 3 years
Whistleblowing– managers and whistleblowing reports managers (online, 90 min)	once a year	once a year	
Fight against corruption – most exposed people (online, 120 min)	once in 2 years		
Fight against corruption (offline, 90 min)	one-off		

Employees who engage in corrupt conduct expose themselves to serious penalties, including criminal sanctions imposed by the courts (with a likely criminal record, which may limit further employment opportunities) and internal disciplinary measures. In the event of any formal violation of the provisions of the internal rules governing the anti-corruption policy, an investigation will be initiated into the actions of the employee concerned in the context of his or her position and the relevant facts and circumstances in order to assess the seriousness of such violation and determine appropriate action. The employee will be subject to internal disciplinary proceedings and disciplinary action appropriate to the seriousness and nature of the unwanted conduct or negligence, including with respect to any repetition of the objectionable conduct. Disciplinary action in accordance with the internal rules or other comparable text shall follow any breach of the Société Générale Group's Code Governing the Fight Against Corruption and Influence Peddling. These rules are also set out in the internal rule KB Anti-Bribery Policy.

KB also identifies those functions most exposed to risk of corruption and bribery. These functions include in particular:

- Governing bodies: Members of the Management Committees, and persons other than members of the Management Committees: directors/managers of the departments under Human Resources, Communication, Accounting, Legal, Internal Audit, Compliance, Third Parties Management.
- Commercial managers: All commercial managers who meet at least one of the following criteria:
  - Line under one of the Management Committees,

- Managers of managers dedicated to portfolios covering geographic regions classified as High and Medium-High risk according to the SG classification,
- Managers of teams dedicated to client portfolios classified as High risk,
- Directors dedicated to High-risk sectors: real estate, remarketing (resale of vehicles under lease), the public sector and the private sector overlapping into the public sector, infrastructure project financing, oil and gas.
- Purchasing employees

- All managers involved in purchasing who meet at least one of the following criteria:

  - Line under one of the Management Committees,
  - Managers in charge of activities covering geographic regions classified as High and Medium-High risk according to the SG classification,
  - Any other employee entitled to commit more than EUR 200,000.

- Other employees if they are not included in the aforementioned criteria:

  - Employees with notarial power,
  - Employees included on the list of persons involved in representing KB and its interests lobbying),
  - Employees included due to other, specific criteria.

Persons identified as most exposed to corruption risk according to the criteria described above must undergo appropriate training.

KB has implemented rules for how to indicate bribery and corruption risks related to a client. The assessment includes geographical indicators (based on the level of corruption in a country involved), features of the transaction, and relevant news flow. An increased level of risk may trigger need for an enhanced due diligence process.

To comply with the rules on combating corruption, suppliers and others of KB's business partners also are bound by obligatory contractual clauses. KB has a procedure for establishing a business relationship with a new business partner. KB always requires the execution of due diligence by checking adverse information relating to a natural person or legal entity, such as information on conducting administrative or criminal proceedings relating to money laundering or financing of terrorism, corruption, fraud, tax evasion, sanctions, or negative experience of KB. There is a scoring model for the risk rating of the new business partner determining low, medium-low, medium-high, and high risk. Risk factors are evaluated on the basis of geography (with separate ratings for bribery and corruption and for money-laundering risks), industry, reputation (negative information, corruption, bribery, fraud), sanctions, and politically exposed persons (PEP) screening data. Business partners with red flags on such factors are rated as high risk. High-risk business partners must be approved by KB and SG compliance departments. In the case of a TPI GN (Third Party Intermediaries with Government Nexus) supplier, there is a requirement in place regarding its validation by SG Head office. The validation of the TPI GN supplier has to be performed in the case of a new relationship and in the case of the regular review as well.

Upon establishing a new relationship with an intermediary (financial service provider), KB always conducts due diligence according to the regulatory requirements in relation to financial crime. The risk rating model for financial service providers is similar to that for clients, including the requirement for two-level approvals. The contract contains anti-corruption clauses compliant with internal policy.

To date, KB has no knowledge of any external investigation of breaches of anti-corruption or anti-bribery rules in relation to it.

The Compliance Department is responsible for establishing the rules against corruption. As a result of SG Group emphasis in this area, KB has implemented numerous measures, such as by amending its internal policy on anti-corruption, establishing stricter rules for offering and accepting gifts and invitations to employees, launching a database tool for recording such gifts and invitations, and setting up monitoring and control of adherence to the rules. In addition, all respective managers have received training from the Compliance Department for those persons most exposed to corruption risk.

The Compliance Department is also responsible for establishing the rules on the prevention of bribery. These rules comply with SG's group-wide policies and its anti-bribery code. The respective rulebook is updated on a continuous basis and covers mainly areas regarding whistleblowing, gifts, business meals, external events, procedures for third-party assessments, rules for sports donations, rules for charity donations, mergers and acquisitions, and lobbying.

Once every 3 years KB carries out an activity called Anti-bribery and Corruption (ABC) Risk Assessment. Within this activity the Compliance Department identifies areas across KB's departments where there is a risk of corruption, bribery, or other improper behaviour. Once identified, an assessment is made as to whether appropriate anti-corruption measures are in place to mitigate the risk. This ABC Risk Assessment is also carried out by all KB Group entities.

In 2023, KB strengthened its anti-corruption and anti-bribery protection organisation by establishing a permanent working group with a KB Group-wide remit to assess contractual documentation,

co-operation or public negative information with a focus on corruption among clients, suppliers, and third parties, based on publicly known information or internal investigations. It conducted in-depth investigations of 90 entities during 2024. The Task Force has established escalation rules to KB and SG Group level for any findings of increased risk of corruption.

There were no substantiated cases of corruption and bribery in the last five fiscal years. There are no ongoing external investigations by local or international authorities.

Policy influence

KB and its employees strictly follow the rules for asserting the Bank's interests with public authorities (lobbying). Employees of KB who will carry out advocacy activities must comply with the rules and provisions relating to the fight against corruption and influence peddling, as described in the Société Générale Group's Code Governing the Fight Against Corruption and Influence Peddling, as well as KB's internal Advocacy policy. In addition, they must undergo mandatory training specific to the fight against corruption relating to the identification of staff exposed to corruption, and they may report any situation that could constitute a violation of internal, legal, or regulatory standards via whistleblowing.

KB's Board of Directors is responsible for ensuring that the rules for lobbying as defined in the rules for asserting Komerční banka's interests with public authorities are followed. KB's Board of Directors designates the Compliance Department as responsible for co-ordinating lobbying activities at KB.

Heads of each department are responsible, in co-ordination with the parent company SG Public Affairs Department, for all advocacy initiatives undertaken within their departments (including for the subsidiaries or branches reporting to them) and ensure that such initiatives are undertaken in compliance with SG and KB commitments:

- compliance with the commitments listed in the Société Générale Charter for responsible advocacy with public authorities and representative institutions;
- fulfilment of the obligations arising from inclusion on the Transparency Register of European Institutions;
- fulfilment of the obligations associated with the High Authority For Transparency in Public Life (HATVP: https://www.hatvp.fr/le-repertoire/) digital register;
- fulfilment of the obligations set by the Bureau du Sénat.

KB does not engage in lobbying on its own, but KB is (among other things) a member of the Czech Banking Association ("CBA") and its CEO is also the current President of the CBA. KB is thus actively involved in issues that are priorities of the CBA. These include in particular the issues of a stable and predictable business environment in the Czech Republic, co-operation between the public and private sectors, and the timely and effective implementation of EU rules. They also include topics related to the Czech Republic's commitments and related developments in the area of ESG, including the national energy concept and the Czech Republic's climate protection policy, as well as topics related to increasing the Czech Republic's competitiveness, especially in the area of digitalisation.

KB employees may represent the opinions and viewpoints of KB in professional associations and other bodies of which KB is a member (e.g. the Czech Banking Association). A KB employee can enter into a negotiation with a public/state representative, but in such case he or she must act in his or her capacity as a representative of a professional association. In principle, the opinions of KB employees are taken as those of the association and not of the Bank and therefore are not regarded to constitute lobbying.

Contributions to political campaigns or organisations or other groups whose role is to influence political campaigns or public policy and legislation are prohibited by internal policies. KB strictly follows a course of political neutrality and refrains from supporting any political organisations or activities through donations or subsidies, even where local law so permits.

The only contributions – in the form of standard membership fees – were made in 2024 to industry or trade associations (such as the Czech Banking Association and Czech Capital Market Association) in the amount of CZK 11.91 million.

In 2024, among all members of the administrative, management, and supervisory bodies, only Petra Wendelová, a member of KB's Supervisory Board, concurrently held a public office. In the reporting period, she was a member of the Finance Committee for the Prague-Suchdol Municipal District.

Proactive identification and reporting of potential risks, whistleblowing

A system for proactive identification and effective reporting of potential risks (whistleblowing) is regarded as one of the main tools for managing compliance risks within KB.

KB is governed by the requirements of EU Directive 2019/1937 on the protection of persons who report breaches of Union law, which was transposed into Act No. 171/2023 on the protection of whistleblowers

(hereinafter, the “Whistleblowing Act”), Act No. 253/2008 Coll., on Certain Measures against the Legalisation of Proceeds of Crime and Terrorist Financing, as well as the requirements of the parent company SG. The rules and principles concerning the right to blow the whistle are defined in the internal policies and are reminded once a year via all staff e-mail communication. The whistleblowing right is also included in all staff e-learning modules.

The right to blow the whistle provides opportunity for everyone to notify (‘speak up’) without fear of retaliation or sanctions (termination of employment contract, discrimination, salary reduction, etc.) when they believe there has been a breach of internal policy, laws, or regulations or that a received instruction, a transaction under consideration, or more generally a particular situation of which they become aware does not comply with the rules governing the conduct of the Group’s activities or with the ethical standards expected or that they believe may be in breach of laws and regulations.

A whistleblower can be any employee, external and temporary staff member, administrator, or shareholder, and, as part of the duty of care, any service provider with whom an established commercial relationship is maintained (including suppliers or subcontractors). KB is committed that the elements identifying the identity of the whistleblower may not be disclosed without prior consent of the whistleblower to persons outside the investigation.

Whistleblowers may exercise their whistleblowing right by means of the KB WhistleB tool[1)] or the parent company’s SG WhistleB tool,[2)] both of which enable whistleblowers to submit their alert anonymously. It is also possible to use a dedicated e-mail box (prislusne_osoby@kb.cz) or directly to contact competent persons in accordance with the Whistleblowing Act[3)] or to contact one’s manager.

KB has appointed competent persons under the Whistleblowing Act and the AML Act to handle notifications according to the Whistleblowing Act and internal rules. The independence of the competent persons under the Whistleblowing Act is ensured by the fact that the competent persons confirmed in writing that they understand their obligations under the Whistleblowing Act. It is then set out in the internal rule that if a competent person receives a notification involving himself or herself or a person close to him or her, such competent person must forward the notification to another competent person, must not interfere with the processing of the notification, and must inform the Compliance Department of the parent company SG of the conflict of interest. In the event of a breach of proper processing of the notification, the competent person is liable to a fine under the Whistleblowing Act and disciplinary actions from KB.

Senior management is informed on a quarterly basis at the Compliance Committee on the number of whistleblowing alerts for the quarter and whether the whistleblowing alerts relate to corruption or sanctions and embargoes, including suggestions for possible remedial action. It also is defined in an internal rule that if KB receives a notification regarding corruption, then KB must immediately inform the parent company SG about the notification, without identifying the whistleblower.

Focused training of employees

KB has a training system for the employees. Training courses are allocated to employees according to their work duties, putting emphasis on mandatory training courses applicable to all employees (all staff) and those applicable to specific positions (targeted population).

All employees are obliged to complete the training courses regarding workplace safety, fire safety, compliance and Ethical Code, risk management culture, safety minimum, e-starting, internal policies, and anti-money laundering.

Employees selected according to their work positions must complete special certifications and training courses on special regulation or training courses for certain positions, such as managers and team leaders. Workers participating in sales of selected products, such as consumer loans, insurance policies, pension policies, or investment instruments, must achieve professional qualifications as prescribed by regulation.

All employees receive training at the beginning of their work relationship and then it is regularly renewed thereafter. In addition, there are dedicated training courses that are tailored for exposed staff and conducted more frequently. Only employees on maternity leave or in long-term absence receive no new training.

The completion of mandatory training courses is monitored. In case mandatory training is not completed, the employees and their managers are automatically notified by the system on a monthly

[1)] https://report.whistleb.com/en/komercnibanka
[2)] https://report.whistleb.com/en/portal/socgengroup
[3)] https://www.kb.cz/en/sustainability/esg-at-kb/economic-sustainability/whistleblowing-notices

basis. The administrator of the training is notified on a quarterly basis.

Product development and offer

KB is continuously developing a number of new products with the objective of satisfying the needs of clients from various segments. Their parameters, processes, and related risks are analysed in advance and approved by the responsible units, including oversight units (the Risk Management, Legal, and Compliance departments). This ensures compliance with laws and regulations. When offering products to clients in the distribution network, the suitability of a given product for a specific client is evaluated and the client's needs are taken into consideration. KB follows the principle of responsible lending and provides the clients with all information regarding its products in a clear and transparent manner.

All new products and significant changes of current products must be evaluated by a dedicated New Product Committee which assesses also all risks relevant to the product or its change, including potential risks for the clients.

Advertisement, offering, and sale of financial products

Sales of all products comply with the applicable regulations, including their advertisement and way of offering.

Remuneration of staff in retail as well as corporate banking always takes into consideration also qualitative compliance criteria, which are based on the regulatory requirements, such as the EBA (European Banking Authority) guidelines on remuneration. The distribution network is bound by the rules of responsible banking and obligation to act in the best interest of the customer when offering a product (with additional requirements stipulated for selected products, such as insurance policies and investment instruments). KB's motivational system ensures that customer satisfaction is taken into account as part of performance assessment and when assessing the variable remuneration payout, and infringement of a compliance rule may result in its decrease by 10% to 100%.

All advertisements and communication with the clients are approved in advance by the Compliance Department with regard to consumer protection rules and other rules concerning financial products.

Crime prevention, measures against money laundering (AML), financing of terrorism, and circumvention of international sanctions

KB exerts maximum efforts to prevent the abuse of its services for any purposes relating to money laundering and the financing of terrorism or circumvention of international sanctions. It applies rules, methods, and verification procedures in compliance with the corresponding legal regulations, norms, and rules of the SG financial group. In 2024, the Compliance Unit focused on implementation, setup, and stabilisation of a new AML detection tool, which was changed after 10 years and replaced by a Group tool with local adjustment. Among other things, the Compliance Department focused in the area of money laundering and financing of terrorism on updating internal processes and rules in line with the updated AML Act and AML Decree but also the Methodical Instructions of the Financial Analytical Office No. 7 – Measures in relation to politically exposed persons, No. 8 – Copying of identity cards for purposes of the AML Act, and No. 9 – Customer due diligence for credit and financial institutions.

KB continues to share management and control information with the employees in the forms of, for example, operational reports and training classes and/or e-learning courses. KB has an established system for monitoring all transactions and business relationships. Publicly available policies or procedures cover mainly know-your-customer standards, such as customer identification, due diligence, financing of terrorism, and politically exposed persons.[1)]

In 2024, KB was affected by 3 major events:

- **Implementation of a new detection tool**
  KB implemented in co-operation with SG a new detection tool from an AML perspective and which can also use artificial intelligence. For 2025 it will be a learning activity. This new tool works almost in online mode and allows one to identify suspicious client behaviour almost in real time. In combination with other information available in a single place, it will also allow AML analysts to work more effectively with information about clients, and this has increased the quality of reports to clients. This is because KB has implemented structured scenarios with regard to segment, KYC, and client risk. It can screen clients by segment and set personalised client scenarios by segment and risk.
- **New digital bank/KB+**
  Since 2022, basic products and services have been adopted continuously for KB clients. From 2023, KB started to provide also services to new clients (individuals) and compliance was a part of evaluating all existing products and services, including their technical implementation, to be in accordance with regulations. In

[1)] https://www.kb.cz/en/about-the-bank/documents

2024, the main activity was to set up rules also for business people and legal entities which will be rolled out in 2025.

- **The continuing Russian aggression against Ukraine**
  Russia's aggression against Ukraine has had a crucial impact on the client acceptance and review processes. KB has created special processes, special products, and special terms for provision and drawdown. Currently, KB is following the valid rules of the Ministry of Interior (for asylum seekers) and ongoing controls are focused especially on current links to the Czech Republic. Important activity of the Compliance Department is in monitoring and analysing impacts of the sanctions packages that have been issued or measures levied by the US, UK, or EU. These measures increased the demands upon the Bank with regard to reporting to various regulators. As a result, KB officially joined the CBA Standard No. 49, which it implemented on 1 July 2023, thereby increasing the number of inquiries in co-operation with correspondent banks.

From 2022, KB introduced the obligation to screen clients for negative information. It uses an automated process of screening against negative information across the globe with a view to AML, sanctions, and reputational risk. In 2024, KB began screening entities for ESG risks and evaluated 21 clients.

KB has publicly transparent procedures in place to ensure the effective establishment and implementation of a company culture that opposes money laundering and financing of terrorism.[1)]

These documents refer to the information requested from clients regarding customer due diligence. Formal policies and procedures include customer verification based on reliable, independent source documents, data, or information; identification of beneficial owner; and conducting ongoing due diligence on business relationships. In line with regulations, KB conducts before onboarding and then on a daily basis screenings against applicable lists of sanctions and embargoes issued by competent authorities having jurisdiction over the relevant financial institutions and SG Group. KB conducts screening against exclusion lists, negative information, and lists of politically exposed persons (PEP) at the beginning of a relationship and then monthly on the whole client portfolio. KB prohibits opening accounts for clients without prior screening against the lists of sanctions, PEP, exclusion, and black list. In the case of PEP, each client is requested during an onboarding process to provide a declaration as to the source of funds, which is then recorded in a special database. Subsequently, clients are screened on a regular basis. The power to approve PEP is delegated to the head of Financial Crime Compliance and the head of the relevant business unit. Following update of the PEP Methodological Guidelines, KB updated its procedure and used information from the Central Register of Notifications. In 2025, KB will focus primarily on automating the information it obtains.

In all business relationships with its clients and other commercial partners, KB diligently applies the "know-your-client" (KYC), "know-your-supplier" (KYS), and "know-your-financial service provider" (KYP) rules as defined by both local laws and regulations and internal policy. KYC rules are applied according to client types, including natural person, professional, and legal entity (and specifically corporations, banks, asset managers, retail and limited mutual funds, other financial institutions, non-profit organisations, and governments). Based on the client type and existence of defined riskiness criteria updated as per the new AML Act, including country-based risk, identification risk, reputational risk, and dynamic product and transaction data (e.g. date of the entity's establishment, date of its onboarding, identification of the ultimate beneficial owner, legal form of the entity, non-face-to-face onboarding, entity size, negative information, corruption risk, sanctions incident or sanction hit, PEP identification, suspicious activity report, transactions with high-risk or medium high-risk countries, suspicious behaviour of a client, source of wealth, source of funds), each client is expected to submit a pertinent set of documents when opening an account. Individuals are required to submit, in particular, documents proving identity and address, tax returns, and tax declarations (FATCA & CRS). In addition to the requirement to submit the same documents as do natural persons, entrepreneurs are required to submit statements of activities and business licences and to complete a sanctions questionnaire. Legal entities must always submit documents proving their existence, the identity of the executive directors, copy of identity card for management/control structures and ownership, including an extract from the evidence of ultimate beneficial owners, as well as documents showing the income and business activity of the client, tax return or annual report, sanction questionnaire, and a declaration of business activities. If explicit or very specific information on client activities is required, additional documents (e.g. anti-money laundering rules, licenses, company statutes) are required during client on-boarding or periodic KYC validation and accuracy checks. The new procedure for establishing business relationships with payment service providers was developed in co-operation with Société Générale during 2022, but it came into force at KB in 2023. A new procedure for establishing business relationships with entities providing virtual assets was implemented at the end of 2024.

There are two possibilities for how to proceed with non-face-to-face identification while ensuring the same standard of KYC: by online

[1)] https://www.kb.cz/cs/o-bance/dokumenty/nejsem-v-nove-ere#0-Identifikace-a-kontrola-klienta (in Czech only)

application or by courier. Both require the client to submit two documents proving identity and additional documents relevant for a legal entity. Online onboarding is offered only for Czech citizens. The information requirements and requested documentation are available at https://www.kb.cz/en/become-a-client.

During 2024, the Compliance Department analysed 13,056 business cases or requests for business relationships beyond the standard assessment. It made a recommendation to terminate 91 client relationships and denied contractual client relationships to 397 applicants.

Records are kept for 10 years from the end of a relationship with the client. An annual independent assessment of monitoring procedures is conducted.

All employees, including senior management, are required on an annual basis to complete training courses and/or e-learning with final tests in the areas of anti-money laundering and countering the financing of terrorism, know-your-customer, anti-bribery, and anti-corruption. The training is mandatory immediately after employee onboarding, then at a 1-year interval. The intranet-based training includes case studies and computer-based training with self-assessment. Face-to-face training by the Compliance Department is mandatory for selected employees.

From 2024, the only tool used for monitoring transactions in relation to money laundering is the HOLMES application.

In 2024, the AML unit:

- Reviewed 49,678 AML alerts generated by the automated transaction monitoring system (2023: 38,298, 2022: 44,896, 2021: 60,577, 2020: 48,439). These alerts concerned 24,822 clients (2023: 38,298, 2022: 44,896). The number of alerts is relatively stable compared to past years. During the whole of 2024, the scenarios were being continuously revised, with the result being a slight decrease in alerts. A big change came in a new strategy for detecting scenarios and the frequency of their generation, the aim being to assign each alert to an analyst for investigation as soon as possible after the unusual transaction occurs.
- Reviewed 1,211 complaints for investigation from other KB departments, other financial institutions, and/or law enforcement authorities (2023: 1,359, 2022: 955, 2021: 539, 2020: 414). The increasing trend is caused by massive rise in internet fraud and account misuse, but there was also a slight reduction in the number of cases reported for review by the AML team in 2024, because the Fraud Prevention team has partially taken over the agenda related to fraudulent activities.
- Reported 524 suspicious transactions to the Financial Analysis Unit (FAU) (2023: 615, 2022: 627, 2021: 593, 2020: 444), of which 14 resulted in criminal charges being filed.
- Processed 910 enquiries from the FAU (2023: 1,213, 2022: 1,201, 2021: 1,288, 2020: 1,135).
- In 264 cases (237 of which were initiated by banks, 27 by the FAU), there followed orders for suspension or blocking of the account and/or client (2023: 413, 2022: 424, 2021: 225, 2020: 687).
- In 328 cases, termination of existing contractual relationships was initiated (2023: 398, 2022: 414, 2021: 337, 2020: 351).
- Reviewed 8,106 payments rejected for manual processing due to AML/CFT or special monitoring. There is a slight reduction in the number of payments to be examined due to the removal of some countries from the list of high-risk third countries (2023: 8,544, 2022: 4,353, 2021: 1,549).

AMLCOM is an application for screening of correspondent banking transactions and which KB has been using since February 2020. Evaluation of alerts falls within the competence of the Compliance Department.

From KB entities, 1,845 alerts were evaluated in 2024 (2023: 1,526, 2022: 898, 2021: 1,393, 2020: 1,373) and 137 alerts were subject to enhanced due diligence (2023: 152, 2022: 81, 2021: 59, 2020: 46). KB reported 72 transactions to the Financial Analysis Unit (in 17 reports) wherein it acted as a correspondent bank.

KB's Compliance Sanction team has developed sophisticated measures against circumvention of international sanctions, including to check on a daily basis KB's entire client portfolio against sanctions lists, to check all foreign and domestic transactions for potential violations of sanctions, as well as to check the products and services, and especially those involving foreign trade and export.

In 2024, KB evaluated 15,509 alerts (2023: 17,803, 2022: 3,954, 2021: 14,743, 2020: 59,094) for potential risk of sanctions violations. The vast majority of these alerts were assessed as posing no risk. Although no significant breaches of sanctions were identified, several business relationships with clients had to be terminated due to Russian sanctions and since 2022 still is terminated outgoing payment relations with Belarus and Russia were terminated.

In 2024, KB conducted in-depth analysis of 10,135 foreign transactions (2023: 9,066, 2022: 13,079, 2021: 7,511, 2020: 5,980) to eliminate the risk of violating international sanctions (in particular EU and USD-related sanctions). Of these transactions, 3,604 were screened by SG Paris and 296 were screened by SG's correspondent bank in New York. As a result of these checks, a total of 432 transactions were blocked and 3 transactions were frozen due to the new sanctions restrictions.

In 2024, KB conducted a deeper analysis of 16,941 domestic transactions and no sanctions violations were found during the review.

All these transactions are checked online in real time. The checks require mainly (but not solely) a thorough knowledge of the clients' activities, the reasons for the transactions, and the relationships with the counterparties.

Client data protection

Compliance with the rules for the protection of personal data and data covered by banking secrecy, as well as the handling and maximum security of such data, has long been one of KB's top priorities. The topic of data protection mainly due to GDPR regulation has become a respected part of the regulatory framework. This fact is underlined by the continuous activity of the Office for Personal Data Protection (OPDP) as a supervisory authority in the form of educational and control activities, including sanctions.

To this end, KB has a long-established set of relevant organisational and technical measures consisting in an appropriate regulatory base, a comprehensive information security system, application security, an access control system, a control mechanism and, last but not least, the provision of staff education. The established set of internal policies is the basis for ensuring a high level of protection for the personal data of KB's clients, employees, and suppliers. Information on the processing of personal data is transparently described in several documents listed on KB's website,[1)] including a basic document entitled Information on the Processing of Personal Data. It contains a summary overview of the processing of personal data at KB, including the rights associated with it. Other documents relating to the protection of personal data are available at the same location.

In relation to its suppliers, KB has a system in place to ensure the protection of personal data and data subject to banking secrecy, from selection of the supplier, through the contractual documentation containing the relevant provisions, to the control mechanism over fulfilment of the obligations of individual suppliers. Significant activities connected to response to evolving case law (in particular the European Court of Justice decision in the case Schrems II) continued in 2024. As a result, the system set up for managing relationships with suppliers was adapted for more refined interpretations, mainly concerning the transfer of personal data to non-EU countries.

Supervision of compliance with the data protection rules continues to be systematically implemented at KB and in its subsidiaries, which are responsible to the same Data Protection Officer (DPO). In 2024, supervision was extended to newly established companies within the KB Group. The DPO independently carries out ongoing monitoring of compliance with the data protection principles, draws attention to possible non-compliance with the GDPR, and recommends possible corrective measures. The DPO is responsible for consultation and communication with the Office for Personal Data Protection.

As part of the ongoing agenda of evaluating breaches of personal data security under the GDPR, 51 cases were confirmed in relation to KB in 2024, 1 of which one was assessed as high risk and was reported to the OPDP. The remaining cases were assessed as low-risk events.

Within the framework of the ongoing agenda of exercising data subjects' rights under the GDPR, 112 rights were recorded for KB in 2024. In all cases, requests to exercise rights were individually assessed, evaluated, and responded to appropriately.

As regards the interaction with the supervisory authority, which is the Data Protection Authority for this area, one of the aforementioned data breaches was reported. In 2024, KB was approached by the Data Protection Authority with a questionnaire in relation to a co-ordinated action of the European Data Protection Board aimed at co-ordinating the approach of data controllers regarding the implementation of the right of access to personal data. KB provided full co-operation by responding to two requests that were sent.

In 2024, there were no inspections or challenges by the Data Protection Authority related to regulatory breaches or complaints from data subjects.

Supplier relationships

In relationships with its suppliers, Komerční banka is committed to honouring all legal regulations as well as to the protection of the environment, social and human rights, and the principles of sustainable development. KB has implemented the common sourcing principles of Société Générale, which it perceives also as a prudent risk management approach.

The sourcing rules include, among others, rules for assessing risks and obtaining adequate information before making a decision on concluding or maintaining a business relationship with a supplier – so-called know-your-supplier (KYS) rules.

[1)] https://www.kb.cz/en/protection-of-personal-data

These rules enable the Group to identify those suppliers exposed to a risk of bribery or corruption and to manage such risks, to prevent co-operation with suppliers in breach of applicable regulations in the areas of taxes, anti-money laundering and financing of terrorism, and corruption or who might be involved in an illegal activity. The Bank verifies, in accordance with applicable conditions, statutory representatives of the suppliers, their beneficial owners, and politically exposed persons linked to the suppliers. The KYS principles are included in KB's internal rulebook. The KYS policy also stipulates limits for the value of purchases.

In 2024, the Group revised the supplier risk assessment rules introduced in 2023 and replaced the separate criterion for duration of the business relationship with four criteria: TPI GN element, significant outsourcing, the amount of consideration for services rendered in relation to the riskiness of the country or riskiness of the business, and cases where the amount of consideration for the services rendered by the supplier is not clearly defined. At the same time, the validity of the review of the KYS component carried out for suppliers rated as "Low" and "Med-Low" risk has been extended by one additional year (from 48 months to 60 months for Low and from 36 months to 48 months for Med-Low). We will only apply the extension of the KYS component review period locally for reviews falling in the 2025 period and beyond.

A regulation reflecting all these changes, including to update the name of the departments involved in the KYS process, was issued in early 2025.

The rules apply to suppliers of non-financial services as well as to suppliers of goods and other products. Several units within KB and Group are involved in KYS activities.

Before concluding a new business relationship with a supplier, KB checks that the supplier's consideration does not generate a risk of corruption. It identifies the supplier and its statutory representatives and verifies that these persons are not recorded in the lists of information held in order to prevent money laundering and financing of terrorism. The suppliers are also checked against registers such as the EU Sanctions List, sanctions and embargoes of the USA, and lists of the United Nations Security Council. The KYS rules include also processes for establishing relationships with suppliers from sectors sensitive from the perspective of sustainability (e.g. the energy sector). KB Group will not enter into a business relationship unless all required information is provided and all conditions are met.

More stringent requirements are applied to a supplier with higher level of risk, identified according to pre-determined indicators (e.g. PEP, link to a high-risk country). These stringent requirements must be satisfied before entering into the business relationship as well as during the regular review of suppliers and daily screening of the list of suppliers.

According to the risk assessment of suppliers, KB determines the frequency of the reviews and it may require conducting enhanced due diligence. Enhanced due diligence must be conducted in particular when riskiness of the supplier has been assessed as medium-high or high, or if the supplier has a representation agreement and a connection to government, or if there is a PEP. In enhanced due diligence, KB researches via public sources the ethical framework of the supplier (measures against corruption, code of conduct, etc.), possibly to include screening of the supplier's reputation, its statutory representatives and other executives, identification of beneficial owners and their records on the lists of sanctions, PEPs, or negative information.

In case that a KB Group employee notices a risk indicator during the due diligence process or at any time when pursuing a business relationship, he or she must inform the Compliance Department. A non-exhaustive list of risk indicators is a part of KB's internal instruction. The signature authorisation for concluding a business relationship as well as escalation procedures are based on results of the supplier's risk assessment.

Every contract with a supplier must include clauses on international sanctions and against corruption and it may include also clauses related to corporate social responsibility or other clauses required by law or KB's rules. Old contracts which do not include relevant clauses must be adapted upon the next renewal. KB informs all suppliers before signing a contract on applicability of the SG Code of Conduct and SG Code governing the fight against corruption and influence peddling. All contracts with a link to information and information technologies contain IT security clauses.

No payment to a supplier may be executed without relevant substantiation and the consideration provided to any supplier must be commensurate with market prices. KYS documentation is archived for at least 5 years from the date of the business relationship's termination.

Efficacy of the KYS process is measured against a set of Key Performance Indicators, including specific indicators for purchases with more stringent KYS requirements. First Level Controls (FLC) are set to make sure that the KYS process is always correctly followed. The FLCs are independently reviewed by Second Level Controls. Remedial steps must be implemented each time a shortcoming or a deficiency is identified in the KYS process.

KB Group is not aware that its activities or its supply chain could cause risk of child labour, forced or compulsory labour, or incidents of violations involving rights of indigenous peoples.

In 2024, more than 90% of the suppliers with whom KB Group co-operated were local suppliers. We regard companies having a Czech or Slovak Reg. No. (IČO) as local suppliers.

Implementation of sustainability principles in sourcing
Société Générale has developed binding rules on the supplier selection process and contract awarding applicable to the entire SG Group. Sustainability is one of the criteria for evaluation, and KB Group therefore identifies, as part of decision-making on co-operation with a supplier, the potential environmental and social risks (to the environment, human rights and approaches to people, ethics, and trustworthiness). Participants in selection processes to whom this procedure applies commit to compliance with the Responsible Sourcing Charter, which specifies the principles in respect of human rights, working conditions, the environment, and the fight against corruption.

Four risk categories (low, medium, high, and very high) have been established for the services and goods supplied. In respect of the very high risk category (such as refurbishments and constructions, facility management – waste management, and videoconference and mobile equipment and devices), all selection process participants receive a more detailed questionnaire that helps us to evaluate these risks. In the evaluation of bids, these risks are then among the criteria whose weight is subject to the rules set for the SG Group and depend on the environmental and social risk entailed in the supplier category and on the final decision of the person approving the selection process.

In 2024, we completed almost 90 selection processes; of those, approximately 20% were assessed as very high risk from the sustainability perspective, and we therefore screened the supplier against the criteria described above. These screenings help us in our effort to prevent potential adverse impacts in terms of environmental or social risks.

Protecting economic competition

KB had previously introduced an internal directive covering protection of competition based upon both general obligations as established by regulatory provisions and on the standards of SG Group. This regulation describes the regulatory framework, risk areas concerning the banking sector, and behaviour of individual employees in negotiating with third parties and with the regulator so that the employees are sufficiently informed regarding risks and methods for avoiding them. Selected employees also are subject to internal training in this area. Employees negotiating on the Bank's behalf at the level of the Czech Banking Association also undertake to uphold the rules of the Czech Banking Association in this area.

KB did not incur any fines or settlements related to anti-competitive business practices in the past four fiscal years, nor is it currently involved in any ongoing investigations related to anti-competitive practices.

Governing law

As an issuer of publicly traded securities, during 2024 Komerční banka was governed in its activities particularly by the following laws and regulations:

- Act No. 21/1992 Coll., the Banking Act;
- Act No. 256/2004 Coll., on Capital Market Undertakings;
- Act No. 90/2012 Coll., on Business Corporations and Co-operatives;
- Act No. 257/2016 Coll., on Consumer Credit;
- Act No. 370/2017 Coll., the Payment Systems Act;
- Act No. 170/2018 Coll., on Distribution of Insurance and Reinsurance;
- Act No. 253/2008 Coll., on Selected Measures against the Legitimisation of Proceeds from Criminal Activity and the Financing of Terrorism (AML Act);
- Act No. 69/2006 Coll., on Implementation of International Sanctions;
- Act No. 300/2016 Coll., on the Central Register of Accounts;
- Act No. 563/1991 Coll., on Accounting;
- Act No. 37/2021 Coll., on the Registration of Beneficial Owners;
- Act No. 110/2019 Coll., on Personal Data Processing;
- Act No. 143/2001 Coll., on Protection of Economic Competition;
- Act No. 136/2011 Coll., on the Circulation of Banknotes and Coins;
- Act No. 190/2004 Coll., on Bonds;
- Act No. 240/2013 Coll., on Investment Companies and Investment Funds;
- Act No. 89/2012 Coll., the Civil Code;
- Act No. 277/2013 Coll., on Foreign Exchange Activities;
- Act No. 634/1992 Coll., on Consumer Protection;
- Act No. 171/2023 Coll., on the Protection of Whistleblowers;
- General Data Protection Regulation (EU) 2016/679 (GDPR);
- Regulation (EU) No. 596/2014, on Market Abuse;
- Regulation (EU) No. 575/2013, on Prudential Requirements for Credit Institutions and Investment Firms and Related Implementing Regulations of the European Commission;
- Commission Delegated Regulation (EU) 2017/565 supplementing Directive 2014/65/EU (MiFID II) as regards the organisational requirements and operating conditions of investment firms and

the definition of terms for the purposes of that Directive (MiFID II Delegated Regulation);
- Regulation (EU) No. 648/2012, on OTC Derivatives, Central Counterparties and Trade Repositories (EMIR);
- Regulation (EU) No. 909/2014, on Improving Securities Settlement in the European Union and on Central Securities Depositories (CSDR);
- Regulation (EU) 2019/2088, on Sustainability Related Disclosures in the Financial Services Sector (SFDR);
- Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (Taxonomy)
- Commission Delegated Regulation (EU) 2022/1288 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of do no significant harm, specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in precontractual documents, on websites and in periodic reports; and
- EU Regulation 2015/2365, on Transparency of Secured Financing and Reuse Transactions (SFTR).

These regulations entail the main legal basis for the Bank's operations. In addition to what is stated above, the Bank's activities must also comply with a number of other regulations, government decrees, implementing regulations, guidelines and other documents issued by European bodies.

Penalties incurred

KB Group companies incurred the following penalties:

KB Penzijiní společnost was fined CZK 150,000 by the Specialised Financial Office for breach of obligations in the area of the Common Reporting Standard. The error concerned a breach of obligations related to verifying whether a financial account registered with KB Penzijní společnost is a reportable account pursuant to Act No. 164/2013 Coll. and, consequently, also a breach of the obligation to report such accounts. As a result of these findings, the process for identifying and reporting the accounts to be reported by KB Penzijní společnost was redesigned. This included to set up a control system in this area.

In 2024, Komerční banka was fined CZK 150,000 CZK for late publication of its annual report on the CNB portal, which is one of the mandatory channels for publication.

Legal risk

Managing legal risk consists in minimising uncertainty associated with enforcement and interpretation of legal acts, contracts, regulations, and laws. To manage legal risks, KB Group applies a variety of techniques, procedures, and tools, including regular monitoring of proposed and adopted legislation, close co-operation among the legal teams within KB Group, a system of continuous education and specialisation among lawyers, detailed documentation, evaluation of outputs, and a set of corresponding control mechanisms.

In addition to standard legal functions within such various areas as contracts, banking, and corporate law, the main tasks of KB's lawyers during 2024 involved support of KB's main strategic goals, including deployment of the new digital bank (KB+ application); continuous alignment of processes in the area of corporate governance and legal services within KB Group; as well as support for preparation of the mortgage factory, establishment of the KB Poradenství concept, and further development of banking identity services. Legal staff also continued with digitising and simplifying meetings of statutory bodies for KB and other KB Group companies.

Significant legal disputes

With respect to its overall financial situation, Komerční banka considers as significant all litigations involving principal amounts exceeding CZK 10 million and any bankruptcy proceeding in which the subject of the claim is an amount exceeding CZK 50 million.

As of 31 December 2024, KB Group was a party to 2 significant legal proceedings as a plaintiff. The principal that was the subject of these legal proceedings totalled CZK 22 million. As of 31 December 2024, KB Group was a bankruptcy creditor with a claim exceeding CZK 50 million in 21 bankruptcy proceedings. The total of claims filed in relation to these proceedings was CZK 2.9 billion.

As of 31 December 2024, KB Group was a party to a total of 5 significant legal proceedings as a defendant. The principal that was the subject of these legal proceedings totalled CZK 560 million.

Information concerning the provisions created for litigations in which the Group is a defendant is stated in the Notes to the Consolidated Financial Statements according to IFRS, Note 37 – "Commitments and contingent liabilities".

The Bank is not pursuing any proceedings arising out of or related to fraud, insider trading, antitrust, anti-competitive conduct, market manipulation, collusion, or other related financial industry laws or regulations.

Internal audit

The internal audit function in KB Group is organisationally supervised by the Chief Executive Officer of KB and regularly reports about its activities to the Audit Committee of the Bank.

Evaluating the functionality and effectiveness of risk management, management and control processes, and corporate governance is the main task of KB Internal Audit. This work contributes to improving operational efficiency of the entire organisation.

Internal Audit is integrated into the global Internal Audit division within the SG Group. In addition to audits at KB, this division covers KB Group companies and SG Group companies in the Central European region.

Internal Audit's strategic objectives focus on covering the Group's biggest risks and most important activities, including compliance with all regulatory requirements. Internal Audit assignments are performed according to an annual audit plan, prepared primarily based on risk assessment, and focus on priority areas.

In 2024, a total of 42 audit missions were carried out, of which 13 missions were carried out exclusively at KB Group subsidiaries. Audit missions carried out at the Bank covered both the business network and head office units. A total of 142 audit mission findings were implemented in KB Group during 2024, of which 51 were of a higher severity. At the end of 2024, there were 18 findings within KB Group that had not been implemented after more than 18 months and which therefore were not closed.

An assessment of the remuneration system was carried out at KB, focusing primarily on compliance with the requirements of CRD V. No significant deficiencies were identified.

In its regular report to the Board of Directors, the Audit Committee, and the Supervisory Board, KB Internal Audit assessed the Bank's internal control system as effective.

The plan for 2025 was drawn up using methodologies shared within the SG Group and based on the results of the risk assessment, the 5-year audit cycle, and regulatory requirements.

Statutory audit

As a public-interest entity, the Bank is obliged and committed to comply with European and local regulation governing the selection process and mandatory rotation of statutory auditors. The initial engagement period for a statutory auditor should not exceed 10 years. Reappointment for a maximum of 10 more years is possible only based on a tendering process with close involvement of the entity's audit committee. Moreover, the key audit partner has to be rotated after 7 years.

In 2023, after 9 years in co-operation with the same auditor, the Bank organised a tendering procedure based upon which a new statutory auditor of the Bank and of KB Group was nominated. The first year of its mandate was 2024.

Corporate governance statement

Corporate governance statement

The Bank, as an issuer of shares admitted to trading on a European regulated market, is obliged, pursuant to Act No. 256/2004 Coll., on Capital Market Undertakings, as amended, to prepare an annual financial report including also a corporate governance statement pursuant to Section 118 (4) and (5) of this Act, which contains information on the corporate governance.

Information on governance codes and on corporate governance

Komerční banka acceded to and upholds all the principal standards of the Corporate Governance Code of the Czech Republic (2018) issued by the Czech Institute of Directors on the basis of international standards of corporate governance (in particular, G20 / OECD Principles of Corporate Governance from 2015). Its full text in Czech is available at https://www.mfcr.cz/assets/cs/media/2018_Kodex-spravy-a-rizeni-spolecnosti-CR.pdf (hereinafter referred to as the "Code").

Komerční banka's Board of Directors applies and develops the aforementioned principles of corporate governance in a spirit of transparency, accountability, and long-term prospects, and it translates these best practices into its internal procedures and regulations.

Compliance with the Code is maintained through the Bank's open approach to disclosing information on material matters of the Bank, in particular concerning its financial position, dividend policy, performance, ownership, sustainable business operations, and corporate policy in the areas of climate change and corporate governance. The financial reports provide a true and fair view of the Bank's accounting and financial position. Shareholders are informed at least 30 days before the General Meeting of the date, location, and agenda of the General Meeting, the proposals of the individual resolutions and their rationale, including information on the proposal for paying out the share in profit and the method of this payment. Shareholders are informed of their rights relating to their participation in the General Meeting, including a description of how to participate in the General Meeting, whether in person or on the basis of a proxy, and have at their disposal in advance materials concerning the agenda of the General Meeting. The notice of the General Meeting also explains the rules and voting procedures governing the General Meeting. Shareholders are able to vote on motions for resolutions before the General Meeting is held via an electronic platform for remote communication and to take written resolutions in lieu of holding a General Meeting ("per rollam"). All this information is available on the Bank's website and in the press, and press releases are issued regularly.

Furthermore, the Code is fulfilled by the chosen management system. The Bank has a two-tier management system that entails a separation of the executive and control functions. The Board of Directors performs all key functions of the Bank's management. Operational management is divided among the individual members of the Board, and each member of the Board has competence over a certain area of the Bank's activities (functional division). The Board of Directors nevertheless decides collectively at its meetings, which are held regularly at two-week intervals. Under the Bank's Articles of Association, members of the Board are subject to rules and regulations over conflicts of interest even stricter than as defined by Act No. 90/2012 Coll., the Companies and Co-operatives Act, as amended. They are obliged to inform the Board of Directors and Supervisory Board of any existing or even potential conflicts of interest relating to functions they perform in any other legal entity and are obliged to abstain from voting on all matters concerning the Bank's relationship to any such legal entity. The Bank's governance and management system provides members of the Board of Directors and Supervisory Board with timely and relevant information important for the performance of their functions. The Board of Directors and Supervisory Board apply proper and effective procedures relating to their conduct while keeping and retaining records of the decisions taken.

The Supervisory Board is a control body supervising the activities of the Board of Directors and of the entire Bank. Three of the Supervisory Board's nine members are independent (Petr Dvořák, Petra Wendelová, and Marie Doucet) and three are employee representatives. All independent members of the Supervisory Board meet the independence criteria according to the General Guidelines for Assessment of Suitability EBA/GL/2021/06. The Supervisory Board is to establish Audit, Risk, Nominations, and Remuneration committees. Members of the Audit Committee are elected by the General Meeting. The majority of members of the Audit Committee, including the Chairperson, are independent and professionally

qualified. The Audit Committee plays an important role in supervising the Bank's proper management, the independence and objectivity of the external auditor, the auditor's conduct of the mandatory audit and assurance of the sustainability report, effectiveness of the risk management systems (together with the Risk Committee), and mechanisms of internal management and control. The Risk Committee monitors the Bank's approach to risk, its strategy in the risk area, accepted levels of risk, and risk management. The Nominations Committee considers the suitability of the members of the Bank's bodies, the composition of these bodies, and compliance with ethical principles and rules within the Bank. The Remuneration Committee prepares proposals for remuneration decisions for the Supervisory Board, including those affecting risk and risk management.

The Board of Directors and Supervisory Board co-ordinate with one another the main strategies and changes in the management direction of the Bank. The Board of Directors shall periodically provide the Supervisory Board with information on the state of implementing these changes and all relevant facts concerning the Bank and the companies under its control. Members of the Supervisory Board and members of the Board of Directors may not hold more than the number of positions permitted by the Banking Act. These requirements were satisfied also in 2024.

There were no fundamental changes during 2024 that would adversely influence the aforementioned standards for the Bank's corporate governance. Komerční banka continues to respect the principles of corporate governance, inasmuch as these best correspond to the Bank's business model as well as to the interests of the Bank and its shareholders and employees.

Internal control and approach to risks in the process of accounting and preparing financial statements

The Bank uses a number of tools in several areas to ensure true and accurate presentation of facts in the accounting and proper compilation of financial statements. These begin with tools for proper recording of individual transactions, include various controls, and finally involve preparing the statements and their control.

The tools used for proper recording of transactions, events, trades, and the like in the accounting include, in particular, the selection of appropriate systems (applications) for their recording and processing, thorough testing during their implementation, maximum automation of all repetitive processes, and managing of access rights to individual systems. Setting up systems, processes, and controls is always formally governed by the Bank's internal regulations.

The compliance of the accounting methods employed with International Financial Reporting Standards in particular is ensured by an independent department that regularly monitors developments in these standards and other regulatory rules, analyses effects ensuing therefrom, and implements the standards in co-operation with relevant departments. For more information on the rules used, see Notes to the Consolidated Financial Statements, Note 3 – "Principal accounting policies" and Note 43 – "Risk management and financial instruments".

The Bank utilises a system of defining responsibilities for individual ledger accounts (the "ownership system") under which a particular employee authorised to transact with the account and an employee responsible for account analysis are assigned to each account of the general ledger. The control over account analysis includes, in particular, the duty to specify at any time the account balance and to monitor its balance and movements, as well as responsibility for the documentary stock taking of accounts. The control over account analysis also involves the reconciliation of data in supporting systems relating to the data in the general ledger at specified regular intervals.

The area of control tools may be divided into two parts: control as to the accuracy of input data and follow-up control over the consistency and integrity of the functioning and accounting of the individual systems. Control over the accuracy of input data is performed especially in the Retail Banking, Corporate and Municipal Banking, and Transaction and Payment Services arms within the First Level Control system, which constitutes the basis of the Bank's internal control system. The First Level Control system establishes the control activities of the management employees so that there occurs oversight over operational risks arising from the activities of the relevant departments; monitoring of the quality, effectiveness, and reliability of the established work procedures; verification of the employees' compliance with the applicable regulations and procedures; and determination of corrective measures in cases when deficiencies are identified.

Follow-up control is carried out in particular by the Accounting and Reporting Department, which especially checks the data in the accounting by means of analytical procedures. The main analytical procedures include checking data consistency as of the current date with the development in the past, consistency between financial and non-financial data (numbers of transactions, trades, etc.), and consistency between the changes in the balance sheet and the income statement. The changes in the development of individual items of the financial statements or directly in the general ledger accounts are regularly analysed, and these changes are subsequently reconciled to the changes in trades, prices for services provided, and market data, or to changes attributable to one-off items.

An automated system is used to process most financial statements. In most cases, detailed data from source systems are used for their creation and these data are reconciled with the general ledger while at the same time the accuracy of the data in the general ledger is checked.

The effectiveness of internal controls is evaluated by an independent Second Level Control system that examines design and operating effectiveness of both First Level Controls and operational controls. Key risk indicators (such as the number of manually processed transactions or the number and volume of various reconciliation gaps) are also regularly followed up and evaluated. Their values within the Bank have long been held to levels indicating very low risk. The internal control system in the financial reporting area is also regularly evaluated by Internal Audit.

Internal control and approach to risks in the process of non-financial reporting

Internal control and the approach to risks in the process of non-financial reporting is described in the Sustainability Statement, part of this document.

Diversity policy

The Bank applies a policy of diversity. As a signatory to the Diversity Charter, it is committed to the principles of diversity, flexibility, and inclusion. The Supervisory Board endeavours within the scope of its competence to ensure that the Board of Directors and Supervisory Board consist of persons meeting appropriate professional, time-related, and other requirements for the performance of their duties, that both bodies are balanced in terms of professional competence and experience, and that the composition of the Board of Directors and the Supervisory Board as a whole is diverse while reflecting the requirements arising from the specifics of the Bank's business. For this purpose, the Nominations Committee of the Supervisory Board of Komerční banka has adopted the Principles of Suitability for the Supervisory Board and the Board of Directors. These principles reflect the tenets of corporate governance, the EBA guidelines on assessing the suitability of members of the management body and key function holders, the requirements of the Companies and Co-operatives Act, the Banking Act, CNB Decree No. 163/2014 Coll., and Stock Exchange Standards.

The Bank has also implemented tools to assess the collective and individual suitability of the members of both bodies. In nominating candidates for open positions on the Supervisory Board and Board of Directors, the Nominations Committee follows the stated principles and instructions and assesses first the balance of professional competence and experience and the diversity of the Supervisory Board's and Board of Directors' composition as a whole.

Diversity is assessed in terms of experience, education, qualifications, profession, social position, gender, nationality, and age and is an integral part of the Bank's strategy. We consider this diversity one of the Bank's decisive achievements in the market, and it helps in building relationships with clients and partners. Furthermore, the assessment covers the profile of the current members of the Supervisory Board and Board of Directors and their specific knowledge, the candidate's professional competence, experience, professional achievements, understanding of the Bank's activities and its main risks on the candidate's side and, last but not least, his or her moral profile and integrity. The age of a candidate for membership of the Supervisory Board should not exceed 70 years and a member of the Supervisory Board should not be a member of the supervisory board of the same company for more than 12 years. These limits are taken into account in nominating those candidates submitted to the General Meeting. The Nominations Committee also considers the target representation of the under-represented gender according to the accepted principles and the candidate's time availability while considering the time requirements of the obligations connected with the performance of his or her duties. In nominating candidates, if candidate profiles are equal, the under-represented sex will be preferred. The Bank takes diversity into account when selecting new members in accordance with EBA/GL/2021/06. According to the accepted principles of suitability, the composition of the Supervisory Board should take into account experience, education, nationality, cultural environment, and age. The Supervisory Board has complied with the stated requirement for the inclusion of 40% of the under-represented gender and currently five of the nine Supervisory Board members are women, thus providing 55.6% representation[1)]. When nominating candidates, preference will be given to the under-represented gender in a case of candidates having equal profiles. Candidates undergo assessment and evaluation as to their fulfilling the trustworthiness, knowledge, experience, management, and independence requirements and respond to questions prepared for evaluating their suitability for the Bank's bodies. They submit a professional CV, an extract from the criminal record, and references. Once a year, the Nominations Committee evaluates the trustworthiness, professional competence, and experience of the individual members of the Supervisory Board and the Board of Directors and of the two bodies as a whole and submits reports on this evaluation to the Supervisory Board. These

[1)] The share of women is 16.7% in the case of Board of Directors.

evaluations form the basis for seeking candidates for open positions and for ensuring that the two Boards as a whole as well as their members individually are suitably professional, have sufficient time, and meet other requirements for performing their activities. In terms of diversity, the members of the two bodies differ with regard to, for example, their age, gender, geographical origin, education, and professional experience, thus allowing for various views within the Bank's bodies and meeting the requirements of the EBA Guidelines.

Based upon the Companies and Co-operatives Act, one-third of the Supervisory Board's members consist of employees' representatives, thus ensuring the proper and effective exercise of the Bank's employees' rights to elect one-third of the Supervisory Board members and the possibility of being elected as a Supervisory Board member. Following the election of employee representatives the following employee representatives were elected for a new term of office with effect from 15 January 2023: Miroslav Hájek, Ondřej Kudrna, and Sylva Kynychová. Three members of the Supervisory Board, Petr Dvořák, Petra Wendelová, and Marie Doucet, are independent. These members are independent experts in the financial sector and meet the requirements set by the U.S. Securities and Exchange Commission (SEC) and thus may be considered independent financial experts. Independent members of the Audit Committee sign a statutory declaration confirming their independence. The Bank's assessment of independence is based on the profile of independent members of the Supervisory Board set out in Commission Recommendation 2005/162/EC of 15 February 2005, in particular in Annex II. EBA's requirements for independence of the members of the Supervisory Board are implemented in the Bank. When selecting and regularly evaluating candidates, the Nominations Committee ensures that all members of the Supervisory Board are able to make their own objective and independent judgements and decisions.

Shares, shareholders, and the General Meeting

Komerční banka's registered capital totals CZK 19,004,926,000 and is divided into 190,049,260 ordinary bearer shares, each with a nominal value of CZK 100, issued as an uncertificated security, and admitted to trading on the European regulated market.

All the Bank's shares carry the same rights, have no special rights attached to them, and constitute 100% of the registered capital. Transferability of the shares is unlimited.

The shares of Komerční banka, a. s., do not have restricted voting rights. The exercise of voting rights may be restricted only for reasons specified by law. Komerční banka, a. s., does not exercise the voting rights attached to its own shares held in treasury.

Komerční banka, a. s., is not aware of any agreements between shareholders that would result in hindering the transferability of shares or voting rights. Further information on the rights vested in the shares and their transferability is provided in the section *Securities and debt instruments issued* or in Note 35 to the Consolidated Financial Statements according to IFRS Accounting Standards.

Information on the structure of the Bank's equity is also presented in the Statement of Financial Position and in Note 35 to the Consolidated Financial Statements according to IFRS Accounting Standards.

Information on direct and indirect voting rights

Major shareholders of Komerční banka owning more than 1% of the registered capital as of 31 December 2024
(per the extract from the issuers register taken from the Central Securities Depository)

Shareholder	Proportion of registered capital
Société Générale S.A.	60.353%
CHASE NOMINEES LIMITED	2.877%
CLEARSTREAM BANKING S.A.	1.569%
NORTRUST NOMINEES LIMITED	1.234%
State Street Bank And Trust Company	1.169%
Other shareholders	32.798%

Société Générale S.A. provides information on its shareholders' structure in its Universal Registration Document as well as in its web presentation[1)].

[1)] Data as of 31 December 2023 are available at https://investors.societegenerale.com/en/financial-and-extra-financial-information/share/shareholder-structure.

Shareholder structure of Komerční banka as of 31 December 2024
(per the extract from the issuers register taken from the Central Securities Depository)

		Number of shareholders	Proportion in number of shareholders	Proportion of registered capital
Number of shareholders		**76,797**	**100 %**	**100%**
of which:	legal entities	836	1.09%	83.11%
	private individuals	75,961	98.91%	16.89%
Legal entities		**836**	**1.09%**	**83.11%**
of which:	from the Czech Republic	395	0.51%	3.03%
	from other countries	441	0.57%	80.08%
Private individuals		**75,961**	**98.91%**	**16.89%**
of which:	from the Czech Republic	70,748	92.12%	16.29%
	from other countries	5,213	6.79%	0.60%

The Bank has no requirements for ownership of the Bank's shares by members of the Board of Directors.

The General Meeting is the supreme body of the Bank. The Annual General Meeting is held at least once per year, and in no case later than 4 months from the last day of each accounting period. A quorum of the General Meeting shall be constituted if the attending shareholders hold shares the total nominal value of which exceeds 30% of the Bank's registered capital and are entitled to vote. The quorum is confirmed at the time of opening the General Meeting and always before each vote. The General Meeting shall approve resolutions by a majority of votes of the attending shareholders unless legal regulations or the Articles of Association require a qualified majority of votes. The General Meeting's order of business is governed by the agenda stated in the notice of the General Meeting, which contains proposed resolutions and their justification and further information about the conditions of shareholders' participation and exercise of shareholder rights. At least 30 days prior to the General Meeting, the General Meeting shall be convened by means of a public notice calling the General Meeting, which shall be posted on the Bank's website www.kb.cz and published in the Mladá Fronta DNES daily newspaper. All documents relating to corporate governance are published on the Bank's website. Issues not included in the proposed agenda for the General Meeting are decided upon only with the attendance and consent of all the Bank's shareholders. The General Meeting shall be opened by a member of the Board of Directors authorised for this purpose by the Board of Directors or a person designated by the Board of Directors. He or she shall also conduct the General Meeting until a Chairperson of the General Meeting is elected.

Unless otherwise stipulated by law or the Articles of Association, all persons registered in the list of attending shareholders and present at the General Meeting at the time of calling a vote are entitled to vote. The sequence of voting corresponds to the order on the General Meeting's agenda. The casting of votes shall be carried out using an electronic voting system. Each CZK 100 of nominal share value represents one vote. Any proposal presented by the Board of Directors shall be voted upon first. Should such proposal of the Board of Directors be accepted by the required majority, other proposals or counter-proposals to this point shall not be voted upon. Other proposals or counter-proposals shall be voted upon in the sequence in which they have been presented. Should such a proposal or counter-proposal be approved in a vote by the General Meeting, other proposals or counter-proposals shall not be voted upon.

The Articles of Association allow the possibility of electronic voting before the general meeting if the Bank's Board of Directors so decides and under the conditions specified in the notice of the General Meeting and the possibility of taking a written resolution in lieu of holding a General Meeting.

It is within the powers of the General Meeting to:

a) decide on alterations of the Articles of Association, with the exception of alteration in consequence of an increase in the registered capital by the authorised Board of Directors or alteration made on the basis of other legal facts;
b) decide on a change in the amount of the registered capital; the registered capital may only be reduced after prior approval of the Czech National Bank unless it is reduced to cover a loss;
c) elect and remove two-thirds of the members of the Supervisory Board, elect and remove members of the Audit Committee;
d) decide on the possibility of setting off a monetary claim towards the Bank against a claim to be used for payment of the issue price including the draft of the relevant contract for set-off;
e) decide on a change in the class or type of the shares, on the conversion of par value shares into no-par value shares or the conversion of no-par value shares into par value shares, or on the splitting of shares into multiple shares or merging multiple shares into one share;
f) decide to issue convertible or priority bonds of the Bank;
g) decide to modify the rights attached to individual classes of the shares;
h) approve the annual financial statements, extraordinary financial statements, consolidated financial statements and, when required by law, interim financial statements;
i) decide on distribution of the profit or other own resources or coverage of the loss;
j) approve the service contracts with the members of the Supervisory Board and of the Audit Committee;
k) decide on transformation of the Bank, unless the act regulating transformations of companies and co-operatives provides otherwise, provided that a prior consent of the Czech National Bank has been given where so required by law;
l) decide to wind up the Bank with the prior consent of the Czech National Bank;
m) approve the final report on the liquidation and the proposed use of the liquidation balance of the Bank's assets;
n) decide to file for admitting the participation securities of the Bank to trading in the European regulated market or for excluding these securities from trading in the European regulated market;
o) approve the transfer or pledging of an establishment or such part of its assets and liabilities which would mean a substantial change to the real business purpose of the Bank;
p) charge the Board of Directors to decide on an increase in the registered capital under the conditions specified in the legislation;
q) decide to acquire the Bank's treasury shares in accordance with the applicable provisions of the Companies and Co-operatives Act;
r) decide on elimination or restriction of the pre-emptive right to acquire convertible or priority bonds, elimination or restriction of the pre-emptive right to subscribe for new shares in accordance with the Companies and Co-operatives Act;
s) approve the acquisition or disposal of assets, when the law so requires;
t) decide on appointment of the auditor to make the statutory audit or to verify other documents if such appointment is required by legal regulations;
u) give principles and instructions to the Board of Directors of the Bank with the exception of instructions regarding the business management of the Bank unless provided to the Board of Directors upon their request; and approve principles and give instructions to the Supervisory Board with the exception of instructions regarding the statutory duty to check the competence of the Board of Directors;
v) grant consent to the contract for the settlement of loss caused by a breach of the duty of due care by a member of a body of the Bank;
w) decide to suspend the service of a member of an elected body of the Bank in the case of a conflict of interest under the Companies and Co-operatives Act, or ban a member of an elected body of the Bank from entering into a contract which is not in the Bank's interest, or prohibit entering into a contract with an influential or controlling person or with a person controlled by the same controlling person which is not in the Bank's interest; this shall not apply if the person that should enter into the contract with the Bank is a person managing the Bank or another person that is part of the same group as the Bank;
x) decide that the flexible component amount of the compensation of persons whose work has a substantial influence on the Bank's risk profile can be higher than their fixed compensation component amount; however, it may not exceed the double of their fixed compensation component amount;
y) approve the remuneration policy and the report on remuneration of the members of the Board of Directors and of the Supervisory Board;
z) approve material transactions with related parties if so required by Act No. 256/2004 Coll. the Act Regulating Business Undertaking in the Capital Market as Amended;
za) decide on other questions falling under the powers of the General Meeting according to a generally binding legal regulation or these Articles of Association.

The results and information from the General Meeting are available on Komerční banka's website www.kb.cz.

Principle resolutions of Komerční banka's General Meeting held in 2024

The General Meeting convened on 22 March 2024 took place on 24 April 2024 and approved the annual financial statements and consolidated financial statements of Komerční banka for the year 2023.

The General Meeting approved distribution of the profit of Komerční banka, a. s., as follows:

To be distributed among shareholders:

(i) the profit for the year 2023 in the total amount of CZK 14,573,669,851.99
(ii) from retained earnings the amount of CZK 1,135,801,979.61

The share in the profit to be distributed among shareholders (dividends) totalled CZK 15,709,471,831.60.

The amount of the dividend per share was CZK 82.66 before taxation.

Furthermore, the General Meeting approved an amendment to the Articles of Association incorporating the possibility to participate in the General Meeting using an electronic remote communication platform and the Remuneration Report. The General Meeting also appointed KPMG Česká republika Audit, s.r.o., a company with its registered office at Pobřežní 648/1a, Prague 8, Postal Code 186 00, Identification No. 496 19 187, as the external auditor of Komerční banka, a.s. tasked to make the statutory audit and to provide an assurance opinion on the sustainability report for the year 2024, and KPMG Slovensko spol. s.r.o., a company with its registered office at Dvořákovo nábrežie 10, 811 02 Bratislava, as the external auditor of the registered branch of Komerční banka, a.s., located on the territory of the Slovak Republic.

The Bank has entered into no significant contracts which take effect, are altered, or terminate if the person or entity in control of the issuer changes as a consequence of a takeover bid. The Bank has entered into no contract with a member of its Board of Directors or any employee stipulating an obligation for the Bank to perform in the event that such person would cease to serve as a member of the Board of Directors or cease to be employed in connection with a takeover bid. The Bank has not established any programmes enabling the members of the Board of Directors and employees of the Bank to acquire the Bank's securities, options on these securities, or other rights thereto.

Information about special rules on the revision of the Bank's Articles of Association

According to the Bank's Articles of Association, decisions on amendments to the Articles of Association are within the powers of the General Meeting. Proposed resolutions for amendments to the Articles of Association and their justification are either provided in the notice of the General Meeting or the notice contains a brief and concise description and justification. The complete draft amendment to the Articles of Association is published together with the notice on the Bank's website. Proposed changes in the Articles of Association are available for shareholders' inspection at no charge at the Bank's headquarters for the period established for convening of the General Meeting. The Bank shall notify its shareholders of these rights in the notice of the General Meeting.

If a shareholder wishes to raise counter-proposals to the proposed changes to the Articles of Association at the General Meeting, the shareholder is obliged to deliver the written wording of such proposal or counter-proposal to the Bank no later than five business days prior to the day of the General Meeting. The Board of Directors shall notify its shareholders of the wording of the counter-proposal along with its viewpoint with regard to it in the manner specified for the convening of the General Meeting.

Decisions on changes in the Articles of Association are made by the General Meeting and carried by two-thirds of the votes of the attending shareholders upon a proposal of the Board of Directors, of the Supervisory Board, or of one or more shareholders in accordance with the Companies and Co-operatives Act and the Articles of Association. Decisions on changes in the Articles of Association must be recorded by notarial deed containing the approved text of the wording of changes in the Articles of Association. Komerční banka is obliged to report to the Czech National Bank its intention to make changes in the Articles of Association relating to those particulars which must be stated in the Articles of Association based on a requirement set forth by law.

Board of Directors

The Board of Directors is the governing body managing the Bank's activities. It is charged with business management, including to ensure the proper keeping of the Bank's accounting records, integrity of the accounting and financial reporting system, reliability of financial and operating control, as well as smooth conduct of activities and the Bank's operations on the financial market in compliance with the object and plan of its activities. The Board ensures consistent and effective implementation of the risk management, compliance, and internal audit functions. It further ensures the creation of a comprehensive and adequate management and control system, as well as its compliance with legal regulations, and is responsible for its continuous functioning and effectiveness. During the year, the Board of Directors completes various educational programmes and trainings. For the period under review, for example, these were in the areas of risk management, sustainability, anti-money laundering and preventing the financing of terrorism, international sanctions and ethics, creating an inclusive working environment, compliance with the Code of Conduct, legal aspects of the service of a member of an elected body, and new global internal audit standards. The Board of Directors also uses these means to continuously expand its own expertise.

The Board of Directors ensures establishment and maintenance of the management and control system so as to ensure the adequacy of information and communication in conducting the Bank's operations.

The Board of Directors shall decide upon all matters concerning the Bank unless assigned to the competence of the General Meeting, the Supervisory Board, or the Audit Committee by law or by the Articles of Association. The Board of Directors consists of six members, natural persons, who satisfy the conditions established in legal regulations for serving as a member of the Bank's Board of Directors and who are elected for 4-year terms by an absolute majority of all Supervisory Board members at the recommendation of the Nominations Committee. The Nominations Committee ensures that the members of the Board of Directors are trustworthy, have adequate professional qualifications and experience, and that their expertise encompasses the requirements demanded of the Board of Directors as a whole for managing the Bank's activities. The professional qualifications, trustworthiness, and experience of the members of the Bank's Board of Directors are assessed by the Czech National Bank. The six-member Board of Directors currently consists of experts with many years of experience in various areas of the financial sector both in the Czech Republic and abroad. The Board of Directors is gender diverse and includes citizens of three countries.

In accordance with the requirement of the Czech National Bank, Komerční banka declares that the below-named members of the Board of Directors of Komerční banka have not in the past 5 years been convicted of any criminal offence and that no charges, accusations, or other sanctions have been brought against them by any regulatory body. No bankruptcy, receivership, or liquidation has been declared in relation to the stated persons during the past 5 years.

In relation to his or her work in the Bank, no person with executive power has any conflict of interests between the duties of a person with executive power in the Bank and that person's private interests or other duties. Didier Colin has concluded an employment contract with Société Générale S.A., and he was delegated to serve as a director of the Bank.

Method of acting in legal matters on the Bank's behalf

The Board of Directors shall act on behalf of the Bank in all matters, either by all members of the Board of Directors jointly or by any two members jointly.

Composition of the Board of Directors in 2024

Jan Juchelka
Chairman of the Board of Directors
(since 3 August 2017, previously a member of the Board of Directors since 1 July 2006, re-elected on 2 July 2010, membership terminated as of 31 July 2012, re-elected on 4 August 2021 and then re-elected again with effect from 5 August 2025)

Didier Colin
Member of the Board of Directors
(since 1 October 2017, previously a member of the Board of Directors since 9 October 2004, re-elected on 10 October 2008, membership terminated as of 31 December 2010, re-elected on 2 October 2021)

David Formánek
Member of the Board of Directors
(since 1 August 2018, re-elected on 2 August 2022)

Jitka Haubová
Member of the Board of Directors
(since 4 June 2020, re-elected on 5 June 2024)

Miroslav Hiršl
Member of the Board of Directors
(since 1 August 2018, re-elected on 2 August 2022)

Margus Simson
Member of the Board of Directors
(since 14 January 2019, re-elected on 15 January 2023)

At its meeting on 6 March 2025, the Supervisory Board elected Katarína Kurucová as a member of the Board of Directors with effect from 1 June 2025 to replace member of the Board of Directors David Formánek. It also elected Anne Laure Véronique de Kouchkovsky as a member of the Board of Directors with effect from 1 September 2025 to replace member of the Board of Directors Didier Colin.

Jan Juchelka
A graduate of the Silesian University in Opava, he worked in the National Property Fund of the Czech Republic from 1995, and during 2002 to 2005 he was Chairman of its Executive Committee. From 1999 to 2006, he was a member of the Supervisory Board of Komerční banka. He joined Komerční banka in 2006, first as head of Prague's Corporate Banking Business Division and later that year he became a member of the Board of Directors responsible for managing Top Corporations and Investment Banking. From 2012, he worked in the Société Générale headquarters in Corporate and Investment Banking as Managing Director, Head of Coverage with responsibility for corporate clients in the Central and Eastern European Region, Middle East, and Africa. He also worked as Senior Banker for the Central and Eastern European Region. KB's Board of Directors elected Mr Juchelka as Chairman of the Board of Directors and Chief Executive Officer of Komerční banka with effect from 3 August 2017. Jan Juchelka was a member of the Czech government's National Economic Council ("NERV") in 2020 and is currently President of the Czech Banking Association, a member of CCEF (Conseillers du Commerce Exterieur de la France), Chairman of the Supervisory Board of Modrá pyramida stavební spořitelna, Chairman of the Management Board of the Nadace KB foundation, and President of the Alliance for an Emission-Free Future. Jan Juchelka regularly lectures at sustainability conferences and gives talks and discussions at domestic and international universities.

Didier Colin
A graduate in finance from Dauphine University in Paris and also City University of New York (MBA), he has many years' experience within Société Générale Group, where he started working during the early 1990s in the Inspection arm. In 2000, he was promoted to Deputy Country Manager and subsequently to Country Manager for Canada. From this position, he moved into Komerční banka in 2004 as Member of the Board of Directors responsible for Risk Management. In 2011, he became Director for the European Region; as part of this function, he supervised Société Générale's activities in the Central and Eastern European Region. From 2013, he was deputy to the CEO of BRD Romania responsible for managing the bank's risk management. With effect from 1 October 2017, he was elected by the Supervisory Board as a member of the Board of Directors of Komerční banka in charge of Risk Management. He also holds the position of Chief Compliance Officer.

David Formánek
A graduate of the University of Economics in Prague in the field of foreign trade economics. From 1993 to 2001, he worked within the branch of Deutsche Bank AG in Prague. Between 2001 and 2014, he worked at Komerční banka, first as Deputy Director and subsequently as Director of the Prague Business Division, then as Deputy Director for Human Resources and Executive Director for Human Resources. Between 2014 and 2018, he worked as CEO and Chairman of the Board of Directors of Modrá pyramida stavební spořitelna. Since August 2018, he has been a member of the Board of Directors of Komerční banka, responsible for corporate and investment banking.

Jitka Haubová
She graduated from the University of Economics in Prague, majoring in finance, studied at Galilee College in Israel, obtained a Certificate of Structural Funds Specialist from the European Commission, and is a certified international auditor for quality processes as well as a certified Python programmer. At the beginning of her career, she joined the government agency CzechTrade, where she also held

the position of CEO. For several years she co-owned a family cafe. Jitka Haubová joined KB in 2006 in the Trade Finance Department. Since 2012, she has held various managerial roles in Corporate and Municipal Banking, which she managed for 4 years. Since 2020, she has been a member of the Board of Directors, responsible for the Bank's operations and innovation, i.e. for the management of client accounts and authorisations, the legal department, transaction processing, payments and support services. She is also responsible for the sustainability agenda and its co-ordination within KB. She chairs the Supervisory Board of KB's charity Nadace KB and is a member of the Supervisory Board of Modrá pyramida stavební spořitelna. She is regularly ranked among the best managers in the Czech Republic by the Economia publishing house and among the most influential women in FinTech by Forbes and Vogue. She has also been a finalist in the Manager of the Year competition for public service organised by the Czech Management Association and has been listed among the Faces of Sustainability by Cover Story. Since 2023, she has been President of the International Chamber of Commerce in the Czech Republic and since June 2024 a Member of the Executive Board of the International Chamber of Commerce (ICC).

Miroslav Hiršl

A graduate from the University of Economics in Prague with a focus on foreign trade and banking and postgraduate studies at the Graduate School of Banking in Boulder, Colorado, United States of America. From 1996 to 2006, he worked in various positions within Komerční banka, first at a branch and a regional branch in Hradec Králové, then at a regional branch and at headquarters in Prague. From 2006 to 2014, he worked for Modrá pyramida stavební spořitelna, first as a director for business synergy, then as a member of the Board of Directors, Deputy Chief Executive Officer, Executive Director of Sales and Marketing, and finally as Deputy Chairman of the Board of Directors, First Deputy CEO, and Executive Director of Sales and Marketing. Between 2014 and 2018, he served as CEO and member of the Board of Directors of Société Générale Montenegro Bank, a.d. in Montenegro. Since August 2018, he has been a member of the Board of Directors of Komerční banka, responsible for retail banking.

Margus Simson

An economics graduate of Tallinn University of Technology, Estonia. From 2000 to 2006, he worked as a director of the Web Environment Department at SEB. From 2006 to 2009, he was Director of Electronic Channels at Swedbank. From 2009 to 2013, he held various IT positions within Eesti Energia, the largest energy producer and supplier in Estonia. In 2014, he was Deputy Director of the Estonian Information Systems Authority Riigi infosüsteem Amet. From 2009 to 2017, he worked as a digital strategy expert and CEO at Ziraff, the largest digital services company in Estonia. From 2017 to 2019, he held the position of CDO and Digitalisation Director at Luminor Bank. Effective from 14 January 2019, he was elected a member of the Board of Directors of Komerční banka by the Supervisory Board with responsibility for information technology.

Concurrent membership of Board of Directors members in the bodies of other legal entities

Members	Position	Company
Jan JUCHELKA	Chairman of the Supervisory Board	Modrá pyramida stavební spořitelna, a.s.
	Chairman of the Management Board	Nadace Komerční banky
	President	Česká bankovní asociace (Czech Banking Association)
	President	Aliance pro bezemisní budoucnost, z.s. (Alliance for an Emission-Free Future)
	Member	CCEF (Conseillers du Commerce Exterieur de la France)
David FORMÁNEK	Member of the Supervisory Board	Ayvens s.r.o.
	Member of the Supervisory Board	SG Equipment Finance Czech Republic s. r. o.
	Member of the Supervisory Board	ALD Automotive Slovakia s.r.o., Slovakia
Jitka HAUBOVÁ	Member of the Supervisory Board	Modrá pyramida stavební spořitelna, a.s.
	Chairwoman of the Supervisory Board[1]	Nadace Komerční banky
	Chairwoman	Národní výbor Mezinárodní obchodní komory v České republice (ICC Czech Republic)
	Member of the Executive Board[2]	International Chamber of Commerce (ICC)
Miroslav HIRŠL	Chairman of the Supervisory Board	KB Penzijní společnost, a.s.
	Chairman of the Supervisory Board	ESSOX s.r.o.
	Member of the Supervisory Board	KB SmartSolutions, s.r.o.
	Member of the Supervisory Board	Komerční pojišťovna, a.s.
	Chairman of the Supervisory Board	ESSOX FINANCE, s.r.o., Slovakia
Margus SIMSON	Member of the Supervisory Board	Bankovní identita, a.s.
	Chairman of the Supervisory Board[3]	Teeme Ära Sihtasutus, Estonia

[1] Until 9 April 2024.
[2] From 11 June 2024.
[3] Until 1 September 2024.

Activity report of the Board of Directors

The Board of Directors meets at its regular, periodic meetings, usually once every two weeks. Meetings are convened and presided over by the Chairman of the Board of Directors or, in his or her absence, by a member of the Board of Directors authorised to do so by the Board of Directors. Should it not be possible to hold a Board of Directors' meeting, a decision may be adopted by voting remotely in accordance with the Articles of Association.

In 2024, the Board of Directors met at 22 regular meetings and 4 extraordinary meetings and, in accordance with the Bank's Articles of Association, 13 times voted remotely in writing in lieu of meeting. The average attendance at Board meetings was 91.03%. Meetings lasted an average of 1 hour and 3 minutes. The Board of Directors is able to pass a resolution if an absolute majority of the members of the Board of Directors attend the meeting. Resolutions of the Board of Directors shall be adopted by an absolute majority of those members of the Board of Directors present, with the exception that election of the Chairman of the Board of Directors must be by an absolute majority of all members of the Board of Directors.

Members	Position	Attendance*
Jan JUCHELKA	Chairman of the Board of Directors, Chief Executive Officer	100%
Didier COLIN	Member of the Board of Directors, Senior Executive Director, CRO & CCO	69%
David FORMÁNEK	Member of the Board of Directors, Senior Executive Director, Corporate and Investment Banking	100%
Jitka HAUBOVÁ	Member of the Board of Directors, Senior Executive Director and Chief Operations Officer	92%
Miroslav HIRŠL	Member of the Board of Directors, Senior Executive Director, Retail Banking	92%
Margus SIMSON	Member of the Board of Directors, Senior Executive Director and Chief Digital Officer	92%
Secretary: Petra LONGINOVÁ		
Average attendance at all meetings:		91%
Average meeting length 1 hour and 3 minutes.		

* Average attendance at all meetings.

In 2024, the Board of Directors examined KB Group's annual financial results for 2023, the consolidated and unconsolidated financial statements of the Bank as of 31 December 2023, and the notes thereon prepared in accordance with IFRS. These statements were submitted to the Supervisory Board for review and then to the General Meeting for approval. The Board of Directors discussed and subsequently submitted to the Audit Committee and the Supervisory Board its proposal for distribution of profit, which had been discussed with the CNB. The General Meeting approved that proposal, as well.

The Board of Directors also discussed other proposals to be dealt with by the General Meeting, in particular the report on relations among related entities, the proposal for the appointment of KPMG Česká republika Audit, s.r.o. and KPMG Slovensko spol. s r.o. as the new external auditor, and other matters falling within the competence of the General Meeting. It also approved the Bank's annual financial report for 2023 and the Bank's semi-annual report for 2024. It was also presented with a contract with the external auditor and documents relating to the provision of non-audit services. The Board of Directors also approved the double materiality assessment under the Corporate Sustainability Reporting Directive.

The Board of Directors regularly discussed the quarterly results of KB Group. It continuously dealt with assessing the Bank's capital adequacy and also approved the Internal Capital Adequacy Assessment Process (ICAAP), which is submitted to the Czech National Bank on the basis of CNB Decree No. 163/2014 Coll., on the performance of activities of banks, credit unions and investment firms, as amended. In this context, it also approved the ICAAP 2024 Semi-Annual Report, which was also submitted to the CNB. The Board of Directors approved the dividend policy for 2024 and submitted the proposal for the distribution of profit to the Audit Committee, the Supervisory Board, the CNB, and the General Meeting.

In addition, reports on the market situation, the development of structural risks for each quarter of the year, and KB Group's budget for 2024 were discussed. As part of its activity, the Board of Directors also regularly reviewed the risks in the area of risk management, it discussed reports on the development of market or capital risks and on the development of lending in the capital markets. It also approved lending powers and discussed and approved selected transactions within the scope of its powers. Last but not least, it received a report on client complaints received and also dealt with reports on significant litigations and the state of the implementation of Group policies in the internal regulations.

During 2024, the Board of Directors optimised the functioning of its committees launching the activity of one new committee and terminating the activity of one existing committee. In addition, the scope and powers of the individual committees were modified.

Part of the compliance risk agenda was delegated to a Board-level Compliance Committee. The Board discussed the conclusions of this Committee, including its assessment of conflicts of interest, the annual MiFID report, as well as its reports on the system against money laundering and financing of terrorism and on implementing the Code of Conduct. Furthermore, the Board of Directors discussed new regulations that impact on the Bank and must be applied, including their expected evolution in the next period. The Board of Directors also updated the list of employees identified as having work activities with material impact on the Bank's risk profile.

Part of the risk management agenda, including the setting of the business risk strategy and the determination of risk appetite, was delegated to the Enterprise Risk Committee, whose conclusions were validated by the Board of Directors.

In 2024, the Board of Directors also addressed the issue of recovery procedures in accordance with Directive 2014/59/EU, in its current wording, and Act 374/2015 Coll., as subsequently amended.

In the area of internal audit, the Board of Directors discussed reports on the status of corrective actions in each period of 2024 and was regularly informed of all internal audit actions and of the management of corrective actions. These actions' proper implementation was given the utmost attention. The Board also considered the results of the risk mapping exercise, which served as the basis for preparing the Annual Internal Audit Plan for 2025 and the Strategic Plan for 2026–2029 and for their approval by the Board of Directors. This plan was then submitted to the Audit Committee and the Supervisory Board. Discussed, too, were the measures (and the status of their implementation) taken on the basis of findings contained in the Constructive Service Letter, which was prepared and submitted to the Board of Directors by the outgoing external auditor Deloitte Audit s.r.o. The Board of Directors assessed the overall functionality and effectiveness of the Bank's management and control system, concluding that the system is functional and effective, albeit with some areas for improvement. The Board of Directors also continued to consider the strategic direction of the Bank in the period ahead and took further steps as part of the ongoing KB 2025 strategy.

The Board of Directors discussed all matters falling within its scope of powers as the sole shareholder acting in exercise of the powers of the General Meeting in KB Group's subsidiaries, such as approval of the financial statements, election and remuneration of members of their bodies, and appointment of the auditor. It also actively participated in decision-making activities within legal entities where the Bank does not hold 100% of the voting rights. The Board of Directors discussed increasing the Bank's stakes in some companies and agreed with an increase in the equity of Modrá pyramida stavební spořitelna, a.s. Furthermore, the Board of Directors agreed to deepen co-operation with other banks in a shared ATM and deposit-taking ATM network.

As part of the search for a more efficient operating model for KB Group, the Board of Directors discussed with certain subsidiaries the possibility of taking over selected activities and making a more efficient use of synergies within the KB Group. Agendas and staff were transferred in several areas, including the acquisition of part of the business of Modrá pyramida stavební spořitelna, a.s. Similarly, the Board of Directors decided on several organisational changes to ensure that the structure of the various units corresponds to the needs of the Bank, and was kept informed of the status of collective bargaining.

Furthermore, the Board of Directors approved the intention to acquire a 100% ownership interest in SG Equipment Finance Czech Republic s.r.o. and decided to sell VN42, s.r.o., a subsidiary owning the building used by Komerční banka, a.s. as one of its headquarters buildings, as well as to sell other real estate.

Last but not least, the Board of Directors closely monitored and discussed the impacts of the ongoing Russian aggression in Ukraine, the global geopolitical developments and their impacts on the economy, and it was informed of further repayments to the clients of Sberbank CZ, a.s. (under liquidation). At the same time, it was informed about issues discussed within the Czech Banking Association and current developments in the field of regulation and legal standards.

The Executive Committee and other committees established by the Board of Directors

The Board of Directors establishes specialised committees to which it delegates authority to take decisions in the various activity areas assigned to them. It authorises them to co-ordinate selected activities and to exchange information and opinions. The Board of Directors approves the charters of these committees, while their members are appointed by the CEO.

Executive Committee (EXCO)

The Committee defines, decides upon, and monitors the Bank's business strategy and business activities, including pricing within business segments, except for Investment Banking. The Committee also decides on the Bank's transformation and future directions; expresses its opinions on the content of changes, their compliance with the Bank's strategy, and their interdependencies; and approves the amounts of financial and non-financial resources required for their implementation, including subsequent regular monitoring. The Committee also addresses topics falling within the areas of normative documentation, corporate social responsibility (CSR), human resources, and outsourcing. Decisions are taken by the Committee's chair based upon the consensus of all participants.

In 2024, the Executive Committee held 22 regular meetings, one extraordinary meeting, and on two occasions, in lieu of meeting, the Committee voted remotely in writing in accordance with the Committee's charter. In accordance with its terms of reference, the Committee discussed and strategically managed the ongoing and planned activities of the various Bank units, not only in relation to the ongoing transformation of retail and corporate banking, but also in other business, organisational, technical, or regulatory areas. The committee's agenda thus included topics related to operational streamlining, financial planning, software development, renewal and administration, cybersecurity, digital resilience, business continuity, stability of information systems, KYC, AML and CFT procedures, human resources, sustainability, management of credit, investment, deposit and other products and, last but not least, topics related to the replacement of the core banking system and the related deployment of new internet and mobile banking and an innovative customer service model.

Members	Position	Attendance*
Jan JUCHELKA	Chairman of the Board of Directors, Chief Executive Officer	100%
Didier COLIN	Member of the Board of Directors, Senior Executive Director, CRO & CCO	82%
David FORMÁNEK	Member of the Board of Directors, Senior Executive Director, Corporate and Investment Banking	95%
Jitka HAUBOVÁ	Member of the Board of Directors, Senior Executive Director and Chief Operations Officer	100%
Miroslav HIRŠL	Member of the Board of Directors, Senior Executive Director, Retail Banking	95%
Margus SIMSON	Member of the Board, Senior Executive Director and Chief Digital Officer	95%
Hana KOVÁŘOVÁ	Executive Director, Brand Strategy and Communication	91%
Ctirad LOLEK	Executive Director, Human Resources	95%
Jiří ŠPERL	Executive Director, Strategy and Finance	91%
Michal VYTISKA	Strategic Business Development Manager	100%
Secretary of the Committee: Petra LONGINOVÁ		
Average attendance at all meetings:		94%
Average meeting length 3 hours.		

* Average attendance at meetings.

Other committees established by the Board of Directors

Assets and Liabilities Committee (ALCO)

The Assets and Liabilities Committee makes and proposes decisions regarding asset and liability management in the Bank. Each member of the Committee has one vote. If a consensus is not reached, the decision is made by a simple majority of those present.

Members	Position	Attendance*
Jiří ŠPERL	Executive Director, Strategy and Finance	100%
Marek DOTLAČIL	ALM Manager	100%
Tomáš FUCHS	Manager of Treasury	100%
Tomáš HOCHMEISTER	Executive Director, Investment Banking	80%
Tomáš KROUTIL	Markets and Structural Risk Manager	100%
Dalimil VYŠKOVSKÝ	Trading Manager	90%
Milan ZIARAN	COO Risk Management	60%
Secretary of the Committee: Marek DOTLAČIL		
Average attendance at all meetings:		90%
Average meeting length 2 hours.		

* Average attendance at meetings.

Investment Banking New Product and Significant Changes Committee (IB NPSC)

The Investment Banking New Product and Significant Changes Committee makes and proposes decisions on new investment banking products or their significant changes, depository services, custody, and investment products for private banking in accordance with its charter. Its activities include assessing the risks related to new or significantly altered products, establishing the conditions for launching products, and monitoring that these conditions are

fulfilled. A consensus of both co-chairs is sought. If a consensus is not reached, the decision is made by the Board of Directors.

Members	Position	Attendance*
Didier COLIN	Member of the Board of Directors, Senior Executive Director, CRO & CCO	100%
David FORMÁNEK	Member of the Board of Directors, Senior Executive Director, Corporate and Investment Banking	100%
Alan Johan COQ	Chief Operating Officer – Investment Banking / Chapter Lead of Product Owners – Markets Technology Tribe	100%
Ida BALUSKOVÁ	Manager of Accounting and Reporting	100%
Jiří ČABRADA	Manager of Credit Risk Assessment	100%
Tomáš DOLEŽAL	Manager of Compliance	100%
Jakub DOSTÁLEK	Manager of Tax	100%
Marek DOTLAČIL	Manager of ALM	100%
Tomáš FUCHS	Manager of Treasury	100%
Tomáš HORA	Head of Legal – Investment Products	100%
Roch POLETTI	Management Accounting Manager	100%
Tomáš KROUTIL	Manager of Markets and Structural Risks	100%
Dušan PAMĚTICKÝ	Operational Risk Manager	100%
Ivana OPOVÁ	Head of Steering and Quality	100%
Secretary of the Committee: Hana KUČEROVÁ		
Average attendance at all meetings:		100%
Average meeting length 1 hour.		

* Average attendance at meetings.

Corporate and Retail Banking New Product Committee (CRB NPC)

The Corporate and Retail Banking New Product Committee makes and proposes decisions on new products other than investment banking products in accordance with its charter. Its activities include assessing the risks related to new or significantly altered products, establishing the conditions for launching products, and monitoring that these conditions are met. A consensus of both co-chairs is sought. If a consensus is not reached, the decision is made by the Board of Directors.

Members	Position	Attendance*
Didier COLIN	Member of the Board of Directors, Senior Executive Director, CRO & CCO	100%
Jitka HAUBOVÁ	Member of the Board of Directors, Senior Executive Director and Chief Operations Officer	100%
Martin BERDYCH	Legal Services Manager	100%
Lukáš FRIDRICH	Retail Segment Tribe leader	100%
Tomáš CHOUTKA	Head of Regulatory Compliance	100%
Roch POLETTI	Management Accounting Manager	100%
Jiří OBRUČA	Enterprise Architect	100%
Ivana OPOVÁ	Head of Steering and Quality	100%
Dušan PAMĚTICKÝ	Operational Risk Manager	100%
Pavel POLÁK	Head of Security Center of Expertise, CISO	100%
Jan SEIFERT	Fraud Prevention and Detection Manager	100%
Blanka SVOBODOVÁ	Corporate Segment Tribe leader	100%
Petr ŠNAJDR	Data Engineer	100%
Petr TROJEK	Supervision and Measurement Manager	100%
Marek VOSÁTKA	Executive Director, Retail Banking	100%
Jakub DOSTÁLEK	Tax Department Manager	100%
Petr KUBANIK	Customer Journey Specialist	100%
Tomáš BENDA	Development Engineer	100%
Tomáš PAZÁK	Model Risk Management Manager	100%
Tomáš KROUTIL	Markets and Structural Risks Manager	100%
Tomáš FUCHS	Manager of Treasury	100%
Ida BALUSKOVÁ	Management Accounting Department Manager	100%
Michal VYTISKA	Strategic Business Development Manager	100%
Petra SUMNÁ	Customer Journey Specialist	100%
Veronika BENDOVÁ	Personal Services Manager	100%
Jiří KACEROVSKÝ	Head of Data Center of Expertise	100%
Kateřina PŘÍKOPOVÁ	Head of Financial Crime Compliance	100%
Secretary of the Committee: Marcela KRÁLOVÁ		
Average attendance at all meetings:		100%
Average meeting length 1 hour.		

* Average attendance at meetings.

Compliance Committee (ComCo)

The Compliance Committee reviews normative procedures related to compliance risks, as well as proposals and recommendations falling within the compliance risk area. The Committee discusses current compliance risks, legal and regulatory changes (inclusive of future legislation), including with respect to their operational and business implications, as well as material failures in internal processes, non-compliance with regulations, and the results of supervisory findings. Decisions are taken by the Committee's chair based upon the consensus of all participants.

Members	Position	Attendance*
Jan JUCHELKA	Chairman of the Board of Directors, Chief Executive Officer	100%
Didier COLIN	Member of the Board of Directors, Senior Executive Director, CRO & CCO	100%
David FORMÁNEK	Member of the Board of Directors, Senior Executive Director, Corporate and Investment Banking	100%
Jitka HAUBOVÁ	Member of the Board of Directors, Senior Executive Director and Chief Operations Officer	100%
Miroslav HIRŠL	Member of the Board of Directors, Senior Executive Director, Retail Banking	100%
Margus SIMSON	Member of the Board, Senior Executive Director and Chief Digital Officer	100%
Alexandra Mazieres	SG CPL representative	100%
Vincent Soulignac	SG CPL representative	100%
Secretary of the Committee: Tomáš DOLEŽAL		
Average attendance at all meetings:		100%
Average meeting length 0.5 hours.		

* Average attendance at meetings.

Enterprise Risk Committee (ERC)

The Enterprise Risk Committee ensures the management and reporting of key transversal processes for the management of financial and non-financial risks within KB Group. The Committee considers, amongst other things, the business risk strategy and the Bank's risk appetite documents – the Risk Appetite Statement and the Risk Appetite Framework. Decisions are taken by the Committee's chair based upon the consensus of all participants.

Members	Position	Attendance*
Jan JUCHELKA	Chairman of the Board of Directors, Chief Executive Officer	100%
Didier COLIN	Member of the Board of Directors, Senior Executive Director, CRO & CCO	100%
David FORMÁNEK	Member of the Board of Directors, Senior Executive Director, Corporate and Investment Banking	100%
Jitka HAUBOVÁ	Member of the Board of Directors, Senior Executive Director and Chief Operations Officer	100%
Miroslav HIRŠL	Member of the Board of Directors, Senior Executive Director, Retail Banking	100%
Margus SIMSON	Member of the Board, Senior Executive Director and Chief Digital Officer	100%
Philippe BRUN	SG RISQ representative	75%
Secretary of the Committee: Milan ŽIARAN		
Average attendance at all meetings:		96%
Average meeting length 0.5 hours.		

* Average attendance at meetings.

Legal Entities Review Committee (LERC)

The Legal Entities Review Committee ensures the alignment of the legal structure with the KB Group's strategy, assesses opportunities to optimise the structure and proposes measures for its simplification. Decisions are taken by the Chair of the Committee based on the consensus of all participants. The Committee was established as of 5 April 2024.

Members	Position	Attendance*
Jan JUCHELKA	Chairman of the Board of Directors, Chief Executive Officer	100%
Jitka HAUBOVÁ	Member of the Board of Directors, Senior Executive Director and Chief Operations Officer	100%
Martin BERDYCH	Legal & Corporate Affairs Manager	100%
Jiří PŘIBYL	KB Group Financial Management Manager	100%
Milan ŽIARAN	Chief Operating Officer - Risk Management	100%
Tomáš DOLEŽAL	Compliance Manager	100%
Isabelle HAYS	Head of the SG Group's legal structure (SEGL/ CAO/GOV)	100%
Secretary of the Committee: Jitka HAUBOVÁ		
Average attendance at all meetings:		100%
Average meeting length 0.75 hours.		

* Average attendance at meetings.

Human Resources Committee of KB Group (HRCO)

The Human Resources Committee of KB Group ensures the management and reporting of key transversal processes for the area of human resources within KB Group. Decisions are taken by the Committee's chair based on the consensus of all participants. The Committee's activities were terminated with effect from 1 July 2024 and its agenda was transferred to the Executive Committee.

Members	Position	Attendance*
Jan JUCHELKA	Chairman of the Board of Directors, Chief Executive Officer	n/a
Didier COLIN	Member of the Board of Directors, Senior Executive Director, CRO & CCO	n/a
David FORMÁNEK	Member of the Board of Directors, Senior Executive Director, Corporate and Investment Banking	n/a
Jitka HAUBOVÁ	Member of the Board of Directors, Senior Executive Director and Chief Operations Officer	n/a
Miroslav HIRŠL	Member of the Board of Directors, Senior Executive Director, Retail Banking	n/a
Margus SIMSON	Member of the Board of Directors, Senior Executive Director and Chief Digital Officer	n/a
Hana KOVÁŘOVÁ	Executive Director, Brand Strategy and Communication	n/a
Ctirad LOLEK	Executive Director, Human Resources	n/a
Jiří ŠPERL	Executive Director, Strategy and Finance	n/a
Michal VYTISKA	Strategic Business Development Manager	n/a
Secretary of the Committee: Veronika BENDOVÁ		
Average attendance at all meetings:		n/a
Average meeting length n/a.		

* Average attendance at meetings.

Information about special rules for the election and removal of members of the Board of Directors

Members of Komerční banka's Board of Directors are elected for a 4-year term of office by the Supervisory Board upon nomination by its Nominations Committee. A nominee must receive an absolute majority of votes of all Supervisory Board members. Only persons fulfilling the conditions for serving as a member of a Board of Directors as specified by the Civil Code, Companies and Co-operatives Act, and Banking Act may become members of the Board of Directors. The Nominations Committee ensures that the Board member is a person of trustworthiness, adequate professional qualifications and experience. The Nominations Committee also assesses the balance of competences and experience as well as diversity in the Board's overall composition. The professional qualifications, trustworthiness, and experience of the members of the Board of Directors are assessed by the Czech National Bank.

A member of the Board of Directors may be removed at any time during the 4-year term without giving a reason. The Supervisory Board can decide at any time to remove a member of the Board of Directors. Such decision is carried if approved by an absolute majority of all of its members. The Supervisory Board's decision is based on a proposal from the Nominations Committee.

Information about special competences of the Board of Directors

The Board of Directors of Komerční banka is the governing body that decides upon all matters concerning the Bank with the exception of those matters falling within the powers of the General Meeting or of the Supervisory Board.

It is within the exclusive powers of the Board of Directors to:

a) convene the General Meeting and implement its resolutions;
b) submit to the General Meeting for approval the annual, extraordinary and consolidated financial statements and, as the case may be, also the interim financial statements if the law provides that they must be approved by the supreme body, and also a proposal for the distribution of profit (the same must be available to the shareholders for inspection at least 30 days prior to the date of the General Meeting) and of other own resources or a proposal for the coverage of loss;
c) submit to the General Meeting proposals for amendments to and alterations of the Articles of Association as well as proposals for increasing or decreasing the Bank's registered capital;
d) submit to the General Meeting the annual report;
e) decide to grant and revoke procuration;
f) decide on the appointment, removal and compensation of selected managers of the Bank;
g) approve acts in connection with the realisation of security instruments for the Bank's claims whose price exceeded CZK 100,000,000 as at the date of the claim origin if the presumed realisation price thereof is lower than 50 % of the security instrument price ascertained upon entering into the loan agreement;
h) submit to the Supervisory Board for information quarterly and semi-annual financial statements;
i) decide on acts which are beyond the scope of the Bank's common trade relations;
j) define and make a regular evaluation of the Bank's overall strategy including the setting of the principles and targets for its fulfilment and arranging the continued and effective operation of the internal control system;
k) approve the Bank's annual plans and budgets;

l) enter into the contract for the performance of the statutory audit or, as the case may be, for the provision of other services with the auditor;
m) inform the Supervisory Board of the General Meeting day no later than within the period specified by the Companies and Co-operatives Act for a General Meeting to be convened;
n) decide on the issue of bonds of the Bank with the exception of decisions on the issue of bonds for which the decision of the General Meeting is required by the law;
o) decide on an increase in the registered capital if so authorised by the General Meeting;
p) enter into collective agreements;
q) decide on providing loans or security of debts to persons with a special relationship to the Bank pursuant to the Banking Act;
r) approve the charter and the purpose of the risk management function, compliance function and internal audit function, the strategic and periodic plan of the Internal Audit;
s) decide to pay out a share in the profits and in other own resources based on the fulfilment of conditions set forth by generally binding legal regulations;
t) approve and regularly evaluate the security principles of the Bank including the security principles for information systems;
u) decide on establishing other funds and on the rules governing the creation and usage thereof;
v) work out the report on relations among related entities within the intention of the Companies and Co-operatives Act;
w) approve and regularly evaluate the Bank's structure to keep it functional and effective; this includes separation of incompatible functions and prevention of the occurrence of a possible conflict of interest;
x) approve the principles of the personnel and compensation policy;
y) evaluate the overall functioning and effectivity of the management and control system at least once a year;
z) approve and regularly evaluate the risk management strategy, the strategy relating to the capital and to capital situation, the information and communication system development strategy and the human resource management strategy;
za) approve and regularly evaluate the principles of the internal control system including principles aiming to prevent the occurrence of any possible conflict of interest, compliance-related principles, internal-audit-related principles and security and safety principles;
zb) discuss the audit report with the auditor;
zc) approve the Bank's election rules governing the way and rules to elect and remove members of the Supervisory Board elected by Bank employees after a discussion with the trade unions that operate within the bank;
zd) call and organise elections and removals of members of the Supervisory Board elected by Bank employees and inform the Supervisory Board of the results of such elections.

In addition to the above-mentioned, the Board of Directors shall, in particular:

a) manage activities of the Bank and conduct its business affairs;
b) ensure the proper maintenance of the Bank's accounting (including the due administrative and accounting processes);
c) exercise employer's rights;
d) exercise rights in respect of the Bank's property interests resulting from the ownership holdings of the Bank;
e) approve the acquisition or disposal of fixed assets of the Bank exceeding CZK 30,000,000 as a single case or as a total of related cases;
f) approve the business continuity plan.

The Board of Directors was not instructed to make a decision on increasing the registered capital. Based on the consent of the General Meeting held on 20 April 2022, Komerční banka was authorised to acquire its ordinary shares into treasury.

Organisational chart of Komerční banka (as of 31 December 2024)

Chairman of the Board and Chief Executive Officer
Jan Juchelka

- Human Resources
- Internal Audit
- Strategy and Finance
- Finance Services Tribe
- Brand Strategy and Communication
- Strategic Business Development

Board Member and Senior Executive Director, Chief Digital Officer (CDO)
Margus Simson

- Software Delivery Lifecycle Center of Expertise
- Operations Center of Expertise
- Security Center of Expertise
- Enterprise & Solution Architecture Center of Expertise
- Product Development Center of Expertie
- Data Platforms Tribe
- Platform Services Tribe
- Infrastructure Services Tribe
- Agile Center of Expertise
- Data Center of Expertise

Board Member and Senior Executive Director, Chief Operations Officer (COO)
Jitka Haubová

- Transaction and Payment Services
- Daily Banking Tribe
- Customer Tribe
- Core Services Tribe
- Support Services & Facility Management
- Legal

Board Member and Senior Executive Director, Retail Banking
Miroslav Hiršl

- Retail Banking
- Retail Segment Tribe
- Consumer Financing Tribe
- Housing Tribe
- Securing Life Projects Tribe
- Credit Portfolio Management

Board Member and Senior Executive Director, Corporate and Investment Banking (CIB)
David Formánek

- Investment Banking
- Global Banking
- Corporate and Municipal Banking
- Global Transaction Banking
- Markets Technology Tribe
- Corporate Strategy and Financing Tribe
- Omnichannel Sales Tribe
- Branch of Foreign Bank

Member of the Board, Senior Executive Director, CRO a CCO
Didier Colin

- Risk Management
- Risk Services Tribe
- Compliance
- Fraud Detection and Prevention

☐ Selected departments on the third management level

Supervisory Board

The Supervisory Board is the supervisory authority of the Bank. It oversees exercise of the Board of Directors' powers, the Bank's activities, and the effectiveness and efficiency of the Bank's management and control system as a whole. The Supervisory Board consists of nine members, who are individuals meeting the statutory requirements for becoming a member of the Bank's Supervisory Board. Two-thirds of the Supervisory Board members are elected and removed by the General Meeting, one-third of the Supervisory Board members are elected and removed by the Bank's employees. One-third of the Supervisory Board consists of independent members. A member of the Supervisory Board's term of office is 4 years. A member of the Supervisory Board elected by the General Meeting may be removed by the General Meeting at any time during the 4-year term of office. A proposal for the election or removal of individual Supervisory Board members is submitted to the General Meeting by the Nominations Committee, which assesses the qualifications based on the required profile of requirements for a Supervisory Board member. The Supervisory Board must be composed of members who have in-depth expertise in the areas of banking, financial services, and financial markets, including the domestic market and key global markets; knowledge of the Bank's relevant clients and market expectations, risk management (financial and non-financial risk management and control, capital and liquidity management, risk management strategy), accounting, and auditing of financial statements; knowledge of environmental, social and governance (ESG) aspects, as well as corporate and social responsibility (CSR), including reporting, tax, internal audit, anti-money laundering and prevention of terrorist financing, strategic planning, digitalisation, IT systems and IT security; as well as knowledge of the regulatory framework and legal regulations, in particular those relevant to the Bank. During the year, the members of the Supervisory Board participate in various educational programmes and training courses. In the period under review, for example, these dealt with the rules for serving as a member of an elected body, the new internal audit standards, and the anti-corruption standards. By these means, the Supervisory Board also continuously enhances its expertise.

In accordance with Czech National Bank requirements, Komerční banka declares that the members of its Supervisory Board stated below have not in the past 5 years been convicted of any criminal offence and that no charges, accusations, or other sanctions have been filed against them by any regulatory authority. No bankruptcy, receivership, or liquidation was declared in relation to these individuals in the past 5 years.

Composition of the Supervisory Board

Delphine Garcin-Meunier
Chairwoman of the Supervisory Board since 1 February 2024
(appointed as a substitute member from 1 February 2024 and then elected by the General Meeting from 24 April 2024)

Petra Wendelová
Vice-Chair of the Supervisory Board since 3 May 2021
Independent member of the Supervisory Board
(elected from 25 April 2019 and re-elected from 26 April 2023)

Marie Doucet
Independent member of the Supervisory Board
(elected from 21 April 2023)

Petr Dvořák
Independent member of the Supervisory Board
(elected from 2 June 2017, re-elected from 3 June 2021)

Alvaro Huete Gomez
Member of the Supervisory Board
(elected from 3 May 2021)

Miroslav Hájek
Member of the Supervisory Board, employee representative
(elected from 15 January 2023)

Ondřej Kudrna
Member of the Supervisory Board, employee representative
(elected from 14 January 2019, re-elected from 15 January 2023)

Sylva Kynychová
Member of the Supervisory Board, employee representative
(elected from 14 January 2019, re-elected from 15 January 2023)

Jarmila Špůrová
Member of the Supervisory Board
(elected from 21 April 2021)

Giovanni Luca Soma
Chairman and member of the Supervisory Board until 30 January 2024.

Delphine Garcin-Meunier
Delphine Garcin-Meunier holds a Master's degree in International Finance from HEC and a DEA in Econometrics from the University of Paris 1 Panthéon-Sorbonne. She began her career in 2000 at ABN Amro Rothschild in the Equity Capital Markets teams. In 2001, she joined the Equity Capital Markets department of Société Générale Corporate and Investment Banking (SG CIB) where for 13 years she was in charge of the origination and execution of primary issues on the equity and equity-linked markets for a portfolio of large companies. In 2014, she joined the Strategy Department within the Finance and Development Division, with a particular focus on French Retail Banking, Transaction Banking activities, the relationship model of the corporate & investment banking business, securities services, and asset management. In 2017, she became Head of Financial Communication and Investor Relations for the SG Group and notably prepared the presentation of the "Transform to Grow" strategic plan to the financial markets. She was previously Head of Group Strategy from November 2020. She is Head of Mobility and International Retail Banking & Financial Services and a member of the Group Executive Committee, having been appointed on 24 May 2023.

Petra Wendelová
She graduated from the University of Economics in Prague, where she earned an Ing. degree in economic statistics and a CSc. in economic sciences. From 1984 to 1990, she worked as an internal candidate and assistant professor at the Department of Statistics of the University of Economics in Prague. From 1990 to 1992, she was a member of the Board of Directors and Vice President of HC&C (privatisation fund administration). From 1992 to 1994, she worked as a member of the Board of Directors and President of HBS, a. s. (securities dealer, member of the Prague Stock Exchange). From 1995 to 2000, she served as Vice President of the multinational investment bank Credit Suisse First Boston, where she also dealt with the area of risk management. From 1996 to 2001, she was a member of the Prague Stock Exchange Chamber. From 2001 to 2005, she was a member of the Supervisory Board of the Prague Stock Exchange. From 2002 to 2005, she worked as a member of the Supervisory Board of UNIVYC (Central Securities Depository). Between 2000 and 2014, she was a partner at Ernst & Young (Ernst & Young s.r.o., EY Valuations s.r.o., expert institute), as well as managing director of the expert institute and a leading partner in the area of mergers and acquisitions. She is currently a member of the Supervisory Board of the multinational company LINET Group SE.

Marie Doucet
A graduate in accounting, between 1980 and 1990, she occupied a succession of positions in audit and accounting firms (notably auditor at Ernst & Young and director of the auditing department of Groupe Alpha). In 1991, she started her career at Société Générale Group in the Financial Markets department in Paris. She has held various positions within the Group: From 1993 to 1999, she worked as Back Office manager, moving on to deputy director within the securities division of the Société Générale Group, Nantes-Paris. In 2000, she became Chief Financial Officer of Hubsys, London. During 2001 and 2002, she worked at the Finance Department of Komerční banka, Prague. Between 2002 and 2004, she served as Deputy Chief Financial Officer for the International Retail Banking Division of Société Générale Group. From 2005 to 2008, she served as Chief Financial Officer of the ECS Group – at the time, a subsidiary of Société Générale Group. Between 2008 and 2013, she served as Director of Accounting Affairs, Société Générale Group (Paris). Her last position, between 2013 and 2017, was Director of Human Resources and Head of Nantes regional office, which hosts Société Générale Securities Services. In 2019, she retired, and since 2021 she has been an Independent Director of Société Générale Luxembourg.

Petr Dvořák
A graduate of the University of Economics in Prague (VŠE), where he completed his PhD in 2003 and was named associate professor of finance in 2005. He has been active at VŠE throughout his entire professional career, in 1984–1990 within the Finance and Credit Department, and from 1990 to the present within the Banking and Insurance Department, which he headed during 1994–1998. During 2006–2014, he was also Dean of the Faculty of Finance and Accounting, and, since 2014, he was Vice Rector for Academic Affairs. On 8 November 2021, the Academic Senate elected Mr. Dvořák Rector of VŠE with effect from 1 April 2022. He is a member of several scientific and editorial boards and an author of numerous publications.

Miroslav Hájek
A graduate of the University of Western Bohemia in Pilsen with a major in law and legal science. His university studies were preceded by studies at the Business Academy in Mariánské Lázně, where he specialised in economics and accounting, and a 5-year employment with British American Tobacco. After completing his master's degree in 2009, he spent 4 years as a trainee enforcement agent at the Prague–East Enforcement Agent's Office, where he gained practical legal and managerial experience. Since 2013, he has been working at Komerční banka as a lawyer; his work includes representing the Bank in various types of court proceedings (such as trial, insolvency, criminal, and probate proceedings), providing legal support and, last but not least, managing an entrusted portfolio of defaulting clients.

Alvaro Huete Gomez
A graduate from Colegio Universitario de Estudios Financieros (CUNEF) with a bachelor's degree in economics and from Instituto de Estudios Superiores de la Empresa (IESE) with a master's degree in business administration. From 1987 to 1994, he worked for Banco de Progreso – Banco Urquijo. From 1994 to 1996, he held the position of Director of Investment Banking for Iberia at Nomura España. Subsequently, in 1996 and 1997, he served as Director of the Corporate Finance Group at Nomura in London. In 1997, he joined Société Générale. From 1997 to 2006, he worked for Société Générale Corporate and Investment Banking in Madrid, first as Director of Structured Finance, then as Head of Corporate Banking for Iberia and Co-Head of Debt Capital Markets and Structured Finance. From 2007 to 2019, he worked for Société Générale Corporate and Investment Banking in London, first as Deputy Global Head for Debt Syndicates, then as Co-Head of Global Syndicates, and finally as Global Head of Debt Syndicates. In 2015, he was appointed Deputy Global Head of Global Financing and in 2019 he moved to Paris after being appointed Deputy Global Head of Global Banking and Advisory. He has been a member of SG's Group Management Committee since 2016 and a member of the Board of Directors of Société Générale Luxembourg since 2024.

Ondřej Kudrna
A graduate of the SOVA Lobkovice Business Academy, branch of economics and accounting. After graduating from secondary school and completing military service, he joined Komerční banka in 2000 as a processing specialist, then as a trader and bank advisor for Small Business. In these positions, he learned all activities and skills in the area of communication with customers and products of Komerční banka. In May 2006, he accepted the offer to be manager of the Roztoky branch, where he was responsible for the training and development of new colleagues, including the promotion of a new business location. In May 2007, he accepted another challenge and became manager of the Neratovice branch, where he is responsible for development of subordinates, business and financial results of the entrusted team, and compliance with the procedures of the cash and sales department. He currently holds the position of Branch Manager in Komerční banka. He has been a member of the Trade Union of Komerční banka since joining KB.

Sylva Kynychová
A graduate of the Banking Institute College of Banking, majoring in Banking Management and MBA studies at Edu Effective Business School, USA. She joined KB in 1990 at the Wenceslas Square branch, where she worked in various sales and managerial positions. In 2004, she moved to KB head office, where she dealt with both project and operational–administrative activities in the area of product and service implementation into banking systems. Since 2012, she has held senior positions in TPS - Operations Services, where she first specialised in KBI (core banking system) and since 2015 also in support of payments and prevention of payment fraud. Since April 2018, she has been involved in the administration of products and systems and in the agenda of mortgage bond coverage, currently the Enterprise Service Tribe. She has been a member of the trade union since joining KB, and since April 2018 she has been partially released from her employment duties to serve as chairwoman of the KB Trade Union Committee, chairwoman of the basic trade union at KB Prague head office, and a member and vice-chair of the Trade Union of Financial and Insurance Workers. Since February 2019, she has been a member of the Supervisory Board of the Branch Health Insurance Company for employees of banks, insurance companies, and the construction industry.

Jarmila Špůrová
A graduate of the University of Economics in Prague, with a CEMS Master from the Community of European Management Schools and a Master's degree in Public Administration from the Ecole Nationale d'Administration in France. During 2002–2004, she worked as CEO Office Manager and Secretary of the Board of Directors of Komerční banka within the Société Générale Group in Prague. From 2004 to 2008, she worked as a project manager for business development at the Société Générale Group's international banking headquarters in Paris. During 2008, she worked as director of the integration project within the Human Resources Department of Société Générale (Paris, Moscow). In 2009, she served as Deputy Director of Corporate Banking and Director of Retail Banking at Société Générale France, Business Distribution Networks, Paris-Bercy. During 2010–2012, she worked as the Corporate Banking Director of Société Générale Cameroon (Douala, Cameroon) and from 2013 to 2017 as Deputy General Manager and Corporate Banking Director of Société Générale French Antilles / Guyana. In 2017, she became CEO of SG Equipment Finance Iberia, EFC, S.A., in Spain and in 2020 Executive Director for the Western Europe Hub. In 2022, she was reappointed as a member of the SGEF Executive Committee and became a member of the SG Leasing Board. In 2023, she was elected Head of SGEF Italy and in 2024 to the Board of Italian company Fraer Leasing.

Concurrent membership of members of the Supervisory Board in bodies of other legal entities

Members	Position	Company
Delphine GARCIN-MEUNIER	Member of the Board of Directors	Ayvens S.A., France
	Chairwoman of the Board of Directors [1]	BRD – Groupe Societe Generale S.A., Romania
Petra WENDELOVÁ	Member of the Supervisory Board	LINET Group SE, the Netherlands
	Chairwoman of the Supervisory Board [2]	Honoris a.s.
	Member of the Supervisory Board	Nadace Národní galerie v Praze
	Member of the Board of Directors	Spolek historie Suchdola, z.s.
Marie DOUCET	Member of the Board of Directors	Société Générale Luxembourg S.A., Luxembourg
Petr DVOŘÁK	Chairman of the Audit Committee	Modrá pyramida stavební spořitelna, a.s.
Alvaro HUETE GOMEZ	Member of the Board of Directors [3]	Société Générale Luxembourg S.A., Luxembourg
Sylva KYNYCHOVÁ	Member of the Supervisory Board	Oborová zdravotní pojišťovna zaměstnanců bank, pojišťoven a stavebnictví
Jarmila ŠPŮROVÁ	Managing Director	SG EQUIPMENT FINANCE IBERIA, E.F.C, S.A.U, Spain
	Member of the Board of Directors	SG LEASING SPA, Italy
	Chairwoman of the Board of Directors	SG EQUIPMENT FINANCE ITALY S.P.A., Italy
	Member of the Board of Directors [4]	FRAER LEASING SPA, Italy
Giovanni Luca SOMA [5]	Chairman of the Board of Directors	COMPAGNIE GENERALE DE LOCATION D'EQUIPEMENTS CGL, Italy
	Member of the Board of Directors	FIDITALIA S.P.A, Italy
	Member of the Board of Directors	ALD AUTOMOTIVE ITALIA SRL, Italy

[1] From 6 June 2024.
[2] From 20 June 2024.
[3] From 18 June 2024.
[4] From 24 April 2024.
[5] As of 30 January 2024.

Activity report of the Supervisory Board

Regular meetings of the Supervisory Board are held once per calendar quarter with the possibility of remote voting. A quorum of the Supervisory Board shall be constituted if at least five members of the Supervisory Board are present at the meeting. Resolutions of the Supervisory Board are adopted by an absolute majority of all its members.

In 2024, the Supervisory Board held five regular meetings and twice voted remotely in writing in lieu of meeting in accordance with the Bank's Articles of Association.

Members	Attendance*
Delphine GARCIN-MEUNIER [1]	100%
Petra WENDELOVÁ	100%
Marie DOUCET	100%
Petr DVOŘÁK	80%
Miroslav HÁJEK	100%
Alvaro HUETE GOMEZ	80%
Ondřej KUDRNA	100%
Sylva KYNYCHOVÁ	100%
Jarmila ŠPŮROVÁ	100%
Giovanni Luca SOMA [2]	n/a
Average attendance at all meetings:	96%

* Average attendance at all meetings.
[1] From 1 February 2024.
[2] Until 30 January 2024.

The Supervisory Board examined the Bank's financial statements as of 31 December 2023 (annual and consolidated), which had been prepared in accordance with International Financial Reporting Standards, and recommended that the General Meeting approve

both sets of financial statements as proposed by the Bank's Board of Directors. The Supervisory Board also examined the Board of Directors' proposal for the distribution of profit and recommended that the General Meeting approve that proposal. Furthermore, the Supervisory Board checked the Report on Relations among Related Entities for 2023, drawn up in accordance with the provisions of Section 82 et seq. of Act No. 90/2012 Coll., the Companies and Co-operatives Act, as amended. On the basis of the presented documents, the Supervisory Board stated that during the accounting period from 1 January 2023 to 31 December 2023 the Bank did not suffer any harm resulting from any contracts, agreements, other legal acts made or adopted by the Bank or from any influence otherwise exerted by Société Générale. At the same time, based on the recommendation of the Audit Committee, the Supervisory Board agreed to submit the nomination of KPMG Česká republika Audit, s.r.o. and KPMG Slovensko spol. s r.o. as the Bank's external auditor for 2024 to the General Meeting for approval.

In 2024, the Supervisory Board was kept informed of the Bank's activities and was provided with regular reports and analyses. In particular, the Supervisory Board evaluated the functionality and effectiveness of the Bank's internal control system, concluding that the internal control system is functional and effective, albeit with some areas where there is room for improvement. It also considered the 2023 Annual Assessment Report on KB's system aimed at countering money laundering and the financing of terrorism. KB Group's budget for 2024 was submitted to the Supervisory Board for discussion. The Supervisory Board discussed the remuneration of the members of the Board of Directors and decided on the amount of the bonus, the payment of which is subject to the deferred bonus principles (scheme). The Supervisory Board set the performance criteria for the members of the Board of Directors for 2024 and approved the proposal for the remuneration of the current Executive Internal Audit Director and the proposal for the appointment and remuneration of the new Internal Audit Director. Also, the Supervisory Board was informed of salaries development and conclusions of the assessment as to the implementation of remuneration principles in the Bank.

It also dealt with the annual analysis as to the resolution of all complaints sent to the Bank and its ombudsman and other correspondence addressed to the Supervisory Board. The Supervisory Board was regularly informed by the Chairman of the Bank's Board of Directors of all steps taken as part of KB's 2025 strategy and of the intention to acquire 100% of the ownership interest in SG Equipment Finance Czech Republic s.r.o.

The Supervisory Board dealt with KB Group's Risk Appetite Statement, Framework, and KB Business Strategy, together expressing the level of risk appetite, and was informed of the analysis of the evolving economic situation. Furthermore, it dealt with the Resolvability Assessment under the BRRD Directive and with the Anti-Bribery & Corruption Standards and Measures.

The Supervisory Board regularly discussed the Bank's quarterly financial results and its position in the market with regard to the evolving macroeconomic environment. It also discussed internal audit actions and their results in each period of the year as well as the internal audit plan for 2025, the strategic plan for 2026–2029, and the new internal audit charter. It also examined the Bank's obligations in respect of material transactions with related parties, noting that the Bank complies with the European Parliament and Council (EU) Directive on Long-Term Shareholder Engagement and only enters into transactions that are in the ordinary course of business. In the course of its work, the Supervisory Board relied on the opinions of its Audit, Risk, Remuneration, and Nominations committees and was informed of the matters discussed by them.

Supervisory Board's committees

The Supervisory Board has established within its competences the Audit Committee, the Risk Committee, the Nominations Committee, and the Remuneration Committee as its advisory and initiative bodies. Committees of the Supervisory Board provide the Supervisory Board with regular reports on their activities and, within the areas entrusted to their jurisdiction, submit to the Supervisory Board recommendations directed at preparing resolutions for adoption by the Supervisory Board. In March 2024, the Supervisory Board revised the charters of its committees in the light of lessons learned from practice and with a view to Group policies, and in September 2024 it adjusted the composition of its Risk Committee; the change in composition did not affect the representation of employees through their elected Supervisory Board members.

Audit Committee

The Audit Committee is a committee of the Supervisory Board and was established in accordance with Act No. 93/2009 Coll., on Auditors, as amended. Its powers are stipulated by that Act and the charter of the committee. The Audit Committee consists of three individual members who meet the requirements for performing duties of a member of an audit committee set forth by legal regulations and by the charter of the committee. Audit Committee members shall be appointed by the General Meeting from the members of the Supervisory Board for terms of 4 years. The majority of the members of the Audit Committee, including its Chairperson, are independent and professionally qualified under criteria established by the SEC (Securities and Exchange Commission). These two Audit Committee members qualify as independent financial experts. The Audit Committee meets as a rule once per quarter but at least four times

a year or, in lieu of meeting, votes remotely in writing. A quorum of the Audit Committee is present if a majority of all members of the Audit Committee are present at a meeting. The approval of a simple majority of all members is required for a decision to be taken. If the votes are equal, the chairperson shall cast the deciding vote. The person concerned does not vote in the election and removal of the Chairperson of the Audit Committee.

Composition of the Audit Committee

Petra Wendelová
Chairperson and independent member of the Audit Committee
(since 25 April 2019)

Petr Dvořák
Independent member of the Audit Committee
(since 26 April 2018)

Delphine Garcin-Meunier
Member of the Audit Committee
(since 24 April 2024)

Giovanni Luca Soma
Member of the Audit Committee until 30 January 2024

In 2024, the Audit Committee held seven regular meetings and once voted remotely in writing in lieu of meeting in accordance with the Bank's Articles of Association. The Committee performed its monitoring activities and worked closely within the Bank, especially with Internal Audit, Strategy and Finance, Risk Management, and Compliance departments, and also with the external auditor, which kept it informed of the ongoing audit of the Bank. Part of the agenda, mainly related to internal control and risk management, was discussed in joint meetings with the Risk Committee.

The Committee discussed the annual financial results of KB Group for 2023, the consolidated and unconsolidated financial statements of KB as of 31 December 2023, and the notes thereto prepared in accordance with IFRS, as well as the proposed distribution of profit. It was also presented with a supplementary audit report prepared by Deloitte Audit s.r.o., and in this context the Committee monitored the integrity of the financial information. Furthermore, it evaluated the independence of the external auditor and recommended that the Supervisory Board submit to the General Meeting for approval the proposal for the Bank's new external auditor for 2024, namely KPMG Česká republika Audit, s.r.o. and KPMG Slovensko spol. s r.o. KB Group's budget for 2024 was presented to the Committee for discussion. The Committee also regularly dealt with internal audit reports on the status of corrective actions and was kept informed of all internal audit actions taken during each period of the year. The Committee discussed, too, the Constructive Service Letter prepared by the outgoing external auditor, Deloitte Audit s.r.o. It monitored the external audit process and was informed of the external audit plan for preparation of the 2023 financial statements. It was also involved in evaluating the provision of non-audit services by the external auditor. The Committee was presented with the external audit contract. In addition, the Committee discussed in detail the risk mapping, the annual internal audit plan for 2025, and the strategic plan for 2026–2029. On an ongoing basis, the Audit Committee discussed at its meetings KB Group's financial results for each quarter. Attention was also given to the capital adequacy of the Bank and KB Group. In this context, the Committee discussed the Bank's capital management policy, particularly with regard to regulatory capital adequacy requirements, and the dividend policy in relation to the 2024 earnings. The Committee was regularly informed of the functioning of the Bank's internal control system and of the development of all related risks that it assessed. Last but not least, the Committee considered the Bank's tax policy with regard to the windfall tax. The Committee also discussed the report on its activities for 2023, which it submitted to the Public Audit Oversight Board, and expressed its view on the nomination of a new Executive Director for Internal Audit.

Members	Attendance*
Petra WENDELOVÁ	100%
Petr DVOŘÁK	100%
Delphine GARCIN-MEUNIER [1)]	80%
Giovanni Luca SOMA [2)]	n/a
Average attendance at all meetings:	93%

* Average attendance at all meetings.
1) From 24 April 2024.
2) Until 30 January 2024.

Risk Committee

The Risk Committee has three members, one of whom is independent. The independent member also holds the post of Chair of the Committee. The Committee meets as needed, at least three times a year or, in lieu of meeting, votes remotely in writing. A quorum is constituted if a simple majority of all members of the Committee is present at the meeting. Resolutions shall be adopted by agreement of an absolute majority of all its members.

Composition of the Risk Committee

Marie Doucet
Chairperson and independent member of the Risk Committee with expertise in the area of risk
(since 27 September 2024)

Alvaro Huete Gomez
Member of the Risk Committee
(since 3 May 2021)

Delphine Garcin-Meunier
Member of the Risk Committee
(since 1 February 2024, re-elected from 24 April 2024)

Petra Wendelová
Chairperson and independent member of the Risk Committee with expertise in the area of risk (until 26 September 2024)

Giovanni Luca Soma
Member of the Risk Committee (until 30 January 2024)

In 2024, the Committee held three regular meetings. The Committee discussed issues of the Bank's risk management system and its efficiency. It dealt with the functioning of the internal control system and its evaluation, the acceptable level of risk, risk strategy, and the principles and mechanisms of remuneration. Similarly, it was informed of the internal audit activity and plans. Following the change in the composition of the Committee, which aimed to strengthen the principle of diversity of the various committees of the Supervisory Board, the Committee elected a new independent Chairperson. Part of the agenda, mainly related to internal control and risk management, was discussed in joint meetings with the Audit Committee.

Members	Attendance*
Marie DOUCET [1)]	100%
Delphine GARCIN-MEUNIER [2)]	100%
Alvaro HUETE GOMEZ	100%
Petra WENDELOVÁ [3)]	100%
Giovanni Luca SOMA [4)]	n/a
Average attendance at all meetings:	100%

* Average attendance at all meetings.
1) From 27 September 2024.
2) From 1 February until 30 January 2024.
3) Until 26 September 2024.
4) Until 30 January 2024.

Remuneration Committee

The Remuneration Committee has five members, three of whom are independent and one of whom is an employee representative. The Committee is chaired by an independent member. The Committee meets as needed, at least three times a year or, in lieu of meeting, votes remotely in writing. A quorum is constituted if a simple majority of all members of the Committee is present at the meeting. Resolutions shall be adopted by agreement of an absolute majority of all its members.

Composition of the Remuneration Committee
Petr Dvořák
Chairman of the Remuneration Committee (since 24 April 2019)
Independent member of the Remuneration Committee
(since 15 March 2019, re-elected since 3 June 2021)

Marie Doucet
Independent member of the Remuneration Committee
(since 21 April 2023)

Delphine Garcin-Meunier
Member of the Remuneration Committee
(since 1 February 2024, re-elected from 24 April 2024)

Sylva Kynychová
Member of the Remuneration Committee, employee representative
(from 15 March 2019 to 14 January 2023, and then since 18 January 2023)

Petra Wendelová
Independent member of the Remuneration Committee
(since 21 April 2023)

Giovanni Luca Soma
Member of the Remuneration Committee
(until 30 January 2024)

In 2024, the Committee held two regular meetings and twice voted remotely in writing in lieu of meeting in accordance with the Committee's charter. The Remuneration Committee approved the Remuneration Report and agreed to submit it to the General Meeting. Furthermore, it approved the setting of KPIs for members of KB's Board of Directors, the remuneration of the members

of the Board of Directors and of the current and new Executive Director of Internal Audit, and it made recommendations to the Supervisory Board within the scope of its powers. The Committee was informed of the development and mechanisms of remuneration, including deferred bonuses, the results of collective bargaining, and the conclusions of the evaluation as to implementation of the remuneration principles within the Bank.

Members	Attendance*
Petr DVOŘÁK	100%
Marie DOUCET	100%
Delphine GARCIN-MEUNIER [1)]	100%
Sylva KYNYCHOVÁ	100%
Petra WENDELOVÁ	100%
Giovanni Luca SOMA [2)]	n/a
Average attendance at all meetings:	100%

* Average attendance at all meetings.
1) From 1 February 2024.
2) Until 30 January 2024.

Nominations Committee

The Nominations Committee has five members, three of whom are independent and one whom is an employee representative. The Committee is chaired by an independent member. The Committee meets as needed, at least three times a year or, in lieu of meeting, votes remotely in writing. As part of its powers, the Committee assesses the suitability of the members of the Board of Directors and of the Supervisory Board in terms of their credibility, professional competence and experience. It also assesses the collective suitability of the members of the Board of Directors and of the Supervisory Board in terms of their contribution to the functioning of these bodies as a whole. As part of the assessment, the Committee takes into account fulfilment of the principles stemming from KB's Code of Ethics and SG's Code of Conduct. A quorum is constituted if a simple majority of all members of the committee is present at the meeting. Resolutions shall be adopted by agreement of an absolute majority of all its members.

Composition of the Nominations Committee

Petr Dvořák
Chairman of the Nominations Committee (since 24 April 2019)
Independent member of the Nominations Committee (since 15 March 2019)

Marie Doucet
Independent member of the Nominations Committee (since 21 April 2023)

Delphine Garcin-Meunier
Member of the Nominations Committee (since 1 February 2024, re-elected from 24 April 2024)

Miroslav Hájek
Member of the Nominations Committee, employee representative (since 18 January 2023)

Petra Wendelová
Independent member of the Nominations Committee (since 21 April 2023)

Giovanni Luca Soma
Member of the Nominations Committee (until 30 January 2024)

In 2024, the Committee held three regular meetings and twice voted remotely in writing in lieu of meeting in accordance with the committee's charter. The Nominations Committee recommended that the Supervisory Board make a change to the composition of the Risk Committee, so as to strengthen the principle of diversity on the Supervisory Board committees, and recommended the re-election of a member of the Audit Committee and two members of the Board of Directors. It also recommended the appointment of a new Executive Director of Internal Audit and considered the suitability of two candidates for the Supervisory Board. The Committee discussed, too, a report on compliance with the Bank's Code of Ethics; approved the diversity principles for the Board of Directors, succession plans for the Supervisory Board, the Board of Directors and key functions within the Bank; and discussed the expenditure report relating to operation of the Bank's bodies.

Members	Attendance*
Petr DVOŘÁK	100%
Marie DOUCET	100%
Delphine GARCIN-MEUNIER [1)]	100%
Miroslav HÁJEK	100%
Petra WENDELOVÁ	100%
Giovanni Luca SOMA [2)]	n/a
Average attendance at all meetings:	100%

* Average attendance at all meetings.
1) From 1 February 2024.
2) Until 30 January 2024.

Sustainability statement

General disclosures

Basic information on the sustainability statement

Scope of the consolidated sustainability statement

This sustainability statement has been prepared on a consolidated basis. The scope of consolidation is the same as the full consolidation used for the financial statements (see the *Report on relations among related entities* in the part *Structure of relations among entities within the business group*). Except for Komerční banka, none of the entities within KB Group were required to issue their own sustainability statements for the year 2024.

This sustainability statement applies to our operations, as well as upstream and downstream in the value chain. A detailed description of the value chain is provided in the section *Strategy, business model, and value chain*.

In this statement, KB Group has utilised the exemption under ESRS 1, section 7.7 Classified and sensitive information, and information on intellectual property, know-how or results of innovation, and it will not disclose information related to intellectual property and know-how. Similarly, KB Group has utilised the exemption under Article 29a, para. 3 of Directive 2013/34/EU and will not disclose information concerning future developments or matters currently under discussion.

Time horizons

The sustainability statement uses short-term, medium-term, and long-term time horizons in accordance with legislation:

- Short-term horizon – up to 1 year,
- Medium-term horizon – from 1 year to 5 years,
- Long-term horizon – over 5 years.

Use of indirect data sources

When calculating the carbon footprint, KB sometimes uses indirect data sources. Specifically, this applies to the following components of the carbon footprint: employee commuting, selected energy and water consumption, and financed emissions.

Information on the number of kilometres and means of transport used by employees for commuting is obtained through questionnaires sent to all employees under employment contracts. In the questionnaire, KB asks employees to fill in how they commute to and from work, based on a sample day during each of the four seasons. The total number of kilometres for the entire year is then reduced by the average number of days spent in home office, sick leave, and holidays. The total number of kilometres is calculated per employee and then multiplied by the total number of employees.

Energy and water consumption are mostly read directly from meters on a monthly basis. Where this is not possible, the Bank proceeds in two ways. In cases where allocation keys are contractually set, the building's consumption is multiplied by this allocation key, which indicates the share of costs. The second method involves calculating the average specific energy and water consumption per square meter based on past invoices. This specific consumption is then multiplied by the current occupied area (m^2) where monthly readings are not available.

ESRS standards require inclusion of KB Group's value chain in some metrics. Specifically, this refers to the reporting of Scope 3 greenhouse gas emissions, which are indirect emissions occurring in the value chain. For the calculation of financed emissions in individual Scope 3 categories, KB requests emission data obtained directly from counterparties. The standards also indicate, however, that, if it is not possible to obtain data directly from the value chain, this information may be estimated using proxies, sectoral statistics, and other indirect sources.

Currently, KB Group uses estimates when calculating financed emissions for Scope 3, category 15 of its corporate portfolio and mortgages (more information in the chapter *Climate change*, in part *Gross scopes 1, 2, 3 and total GHG emissions*). The main reason for using the proxy method is a lack of data. KB Group has a large number of clients in its portfolio who do not have data on their carbon emissions available. These are mainly small and medium-sized enterprises that are not required to report their emissions.

For the calculation of financed emissions for Scope 3, Category 15, KB Group adheres to globally recognised standards, notably the Greenhouse Gas Protocol and the PCAF[1)] accounting methodology. These methodologies provide possible approaches to calculations and reporting metrics when direct data is not available.

If specific measured and publicly available data regarding the counterparty's emissions are not available, KB Group relies on estimation techniques, specifically emission factors sourced from the PCAF database. In the case of mortgages, KB Group, in collaboration with ENVIROS, has defined a specific methodology for determining financed emissions. This is based on the available Energy Performance Certificate (EPC) of the building, and if an EPC is unavailable, an estimate of its class is made using internal property data to achieve the most accurate estimate of financed emissions.

Using indirect sources for metric calculations naturally introduces a certain degree of imprecision. Therefore, KB Group provides detailed and precise descriptions of the assumptions and estimates used whenever indirect data, proxy methods, and estimates are applied, ensuring the quality and reliability of the metrics.

KB Group strives to work primarily with direct data obtained from the counterparty. In many cases, however, due to a lack of available market data, it must resort to indirect sources. It is anticipated that the scope of available market data will improve as the obligation to disclose non-financial information extends to more entities. KB Group plans gradually to collect the necessary data from its counterparties, either through questionnaires or publicly available sources. It also monitors market and legislative developments, including best practices, standards, and recommendations issued by recognised institutions. In certain estimates and judgements, the Group is guided by the experience of its parent company.

Sources of uncertainty

The sustainability information provided in this statement is generally subject to a certain degree of uncertainty, which arises from the current state of knowledge in this area and the quality of available internal and external data sources. Information, particularly regarding targets, is based on current judgments and projections of KB Group and may be influenced by future events. Therefore, it does not represent a guarantee that all ambitions will be achieved.

Disclosure of information arising from other legal regulations

In addition to ESRS standards, the Group utilised the following legal regulations for the disclosure of information:

- Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment,
- GRI G4 – Sector Disclosures – Financial Services,
- GRI FS 16 – Initiatives to Enhance Financial Literacy,
- GRI 2 – 2-27 Compliance with Laws and Regulations,
- GRI 200-205 Anti-corruption Measures,
- SASB.

Inclusion of information by reference

In the sustainability statement, some information is provided by reference. An overview of these data points can be found in the *Annex to Sustainability statement*.

[1)] Greenhouse Gas (GHG) Protocol for calculating Scope 3 emissions and Partnership for Carbon Accounting Financials (PCAF) for estimating emissions related to loans and investments in the financial portfolio.

Corporate governance

Role of governing, managing, and supervisory bodies

The driving force behind sustainability at Komerční banka is the CEO and Chairman of the Board of Directors, Jan Juchelka, with sponsorship by the board member and Chief Operations Officer responsible for the Bank's operations, Jitka Haubová. Sustainability activities are co-ordinated by the Sustainability Working Group, led by Hana Kovářová, Executive Director of Brand Strategy and Communication. The working group also includes members from other key departments (Strategic Development and Business, Human Resources, Regulatory Compliance, Support Services, and Risk Management, as well as representatives from retail and corporate banking).

The composition and diversity of the Bank's governing, managing, and supervisory bodies[1)] (including the sustainability knowledge and experience of the board members) is detailed in the *Corporate governance statement* chapter. The experience that the Bank's governing, managing, and supervisory bodies have in the area of sustainability enables them to oversee the impacts, risks, and opportunities (IROs) identified through the double materiality process.

Ensuring awareness and accountability for IROs

Sustainability goals are regularly evaluated and monitored on a quarterly basis. KB Group's management is regularly informed about their fulfilment and oversees the progress. The goals are partially linked to impacts, risks, and opportunities (IROs) identified through the double materiality process. An overview of material impacts, risks, and opportunities is provided in the *Material topics* section.

The process of identifying impacts, risks, and opportunities involved expert groups of KB Group employees with long-term experience in areas subject to the double materiality process. This included experts from the Risk Management, Human Resources, and Compliance departments, experts interacting with the supply chain, and experts working long-term with clients, both corporate and retail.

The double materiality process, including identified material topics, impacts, risks, and opportunities, was reviewed by the Executive Committee, which includes all members of the Bank's Board of Directors. Finally, the process and results of the double materiality analysis were approved by the Board of Directors of Komerční banka.

The Bank's management will be informed of changes and developments in identified material impacts, risks, and opportunities during updates to the double materiality process. Material impacts, risks, and opportunities are part of this Annual Finacial Report and are also incorporated into the Bank's ESG strategy. The Annual Finacial Report is submitted for approval to KB management before its issuance, and all updates to the ESG strategy are presented to and approved by the Bank's management.

Responsibilities for monitoring individual material impacts, risks, and opportunities are outlined in the *Material topics* section.

Mapping of identified material impacts, risks, and opportunities to policies, including a brief description of the policies, is provided in the *Policies* section.

Every internal regulation of KB Group specifies the departments responsible for the respective process. Before publishing a new internal regulation or amending existing ones, these documents undergo a review process. Approved internal regulations are published and available to all employees. It is their responsibility to comply with these regulations. Compliance with established procedures and processes affects individual IROs.

Management of ESG risks

KB Group is gradually enhancing its ability to collect, measure, and disclose ESG data to meet regulatory and other initiatives. The Group is also progressively incorporating ESG risks into its credit policies and risk management. Information on the development of ESG risk indicators, which are part of KB Group's Risk Appetite Statement, is regularly presented quarterly to the Enterprise Risk Committee (ERC). The ERC ensures the management and reporting of major cross-sectional processes for both financial and non-financial risks within KB Group. The ERC is also informed at least semi-annually about the activities undertaken by the Group in reflecting ESG in its risk processes.

[1)] In this sustainability statement, governing, managing, and supervisory bodies are the administrative, management, and supervisory bodies as stated by by ESRS.

ESG risks are taken into account in KB Group's control mechanisms and in key risk activities, such as regular risk identification, risk severity assessment, and stress testing.

Oversight of ESG risk management is the responsibility of board members Jitka Haubová and Didier Colin.

The Bank has set up 3 lines of defence (LoD):

- LoD 1 (First Line of Defence)
  - is responsible for managing ESG risks on a daily basis. The governing bodies and managers of the individual departments of KB Group are responsible for performing checks to ensure compliance with processes established in their respective departments.
- LoD 2 (Second Line of Defence)
  - defines risk rules and procedures for managing ESG risks, monitors key indicators, and evaluates the level of risks undertaken. The goal of the second line of defence is to ensure that ESG risks are properly identified, assessed, monitored, and managed by the departments forming the first line of defence.
  - this also includes oversight by the Compliance Department, which is responsible for ensuring that established processes comply with applicable legislation.
- LoD 3 (Third Line of Defence)
  - the Internal Audit Department fulfils the function of the third line of defence. The responsibility of Internal Audit is to independently verify the correct implementation of regulatory requirements related to ESG into the KB Group's processes and to ensure compliance with these processes.

The annual Internal Audit Plan, which is prepared primarily on the basis of risk assessment and focuses on priority areas, also includes ESG risks and processes related to ESG areas. Findings related to ESG deficiencies are presented by Internal Audit to the Bank's management and the Audit Committee. Internal Audit regularly prepares an annual report on the functioning of the internal control system, which is submitted to the Board of Directors, the Audit Committee, and the Supervisory Board.

Integration of sustainability performance into the remuneration system

The main incentive system is outlined in the Remuneration Policy and the Remuneration Report. The basic principles are as follow:

- A proposal for the remuneration policy in relation to members of the Board of Directors and Supervisory Board is submitted by the Board of Directors to the General Meeting of KB. After its approval, the KB Remuneration Policy is published on the Bank's website[1)] together with the date of its approval. It remains available there for the duration of its validity.
- Detailed information about the variable component of the remuneration of KB Board of Directors members, which is dependent on goals, is part of the Remuneration Report, publicly available on the website[2)] and prepared in accordance with all requirements arising from applicable legislation. The variable component of the remuneration for a member of the KB Board of Directors is paid in the form of annual bonuses. This part of the remuneration is based on the fulfilment of Key Performance Indicators (KPIs) both financial and non-financial in nature. The Supervisory Board of KB approves the key performance indicators for the given business year.
- The variable remuneration component also considers the area of sustainable development. One of the KPIs focuses on ESG (Implementation of strategic priorities, including sustainable development priorities) and is further divided into sub-goals such as increasing sales of sustainable products, reducing KB's carbon footprint, improving international ratings, increasing the number of employees involved in volunteering, or increasing the number of employees trained in sustainability. For the year 2024, sustainable development goals were given 10% of total KPIs weight for the board member responsible for fulfilling sustainable goals, 5% for the CEO, and 5% for other board members.
- Financial and non-financial KPIs each have their weights expressed as percentages. The total of financial and non-financial KPIs equals 100%. The Supervisory Board of KB, upon receiving recommendations from the Remuneration Committee, has the authority to set individual KPIs, including their weights, both financial and non-financial, for the following fiscal period.
- Each indicator has its target value in accordance with the KB Group's business plan and threshold values for fulfilment. The performance scale for evaluating KPIs is as follows for most KPIs:
  - Achieving the expected target for the year corresponds to 100% of the KPI target weight,
  - Maximum fulfilment corresponds to up to 120% of the KPI target weight,
  - Threshold fulfilment corresponds to 50% of the KPI target weight,
  - Values below the threshold fulfilment correspond to 0% of the KPI target weight.

[1)] https://www.kb.cz/en/about-bank/obligatory-published-information/remuneration-policy
[2)] https://www.kb.cz/en/about-bank/obligatory-published-information/remuneration-policy

- Annual evaluation of KPI results is conducted in the first quarter of the calendar year following the evaluation period. Each KPI has a defined fulfilment interval. The Supervisory Board is responsible for evaluating the KPIs based on the recommendations of the Remuneration Committee. The supporting documentation is prepared by designated employees from the KB Strategy and Finance department, who compare the actual KPI fulfilment against the planned KPI fulfilment. If the target is met, the board members are entitled to remuneration proportional to the percentage allocated for that specific goal to each individual board member. In the event of a target not being met, this impacts the board members' remuneration, as the percentage allocated for the target fulfilment is either not paid out or is reduced in accordance with the level of target fulfilment.
- The maximum variable remuneration for a board member for a given year must not exceed 200% of the fixed remuneration for that year, as decided by the General Meeting.
- The remuneration of the KB Supervisory Board members consists of a fixed monthly remuneration and a fixed remuneration dependent on attendance at Supervisory Board meetings. These fixed components of remuneration constitute 100% of the total remuneration related to performing the role of Supervisory Board member. The amount of the fixed monthly remuneration for Supervisory Board members is determined by the General Meeting's decision and stated in the service contract.
- The remuneration principles at KB aim to support the Group's overall strategy and business objectives; prevent excessive risk-taking and imprudent behaviour; consider the rights and interests of clients; promote cost-effectiveness and sustainable growth; and enhance KB's value for employees, shareholders, and other stakeholders through a sound, business-sensitive remuneration policy. The Remuneration Policy is an integral part of both KB's human resources strategy and its overall business strategy.
- The variable remuneration system for KB Board members is also designed to consider all types of existing and future risks, the costs of securing the required capital and liquidity, and KB's long-term interests and sustainable development. For these reasons, the variable component of the board members' remuneration is subject to deferred bonus rules in accordance with the European Capital Requirements Directive (CRD IV as amended) and its transposition into Czech law by CNB Decree No. 163/2014 Coll., as amended. The minimum period for which the variable component of the board members' remuneration is deferred is 6 years from the date the variable component was awarded. This period includes 5 years of deferral and 1 year of retention of non-cash instruments. The deferred and retained portions of remuneration motivate employees to maintain performance sustainability in the long term and constitute at least 70% of the variable component of remuneration. In the case of exceptionally high variable remuneration (i.e. remuneration exceeding 100% of the fixed component or an amount of EUR 300,000), the deferred and retained portion constitutes at least 80% of the variable component.

The same basic principles set at the KB level are applied proportionally to remuneration at the subsidiaries.

Sustainable development goals, including climate change mitigation goals, are part of the Bank's 2020–2025 strategic plan and, like the implementation of other strategic priorities, are measured using the Company Objectives and Key Results (COKR) system. These goals have been incorporated into the incentive system for all board members and the CEO for 2024.

The strategic priorities of COKR are measured using a success score, which shows the current achievement of key results associated with the given goal and is calculated as the arithmetic average of the fulfilment of all key results planned and realised during the evaluation period. The final COKR performance is calibrated by the Executive Committee based on the success score. The fulfilment of key performance indicators and the achievement of strategic goals (COKR) are updated quarterly and transparently communicated to the company's management.

Due diligence statement

KB Group conducts its business activities in accordance with due diligence in the area of sustainability. The procedures for incorporating due diligence into KB Group's activities related to the management of material impacts (including the identification of material risks and opportunities) in the area of sustainability are outlined in the following table:

Basic elements of due diligence	References in ESRS	Description of due diligence	Points in the sustainability statement
a) Incorporating due diligence into governance, strategy, and business model	ESRS 2 GOV-2: Information provided to the administrative, management and supervisory bodies of the undertaking and the sustainability matters addressed by these bodies	A member of the Bank's board of directors is responsible for the sustainability agenda. The Bank's management is regularly informed about ESG-related activities, including the achievement of set sustainability targets. The results of the double materiality assessment were presented to the members of the Executive Committee and, ultimately, the results were approved by the Bank's board of directors.	Chapter: Role of governing, managing, and supervisory bodies
	ESRS 2 GOV-3: Integration of sustainability-related performance into incentive schemes	KB Group has established remuneration in accordance with legislative requirements covering this area. The basic principles of remuneration are covered by the Remuneration Policy, which includes key principles of remuneration, including sustainability-related KPIs. Komerční banka, a.s., whose shares are traded on the public market, regularly prepares a Remuneration Report, which is available on its website.	Chapter: Integration of sustainability performance into the remuneration system
	ESRS 2 SBM-3: Material impacts, risks and opportunities, and their interaction with the strategy and business model	In identifying material impacts, risks, and opportunities, KB Group based its approach on its strategy and established business model.	Tables: Detailed overview of material impacts, risks, and opportunities grouped into subtopics
b) Involvement of affected stakeholders in all key due diligence steps	ESRS 2 GOV-2: Information provided to the undertaking's administrative, management and supervisory bodies and the sustainability matters addressed by these bodies	A member of the Bank's board of directors is responsible for the sustainability agenda. The Bank's management is regularly informed about ESG-related activities, including the achievement of set sustainability targets. The results of the double materiality assessment were presented to the members of the Executive Committee and, ultimately, the results were approved by the Bank's board of directors.	Chapter: Role of governing, managing, and supervisory bodies
	ESRS 2 SBM-2: Interests and views of stakeholders	The views and interests of stakeholders are taken into account when setting the strategy, business model, and direction of KB Group in the area of sustainability. Regular dialogue is maintained with stakeholders representing the following groups: • corporate clients, municipalities and the public sector, retail clients; • shareholders; • employees and other workers; • business partners, including suppliers; • financial markets, including rating agencies; • the public, including future generations; and • regulatory bodies, including the Czech Banking Association (CBA).	Chapter: Interests and opinions of stakeholders
	ESRS 2 IRO-1: Description of the processes to identify and assess material impacts, risks and opportunities	KB Group has a methodology that describes the processes for identifying and assessing material impacts, risks, and opportunities.	Chapter: Interests and opinions of stakeholders Chapter: Double materiality assessment
	ESRS 2 MDR-P: Policies adopted to manage material sustainability matters	KB Group has an extensive procedures' framework that also covers the area of sustainability.	Chapter: Policies
	In thematic ESRS: reflecting different stages and purposes of stakeholder engagement throughout the due diligence process	The views and interests of stakeholders are incorporated into KB Group's processes at various stages, such as during preparation of the strategy, which is set for a 5-year period, and during the identification of material topics within the double materiality assessment, which is updated on an annual basis.	Chapter: Interests and opinions of stakeholders

Basic elements of due diligence	References in ESRS	Description of due diligence	Points in the sustainability statement
c) Identification and assessment of adverse impacts	ESRS 2 IRO-1: Description of the processes to identify and assess material impacts, risks and opportunities (including application requirements related to specific sustainability matters in the relevant ESRS)	KB Group has a methodology that describes the processes for identifying and assessing material impacts, risks, and opportunities.	Chapter: Interests and opinions of stakeholders Chapter: Double materiality assessment
	ESRS 2 SBM-3: Material impacts, risks and opportunities, and their interaction with the strategy and business model	In identifying material impacts, risks, and opportunities, KB Group based its approach on its strategy and established business model.	Tables: Detailed overview of material impacts, risks, and opportunities grouped into subtopics
d) Adoption of measures to address the following adverse impacts	ESRS 2 MDR-A: Actions and resources in relation to material sustainability matters	Material sustainability-related matters are incorporated into the strategy, during the setting of which KB Group also considers the measures and initiatives it intends to implement to achieve its sustainability plans. Furthermore, these activities are taken into account when planning financial resources and human resources for their fulfilment.	Chapter: Action plans
	in thematic ESRS: reflecting the scope of actions, including transition plans, through which impacts are addressed	KB Group has set targets aimed at addressing the identified impacts.	Chapter: Targets
e) Monitoring and communicating the effectiveness of these efforts	ESRS 2 MDR-M: Metrics in relation to material sustainability matters	KB Group has set targets in the environmental and social areas, including indicators for achieving these targets, which are regularly monitored and evaluated.	Chapter: Targets
	ESRS 2 MDR-T: Tracking the effectiveness of policies and actions through targets, including the thematic ESRS on metrics and targets	KB Group has established a range of targets based on its strategy, which outlines the direction it intends to take in the area of sustainability. Both the strategy and the targets are regularly monitored and evaluated, and the Bank's top management is regularly informed about the progress in achieving these targets.	Chapter: Targets

Risk management and internal controls in sustainability reporting

The steps necessary for the preparation and issuance of the annual report, which includes the sustainability statement, are described in an internal instruction overseen by the Investor Relations Department. The instruction details:

- Preparation of the report structure,
- Preparation of the report's content,
- Control mechanisms in the report preparation process (four-eyes principle),
- Communication with the Compliance Department,
- Approval of the report's content by the CFO and the manager of Brand Strategy and Communication,
- Review of the report by Internal Audit.

KB Group evaluates findings from control departments (Compliance and Internal Audit), any findings from the regulator, and feedback from report users to identify potential risks associated with preparation and issuance of the report. A list of identified deficiencies is archived in the folder of the Investor Relations Department.

The main risks that may arise in connection with preparation and issuance of the report include late data submission, lack of data, or poor-quality data. KB Group has effective control mechanisms and escalation processes in place to minimise these risks. These control mechanisms are described in the internal instruction of the Investor Relations Department.

These include:

- Ongoing checks during the report preparation,
- Review by the Regulatory Compliance Department,
- Review by the department responsible for external reporting,
- Validation by Internal Audit,
- Validation by the CFO,
- Validation by the member of the Executive Committee responsible for communication,
- Approval by the Bank's Board of Directors.

As mentioned, after issuance of each report, KB Group evaluates findings received from Compliance, Internal Audit, and, potentially, the regulator. It also considers suggestions and comments received from the report's readers. These findings are archived and taken into

account during preparation of the next report to ensure that the same issues do not recur.

The Bank's management is informed about the findings related to preparation and issuance of the report through an audit report. In the case of regulator findings, management is informed through the regulator's inspection protocol, where the findings are stated.

Strategy

Strategy, business model, and value chain

The description of the business model is provided in the *Business model and performance* chapter, the description of the value chain is provided in the table below.

A description of significant groups of products and services offered, markets served, and customer groups is provided in the *Business model and performance* chapter. The number of employees by geographical region is provided in the *Own workforce* chapter (section *Key employee data*).

In this sustainability statement, KB Group has utilised a deferral allowed by the CSRD legislation (according to ESRS 1, Annex C, until the date specified in the Commission's delegated act to be adopted under Article 29b, para. 1, third subpara., point ii) of Directive 2013/34/EU) and will not report the breakdown of total revenue by significant ESRS sectors.

KB Group does not operate in the fossil fuel industry, production of chemicals, controversial weapons, or tobacco cultivation. The Group has no revenue from these sectors, except in cases of financing some of these areas (e.g. the fossil fuel industry or chemical production).

The Group believes that it can significantly contribute to promoting sustainable development through its services. It focuses on:

- The Czech and Slovak markets;
- All customer groups – corporate clients, municipalities and the public sector, retail clients;
- Providing sustainable products – loans for sustainable housing, photovoltaics, heat pumps, electromobility, industrial decarbonisation, circular economy, water conservation, waste minimisation, projects with positive social impact;
- Providing advisory services – grant advisory, sustainable business advisory, responsible investment advisory.

Sustainability-related goals are outlined in the *Targets* section and also in the individual thematic chapters (*Climate change, Own workforce, Consumers and end-users, Business conduct*).

KB Group has the potential to help combat climate change and transition to a carbon-neutral society primarily through financing responsible activities and sustainable solutions for its clients. The Group is aware of this, and therefore it is continuously expanding its range of products and services that contribute to achieving these goals. These products and services include:

- Responsible investing,
- Loans for sustainable housing,
- Mortgages for sustainable housing,
- Financing of electromobility,
- ESG and grant advisory.

The main sustainability challenges for the upcoming period include the preparation of climate scenarios, refining the calculation of carbon footprint for activities financed within KB Group, and automating data collection for non-financial reporting.

Business relationships /Business partners	Value chain location	NACE code	Sector
IT services	Upstream	G46.5 - Wholesale of information and communication equipment J62 - Computer programming, consultancy and related activities J63.1 - Data processing, hosting and related activities; web portals	Sales and trade Professional services Information technology
Telecommunication services	Upstream	J61 - Telecommunications	Media and communication
Production of payment cards	Upstream	K64.9 - Other financial service activities, except insurance and pension funding	Professional services
Office supplies	Upstream	G46.9 - Non-specialised wholesale trade	Sales and trade
Energy	Upstream	D - Electricity, gas, steam and air conditioning supply	Power production and energy utilities
Water	Upstream	E36.0.0 - Water collection, treatment and supply	Water and waste services
Marketing services	Upstream	M73.1 - Advertising M73.2.0 - Market research and public opinion polling	Marketing
Cleaning services	Upstream	N81.2.1 - General cleaning of buildings	Real estate and services
Waste collection	Upstream	E38.1 - Waste collection	Water and waste services
ATM management	Upstream	K64.9 - Other financial service activities, except insurance and pension funding N80.2.0 - Security systems service activities	Professional services
Catering	Upstream	I56.2 - Event catering and other food service activities	Food and beverages services
Business trips - travelling, accommodation services	Upstream	H51.1.0 - Passenger air transport I55.1.0 - Hotels and similar accommodation	Accommodations
Benefit program	Upstream	K66.1.9 - Other activities auxiliary to financial services, except insurance and pension funding	Professional services
Security	Upstream	N80.2.0 - Security systems service activities	Professional services
Legal services	Upstream	M69.1.0 - Legal activities	Professional services
Consultancy services	Upstream	M70.2 - Management consultancy activities	Professional services
Fleet management	Upstream	G45.2.0 - Maintenance and repair of motor vehicles	Professional services
Building management	Upstream	L68.2 - Lease and operation of own or leased real estate	Real estate and services
Products and services	Own operation	K - Financial and insurance activities	Financial services
Consumption of water	Own operation	L68.2.0 - Renting and operating of own or leased real estate	Own operation
Consumption of electricity	Own operation	L68.2.0 - Renting and operating of own or leased real estate	Own operation
Waste production	Own operation	L68.2.0 - Renting and operating of own or leased real estate	Own operation
Promotion of products and services	Own operation	K - Financial and insurance activities	Marketing
Employment of people	Own operation	K - Financial and insurance activities	Own operation
Clients - corporate, retail, municipalities	Downstream	K - Financial and insurance activities	Financial services; Own operation
Affected communities	Downstream	K - Financial and insurance activities	Financial services; Own operation

Interests and opinions of stakeholders

KB Group acts responsibly in its relationships with clients, employees, shareholders, and other stakeholders and partners. Responsibility is the foundation of partnership and a prerequisite for the long-term success of the Bank and KB Group. Therefore, it is in the Group's interest to regularly engage stakeholders in dialogue so that their potential expectations can be considered.

The following groups of individuals have been identified whose interests are significantly affected by the activities of KB Group. The interests of these groups are respected in the Group's activities:

- Individual clients (consumers);
- Corporate clients and corporations, including municipalities;
- Shareholders;
- Financial markets, including rating agencies and bond investors;
- Regulatory authorities;
- The public, including future generations;
- Employees and other workers;
- Business partners, including suppliers.

KB Group strives to understand the interests and needs of stakeholders through direct communication and by continuously developing the expert knowledge of relevant specialists within the Group's companies.

Stakeholders	Communication and engagement method	Communication purpose	Stakeholder group
Individual clients (consumers)	Regular assessment and measurement of satisfaction Contact with a banking advisor Feedback Business communication	Clients are crucial to KB Group's business, and the Group cares about their satisfaction and feedback. Based on their feedback, products and services are improved.	Affected stakeholders
Corporate clients and corporations, including municipalities			Affected stakeholders
Shareholders	General meeting Annual and half-year report Non-financial reporting Quarterly results publication	Regular, timely, and comprehensive information disclosure to shareholders is not only a legal and regulatory obligation but also the foundation for good relationships with current shareholders. Quality information about the company is also a tool for increasing the company's visibility in the stock market and attracting a broader shareholder base.	Affected stakeholders
Financial markets, including credit rating agencies and bond investors	Events and meetings with investors/shareholders Studies and analyses Regular discussions with financial analysts	Communication with financial markets represents a crucial opportunity to clarify information in financial communication documents or directly correct misunderstandings that some financial analysts may have about the Bank's complex information. It also provides an opportunity to receive feedback from the professional community on various aspects of the Bank's activities and respond to it.	Users of sustainability statements
Regulatory authorities, including the Czech Banking Association (CBA)	Close co-operation with regulators Regular CBA meetings Dialogues in working groups	The goal is to ensure compliance with all regulatory requirements. KB Group participates in the process of preparing new legislation. Engagement in working groups of the CBA.	Users of sustainability statements
The public, including future generations	Opinion polls Marketing campaigns Business communication Social networks Contact centre	The activities of KB Group also affect the general public, not just the clients with whom we have a business relationship. Therefore, it is important to enable the involvement of this stakeholder group as well. Among the most common methods of communication are suggestions received through the contact center or public opinion results. These suggestions are evaluated and addressed by dedicated teams.	Affected stakeholders
Employees and other workers	Regular satisfaction surveys Feedback Regular internal communication	Employee care is among the highest priorities of human resources management and of the Bank's top management. KB regularly assesses employee opinions, satisfaction, and engagement, and subsequently takes appropriate actions.	Affected stakeholders
Business partners, including suppliers	Implementation of a responsible sourcing policy	The know-your-supplier (KYS) rules enable to identify suppliers primarily exposed to risks of bribery and corruption and manage their risks. These rules also help us avoid co-operation with suppliers who violate applicable rules in areas such as taxes, anti-money laundering, terrorist financing, corruption, or who may be involved in other illegal activities.	Affected stakeholders

As part of the KB2025 strategic plan, one of the goals is to reach 2 million clients. To retain these clients, it is important that they be satisfied with the products and services offered, and this depends in large measure upon employees in the branch network.

KB Group regularly conducts surveys among its employees, retail clients, and corporate clients. Regular (quarterly or annual) meetings and discussions are held with suppliers to discuss mutual co-operation. Additionally, regular tenders are conducted, usually every 3 years, where mutual co-operation is discussed again. The Group ensures equal treatment and fair conditions in dealings with all suppliers.

KB also considers opinions gathered from shareholders, rating agencies, and any findings from regulators. Feedback is obtained through communication with these groups, such as during regular meetings with rating agencies, and with shareholders at general meetings.

The results of these surveys and dialogues with stakeholders are regularly presented to KB Group's management.

The strategy for the years 2026 to 2030 is currently being prepared while taking into account feedback from stakeholders. The Bank does not anticipate any significant changes in relationships with stakeholders in the upcoming period. Inasmuch as stakeholders' opinions are continuously considered, no major changes in the current strategy or business model are planned until 2025, the end of the current strategic period. Stakeholders were also involved in assessing material topics, and the results were validated with them to ensure sufficient stakeholder awareness.

Double materiality assessment

A fundamental requirement of the CSRD legislation (Corporate Sustainability Reporting Directive) is to identify material impacts, risks, and opportunities (IROs) that KB Group has or may have in relation to environmental, social, and/or business conduct matters. Impacts, risks, and opportunities must be assessed not only in relation to the business itself but also with regard to the value chain (suppliers, clients). The process by which material impacts, risks, and opportunities are to be identified is termed double materiality assessment.

This process must consider how the company's business and actions affect, or may in future affect, the environment, society, and corporate behaviour, as well as how sustainability issues may impact its own financial well-being.

In order to identify material topics, it was necessary first to set up the necessary steps and methodology. The methodology is based on the requirements of the CSRD legislation, in particular those detailed in the Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards and the Value Chain Implementation Directive.

In developing the methodology and steps required to perform double materiality assessment, KB Group considered in particular:

- all products and services offered to clients,
- the potential impacts of those products and services offered on the communities concerned,
- business relationships with suppliers,
- the territory within which the products and services are offered, and
- the impacts on its own workforce and on those in the value chain.

The double materiality assessment was performed in four steps:

1. understanding the context;
2. identifying impacts, risks, and opportunities (IROs) related to sustainability topics;
3. evaluating those impacts, risks, and opportunities; and
4. identifying material topics.

1. Understanding the context

In order to understand KB Group's business environment, an analysis of internal and external documents and sources was carried out. The internal documents included, for example, the KB2025 Strategic Plan, the ESG Strategy and the ESG targets already set, the Business Model, the Business Environment Scan (analysis of the impact of climate and environmental risks on KB Group's business environment), results of the employee and client survey, an analysis of the corporate loan portfolio, and the Risk Appetite Statement. In preparing the double materiality analysis, previous experience in identifying material topics for the Sustainability Report was utilised. The analysis included a number of publicly available and credible sources, such as materials and analyses of international organisations (e.g. Principles of Responsible Banking, World Economic Forum – Global Risk Report 2024, UNEP FI – Impact Radar, and the OECD Guidelines for Multinational Enterprise), as well as conclusions from discussions at the Czech Banking Association or analysis of non-financial reports on the Czech and European markets. It was assumed that those material topics identified have direct links to the strategy and business model.

At the same time, business relationships and the overall value chain, including upstream and downstream parts of the value chain, were mapped to identify the company's position within the value chain.

Value chain

In identifying the value chain, KB Group focused on:

- upstream – suppliers of services and products that are key to KB Group's operations;
- own operations – the products and services provided by KB Group (purpose and non-purpose loans, investments, credit cards, etc.), including with regard to distribution channels, together with its own activities and business conducted in office buildings; and
- downstream – clients and the communities concerned and which KB Group is able to influence, both positively and negatively, through financing and co-operation.

The resulting value chain mapping is in the section *Strategy, business model, and value chain*.

Perimeter identification
In addition to the parent company Komerční banka, KB Group's subsidiaries were also included into the double materiality process. The criteria for selecting the subsidiaries were their activities, their materiality, and KB's ownership shares in each. These companies were:

- Modrá pyramida stavební spořitelna, a.s.
- KB Penzijní společnost, a.s.
- SG Equipment Finance Czech Republic, s.r.o.
- ESSOX, s.r.o.
- Factoring KB, a.s.
- KB SmartSolutions, s.r.o.

Identification of stakeholders
A key step in determining double materiality was to identify those internal and external stakeholders to involve in the evaluation. KB Group involved primarily internal but also external groups in the double materiality process.

KB Group experts were used as internal stakeholder representatives. The internal expert groups were identified to ensure continuity with the earlier process of determining materiality. This ensured that the double materiality process included similar groups already experienced in matters of assessing the materiality of topics. These groups were as follow:

- individual clients;
- corporate clients;
- municipalities and the public sector;
- majority and minority shareholders;
- financial markets, including credit rating agencies and bond investors;
- regulatory authorities, including the Czech Banking Association;
- the general public, including future generations;
- employees and other personnel; and
- business partners, including suppliers.

The following external groups were selected to validate the results of the double materiality exercise:

- selected retail clients;
- selected corporate clients;
- selected suppliers;
- Société Générale as the largest shareholder;
- trade union representatives; and
- employees.

Further information on stakeholders is available in the chapter *Interests and opinions of stakeholders*.

The double materiality process used by KB Group to identify material topics for 2024 was more complex than was the process used in the preceding reporting period. Previously, material topics were based solely on general topics structured in the dimensions of the Sustainability Accounting Standards Board (SASB) standards. That assessment had been carried out through dialogue with internal stakeholders. Senior executives responsible for business, operational, and financial management, as well as risk management, were also involved in the process of identifying material topics. These executives assessed the impacts of the topics on KB Group's business and financial outlook.

The main differences in the identification of material topics for 2024 compared to earlier periods include:

- inclusion of the entire value chain;
- assessing of each identified topic against the impacts, risks, and opportunities that KB Group's own and value chain activities may have in the topic's area;
- extension of the time horizons;
- inclusion of subsidiaries in the whole assessment process; and
- validation of the results of double materiality assessment by selected external counterparties.

Based on an understanding of the context, a methodology for the double materiality assessment process was established, setting out the process for identifying and evaluating the themes and how the results would be validated.

2. Identification of impacts, risks, and opportunities (IROs) related to sustainability topics

Identification of sustainability topics
In order to identify impacts, risks, and opportunities, it was necessary to identify the topics that would be subject to double materiality assessment. The list of topics was derived from ESRS standards and was supplemented with topics specific to KB Group.

In identifying the topics, KB Group included all the sub-topics prescribed by ESRS 1, Annex A, AR 16 while also taking into account other sustainability topics based on previous assessments of material topics, existing non-financial reporting, and other data sources and sector policies, such as SASB, GRI, and OECD Guidelines. From this analysis, it then identified topics that were specific to KB Group's operations. The list of topics to be subject to double materiality assessment was thus supplemented by:

- financial education;

- digitalisation;
- management of the legal and regulatory framework;
- systemic risk management;
- business model resilience;
- financial crime.

Identification of impacts, risks, and opportunities in KB
Prior to actual identification of impacts, risks, and opportunities, the topics to be included in the double materiality assessment process were agreed with the members of each of the internal expert groups representing the stakeholders. The value chain entering the assessment process also was agreed.

A form was prepared for each stakeholder group, which included the identified topics, and interviews were conducted with members of each internal expert group representing the predefined stakeholder groups. A total of 51 staff experts participated. At the initial joint meeting, all were briefed on how to approach the identification of impacts, risks, and opportunities, including an explanation of how to identify:

- whether an impact is actual or potential;
- whether the impact is positive or negative;
- whether the identified impact has, or may have, a negative impact on human rights; and
- whether the risk or opportunity is tied to an impact.

Expert group representatives had to identify time horizons for each of the identified impacts, risks, or opportunities. KB Group set the time horizons in line with the legislation:

- short-term horizon – up to 1 year
- medium-term horizon – from 1 to 5 years
- long-term horizon – over 5 years

At the same time, it had to be determined whether the impact, risk, or opportunity arises within the business itself or in the upstream or downstream of the value chain. Detailed information on the time horizon and position in the value chain is provided in tables in the section *Material topics.*

Identification of impacts, risks, and opportunities in KB Group
The identification of impacts, risks, and opportunities in Komerční banka's subsidiaries was carried out in a simplified form, mainly due to the considerable time required. Representatives of the subsidiaries identified for inclusion in the double materiality assessment process (see *Perimeter identification* above) were given the opportunity to complete a list of identified IROs and then completed a questionnaire that simplified the double materiality assessment at KB's parent company. The process of how the topics would be assessed and the results of the questionnaire would be included into the final double materiality assessment were explained to the participating company representatives.

In total, 519 material impacts, risks, and opportunities were identified within KB Group and were assessed by internal stakeholder representatives based on predefined parameters.

3. Assessment of impacts, risks, and opportunities

The identified impacts were assessed in terms of their degree, magnitude, likelihood, and, where appropriate, remediation.

KB Group used the following scales to prioritise positive and negative impacts:

- scope – ranging from 0 (none) to 4 (absolute);
- scale – ranging from 0 (none) to 4 (global);
- likelihood – ranging from 0 (unlikely) to 4 (certain);
- remediation – for negative impacts only – ranging from 0 (easily remedied within 6 months) to 4 (irremediable).

For those risks and opportunities identified, their potential financial effects and likelihoods were assessed. The rating scales were set from 0 to 4, with a qualitative description of each value set separately for risks and opportunities. The likelihood of the identified risks and opportunities was considered as part of the process of rating each risk and opportunity. Five selected representatives of Komerční banka's management participated in the financial materiality assessment. Each of the five nominated bank management representatives assessed the identified risks and opportunities. KB Group views ESG risk not in isolation but as part of other risks. Under the double materiality framework, ESG risks were assessed with regard to their impact on credit risk, operational and market risk, liquidity risk, and, last but not least, reputational risk.

The threshold for determining the materiality of the identified impacts, risks, and opportunities has been set at 2.5. All identified opportunities and risks were scored using the scales set and risks and opportunities above the threshold were classified as material.

In the course of the double materiality assessment, KB Group also looked at the links between the identified impacts, risks, and opportunities. The analysis of impacts was carried out by identifying for each impact whether the impact might entail a risk or an opportunity.

4. Identification of material topics

Impacts, risks, and opportunities that exceeded the established threshold of 2.5 were assessed as material topics and determined the scope of the reporting requirements for disclosure under ESRS standards. A check was made to ensure that all information required for the assessment was completed in full, including to provide the correct classification of each IRO as material or immaterial in accordance with the set threshold for determining materiality. This check was mainly aimed at avoiding technical errors (e.g. an incorrectly set formula for a calculation) that would lead to biased results.

The resulting summary of material impacts, risks, and opportunities was then validated by internal stakeholder representatives who participated in the assessment. At the same time, due to the involvement of primarily internal stakeholder representatives (see *Identification of stakeholders* section above), the results of the double materiality assessment were also validated by external groups to ensure that the results were consistent with stakeholder expectations.

The validation of the double materiality results was carried out as follows:

1. validation by internal expert groups (impact and financial materiality assessors) and subsidiaries involved in the double materiality process through a presentation at a joint meeting.

2. validation by external groups:
    a. selected suppliers, retail and corporate clients through email communication;
    b. the trade union organisation of Komerční banka, a.s. through a presentation at its meeting;
    c. the largest shareholder of Société Générale in the form of an information document summarising the results and a description of the procedure used for double materiality assessment; and
    d. KB Group employees by means of information on the Intranet,

3. approval of the results by the management of Komerční banka, a.s. in the form of a presentation of the results and the double materiality assessment procedure at the Executive Committee and Board of Directors meetings.

A multi-member team of experts was involved in the entire double materiality assessment process and regular review of the results was an integral part of that process. At the same time, the results were continuously approved at management level and the entire process was documented for both internal and external verification purposes.

Management of material topics

The process of identifying, assessing, and managing impacts, risks, and opportunities is now integrated into the process of preparing the non-financial part of the annual report. As the double materiality assessment process has been implemented for the first time in 2024, it will be integrated into existing corporate governance processes in the period ahead. At the same time, current market practice will be taken into account to ensure relevance and timeliness in light of legislative developments. KB Group plans to update the double materiality assessment regularly on an annual basis.

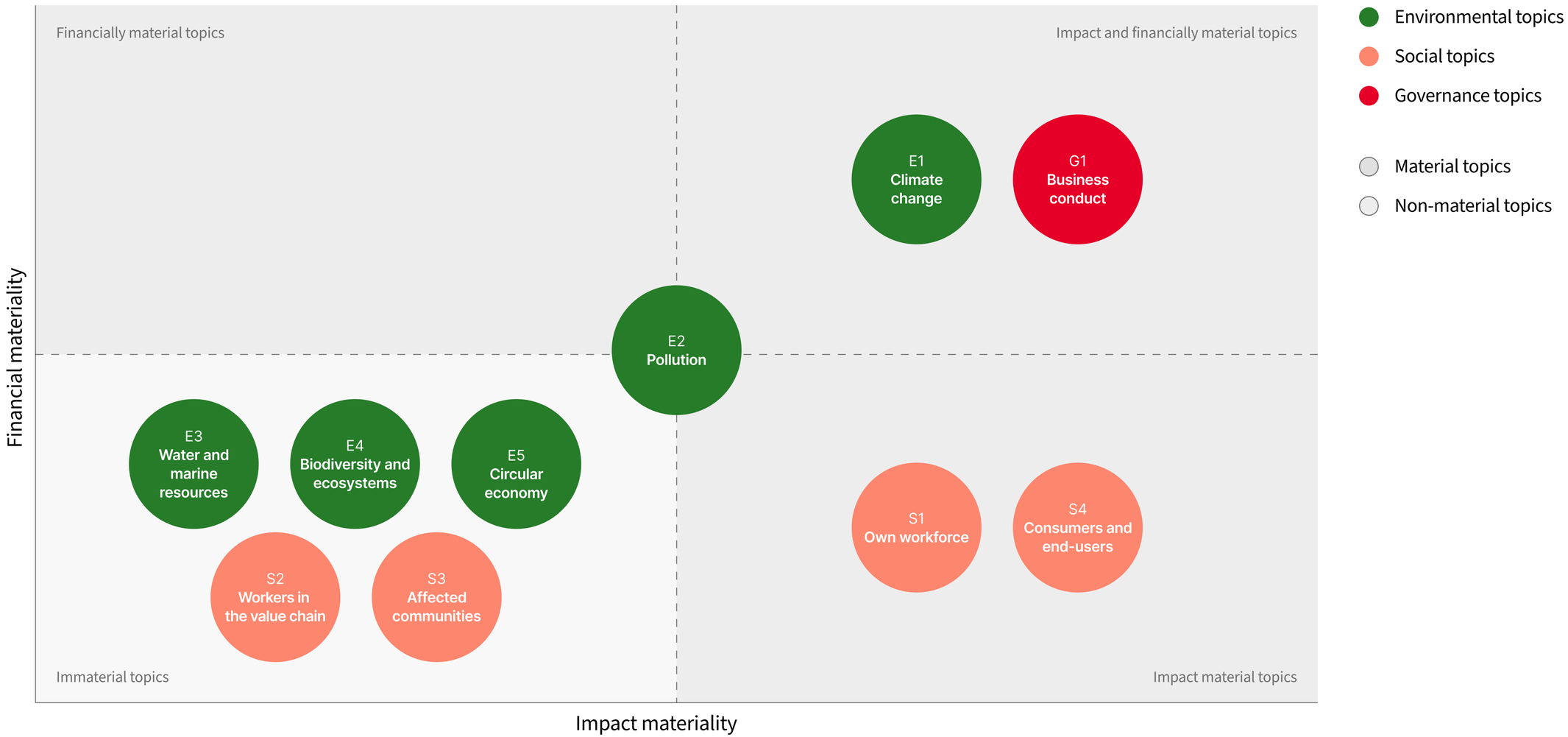
In order to better manage the impacts and risks in financing, Komerční banka created its Environmental and Social Risk Management (ESRM) system in 2020. This system helps to identify and assess the risks of the Bank's corporate clients in terms of the potential for serious damage or negative impacts of their activities on the environment, human health and safety, human rights and fundamental freedoms. The ESRM system aims to ensure that there is no co-operation with or financing of companies that engage in excluded activities. When serving clients operating in sensitive sectors, ES (environmental and social) risks are thoroughly assessed. The process of assessing ES risks is closely linked to the process of securing necessary client information (KYC). For existing clients, ES risk assessments are carried out on a regular basis in parallel with the renewal of credit lines or as part of the client's assessment. The proportion of corporate counterparties screened for these ESG risks is gradually being increased. For more information on the ESG risk assessment system in corporate banking, see the chapter on *Capital and risk management* (section *Environmental and social risks*).

Material topics

The assessment of the double materiality of KB Group's topics identified the material positive and negative impacts of its activities on the environment and people, as well as the risks and opportunities arising from its activities. The identified material impacts, risks, and opportunities were based on KB Group's strategy and business model and were grouped into topics according to ESRS. At the same time, the results of the double materiality assessment were compared with previous assessments of material topics and consistency with previously identified topics was demonstrated.

In total, 58 material impacts, risks, and opportunities were assessed as material. The material impacts, risks, and opportunities were grouped into 36 sub-topics and sub-sub-topics under the 4 major topics of Climate Change, Own Workforce, Consumers and End Users, and Business Conduct.

Double materiality assessment outcome



Double materiality assessment outcome

Impact materiality	Financial materiality
zero	minimal
low	low
medium	medium
high	significant
absolute	serious

Detailed overview of material impacts, risks, and opportunities grouped into subtopics:

Coverage	IRO (impact/ risk/ opportunity)	Type	Area	Position in the value chain	Description	Time horizon	Responsible department
E1 Climate change							
Climate change mitigation							
ESRS	Impact	Positive, actual	Financing/ loans	Downstream	KB Group provides its clients with loans for sustainable technologies and mortgages for sustainable housing, which contribute to climate protection (photovoltaics, heat pumps, greywater, etc.). It also offers loans to support electromobility. Another example can be loans for watercourse reclamation.	short-term, medium-term, long-term	KB – Retail Segment Tribe, KB – Corporate Strategy and Financing Tribe, KB – Corporate and Municipal Banking, Modrá pyramida, ESSOX, SGEF
ESRS	Impact	Negative, actual	Financing/ loans	Downstream	KB Group finances projects that can negatively affect climate change, as current technologies require significant energy consumption, which leads to greenhouse gas emissions. Among others, KB Group provides non-purpose loans that clients can use for any activity, even those that are not environmentally friendly.	short-term, medium-term, long-term	KB – Retail Segment Tribe, KB – Corporate Strategy and Financing Tribe, KB – Corporate and Municipal Banking, Modrá pyramida, ESSOX, SGEF
ESRS	Impact	Negative, actual	Supply chain	Upstream	KB Group uses a supply chain whose operations can negatively affect climate change. The suppliers of KB Group include, among others, companies operating in the field of IT, telecommunications, digital services, marketing or real estate whose activities are energy-intensive, water-intensive, have a significant carbon footprint, and can generally have negative impacts on the environment.	short-term, medium-term, long-term	Sourcing
ESRS	Opportunity		New financing options	Downstream	KB Group can take advantage of the increased demand for financing projects in the field of sustainability and thus increase its profit. It sees the possibility of providing clients with financing for investments related to increasing efficiency of mitigating the negative consequences of their businesses on the environment. KB Group anticipates a policy shift in the sense of greater demand for projects with a positive impact on sustainability, and thus the opportunity for KB Group to offer more environmentally beneficial products.	short-term, medium-term, long-term	KB – Retail Segment Tribe, KB – Corporate Strategy and Financing Tribe, KB – Corporate and Municipal Banking, Modrá pyramida, ESSOX, SGEF
ESRS	Opportunity		New financing options	Downstream	KB Group's sustainable approach to business (KB Group's focus on financing new sectors – photovoltaics, wind power plants, etc.) can lead to an increase in attractiveness for investors and a strengthening of its positive reputation.	short-term, long-term	KB – Retail Segment Tribe, KB – Corporate Strategy and Financing Tribe, KB – Corporate and Municipal Banking, Modrá pyramida, ESSOX, SGEF
Climate change adaptation							
ESRS	Impact	Positive, potential	Financing/ loans	Downstream	KB Group finances projects in the area of sustainability with the aim of supporting clients in adapting to climate change. KB Group provides its clients with loans for sustainable technologies and mortgages for sustainable housing, which contribute to climate protection (photovoltaics, heat pumps, greywater). It also offers loans to support electromobility. KB Group helps clients with the transition to greener and cleaner operations.	medium-term, long-term	KB – Retail Segment Tribe, KB – Corporate Strategy and Financing Tribe, KB – Corporate and Municipal Banking, Modrá pyramida, ESSOX, SGEF

Coverage	IRO (impact/ risk/ opportunity)	Type	Area	Position in the value chain	Description	Time horizon	Responsible department
ESRS	Impact	Negative, actual	Financing/ loans	Downstream	KB Group, among other things, provides non-purpose loans that clients can use for non-climate-friendly activities. Financing clients and their projects and operations can have a negative impact on climate change adaptation and mitigation.	short-term, medium-term	KB – Retail Segment Tribe, KB – Corporate Strategy and Financing Tribe, KB – Corporate and Municipal Banking, Modrá pyramida, ESSOX, SGEF
ESRS	Impact	Positive, potential	Financing/ loans	Downstream	KB Group finances infrastructure changes (change in plant location, change in technology, greening, etc.). KB Group provides its clients with loans for sustainable technologies and mortgages for sustainable housing, which contribute to climate protection (photovoltaics, heat pumps, greywater). It also offers loans to support electromobility.	medium-term, long-term	KB – Retail Segment Tribe, KB – Corporate Strategy and Financing Tribe, KB – Corporate and Municipal Banking, Modrá pyramida, ESSOX, SGEF
ESRS	Opportunity		New financing options	Downstream	KB offers its clients subsidised advisory in the field of housing – reconstruction of existing real estate (opportunities resulting from climate commitments of the EU and the Czech Republic). KB co-finances EU grant schemes for clients in the SME sector. KB Group offers special sustainable offers for entrepreneurs and small businesses (financing, energy transition support, etc.), focuses on financing investments related to increasing efficiency and eliminating negative environmental impacts.	short-term, medium-term, long-term	KB – Retail Segment Tribe, KB – Corporate Strategy and Financing Tribe, KB – Corporate and Municipal Banking, Modrá pyramida, ESSOX, SGEF
ESRS	Opportunity		New financing options	Downstream	KB Group focuses on new sectors for financing. KB Group's sustainable approach to business can lead to an increase in attractiveness for investors and strengthening of its positive reputation.	medium-term, long-term	KB – Retail Segment Tribe, KB – Corporate Strategy and Financing Tribe, KB – Corporate and Municipal Banking, Modrá pyramida, ESSOX, SGEF
ESRS	Opportunity		New financing options	Downstream	KB Group focuses on financing advancements in agricultural production – e.g., water retention projects, biodiversity support projects, or professional consulting.	short-term, medium-term, long-term	KB – Retail Segment Tribe, KB – Corporate Strategy and Financing Tribe, KB – Corporate and Municipal Banking, SGEF
ESRS	Risk	Transitional	Reduction in demand	Downstream	KB Group perceives risk in the real estate financing sector – the portfolio of retail loans (92% of properties) is subject to regulations and government policies (transition risks). Higher property taxes, stricter mortgage lending criteria, etc., present a potential acute threat in the form of decreased demand for financing. Increasing construction costs for residential properties may reduce demand for mortgages.	long-term	Risk Management
ESRS	Risk	Transitional, Physical	Reputation	Downstream	KB Group perceives increased credit and investment risks associated with financing projects and industries that contribute to environmental degradation (public scrutiny, shift in market preferences towards sustainability and responsible business practices). There is a risk of reputational damage if KB Group responds inadequately to this situation.	medium-term, long-term	Risk Management

Coverage	IRO (impact/ risk/ opportunity)	Type	Area	Position in the value chain	Description	Time horizon	Responsible department
ESRS	Risk	Transitional	Real Estate	Downstream	KB Group perceives a risk in the real estate market – a reduction in the mortgage value for houses with a lower EPC certificate rating. The real estate sector in the Czech Republic is less advanced compared to EU countries in adopting EPC certificates and in awareness of the potential implications of EPC ratings. The energy performance of buildings is mostly perceived by the public as an indicator of energy costs, with very limited understanding of other implications that are already emerging in other EU countries (such as restrictions on the use or rental of inefficient buildings, etc.).	medium-term, long-term	Risk Management
ESRS	Risk	Transitional	Change of perception	Downstream	KB Group perceives adaptation risks to climate change among retail customers associated with price fluctuations and overall costs (e.g. coal boilers still prevail in rural areas). An increase in costs due to the energy crisis may further reduce the perceived urgency of change and slow the shift in customer preferences towards sustainable solutions.	long-term	Risk Management
ESRS	Risk	Transitional	Mismatch between supply and demand	Downstream	KB Group perceives potential risk in mismatch between the supply of investment products and customer demand: (i) the Bank may be unable to respond to the growing demand for sustainable investments, and (ii) customers may not request or might even reject sustainable solutions.	medium-term, long-term	Risk Management
ESRS	Opportunity		New financing options	Downstream	KB Group can leverage the increased demand for financing sustainability projects to boost its profits. KB Group sees an opportunity to provide clients with financing for investments related to enhancing efficiency or mitigating negative impacts in the respective area, including to utilise transition changes.	short-term, medium-term, long-term	KB – Retail Segment Tribe, KB – Corporate Strategy and Financing Tribe, KB – Corporate and Municipal Banking, Modrá pyramida, ESSOX, SGEF
Energy							
ESRS	Impact	Positive, potential	Financing renewable energy	Downstream	KB Group sees opportunities in financing a more sustainable energy mix. The Group provides its clients with loans for sustainable technologies and mortgages for sustainable housing that contribute to climate protection (photovoltaics, heat pumps, greywater, building insulation, increasing the efficiency of existing energy sources, etc.). Additionally, it offers loans to support electromobility.	medium-term, long-term	KB – Retail Segment Tribe, KB – Corporate Strategy and Financing Tribe, KB – Corporate and Municipal Banking, Modrá pyramida, ESSOX, SGEF
ESRS	Impact	Negative, potential	Financing/ loans	Downstream	KB Group perceives a potential negative impact in financing investments that, although ultimately having a positive effect, may have negative consequences during their implementation, such as increased traffic in an area, greater pollution, and resource utilisation throughout the construction chain.	short-term, medium-term	KB – Retail Segment Tribe, KB – Corporate Strategy and Financing Tribe, KB – Corporate and Municipal Banking, Modrá pyramida, ESSOX, SGEF
ESRS	Opportunity		New financing options	Downstream	KB Group can leverage the increased demand for financing projects in the area of sustainable energy technologies. It can provide clients with financing for investments related to enhancing efficiency or mitigating negative impacts in the energy sector, thereby increasing its profits.	short-term, medium-term, long-term	KB – Retail Segment Tribe, KB – Corporate Strategy and Financing Tribe, KB – Corporate and Municipal Banking, Modrá pyramida, ESSOX, SGEF

Coverage	IRO (impact/ risk/ opportunity)	Type	Area	Position in the value chain	Description	Time horizon	Responsible department
ESRS	Opportunity		New financing options	Downstream	KB Group sees opportunities in financing new sectors – such as photovoltaics, wind power plants, etc. A sustainable approach to business by KB Group can lead to increased attractiveness for investors and the strengthening of its positive reputation.	medium-term, long-term	KB – Retail Segment Tribe, KB – Corporate Strategy and Financing Tribe, KB – Corporate and Municipal Banking, Modrá pyramida, ESSOX, SGEF

Coverage	IRO (impact/ risk/ opportunity)	Type	Area	Position in the value chain	Description	Time horizon	Responsible department
S1 Own workforce							
Working conditions							
ESRS	Impact	Positive, actual	Secure employment	Own Operations	In accordance with Czech and EU legislation, KB Group places emphasis on establishing work procedures and rules for employment, prioritising the safety of its employees, long-term employment relationships, loyalty, and employee satisfaction.	short-term, medium-term, long-term	Human Resources
ESRS	Impact	Positive, actual	Working time	Own Operations	Working hours within KB Group comply with the Labour Code and maximise the use of flexible work arrangements and flexible working hours.	short-term, medium-term, long-term	Human Resources
ESRS	Impact	Positive, actual	Adequate wages	Own Operations	All KB Group employees working under employment contracts and employees working under agreements are paid a reasonable wage in accordance with the applicable benchmarks according to the Fair Wage Network database[1)]. The minimum wage in KB Group is above the minimum wage in the Czech Republic and, where there are unions, it is set in the collective agreement.	short-term, medium-term, long-term	Human Resources
ESRS	Impact	Positive, actual	Social dialogue	Own Operations	KB, Modrá pyramida and ESSOX have collective agreements and social dialogue with unions. All employees have the right to express their opinions and to contact the management of the companies concerned or the union organisation.	short-term, medium-term, long-term	Human Resources
ESRS	Impact	Positive, actual	Freedom of association, the existence of works councils and the information, consultation and participation rights of workers	Own Operations	Employees can join the union organisation, and the employer supports the creation of various associations and educational communities.	short-term, medium-term, long-term	Human Resources
ESRS	Impact	Positive, actual	Collective bargaining, including rate of workers covered by collective agreements	Own Operations	Collective bargaining takes place annually during the conclusion of the collective agreement and its amendments. Collective agreements concluded at KB, Modrá pyramida and ESSOX apply to all employees of the respective company (employees working under employment contracts, not employees working outside standard employment relationships).	short-term, medium-term, long-term	Human Resources

1) https://fair-wage.com/

Coverage	IRO (impact/ risk/ opportunity)	Type	Area	Position in the value chain	Description	Time horizon	Responsible department
ESRS	Impact	Positive, actual	Work-life balance	Own Operations	KB Group supports work-life balance through flexible working hours and flexibility in the workplace location.	short-term, medium-term, long-term	Human Resources
ESRS	Impact	Positive, actual	Health and safety	Own Operations	KB Group cares about the health and safety of its employees, providing a counselling program in the areas of health, psychology, social, and legal issues. It also supports prevention through regular Health Days, webinars, and well-being training sessions.	short-term, medium-term, long-term	Human Resources
Equal treatment and opportunities for all							
ESRS	Impact	Positive, actual	Gender equality and equal pay for work of equal value	Own Operations	KB Group strictly adheres to gender equality and equal pay for equal work. The goal of KB Group is to achieve a zero pay gap between genders by 2026 (Equal Pay Gap).	short-term, medium-term, long-term	Human Resources
ESRS	Impact	Positive, actual	Training and skills development	Own Operations	All employees, without distinction, have the right to enhance their knowledge and skills for their positions. In addition to mandatory training, employees have the opportunity to participate in optional courses, training sessions, professional exams, and more.	short-term, medium-term, long-term	Human Resources
ESRS	Impact	Positive, actual	Employment and inclusion of persons with disabilities	Own Operations	KB Group creates suitable conditions for employees with disabilities, providing, among other things, barrier-free access, specialised IT and software equipment, as well as flexible work arrangements.	short-term, medium-term, long-term	Human Resources
ESRS	Impact	Positive, actual	Measures against violence and harassment in the workplace	Own Operations	KB Group has procedures in its internal regulations for preventing and detecting these forms of undesirable behaviour. Employees have access to a special hotline through which they can report undesirable behaviour, even anonymously.	short-term, medium-term, long-term	Human Resources
ESRS	Impact	Positive, actual	Diversity	Own Operations	KB Group supports diversity and freedom of expression. KB Group has signed the Diversity Charter.	short-term, medium-term, long-term	Human Resources
Other work-related rights							
ESRS	Impact	Positive, actual	Privacy	Own Operations	KB Group respects the privacy of its employees and does not interfere in any way with their personal relationships and connections. KB Group strictly adheres to personal data protection rules for its interns. KB Group has established processes and complies with all regulations regarding personal data protection and has also implemented security control mechanisms for client transactions (to prevent misuse).	short-term, medium-term, long-term	Human Resources

Coverage	IRO (impact/ risk/ opportunity)	Type	Area	Position in the value chain	Description	Time horizon	Responsible department
S4 Consumers and end-users							
Information-related impacts for consumers and/or end-users							
ESRS	Impact	Positive, actual	Privacy	Downstream	KB Group protects the finances and personal data of its clients. In this area, it co-operates with the Czech Banking Association (CBA) on related projects (e.g. the "nePINdej" project, Financial Distress Advisory Centre, education of students in schools on cybersecurity, the "Bankers to Schools" project). KB Group has established effective procedures for personal data protection (GDPR) and robust KYC processes.	short-term, medium-term, long-term	Regulatory Compliance, Security CoE, Brand Strategy and Communication
ESRS	Impact	Positive, actual	Access to (quality) information	Downstream	KB Group provides clients with timely and comprehensive information about the parameters and conditions of the offered services and products. This information is made available to clients through various channels such as websites, branches, ATMs, and the Contact Centre. KB Group also publishes economic forecasts that are available to clients.	short-term, medium-term, long-term	Brand Strategy and Communication
Social inclusion of consumers and/or end-users							
ESRS	Impact	Positive, actual	Non-discrimination	Upstream	KB Group does not discriminate against any group when evaluating clients (e.g. in risk assessment, pricing). The relationship with clients is based on equal treatment for all clients, regardless of their racial origin, gender, religion, etc.	short-term, medium-term, long-term	KB – Retail Segment Tribe, KB – Corporate Strategy and Financing Tribe, KB – Corporate and Municipal Banking, Modrá pyramida, ESSOX, ESSOX Finance, SGEF, Penzijní společnost KB, Factoring KB, KB Smart Solutions, Regulatory Compliance
ESRS	Impact	Positive, actual	Non-discrimination	Downstream	KB Group complies with all legislative requirements and provides services to everyone without distinction, taking into account KYC.	short-term, medium-term, long-term	Regulatory Compliance
ESRS	Impact	Positive, actual	Access to products and services	Downstream	KB Group does not discriminate against any group of clients in access to its services and products. The relationship with clients is based on equal access to services and products. KB Group offers special services, for example, to visually impaired clients (Touch Card) or hearing impaired clients. KB Group is improving mobile and internet banking to make it more inclusive and accessible for clients with disabilities, branches are barrier-free, and shared ATMs are also utilised.	short-term, medium-term, long-term	KB – Retail Segment Tribe, KB – Corporate Strategy and Financing Tribe, KB – Corporate and Municipal Banking, Modrá pyramida, ESSOX, ESSOX Finance, SGEF, Penzijní společnost KB, Factoring KB, KB Smart Solutions, Regulatory Compliance
ESRS	Impact	Positive, actual	Responsible marketing practices	Downstream	The relationship with clients is based on responsible marketing practices, truthful advertising, and transparency of information. All marketing activities comply with legal regulations and the Ethical Code. KB Group is a member of the Advertising Council. KB Group adheres to all regulations (e.g. GDPR, marketing consents) and also trains employees through regular mandatory training sessions.	short-term, medium-term, long-term	Brand Strategy and Communication
ESRS	Impact	Positive, actual	Protection of children	Downstream	KB has a special approach to children's offerings (e.g. lower limits, card availability, service rules). In internet banking, card limits for children's accounts can be adjusted. KB Group employees educate schoolchildren as part of the Bankers to Schools project.	short-term, medium-term, long-term	KB – Retail Segment Tribe, Regulatory Compliance

Coverage	IRO (impact/ risk/ opportunity)	Type	Area	Position in the value chain	Description	Time horizon	Responsible department
Personal safety of consumers and/or end-users							
ESRS	Impact	Positive, actual	Security of a person	Downstream	KB ensures the safety of clients at branches and ATM locations, including informing clients about the proper use of secure alternatives (cashless payments, etc.).	short-term, medium-term, long-term	Support services
ESRS	Impact	Positive, actual	Security of a person	Own Operations	KB Group ensures the physical safety of individuals at its branches.	short-term, medium-term, long-term	Support services
ESRS	Impact	Positive, actual	Financial education	Downstream	KB Group educates clients on responsible financial behaviour and offers tools to minimise money misuse, such as security risk insurance.	short-term, medium-term, long-term	KB – Retail Segment Tribe, Brand Strategy and Communication

Coverage	IRO (impact/ risk/ opportunity)	Type	Area	Position in the value chain	Description	Time horizon	Responsible department
G1 Business conduct							
Business conduct							
KB Group Specific	Impact	Positive, actual	Digitalisation	Own Operations	KB Group perceives high demand from clients, shareholders, and suppliers for the digitalisation of services, and therefore supports the rapid digitalisation of its services to effectively communicate with its clients, investors, and suppliers. At the same time, KB Group also recognises the high requirements for the automation of regulatory reporting, which compels it to digitise its processes and services.	short-term, medium-term, long-term	Data Center of Expertise Agile Center
KB Group Specific	Risk		Digitalisation	Own Operations	KB Group perceives the risk of tighter EU legislation related to cybersecurity, as well as the constantly increasing number of cyber attacks that also affect its systems. Issues related to greater vulnerability in cyberspace, on the sides of both KB Group and its clients, pose a risk with impacts on business, reputation, and more.	short-term, medium-term, long-term	Data Centre of Expertise Agile Centre
KB Group Specific	Opportunity		Digitalisation	Own Operations	KB Group sees digitalisation as an opportunity for faster, more flexible, and more efficient communication with suppliers and clients, and as a way to increase its attractiveness to certain groups of clients.	medium-term, long-term	Data Centre of Expertise Agile Centre
KB Group Specific	Impact	Positive, actual	Financial crime	Own Operations	KB Group has established processes focused on the prevention of financial crime (KYC, KYS), anti-money laundering (AML), and banking secrecy.	short-term, medium-term, long-term	Regulatory Compliance
KB Group Specific	Risk		Financial crime	Own Operations	KB Group perceives risk of financial crime primarily in the following areas: a) increasing number of cyber attacks (phishing, vishing) b) insufficient KYC controls c) insufficient controls on the origin of funds d) misuse of internal information by employees or workers in the supply chain Inadequate processes in the area of minimising financial crime can pose a risk of financial losses and reputational risk.	short-term, medium-term, long-term	Regulatory Compliance

Coverage	IRO (impact/ risk/ opportunity)	Type	Area	Position in the value chain	Description	Time horizon	Responsible department
KB Group Specific	Impact	Positive, actual	Resilience of the business model	Own Operations	KB Group is obligated to adhere to SG principles and also has its own principles contributing to the resilience of its business model, including a Business Continuity Plan (BCP).	short-term, medium-term, long-term	Strategic Business Development
ESRS	Impact	Positive, actual	Corporate culture	Own Operations	KB Group has defined corporate values that stem from its mission and are reflected in the SG group-wide values. The shareholders' emphasis, including that of multinational groups, on the efficiency of management and operations is reflected in the functioning of KB Group. Collaboration at the employee level can have a positive impact on the functioning of KB Group.	short-term, medium-term, long-term	Strategic Business Development, Human Resources
ESRS	Impact	Positive, actual	Corruption and bribery - Incidents	Own Operations	KB Group has established ABC (Anti-bribery & Corruption) rules with the aim of minimising incidents, including processes for evaluating potential incidents to minimise their recurrence. KB Group has set rules for accepting and providing gifts. KB Group has implemented processes and conducts regular monitoring of its suppliers (KYS) with regard to their riskiness (monitoring negative reports, connection to public registers). In contracts with suppliers, KB Group has included the possibility to conduct an audit of the supplier in case of deficiencies.	short-term, medium-term, long-term	Regulatory Compliance
ESRS	Impact	Positive, actual	Corruption and bribery - Prevention and detection, including training	Own Operations	KB Group regularly trains its employees in AML, financial crime, and corruption. KB Group has established rules for the prevention and detection of incidents, including processes for the proper training of employees. A KYC procedure is conducted with each client, and SG rules are adhered to. KB Group has implemented processes and conducts regular monitoring of its suppliers (KYS) with regard to their riskiness (monitoring negative reports, connection to public registers). In contracts with suppliers, the Group has included the possibility to conduct an audit of the supplier in case of deficiencies.	short-term, medium-term, long-term	Regulatory Compliance
ESRS	Impact	Positive, actual	Management of relationships with suppliers including payment practices	Own Operations	KB Group has established rules for the selection and evaluation of suppliers, including the setup of payment procedures (KYS). The Group has implemented processes and conducts regular monitoring of its suppliers with regard to their riskiness (monitoring negative reports, connection to public registers). In contracts with suppliers, KB Group has the option to conduct an audit of the supplier in case of deficiencies.	short-term, medium-term, long-term	Sourcing
KB Group Specific	Impact	Positive, actual	Management of the legal and regulatory framework	Own Operations	KB Group has implemented compliance regulations and procedures, is a member of various industry groups, such as the Czech Banking Association (CBA), and monitors the latest developments in national and EU regulations.	short-term, medium-term, long-term	Regulatory Compliance
KB Group Specific	Impact	Positive, actual	Systemic risk management	Own Operations	KB Group has established risk management and a Business Continuity Plan (BCP).	short-term, medium-term, long-term	Risk management

Commentary on material topics

In analysing the impacts, KB Group took into account short-, medium-, and long-term time horizons. Material impacts were identified in all time horizons. The short-term horizon was assessed mainly for impacts already existing and which, through improving upon them, KB Group can have a positive impact upon, for example, its employees. The Group sees more material impacts in the medium and long term and especially in relation to the impacts of financing projects and technologies that contribute to improving the environment.

KB Group has identified material impacts in the following areas:

- Climate change – this is an area that KB Group can influence significantly, both in terms of the choice of suppliers of services and products it uses to support its own activities and, above all, in terms of its strategy for financing projects. By assessing suppliers and clients from a sustainability perspective, KB Group can contribute to reducing emissions, financing the transition to renewable energy, and financing new technologies that will mitigate negative environmental impacts.
- Own workforce – in this area, KB Group influences its employees' quality of life by setting working conditions, financially rewarding their work, ensuring their safety at work, and ensuring equal access to all its employees.
- Consumers and end-users – KB Group's activities can have significant impact on its clients by providing them with sufficient, timely, and complete information about its services and products, treating all clients equally when assessing them, and not using unfair marketing practices.
- Business conduct – KB Group has a significant impact on its environment (suppliers, clients) by setting up its processes in line with applicable legislation, digitising its services, taking measures to minimise financial crime, and managing risks.

KB Group perceives the identified positive impacts primarily in its activities aimed at financing sustainable projects and technologies that can have influence on mitigating negative impacts, such as impacts of energy production on the environment. KB Group has set policies to stop financing certain activities (e.g. the coal industry).

KB Group sees a number of positive current impacts in the area of working conditions. It is committed to the satisfaction, safety, and health of its employees and promotes work–life balance. KB, Modrá pyramida, and ESSOX have collective agreements and social dialogue with unions. Every employee has the right to express his or her opinion and to contact the management of the companies concerned or the union organisation. Positive impacts also include the promotion of equality, diversity, and equal opportunities. KB Group is strictly committed to gender equality and aims to achieve a zero gender pay gap (Equal Pay Gap) by 2026.

In relation to clients, KB Group identifies positive impacts primarily in protecting their finances and personal data while providing quality and transparent information and equal approach to all clients. KB Group has effective data protection procedures (GDPR) in place and guides its clients towards responsible financial behaviour. The relationship with clients is based on responsible marketing practices, advertising that is not misleading, and provision of timely and complete information about the services and products offered.

Positive business conduct impacts identified include, in particular, the promotion of digitalisation, compliance with policies contributing to business model resilience, and measures to prevent corruption and bribery. KB Group has set rules for incident prevention and detection, and the ABC (Anti-Bribery & Corruption) rules aim to minimise incidents. KB Group regularly trains its employees on financial crime and corruption. Another positive impact is the protection provided to all whistleblowers through the whistleblowing process.

In terms of negative impacts, KB Group perceives the biggest problem in the fact that it provides non-purpose loans, which a client can use for environmentally unfriendly activities and thus affect people's lives. This could, for example, mean using the loan to renovate a home with a low energy label, heat with fossil fuels, buy a car with an internal combustion engine, or use environmentally unfriendly fertilisers in agricultural production.

KB Group currently has no financial impact from material risks and opportunities that would have a material impact on its financial position, financial performance, and cash flows, nor are there any material risks or opportunities that would require significant adjustment to the carrying amounts of assets and liabilities in the reporting period.

Based on the results of the analysis of the material topics, there was no need to adjust the strategy or business model. This may be justified by KB Group's existing ESG strategy, from which policies, action plans, and sustainability targets were derived. Despite these facts, the requirements arising from the CSRD need to be further refined in the future.

As the double materiality process under the new requirements was implemented for the first time in 2024, it is not possible to ensure full comparability with previous results. However, KB Group has in the past prepared an analysis of material topics for non-financial reporting and this analysis was used as the basis for the double

materiality process. Thus, year on year, the results of the material topics are to some extent comparable and consistent.

Resilience analysis

KB Group does not have a full resilience analysis at this time, but, in light of risks associated with climate change, KB Group has conducted a detailed resilience analysis of its business model, the output of which is the Business Environment Scan (BES). An in-depth analysis of potential impacts, risks, and opportunities has been carried out and the following assumptions have been used in this analysis:

1) The assumed climate changes are based on the Climate Change Adaptation Strategy in the Czech Republic,[1)]

2) Climate change is likely to be caused mainly by more pronounced weather events manifesting in more frequent torrential rains, longer droughts and heat waves, as well as warmer and wetter winters with less snow. The forecast is based on the following:

- By 2030, the results of simulations using a regional climate model indicate a continuing trend of increasing average air temperatures. According to the ALADIN-CLIMATE/CZ model, the average annual air temperature in our area will increase by about 1°C.
- From 2050 onwards, the simulated warming is already significant, with summer air temperatures increasing the most (by 2.7°C) and winter temperatures increasing the least (by 1.8°C).

In addition to these basic assumptions, the Czech Republic's sustainability plans were considered. These include:

- the plan to remove coal from the energy mix by 2033 and oil and gas by 2050,
- strengthening nuclear sources – the share of renewables should increase to 32% by 2030, and
- a projected plan to reduce greenhouse gas emissions by 2050.

Both transition risk and physical risk were considered in the analysis. The Czech Republic is considered highly vulnerable to transition risk due to the significant share of black and brown coal in the energy mix. The country's vulnerability to physical risk is regarded as one of the lowest in Europe.

The analysis looked at impacts, risks, and opportunities, mainly with a view to the medium and long terms, and it focused on the following segments:

- retail client portfolio,
- corporate client portfolio,
- investment banking, and
- subsidiary services.

The analysis has shown that impacts and risks are limited due to the diversification of KB Group's portfolio and the positive impacts of cross-cutting business opportunities. These are seen particularly in financing, leasing, and comprehensive consultancy, both in-house and in collaboration with reputable partners. They also are supported by a large number of planned and existing EU and government subsidy programs focused on nature-friendly initiatives, the restructuring of polluting industries, and restoration of water-scarce areas or regions. Further context arising from this analysis is described in the chapter *Climate change* (section *Strategy related to climate change*).

The results of this analysis will be considered in the preparation of the new strategy for 2026–2030.

KB Group also regularly verifies the appropriateness of its strategy and business model through client and employee surveys, as well as communication with suppliers and other stakeholders. As part of these activities, it verifies that its strategic objectives and business model are in line with their expectations.

Last but not least, KB Group has a Business Continuity Management System document encompassing procedures for securing its business in the event of unexpected events that may be related to, among other things, physical risks.

[1)] https://www.mzp.cz/en/strategy_adaptation_climate_change

Policies

The existence of policies and regulations serves to prevent, mitigate, or remedy impacts; address risks; and take advantage of opportunities. A description of each policy, including responsibility for monitoring the principles set out in the policies, is provided in the chapters to which the policy relates. The policies describe the processes for KB Group's own activities in the countries where KB Group companies operate. In order to provide a complete overview of the policies that affect KB Group's business, the overview also includes laws and legislation of the Czech Republic and internationally recognised human rights documents. Implementation of the policies is the responsibility of the individual departments that administer the policies. Information on policy monitoring is available in the policy summary.

- A summary of climate change policies is available in the *Climate change* chapter (section *Policies related to climate change*).
- A summary of own workforce policies is available in the *Own workforce* chapter (section *Policies related to own workforce*).
- A summary of consumers and end-users policies is available in the chapter *Consumers and end-users* (section *Policies related to consumers and end-users*).
- A summary of the business conduct policies is available in the *Business conduct* chapter (section *Policies related to business conduct*).

The most crucial policy for the KB Group is the KB2025 Strategic Plan, which was presented in 2020. The strategy is based on the pillars of responsiveness, development, and responsibility and is developed in nine thematic areas. In preparing the strategy and the related action plans and targets, KB Group also draws on the views and interests of key stakeholders.

These include:

- Retail and corporate clients – regular client surveys in the form of questionnaires or focus groups; satisfaction surveys with individual service channels (branch, contact centre, digital channels) and feedback. Similarly, we measure satisfaction at different parts of the customer journey, from the purchase of a product to long-term satisfaction. Clients typically complete questionnaires online.
- Employees – annual employee satisfaction survey. In addition to the overall level of satisfaction, KB Group also monitors and evaluates the results of individual questions that are the subject of these surveys.
- Supply chain – regular meetings with supplier representatives, tenders. KB Group organises regular meetings with suppliers on a quarterly or yearly basis at the level of the contracting authority to discuss mutual co-operation. At the same time, regular tenders are held (usually after 3 years), where co-operation is also discussed.
- Shareholders – use of information obtained at general meetings.
- Rating agencies – regular meetings on an annual basis.
- Regulatory body – use of findings from potential inspections.

Every year, KB is part of a strategic planning process with Société Générale, which focuses on:

- business and environmental context (competitive environment, market position, trends, financial/non-financial indicators, regulation, BES, customer satisfaction, etc.);
- medium- and long-term plan, including a description of organic or inorganic growth.

Feedback from shareholders, the audit, or the CNB and ECB is continuously evaluated and incorporated into the strategic planning and management process.

KB evaluates the fulfilment of the objectives of the KB2025 strategy and is part of the strategic planning for the period 2026–2030.

KB Group's internal policies and instructions are only accessible to employees, or upon request by auditors or regulators. Their implementation is therefore the responsibility of KB Group employees. In the event that surveys and stakeholder dialogue result in any requirement to modify existing policies, KB Group has a process in place to incorporate these changes. The process for modifying existing policies is governed by an internal instruction (INS 14-001 – Creation and Management of Internal Regulations, which sets out the procedure and responsibilities). Newly adopted policies, as well as modifications to existing policies, are communicated to affected persons by senior staff who are responsible for their implementation.

The table below summarises the third-party initiatives in which KB Group is involved.

Third-party initiatives		
Commitment/Initiative	**Year when adopted**	**Description**
Alliance for Zero-emission Future	2022	The Alliance's main objective is to accelerate and facilitate the transition to low-emission models and technology in order to prevent the Czech economy and companies from facing loss of competitiveness due to their slow implementation. The Alliance networks the key participants and stakeholders, provides practical inputs, and communicates decarbonisation and resilience as strategic tasks to be included in the agenda of every company's management. In 2022, KB became a founding member and main partner of the Alliance and participated in the launch of its activities.
Sustainable Finance Memorandum	2021	In 2021, the Czech Banking Association (CBA) member banks set up a Sustainable Finance Commission, chaired by Hana Kovářová, Director of Brand Strategy and Communication at KB. The Commission focuses on how banks can specifically contribute to creating conditions for sustainable development in the Czech Republic. In 2021, KB signed the CBA Memorandum for Sustainable Finance, in which, together with other banks, it confirmed its commitment to creating a business environment that leads to sustainable and socially responsible development of the country. By signing the Memorandum, KB committed to strengthening ecological and socially responsible business practices in the Czech Republic.
Net-Zero Banking Alliance	2021	SG, as a founding member of the UNEP-FI Net-Zero Banking Alliance, committed to proactively manage its financing portfolios to become compatible with the goals of the Paris Agreement. SG will prioritise portfolios with the highest CO_2 emission levels and the biggest potential impact. SG Group, including KB, has been working for several years to gradually align all its portfolios with the Paris Agreement targets. As early as 2019, the SG Group and KB adopted a goal to reduce their exposure to clients with assets in coal mining or coal-based energy in EU and OECD countries by no later than 2030.
IEA SDS 2020 Scenario as Reference	2020	The International Energy Agency's Sustainable Development Scenario (IEA SDS) outlines a major transformation of the global energy system to deliver on the three main energy-related Sustainable Development Goals (SDGs) simultaneously. The Scenario sets out a plan for clean energy policies and investment to put the world's energy system on track to achieve the three critical energy-related SDGs including the Paris Agreement, energy access, and air quality goals. SG set a target to align its oil & gas portfolio with the IEA SDS and accelerate its coal exit strategy. This objective is incorporated into the corresponding sectoral environmental and social policies.
Climate Disclosure – TCFD (Task Force on Climate-related Financial Disclosures)	2019	Guidelines and recommendations for climate-related financial disclosures prepared by the Task Force team (31 members from private and public organisations from the G20). Provides a framework for companies and other organisations to develop more effective climate-related financial disclosures through their existing reporting processes. TCFD issues annually a status report describing the alignment of companies' reporting with the TCFD recommendations. SG publishes reports related to climate change according to TCFD guidelines for the entire SG Group (including KB).
Principles for Responsible Banking, Collective Commitment on Climate Action	2019	Principles for Responsible Banking is a framework for ensuring that signatory banks' strategy and practice align with the UN's Sustainable Development Goals and the Paris Climate Agreement. The six Principles are supported by a strong implementation framework that defines clear lines of accountability and requires each bank to set, publish, and work towards ambitious targets. SG is a founding signatory and core member defining the principles. The main objectives of the Principles have been part of the ESRM process in KB since 2020.
Sustainable IT Charter	2019	The Sustainable IT Charter is a voluntary commitment drafted by the France-based Institut du Numérique Responsable (Sustainable IT Institute) aiming to limit the environmental impacts of digital technology, share responsible, ethical and inclusive best practice, and encourage the emergence of new values. SG is a founding member of the Charter. Through SG, KB also adheres to the commitments arising from the agreements that SG has joined.
Katowice Commitment (Paris Agreement methodology)	2018	At the Katowice meeting of COP24 in 2018, five international banks – BBVA, BNP Paribas, ING, Société Générale, and Standard Chartered – publicly pledged to develop an open-source methodology to progressively align their lending portfolios with the goals of the Paris Agreement. The principles of aligning the bank's credit portfolio with the goal of limiting global warming to less than 2 degrees Celsius are included in the standards of the sectoral environmental and social policies of the SG Group and apply to KB in full.
Sustainable Sourcing Charter	2018	A joint initiative by French companies of the banking & insurance sector who want to associate their suppliers in the implementation of due diligence measures as part of their corporate social responsibility (CSR) efforts. Through SG, KB also commits to the obligations arising from the contracts to which SG has acceded.
COP 21 (United Nations Climate Change Conference – Paris Agreement)	2015	It was the 21st Conference of the Parties (COP) to the 1992 United Nations Framework Convention on Climate Change (UNFCCC). The conference achieved consensus on the Paris Agreement, a global agreement on the mitigation of climate change. SG has adopted its own climate commitments to meet the goals of the Paris Agreement. The principles of limiting global warming are part of SG's sectoral environmental and social policies and apply fully to KB.
Equator Principles (EP)	2007	A set of voluntary environmental & social (E&S) standards that the participating banks voluntarily agreed to follow in project financing of larger infrastructure & industrial projects. KB has been applying this since 2020 by introducing the ESRM process. The EP criteria are part of the ESRM guidelines in KB.

Action plans

Action plans and measures are used to prevent, mitigate, or remedy impacts and to address risks and opportunities. They can also help to achieve the established targets. Following the requirements of the new CSRD legislation, KB Group has revised its existing action plans and measures. The key action plans and measures cover both own and value chain-related activities. From a geographical perspective, the action plans and measures are mainly related to the Czech Republic and focus mainly on clients, employees, and the climate change impacts of own and client activities.

KB Group has action plans in place in the area of sustainability. These relate mainly to the medium and long term.

- A summary of climate change action plans is available in the *Climate change* chapter (section *Action plans related to climate change*).
- A summary of action plans related to own workforce policies is available in the *Own workforce* chapter (section *Action plans related to own workforce*).
- A summary of the action plans concerning consumers and end-users is available in the chapter *Consumers and end-users* (section *Action plans related to consumers and end-users*).

KB Group does not currently maintain records to disclose current and future financial resources allocated to the action plans. As the requirement to track current and future resources in this level of detail has been newly mandated by the CSRD legislation, resources for sustainability-related action plans for 2024 are not disclosed. KB Group plans to conduct an analysis of sustainability-related expenditures and, based on this analysis, set up a process to track expenditures to the extent required so that this information can be disclosed in future.

Targets

Based on the input gathered from stakeholders, targets for ESG were set. These ESG targets are based on the KB2025 Strategic Plan and the KB Group ESG Strategy and are linked to other policies. In addition, the information required by the new CSRD legislation has been added to these targets. In setting the targets, KB Group has based its objectives primarily on the requirements of the Paris Agreement on Climate Change adopted in 2015, the National Climate and Energy Plan, the State Energy Concept, and the requirements of remuneration and diversity legislation. The targets were also set taking into account developments in sustainability in the Czech Republic.

Although no in-house scientific evidence was used in setting the targets, the documents that were used as inputs for setting the targets are based on scientific evidence.

The targets have been linked to the identified impacts, risks, and opportunities and supplemented with information regarding the period for which the targets are set. The methodology for setting the targets, the target levels, and information on whether the targets are externally validated, as well as this detailed breakdown of the targets is always mentioned by the ESRS to which the target relates. The subsidiaries of KB Group are newly included in the summary of the targets. Most of KB Group's targets are set in relative terms and are therefore expressed as percentages. The targets set enable performance and effectiveness to be assessed, which helps to address material impacts, risks, and opportunities.

The set goals are linked with the policies of KB Group. This primarily involves the KB2025 Strategic Plan, which includes targets for reducing greenhouse gas emissions and evaluations in international ratings. The Remuneration Policy covers the goal related to the Equal Pay Gap. Another policy that addresses the set goals is the Work Regulation, which deals with diversity and support for work–life balance.

- A summary of the climate change targets is available in the chapter *Climate change* (section *Targets related to climate change*)
- A summary of own workforce targets is available in the *Own workforce* chapter (section *Targets related to own workforce*).
- A summary of consumer and end-user targets is available in the chapter *Consumers and end-users* (section *Targets related to consumers and end-users*).
- A summary of the targets on business conduct is available in the *Business conduct* chapter (section *Targets related to business conduct*).

KB Group does not currently have targets for all identified material impacts, risks, and opportunities. As it was primarily a matter of identifying positive impacts, this aspect is not considered to be a major shortcoming. At the same time, the identified positive impacts are continuously monitored to ensure the necessary corrective action in case of any changes. KB Group does not currently set targets for negative impacts and risks but monitors them on an ongoing basis.

The targets set are regularly assessed and monitored. The aim of monitoring the set targets is to verify that the targets are in line with the plan. Evaluation of the ongoing achievement of the targets is carried out on a quarterly basis at several levels. With the exception of the carbon footprint indicator, the reported targets are not validated by an external body.

The first of these is a meeting at the level of the sponsors of each theme, the outcome of which is a) evaluation of the strategy targets, b) possible updating of the targets for the next period, and c) delivery requirements and co-operation with other departments in the Bank (QBR priority list). The outputs from this meeting are then discussed at the Executive Committee level (quarterly, the PriorQBR ceremony), where information on the evaluation and priorities for the next period is validated. The evaluation and priorities (validated at Executive Committee level in the previous step) are then presented to the wider management population (quarterly, termed the PreQBR ceremony). The key is to communicate the status of the strategy and delivery priorities which should be incorporated by different teams in their plans for the next period. In the final step, the results of the targets are discussed at the QBR (Quarterly Business Review) meeting.

This procedure gives KB Group a sufficient overview of the development of the targets, including trends or significant deviations from the set targets. To date, the progress in meeting the targets is in line with the original plan.

When setting the targets, the views of the stakeholders were taken into account, e.g. from employee and client surveys, market surveys.

The climate change targets were based on requests from the public, rating agencies, and the regulator. The own workforce targets were based on employee satisfaction surveys, annual evaluation results, and feedback received through internal channels. The consumers and end-users targets were based on client surveys and market research. The corporate behaviour targets were based on the requirements of shareholders, the public, the regulator, and business partners.

More information on the stakeholder communication process is available in the *Interests and opinions of stakeholders* section.

Information regarding whether a target is set on an ESRS topic or on a topic specific to the KB Group is always provided in the *Coverage* column of each target table.

Mandatory disclosures according to article 8 of EU regulation 2020/852 (taxonomy regulation)

The EU taxonomy consists in a classification system establishing criteria to determine whether an economic activity can be considered environmentally sustainable. The goals of the taxonomy are to move the European economy towards climate neutrality, increase transparency and consistency in non-financial reporting, enhance investor protection against greenwashing, and contribute overall to fulfilment of the European Green Deal.

The Taxonomy Regulation (EU Regulation 2020/852) defines six environmental objectives:

- Climate change mitigation,
- Climate change adaptation,
- Sustainable use and protection of water and marine resources,
- Transition to a circular economy,
- Pollution prevention and control, and
- Protection and restoration of biodiversity and ecosystems.

For an activity to be classified as sustainable, it must significantly contribute to one of the six environmental objectives, do no significant harm (DNSH) to any of the remaining objectives, and comply with minimum safeguards (e.g. respect for human rights and work ethics) according to Article 3 of EU Regulation 2020/852.

In accordance with the taxonomy and related legislative acts, KB Group is required by law to disclose the proportion of its green assets (Green Asset Ratio – GAR) and corresponding key indicators as mandated by law. The calculation of key indicators includes all relevant entities that are fully consolidated, specifically the credit institutions – Komerční banka, a.s., and Modrá pyramida stavební spořitelna, a.s. (relevant primarily due to the provision of loans for housing and renovations), and non-financial enterprises – ESSOX s.r.o. (offering consumer loans for motor vehicles) and SG Equipment Finance Czech Republic s.r.o. (significant for technology financing). Until 2023, KB Group was included in taxonomy reporting consolidated under the SG Group. The first standalone disclosure was in 2024, with part of the business portfolio, fees, and commissions for non-banking activities being reported from January 2026. KB Group adheres to Annexes V and VI of Regulation 2021/2178 (templates and methodology applicable to credit institutions) and Annex XII (information on financing activities related to nuclear energy and fossil gas) of the same regulation. Completed templates according to Article 8 of the EU Taxonomy Regulation in their entirety are published in chapter *Annex to Sustainability statement.*

The assessment of eligibility and alignment is conducted in several steps depending on the type of counterparty and type of product. From the included assets (which are counted in the GAR calculation), exposures to central banks, government institutions, supranational issuers, and the trading portfolio are first excluded. Derivatives, interbank loans on demand, other assets (e.g. cash or goodwill), and exposures to entities not subject to disclosure obligations under the NFRD (Non-Financial Reporting Directive)[1)] are included in the denominator of the included assets but not in the numerator. Eligibility and alignment are not assessed for these exposures.

The basic calculation of the Green Asset Ratio can be described as follows:

- the numerator includes the sum of sustainable (according to the taxonomy) exposures to financial and non-financial enterprises (required to disclose information in accordance with the NFRD), households, and local authorities;
- the denominator is the sum of all financing to financial and non-financial enterprises (subject to NFRD obligations), households, local authorities, including enterprises and counterparties outside the EU not subject to disclosure obligations under the Non-Financial Reporting Directive, as well as derivatives, interbank loans on demand, and other assets.

Exposures to central banks and supranational issuers are entirely excluded from the calculation. The Bank's trading portfolio is also excluded. Off-balance-sheet assets are reported separately, and the key performance indicators of off-balance-sheet assets do not enter into the overall calculation of the Green Asset Ratio.

[1)] Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards the disclosure of non-financial and diversity information by certain large undertakings and groups.

The exposures for which eligibility and alignment (sustainability) with the taxonomy are assessed include financing of financial and non-financial enterprises subject to the NFRD, financing of households related to housing (loans secured by residential property or provided for home renovation), vehicle loans, and financing of public housing and other purpose-specific financing of local authorities.

So-called "NFRD entities" are defined as public interest entities with more than 500 employees, whose transferable securities are tradeable on an EU market, credit institutions, or insurance companies. To identify these entities, KB Group primarily relied on internal sources but also on publicly available information. In the first year of taxonomy disclosure, KB Group assesses the NFRD obligation only at the entity level, not at the Group level. The exception is credit institutions, where the "NFRD entities" group includes entities that are part of a larger banking group that already has this reporting obligation and where it can be assumed that the Group's activities are of a similar or the same nature as the entity's activities, making the Group's taxonomy information relevant.

For exposures where the counterparty is an NFRD entity, the gross book value of the financing is weighted by the counterparty's key performance indicators (KPIs) based on capital expenditures and turnover. These indicators are mandatorily disclosed by these entities and collected from publicly available sources such as annual reports or non-financial reports. In case of purpose-specific financing, the calculation is based on the specific parameters of the transaction and its level of eligibility and alignment with one of the environmental objectives of the taxonomy. Although KB Group recorded purpose-specific financing to NFRD entities for the year 2024, due to a lack of data, these exposures were assessed as neither eligible nor compliant with the taxonomy. This procedure is the same for non-financial and financial enterprises, including credit institutions.

The Green Asset Ratio for retail exposures related to loans for residential properties or home renovations is calculated as the proportion of loans provided to households and secured by residential property or provided for home renovation that is in line with the taxonomy according to the relevant technical screening criteria for buildings, particularly renovation and acquisition and ownership, in accordance with sections 7.1, 7.2, 7.3, 7.4, 7.5, 7.6, and 7.7 of Annex I, or Annex II of Delegated Regulation (EU) 2021/2139, or sections 3.1 and 3.2 of Annex II of Delegated Regulation (EU) 2023/2486, compared to the total loans provided to households and secured by residential property or provided for home renovation.

The Green Asset Ratio for retail exposures related to car loans is calculated as the proportion of car financing loans that meet the technical screening criteria as set out in Section 6.5 of Annex I of the Delegated Act on climate.

Purpose-specific household financing (i.e. loans secured by residential property, renovation loans, and car loans as defined above) is assessed by KB Group this year only in terms of eligibility, which, depending on the nature of the financing, is 100% of the gross book value. Although KB Group is gradually implementing procedures for such data collection for retail financing to also assess alignment with the taxonomy, unfortunately, at this time, it does not have sufficient data to evaluate the alignment of exposures with DNSH criteria. Therefore, in the interest of maintaining conservatism, it is unable to consider any household loans as aligned with the taxonomy.

The Group provided financing to public administration authorities totalling CZK 27 billion for the year 2024. At this time, however, it does not identify any public housing financing that would meet the conditions according to the taxonomy regulation.

KB Group does not hold collateral obtained through the repossession of residential and commercial properties; therefore, the Green Asset Ratio is not reported for this category of assets.

In the templates provided in chapter *Annex to Sustainability statement*, in addition to the aforementioned, KB Group also reports performance indicators for off-balance sheet assets, specifically financial guarantees and asset management. The indicators for guarantees are calculated by weighting the financial exposure to the KPIs disclosed by NFRD counterparties, similarly to the case of non-purpose financing for NFRD clients. In asset management, KB Group includes discretionary portfolio management, which means asset management conducted by the Bank based on individual mandates from asset owners. The assessment of the eligibility and sustainability of the Bank's overall portfolio is based on data from an external provider.

KB Group is progressively implementing measures to expand data collection regarding its exposures. The Green Asset Ratio is relatively low this year, primarily due to a lack of data in the market. One of the reasons is the exclusion of exposures to small and medium-sized enterprises, which are not required to report non-financial information under the NFRD (Non-Financial Reporting Directive). These entities constitute a majority within the Group's portfolio.

Another limitation relates to mortgages, loans to households for building renovations, loans for the likes of photovoltaics, renewable energy, and insulation, as well as loans for motor vehicles. To determine whether a loan secured by real estate is sustainable, it is necessary first to provide an Energy Performance Certificate (EPC) for the building. The legislative framework in the Czech Republic, however, does not mandate obtaining an EPC in all cases, nor is it a legal obligation for the client to submit an EPC with the financing

application. The availability of EPCs in the Czech Republic is low. For renovation loans, the problem lies in proving compliance with technical criteria and DNSH requirements. Similarly for car loans, there is insufficient data for the Bank to unequivocally classify the financing as sustainable (i.e. in line with the EU taxonomy). Therefore, for 2024, mortgages, renovation loans, and motor vehicle loans are classified as eligible but not sustainable (aligned with the taxonomy).

KB Group records a relatively low number of clients this year who are required to report under the NFRD and can thus be included into the calculation of green assets. These companies must disclose taxonomy data and KPIs according to standards applicable to their own economic activities. The Bank uses publicly available information reported by these entities in its calculations for evaluating non-purpose exposures and classifies the proportion of eligible and sustainable assets based on the counterparty's KPIs. For purpose-specific exposures (i.e. financing with a specific known objective), the Bank currently does not have sufficient data to evaluate alignment with the taxonomy and thus only assesses the eligibility of the financing based on the economic activity for which the financing is intended.

Information about KB Group's products and services with a positive impact on sustainability can be found in the *Business model and performance* chapter.

KB Group aims to achieve a higher ratio of sustainable assets in the coming years. Although specific targets have not been set for this year, several measures are already in place to "green" the portfolio and reduce exposure in certain sectors, using internal product classification in line with SG Group's policies (SPIF products). Among its other activities, the Group helps its clients along the path to decarbonisation through ENVIROS consultancy and it has introduced the Elena program for portfolio decarbonisation. Even though there is currently insufficient data in the market for the Bank to adopt more specific taxonomy-related measures and green asset indicator assessment, the Bank is gradually implementing data collection from clients, including information on specific transactions, for both corporate and household segments.

In the corporate sector, the Bank will gradually expand the range of clients from whom it collects and evaluates relevant information. It also expects increased data availability and market data sharing. For retail clients, the Bank attempts to motivate the provision of EPCs through preferential rates. In line with new European regulations, the situation regarding EPC coverage in the Czech real estate market should gradually improve.

KB Group is also part of a working group within the Czech Banking Association (CBA) that addresses taxonomy issues in banks on the Czech market, aiming to establish a common approach to data collection and evaluation. KB Group, along with other major Czech banks, helped to promote the Synesgy platform, which aims to gather ESG information from companies in a single place. Although the use of Synesgy questionnaires for taxonomy reporting is today nearly non-existent, such a database is necessary for more efficient collection and evaluation of taxonomy data.

Climate change

Strategy related to climate change

KB's strategic ambition is to be a leader in supporting and financing sustainable investments in the Czech financial market and within the SG Group, as well as to be perceived as a sustainable bank in the Czech Republic. As part of this strategy, the main areas that KB aims to focus on are:

- industrial decarbonisation (energy savings in companies and the public sector, transition to renewable energy sources, clean mobility),
- circular economy,
- water conservation in industry and water retention in the landscape,
- projects with positive social impact (modernisation of healthcare facilities, healthcare, social care, and employment).

Komerční banka recognises that its influence in combating climate change and transitioning to a carbon-neutral society is primarily through financing responsible activities and sustainable solutions for its clients. Therefore, it is continuously expanding its range of products and services that help achieve these goals. The products that KB Group offers to its clients with the aim of reducing greenhouse gas emissions are detailed in the chapter *Sustainable banking and customer support programmes*.

In 2019, Société Générale became a signatory to the Principles of Responsible Banking, committing the entire SG Group to consider the principles of sustainable financing in all activities and setting its own goals to support the Paris Agreement. It also set a new sustainable financing target for the period 2022–2025 amounting to EUR 300 billion. In 2021, SG, as a founding member of the UNEP-FI Net-Zero Banking Alliance, committed to proactively manage its financing portfolios to become compatible with the goals of the Paris Agreement.

Also in 2019, KB set a goal to reduce its exposure to clients with assets in coal mining or coal energy in EU and OECD countries by 2030 at the latest. This is described in detail in the section *Targets related to climate change*.

Progress in fulfilling the KB2025 Strategic Plan is monitored through set goals, which are regularly reviewed and evaluated on a quarterly basis and presented to top management. KB Group's management is financially incentivised to achieve climate-related aspects by giving these at least 5% weighting in its variable remuneration component. The integration of climate-related aspects into remuneration is detailed in the *General disclosures* chapter (section *Integration of sustainability performance into remuneration system*).

Information on specific goals derived from the KB2025 Strategic Plan and their fulfilment is provided in the *Targets related to climate change* section.

KB Group is gradually increasing its ability to collect, measure, and disclose ESG data to meet regulatory and other initiatives. The main objective is to apply a holistic approach to ESG regulation while further integrating ESG impacts into key operations and policies.

Transition plan for climate change mitigation

KB Group does not have a separate document summarising the transition plan for climate change mitigation. The transition plan measures are part of the KB2025 Strategic Plan. The Group also follows sectoral policies set by the SG Group, which establish detailed environmental and social rules and standards for financing business activities and projects in sensitive sectors. SG Group's sectoral

policies are publicly available on the Komerční banka[1] and Société Générale[2] websites. KB Group plans to focus on preparing information about the transition plan in the future, which would comply with the requirements of the CSRD directive.

For individual sectors, the parent company Société Générale sets targets in line with the Paris Agreement. KB Group has set partial targets for reducing carbon emissions derived from the SG Group's goals and commitments. KB Group currently does not have its own targets directly based on the 1.5°C warming scenario of the Paris Agreement. A description of SG's goals and the partial goals of KB Group is provided in the section *Reducing greenhouse gas emissions – financing*.

In addition to the goals listed in the table within the chapter *Targets related to climate change*, KB Group has set measures in line with the NZBA (Net-Zero Banking Alliance) commitment, focusing primarily on sectors with the highest carbon content – for example, to exit the coal industry by 2030 and SG Group's decarbonisation goals. These sectors are continuously monitored by KB to ensure it reduces investments in these areas. Methodologies are in place for monitoring and assessing individual transactions.

The fulfilment of partial goals is in line with the business strategy, and the management of Komerční banka is informed about the progress of the established steps. Komerční banka is not excluded from the EU benchmarks linked to the Paris Agreement.

Analysis of business model resilience

KB Group does not currently have a full-scale analysis of business model resilience as required by CSRD. Considering the risks associated with climate change, however, the Group has conducted a detailed analysis of its business model's resilience, resulting in an internal document entitled "Business Environment Scan". The Business Environment Scan contains a description of the methodology used for the analysis, including the parameters considered. The analysis focused on all products provided by KB Group and considered all time horizons (i.e. short-, medium-, and long-term). A more detailed description of the assumptions entering the analysis is provided in the *General disclosures* chapter (section *Resilience analysis*).

The analysis relied on various documents addressing climate change, such as the Climate Change Adaptation Strategy of the Czech Republic, the State Energy Policy of the Czech Republic, and other strategic documents in the energy sector, the National Energy and Climate Plan of the Czech Republic, and the Climate Change Adaptation Strategy Under Conditions of the Czech Republic.

In this analysis, KB Group considered both the threats related to climate change (physical risk) and transition risk, regarding which the Czech Republic was evaluated to be highly vulnerable.

The outcome of the Business Environment Scan includes information on potential threats and impacts that KB Group might face related to transition and physical risks, as well as opportunities that the Group could leverage in areas related to climate change. KB plans gradually to incorporate climate factors into risk assessments. Even though the analysis was based on documents addressing climate change, a certain degree of uncertainty related to the conclusions of the analysis cannot be excluded.

Transition risk

For transition risk, KB Group considered the potential risk of transitioning the Czech economy, which is currently considered highly vulnerable to this type of risk, primarily due to the significant share of coal and lignite in its energy mix.

One of the scenarios for transition risk used the CCVI index (Corporate Climate Vulnerability Index), where simulation of a one-notch rating downgrade was conducted for selected exposures with an estimated impact on provisions. Additionally, potential impacts on clients related to legislative changes, such as changes in emission allowances, were considered.

To further minimise transition risk, SG Group (inclusive of KB Group) has set targets to reduce exposures in areas that could be significantly affected by legislative changes, such as the coal industry, automotive industry, and cement production. KB Group also monitors market developments, legislative changes, new environmental policies, and market surveys. ESG factors assessments are included, too, in risk management.

Although transition risk is perceived as significant within KB, the analyses suggest that, due to the sufficient diversity of KB's portfolio and established processes to minimise this risk, KB's portfolio is less vulnerable to transition risk compared to the transition risk of the Czech economy as a whole.

[1] https://www.kb.cz/en/sustainability/esg-at-kb/economic-sustainability
[2] https://www.societegenerale.com/en/responsibility/ethics-and-governance

Physical risk

KB Group also examined how its assets and business activities are sensitive to physical risks. The vulnerability of the Czech Republic to physical risk is currently considered one of the lowest in Europe. Despite the increase in extreme weather events (frequent heavy rains, longer droughts, heatwaves, warmer and wetter winters), the Czech Republic exhibits low vulnerability to acute physical risk due to the small share of agriculture in GDP, the absence of coastal areas, and the low share of renewable water resources originating from abroad. This is confirmed by the Sovereign Vulnerability Index prepared by the parent company, which rates the risk class for the Czech Republic as low, and the EU Inform Risk assessment, where the Czech Republic has one of the lowest risk ratings in the Hazard and Nature category within the EU. Key physical risks are associated with more frequent river floods and uncontrolled fires, primarily impacting the agriculture and real estate sectors.

In the case of physical risk, the analysis considered especially developments in weather patterns, such as more frequent heatwaves, extreme droughts, and floods.

The analysis concluded that, given the current distribution of the Group's portfolio and considering that the Czech Republic is regarded as low-risk in terms of physical risk within the EU, KB Group currently need not consider physical risk to be significant. Nevertheless, this risk will continue to be monitored due to changing climate conditions. Currently, the materialisation of physical risk in the Czech Republic could result in a slowing of GDP growth.

Locked-in GHG emissions

KB Group has set targets to reduce greenhouse gas emissions in order to keep emissions from its own activities at a low level. In recent years, various measures have been implemented to reduce the Group's carbon footprint to the level of locked-in greenhouse gas emissions. These measures include energy management, the use of electric vehicles, and the option of flexible work from home.

Locked-in emissions also come from financial products and services that KB Group offers to its clients. Even though the Group does not offer energy-intensive products, these locked-in emissions are still significant. The loan portfolio is continuously monitored, and steps are taken to reduce its emission intensity to ensure that financed emissions do not jeopardise established greenhouse gas reduction targets. However, due to the lack of data within the financed portfolio, KB Group currently does not account for locked-in emissions from the products and services provided.

Managing impacts, risks, and opportunities related to climate change

The procedure for identifying and assessing material impacts, risks, and opportunities related to climate is detailed in the *General disclosures* chapter (section *Double materiality assessment*).

KB Group identified both transition risks and physical risks related to climate change in the E1 – Climate Change category during the double materiality process. The distinction between transition risk and physical risk is provided in the table Detailed overview of material impacts, risks, and opportunities grouped into subtopics (in the *General disclosures* chapter, section *Material topics*).

Policies related to climate change

A list of policies related to climate change mitigation and adaptation, including responsibility for monitoring, is provided in the following table.

IRO	Description	Policy's main content	Monitoring
E1	**Climate change mitigation**		
Impact	KB Group provides its clients with loans for sustainable technologies and mortgages for sustainable housing that contribute to climate protection (photovoltaics, heat pumps, greywater systems, etc.). It also offers loans to support electric cars. Another example can be seen in loans for the reclamation of watercourses.	**ESRM process – environmental and social risk management**	Responsibility for monitoring is under Consumer Financing Team, Housing Tribe (KB Bydlení) and Risk management unit. ESRM process is monitored by ESG experts.
		The instruction describes the process of environmental risk assessment in the provision of corporate loans.	
		Mortgage loans – individuals	
		The instruction is a basic document describing the setting of rules and responsibilities in the process of providing mortgages for sustainable housing, where part of this mortgage can be used for photovoltaics, heat pumps, insulation, etc.	
		Business and municipal loans	
		This instruction defines the rules and procedures for the provision of standard business and municipal loans.	
		Monitoring of clients – business entities and municipalities	
		The instruction describes procedures and responsibilities in the process of monitoring clients with whom the Bank has concluded active transactions.	
		Monitoring of clients in small business segment	
		The instruction describes procedures and responsibilities in the process of monitoring clients with whom the Bank has concluded active transactions.	
Impact	KB Group finances projects that can negatively affect climate change, as current technologies require significant energy consumption leading to greenhouse gas emissions. Among other things, the Group provides non-purpose loans that clients can use for any activity, even those that are not environmentally friendly.	**ESRM process – environmental and social risk management**	Responsibility for monitoring is under Consumer Financing Team and Risk management unit. ESRM process is monitored by ESG experts.
		The instruction describes the process of environmental risk assessment in the provision of corporate loans.	
		Mortgage loans – individuals	
		The instruction is a basic document describing the setting of rules and responsibilities in the process of providing mortgages for sustainable housing, where part of this mortgage can be used for photovoltaics, heat pumps, insulation, etc.	
		Business and municipal loans	
		This instruction defines the rules and procedures for the provision of standard business and municipal loans.	

IRO	Description	Policy's main content	Monitoring
Impact	KB Group uses a supply chain whose operations can negatively affect climate change. Suppliers of the Group include, among others, companies operating in the field of IT, telecommunications, digital services, marketing, or real estate whose activities are energy-intensive, water-intensive, have a significant carbon footprint, and can generally have negative impact on the environment.	**Policy regarding non-client third parties – suppliers, the so-called Know Your Supplier (KYS)** The purpose of this instruction is to set rules for managing supplier relationships and assessing their risks. The procedure includes a set of rules and procedures aimed at: • evaluating the supplier in terms of its riskiness and its relevance; • making a decision to establish a new or maintain an existing business relationship. This instruction applies to: • suppliers of non-financial services (e.g. legal advice or other consultancy services, IT-related services, translation services, advertising services, security services, postal services, telecommunications services, energy supply, recruitment agent services, services of survey companies, KYC processing service providers); • suppliers of goods and products (e.g. suppliers of computer and office equipment, repair professionals, suppliers of spare parts, architects and construction companies participating in KB Real Estate activities).	Responsibility for monitoring the selection and evaluation of suppliers is covered by the Compliance unit and Sourcing unit, as well as by the KYC relationship manager.
Opportunity	The Bank can take advantage of increased demand for financing projects in the field of sustainability and thus increase its profit. It sees the possibility of providing clients with financing for investments related to boosting efficiency or mitigating negative consequences of their businesses on the environment. The Bank anticipates a policy shift in the sense of greater demand for projects with a positive impact on sustainability, and thus the opportunity for KB Group to offer more environmentally beneficial products.	**ESRM process – environmental and social risk management** The instruction describes the process of environmental risk assessment in the provision of corporate loans. **Mortgage loans – individuals** The instruction is a basic document describing the setting of rules and responsibilities in the process of providing mortgages for sustainable housing, where part of this mortgage can be used for photovoltaics, heat pumps, insulation, etc. **Business and municipal loans** This instruction defines the rules and procedures for the provision of standard business and municipal loans. **Monitoring of clients – business entities and municipalities** The instruction describes procedures and responsibilities in the process of monitoring clients with whom the Bank has concluded active transactions. **Monitoring of clients in small business segment** The instruction describes procedures and responsibilities in the process of monitoring clients with whom the Bank has concluded active transactions.	Responsibility for monitoring is under Consumer Financing Team and Risk management unit. ESRM process is monitored by ESG experts.
Opportunity	KB Group's sustainable approach to business (the Bank's focus on financing new sectors – photovoltaics, wind power plants, etc.) can lead to an increase in attractiveness for investors and a strengthening of its positive reputation.	**ESRM process – environmental and social risk management** The instruction describes the process of environmental risk assessment in the provision of corporate loans. **Mortgage loans – individuals** The instruction is a basic document describing the setting of rules and responsibilities in the process of providing mortgages for sustainable housing, where part of this mortgage can be used for photovoltaics, heat pumps, insulation, etc. **Business and municipal loans** This instruction defines the rules and procedures for the provision of standard business and municipal loans. **Monitoring of clients – business entities and municipalities** The instruction describes procedures and responsibilities in the process of monitoring clients with whom the Bank has concluded active transactions. **Monitoring of clients in small business segment** The instruction describes procedures and responsibilities in the process of monitoring clients with whom the Bank has concluded active transactions.	Responsibility for monitoring is under Consumer Financing Team and Risk management unit. ESRM process is monitored by ESG experts.

IRO	Description	Policy's main content	Monitoring
E1	**Climate change adaptation**		
Impact	KB Group provides its clients with loans for sustainable technologies and mortgages for sustainable housing, which include climate protection (photovoltaics, heat pumps, greywater, etc.). It also offers loans to support electric cars. Another example can be seen in loans for the reclamation of watercourses.	**ESRM process – environmental and social risk management** The instruction describes the process of environmental risk assessment in the provision of corporate loans. **Mortgage loans – individuals** The instruction is a basic document describing the setting of rules and responsibilities in the process of providing mortgages for sustainable housing, where part of this mortgage can be used for photovoltaics, heat pumps, insulation, etc. **Business and municipal loans** This instruction defines the rules and procedures for the provision of standard business and municipal loans. **Monitoring of clients – business entities and municipalities** The instruction describes procedures and responsibilities in the process of monitoring clients with whom the Bank has concluded active transactions. **Monitoring of clients in small business segment** The instruction describes procedures and responsibilities in the process of monitoring clients with whom the Bank has concluded active transactions.	Responsibility for monitoring is under Consumer Financing Team and Risk management unit. ESRM process is monitored by ESG experts.
Impact	Among other things, KB Group provides non-purpose loans that clients can use for climate-friendly activities. Financing clients and their projects and operations can have a negative impact on climate change adaptation and mitigation.	**ESRM process – environmental and social risk management** The instruction describes the process of environmental risk assessment in the provision of corporate loans. **Mortgage loans – individuals** The instruction is a basic document describing the setting of rules and responsibilities in the process of providing mortgages for sustainable housing, where part of this mortgage can be used for photovoltaics, heat pumps, insulation, etc. **Business and municipal loans** This instruction defines the rules and procedures for the provision of standard business and municipal loans.	Responsibility for monitoring is under Consumer Financing Team and Risk management unit. ESRM process is monitored by ESG experts.
Impact	KB Group finances infrastructure changes (change in the location of operations, change in technology, greening, etc.). The Group provides its clients with loans for sustainable technologies and mortgages for sustainable housing that contribute to climate protection (photovoltaics, heat pumps, greywater). It also offers loans to support electric cars.	**ESRM process – environmental and social risk management** The instruction describes the process of environmental risk assessment in the provision of corporate loans. **Mortgage loans – individuals** The instruction is a basic document describing the setting of rules and responsibilities in the process of providing mortgages for sustainable housing, where part of this mortgage can be used for photovoltaics, heat pumps, insulation, etc. **Business and municipal loans** This instruction defines the rules and procedures for the provision of standard business and municipal loans. **Monitoring of clients – business entities and municipalities** The instruction describes procedures and responsibilities in the process of monitoring clients with whom the Bank has concluded active transactions. **Monitoring of clients in small business segment** The instruction describes procedures and responsibilities in the process of monitoring clients with whom the Bank has concluded active transactions.	Responsibility for monitoring is under Consumer Financing Team and Risk management unit. ESRM process is monitored by ESG experts.

IRO	Description	Policy's main content	Monitoring
Opportunity	KB offers its clients subsidised consultancy in the area of housing – reconstruction of existing real estate (opportunities resulting from climate commitments of the EU and the Czech Republic). KB co-finances EU grant schemes for clients in the SME sector. The Group has special ESG offers for entrepreneurs and small businesses (financing, energy transition support, etc.), focusing on financing investments related to increasing efficiency and eliminating negative environmental impacts.	**ESRM process – environmental and social risk management** The instruction describes the process of environmental risk assessment in the provision of corporate loans. **Business and municipal loans for financing projects supported by EU funds** This instruction sets out rules specific to the provision of loans for the purpose of financing a project for the implementation of which the client will use subsidy funds from the European Structural and Investment Funds. When granting these loans, it is necessary also to proceed in accordance with the rules set out in the internal instructions. **Business loans supported by the Support and Guarantee Agricultural and Forestry Fund** The purpose of this instruction is to describe the rules and procedures for granting loans with support of the Podpůrný a garanční rolnický a lesnický fond, a.s. (Support and Guarantee Agricultural and Forestry Fund, a.s.). When granting these loans, it is necessary also to proceed in accordance with the rules set out in internal instructions.	Responsibility for monitoring is under Consumer Financing Team and Risk management unit. ESRM process is monitored by ESG experts.
Opportunity	KB Group is focusing on new sectors for financing. Its sustainable approach to business can lead to increased attractiveness for investors and strengthening of its positive reputation.	**ESRM process – environmental and social risk management** The instruction describes the process of environmental risk assessment in the provision of corporate loans. **Mortgage loans – individuals** The instruction is a basic document describing the setting of rules and responsibilities in the process of providing mortgages for sustainable housing, where part of this mortgage can be used for photovoltaics, heat pumps, insulation, etc. **Business and municipal loans** This instruction defines the rules and procedures for the provision of standard business and municipal loans. **Monitoring of clients – business entities and municipalities** The instruction describes procedures and responsibilities in the process of monitoring clients with whom the Bank has concluded active transactions. **Monitoring of clients in small business segment** The instruction describes procedures and responsibilities in the process of monitoring clients with whom the Bank has concluded active transactions.	Responsibility for monitoring is under Consumer Financing Team and Risk management unit. ESRM process is monitored by ESG experts.
Opportunity	The Group is focusing on financing the shift in agricultural production, such as through water retention projects, biodiversity support projects, or professional advice.	**ESRM process – environmental and social risk management** The instruction describes the process of environmental risk assessment in the provision of corporate loans. **Business and municipal loans** This instruction defines the rules and procedures for the provision of standard business and municipal loans. **Monitoring of clients – business entities and municipalities** The instruction describes procedures and responsibilities in the process of monitoring clients with whom the Bank has concluded active transactions. **Monitoring of clients in small business segment** The instruction describes procedures and responsibilities in the process of monitoring clients with whom the Bank has concluded active transactions.	Responsibility for monitoring is under Consumer Financing Team and Risk management unit. ESRM process is monitored by ESG experts.

IRO	Description	Policy's main content	Monitoring
Risk	KB Group perceives risk in real estate financing, as the retail loan portfolio (92% of real estate) is subject to regulations and government policies (transition risk). Higher property taxes, stricter criteria for mortgage loans, and other factors pose a potential acute threat in the form of declining demand for financing. Rising residential construction costs may reduce demand for mortgages.	**Risk management strategy** The purpose of this document is to set the key principles and aspects of the risk management strategy, i.e. the application framework, the basic principles from which it is based, and the main aspects of its implementation. The risk management strategy covers all activities, products, processes and types of clients, counterparties or third parties – non-clients of the bank (guarantors, depositors, suppliers, shareholders, etc.) that may lead to the emergence of risk. **The risk management section and the basic principles of credit risk management and the risks to activate in the financial markets** The directive regulates basic principles, processes, monitoring and responsibilities related to credit risk management. **Principles of credit risk assessment within the credit process** The principles define the types of clients affected by the process, the basic principles of the credit process, the basic phases and activities of the credit process, and the roles of individual departments within the credit process.	Responsibility for monitoring individual risks is determined according to the type of risk and is covered by the Risk Management, Strategy and Finance, and Compliance departments. Monitoring compliance with credit risk management principles is the responsibility of the Risk Management Department. The Risk Management Department is responsible for setting the credit risk assessment policy.
Risk	KB Group perceives increased credit and investment risks associated with the financing of projects and industries that contribute to environmental degradation due to public scrutiny and market preferences favouring sustainability and responsible business practices. There is a risk of damage to its reputation if KB Group reacts insufficiently to this situation.	**Risk management strategy** The purpose of this document is to set out the key principles and aspects of the risk management strategy (i.e. the application framework, basic principles from which it is based, and main aspects of its implementation). The risk management strategy covers all activities, products, processes, as well as types of clients, counterparties, or third parties that are not clients of the Bank (e.g. guarantors, depositors, suppliers, shareholders) that may lead to the emergence of risk. **The risk management section and the basic principles of credit risk management and the risks to activate in the financial markets** The directive regulates basic principles, processes, monitoring, and responsibilities related to credit risk management. **Principles of credit risk assessment within the credit process** The principles define the types of clients affected by the process, the basic principles of the credit process, the basic phases and activities of the credit process, and the roles of individual departments within the credit process.	Responsibility for monitoring individual risks is determined according to the type of risk and is covered by the Risk Management, Strategy and Finance, and Compliance departments. Monitoring compliance with credit risk management principles is the responsibility of the Risk Management Department. The Risk Management Department is responsible for setting the credit risk assessment policy.
Risk	The Group perceives a risk in the real estate market area due to decrease in the value of mortgages for houses with reduced EPC certificate ratings. Compared to other EU countries, the real estate sector in the Czech Republic is less advanced in accepting EPC certificates and in awareness of the potential consequences of EPC values. The energy performance of buildings is mostly perceived by the public as an indicator of energy costs with only a very limited overlap into other implications that already appear in other EU countries (such as restrictions on the use or the possibility of renting inefficient buildings).	**Risk management strategy** The purpose of this document is to set the key principles and aspects of the risk management strategy, i.e. the application framework, the basic principles from which it is based, and the main aspects of its implementation. The risk management strategy covers all activities, products, processes and types of clients, counterparties or third parties – non-clients of the bank (guarantors, depositors, suppliers, shareholders, etc.) that may lead to the emergence of risk. **The risk management section and the basic principles of credit risk management and the risks to activate in the financial markets** The directive regulates basic principles, processes, monitoring, and responsibilities related to credit risk management. **Principles of credit risk assessment within the credit process** The principles define the types of clients affected by the process, the basic principles of the credit process, the basic phases and activities of the credit process, and the roles of individual departments within the credit process.	Responsibility for monitoring individual risks is determined according to the type of risk and is covered by the Risk Management, Strategy and Finance, and Compliance departments. Monitoring compliance with credit risk management principles is the responsibility of the Risk Management Department. The Risk Management Department is responsible for setting the credit risk assessment policy.

IRO	Description	Policy's main content	Monitoring
Risk	KB Group perceives the risks of adaptation to climate change for retail customers associated with price fluctuations and overall costs (e.g. coal boilers still predominate in rural areas). Cost increases due to the energy crisis may further reduce the perception of urgency for change and slow the change in customer preference towards sustainable solutions.	**Risk management strategy** The purpose of this document is to set out the key principles and aspects of the risk management strategy (i.e. the application framework, basic principles from which it is based, and main aspects of its implementation). The risk management strategy covers all activities, products, processes, as well as types of clients, counterparties, or third parties that are not clients of the Bank (e.g. guarantors, depositors, suppliers, shareholders) that may lead to the emergence of risk. **The risk management section and the basic principles of credit risk management and the risks to activate in the financial markets** The directive regulates basic principles, processes, monitoring, and responsibilities related to credit risk management. **Principles of credit risk assessment within the credit process** The principles define the types of clients affected by the process, the basic principles of the credit process, the basic phases and activities of the credit process, and the roles of individual departments within the credit process.	Responsibility for monitoring individual risks is determined according to the type of risk and is covered by the Risk Management, Strategy and Finance, and Compliance departments. Monitoring compliance with credit risk management principles is the responsibility of the Risk Management Department. The Risk Management Department is responsible for setting the credit risk assessment policy.
Risk	The Group perceives a potential risk in mismatch between the offer of investment products and customer demand in case that (i) the Bank is not able to respond to the growing demand for sustainable investments, but also (ii) customers do not demand or even reject sustainable solutions.	**Risk management strategy** The purpose of this document is to set out the key principles and aspects of the risk management strategy (i.e. the application framework, basic principles from which it is based, and main aspects of its implementation). The risk management strategy covers all activities, products, processes, as well as types of clients, counterparties, or third parties that are not clients of the Bank (e.g. guarantors, depositors, suppliers, shareholders) that may lead to the emergence of risk. **The risk management section and the basic principles of credit risk management and the risks to activate in the financial markets** The directive regulates basic principles, processes, monitoring, and responsibilities related to credit risk management. **Principles of credit risk assessment within the credit process** The principles define the types of clients affected by the process, the basic principles of the credit process, the basic phases and activities of the credit process, and the roles of individual departments within the credit process.	Responsibility for monitoring individual risks is determined according to the type of risk and is covered by the Risk Management, Strategy and Finance, and Compliance departments. Monitoring compliance with credit risk management principles is the responsibility of the Risk Management Department. The Risk Management Department is responsible for setting the credit risk assessment policy.
Opportunity	The Bank can take advantage of increased demand for financing projects in the field of sustainability and thereby increase its profit. The Bank sees the possibility of providing clients with financing for investments related to increasing efficiency or eliminating negative impacts in a given area, including the use of transitional changes.	**ESRM process – environmental and social risk management** The instruction describes the process of environmental risk assessment in the provision of corporate loans. **Mortgage loans – individuals** The instruction is a basic document describing the setting of rules and responsibilities in the process of providing mortgages for sustainable housing, where part of this mortgage can be used for photovoltaics, heat pumps, insulation, etc. **Business and municipal loans** This instruction defines the rules and procedures for the provision of standard business and municipal loans. **Monitoring of clients – business entities and municipalities** The instruction describes procedures and responsibilities in the process of monitoring clients with whom the Bank has concluded active transactions. **Monitoring of clients in small business segment** The instruction describes procedures and responsibilities in the process of monitoring clients with whom the Bank has concluded active transactions.	Responsibility for monitoring is under Consumer Financing Team and Risk management unit. ESRM process is monitored by ESG experts.

IRO	Description	Policy's main content	Monitoring
E1	**Energy**		
Impact	KB Group sees opportunities in financing a more sustainable energy mix. The Group provides its clients with loans for sustainable technologies and mortgages for sustainable housing that contribute to climate protection (photovoltaics, heat pumps, greywater, building insulation, increasing efficiency of existing energy sources, etc.). It also offers loans to support electric cars.	**ESRM process – environmental and social risk management** The instruction describes the process of environmental risk assessment in the provision of corporate loans. **Mortgage loans – individuals** The instruction is a basic document describing the setting of rules and responsibilities in the process of providing mortgages for sustainable housing, where part of this mortgage can be used for photovoltaics, heat pumps, insulation, etc. **Business and municipal loans** This instruction defines the rules and procedures for the provision of standard business and municipal loans. **Monitoring of clients – business entities and municipalities** The instruction describes procedures and responsibilities in the process of monitoring clients with whom the Bank has concluded active transactions. **Monitoring of clients in small business segment** The instruction describes procedures and responsibilities in the process of monitoring clients with whom the Bank has concluded active transactions.	Responsibility for monitoring is under Consumer Financing Team and Risk management unit. ESRM process is monitored by ESG experts.
Impact	KB Group perceives a potential negative impact in the financing of investments, which, even if they will have a positive impact in the end, may have negative effects during their implementation, such as increased traffic in an area, more pollution, and use of resources throughout the construction chain.	**ESRM process – environmental and social risk management** The instruction describes the process of environmental risk assessment in the provision of corporate loans. **Mortgage loans – individuals** The instruction is a basic document describing the setting of rules and responsibilities in the process of providing mortgages for sustainable housing, where part of this mortgage can be used for photovoltaics, heat pumps, insulation, etc. **Business and municipal loans** This instruction defines the rules and procedures for the provision of standard business and municipal loans.	Responsibility for monitoring is under Consumer Financing Team and Risk management unit. ESRM process is monitored by ESG experts.

IRO	Description	Policy's main content	Monitoring
Opportunity	The Bank can take advantage of the increased demand for financing projects in the field of sustainable energy technologies. It can provide clients with financing for investments related to increasing efficiency or eliminating negative impacts in the energy field, thereby increasing their profits.	**ESRM process – environmental and social risk management**	Responsibility for monitoring is under Consumer Financing Team and Risk management unit. ESRM process is monitored by ESG experts.
		The instruction describes the process of environmental risk assessment in the provision of corporate loans.	
		Mortgage loans – individuals	
		The instruction is a basic document describing the setting of rules and responsibilities in the process of providing mortgages for sustainable housing, where part of this mortgage can be used for photovoltaics, heat pumps, insulation, etc.	
		Business and municipal loans	
		This instruction defines the rules and procedures for the provision of standard business and municipal loans.	
		Monitoring of clients – business entities and municipalities	
		The instruction describes procedures and responsibilities in the process of monitoring clients with whom the Bank has concluded active transactions.	
		Monitoring of clients in small business segment	
		The instruction describes procedures and responsibilities in the process of monitoring clients with whom the Bank has concluded active transactions.	
Opportunity	KB Group perceives the possibilities of financing new sectors, such as photovoltaics and wind power plants. The Group's sustainable approach to business can lead to increased attractiveness for investors and strengthening of its positive reputation.	**ESRM process – environmental and social risk management**	Responsibility for monitoring is under Consumer Financing Team and Risk management unit. ESRM process is monitored by ESG experts.
		The instruction describes the process of environmental risk assessment in the provision of corporate loans.	
		Mortgage loans – individuals	
		The instruction is a basic document describing the setting of rules and responsibilities in the process of providing mortgages for sustainable housing, where part of this mortgage can be used for photovoltaics, heat pumps, insulation, etc.	
		Business and municipal loans	
		This instruction defines the rules and procedures for the provision of standard business and municipal loans.	
		Monitoring of clients – business entities and municipalities	
		The instruction describes procedures and responsibilities in the process of monitoring clients with whom the Bank has concluded active transactions.	
		Monitoring of clients in small business segment	
		The instruction describes procedures and responsibilities in the process of monitoring clients with whom the Bank has concluded active transactions.	

The following table lists only the basic policies and documents that define the processes contributing to the topics below:

- Climate change mitigation,
- Climate change adaptation,
- Energy efficiency,
- Deploying renewable energy sources,
- Other elements (water, air, and soil) that may impact climate change.

Topic	Policy	Description of policies
Climate change mitigation	KB carbon footprint measurement Data collection methodology for calculating the carbon footprint of KB ESRM process – environmental and social risk management Non-client third party policy – suppliers, so-called Know Your Supplier (KYS) Approval and rules for the introduction of new and changes to existing KB products	Policies describe the process for monitoring one's own carbon footprint. Policies describe the processes for incorporating the acquisition of ESG information when selecting suppliers. The ESRM process assesses the client and the transaction from an ESG perspective.
Climate change adaptation	Business continuity management system Risk management strategy ESRM process – environmental and social risk management	The business continuity management system describes the processes related to ensuring the continuity of services, even in cases where there have been incidents threatening the business in connection with physical risk. The risk management strategy also includes ESG risks. The ESRM process assesses the client and the transaction from an ESG perspective.
Energy efficiency	KB energy management standard KB carbon footprint measurement Data collection methodology for calculating the carbon footprint of KB Risk management strategy ESRM process – environmental and social risk management	Policies describe the energy management of KB Group and the processes for collecting and calculating the carbon footprint. The ESRM process assesses the client and the transaction from an ESG perspective.
Deploying renewable energy sources	KB carbon footprint measurement Data collection methodology for calculating the carbon footprint of KB ESRM process – environmental and social risk management	Policies describe the data collection and calculation of the carbon footprint of KB Group. The ESRM process assesses the client and the transaction from an ESG perspective.
Other	ESRM process – environmental and social risk management	The ESRM process assesses the client and the transaction from an ESG perspective.

Action plans related to climate change

Action plans and measures serve to prevent, mitigate, or remedy impacts and address risks and opportunities. They also help achieve established targets. The key action plans and measures cover both own operations and activities related to the value chain. For the year 2024, KB Group took the following steps related to climate change.

These included the following activities:

Vehicle fleet

In 2024, Komerční banka purchased 47 new electric vehicles, increasing the number of its electric vehicles to 237. In conjunction with the acquisition of new electric vehicles, 65 traditional combustion engine vehicles were decommissioned in 2024. Further purchases of electric vehicles are planned for 2025. To ensure the efficient operation of electric vehicles, the Bank is building its own charging stations, which numbered 252 by the end of the year.

Photovoltaics

In 2024, eight new photovoltaic power plants were installed and commissioned on the rooftops of KB's own buildings. In total, KB has 9 photovoltaic power plants installed with peak capacity of 428 kWp. The power plants were gradually put into operation throughout the year, resulting in a savings of 138 MWh of electricity in 2024. In 2025, KB plans to install 1 photovoltaic power plant with peak capacity of 17.1 kWp.

Sale of building on Wenceslas square

The sale of the building at Wenceslas Square 42 in Prague 1 will gradually lead to significant energy saving until its vacating. The building was sold on 1 July 2024, and will be gradually vacated. By 2027, Komerční banka, a.s., is expected to no longer be a tenant of the building. The total annual savings are expected to be around 4.4 GWh of electricity, 2.9 GWh of heat, and 7,000 m^3 of water.

Electric charging stations

Through the charging station project, KB has reduced fuel consumption in company vehicles. The Bank's own network of charging stations located at KB buildings allows full utilisation of the internal fleet of electric vehicles. The number of charging stations prepared for this purpose is 252. KB's fleet of electric vehicles continues to grow, and the construction of additional charging stations will continue. This initiative has enabled the Bank to reduce operating costs per kilometre travelled and decrease its carbon footprint.

Targets related to climate change

The targets that KB Group has set itself in relation to climate change mitigation and adaptation are set out in the table below.

Coverage	IRO	Description	Target description	Target + Metric	Baseline value, reference year	Target period	Milestones	Achievement of the target for 2024	Methodology of determination, assumptions	Target level absolute/ relative	Validated externally yes/no	Entity
Environmental area												
ESRS	Impact positive	KB Group finances projects in the field of sustainability with the aim of supporting clients in adapting to climate change. KB Group provides its clients with loans for sustainable technologies and mortgages for sustainable housing that contribute to climate protection (photovoltaics, heat pumps, greywater). Furthermore, KB offers loans to support electric cars. KB Group helps clients with the transition to greener operations.*	Reduction of the carbon footprint of own activities since the beginning of emissions measurement.	50%	0% 2019	2019–2025	2025	47.5%	Target was set with regard to the Bank's strategy.	Relative	Yes	Komerční banka, a.s.
ESRS	Impact positive	KB Group finances projects in the field of sustainability with the aim of supporting clients in adapting to climate change. KB Group provides its clients with loans for sustainable technologies and mortgages for sustainable housing that contribute to climate protection (photovoltaics, heat pumps, greywater). Furthermore, KB offers loans to support electric cars. KB Group helps clients with the transition to greener operations.	Reduction of the carbon footprint of own activities since the beginning of emissions measurement.	80%	0% 2019	2019–2025	2025	57.35%	Target was set with regard to the company's strategy.	Relative	Yes	Modrá pyramida stavební spořitelna, a.s.
ESRS	Impact positive	KB Group finances projects in the field of sustainability with the aim of supporting clients in adapting to climate change. KB Group provides its clients with loans for sustainable technologies and mortgages for sustainable housing that contribute to climate protection (photovoltaics, heat pumps, greywater). Furthermore, KB offers loans to support electric cars. KB Group helps clients with the transition to greener operations.	Reduction of the carbon footprint of own activities since the beginning of emissions measurement.	35%	0% 2019	2019–2025	2025	36.81%	Target was set with regard to the company's strategy.	Relative	Yes	ESSOX s.r.o.
ESRS	Risk	KB Group perceives a risk in the real estate market – a reduction in the mortgage value for houses with a lower EPC certificate rating. The real estate sector in the Czech Republic is less advanced compared to EU countries in adopting EPC certificates and in awareness of the potential implications of EPC ratings. The energy performance of buildings is mostly perceived by the public as an indicator of energy costs, with very limited understanding of other implications that are already emerging in other EU countries (such as restrictions on the use or rental of inefficient buildings).	Share of sustainable housing loans in unsecured financing for sustainable housing.	28%	0% 2022	2022–2025	2025	22%	Target was set based on the market environment and the company´s internal targets.	Relative	No	Modrá pyramida stavební spořitelna, a.s.

Coverage	IRO	Description	Target description	Target + Metric	Baseline value, reference year	Target period	Milestones	Achievement of the target for 2024	Methodology of determination, assumptions	Target level absolute/ relative	Validated externally yes/no	Entity
ESRS	Opportunity	KB Group can take advantage of the increased demand for financing projects in the field of sustainability and thus increase its profit. KB Group sees the possibility of providing clients with financing for investments related to increasing efficiency of mitigating the negative consequences of their business on the environment. KB Group anticipates a policy shift in the sense of greater demand for projects with a positive impact on sustainability, and thus the opportunity for KB Group to offer more environmentally beneficial products.	Share of new investment loan contracts that meet ESG parameters on the total volume of new investment loan contracts.	50%	20.80% 2020	2020–2025	2025	47.9%	Target was set based on the market environment and the company's internal targets.	Relative	No	Komerční banka a.s.
ESRS	Opportunity	KB Group's sustainable approach to business (the Bank's focus on financing new sectors – photovoltaics, wind power plants, etc.) can lead to an increase in attractiveness for investors and a strengthening of its positive reputation.	FTSE4Good Index Series (maximum 5) Index MSCI ESG.	4+	3.3 2020	2020–2025	2025	4.2	Target was set with regard to the Bank's strategy.	Absolute	No	Komerční banka a.s.
				AA	A 2020	2020–2025	2025	AA		Absolute	No	
ESRS	Opportunity	KB Group focuses on new sectors for financing. KB Group's sustainable approach to business can lead to an increase in attractiveness for investors and strengthening of its positive reputation.	FTSE4Good Index Series (maximum 5) Index MSCI ESG,	4+	3.3 2020	2020–2025	2025	4.2	Target was set with regard to the Bank's strategy.	Absolute	No	Komerční banka a.s.
				AA	A 2020	2020–2025	2025	AA		Absolute	No	
ESRS	Opportunity	The Bank can leverage the increased demand for financing sustainability projects to boost its profits. It sees opportunity to provide clients with financing for investments related to enhancing efficiency or mitigating negative impacts in the respective area, including utilising transition changes.	Share of new investment loan contracts that meet ESG parameters on the total volume of new investment loan contracts.	50%	20.80% 2020	2020–2025	2025	47.9%	Target was set with regard to KB Group's strategy to be a leader in the field of sustainable financing.	Relative	No	Komerční banka a.s.
ESRS	Impact positive	KB Group sees opportunities in financing a more sustainable energy mix. The Group provides its clients with loans for sustainable technologies and mortgages for sustainable housing that contribute to climate protection (photovoltaics, heat pumps, greywater, building insulation, increasing the efficiency of existing energy sources, etc.). Additionally, it offers loans to support electromobility.	Share of new investment loan contracts that meet ESG parameters on the total volume of new investment loan contracts.	50%	20.80% 2020	2020–2025	2025	47.9%	Target was set with regard to KB Group's strategy to be a leader in the field of sustainable financing.	Relative	No	Komerční banka a.s.
ESRS	Impact positive	KB Group sees opportunities in financing a more sustainable energy mix. The Group provides its clients with loans for sustainable technologies and mortgages for sustainable housing that contribute to climate protection (photovoltaics, heat pumps, greywater, building insulation, increasing the efficiency of existing energy sources, etc.). Additionally, it offers loans to support electromobility.	Increasing financed value and sustainable impact deals.	EUR 78.2 mil.	EUR 14.1 mil. 2022	2022–2025	2025	EUR 22.7 mil.	Target was set with regard to KB Group's strategy to be a leader in the field of sustainable financing.	Absolute	No	ESSOX s.r.o.

Coverage	IRO	Description	Target description	Target + Metric	Baseline value, reference year	Target period	Milestones	Achievement of the target for 2024	Methodology of determination, assumptions	Target level absolute/ relative	Validated externally yes/no	Entity
ESRS	Opportunity	The Bank can leverage the increased demand for financing projects in the area of sustainable energy technologies. It can provide clients with financing for investments related to enhancing efficiency or mitigating negative impacts in the energy sector, thereby increasing its profits.	Share of new investment loan contracts that meet ESG parameters on the total volume of new investment loan contracts.	50%	20.80% 2020	2020–2025	2025	47.9%	Target was set with regard to KB Group's strategy to be a leader in the field of sustainable financing.	Relative	No	Komerční banka a.s.
ESRS	Opportunity	KB Group perceives possibilities of financing new sectors – photovoltaics, wind power plants, etc. The Group's sustainable approach to business can lead to increased attractiveness for investors and strengthening of its positive reputation.	Share of new investment loan contracts that meet ESG parameters on the total volume of new investment loan contracts.	50%	20.80% 2020	2020–2025	2025	47.9%	Target was set with regard to KB Group's strategy to be a leader in the field of sustainable financing.	Relative	No	Komerční banka a.s.
ESRS	Opportunity	KB Group can take advantage of increased demand for financing projects in the field of sustainability and thus increase its profit. The Group sees the possibility of providing clients with financing for investments related to increasing efficiency of mitigating the negative consequences of their business on the environment. It anticipates a policy shift in the sense of greater demand for projects with a positive impact on sustainability, and thus the opportunity for KB Group to offer more environmentally beneficial products	% of SPIF loans in the volume of all financing that was activated in the year (acquisition values of financed assets net of VAT).	34%	26% 2024	2024–2025	2025	33.2%	Target was set with regard to the company's strategy.	Relative	No	SG Equipment Finance Czech Republic s.r.o.

*When providing these services to clients, the company generates emissions, for the reduction of which it has set a target mentioned in the table.

Greenhouse gas emissions reduction – own operations

The target for reducing greenhouse gas emissions from Komerční banka's own operations has been set collectively for Scope 1, Scope 2, and selected categories of Scope 3 (categories 1–8). The target is based on gross emissions, and carbon credits are not included. The most common greenhouse gas is carbon dioxide (CO_2), which is used in the carbon footprint calculation. Other greenhouse gases are indirectly included in the measurement and calculation by converting them to CO_2 equivalents using an emission factor. The reference year for reducing Komerční banka's greenhouse gas emissions is 2019, and the targets are reported in percentages.

In 2019, the carbon footprint of Komerční banka's own operations was 38,684.5 tons of CO_2e and 23.2 kg CO_2e per client. In 2024, the carbon footprint was reduced by 47.5% to 20,290.7 tons of CO_2e compared to the base year (2019). The goal is to achieve a 50% reduction by 2025 compared to the base year 2019. KB Group has set greenhouse gas emission reduction targets for its own operations until 2025.

SG's targets concern the following sectors:

Sector	Targets
Oil & Gas	Reduction of upstream oil & gas exposure, reaching –80% by 2030 vs. 2019, with an intermediary 2025 step of –50% Target on absolute GHG emissions scopes 1, 2, and 3 of –70% by 2030 vs. 2019
Power generation	Target on carbon intensity of the electricity production sector at 125 g of CO_2 per kWh in 2030, i.e. –43% vs. 2019
Thermal Coal	Complete phase-out by 2030 for EU and OECD countries, by 2040 for the rest of the world
Cement	Target on carbon intensity of the cement production sector at 535 kg of CO_2 e per ton of cement by 2030, i.e. –20% vs. 2022
Automotive	Target on carbon intensity of the automotive sector of 90 g of CO_2 e per km travelled per vehicle by 2030, i.e. –51% vs. 2021
Steel	Target to align the portfolio of crude steel producers with the IEA NZE scenario based on the Sustainable Steel Principles methodology (i.e., reach an alignment score of 0 by 2030)
Commercial real estate	Target on carbon intensity of the commercial real estate sector of 18 kg of CO_2 e/sq m by 2030 (based on Société Générale current portfolio mix), i.e. a reduction of 63% compared to 2022
Aluminium	Reduce carbon emission intensity of aluminium production by 6t CO_2 e/t in 2030 vs. 8t CO_2 e/t in 2022, i.e., –25% vs. 2022
Maritime transport	Aligning the maritime transport portfolio (excluding cruise ships) with the IMO's Striving For Scenario through the Poseidon Principals score of 15% in 2030, i.e. intensity reduction (AER) by 43% compared to 2022
Aviation	Target on the carbon intensity of the aviation sector of 775 g CO_2 e per revenue ton kilometre by 2030, i.e., –18 % vs. 2019.

Reducing greenhouse gas emissions – financing

The SG Group has set targets concerning the financing of certain sectors. Although these targets are not directly applicable to KB Group, KB Group contributes to their achievement. The primary tool for achieving these targets is sectoral policies, which include broader ESG criteria evaluated both for the client and in providing financing and other products.

In addition to the stated goals, the SG Group also aims to focus intensively on the agriculture and residential real estate sectors.

Agriculture

- Supporting the transition of clients, especially with regard to reducing the carbon intensity of this sector. This includes providing financing for new technologies that contribute to reducing the carbon footprint.

Residential real estate

- Supporting clients primarily in reducing energy consumption. This includes preferential financing for the construction of new

low-energy buildings, renovations aimed at reducing energy consumption, as well as photovoltaics, heat pumps, etc.

From the above-mentioned sectors, KB Group aims to focus on the following in the future:

- energy production,
- commercial and residential real estate,
- agriculture,
- automotive industry.

KB Group's goals are not scientifically based but are derived from the SG Group's goals, which were set based on the following documents when establishing sector decarbonisation targets:

- International Energy Agency Net Zero Emissions 2050 Scenario (IEA NZE 2050) – targets related to energy production, thermal coal, oil and gas, and cement production;
- Sustainable Steel Principles (SSP score) – target related to steel production;
- Carbon Risk Real Estate Monitor (CRREM) – target related to commercial real estate;
- International Aluminium Institute/Mission Possible Partnership (IAI/MPP) – target related to aluminium production;
- International Maritime Organisation (IMO) "Striving for" – target related to maritime transport;
- Worldwide Harmonized Light Vehicle Test Procedure (WLTP) – target related to the automotive industry.

Climate strategy in the coal sector

In 2019, as part of its contribution to combating climate change, the SG Group adopted its Climate Strategy. In this strategy, it committed not to provide any new active financing to companies the majority of whose annual revenues come from the coal sector (coal mining and transportation, coal trading, and coal-fired power generation or heat production). KB Group followed this Climate Strategy and, in 2019, set a goal to reduce its exposure to clients with assets in coal mining or coal energy in EU and OECD countries by 2030 at the latest. In line with the NZBA, KB aims to become compatible with the goals of the Paris Agreement. In pursuit of this strategy, KB does not provide new financing to clients whose annual revenues are more than 25% from thermal coal activities and who do not have a publicly stated timetable for exiting coal activities. See the relevant sector policy for more information.[1)]

[1)] https://www.kb.cz/getmedia/f269eeb6-0854-482b-b0dc-0b20a052b84d/Thermal-Coal-sector-policy.pdf

Energy consumption and mix

KB Group measures and monitors the consumption of electricity, gas, heat, and water at metered locations with billing and sub-meters installed. For unmetered properties, energy payments are determined based on contractual agreements, such as by the proportion of the property area used and the number of employees. Energy consumption data are regularly compared year on year for different periods. Energy consumption data outside the organisation are monitored by sub-meters. Energy provided to another entity is deducted from the consumption measured by KB's main meter. For rentals without meters, a similar approach is used – based on the proportion of the rented area. This situation exists in a minimal number of cases.

Energy and water consumption decreased year on year. This was mainly achieved through optimising the real estate portfolio, branch network, and workplace sharing system.

Energy consumption and mix at KB	2024
Fuel consumption from crude oil and petroleum products (MWh)	4.0
Fuel consumption from natural gas (MWh)	5,986.0
Consumption of purchased or acquired electricity from fossil sources (MWh)	0.0
Consumption of purchased or acquired heat from fossil sources (MWh)	10,142.1
Consumption of purchased or acquired cooling from fossil sources (MWh)	71.9
Total fossil energy consumption (MWh)	**16,204.0**
Share of fossil sources in total energy consumption (%)	**52.0**
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	14,816.0
Consumption of self-generated non-fuel renewable energy (MWh)	136.6
Total renewable energy consumption (MWh)	**14,952.6**
Share of renewable sources in total energy consumption (%)	**48.0**
Total energy consumption (MWh)	**31,156.6**

Energy consumption and mix at KB Group	2024
Fuel consumption from crude oil and petroleum products (MWh)	4.0
Fuel consumption from natural gas (MWh)	7,123.3
Consumption of purchased or acquired electricity from fossil sources (MWh)	623.6
Consumption of purchased or acquired heat from fossil sources (MWh)	11,327.7
Consumption of purchased or acquired cooling from fossil sources (MWh)	71.9
Total fossil energy consumption (MWh)	**19,150.5**
Share of fossil sources in total energy consumption (%)	**54.0**
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	16,236.3
Consumption of self-generated non-fuel renewable energy (MWh)	136.6
Total renewable energy consumption (MWh)	**16,315.9**
Share of renewable sources in total energy consumption (%)	**46.0**
Total energy consumption (MWh)	**35,466.3**

Renewable energy

Komerční banka has been purchasing energy from renewable sources since 2022. From 2023, the entire KB Group has been using almost exclusively renewable energy. Of the electricity consumed for the operation of office buildings, branch networks, data centres, and KB's vehicle fleet, 97.8% comes from renewable sources. The remaining 2.2% of consumed electricity comes from the standard energy mix of the Czech Republic/Slovakia and is used for external electric vehicle charging stations and for cooling where KB is a tenant and receives this service.

In 2023, KB installed a photovoltaic power plant with a capacity of 94.5 kWp on the roof of the building in Stodůlky. It has an average annual electricity production volume of 91.2 MWh. The office building completely consumes the energy produced there. In 2024, eight new photovoltaic power plants were installed and commissioned on the rooftops of KB's own buildings. A total of nine photovoltaic power plants with a peak capacity of 428 kWp have been installed. The plants were gradually commissioned throughout the year, resulting in a savings of 138 MWh of electricity in 2024. In 2025, the installation of one photovoltaic power plant with a peak capacity of 17.1 kWp is planned.

Energy management

Since the introduction of energy reporting in 2019, KB has been able to reduce energy consumption in its buildings annually. Within the Enectiva energy reporting framework, energy consumption data are compared with the technical parameters of the buildings, such as usage, number of employees, and climatic conditions. The data are evaluated using software, and target values are determined. Based on these values, detailed inspections are conducted in locations with excessive energy consumption.

In 2023, the first phase of online energy and water consumption measurement using IoT (Internet of Things) elements was introduced. In 2024, the second and final phase of this project was completed, covering most of the electricity and water measurements with online monitoring. This tool allows for better and faster evaluation of potential overconsumption or malfunctions.

Komerční banka complies with the legislative obligation under Act No. 406/2000 Coll., on Energy Management, and the relevant implementing decree. According to this legislation, KB has an Energy Audit, which was prepared in 2024 by the energy advisor ENVIROS (the audit is valid for 4 years).

From the perspective of energy consumption, KB Group is not classified among sectors with high impact on the climate and has no activities in sectors with high impact on the climate.

At the end of 2024, the final phase of installing remote readings was completed. From the beginning of 2025, the system's software was configured. The first phase of installations resulted in year-on-year reduction in overconsumption by 10%.

Gross Scopes 1, 2, 3 and total GHG emissions

In calculating greenhouse gas emissions for Scopes 1, 2, and 3, KB Group uses the operational control approach in accordance with the Greenhouse Gas Protocol[1)]. According to this approach, emissions over which the Group has operational control are included in the calculation. For Scopes 1 and 2, KB Group does not include emissions over which it has ownership but does not control their operations. These emissions are counted as investments in Scope 3 (category 15). Specifically, this includes the emissions of Komerční pojišťovna, an associate company of KB. The most significant differences in emission reporting compared to the previous non-financial report arise from the fact that KB Group for 2024 accounted for financed emissions in Scope 3 (category 15), and emissions from Scopes 1, 2, and 3 for companies SGEF, KB SmartSolutions, and KB Penzijní společnost are included in the calculation. Companies Modrá pyramida and ESSOX have already measured greenhouse gas emissions for Scopes 1, 2, and 3 in the past.

Emission factors from DEFRA 2023, Ecoinvent, and, for example, emission factors from the energy supplier for electricity were primarily used to calculate the carbon footprint. Emission factors are updated annually.

Due to a lack of data, KB Group has decided not to report the carbon footprint of the supply chain.

KB Group has no greenhouse gas emissions from Scope 1 under regulated emissions trading systems.

Komerční banka	2024
Scope 1 GHG emissions	
Gross Scope 1 GHG emissions (t CO_2 e)	1,561.6
Scope 2 GHG emissions	
Gross location-based Scope 2 GHG emissions (t CO_2 e)	9,743.0
Gross market-based Scope 2 GHG emissions (t CO_2 e)	2,146.3
Significant Scope 3 GHG emissions	
Total gross indirect (Scope 3) GHG emissions (t CO_2 e)	3,025,910.7
1 Purchased goods and services	1,540.4
2 Capital goods	5,759.2
3 Fuel and energy-related activities (not included in Scope 1 or Scope 2)	2,255.3
5 Waste generated in operations	109.7
6 Business traveling	879.6
7 Employee commuting	5,297.9
8 Upstream leased assets	149.7
15 Investments	3,009,918.9
Total GHG emissions	
Total GHG emissions (location-based) (t CO_2 e)	3,037,215.2
Total GHG emissions (market-based) (t CO_2 e)	3,029,618.6

Note: While the calculation of location-based GHG emissions does not take into account the purchase of green electricity and uses the emission factor of electricity in the Czech Republic, the calculation of market-based GHG emissions includes the purchase of certificates of origin for electricity from renewable sources.

KB Group	2024
Scope 1 GHG emissions	
Gross Scope 1 GHG emissions (t CO_2 e)	1,892.0
Scope 2 GHG emissions	
Gross location-based Scope 2 GHG emissions (t CO_2 e)	10,266.3
Gross market-based Scope 2 GHG emissions (t CO_2 e)	2,537.0
Significant Scope 3 GHG emissions	
Total gross indirect (Scope 3) GHG emissions (t CO_2 e)	3,229,782.8
1 Purchased goods and services	2,075.7
2 Capital goods	5,841.4
3 Fuel and energy-related activities (not included in Scope 1 or Scope 2)	2,649.5
5 Waste generated in operations	166.8
6 Business traveling	947.7
7 Employee commuting	5,749.0
8 Upstream leased assets	200.9
15 Investments	3,212,151.8
Total GHG emissions	
Total GHG emissions (location-based) (t CO_2 e)	3,241,941.1
Total GHG emissions (market-based) (t CO_2 e)	3,234,211.9

Note: While the calculation of location-based GHG emissions does not take into account the purchase of green electricity and uses the emission factor of electricity in the Czech Republic, the calculation of market-based GHG emissions includes the purchase of certificates of origin for electricity from renewable sources.

[1)] GHG Protocol (Greenhouse Gas Protocol, Corporate Value Chain (Scope 3) Accounting and Reporting Standard, Supplement to the GHG Protocol Corporate Accounting and Reporting Standard, WBCSD, 2011).

KB Group reports Scope 3 Category 15 (investments) greenhouse gas emissions for the first time in 2024. The calculation is based on the widely recognised PCAF methodology and the GHG Protocol.[1)] According to the PCAF asset categories, KB Group included corporate financing (corporate loans, project financing, commercial real estate financing) and mortgages (loans for purchasing or refinancing real estate) in the total financed emissions for 2024.

Other asset categories that should be included in Scope 3 Category 15, such as loans for motor vehicles, make up only a small fraction compared to the corporate portfolio and mortgages. Therefore, KB Group currently considers these emissions negligible in the overall result and did not include them in the total this year. Emissions from car financing are monitored, however, and the Group plans to improve the collection of relevant data in the coming years. Government bonds and exposures to the state are also not included in the total, as the motivation for holding them relates to capital adequacy policy and risk management.

For the calculation of financed emissions from corporate exposures, KB Group conducted an analysis of the Bank's portfolio and the subsidiary SGEF, which also finances the corporate segment, particularly in technology. Due to the unavailability of actual data from its clients on emissions produced or energy consumption for 2024, KB Group used an estimation method for the calculation. The Group used PCAF emission factors, which are generally weighted for the Czech Republic for the given sector, and chose the asset-based method, where the emission factor is expressed per unit of asset. KB Group understands that this method is only an estimate, albeit the best possible one at this time. In future, the Group plans to improve data collection from clients regarding their activities and financed activities.

For mortgage loans for the purchase or refinancing of real estate, the calculation is based either on the available Energy Performance Certificate (EPC) or, in its absence, on an estimated EPC class using a special methodology developed by ENVIROS. Based on internal property data, the resulting financed emissions are estimated. KB Group is aware of the inaccuracy of these estimates, given that only a small part of the portfolio is covered by an available EPC. In the future, however, the Group plans to implement measures to increase the collection of energy certificates for properties and improve the accuracy of financed emissions calculations.

Komerční pojišťovna is an associate company of KB, and its emissions are therefore also included in Scope 3 Category 15, using a proportional method based on available information for Scopes 1 and 2. At the time of publishing this report, this information was available for 2023.

GHG intensity based on net revenue

Komerční banka	2024
GHG intensity per net revenue	
Total GHG emissions (location-based) per net revenue (t CO_2 eq/monetary unit in thousands)	0.0898
Total GHG emissions (market-based) per net revenue (t CO_2 eq/monetary unit in thousands)	0.0896

KB Group	2024
GHG intensity per net revenue	
Total GHG emissions (location-based) per net revenue (t CO_2 eq/monetary unit in thousands)	0.0881
Total GHG emissions (market-based) per net revenue (t CO_2 eq/monetary unit in thousands)	0.0879

Information about net revenues is available in chapter *Financial performance* (section *Financial results and development of financial position*)

[1)] PCAF (2022). The Global GHG Accounting and Reporting Standard Part A: Financed Emissions. Second Edition. Corporate Value Chain (Scope 3) Accounting and Reporting Standard: Supplement to the GHG Protocol Corporate Accounting and Reporting Standard.

GHG removals and GHG mitigation projects financed through carbon credits

KB Group does not remove or store greenhouse gases generated from its own operational activities. As the Group does not engage in the removal and storage of greenhouse gases, it has no methodology or framework for calculating values in this area. The Group also does not finance any projects focused on the removal and storage of greenhouse gases.

KB Group has not used carbon credits to date and does not plan to use carbon credits in 2025.

Own workforce

Strategy related to own workforce[1)]

Vision, corporate culture, and values

Komerční banka's strategic vision in the area of human resources is to create a professional relationship with employees based on trust, respect, mutual communication, and adherence to equal opportunities while offering interesting professional and career growth. KB aims to create an inspiring and supportive environment where people enjoy working, achieve success, and naturally become ambassadors of the Komerční banka brand. The mutual co-operation between employees is based on four fundamental values or principles of behaviour, which are team spirit, innovation, engagement, and responsibility. Together, they form the foundation of the corporate culture upon which KB is building its future. These values are integral to KB's mission, expressing the Bank's purpose for existence and how it wants to be perceived in the market.

Team spirit
KB's clients want a bank that will be a responsible, trustworthy, and modern partner. The employees of the Bank fulfil the clients' needs as a team whose priority is for a friendly approach and professional expertise. KB has long been a Bank focused on relationships with clients. For everyone at KB, team collaboration, the possibility of open expression of opinions, listening to others, appreciating mutual contributions, and sharing individual successes and failures are important.

Innovation
Technological innovations and co-operation with startup companies have constituted an integral part of the Bank's DNA and been a priority in recent years. The goal is to improve the customer experience and continuously offer the best customer solutions. Therefore, employees are changing their ways of working and bringing unconventional approaches into them – supporting the sharing of ideas while learning from both their successes and failures.

Engagement
KB's employees strive for the continuous satisfaction of clients. They seek the best solutions for them and nurture relationships with clients based on trust and mutual respect. Clients' success means their own success, instilling in them pride in their profession and strengthening their bond with the Group.

Responsibility
Bankers contribute to the sustainable economic, social, and ecological development of both countries and economies where Komerční banka operates. They approach fulfilling clients' visions and projects responsibly, act in accordance with the long-term interests of investors, and simultaneously pay attention to risk in all its aspects while adhering to the rules of the profession and the Ethical Code. They consider not only the result to be important but also the path taken to achieve those results.

Interests and opinions of stakeholders

The method of communication with our workforce, including the employees' engagement, is described in the *General disclosures* chapter (section *Interests and opinions of stakeholders*).

[1)] The term own workforce refers to employees working under employment contracts and employees working outside standard employment relationships (DPČ and DPP).

Managing impacts, risks, and opportunities related to own workforce

An overview of material impacts related to own workforce is available in the *General disclosures* chapter (section *Material topics*). KB Group has not identified any material risks or opportunities related to own workforce. Activities aimed at achieving a positive impact on employees are described in the section *Targets related to own workforce*.

KB Group has not identified any material negative impacts in the area of child or forced labour. The Group has no operational activities with material risks of forced or child labour incidents. The Group does not operate in countries or regions considered to be at risk in this regard, nor does it have any suppliers operating in these countries or regions.

In this area, KB Group adheres to internationally recognised documents such as the:

- Charter of Fundamental Rights and Freedoms – Article 9,
- Convention for the Protection of Human Rights and Fundamental Freedoms – Article 4,
- Convention on the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour – Convention No. 182.

KB Group has not currently identified any material impacts on its workforce that could result from plans to transition to reducing negative environmental impacts and achieving greener and climate-neutral operations. Nevertheless, KB Group trains its employees in the area of ESG, thereby preparing them for potential changes that may arise from the transition to more sustainable business practices (more information about the training is available in the section *Employee education and development*).

Policies related to own workforce

A list of policies related to own workforce, including responsibility for monitoring the principles outlined in the policies, is provided in the following table. Monitoring processes are always described in the relevant internal policies and instructions.

To ensure a comprehensive overview of the policies that impact the business of KB Group, the overview also includes the laws and legislation of the Czech Republic, which are overseen by senior management. Internal regulations take into account changes in legislation.

In preparing its own policies related to its workforce, KB Group is guided by the relevant legal regulations of the Czech Republic (Labour Code) as well as internationally recognised documents, such as the International Labour Organization Conventions, the Charter of Fundamental Rights and Freedoms, and the UN Guiding Principles on Business and Human Rights. Each internal instruction undergoes a comment procedure by Compliance, which is responsible for ensuring that the procedures described in the instruction comply with applicable legislation and conform to good practice.

The aforementioned policies and legal regulations apply to workers as follows:

1. Employees working under employment contracts – This group is subject to all policies, internal documents, laws, and internationally recognised documents listed in the table.
2. Own Workforce – Workers classified as own workforce (employees working under employment contracts and employees working outside standard employment relationships) are subject to all laws and internationally recognised documents, as well as the following KB Group instructions:
   a. Occupational Health and Safety (OHS),
   b. Fire Protection,
   c. Ethical Code.

S1	Working conditions		
IRO	**Description**	**Policy's main content**	**Monitoring**
Impact	**Secure employment**	**Occupational Health and Safety (OSH)**	Monitoring compliance with procedures related to OSH and fire protection is under the responsibility of the Investment Construction and Professional Services Department. Monitoring the training of workers in this area is under the responsibility of the HR Department. Monitoring related to compliance with documents regulating labour and legal relations is covered by the HR Department and the trade union (in the entities where the unions operate).
	In accordance with the administrative regulations of the Czech Republic and the EU, KB Group emphasises the setting of work procedures and rules for the performance of employment, emphasises the sense of security of its employees, long-term employment relationship, their loyalty and satisfaction.	The purpose of this instruction is to define the basic scope of responsibilities, duties, and powers in the field of safety and health protection at work, including the requirement for regular training of workers in the field of OSH.	
		Fire protection	
		The purpose of this instruction is to determine the conditions for fulfilling obligations related to fire protection arising from the relevant legal and technical regulations in order to ensure effective protection of life, health of persons and assets of KB Group against fires. The instruction also contains a requirement for regular training of workers and testing in the form of a practice fire alarm.	
		Employment Rules	
		The document elaborates on the provisions of the Labour Code regarding the obligations of the employer and the employee ensuing from labour relations. The work regulations define in detail the scope, powers, and duties of the employer and duties of the employee: establish conditions for equal treatment, prohibition of discrimination, protection of personal data and rights, conditions for the creation and termination of employment, conditions related to working time, overtime work and vacation. The work regulations also deal with ensuring safety and health protection at work and establish procedures for occupational accidents.	
		Collective agreement	
		The collective agreement regulates individual and collective relations between the employer and its employees, represented by a trade union, which relate to labour law, wage and other employee rights, and the rights and obligations of both parties to the contract. The rights of employees and other provisions from the collective agreement express the will of the contractual partners to create optimal conditions for identifying the interests of the employees and of the employer. In so doing, the parties take into account the fact that the realisation of certain rights and benefits is conditioned on the employer achieving the corresponding economic results. The collective agreements concluded at KB, Modrá pyramida and ESSOX are binding on the parties and apply to all employees (employees working under employment contracts, not employees working outside standard employment relationships) of the respective companies in the Czech Republic, including non-unionised employees.	

S1	Working conditions		
IRO	**Description**	**Policy's main content**	**Monitoring**
Impact	**Working time**	**Labour Code**	Monitoring related to compliance with documents regulating labour and legal relations is covered by the HR Department and the trade union (in the entities where the unions operate).
	Working hours in KB Group are in accordance with the Labour Code and with maximum use of flexible forms of work and flexible working hours.	The basic legal norm governing the relations arising during the performance of dependent work between employees and employers.	
		Employment Rules	
		The document elaborates on the provisions of the Labour Code regarding the obligations of the employer and the employee ensuing from labour relations. The work regulations define in detail the scope, powers, and duties of the employer and duties of the employee, establish conditions for equal treatment, prohibition of discrimination, protection of personal data and rights, conditions for the creation and termination of employment, conditions related to working time, overtime work and vacation. The work regulations also deal with ensuring safety and health protection at work and establish procedures for occupational accidents.	
		Collective agreement	
		The collective agreement regulates individual and collective relations between the employer and its employees, represented by a trade union, which relate to labour law, wage and other employee rights, and the rights and obligations of both parties to the contract. The rights of employees and other provisions from the collective agreement express the will of the contractual partners to create optimal conditions for identifying the interests of the employees and of the employer. In so doing, the parties take into account the fact that the realisation of certain rights and benefits is conditioned on the employer achieving the corresponding economic results. The collective agreements concluded at KB, Modrá pyramida and ESSOX are binding on the parties and apply to all employees (employees working under employment contracts, not employees working outside standard employment relationships) of the respective companies in the Czech Republic, including non-unionised employees.	
		Ethical Code	
		The purpose of the Ethical Code is to determine the basic rules of professional behaviour of Komerční banka employees, especially in the area of compliance with laws and generally accepted rules of ethics, which the employee is obliged to follow. The document has the nature of a basic (general) document within the internal regulatory base, mainly because of its general applicability to all KB employees.	

S1	Working conditions		
IRO	**Description**	**Policy's main content**	**Monitoring**
Impact	**Adequate wages** All KB Group employees working under employment contracts and employees working under agreements are paid a reasonable wage in accordance with the applicable benchmarks according to the Fair Wage Network database[1)]. The minimum wage in the KB Group is above the minimum wage in the Czech Republic and, where there are unions, it is set in the collective agreement.	**Salary regulations of Komerční banka, a.s.** The instruction regulates the rules for the fulfilment of obligations arising from generally binding legal regulations, the collective agreement and contracts with employees for remuneration. **Collective agreement** The collective agreement regulates individual and collective relations between the employer and its employees, represented by a trade union, which relate to labour law, wage and other employee rights, and the rights and obligations of both parties to the contract. The rights of employees and other provisions from the collective agreement express the will of the contractual partners to create optimal conditions for identifying the interests of the employees and of the employer. In so doing, the parties take into account the fact that the realisation of certain rights and benefits is conditioned on the employer achieving the corresponding economic results. The collective agreements concluded at KB, Modrá pyramida and ESSOX are binding on the parties and apply to all employees (employees working under employment contracts, not employees working outside standard employment relationships) of the respective companies in the Czech Republic, including non-unionised employees. **Remuneration policy for members of the Board of Directors and the Supervisory Board of Komerční banka, a.s.** The policy regulates the rules for remuneration of members of the Board of Directors and the Supervisory Board of Komerční banka, a.s. **SG Code of Conduct** The SG Code of Conduct is a summary of fundamental ethical principles common to the entire SG Group. In particular, these principles are the following: • the principle of equality and justice, • the principle of preventing of harm, • the principle of realism, • the principle of due diligence, • the principle of impartiality, • the principle of truthfulness.	Monitoring related to compliance with documents regulating labour and legal relations is covered by the HR Department and the trade union (in the entities where the unions operate).

[1)] https://fair-wage.com/

S1	Working conditions		
IRO	**Description**	**Policy's main content**	**Monitoring**
Impact	**Social dialogue**	**Labour Code**	Monitoring related to compliance with documents regulating labour and legal relations is covered by the HR Department and the trade union (in the entities where the unions operate).
	KB, Modrá pyramida and ESSOX have collective agreements and social dialogue with unions. All employees have the right to express their views and to contact the management of the companies concerned or the union organisation.	The basic legal norm governing the relations arising during the performance of dependent work between employees and employers.	
		Collective agreement	
		The collective agreement regulates individual and collective relations between the employer and its employees, represented by a trade union, which relate to labour law, wage and other employee rights, and the rights and obligations of both parties to the contract. The rights of employees and other provisions from the collective agreement express the will of the contractual partners to create optimal conditions for identifying the interests of the employees and of the employer. In so doing, the parties take into account the fact that the realisation of certain rights and benefits is conditioned on the employer achieving the corresponding economic results. The collective agreements concluded at KB, Modrá pyramida and ESSOX are binding on the parties and apply to all employees (employees working under employment contracts, not employees working outside standard employment relationships) of the respective companies in the Czech Republic, including non-unionised employees.	
		Charter of Fundamental Rights and Freedoms	
		The Charter expresses the relationship between the state and the citizen and is part of the constitutional order of the Czech Republic. Title 2 regulates human rights and fundamental freedoms.	
		Civil Code	
		The legal norm guaranteeing the right to free association in its Title 20.	
		Collective Bargaining Act	
		The law regulates collective bargaining between trade unions and employers or their organisations, with the possible co-operation of the state, the aim of which is to conclude a collective agreement.	
		Conventions of the International Labour Organization	
		This is a set of treaties ratified by the Czech Republic, which includes Convention No. 87 Freedom of Association and Protection of the Right to Organise.	

S1	Working conditions		
IRO	**Description**	**Policy's main content**	**Monitoring**
Impact	**Freedom of association; existence of works councils; and information, consultation, and participation rights of workers**	**Labour Code**	Monitoring related to compliance with documents regulating labour and legal relations is covered by the HR Department and the trade union (in the entities where the unions operate).
	In KB Group companies where unions operate, employees can join a union. In all KB Group companies, employees have the right to information and consultation. KB Group supports the creation of various associations and learning communities.	The basic legal norm governing the relations arising during the performance of dependent work between employees and employers.	
		Collective agreement	
		The collective agreement regulates individual and collective relations between the employer and its employees, represented by a trade union, which relate to labour law, wage and other employee rights, and the rights and obligations of both parties to the contract. The rights of employees and other provisions from the collective agreement express the will of the contractual partners to create optimal conditions for identifying the interests of the employees and of the employer. In so doing, the parties take into account the fact that the realisation of certain rights and benefits is conditioned on the employer achieving the corresponding economic results. The collective agreements concluded at KB, Modrá pyramida and ESSOX are binding on the parties and apply to all employees (employees working under employment contracts, not employees working outside standard employment relationships) of the respective companies in the Czech Republic, including non-unionised employees.	
		Charter of Fundamental Rights and Freedoms	
		The Charter expresses the relationship between the state and the citizen and is part of the constitutional order of the Czech Republic. Title 2 regulates human rights and fundamental freedoms.	
		Civil Code	
		The legal norm guaranteeing the right to free association in its Title 20.	
		Collective Bargaining Act	
		The law regulates collective bargaining between trade unions and employers or their organisations, with the possible co-operation of the state, the aim of which is to conclude a collective agreement.	
		Conventions of the International Labour Organization	
		This is a set of treaties ratified by the Czech Republic, which includes Convention No. 87 Freedom of Association and Protection of the Right to Organise.	

S1	Working conditions		
IRO	**Description**	**Policy's main content**	**Monitoring**
Impact	**Collective bargaining, including rate of workers covered by collective agreements**	**Labour Code**	Monitoring related to compliance with documents regulating labour and legal relations is covered by the HR Department and the trade union (in the entities where the unions operate).
	Collective bargaining takes place every year during the conclusion of the collective agreement and its amendments. The collective agreements concluded at KB, Modrá pyramida and ESSOX are binding on the parties and apply to all employees (employees working under employment contracts, not • employees working outside standard employment relationships) of the respective companies in the Czech Republic, including non-unionised employees.	The basic legal norm governing the relations arising during the performance of dependent work between employees and employers.	
		Collective agreement	
		The collective agreement regulates individual and collective relations between the employer and its employees, represented by a trade union, which relate to labour law, wage and other employee rights, and the rights and obligations of both parties to the contract. The rights of employees and other provisions from the collective agreement express the will of the contractual partners to create optimal conditions for identifying the interests of the employees and of the employer. In so doing, the parties take into account the fact that the realisation of certain rights and benefits is conditioned on the employer achieving the corresponding economic results. The collective agreements concluded at KB, Modrá pyramida and ESSOX are binding on the parties.	
		Charter of Fundamental Rights and Freedoms	
		The Charter expresses the relationship between the state and the citizen and is part of the constitutional order of the Czech Republic. Title 2 regulates human rights and fundamental freedoms.	
		Civil Code	
		The legal norm, which guarantees the right to free association in Title 20.	
		Collective Bargaining Act	
		The law regulates collective bargaining between trade unions and employers or their organisations, with the possible co-operation of the state, the aim of which is to conclude a collective agreement.	
		Conventions of the International Labour Organization	
		This is a set of treaties ratified by the Czech Republic, which includes Convention No. 87 Freedom of Association and Protection of the Right to Organize.	

S1	Working conditions		
IRO	**Description**	**Policy's main content**	**Monitoring**
Impact	**Work-life balance**	**Employment Rules**	Monitoring related to compliance with documents regulating labour and legal relations is covered by the HR Department and the trade union (in the entities where the unions operate).
	KB Group supports the balance between work and private life through flexible working hours and flexibility in the place of work.	The document elaborates on the provisions of the Labour Code regarding the obligations of the employer and the employee ensuing from labour relations. The work regulations define in detail the scope, powers, and duties of the employer and duties of the employee, establish conditions for equal treatment, prohibition of discrimination, protection of personal data and rights, conditions for the creation and termination of employment, conditions related to working time, overtime work and vacation. The work regulations also deal with ensuring safety and health protection at work and establish procedures for occupational accidents.	
		Collective agreement	
		The collective agreement regulates individual and collective relations between the employer and its employees, represented by a trade union, which relate to labour law, wage and other employee rights, and the rights and obligations of both parties to the contract. The rights of employees and other provisions from the collective agreement express the will of the contractual partners to create optimal conditions for identifying the interests of the employees and of the employer. In so doing, the parties take into account the fact that the realisation of certain rights and benefits is conditioned on the employer achieving the corresponding economic results. The collective agreements concluded at KB, Modrá pyramida and ESSOX are binding on the parties and apply to all employees (employees working under employment contracts, not employees working outside standard employment relationships) of the respective companies in the Czech Republic, including non-unionised employees.	
		Employee benefits	
		The purpose of this instruction is to establish the conditions for providing employee benefits agreed upon in the framework of collective bargaining.	
Impact	**Health and safety**	**Occupational Health and Safety (OSH)**	Monitoring compliance with procedures related to OSH and fire protection is under the responsibility of the Investment Construction and Professional Services Department. Monitoring the training of workers in this area is under the responsibility of the HR Department. Monitoring related to compliance with documents regulating labour and legal relations is covered by the HR Department and the trade union (in the entities where the unions operate).
	KB Group cares about the health and safety of its employees, providing a Counselling Programme in the areas of health, psychology, social, and legal issues. It also supports prevention through regular Health Days, webinars, and well-being training sessions.	The purpose of this instruction is to define the basic scope of responsibilities, duties, and powers in the field of safety and health protection at work, including the requirement for regular training of workers in the field of OSH.	
		Fire protection	
		The purpose of this instruction is to determine the conditions for fulfilling obligations related to fire protection arising from the relevant legal and technical regulations in order to ensure effective protection of life, health of persons and assets of KB Group against fires. The instruction also contains a requirement for regular training of workers and testing in the form of a practice fire alarm.	
		Labour Code	
		The basic legal norm governing the relations arising during the performance of dependent work between employees and employers.	
		Employment Rules	
		The document elaborates on the provisions of the Labour Code regarding the obligations of the employer and the employee ensuing from labour relations. The work regulations define in detail the scope, powers, and duties of the employer and duties of the employee, establish conditions for equal treatment, prohibition of discrimination, protection of personal data and rights, conditions for the creation and termination of employment, conditions related to working time, overtime work and vacation. The work regulations also deal with ensuring safety and health protection at work and establish procedures for occupational accidents.	
		Collective agreement	
		The collective agreement regulates individual and collective relations between the employer and its employees, represented by a trade union, which relate to labour law, wage and other employee rights, and the rights and obligations of both parties to the contract. The rights of employees and other provisions from the collective agreement express the will of the contractual partners to create optimal conditions for identifying the interests of the employees and of the employer. In so doing, the parties take into account the fact that the realisation of certain rights and benefits is conditioned on the employer achieving the corresponding economic results. The collective agreements concluded at KB, Modrá pyramida and ESSOX are binding on the parties and apply to all employees (employees working under employment contracts, not employees working outside standard employment relationships) of the respective companies in the Czech Republic, including non-unionised employees.	

S1	Working conditions		
IRO	**Description**	**Policy's main content**	**Monitoring**
S1	**Equal treatment and opportunities for all**		
Impact	**Gender equality and equal pay for work of equal value**	**Salary regulations of Komerční banka, a.s.**	Monitoring related to compliance with documents regulating labour and legal relations is covered by the HR Department and the trade union (in the entities where the unions operate).
	KB Group strictly adheres to gender equality and equal pay for equal work. The goal of the KB Group is to achieve zero Equal Pay Gap by 2026.	The instruction regulates the rules for the fulfilment of obligations arising from generally binding legal regulations, the collective agreement and contracts with employees for remuneration.	
		Remuneration policy for members of the Board of Directors and the Supervisory Board of Komerční banka, a.s.	
		The policy regulates the rules for remuneration of members of the Board of Directors and the Supervisory Board of Komerční banka, a.s.	
		SG Code of Conduct	
		The SG Code of Conduct is a summary of fundamental ethical principles common to the entire SG Group. In particular, these principles are the following: • the principle of equality and justice, • the principle of preventing of harm, • the principle of realism, • the principle of due diligence, • the principle of impartiality, • the principle of truthfulness.	
		Ethical Code	
		The purpose of the Ethical Code is to determine the basic rules of professional behaviour of Komerční banka employees, especially in the area of compliance with laws and generally accepted rules of ethics, which the employee is obliged to follow. The document has the nature of a basic (general) document within the internal regulatory base, mainly because of its general applicability to all KB employees.	
Impact	**Training and skills development**	**Education and Development**	Monitoring related to compliance with documents regulating labour and legal relations is covered by the HR Department and the trade union (in the entities where the unions operate).
	All employees, without distinction, have the right to deepen their knowledge and skills for their positions. In addition to mandatory training, employees have the opportunity to choose optional courses, training sessions, professional exams, etc.	The instruction defines the responsibilities, roles, and processes in the area of education and development of KB Group's employees.	
		Employment Rules	
		The document elaborates on the provisions of the Labour Code regarding the obligations of the employer and the employee ensuing from labour relations. The work regulations define in detail the scope, powers, and duties of the employer and duties of the employee, establish conditions for equal treatment, prohibition of discrimination, protection of personal data and rights, conditions for the creation and termination of employment, conditions related to working time, overtime work and vacation. The work regulations also deal with ensuring safety and health protection at work and establish procedures for occupational accidents.	

S1	Working conditions		
IRO	**Description**	**Policy's main content**	**Monitoring**
Impact	**Employment and inclusion of persons with disabilities**	**Employment Rules**	Monitoring related to compliance with documents regulating labour and legal relations is covered by the HR Department and the trade union (in the entities where the unions operate).
	KB Group creates conditions suitable for employees with disabilities, providing, among other things, barrier-free access, specialised IT and software equipment, as well as flexible work arrangements.	The document elaborates on the provisions of the Labour Code regarding the obligations of the employer and the employee ensuing from labour relations. The work regulations define in detail the scope, powers, and duties of the employer and duties of the employee, establish conditions for equal treatment, prohibition of discrimination, protection of personal data and rights, conditions for the creation and termination of employment, conditions related to working time, overtime work and vacation. The work regulations also deal with ensuring safety and health protection at work and establish procedures for occupational accidents.	
		Collective agreement	
		The collective agreement regulates individual and collective relations between the employer and its employees, represented by a trade union, which relate to labour law, wage and other employee rights, and the rights and obligations of both parties to the contract. The rights of employees and other provisions from the collective agreement express the will of the contractual partners to create optimal conditions for identifying the interests of the employees and of the employer. In so doing, the parties take into account the fact that the realisation of certain rights and benefits is conditioned on the employer achieving the corresponding economic results. The collective agreements concluded at KB, Modrá pyramida and ESSOX are binding on the parties and apply to all employees (employees working under employment contracts, not employees working outside standard employment relationships) of the respective companies in the Czech Republic, including non-unionised employees.	
		Employee benefits	
		The purpose of this instruction is to establish the conditions for providing employee benefits agreed upon in the framework of collective bargaining.	
Impact	**Measures against violence and harassment in the workplace**	**Employment Rules**	Monitoring related to compliance with documents regulating labour and legal relations is covered by the HR Department and the trade union (in the entities where the unions operate).
	KB Group has procedures in its internal regulations for preventing and detecting these forms of undesirable behaviour. Employees have access to a special hotline through which they can report undesirable behaviour, even anonymously.	The document elaborates on the provisions of the Labour Code regarding the obligations of the employer and the employee ensuing from labour relations. The work regulations define in detail the scope, powers, and duties of the employer and duties of the employee, establish conditions for equal treatment, prohibition of discrimination, protection of personal data and rights, conditions for the creation and termination of employment, conditions related to working time, overtime work and vacation. The work regulations also deal with ensuring safety and health protection at work and establish procedures for occupational accidents.	
		Labour Code	
		The basic legal norm governing the relations arising during the performance of dependent work between employees and employers.	
		SG group's policy to combat and punish undesirable conduct in all its forms, including mental and sexual harassment, as well as sexist, racist or homophobic behaviour	
		The document describes the rules and processes for mentoring and addressing any incidents related to undesirable behaviour.	
		Right to give notice (whistleblowing)	
		The document contains the fundamental principles for submitting reports, including ensuring the confidentiality and anonymity of the whistleblower, protecting the whistleblower, roles and responsibilities within KB Group, the systematic provision for submitting reports, and the control mechanisms that are set up in this process.	
		Principles for Minimising the Risk of Money Laundering and Terrorist Financing	
		The instruction builds on Directive DIR 16 and elaborates in detail the "know-your-customer" principle and the basic principles of the system against money laundering and terrorist financing. The instruction establishes the basic rules for: • Accepting a client into KB and providing banking services, including client identification and obtaining additional KYC information, • Regular evaluation and monitoring of clients, tracking their transactions conducted through KB, including to identify suspicious transactions and the method of reporting them, • Additional measures (e.g. recording and retaining specified information, maintaining confidentiality obligations).	

S1	Working conditions		
IRO	**Description**	**Policy's main content**	**Monitoring**
Impact	**Diversity**	**Rules for Assessing the Suitability and Diversity of Members of Elected Bodies and Persons in Key Functions**	Monitoring related to compliance with documents regulating labour and legal relations is covered by the HR Department and the trade union (in the entities where the unions operate).
	KB Group supports diversity and freedom of expression. KB Group is a signatory to the Diversity Charter.	The purpose of this regulation is to establish criteria and processes for assessing the suitability and diversity of potential and existing members of elected bodies, in accordance with regulatory requirements.	
		Labour Code	
		The basic legal norm governing the relations arising during the performance of dependent work between employees and employers.	
		Ethical Code	
		The purpose of the Ethical Code is to determine the basic rules of professional behaviour of Komerční banka employees, especially in the area of compliance with laws and generally accepted rules of ethics, which the employee is obliged to follow. The document has the nature of a basic (general) document within the internal regulatory base, mainly because of its general applicability to all KB employees.	
		Diversity Charter	
		The aim of the Diversity Charter, which is based on the principles of the European Diversity Charter, is to promote and implement diversity, flexibility, and inclusion as key values in labour markets.	
S1	**Other work-related rights**		
Impact	**Privacy**	**Exercise of rights of data subjects (GDPR)**	Monitoring is the responsibility of the Office of the Commissioner for Personal Data Protection. Monitoring related to compliance with laws and documents governing labour and legal relations is covered by the HR Department and the trade union (in the entities where the unions operate).
	KB Group respects the privacy of its employees and does not in any way interfere in their personal relationships and connections. The Group strictly adheres to the rules for protecting the personal data of its interns. KB Group has established processes and complies with all regulations regarding data protection and has also implemented security control mechanisms for client transactions (to prevent misuse).	The purpose of this instruction is to establish the principles and responsibilities for handling requests for the exercise of subject rights related to the processing of personal data.	
		Employment Rules	
		The document elaborates on the provisions of the Labour Code regarding the obligations of the employer and the employee ensuing from labour relations. The work regulations define in detail the scope, powers, and duties of the employer and duties of the employee, establish conditions for equal treatment, prohibition of discrimination, protection of personal data and rights, conditions for the creation and termination of employment, conditions related to working time, overtime work and vacation. The work regulations also deal with ensuring safety and health protection at work and establish procedures for occupational accidents.	
		SG Code of Conduct	
		The SG Code of Conduct is a summary of fundamental ethical principles common to the entire SG Group. In particular, these principles are the following: • the principle of equality and justice, • the principle of preventing of harm, • the principle of realism, • the principle of due diligence, • the principle of impartiality, • the principle of truthfulness.	

Policies related to human rights and freedoms

Basic human rights are public rights guaranteed in the Czech Republic primarily by the constitutional Charter of Fundamental Rights and Freedoms.

The Ethical Code of Komerční banka is derived from the SG Group Code of Conduct, which summarises the fundamental ethical principles common to the entire SG Group. The Ethical Code is primarily based on the following principles:

- the principle of equality and justice,
- the principle of preventing harm,
- the principle of realism,
- the principle of due diligence,

- the principle of impartiality,
- the principle of truthfulness.

The purpose of the Ethical Code is to establish the basic rules of professional conduct for employees of Komerční banka, particularly in the area of compliance with laws and generally recognised ethical standards, which employees are obliged to follow. This document serves as a foundational (general) document within the internal regulatory framework, especially due to its general applicability to all KB employees. Komerční banka, as well as its employees, in accordance with the Ethical Code, ensures and protects basic human rights and freedoms.

Given that the Ethical Code cannot capture the full spectrum of rules of human behaviour and conduct, nor can it adequately predict all potential situations, Komerční banka welcomes comments and suggestions from its employees for the improvement and supplementation of the Ethical Code.

KB Group respects all human and social rights of employees. To date, there have been no incidents within the Group relating to violation of employees' human rights and freedoms. Ensuring compliance with human and labour rights is supported by whistleblowing tools and procedures available to employees. If an employee identifies behaviour or conduct that might even potentially conflict with ethical rules and is unsure of the appropriate course of action for the situation, he or she should immediately contact either his or her supervisor or the Compliance Department.

Since the policies of KB Group are based on current legislative requirements and internationally recognised documents in the area of business and human rights, they also cover areas such as human trafficking, forced labour, and child labour.

Policies related to occupational injuries

KB Group has established procedures for the prevention of occupational injuries. The procedures for preventing occupational injuries are covered by internal instructions on Occupational Health and Safety (OHS) and OHS Security in KB. The procedure for handling occupational injuries is described in the Work Regulations.

Selected workplaces at KB are inspected by an independent body, specifically the Trade Union of Banking and Insurance Workers. These inspections include assessments of the ergonomic conditions of the workplaces and evaluations of the quality of working and hygiene conditions. An official record is made from each inspection, along with written recommendations.

During reconstructions and modernisation of workplaces, the KB Group ensures compliance with health and safety requirements, strives to improve the social environment, and aims to implement the latest technologies efficiently.

In the event that an employee is injured, he or she is required to report the injury to one's supervisor. The supervisor records the injury in the Book of Injuries and Minor Injuries. In the case of work incapacity, a document termed an "Injury Report," which is an appendix to Government Regulation No. 201/2010 Coll., on the method of recording injuries, reporting, and sending injury reports, is further processed. The legal department provides the employer's statement on whether it is a work-related injury. The Injury Report is prepared by the supervisors in collaboration with the OHS manager and a qualified person, who subsequently conducts a local investigation based on the severity of the injury, and measures are taken to prevent recurrence. The OHS manager records the Injury Report and sends it to the mandatory authorities, including the health insurance company of the injured person. The Injury Report must be sent by the 5th day of the following month. An annual summary of injuries is sent to the KB Trade Union.

Policies related to discrimination, harassment, and equal opportunities

Policies related to discrimination, harassment, and equal opportunities are listed in the policy overview table above. Specific procedures for preventing discrimination are directly detailed in the respective policies that address this area. The topics of discrimination and harassment are included in regular training sessions for employees. Additionally, we have established adequate control mechanisms to ensure the fulfilment of these policies, including procedures for reporting undesirable behaviour, recording potential incidents, and their resolution.

Principles of non-discrimination are an integral part of the corporate culture of KB Group and are among the strategic priorities of the entire Société Générale Group. We perceive diversity and individuality as strengths, whether it concerns differences in age, racial and ethnic origin, nationality, gender, sexual orientation, political beliefs, religion, minority status, disability, or social background. Nevertheless, KB Group does not in any way require or collect data related to employees' self-identification with these target groups to ensure a uniform approach to all without distinction.

Since 2020, KB has been a gold signatory of the European Diversity Charter – a project endorsed by the European Commission since 2010. By signing the Diversity Charter, we joined a strong coalition of companies actively addressing societal issues and contributing to their resolution. As part of this initiative, we are committed to creating a non-discriminatory, supportive, and inspiring environment where employees can develop and realise their potential to the fullest.

Inclusion of vulnerable individuals is directly incorporated into the internal regulations of the KB Group (e.g. in the Work Regulations). KB Group, for example, supports the early return of parents from maternity and parental leave. If there is mutual interest and need, collaboration can be set up during the leave. Upon returning from maternity or parental leave, KB assists these employees with reintegration into the work process, for instance, through shorter working hours, the possibility of working from home, flexible working hours, or a combination of these options, if the type of operation and nature of the work so allow. Parents who return early from parental/maternity leave are provided with a financial contribution beyond the legal requirements in several entities of the KB Group (Komerční banka, Komerční banka Slovensko, Modrá pyramida, KB Penzijní společnost, SGEF).

Special attention is given to colleagues with disabilities. The most common positions these individuals hold include bank advisor, transaction processing specialist, cashier, middle office specialist, client services specialist, or telephone service sales representative. Based on specific disabilities, we adapt the work environment (e.g. ensuring accessibility, providing suitable monitors and chairs) and provide special work tools (e.g. special software for visual impairments).

We also focus on supporting individuals from socially disadvantaged groups, such as single mothers. As part of this support, we collaborate with relevant foundations.

Part of KB Group's strategic approach is also to raise awareness about diversity and inclusion among employees and the general public. Through open communication, we directly address all related topics, publish our activities and results, and share our experiences both internally and externally through mentoring, networking, or other sharing platforms.

Collaboration procedures with employees and employee representatives regarding impacts

The basic methods of dialogue and collaboration with the workforce are described in the chapter *General disclosures (*section *Interests and opinions of stakeholders*).

Information intended for employees is openly shared by the KB Group in many ways. The primary source of information for each employee is the supervisor. Another channel is the intranet sites of the individual companies; in KB, there is a dedicated "Employee" section on the intranet where necessary and up-to-date information on human resources can be found. Employees can direct their suggestions, comments, and questions to their direct supervisors or human resources specialists via the "My HR" phone line or the "My HR" email inbox. They can also contact the relevant HR Business Partners and consultants, whose list is available on the intranet. Every employee in an employment relationship also undergoes an annual evaluation, whereby they have opportunity to express their needs (more information is available in the section *Employee education and development*). Regular employee surveys are also a part of communication with employees.

Collaboration with the workforce occurs both directly (surveys, contacting supervisors, HR specialists, whistleblowing system, etc.) and through employee representatives (social dialogue, collective bargaining). Surveys are conducted annually, as is collective bargaining. Social dialogue occurs continuously.

Employee surveys (SG Barometer)

We regularly assess the opinions, satisfaction, and engagement of employees and subsequently take appropriate measures. Employee engagement is monitored through the Employee Barometer, which is announced across the entire Société Générale group and conducted by an independent research agency. The Barometer examines five categories of indicators covering areas such as motivation, strategic direction, work efficiency, work environment, and responsibility. Based on the survey results, regular multi-year action plans are developed to improve areas that were rated lower by employees and to implement suggestions raised by employees in the surveys. Special attention is given to teams where additional steps beyond company-wide actions are needed, and these are defined exclusively for their needs. The fulfilment of the action plan is then monitored on a quarterly basis. The organisation of the survey, including follow-up steps after its evaluation, is the responsibility of HR.

Among the key indicators monitored by KB Group is the overall satisfaction rate, which reached 65% in 2024. This is a decline compared to previous years, caused by the rapid pace of changes and increased demands on employees while concluding transformation and transition to a new banking system. Other important indicators are the ability to rely on one's supervisor (93%) and support from colleagues (96%), which have remained consistently high. Additionally, the ability to express oneself and share opinions without fear reached a high value (87%). The survey also tracks well-being indicators (5.9 out of 10) and work–life balance (61%).

The participation rate in the Employee Barometer has been consistently high (87% in 2024). Therefore, the survey results have high explanatory value and indicate that employees view it as an effective tool for expressing their opinions, attitudes, and feedback.

Collective bargaining and social dialogue

The right of KB Group employees to collective bargaining is fully upheld. In accordance with the Labour Code and the relevant collective agreement, all employees are allowed to be unionised. Unions operate in three entities of the KB Group: Komerční banka, Modrá pyramida, and ESSOX. In Komerční banka, there are 28 basic

organisations of the Komerční banka Union Organisation (including the Enterprise Committee of the Union Organisation, which primarily oversees communication with the employer) and one in Modrá pyramida.

The collective agreement is typically concluded for a period of 4 years (it is the same for Komerční banka and Modrá pyramida). The current collective agreement at Komerční banka is valid until the end of 2026. The collective agreement at ESSOX is valid until the end of 2027. Most employee benefits negotiated for KB employees also extend to employees of subsidiary companies.

Collective bargaining takes place according to the Collective Bargaining Act and is conducted regularly every year. Additionally, the employer has an Agreement on Co-operation with the unions, where both parties have agreed on the scope and manner of negotiations. Every two weeks, the chairperson of the Enterprise Committee of the Union Organisation of KB (EC UO KB) meets with the Executive Director of HR KB and every two weeks with representatives of HR Business Partners at KB. Monthly meetings of the EC UO KB are held, where an HR representative is always invited. Employee representatives also have the option to contact HR at any time to address employee-related issues.

Employee requests are continuously collected and can be submitted either directly during committee meetings, via the union's email inbox, or by approaching union officials whose names are included on a list. Union officials can be approached by any employee (regardless of union membership). Additionally, the union organises a regular survey concerning the collective agreement at the enterprise level. The union informs employees through dedicated intranet pages. Discussions can also take place on the communication wall on the intranet. The right to information is guaranteed to all employees and is also enshrined in the Collective Agreement at Komerční banka and Modrá pyramida. The results of negotiations between the employer and the Union Organisation are available to all employees, including the full text of the Collective Agreement.

Among the benefits newly negotiated in 2024 are:

- Equalisation of Maternity Pay – KB Group supplements the maternity pay and paternity leave benefits for employees on maternity and parental leave. The supplement, which brings the maternity benefit up to the level of the employee's base salary, is provided to all employees on maternity leave. This supplement is provided for the first 14 weeks of maternity leave. If the father (a KB employee) takes parental leave after the initial six weeks, he is also eligible for this supplement. The KB Group also supplements the paternity leave benefit up to the level of the base salary for one week.
- Benefits for Same-Sex Couples – KB Group has also established rights for same-sex couples concerning important personal obstacles at work, thereby aligning the rights of same-sex couples with those of heterosexual couples as stipulated by law. This includes events such as entering into a partnership, the birth of a child, family bereavement, or accompanying a partner to a medical appointment.

The roles and highest positions within KB Group responsible for ensuring co-operation with unions and the workforce are as follow:

- Sylva Kynychová (Chairwoman of the Enterprise Committee of the KB Union Organisation, member of the KB Supervisory Board as an employee representative, released from her KB work duties by 80%)
- Pavel Jelínek (Vice-Chairman of the Enterprise Committee of the KB Union Organisation)
- Jaroslava Kloudová (Vice-Chairwoman of the Enterprise Committee of the KB Union Organisation)
- Ondřej Kudrna (Member of the KB Supervisory Board as an elected employee representative)
- Employer representatives – HR Director Ctirad Lolek, representing KB and Modrá pyramida, and CEO of ESSOX Jana Hanušová, representing this subsidiary. Both perform these duties in addition to their other responsibilities.

The union organisation is a member of the Trade Union of Banking and Insurance Workers (OSPPP), which is further a member of ČMKOS and UNI Finance, organisations that provide union members with educational programmes and ensure co-ordination at the national level.

Relations between the Union Organisation and the employer are governed by, among other means, the Charter of Fundamental Rights and Freedoms, the Act on the Association of Citizens, the Collective Bargaining Act, and the conventions of the International Labour Organization (Convention on Freedom of Association, Convention on the Right to Organise and Collective Bargaining, Convention on the Protection of Human Rights and Fundamental Freedoms). The right to freedom of association and collective bargaining has also been supported by the parent company Société Générale through its signing and conclusion of the Global Agreement on Fundamental Rights between SG and UNI Global Union in 2015, which was renewed in 2019 and 2023.

Co-operation with the unions is set up effectively. The collective agreement is the result of mutual negotiation and compromise and is binding for both parties. The employer meticulously adheres to everything agreed upon in the framework of collective bargaining and social dialogue.

The employer shall regularly inform the Enterprise Committee about the implementation of the provisions of the collective agreement. Any employee may approach the employer or the union with a complaint regarding non-compliance with the provisions of the collective agreement. Each complaint would then be dealt with separately and transparently. If there is no agreement, the union may take the matter to court.

Procedures for addressing negative impacts and channels for employees to express concerns

In the course of double materiality assessment, KB Group has not identified any material negative impacts on its own workforce.

KB Group has long been committed to preventing and combating any behaviour that would be contrary to the values of KB Group and the principles contained in the Ethical Code, internationally recognised standards, and local regulations. As part of this effort, we have incorporated the SG group's policy for combating and punishing undesirable behaviour in all its forms, including psychological and sexual harassment, sexist, racist, or homophobic behaviour.

If an employee witnesses or becomes a direct participant in any undesirable behaviour, they can report this to their line manager, colleagues from the Human Resources department, or the designated person according to Act No. 171/2023 Coll., on the protection of whistleblowers (hereinafter referred to as "act on the protection of whistleblowers"). They can also use a secure web application to report rule violations (whistleblowing), available to all companies within the Société Générale group. KB employees also have access to the local whistleblowing application KB WhistleB and the email address prislusne_osoby@kb.cz. Employees of subsidiary companies within KB Group have access to their own similar applications and addresses.

KB Group has established a mechanism for handling complaints related to employee matters. Within 3 working days of submitting a report, the employee will receive an acknowledgment of receipt. Within 15 working days, they will be informed whether their report falls under the definition of a whistleblowing notification, or it may be redirected to another department if it is not a whistleblowing case but, for example, a customer complaint. Within 30 calendar days, they will receive a statement on the result of the investigation. The employer has the possibility to extend this period twice, meaning a maximum of 90 days is allowed for resolving the notification (from the day the notification is received).

During the reporting period, 100% of notifications were resolved in accordance with the obligations arising from the act on the protection of whistleblowers (Czech legislation). For each notification where the facts described by the whistleblower were confirmed, we set measures to improve the internal environment. Even in cases where the facts were neither confirmed nor refuted but we saw room for improvement, we also proposed measures for enhancement.

The total number of notifications within the whistleblowing system is part of the quarterly statistical report. Additionally, the Compliance Department conducts a quarterly review of controls related to the proper handling of notifications and ensures that appropriate action plans are implemented.

Employees are informed about the existence of the above-described channels and mechanisms through mandatory training and internal communication (Intranet, annual informational email, etc.). Whistleblowing information is also publicly available on the KB website.[1)]

The above-described channels and tools for whistleblowing are actively used by employees, indicating that they are familiar with and trust them as a way to express their concerns or needs and to address them. In the annual SG Barometer employee survey, we also track employees' willingness to file complaints, which has remained high (91% in 2024).

In accordance with the global rules of the SG group, we provide whistleblowers with protection against any form of retaliation, termination of employment, or discrimination. We also ensure the anonymity of whistleblowers. The principle of maintaining anonymity is described in the internal instruction "Rules for the Right to Report (Whistleblowing)" and in interpretive statements related to the Ethical Code. According to the act on the protection of whistleblowers, KB has designated the responsible persons for receiving and processing notifications. These responsible persons, including an employee from the Human Resources Department and employees from the Compliance Department, are specially trained to handle notifications and adhere to strict principles of impartiality and confidentiality.

All these initiatives aim to implement a zero-tolerance policy and ensure that no employee is subjected to undesirable behaviour.

[1)] https://www.kb.cz/en/sustainability/esg-at-kb/economic-sustainability/whistleblowing-notices

Action plans related to own workforce

KB Group, within the framework of the double materiality assessment, has identified neither any negative impacts on its own workforce nor any risks or opportunities related to its own workforce. Action plans for managing material positive impacts (i.e. a description of the measures and initiatives that KB Group has implemented to achieve and maintain positive impacts on its own workforce) are presented in the following table:

Topic	Action plan
Secure employment	In the area of secure employment, KB Group has implemented measures that ensure working conditions and rules for employees that not only comply with the legislative framework of the Czech Republic but in many respects are also more favourable for employees. For example, KB Group has long been accommodating to those who find themselves in difficult life situations. Support for these employees is embedded in the Collective Agreement and the relevant implementing regulations. Each situation is assessed and addressed individually (e.g. through flexible working hours, reduced workload, remote work, financial support, unpaid leave).
Working time	In the interest of better utilisation of working hours and meeting the personal needs of employees, the employer allows the implementation of flexible working hours in departments where operational conditions permit. In companies where a trade union is active, working hours, including flexible working hours, are properly discussed. Overtime work can only be mandated in exceptional cases, if there are serious operational reasons, and always with the agreement of the employee, in compliance with all regulatory rules, and with proper documentation. The total amount of overtime work must not exceed 300 hours for an employee within a compensatory period of 52 consecutive weeks. Overtime work is not permitted for pregnant women and employees who care for a child younger than 1 year, as well as employees younger than 18 years.
Adequate wages	The wages of all employees are determined with regard to the demands of the position they hold, particularly in terms of the required knowledge, experience, and skills, and the responsibilities arising from them. Therefore, the starting salary varies depending on the position the employee is entering, and, in accordance with the principle of equal pay, it is the same for both men and women. The granted base salary is reviewed at least once every 12 months, but not earlier than 6 months from the last review. The result of the review is usually an increase in the granted base salary; however, the employer reserves the right not to increase the base salary.
Social dialogue, freedom of association, including the existence of work councils, and collective bargaining	We openly share information intended for employees in many ways. The primary source of information for each employee is their supervisor. Another channel is the intranet pages of the individual companies. At KB, there is a dedicated Employee section on the intranet where necessary and up-to-date information from the human resources area is available. Collective bargaining takes place once a year.
Work–life balance	Better alignment of work and personal life is enabled for employees through the Smart Office concept, which allows them to work remotely and set their own working schedule within their teams. They can also take advantage of part-time work, flexible working hours, and are provided with sabbatical leave. Additionally, extra days off beyond the statutory vacation are offered. Extra days are provided to single employees caring for at least one child up to the age of 15 or a disabled child up to the age of 26, as well as to pregnant employees and individuals with disabilities. The maternity benefit to the level of the base salary for the first 14 weeks for both mothers and fathers is topped up. Similarly, the paternity leave benefit to the level of the base salary for one week is topped up.
Health and safety	KB Group fully ensures the safety and health protection of employees at work (OSH) and fire protection (FP) in accordance with its legal obligations, taking into account the risks that may threaten their life and health during the performance of work. Training for KB Group employees in the areas of OSH and FP is conducted through e-learning at regular intervals. Every employee has access to the training system. The training system is managed by the HR department, which sends notifications directly to employees and, if necessary, informs their supervisor if the employee has not completed the training within the specified timeframe. OSH and FP training is mandatory for employees in main employment, including those on work agreements and agreements on work activity. The training is conducted during working hours and is free of charge. Beyond legal obligations, employees have the opportunity to take advantage of additional measures that support health and psychological well-being. Employees can take paid sick leave for up to 3 days, access free psychological counselling, or participate in various educational workshops on health topics.

Topic	Action plan
Gender equality and equal pay for work of equal value	The principle of internal equity in compensation ensures that for the same work and same performance under the same transparent circumstances, the compensation is the same. Compensation must not be influenced by gender, age, religious beliefs, membership in trade unions or political parties, or other personal characteristics of the employee that are not directly related to their job performance or competencies. Equal pay is a fundamental pillar of the diversity strategy at KB. The wages of all employees are determined with regard to the demands of the positions they hold, particularly in terms of the required knowledge, experience, and skills, and the responsibilities arising from them. Therefore, the starting salary varies depending on the position the employee is entering, and, in accordance with the principle of equal pay, it is the same for both men and women. As part of gender balance, KB Group strives for a more balanced representation of men and women in senior management positions, including at the board level.
Training and skills development	A wide range of training and programmes is prepared for KB employees and the entire Group, providing space for their education while emphasis their own responsibility for career growth. Komerční banka also collaborating on development programmes with Société Générale. This allows KB employees to develop their skills and abilities in an international environment. The Bank promotes the principles of a learning organisation by supporting internal experts in the development of colleagues, creating space for sharing best practices and internal mentoring, such as through co-development activities. KB supports the principles of a learning organisation through a community of internal coaches who provide employees with individual development, coaching, debriefings with 360° feedback, and debriefings of talent assessments. Additionally, the top talent community, KB Sense, has brought many benefits to the Bank's employees, including individual mentoring, presenting the Bank through podcasts, internal internships, co-developments, and the internal conference KB Without Borders, which aimed to connect the world of headquarters employees with the branch network in an experiential way. Employees working under employment contracts have broader educational opportunities, but employees working under agreements can also participate in internal training sessions.
Employment and inclusion of persons with disabilities	Special attention is given to colleagues with disabilities. The most common positions these individuals hold include bank advisor, transaction processing specialist, cashier, middle office specialist, client services specialist, or telesales specialist. Based on specific disabilities, the work environment is adapted (barrier-free access, monitor, chair) and special work tools are provided (e.g. special software for visual impairments). Additionally, KB Group focuses on supporting individuals from socially disadvantaged groups, such as single mothers. As part of this support, collaboration with relevant foundations takes place. KB Group is dedicated to supporting the earlier return of parents from maternity and parental leave. If there is mutual interest and need, collaboration is established even during the leave period. Upon returning from maternity or parental leave, KB assists these employees with reintegration into the work process, for example, through shorter working hours, the possibility of working from home, or flexible working hours and/or their combinations, if the type of operation and the nature of the work allow it. Parents who return earlier from parental/maternity leave are provided with a financial contribution beyond the statutory requirement. Increasing awareness of diversity and inclusion among employees and the general public is also part of the Bank's strategic approach. Through open communication, the Bank directly addresses all related topics, publishes its activities and results, and shares its experiences both internally and externally through mentoring, networking, and other sharing platforms.
Diversity, measures against violence and harassment in the workplace, non-discrimination	The principles of non-discrimination are an integral part of the corporate culture of KB Group and are among the strategic priorities of the entire Société Générale group. We view diversity and individuality as strengths, whether it concerns differences in age, racial and ethnic origin, nationality, gender, sexual orientation, political beliefs, religion, minority status, disability, or social background. Nevertheless, the Bank does not request or collect data related to employees' self-identification with these target groups, precisely to ensure a uniform approach to all without distinction. Diversity in the teams is supported as KB Group employees experts from various fields, international colleagues from SG group countries, students who are just starting their careers, and experienced employees. Since 2020, KB has been a gold signatory of the European Diversity Charter, a project overseen by the European Commission since 2010. By signing the Diversity Charter, we became a member of a strong group of companies that actively address social issues and contribute to their resolution. As part of this initiative, we are committed to creating a non-discriminatory, supportive, and inspiring environment where employees can develop and realise their full potential. For promoting the principles of the Diversity Charter, KB was awarded the Diversity & Inclusion Champion Award in 2024 as well as the Top Responsible Leader in Diversity Award.
Privacy	KB Group adheres strictly to GDPR legislation and does not inquire about sensitive information. It does not collect information that is not necessary for the employer–employee relationship. KB Group does not in any way request or collect data related to self-identification.

The effectiveness of the measures adopted is monitored and evaluated in various ways, such as through employee satisfaction surveys, tracking the number of reported incidents and their resolution, evaluating employee feedback on implemented measures, and analysing internal audit results.

Evaluation as to the appropriateness and effectiveness of the measures taken falls under the competence of the Human Resources Department. The primary goal is to eliminate any potential negative impacts on the workforce while simultaneously building a safe working environment.

KB Group considers the consequences of its decisions on its own workforce and strives to prevent negative impacts through specific processes or projects. Processes for preventing and identifying potential negative impacts include tools for whistleblowing, regular employee surveys, or the option for employees to individually contact their supervisor, HR representative, or Compliance, which all employees can utilise. Projects aimed at preventing negative impacts include programmes for potentially disadvantaged groups (such as students, single mothers, or workers with disabilities), which are described in the table above.

Targets related to own workforce

KB Group has identified neither any material negative impacts nor any risks and opportunities related to its own workforce. The targets related to positive impacts are outlined in the following table. Measures to deepen positive impacts are detailed in the preceding section *Actions plans related to own workforce.*

The objective related to the Equal Pay Gap is covered by the Remuneration Policy. Another policy that addresses the set objectives is the Workplace Regulations, which deals with diversity and the support of work–life balance, for example. KB Group has most of its objectives set as relative, meaning they are expressed in percentage terms.

Coverage	IRO	Description	Target description	Target + Metric	Baseline value, reference year	Target period	Milestones	Achievement of the target for 2024	Methodology of determination, assumptions	Target level absolute/ relative	Validated externally yes/no	Entity
Social area												
ESRS	Impact positive	KB Group promotes work–life balance through flexible working hours and workplace flexibility.	Share of part-time jobs in total employment	12%	6% 2019	2019–2026	2026	6.9%	The target was set with regard to the Bank's strategy.	Relative	No	Komerční banka, a.s.
ESRS	Impact positive	KB Group promotes work–life balance through flexible working hours and workplace flexibility.	Share of part-time jobs in total employment	5%	3.3 % 2019	2019–2026	2026	4.1%	The target was set with regard to the company's strategy.	Relative	No	Modrá pyramida stavení spořitelna, a.s.
ESRS	Impact positive	KB Group promotes work–life balance through flexible working hours and workplace flexibility.	Share of part-time jobs in total employment	20%	17% 2024	2024–2025	2025	17.8%	The target was set with regard to the company's strategy.	Relative	No	SG Equipment Finance Czech Republic s.r.o.
ESRS	Impact positive	KB Group is strictly committed to gender equality and equal pay for equal work. The Group aims to achieve a zero gender pay gap (Equal Pay Gap) by 2026.	Equal Pay Gap	0%	2.6% 2020	2020–2026	2026	1.1%	The target was set with regard to the requirements of legislation on equal pay for equal work between men and women.	Relative	No	Komerční banka, a.s

Coverage	IRO	Description	Target description	Target + Metric	Baseline value, reference year	Target period	Milestones	Achievement of the target for 2024	Methodology of determination, assumptions	Target level absolute/ relative	Validated externally yes/no	Entity
ESRS	Impact positive	KB Group supports diversity and freedom of expression. The Group has signed the Diversity Charter.	Share of women in management positions at KB (parent bank, Board of Directors, executive, strategic and operational management)	30%	19% 2019	2019–2026	2026	26%	The target has been set with regard to the requirements related to diversity.	Relative	No	Komerční banka, a.s.
ESRS	Impact positive	KB Group supports diversity and freedom of expression. The Group has signed the Diversity Charter.	Share of women in managerial positions (N-1 and N-2 positions)	28%	25% 2024	2024–2025	2025	33%	The target has been set with regard to the requirements related to diversity.	Relative	No	SG Equipment Finance Czech Republic s.r.o.
ESRS	Impact positive	KB Group supports diversity and freedom of expression. The Group has signed the Diversity Charter.	Share of women in managerial positions	50%	50% 2024	2024–2025	2025	50%	The target has been set with regard to the requirements related to diversity.	Relative	No	ESSOX s.r.o.
ESRS	Impact positive	KB Group promotes work–life balance through flexible working hours and workplace flexibility.	Engagement score, which measures the level of engagement, satisfaction and motivation of KB employees	70-75%	73% 2021	2021–2026	2026	65%	The target was set with regard to the Bank's strategy.	Relative	No	Komerční banka, a.s.

The targets outlined in the table are aimed at improving working conditions and supporting employee development, which contributes to positive impacts on KB's own workforce.

The Human Resources Department is responsible for setting these targets related to the workforce. When establishing these goals, company management considers market surveys, internal surveys regarding employee satisfaction and engagement, and also takes into account employee feedback. Trade unions are always informed about these objectives and have the opportunity to provide input. The evaluation of the set targets occurs on a quarterly or semi-annual basis, allowing for appropriate flexibility in monitoring the achievement of the goals.

Each objective is supported by specific activities or steps. So, if the objectives are not being met, the reasons are investigated, and the current conditions of the Bank are also taken into consideration. Everything is subsequently evaluated and, based on the outcomes, the activities for the next period are set.

Key employee data

In contrast to previous non-financial reports from KB Group, this statement newly includes employees working under agreements outside a standard employment relationship, termed “agreements on work activity (DPČ) and “agreements on work performance (DPP). These employees have non-guaranteed working hours, and the approach to them differs in some cases from employees in regular employment (full-time and part-time). The different approach to employees working under such agreements is duly discussed in the respective subchapters. This change ensures alignment with the requirements arising from the CSRD directive.

With a view to geographic distribution, data for KB Slovakia are included within the data for Komerční banka, except in those tables displaying numbers of employees at individual locations.

Key employee data

Total number of employees (head count)	**2024**
KB Group	7,943*
Komerční banka	6,865
– of which in Slovakia	46
– of which in Czech Republic	6,819
– of which at headquarters	4,494
– of which in distribution network	2,325

*This figure is in line with the ‘physical number of employees at the end of the period’ figure given in *Notes to the Consolidated Financial Statements as of 31 December 2024,* section *Personnel expenses*.

Total number of employees (average recalculated)	**2024**
KB Group	7,618
Komerční banka	6,524
– of which in Slovakia	44
– of which in Czech Republic	6,480
– of which at headquarters	4,185
– of which in distribution network	2,295

Note: Average recalculated number of employees = number of employees recalculated to full-time equivalent (FTE). 1 FTE is equal to the work of an employee who devotes 100% full time to the given activity for 1 year.

Komerční banka	2024
Number of men and women	
– men	2,709
– women	4,156
Proportions of men and women at KB	
– men	39%
– women	61%

KB Group	**2024**
Number of men and women at KB Group	
– men	3,092
– women	4,850
Proportions of men and women at KB Group	
– men	39%
– women	61%

Komerční banka	2024
Employees by contract term (average recalculated)	**6,524**
– Permanent employment	**5,821**
of which men	2,430
of which women	3,391
– Temporary employment	**560**
of which men	206
of which women	354
– Non-guaranteed hours of employment	**143**
of which men	35
of which women	108

Note: Due to rounding, some totals may not correspond with the sum of the separate figures. We divide the gender of employees into men and women only. Employees with non-guaranteed working hours are those who work on the basis of agreements on work activity (DPČ) and agreements on work performance (DPP).

KB Group	2024
Employees by contract term (average recalculated)	**7,618**
– Permanent employment	**6,878**
of which men	2,794
of which women	4,084
– Temporary employment	**580**
of which men	215
of which women	365
– Non-guaranteed hours of employment	**161**
of which men	39
of which women	122

Note: Due to rounding, some totals may not correspond with the sum of the separate figures. We divide the gender of employees into men and women only. Employees with non-guaranteed working hours are those who work on the basis of agreements on work activity (DPČ) and agreements on work performance (DPP).

Komerční banka	2024
Employees at KB by contract type (average recalculated)	**6,524**
– Full–time	**5,956**
of which men	2,623
of which women	3,332
– Part–time	**425**
of which men	77
of which women	348
– workers under non-employment agreements	**143**
of which men	35
of which women	108

Note: Due to rounding, some totals may not correspond with the sum of the separate figures. We divide the gender of employees into men and women only. Workers under non-employment agreements are those who work on the basis of agreements on work activity (DPČ) and agreements on work performance (DPP).

KB Group	2024
Employees by contract type (average recalculated)	**7,618**
– Full–time	**6,895**
of which men	2,964
of which women	3,931
– Part–time	**562**
of which men	117
of which women	445
– workers under non-employment agreements	**161**
of which men	39
of which women	122

Note: Due to rounding, some totals may not correspond with the sum of the separate figures. We divide the gender of employees into men and women only. Workers under non-employment agreements are those who work on the basis of agreements on work activity (DPČ) and agreements on work performance (DPP).

Komerční banka	2024
Employee turnover rate at KB	
– total	**14%**
– voluntary[1]	7.3%
– involuntary[2]	3.6%
– directed[3]	1.9%
– natural[4]	1.2%
Employee departures	
– total	994
New hires	
– total	805

Note: Due to rounding, some totals may not correspond with the sum of the separate figures.

Turnover is the ratio of number of employees exited in reporting period to total number of employees at the beginning of that period

1) Employee termination.
2) KB termination.
3) For example, fixed-term contract expiration, switches within KB group.
4) For example, retirement, health issues, or death of employee.

KB Group	2024
Employee turnover rate at KB Group	
– total	**14.9%**
– voluntary[1]	7.0%
– involuntary[2]	3.8%
– directed[3]	2.8%
– natural[4]	1.3%
Employee departures	
– total	1,237
New hires	
– total	851

Note: Due to rounding, some totals may not correspond with the sum of the separate figures.

Turnover is the ratio of number of employees exited in reporting period to total number of employees at the beginning of that period

1) Employee termination.
2) KB termination.
3) For example, fixed-term contract expiration, switches within KB group.
4) For example, retirement, health issues, or death of employee.

Culture of respect

Diversity indicators

Diversity and inclusion are integral to KB Group's corporate culture and among the strategic priorities of the entire Société Générale group. Diversity and individuality are perceived as strengths within KB Group, whether these are differences in age, ethnic origin, nationality, gender, sexual orientation, political beliefs, religion, or minority affiliation. Nevertheless, precisely because of its uniform approach to all without distinction, KB Group does not in any way request or collect data regarding employees' self-identification with these target groups.

KB's overall strategy as a responsible employer is built on three pillars: gender balance, equal pay, and support for social inclusion. In terms of gender balance, the Bank strives for a more balanced representation of men and women in senior management positions, including at board level. Among the most notable achievements in this regard were the appointment of Jitka Haubová as Chief Operations Officer in 2020 and the subsequent appointment of five women to executive director positions, thus achieving gender parity at this managerial level.

The Bank promotes diversity primarily within its teams. KB employs experts from various fields, international colleagues from countries where the SG group operates, students who are just starting their careers at KB, and experienced employees who have been with the Bank for many years. Since 2020, the Bank has been a gold signatory to the European Diversity Charter – a project endorsed by the European Commission since 2010. In signing the Diversity Charter, the Bank became a member of a strong coalition of companies actively addressing societal issues and contributing to their resolution. Through this initiative, the Bank has committed to creating a non-discriminatory, supportive, and inspiring environment where employees can develop and realise their potential to the fullest. A part of KB's strategic approach involves raising awareness about diversity and inclusion among both employees and the general public. Through open communication, the Bank directly addresses all topics, publicises its activities and results, and shares its experiences both internally and externally through mentoring, networking, and other sharing platforms.

Komerční banka	2024
Age structure of employees (KB, Czechia, year end)	
≤30	17%
31–50	53%
51+	30%

KB Group	2024
Age structure of employees (KB Group, Czechia, year end)	
≤30	16%
31–50	53%
51+	31%

Komerční banka	2024
Share of men and women in top management positions (parent company; Board of Directors; executive, strategic, and operational management)	
– men	74%
– women	26%
Number of men and women in top management positions (parent company; Board of Directors; executive, strategic, and operational management)	
– men	187
– women	65
Share of men and women in all management positions (%)	
– men	51%
– women	49%

KB Group	2024
Share of men and women in top management positions (parent company; Board of Directors; executive, strategic, and operational management)	
– men	72%
– women	28%
Number of men and women in top management positions (parent company; Board of Directors; executive, strategic, and operational management)	
– men	230
– women	88
Share of men and women in all management positions	
– men	51%
– women	49%

Employees with disabilities

Special attention is given within KB Group to employees with disabilities. Based on their specific disadvantages, we adapt the working environment for these colleagues (e.g. providing barrier-free access, more suitable monitors, or work chairs) and provide special work tools (e.g. special software for vision impairment). The most common positions they hold at KB include banking advisor, transaction processing specialist, cashier, middle office specialist, client service specialist, or telephone service sales representative.

Komerční banka	2024
Number of employees at KB with disabilities	**138**
Share of employees at KB with disabilities	**2.01%**
– of which men	31%
– of which women	69%

Note: Employee with a disability = physically disabled person, severely physically disabled person, physically disadvantaged person.

KB Group	2024
Number of employees at KB Group with disabilities	**180**
Share of employees at KB Group with disabilities	**2.27%**
– of which men	32%
– of which men	68%

Note: Employee with a disability = physically disabled person, severely physically disabled person, physically disadvantaged person.

Compensation in KB Group

Basic principles of compensation

Compensation at KB is based on four principles:

- The principle of internal equity ensures that for the same work and performance under the same transparent conditions, compensation is the same for all. Compensation must not be influenced by gender, age, religious beliefs, membership in trade unions or political parties, or other personal characteristics of an employee that are not directly related to their work performance or competencies. Equal pay is a fundamental pillar of the diversity strategy at KB. Its goal is a zero Equal Pay Gap (the difference in wages between men and women in the same job position if at least one man and one woman hold the position). In 2024, the Equal Pay Gap was reduced to 1.1% from 1.8% in 2023.
- The principle of external competitiveness is ensured through the use of regular market surveys, taking into account the intended market position and significant differences in the compensation market. These surveys lead to determination of the aforementioned target base salaries.
- The principle of individual contribution is reflected in both salary and bonus. Salaries can reasonably differ from the target level to take into account all aspects, such as individual contribution or potential. Among other criteria, bonus determinations are based on the assessment of goal achievement and performance. For employees and strategic talents making exceptional contributions to the Group, a long-term incentive programme (LTI) is provided, as described below in the section on *Employee Stock Programmes for KB Group Employees*.
- The principle of risk consideration ensures that compensation remains consistent with sound and effective risk management and supports such management; compensation does not encourage taking risks beyond the Bank's risk tolerance. KB's compensation policy also actively supports the Group's sustainable environmental goals.

Compensation structure

The compensation structure is based on three fundamental pillars described below. The same basic compensation principles as established at the KB level apply also to the subsidiaries.

1) Base salary for work performed (fixed component)
The salaries of all employees are determined with regard to the complexity of the position they hold, particularly in terms of the required knowledge, experience, and skills, and the responsibilities arising from them. During the regular annual salary review,

KB ensures, among other things, an equal approach in the implementation of salary increases.

2) Variable performance-based compensation
In addition to the base salary, employees have a variable compensation scheme for the quality of fulfilling corporate, team, and individual goals. The amount of the variable component is expressed as a percentage of the annual base salary and varies for different groups of employees. The target and maximum level of the variable component is defined for all positions in the collective agreement and, for legal reasons, cannot exceed 200% of the base salary. Employees working under agreements outside a standard employment relationship are compensated only with the fixed salary component.

Goals tied to the variable compensation component
The compensation principles take into account the shareholders' interest in KB's value by linking the level of employees' variable compensation to KB's economic results and the fulfilment of strategic priorities, including sustainable growth. The strategic priorities, described in the chapter *Strategy and results*, have been implemented into the employee motivation system for 2024 through the Company Objectives and Key Results (COKR) system. Part of the strategic priorities also includes sustainable development, which encompasses goals in the area of climate change mitigation.

In 2024, sustainable development goals measured through the COKR system were included into the objectives of the CEO, all board members, and senior management. This involved a total of 2,321 Bank employees. The weight of these goals typically ranged from 5% to 50%. More information is available in the chapter *Integration of sustainability performance into the remuneration system*.

Regulatory principles of risk management in compensation
Risk consideration is one of the fundamental compensation principles. It includes the following measures:

- The overall variable component system is designed so as not to limit the Bank's ability to strengthen its capital. Payment of the variable compensation component is based on the Bank's economic results. The size of the variable component linked to the achievement of goals is therefore not guaranteed, even if the employee achieves the goals through individual performance. Criteria applied in calculating the total amount of variable components to be paid include adjustments for current and future risk. The same criteria will be used in setting the budget for variable rewards to take into account any present and future risks.
- It is not the Bank's policy to provide any rewards from previous employment. If necessary, such a component would always be a variable reward according to the Compensation Principles.
- In the event of an employee's departure, golden parachute bonuses are prohibited.
- Provided that relevant laws and applicable contracts are not violated, KB will always strive to recover any variable components of compensation previously paid but that are proven to be unjustified. The entire variable part of the compensation also can be clawed back from employees who have significant influence on the Bank's risk profile (Identified Staff [IS]). Clawback can be applied throughout the bonus deferral and retention period. The clawback principle is applied in particular if the identified employee contributed significantly to negative financial results of the Bank, in cases of fraudulent behaviour, or if the employee acted with gross negligence resulting in substantial losses. This clawback can be pursued for up to 6 years from awarding the variable component.
- Employees with significant influence on the Bank's risk profile (IS) are identified in accordance with relevant regulations, and their list is reviewed regularly. The variable compensation of employees seconded to SG and who are classified as IS is assessed according to the Bank's rules.
- To limit unreasonable risk-taking, the variable component of compensation for IS is always tied to performance and adjusted for risk. Non-financial criteria (such as employee ethics, complaints, and misconduct) are considered in evaluating employee performance. Compliance with regulatory requirements is also taken into account in the assessment. Additionally, some IS are independently evaluated from the Risk and Compliance perspective.
- Specific rules (the KB deferred bonus scheme) are adopted for the group of IS that most significantly affect the Bank's risk profile. These rules involve deferring the payout of a portion of the variable component, using non-cash instruments (KB quasi-shares), and an approval regime directed by the Compensation Committee.
- In 2024, the deferred bonus scheme was applied to all board members and 18 other KB Group employees. The deferral period for bonuses was 5 years for board members and the Executive Director of Investment Banking and 4 years for other employees. The retention period for the payout of non-cash instruments is 12 months.
- Decisions on the compensation of board members are made by the Supervisory Board, taking into account any findings from control functions (Risk Management, Compliance, and Internal Audit).
- The evaluation of employees holding internal control functions (particularly Risk Management, Compliance, and Internal Audit) is tied to the achievement of goals associated with their functions, independently of the performance of the Bank's areas of activity they oversee.

- The principles of compensation for employees who significantly influence the Bank's risk profile are reviewed annually and evaluated by internal audit employees. The Supervisory Board of KB, through its Compensation Committee, oversees, evaluates, and monitors compliance with the principles and procedures of compensating employee whose activities substantially impact the Bank's overall risk profile.
- The compensation policy and practices must be documented and verifiable for at least 5 years.

3) Employee benefits and advantages

The cost-effective benefits structure reflects the Bank's goal to be a responsible employer while providing employees with choice. The structure and level of benefits are subject to annual agreement within collective bargaining. Benefits are not provided to employees working under agreements on work activity (DPČ) and on work performance (DPP).

The agreed structure for 2024 includes the following:

- Daily meal vouchers valued at CZK 115.50 without employee financial contribution;
- 15,000 points per employee per year to be used through the Cafeteria system for recreation, sports, health, culture, and personal development;
- CZK 600 per year for employees aged 55+ to be used through the Cafeteria system;
- A contribution to pension insurance and supplementary pension savings up to 3% of the salary;
- Premium conditions for retail banking products and services provided by Komerční banka to employees;
- Financial support in case of long-term illness;
- 3 days of paid leave for employees employed at Komerční banka for more than 6 months;
- 1 birthday day off;
- Risk life insurance;
- Extraordinary social assistance;
- Career leave, known as sabbatical leave;
- Expansion of the list of diagnoses for financial assistance in case of long-term work incapacity;
- 1 day of paid leave for corporate volunteering in areas supported by KB and the KB Foundation;
- A 24/7 advisory programme for help and consultation in various life situations, including legal, psychological, and social areas;
- Telemedicine service, an online medical consultation available 24/7 where employees can inquire about their health and make appointments with specialists (This service is part of the KB4U well-being programme. Employees on maternity or parental leave can also use the programme.);
- Contribution to support an earlier return from parental or maternity leave; and
- 1 additional day of leave for employees with disabilities.

Komerční banka operates the VEGEt co-working space, which is available to all employees of KB Group as a place for meetings, presentations, relaxation, and work meetings. The space includes a purely vegan bistro operated in line with sustainability principles, meaning zero-waste operations and composting of plant-based leftovers. The space also hosts seminars with an environmental focus, some aspects of which can be directly observed on-site.

The Bank is also gradually expanding its fleet of Škoda Enyaq electric vehicles and has introduced their sharing first at the headquarters in Prague and subsequently in other regional cities. The cars can be used for business trips and also can be rented for private purposes by employees.

Employee Stock Programmes for KB Group employees

All KB employees under an employment contract can participate in Société Générale Group's global employee share ownership plan, GESOP (Global Employee Share Ownership Programme). Among other aims, the plan is intended to strengthen long-term loyalty to the employer and motivate employees by allowing them to participate as shareholders in the group's successes. Under this programme, SG Group employees can subscribe to Société Générale shares at a discounted price with an employer contribution towards the purchase of shares.

The SG shares are locked for 5 years, and, by subscribing to them, the employee gains the right to vote at the SG General Meeting and to receive dividends if they are declared. In 2024, 2,072 employees participated in the GESOP programme, subscribing to 241,088 shares with a total value of CZK 123,147,442. The employer's contribution totalled CZK 33,484,711. Overall, 25% of KB Group employees participated.

To increase loyalty and motivation to contribute to the long-term growth of Société Générale Group's value, KB provides some of its key employees with SG shares for free under the LTI (Long-Term Incentives) programme. The rights to the shares in this programme are subject to a 3-year lock-up period and the condition of positive financial results for Société Générale Group. In 2024, the programme included 346 KB Group employees with a total value of CZK 30,577,910.

Pay gaps

Equal pay is a fundamental pillar of the diversity strategy within KB Group. The goal is to achieve a zero Equal Pay Gap by 2025. In 2024, the Equal Pay Gap was reduced to 1.1% from 1.8% in 2023. This gap represents the difference in wages between men and women in the same position, provided that at least one man and one woman hold that position. This is a key measurement indicator that ensures compensation is the same for the same work and performance under the same transparent circumstances. This indicator compares the wages of all positions of employees under employment contracts, and employees working outside standard employment relationships (DPČ and DPP) are not included.

Disclosure of additional compensation indicators as required by CSRD

In accordance with the requirements of the CSRD directive, KB has been disclosing additional pay gaps indicators since 2024. These include the simple average difference between men's and women's compensation and the annual total remuneration ratio of the highest paid individual to the median annual total remuneration for all employees. These indicators do not compare the pay of employees in the same job positions but reflect overall pay differences across the organisation resulting from the diversity of job roles, responsibilities, and the value of individual job positions.

In 2024, the pay gap between men and women in KB Group, defined as the difference in average compensation levels of male and female employees expressed as a percentage of the average male compensation level, was 38%. This disparity reflects not only different compensation levels but also the varying representation of men and women in different segments of the job market and hierarchical levels within the organisation. In the same year, the ratio of the total annual compensation of the highest-paid employee to the median total annual compensation of all employees (excluding the highest-paid employee) in KB Group was 16.7.

The calculation of these indicators includes all employees under employment contracts and those working outside standard employment relationships in the regulated consolidated entities of KB Group as of 30 September 2024. Positions with specific contracts (performance of duties, mandate, managerial) are not included, as they are not considered employees under Czech law.

Employees under employment contracts

The calculation of the fixed salary component is based on the base salary as of 30 September 2024, which is adjusted to a full-time equivalent and annualised. It includes supplements specific to the position (e.g. cash handling allowances). The variable component includes bonuses and LTI (see above, *Employee Stock Programmes for KB Group employees*) for the year 2023. For new hires, the variable component is zero in the calculation. Employees in off-the-record status are not included. Benefits are not added, as eligibility for them is not specifically conditioned by gender.

Employees working outside standard employment relationships (DPP, DPČ)

These employees are compensated only with a fixed salary component. The calculation of the monthly fixed salary for 1 FTE is based on the hourly rate of DPP or DPČ as of 30 September 2024, calculated as hourly rate × 173.92 (number of hours for labour law purposes). The data includes employees who recorded at least one hour worked in the month of September and were employed as of 30 September 2024. The inclusion of fixed and variable salary components is in accordance with the methodology set for these indicators across the entire SG Group.

Adequate wages

All employees of KB Group, whether under an employment contract or working outside a standard employment relationship, are paid adequate wages in line with applicable reference values according to the Fair Wage Network database.[1)] The determination of the base salary is not influenced by age, gender, marital status, or other personal characteristics of the employee. The minimum wage levels for various professions are part of collective bargaining.

The salaries of all employees under employment contracts with KB Group are determined based on the classification of the job position according to profession and career level. This classification serves as the basis for salary differentiation, aiming to maintain internal equity and the Bank's external competitiveness within the market.

The minimum wage at KB in 2024 was CZK 27,000 for a full-time position, which was 1.43 times the legal minimum wage in the Czech Republic. The base salary provided to all employees under employment contracts with KB Group is always higher than or equal to the minimum base salary level for the given profession. It is set at a level comparable to other job positions with identical or analogous job descriptions. The provided base salary is reviewed at least once every 12 months. During the regular annual salary review, KB ensures, among other things, an equal approach in implementing salary increases.

1) https://fair-wage.com/

Collective bargaining and social dialogue

Coverage by collective agreements and social dialogue

In accordance with law[1)] and the relevant collective agreement, KB allows all employees the right to be unionised. In entities of KB Group where collective agreements are in place (KB, Modrá pyramida, ESSOX), these agreements apply to all employees under employment contracts (excluding employees working outside a standard employment relationship), thereby covering 98% of the employees in these companies. The collective agreement applies to all employees under employment contracts, regardless of whether an employee is in the union or not, and regardless of the agreed-upon work hours. The results of negotiations between the employer and the Union Organisation are available to all employees, including the full text of the collective agreement.

In KB Group entities that do not have unions, and therefore no collective agreements, a group approach is applied. This means that in these entities, similar benefits and advantages are provided according to internal regulations that are similar to collective agreements.

The right of KB Group employees to social dialogue is fully ensured. In KB, Modrá pyramida, and ESSOX, union organisations are active, and social issues are addressed through collective bargaining and the activities of union organisations on a regular basis. These changes are also adopted through the boards of directors of the companies in accordance with their statutes.

In all KB Group companies, employees are informed primarily through their direct supervisors. At least twice a year, all employees meet with the management of the companies, at which time employees have the opportunity to openly discuss and ask questions about everything that interests them. At the same time, employees are informed about important matters via the intranet or email correspondence. Employees can also take advantage of the open-door policy of the companies' statutory bodies and senior managers in order to ask questions of them at any time. They can also contact the Human Resources representatives. If they have unanswered questions, they can contact the company's trade unions or the Union of Finance and Insurance Workers.

The European Works Council operates at the Société Générale level, bringing together all SG group entities in Europe while informing about the group's vision and direction. The Council meets regularly twice a year. KB and Modrá pyramida have the right to two representatives in the Council.

	Collective bargaining coverage	Social dialogue
KB Group	95–100%	95–100%
Komerční banka	95–100%	95–100%

[1)] Union organisation is anchored in the following documents:

- The Charter of Fundamental Rights and Freedoms,
- The International Labour Organization Convention,
- The European Social Charter,
- Act No. 83/1990 Coll., on the Association of Citizens, as amended,
- Act No. 262/2006 Coll., the Labour Code, as amended,
- Act No. 2/1991 Coll., on Collective Bargaining, as amended, and
- Act No. 120/1990 Coll., which regulates certain relations between trade union organisations and employers, as amended.

Employee education and development

Indicators of professional training and skill development

The Bank ensures a wide range of training and programmes for KB employees and the entire KB Group, thereby creating opportunities for employees' education. At the same time, it emphasises their own responsibility for development and career growth.

All employees under employment contracts undergo an annual evaluation of their work results, during which possibilities for further professional growth and personal development are discussed. Within talent management, both teams and individuals are evaluated in each department through so-called round tables, where managers compare individuals across the board, considering their performance and potential. The annual evaluation combines an assessment interview with two-way feedback. In the agile part of the Bank, multiple evaluators in different roles provide feedback, ensuring a more objective perspective on the evaluated individual in a matrix structure. The standard evaluation of goal achievement and competency requirements across the company has been supplemented by a process of assessing employee potential. The outputs of this process are used for succession planning, talent identification, talent programmes, and setting individual employee development plans. Other feedback tools used include 360° evaluations. Skills assessments or personality and talent tests are used for potential development. Employees working outside a standard employment relationship do not have regular, official performance evaluations. Their assessment is carried out at the manager's discretion.

Komerční banka	2024
Percentage of KB employees that participated in regular performance and career development reviews	**98%**
– of which men	42%
– of which women	58%
Average number of training hours per KB employee	
– men	34.5
– women	35.5
– total	35.1
Average number of training hours by employee category	
– administrative/support positions	14.1
– creative specialists	24.6
– management	40.7
– distribution	56.8

Note: Male and female employees have always had and have exactly the same training opportunities.

KB Group	2024
Percentage of KB Group employees that participated in regular performance and career development reviews	**98%**
– of which men	41%
– of which women	59%
Average number of training hours per KB Group employee	
– men	32,9
– women	33,2
– total	33,1
Average number of training hours by employee category	
– administrative/support positions	16
– creative specialists	24
– management	38,5
– distribution	52

Note: Male and female employees have always had and have exactly the same training opportunities.

Employee education on environmental and social risks

Within KB and the entire SG Group, great attention has long been given to improving the efficiency of tools for detecting and automating the assessment of ESG risks. In 2024, a focus of activities at KB was the implementation of group-wide tools for ESG risk assessment at client level and the related adjustment of internal processes. All bank advisors from the Corporate and Investment Banking (CIB) segment, i.e. Corporate and Municipal Banking (KMB) and Global Banking (GLB), as well as bank advisors from the TOP Small Business segment in Retail, colleagues from KB SK and other Bank employees involved in the ESG risk assessment process were familiarised with the changes.

Knowledge of sustainability-related products and services – in particular the new ELENA programme or the calculation of the carbon footprint of companies – also continued to increase.

KB has supported a broader understanding of sustainability among employees through various initiatives, including the globally recognised educational card game Climate Fresk, which raises awareness about climate change and its impacts. For this purpose, sufficient internal facilitators were trained and certified and they, in turn, trained 27.7% of the employees. In December 2023, the ESG Academy was launched, providing comprehensive education in the areas of ESG (Environmental, Social, and Governance) and CSR (Corporate Social Responsibility) to all employees of Société Générale, including those at the Bank. The academy included six e-learning modules that familiarised employees with current environmental crises, the risks they pose, and how employees of Komerční banka can respond. The ESG Academy training was successfully completed by 94% of employees.

For IT and Security topics, KB utilises online educational platforms (e.g. Udemy) that allow employees to study anytime and anywhere. Particular emphasis is given to cybersecurity in software development and testing (e.g. TryHackMe, Secure Code Warrior).

The Bank offers development opportunities through internal development programmes for both young talents (SPIRIT programme) and senior talents (KB Sense). The creation and implementation of these programmes are in collaboration with external educational companies to develop content aimed at supporting the concept of a learning organisation and developing colleague talents. Participants have access to a wide range of individualised and group development activities tailored for each programme. Young talents also develop through active participation in specific projects based on the Bank's real needs. Senior talents complement the offered development opportunities with their own activities that benefit the Bank and correspond to their unique talents and areas of interest. The Bank is also part of the Red Button EDU community. It collaborates with the Czech Banking Association on a programme that educates primary and secondary school students in cybersecurity and financial literacy. Colleagues from the KB Sense programme, along with non-profit organisations, have adapted this programme for children in orphanages.

Komerční banka leverages the opportunity to participate in development programmes offered by Société Générale. KB employees thus have the chance to develop their skills and abilities in an international environment.

The Bank fosters the principles of a learning organisation by supporting internal experts in developing their colleagues by creating space for sharing best practices through the training of facilitators, internal coaches, mentors, instructors, and trainers, as well as by supporting internal academies or sharing platforms, such as co-development activities, communities, or the Data Academy.

In the area of diversity, KB, in collaboration with Dobrý táta (Good Father), organised a lecture on "Parenting in the 21st Century" and a webinar on "The Importance of Fathers in Child Raising." This year, KB also launched another edition of the inspirational development programme for women in KB Group across the Czech Republic and Slovakia. #KBWOMEN is an informal internal platform where women can meet, discuss, learn, and draw inspiration from each other and from guest speakers who are integral to the programme. An inspirational lecture entitled "Midlife: Crisis or Opportunity?" was presented in collaboration with Iveta Clarke.

Work safety and employee care

Health and safety indicators

A comprehensive occupational health and safety management system applies to 100% of individuals within the workforce.

KB Group fully complies with its legal obligations to ensure the safety and health protection of employees at work (OHS) and fire protection (FP) while considering the risks that could potentially threaten their life and health while performing their duties. KB Group provides employees with sufficient and appropriate information and instructions on OHS and, if necessary, on first aid provision. It also ensures compliance with the ban on smoking and alcohol consumption in the workplace. Managers at all levels of the organisation are responsible for fulfilling the employer's tasks in this area, as part of their respective roles. These tasks are equal and inseparable parts of their job responsibilities.

All employees under both standard and non-standard employment contracts are required to complete mandatory OHS and FP training. The individual companies within KB Group provide mandatory occupational medical services through a contracted company. They also ensure regular employee training in OHS and FP in accordance with applicable legal standards. Regular inspections and employee training sessions are organised, with verifiable records maintained. All companies have assessed the health risks associated with each job position and classified employees into either the first or second category of working conditions classification.

Selected workplaces within KB are inspected by an independent body, specifically the Trade Union of Financial and Insurance Workers. These inspections include an assessment of the ergonomic setup of workplaces and an evaluation of the quality of working and hygienic conditions at the workplace. An official report and recommendations are prepared for each inspection. Over the past 5 years, the Trade Union has not identified any significant deficiencies that could not be rectified in a short period of time.

KB Group respects safety and health protection requirements during workplace modernisation, striving to improve the social environment and effectively implement the latest technologies.

In the event of an employee injury, the employee is required to report it to his or her supervisor. The supervisor records the injury in the Injury and Minor Injury Book. In case of work incapacity, the "Injury Report" document is further processed. This report is in accordance with Government Regulation No. 201/2010 Coll., on the method of recording injuries, reporting, and sending injury reports. The legal department provides a statement on behalf of the employer, determining whether it is a work-related injury. The Injury Report is prepared by the supervisors in co-operation with the OHS co-ordinator and a professionally qualified person, who then conducts a local investigation based on the severity of the injury and takes measures to prevent recurrence. The OHS co-ordinator records the Injury Report and also sends it to the mandated authorities, including the health insurance company of the injured person. The Injury Report must be sent by the 5th day of the following month.

In 2024, KB Group recorded a total of 2 work accidents (both at KB). The rate of occupational accidents in KB Group was 0.15. The rate represents the number of cases per 1 million hours worked (i.e. 500 people working full-time in one year). The number of days of sick leave due to accidents at work was 74.

During 2024, KB Group recorded no case of occupational disease. Similarly, there were no recorded deaths due to work-related injuries or work-related illnesses.

Social protection

The companies of KB Group comply with the standard labour regulations effective in the Czech Republic as a member state of the European Union. Additional specific regulatory measures, related to, for example, employee education or remuneration are set by the Czech National Bank as supervisory authority of the financial market. KB Group also applies certain rules of Société Générale and international standards. Compliance with all legal standards, decrees, and regulations is subject to regular or random checks, and non-compliance can be sanctioned according to applicable regulations. KB Group adheres to the legal regulations of the Czech Republic, including binding European Union regulations, and all international conventions ratified by the Czech Republic that are part of the Czech Republic's legal system. These primarily include conventions of the International Labour Organization. In the case of cross-border employment, it is governed mainly by Regulation (EC) No. 593/2008 of the European Parliament and of the Council of 17 June 2008 on the law applicable to contractual obligations (Rome I).

KB Group respects and supports the protection of human rights, with particular emphasis on protecting children's rights and the support of employment for parents with young children.

Social protection applies to all employees within KB Group, at least to the extent required by legal obligations, in all of the following cases:

- illness,
- unemployment from the time the employee starts working for the company,
- work-related injury and acquired disability,
- parental leave,
- retirement.

KB Group also accommodates those who find themselves in difficult life situations. Support for these employees is anchored in the collective agreement and the relevant implementing regulations. Each situation is assessed and addressed individually (e.g. through flexible working hour adjustments, reduced working hours, telecommuting, financial support, unpaid leave).

Social protection in case of illness
Beyond the social protection provided by law, we offer employees in employment additional benefits, such as:

- 3 days of paid leave (so-called sick days) per year,
- financial assistance in cases of long-term illness

KB Group systematically cares for the health of its employees. For the third year running, Komerční banka is offering the Telemedicine service, an online medical advisory available 24/7, where employees can consult about their health and make appointments with specialists. This service is part of the KB4U well-being programme. The programme is available also to employees on maternity or parental leave, as well as to all family members of employees.

Throughout 2024, numerous online professional workshops and webinars focused on healthy living and mindfulness were held. Through the benefits system, KB supported the sporting activities of its employees and the purchase of healthy lifestyle products. KB also operated the Advisory Programme, which helps employees in psychological and legal matters. Social counselling is also part of the Advisory Programme.

Social protection in case of unemployment from the time the employee starts working for the company
We provide severance pay beyond what is required by law to employees in employment. The amount of severance pay beyond the Labour Code is determined by the number of years continuously worked in a primary employment relationship at Komerční banka or within the Komerční banka Group. Information about the amount and conditions of severance pay is described in the relevant collective agreement.

Social protection in case of work-related injury and acquired disability
Beyond the social protection provided by law, we offer employees in employment additional benefits, such as:

- 5 extra days of paid leave per year for persons with disabilities,
- extraordinary social assistance for employees who find themselves in difficult and adverse life situations that they could not foresee or influence. (This is a non-entitlement assistance decided solely by the employer, who informs the trade union about its provision.).

Social protection in case of parental leave
Beyond the social protection provided by law, we offer employees in employment additional benefits, such as:

- financial contribution to parents who return earlier from parental/maternity leave,
- supplementing the amount of maternity benefits to the level of the basic salary (for the first 14 weeks of maternity leave),
- financial contribution during the use of 1 week of paternity leave (supplementing the amount of paternity leave benefits to the level of the basic salary),
- 4 days of paid leave per year for single parents and pregnant women.

In case of mutual interest and need, co-operation is established even during maternity or parental leave. Upon return, KB assists these employees with reintegration into the work process, for example through shorter working hours, the possibility of working from home, flexible working hours, and/or a combination of these if the type of operation and nature of the work so allow.

Social protection in case of retirement
Beyond the social protection provided by law, we offer employees in employment additional benefits, such as:

- preferential banking services even after retirement,
- a retirement reward.

The Bank remains in contact with employees who retire, as it greatly values their long-term knowledge and experience . In cases of need, retired employees may be approached with offers of occasional work to cover temporarily increased capacity needs for certain specialised activities or to train newcomers and junior colleagues.

Work–life balance indicators

Komerční banka	2024
Percentage of employees entitled to take family-related leave	**98%**
Number of employees on maternal and parental leave during the year	**682**
– men	3
– women	679
Share of KB employees on ML/PL during the year	
– men	0%
– women	10.6%
Share of KB employees on carers' leave from work during the year	
– men	0%
– women	0.03%

Note: The information in the table applies only to employees who were entitled to take family leave in the given year.

KB Group	2024
Percentage of KB Group employees entitled to take family-related leave	**98%**
Number of employees on maternal and parental leave during the year	**767**
– men	3
– women	764
Share of KB Group employees on ML/PL during the year	
– men	0%
– women	10.2%
Share of KB Group employees on carers' leave from work during the year	
– men	0%
– women	0.03%

Note: The information in the table applies only to employees who were entitled to take family leave in the given year.

Komerční banka	2024
Number of weeks during the year that KB employees took maternity or parental leave	**28,038.6**
– men	116.4
– women	27,922.2
Number of weeks during the year that KB employees took care provider's leave	**13.6**
– men	0
– women	13.6

KB Group	2024
Number of weeks during the year that KB Group employees took maternity or parental leave	**31,603.4**
– men	116.4
– women	31,487.0
Number of weeks during the year that KB Group employees took care providers' leave	**13.6**
– men	0
– women	13.6

Incidents, complaints, and serious impacts in the area of human rights

Preventing and addressing all forms of undesirable behaviour
KB Group has long been committed to preventing and combating any behaviour that contradicts the values of KB Group and the principles contained in the Ethical Code, internationally applicable Group standards, and local regulations. As part of this effort, KB has incorporated the SG Group's policy for combating and punishing undesirable behaviour in all its forms, including psychological and sexual harassment, sexist, racist, or homophobic behaviour, into its regulatory framework.

Incidents and complaints
In 2024, KB Group recorded 12 reported incidents of undesirable behaviour, discrimination, or violations of the Ethical Code by employees. All cases were internally investigated according to the established rules and processes of the SG group. In all cases, the whistleblower reported discrimination in the workplace. In four of the total reports, whistleblowers also reported that they had not been properly trained or that the training they had to undergo was not adequate for their job duties. In eight cases, the validity of the complaints concerning undesirable behaviour, discrimination, and violations of the Ethical Code was not substantiated. Nevertheless, in accordance with the investigation's findings, an appropriate remediation plan was implemented in most cases.

In 2024, KB Group neither recorded complaints filed through external bodies nor did it receive any fines as a result of the aforementioned incidents and complaints.

KB Group recorded no serious cases of human rights violations related to the company's employees during the reporting period, and no penalties were imposed against it for violations in this area.

Consumers and end-users

Strategy related to consumers and end-users

KB Group's main goal is to take a responsible approach to clients. We aim to be recognised by our clients as a company that contributes significantly to their personal and business development through our openness, responsibility, and emphasis on sustainability. Client satisfaction is one of the primary priorities of KB Group, and it is overseen by the Customer Experience team, which includes ambassadors across the headquarters, Contact Centre, and distribution network.

KB Group offers no services that could negatively impact the right to privacy, freedom of expression, or non-discrimination. In the context of providing services, however, there is a potential risk of personal data breaches. KB Group has established processes to minimise this risk. All employees undergo training in this area every 2 years. These processes are governed by the following internal instructions:

- GDPR – Exercise of Data Subjects' Rights,
- GDPR – Handling Personal Data Security Breaches,
- Personal Data Protection Policy of KB and the Office of the Data Protection Officer,
- Personal Data Protection in Change Implementation (Privacy by Design),
- Pseudonymisation and Anonymisation of Personal Data,
- Data Processing Registers of KB.

More information about the processes related to client data protection is available in the chapter *Compliance risk* (section *Client Data Protection*).

KB Group has also established processes to ensure the minimisation of impacts on particularly vulnerable individuals, such as children or financially vulnerable persons.

KB Group has implemented processes related to the protection of human rights and currently does not record any significant incidents concerning this area.

Marketing activities are also set in accordance with legislative requirements. KB Group complies with the requirements of Act No. 40/1995 Coll., on the Regulation of Advertising, and on amendments to Act No. 468/1991 Coll., on the Operation of Radio and Television Broadcasting, as subsequently amended. Internally, procedures related to marketing are described in the internal instruction "Marketing Campaigns, Events, Sponsorship, External and Internal Communication, Registration of Trademarks of the Financial KB Group and Its Products" and other activities of the Brand Strategy and Communication Department. KB Group is prohibited from using aggressive marketing practices, as stipulated by Act No. 634/1992 Coll., on Consumer Protection, as subsequently amended.

KB Group declares that it provides financial products and services that are inherently not associated with harmful use of products or services. These services and products are also inherently non-harmful and do not increase the risk of chronic diseases.

In accordance with legislative requirements to incorporate the interests and opinions of stakeholders, the opinions of internal specialists representing clients were included in the double materiality assessment process.

The result of the double materiality assessment is the identification of impacts, risks, and opportunities that KB Group has or potentially could have on its clients.

A detailed description of the approach to clients and the incorporation of their opinions into the strategy and business model

of the KB Group is provided in chapters *General disclosures (*section *Interests and opinions of stakeholders)* and *Client satisfaction, consumer protection*. KB Group has not identified any material negative impacts, risks, or opportunities related to:

- information for clients,
- social inclusion of clients,
- personal safety of clients.

KB Group has identified only material positive impacts, particularly in the area of information provision, where it strives to provide its clients with timely and comprehensive information about its products and services. This information is shared on the website, through newsletters, and by bank advisors in branches, among other methods. KB Group does not discriminate against any clients in accessing services and products, meaning that every client has the opportunity to utilise the services, including clients with disabilities.

For example, KB Group provides special types of services for disabled clients, such as payment cards with a notch that help people with complete or partial vision loss to identify the type and orientation of their payment card, as well as barrier-free access to branches. Clients with hearing impairments can use the eScribe service, which transcribes a conversation between the client and the banker onto a monitor screen. Additionally, the KB+ mobile application offers features for visually impaired clients, such as text reading, text enlargement, and high contrast mode. These services for disabled clients are further described on the website bezprekazek.kb.cz. Furthermore, KB Group aims to educate clients in financial literacy. This includes educating children through the project “Bankers to Schools” and providing education in the field of cybersecurity, where the KB Group is actively involved in the project #nePINdej!

Additionally, the KB Group focuses on the physical safety of its clients at branches, which is regulated by the following internal instructions:

- Principles of Using Physical Security in Komerční banka, a.s.,
- Technical Security in KB Premises – General Principles for the Installation and Operation of Security Systems.

Should KB Group identify any negative impacts on consumers and end-users in future, it already has processes in place to address such impacts. For example, the top management of KB Group is informed about complaints and survey results. It then decides if existing processes and procedures need to be adjusted to eliminate potential negative impacts. Similarly, in the event of identifying risks, KB Group has established processes related to risk management. If significant risks not previously covered are identified through complaints or surveys among consumers and end-users, processes and corrective measures would be prioritised and implemented.

Managing impacts, risks, and opportunities related to consumers and end-users

The procedure for identifying and evaluating material impacts, risks, and opportunities related to consumers and end-users is detailed in the chapter *General disclosures* (section *Double materiality assessment*).

Policies related to consumers and end-users

To ensure effective management of potential impacts, risks, and opportunities in relation to clients, KB Group has established an extensive regulatory framework. The main policies and regulations covering this area are listed in the following table and apply to all clients.

The process for creating new policies and internal regulations, including amendments to existing ones, is defined by the internal regulation “Creation and Management of Internal Regulations.” When preparing regulations and policies, KB Group always bases them on applicable legislative requirements and considers all human rights requirements. Oversight of compliance with processes and procedures within KB Group is ensured by the Regulatory Compliance Department, which ensures that regulations and policies are in line with applicable legislative requirements and that the Group’s activities comply with these internal regulations and policies, regulatory rules, and standards of professional conduct. Thanks to these established processes,

KB Group has not recorded any cases of human rights violations among its clients in the past.

S4	Information-related impacts for consumers and end-users		
IRO	**Description**	**Policy's main content**	**Monitoring**
Impact	**Privacy** KB Group protects its clients' finances and personal data. In this area, it collaborates with the Czech Banking Association (CBA) on related projects (e.g. the "nePINdej" project, Financial Distress Counselling, educating students in schools about cybersecurity, the "Bankers to Schools" project). KB Group has established effective procedures for data protection (GDPR) and robust KYC processes.	**GDPR Exercise of rights of data subjects** The purpose of this instruction is to establish the principles and responsibilities for handling requests for the exercise of data subject rights related to the processing of personal data. **GDPR – Solution to personal data security breaches** Instrukce stanovuje základní pravidla při řešení porušení zabezpečení osobních údajů. **KB personal data protection policy and the Office of the Commissioner for Personal Data Protection** The directive establishes the main principles and guidelines for processing personal data within KB and defines the roles and responsibilities of the Data Protection Officer (DPO) at KB. **Protection of personal data during the implementation of changes (Privacy by Design)** The instructions establish a specific way of implementing the principles of personal data protection during the implementation of changes (Privacy by design) following Directive 41 Protection of personal data in the form of specific technical and organisational measures required so that the principles of personal data protection are taken into account during the implementation of changes already at the design stage of modifications to processes, information systems and information processing. **Pseudonymisation and Anonymisation of Personal Data** The instruction sets out the principles for pseudonymisation and anonymisation of personal data within KB. **KB Data Processing Registers** The instruction introduces Data Processing Registers, which keep records of where and for what purpose KB processes personal data, either as a controller or processor. **KYC Quality Assurance** The purpose of this instruction is to implement the principles of Quality Control and Quality Assurance into the onboarding processes and regular as well as event-driven KYC checks, including the management of KYC process risks. **Banking Secrecy** The purpose of this instruction is to define banking secrecy, establish its scope, outline the procedures for reporting matters that are otherwise subject to banking secrecy, the procedures for issuing, presenting, or lending items. It also delineates the authority for waiving confidentiality.	Monitoring is under the responsibility of the Office of the Data Protection Officer (DPO). Identification of cases is the responsibility of all affected employees. Evaluation of such cases and their escalation for resolution or potential reporting to the supervisory authority is under the responsibility of the DPO Office, in collaboration with the owners of the respective activities if necessary. Ensuring compliance with the established rules is the responsibility of all affected employees. Defining the described principles is the responsibility of the owners of the respective activities. Governance over the rules and principles in the area of data protection is the responsibility of the GDPR Squad. Regulatory interpretation and oversight in the area of data protection is the responsibility of the DPO. Responsibility for quality monitoring is overseen by the AML team and the KYC quality control team. Responsibility lies within the Legal Services Department.

S4	Information-related impacts for consumers and end-users		
IRO	**Description**	**Policy's main content**	**Monitoring**
Impact	**Access to (quality) information**	**Marketing campaigns, events, sponsorship, external and internal communication, registration of trademarks of the Komerční banka financial group and its products and other activities of the Brand Strategy and Communication Department**	Responsibility for the processes established by this regulation lies with the Brand Strategy and Communication Department.
	KB Group provides clients with timely and complete information about the parameters and conditions of the services and products offered. This information is provided to clients through various channels such as websites, branches, ATMs, and the Contact Centre. KB Group also publishes economic forecasts, which are available to clients.	The purpose of this regulation is to establish processes and responsibilities related to the implementation of national and regional marketing campaigns, as well as when pursuing external and internal communication and sponsorship.	
S4	**Social inclusion of consumers and end-users**		
Impact	**Non-discrimination**	**Corporate Governance Principles**	The Supervisory Board has a control role in ensuring compliance with the principles of corporate governance.
	KB Group does not discriminate against any group when evaluating clients (e.g. in risk assessment, pricing). The relationship with clients is based on an equal approach to all clients, regardless of their racial origin, gender, religion, etc.	The directive establishes general principles regarding the governance and management of Komerční banka, a.s., including the principle of non-discrimination in relation to clients.	
		SG Code of Conduct	
		The SG Code of Conduct is a summary of fundamental ethical principles common to the entire SG Group. In particular, these principles are the following: • the principle of equality and justice, • the principle of preventing harm, • the principle of realism, • the principle of due diligence, • the principle of impartiality, • the principle of truthfulness.	
		Regulatory Requirements Related to Financial Crime	
		The purpose of this directive is to establish rules for managing relationships with all bank entities from the perspective of Financial Crime Compliance (FCC) and assessing the risks of such relationships. The directive includes a set of rules and procedures aimed at ensuring non-discrimination and equal rights for all clients.	

S4	Information-related impacts for consumers and end-users		
IRO	**Description**	**Policy's main content**	**Monitoring**
Impact	**Non-discrimination**	**KYC Quality Assurance**	Responsibility for quality monitoring is overseen by the AML team and the KYC quality control team. The Supervisory Board has a control role in ensuring compliance with the principles of corporate governance.
	KB Group complies with all legislative requirements and provides services to everyone without distinction, albeit while abiding by KYC requirements.	The purpose of this instruction is to implement the principles of quality control and quality assurance into onboarding processes, as well as into regular and event-triggered KYC controls, including risk management of KYC processes.	
		SG Code of Conduct	
		The SG Code of Conduct is a summary of fundamental ethical principles common to the entire SG Group. In particular, these principles are the following: • the principle of equality and justice, • the principle of preventing harm, • the principle of realism, • the principle of due diligence, • the principle of impartiality, • the principle of truthfulness.	
		Regulatory Requirements Related to Financial Crime	
		The purpose of this directive is to establish rules for managing relationships with all bank entities from the perspective of Financial Crime Compliance (FCC), including to assess their risks of those relationships. The directive includes a set of rules and procedures aimed at ensuring non-discrimination and equal rights for all clients.	
Impact	**Access to products and services**	**Corporate Governance Principles**	The Supervisory Board has a control role in ensuring compliance with the principles of corporate governance.
	KB Group does not discriminate against any group of clients in access to its services and products. The relationship with clients is based on equal access to services and products. KB Group offers special services, for example, to visually impaired clients (Touch Card) or hearing impaired clients. KB Group is improving mobile and internet banking to be more inclusive and accessible for disabled clients, branches are barrier-free, and shared ATMs are also used.	The directive establishes the general principles regarding the governance and management of Komerční banka, a.s., including the principle of non-discrimination in relation to clients.	
		SG Code of Conduct	
		The SG Code of Conduct is a summary of fundamental ethical principles common to the entire SG Group. In particular, these principles are the following: • the principle of equality and justice, • the principle of preventing harm, • the principle of realism, • the principle of due diligence, • the principle of impartiality, • the principle of truthfulness.	

S4	Information-related impacts for consumers and end-users		
IRO	**Description**	**Policy's main content**	**Monitoring**
Impact	**Responsible marketing practices**	**Marketing campaigns, events, sponsorship, external and internal communication, registration of trademarks of the Komerční banka financial group and its products and other activities of the Brand Strategy and Communication Department**	Responsibility for the processes established by this regulation lies with the Brand Strategy and Communication Department. The Supervisory Board has a control role in ensuring compliance with the principles of corporate governance.
	The relationship with clients is based on responsible marketing practices, non-deceptive advertising, and transparency of information. All marketing activities comply with legal regulations and the Ethical Code. KB Group is a member of the Advertising Council. KB Group adheres to all regulations (e.g. GDPR, marketing consents) and also trains employees through regular mandatory training sessions.	The purpose of this regulation is to establish processes and responsibilities related to the implementation of national and regional marketing campaigns, as well as to pursuing external and internal communication and sponsorship.	
		SG Code of Conduct	
		The SG Code of Conduct is a summary of fundamental ethical principles common to the entire SG Group. In particular, these principles are the following: • the principle of equality and justice, • the principle of preventing harm, • the principle of realism, • the principle of due diligence, • the principle of impartiality, • the principle of truthfulness.	
Impact	**Protection of children**	**KB+ Children's Savings Account**	The responsibility for adhering to the processes established in these policies lies with the Retail Segment Tribe Department.
	KB has a special approach to children's offerings (e.g. lower limits, card availability, service rules). In internet banking, card limits for children's accounts can be adjusted. Employees of KB Group educate schoolchildren as part of the "Bankers to Schools" project.	The document describes the rules and process for opening and maintaining a regular savings account without a notice period, intended for minor individuals – individuals.	
		Tariffs – START Tariff	
		The document describes the rules for arranging tariffs for a current account – the START tariff for individuals – for individuals from 6 years of age and the STANDARD tariff from the age of 15 years.	
S4	**Personal safety of consumers and end-users**		
Impact	**Security of a person**	**Principles of Utilising Physical Security at Komerční banka, a.s.**	The responsibility for ensuring security lies with the Security Services and Systems Department.
	KB ensures the safety of clients at branches and ATM locations, including to inform clients about the correct use of secure alternatives (cashless payments, etc.).	The purpose of this document is to define the areas of responsibility and processes related to ensuring physical security in the premises of KB Group.	
		Technical Security in KB Premises – General Principles for the Installation and Operation of Technical Protection Security Systems	
		The instruction sets out the basic conditions for the installation and operation of technical security systems in KB premises, including the duties and responsibilities of KB management when using these systems.	
Impact	**Security of a person**	**Principles of Utilising Physical Security at Komerční banka, a.s.**	The responsibility for ensuring security lies with the Security Services and Systems Department.
	The KB Group ensures the physical security of individuals at its branch offices.	The purpose of this document is to define the areas of responsibility and processes related to ensuring physical security in the premises of KB Group.	
		Technical Security in KB Premises – General Principles for the Installation and Operation of Technical Protection Security Systems	
		The instruction sets out the basic conditions for the installation and operation of technical security systems in KB premises, including the duties and responsibilities of KB management when using these systems.	

S4	Information-related impacts for consumers and end-users		
IRO	**Description**	**Policy's main content**	**Monitoring**
Impact	**Financial education**	**Marketing campaigns, events, sponsorship, external and internal communication, registration of trademarks of the Komerční banka financial group and its products and other activities of the Brand Strategy and Communication Department**	The responsibility for the processes established by this regulation lies with the Brand Strategy and Communication Department.
	KB Group educates clients on responsible financial behaviour and offers tools to minimise the misuse of money, such as insurance against security risks.	The purpose of this regulation is to establish processes and responsibilities related to the implementation of national and regional marketing campaigns, as well as when pursuing external and internal communication and sponsorship.	

Procedures for collaboration with consumers and end-users with respect to impacts

KB Group takes into account the needs of consumers and end-users in two ways:

- Service Design – The preparation of new products for end-users is conducted using the service design method. Service design is a user-centric method for designing new products and services. It begins with understanding the user's needs, continues with the creation of innovative solutions, and ends with testing concepts and prototypes. Today, service design is a key competence and standard for developing new products and services.
- Satisfaction Surveys – These surveys assess satisfaction with service channels and customer journeys.

Client opinions and feedback are gathered directly from clients through surveys, and all feedback is considered without discrimination. In 2024, approximately 1.6 million surveys were sent out to obtain client feedback on the services and products offered by KB. When setting up new services, the Group also verifies their accessibility, for example, by consulting with people with disabilities to ensure the services are user-friendly for vulnerable individuals.

To gather information on the impacts of collaboration with clients, we measure individual service channels (branches, contact centres, digital channels) and ask clients about their satisfaction after using these channels. Additionally, we measure satisfaction at different stages of the customer journey—information about the product, product acquisition and contract signing, first use, and long-term satisfaction. Clients typically complete an online survey (received via email or directly in the banking app), and their feedback is immediately available to service staff. In cases of dissatisfaction, we call clients back and attempt to resolve their issues within 48 hours. Issues that cannot be resolved immediately are escalated to the department responsible for the relevant service or product, with prioritisation based on how many clients use the service and how many express dissatisfaction. Regarding frequency, the goal is to assess satisfaction at least once a year for clients who have no interactions. For clients using service channels, we ask for feedback after each use, but no more than once every three months. For specific product customer journeys, the frequency depends on the type of journey, such as the day of acquisition, after one month, and after six months of use.

The management of customer experience is overseen by the Customer Experience Ambassador (CX Ambassador), who reports directly to a member of the board. The operational responsibility for managing customer experience lies with the Customer Experience team. The staff of this department is responsible for the following activities:

- Collecting feedback through surveys,
- Aggregating feedback from various sources across the Bank—research, contact centre, branch network,
- Forwarding feedback to the relevant teams for resolution,
- Promoting and prioritising feedback with management.

Individual client feedback is processed on the "Voice of the Customer" platform, where it is assigned to responsible teams. Key feedback is discussed every three weeks with the board member responsible for areas related to consumers and end-users. Quarterly, a KPI fulfilment report on the status of feedback resolution is presented to the Executive Committee, and, additionally, a monthly report is prepared for SG (Société Générale), where one of the indicators is the fulfilment of the NPS (Net Promoter Score).

Within the SG Group, experiences and best practices in customer experience are shared, along with action plans for its continuous improvement.

The main improvements that KB has implemented in KB+ banking based on client suggestions include:

- Expansion of the “Pay Me” feature to include a variable symbol (December 2024),
- Online setup of a term deposit account (November 2024),
- Clearer balancing payments on a multi-currency account (November 2024),
- Increasing or decreasing payment limits (September 2024),
- Sorting standing orders by due date (September 2024),
- Phone top-up (August 2024),
- Payment confirmation (July 2024),
- Search function in payment templates (July 2024),
- Screenshot capability for KB+ on Android systems (May 2024),
- Easy tariff changes (April 2024),
- Templates for frequent payments (April 2024),
- Addition of the MyPayment feature (March 2024),
- Better placement of payments from templates (February 2024),
- Addition of a client identifier (January 2024),
- SMS notification of successful transfer to KB+ (December 2023),
- Improved visibility of payment history (October 2023),
- Search function in payments (October 2023),
- Dark/light app theme (June 2023),
- Addition of the “Pay Me” feature (April 2023)

Procedures for remedying negative impacts and channels for consumers and end-users to express concerns

Although KB Group did not identify any material negative impacts on clients as part of the double materiality assessment process, it has established channels through which clients can express their concerns or dissatisfaction with the offered products and services and potentially submit a complaint or suggestion for improvement. These channels include:

Complaints

Komerční banka has established a complaint resolution system that complies with regulations and banking standards. Complaints are addressed according to the Complaints Procedure of KB[1)] and the rules for handling complaints, which are available at branches and on the KB website.[2)] If clients are dissatisfied with their account management or the services offered, they can submit a complaint or claim, which will be resolved within 30 calendar days, or within 15 working days if it concerns payment services. Internal regulations also stipulate that the person handling the complaint must inform the Compliance, Operational Risks, or Data Protection departments according to the subject matter. An annual report on complaint resolution is presented to the Board of Directors and the Supervisory Board. All client complaints are regularly reported within the group reporting framework and through the Compliance Committee. The Compliance Department reviews the complaint management process at least once every 3 years to ensure compliance with internal and regulatory rules.

Ombudsman

On 5 January 2022, Professor JUDr. Marie Karfíková, CSc., a long-time lawyer and one of the leading domestic experts in financial, tax, and insurance law, as well as the head of the Department of Financial Law and Financial Science at the Faculty of Law of Charles University in Prague, was appointed as Ombudsman of the Komerční banka Group. The independent Ombudsman handles client issues for the KB Group companies in the Czech Republic and Slovakia. The activities of the Ombudsman are governed and defined by the Ombudsman’s Charter. Clients can contact the Ombudsman if they are dissatisfied with the resolution of their complaint or claim in the second instance (for KB clients, this is the Quality and Customer Experience Department). Although the Ombudsman’s decision is not legally binding for either party, the Komerční banka Group companies commit to respecting it as part of the conciliation procedure.

KB Group monitors the availability of channels through which clients can submit complaints or express their concerns. Email inboxes for complaints are monitored by designated employees who regularly check them. Clients can also personally submit a complaint at a branch during business hours. If the whistleblowing channel is not functioning, additional methods for clients to express their dissatisfaction are listed on the website.[3)] Thus, clients have ample options to report their complaints or concerns even if one of the channels is not operational.

Clients actively use these means, indicating that they are aware of and trust them. Complaints and the data contained within them are treated confidentially, with due regard for the right to privacy and personal data protection. Clients are allowed to submit complaints anonymously.

[1)] https://www.kb.cz/getmedia/05f76003-0ac3-4f35-a1de-0a7b5be0de3c/kb-reklamacni-rad-komercni-banky-a-s.pdf
[2)] https://www.kb.cz/en/about-bank/complaints-and-claims
[3)] https://www.kb.cz/en/about-bank/complaints-and-claims

Action plans related consumers and end-users

In addressing material impacts on consumers and end-users, as well as managing material risks and leveraging material opportunities related to consumers and end-users, KB Group identified only material positive impacts during the double materiality assessment. To maintain these positive impacts on clients, KB Group has established the following action plans:

Topic	Action plan
Privacy	KB Group complies with GDPR legislation, does not ask for sensitive information. KB Group does not collect information that is not necessary for the relationship with clients.
Access to (quality) information	KB Group strives to provide its clients with timely and sufficient information regarding its services and products necessary for their decision-making. Through the website and newsletter, clients also have the opportunity to obtain information from bank advisors in the extensive branch network.
No discrimination	When managing relations with clients, the “know-your-client” principle is applied and all aspects of the relationship are taken into account so that the client’s needs are satisfied under optimal service and cost conditions, to the relevant specialist level. KB Group treats all clients equally.
Access to products and services	KB Group has an equal approach to all clients, it does not discriminate against any client in providing access to its services and products, and every client has the opportunity to use its services.
Responsible marketing practices	The communication of KB Group in the area of advertising and communication about products and services is subject to control by the Council for Radio and Television Broadcasting. All promotion and communications for clients are approved in advance by the Compliance Department with regard to consumer protection rules and other specific requirements for financial products.
Child protection	KB takes a special approach to children’s offers (e.g. lower limits, card availability, service rules). It is possible to adjust card limits for children’s accounts in Internet banking. KB Group employees educate schoolchildren as part of the Bankers to Schools project.
Safety of people	KB Group observes the safety of clients at branches and ATM locations, including to inform clients about the correct use of safe alternatives (non-cash payments, the possibility of using Internet banking, etc.).
Financial education	KB Group focuses, among other things, on financial education and literacy for children and students. It is general partner of the Economic Olympiad, and actively participates in the Bankers to Schools project. We focus on cyber security education for the general public.

Customer satisfaction is a priority for all companies within KB Group. Customers’ loyalty and trust are prerequisites for the long-term success and resilience of the Group. The effectiveness of the action steps is evaluated through customer satisfaction surveys. Feedback from clients enables the Group to develop and offer relevant and competitive products and services. The goals in the area of customer satisfaction are listed in the table below, which includes the Net Promoter Score (NPS) indicator.

Targets related to consumers and end-users

Based on the double materiality assessment process, KB Group has set targets related to the identified impacts, risks, and opportunities to ensure the maintenance of positive impacts and opportunities and to eliminate negative impacts and risks. In addition to the double materiality assessment, KB Group also based its targets on its business strategy. Importantly, the Group also relied on surveys conducted among clients to determine their satisfaction with the services and products offered. These surveys are conducted regularly, and, if any deficiencies in services and products or suggestions for improvement are identified, KB Group addresses these and considers them when making adjustments or developing new products and services. A detailed description of the process is provided in the chapter *Client satisfaction, consumer protection*.

Customer satisfaction is measured through the Net Promoter Score (NPS). The goals set in relation to NPS are listed in the following table.

A detailed description of the use of the Net Promoter Score method is provided in the chapter *Measuring client satisfaction*. The goal related to customer satisfaction is monitored quarterly to ensure that the goal is being met in line with the established values that KB aims to achieve. Senior management is regularly informed about the NPS results.

Coverage	IRO	Description	Target description	Target + Metric	Baseline value, reference year	Target period	Milestones	Achievement of the target for 2024	Methodology of determination, assumptions	Target level absolute/ relative	Validated externally yes/no	Entity
Social area												
ESRS	Impact positive	KB Group does not discriminate against any group of clients in accessing its services and products. The relationship with clients is based on equal access to services and products. KB Group offers special services, for example, to visually impaired clients (Touch Card) or hearing-impaired clients. KB Group is improving mobile and internet banking to make it more inclusive and accessible for disabled clients, branches are barrier-free, and shared ATMs are also used.	Net Promoter Score NPS • individuals • entrepreneurs and small businesses • medium-sized businesses • large businesses	 50 50 50 50	2019 32 32 35 58	2019–2025	2025	 25 24 36 72	Target was set with regard to the Bank's strategy.	Absolute	No	Komerční banka, a.s.
ESRS	Impact positive	KB Group does not discriminate against any group in client evaluations (e.g. in risk assessment, pricing). The relationship with clients is based on equal access for all clients regardless of their racial origin, gender, religion, etc.	Net Promoter Score NPS • individuals • entrepreneurs and small businesses • medium-sized businesses • large businesses	 50 50 50 50	2019 32 32 35 58	2019–2025	2025	 25 24 36 72	Target was set with regard to the Bank's strategy.	Absolute	No	Komerční banka, a.s.
ESRS	Impact positive	KB Group does not discriminate against any group in client evaluations (e.g. in risk assessment, pricing). The relationship with clients is based on equal access for all clients regardless of their racial origin, gender, religion, etc.	Net Promoter Score NPS	80	2022 80	2022–2030	2030	87	Target was set with regard to the company's strategy.	Absolute	No	SG Equipment Finance Czech Republic s.r.o.

In addition to the NPS-related goal, KB Group aims actively to educate clients in financial literacy. This topic has been identified as specific to KB's activities, based on GRI G4 – Sector Disclosure – Financial Services, FS16 Initiatives to Enhance Financial Literacy, categorised by the type of people targeted by the initiatives. Therefore, KB has been the general partner of the Economic Olympiad for 6 years. This is an international competition that tests students' knowledge of economic indicators and their general understanding of finance and banking. In 2024, 27,888 students from more than 476 high schools participated in the Olympiad. The year 2024 also marked the 12th edition of the educational project "Bankers to Schools" by the Czech Banking Association (CBA), which is based on personal meetings between banking experts and students. The project's goal is to develop general knowledge in personal finance management and cybersecurity. The growing number of lecturers and lectures each year confirms the popularity of this project. Last year, 60 colleagues from various departments of the Bank, as well as from the board and management, gave lectures at schools across the country. The community of "Bankers to Schools" and people interested in sharing their experiences with students now includes more than 300 employees. Cybersecurity and related investments in the development and implementation of new, safer technologies are becoming an increasing priority for banks. For the third year, the CBA has been running one of the most extensive educational campaigns on cybersecurity in the Czech Republic – #nePINdej! Komerční banka actively participates in this campaign, recognising its positive impact on the general public.

Business conduct

Governance

Information regarding the roles of the governing, managing and supervisory bodies, including their expertise, is available in the chapter *Corporate governance statement*.

Managing impacts, risks, and opportunities related to business conduct
The process for identifying and evaluating material impacts, risks, and opportunities related to the company's behaviour is detailed in the chapter *General disclosures* (section *Double materiality assessment*).

Policies related to business conduct

Komerční banka's strategic vision in the field of human resources is to create professional relationships with employees based on trust, respect, mutual communication, and adherence to equal opportunities while offering interesting professional and career growth opportunities. KB aims to create an inspiring and supportive environment where people enjoy working, are successful, and altogether naturally become brand ambassadors for Komerční banka. Mutual co-operation among employees is based on four core values or principles of behaviour: team spirit, innovation, engagement, and responsibility. Together, these form the foundation of the corporate culture upon which Komerční banka is building its future. These values are integral to the mission of Komerční banka, expressing the Bank's purpose and how it wishes to be perceived in the market.

Team Spirit
Clients of Komerční banka want a bank that will be a responsible, trustworthy, and modern partner. The employees of the Bank meet the needs of clients as a team, prioritising a friendly approach and professional expertise. Komerční banka has long been a client-oriented Bank. For everyone at Komerční banka, teamwork is essential, allowing for open expression of opinions, listening to others, appreciating mutual contributions, and sharing both successes and failures together.

Innovation
Integral to the Bank's DNA and a priority in recent years are technological innovations and co-operation with start-up companies. The goal is to improve the customer experience and continuously offer the best customer solutions. Therefore, employees are changing their ways of working and bringing unconventional approaches into their processes. They support the sharing of ideas and simultaneously learn from their successes and failures.

Engagement
Employees of Komerční banka strive for the lasting satisfaction of clients. They seek the best solutions for them and nurture relationships with clients based on trust and mutual respect. The success of clients means their own success, instilling in them a sense of pride in their profession and strengthening their connection to the Group.

Responsibility
Our bankers contribute to the sustainable economic, social, and environmental development of the countries and economies in which Komerční banka operates. They approach the fulfilment of client visions and projects responsibly and act in accordance with the long-term interests of investors while simultaneously paying attention to risk in all its aspects and adhering to the rules of the profession and the Ethical Code. They consider not only the result to be important but also the way in which that result was achieved.

The values of the KB Group are regularly presented to employees through:

- Quarterly strategic conferences,
- Internal communication (intranet, email updates, etc.),
- Presentation of KB Group results via online broadcasts with board members, including opportunities to ask questions.

Policies on business conduct and culture of KB Group are listed in the following table:

G1	Business conduct		
IRO	**Description**	**Policy's main content**	**Monitoring**
Impact	**Digitalisation**	**Information Security Policy**	Information security management is under the responsibility of the Information Security Manager. The agenda of information security risk management is under the responsibility of the Security Center of Expertise and the IT/IS Risk Management Department.
	KB Group perceives a high demand from clients, shareholders, and suppliers for the digitalisation of services. Therefore, it supports the rapid digitalisation of its services to effectively communicate with its clients, investors, and suppliers. KB Group also recognises the high requirements for automation of regulatory reporting, which compels it to digitalise its processes and services.	This directive is the main document for the area of information security and establishes the fundamental principles, organisation, relationships, rules, and requirements in the processes of building and managing information security within KB Group.	
		Information Security	
		The instruction follows up on directive DIR 31 and further elaborates on the areas of information security into individual domains.	
		Risk management of assets in the area of information security	
		The regulation defines activities, their basic requirements, and responsibilities within the framework of information security risk management.	
Risk	**Digitalisation**	**Information Security Policy**	Information security management is under the responsibility of the Information Security Manager. The agenda of information security risk management is under the responsibility of the Security Center of Expertise and the IT/IS Risk Management Department.
	KB Group perceives the risk of stricter EU legislation related to cyber security, as well as the continuously increasing number of cyber attacks that also affect its systems. Issues in the area of greater vulnerability in cyber space, both on the part of KB Group and its clients, pose a risk with impacts on business and reputation.	This directive is the main document for the area of information security and establishes the fundamental principles, organisation, relationships, rules, and requirements in the processes of building and managing information security within KB Group.	
		Information Security	
		The instruction follows up on directive DIR 31 and further elaborates on the areas of information security into individual domains.	
		Risk management of assets in the area of information security	
		The regulation defines activities, their basic requirements, and responsibilities within the framework of information security risk management.	
Opportunity	**Digitalisation**	**Bank strategy**	The achievement of the strategic goals is monitored by the Bank's senior management.
	KB Group sees digitalisation as an opportunity for faster, more flexible, and more efficient communication with suppliers and clients, as well as a way to increase its attractiveness to certain groups of clients.	A key document that defines the vision, mission, and strategic goals and initiatives of Komerční banka, a.s. for the period 2021–2025. One of the bank's main goals is to be a digital leader in the new era of banking.	

G1	Business conduct		
IRO	**Description**	**Policy's main content**	**Monitoring**
Impact	**Financial crime**	**Regulatory requirements related to financial crime**	Monitoring is under the responsibility of the Compliance department. The responsibility for setting and adhering to rules related to financial crime lies with the Compliance Department. The responsibility for monitoring the selection and evaluation of suppliers is overseen by the Compliance and Sourcing Departments, as well as the KYC relationship manager. The responsibility lies with the Legal Services Department.
	KB Group has established processes focused on the prevention of financial crime (KYC, KYS), anti-money laundering (AML), and banking secrecy.	The directive establishes the basic principles of an internal system designed to effectively limit the potential misuse of KB Group for the realisation of proceeds from criminal activities.	
		Principles for Minimising the Risk of Money Laundering and Terrorist Financing	
		The instruction builds on Directive DIR 16 and elaborates in detail the "know-your-customer" principle and the basic principles of the system against money laundering and terrorist financing. The instruction establishes the basic rules for: • accepting a client into KB and providing banking services, including client identification and obtaining additional KYC information; • regular evaluation and monitoring of clients, tracking their transactions conducted through KB, including to identify suspicious transactions and the method of reporting them; • additional measures (e.g. recording and retaining specified information, maintaining confidentiality obligations).	
		Policy regarding non-client third parties - suppliers, the so-called Know Your Supplier (KYS)	
		The purpose of this instruction is to set rules for managing supplier relationships and assessing their risks. The procedure includes a set of rules and procedures aimed at evaluation of the supplier in terms of its riskiness and its relevance in deciding to establish a new or maintain an existing business relationship. This instruction applies to: • suppliers of non-financial services (e.g. legal advice or other consultancy services, IT-related services, translation services, advertising services, security services, postal services, telecommunications services, energy supply, recruitment agent services, services of survey companies, KYC processing service providers); • suppliers of goods and products (e.g. suppliers of computer and office equipment, repair professionals, suppliers of spare parts, architects and construction companies participating in KB Real Estate activities).	
		Banking secrecy	
		The purpose of the Instruction is to define banking secrecy; establish its subject matter; outline procedures for reporting on matters that are otherwise subject to banking secrecy; establish procedures for issuing, presenting, or lending items; and delineate the authority for waiving confidentiality.	
Risk	**Financial crime**	**Regulatory requirements related to financial crime**	Monitoring is under the responsibility of the Compliance Department. The responsibility for setting and adhering to rules related to financial crime lies with the Compliance Department.
	KB Group perceives the risk of financial crime primarily in the following areas: • increasing number of cyber attacks (phishing, vishing), • insufficient KYC controls, • insufficient controls on the origin of funds, • misuse of internal information by employees or workers in the supply chain. Inadequate processes in the area of minimising financial crime can pose a risk of financial losses and reputational risk.	The directive establishes the basic principles of an internal system designed to effectively limit the potential misuse of KB Group for the realisation of proceeds from criminal activities.	
		Principles for Minimising the Risk of Money Laundering and Terrorist Financing	
		The instruction builds on Directive DIR 16 and elaborates in detail the "know-your-customer" principle and the basic principles of the system against money laundering and terrorist financing. The instruction establishes the basic rules for: • accepting a client into KB and providing banking services, including client identification and obtaining additional KYC information; • regular evaluation and monitoring of clients, tracking their transactions conducted through KB, including to identify suspicious transactions and the method of reporting them; • additional measures (e.g. recording and retaining specified information, maintaining confidentiality obligations).	

G1	Business conduct		
IRO	**Description**	**Policy's main content**	**Monitoring**
Impact	**Resilience of the business model**	**Business Continuity Management System**	The responsibility for planning and evaluating continuity tests lies with the Operational Risk Management Department. The Supervisory Board has a supervisory role in ensuring compliance with corporate governance principles.
	KB Group is required to adhere to SG principles and also has its own principles that contribute to the resilience of the business model, including the Business Continuity Plan (BCP).	The document establishes the procedure for conducting and evaluating business continuity testing.	
		SG Code of Conduct	
		The SG Code of Conduct is a summary of fundamental ethical principles common to the entire SG Group. In particular, these principles are the following: • the principle of equality and justice, • the principle of preventing harm, • the principle of realism, • the principle of due diligence, • the principle of impartiality, • the principle of truthfulness.	
Impact	**Corporate culture**	**Bank strategy**	The achievement of the strategic goals is monitored by the Bank's senior management.
	KB Group has defined corporate values that stem from its mission and are reflected in the overarching values of SG. The emphasis of shareholders, including multinational groups, on the efficiency of management and company operations is reflected in the functioning of KB Group. Collaboration at the employee level can have a positive impact on the functioning of KB Group.	A key document that defines the vision, mission, and strategic goals and initiatives of Komerční banka, a.s. for the period 2021–2025. One of the Bank's main goals is to be a digital leader in the new era of banking.	

G1	Business conduct		
IRO	**Description**	**Policy's main content**	**Monitoring**
Impact	**Corruption and bribery – incidents**	**Anti-corruption policy of Komerční banka**	The responsibility for monitoring lies with the Compliance Department. The responsibility for monitoring the selection and evaluation of suppliers is overseen by the Compliance and Sourcing Departments, as well as the KYC relationship manager.
	KB Group has established ABC (Anti-bribery & Corruption) rules with the aim of minimising incidents, including processes for evaluating potential incidents to minimise their possibilities for recurrence. KB Group has set rules for receiving and providing gifts. The KB Group has implemented processes and conducts regular monitoring of its suppliers (KYS) with regard to their riskiness (monitoring negative reports, connections to public registers). In its contracts with suppliers, KB Group has included the option to conduct an audit of the supplier in case of deficiencies.	The aim of this document is to establish more detailed rules in line with the rules of SG group to limit the risk of corruption and bribery in KB. The purpose of this internal regulation is to: • confirm the commitment of the SG group to combat bribery and corruption in accordance with applicable regulations; • describe the ways in which the SG group manages and mitigates the risks of bribery and corruption, thereby maintaining the integrity and good reputation of the group; • clearly share with all partners of the SG group (both internal and external) the group's commitment to combating bribery and corruption; • provide a framework for the effective detection, management, and mitigation of the risks of bribery and corruption across the entire SG group.	
		The system for bank-wide incident management in KB	
		The purpose of incident management is to minimise the negative impacts of incidents and ensure a return to normalcy as quickly as possible. Minimising impacts is a key factor for: • ensuring KB services at the specified quality, confidentiality, and availability; • increasing customer satisfaction of Komerční banka; • increasing trust and reputation of Komerční banka; and • improving employee work efficiency. The instruction aims to provide a framework for bank-wide incident management that aligns with regional incident managements and their existing processes. The purpose of the above is to standardise the incident management process at Komerční banka. The mentioned framework includes: • defining the relationships between bank-wide and regional incident managements, • rules and principles for both bank-wide and regional incident managements, • typology of incidents by areas, • responsibilities of the KB incident management team and the responsibilities of all roles involved in the incident management process.	
		Gifts, business hospitality, and external events	
		The document sets the rules for accepting/giving gifts, business treats and external events.	
		Principles related to non-client third parties – Suppliers, known as Know Your Supplier (KYS)	
		The purpose of this instruction is to set rules for managing supplier relationships and assessing their risks. The procedure includes a set of rules and procedures aimed at evaluation of the supplier in terms of its riskiness and its relevance to make a decision to establish a new or maintain an existing business relationship. This instruction applies to: • suppliers of non-financial services (e.g. legal advice or other consulting services, IT services, translation services, advertising services, security services, postal services, telecommunication services, energy supply, recruitment agency services, survey companies, KYC processing service providers), • suppliers of goods and products (e.g. suppliers of computing and office equipment, repair technicians, spare parts suppliers, architects, and construction companies involved in KB Real Estate activities).	

G1	Business conduct		
IRO	**Description**	**Policy's main content**	**Monitoring**
Impact	**Corruption and bribery – prevention and detection, including training**	**Education and development**	Monitoring of employee education and development is under the responsibility of the HR Department. The responsibility for monitoring the selection and evaluation of suppliers is overseen by the Compliance and Sourcing Departments, as well as the KYC relationship manager. The responsibility for monitoring quality is overseen by the AML team and the KYC quality control team.
	KB Group regularly trains its employees in the areas of AML, financial crime, and corruption. The Group has established rules for the prevention and detection of incidents, including processes for proper employee training. A KYC procedure is conducted with each client, and SG rules are adhered to. KB Group has implemented processes and conducts regular monitoring of its suppliers (KYS) with regard to their riskiness (monitoring negative reports, connections to public registers). In its contracts with suppliers, the Group has included the option to conduct an audit of a supplier in case of deficiencies.	The instruction defines the responsibilities, roles, and processes in the area of education and development of KB Group employees. The main principles of education are: • timely development of competencies needed for the long-term and successful functioning of the bank; • creation of thematic continuous development programs combining digital and in-person formats; • support for an environment of self-development, utilising internal expertise for mutual learning and sharing.	
		Principles related to non-client third parties – suppliers, known as Know Your Supplier (KYS)	
		The purpose of this instruction is to set rules for managing supplier relationships and assessing their risks. The procedure includes a set of rules and procedures aimed at evaluation of the supplier in terms of its riskiness and its relevance to make a decision to establish a new or maintain an existing business relationship. This instruction applies to: • suppliers of non-financial services (e.g. legal advice or other consulting services, IT services, translation services, advertising services, security services, postal services, telecommunication services, energy supply, recruitment agency services, survey companies, KYC processing service providers), • suppliers of goods and products (e.g. suppliers of computing and office equipment, repair technicians, spare parts suppliers, architects, and construction companies involved in KB Real Estate activities).	
		KYC Quality Assurance	
		The purpose of this instruction is to implement the principles of Quality Control and Quality Assurance into the onboarding processes and regular as well as event-driven KYC checks, including the management of KYC process risks.	
Impact	**Management of relationships with suppliers including payment practices**	**Principles related to non-client third parties – suppliers, known as Know Your Supplier (KYS)**	The responsibility for monitoring the selection and evaluation of suppliers is overseen by the Compliance and Sourcing Departments, as well as the KYC relationship manager.
	KB Group has established rules for the selection and evaluation of suppliers, including setting payment procedures (KYS). KB Group has implemented processes and conducts regular monitoring of its suppliers (KYS) with regard to their riskiness (monitoring negative reports, connections to public registers). In its contracts with suppliers, the KB Group has the option to conduct an audit of a supplier in case of deficiencies.	The purpose of this instruction is to set rules for managing supplier relationships and assessing their risks. The procedure includes a set of rules and procedures aimed at evaluation of the supplier in terms of its riskiness and its relevance to make a decision to establish a new or maintain an existing business relationship. This instruction applies to: • suppliers of non-financial services (e.g., legal advice or other consulting services, IT services, translation services, advertising services, security services, postal services, telecommunication services, energy supply, recruitment agency services, survey companies, KYC processing service providers), • suppliers of goods and products (e.g., suppliers of computing and office equipment, repair technicians, spare parts suppliers, architects, and construction companies involved in KB Real Estate activities).	

G1	Business conduct		
IRO	**Description**	**Policy's main content**	**Monitoring**
Impact	**Management of the legal and regulatory framework**	**The Compliance Department and the basic principles of Compliance risk management in Komerční banka**	The responsibility for setting compliance regulations and monitoring legislation lies with the Compliance Department.
	KB Group has established compliance regulations and procedures, is a member of various industry groups, such as the Czech Banking Association (CBA), and monitors the latest developments in national and EU regulations.	The aim of this directive is to define the activities, authorities, and responsibilities of the Compliance Department, including the methods, procedures, and processes for managing compliance risk.	
Impact	**Management of systemic risks**	**Risk management strategy**	The responsibility for monitoring individual risks is determined by the type of risk and is overseen by the Risk Management, Strategy and Finance, and Compliance Departments. The responsibility for planning and evaluating continuity tests lies with the Operational Risk Management Department.
	KB Group has established risk management and a Business Continuity Plan (BCP).	The purpose of this document is to establish the key principles and aspects of the risk management strategy, (i.e. the application framework, the basic principles from which it is based, and the main aspects of its implementation). The risk management strategy covers all activities, products, processes and types of clients, counterparties or third parties that are not clients of the Bank (guarantors, depositors, suppliers, shareholders, etc.) that may lead to the emergence of risk.	
		Business Continuity Management System	
		The document establishes the procedure for conducting and evaluating business continuity testing.	
Impact	**Protection of whistleblowers**	**Right to give notice (whistleblowing)**	The monitoring of notifications is conducted by the Compliance Department.
	KB Group provides protection to all whistleblowers within the whistleblowing process.	The document contains the fundamental principles for submitting reports, including ensuring the confidentiality and anonymity of the whistleblower, protecting the whistleblower, roles and responsibilities within KB Group, the systematic provision for submitting reports, and the control mechanisms that are set up in this process.	

Procedures related to undesirable and illegal behaviour

The description of mechanisms for the prevention, identification, reporting, and investigation of undesirable and illegal behaviour, including bribery and corruption, is available in the chapter *Compliance risk* (section *Proactive identification and reporting of potential risks, whistleblowing*). KB's policies describing these mechanisms are listed in the table above.

Compliance topics, rules of conduct, the Ethical Code, whistleblowing, anti-corruption measures, and the prevention of money laundering are part of regular training sessions that are mandatory for all employees. These training sessions are conducted through e-learning, and all employees are required to complete them once every 2 years. This approach helps KB ensure adequate awareness and simultaneously prevent undesirable incidents. More information about these training sessions is available in the chapter *Compliance risk*. The processes related to employee training are further described in the internal instruction Education and Development.

Targets related to business conduct

The targets related to the business conduct of the KB Group are listed in the following table.

Coverage	IRO	Description	Target description	Target + Metric	Baseline value, reference year	Target period	Milestones	Achievement of the target for 2024	Methodology of determination, assumptions	Target level absolute/ relative	Validated externally yes/no	Entity
Business conduct area												
KB Group-specific (SASB)	Opportunity	KB Group sees digitalisation as an opportunity for faster, more flexible, and more efficient communication with suppliers and clients, as well as a chance to increase its attractiveness to certain groups of clients.	Share of digital sales	50%	23.40% 2022	2022–2025	2025	52.65%	Goal was set with regard to the market average.	Relative	No	Komerční banka, a.s.
KB Group-specific (SASB)	Opportunity	KB Group sees digitalisation as an opportunity for faster, more flexible, and more efficient communication with suppliers and clients, as well as a chance to increase its attractiveness to certain groups of clients.	Share of digitally signed documentation	55%	40% 2024	2024–2025	2025	50%	Target was set with regard to the company's strategy.	Relative	No	SG Equipment Finance Czech Republic s.r.o.
KB Group-specific (SASB)	Opportunity	KB Group sees digitalisation as an opportunity for faster, more flexible, and more efficient communication with suppliers and clients, as well as a chance to increase its attractiveness to certain groups of clients.	Reduction of the share of paper-based client communication	50%	60% 2024	2024–2025	2025	60%	Goal was set based on expert estimation.	Relative	No	KB Penzijní společnost a.s.
KB Group-specific (SASB)	Opportunity	KB Group sees digitalisation as an opportunity for faster, more flexible, and more efficient communication with suppliers and clients, as well as a chance to increase its attractiveness to certain groups of clients.	Digital self-service for client requests throughout the product lifecycle.	50%	10% 2024	2024–2025	2025	10%	Goal was set based on expert estimation.	Relative	No	KB Penzijní společnost a.s.
ESRS	Impact positive	KB Group has defined corporate values that are derived from its mission and are reflected in the overall group values of SG. The emphasis of shareholders, including multinational groups, on the efficiency of management and company operations is reflected in the functioning of KB Group. Collaboration at the employee level can have a positive impact on the functioning of KB Group.	Sustainability Rating EcoVadis	80+	66+ 2022	2022–2025	2025	72	Target was set with regard to the company's strategy.	Absolute	No	SG Equipment Finance Czech Republic s.r.o
ESRS	Impact positive	KB Group has defined corporate values that are derived from its mission and are reflected in the overall group values of SG. The emphasis of shareholders, including multinational groups, on the efficiency of management and company operations is reflected in the functioning of KB Group. Collaboration at the employee level can have a positive impact on the functioning of KB Group.	Number of employees engaged in corporate volunteering	1,000	537 2019	2019–2025	2025	856	Target was set with regard to the Bank's strategy.	Absolute	No	Komerční banka, a.s.

Coverage	IRO	Description	Target description	Target + Metric	Baseline value, reference year	Target period	Milestones	Achievement of the target for 2024	Methodology of determination, assumptions	Target level absolute/ relative	Validated externally yes/no	Entity
ESRS	Impact positive	KB Group has defined corporate values that are derived from its mission and are reflected in the overall group values of SG. The emphasis of shareholders, including multinational groups, on the efficiency of management and company operations is reflected in the functioning of KB Group. Collaboration at the employee level can have a positive impact on the functioning of KB Group.	Number of employees engaged in corporate volunteering	40%	26% 2024	2024–2025	2025	26%	Target was set with regard to the company's strategy.	relative	No	ESSOX s.r.o.

Corruption and bribery

The Compliance Department is responsible for setting the rules against corruption and bribery. The rules and principles of combating corruption and bribery are part of the internal regulations and mandatory training for all employees.

In the past 5 years, Komerční banka has not recorded any documented cases of corruption or bribery. There are no ongoing external investigations by national or international authorities.

More information regarding corruption and bribery is available in the chapter *Compliance risk* (section *Anti-corruption measures*).

Political influence and lobbying activities

Although Komerční banka does not engage in lobbying independently, KB is a member of the Czech Banking Association (CBA) and the CEO of KB is also the president of the CBA. Thus, KB actively participates in topics that are priorities for the CBA. These include issues related to a stable and predictable business environment in the Czech Republic, co-operation between the public and private sectors, and the timely and effective implementation of EU regulations. Additionally, there are topics related to the commitments of the Czech Republic and associated developments in the area of ESG, including the state's energy concept and climate protection policy, as well as topics related to increasing the competitiveness of the Czech Republic, particularly in the field of digitalisation.

More information regarding political influence and lobbying activities is available in the chapter *Compliance risk* (section *Policy influence*).

Supplier relationships

Payment practices

Within the framework of setting up co-operation with suppliers, KB Group always addresses payment terms (maturity) during the tender process. Unless otherwise stated in the contract, the supplier agrees to the standard payment term of 30 days from the date of invoice delivery by the supplier, according to the General Terms and Conditions of the Komerční banka financial group, which are part of the contract and are also available at https://www.kb.cz/en/suppliers.

As part of the tender participation, the bidder/supplier also confirms that they agree with the Responsible Procurement Charter, which reminds them of the obligation to pay suppliers according to the legislation valid in the country where they operate (KB Group). The contract subsequently concluded by KB Group with the supplier also includes a reference to the General Terms and Conditions of the Komerční banka financial group, which stipulates that by concluding the contract, the provider declares respect for the commitments stated in the Charter, at least to the same extent as stipulated by the Charter. KB also has the right to conduct an audit to verify compliance with the content of the Charter.

KB Group pays invoices no later than the due date stated on the invoice and does not differentiate standard payment terms by supplier category. The average time taken to pay an invoice was 14 days in 2024. 93% of payments were in line with the standard terms, i.e. made no later than the due date. In calculating these indicators, KB Group took into account all invoices excluding payments within KB Group. In 2024, the KB Group was not involved in any court proceedings related to late payments.

More information regarding supplier relationship management is available in the chapter *Compliance risk* (section *Supplier relationships*).

Memberships in associations

When deciding to join organisations, Komerční banka also considers whether and how the organisation addresses ESG issues. KB is a member of those organisations with which it shares common values, not only in the area of sustainable development.

Komerční banka

Alliance for Emission-free Future
American Chamber of Commerce in the SR (AmCham)
Association of Chartered Certified Accountants (ACCA)
Association of HR professionals of the Czech Republic
AKU-BAT CZ, z.s.
Association for Electronic Commerce (APEK)
Czech Capital Market Association (AKAT)
Association for Property Market Development
Association of Social Responsibility
Association of Business Service Leaders in the Czech Republic
Association of Certified Fraud Examiners (ACFE)
Business for Society
Corporate Governance Institute (CGI)
Circular Slovakia
COGEN Czech
Le Comité national des conseillers du commerce extérieur de la France (CNCCEF)
CZ Biom, Czech Biomass Association
Czech Institute of Directors
Czech Banking Association (ČBA)
Czech Compliance Association
Czech Management Association
Business Council for Sustainable Development (CBCSD)
Czech Green Building Council
Czech–German Chamber of Trade and Industry
Czech Institute of Internal Auditors (ČIIA)
European Banking Federation (Payment System Committee)
French–Czech Chamber of Commerce in the Czech Republic
French–Slovak Chamber of Commerce in Slovakia (FSOK)
Netherlands–Slovakia Chamber of Commerce (HOK)
Czech Chamber of Commerce
Institute of Circular Economy (INCIEN)
International Swaps and Derivatives Association (ISDA)
Japanese Chamber of Commerce and Industry in the Czech Republic
CFO Club
Chamber of Certified Accountants
Chamber of Tax Advisors of the Czech Republic
Korean Chamber of Commerce in the Czech Republic
Marketing Institute (MKTI)
MasterCard International (MCI)
Mountfield HK Business Club
SWIFT Members National Association in Slovakia
National Committee of the International Chamber of Commerce in the Czech Republic (ICC)
Odyssea
People Management Forum
PMF - HR FORUM
Financial Distress Advisory Centre
Association for Strategic Communication and Public Relations, z. s.
Czech Advertising Standards Council
Bank Card Association (SBK)
COMMON Czech Republic association
Digital Receipts Association
Slovak Compliance Circle (SCC)
Slovak Banking Association
Slovak–German Chamber of Trade and Industry (DSIHK)
Czech–Chinese Chamber of Mutual Co-operation
Society for Worldwide Interbank Financial Telecommunication (SWIFT)
Solar Association
Union of Banks and Insurance Companies
The Czech Private Equity and Venture Capital Association (CVCA)
The Financial Markets Association of the Czech Republic (A.C.I.) – Forex Club
Turnaround Management Association, Czech Republic
Visa Europe, Czech Republic and Slovakia

ESSOX

Association of Chartered Certified Accountants (ACCA)
Association of Collection Agencies (AIA)
Association of Innovative Service Providers z.s.
Association for Electronic Commerce (APEK)
Association of Social Responsibility
Business & Professional Women CR (BPWCR)
Czech Banking Association (ČBA)
Czech Lease and Financial Association
European Financial Planning Association
French–Czech Chamber of Commerce in the Czech Republic
South Bohemian Chamber of Commerce
People Management Forum
Bank Card Association (SBK)
SOLUS, interest association of legal entities
Union of Accountants České Budějovice, z.s

Factoring KB

Association of Factoring Companies in the Czech Republic.
Czech Lease and Financial Association
Factors Chain International (FCI)

Modrá pyramida

The Association of Czech Building Societies

Penzijní společnost KB

Association of Pension Companies

SGEF

Slovak Association of Lease Companies
Czech Lease and Financial Association
Chambre de Commerce Franco-Tchéque

Annex to Sustainability statement

Annex to Mandatory disclosures according to article 8 of EU regulation 2020/852 (taxonomy regulation)

KB Group publishes information in accordance with the Taxonomy Regulation, whereby KB follows Annexes V and VI of Regulation 2021/2178 (templates and methodology applicable to credit institutions) and Annex XII (information on the financing of activities related to nuclear energy and fossil gas) of the same Regulation. KB Group is publishing this information as a separate entity for the first year. Therefore, only data for the reference period 2024 are included, and no comparative data for the previous year are disclosed.

In the following section, the tables are arranged as follows:

0. Summary of key performance indicators (KPIs) to be disclosed by credit institutions according to Article 8 of the Taxonomy Regulation
1. Assets for calculating the Green Asset Ratio (GAR)
2. Green Asset Ratio (GAR) – sectoral information
3. KPI “Stock” for the Green Asset Ratio (GAR)
4. KPI “Flow” for the Green Asset Ratio (GAR)[1)]
5. KPI “Off-balance sheet exposures” (based on the key performance indicator “Turnover”) – for stock and flow[2)]

First, templates calculated based on the key performance indicators “capital expenditure” of counterparties are disclosed, followed by all templates filled with indicators obtained based on the key performance indicators “turnover” of counterparties.

Furthermore, “Template 1 - Activities related to nuclear energy and fossil gas” is published in accordance with Annex XII of the Taxonomy Regulation. This report includes only Template 1, as KB Group did not record any case of financing activities that were the subject of Annex XII of the Regulation and where the counterparty was an entity required to disclose information under the Non-Financial Reporting Directive (NFRD).

The calculation methodology is further described in the chapter *Mandatory disclosures according to article 8 of EU regulation 2020/852 (taxonomy regulation)*.

[1)] The flow calculation is based on the gross accounting values of exposures at their initial value in the case of assets included in the numerator of the Green Asset Ratio (GAR). For other categories of assets, the flow is calculated as the difference between 31 December 2024 and 31 December 2023.
[2)] In the case of asset management, KB Group will not disclose the flow for the first year of reporting information in accordance with the Taxonomy Regulation due to a lack of data.

0. Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation (based on CapEx KPI)

		Total environmentally sustainable assets (million CZK)	KPI****	KPI*****	% coverage (over total assets)***	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Main KPI	**Green asset ratio (GAR) stock**	**1,674**	**-**	**0.2%**	**63%**	**32%**	**37%**

		Total environmentally sustainable activities	KPI	KPI	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Additional KPIs	GAR (flow)	0.01	-	1%	-	-	-
	Trading book*	-	-	-			
	Financial guarantees	629	-	57%			
	Assets under management	33	-	2%			
	Fees and commissions income**	-	-	-			

* For credit institutions that do not meet the conditions of Article 94(1) of the CRR or the conditions set out in Article 325a(1) of the CRR.

** Fees and commissions income from services other than lending and AuM Institutions shall disclose forward-looking information for this KPIs, including information in terms of targets, together with relevant explanations on the methodology applied.

*** % of assets covered by the KPI over banks´ total assets.

**** based on the Turnover KPI of the counterparty.

***** based on the CapEx KPI of the counterparty

Note 1: Across the reporting templates: cells shaded in black should not be reported.

Note 2: Fees and Commissions (sheet 6) and Trading Book (sheet 7) KPIs shall only apply starting 2026. SMEs' inclusion in these KPI will only apply subject to a positive result of an impact assessment.

1.Assets for the calculation of GAR (based on CapEx KPI)

Million CZK	2024																													
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)								
			Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)								
	Total [gross] carrying amount		Of which Use of Proceeds	Of which transi-tional	Of which enabling		Of which Use of Pro-ceeds	Of which enabling			Of which Use of Pro-ceeds	Of which enabling			Of which Use of Pro-ceeds	Of which enabling			Of which Use of Pro-ceeds	Of which enabling			Of which Use of Pro-ceeds	Of which enabling				Of which Use of Proceeds	Of which transi-tional	Of which enabling	
GAR - Covered assets in both numerator and denominator																														
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	486,344	390,414	1,666	60	29	22	10	1	-	0	7	7	-	-	-	-	-	-	-	-	-	-	-	-	-	390,431	1,674	60	29	22
2 Financial undertakings	10,077	3,308	132	60	29	22	10	1	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,317	133	60	29	22
3 Credit institutions	10,074	3,306	132	60	29	22	10	1	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,315	133	60	29	22
4 Loans and advances	10,074	3,306	132	60	29	22	10	1	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,315	133	60	29	22
5 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Equity instruments	-	-	-	[redacted]	-	-	-	-	[redacted]	-	-	-	[redacted]	-	-	-	[redacted]	-	-	-	[redacted]	-	-	-	[redacted]	-	-	-	-	-	-	-
7 Other financial corporations	4	2	0	-	0	0	-	0	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2	0	-	0	0
8 of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9 Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11 Equity instruments	-	-	-	[redacted]	-	-	-	-	[redacted]	-	-	-	[redacted]	-	-	-	[redacted]	-	-	-	[redacted]	-	-	-	[redacted]	-	-	-	[redacted]	-	-	-
12 of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13 Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15 Equity instruments	-	-	-	[redacted]	-	-	-	-	[redacted]	-	-	-	[redacted]	-	-	-	[redacted]	-	-	-	[redacted]	-	-	-	[redacted]	-	-	-	[redacted]	-	-	-
16 of which insurance undertakings	4	2	0	-	0	0	-	0	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2	0	-	0	0
17 Loans and advances	4	2	0	-	0	0	-	0	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2	0	-	0	0
18 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
19 Equity instruments	-	-	-	[redacted]	-	-	-	-	[redacted]	-	-	-	[redacted]	-	-	-	[redacted]	-	-	-	[redacted]	-	-	-	[redacted]	-	-	-	[redacted]	-	-	-
20 Non-financial undertakings	10,538	3,107	1,534	-	-	-	-	-	-	-	7	7	-	-	-	-	-	-	-	-	-	-	-	-	-	3,114	1,541	-	-	-
21 Loans and advances	6,633	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22 Debt securities, including UoP	3,905	3,107	1,534	-	-	-	-	-	-	-	7	7	-	-	-	-	-	-	-	-	-	-	-	-	-	3,114	1,541	-	-	-

Million CZK	2024																														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)								
			Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)								
	Total [gross] carrying amount			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
23 Equity instruments	-	-	-	[redacted]	-	-	-	-	[redacted]	-	-	-	[redacted]	-	-	-	[redacted]	-	-	-	[redacted]	-	-	-	[redacted]	-	-	-	[redacted]	-	-
24 Households	438,097	383,999	-	-	-	-	-	-	-	-	[redacted]				-	-	-	-	[redacted]								383,999	-	-	-	-
25 of which loans collateralised by residential immovable property	377,343	377,343	-	-	-	-	-	-	-	-					-	-	-	-									377,343	-	-	-	-
26 of which building renovation loans	456	456	-	-	-	-	-	-	-	-					-	-	-	-									456	-	-	-	-
27 of which motor vehicle loans	6,200	6,200	-	-	-	-	[redacted]								[redacted]												6,200	-	-	-	-
28 Local governments financing	27,631	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29 Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30 Other local government financing	27,631	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31 Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32 Assets excluded from the numerator for GAR calculation (covered in the denominator)	502,123																														
33 Financial and Non-financial undertakings	419,585	[redacted]																													
34 SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	378,197																														
35 Loans and advances	374,733																														
36 of which loans collateralised by commercial immovable property	142,753																														
37 of which building renovation loans	-																														
38 Debt securities	3,411																														
39 Equity instruments	53																														
40 Non-EU country counterparties not subject to NFRD disclosure obligations	41,389																														
41 Loans and advances	41,389																														

Million CZK	2024																														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)								
			Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)								
	Total [gross] carrying amount		Of which Use of Proceeds	Of which transi-tional	Of which enabling		Of which Use of Pro-ceeds	Of which enabling			Of which Use of Pro-ceeds	Of which enabling			Of which Use of Pro-ceeds	Of which enabling			Of which Use of Pro-ceeds	Of which enabling			Of which Use of Pro-ceeds	Of which enabling				Of which environmentally sustainable (Taxonomy-aligned)			
																												Of which Use of Proceeds	Of which transi-tional	Of which enabling	
42 Debt securities	-																														
43 Equity instruments	-																														
44 Derivatives	6,896																														
45 On demand interbank loans	3,285																														
46 Cash and cash-related assets	8,572																														
47 Other categories of assets (e.g. Goodwill, commodities etc.)	63,785																														
48 Total GAR assets	988,467	390,414	1,666	60	29	22	10	1	-	0	7	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	390,431	1,674	60	29	22
49 Assets not covered for GAR calculation	593,054																														
50 Central governments and Supranational issuers	193,672																														
51 Central banks exposure	357,593																														
52 Trading book	41,790																														
53 Total assets	1,581,521	390,414	1,666	60	29	22	10	1	-	0	7	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	390,431	1,674	60	29	22
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations																															
54 Financial guarantees	1,110	724	628	-	0	0	-	0	-	-	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	725	629	-	0	0
55 Assets under management	1,550	69	32	-	3	15	5	0	-	0	0	-	-	-	4	-	-	-	2	-	-	-	-	-	-	-	80	33	-	3	15
56 Of which debt securities	580	15	8	-	1	3	1	0	-	0	0	-	-	-	0	-	-	-	0	-	-	-	-	-	-	-	16	8	-	1	3
57 Of which equity instru-ments	970	54	24	-	2	12	4	0	-	0	0	-	-	-	4	-	-	-	2	-	-	-	-	-	-	-	64	25	-	2	12

1. This template shall include information for loans and advances, debt securities and equity instruments in the banking book, towards financial corporates, non-financial corporates (NFC), including SMEs, households (including residential real estate, house renovation loans and motor vehicle loans only) and local governments/municipalities (house financing).
2. The following accounting categories of financial assets should be considered: Financial assets at amortised cost, financial assets at fair value through other comprehensive income, investments in subsidiaries, joint ventures and associates, financial assets designated at fair value through profit or loss and non-trading financial assets mandatorily at fair value through profit or loss, and real estate collaterals obtained by credit institutions by taking possession in exchange in of cancellation of debts.
3. Banks with non-EU subsidiary should provide this information separately for exposures towards non-EU counterparties. For non-EU exposures, while there are additional challenges in terms of absence of common disclosure requirements and methodology, as the EU taxonomy and the NFRD apply only at EU level, given the relevance of these exposures for those credit institutions with non-EU subsidiaries, these institutions should disclose a separate GAR for non-EU exposures, on a best effort basis, in the form of estimates and ranges, using proxies, and explaining the assumptions, caveats and limitations.
4. For motor vehicle loans, institutions shall only include those exposures generated after the date of application of the disclosure.
5. The category "cash and cash-related" assets covers cash balances only. Cash at central banks is included in the category "central bank exposure". "Derivatives" covers only hedging derivatives. Traded derivatives are part of the trading book.

2. GAR sector information (based on CapEx KPI)

	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
Breakdown by sector - NACE 4 digits level (code and label)	Mn CZK	Of which environmentally sustainable (CCM)	Mn CZK	Of which environmentally sustainable (CCM)	Mn CZK	Of which environmentally sustainable (CCA)	Mn CZK	Of which environmentally sustainable (CCA)	Mn CZK	Of which environmentally sustainable (WTR)	Mn CZK	Of which environmentally sustainable (WTR)	Mn CZK	Of which environmentally sustainable (CE)	Mn CZK	Of which environmentally sustainable (CE)	Mn CZK	Of which environmentally sustainable (PPC)	Mn CZK	Of which environmentally sustainable (PPC)	Mn CZK	Of which environmentally sustainable (BIO)	Mn CZK	Of which environmentally sustainable (BIO)	Mn CZK	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	Mn CZK	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
1 D3511	1,667	1,534							7	7															1,674	1,541		
2 H4950	851	-																							851	-		
3 M7010	-	-																							-	-		
4 H5229	589	-																							589	-		

1. Credit institutions shall disclose in this template information on exposures in the banking book towards those sectors covered by the Taxonomy (NACE sectors 4 levels of detail), using the relevant NACE Codes on the basis of the principal activity of the counterparty.
2. The counterparty NACE sector allocation shall be based exclusively on the nature of the immediate counterparty. The classification of the exposures incurred jointly by more than one obligor shall be done on the basis of the characteristics of the obligor that was the more relevant, or determinant, for the institution to grant the exposure. The distribution of jointly incurred exposures by NACE codes shall be driven by the characteristics of the more relevant or determinant obligor. Institutions shall disclose information by NACE codes with the level of disaggregation required in the template.

3. GAR KPI stock (based on CapEx KPI)

% (compared to total covered assets in the denominator)	2024																														
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of total assets covered
GAR - Covered assets in both numerator and denominator																															
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	80%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	80%	0%	0%	0%	0%	49%
2 Financial undertakings	33%	1%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	33%	1%	1%	0%	0%	1%
3 Credit institutions	33%	1%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	33%	1%	1%	0%	0%	1%
4 Loans and advances	33%	1%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	33%	1%	1%	0%	0%	1%
5 Debt securities, including UoP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
6 Equity instruments			[redacted]					[redacted]				[redacted]				[redacted]				[redacted]				[redacted]				[redacted]			0%
7 Other financial corporations																															0%
8 of which investment firms																															0%
9 Loans and advances																															0%
10 Debt securities, including UoP																															0%
11 Equity instruments			[redacted]					[redacted]				[redacted]				[redacted]				[redacted]				[redacted]				[redacted]			0%
12 of which management companies																															0%
13 Loans and advances																															0%
14 Debt securities, including UoP																															0%
15 Equity instruments			[redacted]					[redacted]				[redacted]				[redacted]				[redacted]				[redacted]				[redacted]			0%
16 of which insurance undertakings	51%																								51%						0%
17 Loans and advances	51%																								51%						0%
18 Debt securities, including UoP	0%																														0%
19 Equity instruments			[redacted]					[redacted]				[redacted]				[redacted]				[redacted]				[redacted]				[redacted]			0%
20 Non-financial undertakings	29%	15%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	30%	15%	0%	0%	0%	1%
21 Loans and advances	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%
22 Debt securities, including UoP	80%	39%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	80%	39%	0%	0%	0%	0%

% (compared to total covered assets in the denominator)		2024																														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of total assets covered
23	Equity instruments																															0%
24	Households	88%	0%	0%	0%	0%																					88%	0%	0%	0%	0%	44%
25	of which loans collateralised by residential immovable property	100%	0%	0%	0%	0%																					100%	0%	0%	0%	0%	38%
26	of which building renovation loans	100%	0%	0%	0%	0%																					100%	0%	0%	0%	0%	0%
27	of which motor vehicle loans	100%	0%	0%	0%	0%																					100%	0%	0%	0%	0%	1%
28	Local governments financing	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	3%
29	Housing financing	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
30	Other local government financing	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	3%
31	Collateral obtained by taking possession: residential and commercial immovable properties																															0%
32	Total GAR assets	39%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	39%	0%	0%	0%	0%	100%

1. Institution shall disclose in this template the GAR KPIs on stock of loans calculated based on the data disclosed in template 1, on covered assets, and by applying the formulas proposed in this template.
2. Information on the GAR (green asset ratio of 'eligible' activities) shall be accompanied with information on the proportion of total assets covered by the GAR.
3. Credit institutions can, in addition to the information included in this template, show the proportion of assets funding taxonomy relevant sectors that are environmentally sustainable (Taxonomy-aligned). This information would enrich the information on the KPI on environmentally sustainable assets compared to total covered assets.
4. Credit institutions shall duplicate this template for revenue based and CapEx based disclosures.

4. GAR KPI flow(based on CapEx KPI)

% (compared to flow of total eligible assets)	2024																														
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of total new assets covered
GAR - Covered assets in both numerator and denominator																															
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	43%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	43%	1%	0%	0%	0%	93%
2 Financial undertakings	38%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	38%	0%	0%	0%	0%	82%
3 Credit institutions	38%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	38%	0%	0%	0%	0%	82%
4 Loans and advances	38%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	38%	0%	0%	0%	0%	82%
5 Debt securities, including UoP																														0%
6 Equity instruments			[redacted]					[redacted]				[redacted]				[redacted]				[redacted]				[redacted]				[redacted]			0%
7 Other financial corporations																															0%
8 of which investment firms																															0%
9 Loans and advances																															0%
10 Debt securities, including UoP																															0%
11 Equity instruments			[redacted]					[redacted]				[redacted]				[redacted]				[redacted]				[redacted]				[redacted]			0%
12 of which management companies																															0%
13 Loans and advances																															0%
14 Debt securities, including UoP																															0%
15 Equity instruments			[redacted]					[redacted]				[redacted]				[redacted]				[redacted]				[redacted]				[redacted]			0%
16 of which insurance undertakings																															0%
17 Loans and advances																															0%
18 Debt securities, including UoP																															0%
19 Equity instruments			[redacted]					[redacted]				[redacted]				[redacted]				[redacted]				[redacted]				[redacted]			0%
20 Non-financial undertakings	64%	22%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	64%	22%	0%	0%	0%	3%
21 Loans and advances	64%	22%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	64%	22%	0%	0%	0%	3%
22 Debt securities, including UoP																															0%

	% (compared to flow of total eligible assets)	2024																															
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of total new assets covered
23	Equity instruments																																0%
24	Households	100%																											100%	0%	0%	0%	0%	7%
25	of which loans collateralised by residential immovable property	100%																											100%	0%	0%	0%	0%	7%
26	of which building renovation loans	100%																											100%	0%	0%	0%	0%	0%
27	of which motor vehicle loans	100%																											100%	0%	0%	0%	0%	0%
28	Local governments financing	0%																															1%
29	Housing financing																																0%
30	Other local government financing	0%																															1%
31	Collateral obtained by taking possession: residential and commercial immovable properties	-																															0%
32	Total GAR assets	40%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	40%	1%	0%	0%	0%	100%

5. KPI off-balance sheet exposures (based on CapEx KPI) - stock

% (compared to total eligible off-balance sheet assets)	2024																															
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1 Financial guarantees (FinGuar KPI)	65%	57%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	65%	57%	0%	0%	0%
2 Assets under management (AuM KPI)	4%	2%	0%	0%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	5%	2%	0%	0%	1%

1. Institution shall disclose in this template the KPIs for off-balance sheet exposures (financial guarantees and AuM) calculated based on the data disclosed in template 1, on covered assets, and by applying the formulas proposed in this template.
2. Institutions shall duplicate this template to disclose stock and flow KPIs for off-balance sheet exposures.

5. KPI off-balance sheet exposures (based on CapEx KPI) - flow

% (compared to total eligible off-balance sheet assets)	2024																															
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1 Financial guarantees (FinGuar KPI)	85%	26%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	85%	26%	0%	0%	0%
2 Assets under management (AuM KPI)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

1. Institution shall disclose in this template the KPIs for off-balance sheet exposures (financial guarantees and AuM) calculated based on the data disclosed in template 1, on covered assets, and by applying the formulas proposed in this template.
2. Institutions shall duplicate this template to disclose stock and flow KPIs for off-balance sheet exposures.

0. Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation (based on Turnover KPI)

		Total environmentally sustainable assets (million CZK)	KPI****	KPI*****	% coverage (over total assets)***	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Main KPI	**Green asset ratio (GAR) stock**	**859**	**0.1%**	**-**	**63%**	**32%**	**37%**

		Total environmentally sustainable activities	KPI	KPI	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Additional KPIs	GAR (flow)	0.004	1%	-	-	-	-
	Trading book*	-	-	-			
	Financial guarantees	125	11%	-			
	Assets under management	20	1%	-			
	Fees and commissions income**	-	-	-			

* For credit institutions that do not meet the conditions of Article 94(1) of the CRR or the conditions set out in Article 325a(1) of the CRR.

** Fees and commissions income from services other than lending and AuM Institutions shall disclose forward-looking information for this KPIs, including information in terms of targets, together with relevant explanations on the methodology applied.

*** % of assets covered by the KPI over banks´ total assets.

**** based on the Turnover KPI of the counterparty.

***** based on the CapEx KPI of the counterparty, except for lending activities where for general lending Turnover KPI is used.

Note 1: Across the reporting templates: cells shaded in black should not be reported.

Note 2: Fees and Commissions (sheet 6) and Trading Book (sheet 7) KPIs shall only apply starting 2026. SMEs' inclusion in these KPI will only apply subject to a positive result of an impact assessment.

1.Assets for the calculation of GAR (based on Turnover KPI)

Million CZK	2024																														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)			Water and marine resources (WTR)			Circular economy (CE)			Pollution (PPC)			Biodiversity and Ecosystems (BIO)			TOTAL (CCM + CCA + WTR + CE + PPC + BIO)									
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)									
			Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)			Of which environmentally sustainable (Taxonomy-aligned)			Of which environmentally sustainable (Taxonomy-aligned)			Of which environmentally sustainable (Taxonomy-aligned)			Of which environmentally sustainable (Taxonomy-aligned)									
	Total [gross] carrying amount			Of which Use of Proceeds	Of which transi-tional	Of which enabling		Of which Use of Pro-ceeds	Of which enabling		Of which Use of Pro-ceeds	Of which enabling		Of which Use of Pro-ceeds	Of which enabling		Of which Use of Pro-ceeds	Of which enabling		Of which Use of Pro-ceeds	Of which enabling			Of which Use of Proceeds	Of which transi-tional	Of which enabling					
GAR - Covered assets in both numerator and denominator																															
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	486,344	389,498	858	60	16	12	5	0	-	0	2	0	-	-	-	-	-	-	-	-	-	-	389,505	859	60	16	12				
2 Financial undertakings	10,077	3,256	96	60	16	12	5	0	-	0	-	-	-	-	-	-	-	-	-	-	-	-	3,262	97	60	16	12				
3 Credit institutions	10,074	3,254	96	60	16	12	5	0	-	0	-	-	-	-	-	-	-	-	-	-	-	-	3,260	97	60	16	12				
4 Loans and advances	10,074	3,254	96	60	16	12	5	0	-	0	-	-	-	-	-	-	-	-	-	-	-	-	3,260	97	60	16	12				
5 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
6 Equity instruments	-	-	-	[redacted]	-	-	-	-	[redacted]	-	-	-	[redacted]	-	-	-	[redacted]	-	-	-	[redacted]	-	-	-	-	-	-				
7 Other financial corporations	4	2	0	-	0	0	-	0	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-	2	0	-	0	0				
8 of which investment firms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
9 Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
10 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
11 Equity instruments	-	-	-	[redacted]	-	-	-	-	[redacted]	-	-	-	[redacted]	-	-	-	[redacted]	-	-	-	[redacted]	-	-	-	[redacted]	-	-				
12 of which management companies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
13 Loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
14 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
15 Equity instruments	-	-	-	[redacted]	-	-	-	-	[redacted]	-	-	-	[redacted]	-	-	-	[redacted]	-	-	-	[redacted]	-	-	-	[redacted]	-	-				
16 of which insurance undertakings	4	2	0	-	0	0	-	0	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-	2	0	-	0	0				
17 Loans and advances	4	2	0	-	0	0	-	0	-	0	-	-	-	-	-	-	-	-	-	-	-	-	-	2	0	-	0	0				
18 Debt securities, including UoP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
19 Equity instruments	-	-	-	[redacted]	-	-	-	-	[redacted]	-	-	-	[redacted]	-	-	-	[redacted]	-	-	-	[redacted]	-	-	-	[redacted]	-	-				
20 Non-financial undertakings	10,538	2,242	761	-	-	-	-	-	-	-	2	0	-	-	-	-	-	-	-	-	-	-	2,244	762	-	-	-				
21 Loans and advances	6,633	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
22 Debt securities, including UoP	3,905	2,242	761	-	-	-	-	-	-	-	2	0	-	-	-	-	-	-	-	-	-	-	2,244	762	-	-	-				

Million CZK	2024																															
		Climate Change Mitigation (CCM)						Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)						Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)								
			Of which environmentally sustainable (Taxonomy-aligned)						Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)								
	Total [gross] carrying amount			Of which Use of Proceeds	Of which transi-tional	Of which enabling			Of which Use of Pro-ceeds	Of which enabling			Of which Use of Pro-ceeds	Of which enabling			Of which Use of Pro-ceeds	Of which enabling			Of which Use of Pro-ceeds	Of which enabling			Of which Use of Pro-ceeds	Of which enabling			Of which Use of Proceeds	Of which transi-tional	Of which enabling	
23 Equity instruments	-	-	-	[redacted]	-	-	-	-	[redacted]	-	-	-	[redacted]	-	-	-	[redacted]	-	-	-	[redacted]	-	-	-	[redacted]	-	-	-	[redacted]	-	-	-
24 Households	438,097	383,999	-	-	-	-	-	-	-	-	[redacted]				-	-	-	-	[redacted]								383,999	-	-	-	-
25 of which loans collateralised by residential immovable property	377,343	377,343	-	-	-	-	-	-	-	-					-	-	-	-									377,343	-	-	-	-
26 of which building renovation loans	456	456	-	-	-	-	-	-	-	-					-	-	-	-									456	-	-	-	-
27 of which motor vehicle loans	6,200	6,200	-	-	-	-	[redacted]																				6,200	-	-	-	-
28 Local governments financing	27,631	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
29 Housing financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30 Other local government financing	27,631	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31 Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32 Assets excluded from the numerator for GAR calculation (covered in the denominator)	502,123																														
33 Financial and Non-financial undertakings	419,585	[redacted]																													
34 SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	378,197																														
35 Loans and advances	374,733																														
36 of which loans collateralised by commercial immovable property	142,753																														
37 of which building renovation loans	-																														
38 Debt securities	3,411																														
39 Equity instruments	53																														
40 Non-EU country counterparties not subject to NFRD disclosure obligations	41,389																														
41 Loans and advances	41,389																														
42 Debt securities	-																														

Million CZK	2024																														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)			Water and marine resources (WTR)			Circular economy (CE)			Pollution (PPC)			Biodiversity and Ecosystems (BIO)			TOTAL (CCM + CCA + WTR + CE + PPC + BIO)									
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)									
			Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)								Of which environmentally sustainable (Taxonomy-aligned)			
	Total [gross] carrying amount			Of which Use of Proceeds	Of which transi-tional	Of which enabling			Of which Use of Pro-ceeds	Of which enabling			Of which Use of Pro-ceeds	Of which enabling			Of which Use of Pro-ceeds	Of which enabling			Of which Use of Pro-ceeds	Of which enabling							Of which Use of Proceeds	Of which transi-tional	Of which enabling
43 Equity instruments	-																														
44 Derivatives	6,896																														
45 On demand interbank loans	3,285																														
46 Cash and cash-related assets	8,572																														
47 Other categories of assets (e.g. Goodwill, commodities etc.)	63,785																														
48 Total GAR assets	988,467	389,498	858	60	16	12	5	0	-	0	2	0	-	-	-	-	-	-	-	-	-	-	-	-	-	389,505	859	60	16	12
49 Assets not covered for GAR calculation	593,054																														
50 Central governments and Supranational issuers	193,672																														
51 Central banks exposure	357,593																														
52 Trading book	41,790																														
53 Total assets	1,581,521	389,498	858	60	16	12	5	0	-	0	2	0	-	-	-	-	-	-	-	-	-	-	-	-	-	389,505	859	60	16	12
Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations																															
54 Financial guarantees	1,110	385	125	-	0	0	0	0	-	-	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	385	125	-	0	0
55 Assets under management	1,550	80	20		1	12	2		-	0	0	-	-	-	2	-	-	-	2	-	-	-	0	-	-	-	86	20	-	1	12
56 Of which debt securities	580	14	5		1	3	1		-	0	0	-	-	-	0	-	-	-	0	-	-	-	0	-	-	-	15	5	-	1	3
57 Of which equity instruments	970	66	15		0	9	1		-	-	0	-	-	-	2	-	-	-	1	-	-	-	0	-	-	-	71	15	-	0	9

1. This template shall include information for loans and advances, debt securities and equity instruments in the banking book, towards financial corporates, non-financial corporates (NFC), including SMEs, households (including residential real estate, house renovation loans and motor vehicle loans only) and local governments/municipalities (house financing).
2. The following accounting categories of financial assets should be considered: Financial assets at amortised cost, financial assets at fair value through other comprehensive income, investments in subsidiaries, joint ventures and associates, financial assets designated at fair value through profit or loss and non-trading financial assets mandatorily at fair value through profit or loss, and real estate collaterals obtained by credit institutions by taking possession in exchange in of cancellation of debts.
3. Banks with non-EU subsidiary should provide this information separately for exposures towards non-EU counterparties. For non-EU exposures, while there are additional challenges in terms of absence of common disclosure requirements and methodology, as the EU taxonomy and the NFRD apply only at EU level, given the relevance of these exposures for those credit institutions with non-EU subsidiaries, these institutions should disclose a separate GAR for non-EU exposures, on a best effort basis, in the form of estimates and ranges, using proxies, and explaining the assumptions, caveats and limitations.
4. For motor vehicle loans, institutions shall only include those exposures generated after the date of application of the disclosure.
5. The category "cash and cash-related" assets covers cash balances only. Cash at central banks is included in the category "central bank exposure". "Derivatives" covers only hedging derivatives. Traded derivatives are part of the trading book.

2. GAR sector information (based on Turnover KPI)

Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
	Mn CZK	Of which environmentally sustainable (CCM)	Mn CZK	Of which environmentally sustainable (CCM)	Mn CZK	Of which environmentally sustainable (CCA)	Mn CZK	Of which environmentally sustainable (CCA)	Mn CZK	Of which environmentally sustainable (WTR)	Mn CZK	Of which environmentally sustainable (WTR)	Mn CZK	Of which environmentally sustainable (CE)	Mn CZK	Of which environmentally sustainable (CE)	Mn CZK	Of which environmentally sustainable (PPC)	Mn CZK	Of which environmentally sustainable (PPC)	Mn CZK	Of which environmentally sustainable (BIO)	Mn CZK	Of which environmentally sustainable (BIO)	Mn CZK	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)	Mn CZK	Of which environmentally sustainable (CCM + CCA + WTR + CE + PPC + BIO)
1 D3511	719	621							2	0															721	622		
2 H4950	1,001	140																							1,001	140		
3 M7010	-	-																							-	-		
4 H5229	522	-																							522	-		
…																												

1. Credit institutions shall disclose in this template information on exposures in the banking book towards those sectors covered by the Taxonomy (NACE sectors 4 levels of detail), using the relevant NACE Codes on the basis of the principal activity of the counterparty.
2. The counterparty NACE sector allocation shall be based exclusively on the nature of the immediate counterparty. The classification of the exposures incurred jointly by more than one obligor shall be done on the basis of the characteristics of the obligor that was the more relevant, or determinant, for the institution to grant the exposure. The distribution of jointly incurred exposures by NACE codes shall be driven by the characteristics of the more relevant or determinant obligor. Institutions shall disclose information by NACE codes with the level of disaggregation required in the template.

3. GAR KPI stock (based on Turnover KPI)

% (compared to total covered assets in the denominator)	2024																														
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of total assets covered
GAR - Covered assets in both numerator and denominator																															
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	80%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	80%	0%	0%	0%	0%	49%
2 Financial undertakings	32%	1%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	32%	1%	1%	0%	0%	1%
3 Credit institutions	32%	1%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	32%	1%	1%	0%	0%	1%
4 Loans and advances	32%	1%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	32%	1%	1%	0%	0%	1%
5 Debt securities, including UoP	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
6 Equity instruments			[redacted]					[redacted]				[redacted]				[redacted]				[redacted]				[redacted]				[redacted]			0%
7 Other financial corporations																															0%
8 of which investment firms																															0%
9 Loans and advances																															0%
10 Debt securities, including UoP																															0%
11 Equity instruments			[redacted]					[redacted]				[redacted]				[redacted]				[redacted]				[redacted]				[redacted]			0%
12 of which management companies																															0%
13 Loans and advances																															0%
14 Debt securities, including UoP																															0%
15 Equity instruments			[redacted]					[redacted]				[redacted]				[redacted]				[redacted]				[redacted]				[redacted]			0%
16 of which insurance undertakings	51%																								51%						0%
17 Loans and advances	51%																								51%						0%
18 Debt securities, including UoP	0%																														0%
19 Equity instruments			[redacted]					[redacted]				[redacted]				[redacted]				[redacted]				[redacted]				[redacted]			0%
20 Non-financial undertakings	21%	7%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	21%	7%	0%	0%	0%	1%
21 Loans and advances	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%
22 Debt securities, including UoP	57%	19%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	57%	20%	0%	0%	0%	0%

% (compared to total covered assets in the denominator)	2024																														
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of total assets covered
23 Equity instruments																															0%
24 Households	88%	0%	0%	0%	0%																					88%	0%	0%	0%	0%	44%
25 of which loans collateralised by residential immovable property	100%	0%	0%	0%	0%																					100%	0%	0%	0%	0%	38%
26 of which building renovation loans	100%	0%	0%	0%	0%																					100%	0%	0%	0%	0%	0%
27 of which motor vehicle loans	100%	0%	0%	0%	0%																					100%	0%	0%	0%	0%	1%
28 Local governments financing	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	3%
29 Housing financing	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
30 Other local government financing	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	3%
31 Collateral obtained by taking possession: residential and commercial immovable properties	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
32 Total GAR assets	39%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	39%	0%	0%	0%	0%	100%

1. Institution shall disclose in this template the GAR KPIs on stock of loans calculated based on the data disclosed in template 1, on covered assets, and by applying the formulas proposed in this template.
2. Information on the GAR (green asset ratio of 'eligible' activities) shall be accompanied with information on the proportion of total assets covered by the GAR.
3. Credit institutions can, in addition to the information included in this template, show the proportion of assets funding taxonomy relevant sectors that are environmentally sustainable (Taxonomy-aligned). This information would enrich the information on the KPI on environmentally sustainable assets compared to total covered assets.
4. Credit institutions shall duplicate this template for revenue based and CapEx based disclosures.

4. GAR KPI flow(based on Turnover KPI)

% (compared to flow of total eligible assets)	2024																														
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of total new assets covered
GAR - Covered assets in both numerator and denominator																															
1 Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	42%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	42%	1%	0%	0%	0%	99%
2 Financial undertakings	38%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	38%	0%	0%	0%	0%	87%
3 Credit institutions	38%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	38%	0%	0%	0%	0%	87%
4 Loans and advances	38%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	38%	0%	0%	0%	0%	87%
5 Debt securities, including UoP																														0%
6 Equity instruments			[redacted]					[redacted]				[redacted]				[redacted]				[redacted]				[redacted]				[redacted]			0%
7 Other financial corporations																														0%
8 of which investment firms																														0%
9 Loans and advances																														0%
10 Debt securities, including UoP																														0%
11 Equity instruments			[redacted]					[redacted]				[redacted]				[redacted]				[redacted]				[redacted]				[redacted]			0%
12 of which management companies																														0%
13 Loans and advances																														0%
14 Debt securities, including UoP																														0%
15 Equity instruments			[redacted]					[redacted]				[redacted]				[redacted]				[redacted]				[redacted]				[redacted]			0%
16 of which insurance undertakings																														0%
17 Loans and advances																														0%
18 Debt securities, including UoP																														0%
19 Equity instruments			[redacted]					[redacted]				[redacted]				[redacted]				[redacted]				[redacted]				[redacted]			0%
20 Non-financial undertakings	44%	9%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	44%	9%	0%	0%	0%	3%
21 Loans and advances	44%	9%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	44%	9%	0%	0%	0%	3%
22 Debt securities, including UoP																														0%

% (compared to flow of total eligible assets)		2024																																	
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of total new assets covered
23	Equity instruments																																		0%
24	Households	100%																											100%	0%	0%	0%	0%	8%
25	of which loans collateralised by residential immovable property	100%																											100%	0%	0%	0%	0%	7%
26	of which building renovation loans	100%																											100%	0%	0%	0%	0%	0%
27	of which motor vehicle loans	100%																											100%	0%	0%	0%	0%	0%
28	Local governments financing	0%																																	1%
29	Housing financing																																		0%
30	Other local government financing	0%																																	1%
31	Collateral obtained by taking possession: residential and commercial immovable properties	-																																	0%
32	Total GAR assets	42%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	42%	1%	0%	0%	0%	100%

5. KPI off-balance sheet exposures (based on Turnover KPI) - stock

% (compared to total eligible off-balance sheet assets)	2024																															
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1 Financial guarantees (FinGuar KPI)	35%	11%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	35%	11%	0%	0%	0%
2 Assets under management (AuM KPI)	5%	1%	0%	0%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	6%	1%	0%	0%	1%

1. Institution shall disclose in this template the KPIs for off-balance sheet exposures (financial guarantees and AuM) calculated based on the data disclosed in template 1, on covered assets, and by applying the formulas proposed in this template.
2. Institutions shall duplicate this template to disclose stock and flow KPIs for off-balance sheet exposures.

5. KPI off-balance sheet exposures (based on Turnover KPI) - flow

% (compared to total eligible off-balance sheet assets)	2024																															
	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)				Circular economy (CE)				Pollution (PPC)				Biodiversity and Ecosystems (BIO)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1 Financial guarantees (FinGuar KPI)	73%	11%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	73%	11%	0%	0%	0%
2 Assets under management (AuM KPI)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

1. Institution shall disclose in this template the KPIs for off-balance sheet exposures (financial guarantees and AuM) calculated based on the data disclosed in template 1, on covered assets, and by applying the formulas proposed in this template.
2. Institutions shall duplicate this template to disclose stock and flow KPIs for off-balance sheet exposures.

Standard templates for the disclosure referred to in Article 8(6) and (7) of Commission Delegated Regulation (EU) 2021/2178

Template 1 - Nuclear and fossil gas related activities

Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

ESRS index

ESRS2 Standard	Disclosure requirement	Description	Chapter
ESRS 2 General disclosures	BP-1	General basis for preparation of sustainability statement	Basic information on the Sustainability statement
	BP-2	Disclosures in relation to specific circumstances	Basic information on the Sustainability statement
	GOV-1	The role of the administrative, management and supervisory bodies	Role of governing, managing, and supervisory bodies
	GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	Role of governing, managing, and supervisory bodies
	GOV-3	Integration of sustainability-related performance in incentive schemes	Integration of sustainability performance into the remuneration system
	GOV-4	Statement on due diligence	Due diligence statement
	GOV-5	Risk management and internal controls over sustainability reporting	Risk management and internal controls in sustainability reporting
	SBM-1	Strategy, business model and value chain	Strategy, business model, and value chain
	SBM-2	Interests and views of stakeholders	Interests and opinions of stakeholders
	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	Double materiality assessment (section Material topics)
	IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	Double materiality assessment
	IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	Annex to Sustainability statement (section ESRS index)
	MDR-P	Policies adopted to manage material sustainability matters	Policies
	MDR-A	Actions and resources in relation to material sustainability matters	Action plans
	MDR-M	Metrics in relation to material sustainability matters	Targets
	MDR-T	Tracking effectiveness of policies and actions through targets	Targets
E1 Climate change	E1-1	Transition plan for climate change mitigation	Transition plan for climate change mitigation
	E1-2	Policies related to climate change mitigation and adaptation	Policies related to climate change
	E1-3	Actions and resources in relation to climate change policies	Action plans related to climate change
	E1-4	Targets related to climate change mitigation and adaptation	Targets related to climate change
	E1-5	Energy consumption and mix	Energy consumption and mix
	E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	Gross Scopes 1, 2, 3 and total GHG emissions
	E1-7	GHG removals and GHG mitigation projects financed through carbon credits	GHG removals and GHG mitigation projects financed through carbon credits
	E1-8	Internal carbon pricing	KB Group currently does not utilise any system of internal carbon pricing.

ESRS2 Standard	Disclosure requirement	Description	Chapter
S1 Own workforce	S1-1	Policies related to own workforce	Policies related to own workforce
	S1-2	Processes for engaging with own workers and workers' representatives about impacts	Collaboration procedures with employees and employee representatives regarding impacts
	S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	Procedures for addressing negative impacts and channels for employees to express concerns
	S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	Action plans related to own workforce
	S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Targets related to own workforce
	S1-6	Characteristics of the undertaking's employees	Key employee data
	S1-8	Collective bargaining coverage and social dialogue	Collective bargaining and social dialogue
	S1-9	Diversity metrics	Culture of respect
	S1-10	Adequate wages	Compensation in the KB Group
	S1-11	Social protection	Work safety and employee care (section Social protection)
	S1-12	Persons with disabilities	Employees with disabilities
	S1-13	Training and skills development metrics	Employee education and development
	S1-14	Health and safety metrics	Work safety and employee care
	S1-15	Work-life balance metrics	
	S1-16	Compensation metrics (pay gap and total compensation)	Compensation in the KB Group (section Pay gaps)
	S1-17	Incidents, complaints and severe human rights impacts	Incidents, complaints, and serious impacts in the area of human rights
S4 Consumers and end-users	S4-1	Policies related to consumers and end-users	Policies related to consumers and end-users
	S4-2	Processes for engaging with consumers and end-users about impacts	Procedures for collaboration with consumers and end-users with respect to impacts
	S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	Procedures for remedying negative impacts and channels for consumers and end-users to express concerns
	S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	Action plans related consumers and end-users
	S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Targets related to consumers and end-users

ESRS2 Standard	Disclosure requirement	Description	Chapter
G1 Business conduct	G1-1	Corporate culture and business conduct policies and corporate culture	Policies related to business conduct
	G1-2	Management of relationships with suppliers	Supplier relationships
	G1-3	Prevention and detection of corruption and bribery	Procedures related to undesirable and illegal behaviour
	G1-4	Confirmed incidents of corruption or bribery	Corruption and bribery
	G1-5	Political influence and lobbying activities	Political influence and lobbying activities
	G1-6	Payment practices	Supplier relationships (section Payment practices)
Entity-specific topics		Financial education	Below the table Targets related to consumers and end-users
		Digitalisation	Operational risk (part Cyber and information security) Business Model and Performance (part Development of services and processes in 2024)
		Management of legal and regulatory framework	Compliance risk (part Penalties incurred)
		Management of systemic risks	Risk management
		Business model resilience	Risk management
		Financial criminality	Compliance risk (part Crime prevention, measures against money laundering (AML), financing of terrorism, and circumvention of international sanctions + part Anti-corruption measures)

ESRS data points derived from other EU legislation

ESRS data points derived from other EU legislation	Legislation	Materiality	Location
ESRS 2 GOV-1 Board's gender diversity ratio, 21d	EU 2019/2088* EU 2020/1816***	material	Board of Directors
ESRS 2 GOV-1 Percentage of independent board members, 21e	EU 2020/1816	material	Corporate Governance Statement
ESRS 2 GOV-4 Due diligence declaration, 30	EU 2019/2088	material	Due diligence statement
ESRS 2 SBM-1 Undertaking is active in fossil fuel (coal, oil and gas) sector, 40d i	EU 2019/2088 Article 449a EU Regulation 575/2013** EU 2022/2453**** EU 2020/1816	material	Not relevant
ESRS 2 SBM-1 Undertaking is active in chemicals production, 40d ii	EU 2019/2088 EU 2020/1816	material	Not relevant

ESRS data points derived from other EU legislation	Legislation	Materiality	Location
ESRS 2 SBM-1 Undertaking is active in controversial weapons, 40d ii	EU 2019/2088 EU 2020/1816 EU 2020/1818*****	material	Not relevant
ESRS 2 SBM-1 Undertaking is active in cultivation and production of tobacco, 40d iv	EU 2020/1816 EU 2020/1818	material	Not relevant
ESRS E1-1 Disclosure of transition plan for climate change mitigation until 2050, 14	EU 2021/1119******	material	Transition plan for climate change mitigation
ESRS E1-1 Undertaking is excluded from EU Paris-aligned Benchmarks, 16g	Article 449a EU Regulation 575/2013 EU 2022/2453 EU 2020/1818	material	Transition plan for climate change mitigation
ESRS E1-4 Greenhouse gas emission reduction targets, 34	EU 2019/2088 Article 449a EU regulace 575/2013 EU 2022/2453 EU 2020/1818	material	Targets related to climate change
ESRS E1-5 Fossil energy consumption by source (high climate impact sectors only), 38	EU 2019/2088	material	Energy consumption and mix
ESRS E1-5 Energy consumption and energy mix, 37	EU 2019/2088	material	Energy consumption and mix
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors, 40 to 43	EU 2019/2088	material	Energy consumption and mix
ESRS E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions - GHG emissions per scope, 44	EU 2019/2088 Article 449a EU regulation 575/2013 EU 2022/2453 EU 2020/1818	material	Gross scopes 1,2,3 and total GHG emissions
ESRS E1-6GHG emissions intensity, 53 to 55	EU 2019/2088 Article 449a EU regulation 575/2013 EU 2022/2453 EU 2020/1818	material	GHG intensity based on net revenue
ESRS E1-7 GHG removals and carbon credits, 56	EU 2021/1119	material	GHG removals and GHG mitigation projects financed through carbon credit
ESRS E1-9 Exposure of the benchmark portfolio to physical climate-related risks, 66	EU 2020/1816 EU 2020/1818	material	Not relevant
ESRS E1-9 Assets at acute and chronic material physical risk, 66a ESRS E1-9 Disclosure of location of significant assets at material physical risk, 66c	Article 449a EU regulation 575/2013 EU 2022/2453	material	Not relevant
ESRS E1-9 Total carrying amount of real estate assets by energy efficiency classes, 66c	Article 449a EU regulation 575/2013 EU 2022/2453	material	Not relevant
ESRS E1-9 Degree of portfolio exposure to climate-related opportunities, 69	EU 2020/1818	material	Not relevant
ESRS E2-4 The quantity of each pollutant listed in Annex II of the E-PRTR Regulation emitted to air, water and land, 28	EU 2019/2088	non-material	Not relevant
ESRS E3-1 Water and marine resources, 9	EU 2019/2088	non-material	Not relevant
ESRS E3-1 Specific policy, 13	EU 2019/2088	non-material	Not relevant

ESRS data points derived from other EU legislation	Legislation	Materiality	Location
ESRS E3-1 Sustainable oceans and seas, 14	EU 2019/2088	non-material	Not relevant
ESRS E3-4 Total water recycled and reused, 28c	EU 2019/2088	non-material	Not relevant
ESRS E3-4 Total water consumption in m3 per net revenue from own operating activities, 29	EU 2019/2088	non-material	Not relevant
ESRS 2 – ESRS 2- IRO 1 - E4 paragraph 16 (a) i	EU 2019/2088	non-material	Not relevant
ESRS 2-IRO 1 - E4 paragraph 16 (b)	EU 2019/2088	non-material	Not relevant
ESRS 2-IRO 1 - E4 paragraph 16 (c)	EU 2019/2088	non-material	Not relevant
ESRS E4-2 Sustainable land or agriculture practices or policies, 24b	EU 2019/2088	non-material	Not relevant
ESRS E4-2 Sustainable oceans or seas practices or policies, 24c	EU 2019/2088	non-material	Not relevant
ESRS E4-2 Policies to address deforestation, 24d	EU 2019/2088	non-material	Not relevant
ESRS E5-5 Non-recycled waste, 37d	EU 2019/2088	non-material	Not relevant
ESRS E5-5 Total amount of hazardous waste, 39	EU 2019/2088	non-material	Not relevant
ESRS 2 – SBM3 – S1 Risk of forced labour, 14f	EU 2019/2088	material	Strategy related to own workforce
ESRS 2 – SBM3 – S1 Risk of child labour, 14g	EU 2019/2088	material	Strategy related to own workforce
ESRS S1-1 Political commitments on human rights, 20	EU 2019/2088	material	Policies related to own workforce
ESRS S1-1 Due diligence policies on matters covered by ILO Core Conventions, 1 to 8, 21	EU 2020/1816	material	Policies related to own workforce
ESRS S1-1 Policies explicitly address trafficking in human beings, 22	EU 2019/2088	material	Policies related to own workforce
ESRS S1-1 Workplace accident prevention policy or management systém, 23	EU 2019/2088	material	Policies related to own workforce
ESRS S1-3 Grievance or complaints handling mechanisms related to employee matters, 32c	EU 2019/2088	material	Procedures for addressing negative impacts and channels for employees to express concerns
ESRS S1-14 Number of fatalities and number and rate of work-related injuries, 88b,c	EU 2019/2088 EU 2020/1816	material	Work safety and employee care
ESRS S1-14 Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health related to employees, 88e	EU 2019/2088	material	Work safety and employee care
ESRS S1-16 Unadjusted gender pay gap, 97a	EU 2019/2088 EU 2020/1816	material	Compensation in the KB Group
ESRS S1-16 Excessive remuneration ratio for executive directors, 97b	EU 2019/2088	material	Compensation in the KB Group
ESRS S1-17 Number of incidents of discrimination, 103a	EU 2019/2088	material	Incidents, complaints, and serious impacts in the area of human rights
ESRS S1-17 Issues and incidents connected to own workforce that are cases of non respect of UN Guiding Principles and OECD Guidelines, 104a	EU 2019/2088 EU 2020/1816	material	Incidents, complaints, and serious impacts in the area of human rights
ESRS 2 – SBM3 – S2 Significant risk of child or forced labour in the value chain, 11B	EU 2019/2088	non-material	Not relevant
ESRS S2-1 Relevant human rights policy commitments, 17	EU 2019/2088	non-material	Not relevant

ESRS data points derived from other EU legislation	Legislation	Materiality	Location
ESRS S2-1 Policies on workers in the value chain, 18	EU 2019/2088	non-material	Not relevant
ESRS S2-1 Non-compliance with the UN Guiding Principles on Business and Human Rights and OECD guidelines, 19	EU 2019/2088 EU 2020/1816	non-material	Not relevant
ESRS S2-1 Due diligence policies on issues covered by the core conventions of the International Labour Organisation, 1 to 8, 19	EU 2020/1816	non-material	Not relevant
ESRS S2-4 Severe human rights issues and incidents connected to upstream and downstream value chain , 36	EU 2019/2088	non-material	Not relevant
ESRS S3-1 Relevant human rights policy commitments, 16	EU 2019/2088	non-material	Not relevant
ESRS S3-1 non-respect of the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines, 17	EU 2019/2088 EU 2020/1816 EU 2020/1818	non-material	Not relevant
ESRS S3-4 Severe human rights issues and incidents, 36	EU 2019/2088	non-material	Not relevant
ESRS S4-1 Consumer and end-user policies, 16	EU 2019/2088	material	Policies related to consumers and end-users
ESRS S4-1 non-respect of the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines, 17	EU 2019/2088 EU 2020/1816 EU 2020/1818	material	Policies related to consumers and end-users
ESRS S4-4 Severe human rights issues and incidents, 35	EU 2019/2088	material	Procedures for remedying negative impacts and channels for consumers and end-users to express concerns
ESRS G1-1 UN Convention against Corruption paragraph 10b	EU 2019/2088	material	Procedures related to undesirable and illegal behaviour
ESRS G1-1 Whistleblower protection, 10d	EU 2019/2088	material	Proactive identification and reporting of potential risks, whistleblowing
ESRS G1-4 Convictions for violation of anti-corruption and anti- bribery laws, 24a	EU 2019/2088 EU 2020/1816	material	Anti-corruption measures
ESRS G1-4 Anti-corruption and anti-bribery standards, 24b	EU 2019/2088	material	Anti-corruption measures

* Regulation 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector

** Article 449a of Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012

*** Commission Delegated Regulation (EU) 2020/1816 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the clarification in the bench-mark statement on how environmental, social and governance factors are taken into account in the different benchmarks provided and published

**** Commission Implementing Regulation (EU) 2022/2453 of 30 November 2022 amending the implementing technical standards laid down in Implementing Regulation (EU) 2021/637 as regards disclosure of information on environmental, social and governance risks

***** Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards minimum standards for EU benchmarks for climate-related economic transformation and EU benchmarks linked to the Paris Agreement

****** Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing a framework for achieving climate neutrality and amending Regulation (EC) No 401/2009 and Regulation (EU) 2018/1999 ("European Climate Legal Framework")

Incorporated by reference

ESRS data points	*Chapter*
ESRS 2 General disclosures	
ESRS 2 BP-1 General basis for preparation of the sustainability statement	
5. b) i.	Report on relations among related entities (section Structure of relations among entities within the business group)
5. c)	Business model and performance
ESRS 2 GOV-1 The role of the administrative, management and supervisory bodies	
21. a), b), c), d), e), 23., 23. a)	Corporate governance statement
ESRS 2 SBM-1 Strategy, business model and value chain	
40. a) i., a) ii., a) iv.	Business model and performance
40. f)	Development of services and processes in 2024
40. g)	Strategy and results (section KB2025 strategic plan)
42. a), b), c)	Business model and performance
E1 Climate change	
E1-6 Gross Scope 1, 2, 3 and Total GHG emissions	
55.	Financial performance (section Financial results and development of financial position)
S4 Consumers and end-users	
ESRS 2 SBM-2 Interests and views of stakeholders	
ESRS 2 SBM-2 8.	Business model and performance (section Client satisfaction, consumer protection)
S4-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	
41.	Business model and performance (section Client satisfaction, consumer protection – Measuring client satisfaction)
G1 Business conduct	
G1-1 Business conduct policies and corporate culture	
10. a), c), e)	Compliance risk (mainly section Proactive identification and reporting of potential risks, whistleblowing + section Anti-corruption measures)
10. g)	Compliance risk (mainly section Focused training of employees)
10. h)	Compliance risk (section Anti-corruption measures)

G1-2 Management of relationships with suppliers	Compliance risk (section Supplier relationships)
G1-3 Prevention and detection of corruption and bribery	Compliance risk (section Anti-corruption measures)
G1-4 Confirmed incidents of corruption or bribery	Compliance risk (section Anti-corruption measures + section Penalties incurred)
G1-5 Political influence and lobbying activities	Compliance risk (section Policy influence)
Entity-specific topics	
Digitalisation	Operational risk (section Cyber and information security) Business model and performance (section Development of services and processes in 2024)
Risk management	Capital and risk management
Legal and regulatory framework management	Compliance risk (mainly section Penalties incurred)
Resilience of the business model	Capital and risk management
Financial crime	Compliance risk (section Crime prevention, measures against money laundering (AML), financing of terrorism, and circumvention of international sanctions + section Anti-corruption measures)

List of used abbreviations

Abbreviation	Meaning
AML	Anti-money Laundering
BCP	Business Continuity Plan
CBA	Czech Banking Association
CCVI Index	Corporate climate vulnerability index
CSRD	Corporate Sustainability Reporting Directive
DNSH	Do no significant harm
OHS	Occupational health and safety
EPC	Energy performance certificate
ESRM	Environmental and social risk management system
ESRS	European sustainability reporting standards
GAR	Green asset ratio
GHG Protocol	Greenhouse gas protocol
GRI	Global reporting initiative
IEA	International energy agency
IRO	Impact, risk, opportunity
KYC	Know your customer
KYS	Know your supplier
NZBA	Net-Zero Banking Alliance
PCAF	Partnership for Carbon Accounting Financials
SASB	Sustainability Accounting Standards Board

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

Independent Auditor's Limited Assurance Report

on Komerční banka, a.s. Group's Consolidated Sustainability Statement

To the shareholders of Komerční banka, a.s.

Limited Assurance Conclusion

We have performed a limited assurance engagement on whether the Consolidated Sustainability Statement of Komerční banka, a.s. ("the Bank") and its subsidiaries (collectively, "the Group") included in the Sustainability Statement section of the Annual Financial Report, including the information incorporated in the Consolidated Sustainability Statement by reference, as disclosed in the Annex to Sustainability Statement section as of and for the year ended 31 December 2024 ("the Consolidated Sustainability Statement"), has been prepared in accordance with § 32k of the Czech Accounting Act implementing Article 29(a) of the EU Directive 2013/34/EU ("§ 32k of the Czech Accounting Act").

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Group's Consolidated Sustainability Statement as of and for the year ended 31 December 2024 is not prepared, in all material respects, in accordance with § 32k of the Czech Accounting Act, including

- Compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Group to identify the information reported in the Consolidated Sustainability Statement ("the Process") is in accordance with the description set out in note ESRS 2 IRO-1; and
- Compliance of the disclosures in the Mandatory Disclosures According to EU Taxonomy Regulation subsection within the environmental section of the Consolidated Sustainability Statement with the reporting requirements of Article 8 of Regulation (EU) 2020/852 ("the Taxonomy Regulation").

Our conclusion on the Consolidated Sustainability Statement does not extend to any other information that accompanies or contains the Consolidated Sustainability Statement and our limited assurance report thereon, nor to any information within the Consolidated Sustainability Statement not in scope of our assurance engagement.

We have not performed any assurance procedures as part of this engagement with respect to such information. However, we audited the consolidated and separate financial statements of, respectively, the Group and the Bank, forming part of the other information, and our auditor's report thereon is also included with the other information.

Basis for conclusion

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities under this standard are further described in the 'Our responsibilities' section of our report.

We have complied with the independence and other ethical requirements of the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic ("the Code"). The Code is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the IAASB. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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

Other matter – Comparative information

Our assurance engagement does not extend to comparative information in respect of earlier periods. Our conclusion is not modified in respect of this matter.

Responsibilities of the Bank's Statutory Body, Supervisory Board and Audit Committee for the Consolidated Sustainability Statement

The Statutory body of the Bank is responsible for designing, implementing and maintaining a process to identify the information reported in the Consolidated Sustainability Statement in accordance with the ESRS and for disclosing this process in note ESRS 2 IRO-1 of the Consolidated Sustainability Statement. This responsibility includes:

- Understanding the context in which the Group's activities and business relationships take place and developing an understanding of its affected stakeholders;
- Identifying the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Group's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- Assessing the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- Developing methodologies and making assumptions that are reasonable in the circumstances.

The Statutory body of the Bank is further responsible for the preparation of the Consolidated Sustainability Statement in accordance with § 32k of the Czech Accounting Act, including:

- Compliance with the ESRS;
- Preparing the disclosures in the Mandatory Disclosures According to EU Taxonomy *Regulation* subsection within the environmental section of the Consolidated Sustainability Statement, in compliance with Article 8 of the Taxonomy Regulation;
- Designing, implementing and maintaining such internal controls that statutory body determines are necessary to enable the preparation of the Consolidated Sustainability Statement such that it is free from material misstatement, whether due to fraud or error; and
- Selecting and applying appropriate sustainability reporting methods and making assumptions and estimates about individual sustainability disclosures that are reasonable in the circumstances.

The Supervisory Board is responsible for overseeing the Group's reporting process. The Audit Committee is responsible for monitoring the Group's reporting process for the Consolidated Sustainability Statement.

Inherent limitations in preparing the Consolidated Sustainability Statement

The criteria, nature of the Consolidated Sustainability Statement, and absence of long-standing established authoritative guidance, standard applications and reporting practices allow for different, but acceptable, measurement methodologies to be adopted which may result in variances between entities. The adopted measurement methodologies may also impact the comparability of sustainability matters reported by different organizations and from year to year within an organization as methodologies evolve.

In reporting forward-looking information in accordance with the ESRS, the Statutory body is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. The actual outcome is likely to be different since anticipated events frequently do not occur as expected.

In determining the disclosures in the Consolidated Sustainability Statement, the Statutory body interprets undefined legal and other terms. Undefined legal and other terms may be interpreted differently, including the legal conformity of their interpretation and, accordingly, are subject to uncertainties.

Our responsibilities

Our objectives are to plan and perform the assurance engagement to obtain limited assurance about whether the Consolidated Sustainability Statement is free from material misstatement, whether due to fraud or error, and reporting our limited assurance conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Consolidated Sustainability Statement as a whole.

Our responsibilities in relation to the Process for reporting the Consolidated Sustainability Statement, include:

- Obtaining an understanding of the Process but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process; and
- Designing and performing procedures to evaluate whether the Process is consistent with the Group's description of its Process, as disclosed in note ESRS 2 IRO-1.

Our other responsibilities in respect of the Consolidated Sustainability Statement include:

- Obtaining an understanding of the Group's control environment, processes and information systems relevant to the preparation of the Consolidated Sustainability Statement but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;
- Identifying disclosures where material misstatements are likely to arise, whether due to fraud or error; and
- Designing and performing procedures focused on disclosures in the Consolidated Sustainability Statement where material misstatements are likely to arise. 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.

Summary of the work we performed as the basis for our conclusion

A limited assurance engagement involves performing procedures to obtain evidence about the Consolidated Sustainability Statement. We designed and performed our procedures to obtain evidence about the Consolidated Sustainability Statement that is sufficient and appropriate to provide a basis for our conclusion. The nature, timing and extent of our procedures depended on our understanding of the Consolidated Sustainability Statement and other engagement circumstances, including the identification of disclosures where material misstatements are likely to arise, whether due to fraud or error, in the Consolidated Sustainability Statement. We exercised professional judgment and maintained professional skepticism throughout the engagement.

In conducting our limited assurance engagement, with respect to the Process, the procedures we performed included:

- Obtaining an understanding of the Process by:
  - performing inquiries to understand the sources of the information used by the Statutory body (including stakeholder engagement, business plans and strategy documents); and
  - inspecting the Group's internal documentation of its Process.
- Evaluating whether the evidence obtained from our procedures about the Process was consistent with the description of the Process set out in note *ESRS 2 IRO-1*.

In conducting our limited assurance engagement with respect to the Consolidated Sustainability Statement, the procedures we performed included:

- Obtaining an understanding of the Group's reporting processes relevant to the preparation of its Consolidated Sustainability Statement by performing inquiries of the Group's relevant personnel and inspecting its internal documentation;
- Evaluating whether material information identified by the Process is included in the Consolidated Sustainability Statement;
- Evaluating whether the structure and the presentation of the Consolidated Sustainability Statement is in accordance with the ESRS;
- Performing inquiries of relevant personnel and analytical procedures on selected disclosures in the Consolidated Sustainability Statement;
- Performing substantive assurance procedures on a sample basis on selected disclosures in the Consolidated Sustainability Statement;
- Obtaining evidence on the methods, assumptions and data for developing material estimates and forward-looking information and on how these methods were applied;
- Obtaining an understanding of the Group's process of calculating the Green Assets Ratio and preparing related disclosures; and
- Other procedures performed with respect to the EU taxonomy disclosures.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Prague
17 March 2025

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

Ondřej Fikrle
Partner
Registration number 2525

Financial statements

Consolidated Financial Statements

as of 31 December 2024

prepared in accordance with IFRS Accounting Standards as adopted by the European Union

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income for the year ended 31 December 2024

Consolidated Statement of Income for the year ended 31 December 2024

(CZKm)	Note	2024	2023
Interest income	5	115,337	119,128
Interest expense	5	(90,059)	(93,533)
Net interest income		**25,278**	**25,595**
Fee and commission income	6	9,039	7,967
Fee and commission expense	6	(1,748)	(1,553)
Net fee and commission income		**7,291**	**6,414**
Net profit/(loss) on financial operations	7	3,831	3,832
Dividend income	8	56	0
Other income	9	330	358
Net operating income		**36,786**	**36,199**
Personnel expenses	10	(8,731)	(8,335)
General and administrative expenses	11	(5,177)	(5,593)
Depreciation, amortisation, and impairment of operating assets	12	(3,817)	(3,393)
Total operating expenses		**(17,725)**	**(17,321)**
Operating profit		**19,061**	**18,878**
Impairment losses	13	(1,022)	(120)
Net gain from loans and advances transferred and written off	13	29	106
Cost of risk		**(993)**	**(14)**
Income from share in associated undertakings		257	330
Net profit/(loss) on subsidiaries and associates		(127)	0
Gain on a bargain purchase		0	0
Net profit on other assets	14	2,329	(87)
Profit before income tax		**20,527**	**19,107**
Income tax	15	(3,120)	(3,288)
Net profit for the period	16	**17,407**	**15,819**
Profit attributable to the Non-controlling owners		164	207
Profit attributable to the Group's equity holders		17,243	15,612
Earnings per share (in CZK)	17	**91.30**	**82.67**
Diluted earnings per share (in CZK)	17	**91.30**	**82.67**

The accompanying Notes form an integral part of these Consolidated Financial Statements.

Note: Net interest income is calculated by applying the effective interest rate method, except that in the case of hedging derivatives, the contractual interest rate of the corresponding derivative is used and in the case of lease liabilities the relevant contractual rate also is used.

Consolidated Statement of Comprehensive Income for the year ended 31 December 2024

(CZKm)	Note	2024	2023
Net profit for the period	16	**17,407**	**15,819**
Items that will not be reclassified to the Statement of Income			
Remeasurement of retirement benefits plan, net of tax	39	2	2
Revaluation of equity securities at FVOCI*, net of tax	40	(1)	(9)
Items that may be reclassified subsequently to the Statement of Income			
Cash flow hedging			
– Net fair value gain/(loss), net of tax	41	297	442
– Transfer to net profit/(loss), net of tax	41	(333)	(830)
Hedge of a foreign net investment		(16)	(21)
Foreign exchange difference on translation of a foreign net investment		18	29
Revaluation of debt securities at FVOCI**			
– Net fair value gain/(loss) - Debt securities, net of tax	42	(23)	(45)
– Net gain/(loss) reclassified to profit or loss - Debt securities, net of tax	42	(2)	(232)
Share of the other comprehensive income of associates, net of tax	24	(23)	26
Other income from associated undertakings		0	0
Other comprehensive income for the period, net of tax		**(81)**	**(638)**
Total comprehensive income for the period, net of tax		**17,326**	**15,181**
Comprehensive income attributable to the Non-controlling owners		167	210
Comprehensive income attributable to the Group's equity holders		17,159	14,971

The accompanying Notes form an integral part of these Consolidated Financial Statements.

* Revaluation of equity securities at fair value through other comprehensive income option.
** Revaluation of debt securities at fair value through other comprehensive income.

Consolidated Statement of Financial Position as of 31 December 2024

(CZKm)	Note	31 Dec 2024	31 Dec 2023
ASSETS			
Cash and current balances with central banks	18	72,956	12,835
Financial assets held for trading at fair value through profit or loss	19	41,790	48,464
Other assets held for trading at fair value through profit or loss	19	0	0
Non-trading financial assets at fair value through profit or loss	20	0	0
Positive fair value of hedging financial derivatives	43	6,896	8,598
Financial assets at fair value through other comprehensive income	21	11,311	16,783
Financial assets at amortised cost	22	1,371,730	1,397,423
Revaluation differences on portfolios hedge items		(657)	(815)
Current tax assets		276	643
Deferred tax assets	33	253	223
Prepayments, accrued income, and other assets	23	6,163	6,279
Investments in associates	24	2,675	3,047
Intangible assets	25	10,796	10,192
Tangible assets	26	7,972	8,034
Goodwill	27	3,752	3,752
Assets held for sale	28	87	844
Total assets		**1,536,000**	**1,516,302**

The accompanying Notes form an integral part of these Consolidated Financial Statements.

(CZKm)	Note	31 Dec 2024	31 Dec 2023
LIABILITIES AND EQUITY			
Amounts due to central banks		0	0
Financial liabilities held for trading at fair value through profit or loss	29	47,138	60,206
Negative fair value of hedging financial derivatives	43	28,154	31,241
Financial liabilities at amortised cost	30	1,281,395	1,247,773
Revaluation differences on portfolios hedge items		(31,764)	(34,944)
Current tax liabilities		189	225
Deferred tax liabilities	33	611	782
Accruals and other liabilities	31	13,788	17,321
Provisions	32	737	854
Subordinated and senior non-preferred debt	34	65,715	64,560
Total liabilities		**1,405,963**	**1,388,018**
Share capital	35	19,005	19,005
Share premium, funds, retained earnings, revaluation, and net profit for the period		107,653	106,053
Non-controlling interest	24	3,379	3,226
Total equity		**130,037**	**128,284**
Total liabilities and equity		**1,536,000**	**1,516,302**

The accompanying Notes form an integral part of these Consolidated Financial Statements.

Consolidated Statement of Changes in Equity for the year ended 31 December 2024

(CZKm)	Share capital	Own shares	Capital funds and retained earnings*	Share based payment	Remeasure-ment of retirement benefits plan	Revaluation of equity securities at FVOCI	Cash flow hedging	Translation of foreign net investment and related hedging	Revaluation of debt securities at FVOCI	Shareholders' equity	Non-con-trolling interest	Total equity, including non-controlling interest
Balance as of 1 Jan 2023	**19,005**	**(577)**	**101,785**	**563**	**(216)**	**5**	**596**	**(8)**	**291**	**121,444**	**3,232**	**124,676**
Treasury shares, other	0	0	105	21	0	0	0	0	0	126	1	127
Payment of dividends**	0	0	(11,483)	0	0	0	0	0	0	(11,483)	(217)	(11,700)
Transactions with owners	**0**	**0**	**(11,378)**	**21**	**0**	**0**	**0**	**0**	**0**	**(11,357)**	**(216)**	**(11,573)**
Profit for the period	0	0	15,612	0	0	0	0	0	0	15,612	207	15,819
Other comprehensive income for the period, net of tax***	0	0	26	0	2	(9)	(388)	5	(277)	(641)	3	(638)
Comprehensive income for the period	**0**	**0**	**15,638**	**0**	**2**	**(9)**	**(388)**	**5**	**(277)**	**14,971**	**210**	**15,181**
Balance as of 31 Dec 2023	**19,005**	**(577)**	**106,045**	**584**	**(214)**	**(4)**	**208**	**(3)**	**14**	**125,058**	**3,226**	**128,284**
Treasury shares, other	0	0	129	21	0	0	0	0	0	150	1	151
Payment of dividends**	0	0	(15,709)	0	0	0	0	0	0	(15,709)	(15)	(15,724)
Transactions with owners	**0**	**0**	**(15,580)**	**21**	**0**	**0**	**0**	**0**	**0**	**(15,559)**	**(14)**	**(15,573)**
Profit for the period	0	0	17,243	0	0	0	0	0	0	17,243	164	17,407
Other comprehensive income for the period, net of tax***	0	0	(23)	0	2	(1)	(36)	(1)	(25)	(84)	3	(81)
Comprehensive income for the period	**0**	**0**	**17,220**	**0**	**2**	**(1)**	**(36)**	**(1)**	**(25)**	**17,159**	**167**	**17,326**
Balance as of 31 Dec 2024	**19,005**	**(577)**	**107,685**	**605**	**(212)**	**(5)**	**172**	**(4)**	**(11)**	**126,658**	**3,379**	**130,037**

* Capital funds and retained earnings consist of other funds created from profit in the amount of CZK 5,213 million (2023: CZK 5,213 million), net profit from the period in the amount of CZK 17,243 million (2023: CZK 15,612 million), and retained earnings in the amount of CZK 85,229 million (2023: CZK 85,220 million).

** Further information about payment of dividends is presented in Note 16.

*** Amounts in the column 'Capital funds and retained earnings' represent share in other comprehensive income of associates due to the consolidation of an associated company using the equity method.

The accompanying Notes form an integral part of these Consolidated Financial Statements.

Consolidated Statement of Cash Flows for the year ended 31 December 2024

(CZKm)	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	20,527	19,107
Non-cash and other adjustments		
Movement of allowances/provisions (including impact of loans and advances transferred and written off)	1,013	250
Depreciation and amortisation expense on tangible and intangible fixed assets	3,817	3,393
Net profits on other assets	(2,349)	87
Revaluation of derivatives	(1,169)	(8,704)
Accrued interest, amortisation of discount and premium	2,739	(492)
Profit/(loss) on subsidiaries and associates	(274)	(330)
Foreign exchange differences	2,822	617
Other changes	(1,071)	(570)
Operating profit before change in operating assets and liabilities	**26,055**	**13,358**
Changes in assets and liabilities from operating activities after non-cash adjustments		
Amounts due from banks	74,267	(178,504)
Loans and advances to customers	(20,025)	(50,797)
Debt securities at amortised cost	(31,847)	(9,469)
Financial assets at fair value through other comprehensive income	5,625	18,381
Financial assets held for trading at fair value through profit or loss	(31)	(9,702)
Non-trading financial assets at fair value through profit or loss	544	135
Other assets	(695)	(567)
Amounts due to banks	(11,419)	20,100
Amounts due to customers	44,244	177,164
Financial liabilities at fair value through profit or loss	(2,160)	14,290
Other liabilities	(3,456)	624
Net cash flow from operating assets and liabilities	**55,047**	**(18,345)**
Net cash flow from operating activities before tax	**81,102**	**(4,987)**
Income tax paid	(2,964)	(5,325)
Net cash flow from operating activities	**78,138**	**(10,312)**

(CZKm)	2024	2023
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Dividends received (including associated undertakings)	291	3
Purchase of tangible and intangible assets	(2,862)	(4,130)
Sale of tangible and intangible assets	70	1
Purchase of investments in subsidiaries and associates	(71)	(40)
Sale/decrease of investments in subsidiaries and associates	3,762	0
Net cash flow from investment activities	**1,190**	**(4,166)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to shareholders	(15,646)	(11,290)
Dividends paid to non-controlling interest	(15)	(217)
Securities issued	0	0
Securities redeemed	0	0
Lease liabilities	(516)	(457)
Subordinated and senior non-preferred debt	0	24,725
Net cash flow from financing activities	**(16,177)**	**12,761**
Net increase/(decrease) in cash and cash equivalents	**63,151**	**(1,717)**
Cash and cash equivalents at the beginning of the year	8,592	10,136
Foreign exchange differences on cash and cash equivalents at the beginning of the year	130	173
Cash and cash equivalents at the end of the year (refer to Note 36)	**71,873**	**8,592**
Interest received	115,944	119,878
Interest paid	(87,927)	(94,775)

The accompanying Notes form an integral part of these Consolidated Financial Statements.

These Consolidated Financial Statements were approved by the Board of Directors on 28 February 2025.

Signed on behalf of the Board of Directors:

Jan Juchelka m. p.
Chairman of the
Board of Directors and
Chief Executive Officer
Komerční banka, a.s.

Jitka Haubová m. p.
Member of the Board of Directors
and Senior Executive Director,
Chief Operations Officer
Komerční banka, a.s.

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1 Principal activities

The Financial Group of Komerční banka, a.s. (henceforth the “Group”) consists of Komerční banka, a.s. (the “Bank”) along with 16 subsidiaries and 5 associated undertakings. The parent company of the Group is the Bank, which is incorporated in the Czech Republic as a joint-stock company. The principal activities of the Bank are financial services as follow:

I. Providing loans, advances, and guarantees in Czech crowns and foreign currencies;
II. Acceptance and placement of deposits in Czech crowns and foreign currencies;
III. Providing current and term deposit accounts in Czech crowns and foreign currencies;
IV. Providing banking services through an extensive branch network in the Czech Republic;
V. Treasury operations in the interbank market;
VI. Servicing foreign trade transactions; and
VII. Investment banking.

The Bank generates the largest part of the Group’s income and encompasses a decisive majority of the Group’s assets, liabilities, and equity.

The address of the Bank’s registered office is Na Příkopě 33/969, 114 07 Prague 1.

In addition to its operations in the Czech Republic, the Group has operations in Slovakia through its foreign branch (Komerční banka, a.s., pobočka zahraničnej banky) and its subsidiaries ESSOX FINANCE, s.r.o. and ENVIROS, s.r.o., as well as in Belgium through its subsidiary BASTION EUROPEAN INVESTMENTS S.A.

The Bank’s ordinary shares are publicly traded on the Prague Stock Exchange. Société Générale S.A. is the Bank’s majority shareholder, holding 60.35% (2023: 60.35%) of the Bank’s issued share capital, and is the ultimate parent company.

The main activities of the Bank's subsidiary companies as of 31 December 2024:

Company's name	Direct holding (%)	Group holding (%)	Principal activity	Registered office
KB penzijní společnost, a.s.	100.00	100.00	Retirement pensions	Prague
Modrá pyramida stavební spořitelna, a.s.	100.00	100.00	Building society	Prague
Protos, uzavřený investiční fond, a.s.	83.65	100.00	Investments	Prague
Factoring KB, a.s.	100.00	100.00	Factoring	Prague
BASTION EUROPEAN INVESTMENTS S.A.	99.98	99.98	Financial services	Brussels
KB Real Estate, s.r.o.	100.00	100.00	Support services	Prague
STD2, s.r.o.	100.00	100.00	Support services	Prague
KB SmartSolutions, s.r.o.	100.00	100.00	Managing own property	Prague
KB Poradenství, s.r.o.	100.00	100.00	Intermediation of loans, insurance, and savings	Prague
Finbricks, s.r.o.*	0.00	100.00	Development and implementation of payment solutions	Prague
upvest s.r.o.*	0.00	96.00	Crowdfunding real estate investments	Brno
ENVIROS GLOBAL LIMITED*	0.00	100.00	Holding	London
ENVIROS, s.r.o.*	0.00	100.00	Energy and environmental services	Prague
SG Equipment Finance Czech Republic s.r.o.	50.10	50.10	Industry financing	Prague
ESSOX s.r.o.	50.93	50.93	Consumer loans, leasing	České Budějovice
ESSOX FINANCE, s.r.o.	0.00	50.93	Consumer loans, leasing	Bratislava

* The company is not consolidated due to its insignificant impact on the financial statements.

The main activities of the Bank's associated undertakings as of 31 December 2024:

Company's name	Direct holding (%)	Group holding (%)	Principal activity	Registered office
Komerční pojišťovna, a.s.	49.00	49.00	Insurance	Prague
CBCB - Czech Banking Credit Bureau, a.s.	20.00	20.00	Data collection for credit risk assessments	Prague
Worldline Czech Republic s.r.o.*	1.00	1.00	Financial services	Prague
Lemonero s.r.o.**	0.00	25.32	Data analysis for e-shops	Prague
Platební instituce Roger a.s.**	0.00	24.83	Providing of payment services	Brno

* This is a share in the company's equity. The Group has 40% of the voting rights and a share in the profit of 0.1%.

** The company is not consolidated due to its insignificant impact on the financial statements.

2 Events for the year ended 31 December 2024

Dividends declared during 2024

At the General Meeting held on 24 April 2024, the shareholders approved a dividend for the year ended 31 December 2023 of CZK 82.66 per share before tax. The dividend was declared in the aggregate amount of CZK 15,709 million. The dividends were paid out in Czech crowns.

Moreover, the Group paid out CZK 15 million in dividends to non-controlling owners of ESSOX s.r.o. (2023: CZK 56 million) and CZK 0 million to non-controlling owners of SG Equipment Finance Czech Republic s.r.o. (2023: CZK 161 million).

Changes in the Bank's financial group

In January, KB SmartSolutions, s.r.o. bought an 80% stake in ENVIROS, s.r.o from its fully owned subsidiary ENVIROS GLOBAL LIMITED.

In March, the capital of MonkeyData s.r.o. was increased. KB SmartSolutions, s.r.o. did not participate in this operation, and therefore the share of KB SmartSolutions, s.r.o. in MonkeyData s.r.o. was reduced from the previous 33.2% to 25.3%. In December, an agreement was signed based upon which MonkeyData s.r.o. will further increase its capital by the end of the first quarter of 2025. KB SmartSolutions, s.r.o. is not participating in this operation, and the share of KB SmartSolutions, s.r.o. in MonkeyData s.r.o. will therefore be further reduced to 20.0%. In December, the companies MonkeyData s.r.o. and Lemonero s.r.o. merged, with MonkeyData s.r.o. designated as the successor company. The company was then renamed Lemonero s.r.o. on the same day. Lemonero s.r.o. is currently not consolidated due to its insignificant impact on the consolidated financial statements.

In April, the Bank increased the equity of Modrá pyramida stavební spořitelna, a.s. by CZK 400 million in the form of a financial contribution to other capital funds. The Bank reduced the owner's equity of Komerční pojišťovna, a.s. by CZK 245 million through distribution of a financial contribution from other capital funds.

In May, the Bank decreased shareholders' equity of BASTION EUROPEAN INVESTMENTS S.A. by EUR 1.6 million (equivalent to CZK 40 million).

In May and November, KB SmartSolutions, s.r.o. increased the equity of Finbricks, s.r.o. by CZK 18.5 million through a financial contribution into other capital funds. Finbricks, s.r.o. is presently not consolidated due to its insignificant impact on the consolidated financial statements.

In June, there was a merger of two subsidiaries of KB SmartSolutions, s.r.o., namely ENVIROS, s.r.o. and KB Advisory, s. r. o., with the successor company being ENVIROS, s.r.o.

In July, the Bank sold its 100% share in the subsidiary VN 42, s.r.o.

In October, the Bank bought a part of the enterprise named “KB Poradenství” from its fully owned subsidiary Modrá pyramida stavební spořitelna, a.s.

In October, the Bank signed an agreement with Société Générale S.A. and Société Générale Equipment Finance S.A. on the purchase of a 49.9% share in the company SG Equipment Finance Czech Republic s.r.o. The Bank assumes that the transaction will be settled within the first quarter of 2025. Upon settlement of the transaction, the Bank will have acquired 100% of the shares in SG Equipment Finance Czech Republic s.r.o.

In November, there was a merger of two subsidiaries of upvest s.r.o. and Upvest equity II, with the successor company being upvest s.r.o.

In December, liquidation of the company My Smart Living, s.r.o. v likvidaci s.r.o. was completed and that company ceased to exist. Also in December, a contract was signed for sale of the company Platební instituce Roger a.s. The Bank expects that transaction to be settled within the first half of 2025.

3 Principal accounting policies

The principal accounting policies followed in the preparation of these Consolidated Financial Statements are set out below.

3.1 Statement of compliance with IFRS Accounting Standards

The Consolidated Financial Statements are prepared pursuant to and comply with IFRS Accounting Standards as adopted by the European Union (hereafter only “IFRS”), on the basis of Regulation (EC) No. 1606/2002 on the application of international accounting standards, and effective for the annual period beginning on 1 January 2024.

The Consolidated Financial Statements presented for the year ended 31 December 2024 are prepared on the basis of current best estimates. The management of the Group believes that these present a true and fair view of the Group's financial results and financial position using all relevant and available information as of the financial statements date.

3.2 Underlying assumptions of the Consolidated Financial Statements

3.2.1 Accrual basis

The Consolidated Financial Statements are prepared on an accrual accounting basis (i.e. the effects of transactions and other events are recognised when they occur and are reported in the Consolidated Financial Statements for the period to which they relate).

An exception is the Consolidated Statement of Cash Flows, which is prepared on a cash basis (i.e. it presents cash inflows and outflows during the reporting period without regard to the period to which each transaction relates).

3.2.2 Going concern

The Consolidated Financial Statements are prepared on the assumption that the Group is a going concern and will continue in operation for the foreseeable future. The Group has neither the intention nor the need to liquidate or materially curtail the scale of its operations. In making this assessment, management has considered a wide range of information, including projections of profitability, regulatory capital requirements, and funding needs. The assessment also includes consideration of reasonably possible downside economic scenarios and their potential impacts on the profitability, capital, and liquidity of the Group.

3.2.3 Reporting period

The Group reports for a 12-month period which is identical to the calendar year.

3.3 Basis of preparation

3.3.1 Presentation currency

The Consolidated Financial Statements are presented in Czech crowns (hereafter only "CZK"), which constitute the Group's presentation currency. The balances shown are stated in CZK millions unless indicated otherwise.

3.3.2 Historical cost

The Consolidated Financial Statements are prepared under the historical cost convention, except for items measured at fair value comprising financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, hedging derivatives, and hedged items in fair value hedge accounting.

Assets held for sale are measured at the lower of their (i) fair value less cost to sell, and (ii) carrying amount just prior to reclassification into *'Assets held for sale'*.

3.3.3 Material accounting judgements and estimates

In applying the accounting policies for the purpose of preparing the Consolidated Financial Statements in accordance with IFRS, it is necessary for the Group's management to use professional judgement and make estimates and assumptions. These impact upon reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the financial statements date, and the reported amounts of revenues and expenses during the reporting period. These estimates and judgements are based on the information available as of the financial statements date and they relate especially to the determination of:

- Fair values in the Statement of Financial Position of financial instruments not quoted in an active market which are classified as financial assets or liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, or hedging derivatives (refer to Note 3.5.5);
- The value of intangible assets, except goodwill (refer to Note 3.5.9);
- The amount of impairment of assets (refer to Notes 3.5.9 and 3.5.10);
- Provisions recognised under liabilities (refer to Note 3.5.11);
- The initial value of goodwill for each business combination (refer to Note 3.5.10);
- The amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax planning strategies (refer to Note 3.5.7);
- Assessment as to the substance of participation interest in Group entities (refer to Note 3.3.4);
- The amount of impairment and provisions for credit risk related to financial assets measured at amortised cost or at fair value through other comprehensive income, loan commitments and financial guarantees granted as measured using models or internal assumptions based on historical, current, and prospective data (refer to Note 3.5.5);
- Business model and SPPI assessment of financial assets (refer to Note 3.5.5); and
- Lease term for leases of an indefinite time period.

Information about key judgements and assumptions concerning the future and other key sources of estimation uncertainty as of the financial statements date that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities are disclosed in individual notes as appropriate.

Geopolitical situation

The geopolitical situation subjects the current economic environment to ongoing heightened volatility and uncertainty, thus requiring particularly complex judgements and estimates in certain areas. The geopolitical situation has significant implications in the area of credit

risk management, as described in Note 43(A). Possible impacts in other risk management areas were also assessed and, where necessary, appropriate procedures and measures implemented. As a consequence of the international sanctions imposed and also due to market changes, the Group minimised its rouble-denominated balance sheet in 2022 by sale of rouble assets and subsequently by closure of all client accounts denominated in roubles. Furthermore, the Bank decided to suspend outgoing transactions to Russia and Belarus. The geopolitical situation caused a significant increase in workload in the areas of (i) KYC (know-your-client), mainly due to the increasing acceptance rate of refugees as well as the application of sanctions restrictions to clients residing in Russia; (ii) S&E (Sanction and Embargo) monitoring as a result of sanctions restrictions related to EU sanctions packages; and (iii) AML (measures against money laundering) due to a strong motivation for Russian assets to be transferred into the EU zone while circumventing the sanctions. Due to the current situation, the risk of cyber attacks has increased for the Group and its clients. To address these risks for the Group, efforts were continued to implement risk-mitigating measures while targeting continual improvements in both prevention and detection areas, such as ex ante monitoring of clients or countries.

3.3.4 Basis of consolidation

The Consolidated Financial Statements incorporate the financial statements of the Bank and of its subsidiaries whose financial statements are significant relative to the Group's consolidated financial statements, particularly regarding Group consolidated total assets and gross operating income. A subsidiary is an entity in which the Bank has control, i.e. the Bank is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When assessing control, the Group considers all relevant facts and circumstances while taking into account particularly voting rights, potential voting rights, and contractual arrangements. This assessment may require the use of accounting judgements. Subsidiaries are consolidated using the full method of consolidation from the date when the Bank obtains control to the date when the Bank ceases to exercise control over such entity.

The financial statements of the consolidated subsidiaries used to prepare the Consolidated Financial Statements were prepared as of the Bank's financial statements date and using consistent accounting policies. The assets and liabilities of foreign subsidiaries and branches are translated into the Bank's presentation currency at the rate of exchange as of the Bank's financial statements date, and their items of income and expense are translated at the monthly average exchange rates for the respective month of a given transaction. Exchange differences arising on translation are taken directly to a separate component of equity. The consolidation principles are unchanged as against the previous year. All intragroup transactions, balances, income, and expenses were eliminated in full.

Investments in associates are presented in the Consolidated Financial Statements using the equity method if their financial statements are significant relative to the Group's consolidated financial statements, particularly regarding Group consolidated total assets and gross operating income, or if they are strategic investments. An associate is an entity in which the Bank has significant influence, i.e. directly or indirectly owns 20% to 50% of voting rights but it does not exercise control. Equity accounting involves recognising in the Consolidated Statement of Income and in the Consolidated Statement of Comprehensive Income the Group's share of the associates' profit or loss for the period and comprehensive

income for the period. The Group's interest in an associate is initially recognised at cost in the Statement of Financial Position and adjusted thereafter for the post-acquisition change in the investor's share in the investee's net assets.

3.4 Application of new and revised IFRS Accounting Standards

3.4.1 Standards and interpretations newly applied by the Group in the current period

The following standards, interpretations, and amendments were newly applied by the Group as from 1 January 2024. Unless otherwise described below, their application has no significant impact in the current period (and/or prior period).

Standard	Impact/Comments
Classification of Liabilities as Current or Non-current (Amendments to IAS 1, issued in January 2020)	The amendments clarify one of the criteria for classifying a liability as non-current, specifically the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. That right to defer must exist at the end of the reporting period and the classification is unaffected by the likelihood or expectations about exercising the right.
Non-current Liabilities with Covenants (Amendments to IAS 1, issued in October 2022)	The supplementary amendments specify that the liability's classification is not affected by future covenants, where the obligation to comply is only after the end of the reporting period. However, the amendments require disclosures.
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	The amendments specify for sale and leaseback transactions the requirements for subsequent measurement of the lease liability.
Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	The amendments add disclosure requirements of qualitative and quantitative information on supplier finance arrangements.

3.4.2 Issued standards and interpretations not applied for the current period

Although the following standards, interpretations, and amendments had been issued by IASB, they are not yet effective for the reporting period beginning on 1 January 2024 and/or they have not yet been approved by the European Commission (as stated in the table below). The Group has decided not to apply them earlier.

Currently, the Group does not anticipate that their application will significantly impact the Group's financial position and financial performance for the reporting period, unless otherwise described below.

Standard	Summarised content	Effective for reporting period beginning on or after
Lack of Exchangeability (Amendments to IAS 21)	The amendments specify when a currency is exchangeable into another currency and how to determine the exchange rate when exchangeability is lacking.	1 January 2025
Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	The amendments clarify how to assess contractual cash flow characteristics in classifying financial assets with environmental, social, and governance (ESG)-linked features. They also clarify the treatment of non-recourse assets and contractually linked instruments. Furthermore, they introduce an accounting policy option to derecognise financial liabilities settled through an electronic payment system before settlement date if certain conditions are met. The amendments in IFRS 7 require additional disclosures for financial assets and liabilities with contingent features (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.	1 January 2026 EU not yet endorsed
Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)	The IASB has issued amendments to the 'own-use' and hedge accounting requirements of IFRS 9, and it has added new disclosure requirements to IFRS 7 to enable investors to understand the effect of the contracts on a company's financial performance and cash flows. The amendments apply to contracts referencing nature-dependent electricity the produced quantity of which is subject to variability caused by natural conditions.	1 January 2026 EU not yet endorsed
Annual Improvements to IFRS Accounting Standards – Volume 11	Annual Improvements contain minor amendments to five standards (IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, and IAS 7 Statement of Cash Flows) that generally address outdated references and terminology or unintended conflicts between requirements in the accounting standards.	1 January 2026 EU not yet endorsed
IFRS 18 Presentation and Disclosure in Financial Statements – new standard	The new standard, superseding IAS 1 Presentation of Financial Statements, addresses requirements for presentation and disclosure in the financial statements and the Notes, with a focus on updates to the statement of profit or loss. It will not change the existing criteria for recognition and measurement of the individual items of the financial statements. The key new concepts relate to: (i) new required subtotals in the statement of profit or loss (including operating profit) structuring income and expense into three newly defined categories (operating, investing, and financing), (ii) required disclosures about management-defined performance measures (MPMs), and (iii) enhanced guidance on aggregation and disaggregation of information. For entities for which granting of financing to customers or investment in assets are their main business activities, such as banking and insurance entities, the standard provides for an appropriate presentation of the income and expenses relating to these businesses under the operating profit. **The impact of IFRS 18 on the Group's financial statements is currently being analysed.**	1 January 2027 EU not yet endorsed

3.5 Material accounting policies

3.5.1 Transactions in foreign currencies

3.5.1.1 Functional and presentation currency

The functional currency of the Group's entities operating in the Czech Republic (i.e. the currency of the primary economic environment within which the Group operates) is the Czech crown.

The Group has a branch, Komerční banka, a.s., pobočka zahraničnej banky; an organisational unit, SG Equipment Finance Czech Republic s.r.o. - organizačná zložka; and a subsidiary, ESSOX FINANCE, s.r.o., in the Slovak Republic. It has a subsidiary, BASTION EUROPEAN INVESTMENTS S.A., in Belgium. All have the euro as their functional currency and are regarded as foreign operations from a financial reporting point of view.

3.5.1.2 Transactions and balances translation

Transactions realised in foreign currency (i.e. in a currency other than the functional currency) are translated into the functional currency at the date of initial recognition using the spot foreign exchange rate announced by the bank authority (hereafter only the "BA") for the respective foreign currency. Depending on the functional currency, the BA means the Czech National Bank (hereafter only the "CNB") for the Czech crown and the European Central Bank (hereafter only the "ECB") for the euro.

At the end of the reporting period, all statement of financial position line items denominated in foreign currency are translated into the functional currency, depending upon their nature, as follows:

I. Foreign currency monetary items are translated using the closing rate (foreign exchange rate announced by the BA at the end of the reporting period);
II. Non-monetary items that are measured at historical cost are translated using the BA's foreign exchange rate at the date of the transaction; and
III. Non-monetary items that are measured at fair value in a foreign currency are translated using the BA's foreign exchange rate at the date when the fair value was determined.

Gains and losses arising from the translation of foreign currency items at the end of the reporting period as well as those related to their settlement are recognised as gains or losses for the period in which they occur and are presented in the line *'Net profit/(loss) on financial operations'*.

Where a gain or loss from a fair value change in a non-monetary item denominated in foreign currency is recognised directly in Other Comprehensive Income, however, related foreign exchange rate differences are recognised in the same way. These non-monetary items include equity instruments for which the Group has decided at initial recognition to use the irrevocable election to measure these at fair value with

changes recognised in Other Comprehensive Income without subsequent recycling into profit or loss on realisation. Also recognised in Other Comprehensive Income are foreign exchange rate differences related to the fair value revaluation of debt instruments held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (excluding the effective portion of their fair value hedges and excluding foreign exchange rate differences related to changes in their amortised cost) and non-derivative financial liabilities (current accounts, deposits) used as hedging items for the cash flow hedge of foreign currency risk and the hedge of a net investment in a foreign operation.

For consolidation purposes, the results and financial position of consolidated entities whose functional currency is different from the Group's presentation currency are translated into this currency using the following procedures:

I. Assets and liabilities are translated using the closing rate (exchange rate announced by the CNB at the end of the reporting period);
II. Income and expenses recognised in profit or loss are translated using the average rate for the period (monthly average of exchange rates announced by the CNB during the period);
III. All resulting exchange differences are recognised in other comprehensive income and presented in the line '*Share premium, funds, retained earnings, revaluation, and net profit for the period*'.

3.5.2 Recognition of income and expenses

3.5.2.1 Net interest income

Interest income and expense related to interest-bearing instruments, except for instruments classified as financial assets or financial liabilities at fair value through profit or loss, interest hedging derivatives and lease liabilities, are recognised on an accrual basis in the Statement of Income in the lines *'Interest income'* and *'Interest expense'* using the effective interest rate (refer to 3.5.5.7 Effective interest rate method). For credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the amortised cost of the asset (i.e. an amount adjusted for expected credit losses over the life of the asset). Interest income and expense related to interest rate hedging derivatives are recognised in the lines described on an accrual basis using the contractual interest rate of the corresponding derivative. Late-fee income is recognised at the date of its payment and presented in the line *'Interest income'*.

3.5.2.2 Net fee and commission income

The recognition of income from fees and commissions depends on the nature of the fee and the basis of accounting for any associated financial instrument. In accordance with the substance of fees and nature of services for which they are assessed, the Group distinguishes the following categories of fees:

- Fees and commissions that comprise an integral component of the effective interest rate of a financial instrument are recognised in the line *'Interest income'*;
- Fees and commissions for services provided and for the execution of an act, such as deposit service fees, loan service fees, fees income for transaction services provided, commissions income for cross-selling of third-party products (such as insurance and investment products for which the Group is acting as an agent while not taking over control of the products provided and therefore in connection with the net approach for revenues presentation), and specialised financial services fees. Income is recognised as revenue at the point in time when the services are provided or the act has been completed. If related to a longer period, the fees are recognised over time on a straight-line basis. These fees and commissions are presented in the line *'Net fee and commission income'.*

3.5.2.3 Net profit/(loss) on financial operations

This line includes net profit/loss on financial operations, which means realised and unrealised gains and losses on securities held for trading; security derivatives; currency, interest rate, and trading commodity derivatives; foreign exchange transactions; foreign assets and liabilities retranslation to the functional currency; and realised gains and losses on financial assets held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

This line also includes interest income and expense related to interest-bearing instruments classified as financial assets or financial liabilities at fair value through profit or loss.

3.5.3 Cash and cash equivalents

Cash comprises cash on hand and cash in transit.

Cash equivalents are short-term (with maturity of 3 months or less), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment purposes. This item also includes obligatory minimum reserves. The Group can freely transact with the amount of these reserves under the assumption that average obligatory minimum reserves are maintained within the given maintenance period established by the CNB.

3.5.4 Fair value and hierarchy of fair value

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

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements of assets or liabilities measured at fair value. The hierarchy of fair values has the following three levels:

- *Level 1:* inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- *Level 2:* inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly; and
- *Level 3:* inputs are unobservable inputs for the asset or liability.

The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The fair value is included into the hierarchy according to the lowest classified significant input used in its determination. Significant input information consists of information that has a significant impact on the total fair value of the asset or liability.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis (i.e. those for which measurement at fair value is required or permitted in the Statement of Financial Position at the end of each reporting period), the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the date of the event or change in circumstances that caused the transfer.

3.5.5 Financial instruments

3.5.5.1 Dates of recognition and derecognition

All regular way purchases or sales of financial assets are recognised using settlement date accounting. The settlement (collection) date is the day on which the financial instrument is delivered (cash payment).

When settlement date accounting is applied, the financial asset is recognised in the Statement of Financial Position on the day of receipt of a financial instrument (sending of cash) and derecognised on the day of its delivery (collection of cash).

For financial assets measured at fair value, however, the acquired financial asset is measured to reflect changes in its fair value from the purchase trade date to the purchase settlement date. Gains and losses from changes in fair value are recognised depending upon the type of financial instrument and taking into account the classification based on both the business model and contractual cash flow characteristics (i.e. either in profit or loss or in other comprehensive income).

All purchases and sales of financial instruments that do not meet the “regular way” settlement criterion in the marketplace concerned are treated as financial derivatives. The Group recognises financial derivatives in the Statement of Financial Position at the trade date. Financial derivatives are derecognised at their maturity.

The Group recognises a financial liability in the Statement of Financial Position when it becomes a party to the contractual provisions of the instrument and it is removed from the Statement of Financial Position when it is extinguished (i.e. in circumstances where a contractually defined obligation is fulfilled, cancelled, or expires).

3.5.5.2 Initial measurement of financial assets and financial liabilities

When a financial asset or financial liability is initially recognised, the Group measures it at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of that instrument.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price (i.e. the fair value of the consideration given or received).

The transaction costs mainly include fees and commissions paid to brokers, dealers, and agents.

Also, financial guarantee contracts issued are initially recognised at fair value, that being the premium received, in the Statement of Financial Position in the line *‘Accruals and other liabilities’*. The guarantees are subsequently measured as of the financial statements date at the higher

of the amount initially recognised less, when appropriate, cumulative amortisation of revenues recognised in the Statement of Income in accordance with IFRS 15 (in the Statement of Financial Position in the line *'Accruals and other liabilities'*) and the impairment for expected credit losses from any financial obligation arising as a result of the guarantee (in the Statement of Financial Position in the line *'Provisions'*). The premium received is recognised in the Statement of Income in the line *'Net fee and commission income'* on a straight-line basis over the life of the guarantee. The creation of provisions is recognised in the Statement of Income in the line *'Impairment losses'*.

3.5.5.3 "Day 1" profit or loss

In determining whether the fair value at initial recognition equals the transaction price, the Group takes into account factors specific to the transaction and to the asset or liability.

The Group trades no financial instruments on an inactive market. On active markets, the Group trades financial instruments only for the quoted price in the active market. For this reason, there is no difference between the transaction price and the fair value of the financial asset or financial liability that is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique whose variables include only data from observable markets (a "Day 1" profit or loss).

3.5.5.4 Financial assets and liabilities classification and subsequent measurement

The classification of the Group's financial instruments is determined at the date of initial recognition and is unchanged throughout the period of holding the financial instrument, except for rare situations listed in 3.5.5.5 Reclassification of financial assets and liabilities.

Depending on the nature of the financial instrument and the evaluation of both the business model for managing the financial asset and the asset's contractual cash flow characteristics, financial instruments held by the Group are after initial recognition subsequently measured at:

I. Amortised costs;
II. Fair value through other comprehensive income; or
III. Fair value through profit or loss.

The Group does not make use of an option to designate a financial asset or liability upon initial recognition as a financial instrument at fair value through profit or loss (the "Fair Value Option"). For some investments in equity instruments not held for trading purposes the Group uses the irrevocable election to measure these at fair value with changes being recognised in other comprehensive income.

3.5.5.4.1 Loans and debt instruments

Loans and debt instruments are non-derivative financial assets with legally enforceable fixed or determinable payments and fixed maturities.

Classification and subsequent measurement of loans and debt instruments are determined based upon the evaluation of:

- The Group's business model for managing financial assets; and
- The financial asset's contractual cash flow characteristics.

Description of business models

The business model is determined on the level at which the financial assets are managed together to achieve a particular business objective. The business model does not depend upon management's intentions for an individual instrument but reflects the way a certain portfolio of financial assets is managed in order to generate cash flows under standard economic conditions. The Group distinguishes the following business models:

(i) "Hold to collect contractual cash flows";
(ii) "Hold to collect contractual cash flows and sell"; or
(iii) "Held for trading".

(i) "Hold to collect contractual cash flows" business model

Loans and debt instruments that fall into the business model "Hold to collect contractual cash flows" are held in order to collect contractual cash flows over the life of the instrument. In determining whether cash flows are going to be realised by collecting the financial assets' contractual cash flows, the Group considers the frequency, value, and timing of sales in prior periods; the reasons for those sales; and expectations about future sales activity for a given portfolio.

The Group admits the following sales that are consistent with the business model "Hold to collect contractual cash flows":

- Sales due to an increase in the assets' credit risk irrespective of their frequency and value;
- Sales made to manage credit risk concentration if those sales are infrequent (even if significant in value) or insignificant in value (even if frequent);
- Sales made close to the maturity of the asset when the proceeds from the sales approximate the collection of the remaining contractual cash flows; and
- Sales made based on a requirement imposed by a third party, such as regulatory bodies, if those sales are infrequent or insignificant in value.

The financial assets that fall into the business model "Hold to collect contractual cash flows" are: (i) all loan and other loan receivables, (ii) all trade receivables from operating activity, (iii) all debt securities which are not part of the liquidity buffer and which are not determined for trading activity, and (iv) selected debt securities in the banking book which are part of the liquidity buffer but still may be considered as held to

maturity as of the acquisition date. This classification is evaluated in accordance with the Group's internal investment rules, taking into account, among other things, the current liquidity position of the Group across individual currencies and the potential absorption capacity of the market or of the local central bank to monetise these debt securities through repurchase agreements in the respective currency. The Group also monitors development of revaluation of these debt securities to market value versus their accounting value, which is another factor that may limit any further purchases within this business model.

(ii) "Hold to collect contractual cash flows and sell" business model

Loans and debt instruments that fall into the business model "Hold to collect contractual cash flows and sell" are held in order to collect contractual cash flows and sell financial assets. In this type of business model, both collecting contractual cash flows and selling financial assets are integral to achieving the objective of the business model. The objective of this business model is to manage the Group's everyday liquidity needs. The Group expects that in case of a structural deficit of assets and liabilities, sales of these loans and debt instruments will be realised to cover the lack of liquid assets.

As compared to the business model whose objective is to hold financial assets to collect contractual cash flows, the Group expects greater frequency and value of sales. Selling financial assets is not an incidental activity but an integral part of achieving the business model's objective. There is no threshold for the frequency or value of sales that must occur in this business model, however, as both collecting contractual cash flows and selling financial assets are integral to achieving its objective.

The financial assets that fall into the business model "Hold to collect contractual cash flows and sell" are selected debt securities in the banking book which are part of the liquidity buffer and at the same time do not meet the conditions for inclusion in the "Hold to collect contractual cash flows" business model. This classification is evaluated in accordance with the Group's internal investment rules, and it occurs mainly for debt securities the sale of which is expected to be a source of funds in relation to the Group's liquidity management.

(iii) "Held for trading" business model

Loans and debt instruments that fall into the business model "Held for trading" are held with the objective of realising cash flows through the sale of those assets. The Group makes decisions based on the assets' fair values and manages the assets to realise those fair values.

The financial assets that fall into the business model "Held for trading" include all other loans and debt instruments that are not part of the business model "Hold to collect contractual cash flows" or "Hold to collect contractual cash flows and sell".

Contractual cash flows characteristics test

Based on an assessment of the contractual cash flow characteristics, the Group ascertains whether the contractual cash flows on loans and debt instruments are solely payments of principal and interest on the principal amount outstanding (SPPI test). Principal is the fair value of the

financial asset at initial recognition. Interest consists in particular of consideration for the time value of money and credit risk. It can also include consideration for liquidity risk, administrative costs, or profit margin that is consistent with the basic lending arrangement.

Measurement at amortised costs

After initial recognition, loans and debt instruments are subsequently measured at amortised costs if both the following conditions are met: the financial asset is held within the business model "Hold to collect contractual cash flows" and the contractual cash flows meet the characteristics of payments of principal and interest on the principal amount outstanding.

Amortised cost is the amount at which the financial instruments are measured at initial recognition minus the principal repayments and using the effective interest method plus or minus the fees that are an integral part of the financial asset, and amortisation of the premium or discount (i.e. any difference between the initial amount and the amount at maturity), and further reduced by any loss allowance for expected credit losses. Interest income is recognised in the line *'Interest income'* in the Statement of Income. Impairment losses are recognised in the Statement of Income in the line *'Impairment losses'*.

Measurement at fair value through other comprehensive income

After initial recognition, loans and debt instruments are subsequently measured at fair value with changes being recognised in Other Comprehensive Income if both the following conditions are met: the financial asset is held within the business model "Hold to collect contractual cash flows and sell" and the contractual cash flows meet the characteristics of payments of principal and interest on the principal amount outstanding.

Unrealised gains or losses from fair value changes, as well as gains or losses from changes in fair value resulting from changes in foreign exchange rates are, until their derecognition or reclassification, recognised within Other Comprehensive Income in the line *'Revaluation of debt securities, net of tax'*.

When holding a financial asset, loss allowances are recognised. Unlike in the case of financial assets measured at amortised costs, however, the loss allowances are not presented separately in the Statement of Financial Position and do not reduce the carrying amount of the financial asset. The loss allowances are recognised directly in Other Comprehensive Income and in the Statement of Income in the line *'Impairment losses'*.

Gains or losses from changes in foreign exchange rates on loans and debt instruments are recognised in the Statement of Income in the line *'Net profit/(loss) on financial operations'*, with the exception of exchange rate gains or losses related to fair value revaluation that are recognised within Other Comprehensive Income. Accrued interest income is recognised in the Statement of Income in the line *'Interest income'*.

When a financial asset is derecognised, the cumulative gain or loss previously recognised in Other Comprehensive Income is recognised in the Statement of Income in the line *'Net profit/(loss) on financial operations'*.

Measurement at fair value through profit or loss

After initial recognition, loans and debt instruments are subsequently measured at fair value with changes being recognised in profit or loss if the financial asset falls within the business model "Held for trading" or if the contractual cash flows do not meet the characteristics of payments of principal and interest on the principal amount outstanding.

The category of fair value through profit or loss is a residual category. The Group classifies loans and debt instruments into this category if they do not meet the criteria for measurement at amortised cost or at fair value through other comprehensive income.

Unrealised gains and losses, as well as realised gains or losses arising from the revaluation of these financial assets, interest, and foreign exchange rate differences, are recognised in the Statement of Income in the line *'Net profit/(loss) on financial operations'*. These financial assets are outside the scope of the IFRS 9 impairment requirements, and therefore impairment losses are not recognised.

3.5.5.4.2 Equity instruments

Equity instruments are non-derivative financial assets with the entitlement to participate in the exercise of ownership rights without a defined maturity and without legally enforceable fixed or determinable payments.

Equity instruments are outside the scope of the IFRS 9 impairment requirements, and therefore impairment losses are not recognised. Equity instruments are measured at fair value with changes being recognised in profit or loss, except for when making the election at initial recognition to measure the equity instrument at fair value with changes being recognised in other comprehensive income and without subsequent recycling into profit or loss on disposal. This election is irrevocable and is made on an instrument-by-instrument basis.

The Group may use the option only for instruments that are not held for trading. When using the option, the disposal will not result in realisation and recognition of the disposal's result in the Statement of Income. Instead, it will remain in the Group's Other Comprehensive Income and, following approval by the General Meeting, will eventually be transferred to retained earnings. Dividend income arising from equity instruments is recognised when the right to dividends is established. That income is presented in the Statement of Income in the line *'Dividend income'*.

The Group applies the option (measurement of equity instruments at fair value through other comprehensive income) for investments of a strategic nature and with an equity interest of less than 20%. This approach is based on the Group's intention to continue holding these investments in the long term or on the existence of a long-term restriction against selling these investments.

3.5.5.4.3 Derivatives and hedge accounting

A derivative is a financial instrument or other contract having all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate,

index of prices or rates, credit rating or credit index, market prices of securities, or another market variable;
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and
- It is settled at a future date.

At the inception of a financial derivative contract, the Group designates the derivative instrument as either held for trading or hedging.

Derivatives held for trading are classified into a portfolio of *'Financial assets or financial liabilities held for trading at fair value through profit or loss'* based on whether the fair value is positive or negative.

Hedging derivatives are derivatives that the Group uses to hedge interest rate and foreign exchange rate risks to which it is exposed as a result of its financial market transactions. In accordance with the transitional provisions of IFRS 9, the Group has elected to apply IAS 39 hedge accounting methods. The Group designates a derivative as hedging only if the criteria set out under IFRS are met at the designation date, i.e. if, and only if, all of the following conditions are met:
- It is compliant with the Group's risk management objective and strategy;
- At inception of the hedge, the hedging relationship is formally documented, which includes identification of the hedging instrument and hedged item or transaction, the nature of the risk being hedged, and how the entity will assess the hedging instrument's effectiveness;
- The hedge is expected to be highly effective at inception and throughout the period;
- The effectiveness of the hedge can be reliably measured; and
- Changes in the fair value or cash flows of the hedging instrument and hedged item or transaction are almost fully offset (within a range of 80% to 125%).

Hedging derivatives are accounted for according to the type of hedging relationship, which can be one of the following:

I. Hedging of an exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability, or firm commitment that is attributable to a particular risk and that could affect profit or loss (fair value hedge); or
II. Hedging of an exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and that could affect profit or loss (cash flow hedge); or
III. Hedging of a net investment in a foreign operation.

Changes in the fair value of a derivative that is designated and qualified as a fair value hedge are recognised in the Statement of Income in the line *'Net profit/(loss) on financial operations'*. Changes in the fair value of a hedged item are recognised in the Statement of Financial Position as a component of the carrying amount of the hedged item and in the Statement of Income in the line *'Net profit/(loss) on financial operations'*.

It is on this basis that the Group hedges the interest rate risk and foreign currency risk of financial assets (loans and debt instruments with fixed interest rates) and interest rate risk of deposits, repos, mortgage bonds issued, as well as selected portfolios of building savings. The effectiveness of a hedge is regularly tested through prospective and retrospective tests on a quarterly basis.

If a hedge no longer meets the criteria for hedge accounting or the hedging instrument expires or is sold, terminated, or exercised, then the entity revokes the designation and an adjustment to the carrying amount of the hedged interest-bearing financial instrument is amortised to profit or loss over the period until the maturity of the hedged item.

The Group also accounts for portfolio fair value hedges (hedging transactions concerning portfolios of financial assets or liabilities), for which interest rate swaps are used. When accounting for these transactions, the Group applies the IAS 39 “carve-out” as adopted by the European Union. The accounting treatment of financial derivatives designated as portfolio fair value hedges is similar to that of other fair value hedging derivatives.

Changes in the fair values of hedging derivatives classified as cash flow hedges that prove to be highly effective in relation to the hedged risks are recognised in the line *‘Cash flow hedging’* within Other Comprehensive Income and are transferred to the Statement of Income and classified as income or expense in the periods during which the hedged items affect the Statement of Income. The ineffective portion of a hedge is charged directly to the Statement of Income in the line *‘Net profit/(loss) on financial operations’*.

It is on this basis that the Group hedges the interest rate risk, currency risk and share price risk associated with the cash flows of selected portfolios of assets or liabilities or individually significant assets or liabilities. The effectiveness of a hedge is regularly tested through prospective and retrospective tests on a quarterly basis.

If a hedge no longer meets the criteria for hedge accounting, the hedging instrument expires or is sold, terminated, or exercised, then the entity revokes the designation and the cumulative gain or loss on the hedging instrument that has been recognised in Other Comprehensive Income for the period when the hedge was effective remains in equity until the forecast transaction occurs.

If the forecast transaction is no longer expected to occur, the gain or loss accumulated as other comprehensive income is reclassified to profit or loss.

Using foreign currency deposits as the hedging instrument, the Group additionally hedges the foreign exchange rate risk arising from the net investment in the subsidiaries BASTION EUROPEAN INVESTMENTS S.A. and ESSOX FINANCE, s.r.o. Foreign exchange rate differences arising from its retranslation are included in Other Comprehensive Income.

Financial derivatives constituting economic hedges under the Group's risk management positions but not qualifying for hedge accounting under the specific rules of IAS 39 are treated as derivatives held for trading.

The fair values of derivative instruments held for trading and hedging purposes are disclosed in Note 43(C).

3.5.5.4.4 Financial liabilities

The Group classifies financial liabilities into the categories 'Financial liabilities at amortised cost' and 'Financial liabilities held for trading at fair value through profit or loss', depending on the methods of managing the performance of the financial liability.

When the performance of the financial liability is managed based on trading that mostly reflects active and frequent purchases and sales (i.e. financial instruments held for trading are mostly used to generate profit from short-term fluctuations in the price or margin), the Group classifies these financial liabilities after initial recognition as subsequently measured at fair value through profit or loss. Such financial liabilities are only liabilities from disposed securities and trading derivatives with a negative value. They are recognised in the Statement of Financial Position in the line *'Financial liabilities held for trading at fair value through profit or loss'*.

Unrealised as well as realised gains or losses arising from the revaluation of these financial liabilities, interest, and foreign exchange rate differences are recognised in the Statement of Income in the line *'Net profit/(loss) on financial operations'*.

All other financial liabilities are measured subsequent to initial recognition at amortised cost using the effective interest rate method. The Group classifies non-derivative financial liabilities with fixed or determinable payments as subsequently measured at amortised costs. These financial liabilities are recognised depending upon the type of counterparty in the lines *'Amounts due to central banks'*, *'Financial liabilities at amortised cost', or 'Subordinated and senior non-preferred debt'*.

Interest expense is recognised in the Statement of Income in the line *'Interest expense'*.

In the event of repurchasing its own debt securities, the Group derecognises these securities (i.e. the item *'Securities issued'* is decreased). Gains and losses arising as a result of repurchasing the Group's own debt securities are recognised as of the date of their repurchase in the Statement of Income in the line *'Net profit/(loss) on financial operations'*.

3.5.5.4.5 Embedded derivatives

In some cases, a derivative, such as an option for an earlier redemption of a bond, is a component of a hybrid (combined) financial instrument that also includes a non-derivative host contract.

Derivatives embedded in financial assets, loans, and debt instruments within the scope of IFRS 9 are not separated from the host contract. Instead, the entire hybrid instrument is assessed for classification and measurement based on the Group's business model for managing the hybrid instrument and its contractual cash flow characteristics as disclosed in Note 3.5.5.4 Financial assets and liabilities classification and subsequent measurement.

The embedded derivative is separated from the host contract and accounted for separately if, and only if, all of the following conditions are met:
- The host contract is not a financial asset within the scope of IFRS 9;
- The embedded derivative as a separate instrument meets the definition of a derivative;
- The economic characteristics and risks of the embedded derivative are not closely related to those of the host contract; and
- The host contract is not measured at fair value with fair value changes recognised in the Statement of Income.

If the embedded derivative cannot be measured separately, the entire hybrid contract is designated as at fair value through profit or loss.

3.5.5.5 Reclassification of financial assets and liabilities

Reclassification of loans and debt instruments shall arise when, and only when, the objective of the business model changes for the entire portfolio of financial instruments that are jointly managed with the objective "Hold to collect contractual cash flows", "Hold to collect contractual cash flows and sell", and "Held for trading".

Reclassification is not possible:
- If the Group uses the option to designate a financial asset at initial recognition as an instrument measured at fair value through profit or loss (the "Fair Value Option");
- For equity instruments (measured at fair value through profit or loss or through other comprehensive income); or
- For financial liabilities.

If the Group reclassifies loans and debt instruments, the change in classification is applied prospectively from the first day of the next reporting period following the change in the business model.

Measurement of reclassified financial assets at the reclassification date and subsequently:
- When reclassifying a financial asset out of the fair value through profit or loss measurement category and into the fair value through other comprehensive income measurement category, the financial asset continues to be measured at fair value and, at the reclassification date, a new effective interest rate is determined. Subsequent changes in fair value are recognised in other comprehensive income. For the purpose of calculating expected credit losses from the reclassification date, the date of reclassification is treated as the date of initial recognition of the asset.
- When reclassifying a financial asset out of the fair value through profit or loss measurement category and into the amortised cost

measurement category, its fair value at the reclassification date becomes its new gross carrying amount and a new effective interest rate is determined. For the purpose of calculating expected credit losses from the reclassification date, the date of reclassification is treated as the date of initial recognition of the asset.

- When reclassifying a financial asset out of the fair value through other comprehensive income measurement category and into the fair value through profit or loss measurement category, the financial asset continues to be measured at fair value. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.
- When reclassifying a financial asset out of the fair value through other comprehensive income measurement category and into the amortised cost measurement category, the financial asset is reclassified at its fair value at the reclassification date. The cumulative gain or loss previously recognised in other comprehensive income is removed from equity and adjusted against the fair value of the financial asset at the reclassification date. As a result, the financial asset is measured at the reclassification date as if it had always been measured at amortised cost. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.
- When reclassifying a financial asset out of the amortised cost measurement category and into the fair value through profit or loss measurement category, its fair value is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortised cost of the financial asset and its fair value is recognised in profit or loss.
- When reclassifying a financial asset out of the amortised cost measurement category and into the fair value through other comprehensive income measurement category, its fair value is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortised cost of the financial asset and its fair value is recognised in other comprehensive income. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

The Group did not reclassify any loans and debt instruments.

3.5.5.6 Determination of a financial instrument's fair value and its hierarchy

For the determination and categorisation of a financial instrument's fair value, the Group treats a security as quoted if quoted market prices are readily and regularly available from a stock exchange, dealers, securities traders, industrial groups, valuation services, or regulatory authorities and if these prices represent current and regular market transactions under ordinary conditions.

If there are no quoted prices in an active market for the financial asset, the Group uses other values that are observable, directly or indirectly, from the markets for its measurement, such as:

I. Quoted prices for similar assets or liabilities in active markets;
II. Quoted prices for identical or similar assets or liabilities in markets that are not active (i.e. there are few recent transactions, prices quotations are not based on current information, etc.);
III. Inputs other than quoted prices (e.g. inputs based on interest rates, yield curves, implied volatilities, credit spreads, etc.); or

IV. Inputs derived principally from, or corroborated by, observable market data.

Where the inputs for the determination of a financial instrument's fair value are not observable in a market due to the fact that there is no or only minimal activity for that asset or liability, the Group uses for fair value measurement inputs that are available but not directly observable within a market and which, in the Group's view, reflect assumptions that market participants take into account when pricing the financial instrument.

The fair value of debt securities for which an observable market price is not available is estimated using an income approach (the present value technique taking into account the future cash flows that a market participant would expect to receive from holding the instrument as an asset) and the fair value of unquoted equity instruments is estimated using an income approach or market approach (using prices and other relevant information generated by a market). The fair values of financial derivatives are obtained from quoted market prices, discounted cash flow models, or option pricing models and are adjusted for the credit risk of the counterparty (CVA) or the Group's own credit risk (DVA), as appropriate.

The existence of published price quotations in an active market is normally the best evidence of fair value. The appropriate quoted market price for an asset held or liability to be issued is usually the current bid price and for an asset to be acquired or liability held the ask price.

The Group manages a group of financial assets and financial liabilities on the basis of the entity's net exposure to a particular market risk. It uses mid-market prices as the basis for establishing the fair values of offsetting risk positions and applies the bid or asking price to the net open position, as appropriate.

3.5.5.7 Effective interest rate method

The effective interest rate is that rate which exactly discounts the estimated future cash payments or receipts throughout the expected life of a financial instrument.

When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument and includes any fees and incremental costs that are directly attributable to the instrument and constitute an integral component of the effective interest rate, but it does not take into consideration future credit losses.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest income or interest expense over the relevant period.

3.5.5.8 Forborne loans

Forborne exposures are debt contracts in respect of which forbearance measures have been granted to the debtor and for which the discontinuation conditions are not met. Forbearance measures consist of concessions to a debtor facing or about to face difficulties in meeting its financial commitments. The concession refers to either modification of terms and conditions (e.g. changes in the payment schedule, interest rate reductions, penalty interest waivers) or refinancing. Once the terms have been renegotiated, any impairment is measured using the original effective interest rate as calculated before the modification of terms. Forborne loans are continuously reviewed by the Group to ensure that all criteria are met and that future payments are likely to occur. The forborne loans continue to be subject to impairment assessment, calculated based on their future cash flows as discounted by the loans' original effective interest rates.

3.5.5.9 Modification of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. When the modification occurs, the Group assesses whether or not the new terms are substantially different from the original terms.

If the terms are substantially different, the Group derecognises the original financial asset and recognises a new asset at fair value and recalculates a new effective interest rate for the asset. Differences in the carrying amount are recognised in profit or loss as a gain or loss on derecognition. The date of modification is considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. If the terms are not substantially different, the renegotiation or modification does not result in derecognition.

3.5.5.10 Derecognition of financial assets other than on modification

The Group derecognises all or part of a financial asset (or group of similar assets) when the contractual rights to the cash flows from the asset expire or when the Group has transferred the contractual rights to receive the cash flows and substantially all of the risks and rewards linked to the ownership of the asset.

The Group also derecognises financial assets in respect of which it has retained the contractual rights to the associated cash flows but is contractually obligated to pass these same cash flows through to a third party and for which it has transferred substantially all risks and rewards.

Where the Group has transferred the cash flows of a financial asset but has neither transferred nor retained substantially all the risks and rewards of its ownership and has effectively not retained control of the financial asset, the Group derecognises the financial asset and, as appropriately, recognises a separate asset or liability to cover any rights and obligations created or retained as a result of the asset's transfer. If the Group has retained control of the asset, it continues to recognise it in the balance sheet to the extent of its continuing involvement in that asset.

When a financial asset is derecognised in its entirety, a gain or loss on disposal is recorded in the Statement of Income for an amount equal to the difference between the carrying amount of the asset and the consideration received. In respect of financial assets at fair value through other comprehensive income, and with the exception of equity instruments, the cumulative gain or loss previously reported in Other Comprehensive Income is recorded in the Statement of Income.

The Group only derecognises all or part of a financial liability when it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled, or expired. A financial liability is also derecognised and recognised again in the event of a substantial amendment to its contractual conditions or where an exchange is made with the lender for an instrument whose contractual conditions are substantially different.

3.5.5.11 Impairment of financial assets

The impairment of financial assets is based on the expected credit loss model.

All of the following assets are subject to the Group's impairment requirements:

- Financial assets measured at amortised cost;
- Financial assets duly measured at fair value through other comprehensive income (FVOCI) mentioned in 3.5.5.4.1 Loans and debt instruments held in the business model "Hold to collect contractual cash flows and sell";
- Loan commitments if a present commitment to provide credit exists (except for loan commitments measured at fair value through profit or loss);
- Financial guarantee contracts (to which IFRS 9 applies except for those measured at fair value through profit or loss); and
- Finance lease receivables and operating lease receivables in the scope of IFRS 16 Leases.

The Group does not account for impairment on non-client financial assets constituting insignificant credit risk and amount of impairment, such as, in particular, receivables from the CNB arising from obligatory minimum reserves, nostro accounts, contract assets within the scope of IFRS 15 Revenue from Contracts with Customers (i.e. rights to consideration after the transfer of goods or services), intragroup receivables, and others.

In order to determine impairment, financial assets are classified into three stages depending upon the extent of credit deterioration since initial recognition:

- Stage 1 – financial assets are initially recognised in Stage 1, unless they are purchased or originated credit-impaired (subject to a specific treatment). Subsequently, this stage remains unchanged for financial assets for which the credit risk has not increased significantly since initial recognition or that have low credit risk at the reporting date;
- Stage 2 – financial assets with a significant increase in credit risk since initial recognition; or
- Stage 3 – financial assets that the Group assessed as credit-impaired at the reporting date.

The definition of default is in line with EBA Guidelines EBA/GL/2016/07 in applying the definition of default under Article 178 of Regulation (EU) No. 575/2013.

Significant increase in credit risk

Being a trigger for the transfer of an exposure into Stage 2, significant increase in credit risk (SICR) is one of the most important drivers for the resulting ECL. It is evaluated by the Group continuously and at each reporting date in line with IFRS 9 requirements. In compliance with the Group IFRS 9 methodology, SICR is assessed at facility level by comparing the observed increase in the lifetime probability of default since the initial recognition.

The lifetime probability of default is deduced from the result of the internal credit risk assessment (expressed by the client's rating) as well as from the internal IFRS 9 PD curve models reflecting both i) the history of observed default rates and migrations between rating grades within a given asset class, and ii) forward-looking economic development. The lifetime PD is calculated from the corresponding PD curve over the remaining maturity of the deal. For portfolios with a lack of data for regular statistical modelling (e.g. smaller of the Bank's subsidiaries), SICR is expressed by deterioration of the ratings rather than by PD curves. The thresholds for significant increase of lifetime probability of default have been assessed by the Group on segment level to fulfil the prescribed performance criteria for Stage 2 (default capture rate, default rate in Stage 2, etc.) with a tripling PD back-stop (in line with EBA rules).

In addition to the aforementioned criteria, the Group supplements SICR rules with indicators reflecting the current deteriorated situation of the client, such as i) delay in contractual payments of more than 30 days past due, ii) entrance to SG watch-list, or iii) granting of performing forbearance measures.

Credit-impaired financial assets

The Group recognises financial assets as credit-impaired when one or more events have occurred that have a detrimental impact on the estimated future cash flows. Evidence of credit-impairment may include observable data concerning the following events:

- Significant financial difficulty of the issuer or borrower;
- A breach of contract, such as a default or past due event more than 90 days past due;
- Situation indicating the probability of default as defined by a new regulation for evaluating financial assets in default;
- Concession granted by the lender for reasons of the borrower's financial difficulty that the lender would not otherwise consider;
- Increased probability that the borrower will enter bankruptcy;
- Disappearance of an active market for that financial asset because of financial difficulties; or
- Purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Measurement of expected credit losses

With the exception of purchased or originated credit-impaired financial assets, the Group recognises expected credit losses (hereafter only "expected losses") in an amount corresponding to:

- 12-month expected losses (expected losses resulting from default events on a financial instrument that may occur within 12 months after the reporting date) – Stage 1; or
- Lifetime expected losses (expected losses resulting from all possible default events over the expected life of a financial instrument) – Stages 2 and 3.

The Group recognises a loss allowance in an amount equal to lifetime expected credit losses for credit exposures where there have been significant increases in credit risk since initial recognition.

If in subsequent reporting periods the credit quality of the financial instrument improves so that there has been no longer a significant increase in credit risk since initial recognition, the Group reverts to recognising a loss allowance based on 12-month expected losses. This does not apply to purchased or originated credit-impaired financial assets.

Basis for estimating expected losses

Expected losses are measured in a way that reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes and takes into account the time value of money. The Group considers reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions. When measuring the expected losses and taking into account the time value of money, the expected cash flows are discounted as of the reporting date using the original effective interest rate determined at initial recognition (or an approximation thereof).

The Group assesses expected losses for credit-impaired financial assets of significant exposures based on expected cash flows from the client's economic activity or realisation of collateral.

For estimating expected losses for purchased or originated credit-impaired financial assets, the Group applies the credit-adjusted effective interest rate. Unlike the effective interest rate (calculated using the estimated future cash flows not taking into account expected losses), the credit-adjusted effective interest rate incorporates the impact of expected losses of the financial asset.

Purchased or originated credit-impaired financial assets

Purchased or originated credit-impaired financial assets are accounted for differently because the assets are already impaired at initial recognition. For these assets, lifetime expected losses are incorporated into the expected cash flows used to calculate the credit-adjusted effective interest rate at initial recognition. Subsequently, any changes in expected losses are recognised as a loss allowance and

as a gain or loss in the Statement of Income. The interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortised cost.

Write-off of financial assets

The Group applies in writing off financial assets the approach of individual write-offs, namely: without further recovery or with further recovery.

Write-offs without further recovery are preceded by a soft or hard collection process based upon an individual assessment of the client's situation. Write-offs are handled individually or for multiple clients in batches based on approval by the relevant authority.

Write-offs with further recovery are managed by a process involving only the hard collection of receivables. Recovery continues for those receivables even though they have been written off.

3.5.5.12 Repurchase agreements

The Group accounts for contracts to sell and buy back financial instruments ("repos" or "reverse repos") according to their substance as the taking or granting of a loan with a corresponding transfer of financial instruments as collateral.

In the case of repurchase transactions ("repos"), the Group only provides debt instruments held in the business models "Hold to collect contractual cash flows and sell" or "Held for sale" recognised as '*Financial assets at fair value through other comprehensive income*' or *'Financial assets held for trading at fair value through profit or loss'*. The corresponding liability arising from a loan taken is recognised in the line *'Financial liabilities at amortised cost'*.

Securities purchased under reverse repurchase agreements ("reverse repos") are recorded in the off-balance sheet, where they are remeasured at fair value. The corresponding receivable arising from the provided loan is recognised as an asset in the Statement of Financial Position in the line *'Financial assets at amortised cost'*.

The Group is entitled to provide those securities received in reverse repo transactions as collateral or sell them even in the absence of default by their owner. These securities continue to be recorded in the off-balance sheet and measured at fair value. The corresponding liability arising from the loan taken is recognised under *'Financial liabilities at amortised cost'*. The Group is nevertheless obliged to return these securities to its counterparties.

The differences between the sale and repurchase prices in respect of repo and reverse repo transactions are treated by the Group as interest, and it is accrued evenly to expenses and income over the life of the repo agreement using the effective interest rate method.

If a security acquired as collateral under a reverse repo transaction is sold, the Group derecognises the security acquired under the reverse repo transaction from the off-balance sheet records and recognises in the Statement of Financial Position an amount payable from a short sale that is remeasured at its fair value. This payable is included in *'Financial liabilities held for trading at fair value through profit or loss'*.

3.5.6 Assets held for sale

The line *'Assets held for sale'* represents assets for which the Group expects that their carrying amounts will be recovered principally through sale transactions rather than through continuing use. For this classification to apply, the assets must be available for immediate sale in their present condition and their sale must be highly probable.

For this to be the case, the Group must be committed to a plan to sell the asset and an active programme to locate a buyer must have been initiated. Furthermore, the assets must be actively marketed for sale at a price that is reasonable in relation to their current fair value. The Group expects that the sale of assets will be completed, the market situation permitting, within 1 year from the date of the assets' classification as *'Assets held for sale'*.

Assets held for sale are measured at the lower of:

- The carrying amount of the respective asset at the date of its classification as *'Assets held for sale'*; or
- Fair value less estimated costs to sell (e.g. cost of expert valuation reports, legal or financial advisory services, the estimates of which are based on historical experience, as well as real estate transfer tax in the case of real estate).

Assets designated as *'Assets held for sale'* are no longer depreciated.

The Group recognises an impairment loss on assets held for sale in the line '*Net profits on other assets*' if their selling price less estimated costs to sell is lower than their carrying amount. Any subsequent increase in the selling price less costs to sell is recognised as a gain but not in excess of the cumulative impairment loss that has been recognised either during the time when the assets were classified as held for sale or before their reclassification into the line '*Assets held for sale*' (i.e. during the period when the asset had been held for supplying the Group's services or for administrative purposes).

3.5.7 Income tax

3.5.7.1 Current income tax

Current tax assets and liabilities for current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those valid as of the Statement of Financial Position date.

Current income tax is recognised in the Statement of Income, or, as the case may be, in the Statement of Other Comprehensive Income if it relates to an item directly taken into other comprehensive income.

The Group does not set off current tax assets and current tax liabilities unless it has a legally enforceable right to set off the recognised amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.5.7.2 Deferred income tax

Using the balance sheet liability method, deferred income tax is recorded for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts presented in the Statement of Financial Position. Deferred income tax is determined using tax rates valid or substantially enacted for the periods in which the Group expects to realise the deferred tax asset or to settle the deferred tax liability. A deferred tax asset is recognised to the extent it is probable that future taxable profit will be available against which the tax asset can be used.

Deferred income tax is recognised in the Statement of Income, or, as the case may be, in the Statement of Other Comprehensive Income if it relates to an item directly taken into other comprehensive income (such as deferred income tax related to changes in the fair value of financial assets measured at fair value through other comprehensive income or in relation to a cash flow hedge).

The Group offsets deferred income tax assets and deferred income tax liabilities only if it has a legally enforceable right to set off current tax assets against current tax liabilities and if deferred tax assets and deferred tax liabilities relate to income tax levied by the same taxation authority and relate to the same taxable entity.

The largest temporary differences relate to tangible and intangible assets, loans and advances, hedging derivatives, and financial assets measured at fair value through other comprehensive income.

3.5.8 Leases

The Group as lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease (as lessee) and the sublease (as lessor) as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Operating leases

The Group presents assets that are the subject of an operating lease in the appropriate lines within the Statement of Financial Position according to the nature of those assets and uses for them the accounting policies applied to the relevant asset class.

Lease payments received from operating leases are recognised as the Group's income on a straight-line basis over the term of the relevant lease under *'Other income'*.

Finance leases

In respect of assets held under finance leases, the net investment in the lease is recognised as *'Financial assets at amortised cost'* while the assets themselves (or their leased part) are not recognised.

Lease income is recognised over the lease term, reflecting a constant periodic rate of interest on the remaining balance of the receivable, and it is presented in the line *'Interest income'*.

The Group as lessee

In accordance with IFRS 16, from the lessee's point of view, a single on-balance sheet accounting model is used for leases with the optional exceptions for short-term leases and leases of low-value items. The vast majority of lease contracts relates to leases of office buildings and branches.

Initial measurement

At the commencement date of a lease, a right-of-use asset is recognised in the Statement of Financial Position within *'Tangible assets'*, i.e. the line item within which the Group presents underlying assets of the same nature that it owns. Simultaneously, a lease liability is recognised within *'Financial liabilities at amortised cost'* in an amount equal to the present value of the lease payments to be paid over the lease term, discounted at the incremental borrowing rate.

The lease payments considered for the measurement include fixed and variable lease payments based on an index or rate (e.g. inflation indices), plus, where applicable, the funds that are expected to be payable to the lessor under residual value guarantees, purchase options, or early termination penalties. The lease payments are considered net of value-added tax. The lease term determined according to the standard lease contracts comprises the non-cancellable period of a lease, periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option, and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. For lease contracts with an indefinite period of time, the lease term is determined as the expected lease term based on the estimated lease duration.

The contracts may contain both lease and non-lease components, such as supply of additional services. As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components and instead account for lease and associated non-lease components as a single lease component. For these contracts in general, the Group has elected not to use this practical expedient.

Subsequent measurement

For the right-of-use asset, the Group uses similar accounting policies as for its own assets of the same nature. The right-of-use asset is measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurements of the lease liability. The right-of-use asset is depreciated on a straight-line basis over the lease term and the depreciation is reported in the Statement of Income in the line *'Depreciation, amortisation, and impairment of operating assets'*. If the legal ownership of the asset held under a lease is transferred to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects the exercise price of a purchase option, however, the asset is depreciated on a straight-line basis over the useful life of the underlying asset.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The Group divides lease payments between amortisation recognised as a reduction of the outstanding lease liability and a finance charge recognised in the Statement of Income as *'Interest expense'*.

The amount of the lease liability may be adjusted if the lease is amended, the lease term is re-estimated, or to account for contractual changes in future lease payments arising from a change in an index or rate. If the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or it is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions

In cases of certain short-term leases and leases of low-value items, the lease payments are recognised on a straight-line basis over the lease term and presented in the line *'General and administrative expenses'*. Short-term leases are leases with a lease term of 12 months or less. Leases of low-value items relate to leases for which the underlying asset when new is of low value, defined by the Group using a materiality threshold of CZK 100,000 per unit of the leased asset. The low-value exception is applied especially to leases of printing devices.

The Group uses the option allowed by the standard to not apply the provisions of IFRS 16 to intangible assets leases.

3.5.9 Tangible and intangible assets (except goodwill)

Intangible assets principally include software and internally generated intangible assets (mainly software). Tangible assets include plant, property, and equipment that are used by the Group in supplying its services and for administrative purposes and that are used for longer than one reporting period.

Tangible and intangible assets are measured at the historical acquisition cost less accumulated impairment losses (allowances) and, in the case of depreciated assets, less accumulated depreciation and increased by technical improvements, if any. The historical acquisition cost comprises the purchase price and any costs directly attributable to asset acquisition, such as delivery and handling costs, installation and assembly costs, advisory fees, and administrative charges. The acquisition cost of internally generated intangible assets comprises external expenses and internal personnel expenses related to an internal project's development phase. The Group capitalises no expenses related to the research phase.

Tangible and intangible assets are depreciated from their acquisition costs on a straight-line basis over their useful lives. Cars acquired under finance leases are depreciated from acquisition cost less estimated residual value, which is determined on the basis of the purchase price following the expiration of the lease as established in the lease contract. The Group assumes no residual value for other assets. Depreciation and amortisation are reported in the Statement of Income in the line *'Depreciation, amortisation, and impairment of operating assets'*.

The Group does not depreciate land and works of art. Tangible and intangible assets under construction and technical improvements are depreciated only once they have been brought into a condition fit for use.

During the reporting period, the Group used the following useful lives in years:

	2024	2023
Machinery and equipment	4	4
Information technology – notebooks, servers	4/5	4/5
Information technology – desktop computers	6	6
Fixtures, fittings, and equipment	6	6
Vehicles	6	6
ATMs	8	10
Selected equipment of the Group	8	8
Energy machinery and equipment	12/15	12/15
Distribution equipment	20	20
Buildings and structures	40	40
Buildings and structures – selected components:		
– Heating, air-conditioning, windows, doors	20	20
– Lifts, electrical installations	25	25
– Facades	30	30
– Roofs	20	20
– Other components	15	15
– Residual value of buildings and technical improvements without selected components	50	50
Right-of-use assets (leases)	According to the lease term	According to the lease term
Technical improvements on leasehold assets	According to the lease term	According to the lease term
Intangible results of development activities (assets generated internally as component of internal projects)	According to the useful life, typically 5	According to the useful life, typically 5
Licences – software	5	5
Other intangible assets	According to contract	According to contract

At the end of each reporting period, the Group assesses whether there exists any indication that a tangible or intangible asset can be impaired. Indicators of possible impairment include information about a significant decline in an asset's market value; significant changes within the technological, market, economic, or legal environment; obsolescence or physical damage to an asset; or change in the manner in which the asset is used. Where any such indicator exists, the Group estimates the recoverable amount of the asset concerned (i.e. the higher amount of its fair value less costs to sell and value in use in comparison with the asset's carrying value). If the asset's carrying amount is greater than its recoverable amount, the Group reduces its carrying amount to its recoverable amount and presents the recognised impairment loss in the line *'Depreciation, amortisation, and impairment of operating assets'*.

Repairs and maintenance are charged directly to the Statement of Income when they occur.

3.5.10 Goodwill

Recognised goodwill arises on the acquisition of a subsidiary. For subsidiaries acquired until 2010, it represents the excess of the acquisition cost (including acquisition-related costs) for the interest acquired by the Group over the net fair value of the acquired assets, liabilities, and contingent liabilities at the acquisition date. For subsidiaries acquired since 2010, it represents the difference between the fair value of the transferred consideration and the amount of any non-controlling interest measured at the present proportionate share in the recognised amounts of the subsidiary's identifiable net assets at fair value on one side and the net amount of the identifiable assets acquired and the liabilities assumed, both at fair value, on the other side. Acquisition-related costs are recognised in profit or loss.

Goodwill is initially recognised at the cost of acquisition and subsequently at cost net of possible impairment losses. Once recognised, impairment losses on goodwill are not reversed.

The Group tests goodwill for impairment on an annual basis as of 30 September or more frequently if there is an indication that the goodwill may be impaired. If the recoverable amount of the tested cash-generating unit (typically the acquired enterprise taken as a whole) is lower than its carrying value, the Group recognises impairment of the cash-generating unit that is primarily allocated against the goodwill and subsequently against the value of other assets (against other impaired assets and/or on a pro-rata basis).

For the purpose of calculating the recoverable amount, the Group calculates value in use as the present value of the future cash flow to be generated by a cash-generating unit from its continuing use in the business. The Group estimates future cash flow on the basis of a financial plan for the cash-generating unit that is approved by management. Cash flows represent income after tax of cash-generating units available for distribution to owners. The discount rate used is the cost of capital calculated using the capital asset pricing model. This method is based on a risk-free interest rate grossed up by a risk premium determined according to the underlying activities of the cash-generating unit. Inasmuch as all respective subsidiaries are located in the Czech Republic and their functional currency is the Czech crown, no other premium is added. For the period beyond the 3- to 5-year financial plan, the projected cash flows are calculated in perpetuity based on constant cash flows being

the net operating income after taxes and including a steady growth rate derived as an average from the last 3 years of the financial plan. Key assumptions used in the preparation of the financial plan are consistent with market estimations (GDP, interest rate, inflation) and with past experience.

Upon the sale of a subsidiary, the appropriate goodwill balance is reflected in the profit or loss on the sale.

Most acquisitions give rise to positive goodwill. Occasionally, however, the net amount of the identifiable assets acquired and the liabilities assumed both at fair value may exceed the aggregate of the fair value of the transferred consideration and the amount of any non-controlling interest measured at the present proportionate share in the recognised amounts of the subsidiary's identifiable net assets at fair value. The amount is then referred to as gain on bargain purchase (negative goodwill) and the resulting gain is recognised in profit or loss at the acquisition date. Prior to recognising the gain, however, the Group reassesses whether it has correctly identified all of the assets acquired and liabilities assumed and reviews the procedures used for their measurement and the measurement of non-controlling interest in the acquiree and the consideration transferred.

3.5.11 Provisions

Provisions are recognised when and only when:

- The Group has a present obligation (legal or constructive) as a result of a past event;
- It is probable that settlement of the obligation will cause an outflow of resources causing a decrease of economic benefits; and
- A reliable estimate can be made of the amount of the obligation. Provisions for legal disputes are estimated on the basis of the amount sought by the plaintiff, including accrued interest and fees.

Provisions are measured as the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. The discount rate is a pre-tax rate reflecting current market assessments and the risks specific to the liability. Provision increases related to the passage of time are recognised as interest expense.

A provision for restructuring is recognised when the Group has approved a detailed, formal plan for restructuring and the restructuring has either commenced or the main features of the restructuring plan have been announced to those affected before the end of the reporting period. The restructuring provision shall include only the direct expenditures arising from the restructuring which are necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

The Group also recognises provisions for credit-related commitments into which the Group enters in the normal course of business. These credit-related commitments do not meet the criteria for recognition in the Statement of Financial Position and are recorded in the off-balance

sheet. These commitments primarily include guarantees, avals, uncovered letters of credit, irrevocable commitments to extend credit, undrawn loan commitments, and approved overdraft loans. The provisions represent impairment based on expected losses from any potential financial liabilities arising from these credit-related commitments. Provisions for credit-related commitments are created on the same basis as loss allowances for financial assets.

3.5.12 Employee benefits

3.5.12.1 General

The Group provides its employees with retirement benefits and disability benefits. The employees are entitled to receive retirement or disability benefits if they are employed by the Group until their retirement age or if they are entitled to receive a disability pension, but only if they were employed within the Group for a minimum defined period.

Estimated benefit costs are recognised on an accrual basis through a provision over the employment term using an accounting methodology that is similar to the methodology used in respect of defined benefit pension plans. In determining the parameters of the model, the Group refers to the most recent employee data (the length of employment with the Group, age, gender, average salary) and estimates made on the basis of monitored historical data about the Group's employees (expected reduction of the current staffing levels) and other estimates (the amounts of bonuses, anticipated increase in salaries, estimated amounts of social security and health insurance contributions, discount rate).

These provisions are presented in the line *'Provisions'*. The changes in provisions are disaggregated into three components that are presented as follows:

I. Service cost (i.e. additional liability that arises from employees providing service during the period) is presented in the line *'Personnel expenses'*;
II. The interest expense on the net benefit liability is presented in the line *'Personnel expenses'*; and
III. Other changes in the value of the defined benefit obligation, such as changes in estimates, are presented within Other Comprehensive Income in the line *'Remeasurement of retirement benefits plan, net of tax'*.

The use of a provision is presented in the line *'Personnel expenses'*.

The Group additionally provides short-term benefits to its employees, such as contributions to retirement pension insurance and capital life insurance schemes. The Group recognises the costs of these contributions on an accrual basis in the line *'Personnel expenses'* (refer to Note 10).

The Group has the following share plans and deferred compensation schemes:

3.5.12.2 Deferred bonus payments

For employees with material impact on the Group's risk profile, performance-linked remuneration is split into two components: (i) a non-deferred component that is paid in the following year, and (ii) a deferred component that is spread over the following years. The amounts of the two components are further split into bonuses paid in cash and bonuses paid in cash equivalent of the Komerční banka, a.s. share price (indexed bonuses). Both bonuses are subject to presence and performance conditions.

Indexed bonuses qualify as cash-settled share-based transactions. The liability is measured at the end of each reporting period until settled at the fair value of the shares of Komerční banka, a.s. multiplied by the number of shares granted and it is spread over the vesting period.

Deferred cash bonuses (i.e. bonuses paid to employees more than 12 months after the end of the reporting period in which the employees render the related services) are considered as long-term employee benefits and the related expense is recognised over the vesting period in the line *'Personnel expenses'*.

3.5.12.3 Free share plan

To enhance loyalty and motivation to contribute to long-term growth in the value of the Société Générale Group, the Group can award some of its key employees free shares (deferred share plan). These free shares are subject to a vesting condition (i.e. presence in the Group at the end of the vesting period) and for certain beneficiaries are also subject to the condition that Société Générale Group records positive net income.

Expenses related to the deferred share plan provided by Société Générale to the Group's employees are recognised in the Group's financial statements as equity-settled share-based payment transactions. The fair value of these instruments, measured using the arbitrage model at the granting date, is spread over the vesting period and recorded in the lines *'Personnel expenses'* and *'Share premium, funds, retained earnings, revaluation, and net profit for the period'* under equity. At the end of each accounting period, the number of these instruments is adjusted in order to take into account performance and service conditions and adjust the overall cost of the plan as originally determined. Expenses recognised under the *'Personnel expenses'* from the start of the plan are then adjusted accordingly.

3.5.13 Equity

Dividends on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted from equity at the time they are approved by the Bank's General Meeting.

Treasury shares

When the Group acquires its own equity instruments, the consideration paid, including any attributable transaction costs, is recognised as a deduction from the line *'Share premium, funds, retained earnings, revaluation, and net profit for the period'* under equity. Gains and losses on sales of treasury shares are also recognised in equity and presented in the line *'Share premium, funds, retained earnings, revaluation, and net profit for the period'*.

3.5.14 Contingent assets, contingent liabilities, and off-balance sheet items

In addition to transactions giving rise to the recognition of assets and liabilities in the Statement of Financial Position, the Group enters into transactions through which it generates contingent assets and liabilities. The Group maintains contingent assets and liabilities as off-balance sheet items. The Group monitors these transactions inasmuch as they constitute a substantial proportion of its activities and materially impact the level of risks to which the Group is exposed.

A contingent asset or liability is defined as a possible asset or liability that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly under the Group's control.

A contingent liability also exists in the case of a present obligation where an outflow of resources embodying economic benefits probably will not be required to settle the obligation or the amount of the obligation cannot be measured reliably. Contingent liabilities include, for example, irrevocable loan commitments, commitments arising from bank guarantees, bank acceptances, letters of credit, and warrants.

In addition to contingent assets and contingent liabilities, the off-balance sheet includes assets arising from valuables and securities custody as well as from fiduciary activities and related obligations to return these to customers (e.g. assets under management).

Off-balance sheet items also include nominal values of interest and foreign currency instruments, such as forwards, swaps, options, and futures. More information regarding derivative operations is presented in Note 3.5.5.4.3 Derivatives and hedge accounting.

3.5.15 Operating segments

Operating segments are reported in accordance with internal reports regularly prepared and presented to the Bank's Board of Directors, which is considered the "chief operating decision maker" (i.e. a person or group of persons that allocates resources and assesses the performance of individual operating segments of the Group).

The Group has the following operating segments:

- Retail Banking: includes the provision of products and services to individuals (i.e. predominantly current and savings accounts, term deposits, building savings, pension insurance, overdrafts, credit card loans, personal loans, and mortgages);

- Corporate Banking: includes the provision of products and services to corporate entities (i.e. current accounts, term deposits, revolving loans, business loans, mortgages, leases, foreign currency and derivative products, syndicated and export financing, and guarantee transactions);
- Investment Banking: involves trading in financial instruments; and
- Other: consists of the head office of the Bank.

The Investment Banking segment does not reach quantitative limits for obligatory reporting. The management of the Group nevertheless believes that the information concerning this segment is useful for users of the Financial Statements and thus reports this segment separately.

As the principal activity of the Group is the provision of financial services, the Board of Directors of the Bank assesses the performance of operating segments predominantly according to net interest income. For this reason, interest income and interest expense of individual operating segments are reported not separately but on a net basis.

In addition, the Group monitors net fee and commission income, net profit/(loss) on financial operations, and other income predominantly including income from the lease of non-residential premises by segments. Other profit and loss items are not monitored by operating segments.

The Group does not monitor total assets or total liabilities by segment.

The information on the items of net operating income is provided to the Board of Directors of the Bank using valuations identical to those stated in the Group's financial accounting records.

The Group has no client or group of related parties for which the income from transactions would account for more than 10% of the Group's total income.

3.5.16 Regulatory requirements

The Group is subject to regulatory requirements of the CNB and other institutions. These regulations include limits and other restrictions pertaining to minimum capital adequacy requirements, classification of loans and off-balance sheet commitments, and creation of allowances and provisions to cover credit risk associated with the Group's clients, as well as with its liquidity, interest rate, and foreign currency positions.

4 Segment reporting

	Retail banking		Corporate banking		Investment banking		Other		Total	
(CZKm)	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Net interest income	12,391	12,775	9,592	9,460	1,991	2,462	1,304	898	25,278	25,595
Net fee and commission income	5,205	4,662	2,091	1,820	155	22	(160)	(90)	7,291	6,414
Net profit/(loss) on financial operations	1,843	1,567	2,060	2,396	(1,504)	(1,702)	1,432	1,571	3,831	3,832
Dividend income	0	0	0	0	0	0	56	0	56	0
Other income	315	151	8	(79)	1	157	6	129	330	358
Net operating income	**19,754**	**19,155**	**13,751**	**13,597**	**643**	**939**	**2,638**	**2,508**	**36,786**	**36,199**

Given the specifics of banking activities, the Board of Directors of the Bank (the chief operating decision-maker) is provided with information on income, recognition of allowances, write-offs, and income tax only for selected segments, rather than consistently for all segments. For this reason, this information is not reported for segments.

As most of the income of segments arises from interest, and, in assessing the performance of segments and deciding on the allocation of resources for segments, the Board of Directors primarily refers to net interest income, the interest for segments is reported on a net basis (i.e. reduced by interest expense).

Transfer prices between operating segments are based on transfer interest rates representing actual market interest rate conditions, including a liquidity component reflecting the existing opportunities to acquire and invest financial resources.

The Group's income is primarily – more than 95% (2023: almost 96%) – generated on the territory of the Czech Republic.

5 Net interest income

Net interest income comprises the following:

(CZKm)	2024	2023
Interest income	115,337	119,128
Interest expense	(90,059)	(93,533)
Net interest income	**25,278**	**25,595**
Of which net interest income from		
• Loans and advances at amortised cost	68,024	66,139
• Debt securities at amortised cost	4,697	4,407
– Debt securities at fair value through other comprehensive income	201	441
• Financial liabilities at amortised cost	(41,387)	(38,798)
• Hedging financial derivatives – income	42,348	48,103
• Hedging financial derivatives – expense	(48,605)	(54,697)

Note: Net interest income is calculated by applying the effective interest rate method, except that in the case of hedging derivatives the contractual interest rate of the corresponding derivative is used and in the case of lease liability the contractual rate also is used.

'Interest income' includes interest on Stage 3 loans due from customers of CZK 594 million (2023: CZK 589 million).

In both 2024 and 2023, the Group recorded as part of *'Net interest income'* also negative interest income and expense from selected clients' deposits in selected currencies, from selected repo transactions, loro and nostro accounts, and margin accounts deposited at banks. The total amount recognised is not material.

'Interest income' includes interest income on the sublease of right-of-use assets in the amount of CZK 0 million (2023: CZK 0 million). *'Interest expense'* includes interest expense on lease liabilities in the amount of CZK 75 million (2023: CZK 63 million).

In 2022, the Group incurred the costs of provisions in the amount of CZK 70 million to cover potential compensations that would be paid to clients as reimbursement of sanctions for early repayment of mortgages (purposefully incurred costs). In 2023, the provisions were used and released in the amount of CZK 24 million; in 2024, the Group released remaining amount of CZK 46 million.

6 Net fee and commission income

Net fee and commission income comprises the following:

(CZKm)	2024	2023
Deposit product fee and commission income	911	924
Loan fee and commission income	670	669
Transaction fee and commission income	2,437	2,372
Cross-selling fee income	2,920	2,385
Specialised financial services fee and commission income	1,880	1,401
Other fee and commission income	221	216
Total fee and commission income	**9,039**	**7,967**
Deposit product fee and commission expense	(191)	(120)
Loan fee and commission expense	(226)	(238)
Transaction fee and commission expense	(594)	(556)
Cross-selling fee expense	(325)	(270)
Specialised financial services fee and commission expense	(308)	(260)
Other fee and commission expense	(104)	(109)
Total fee and commission expenses	**(1,748)**	**(1,553)**
Total net fee and commission income	**7,291**	**6,414**

Note: Fees for specialised financial services include income from services provided by the Group and related expenses, mainly in the areas of trade finance, guarantee issuance, debt capital markets including loan syndication and bond issuance, custody and depository services in relation to investment instruments, and other services of investment banking and private banking to the extent that they are not included in other fee and commission categories.

'Net fee and commission income' comprises fee income arising from trust and other fiduciary activities and depository services in the amount of CZK 1,202 million (2023: CZK 946 million) and fee expense for these services in the amount of CZK 182 million (2023: CZK 148 million).

'Net fee and commission income' includes fee income for guarantees provided in the amount of CZK 560 million (2023: CZK 563 million).

7 Net profit/(loss) on financial operations

Net profit/(loss) on financial operations comprises the following:

(CZKm)	2024	2023
Net realised gains/(losses) on securities held for trading	931	578
Net unrealised gains/(losses) on securities held for trading	(1,038)	(698)
Net realised gains/(losses) on debt securities at FVOCI	1	294
Net realised gains/(losses) on disposal of debt securities at amortised cost	0	4
Net realised and unrealised gains/(losses) on security derivatives	37	2
Net realised and unrealised gains/(losses) on interest rate derivatives	275	592
Net realised and unrealised gains/(losses) on foreign exchange operations	2,628	2,171
Net realised gains/(losses) on foreign exchange from payments	997	889
Total net profit/(loss) on financial operations	**3,831**	**3,832**

A gain of CZK 3,981 million (2023: gain of CZK 5,418 million) on the fair value of interest rate swaps for interest rate risk hedging is included in *'Net realised and unrealised gains/(losses) on interest rate derivatives'*. This amount matches the loss arising from the revaluation of hedged loan receivables, debt securities, deposits or repos, and issued mortgage bonds reported in the same line.

8 Dividend income

'Dividend income' includes dividends received from other financial investments of CZK 56 million (2023: CZK 0 million).

9 Other income

The Group reports *'Other income'* in the amount of CZK 330 million (2023: CZK 358 million). In both 2024 and 2023, *'Other income'* was predominantly composed of other income from bank products, income from services provided to Société Générale Group entities, as well as income from non-banking activities.

10 Personnel expenses

Personnel expenses comprise the following:

(CZKm)	2024	2023
Wages, salaries, and bonuses	6,234	5,942
Social costs	2,497	2,393
Total personnel expenses	**8,731**	**8,335**
Physical number of employees at the end of the period	7,943	8,162
– of which employees working on agreements	466	438
Average recalculated number of employees during the period	7,618	7,695
– of which employees working on agreements	162	150
Average cost per employee (CZK)	**1,146,101**	**1,083,171**

'Social costs' include costs of CZK 138 million (2023: CZK 128 million) paid by the Group to the employees' retirement pension insurance scheme and costs of CZK 21 million (2023: CZK 24 million) incurred in contributing to the employees' capital life insurance scheme.

'Personnel expenses' include net expense of CZK 2 million (2023: CZK 0 million) related to the provision for restructuring. This provision includes a charge in the amount of CZK 19 million (2023: CZK 0 million) and release and use in the amount of CZK 17 million (2023: CZK 0 million). Further information is presented in Note 32.

Indexed bonuses

In 2024, the total amount relating to bonuses indexed on the Komerční banka and the Société Générale share price recognised in *'Personnel expenses'* was CZK 46 million (2023: CZK 47 million) and the total amount of CZK 118 million (2023: CZK 108 million) was recognised as a liability. These amounts do not include the costs of social and health insurance and retirement pension insurance paid by the Group. Net profit from hedging indexed bonuses by fair value hedge and cash flow hedge derivatives was CZK 15 million (2023: net profit of CZK 12 million). The total number of Komerční banka and the Société Générale shares according to which bonuses indexed on the Komerční banka and the Société Générale share price are calculated is 223,908 shares (2023: 221,367 shares).

Changes in the numbers of Komerční banka and Société Générale shares were as follow:

	2024		2023	
(in shares)	KB shares	SG shares	KB shares	SG shares
Balance as of 1 January	**219,182**	**2,185**	**185,715**	**0**
Paid out during the period	(102,802)	0	(49,672)	0
Presumed number of newly guaranteed shares	103,932	1,411	83,139	2,185
Balance as of 31 December	**220,312**	**3,596**	**219,182**	**2,185**

Free shares and deferred share plans

For 2024, the total amount relating to the free shares programme and deferred share plans recognised in *'Personnel expenses'* was CZK 22 million (2023: CZK 21 million).

Changes in the numbers of Société Générale shares were as follow:

	2024		2023	
(in shares; EUR)	Number of shares	Average price	Number of shares	Average price
Balance as of 1 January	**133,840**	**20.57**	**130,551**	**16.57**
Granted during the year	55,409	19.46	45,696	23.97
Forfeited during the year	(4,868)	20.48	(3,200)	20.19
Exercised during the year	(47,289)	18.74	(39,207)	11.26
Balance as of 31 December	**137,092**	**20.75**	**133,840**	**20.57**

11 General and administrative expenses

General and administrative expenses comprise the following:

(CZKm)	2024	2023
Insurance	92	94
Marketing and representation	633	661
Selling and banking products expenses	325	328
Other employees' expenses and travelling	149	137
Real estate expenses	622	685
IT support	1,658	1,553
Equipment and supplies	90	99
Telecommunications, postage, and data transfer	201	218
External consultancy and other services	533	430
Resolution and similar funds	806	1,292
Other expenses	68	96
Total general and administrative expenses	**5,177**	**5,593**

'General and administrative expenses' include the expenses related to leases for which the exemptions from IFRS 16 were applied and also variable lease payment expenses which are not included in the lease liabilities.

Lease payment expenses were as follow:

				2024				2023
(CZKm)	Properties	Hardware	Other	Total	Properties	Hardware	Other	Total
Short-term leases	24	0	0	24	34	0	0	34
Low-value assets (excluding short-term leases)	0	20	2	22	0	19	2	21
Variable lease payment expenses not included in lease liabilities	0	0	0	0	0	0	0	0

12 Depreciation, amortisation, and impairment of operating assets

Depreciation, amortisation, and impairment of operating assets comprise the following:

(CZKm)	2024	2023
Depreciation and amortisation of tangible and intangible assets (refer to Notes 25 and 26)	3,817	3,393
Impairment of operating assets	0	0
Total depreciation, amortisation, and impairment of operating assets	**3,817**	**3,393**

Depreciation of right-of-use assets according to the underlying asset:

(CZKm)	2024	2023
Real estate*	399	402
Hardware	3	3
Other	32	28
Total depreciation of right-of-use assets	**434**	**433**

* The item 'Real estate' includes also ATMs.

13 Cost of risk

The net loss in *'Cost of risk'* totalling CZK 993 million (2023: CZK 14 million) includes a net loss from allowances and provisions in the amount of CZK 1,022 million (2023: CZK 120 million) and a net gain from loans and advances transferred and written off in the amount of CZK 29 million (2023: CZK 106 million).

The balances and movements of allowances and provisions for loans and advances and for debt securities as of 31 December 2024 were as follow:

(CZKm)	As of 1 Jan 2024	Increase due to origin	Decrease due to derecognition*	Change of credit risk (net)	Change of estimation (net)***	Decrease due to write-off	Other**	As of 31 Dec 2024
Allowances for financial assets (Stage 1)	(1,544)	(910)	690	274	0	0	(95)	(1,585)
– Debt securities	(27)	0	1	(3)	0	0	(1)	(30)
– Loans and advances	(1,517)	(910)	689	277	0	0	(94)	(1,555)
Allowances for financial assets (Stage 2)	(4,146)	0	379	(478)	0	0	57	(4,188)
– Debt securities	(753)	0	0	4	0	0	0	(749)
– Loans and advances	(3,393)	0	379	(482)	0	0	57	(3,439)
Allowances for financial assets (Stage 3)	(7,200)	0	768	(1,702)	0	868	(15)	(7,281)
– Debt securities	0	0	0	0	0	0	0	0
– Loans and advances	(7,200)	0	768	(1,702)	0	868	(15)	(7,281)
Total allowances for financial assets (refer to Notes 22 and 42)	**(12,890)**	**(910)**	**1,837**	**(1,906)**	**0**	**868**	**(53)**	**(13,054)**
Provisions for guarantees and other credit-related commitments (Stage 1)	(218)	(216)	12	203	0	0	(5)	(224)
Provisions for guarantees and other credit-related commitments (Stage 2)	(176)	0	1	(29)	0	0	(1)	(205)
Provisions for guarantees and other credit-related commitments (Stage 3)	(253)	0	2	108	0	0	0	(143)
Total provisions for guarantees and other credit-related commitments (refer to Note 32)	**(647)**	**(216)**	**15**	**282**	**0**	**0**	**(6)**	**(572)**

* This item includes changes in allowances due to full derecognition of financial assets for reasons other than write-offs (e.g. transfers to third parties or expiration of contractual rights but including only full repayments; partial repayments are presented in the item 'Change of credit risk (net)'). For off-balance sheet exposures, this item also includes decreases in impairment due to an off-balance sheet item's becoming an on-balance sheet asset.

** This item includes mainly changes in allowances as a result of FX translation.

*** This item includes changes in allowances due to parametric adjustments of Staging rules.

The balances and movements of allowances and provisions for loans and advances and for debt securities as of 31 December 2023 were as follow:

(CZKm)	As of 1 Jan 2023	Increase due to origin	Decrease due to derecognition*	Change of credit risk (net)	Change of estimation (net)***	Decrease due to write-off	Other**	As of 31 Dec 2023
Allowances for financial assets (Stage 1)	(1,611)	(874)	636	274	43	0	(12)	(1,544)
– Debt securities	(26)	0	0	(1)	0	0	0	(27)
– Loans and advances	(1,585)	(874)	636	275	43	0	(12)	(1,517)
Allowances for financial assets (Stage 2)	(3,020)	0	147	(1,185)	(73)	1	(16)	(4,146)
– Debt securities	(49)	0	0	(704)	0	0	0	(753)
– Loans and advances	(2,971)	0	147	(481)	(73)	1	(16)	(3,393)
Allowances for financial assets (Stage 3)	(9,389)	0	832	(16)	0	1,418	(45)	(7,200)
– Debt securities	0	0	0	0	0	0	0	0
– Loans and advances	(9,389)	0	832	(16)	0	1,418	(45)	(7,200)
Total allowances for financial assets (refer to Notes 22 and 42)	**(14,020)**	**(874)**	**1,615**	**(927)**	**(30)**	**1,419**	**(73)**	**(12,890)**
Provisions for guarantees and other credit-related commitments (Stage 1)	(325)	(197)	12	288	5	0	(1)	(218)
Provisions for guarantees and other credit-related commitments (Stage 2)	(176)	0	4	15	(17)	0	(2)	(176)
Provisions for guarantees and other credit-related commitments (Stage 3)	(430)	0	9	167	0	0	1	(253)
Total provisions for guarantees and other credit-related commitments (refer to Note 32)	**(931)**	**(197)**	**25**	**470**	**(12)**	**0**	**(2)**	**(647)**

* This item includes changes in allowances due to full derecognition of financial assets for reasons other than write-offs (e.g. transfers to third parties or expiration of contractual rights but including only full repayments; partial repayments are presented in the item 'Change of credit risk (net)'). For off-balance sheet exposures, this item also includes decreases in impairment due to an off-balance sheet item's becoming an on-balance sheet asset.

** This item includes mainly changes in allowances as a result of FX translation.

*** This item includes changes in allowances due to parametric adjustments of Staging rules.

14 Net profits on other assets

Net profits on other assets comprise the following:

(CZKm)	2024	2023
Net profits/(losses) from sale of buildings	1	(6)
Net profits/(losses) from impairment on assets held for sale	16	13
Net profits/(losses) from sale-and-lease-back transactions	(1)	0
Net profits/(losses) from sale/disposal of other assets *	2,313	(94)
Total net profits on other assets	**2,329**	**(87)**

* This Item in 2024 includes net profit from one-off sale of subsidiary VN42, the sale price was CZK 3 532 million.

15 Income tax

The major components of corporate income tax expense are as follow:

(CZKm)	2024	2023
Tax payable – current year, reported in profit or loss	(3,265)	(3,479)
Tax from previous years	72	22
Deferred tax (refer to Note 33)	174	169
Additional levy on profit	(101)	0
Total income tax	**(3,120)**	**(3,288)**

The tax receivable/payable is presented in the Statement of Financial Position in assets on line *'Current tax assets'* and in liabilities on line *'Current tax liabilities'*.

The items explaining the difference between the Group's theoretical and effective tax rates are as follow:

(CZKm)	2024	2023
Profit before income tax	**20,527**	**19,107**
Theoretical tax calculated at a tax rate of 21% (2023: 19%)	4,311	3,630
Tax on pre-tax profit adjustments	(2)	105
Non-taxable income (tax effect)	(3,175)	(2,072)
Expenses not deductible for tax purposes (tax effect)	2,063	1,907
Use of tax losses carried forward	0	(4)
Tax allowance	(3)	(3)
Movement in deferred tax	(174)	(169)
Other	138	(11)
Impact of various tax rates of subsidiary undertakings	(13)	(11)
Tax effect of share of profits of associated undertakings	(54)	(62)
Income tax expense	**3,091**	**3,310**
Tax from previous years	(72)	(22)
Additional levy on profit	101	0
Total income tax	**3,120**	**3,288**
Effective tax rate	15.20%	17.21%

Non-taxable income primarily includes tax-free dividends, tax-free government securities, and the release of tax non-deductible allowances and provisions, and income from one-off sale of subsidiary VN 42. Expenses not deductible for tax purposes include primarily the recognition of tax non-deductible allowances and provisions and tax non-deductible operating expenses. Tax on pre-tax profit adjustments primarily represents an adjustment of the IFRS result to Czech Accounting Standards (CAS).

On 31 December 2023, Act No. 235/2012 Coll. on a special levy on business in regulated industries was amended in the Slovak Republic. Based on this amendment, the Slovak branch of Komerční banka, a.s. is obliged from 2024 to pay an additional levy on profit. The corporate income tax was thus increased in 2024 by an additional levy of 30% from the accounting result of the Slovak branch. In subsequent years, the levy will be calculated by a gradually decreasing rate.

The corporate tax rate for the year ended 31 December 2024 is 21% (2023: 19%). The Group's tax liability is calculated based upon the accounting profit while taking into account tax non-deductible expenses and tax-exempt income or income subject to a final withholding tax rate. Year-on-year decrease of the effective tax rate is caused mainly by the one-off sale of subsidiary VN 42.

In relation to the interpretation of IFRIC 23, the Group considers it probable that the relevant authority will accept each tax treatment that the Group used or plans to use in its income tax filing.

Further information about deferred tax is presented in Note 33.

As of 1 January 2024, there came into effect the new Act No. 416/2023 Coll. on compensatory taxes for large multinational groups and large national groups. On the basis of this new legislation, the Group becomes a payer of the compensatory tax. Submission of the first information overview and possible filing for this tax to the tax administrator for the year 2024 will take place in 2025. The tax liability of the accounting unit in connection with the compensatory tax for the year 2024 is assumed to be zero because the aggregate effective tax rate for the SG Group companies in the Czech Republic calculated for the purposes of the top-up tax exceeds the minimum 15%. In assessing the impacts, the Group considered the results for 2023, estimates and budgeted indicators for 2024, as well as the increase in the corporate income tax rate from 1 January 2024 to 21% from the current 19%.

16 Distribution of net profit

For the year ended 31 December 2024, the Group generated a net profit of CZK 17,407 million (2023: CZK 15,819 million). Distribution of the net profit for the year ended 31 December 2024 will be approved by the general meetings of Group companies. The Bank's Board of Directors will propose to the Supervisory Board a dividend payment for 2024 in the amount of CZK 91.30 per share (2023: CZK 82.66 per share), which means a total of CZK 17,351 million (2023: CZK 15,709 million). The proposal is subject to the Supervisory Board's approval and subsequently to approval of the General Shareholders' Meeting.

In accordance with a resolution of the General Shareholders' Meeting held on 24 April 2024, the aggregate balance of the net profit of CZK 15,819 million for the year ended 31 December 2023 was allocated as follows: CZK 15,709 million was paid out in dividends and the remaining balance of the net profit was allocated to retained earnings. The dividends were paid out in Czech crowns.

Moreover, the Group paid out CZK 15 million in dividends to non-controlling owners of ESSOX s.r.o. (2023: CZK 56 million) and CZK 0 million to non-controlling owners of SG Equipment Finance Czech Republic s.r.o. (2023: CZK 161 million).

17 Earnings per share

Earnings per share of CZK 91.30 (2023: CZK 82.67 per share) have been calculated by dividing the net profit attributable to the Group's equity holders of CZK 17,243 million (2023: CZK 15,612 million) by the number of shares in issue, that is, 190,049,260, decreased by the average number of treasury shares held by the Group during the period, which was 1,193,360 (2023: 1,193,360 shares).

18 Cash and current balances with central banks

Cash and current balances with central banks comprise the following:

(CZKm)	31 Dec 2024	31 Dec 2023
Cash and cash values	8,572	8,305
Current balances with central banks	64,384	4,530
Total cash and current balances with central banks (refer to Note 36)	**72,956**	**12,835**

Obligatory minimum reserves in the amount of CZK 11,457 million (2023: CZK 3,819 million) are included in *'Current balances with central banks'*. As of 31 December 2024, the interest rate was 0.00% (2023: 0.00%) in the Czech Republic and 0.00% (2023: 0.00%) in the Slovak Republic. With effect from 5 October 2023 in the Czech Republic and from 20 September 2023 in the Slovak Republic, obligatory minimum reserves no longer earn interest.

19 Financial assets and other assets held for trading at fair value through profit or loss

Financial assets held for trading at fair value through profit or loss comprise the following:

(CZKm)	31 Dec 2024	31 Dec 2023
Trading debt securities	19,622	19,621
Trading derivatives	22,168	28,843
Total financial assets held for trading at fair value through profit or loss	**41,790**	**48,464**

As of 31 December 2024 and 2023, the *'Financial assets held for trading at fair value through profit or loss'* portfolio included only securities and positive fair values of derivative financial instruments held for trading. Upon initial recognition, the Group has not designated any financial assets as *'Financial assets held for trading at fair value through profit or loss'*.

For detailed information on *'Trading debt securities'*, allocated by sector and currency, refer to Note 43(A).

For detailed information on derivative financial instruments included in the held for trading portfolio, refer to Note 43(C).

As of 31 December 2024, the portfolio of trading securities included securities at fair value of CZK 19,622 million (2023: CZK 19,621 million) that are publicly traded on stock exchanges and securities at fair value of CZK 0 million (2023: CZK 0 million) that are not publicly traded on stock exchanges (rather are traded on the interbank market).

'Trading debt securities' include securities used as collateral for borrowing securities at fair value of CZK 10,893 million (2023: CZK 11,345 million).

'Trading debt securities' include securities eligible for refinancing with central banks at fair value of CZK 8,696 million (2023: CZK 8,264 million).

20 Non-trading financial assets at fair value through profit or loss

As of 31 December 2024, the '*Non-trading financial assets at fair value through profit or loss*' portfolio includes financial assets at fair value of CZK 0 million (2023: CZK 0 million) provided to non-financial corporations, which were fully repaid during 2023.

21 Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income comprise the following:

(CZKm)	31 Dec 2024	31 Dec 2023
Equity instruments at FVOCI	53	53
Debt securities at FVOCI	11,258	16,730
Total financial assets at fair value through other comprehensive income	**11,311**	**16,783**

In 2023, the Group decided to divest part of its Hold to Collect and Sale portfolio in order to improve stability and predictability of the capital adequacy ratio over time.

As of 31 December 2024, the '*Financial assets at fair value through other comprehensive income*' portfolio included mainly the equity interest in Bankovní identita, a.s. at fair value of CZK 44 million (2023: CZK 44 million).

For more-detailed information on *'Debt securities'*, allocated by sector and currency, refer to Note 43(A).

As of 31 December 2024, the *'Financial assets at fair value through other comprehensive income'* portfolio included securities at fair value of CZK 11,259 million (2023: CZK 16,731 million) that are publicly traded on stock exchanges.

'Debt securities at FVOCI' include securities eligible for refinancing with central banks at fair value of CZK 11,258 million (2023: CZK 16,730 million).

As of 31 December 2024, the *'Financial assets at fair value through other comprehensive income'* portfolio included bonds at fair value of CZK 801 million (2023: CZK 746 million) that are used as collateral for intraday facilities in central banks.

As of 31 December 2024, the *'Financial assets at fair value through other comprehensive income'* portfolio included bonds at fair value of CZK 2,644 million (2023: CZK 4,673 million) that are used as collateral for derivative deals with a central counterparty. The central counterparty is LCH.Clearnet SA. The Group uses Société Générale International Limited as a related broker.

22 Financial assets at amortised cost

Financial assets at amortised cost comprise the following:

(CZKm)	31 Dec 2024	31 Dec 2023
Loans and advances to banks	335,834	411,644
Loans and advances to customers	853,022	833,542
Debt securities	182,874	152,237
Total financial assets at amortised cost	**1,371,730**	**1,397,423**

For detailed information on *'Debt securities'*, allocated by sector and currency, refer to Note 43(A).

As of 31 December 2024, the *'Financial assets at amortised cost'* portfolio includes debt securities in the amount of CZK 182,770 million (2023: CZK 152,104 million) that are publicly traded on stock exchanges and debt securities in the amount of CZK 104 million (2023: CZK 133 million) that are not publicly traded.

'Debt securities' include securities eligible for refinancing with central banks in the amount of CZK 178,175 million (2023: CZK 148,562 million).

As of 31 December 2024, the '*Financial assets at amortised cost*' portfolio includes mortgage loans, which are allocated in the cover pool of mortgage bonds (refer to Note 30) with the identifier "Komerční_banka_HZL_0000" in the amount of CZK 5,085 million (2023: CZK 8,091 million)

and in the cover pool with the identifier “Komerční_banka_HZL_EUR_0001” in the amount of CZK 15,309 million (2023: CZK 15,323 million). The cover pool “Komerční_banka_HZL_EUR_0001” includes a government bond with a nominal value of CZK 200 million (2023: CZK 200 million).

As of 31 December 2024, the ‘Financial assets at amortised cost’ portfolio includes bonds with a carrying amount of CZK 339 million (2023: CZK 0 million), which are used as collateral for capital market transactions in the EuroClear settlement centre.

As of 31 December 2024, the *‘Financial assets at amortised cost’* portfolio includes bonds with a carrying amount of CZK 3,330 million (2023: CZK 0 million), which are used as collateral for derivative deals with a central counterparty. The central counterparty is LCH.Clearnet SA. The Group uses Société Générale International Limited as a related broker.

As of 31 December 2024, the *‘Financial assets at amortised cost’* portfolio includes bonds with a carrying amount of CZK 12,449 million (2023: CZK 0 million), which are used as collateral for repurchase agreements on securities.

As of 31 December 2024, ‘Financial assets at amortised cost’ comprise the following, as broken down by Staging:

	Gross carrying value				Allowances				
(CZKm)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Carrying value
Central banks	293,209	0	0	293,209	0	0	0	0	293,209
General governments	33,689	8	12	33,709	(7)	0	(12)	(19)	33,690
Credit institutions	42,590	19	19	42,628	0	(2)	(1)	(3)	42,625
Other financial corporations	64,865	718	125	65,708	(111)	(39)	(39)	(189)	65,519
Non-financial corporations	289,624	28,237	9,918	327,779	(1,114)	(2,382)	(4,194)	(7,690)	320,089
Households*	339,092	92,582	6,424	438,098	(323)	(1,016)	(3,035)	(4,374)	433,724
Total loans	**1,063,069**	**121,564**	**16,498**	**1,201,131**	**(1,555)**	**(3,439)**	**(7,281)**	**(12,275)**	**1,188,856**
Central banks	0	0	0	0	0	0	0	0	0
General governments	176,335	0	0	176,335	(27)	0	0	(27)	176,308
Credit institutions	0	0	0	0	0	0	0	0	0
Other financial corporations	96	0	0	96	0	0	0	0	96
Non-financial corporations	5,469	1,751	0	7,220	(1)	(749)	0	(750)	6,470
Total debt securities	**181,900**	**1,751**	**0**	**183,651**	**(28)**	**(749)**	**0**	**(777)**	**182,874**

* This item also includes loans granted to individual entrepreneurs.

As of 31 December 2023, 'Financial assets at amortised cost' comprise the following, as broken down by Staging:

	Gross carrying value				Allowances				
(CZKm)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Carrying value
Central banks	369,296	0	0	369,296	0	0	0	0	369,296
General governments	33,233	0	52	33,285	(8)	0	(17)	(25)	33,260
Credit institutions	42,174	178	0	42,352	0	(4)	0	(4)	42,348
Other financial corporations	74,711	293	121	75,125	(133)	(39)	(9)	(181)	74,944
Non-financial corporations	279,640	26,533	8,839	315,012	(1,088)	(2,282)	(4,199)	(7,569)	307,443
Households*	322,557	93,396	6,273	422,226	(288)	(1,068)	(2,975)	(4,331)	417,895
Total loans	**1,121,611**	**120,400**	**15,285**	**1,257,296**	**(1,517)**	**(3,393)**	**(7,200)**	**(12,110)**	**1,245,186**
Central banks	0	0	0	0	0	0	0	0	0
General governments	148,689	0	0	148,689	(24)	0	0	(24)	148,665
Credit institutions	0	0	0	0	0	0	0	0	0
Other financial corporations	1,796	0	0	1,796	0	0	0	0	1,796
Non-financial corporations	764	1,765	0	2,529	0	(753)	0	(753)	1,776
Total debt securities	**151,249**	**1,765**	**0**	**153,014**	**(24)**	**(753)**	**0**	**(777)**	**152,237**

* This item also includes loans granted to individual entrepreneurs.

For the year ended 31 December 2024, the transfers between Stages were as follow:

	Gross carrying value					
(CZKm)	From Stage 1 to Stage 2	From Stage 2 to Stage 1	From Stage 2 to Stage 3	From Stage 3 to Stage 2	From Stage 1 to Stage 3	From Stage 3 to Stage 1
Central banks	0	0	0	0	0	0
General governments	8	0	0	0	0	0
Credit institutions	0	0	19	0	0	0
Other financial corporations	482	151	107	95	14	0
Non-financial corporations	12,588	3,858	2,466	479	1,803	364
Households*	21,396	11,694	1,113	647	948	90
Total loans	**34,474**	**15,703**	**3,705**	**1,221**	**2,765**	**454**
Central banks	0	0	0	0	0	0
General governments	0	0	0	0	0	0
Credit institutions	0	0	0	0	0	0
Other financial corporations	0	0	0	0	0	0
Non-financial corporations	0	0	0	0	0	0
Total debt securities	**0**	**0**	**0**	**0**	**0**	**0**
Total guarantees and other credit-related commitments	**4,329**	**1,957**	**30**	**280**	**73**	**8**

* This item also includes loans granted to individual entrepreneurs.

Note: Reported are exposures that are in a Stage as of the date of the financial statements different from that where they were initially staged (i.e. from the Stage as of the beginning of the period or at their initial recognition). Exposures that had changed Stage multiple times are reported as having been transferred from their initial Stage to the Stage in which they are reported as of the date of the financial statements.

For the year ended 31 December 2023, the transfers between Stages were as follow:

						Gross carrying value
(CZKm)	From Stage 1 to Stage 2	From Stage 2 to Stage 1	From Stage 2 to Stage 3	From Stage 3 to Stage 2	From Stage 1 to Stage 3	From Stage 3 to Stage 1
Central banks	0	0	0	0	0	0
General governments	0	0	0	0	0	0
Credit institutions	0	0	0	31	0	0
Other financial corporations	10	2	0	0	1	0
Non-financial corporations	8,624	6,518	934	974	760	142
Households*	29,814	7,737	1,001	570	997	98
Total loans	**38,448**	**14,257**	**1,935**	**1,575**	**1,758**	**240**
Central banks	0	0	0	0	0	0
General governments	0	0	0	0	0	0
Credit institutions	0	0	0	0	0	0
Other financial corporations	0	0	0	0	0	0
Non-financial corporations	0	0	0	0	0	0
Total debt securities	**0**	**0**	**0**	**0**	**0**	**0**
Total guarantees and other credit-related commitments	**8,048**	**1,493**	**31**	**68**	**78**	**20**

* This item also includes loans granted to individual entrepreneurs.

Note: Reported are exposures that are in a Stage as of the date of the financial statements different from that where they were initially staged (i.e. from the Stage as of the beginning of the period or at their initial recognition). Exposures that had changed Stage multiple times are reported as having been transferred from their initial Stage to the Stage in which they are reported as of the date of the financial statements.

Set out below is a breakdown of loans and advances to non-financial corporations by sector:

(CZKm)	31 Dec 2024	31 Dec 2023
Agriculture, forestry, and fishing	15,605	14,529
Mining and quarrying	882	926
Manufacturing	72,847	73,346
Electricity, gas, steam, and air conditioning supply	18,061	22,652
Water supply, sewerage, waste management, and remediation activities	4,636	4,376
Construction	15,984	15,931
Wholesale and retail	57,904	61,124
Transportation and storage	20,679	17,742
Accommodation and food service activities	2,110	1,890
Information and communication	7,623	6,003
Real estate activities	70,144	65,740
Professional, scientific, and technical activities	12,465	8,621
Administrative and support service activities	11,276	9,099
Public administration and defence, compulsory social security	1,138	479
Education	332	328
Health care and social work activities	3,923	3,601
Arts, entertainment, and recreational activities	8,504	5,000
Other activities	3,666	3,625
Total loans and advances to non-financial corporations	**327,779**	**315,012**

Exposure to the automotive industry and related suppliers is CZK 14,216 million (2023: CZK 15,723 million).

The majority of loans – more than 94% (2023: more than 93%) – were provided to entities on the territory of the Czech Republic.

As of 31 December 2024, loans and advances to customers included accrued interest of CZK 2,201 million (2023: CZK 2,389 million), of which CZK 333 million (2023: CZK 365 million) relates to interest from overdue advances.

'Financial assets at amortised cost' includes CZK 25,167 million (2023: CZK 24,627 million) provided as cash collateral linked to derivative operations.

The total amount of loans due from the CNB and other banks under reverse repurchase transactions was CZK 292,907 million (2023: CZK 366,364 million).

Loans due from the CNB and other banks under reverse repurchase transactions are collateralised by treasury bills issued by the CNB and other debt securities, the fair values of which are as follow:

(CZKm)	31 Dec 2024	31 Dec 2023
Treasury bills	284,673	361,216
Debt securities issued by state institutions	2,919	0
Total	**287,592**	**361,216**

As of 31 December 2024, loans provided to customers under reverse repurchase transactions in the amount of CZK 0 million (2023: CZK 0 million) are collateralised by securities with a fair value of CZK 0 million (2023: CZK 0 million).

Broken out below are the types of collateral held in support of loans and advances to customers as stated in the Consolidated Statement of Financial Position as of 31 December 2024:

				Applied loans and advances to customers collateral value*	
(CZKm)	Loans collateralised by residential property	Loans collateralised by commercial property	Other loans collateralised by cash instruments	Other loans collateralised by other collateral	Financial guarantees received
Loans and advances to customers	**357,355**	**30,159**	**3,411**	**17,254**	**35,886**
of which:					
– Other financial corporations	68	791	0	1,836	11,933
– Non-financial corporations	3,966	25,816	500	12,524	20,601
– Households**	353,319	3,521	2,911	2,846	470
of which: Stage 3	2,456	640	69	64	741

* The amount of the collateral is reduced by a coefficient taking into account the time value of money, cost of selling the collateral, risk of declining market prices, risk of insolvency, and similar factors and then further reduced to the actual balance of the collateralised exposure.

** This item also includes loans granted to individual entrepreneurs.

Broken out below are the types of collateral held in support of loans and advances to customers as stated in the Consolidated Statement of Financial Position as of 31 December 2023:

				Applied loans and advances to customers collateral value*	
(CZKm)	Loans collateralised by residential property	Loans collateralised by commercial property	Other loans collateralised by cash instruments	Other loans collateralised by other collateral	Financial guarantees received
Loans and advances to customers	**341,943**	**26,819**	**8,723**	**12,983**	**37,563**
of which:					
– Other financial corporations	32	780	0	2,362	11,531
– Non-financial corporations	3,583	22,552	2,694	10,236	22,315
– Households**	338,320	3,456	6,022	324	557
of which: Stage 3	2,294	486	85	21	1,227

* The amount of the collateral is reduced by a coefficient taking into account the time value of money, cost of selling the collateral, risk of declining market prices, risk of insolvency, and similar factors and then further reduced to the actual balance of the collateralised exposure.

** This item also includes loans granted to individual entrepreneurs.

Pledges on industrial real estate comprise 8% of total pledges on real estate (2023: 9%).

Forborne loans and advances to customers

Forborne loans and advances to customers as of 31 December 2024

(CZKm)	Neither past due nor impaired	Past due not impaired	Impaired	Total forborne	Allowances	Collateral applied
General governments	8	0	0	8	0	0
Other financial corporations	509	0	0	509	24	32
Non-financial corporations	7,037	2	3,007	10,046	1,406	2,979
Households*	707	120	2,139	2,966	791	1,945
Total	**8,261**	**122**	**5,146**	**13,529**	**2,221**	**4,956**

* This item also includes loans granted to individual entrepreneurs.

Forborne loans and advances to customers as of 31 December 2023

(CZKm)	Neither past due nor impaired	Past due not impaired	Impaired	Total forborne	Allowances	Collateral applied
General governments	1	0	0	1	0	1
Other financial corporations	0	0	0	0	0	0
Non-financial corporations	571	0	1,728	2,299	942	512
Households*	938	120	2,287	3,345	787	2,364
Total	**1,510**	**120**	**4,015**	**5,645**	**1,729**	**2,877**

* This item also includes loans granted to individual entrepreneurs.

The carrying value of forborne assets in comparison with the loan portfolio of the Group (excluding Debt securities and Other amounts due from customers):

	31 Dec 2024			31 Dec 2023		
(CZKm)	Gross receivable	Forborne assets	Share in gross receivable	Gross receivable	Forborne assets	Share in gross receivable
General governments	33,709	8	0.02%	33,285	1	0.00%
Other financial corporations	65,708	509	0.77%	75,125	0	0.00%
Non-financial corporations	327,779	10,046	3.06%	315,012	2,299	0.73%
Households*	438,098	2,966	0.68%	422,226	3,345	0.79%
Total	**865,294**	**13,529**	**1.56%**	**845,648**	**5,645**	**0.67%**

* This item also includes loans granted to individual entrepreneurs.

Finance leases

Within the Group, ESSOX, ESSOX FINANCE (Slovakia), and SGEF provide lease services. All lease contracts with ESSOX were redeemed and essentially fully repaid. At ESSOX FINANCE (Slovakia), leased assets primarily include passenger and utility vehicles with an average lease instalment period of 56 months (2023: 55 months). At SGEF, leased assets primarily include vehicles, including trucks, tractors, and buses with an average lease instalment period of 75 months (2023: 75 months); agricultural vehicles and machines with an average lease instalment period of 56 months (2023: 56 months); machine technology with an average lease instalment period of 70 months (2023: 70 months); hardware and software technology with an average lease instalment period of 52 months (2023: 52 months); and real estate with an average lease instalment period of 8 years (2023: 8 years).

Loans and advances to customers – leasing:

(CZKm)	31 Dec 2024	31 Dec 2023
Due less than 1 year	5,158	5,209
Due from 1 to 2 years	3,593	3,562
Due from 2 to 3 years	2,833	2,695
Due from 3 to 4 years	1,978	1,886
Due from 4 to 5 years	1,407	1,008
Due longer than 5 years	1,591	1,184
Total	**16,560**	**15,544**

Future interest (the difference between gross and net investment in the lease) on lease contracts is:

(CZKm)	31 Dec 2024	31 Dec 2023
Due less than 1 year	943	656
Due from 1 to 2 years	455	360
Due from 2 to 3 years	304	234
Due from 3 to 4 years	187	136
Due from 4 to 5 years	111	70
Due longer than 5 years	148	100
Total	**2,148**	**1,556**

As of 31 December 2024, the provisions recognised against uncollectible lease receivables totalled CZK 526 million (2023: CZK 421 million).

Loans and advances to customers – subleasing of real estate:

(CZKm)	31 Dec 2024	31 Dec 2023
Due less than 1 year	4	5
Due from 1 to 2 years	3	5
Due from 2 to 3 years	1	2
Due from 3 to 4 years	1	0
Due from 4 to 5 years	1	0
Due longer than 5 years	10	0
Total	**20**	**12**

Future interest (the difference between gross and net investment in the lease) on lease contracts is:

(CZKm)	31 Dec 2024	31 Dec 2023
Due less than 1 year	0	0
Due from 1 to 2 years	0	0
Due from 2 to 3 years	0	0
Due from 3 to 4 years	0	0
Due from 4 to 5 years	0	0
Due longer than 5 years	0	0
Total	**0**	**0**

23 Prepayments, accrued income, and other assets

Prepayments, accrued income, and other assets comprise the following:

(CZKm)	31 Dec 2024	31 Dec 2023
Prepayments and accrued income	975	1,153
Settlement balances	502	488
Receivables from securities trading	173	39
Other assets	4,513	4,599
Total prepayments, accrued income, and other assets	**6,163**	**6,279**

'Other assets' include allowances for operating receivables for other debtors in the amount of CZK 44 million (2023: CZK 208 million), and in particular also advances provided, estimated items and receivables for other debtors.

24 Investments in associates and non-controlling interests in subsidiaries

Investments in associates comprise the following:

(CZKm)	31 Dec 2024	31 Dec 2023
Investments in subsidiary undertakings	428	410
Investments in associated undertakings	2,247	2,637
Total investments in associates	**2,675**	**3,047**

The following companies were subsidiary undertakings of the Group which are non-consolidated entities as of 31 December 2024:

(CZKm)	31 Dec 2024	31 Dec 2023
My Smart Living, s.r.o. v likvidaci	0	1
KB Advisory, s.r.o.	0	2
Finbricks, s.r.o.	41	22
upvest s.r.o.	318	318
ENVIROS GLOBAL LIMITED	69	67
Total investments in subsidiary undertakings	**428**	**410**

The following companies were associated undertakings of the Group as of 31 December 2024:

(CZKm)		31 Dec 2024			31 Dec 2023	
Associates	(%)	Cost of investment	Share of net assets*	(%)	Cost of investment	Share of net assets
Komerční pojišťovna, a.s.	49.00	1,082	2,224	49.00	1,327	2,469
CBCB - Czech Banking Credit Bureau, a.s.**	20.00	0	4	20.00	0	4
Platební instituce Roger a.s.***	x	x	x	24.83	71	71
Lemonero s.r.o.****	25.317	93	19	33.17	93	93
Total investments in associates		**1,175**	**2,247**		**1,491**	**2,637**
Associates classified in held for sale portfolio						
Platební instituce Roger a.s.***	24.83	71	51	x	x	x
Worldline Czech Republic s.r.o.*****	1.00	0	9	1.00	0	9
Total investments in associates****		**1,246**	**2,307**		**1,491**	**2,646**

* Unaudited amounts.

** The cost of investment for CBCB - Czech Banking Credit Bureau, a.s. is CZK 240 thousand.

*** In December, a contract was signed for the sale of the company Platební instituce Roger a.s. The Bank expects the transaction to be settled within the first half of 2025. The company Platební instituce Roger a.s. was transferred to the HFS portfolio.

**** In December, the company MonkeyData s.r.o. merged and Lemonero s.r.o., the successor company was MonkeyData s.r.o. The company was renamed Lemonero s.r.o. on the same day.

***** The cost of investment for Worldline Czech Republic, s.r.o. is CZK 418 thousand. The Group has 40% of the voting rights and a share in the profit of 0.1%.

****** Including associates classified in held for sale portfolio.

(CZKm) Associates				31 Dec 2024
	Assets	Liabilities	Operating income	Profit
Komerční pojišťovna, a.s.	52,677	48,137	646	519
CBCB - Czech Banking Credit Bureau, a.s.*	46	19	151	15
Platební instituce Roger a.s.*	54	22	28	(5)
Lemonero s.r.o.*	131	114	27	(29)
Worldline Czech Republic s.r.o.*	1,290	811	1,428	108

* Companies operate in accordance with Czech Accounting Standards.

Note: Amounts shown in this table are unaudited values from the individual companies.

(CZKm) Associates				31 Dec 2023
	Assets	Liabilities	Operating income	Profit
Komerční pojišťovna, a.s.	51,982	46,942	756	668
CBCB - Czech Banking Credit Bureau, a.s.	39	13	139	14
Platební instituce Roger a.s.*	72	35	31	1
MonkeyData s.r.o.*	27	15	1	(38)
Worldline Czech Republic s.r.o.*	848	496	1,388	91

* Figures for 2023 were corrected in accordance with the final audited financial statements. Companies operate in accordance with Czech Accounting Standards.

Movements in share in associated undertakings:

(CZKm)	Komerční pojišťovna, a.s.*	CBCB - Czech Banking Credit Bureau, a.s.	Worldline Czech Republic s.r.o.	Platební instituce Roger a.s.	Lemonero s.r.o.**	Total
As of 31 December 2022 restated	2,116	3	9	71	62	2,261
Acquiring/Establishing/Increasing shareholders' equity	0	0	0	0	31	31
Decrease of shareholders' equity	0	0	0	0	0	0
Deconsolidation	0	0	0	0	0	0
Transfer from FVOCI	0	0	0	0	0	0
Dividend payment	0	(2)	0	0	0	(2)
Share of profit	327	3	0	0	0	330
Sale of shares	0	0	0	0	0	0
Revaluation of investment	0	0	0	0	0	0
Share of the other comprehensive income	26	0	0	0	0	26
As of 31 December 2023	2,469	4	9	71	93	2,646
Acquiring/Establishing/Increasing shareholders' equity	0	0	0	0	0	0
Decrease of shareholders' equity	(245)	0	0	0	0	(245)
Deconsolidation	0	0	0	0	0	0
Transfer from FVOCI	0	0	0	0	0	0
Dividend payment	(232)	(3)	0	0	0	(235)
Share of profit	254	3	0	0	0	257
Sale of shares	0	0	0	0	0	0
Revaluation of investment	0	0	0	(20)	(74)	(94)
Share of the other comprehensive income	(22)	0	0	0	0	(22)
As of 31 December 2024	**2,224**	**4**	**9**	**51**	**19**	**2,307**

* Restated figures due to first-time application of IFRS 17. Restating the comparative information of 2022 had a positive impact on Investments in associates in the amount of CZK 1,241 million.

** The equity method is not applied for this company due to its insignificant impact on the consolidated financial statements.

Main financial information about subsidiaries within which the Group holds non-controlling interests:

	31 Dec 2024			31 Dec 2023		
(CZKm)	Assets	Liabilities	Profit	Assets	Liabilities	Profit
SG Equipment Finance Czech Republic s.r.o.*	37,183	33,643	239	35,760	32,460	381
ESSOX s.r.o.**	18,954	15,699	78	18,826	15,620	30
ESSOX FINANCE, s.r.o.***	3,190	2,899	20	2,748	2,475	5

* Non-controlling interest in SG Equipment Finance Czech Republic s.r.o. is 49.9%. Amounts shown in this table are unaudited values for 2024. Company complies with Czech Accounting Standards.

** Non-controlling interest in ESSOX s.r.o. is 49.1%. Amounts shown in this table are unaudited values for 2024. Company complies with Czech Accounting Standards.

*** Non-controlling interest in ESSOX FINANCE, s.r.o. is 49.1%. Amounts shown in this table are unaudited values for 2024. Company complies with Slovak Accounting Standards.

Movements in non-controlling interests:

(CZKm)	SG Equipment Finance Czech Republic s.r.o.	ESSOX s.r.o.	ESSOX FINANCE, s.r.o.	Total
As of 31 December 2022	1,618	1,613	1	3,232
Dividend payment	(161)	(56)	0	(217)
Profit / loss	190	15	2	207
Share-based payment	0	1	0	1
Revaluation of equity securities in equity	0	0	0	0
Hedge of a foreign net investment	0	0	3	3
Cash flow hedging	0	0	0	0
As of 31 December 2023	1,647	1,573	6	3,226
Dividend payment	0	(15)	0	(15)
Profit / loss	119	35	10	164
Share-based payment	0	1	0	1
Revaluation of equity securities in equity	0	0	3	3
Hedge of a foreign net investment	0	0	0	0
Cash flow hedging	0	0	0	0
As of 31 December 2024	**1,766**	**1,594**	**19**	**3,379**

Additional information about the Group's equity investments is presented in Notes 1 and 2.

25 Intangible assets

Movements in intangible assets were as follow:

(CZKm)	Internally generated assets*	Software	Other intangible assets	Acquisition of assets	Total
ACQUISITION COST					
As of 1 January 2023	20,588	4,124	7	3,229	27,948
Effect of acquisition of companies	0	0	0	0	0
Reallocation from/to assets held for sale	0	0	0	0	0
Additions	3,091	889	0	3,435	7,415
Disposals/transfers	(544)	(21)	(3)	(3,970)	(4,538)
Foreign exchange rate difference	0	2	0	0	2
As of 31 December 2023	23,135	4,994	4	2,694	30,827
Effect of acquisition of companies	0	0	0	0	0
Reallocation from/to assets held for sale	0	0	0	0	0
Additions	3,467	363	0	3,244	7,074
Disposals/transfers	(1,834)	(444)	0	(3,813)	(6,091)
Foreign exchange rate difference	0	1	0	0	1
As of 31 December 2024	**24,768**	**4,914**	**4**	**2,125**	**31,811**
ACCUMULATED AMORTISATION AND ALLOWANCES					
As of 1 January 2023	(15,528)	(3,384)	(6)	0	(18,918)
Effect of acquisition of companies	0	0	0	0	0
Reallocation of accumulated amortisation of assets held for sale	0	0	0	0	0
Additions	(1,921)	(279)	0	0	(2,200)
Disposals	485	20	2	0	507
Impairment	0	(21)	0	(2)	(23)

(CZKm)	Internally generated assets*	Software	Other intangible assets	Acquisition of assets	Total
Foreign exchange rate difference	0	(1)	0	0	(1)
As of 31 December 2023	(16,964)	(3,665)	(4)	(2)	(20,635)
Effect of acquisition of companies	0	0	0	0	0
Reallocation of accumulated amortisation of assets held for sale	0	0	0	0	0
Additions	(2,274)	(369)	0	0	(2,643)
Disposals	1,796	444	0	0	2,240
Impairment	1	21	0	2	24
Foreign exchange rate difference	0	(1)	0	0	(1)
As of 31 December 2024	**(17,441)**	**(3,570)**	**(4)**	**0**	**(21,015)**
NET BOOK VALUE					
As of 31 December 2023	6,171	1,329	0	2,692	10,192
As of 31 December 2024	**7,327**	**1,344**	**0**	**2,125**	**10,796**

* Internally generated assets comprise mainly software.

During the year ended 31 December 2024, the Group spent CZK 294 million (2023: CZK 239 million) on research and development through a charge to *'Operating expenses'*.

As of 31 December 2024, the Group recognised allowances against intangible assets of CZK 20 million (2023: CZK 44 million). These allowances primarily included allowances charged in respect of internally generated assets (software).

26 Tangible assets

Movements in tangible assets were as follow:

(CZKm)	Land	Buildings	Machinery, furniture and fixtures, and other	Acquisition of assets	Right-of-use assets	Total
ACQUISITION COST						
As of 1 January 2023	203	11,125	5,327	422	3,754	20,831
Effect of acquisition of companies	0	0	0	0	0	0
Reallocation from/to assets held for sale	(11)	(2,352)	(94)	0	0	(2,457)
Additions	0	199	429	686	693	2,007
Disposals/transfers	0	(1)	(300)	(706)	(221)	(1,228)
Foreign exchange rate difference	0	0	0	0	2	2
As of 31 December 2023	192	8,971	5,362	402	4,228	19,155
Effect of acquisition of companies	0	0	0	0	0	0
Reallocation from/to assets held for sale	(1)	(51)	0	0	0	(52)
Additions	0	101	507	599	806	2,013
Disposals/transfers	0	(14)	(481)	(690)	(508)	(1,693)
Foreign exchange rate difference	0	0	0	0	1	1
As of 31 December 2024	**191**	**9,007**	**5,388**	**311**	**4,527**	**19,424**
ACCUMULATED DEPRECIATION AND ALLOWANCES						
As of 1 January 2023	0	(6,439)	(4,220)	0	(1,410)	(12,069)
Effect of acquisition of companies	0	0	0	0	0	0
Reallocation of accumulated depreciation of assets held for sale	0	1,618	91	0	0	1,709
Additions	0	(370)	(390)	0	(429)	(1,189)
Disposals	0	73	297	0	59	429

(CZKm)	Land	Buildings	Machinery, furniture and fixtures, and other	Acquisition of assets	Right-of-use assets	Total
Impairment	0	0	0	0	0	0
Foreign exchange rate difference	0	0	0	0	(1)	(1)
As of 31 December 2023	0	(5,118)	(4,222)	0	(1,781)	(11,121)
Effect of acquisition of companies	0	0	0	0	0	0
Reallocation of accumulated depreciation of assets held for sale	0	35	(5)	0	0	30
Additions	0	(320)	(420)	0	(434)	(1,174)
Disposals	0	88	458	0	268	814
Impairment	0	0	0	0	0	0
Foreign exchange rate difference	0	0	0	0	(1)	(1)
As of 31 December 2024	**0**	**(5,315)**	**(4,189)**	**0**	**(1,948)**	**(11,452)**
NET BOOK VALUE						
As of 31 December 2023	192	3,853	1,140	402	2,447	8,034
As of 31 December 2024	**191**	**3,692**	**1,199**	**311**	**2,579**	**7,972**

As of 31 December 2024, the Group recognised allowances against tangible assets of CZK 0 million (2023: CZK 0 million).

For detailed quantitative disclosures about lease contracts refer to Notes 5, 11, 12, 14, 22, 30, 38, 43(D), 43(E), 43(F), and 43(I).

Net book values of right-of-use assets were as follow:

(CZKm)	31 Dec 2024	31 Dec 2023
Real estate*	2,433	2,299
Hardware	0	3
Other	146	145
Total net value of right-of-use assets	**2,579**	**2,447**

* The item ‘Real estate’ includes also ATMs.

27 Goodwill

Goodwill by individual companies as of 31 December 2024 was as follows:

(CZKm)	31 Dec 2024	31 Dec 2023
Modrá pyramida stavební spořitelna, a.s.	3,388	3,388
ESSOX s.r.o.	163	163
SG Equipment Finance Czech Republic s.r.o.	201	201
Total goodwill	**3,752**	**3,752**

For the purposes of calculating the recoverable amount, the Group calculates the value in use as the present value of the future cash flows to be generated by a cash-generating unit from its continuing business operations. A discount rate of 9.2%, or 11.2% in the case of discounting cash flows before tax, was used to calculate the present value of future cash flows (a discount rate of 8.1% or 10% was used in 2023). In calculating the terminal value, a 3% growth rate has been used (again, the same as in 2023).

In testing goodwill for impairment in the case of Modrá pyramida stavební spořitelna, a.s., the Group considered substantial changes that have occurred within the building savings sector, in particular, the reduction in state support, expansion of activities permitted to building savings societies, and broadening of the interpretation as to the purposes of building savings. At the same time, the Group took into account also the position of Modrá pyramida stavební spořitelna, a.s. within the Group, when in the course of 2024 it became the only place for providing housing financing within Komerční banka Group. All Group products related to housing, including mortgages are managed by Modrá pyramida for Komerční banka Group from a single place with the goals of simplifying processes while boosting both efficiency and speed.

The calculated value in use is inversely sensitive to the discount rate, which is the key assumption in the calculation. In the case of Modrá pyramida stavební spořitelna, a.s., an increase or decrease of 1.0% in the discount rate used in discounting the cash flows after tax would result in a decrease or increase in the recoverable amount of the cash-generating unit of ca CZK 960 million, or CZK 1,300 million (2023: ca CZK 1,300 million, or CZK 1,900 million). That potential change in the fundamental parameter of the calculation would not lead to impairment of the goodwill.

Based on the result of the test and the fact that the value in use is higher than the carrying amount of the cash-generating unit, the impairment of the goodwill of Modrá pyramida stavební spořitelna, a.s. is considered improbable.

In the case of the goodwill of the two remaining companies, the Group follows a similar approach. For these companies, too, the value in use is greater than the carrying amount of the cash-generating unit. Impairment of the goodwill is regarded as improbable.

28 Assets held for sale

As of 31 December 2024, the Group reported assets held for sale at a carrying amount of CZK 87 million (2023: CZK 844 million). This comprised mainly buildings and land owned by the Group that management had decided to sell as part of a plan to optimise the distribution network, equipment obtained by taking possession of leasing collateral, and also confiscated cars. Depreciation of these assets has been discontinued since their classification as assets held for sale. As of 31 December 2024, the Group recognised allowances against assets held for sale of CZK 20 million (2023: CZK 43 million).

In July 2024, the Group sold its subsidiary VN 42, s.r.o. (refer to Notes 14 and 24).

As of 31 December 2024, *'Assets held for sale'* also included investments in associates classified as assets held for sale at a carrying amount of CZK 51 million (2023: CZK 0 million). For detail, refer to Note 24.

29 Financial liabilities held for trading at fair value through profit or loss

As of 31 December 2024 and 2023, the *'Financial liabilities held for trading at fair value through profit or loss'* portfolio included only liabilities arising from short sales of securities and negative fair values of financial derivative instruments held for trading. Upon initial recognition, the Group has not designated any financial liabilities as *'Financial liabilities held for trading at fair value through profit or loss'*.

(CZKm)	31 Dec 2024	31 Dec 2023

Short sales	23,730	25,890
Derivative financial instruments	23,408	34,316
Total financial liabilities held for trading at fair value through profit or loss	**47,138**	**60,206**

For detailed information on financial derivative instruments included in the portfolio for trading, refer to Note 43(C).

30 Financial liabilities at amortised cost

Financial liabilities at amortised cost comprise the following:

(CZKm)	31 Dec 2024	31 Dec 2023
Amounts due to banks	91,575	105,694
Amounts due to customers	1,174,525	1,127,227
Securities issued	12,629	12,431
Lease liabilities	2,666	2,421
Total financial liabilities at amortised cost	**1,281,395**	**1,247,773**

'Financial liabilities at amortised cost' include CZK 2,713 million (2023: CZK 2,230 million) received as cash collateral linked to derivative operations.

The total amount of loans from banks and customers received under repurchase transactions was CZK 147,596 million (2023: CZK 121,499 million).

The fair values of securities and treasury bills used as collateral for repurchase transactions are as follow:

	31 Dec 2024		31 Dec 2023	
(CZKm)	Carrying value	Fair value	Carrying value	Fair value
Financial assets at amortised cost	12,449	13,244	0	0

Securities received as collateral	134,243	134,243	119,282	119,282
Total	**146,692**	**147,487**	**119,282**	**119,282**

Amounts due to banks and customers, allocated by sector, comprise the following:

(CZKm)	31 Dec 2024	31 Dec 2023
Central banks	0	0
General governments	222,601	164,201
Credit institutions	91,575	105,694
Other financial corporations	146,636	162,121
Non-financial corporations	350,858	348,323
Households*	454,430	452,582
Total amounts due to banks and customers	**1,266,100**	**1,232,921**

* This item also includes amounts due to individual entrepreneurs.

Securities issued

Securities issued comprise the following:

(CZKm)	31 Dec 2024	31 Dec 2023
Mortgage bonds	12,629	12,431
Depository bills of exchange	0	0
Total securities issued	**12,629**	**12,431**

The Group issues mortgage bonds to fund its mortgage activities.

The following table shows a summary of cash and non-cash changes in the balance of securities issued:

			Non-cash changes			
(CZKm)	31 Dec 2023	Cash flow*	Amortisation and accrued interest	Change of FV hedge of interest rate risk	Foreign exchange difference	31 Dec 2024
Mortgage bonds	12,431	(1)	(34)	0	233	12,629
Total securities issued	**12,431**	**(1)**	**(34)**	**0**	**233**	**12,629**

* The item includes the cash flow from principal and interest paid.

			Non-cash changes			
(CZKm)	31 Dec 2022	Cash flow*	Amortisation and accrued interest	Change of FV hedge of interest rate risk	Foreign exchange difference	31 Dec 2023
Mortgage bonds	12,156	0	(32)	0	307	12,431
Total securities issued	**12,156**	**0**	**(32)**	**0**	**307**	**12,431**

* The item includes the cash flow from principal and interest paid.

Mortgage bonds according to their remaining time to maturity break out as follows:

(CZKm)	31 Dec 2024	31 Dec 2023
In less than one year	0	0
In one to five years	12,629	12,431
Total mortgage bonds	**12,629**	**12,431**

The securities issued as detailed above include the following mortgage bonds issued by the Group:

Name	Interest rate	Currency	Issue date	Maturity date	31 Dec 2024 (CZKm)	31 Dec 2023 (CZKm)
HZL Komerční banky, a.s., XS2289128162	0.01%	EUR	20 Jan 2021	20 Jan 2026	12,629	12,431
Total mortgage bonds					**12,629**	**12,431**

31 Accruals and other liabilities

Accruals and other liabilities comprise the following:

(CZKm)	31 Dec 2024	31 Dec 2023
Accruals and deferred income	358	290
Settlement balances and outstanding items	551	857
Payables from securities trading and issues of securities	3,846	2,688
Payables from payment transactions	2,704	6,822
Other liabilities	6,329	6,664
Total accruals and other liabilities	**13,788**	**17,321**

Deferred fees from banking guarantees are reported in *'Accruals and deferred income'* in the amount of CZK 21 million (2023: CZK 24 million).

'Other liabilities' consist mainly of various estimated items, including, among others, liabilities to employees.

32 Provisions

Provisions comprise the following:

(CZKm)	31 Dec 2024	31 Dec 2023
Provisions for contracted commitments (refer to Note 37)	163	202
Provisions for other credit commitments (refer to Notes 13 and 37)	572	652
Provisions for restructuring	2	0
Total provisions	**737**	**854**

The 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.

Movements in the provisions for contracted commitments and for restructuring were as follow:

(CZKm)	Retirement benefits plan	Other provisions for contracted commitments	Provisions for restructuring	Total
Balance as of 31 December 2022	64	155	0	219
Charge	17	30	0	47
Release	(10)	(3)	0	(13)
Use	(5)	(54)	0	(59)
Accrual	3	0	0	3
Remeasurement	4	0	0	4
Foreign exchange difference	0	1	0	1
Balance as of 31 December 2023	73	129	0	202
Charge	17	39	19	75
Release	0	(61)	0	(61)
Use	(9)	(27)	(17)	(53)
Accrual	3	0	0	3
Remeasurement	(3)	0	0	(3)
Foreign exchange difference	0	2	0	2
Balance as of 31 December 2024	**81**	**82**	**2**	**165**

The provisions for contracted commitments don´t include provisions to cover potential compensation that would be paid to clients to reimburse sanctions for early repayment of mortgages (purposefully incurred costs). In 2022, the Group created these provisions in the amount of CZK 70 million. In 2023, the Group used and released the provisions in the amount of CZK 24 million; in 2024, the Group released the remaining amount of CZK 46 million.

33 Deferred tax

Deferred tax is calculated from temporary differences between the tax base and carrying value using the tax rates applicable in the periods when the application of the temporary tax difference is estimated to occur.

Net deferred tax assets are as follow:

(CZKm)	31 Dec 2024	31 Dec 2023
Banking provisions and allowances	3	6
Allowances for assets	0	0
Non-banking provisions	98	107
Difference between accounting and tax net book value of assets	(13)	(15)
Leases	0	0
Remeasurement of retirement benefits plan – equity impact (refer to Note 39)	0	0
Revaluation of equity securities at FVOCI – equity impact (refer to Note 40)	0	0
Revaluation of hedging derivatives – equity impact (refer to Note 41)	0	1
Revaluation of debt securities at FVOCI – equity impact (refer to Note 42)	143	105
Other temporary differences	22	19
Net deferred tax assets	**253**	**223**

Net deferred tax liabilities are as follow:

(CZKm)	31 Dec 2024	31 Dec 2023
Banking provisions and allowances	61	65
Allowances for assets	9	23
Non-banking provisions	152	63
Difference between accounting and tax net book value of assets	(887)	(984)
Leases	(55)	(45)
Remeasurement of retirement benefits plan – equity impact (refer to Note 39)	56	57
Revaluation of equity securities at FVOCI – equity impact (refer to Note 40)	0	0
Revaluation of hedging derivatives – equity impact (refer to Note 41)	(47)	(58)
Revaluation of debt securities at FVOCI – equity impact (refer to Note 42)	(133)	(112)
Other temporary differences	233	209
Net deferred tax liabilities	**(611)**	**(782)**

Movements in the net deferred tax assets/(liabilities) were as follow:

(CZKm)	2024	2023
Balance as of the beginning of the period	**(559)**	**(878)**
Changes in accounting policies	0	0
Movement in the net deferred tax – profit and loss impact (refer to Note 15)	174	169
Movement in the net deferred tax – equity impact (refer to Notes 39, 40, 41, and 42)	27	150
Balance as of the end of the period	**(358)**	**(559)**

34 Subordinated and senior non-preferred debt

Subordinated and senior non-preferred debt comprise the following:

(CZKm)	31 Dec 2024	31 Dec 2023
Subordinated debt	5,091	5,005
Senior non-preferred debt	60,624	59,555
Subordinated and senior non-preferred debt	**65,715**	**64,560**

As of 31 December 2024, the Bank reports subordinated debt of CZK 5,091 million (2023: CZK 5,005 million). The volume of subordinated debt did not change in 2024. The subordinated debt is a part of Tier 2 regulatory capital, it is euro-denominated in order to better align the currency structure of the Bank's regulatory capital with its risk-weighted assets, and it was issued by the Bank's parent company, Société Générale S.A.

Subordinated debt	Nominal (EUR mil.)	Issued	Call option	Maturity	Interest rate
10Y5NC	100	October 2022	5 years	10 years	3M EURIBOR plus 3.79%
10Y5NC	100	November 2023	5 years	10 years	3M EURIBOR plus 2.82%
Total	**200**				

As of 31 December 2024, the Bank reports senior non-preferred ("SNP") debt of CZK 60,624 million (2023: CZK 59,555 million). The Bank accepted this debt to meet the minimum requirement for own funds and eligible liabilities (MREL). During 2024, the volume of its SNP debt did not change. SNP debt is euro-denominated and was drawn from the Bank's parent company (Société Générale S.A.) in accordance with Société Générale Group's preferred resolution strategy.

SNP debt	Nominal (EUR mil.)	Issued	Call option	Maturity	Interest rate
6Y5NC	250	June 2022	5 years	6 years	3M EURIBOR plus 2.05%
5Y4NC	250	September 2022	4 years	5 years	1M EURIBOR plus 1.82%
8Y7NC	250	September 2022	7 years	8 years	1M EURIBOR plus 2.13%
4Y3NC	250	November 2022	3 years	4 years	1M EURIBOR plus 2.05%
6Y5NC	250	November 2022	5 years	6 years	1M EURIBOR plus 2.23%
7Y6NC	250	November 2022	6 years	7 years	3M EURIBOR plus 2.28%
4Y3NC	250	June 2023	3 years	4 years	3M EURIBOR plus 1.70%
6Y5NC	200	June 2023	5 years	6 years	3M EURIBOR plus 2.01%
4Y3NC	250	November 2023	3 years	4 years	3M EURIBOR plus 1.51%
5Y4NC	200	November 2023	4 years	5 years	3M EURIBOR plus 1.61%
Total	**2,400**				

35 Share capital

The Bank's share capital, entered in the Register of Companies on 11 February 2000, totals CZK 19,004,926,000 and consists of 190,049,260 ordinary bearer shares issued as uncertificated securities with nominal value of CZK 100 each (ISIN: CZ0008019106). The number of shares authorised is the same as the number of shares issued. The share capital is fully paid up.

The Bank's shares are publicly traded on stock markets in the Czech Republic managed by the market organisers Burza cenných papírů Praha, a.s. (the Prague Stock Exchange) and RM-SYSTÉM, česká burza cenných papírů a.s. (the Czech Stock Exchange). Their transferability is not restricted.

All ordinary shares carry the same rights and together constitute 100% of the share capital. No special rights are attached to these shares. Shareholders' voting rights are governed by the nominal value of their shares. The voting rights can only be eliminated on statutory grounds. The Bank cannot exercise voting rights attached to its own shares.

Shareholders are entitled to the share in the Bank's profits and in other of its resources as have been approved for distribution by the Annual General Meeting based on the Bank's financial results and the payment of which was decided upon by the Board of Directors subject to compliance with the conditions stipulated by generally binding legal regulations.

The right to payment of the share in the profits and in other of its resources is time-barred from 3 years after its declared payment date. Pursuant to a resolution of the Annual General Meeting held in 2009, the Board of Directors will not plead the statute of limitations in order to bar by lapse of time the payment of shares in profits and in other of its resources for the duration of 10 years from the date of dividend payment. After the lapse of 10 years from the date of dividend payment, the Board of Directors is obliged to plead the statute of limitations and to transfer the unpaid shares in profits and in other of its resources to the retained earnings account.

In the event of a shareholder's death, his or her legal heir shall be entitled to exercise all rights attached to the shares. Upon the Bank's liquidation and dissolution, the means of liquidation are governed by the relevant generally binding legal regulations. A proposal for distribution of the liquidation balance among shareholders is approved by the Annual General Meeting in proportion to the nominal values of the shares held by the Bank's shareholders.

Set out below is a summary of the entities holding more than 1% of the Bank's issued share capital as of 31 December 2024:

Name of the entity	Ownership percentage
Société Générale S.A.	60.35%
CHASE NOMINEES LIMITED	2.87%
CLEARSTREAM BANKING S.A.	1.57%
NORTRUST NOMINEES LIMITED	1.23%
STATE STREET BANK AND TRUST COMPANY	1.16%

Set out below is a summary of the entities holding more than 1% of the Bank's issued share capital as of 31 December 2023:

Name of the entity	Ownership percentage
Société Générale S.A.	60.35%
CHASE NOMINEES LIMITED	2.62%
CLEARSTREAM BANKING S.A.	1.57%
NORTRUST NOMINEES LIMITED	1.43%

Société Générale S.A., being the only entity with a qualified holding in the Group and, moreover, as the ultimate parent company, is a French company limited by shares incorporated by a Deed approved through the issuance of a Decree on 4 May 1864 and is licensed as a bank. Under

the legislative and regulatory provisions relating to financial institutions, notably the articles of the Monetary and Financial Code, the company is subject to commercial laws, in particular Articles 210-1 et seq. of the French Commercial Code, as well as its Articles of Association.

Capital management

Bank regulatory requirements in the European Union are established through Regulation No. 575/2013 on prudential requirements for credit institutions and investment firms (CRR – the Capital Requirements Regulation) and Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (CRD – the Capital Requirements Directive). According to the valid rules for capital regulation, an additional Pillar 2 buffer of 2.6% was applied to the Group in 2024 (2023: 2.9%) beyond the minimum required capital ratio of 8.0% (2023: 8.0%). That means the total SREP (Supervisory Review and Evaluation Process) capital requirement (TSCR) was 10.6% for the year 2024 (2023: 10.9%). On top of the TSCR capital ratio, a combined capital buffer of final value 5.75% (2023: 6.50%) was applied, consisting of the capital conservation buffer of 2.5% (2023: 2.5%), the buffer for Other Systemically Important Institution (O-SII) of 2.0% (2023: 2.0%), and the countercyclical capital buffer of 1.25% (2023: 2.0%) for exposures in the Czech Republic (the countercyclical capital buffer was stepwise decreased by the CNB from the level of 2.0% valid since 1 October 2023 to 1.75% valid from 1 April 2024 and then to 1.25% valid from 1 July 2024). The required overall capital ratio (OCR) was thus approximately 16.35% from 1 July 2024 (a decrease by 1.05 percentage points in comparison with the previous year, 2023: 17.40%). As its capital ratio stands well above the minimum required level, the Group meets the overall capital ratio measurement with an adequate reserve.

The required overall capital ratio (OCR) increases to approximately 16.65% as of 1 January 2025 (higher by 0.3 percentage points compared to 2024, due to an imposition of the systemic risk buffer of 0.5% for exposures in the Czech Republic and a decrease of the additional Pillar 2 buffer by 0.2 percentage points to the level of 2.4%).

The Group manages its capital adequacy to ensure its sufficient level in an environment of changing regulatory requirements while allowing organic business growth and for potentially adverse macroeconomic developments. Under capital adequacy regulation, in addition to the usual reporting of the capital ratio (so-called Pillar 1), the Group must meet the requirements for evaluating required economic capital, stress testing, and capital planning (Pillar 2, the bank-specific capital requirement). To determine the required economic capital, the Group has selected methods mostly close to the regulatory procedures applied for Pillar 1. Consequently, the necessary levels of economic and regulatory capital are very similar.

The Group regularly simulates future developments under Pillar 2 based on the assumption of possible adverse external macroeconomic conditions that may either directly affect the Group's profit or have implications resulting in deterioration in the Group's transaction risk profile.

The Group compiles hypothetical macroeconomic scenarios upon the basis of which it estimates medium-term impacts on earnings and on transaction risk profiles. On this basis, the Group acquires views concerning the changing volume of the risk-weighted assets (i.e. capital

requirements) and the financial results while also taking into account the outlook for dividend payments and the level of the Group's capital adequacy ratio.

The results of such stress testing are among those factors considered in determining the Group's dividend policy, which is the primary tool for capital adequacy management in such a situation that the Group's capital is largely classified as Common Equity Tier 1 capital.

The Group's capital consists principally of the following balances: share capital, reserve funds, retained earnings, and Tier 2 subordinated debt.

The Group did not purchase its own shares into treasury during 2024. As of 31 December 2024, the Group held in total 1,193,360 treasury shares at a total cost of CZK 726 million and that were purchased in previous years (2023: 1,193,360 treasury shares at a total cost of CZK 726 million). The acquisition of treasury shares had been approved by the Bank's General Meeting especially for the purpose of managing the Group's capital adequacy.

In view of the facts that the capital requirements can vary over time and the regulation itself and its corresponding implementing regulatory rules have been still under development, the Group is continuously monitoring and evaluating the forthcoming changes in regulatory requirements affecting the capital and capital adequacy. It analyses their potential impacts as part of the Group's capital planning process.

The CNB, as the local regulatory authority, oversees the Group's capital adequacy compliance on both separate and consolidated bases. During the past year, the Group was in compliance with all regulatory requirements. The Group also regularly prepares the regulatory report on Pillar 2 (i.e. the internal capital adequacy assessment process) and submits it to the CNB.

At the same time, the CNB is the local resolution authority that defines the most appropriate crisis resolution strategies for institutions and, among other things, sets the minimum requirement for own funds and eligible liabilities (MREL). The Bank received the CNB's decision dated 16 July 2024, setting a minimum MREL requirement. According to this decision, the Bank is required to maintain its own funds and eligible liabilities on a consolidated basis at no less than 21.2% of the total risk exposure (i.e. risk-weighted exposure) and 5.91% of the total exposure from 1 January 2024. In fulfilling the ongoing targets valid in previous years and the final target valid from 1 January 2024, the Bank gradually accepted eligible liabilities in the form of senior non-preferred debt totalling EUR 1,500 million in 2022 and EUR 900 million in 2023, i.e. in a total nominal volume of EUR 2,400 million (CZK 60,444 million). These eligible liabilities were drawn from the Bank's parent company (Société Générale S.A.) in accordance with the Société Générale Group's preferred resolution strategy. During the past year, the Bank fulfilled all regulatory MREL requirements.

36 Composition of cash and cash equivalents as reported in the Statement of Cash Flows

(CZKm)	31 Dec 2024	31 Dec 2023	Change in the year
Cash and current balances with central banks (refer to Note 18)	72,956	12,835	60,121
Loans and advances to banks – current accounts with other banks	581	578	3
Amounts due to banks – current accounts	(1,664)	(4,821)	3,157
Cash and cash equivalents at the end of the year	**71,873**	**8,592**	**63,281**

The total cash outflow on leases in 2024 was CZK 638 million (2023: CZK 575 million).

37 Commitments and contingent liabilities

Legal disputes

The Group conducted a review of legal proceedings outstanding against it as of 31 December 2024. Pursuant to the review of significant litigation matters in terms of the risk of losses and litigated amounts, the Group has recorded a provision of CZK 39 million (2023: CZK 9 million) for these legal disputes (refer to Note 32). The Group has also recorded a provision of CZK 2 million (2023: CZK 1 million) for costs associated with a potential payment of appurtenances on the pursued claims.

As of 31 December 2024, the Group conducted a review of legal proceedings it had filed against other entities. The Group has been notified that certain parties against which it is taking legal action may file counterclaims against it. The Group will contest any such claims and, taking into consideration the opinion of its internal and external legal counsel, believes that any asserted claims made will not materially affect its financial position. No provision has been made in respect of these matters.

Commitments arising from the issuance of guarantees

Commitments from guarantees represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties. These assurances carry the same credit risk as do loans, and therefore the Group makes provisions for these instruments (according to a customer's creditworthiness) on the same basis as is applicable to loans.

Capital expenditures

As of 31 December 2024, the Group had capital expenditures of CZK 264 million (2023: CZK 486 million), which include capital expenditures in respect of current capital investment activities in the amount of CZK 219 million (2023: CZK 321 million).

Commitments arising from the issuance of letters of credit

Documentary letters of credit are written, irrevocable commitments by the Group on behalf of a customer (the mandatory) authorising a third party (the beneficiary) to draw drafts on the Group up to a stipulated amount under specific terms and conditions. The Group records provisions for these instruments (according to a customer's creditworthiness) on the same basis as is applicable to loans.

Commitments to extend credit, undrawn loan commitments, overdrafts, and approved overdraft loans

Principal off-balance sheet exposures include undrawn limits under framework agreements to provide financial services, approved overdraft loans, undrawn loan commitments, issued commitments to extend credit, and unutilised facilities. The primary purpose of commitments to extend credit and framework agreements is to ensure that funds are available to a customer as and when required. Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans or guarantees. In accordance with the IFRS definition of a conditional commitment, the Group distinguishes between irrevocable and revocable commitments to extend credit and framework agreements. The irrevocability of commitments, framework agreements of undrawn loan commitments, unutilised overdrafts, and approved overdraft loans ensues from contractual terms and conditions of the credit agreements (i.e. their use is not contingent upon customers' maintaining other specific credit standards). For irrevocable commitments or framework agreements, undrawn loan commitments, unutilised overdrafts, and approved overdraft loans, the Group recognises a provision when required (according to a customer's creditworthiness) in accordance with the same algorithm as for loans.

The risk associated with off-balance sheet credit commitments and contingent liabilities is assessed on the same basis as is that of loans to customers while taking into account the financial position and activities of the entity to which the Group issued a given guarantee and the collateral obtained.

As of 31 December 2024, the financial commitments and contingencies of the Group were comprised of the following, as broken down by classification:

	Carrying value				Provisions			
(CZKm)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Central banks	0	0	0	0	0	0	0	0
General governments	31,889	4	0	31,893	4	0	0	4
Credit institutions	3,381	0	0	3,381	0	0	0	0
Other financial corporations	7,023	11	0	7,034	6	0	0	6
Non-financial corporations	150,372	6,782	446	157,600	188	168	122	478
Households*	27,722	3,140	82	30,944	26	37	21	84
Total commitments and contingencies	**220,387**	**9,937**	**528**	**230,852**	**224**	**205**	**143**	**572**

* This item includes also financial commitments and contingencies granted to individual entrepreneurs.

As of 31 December 2023, the financial commitments and contingencies of the Group were comprised of the following, as broken down by classification:

	Carrying value				Provisions			
(CZKm)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total **
Central banks	0	0	0	0	0	0	0	0
General governments	21,567	9	0	21,576	3	0	0	3
Credit institutions	3,792	0	0	3,792	0	0	0	0
Other financial corporations	17,780	1	0	17,781	28	0	0	28
Non-financial corporations	128,046	8,339	828	137,213	160	127	226	513
Households*	31,939	4,794	85	36,818	29	51	28	108
Total commitments and contingencies	**203,124**	**13,143**	**913**	**217,180**	**220**	**178**	**254**	**652**

* This item includes also financial commitments and contingencies granted to individual entrepreneurs.

** The value has been restated in accordance with the values in the Note 32 Provisions.

Financial commitments and contingencies comprise the following:

(CZKm)	31 Dec 2024	31 Dec 2023
Non-payment guarantees including commitments to issued non-payment guarantees	54,916	52,608
Payment guarantees including commitments to issued payment guarantees	19,390	20,980
Committed facilities and unutilised overdrafts	18,544	13,862
Undrawn credit commitments	100,640	86,864
Unutilised overdrafts and approved overdraft loans	26,943	28,151
Unutilised limits under framework agreements to provide financial services	6,027	11,439
Open customer/import letters of credit not covered	927	478
Standby letters of credit not covered	2,834	2,180
Confirmed supplier/export letters of credit	631	618
Total commitments and contingencies	**230,852**	**217,180**

The risk associated with off-balance sheet credit commitments and contingent liabilities is assessed on the same basis as is that of loans to customers while taking into account the financial position and activities of the entity to which the Group issued a given guarantee and the collateral obtained. As of 31 December 2024, the Group recorded provisions for these risks in the amount of CZK 572 million (2023: CZK 652 million). Refer to Note 32.

Set out below is a breakdown of financial commitments and contingencies to non-financial corporations by sector:

(CZKm)	31 Dec 2024	31 Dec 2023
Agriculture, forestry, and fishing	2,852	3,226
Mining and quarrying	2,104	2,020
Manufacturing	24,880	26,048
Electricity, gas, steam, and air conditioning supply	31,555	17,380
Water supply, sewerage, waste management, and remediation activities	1,367	1,001
Construction	46,364	41,606
Wholesale and retail trade, repair of motor vehicles and motorcycles	14,204	15,785
Transportation and storage	7,338	6,013
Accommodation and food service activities	645	641
Information and communication	4,773	3,576
Real estate activities	5,780	6,961
Professional, scientific, and technical activities	9,972	9,741
Administrative and support service activities	1,786	1,495
Public administration and defence, compulsory social security	192	212
Education	65	46
Human health and social work activities	265	248
Arts, entertainment, and recreation	3,265	1,102
Other service activities	193	112
Total commitments and contingencies to non-financial corporations	**157,600**	**137,213**

Exposure to the automotive industry and related suppliers is CZK 3,058 million (2023: CZK 3,095 million).

The majority of commitments and contingencies originate on the territory of the Czech Republic.

The collateral held in support of financial commitments and contingencies is broken out below by type as of 31 December 2024:

	Applied commitments and contingencies collateral value*				
(CZKm)	Commitments collateralised by residential property	Commitments collateralised by commercial property	Other commitments collateralised by cash instruments	Other commitments collateralised by other collaterals	Financial guarantees received
Commitments and contingencies	**4,568**	**4,656**	**2,937**	**13,569**	**15,494**
of which:					
– Other financial corporations	11	10	0	110	4,818
– Non-financial corporations	449	4,603	2,902	11,951	10,613
– Households**	4,108	43	35	0	63
of which: Stage 3	7	102	84	17	102

* The amount of the collateral is reduced by a coefficient taking into account the time value of money, cost of selling the collateral, risk of declining market prices, risk of insolvency, and similar factors and then further reduced to the actual balance of the collateralised exposure.

** This item also includes financial commitments and contingencies granted to individual entrepreneurs.

The collateral held in support of financial commitments and contingencies is broken out below by type as of 31 December 2023:

	Applied commitments and contingencies collateral value*				
(CZKm)	Commitments collateralised by residential property	Commitments collateralised by commercial property	Other commitments collateralised by cash instruments	Other commitments collateralised by other collaterals	Financial guarantees received
Commitments and contingencies	**5,914**	**4,672**	**2,480**	**13,742**	**13,680**
of which:					
– Other financial corporations	12	16	0	1,011	4,026
– Non-financial corporations	550	4,581	2,444	10,913	9,581
– Households**	5,352	75	36	18	73
of which: Stage 3	9	85	111	190	108

* The amount of the collateral is reduced by a coefficient taking into account the time value of money, cost of selling the collateral, risk of declining market prices, risk of insolvency, and similar factors and then further reduced to the actual balance of the collateralised exposure.

** This item also includes financial commitments and contingencies granted to individual entrepreneurs.

In accordance with Act No. 427/2011 Coll., on Supplementary Pension Savings, and in accordance with the statutes of the Transformovaný fond KB Penzijní společnost, a.s. (hereafter only the "Fund") created after 1 January 2013, KB Penzijní společnost, a.s. guarantees at least a zero return for clients on an annual basis and must ensure that the value of assets in the Fund is always equal to or greater than the value of liabilities. Otherwise, KB Penzijní společnost, a.s. is required to contribute to the Fund assets necessary to make up the difference at the latest within 30 days after the end of the quarter in which such circumstance was identified. These transferred assets constitute a special capital fund of the Fund and are primarily used to cover losses of the current year or accumulated losses from prior periods.

As a result of capital market developments, KB Penzijní společnost, a.s. contributed in 2021 to the Fund assets to offset the value of liabilities in excess of the value of assets. The excess was caused by negative revaluation differences of bonds classified by the Fund as financial assets in the "Hold to collect contractual cash flows and sell" business model attributable to a sharp rise in the Czech National Bank's key interest rates and their corresponding effects across the entire yield curve. This capital injection was gradually increased further in 2021 and 2022, but once the repo rate peaked in this monetary cycle at the level of 7.0 %, the secondary market bond yields began to decline again. At the end of 2023, the positive value of the other comprehensive income was almost reached, and therefore KB Penzijní společnost, a.s., after the annual financial statements had been audited, was able to transfer the corresponding amount back to the Fund's assets. The current market valuation will probably lead to the return of the remaining amount. This confirms the fact proven for the first time as of 31 December 2020 that the negative revaluation differences have been correctly regarded as temporary and will be fully offset no later than upon maturity of the bonds.

According to the current stress scenario, no contribution to the Fund's assets is expected for the forthcoming period. The capital adequacy is strong, and KB Penzijní společnost, a.s. has sufficient capital to cover all stress and adverse scenarios which are regularly projected.

38 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. As of 31 December 2024, the Group was controlled by Société Générale S.A., which owns 60.35% of its issued share capital.

A number of banking transactions are entered into with related parties in the normal course of business. These specifically include loans, deposits, transactions with derivative financial instruments, and other types of transactions. These transactions are carried out on an arm's length basis.

Amounts due to and from the Group companies

As of 31 December 2024, the Group had deposits of CZK 4,332 million (2023: CZK 5,154 million) due to the associate Komerční pojišťovna, a.s. and the Bank had provided it with a subordinated loan in the amount of CZK 446 million (2023: CZK 446 million). The positive fair value of financial derivatives in relation to the associate Komerční pojišťovna, a.s. totalled CZK 30 million (2023: CZK 92 million) and the negative fair value CZK 163 million (2023: CZK 434 million).

Interest income from financial derivatives of Komerční pojišťovna, a.s. to the Group totalled CZK 211 million (2023: CZK 346 million) and interest expense on financial derivatives totalled CZK 205 million (2023: CZK 305 million). Interest expense from deposits amounted to CZK 228 million (2023: CZK 249 million), fee income of the Group arising from intermediation totalled CZK 660 million (2023: CZK 591 million), fee expense amounted to CZK 164 million (2023: CZK 157 million), insurance expenses totalled CZK 8 million (2023: CZK 8 million), and other income came to CZK 33 million (2023: CZK 35 million).

As of 31 December 2024, deposits received by the Group from other associated companies were CZK 8 million (31 December 2023: CZK 2 million), loans granted to these companies totalled CZK 166 million (31 December 2023: CZK 227 million), and allowances for these loans came to CZK 29 million (31 December 2023: CZK 25 million). Related interest income totalled CZK 23 million (31 December 2023: CZK 14 million) and interest expense totalled CZK 0 million (32 December 2023: CZK 0 million).

Amounts due to and from Société Générale Group entities

Principal balances due from Société Générale Group entities include the following:

	31 Dec 2024		31 Dec 2023	
(CZKm)	Total	Of which derivatives	Total	Of which derivatives
Ayvens s.r.o.	8,450	0	9,101	0
ALD Automotive Slovakia s.r.o.	101	0	71	0
BRD - Groupe Société Générale SA	3	0	63	0
SG Bruxelles	2	0	2	0
SG Zurich	0	0	245	0
Société Générale oddzial w Polsce	0	0	47	47
Société Générale Paris	37,939	6,058	32,462	9,609
Total	**46,495**	**6,058**	**41,991**	**9,656**

Principal balances owed to Société Générale Group entities include the following:

	31 Dec 2024		31 Dec 2023	
(CZKm)	Total	Of which derivatives	Total	Of which derivatives
Ayvens s.r.o.	373	0	1,267	0
BRD - Groupe Société Générale SA	1	0	2	0
SG Amsterdam	0	0	2	0
SG Frankfurt	298	0	0	0
Société Générale Luxembourg	56	0	1,122	0
SG Milan	1	0	2	0
SG Private Banking (Suisse)	1	0	0	0
SGEF SA	3	0	3	0
Société Générale Londres	88	0	4	0
Société Générale New York	10	0	4	0
Société Générale oddzial w Polsce	1	0	21	12
Société Générale Paris	139,505	9,924	149,890	12,646
Total	**140,337**	**9,924**	**152,317**	**12,658**

Amounts due to and from the Société Générale Group entities principally comprise balances of current and overdraft accounts, nostro and loro accounts, subordinated and senior non-preferred debt, issued loans, interbank market loans and placements, deposited margins in favour of the counterparty, and fair values of derivatives.

As of 31 December 2024, the Group also carried off-balance sheet exposures to the Société Générale Group entities, of which off-balance sheet nominal assets and liabilities totalled CZK 543,700 million (2023: CZK 596,055 million) and CZK 467,102 million (2023: CZK 500,328 million), respectively. These amounts principally relate to currency spots and forwards, interest rate forwards and swaps, options, commodity derivatives, emission allowances, and guarantees for credit exposures.

As of 31 December 2024 and 2023, the Group also recorded other accounts receivable and payable from and to Société Générale Group entities, the amounts of which are not significant.

During the year ended 31 December 2024, the Group generated net operating revenues due to Société Générale Group of CZK (3,199) million (2023: CZK (4,584) million). The total is mainly affected by the volatile revaluation of derivative transactions to fair value. These operations follow on from operations concluded with clients and eliminate the Group's market risk or they are hedging derivatives of the fair value hedging type. Other sources of revenue include the distribution of the SG Group products, and providing services in areas of infrastructure, information technology, and business intelligence services. Net interest income of CZK (4,698) million (2023: CZK (3,483) million) consisted mainly of interest on hedging derivatives, transactions on the interbank market, and subordinated debt and senior non-preferred debt received. Operating expenses realised in relation to the SG Group totalled CZK 378 million (2023: CZK 334 million), mostly for the use of services in the area of operation and management of hardware and software and assistance services. The operating result in relation to the SG Group reached CZK (3,576) million (2023: CZK (4,918) million).

In connection with lease contracts, the Group records:

	31 Dec 2024				31 Dec 2023			
(CZKm)	Right-of-use assets	Lease liabilities	Depreciation expense	Interest expense	Right-of-use assets	Lease liabilities	Depreciation expense	Interest expense
Ayvens s.r.o.	143	39	32	1	143	43	27	0
ALD Automotive Slovakia s.r.o.	1	3	0	0	2	1	0	0
Total	**144**	**42**	**32**	**1**	**145**	**44**	**27**	**0**

As of 31 December 2024, the Group reported a loss of CZK 3 million (2023: CZK 2 million) on terminated contracts.

Remuneration and amounts due from members of the Board of Directors and Supervisory Board

Remuneration paid to the members of the Board of Directors and Supervisory Board during the years was as follows:

(CZKm)	2024	2023
Remuneration to members of the Board of Directors*	84	84
Remuneration to members of the Supervisory Board**	7	7
Total	**91**	**91**

* **Remuneration paid to members of the Board of Directors** includes wages paid and other compensation and benefits provided during the year ended 31 December 2024 to current and former directors for the duration of their memberships. It also includes a part of bonuses awarded in 2024. The remuneration includes as well benefits arising to the Bank's employees under the collective agreement.

** **Remuneration paid to members of the Supervisory Board** includes amounts paid during the year ended 31 December 2024 to current and former members of the Supervisory Board for the duration of their memberships. Amounts for members of the Supervisory Board elected by employees additionally include income paid to them under their employment arrangements with the Bank for the duration of their memberships. The remuneration also includes benefits arising to the Bank's employees under the collective agreement.

	31 Dec 2024	31 Dec 2023
Number of the Board of Directors members at the end of the period	6	6
Number of the Supervisory Board members at the end of the period	9	9

In respect of loans and guarantees as of 31 December 2024, the Group recorded receivables from loans granted to members of the Board of Directors and Supervisory Board totalling CZK 46 million (2023: CZK 46 million). During 2024, drawdowns of CZK 6 million (2023: CZK 1 million) were made under the loans granted. Loan repayments during 2024 amounted to CZK 6 million (2023: CZK 1 million). The increase of loans in 2024 is affected by new members already having loans totalling CZK 0 million. Loans to resigning members totalled to CZK 0 million as of 31 December 2023.

39 Movements in the remeasurement of retirement benefits plan in the equity

(CZKm)	2024	2023
Remeasurement of retirement benefits plan as of 1 January	(271)	(267)
Deferred tax asset/(liability) as of 1 January	57	51
Balance as of 1 January	**(214)**	**(216)**
MOVEMENTS DURING THE YEAR		
Gains/(losses) from remeasurement of retirement benefits plan	3	(4)
Deferred tax	(1)	6
	2	**2**
Remeasurement of retirement benefits plan as of 31 December	(268)	(271)
Deferred tax asset/(liability) as of 31 December (refer to Note 33)	56	57
Balance as of 31 December	**(212)**	**(214)**

40 Movements in the revaluation of equity securities at FVOCI in the equity

(CZKm)	2024	2023
Revaluation of equity securities at FVOCI as of 1 January	(4)	5
Deferred tax asset/(liability) as of 1 January	0	0
Balance as of 1 January	**(4)**	**5**
MOVEMENTS DURING THE YEAR		
Gains/(losses) from changes in fair value	(1)	(9)
Deferred tax	0	0
	(1)	**(9)**
Revaluation of equity securities at FVOCI as of 31 December	(5)	(4)
Deferred tax asset/(liability) as of 31 December (refer to Note 33)	0	0
Balance as of 31 December	**(5)**	**(4)**

41 Movements in the revaluation of hedging instruments in the equity

In accordance with IAS 39, certain derivatives were designated as hedges. The changes in fair values of cash flow hedges are recorded in a separate line of equity in the hedging reserve.

(CZKm)	2024	2023
Cash flow hedge fair value as of 1 January	265	740
Deferred tax asset/(liability) as of 1 January	(57)	(144)
Balance as of 1 January	**208**	**596**
MOVEMENTS DURING THE YEAR		
Gains/(losses) from changes in fair value	375	550
Deferred tax	(78)	(108)
	297	**442**
Transferred to interest income/expense	(187)	(720)
Deferred tax	39	137
	(148)	**(583)**
Transferred to net profit/loss on financial operations	(230)	(305)
Deferred tax	48	58
	(182)	**(247)**
Transferred to personnel expenses	(9)	(6)
Deferred tax	2	1
	(7)	**(5)**
Transferred to general and administrative expenses	5	6
Deferred tax	(1)	(1)
	4	**5**
Cash flow hedge fair value as of 31 December	219	265
Deferred tax asset/(liability) as of 31 December (refer to Note 33)	(47)	(57)
Balance as of 31 December	**172**	**208**

42 Movements in the revaluation of debt securities at FVOCI in the equity

(CZKm)	2024	2023
Reserve from fair value revaluation as of 1 January	18	350
Deferred tax asset/(liability) as of 1 January	(7)	(64)
Impairment as of 1 January	3	5
Balance as of 1 January	**14**	**291**
MOVEMENTS DURING THE YEAR		
Gains/(losses) from changes in fair value	(39)	(38)
Deferred tax	17	(5)
	(22)	**(43)**
(Gains)/losses from sale	(2)	(294)
Deferred tax	0	62
	(2)	**(232)**
Impairment	(1)	(2)
	(1)	**(2)**
Reserve from fair value revaluation as of 31 December	(23)	18
Deferred tax asset/(liability) as of 31 December (refer to Note 33)	10	(7)
Impairment as of 31 December	2	3
Balance as of 31 December	**(11)**	**14**

43 Risk management and financial instruments

(A) Credit risk

Assessment of client's credit rating
The assessment of credit risk is based on quantitative and qualitative criteria and leads to a rating assignment. The Group uses several types of rating models, depending on the type and profile of the counterparty and the types of transactions. As a result, individual ratings are assigned to both the Group's clients and to specific client transactions. The same process of rating assignment is applied in relevant cases to respective guarantors and sub-debtors, which enables a better assessment of the quality of accepted guarantees and collaterals.

The Group focuses on updating selected credit risk models in order optimally to reflect the current macroeconomic situation and goals set by the Group, as well as on increasing effectiveness in monitoring the risk profiles of individual client portfolios and the quality of tools and models for credit risk management. The Bank also continued in harmonising governance, usage of rating models, and the monitoring process within the Group.

The results of regular stress testing play an important role, allowing more precise estimates of the expected intensity of credit risk for the tested periods and thus optimisation of the Group's credit risk management tools and more accurate estimation of expected future losses.

(a) Business clients and municipalities

For entrepreneurs, corporate clients, and municipalities, the Group uses the obligor rating (expressed on the 22-grade Société Générale rating master scale) with the aim to evaluate the counterparty's Probability of Default (PD) and the Loss Given Default (LGD) rating that reflects the quality of available guarantees and collateral and evaluates the potential loss from counterparty transactions. These models are also used for regular estimation of expected loss and unexpected loss for all client exposures reported in accordance with the Basel III requirements.

For large and medium-sized clients, the obligor rating is a combination of the financial rating based primarily on data in the financial statements and a qualitative rating obtained through the evaluation of non-financial information relating to a particular client.

In the entrepreneurs and small companies segment, the client's obligor rating is a combination of financial, non-financial, and personal data; data on client behaviour within the Group; and information from external credit bureaus. When clients are funded via simple products, the setting of the rating is alternatively limited to evaluation of data on clients' behaviour within the Group (behavioural rating).

In the municipalities segment, the obligor rating is a combination of the financial rating based on data in the financial statements and of a qualitative rating acquired through the assessment of non-financial information relating to a specific municipality.

The Group is also using a dedicated rating model for housing co-operatives and associations of owners and a special model for real estate developers and investors.

(b) Ratings for banks and sovereigns

For banks, other financial corporations (namely insurance companies, brokers, and funds) and for sovereigns (central banks and central governments), the Group uses rating models developed by Société Générale.

(c) Ratings for individual clients

The Group uses two types of ratings with the aim of evaluating default risk for individuals: (1) the application rating, which is derived from an evaluation of clients' personal data, data on the behaviour within the Group, and data available from external credit bureaus; and (2) a behavioural rating that is based on evaluating the information on the clients' behaviour within the Group. The application rating is primarily used for active clients' applications for new funding transactions, while the behavioural rating (which includes the calculation of indicative limits for simple products with low exposure) is used for active offers of funding by the Group to its existing clients.

(d) Internal register of negative information

The Group maintains an internal register of negative information. The register integrates the maximum quantity of available internal and external negative information on subjects related to the credit process. It includes algorithms for evaluating the negative information and contributes substantially to protecting the Bank and the Group from risky entities.

(e) Credit bureaus

The evaluation of data from credit bureaus is one of the principal factors influencing the assessment of applications for client funding, especially in the retail client segments (individuals and small business).

(f) Credit fraud prevention

In the individuals and small business segment, the Group uses an automated system for the detection of credit frauds and also for co-ordinated reactions to credit fraud attacks. The system is fully integrated with the Group's main applications and is regularly updated to reflect current market trends.

(g) Granting process

In 2024, the Group implemented a sophisticated algorithm for detecting inflows and outflows for current accounts of individual clients. It also updated and made significantly more precise the internal minimal values of outlays entering into the creditworthiness assessment of individuals. Inasmuch as these steps significantly improved creditworthiness assessment, the Group expects this will have a positive impact on the risk profile of granted consumer loans. Throughout the year, the Group also continued in simplifying the processes and accelerating credit granting to all client segments (with the gradual introduction of digital processes).

(h) Environmental, social, and governance

Climate change is recognised as a major threat to humanity having direct consequences for many activities. Regulatory initiatives from the Czech government, EU authorities, and banking regulators require universal banks like the Group to take into consideration ESG risks in their credit underwriting policies and their risk management procedures generally.

In the area of risk management, the Group is progressively implementing principles and procedures that take environmental risk into account within the parent company's ESG by Design programme. Since 2023, the Group focused on upgrading the climate risk assessment (ability to adapt to the new "green" economy) of its clients, and this assessment is mandatory for business entities with a financing limit of a connected group above EUR 5 million. The evaluation of climate transition risks is subsequently taken into account in the overall credit risk evaluation, and the client's ability to adapt may have an impact on the its internal rating and the Group's decision to grant a loan. In 2024, the Group adopted a portfolio approach for evaluating transition risk for exposures below EUR 5 million.

The Group is gradually increasing its ability to collect, measure, and disclose ESG data to reflect the regulatory and other initiatives. The ultimate goal is to apply a holistic approach to ESG regulation and to further embed ESG impacts into its core operations and policies (in all relevant areas such as onboarding of clients, transaction/financing validation, and others).

The implementation of changes in the ESG area is closely co-ordinated with SG and takes place within the group SG programme (ESG by Design).

Credit concentration risk

Credit concentration risk is actively managed as a part of overall credit risk management utilising standard tools: credit risk assessment, setting of internal limits, use of risk mitigation techniques, regular reporting, producing of sector analyses, and stress testing. The Group maintains its objective not to take on any excessive credit concentration risk. Credit concentration risk management procedures cover individual counterparties as well as economically connected groups, countries, selected industry sectors, and collateral providers. A system of internal limits has been established so that the Group complies with the regulatory limits set by the law in respect of concentration risk. Refer to Notes 22 and 37 for quantitative information about this type of risk.

Financial assets on banking book breakdown by risk class based on an internal rating scale:

	31 Dec 2024 Gross carrying value			31 Dec 2023 Gross carrying value		
(CZKm)	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Unrated	27,425	2,688	0	18,132	1,787	0
PD 1 (0.0% – 0.1%)	665,821	641	0	647,657	1,158	0
PD 2 (0.1% – 0.2%)	119,958	13,200	0	119,004	12,914	0
PD 3 (0.2% – 0.4%)	110,095	22,285	0	114,394	20,704	0
PD 4 (0.4% – 0.8%)	129,240	21,514	0	130,964	21,457	0
PD 5 (0.8% – 1.6%)	114,634	17,565	0	107,159	19,648	0
PD 6 (1.6% – 3.2%)	84,663	7,621	0	94,194	8,355	0
PD 7 (3.2% – 6.4%)	64,157	9,187	0	60,517	7,787	0
PD 8 (6.4% – 12.8%)	12,665	17,051	0	9,393	16,512	0
PD 9 (>12.8%)	578	11,563	0	1,064	11,843	0
Stage 3 (default)	0	0	16,498	0	0	15,285
Total	**1,329,236**	**123,315**	**16,498**	**1,302,478**	**122,165**	**15,285**

Contingent liabilities breakdown by risk class based on an internal rating scale:

	31 Dec 2024 Gross carrying value			31 Dec 2023 Gross carrying value		
(CZKm)	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**
Unrated	962	49	0	1,002	34	
PD 1 (0.0% – 0.1%)	43,182	294	0	35,914	366	0
PD 2 (0.1% – 0.2%)	25,540	705	0	24,167	933	0
PD 3 (0.2% – 0.4%)	26,166	686	0	26,795	1,039	0
PD 4 (0.4% – 0.8%)	37,130	613	0	39,749	940	0
PD 5 (0.8% – 1.6%)	44,786	597	0	32,161	1,001	0
PD 6 (1.6% – 3.2%)	21,861	445	0	22,778	608	0
PD 7 (3.2% – 6.4%)	17,039	740	0	16,781	1,636	0
PD 8 (6.4% – 12.8%)	3,547	5,193	0	3,134	5,130	0
PD 9 (>12.8%)	174	615	0	643	1,456	0
Stage 3 (default)	0	0	528	0	0	913
Total	**220,387**	**9,937**	**528**	**203,124**	**13,143**	**913**

The Group's maximum credit exposure as of 31 December 2024:

	Total exposure			Collateral applied		
(CZKm)	Statement of financial position	Off-balance sheet	Total credit exposure	Statement of financial position	Off-balance sheet	Total collateral
Current balances with central banks	**64,384**	**x**	**64,384**	**0**	**x**	**0**
Financial assets held for trading at fair value through profit or loss	**41,790**	**x**	**41,790**	**0**	**x**	**0**
Non-trading financial assets at fair value through profit or loss	**0**	**x**	**0**	**0**	**x**	**0**
Positive fair value of hedging financial derivatives	**6,896**	**x**	**6,896**	**0**	**x**	**0**
Financial assets at fair value through other comprehensive income	**11,311**	**x**	**11,311**	**0**	**x**	**0**
Financial assets at amortised cost	**1,384,782**	**230,852**	**1,615,634**	**444,065**	**41,224**	**485,289**
of which:						
– Other financial corporations	65,804	7,034	72,838	14,628	4,949	19,577
– Non-financial corporations	334,999	157,600	492,599	63,407	30,518	93,925
– Households*	438,098	30,944	469,042	363,067	4,249	367,316
Revaluation differences on portfolios hedge items	**(657)**	**x**	**(657)**	**0**	**0**	**0**
Total	**1,508,506**	**230,852**	**1,739,358**	**444,065**	**41,224**	**485,289**

* This item also includes loans provided to individual entrepreneurs.

The maximum credit exposure is presented on a gross basis (i.e. without the impact of allowances).

The Group's maximum credit exposure as of 31 December 2023:

	Total exposure			Collateral applied		
(CZKm)	Statement of financial position	Off-balance sheet	Total credit exposure	Statement of financial position	Off-balance sheet	Total collateral
Current balances with central banks	**4,530**	**x**	**4,530**	**0**	**x**	**0**
Financial assets held for trading at fair value through profit or loss	**48,464**	**x**	**48,464**	**0**	**x**	**0**
Non-trading financial assets at fair value through profit or loss	0	x	0	0	x	0
Positive fair value of hedging financial derivatives	**8,598**	**x**	**8,598**	**0**	**x**	**0**
Financial assets at fair value through other comprehensive income	**16,783**	**x**	**16,783**	**0**	**x**	**0**
Financial assets at amortised cost	**1,410,310**	**217,180**	**1,627,490**	**428,031**	**40,488**	**468,519**
of which:						
– Other financial corporations	76,921	17,781	94,702	14,705	5,065	19,770
– Non-financial corporations	317,541	137,213	454,754	61,380	28,069	89,449
– Households*	422,226	36,818	459,044	348,679	5,554	354,233
Revaluation differences on portfolios hedge items	**(815)**	**x**	**(815)**	**0**	**0**	**0**
Total	**1,487,870**	**217,180**	**1,705,050**	**428,031**	**40,488**	**468,519**

* This item also includes loans provided to individual entrepreneurs.

The maximum credit exposure is presented on a gross basis (i.e. without the impact of allowances).

The Group's debt securities, allocated by sector and currency, comprised the following as of 31 December 2024:

	Fair value through profit or loss			Fair value through other comprehensive income			Amortised cost		
(CZKm)	CZK	Other	Total	CZK	Other	Total	CZK	Other	Total
Central banks	0	0	0	0	0	0	0	0	0
General governments	19,235	0	19,235	6,903	4,355	11,258	174,672	1,636	176,308
Credit institutions	7	0	7	0	0	0	0	0	0
Other financial corporations	26	0	26	0	0	0	96	0	96
Non-financial corporations	354	0	354	0	0	0	3,848	2,622	6,470
Total debt securities	**19,622**	**0**	**19,622**	**6,903**	**4,355**	**11,258**	**178,616**	**4,258**	**182,874**

The Group's debt securities, allocated by sector and currency, comprised the following as of 31 December 2023:

	Fair value through profit or loss			Fair value through other comprehensive income			Amortised cost		
(CZKm)	CZK	Other	Total	CZK	Other	Total	CZK	Other	Total
Central banks	0	0	0	0	0	0	0	0	0
General governments	19,120	489	19,609	7,476	9,254	16,730	147,075	1,590	148,665
Credit institutions	0	0	0	0	0	0	0	0	0
Other financial corporations	9	0	9	0	0	0	1,796	0	1,796
Non-financial corporations	3	0	3	0	0	0	1,442	334	1,776
Total debt securities	**19,132**	**489**	**19,621**	**7,476**	**9,254**	**16,730**	**150,313**	**1,924**	**152,237**

Classification of loans and advances

The Group classifies all its loans and advances arising from financial activities into three categories: Stage 1, Stage 2, and Stage 3. Performing exposures are classified as Stages 1 or Stage 2 while non-performing or defaulted exposure are classified as Stage 3. The classification reflects both quantitative criteria (e.g. payment discipline, financial data) and qualitative criteria (e.g. in-depth knowledge of the client). In case of retail individual clients, the classification also reflects the default sharing principle for co-debtors and guarantors.

The structure of the credit portfolio according to staging is regularly reported to the CNB and to investors.

Significant increase in credit risk
The thresholds for significant increase of lifetime probability of default (PD) have been assessed by the Group on segment level (e.g. for sovereigns, banks and financial institutions, public sector, and large corporates, the increase of annualised lifetime PD by 210 bps causes transfer to S2; for SMEs and specialised lending, the significant increase in credit risk (SICR) threshold is 250 bps; for retail small business it is 300 bps; for mortgages 50 bps; for consumer loans 150 bps; and for revolving deals to individual clients 100 bps) to fulfil the prescribed performance criteria for Stage 2 (default capture rate, default rate in Stage 2, etc.) together with a tripling PD backstop (in line with EBA rules).

New definition of default
The definition of default is in line with EBA Guidelines EBA/GL/2016/07 in applying the definition of default under Article 178 of Regulation (EU) No. 575/2013.

Forbearance (for the definition of forborne loans, refer to Note 3.5.5.8)
In 2024, the Group adjusted its methodology for management and categorisation of forbearance and of renegotiation in line with EBA Guidelines EBA/GL/2018/06 on management of non-performing and forborne exposures.

The Group newly distinguishes between providing forbearance to a client with and without financial difficulties. In the case of a client with financial difficulties, the Group further assesses the nature of these difficulties.

1. In case the forbearance is provided to a client without financial difficulties, the forbearance-related exposure is flagged as renegotiation and categorised as a performing exposure (Stage 1).

2. If the client's financial difficulties are assessed as serious, the exposure is categorised as non-performing forborne - default (Stage 3).

This designation of forbearance is maintained until the following conditions are met:

   (a) Correction of the default status (Stage 3), which is possible at earliest 12 months after granting of the forbearance and upon satisfying the established criteria;

   (b) Ending of the 2-year surveillance period that follows after correction of the default status. During this period, the repayment discipline must be properly observed (i.e. no receivable may exceed 30 days past due). If the repayment discipline condition is breached during the surveillance period, then the exposure is reclassified back to Stage 3 (non-performing), after which the 2-year surveillance period starts again.

3. If the client's financial difficulties are assessed as less severe, the exposure is categorised as performing forborne (Stage 2).

This designation of the exposure with the concession is changed after the end of the surveillance period, conditioned upon proper repayment discipline.

Characteristics of financial assets at amortised costs that are not rated (other receivables from clients)
The Group does not rate other amounts due from customers. These amounts consist of non-credit receivables that principally originated from the payment system, fraudulent withdrawals, bank cheques, receivables associated with purchases of securities (on behalf of clients) that have not been settled, and receivables that arise from business arrangements that do not constitute financial activities, specifically receivables arising from outstanding rental payments on non-residential premises, sale of real estate, and prepayments made.

Allowances for loans and advances
The Group uses IFRS 9 in the area of allowances for loans and advances. Depending on the client segment, materiality, risk profile, and characteristics of the loans and advances, allowances are created either:

(a) individually (for selected non-performing clients, exceptionally for performing clients) while taking into account the present value of expected future cash flows and considering all available information, including the estimated value of collateral realisation and the expected duration of the recovery process; or
(b) using expected credit loss statistical models based on the observed history of defaults and losses and forward-looking information.

During 2024, the Group updated and recalibrated its IFRS 9 models for the performing portfolio (Stages 1 and 2) and for the retail non-performing portfolio (Stage 3) while considering new macroeconomic forecasts in line with the IFRS 9 forward-looking approach (in terms of sensitivity, GDP and unemployment remain the main predictors in forward-looking models).

These updates of IFRS 9 models led to the creation of allowances for the performing portfolio in the amount of CZK 41 million (2023: release at CZK 125 million) and the release of allowances for the non-performing portfolio in the amount of CZK 57 million (2023: creation at CZK 16 million).

In accordance with the IFRS 9 methodology, the Group uses a prediction founded on a so-called multi-scenario approach, which as of the end of 2024 proceeded from three scenarios:

(a) a baseline scenario with probability of 56%,
(b) a stress scenario with probability of 34%, and
(c) an optimistic scenario with probability of 10%.

	31 Dec 2024				
	GDP	Inflation	Interest rate on mortgages	Real wages (yoy)	Unemployment
Baseline economic assumption					
3-year average	2.13%	2.01%	4.60%	3.20%	2.95%
Peak	2.40%	1.65%	4.52%	3.96%	2.77%
Optimistic economic assumption					
3-year average	3.46%	1.54%	3.63%	3.92%	2.52%
Peak	4.30%	0.56%	3.31%	3.96%	2.46%
Stress economic assumption					
3-year average	(0.67%)	3.28%	5.51%	3.08%	4.60%
Trough	(3.20%)	5.01%	5.51%	(0.94%)	6.25%

The scenarios were developed internally using the best estimates and following forecasts published by government, regulatory, and other authorities.

By comparison, at the end of 2023, the Group had assumed three scenarios:
(a) a baseline scenario with a probability of 62%;
(b) a stress scenario with a probability of 28%; and
(c) an optimistic scenario with a probability of 10%.

					31 Dec 2023
	GDP	Inflation	Interest rate on mortgages	Real wages (yoy)	Unemployment
Baseline economic assumption					
3-year average	2.04%	1.10%	3.47%	3.17%	3.02%
Peak	2.30%	(0.73%)	3.21%	4.67%	2.92%
Optimistic economic assumption					
3-year average	3.38%	0.50%	2.89%	4.38%	2.64%
Peak	4.30%	(2.30%)	2.29%	5.82%	2.58%
Stress economic assumption					
3-year average	(1.13%)	2.15%	4.70%	2.71%	5.14%
Trough	(3.30%)	2.87%	5.39%	(0.06%)	6.59%

Sensitivity tests were performed on the expected credit loss resulting from the IFRS 9 models (without post-model adjustments). The potential impacts in the event of a 100% weighting for the given scenarios are shown in the table below:

	Expected credit loss impact	
(CZKm)	**31 Dec 2024**	**31 Dec 2023**
Baseline economic assumption	(210)	(175)
Optimistic economic assumption	(335)	(251)
Stress economic assumption	480	523

The potential impact on the consolidated financial statements is approximated based on the Bank's portfolio, as the impact from subsidiaries is immaterial.

In line with the forward-looking concept, the Group continued with a specific approach using post-model adjustments for the following portfolios with deteriorating credit profile that, as of 31 December 2024, is not fully reflected in the clients' individual credit ratings:

Exposures in retail segments of individuals and small business, within which the Group expects possible (deferred) negative impacts of recent high inflation, high costs, or high interest rates on the clients' ability to repay their obligations. As of 31 December 2024, the exposure of this portfolio totalled CZK 66.9 billion (2023: CZK 70.4 billion). In the individuals segment, the rating of these clients was downgraded by one notch and in the segment of small business by two notches for the purpose of allowance calculation. In addition, exposures of the aforementioned clients

granted up to the end of 2021 are reclassified into Stage 2 (due to the deteriorated macroeconomic situation since initial recognition, which can influence the future credit profile of the exposures). The level of additional allowances was at CZK 635 million as of 31 December 2024 (2023: CZK 658 million).

In 2024, the Group continued with a specific approach using post-model adjustments for the whole performing non-retail portfolio because the Group expects that the ability of clients in this segment to repay their liabilities may be negatively influenced by recent high inflation, costs, or interest rates. The level of additional allowances was CZK 1,639 million as of 31 December 2024 (2023: CZK 1,653 million).

The Group used the approach via additional allowances for the entire non-retail segment, as it does not yet observe significant differences in risk profiles among sectors.

The following table breaks out non-performing loans and advances in gross carrying amount to banks and customers (Stage 3) according to the assessment used:

	31 Dec 2024		31 Dec 2023	
(CZKm)	Individually	Statistical model	Individually	Statistical model
Central banks	0	0	0	0
General governments	12	0	52	0
Credit institutions	19	0	0	0
Other financial corporations	108	17	117	4
Non-financial corporations	7,439	2,479	6,655	2,184
Households*	844	5,580	1,024	5,249
Total	**8,422**	**8,076**	**7,848**	**7,437**

* This item also includes loans granted to individual entrepreneurs.

Loans and advances collateral management

The Group uses collateralisation as one of its techniques for credit risk mitigation. The risk management related to collaterals is performed by departments within the Risk Management Arm independently of the Group's business lines.

The Group has fully implemented within its internal system the rules for assessing collateral's eligibility according to Regulation (EU) No. 575/2013 and CNB Regulation No. 163/2014. In compliance with the CNB validation, the Group uses the Advanced Internal Ratings-Based (A-IRB) approach. For clients of the Slovak branch, the Group uses the Standardised (STD) approach for assessing collateral eligibility.

The recognised value of the collateral is set based on the Group's internal rules for collateral valuation and discounting. The methods used in defining values and discounts take into account all relevant risks; the expected cost of collateral sale; length of the sales process; historical experience of the Group; as well as collateral eligibility according to the CNB regulation, bankruptcy/insolvency rules, and other regulations. Specifically, for all real estate collateral, which is the most common type of collateral, the Group uses independent valuations performed or supervised by the Group's dedicated specialised internal department. Collateral values reflected in the calculation of capital requirements and other processes (regulatory exposure management, granting process, creation of allowances and provisions) involve the fulfilment of collateral eligibility according to Regulation (EU) No. 575/2013 and CNB Regulation No. 163/2014, as amended.

The Group (except for the Slovak branch) uses an online connection to the Land Register for reviewing and acquiring data on pledged real estate in granting mortgages or other loans secured by real estate and for regular monitoring of selected events that may put the Group's pledge right to real estate at risk.

Real estate collateral valuation

Activities related to the valuation of real estate obtained as collateral for corporate and retail loans and advances are independent of the Group's business processes. The valuation process is managed and controlled by a specialised internal department that co-operates with various external valuation experts. Since 2019, the Group has started to use statistical valuation models for limited numbers (maximum 20%) of residential real estate valuations.

Recovery of loans and advances from defaulted clients

In 2024, the impacts of the shock development in energy prices from previous years began to subside. Year-on-year inflation significantly diminished and fell to within the CNB's target inflation tolerance band, resulting in a smooth reduction of the REPO base rate. Nevertheless, the negative impacts from the previous year(s) continue to manifest themselves as a delay in recovery processes. In particular, the Group observes an increase in the time needed to "cure" clients in the first stage of recovery, up to 90 days after the due date, and a moderate but observable growth in the value of loans entering this stage of collection each month. These effects negatively impact the slightly deteriorated percentage of clients returning to non-delinquent status and the overall volume of loans in the commercial phase of recovery, which slowly, yet gradually, increased throughout the year for the retail clients.

In the course of the year, the Group also saw deterioration among clients in the small business segment. For those clients, the Group has observed longer delays in payment of their credit claims and more frequent entry into the next phase of recovery, specifically to out-of-court recoveries.

Although from a long-term perspective the volume of non-performing loans at the Group remains significantly lower than pre-COVID-19 levels, the Group responded to the gradually worsening situation throughout the year. It has initiated pilot projects for retail clients identified based

on expert and statistical models as having a higher risk of failing to repay debts within 90 days of their due dates. For those clients, the Group has shortened the period of so-called “soft recovery” (loans in the commercial recovery phase) and reduced the time for transferring to legal recovery. These pilot projects contributed to stabilising the negative impacts on recovery from the previous year’s economic development and halted deterioration within the retail loans repayment situation at the Group.

The Group is continuing to boost the efficiency of its processes by digitising and automating certain activities in the out-of-court and legal retail collection in order to increase cost-effectiveness of the recovery and to be prepared for the new digital era of banking.

During 2024, the Group continued in regular sales of uncollateralised and collateralised retail non-performing loans and receivables to selected qualified investors so that the maximum achievable recovery rate is obtained. The Group has not carried out any mass sales of non-performing loans secured by real estate collateral.

The Group continuously responded to the changing legal environment, newly adopted legislation, and their possible impacts on the recovery of loans and other receivables. In the area of enforcement, the full negative impact of interventions on the non-sizable amounts became evident during 2024, particularly due to the repeated increases in the minimum subsistence level and normative housing costs since 2019. This has practically led to collapse of the system of wage and other income deductions. As a result, the Group has observed a reduction in the cash recovered from unsecured loans pursued in both enforcement and insolvency proceedings.

Increased attention continued to be given especially to the collection of claims under the Insolvency Act regime, that being the predominant method of resolving payment claims from retail and corporate clients in the judicial collection phase. The Group plays an active role especially in insolvency processes from the position of a secured creditor, member of the creditors’ committee, or representative of creditors, whether in bankruptcy proceedings or in reorganisations, both of which are used by the Group depending upon a given debtor’s situation and the attitude(s) of other creditor(s). Throughout 2024, among large corporate clients we have observed confirmation of the trend to address their insolvency situations through reorganisation.

In debt relief processes, the Group primarily focuses on reviewing reports and assessing whether the client offers adequate repayments to the unsecured creditors relative to their capabilities and the opportunities available in the labour market. During the debt relief period, the Group also monitors clients’ fulfilment of conditions.

The Group anticipates negative impact from the amendment to the Insolvency Act, enacted by Act No. 252/2024 Coll., particularly concerning reduction of the debt relief period from 5 years to 3 years for all debtors. Given the amendment’s effective date (1 October 2024), the Group expects the financial impact to begin in 2028, when the first proceedings under the new rules will gradually conclude.

In response to the rapidly changing, debtor-friendly legislation, the Group generally is adopting a more proactive approach to debt management and enforcement processes. By better utilising data and tailoring an approach to the specific situation of each client, the chances of resolving problematic situations significantly increase, benefiting both the Group and the client.

Credit risk hedging instruments

The Group has not entered into any credit derivative transactions to hedge or reallocate its credit exposures.

Credit risk of financial derivatives

The daily calculation of counterparty risk associated with financial derivatives is based on the Credit Value at Risk (CVaR) indicator. This indicator projects potential adverse development in the market value of a derivative and the potential loss that the Group may incur if a counterparty fails to fulfil its obligations. The maximum potential exposure is calculated at the 99% probability level and depends on the current market value and type of derivative product, the time remaining until maturity of the derivative transaction, as well as the nominal value and volatility of the underlying assets.

As of 31 December 2024, the Group had a credit exposure of CZK 318,454 million (2023: CZK 392,504 million) on financial derivative instruments and repo operations, including those with central banks (expressed in CVaR). This amount represents the gross replacement cost at market prices as of that date for all outstanding agreements. The netting agreements and parameters of the collateral agreements are taken into account where applicable.

The Group puts limits on exposures to counterparties from financial derivatives in order to avoid excessive credit exposures to individual clients that could arise from movements in market prices. The Group monitors compliance with limits on a daily basis. If these are exceeded, an appropriate alert is triggered and action is taken when relevant. In the event that a limit breach is triggered by the deliberate action of a dealer (“active limit breach”), such behaviour is penalised. The Board of Directors is informed about active limit breaches on a regular basis.

Geopolitical situation

The Group is continuously monitoring and evaluating effects of the war in Ukraine on its activities and on its clients (which in the overwhelming majority of cases are secondary and indirect impacts, mainly due to clients’ dependence on strategic raw materials). The Group believes that the geopolitical risk is correctly reflected in the ratings of those clients concerned and considers the clients’ situations to be stable. An exception is a sensitive exposure in the amount of CZK 2.8 billion (2023: CZK 4.1 billion) to clients who operate gas pipelines and whose situation the Group specifically monitors. If necessary, the Group will respond to the changing situation with measures on the part of its policies and accounting estimates, including adjustments to its provisioning models according to IFRS 9.

(B) Market risk

Segmentation of the Group's financial operations

For market risk management purposes, the Group's activities are internally separated into two books: the Market Book and the Banking Book. The Market Book consists of transactions initiated by investment banking activities and the treasury desk (interbank and individually priced deposits/loans, repos/reverse repos, securities classified as held for trading, and derivatives originated by investment banking). The Banking Book consists principally of business transactions (loans granted, deposits taken, amounts due to and from customers), hedging transactions relevant to the Banking Book, and other transactions not included in the Market Book.

Products generating market risk in the Market Book

Products that are traded by the Group and generate market risk include interbank loans and deposits, currency transactions (spots, swaps, forwards), interest rate instruments (interest rate swaps, cross currency swaps, forward rate agreements, interest rate futures, and futures on debt securities), government and corporate bonds, and bills of exchange programmes.

More complex derivatives (options, commodity derivatives, structured derivatives) which are sold to clients are immediately offset on the market by doing "back-to-back" trades in the interbank market, mostly with Société Générale. The market risks associated with these derivatives (e.g. forex risk, interest risk, volatility risk, correlation risk) arises between closing transactions with Société Générale and client transactions where we either do not have a CSA collateral agreement with the particular client or the collateral currency differs from the agreed collateral currency under the CSA agreement with Société Générale.

Market risk management in the Market Book

The Group uses a system of market risk limits with the objective of limiting potential losses due to movements in market prices by limiting the size of the risk exposure.

The Group monitors compliance with all limits on a daily basis. If these are exceeded, it takes corrective action to reduce the risk exposure. The Board of Directors is informed on a monthly basis about developments in the exposure to market risk.

In order to measure the extent of market risk inherent in the activities of the Market Book, the Group uses the one-day historical 99% Value-at-Risk (hereafter only "VaR") concept. VaR is calculated using full revaluation of the position by means of historical market price scenarios. This method reflects correlations between various financial markets and underlying instruments on a non-parametric basis, as it uses scenarios simulating one-day variations of relevant market parameters over a period of time limited to the past 260 business days. The resulting 99% VaR indicator captures the loss that would be incurred after eliminating the 1% of the most unfavourable occurrences. This estimate is calculated as the average of the second- and third-largest potential losses out of the 260 scenarios considered.

The VaR for a one-day horizon with a confidence level of 99% was CZK (19) million as of 31 December 2024 (2023: CZK (19) million). The average VaR was CZK (25) million in 2024 (2023: CZK (34) million).

The accuracy of the VaR model is validated through a back-testing calculation, whereby actual trading results and hypothetical results (i.e. results excluding deals closed during the day) are compared with the VaR results. The actual results should not exceed VaR more frequently than on 1% of the days within a given period. There were two P&L vs. VaR breaches in 2024, which is in line with the methodological assumptions of the model.

In addition, the Group performs stress tests on a daily basis which capture losses potentially generated by larger shocks. These stress events have a lower probability of occurrence than VaR scenarios, and they measure potential losses relevant to the risk exposure in the Market Book. Several types of stress tests for foreign exchange and interest rate exposures are used. These are developed either based upon actual crisis situations in the past (such as the Lehman bankruptcy in 2008) or from a hypothetical crisis that could negatively influence the performance of the Market Book.

Such additional specific metrics as sensitivities to market parameters or size of exposure are used to obtain a detailed picture of risks and strategies.

The Group uses Société Générale Group's VaR and stress tests methodology and the Group's software for market risk management.

Market risk in the Banking Book

The Group manages foreign exchange risk so as to minimise risk exposures. In order to achieve this, the foreign exchange position of the Banking Book is measured on a daily basis and subsequently hedged according to established rules. For the purpose of hedging foreign exchange positions within the Banking Book, the Group uses standard currency instruments in the interbank market, such as currency spots and forwards.

As of 31 December 2024, the accounting aggregate FX position on the Banking book was CZK 223 million (2023: CZK 175 million).

Interest rate risk within the Banking Book is monitored and measured using a static gap analysis, sensitivity of net present value to a parallel shift of the yield curve, sensitivity of net interest income to a parallel shift of the yield curve, and the indicator of net interest margin sensitivity with budgeted balance sheet projection for the next 2 years.

The indicators are monitored separately for CZK, USD, EUR, and the sum of other foreign currencies.

The indicator of the Group's sensitivity to a change in market interest rates is measured based upon the assumption of an instantaneous, one-off, and adverse parallel shift of the market yield curve by 0.1% p.a. It is determined as the present value of the costs of closing out the Group's open interest rate position after the adverse change of interest rates has occurred. As of 31 December 2024, for the hypothetical assumption of a 0.1% change in market interest rates, the CZK interest rate risk sensitivity was CZK (170) million (2023: CZK (27) million), the EUR sensitivity was CZK (30) million (2023: CZK (12) million), the USD sensitivity was CZK 3 million (2023: CZK 3 million), and for other currencies, it was CZK (1) million (2023: CZK (1) million).

As of 31 December 2024, for the hypothetical assumption of a 0.1% parallel shift in market interest rates, the CZK net interest margin sensitivity in a 2 year horizon was CZK 154 million (2023: CZK 240 million), the EUR sensitivity was CZK 24 million (2023: CZK 49 million), the USD sensitivity was CZK 5 million (2023: CZK 7 million), and for other currencies it was CZK (1) million (2023: CZK (1) million).

For hedging against interest rate risk within the Banking Book, the Group uses both standard derivative instruments available in the interbank market (such as forward rate agreements and interest rate swaps) and appropriate investments in securities or a favourable selection of interest rate parameters for other assets and liabilities.

(C) Financial derivatives

The Group operates a system of market risk and counterparty limits designed to restrict disproportionate exposures due to movements in market prices and counterparty concentrations. The Group also monitors adherence to all limits on a daily basis. It follows up on any breaches of these limits and takes corrective action to reduce the risk exposure.

The following tables set out nominal and fair values of financial derivative instruments categorised as held for trading and hedging.

Financial derivative instruments designated as held for trading are as follow:

	31 Dec 2024 Nominal value		31 Dec 2023 Nominal value		31 Dec 2024 Fair value		31 Dec 2023 Fair value	
(CZKm)	Assets	Liabilities	Assets	Liabilities	Positive	Negative	Positive	Negative
Interest rate instruments								
Interest rate swaps	2,494,858	2,494,858	2,265,694	2,265,694	8,505	8,462	14,049	14,881
Interest rate forwards and futures*	788,612	788,612	1,603,318	1,603,318	58	0	10	0
Interest rate options	116,159	116,159	116,176	116,176	423	460	840	840
Total interest rate instruments	**3,399,629**	**3,399,629**	**3,985,188**	**3,985,188**	**8,986**	**8,922**	**14,899**	**15,721**
Foreign currency instruments								
Currency swaps	598,790	598,600	553,382	553,720	4,302	4,238	4,507	4,587
Cross currency swaps	213,324	213,094	232,729	233,703	6,382	6,379	6,888	8,112
Currency forwards	81,506	83,878	80,791	84,992	613	1,986	452	3,798
Purchased options	82,335	81,886	77,409	77,274	1,879	0	2,089	0
Sold options	81,886	82,336	77,274	77,410	0	1,877	0	2,090
Total currency instruments	**1,057,841**	**1,059,794**	**1,021,585**	**1,027,099**	**13,176**	**14,480**	**13,936**	**18,587**
Other instruments								
Forwards on debt securities	48	48	6	6	0	0	0	0
Purchased share options	988	988	988	988	6	0	8	0
Sold share options	988	988	988	988	0	6	0	8
Total other instruments	**2,024**	**2,024**	**1,982**	**1,982**	**6**	**6**	**8**	**8**
Total	**4,459,494**	**4,461,447**	**5,008,755**	**5,014,269**	**22,168**	**23,408**	**28,843**	**34,316**

* Fair values include only forwards. Regarding futures, the Group places funds on a margin account that is used on a daily basis to settle fair value changes. Receivables arising from these margin accounts are reported within other assets.

Financial derivative instruments designated as held for trading are shown below at nominal values by remaining contractual maturity as of 31 December 2024:

(CZKm)	Up to 1 year	1 to 5 years	Over 5 years	Total
Interest rate instruments				
Interest rate swaps	652,159	1,289,580	553,119	2,494,858
Interest rate forwards and futures*	748,372	40,240	0	788,612
Interest rate options	60,882	49,484	5,793	116,159
Total interest rate instruments	**1,461,413**	**1,379,304**	**558,912**	**3,399,629**
Foreign currency instruments				
Currency swaps	494,292	73,191	31,307	598,790
Cross currency swaps	56,806	125,196	31,322	213,324
Currency forwards	42,493	39,013	0	81,506
Purchased options	39,152	43,183	0	82,335
Sold options	38,812	43,074	0	81,886
Total currency instruments	**671,555**	**323,657**	**62,629**	**1,057,841**
Other instruments				
Forwards on debt securities	48	0	0	48
Purchased share options	0	988	0	988
Sold share options	0	988	0	988
Total other instruments	**48**	**1,976**	**0**	**2,024**
Total	**2,133,016**	**1,704,937**	**621,541**	**4,459,494**

* The remaining contractual maturity of forward rate agreements (FRA) and futures covers the period to the fixing date when off-balance sheet exposures are reversed.

Financial derivative instruments designated as held for trading are shown below at nominal values by remaining contractual maturity as of 31 December 2023:

(CZKm)	Up to 1 year	1 to 5 years	Over 5 years	Total
Interest rate instruments				
Interest rate swaps	496,909	1,250,669	518,116	2,265,694
Interest rate forwards and futures*	1,319,310	284,008	0	1,603,318
Interest rate options	1,807	89,918	24,451	116,176
Total interest rate instruments	**1,818,026**	**1,624,595**	**542,567**	**3,985,188**
Foreign currency instruments				
Currency swaps	520,446	32,936	0	553,382
Cross currency swaps	52,122	133,690	46,917	232,729
Currency forwards	55,011	25,780	0	80,791
Purchased options	38,394	39,015	0	77,409
Sold options	38,447	38,827	0	77,274
Total currency instruments	**704,420**	**270,248**	**46,917**	**1,021,585**
Other instruments				
Forwards on debt securities	6	0	0	6
Purchased share options	0	988	0	988
Sold share options	0	988	0	988
Total other instruments	**6**	**1,976**	**0**	**1,982**
Total	**2,522,452**	**1,896,819**	**589,484**	**5,008,755**

* The remaining contractual maturity of forward rate agreements (FRA) and futures covers the period to the fixing date when off-balance sheet exposures are reversed.

Financial derivative instruments designated as hedging are as follow:

	31 Dec 2024 Nominal value		31 Dec 2023 Nominal value		31 Dec 2024 Fair value		31 Dec 2023 Fair value	
(CZKm)	Assets	Liabilities	Assets	Liabilities	Positive	Negative	Positive	Negative
Interest rate swaps for fair value hedging	1,219,571	1,219,571	1,089,493	1,089,493	6,113	27,175	6,695	30,090
Interest rate swaps for portfolio fair value hedging	15,450	15,450	20,350	20,350	194	313	450	479
Cross currency swaps for cash flow hedging	80,088	80,633	34,326	34,287	242	666	877	672
Cross currency swaps for fair value hedging	13,080	12,593	13,080	12,363	315	0	553	0
Forwards on stocks for cash flow hedging	55	56	71	71	25	0	17	0
Forwards on stocks for fair value hedging	21	21	48	47	7	0	6	0
Total	**1,328,265**	**1,328,324**	**1,157,368**	**1,156,611**	**6,896**	**28,154**	**8,598**	**31,241**

Remaining contractual maturities of derivatives designated as hedging are shown below as of 31 December 2024:

(CZKm)	Up to 1 year	1 to 5 years	Over 5 years	Total
Interest rate swaps for fair value hedging	158,978	624,834	435,759	1,219,571
Interest rate swaps for portfolio fair value hedging	1,900	12,350	1,200	15,450
Cross currency swaps for cash flow hedging	13,894	66,112	82	80,088
Cross currency swaps for fair value hedging	0	13,080	0	13,080
Forwards on stocks for cash flow hedging	16	39	0	55
Forwards on stocks for fair value hedging	0	21	0	21
Total	**174,788**	**716,436**	**437,041**	**1,328,265**

Remaining contractual maturities of derivatives designated as hedging are shown below as of 31 December 2023:

(CZKm)	Up to 1 year	1 to 5 years	Over 5 years	Total
Interest rate swaps for fair value hedging	167,820	542,326	379,347	1,089,493
Interest rate swaps for portfolio fair value hedging	5,200	11,850	3,300	20,350
Cross currency swaps for cash flow hedging	11,352	22,892	82	34,326
Cross currency swaps for fair value hedging	0	13,080	0	13,080
Forwards on stocks for cash flow hedging	15	56	0	71
Forwards on stocks for fair value hedging	27	21	0	48
Total	**184,414**	**590,225**	**382,729**	**1,157,368**

Shown below are the undiscounted cash flows from derivatives designated for cash flow hedging according to the periods within which they are expected to affect profit or loss:

			31 Dec 2024			31 Dec 2023
(CZKm)	Up to 1 year	1 to 5 years	Over 5 years	Up to 1 year	1 to 5 years	Over 5 years
Floating cash flows from cash flow hedging derivatives	428	718	0	434	447	0

The Group treats as hedges only those contracts for which it is able to demonstrate that all criteria set out in IAS 39 for recognising the transactions as hedges have been met. The Group's strategy remains unchanged in line with IAS 39.

During 2024 the Group recorded the following hedging relationships

Documentation is maintained for all hedging relationships, defining the hedged risk and the corresponding hedging instrument. Each hedging instrument is included into a hedging relationship at the time of its inception. Effectiveness tests are calculated and evaluated on a quarterly basis, and any hedge ineffectiveness is accounted for in the income statement. All of the Group's hedging derivatives fulfilled the conditions defined by accounting standards for the application of hedge accounting during 2024. The Group does not record any cases where hedge accounting was applied to a highly probable forecast transaction that is no longer expected to occur. During the year the Group did not early terminate any hedging relationships or hedging derivatives.

Interest Rate Risk

Interest rate risk is hedged either at the portfolio level (portfolio hedging is used for modelled balance sheet items or for bulk production generated by the branch network) or at the individual transaction level (loans, bonds). The hedged risk for hedge accounting purposes is expressed using the hypothetical derivative method, which is a derivative defined to match perfectly the characteristics of the risk being hedged. The hypothetical derivative does not contain credit risk, and its floating rate component is linked to the OIS (overnight index swap) rate. Because these two parameters do not precisely reflect the hedged risk, they are a source of hedge ineffectiveness. The Group has developed a detailed interest rate risk management strategy that includes descriptions of permitted derivatives, instructions on how to use them, and their accounting valuation method.

In 2024, the impact into the Statement of Income due to hedge ineffectiveness was a lossof CZK 12 million (2023: loss of CZK 1 million).

Hedging relationships:

a. The fair value of long-term loans provided, of investments in long-term government securities classified under the business model “Hold, collect contractual cash flows and sell”, and of investments in long-term securities classified under the business model “Hold and collect contractual cash flows” is hedged by interest rate or cross-currency swaps.
b. The fair value of fixed-rate deposits, loans taken, or repo operations is hedged using interest rate swaps.
c. Future cash flows from a portfolio of short-term assets traded on the interbank market and client loans are hedged by a portfolio of interest rate or cross-currency swaps (cash flows will occur continuously and also will affect the Bank’s income statement continuously).
d. Future cash flows of a portfolio of short-term liabilities traded on the interbank market and client liabilities are hedged by a portfolio of interest rate or cross-currency swaps (cash flows will occur continuously and also will affect the Group’s income statement continuously).
e. The fair value of a portfolio of current and savings accounts (including building savings accounts) of clients is hedged by a portfolio of interest rate and cross-currency swaps.
f. The fair value from a portfolio of client loans (MPSS) is hedged by a portfolio of interest rate swaps.

The Group did not terminate early any hedging relationship or hedging derivative during the year.

Foreign currency risk
Currency risk is hedged at the level of individual transactions. The hedging instrument is a derivative or a specific balance sheet foreign currency item. All currency hedging relationships were effective during 2024.

Hedging relationships:

a. In selected material cases, the Group hedges future cash flows of firm commitments arising from contractual obligations (e.g. contractual payments to third parties in foreign currency) or the Bank's receivables (e.g. receivables from contractual partners) with foreign currency assets (e.g. short-term loans on the interbank market) or foreign currency liabilities (e.g. short-term liabilities to clients).
b. Foreign currency flows arising from the issuance of mortgage bonds are hedged using currency swaps.
c. Foreign currency flows arising from bonds classified under the business model "Hold, collect contractual cash flows and sell" are hedged by cross currency swaps.

Hedging of investments in foreign equity interests:

a. The currency risk of equity interests in subsidiaries is hedged by selected foreign currency liabilities (e.g. short-term liabilities to clients).

The Group terminated early hedging relationships equivalent to CZK 14 million (2023: CZK 0 million) during the year, with an impact of CZK loss 1 million (2023: CZK 0 million) in the income statement. It involved hedging future cash flows of firm commitments arising from contractual payments.

Equity Price Risk

Based on the regulator's requirement, the Group linked part of the remuneration of selected employees to the performance of KB's or SG's share prices. The Group thus takes on a risk of changes in share prices, which causes volatility in personnel costs depending on the share price development. This risk is hedged using an equity forward, where the initial share price is set at the beginning and fluctuations in share prices between the two counterparties are settled. The program under which the conditions for employee bonus payments are evaluated is 6 years, so the maturities of equity forwards are between 1 and 6 years. The hedging instrument is an equity forward, and the hedged item is the liability to employees for deferred bonuses. The source of ineffectiveness is an inaccurate estimate as to the volume of dividends paid.

Hedging relationships:

a. Part of the remuneration of selected bank employees is paid in the cash equivalent of the value of Komerční banka, a.s. shares. The Group hedges the risk of changes in the value of Komerční banka, a.s. shares. The hedging instrument is equity forwards.

In 2024, the impact into the income statement due to hedge ineffectiveness was a gain of CZK 2 million (2023: CZK 0 million).
The Group did not terminate early any hedging relationship or hedging derivative during the year.

Further information on hedges is provided in Notes 3, 5, and 7 to these Consolidated Financial Statements.

(D) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The length of time for which the rate of interest is fixed on a financial instrument therefore indicates to what extent that instrument is exposed to interest rate risk. Market developments have led to a situation where interest rates are negative in certain currencies. This fact does not change the essence of interest rate risk measurement and management because the principle of recognising changes in interest rates over time remains unaltered, just as the concept of hedging against interest rate risk by matching volumes with changing values within the given period remains valid. Due to legal and technical limitations, methods to prevent negative rates from being applied at the client's level can be applied with the objective of maintaining accordance between a transaction's contractual and economic natures. With respect to ongoing market practice, client deposits are seeing the introduction of deposit fees, which constitute a specific response to the existence of negative market interest rates and also comply with the requirements given by limitations ensuing from the existing legal framework.

The Group uses internal models for managing interest rate risk. The objective of these models is to describe the expected economic behaviour of the Group's clients when market interest rates fluctuate. It is the policy of the Group's management to manage the exposure to fluctuations in net interest income arising from changes in interest rates through a gap analysis of assets and liabilities in individual groups. Further information about interest rate risk management is provided in Section (B) of this Note.

The table below provides information on the extent of the Group's interest rate exposure based either on the contractual maturity date of its financial instruments or, in the case of instruments that reprice to a market rate of interest before maturity, the next repricing date. Those assets and liabilities that do not have contractual maturities or repricing dates were grouped into the *'Undefined'* category.

The table includes a breakout of other assets and liabilities not within the scope of financial instruments as defined in IAS 32.

2024 (CZKm)	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Undefined****	Total
Assets						
Cash and current balances with central banks	72,956	0	0	0	0	72,956
Financial assets and other assets held for trading at fair value through profit or loss	19,622	0	0	0	22,168	41,790
Non-trading financial assets at fair value through profit or loss	0	0	0	0	0	0
Positive fair values of hedging financial derivatives	0	0	0	0	6,896	6,896
Financial assets at fair value through other comprehensive income	1,642	1,348	3,508	6,018	(1,205)	11,311
Financial assets at amortised cost	622,169	118,403	421,950	177,110	32,098	1,371,730
– Loans and advances to banks	303,501	21,098	10,429	678	128	335,834
– Loans and advances to customers	314,162	87,403	358,368	58,445	34,644	853,022
– Debt securities	4,506	9,902	53,153	117,987	(2,674)	182,874
Revaluation differences on portfolios hedge items	0	0	0	0	(657)	(657)
Current tax assets	0	0	0	0	276	276
Deferred tax assets	0	0	0	0	253	253
Prepayments, accrued income, and other assets	0	0	0	0	6,163	6,163
Investments in subsidiaries and associates	0	0	0	0	2,675	2,675
Intangible assets	0	0	0	0	10,796	10,796
Tangible assets	0	0	0	0	7,972	7,972
Goodwill	0	0	8	8	3,736	3,752
Assets held for sale	0	0	0	0	87	87
Total assets	**716,389**	**119,751**	**425,466**	**183,136**	**91,258**	**1,536,000**
Liabilities						
Amounts due to central banks	0	0	0	0	0	0
Financial liabilities held for trading at fair value through profit or loss	23,730	0	0	0	23,408	47,138
Negative fair values of hedging financial derivatives	0	0	0	0	28,154	28,154
Financial liabilities at amortised cost	351,636	43,451	41,461	6,742	838,105	1,281,395
– Amounts due to banks	59,456	11,380	4,074	0	16,665	91,575
– Amounts due to customers*	292,019	31,751	23,576	5,756	821,423	1,174,525
– Securities issued	36	0	12,593	0	0	12,629

2024 (CZKm)	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Undefined****	Total
– Lease liabilities	125	320	1,218	986	17	2,666
Revaluation differences on portfolios hedge items	0	0	0	0	(31,764)	(31,764)
Current tax liabilities	0	48	0	0	141	189
Deferred tax liabilities	0	0	0	0	611	611
Accruals and other liabilities	0	0	0	0	13,788	13,788
Provisions	0	0	0	0	737	737
Subordinated and senior non-preferred debt	65,715	0	0	0	0	65,715
Total liabilities	**441,081**	**43,499**	**41,461**	**6,742**	**873,180**	**1,405,963**
Statement of Financial Position interest rate gap as of 31 December 2024	**275,308**	**76,252**	**384,005**	**176,394**	**(781,922)**	**130,037**
Nominal value of derivatives**	4,123,789	267,134	325,032	225,187	0	4,941,142
Total off-balance sheet assets	**4,123,789**	**267,134**	**325,032**	**225,187**	**0**	**4,941,142**
Nominal value of derivatives**	4,137,619	240,560	369,039	193,752	0	4,940,970
Undrawn portion of loans***	(7,624)	(6,458)	9,040	5,042	0	0
Undrawn portion of revolving loans***	0	0	0	0	0	0
Total off-balance sheet liabilities	**4,129,995**	**234,102**	**378,079**	**198,794**	**0**	**4,940,970**
Net off-balance sheet interest rate gap as of 31 December 2024	**(6,206)**	**33,032**	**(53,047)**	**26,393**	**0**	**172**
Cumulative interest rate gap as of 31 December 2024	**269,102**	**378,386**	**709,344**	**912,131**	**130,209**	**x**

* In column Undefined are principally included client deposits for which there is no information about contractual maturity or repricing date.

** Assets and liabilities arising from derivatives include interest rate swaps, interest rate forwards and futures, interest rate options, and cross currency swaps.

*** Undrawn loans and revolving loans are reported on a net basis (i.e. the Group reports both the expected drawings and repayments within one line). This line does not reflect commitments for which no interest rate has been set.

**** The column Undefined also contains a revaluation to fair value of financial assets and financial liabilities.

2023 (CZKm)	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Undefined****	Total
Assets						
Cash and current balances with central banks	12,835	0	0	0	0	12,835
Financial assets and other assets held for trading at fair value through profit or loss	19,621	0	0	0	28,843	48,464
Non-trading financial assets at fair value through profit or loss	0	0	0	0	0	0
Positive fair values of hedging financial derivatives	0	0	0	0	8,598	8,598
Financial assets at fair value through other comprehensive income	993	3,244	3,369	10,618	(1,441)	16,783
Financial assets at amortised cost	739,209	105,401	350,890	171,143	30,780	1,397,423
– Loans and advances to banks	406,088	4,290	130	882	254	411,644
– Loans and advances to customers	334,137	79,456	306,212	81,752	31,985	833,542
– Debt securities	(1,016)	21,655	44,548	88,509	(1,459)	152,237
Revaluation differences on portfolios hedge items	0	0	0	0	(815)	(815)
Current tax assets	0	0	0	0	643	643
Deferred tax assets	0	0	0	0	223	223
Prepayments, accrued income, and other assets	0	0	0	0	6,279	6,279
Investments in subsidiaries and associates	0	0	0	0	3,047	3,047
Intangible assets	0	0	0	0	10,192	10,192
Tangible assets	0	0	0	0	8,034	8,034
Goodwill	0	0	8	8	3,736	3,752
Assets held for sale	0	0	0	0	844	844
Total assets	**772,658**	**108,645**	**354,267**	**181,769**	**98,963**	**1,516,302**
Liabilities						
Amounts due to central banks	0	0	0	0	0	0
Financial liabilities held for trading at fair value through profit or loss	25,890	0	0	0	34,316	60,206
Negative fair values of hedging financial derivatives	0	0	0	0	31,241	31,241
Financial liabilities at amortised cost	351,296	60,923	47,696	7,055	780,803	1,247,773
– Amounts due to banks	80,550	1,999	5,237	883	17,025	105,694
– Amounts due to customers*	270,563	58,643	28,934	5,323	763,764	1,127,227
– Securities issued	68	0	12,363	0	0	12,431

2023 (CZKm)	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Undefined****	Total
– Lease liabilities	115	281	1,162	849	14	2,421
Revaluation differences on portfolios hedge items	0	0	0	0	(34,944)	(34,944)
Current tax liabilities	0	8	0	0	217	225
Deferred tax liabilities	0	0	0	0	782	782
Accruals and other liabilities	0	0	0	0	17,321	17,321
Provisions	0	0	0	0	854	854
Subordinated and senior non-preferred debt	64,560	0	0	0	0	64,560
Total liabilities	**441,746**	**60,931**	**47,696**	**7,055**	**830,590**	**1,388,018**
Statement of Financial Position interest rate gap as of 31 December 2023	**330,912**	**47,714**	**306,571**	**174,714**	**(731,627)**	**128,284**
Nominal value of derivatives**	3,482,281	1,180,565	482,869	229,451	0	5,375,166
Total off-balance sheet assets	**3,482,281**	**1,180,565**	**482,869**	**229,451**	**0**	**5,375,166**
Nominal value of derivatives**	3,582,161	1,154,340	493,668	145,215	0	5,375,384
Undrawn portion of loans***	(7,844)	(6,924)	9,480	5,288	0	0
Undrawn portion of revolving loans***	0	0	0	0	0	0
Total off-balance sheet liabilities	**3,574,317**	**1,147,416**	**503,148**	**150,503**	**0**	**5,375,384**
Net off-balance sheet interest rate gap as of 31 December 2023	**(92,036)**	**33,149**	**(20,279)**	**78,948**	**0**	**(218)**
Cumulative interest rate gap as of 31 December 2023	**238,876**	**319,739**	**606,031**	**859,693**	**128,066**	**x**

* In column Undefined are principally included client deposits for which there is no information about contractual maturity or repricing date.

** Assets and liabilities arising from derivatives include interest rate swaps, interest rate forwards and futures, interest rate options, and cross currency swaps.

*** Undrawn loans and revolving loans are reported on a net basis (i.e. the Group reports both the expected drawings and repayments within one line). This line does not reflect commitments for which no interest rate has been set.

**** The column Undefined also contains a revaluation to fair value of financial assets and financial liabilities.

Average interest rates as of 31 December 2024 and 2023 were as follow:

	31 Dec 2024			31 Dec 2023		
	CZK	USD	EUR	CZK	USD	EUR
Assets						
Cash and current balances with central banks	3.43%	x	x	4.13%	x	x
Financial assets at fair value through other comprehensive income	1.94%	x	1.17%	1.93%	x	1.56%
Financial assets at amortised cost	3.69%	5.75%	3.74%	4.88%	6.74%	4.42%
– Loans and advances to banks	3.48%	5.08%	3.00%	6.30%	6.13%	3.58%
– Loans and advances to customers	3.96%	6.47%	4.14%	4.35%	7.39%	4.71%
– Debt securities	3.13%	0.00%	4.03%	3.01%	0.00%	3.79%
Total assets	**3.58%**	**5.47%**	**3.67%**	**4.70%**	**6.33%**	**4.21%**
Total interest-earning assets	**3.62%**	**5.65%**	**3.69%**	**4.79%**	**6.52%**	**4.24%**
Liabilities						
Amounts due to central banks	0.00%	x	x	0.00%	x	x
Financial liabilities at amortised cost	0.73%	3.32%	0.74%	1.39%	3.72%	1.38%
– Amounts due to banks	(0.57%)	4.56%	2.20%	1.89%	5.48%	3.23%
– Amounts due to customers	0.73%	0.79%	0.30%	1.38%	0.70%	0.34%
– Securities issued	1.83%	x	x	2.10%	x	x
– Lease liabilities	3.26%	x	2.77%	2.82%	x	2.55%
Subordinated and senior non-preferred debt	x	x	4.97%	x	x	5.96%
Total liabilities	**0.80%**	**3.27%**	**1.85%**	**1.39%**	**3.67%**	**2.55%**
Total interest-bearing liabilities	**0.81%**	**3.32%**	**1.87%**	**1.51%**	**3.72%**	**2.59%**
Off-balance sheet assets						
Nominal value of derivatives (interest rate swaps, options, etc.)	1.64%	3.23%	0.89%	1.73%	3.30%	0.75%
Undrawn portion of loans	5.90%	x	4.03%	7.96%	x	4.78%
Undrawn portion of revolving loans	6.07%	5.62%	3.27%	9.09%	6.32%	4.13%
Total off-balance sheet assets	**1.76%**	**3.21%**	**0.98%**	**1.93%**	**3.27%**	**0.88%**
Off-balance sheet liabilities						
Nominal value of derivatives (interest rate swaps, options, etc.)	1.75%	2.96%	0.81%	1.73%	2.84%	0.67%
Undrawn portion of loans	5.90%	x	4.03%	7.96%	x	4.78%
Undrawn portion of revolving loans	6.07%	5.62%	3.27%	9.09%	6.32%	4.13%
Total off-balance sheet liabilities	**1.87%**	**2.94%**	**0.88%**	**1.93%**	**2.82%**	**0.79%**

Note: The table above sets out the average interest rates for December 2024 and 2023 calculated as a weighted average for each asset and liability category.

The 2W repo rate announced by the CNB decreased during 2024 from 6.75% to 4.00%. Czech crown money market rates (PRIBOR) decreased by 2.79% (1M) and by 2.02% (12M). Rates on interest rate swaps decreased by 0.62% (2Y) and increased by 0.32% (10Y).

The 2W repo rate announced by the CNB decreased during 2023 from 7.00% to 6.75%. Czech crown money market rates (PRIBOR) fell by 0.31% (1M) and by 1.56% (12M). Rates on interest rate swaps decreased by 1.30% (10Y) and by 2.09% (2Y).

Euro money market rates decreased during 2024 by 1.00% (1M) and by 1.05% (12M), and the rates on interest rate swaps decreased by 0.61% (2Y) and by 0.12% (10Y).

Euro money market rates increased during 2023 by 1.96% (1M) and by 0.22% (12M), and the rates on interest rate swaps decreased by 0.57% (2Y) and by 0.67% (10Y).

The dollar money market rate SOFR decreased during 2024 by 1.03% (ON) and the rate on interest rate swaps decreased by 0.01% (2Y) and increased by 0.56% (10Y).

The dollar money market rate SOFR increased during 2023 by 1.10% (ON) and the rate on interest rate swaps decreased by 0.38% (10Y) and by 0.61% (2Y).

Following is a breakdown of financial assets and liabilities by their exposure to interest rate fluctuations:

	31 Dec 2024				31 Dec 2023			
(CZKm)	Fixed interest rate	Floating interest rate	No interest	Total	Fixed interest rate	Floating interest rate	No interest	Total
Assets								
Cash and current balances with central banks	1,625	49,615	21,716	72,956	0	0	12,835	12,835
Financial assets and other assets held for trading at fair value through profit or loss	19,545	77	22,168	41,790	19,547	74	28,843	48,464
Non-trading financial assets at fair value through profit or loss	0	0	0	0	0	0	0	0
Positive fair values of hedging financial derivatives	4	0	6,892	6,896	6	0	8,592	8,598
Financial assets at fair value through other comprehensive income	11,258	0	53	11,311	16,730	0	53	16,783
Financial assets at amortised cost	837,807	527,398	6,525	1,371,730	755,190	635,004	7,229	1,397,423
– Loans and advances to banks	66,184	268,919	731	335,834	43,502	366,929	1,213	411,644
– Loans and advances to customers	600,105	247,123	5,794	853,022	570,843	256,683	6,016	833,542
– Debt securities	171,518	11,356	0	182,874	140,845	11,392	0	152,237
Revaluation differences on portfolios hedge items	0	0	(657)	(657)	0	0	(815)	(815)
Liabilities								
Amounts due to central banks	0	0	0	0	0	0	0	0
Financial liabilities held for trading at fair value through profit or loss	0	0	47,138	47,138	0	0	60,206	60,206
Negative fair values of hedging financial derivatives	0	0	28,154	28,154	0	0	31,241	31,241
Financial liabilities at amortised cost	93,631	1,185,806	1,958	1,281,395	93,417	1,151,042	3,314	1,247,773
– Amounts due to banks	28,374	63,062	139	91,575	28,571	77,075	48	105,694
– Amounts due to customers*	49,962	1,122,744	1,819	1,174,525	49,994	1,073,967	3,266	1,127,227
– Securities issued	12,629	0	0	12,629	12,431	0	0	12,431
– Lease liabilities	2,666	0	0	2,666	2,421	0	0	2,421
Revaluation differences on portfolios hedge items	0	0	(31,764)	(31,764)	0	0	(34,944)	(34,944)
Subordinated and senior non-preferred debt	0	65,715	0	65,715	0	64,560	0	64,560

* This item in the column 'Floating interest rate' principally includes client deposits where the Group has the option to reset interest rates, and hence they are not sensitive to interest rate changes.

Note: Individual assets and liabilities are split into the categories of 'Fixed interest rate', 'Floating interest rate', and 'No interest' according to contractual parameters defining the interest rate structure. For this purpose, a fixed interest rate is defined as a rate with a repricing period exceeding 1 year. Products having no parameters defining their interest rate structure are included in the 'No interest' category.

(E) Liquidity risk

Liquidity risk is a measure of the extent to which the Group may be required to raise funds to meet its commitments associated with financial instruments.

Liquidity risk management is based upon the liquidity risk management system approved by the Bank's Board of Directors. Liquidity is monitored on a bank-wide level, with the Market Book also having a standalone limit. The Group has established its liquidity risk management rules such that it maintains its liquidity profile in normal conditions (basic liquidity scenario) and in crisis conditions (crisis liquidity scenario). As such, the Group has defined a set of indicators for which binding limits are established.

The Group is exposed to daily calls on its available cash resources from derivatives, overnight deposits, current accounts, maturing deposits, loan drawdowns, and guarantees. The Group's experience has shown the amount of daily such settlements can be predicted with reasonable precision, and therefore the Group sets limits on the minimum proportion of maturing funds that must be available to meet such calls and on the minimum level of interbank and other borrowing facilities (mainly reverse repo transactions with CNB) that should be in place to cover withdrawals at unexpectedly high levels of demand.

The liquidity risk of the Group is managed as stated above (and in particular not on the basis of undiscounted cash flows).

The table below provides a breakdown of assets, liabilities, and equity into relevant maturity groupings based on the remaining period from the financial statements date to the contractual maturity date. The table includes a breakout of other assets and liabilities not within the scope of financial instruments as defined in IAS 32.

2024 (CZKm)	On demand up to 7 days	7 days up to 3 months	3 months to 1 year	1 yearto 5 years	Over 5 years	Maturity undefined**	Total
Assets							
Cash and current balances with central banks	64,384	0	0	0	0	8,572	72,956
Financial assets and other assets held for trading at fair value through profit or loss	0	325	926	7,504	11,235	21,800	41,790
Non-trading financial assets at fair value through profit or loss	0	0	0	0	0	0	0
Positive fair values of hedging financial derivatives	0	0	0	0	4	6,892	6,896
Financial assets at fair value through other comprehensive income	318	1,371	1,347	3,508	6,017	(1,250)	11,311
Financial assets at amortised cost	339,737	41,294	138,751	369,701	484,170	(1,923)	1,371,730
– Loans and advances to banks	295,920	7,032	20,442	11,762	678	0	335,834
– Loans and advances to customers	43,817	32,088	117,621	300,455	358,290	751	853,022
– Debt securities	0	2,174	688	57,484	125,202	(2,674)	182,874
Revaluation differences on portfolios hedge items	0	0	0	0	0	(657)	(657)
Current tax assets	98	0	178	0	0	0	276
Deferred tax assets	161	0	1	0	0	91	253
Prepayments, accrued income, and other assets	4,095	358	1,340	0	0	370	6,163
Investments in subsidiaries and associates	0	0	0	0	0	2,675	2,675
Intangible assets	0	0	0	0	0	10,796	10,796
Tangible assets	0	0	1	0	0	7,971	7,972
Goodwill	0	0	0	8	8	3,736	3,752
Assets held for sale	0	0	36	0	0	51	87
Total assets	**408,793**	**43,348**	**142,580**	**380,721**	**501,434**	**59,124**	**1,536,000**
Liabilities and equity							
Amounts due to central banks	0	0	0	0	0	0	0
Financial liabilities held for trading at fair value through profit or loss	23,730	0	0	0	0	23,408	47,138
Negative fair values of hedging financial derivatives	0	0	0	0	0	28,154	28,154
Financial liabilities at amortised cost	1,095,419	107,509	28,505	44,344	5,604	14	1,281,395
– Amounts due to banks	45,354	19,146	16,308	10,818	63	(114)	91,575
– Amounts due to customers	1,050,029	88,237	11,874	19,706	4,551	128	1,174,525
– Securities issued	36	0	0	12,593	0	0	12,629

2024 (CZKm)	On demand up to 7 days	7 days up to 3 months	3 months to 1 year	1 yearto 5 years	Over 5 years	Maturity undefined**	Total
– Lease liabilities	0	126	323	1,227	990	0	2,666
Revaluation differences on portfolios hedge items	0	0	0	0	0	(31,764)	(31,764)
Current tax liabilities	0	0	49	0	0	140	189
Deferred tax liabilities	325	33	99	115	0	39	611
Accruals and other liabilities	11,579	378	959	0	0	872	13,788
Provisions	445	46	207	0	0	39	737
Subordinated and senior non-preferred debt	0	234	0	54,148	11,333	0	65,715
Equity	0	0	0	0	0	130,037	130,037
Total liabilities and equity	**1,131,498**	**108,200**	**29,819**	**98,607**	**16,937**	**150,939**	**1,536,000**
Statement of Financial Position liquidity gap as of 31 December 2024	**(722,705)**	**(64,852)**	**112,761**	**282,114**	**484,497**	**(91,815)**	**0**
Off-balance sheet assets*	108,678	461,846	190,172	360,965	31,404	0	1,153,065
Off-balance sheet liabilities*	339,526	461,605	190,510	362,819	31,465	0	1,385,925
Net off-balance sheet liquidity gap as of 31 December 2024	**(230,848)**	**241**	**(338)**	**(1,854)**	**(61)**	**0**	**(232,860)**

* Off-balance sheet assets and liabilities include amounts receivable and payable arising from FX spot, fixed-term, and option contracts, as well as payables under guarantees, letters of credit, and committed facilities.

** The column ‘Maturity undefined’ also contains a revaluation to fair value of financial assets and financial liabilities.

2023 (CZKm)	On demand up to 7 days	7 days up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Maturity undefined**	Total
Assets							
Cash and current balances with central banks	4,530	0	0	0	0	8,305	12,835
Financial assets and other assets held for trading at fair value through profit or loss	0	0	543	2,107	16,424	29,390	48,464
Non-trading financial assets at fair value through profit or loss	0	0	0	0	0	0	0
Positive fair values of hedging financial derivatives	0	0	0	0	6	8,592	8,598
Financial assets at fair value through other comprehensive income	3,263	1	2,349	3,281	9,375	(1,486)	16,783
Financial assets at amortised cost	465,255	56,916	166,687	358,743	350,595	(773)	1,397,423
– Loans and advances to banks	395,459	13,036	431	1,836	882	0	411,644
– Loans and advances to customers	69,796	43,869	154,667	308,218	256,306	686	833,542
– Debt securities	0	11	11,589	48,689	93,407	(1,459)	152,237
Revaluation differences on portfolios hedge items	0	0	0	0	0	(815)	(815)
Current tax assets	643	0	0	0	0	0	643
Deferred tax assets	124	0	1	0	0	98	223
Prepayments, accrued income, and other assets	3,630	626	1,375	0	0	648	6,279
Investments in subsidiaries and associates	0	0	0	0	0	3,047	3,047
Intangible assets	0	0	0	0	0	10,192	10,192
Tangible assets	0	0	0	0	0	8,034	8,034
Goodwill	0	0	0	8	8	3,736	3,752
Assets held for sale	0	0	844	0	0	0	844
Total assets	**477,445**	**57,543**	**171,799**	**364,139**	**376,408**	**68,968**	**1,516,302**
Liabilities and equity							
Amounts due to central banks	0	0	0	0	0	0	0
Financial liabilities held for trading at fair value through profit or loss	25,890	0	0	0	0	34,316	60,206
Negative fair values of hedging financial derivatives	0	0	0	0	0	31,241	31,241
Financial liabilities at amortised cost	1,052,974	70,076	66,007	55,723	3,059	(66)	1,247,773
– Amounts due to banks	78,827	3,014	7,049	16,763	247	(206)	105,694
– Amounts due to customers	974,079	66,946	58,675	25,427	1,960	140	1,127,227
– Securities issued	68	0	0	12,363	0	0	12,431

2023 (CZKm)	On demand up to 7 days	7 days up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Maturity undefined**	Total
– Lease liabilities	0	116	283	1,170	852	0	2,421
Revaluation differences on portfolios hedge items	0	0	0	0	0	(34,944)	(34,944)
Current tax liabilities	35	0	137	0	0	53	225
Deferred tax liabilities	458	20	58	155	0	91	782
Accruals and other liabilities	14,692	470	971	0	0	1,188	17,321
Provisions	155	112	515	0	0	72	854
Subordinated and senior non-preferred debt	0	275	0	42,032	22,253	0	64,560
Equity	0	0	0	0	0	128,284	128,284
Total liabilities and equity	**1,094,204**	**70,953**	**67,688**	**97,910**	**25,312**	**160,235**	**1,516,302**
Statement of Financial Position liquidity gap as of 31 December 2023	**(616,759)**	**(13,410)**	**104,111**	**266,229**	**351,096**	**(91,267)**	**0**
Off-balance sheet assets*	117,624	399,429	203,175	306,220	46,999	0	1,073,447
Off-balance sheet liabilities*	335,043	398,995	205,089	309,079	47,176	0	1,295,382
Net off-balance sheet liquidity gap as of 31 December 2023	**(217,419)**	**434**	**(1,914)**	**(2,859)**	**(177)**	**0**	**(221,935)**

* Off-balance sheet assets and liabilities include amounts receivable and payable arising from FX spot, fixed-term, and option contracts, as well as payables under guarantees, letters of credit, and committed facilities.

** The column 'Maturity undefined' also contains a revaluation to fair value of financial assets and financial liabilities.

The table below contains the remaining contractual maturities of non-derivative financial liabilities and contingent liabilities of the Group based on the undiscounted cash flows as of 31 December 2024:

(CZKm)	On demand up to 7 days	7 days up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Maturity undefined*	Total
Liabilities							
Amounts due to central banks	0	0	0	0	0	0	0
Financial liabilities held for trading at fair value through profit or loss (except derivatives)	23,730	0	0	0	0	0	23,730
Financial liabilities at amortised cost	1,095,667	110,242	32,380	52,377	6,429	14	1,297,109
– Amounts due to banks	45,412	20,217	18,523	15,405	68	(114)	99,511
– Amounts due to customers	1,050,219	89,879	13,479	22,956	5,248	128	1,181,909
– Securities issued	36	0	0	12,593	0	0	12,629
– Lease liabilities	0	146	378	1,423	1,113	0	3,060
Current tax liabilities	0	0	49	0	0	140	189
Deferred tax liabilities	325	33	99	115	0	39	611
Accruals and other liabilities	11,579	378	959	0	0	872	13,788
Provisions	445	46	207	0	0	39	737
Subordinated and senior non-preferred debt	0	234	0	54,148	11,333	0	65,715
Total non-derivative financial liabilities	**1,131,746**	**110,933**	**33,694**	**106,640**	**17,762**	**1,104**	**1,401,879**
Other loans commitment granted	155,915	0	0	0	0	0	155,915
Guarantee commitments granted	74,937	0	0	0	0	0	74,937
Total contingent liabilities	**230,852**	**0**	**0**	**0**	**0**	**0**	**230,852**

* The column 'Maturity undefined' also contains a revaluation to fair value of financial liabilities.

The table below contains the remaining contractual maturities of non-derivative financial liabilities and contingent liabilities of the Group based on the undiscounted cash flows as of 31 December 2023:

(CZKm)	On demand up to 7 days	7 days up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Maturity undefined*	Total
Liabilities							
Amounts due to central banks	0	0	0	0	0	0	0
Financial liabilities held for trading at fair value through profit or loss (except derivatives)	25,890	0	0	0	0	0	25,890
Financial liabilities at amortised cost	1,053,347	71,702	67,212	57,527	3,304	(66)	1,253,026
– Amounts due to banks	79,056	3,795	7,284	17,133	252	(206)	107,314
– Amounts due to customers	974,215	67,754	59,601	26,693	2,088	140	1,130,491
– Securities issued	76	22	0	12,365	0	0	12,463
– Lease liabilities	0	131	327	1,336	964	0	2,758
Current tax liabilities	35	0	137	0	0	53	225
Deferred tax liabilities	458	20	58	155	0	91	782
Accruals and other liabilities	14,692	470	971	0	0	1,188	17,321
Provisions	155	112	515	0	0	72	854
Subordinated and senior non-preferred debt	0	275	0	42,032	22,253	0	64,560
Total non-derivative financial liabilities	**1,094,577**	**72,579**	**68,893**	**99,714**	**25,557**	**1,338**	**1,362,658**
Other loans commitment granted	142,974	0	0	0	0	0	142,974
Guarantee commitments granted	74,206	0	0	0	0	0	74,206
Total contingent liabilities	**217,180**	**0**	**0**	**0**	**0**	**0**	**217,180**

* The column 'Maturity undefined' also contains a revaluation to fair value of financial liabilities.

(F) Foreign exchange position

The table below breaks out the Group's main currency exposures. The remaining currencies are shown within *'Other currencies'*. The Group manages its foreign exchange position on a daily basis. For this purpose, the Group has a set of internal limits.

2024 (CZKm)	CZK	EUR	USD	Other currencies	Total
Assets					
Cash and current balances with central banks	21,945	50,548	231	232	72,956
Financial assets and other assets held for trading at fair value through profit or loss	39,322	2,429	12	27	41,790
Non-trading financial assets at fair value through profit or loss	0	0	0	0	0
Positive fair values of hedging financial derivatives	6,261	630	5	0	6,896
Financial assets at fair value through other comprehensive income	6,955	4,356	0	0	11,311
Financial assets at amortised cost	1,088,581	275,460	6,152	1,537	1,371,730
– Loans and advances to banks	295,319	37,292	2,699	524	335,834
– Loans and advances to customers	614,646	233,910	3,453	1,013	853,022
– Debt securities	178,616	4,258	0	0	182,874
Revaluation differences on portfolios hedge items	(657)	0	0	0	(657)
Current tax assets	233	43	0	0	276
Deferred tax assets	86	167	0	0	253
Prepayments, accrued income, and other assets	4,549	1,595	8	11	6,163
Investments in subsidiaries and associates	2,675	0	0	0	2,675
Intangible assets	10,776	20	0	0	10,796
Tangible assets	7,928	44	0	0	7,972
Goodwill	3,752	0	0	0	3,752
Assets held for sale	87	0	0	0	87
Total assets	**1,192,493**	**335,292**	**6,408**	**1,807**	**1,536,000**
Liabilities and equity					
Amounts due to central banks	0	0	0	0	0
Financial liabilities held for trading at fair value through profit or loss	44,652	2,434	26	26	47,138

2024 (CZKm)	CZK	EUR	USD	Other currencies	Total
Negative fair values of hedging financial derivatives	27,484	621	49	0	28,154
Financial liabilities at amortised cost	1,043,657	197,021	34,277	6,440	1,281,395
– Amounts due to banks	10,089	58,359	23,126	1	91,575
– Amounts due to customers	1,031,721	125,214	11,151	6,439	1,174,525
– Securities issued	0	12,629	0	0	12,629
– Lease liabilities	1,847	819	0	0	2,666
Revaluation differences on portfolios hedge items	(29,168)	(2,369)	(227)	0	(31,764)
Current tax liabilities	186	3	0	0	189
Deferred tax liabilities	611	0	0	0	611
Accruals and other liabilities	10,868	2,266	503	151	13,788
Provisions	473	246	8	10	737
Subordinated and senior non-preferred debt	0	65,715	0	0	65,715
Equity	129,763	274	0	0	130,037
Total liabilities and equity	**1,228,526**	**266,211**	**34,636**	**6,627**	**1,536,000**
Net FX position as of 31 December 2024	**(36,033)**	**69,081**	**(28,228)**	**(4,820)**	**0**
Off-balance sheet assets*	4,380,802	1,153,593	224,187	33,889	5,792,471
Off-balance sheet liabilities*	4,349,263	1,220,028	196,065	29,126	5,794,482
Net off-balance sheet FX position as of 31 December 2024	**31,539**	**(66,435)**	**28,122**	**4,763**	**(2,011)**
Total net FX position as of 31 December 2024	**(4,494)**	**2,646**	**(106)**	**(57)**	**(2,011)**

* Off-balance sheet assets and liabilities include amounts receivable and payable arising from spot transactions and nominal values of all derivative deals.

2023 (CZKm)	CZK	EUR	USD	Other currencies	Total
Assets					
Cash and current balances with central banks	11,601	804	203	227	12,835
Financial assets and other assets held for trading at fair value through profit or loss	43,825	4,514	31	94	48,464
Non-trading financial assets at fair value through profit or loss	0	0	0	0	0
Positive fair values of hedging financial derivatives	7,671	924	3	0	8,598
Financial assets at fair value through other comprehensive income	7,527	9,256	0	0	16,783
Financial assets at amortised cost	1,119,981	269,559	5,360	2,523	1,397,423
– Loans and advances to banks	371,320	37,042	2,873	409	411,644
– Loans and advances to customers	598,347	230,594	2,487	2,114	833,542
– Debt securities	150,314	1,923	0	0	152,237
Revaluation differences on portfolios hedge items	(815)	0	0	0	(815)
Current tax assets	643	0	0	0	643
Deferred tax assets	95	128	0	0	223
Prepayments, accrued income, and other assets	4,603	1,663	8	5	6,279
Investments in subsidiaries and associates	3,047	0	0	0	3,047
Intangible assets	10,169	23	0	0	10,192
Tangible assets	7,985	49	0	0	8,034
Goodwill	3,752	0	0	0	3,752
Assets held for sale	844	0	0	0	844
Total assets	**1,220,928**	**286,920**	**5,605**	**2,849**	**1,516,302**
Liabilities and equity					
Amounts due to central banks	0	0	0	0	0
Financial liabilities held for trading at fair value through profit or loss	55,486	4,616	7	97	60,206
Negative fair values of hedging financial derivatives	30,201	977	63	0	31,241
Financial liabilities at amortised cost	1,016,795	189,497	33,975	7,506	1,247,773
– Amounts due to banks	7,550	76,721	21,419	4	105,694
– Amounts due to customers	1,007,467	99,702	12,556	7,502	1,127,227
– Securities issued	0	12,431	0	0	12,431

2023 (CZKm)	CZK	EUR	USD	Other currencies	Total
– Lease liabilities	1,778	643	0	0	2,421
Revaluation differences on portfolios hedge items	(30,542)	(4,130)	(272)	0	(34,944)
Current tax liabilities	188	37	0	0	225
Deferred tax liabilities	782	0	0	0	782
Accruals and other liabilities	12,950	3,762	373	236	17,321
Provisions	568	274	8	4	854
Subordinated and senior non-preferred debt	0	64,560	0	0	64,560
Equity	128,100	184	0	0	128,284
Total liabilities and equity	**1,214,528**	**259,777**	**34,154**	**7,843**	**1,516,302**
Net FX position as of 31 December 2023	**6,400**	**27,143**	**(28,549)**	**(4,994)**	**0**
Off-balance sheet assets*	4,784,128	1,120,515	226,687	39,645	6,170,975
Off-balance sheet liabilities*	4,798,544	1,144,429	198,117	34,641	6,175,731
Net off-balance sheet FX position as of 31 December 2023	**(14,416)**	**(23,914)**	**28,570**	**5,004**	**(4,756)**
Total net FX position as of 31 December 2023	**(8,016)**	**3,229**	**21**	**10**	**(4,756)**

* Off-balance sheet assets and liabilities include amounts receivable and payable arising from spot transactions and nominal values of all derivative deals.

(G) Operational risk

Since 2008, the Group has used the Advanced Measurement Approach (AMA) for operational risk management. In addition to standard operational risk instruments used within the AMA approach, such as operational losses collection, Risk Control Self-Assessment (RCSA), Key Risk Indicators (KRI), or Scenario Analysis (SA), the Group has developed and deployed also a system of permanent supervision consisting in a set of everyday operational controls and a set of formalised periodic controls. These controls are reviewed independently and on an ongoing basis within a so-called second level of controls. The Group is continually developing all the aforementioned operational risk instruments and supporting the continuous development of an operational risk culture throughout all organisational units.

The information collected by the Operational Risks Department is regularly analysed and provided to the Group's management. Based upon this information, the management may decide on further strategic steps within the framework of operational risk management. The evaluation of operational risks is also an integral component of the process for new product development and validation.

Co-operation within consolidated operational risk management has been deepened among KB Group companies. The AMA approach has been used in four Group companies, of which two are banking entities (Komerční banka, a.s. and Modrá pyramida stavební spořitelna, a.s.) and two non-banking entities (SG Equipment Finance Czech Republic s.r.o. and ESSOX s.r.o.).

(H) Legal risk

The Group regularly monitors and evaluates legal disputes filed against it. In order to cover all contingent liabilities arising from legal disputes, the Group establishes a provision equal to the claimed amount in respect of all litigation where it is named as a defendant and where the likelihood of payment has been estimated to exceed 50%. The Group also manages its legal risk through the assessment of legal risks involved in the contracts to which the Group is a party.

(I) Estimated fair value of assets and liabilities not revalued at fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price). Where available, fair value estimates are made based on quoted market prices. However, no readily available market prices exist for a significant portion of the Group's financial instruments. In circumstances where quoted market prices are not readily available, the fair value is estimated, as appropriate, using discounted cash flow models or other generally acceptable pricing models. Changes in underlying assumptions, including discount rates and estimated future cash flows, significantly affect these estimates.

In estimating the fair value of the Group's financial instruments, the following methods and assumptions were used.

(a) Cash and current balances with central banks

The reported values of cash and current balances with the central bank are generally deemed to approximate their fair value.

(b) Financial assets at amortised cost

Loans and advances to banks
The estimated fair value of loans and advances to banks that mature in 180 days or less approximates their carrying amounts. The fair value of other loans and advances to banks is estimated based upon discounted cash flow analysis using interest rates currently offered for investments with similar terms (market rates adjusted to reflect credit risk). The fair value of non-performing loans and advances to banks is estimated using a discounted cash flow analysis, including the potential realisation of the underlying collateral.

Loans and advances to customers
The fair values of variable yield loans that regularly reprice and which have no significant change in credit risk generally approximate their carrying values. The fair values of loans at fixed interest rates are estimated using discounted cash flow analysis based upon interest rates currently offered for loans with similar terms to borrowers of similar credit quality. The fair values of non-performing loans is estimated using a discounted cash flow analysis, including the potential realisation of the underlying collateral.

Debt securities
The fair values of debt securities are based upon quoted market prices. Where no market prices are available, fair values are estimated based on discounted cash flow models using the interest rate currently offered as of the date of the financial statements.

(c) Amounts due to central banks
The reported values of amounts due to central banks are generally deemed to approximate their fair values.

(d) Financial liabilities at amortised cost

Amounts due to banks and Amounts due to customers
The fair values of deposits repayable on demand are represented by the carrying values of amounts repayable on demand as of the financial statements date. The carrying values of term deposits at variable interest rates approximate their fair values as of the financial statements date. The fair values of deposits at fixed interest rates are estimated by discounting their future cash flows using market interest rates. Amounts due to banks and customers at fixed interest rates represent only a fraction of the total carrying value and hence the fair value of total amounts due to banks and customers approximates the carrying values as of the financial statements date.

Securities issued
The fair values of debt securities issued by the Group are based upon quoted market prices. Where no market prices are available, the fair values are estimated using a discounted cash flow analysis.

(e) Subordinated and senior non-preferred debt
The fair value of subordinated and senior non-preferred debt is estimated using a discounted cash flow analysis.

(f) Lease liabilities
The reported values of lease liabilities are deemed to approximate their fair values.

The following table summarises the carrying values and fair values of those financial assets and liabilities not presented on the Group's Statement of Financial Position at their fair values:

	31 Dec 2024		31 Dec 2023	
(CZKm)	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Cash and current balances with central banks	72,956	72,956	12,835	12,835
Financial assets at amortised cost	1,371,730	1,357,276	1,397,423	1,380,729
– Loans and advances to banks	335,834	333,784	411,644	409,111
– Loans and advances to customers	853,022	844,751	833,542	823,766
– Debt securities	182,874	178,741	152,237	147,852
Financial liabilities				
Amounts due to central banks	0	0	0	0
Financial liabilities at amortised cost	1,281,395	1,278,066	1,247,773	1,245,085
– Amounts due to banks	91,575	90,802	105,694	105,470
– Amounts due to customers	1,174,525	1,172,357	1,127,227	1,125,609
– Securities issued	12,629	12,241	12,431	11,585
– Lease liabilities	2,666	2,666	2,421	2,421
Subordinated and senior non-preferred debt	65,715	65,715	64,560	64,560

The following table presents the hierarchy of fair values for those financial assets and liabilities not presented on the Group's Statement of Financial Position at their fair values:

	31 Dec 2024				31 Dec 2023			
(CZKm)	Fair value	Level 1	Level 2	Level 3	Fair value	Level 1	Level 2	Level 3
Financial assets								
Cash and current balances with central banks	72,956	8,572	0	64,384	12,835	8,305	0	4,530
Financial assets at amortised cost	1,357,276	171,792	0	1,185,484	1,380,729	143,917	0	1,236,812
– Loans and advances to banks	333,784	0	0	333,784	409,111	0	0	409,111
– Loans and advances to customers	844,751	0	0	844,751	823,766	0	0	823,766
– Debt securities	178,741	171,792	0	6,949	147,852	143,917	0	3,935
Financial liabilities								
Amounts due to central banks	0	0	0	0	0	0	0	0
Financial liabilities at amortised cost	1,278,066	12,241	0	1,265,825	1,245,085	11,585	0	1,233,500
– Amounts due to banks	90,802	0	0	90,802	105,470	0	0	105,470
– Amounts due to customers	1,172,357	0	0	1,172,357	1,125,609	0	0	1,125,609
– Securities issued	12,241	12,241	0	0	11,585	11,585	0	0
– Lease liabilities	2,666	0	0	2,666	2,421	0	0	2,421
Subordinated and senior non-preferred debt	65,715	0	0	65,715	64,560	0	0	64,560

(J) Allocation of fair values of financial instruments at fair value to the hierarchy of fair values

Financial assets and financial liabilities at fair value by fair value hierarchy (refer to Note 3.5.4):

(CZKm)	31 Dec 2024	Level 1	Level 2	Level 3	31 Dec 2023	Level 1	Level 2	Level 3
FINANCIAL ASSETS								
Financial assets held for trading at fair value through profit or loss	**41,790**	**19,603**	**22,187**	**0**	**48,464**	**19,598**	**28,861**	**5**
of which:								
– Equity securities	0	0	0	0	0	0	0	0
– Debt securities	19,622	19,603	19	0	19,621	19,598	18	5
– Derivatives	22,168	0	22,168	0	28,843	0	28,843	0
Other assets held for trading at fair value through profit or loss	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Non-trading financial assets at fair value through profit or loss	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Positive fair value of hedging financial derivatives	**6,896**	**0**	**6,896**	**0**	**8,598**	**0**	**8,598**	**0**
Financial assets at fair value through other comprehensive income	**11,311**	**11,258**	**0**	**53**	**16,783**	**16,730**	**0**	**53**
Revaluation differences on portfolios hedge items	**(657)**	**0**	**(657)**		**(815)**	**0**	**(815)**	**0**
Financial assets at fair value	**59,340**	**30,861**	**28,426**	**53**	**73,030**	**36,328**	**36,644**	**58**
FINANCIAL LIABILITIES								
Financial liabilities held for trading at fair value through profit or loss	**47,138**	**23,730**	**23,408**	**0**	**60,206**	**25,890**	**34,316**	**0**
of which:								
– Sold securities	23,730	23,730	0	0	25,890	25,890	0	0
– Derivatives	23,408	0	23,408	0	34,316	0	34,316	0
Negative fair value of hedging financial derivatives	**28,154**	**0**	**28,154**	**0**	**31,241**	**0**	**31,241**	**0**
Revaluation differences on portfolios hedge items	**(31,764)**	**0**	**(31,764)**	**0**	**(34,944)**	**0**	**(34,944)**	**0**
Financial liabilities at fair value	**43,528**	**23,730**	**19,798**	**0**	**56,503**	**25,890**	**30,613**	**0**

Financial assets at fair value – Level 3:

	2024				2023			
(CZKm)	Financial assets at FVOCI	Non-trading financial assets at fair value through profit or loss	Financial assets held for trading at fair value through profit or loss	Total	Financial assets at FVOCI	Non-trading financial assets at fair value through profit or loss	Financial assets held for trading at fair value through profit or loss	Total
Balance as of 1 January	**53**	**0**	**5**	**58**	**52**	**132**	**0**	**184**
Comprehensive income/(loss)								
– In the Statement of Income	0	0	0	0	0	3	0	3
– In Other Comprehensive Income	0	0	0	0	(9)	0	0	(9)
Purchases	0	0	0	0	10	0	0	10
Sales	0	0	(5)	(5)	0	0	0	0
Settlement	0	0	0	0	0	(135)	0	(135)
Transfer from Level 2	0	0	0	0	0	0	5	5
Foreign exchange rate difference	0	0	0	0	0	0	0	0
Balance as of 31 December	**53**	**0**	**0**	**53**	**53**	**0**	**5**	**58**

Shares and participation certificates

When using an alternative method of valuation based on the price/book value ratio, the fair value is not significantly different from the fair value determined on the basis of the present value of future cash flows which was used for the original valuation.

44 Offsetting financial assets and financial liabilities

The table below provides information about rights of offset and related arrangements for financial instruments as of 31 December 2024:

	Assets/liabilities set off according to IAS 32				Amounts which have not been set off	
(CZKm)	Gross amount of financial assets/liabilities*	Gross amount of financial assets/liabilities set off by financial liabilities/assets	Net amount of financial assets/liabilities	Financial instruments recognised in Statement of Financial Position	Cash collateral related to financial instruments	Net amount
Positive fair value of derivatives	39,817	10,753	29,064	22,518	2,713	3,833
Negative fair value of derivatives	62,315	10,753	51,562	22,518	25,167	3,877

* This item includes also counterparties with only positive or negative fair value of derivatives.

The table below provides information about rights of offset and related arrangements for financial instruments as of 31 December 2023:

	Assets/liabilities set off according to IAS 32				Amounts which have not been set off	
(CZKm)	Gross amount of financial assets/liabilities*	Gross amount of financial assets/liabilities set off by financial liabilities/assets	Net amount of financial assets/liabilities	Financial instruments recognised in Statement of Financial Position	Cash collateral related to financial instruments	Net amount
Positive fair value of derivatives	50,573	13,132	37,441	32,377	2,230	2,834
Negative fair value of derivatives	78,689	13,132	65,557	32,377	24,627	8,553

* This item includes also counterparties with only positive or negative fair value of derivatives.

45 Assets in custody and assets under management

The table below provides information about assets in custody and assets under management:

	31 Dec 2024		31 Dec 2023	
(CZKm)	Cash	Securities	Cash	Securities
Assets in custody	3,703	727,419	2,655	661,833
Assets in custody of KB Penzijní společnost, a.s.	0	73,547	0	75,957
Assets under management	0	12,455	0	10,000

46 Post balance sheet events

During February 2025, the capital of Lemonero s.r.o. was increased. KB SmartSolutions, s.r.o. did not participate in this transaction, and therefore its stake in Lemonero s.r.o. was reduced to 20.0%. Lemonero s.r.o. is currently not consolidated due to its insignificant impact on the consolidated financial statements.

In February, the Bank closed a transaction with Société Générale S.A. and Société Générale Equipment Finance S.A. whereby it purchased a 49.9% stake in SG Equipment Finance Czech Republic s.r.o. Following this transaction, the Bank now owns 100% of the equity in SG Equipment Finance Czech Republic s.r.o.

Separate Financial Statements

as of 31 December 2024

prepared in accordance with IFRS Accounting Standards as adopted by the European Union as of 31 December 2024

Separate Statement of Income and Statement of Comprehensive Income for the year ended 31 December 2024

Separate Statement of Income for the year ended 31 December 2024

(CZKm)	Note	2024	2023
Interest income	5	110,021	114,097
Interest expense	5	(87,991)	(91,299)
Net interest income		**22,030**	**22,798**
Fee and commission income	6	7,592	6,621
Fee and commission expenses	6	(1,329)	(1,091)
Net fee and commission income		**6,263**	**5,530**
Net profit/(loss) on financial operations	7	3,825	3,816
Dividend income	8	1,117	547
Other income	9	570	496
Net operating income		**33,805**	**33,187**
Personnel expenses	10	(7,510)	(7,231)
General and administrative expenses	11	(5,246)	(5,462)
Depreciation, amortisation, and impairment of operating assets	12	(3,534)	(3,080)
Total operating expenses		**(16,290)**	**(15,773)**
Operating profit		**17,515**	**17,414**
Impairment losses	13	(732)	4
Net gain from loans and advances transferred and written off	13	35	119
Cost of risk		**(697)**	**123**
Profit/(loss) on subsidiaries and associates	14	3,158	0
Net profits on other assets	15	(37)	(88)
Profit before income tax		**19,939**	**17,449**
Income tax	16	(2,666)	(2,875)
Net profit for the period	17	**17,273**	**14,574**

Note: Net interest income is calculated by applying the effective interest rate method, except that in the case of hedging derivatives and in the case of lease liabilities the relevant contractual rate also is used.

The accompanying Notes form an integral part of these Separate Financial Statements.

Separate Statement of Comprehensive Income for the year ended 31 December 2024

(CZKm)	Note	2024	2023
Net profit for the period	17	**17,273**	**14,574**
Items that will not be reclassified to the Statement of Income			
Remeasurement of retirement benefits plan, net of tax	38	2	2
Revaluation of equity securities at FVOCI*, net of tax	39	0	(9)
Items that may be reclassified subsequently to the Statement of Income			
Cash flow hedging			
– Net fair value gain/(loss), net of tax	40	297	437
– Transfer to net profit/(loss), net of tax	40	(333)	(829)
Hedge of a foreign net investment	40	(16)	(21)
Foreign exchange difference on translation of a foreign net investment		(2)	6
Revaluation of debt securities at FVOCI**			
– Net fair value gain/(loss) - Debt securities, net of tax	41	(26)	(49)
– Net gain/(loss) reclassified to profit or loss - Debt securities, net of tax	41	(2)	(232)
Other comprehensive income for the period, net of tax		**(80)**	**(695)**
Total comprehensive income for the period, net of tax		**17,193**	**13,879**

* Revaluation of equity securities at fair value through other comprehensive income.
** Revaluation of debt securities at fair value through other comprehensive income.

The accompanying Notes form an integral part of these Separate Financial Statements.

Separate Statement of Financial Position as of 31 December 2024

(CZKm)	Note	31 Dec 2024	31 Dec 2023
ASSETS			
Cash and current balances with central banks	18	72,538	12,369
Financial assets held for trading at fair value through profit or loss	19	42,302	49,398
Other assets held for trading at fair value through profit or loss	19	0	0
Non-trading financial assets at fair value through profit or loss	20	0	0
Positive fair value of hedging financial derivatives	42	6,698	8,143
Financial assets at fair value through other comprehensive income	21	11,232	16,706
Financial assets at amortised cost	22	1,285,882	1,313,069
Current tax assets		98	643
Deferred tax assets	32	161	124
Prepayments, accrued income, and other assets	23	4,196	3,637
Investments in subsidiaries and associates	24	19,169	19,059
Intangible assets	25	9,568	9,048
Tangible assets	26	6,586	6,452
Assets held for sale	27	16	426
Total assets		**1,458,446**	**1,439,074**

(CZKm)	Note	31 Dec 2024	31 Dec 2023
LIABILITIES AND EQUITY			
Amounts due to central banks		0	0
Financial liabilities held for trading at fair value through profit or loss	28	47,649	61,146
Negative fair value of hedging financial derivatives	42	27,841	30,762
Financial liabilities at amortised cost	29	1,219,197	1,185,570
Revaluation differences on portfolios hedge items		(31,378)	(34,366)
Current tax liabilities		0	35
Deferred tax liabilities	32	426	537
Accruals and other liabilities	30	11,626	14,945
Provisions	31	698	782
Subordinated and senior non-preferred debt	33	65,715	64,560
Total liabilities		**1,341,774**	**1,323,971**
Share capital	34	19,005	19,005
Share premium, funds, retained earnings, revaluation, and net profit for the period		97,667	96,098
Total equity		**116,672**	**115,103**
Total liabilities and equity		**1,458,446**	**1,439,074**

The accompanying Notes form an integral part of these Separate Financial Statements.

Separate Statement of Changes in Equity for the year ended 31 December 2024

(CZKm)	Share capital	Own shares	Capital funds and retained earnings*	Share based payment	Remeasurement of retirement benefits plan	Revaluation of equity securities at FVOCI	Cash flow hedging	Hedge of a foreign net investment	Translation of a foreign net investment	Revaluation of debt securities at FVOCI	Total equity
Balance as of 1 Jan 2023	**19,005**	**(592)**	**92,863**	**507**	**(216)**	**0**	**605**	**107**	**(6)**	**311**	**112,584**
Treasury shares, other	0	0	105	18	0	0	0	0	0	0	123
Payment of dividends**	0	0	(11,483)	0	0	0	0	0	0	0	(11,483)
Transactions with owners	**0**	**0**	**(11,378)**	**18**	**0**	**0**	**0**	**0**	**0**	**0**	**(11,360)**
Profit for the period	0	0	14,574	0	0	0	0	0	0	0	14,574
Other comprehensive income for the period, net of tax	0	0	0	0	2	(9)	(392)	(21)	6	(281)	(695)
Comprehensive income for the period	**0**	**0**	**14,574**	**0**	**2**	**(9)**	**(392)**	**(21)**	**6**	**(281)**	**13,879**
Balance as of 31 Dec 2023	**19,005**	**(592)**	**96,059**	**525**	**(214)**	**(9)**	**213**	**86**	**0**	**30**	**115,103**
Treasury shares, other	0	0	129	19	0	0	0	0	0	0	148
Purchase of a part of a business within the group**	0	0	(63)	0	0	0	0	0	0	0	(63)
Payment of dividends***	0	0	(15,709)	0	0	0	0	0	0	0	(15,709)
Transactions with owners	**0**	**0**	**(15,643)**	**19**	**0**	**0**	**0**	**0**	**0**	**0**	**(15,624)**
Profit for the period	0	0	17,273	0	0	0	0	0	0	0	17,273
Other comprehensive income for the period, net of tax	0	0	0	0	2	0	(36)	(16)	(2)	(28)	(80)
Comprehensive income for the period	**0**	**0**	**17,273**	**0**	**2**	**0**	**(36)**	**(16)**	**(2)**	**(28)**	**17,193**
Balance as of 31 Dec 2024	**19,005**	**(592)**	**97,689**	**544**	**(212)**	**(9)**	**177**	**70**	**(2)**	**2**	**116,672**

* Capital funds and retained earnings consist of other funds created from profit in the amount of CZK 4,189 million (2023: CZK 4,189 million), net profit from the period in the amount of CZK 17,273 million (2023: CZK 14,574 million), and retained earnings in the amount of CZK 76,227 million (2023: CZK 77,296 million).

** In October, the Bank bought a part of the enterprise named "KB Poradenství" from its fully owned subsidiary Modrá pyramida stavební spořitelna, a.s.

*** Further information about payment of dividends is presented in Note 17.

The accompanying Notes form an integral part of these Separate Financial Statements.

Separate Statement of Cash Flows for the year ended 31 December 2024

(CZKm)	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	19,939	17,449
Non-cash and other adjustments		
Movement of allowances/provisions (including impact of loans and advances transferred and written off)	790	105
Depreciation and amortisation expense on tangible and intangible fixed assets	3,534	3,080
Net profits on other assets	37	88
Revaluation of debt securities and derivatives	(1,185)	(8,722)
Accrued interest, amortisation of discount and premium	1,839	(1,069)
Profit/(loss) on subsidiaries and associates (including dividends)	(4,275)	(547)
Foreign exchange differences	2,823	619
Other changes	(433)	(92)
Operating profit before change in operating assets and liabilities	**23,069**	**10,911**
Changes in assets and liabilities from operating activities after non-cash adjustments		
Amounts due from banks	72,156	(184,042)
Loans and advances to customers	(14,910)	(43,698)
Debt securities at amortised cost	(32,797)	(9,646)
Financial assets at fair value through other comprehensive income	5,625	18,381
Financial assets held for trading at fair value through profit or loss	(36)	(9,702)
Other assets held for trading at fair value through profit or loss	0	0
Non-trading financial assets at fair value through profit or loss	0	135
Other assets	(1,011)	(124)
Amounts due to banks	(10,443)	21,507
Amounts due to customers	46,472	180,593
Financial liabilities held for trading at fair value through profit or loss	(2,160)	14,290
Other liabilities	(3,312)	542
Purchase of enterprise	(79)	0
Net cash flow from operating assets and liabilities	**59,505**	**(11,764)**

(CZKm)	2024	2023
Net cash flow from operating activities before tax	**82,574**	**(853)**
Income tax paid	(2,262)	(4,969)
Net cash flow from operating activities	**80,312**	**(5,822)**
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Dividends received	1,117	547
Purchase of tangible and intangible assets	(2,558)	(3,705)
Sale of tangible and intangible assets	58	0
Purchase of investments in subsidiaries and associates	(400)	(1,132)
Sale/decrease of investments in subsidiaries and associates	3,807	39
Net cash flow from investment activities	**2,024**	**(4,251)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(15,646)	(11,290)
Securities issued	0	0
Securities redeemed	(2,900)	(3,200)
Lease liabilities	(470)	(419)
Subordinated and senior non-preferred debt	0	24,725
Net cash flow from financing activities	**(19,016)**	**9,816**
Net increase/(decrease) in cash and cash equivalents	**63,320**	**(257)**
Cash and cash equivalents at the beginning of the year	7,885	7,963
Net increase/(decrease) in cash and cash equivalents	63,320	(257)
Foreign exchange differences on cash and cash equivalents at the beginning of the year	128	179
Cash and cash equivalents at the end of the year (refer to Note 35)	**71,333**	**7,885**
Interest received	110,088	114,408
Interest paid	(86,219)	(92,679)

The accompanying Notes form an integral part of these Separate Financial Statements.

These Separate Financial Statements were approved by the Board of Directors on 28 February 2025.

Signed on behalf of the Board of Directors:

Jan Juchelka m. p.
Chairman of the Board of Directors
and Chief Executive Officer
Komerční banka, a.s.

Jitka Haubová m. p.
Member of the Board of Directors
and Senior Executive Director,
Chief Operations Officer
Komerční banka, a.s.

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1 Principal activities

Komerční banka, a.s. (henceforth the “Bank”) is incorporated in the Czech Republic as a joint-stock company. The principal activities of the Bank are financial services as follow:

I. Providing loans, advances, and guarantees in Czech crowns and foreign currencies;
II. Acceptance and placement of deposits in Czech crowns and foreign currencies;
III. Providing current and term deposit accounts in Czech crowns and foreign currencies;
IV. Providing banking services through an extensive branch network in the Czech Republic;
V. Treasury operations in the interbank market;
VI. Servicing foreign trade transactions; and
VII. Investment banking.

The registered office address of the Bank is Na Příkopě 33/969, 114 07 Prague 1. The Bank has operations in the Czech Republic and Slovakia through its foreign branch (Komerční banka, a.s., pobočka zahraničnej banky).

The Bank’s ordinary shares are publicly traded on the Prague Stock Exchange. Société Générale S.A. is the Bank’s majority shareholder, holding 60.35% (2023: 60.35%) of the Bank’s issued share capital, and it is the ultimate parent company.

2 Events for the year ended 31 December 2024

Dividends declared during 2024

At the General Meeting held on 24 April 2024, the shareholders approved a dividend for the year ended 31 December 2023 of CZK 82.66 per share before tax. The dividend was declared in the aggregate amount of CZK 15,709 million. The dividends were paid out in Czech crowns.

Changes in the Bank’s financial group

In January, KB SmartSolutions, s.r.o. bought an 80% stake in ENVIROS, s.r.o from its fully owned subsidiary ENVIROS GLOBAL LIMITED.

In March, the capital of MonkeyData s.r.o. was increased. KB SmartSolutions, s.r.o. did not participate in this operation, and therefore the share of KB SmartSolutions, s.r.o. in MonkeyData s.r.o. was reduced from the previous 33.2% to 25.3%. In December, an agreement was signed based upon which MonkeyData s.r.o. will further increase its capital by the end of the first quarter of 2025. KB SmartSolutions, s.r.o. is not participating in this operation, and the share of KB SmartSolutions, s.r.o. in MonkeyData s.r.o. will therefore be further reduced to 20.0%. In December, the companies MonkeyData s.r.o. and Lemonero s.r.o. merged, with MonkeyData s.r.o. designated as the successor company. The company was then renamed Lemonero s.r.o. on the same day. Lemonero s.r.o. is currently not consolidated due to its insignificant impact on the consolidated financial statements.

In April, the Bank increased the equity of Modrá pyramida stavební spořitelna, a.s. by CZK 400 million in the form of a financial contribution to other capital funds. The Bank reduced the owner's equity of Komerční pojišťovna, a.s. by CZK 245 million through distribution of a financial contribution from other capital funds.

In May, the Bank decreased shareholders' equity of BASTION EUROPEAN INVESTMENTS S.A. by EUR 1.6 million (equivalent to CZK 40 million).

In May and November, KB SmartSolutions, s.r.o. increased the equity of Finbricks, s.r.o. by CZK 18.5 million through a financial contribution into other capital funds. Finbricks, s.r.o. is presently not consolidated due to its insignificant impact on the consolidated financial statements.

In June, there was a merger of two subsidiaries of KB SmartSolutions, s.r.o., namely ENVIROS, s.r.o. and KB Advisory, s. r. o., with the successor company being ENVIROS, s.r.o.

In July, the Bank sold its 100% share in the subsidiary VN 42, s.r.o.

In October, the Bank bought a part of the enterprise named "KB Poradenství" from its fully owned subsidiary Modrá pyramida stavební spořitelna, a.s.

In October, the Bank signed an agreement with Société Générale S.A. and Société Générale Equipment Finance S.A. on the purchase of a 49.9% share in the company SG Equipment Finance Czech Republic s.r.o. The Bank assumes that the transaction will be settled within the first quarter of 2025. Upon settlement of the transaction, the Bank will have acquired 100% of the shares in SG Equipment Finance Czech Republic s.r.o.

In December, liquidation of the company My Smart Living, s.r.o. v likvidaci s.r.o. was completed and that company ceased to exist. Also in December, a contract was signed for sale of the company Platební instituce Roger a.s. The Bank expects that transaction to be settled within the first half of 2025.

3 Principal accounting policies

These are Separate Financial Statements. The Consolidated Financial Statements are issued as of the same date. As of 31 December 2024, the total consolidated equity was CZK 130,037 million (2023: CZK 128,284 million), and total consolidated profit for the year ended 31 December 2024, was CZK 17,407 million (2023: CZK 15,819 million).

The principal accounting policies followed in the preparation of these Separate Financial Statements are set out below.

3.1 Statement of compliance with IFRS Accounting Standards

The Separate Financial Statements are prepared pursuant to and comply with IFRS Accounting Standards as adopted by the European Union (hereafter only "IFRS"), on the basis of Regulation (EC) No. 1606/2002 on the application of international accounting standards, and effective for the annual period beginning on 1 January 2024.

The Separate Financial Statements presented for the year ended 31 December 2024 are prepared on the basis of current best estimates. The management of the Bank believes that these present a true and fair view of the Bank's financial results and financial position using all relevant and available information as of the financial statements date.

3.2 Underlying assumptions of the Separate Financial Statements

3.2.1 Accrual basis

The Separate Financial Statements are prepared on an accrual accounting basis (i.e. the effects of transactions and other events are recognised when they occur and are reported in the Separate Financial Statements for the period to which they relate).

An exception is the Statement of Cash Flows, which is prepared on a cash basis (i.e. it presents cash inflows and outflows during the reporting period without regard to the period to which each transaction relates).

3.2.2 Going concern

The Separate Financial Statements are prepared on the assumption that the Bank is a going concern and will continue in operation for the foreseeable future. The Bank has neither the intention nor the need to liquidate or materially curtail the scale of its operations. In making this assessment, management has considered a wide range of information, including projections of profitability, regulatory capital requirements,

and funding needs. The assessment also includes consideration of reasonably possible downside economic scenarios and their potential impacts on the profitability, capital, and liquidity of the Bank.

3.2.3 Reporting period

The Bank reports for a 12-month period which is identical to the calendar year.

3.3 Basis of preparation

3.3.1 Presentation currency

The Separate Financial Statements are presented in Czech crowns (hereafter only "CZK"), which constitute the Bank's presentation currency. The balances shown are stated in CZK millions unless indicated otherwise.

3.3.2 Historical cost

The Separate Financial Statements are prepared under the historical cost convention, except for items measured at fair value comprising financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, hedging derivatives, and hedged items in fair value hedge accounting.

Assets held for sale are measured at the lower of their (i) fair value less cost to sell, and (ii) carrying amount just prior to reclassification into *'Assets held for sale'*.

3.3.3 Material accounting judgements and estimates

In applying the accounting policies for the purpose of preparing the Separate Financial Statements in accordance with IFRS, it is necessary for the Bank's management to use professional judgement and make estimates and assumptions. These impact upon reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the financial statements date, and the reported amounts of revenues and expenses during the reporting period. These estimates and judgements are based on the information available as of the financial statements date and they relate especially to the determination of:

- Fair values in the Statement of Financial Position of financial instruments not quoted in an active market which are classified as financial assets or liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, or hedging derivatives (refer to Note 3.5.5);
- The value of intangible assets (refer to Note 3.5.9);
- The amount of impairment of assets (refer to Note 3.5.9);
- Provisions recognised under liabilities (refer to Note 3.5.10);

- The amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax planning strategies (refer to Note 3.5.7);
- The amount of impairment and provisions for credit risk related to financial assets measured at amortised cost or at fair value through other comprehensive income, loan commitments and financial guarantees granted as measured using models or internal assumptions based on historical, current, and prospective data (refer to Note 3.5.5);
- Business model and SPPI assessment of financial assets (refer to Note 3.5.5); and
- Lease term for leases of an indefinite time period.

Information about key judgements and assumptions concerning the future and other key sources of estimation uncertainty as of the financial statements date that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities are disclosed in individual notes as appropriate.

Geopolitical situation

The geopolitical situation subjects the current economic environment to ongoing heightened volatility and uncertainty, thus requiring particularly complex judgements and estimates in certain areas. The geopolitical situation has significant implications in the area of credit risk management, as described in Note 42(A). Possible impacts in other risk management areas were also assessed and, where necessary, appropriate procedures and measures implemented. As a consequence of the international sanctions imposed and also due to market changes, the Bank minimised its rouble-denominated balance sheet in 2022 by sale of rouble assets and subsequently by closure of all client accounts denominated in roubles. Furthermore, the Bank decided to suspend outgoing transactions to Russia and Belarus. The geopolitical situation caused a significant increase in workload in the areas of (i) KYC (know-your-client), mainly due to the increasing acceptance rate of refugees as well as the application of sanctions restrictions to clients residing in Russia; (ii) S&E (Sanction and Embargo) monitoring as a result of sanctions restrictions related to EU sanctions packages; and (iii) AML (measures against money laundering) due to a strong motivation for Russian assets to be transferred into the EU zone while circumventing the sanctions. Due to the current situation, the risk of cyber attacks has increased for the Bank and its clients. To address these risks for the Bank, efforts were continued to implement risk-mitigating measures while targeting continual improvements in both prevention and detection areas, such as ex ante monitoring of clients or countries.

3.3.4 Investments in subsidiaries and associates

A subsidiary is an entity in which the Bank has control, i.e. it directly or indirectly owns more than half the voting rights or it has the power to govern the entity in another way. An associate is an entity in which the Bank has significant influence, i.e. it directly or indirectly owns 20% to 50% of the voting rights or is able to exercise influence in another way.

Investments in which the Bank directly or indirectly owns less than 20% of the voting rights are classified as *'Financial assets held for trading at fair value through profit or loss'* and are reported as such, unless the Bank uses the irrevocable election to measure the investments at fair value through other comprehensive income.

Investments in subsidiaries and associates are measured at historical cost (i.e. foreign currency investments are translated using the foreign exchange rate at the transaction date) decreased by potential accumulated impairment losses. At the end of each reporting period, the Bank regularly assesses whether there is any impairment loss by comparing the carrying values of each investment with its recoverable amount. If the recoverable amount is lower, the Bank recognises the impairment loss through the use of an allowances account. Investments in subsidiaries and associates are presented in the line *'Investments in subsidiaries and associates'*.

3.4 Application of new and revised IFRS Accounting Standards

3.4.1 Standards and interpretations newly applied by the Bank in the current period

The following standards, interpretations, and amendments were newly applied by the Bank as from 1 January 2024. Unless otherwise described below, their application has no significant impact in the current period (and/or prior period).

Standard	Impact/Comments
Classification of Liabilities as Current or Non-current (Amendments to IAS 1, issued in January 2020)	The amendments clarify one of the criteria for classifying a liability as non-current, specifically the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. That right to defer must exist at the end of the reporting period and the classification is unaffected by the likelihood or expectations about exercising the right.
Non-current Liabilities with Covenants (Amendments to IAS 1, issued in October 2022)	The supplementary amendments specify that the liability's classification is not affected by future covenants, where the obligation to comply is only after the end of the reporting period. However, the amendments require disclosures.
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	The amendments specify for sale and leaseback transactions the requirements for subsequent measurement of the lease liability.
Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	The amendments add disclosure requirements of qualitative and quantitative information on supplier finance arrangements.

3.4.2 Issued standards and interpretations not applied for the current period

Although the following standards, interpretations, and amendments had been issued by IASB, they are not yet effective for the reporting period beginning on 1 January 2024 and/or they have not yet been approved by the European Commission (as stated in the table below). The Bank has decided not to apply them earlier.

Currently, the Bank does not anticipate that their application will significantly impact the Bank's financial position and financial performance for the reporting period, unless otherwise described below.

Standard	Summarised content	Effective for reporting period beginning on or after
Lack of Exchangeability (Amendments to IAS 21)	The amendments specify when a currency is exchangeable into another currency and how to determine the exchange rate when exchangeability is lacking.	1 January 2025
Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	The amendments clarify how to assess contractual cash flow characteristics in classifying financial assets with environmental, social, and governance (ESG)-linked features. They also clarify the treatment of non-recourse assets and contractually linked instruments. Furthermore, they introduce an accounting policy option to derecognise financial liabilities settled through an electronic payment system before settlement date if certain conditions are met. The amendments in IFRS 7 require additional disclosures for financial assets and liabilities with contingent features (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.	1 January 2026 EU not yet endorsed
Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)	The IASB has issued amendments to the 'own-use' and hedge accounting requirements of IFRS 9, and it has added new disclosure requirements to IFRS 7 to enable investors to understand the effect of the contracts on a company's financial performance and cash flows. The amendments apply to contracts referencing nature-dependent electricity the produced quantity of which is subject to variability caused by natural conditions.	1 January 2026 EU not yet endorsed
Annual Improvements to IFRS Accounting Standards – Volume 11	Annual Improvements contain minor amendments to five standards (IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, and IAS 7 Statement of Cash Flows) that generally address outdated references and terminology or unintended conflicts between requirements in the accounting standards.	1 January 2026 EU not yet endorsed
IFRS 18 Presentation and Disclosure in Financial Statements – new standard	The new standard, superseding IAS 1 Presentation of Financial Statements, addresses requirements for presentation and disclosure in the financial statements and the Notes, with a focus on updates to the statement of profit or loss. It will not change the existing criteria for recognition and measurement of the individual items of the financial statements. The key new concepts relate to: (i) new required subtotals in the statement of profit or loss (including operating profit) structuring income and expense into three newly defined categories (operating, investing, and financing), (ii) required disclosures about management-defined performance measures (MPMs), and (iii) enhanced guidance on aggregation and disaggregation of information. For entities for which granting of financing to customers or investment in assets are their main business activities, such as banking and insurance entities, the standard provides for an appropriate presentation of the income and expenses relating to these businesses under the operating profit. **The impact of IFRS 18 on the Bank's financial statements is currently being analysed.**	1 January 2027 EU not yet endorsed

3.5 Material accounting policies

3.5.1 Transactions in foreign currencies

3.5.1.1 Functional and presentation currency

The Bank's functional currency (i.e. the currency of the primary economic environment within which the Bank operates) is the Czech crown.

The Bank has a branch, Komerční banka, a.s., pobočka zahraničnej banky; an organisational unit, SG Equipment Finance Czech Republic s.r.o. - organizačná zložka; and a subsidiary, ESSOX FINANCE, s.r.o., in the Slovak Republic. It has a subsidiary, BASTION EUROPEAN INVESTMENTS S.A., in Belgium. All have the euro as their functional currency and are regarded as foreign operations from a financial reporting point of view.

3.5.1.2 Transactions and balances translation

Transactions realised in foreign currency (i.e. in a currency other than the functional currency) are translated into the functional currency at the date of initial recognition using the spot foreign exchange rate announced by the bank authority (hereafter only the "BA") for the respective foreign currency. Depending on the functional currency, the BA means the Czech National Bank (hereafter only the "CNB") for the Czech crown and the European Central Bank (hereafter only the "ECB") for the euro.

At the end of the reporting period, all statement of financial position line items denominated in foreign currency are translated into the functional currency, depending upon their nature, as follows:

I. Foreign currency monetary items are translated using the closing rate (foreign exchange rate announced by the BA at the end of the reporting period);
II. Non-monetary items that are measured at historical cost are translated using the BA's foreign exchange rate at the date of the transaction; and
III. Non-monetary items that are measured at fair value in a foreign currency are translated using the BA's foreign exchange rate at the date when the fair value was determined.

Gains and losses arising from the translation of foreign currency items at the end of the reporting period as well as those related to their settlement are recognised as gains or losses for the period in which they occur and are presented in the line *'Net profit/(loss) on financial operations'*.

Where a gain or loss from a fair value change in a non-monetary item denominated in foreign currency is recognised directly in Other Comprehensive Income, however, related foreign exchange rate differences are recognised in the same way. These non-monetary items include equity instruments for which the Bank has decided at initial recognition to use the irrevocable election to measure these at fair value with changes recognised in Other Comprehensive Income without subsequent recycling into profit or loss on realisation. Also recognised in Other Comprehensive Income are foreign exchange rate differences related to the fair value revaluation of debt instruments held within a business

model whose objective is achieved by both collecting contractual cash flows and selling financial assets (excluding the effective portion of their fair value hedges and excluding foreign exchange rate differences related to changes in their amortised cost) and non-derivative financial liabilities (current accounts, deposits) used as hedging items for the cash flow hedge of foreign currency risk and the hedge of a net investment in a foreign operation.

3.5.2 Recognition of income and expenses

3.5.2.1 Net interest income

Interest income and expense related to interest-bearing instruments, except for instruments classified as financial assets or financial liabilities at fair value through profit or loss, interest hedging derivatives and lease liabilities, are recognised on an accrual basis in the Statement of Income in the lines *'Interest income'* and *'Interest expense'* using the effective interest rate (refer to 3.5.5.7 Effective interest rate method). For credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the amortised cost of the asset (i.e. an amount adjusted for expected credit losses over the life of the asset). Interest income and expense related to interest rate hedging derivatives are recognised in the lines described on an accrual basis using the contractual interest rate of the corresponding derivative. Late-fee income is recognised at the date of its payment and presented in the line *'Interest income'*.

3.5.2.2 Net fee and commission income

The recognition of income from fees and commissions depends on the nature of the fee and the basis of accounting for any associated financial instrument. In accordance with the substance of fees and nature of services for which they are assessed, the Bank distinguishes the following categories of fees:

- Fees and commissions that comprise an integral component of the effective interest rate of a financial instrument are recognised in the line *'Interest income'*;
- Fees and commissions for services provided and for the execution of an act, such as deposit service fees, loan service fees, fees income for transaction services provided, commissions income for cross-selling of third-party products (such as insurance and investment products for which the Bank is acting as an agent while not taking over control of the products provided and therefore in connection with the net approach for revenues presentation), and specialised financial services fees. Income is recognised as revenue at the point in time when the services are provided or the act has been completed. If related to a longer period, the fees are recognised over time on a straight-line basis. These fees and commissions are presented in the line *'Net fee and commission income'.*

3.5.2.3 Net profit/(loss) on financial operations

This line includes net profit/loss on financial operations, which means realised and unrealised gains and losses on securities held for trading; security derivatives; currency, interest rate, and trading commodity derivatives; foreign exchange transactions; foreign assets and liabilities retranslation to the functional currency; and realised gains and losses on financial assets held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

This line also includes interest income and expense related to interest-bearing instruments classified as financial assets or financial liabilities at fair value through profit or loss.

3.5.3 Cash and cash equivalents

Cash comprises cash on hand and cash in transit.

Cash equivalents are short-term (with maturity of 3 months or less), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment purposes. This item also includes obligatory minimum reserves. The Bank can freely transact with the amount of these reserves under the assumption that average obligatory minimum reserves are maintained within the given maintenance period established by the CNB.

3.5.4 Fair value and hierarchy of fair value

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

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Bank.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Bank classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements of assets or liabilities measured at fair value. The hierarchy of fair values has the following three levels:

- *Level 1:* inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- *Level 2:* inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly; and
- *Level 3:* inputs are unobservable inputs for the asset or liability.

The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The fair value is included into the hierarchy according to the lowest classified significant input used in its determination. Significant input information consists of information that has a significant impact on the total fair value of the asset or liability.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis (i.e. those for which measurement at fair value is required or permitted in the Statement of Financial Position at the end of each reporting period), the Bank determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the date of the event or change in circumstances that caused the transfer.

3.5.5 Financial instruments

3.5.5.1 Dates of recognition and derecognition

All regular way purchases or sales of financial assets are recognised using settlement date accounting. The settlement (collection) date is the day on which the financial instrument is delivered (cash payment).

When settlement date accounting is applied, the financial asset is recognised in the Statement of Financial Position on the day of receipt of a financial instrument (sending of cash) and derecognised on the day of its delivery (collection of cash).

For financial assets measured at fair value, however, the acquired financial asset is measured to reflect changes in its fair value from the purchase trade date to the purchase settlement date. Gains and losses from changes in fair value are recognised depending upon the type of financial instrument and taking into account the classification based on both the business model and contractual cash flow characteristics (i.e. either in profit or loss or in other comprehensive income).

All purchases and sales of financial instruments that do not meet the “regular way” settlement criterion in the marketplace concerned are treated as financial derivatives. The Bank recognises financial derivatives in the Statement of Financial Position at the trade date. Financial derivatives are derecognised at their maturity.

The Bank recognises a financial liability in the Statement of Financial Position when it becomes a party to the contractual provisions of the instrument and it is removed from the Statement of Financial Position when it is extinguished (i.e. in circumstances where a contractually defined obligation is fulfilled, cancelled, or expires).

3.5.5.2 Initial measurement of financial assets and financial liabilities

When a financial asset or financial liability is initially recognised, the Bank measures it at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of that instrument.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price (i.e. the fair value of the consideration given or received).

The transaction costs mainly include fees and commissions paid to brokers, dealers, and agents.

Also, financial guarantee contracts issued are initially recognised at fair value, that being the premium received, in the Statement of Financial Position in the line *'Accruals and other liabilities'*. The guarantees are subsequently measured as of the financial statements date at the higher of the amount initially recognised less, when appropriate, cumulative amortisation of revenues recognised in the Statement of Income in accordance with IFRS 15 (in the Statement of Financial Position in the line *'Accruals and other liabilities'*) and the impairment for expected credit losses from any financial obligation arising as a result of the guarantee (in the Statement of Financial Position in the line *'Provisions'*). The premium received is recognised in the Statement of Income in the line *'Net fee and commission income'* on a straight-line basis over the life of the guarantee. The creation of provisions is recognised in the Statement of Income in the line *'Impairment losses'*.

3.5.5.3 "Day 1" profit or loss

In determining whether the fair value at initial recognition equals the transaction price, the Bank takes into account factors specific to the transaction and to the asset or liability.

The Bank trades no financial instruments on an inactive market. On active markets, the Bank trades financial instruments only for the quoted price in the active market. For this reason, there is no difference between the transaction price and the fair value of the financial asset or financial liability that is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique whose variables include only data from observable markets (a "Day 1" profit or loss).

3.5.5.4 Financial assets and liabilities classification and subsequent measurement

The classification of the Bank's financial instruments is determined at the date of initial recognition and is unchanged throughout the period of holding the financial instrument, except for rare situations listed in 3.5.5.5 Reclassification of financial assets and liabilities.

Depending on the nature of the financial instrument and the evaluation of both the business model for managing the financial asset and the asset's contractual cash flow characteristics, financial instruments held by the Bank are after initial recognition subsequently measured at:

I. Amortised costs;
II. Fair value through other comprehensive income; or
III. Fair value through profit or loss.

The Bank does not make use of an option to designate a financial asset or liability upon initial recognition as a financial instrument at fair value through profit or loss (the "Fair Value Option"). For some investments in equity instruments not held for trading purposes the Bank uses the irrevocable election to measure these at fair value with changes being recognised in other comprehensive income.

3.5.5.4.1 Loans and debt instruments

Loans and debt instruments are non-derivative financial assets with legally enforceable fixed or determinable payments and fixed maturities.

Classification and subsequent measurement of loans and debt instruments are determined based upon the evaluation of:

- The Bank's business model for managing financial assets; and
- The financial asset's contractual cash flow characteristics.

Description of business models

The business model is determined on the level at which the financial assets are managed together to achieve a particular business objective. The business model does not depend upon management's intentions for an individual instrument but reflects the way a certain portfolio of financial assets is managed in order to generate cash flows under standard economic conditions. The Bank distinguishes the following business models:

(i) "Hold to collect contractual cash flows";
(ii) "Hold to collect contractual cash flows and sell"; or
(iii) "Held for trading".

(i) "Hold to collect contractual cash flows" business model

Loans and debt instruments that fall into the business model "Hold to collect contractual cash flows" are held in order to collect contractual cash flows over the life of the instrument. In determining whether cash flows are going to be realised by collecting the financial assets' contractual

cash flows, the Bank considers the frequency, value, and timing of sales in prior periods; the reasons for those sales; and expectations about future sales activity for a given portfolio.

The Bank admits the following sales that are consistent with the business model "Hold to collect contractual cash flows":

- Sales due to an increase in the assets' credit risk irrespective of their frequency and value;
- Sales made to manage credit risk concentration if those sales are infrequent (even if significant in value) or insignificant in value (even if frequent);
- Sales made close to the maturity of the asset when the proceeds from the sales approximate the collection of the remaining contractual cash flows; and
- Sales made based on a requirement imposed by a third party, such as regulatory bodies, if those sales are infrequent or insignificant in value.

The financial assets that fall into the business model "Hold to collect contractual cash flows" are: (i) all loan and other loan receivables, (ii) all trade receivables from operating activity, (iii) all debt securities which are not part of the liquidity buffer and which are not determined for trading activity, and (iv) selected debt securities in the banking book which are part of the liquidity buffer but still may be considered as held to maturity as of the acquisition date. This classification is evaluated in accordance with the Bank's internal investment rules, taking into account, among other things, the current liquidity position of the Bank across individual currencies and the potential absorption capacity of the market or of the local central bank to monetise these debt securities through repurchase agreements in the respective currency. The Bank also monitors development of revaluation of these debt securities to market value versus their accounting value, which is another factor that may limit any further purchases within this business model.

(ii) "Hold to collect contractual cash flows and sell" business model

Loans and debt instruments that fall into the business model "Hold to collect contractual cash flows and sell" are held in order to collect contractual cash flows and sell financial assets. In this type of business model, both collecting contractual cash flows and selling financial assets are integral to achieving the objective of the business model. The objective of this business model is to manage the Bank's everyday liquidity needs. The Bank expects that in case of a structural deficit of assets and liabilities, sales of these loans and debt instruments will be realised to cover the lack of liquid assets.

As compared to the business model whose objective is to hold financial assets to collect contractual cash flows, the Bank expects greater frequency and value of sales.

Selling financial assets is not an incidental activity but an integral part of achieving the business model's objective. There is no threshold for the frequency or value of sales that must occur in this business model, however, as both collecting contractual cash flows and selling financial assets are integral to achieving its objective.

The financial assets that fall into the business model "Hold to collect contractual cash flows and sell" are selected debt securities in the banking book which are part of the liquidity buffer and at the same time do not meet the conditions for inclusion in the "Hold to collect contractual cash flows" business model. This classification is evaluated in accordance with the Bank's internal investment rules, and it occurs mainly for debt securities the sale of which is expected to be a source of funds in relation to the Bank's liquidity management.

(iii) "Held for trading" business model

Loans and debt instruments that fall into the business model "Held for trading" are held with the objective of realising cash flows through the sale of those assets. The Bank makes decisions based on the assets' fair values and manages the assets to realise those fair values.

The financial assets that fall into the business model "Held for trading" include all other loans and debt instruments that are not part of the business model "Hold to collect contractual cash flows" or "Hold to collect contractual cash flows and sell".

Contractual cash flows characteristics test

Based on an assessment of the contractual cash flow characteristics, the Bank ascertains whether the contractual cash flows on loans and debt instruments are solely payments of principal and interest on the principal amount outstanding (SPPI test). Principal is the fair value of the financial asset at initial recognition. Interest consists in particular of consideration for the time value of money and credit risk. It can also include consideration for liquidity risk, administrative costs, or profit margin that is consistent with the basic lending arrangement.

Measurement at amortised costs

After initial recognition, loans and debt instruments are subsequently measured at amortised costs if both the following conditions are met: the financial asset is held within the business model "Hold to collect contractual cash flows" and the contractual cash flows meet the characteristics of payments of principal and interest on the principal amount outstanding.

Amortised cost is the amount at which the financial instruments are measured at initial recognition minus the principal repayments and using the effective interest method plus or minus the fees that are an integral part of the financial asset, and amortisation of the premium or discount (i.e. any difference between the initial amount and the amount at maturity), and further reduced by any loss allowance for expected credit losses. Interest income is recognised in the line *'Interest income'* in the Statement of Income. Impairment losses are recognised in the Statement of Income in the line *'Impairment losses'*.

Measurement at fair value through other comprehensive income

After initial recognition, loans and debt instruments are subsequently measured at fair value with changes being recognised in Other Comprehensive Income if both the following conditions are met: the financial asset is held within the business model "Hold to collect

contractual cash flows and sell" and the contractual cash flows meet the characteristics of payments of principal and interest on the principal amount outstanding.

Unrealised gains or losses from fair value changes, as well as gains or losses from changes in foreign exchange rates are, until their derecognition or reclassification, recognised within Other Comprehensive Income in the line *'Revaluation of debt securities, net of tax'*.

When holding a financial asset, loss allowances are recognised. Unlike in the case of financial assets measured at amortised costs, however, the loss allowances are not presented separately in the Statement of Financial Position and do not reduce the carrying amount of the financial asset. The loss allowances are recognised directly in Other Comprehensive Income and in the Statement of Income in the line *'Impairment losses'*.

Gains or losses from changes in foreign exchange rates on loans and debt instruments are recognised in the Statement of Income in the line *'Net profit/(loss) on financial operations'*, with the exception of exchange rate gains or losses related to fair value revaluation that are recognised within Other Comprehensive Income. Accrued interest income is recognised in the Statement of Income in the line *'Interest income'*.

When a financial asset is derecognised, the cumulative gain or loss previously recognised in Other Comprehensive Income is recognised in the Statement of Income in the line *'Net profit/(loss) on financial operations'*.

Measurement at fair value through profit or loss

After initial recognition, loans and debt instruments are subsequently measured at fair value with changes being recognised in profit or loss if the financial asset falls within the business model "Held for trading" or if the contractual cash flows do not meet the characteristics of payments of principal and interest on the principal amount outstanding.

The category of fair value through profit or loss is a residual category. The Bank classifies loans and debt instruments into this category if they do not meet the criteria for measurement at amortised cost or at fair value through other comprehensive income.

Unrealised gains and losses, as well as realised gains or losses arising from the revaluation of these financial assets, interest, and foreign exchange rate differences, are recognised in the Statement of Income in the line *'Net profit/(loss) on financial operations'*. These financial assets are outside the scope of the IFRS 9 impairment requirements, and therefore impairment losses are not recognised.

3.5.5.4.2 Equity instruments

Equity instruments are non-derivative financial assets with the entitlement to participate in the exercise of ownership rights without a defined maturity and without legally enforceable fixed or determinable payments.

Equity instruments are outside the scope of the IFRS 9 impairment requirements, and therefore impairment losses are not recognised. Equity instruments are measured at fair value with changes being recognised in profit or loss, except for when making the election at initial recognition to measure the equity instrument at fair value with changes being recognised in other comprehensive income and without subsequent recycling into profit or loss on disposal. This election is irrevocable and is made on an instrument-by-instrument basis.

The Bank may use the option only for instruments that are not held for trading. When using the option, the disposal will not result in realisation and recognition of the disposal's result in the Statement of Income. Instead, it will remain in the Bank's Other Comprehensive Income and, following approval by the General Meeting, will eventually be transferred to retained earnings. Dividend income arising from equity instruments is recognised when the right to dividends is established. That income is presented in the Statement of Income in the line *'Dividend income'*.

The Bank applies the option (measurement of equity instruments at fair value through other comprehensive income) for investments of a strategic nature and with an equity interest of less than 20%. This approach is based on the Bank's intention to continue holding these investments in the long term or on the existence of a long-term restriction against selling these investments.

3.5.5.4.3 Derivatives and hedge accounting

A derivative is a financial instrument or other contract having all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, market prices of securities, or another market variable;
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and
- It is settled at a future date.

At the inception of a financial derivative contract, the Bank designates the derivative instrument as either held for trading or hedging.

Derivatives held for trading are classified into a portfolio of *'Financial assets or financial liabilities held for trading at fair value through profit or loss'* based on whether the fair value is positive or negative.

Hedging derivatives are derivatives that the Bank uses to hedge interest rate and foreign exchange rate risks to which it is exposed as a result of its financial market transactions. In accordance with the transitional provisions of IFRS 9, the Bank has elected to apply IAS 39 hedge accounting methods. The Bank designates a derivative as hedging only if the criteria set out under IFRS are met at the designation date, i.e. if, and only if, all of the following conditions are met:

- It is compliant with the Bank's risk management objective and strategy;

- At inception of the hedge, the hedging relationship is formally documented, which includes identification of the hedging instrument and hedged item or transaction, the nature of the risk being hedged, and how the entity will assess the hedging instrument's effectiveness;
- The hedge is expected to be highly effective at inception and throughout the period;
- The effectiveness of the hedge can be reliably measured; and
- Changes in the fair value or cash flows of the hedging instrument and hedged item or transaction are almost fully offset (within a range of 80% to 125%).

Hedging derivatives are accounted for according to the type of hedging relationship, which can be one of the following:

I. Hedging of an exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability, or firm commitment that is attributable to a particular risk and that could affect profit or loss (fair value hedge); or
II. Hedging of an exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and that could affect profit or loss (cash flow hedge); or
III. Hedging of a net investment in a foreign operation.

Changes in the fair value of a derivative that is designated and qualified as a fair value hedge are recognised in the Statement of Income in the line *'Net profit/(loss) on financial operations'*. Changes in the fair value of a hedged item are recognised in the Statement of Financial Position as a component of the carrying amount of the hedged item and in the Statement of Income in the line *'Net profit/(loss) on financial operations'*.

It is on this basis that the Bank hedges the interest rate risk and foreign currency risk of financial assets (loans and debt instruments with fixed interest rates) and interest rate risk of deposits, repos, and mortgage bonds issued. The effectiveness of a hedge is regularly tested through prospective and retrospective tests on a quarterly basis.

If a hedge no longer meets the criteria for hedge accounting or the hedging instrument expires or is sold, terminated, or exercised, then the entity revokes the designation and an adjustment to the carrying amount of the hedged interest-bearing financial instrument is amortised to profit or loss over the period until the maturity of the hedged item.

The Bank also accounts for portfolio fair value hedges (hedging transactions concerning portfolios of financial assets or liabilities), for which interest rate swaps are used. When accounting for these transactions, the Bank applies the IAS 39 "carve-out" as adopted by the European Union. The accounting treatment of financial derivatives designated as portfolio fair value hedges is similar to that of other fair value hedging derivatives.

Changes in the fair values of hedging derivatives classified as cash flow hedges that prove to be highly effective in relation to the hedged risks are recognised in the line *'Cash flow hedging'* within Other Comprehensive Income and are transferred to the Statement of Income and classified as income or expense in the periods during which the hedged items affect the Statement of Income. The ineffective portion of a hedge is charged directly to the Statement of Income in the line *'Net profit/(loss) on financial operations'*.

It is on this basis that the Bank hedges the interest rate risk, currency risk and share price risk associated with the cash flows of selected portfolios of assets or liabilities or individually significant assets or liabilities. The effectiveness of a hedge is regularly tested through prospective and retrospective tests on a quarterly basis.

If a hedge no longer meets the criteria for hedge accounting, the hedging instrument expires or is sold, terminated or exercised, then the entity revokes the designation and the cumulative gain or loss on the hedging instrument that has been recognised in Other Comprehensive Income for the period when the hedge was effective remains in equity until the forecast transaction occurs.

If the forecast transaction is no longer expected to occur, the gain or loss accumulated as other comprehensive income is reclassified to profit or loss.

Using foreign currency deposits as the hedging instrument, the Bank additionally hedges the foreign exchange rate risk arising from the net investment in the subsidiaries BASTION EUROPEAN INVESTMENTS S.A. and ESSOX FINANCE, s.r.o. Foreign exchange rate differences arising from its retranslation are included in Other Comprehensive Income.

Financial derivatives constituting economic hedges under the Bank's risk management positions but not qualifying for hedge accounting under the specific rules of IAS 39 are treated as derivatives held for trading.

The fair values of derivative instruments held for trading and hedging purposes are disclosed in Note 42(C).

3.5.5.4.4 Financial liabilities

The Bank classifies financial liabilities into the categories *'Financial liabilities at amortised cost'* and *'Financial liabilities held for trading at fair value through profit or loss'*, depending on the methods of managing the performance of the financial liability.

When the performance of the financial liability is managed based on trading that mostly reflects active and frequent purchases and sales (i.e. financial instruments held for trading are mostly used to generate profit from short-term fluctuations in the price or margin), the Bank classifies these financial liabilities after initial recognition as subsequently measured at fair value through profit or loss. Such financial liabilities are only

liabilities from disposed securities and trading derivatives with a negative value. They are recognised in the Statement of Financial Position in the line *'Financial liabilities held for trading at fair value through profit or loss'*.

Unrealised as well as realised gains or losses arising from the revaluation of these financial liabilities, interest, and foreign exchange rate differences are recognised in the Statement of Income in the line *'Net profit/(loss) on financial operations'*.

All other financial liabilities are measured subsequent to initial recognition at amortised cost using the effective interest rate method. The Bank classifies non-derivative financial liabilities with fixed or determinable payments as subsequently measured at amortised costs. These financial liabilities are recognised depending upon the type of counterparty in the lines *'Amounts due to central banks,' 'Financial liabilities at amortised cost'*, or *'Subordinated and senior non-preferred debt'*.

Interest expense is recognised in the Statement of Income in the line *'Interest expense'*.

In the event of repurchasing its own debt securities, the Bank derecognises these securities (i.e. the item *'Securities issued'* is decreased). Gains and losses arising as a result of repurchasing the Bank's own debt securities are recognised as of the date of their repurchase in the Statement of Income in the line *'Net profit/(loss) on financial operations'*.

3.5.5.4.5 Embedded derivatives

In some cases, a derivative, such as an option for an earlier redemption of a bond, is a component of a hybrid (combined) financial instrument that also includes a non-derivative host contract.

Derivatives embedded in financial assets, loans, and debt instruments within the scope of IFRS 9 are not separated from the host contract. Instead, the entire hybrid instrument is assessed for classification and measurement based on the Bank's business model for managing the hybrid instrument and its contractual cash flow characteristics as disclosed in Note 3.5.5.4 Financial assets and liabilities classification and subsequent measurement.

The embedded derivative is separated from the host contract and accounted for separately if, and only if, all of the following conditions are met:

- The host contract is not a financial asset within the scope of IFRS 9;
- The embedded derivative as a separate instrument meets the definition of a derivative;
- The economic characteristics and risks of the embedded derivative are not closely related to those of the host contract; and
- The host contract is not measured at fair value with fair value changes recognised in the Statement of Income.

If the embedded derivative cannot be measured separately, the entire hybrid contract is designated as at fair value through profit or loss.

3.5.5.5 Reclassification of financial assets and liabilities

Reclassification of loans and debt instruments shall arise when, and only when, the objective of the business model changes for the entire portfolio of financial instruments that are jointly managed with the objective “Hold to collect contractual cash flows”, “Hold to collect contractual cash flows and sell”, and “Held for trading”.

Reclassification is not possible:

- If the Bank uses the option to designate a financial asset at initial recognition as an instrument measured at fair value through profit or loss (the “Fair Value Option”);
- For equity instruments (measured at fair value through profit or loss or through other comprehensive income); or
- For financial liabilities.

If the Bank reclassifies loans and debt instruments, the change in classification is applied prospectively from the first day of the next reporting period following the change in the business model.

Measurement of reclassified financial assets at the reclassification date and subsequently:

- When reclassifying a financial asset out of the fair value through profit or loss measurement category and into the fair value through other comprehensive income measurement category, the financial asset continues to be measured at fair value and, at the reclassification date, a new effective interest rate is determined. Subsequent changes in fair value are recognised in other comprehensive income. For the purpose of calculating expected credit losses from the reclassification date, the date of reclassification is treated as the date of initial recognition of the asset.
- When reclassifying a financial asset out of the fair value through profit or loss measurement category and into the amortised cost measurement category, its fair value at the reclassification date becomes its new gross carrying amount and a new effective interest rate is determined. For the purpose of calculating expected credit losses from the reclassification date, the date of reclassification is treated as the date of initial recognition of the asset.
- When reclassifying a financial asset out of the fair value through other comprehensive income measurement category and into the fair value through profit or loss measurement category, the financial asset continues to be measured at fair value. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.
- When reclassifying a financial asset out of the fair value through other comprehensive income measurement category and into the amortised cost measurement category, the financial asset is reclassified at its fair value at the reclassification date. The cumulative gain or loss previously recognised in other comprehensive income is removed from equity and adjusted against the fair value of the financial asset at the reclassification date. As a result, the financial asset is measured at the reclassification date as if it had always been measured at amortised cost. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

- When reclassifying a financial asset out of the amortised cost measurement category and into the fair value through profit or loss measurement category, its fair value is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortised cost of the financial asset and its fair value is recognised in profit or loss.
- When reclassifying a financial asset out of the amortised cost measurement category and into the fair value through other comprehensive income measurement category, its fair value is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortised cost of the financial asset and its fair value is recognised in other comprehensive income. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

The Bank did not reclassify any loans and debt instruments.

3.5.5.6 Determination of a financial instrument's fair value and its hierarchy

For the determination and categorisation of a financial instrument's fair value, the Bank treats a security as quoted if quoted market prices are readily and regularly available from a stock exchange, dealers, securities traders, industrial groups, valuation services, or regulatory authorities and if these prices represent current and regular market transactions under ordinary conditions.

If there are no quoted prices in an active market for the financial asset, the Bank uses other values that are observable, directly or indirectly, from the markets for its measurement, such as:

I. Quoted prices for similar assets or liabilities in active markets;
II. Quoted prices for identical or similar assets or liabilities in markets that are not active (i.e. there are few recent transactions, prices quotations are not based on current information, etc.);
III. Inputs other than quoted prices (e.g. inputs based on interest rates, yield curves, implied volatilities, credit spreads, etc.); or
IV. Inputs derived principally from, or corroborated by, observable market data.

Where the inputs for the determination of a financial instrument's fair value are not observable in a market due to the fact that there is no or only minimal activity for that asset or liability, the Bank uses for fair value measurement inputs that are available but not directly observable within a market and which, in the Bank's view, reflect assumptions that market participants take into account when pricing the financial instrument.

The fair value of debt securities for which an observable market price is not available is estimated using an income approach (the present value technique taking into account the future cash flows that a market participant would expect to receive from holding the instrument as an asset) and the fair value of unquoted equity instruments is estimated using an income approach or market approach (using prices and other relevant information generated by a market). The fair values of financial derivatives are obtained from quoted market prices, discounted cash flow models, or option pricing models and are adjusted for the credit risk of the counterparty (CVA) or the Bank's own credit risk (DVA), as appropriate.

The existence of published price quotations in an active market is normally the best evidence of fair value. The appropriate quoted market price for an asset held or liability to be issued is usually the current bid price and for an asset to be acquired or liability held the ask price.

The Bank manages a group of financial assets and financial liabilities on the basis of the entity's net exposure to a particular market risk. It uses mid-market prices as the basis for establishing the fair values of offsetting risk positions and applies the bid or asking price to the net open position, as appropriate.

3.5.5.7 Effective interest rate method

The effective interest rate is that rate which exactly discounts the estimated future cash payments or receipts throughout the expected life of a financial instrument.

When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument and includes any fees and incremental costs that are directly attributable to the instrument and constitute an integral component of the effective interest rate, but it does not take into consideration future credit losses.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest income or interest expense over the relevant period.

3.5.5.8 Forborne loans

Forborne exposures are debt contracts in respect of which forbearance measures have been granted to the debtor and for which the discontinuation conditions are not met. Forbearance measures consist of concessions to a debtor facing or about to face difficulties in meeting its financial commitments. The concession refers to either modification of terms and conditions (e.g. changes in the payment schedule, interest rate reductions, penalty interest waivers) or refinancing. Once the terms have been renegotiated, any impairment is measured using the original effective interest rate as calculated before the modification of terms. Forborne loans are continuously reviewed by the Bank to ensure that all criteria are met and that future payments are likely to occur. The forborne loans continue to be subject to impairment assessment, calculated based on their future cash flows as discounted by the loans' original effective interest rates.

3.5.5.9 Modification of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. When the modification occurs, the Bank assesses whether or not the new terms are substantially different from the original terms.

If the terms are substantially different, the Bank derecognises the original financial asset and recognises a new asset at fair value and recalculates a new effective interest rate for the asset. Differences in the carrying amount are recognised in profit or loss as a gain or loss on derecognition. The date of modification is considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. If the terms are not substantially different, the renegotiation or modification does not result in derecognition.

3.5.5.10 Derecognition of financial assets other than on modification

The Bank derecognises all or part of a financial asset (or group of similar assets) when the contractual rights to the cash flows from the asset expire or when the Bank has transferred the contractual rights to receive the cash flows and substantially all of the risks and rewards linked to the ownership of the asset.

The Bank also derecognises financial assets in respect of which it has retained the contractual rights to the associated cash flows but is contractually obligated to pass these same cash flows through to a third party and for which it has transferred substantially all risks and rewards.

Where the Bank has transferred the cash flows of a financial asset but has neither transferred nor retained substantially all the risks and rewards of its ownership and has effectively not retained control of the financial asset, the Bank derecognises the financial asset and, as appropriately, recognises a separate asset or liability to cover any rights and obligations created or retained as a result of the asset's transfer. If the Bank has retained control of the asset, it continues to recognise it in the balance sheet to the extent of its continuing involvement in that asset.

When a financial asset is derecognised in its entirety, a gain or loss on disposal is recorded in the Statement of Income for an amount equal to the difference between the carrying amount of the asset and the consideration received. In respect of financial assets at fair value through other comprehensive income, and with the exception of equity instruments, the cumulative gain or loss previously reported in Other Comprehensive Income is recorded in the Statement of Income.

The Bank only derecognises all or part of a financial liability when it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled, or expired. A financial liability is also derecognised and recognised again in the event of a substantial amendment to its contractual conditions or where an exchange is made with the lender for an instrument whose contractual conditions are substantially different.

3.5.5.11 Impairment of financial assets

The impairment of financial assets is based on the expected credit loss model.

All of the following assets are subject to the Bank's impairment requirements:

- Financial assets measured at amortised cost;
- Financial assets duly measured at fair value through other comprehensive income (FVOCI) mentioned in 3.5.5.4.1 Loans and debt instruments held in the business model "Hold to collect contractual cash flows and sell";
- Loan commitments if a present commitment to provide credit exists (except for loan commitments measured at fair value through profit or loss);
- Financial guarantee contracts (to which IFRS 9 applies except for those measured at fair value through profit or loss); and
- Finance lease receivables and operating lease receivables in the scope of IFRS 16 Leases.

The Bank does not account for impairment on non-client financial assets constituting insignificant credit risk and amount of impairment, such as, in particular, receivables from the CNB arising from obligatory minimum reserves, nostro accounts, contract assets within the scope of IFRS 15 Revenue from Contracts with Customers (i.e. rights to consideration after the transfer of goods or services), intragroup receivables, and others.

In order to determine impairment, financial assets are classified into three stages depending upon the extent of credit deterioration since initial recognition:

- Stage 1 – financial assets are initially recognised in Stage 1, unless they are purchased or originated credit-impaired (subject to a specific treatment). Subsequently, this stage remains unchanged for financial assets for which the credit risk has not increased significantly since initial recognition or that have low credit risk at the reporting date;
- Stage 2 – financial assets with a significant increase in credit risk since initial recognition; or
- Stage 3 – financial assets that the Bank assessed as credit-impaired at the reporting date.

The definition of default is in line with EBA Guidelines EBA/GL/2016/07 in applying the definition of default under Article 178 of Regulation (EU) No. 575/2013.

Significant increase in credit risk

Being a trigger for the transfer of an exposure into Stage 2, significant increase in credit risk (SICR) is one of the most important drivers for the resulting ECL. It is evaluated by the Bank continuously and at each reporting date in line with IFRS 9 requirements. In compliance with the Group IFRS 9 methodology, SICR is assessed at facility level by comparing the observed increase in the lifetime probability of default since the initial recognition.

The lifetime probability of default is deduced from the result of the internal credit risk assessment (expressed by the client's rating) as well as from the internal IFRS 9 PD curve models reflecting both i) the history of observed default rates and migrations between rating grades within a given asset class, and ii) forward-looking economic development. The lifetime PD is calculated from the corresponding PD curve over the remaining maturity of the deal. For portfolios with a lack of data for regular statistical modelling (e.g. smaller of the Bank's subsidiaries), SICR is expressed by deterioration of the ratings rather than by PD curves. The thresholds for significant increase of lifetime probability of default have been assessed by the Bank on segment level to fulfil the prescribed performance criteria for Stage 2 (default capture rate, default rate in Stage 2, etc.) with a tripling PD back-stop (in line with EBA rules).

In addition to the aforementioned criteria, the Bank supplements SICR rules with indicators reflecting the current deteriorated situation of the client, such as i) delay in contractual payments of more than 30 days past due, ii) entrance to SG watch-list, or iii) granting of performing forbearance measures.

Credit-impaired financial assets

The Bank recognises financial assets as credit-impaired when one or more events have occurred that have a detrimental impact on the estimated future cash flows. Evidence of credit-impairment may include observable data concerning the following events:

- Significant financial difficulty of the issuer or borrower;
- A breach of contract, such as a default or past due event more than 90 days past due;
- Situation indicating the probability of default as defined by a new regulation for evaluating financial assets in default;
- Concession granted by the lender for reasons of the borrower's financial difficulty that the lender would not otherwise consider;
- Increased probability that the borrower will enter bankruptcy;
- Disappearance of an active market for that financial asset because of financial difficulties; or
- Purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Measurement of expected credit losses

With the exception of purchased or originated credit-impaired financial assets, the Bank recognises expected credit losses (hereafter only "expected losses") in an amount corresponding to:

- 12-month expected losses (expected losses resulting from default events on a financial instrument that may occur within 12 months after the reporting date) – Stage 1; or
- Lifetime expected losses (expected losses resulting from all possible default events over the expected life of a financial instrument) – Stages 2 and 3.

The Bank recognises a loss allowance in an amount equal to lifetime expected credit losses for credit exposures where there have been significant increases in credit risk since initial recognition.

If in subsequent reporting periods the credit quality of the financial instrument improves so that there has been no longer a significant increase in credit risk since initial recognition, the Bank reverts to recognising a loss allowance based on 12-month expected losses. This does not apply to purchased or originated credit-impaired financial assets.

Basis for estimating expected losses

Expected losses are measured in a way that reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes and takes into account the time value of money. The Bank considers reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions. When measuring the expected losses and taking into account the time value of money, the expected cash flows are discounted as of the reporting date using the original effective interest rate determined at initial recognition (or an approximation thereof).

The Bank assesses expected losses for credit-impaired financial assets of significant exposures based on expected cash flows from the client's economic activity or realisation of collateral.

For estimating expected losses for purchased or originated credit-impaired financial assets, the Bank applies the credit-adjusted effective interest rate. Unlike the effective interest rate (calculated using the estimated future cash flows not taking into account expected losses), the credit-adjusted effective interest rate incorporates the impact of expected losses of the financial asset.

Purchased or originated credit-impaired financial assets

Purchased or originated credit-impaired financial assets are accounted for differently because the assets are already impaired at initial recognition. For these assets, lifetime expected losses are incorporated into the expected cash flows used to calculate the credit-adjusted effective interest rate at initial recognition. Subsequently, any changes in expected losses are recognised as a loss allowance and as a gain or loss in the Statement of Income. The interest revenue is calculated by applying the credit-adjusted effective interest rate to the amortised cost.

Write-off of financial assets

The Bank applies in writing off financial assets the approach of individual write-offs, namely: without further recovery or with further recovery.

Write-offs without further recovery are preceded by a soft or hard collection process based upon an individual assessment of the client's situation. Write-offs are handled individually or for multiple clients in batches based on approval by the relevant authority.

Write-offs with further recovery are managed by a process involving only the hard collection of receivables. Recovery continues for those receivables even though they have been written off.

3.5.5.12 Repurchase agreements

The Bank accounts for contracts to sell and buy back financial instruments ("repos" or "reverse repos") according to their substance as the taking or granting of a loan with a corresponding transfer of financial instruments as collateral.

In the case of repurchase transactions ("repos"), the Bank only provides debt instruments held in the business models "Hold to collect contractual cash flows and sell" or "Held for sale" recognised as *'Financial assets at fair value through other comprehensive income'* or *'Financial assets held for trading at fair value through profit or loss'*. The corresponding liability arising from a loan taken is recognised in the line *'Financial liabilities at amortised cost'*.

Securities purchased under reverse repurchase agreements ("reverse repos") are recorded in the off-balance sheet, where they are remeasured at fair value. The corresponding receivable arising from the provided loan is recognised as an asset in the Statement of Financial Position in the line *'Financial assets at amortised cost'*.

The Bank is entitled to provide those securities received in reverse repo transactions as collateral or sell them even in the absence of default by their owner. These securities continue to be recorded in the off-balance sheet and measured at fair value. The corresponding liability arising from the loan taken is recognised under *'Financial liabilities at amortised cost'*. The Bank is nevertheless obliged to return these securities to its counterparties.

The differences between the sale and repurchase prices in respect of repo and reverse repo transactions are treated by the Bank as interest, and it is accrued evenly to expenses and income over the life of the repo agreement using the effective interest rate method.

If a security acquired as collateral under a reverse repo transaction is sold, the Bank derecognises the security acquired under the reverse repo transaction from the off-balance sheet records and recognises in the Statement of Financial Position an amount payable from a short sale that is remeasured at its fair value. This payable is included in *'Financial liabilities held for trading at fair value through profit or loss'*.

3.5.6 Assets held for sale

The line *'Assets held for sale'* represents assets for which the Bank expects that their carrying amounts will be recovered principally through sale transactions rather than through continuing use. For this classification to apply, the assets must be available for immediate sale in their present condition and their sale must be highly probable.

For this to be the case, the Bank must be committed to a plan to sell the asset and an active programme to locate a buyer must have been initiated. Furthermore, the assets must be actively marketed for sale at a price that is reasonable in relation to their current fair value. The Bank expects that the sale of assets will be completed, the market situation permitting, within 1 year from the date of the assets' classification as *'Assets held for sale'*.

Assets held for sale are measured at the lower of:

- The carrying amount of the respective asset at the date of its classification as *'Assets held for sale'*; or
- Fair value less estimated costs to sell (e.g. cost of expert valuation reports, legal or financial advisory services, the estimates of which are based on historical experience, as well as real estate transfer tax in the case of real estate).

Assets designated as *'Assets held for sale'* are no longer depreciated.

The Bank recognises an impairment loss on assets held for sale in the line *'Net profits on other assets'* if their selling price less estimated costs to sell is lower than their carrying amount. Any subsequent increase in the selling price less costs to sell is recognised as a gain but not in excess of the cumulative impairment loss that has been recognised either during the time when the assets were classified as held for sale or before their reclassification into the line *'Assets held for sale'* (i.e. during the period when the asset had been held for supplying the Bank's services or for administrative purposes).

3.5.7 Income tax

3.5.7.1 Current income tax

Current tax assets and liabilities for current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those valid as of the Statement of Financial Position date.

Current income tax is recognised in the Statement of Income, or, as the case may be, in the Statement of Other Comprehensive Income if it relates to an item directly taken into other comprehensive income.

The Bank does not set off current tax assets and current tax liabilities unless it has a legally enforceable right to set off the recognised amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.5.7.2 Deferred income tax

Using the balance sheet liability method, deferred income tax is recorded for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts presented in the Statement of Financial Position. Deferred income tax is determined using tax rates valid or substantially enacted for the periods in which the Bank expects to realise the deferred tax asset or to settle the deferred tax liability. A deferred tax asset is recognised to the extent it is probable that future taxable profit will be available against which the tax asset can be used.

Deferred income tax is recognised in the Statement of Income, or, as the case may be, in the Statement of Other Comprehensive Income if it relates to an item directly taken into other comprehensive income (such as deferred income tax related to changes in the fair value of financial assets measured at fair value through other comprehensive income or in relation to a cash flow hedge).

The Bank offsets deferred income tax assets and deferred income tax liabilities only if it has a legally enforceable right to set off current tax assets against current tax liabilities and if deferred tax assets and deferred tax liabilities relate to income tax levied by the same taxation authority and relate to the same taxable entity.

The largest temporary differences relate to tangible and intangible assets, loans and advances, hedging derivatives, and financial assets measured at fair value through other comprehensive income.

3.5.8 Leases

The Bank as lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Bank is an intermediate lessor, it accounts for the head lease (as lessee) and the sublease (as lessor) as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Operating leases

The Bank presents assets that are the subject of an operating lease in the appropriate lines within the Statement of Financial Position according to the nature of those assets and uses for them the accounting policies applied to the relevant asset class.

Lease payments received from operating leases are recognised as the Bank's income on a straight-line basis over the term of the relevant lease under *'Other income'*.

Finance leases

In respect of assets held under finance leases, the net investment in the lease is recognised as *'Financial assets at amortised cost'* while the assets themselves (or their leased part) are not recognised.

Lease income is recognised over the lease term, reflecting a constant periodic rate of interest on the remaining balance of the receivable, and it is presented in the line *'Interest income'*.

The Bank as lessee

In accordance with IFRS 16, from the lessee's point of view, a single on-balance sheet accounting model is used for leases with the optional exceptions for short-term leases and leases of low-value items. The vast majority of lease contracts relates to leases of office buildings and branches.

Initial measurement

At the commencement date of a lease, a right-of-use asset is recognised in the Statement of Financial Position within *'Tangible assets'*, i.e. the line item within which the Bank presents underlying assets of the same nature that it owns. Simultaneously, a lease liability is recognised within *'Financial liabilities at amortised cost'* in an amount equal to the present value of the lease payments to be paid over the lease term, discounted at the Bank's incremental borrowing rate.

The lease payments considered for the measurement include fixed and variable lease payments based on an index or rate (e.g. inflation indices), plus, where applicable, the funds that are expected to be payable to the lessor under residual value guarantees, purchase options, or early termination penalties. The lease payments are considered net of value-added tax. The lease term determined according to the standard lease contracts comprises the non-cancellable period of a lease, periods covered by an option to extend the lease if the Bank is reasonably certain to exercise that option, and periods covered by an option to terminate the lease if the Bank is reasonably certain not to exercise that option. For lease contracts with an indefinite period of time, the lease term is determined as the expected lease term based on the estimated lease duration.

The contracts may contain both lease and non-lease components, such as supply of additional services. As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components and instead account for lease and associated non-lease components as a single lease component. For these contracts in general, the Bank has elected not to use this practical expedient.

Subsequent measurement

For the right-of-use asset, the Bank uses similar accounting policies as for its own assets of the same nature. The right-of-use asset is measured at cost, less accumulated depreciation and impairment losses, and adjusted for any remeasurements of the lease liability. The right-of-use asset is depreciated on a straight-line basis over the lease term and the depreciation is reported in the Statement of Income in the line *'Depreciation, amortisation, and impairment of operating assets'*. If the legal ownership of the asset held under a lease is transferred to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects the exercise price of a purchase option, however, the asset is depreciated on a straight-line basis over the useful life of the underlying asset.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The Bank divides lease payments between amortisation recognised as a reduction of the outstanding lease liability and a finance charge recognised in the Statement of Income as *'Interest expense'*.

The amount of the lease liability may be adjusted if the lease is amended, the lease term is re-estimated, or to account for contractual changes in future lease payments arising from a change in an index or rate. If the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or it is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions

In cases of certain short-term leases and leases of low-value items, the lease payments are recognised on a straight-line basis over the lease term and presented in the line *'General and administrative expenses'*. Short-term leases are leases with a lease term of 12 months or less. Leases of low-value items relate to leases for which the underlying asset when new is of low value, defined by the Bank using a materiality threshold of CZK 100,000 per unit of the leased asset. The low-value exception is applied especially to leases of printing devices.

The Bank uses the option allowed by the standard to not apply the provisions of IFRS 16 to intangible assets leases.

3.5.9 Tangible and intangible assets

Intangible assets principally include software and internally generated intangible assets (mainly software). Tangible assets include plant, property, and equipment that are used by the Bank in supplying its services and for administrative purposes and that are used for longer than one reporting period.

Tangible and intangible assets are measured at the historical acquisition cost less accumulated impairment losses (allowances) and, in the case of depreciated assets, less accumulated depreciation and increased by technical improvements, if any. The historical acquisition cost comprises the purchase price and any costs directly attributable to asset acquisition, such as delivery and handling costs, installation and assembly costs,

advisory fees, and administrative charges. The acquisition cost of internally generated intangible assets comprises external expenses and internal personnel expenses related to an internal project's development phase. The Bank capitalises no expenses related to the research phase.

Tangible and intangible assets are depreciated from their acquisition costs on a straight-line basis over their useful lives. Cars acquired under finance leases are depreciated from acquisition cost less estimated residual value, which is determined on the basis of the purchase price following the expiration of the lease as established in the lease contract. The Bank assumes no residual value for other assets. Depreciation and amortisation are reported in the Statement of Income in the line *'Depreciation, amortisation, and impairment of operating assets'*.

The Bank does not depreciate land and works of art. Tangible and intangible assets under construction and technical improvements are depreciated only once they have been brought into a condition fit for use.

During the reporting period, the Bank used the following useful lives in years:

	2024	2023
Machinery and equipment	4	4
Information technology – notebooks, servers	4/5	4/5
Information technology – desktop computers	6	6
Fixtures, fittings, and equipment	6	6
Vehicles	6	6
ATMs	8	10
Selected equipment of the Bank	8	8
Energy machinery and equipment	12/15	12/15
Distribution equipment	20	20
Buildings and structures	40	40
Buildings and structures – selected components:		
– Heating, air-conditioning, windows, doors	20	20
– Lifts, electrical installations	25	25
– Facades	30	30
– Roofs	20	20
– Other components	15	15
– Residual value of buildings and technical improvements without selected components	50	50
Right-of-use assets (leases)	According to the lease term	According to the lease term
Technical improvements on leasehold assets	According to the lease term	According to the lease term
Intangible results of development activities (assets generated internally as component of internal projects)	According to the useful life, typically 5	According to the useful life, typically 5
Licences – software	5	5
Other intangible assets	According to contract	According to contract

At the end of each reporting period, the Bank assesses whether there exists any indication that a tangible or intangible asset can be impaired. Indicators of possible impairment include information about a significant decline in an asset's market value; significant changes within the technological, market, economic, or legal environment; obsolescence or physical damage to an asset; or change in the manner in which the asset is used. Where any such indicator exists, the Bank estimates the recoverable amount of the asset concerned (i.e. the higher amount of

its fair value less costs to sell and value in use in comparison with the asset's carrying value). If the asset's carrying amount is greater than its recoverable amount, the Bank reduces its carrying amount to its recoverable amount and presents the recognised impairment loss in the line *'Depreciation, amortisation, and impairment of operating assets'*.

Repairs and maintenance are charged directly to the Statement of Income when they occur.

3.5.10 Provisions

Provisions are recognised when and only when:

- The Bank has a present obligation (legal or constructive) as a result of a past event;
- It is probable that settlement of the obligation will cause an outflow of resources causing a decrease of economic benefits; and
- A reliable estimate can be made of the amount of the obligation. Provisions for legal disputes are estimated on the basis of the amount sought by the plaintiff, including accrued interest and fees.

Provisions are measured as the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. The discount rate is a pre-tax rate reflecting current market assessments and the risks specific to the liability. Provision increases related to the passage of time are recognised as interest expense.

A provision for restructuring is recognised when the Bank has approved a detailed, formal plan for restructuring and the restructuring has either commenced or the main features of the restructuring plan have been announced to those affected before the end of the reporting period. The restructuring provision shall include only the direct expenditures arising from the restructuring which are necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

The Bank also recognises provisions for credit-related commitments into which the Bank enters in the normal course of business. These credit-related commitments do not meet the criteria for recognition in the Statement of Financial Position and are recorded in the off-balance sheet. These commitments primarily include guarantees, avals, uncovered letters of credit, irrevocable commitments to extend credit, undrawn loan commitments, and approved overdraft loans. The provisions represent impairment based on expected losses from any potential financial liabilities arising from these credit-related commitments. Provisions for credit-related commitments are created on the same basis as loss allowances for financial assets.

3.5.11 Employee benefits

3.5.11.1 General

The Bank provides its employees with retirement benefits and disability benefits. The employees are entitled to receive retirement or disability benefits if they are employed by the Bank until their retirement age or if they are entitled to receive a disability pension, but only if they were employed within the Bank for a minimum defined period.

Estimated benefit costs are recognised on an accrual basis through a provision over the employment term using an accounting methodology that is similar to the methodology used in respect of defined benefit pension plans. In determining the parameters of the model, the Bank refers to the most recent employee data (the length of employment with the Bank, age, gender, average salary) and estimates made on the basis of monitored historical data about the Bank's employees (expected reduction of the current staffing levels) and other estimates (the amounts of bonuses, anticipated increase in salaries, estimated amounts of social security and health insurance contributions, discount rate).

These provisions are presented in the line *'Provisions'*. The changes in provisions are disaggregated into three components that are presented as follows:

I. Service cost (i.e. additional liability that arises from employees providing service during the period) is presented in the line *'Personnel expenses'*;
II. The interest expense on the net benefit liability is presented in the line *'Personnel expenses'*; and
III. Other changes in the value of the defined benefit obligation, such as changes in estimates, are presented within Other Comprehensive Income in the line *'Remeasurement of retirement benefits plan, net of tax'*.

The use of a provision is presented in the line *'Personnel expenses'*.

The Bank additionally provides short-term benefits to its employees, such as contributions to retirement pension insurance and capital life insurance schemes. The Bank recognises the costs of these contributions on an accrual basis in the line *'Personnel expenses'* (refer to Note 10).

The Bank has the following share plans and deferred compensation schemes:

3.5.11.2 Deferred bonus payments

For employees with material impact on the Bank's risk profile, performance-linked remuneration is split into two components:
(i) a non-deferred component that is paid in the following year, and (ii) a deferred component that is spread over the following years.
The amounts of the two components are further split into bonuses paid in cash and bonuses paid in cash equivalent of the Komerční banka, a.s. share price (indexed bonuses). Both bonuses are subject to presence and performance conditions.

Indexed bonuses qualify as cash-settled share-based transactions. The liability is measured at the end of each reporting period until settled at the fair value of the shares of Komerční banka, a.s. multiplied by the number of shares granted and it is spread over the vesting period.

Deferred cash bonuses (i.e. bonuses paid to employees more than 12 months after the end of the reporting period in which the employees render the related services) are considered as long-term employee benefits and the related expense is recognised over the vesting period in the line *'Personnel expenses'*.

3.5.11.3 Free share plan

To enhance loyalty and motivation to contribute to long-term growth in the value of the Société Générale Group, the Bank can award some of its key employees free shares (deferred share plan). These free shares are subject to a vesting condition (i.e. presence in the Group at the end of the vesting period) and for certain beneficiaries are also subject to the condition that Société Générale Group records positive net income.

Expenses related to the deferred share plan provided by Société Générale to the Bank's employees are recognised in the Bank's financial statements as equity-settled share-based payment transactions. The fair value of these instruments, measured using the arbitrage model at the granting date, is spread over the vesting period and recorded in the lines *'Personnel expenses'* and *'Share premium, funds, retained earnings, revaluation, and net profit for the period'* under equity. At the end of each accounting period, the number of these instruments is adjusted in order to take into account performance and service conditions and adjust the overall cost of the plan as originally determined. Expenses recognised under the *'Personnel expenses'* from the start of the plan are then adjusted accordingly.

3.5.12 Equity

Dividends on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted from equity at the time they are approved by the Bank's General Meeting.

Treasury shares

When the Bank acquires its own equity instruments, the consideration paid, including any attributable transaction costs, is recognised as a deduction from the line *'Share premium, funds, retained earnings, revaluation, and net profit for the period'* under equity. Gains and losses on sales of treasury shares are also recognised in equity and presented in the line *'Share premium, funds, retained earnings, revaluation, and net profit for the period'*.

3.5.13 Contingent assets, contingent liabilities, and off-balance sheet items

In addition to transactions giving rise to the recognition of assets and liabilities in the Statement of Financial Position, the Bank enters into transactions through which it generates contingent assets and liabilities. The Bank maintains contingent assets and liabilities as off-balance

sheet items. The Bank monitors these transactions inasmuch as they constitute a substantial proportion of its activities and materially impact the level of risks to which the Bank is exposed.

A contingent asset or liability is defined as a possible asset or liability that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly under the Bank's control.

A contingent liability also exists in the case of a present obligation where an outflow of resources embodying economic benefits probably will not be required to settle the obligation or the amount of the obligation cannot be measured reliably. Contingent liabilities include, for example, irrevocable loan commitments, commitments arising from bank guarantees, bank acceptances, letters of credit, and warrants.

In addition to contingent assets and contingent liabilities, the off-balance sheet includes assets arising from valuables and securities custody as well as from fiduciary activities and related obligations to return these to customers (e.g. assets under management).

Off-balance sheet items also include nominal values of interest and foreign currency instruments, such as forwards, swaps, options, and futures. More information regarding derivative operations is presented in Note 3.5.5.4.3 Derivatives and hedge accounting.

3.5.14 Operating segments

Operating segments are reported in accordance with internal reports regularly prepared and presented to the Bank's Board of Directors, which is considered the "chief operating decision maker" (i.e. a person or group of persons that allocates resources and assesses the performance of individual operating segments of the Bank).

The Bank has the following operating segments:

- Retail Banking: includes the provision of products and services to individuals (i.e. predominantly current and savings accounts, term deposits, overdrafts, credit card loans, personal loans, and mortgages);
- Corporate Banking: includes the provision of products and services to corporate entities (i.e. current accounts, term deposits, revolving loans, business loans, mortgages, foreign currency and derivative products, syndicated and export financing, and guarantee transactions);
- Investment Banking: involves trading in financial instruments; and
- Other: consists of the head office of the Bank.

The Investment Banking segment does not reach quantitative limits for obligatory reporting. The management of the Bank nevertheless believes that the information concerning this segment is useful for users of the Financial Statements and thus reports this segment separately.

As the principal activity of the Bank is the provision of financial services, the Board of Directors of the Bank assesses the performance of operating segments predominantly according to net interest income. For this reason, interest income and interest expense of individual operating segments are reported not separately but on a net basis.

In addition, the Bank monitors net fee and commission income, net profit/(loss) on financial operations, and other income predominantly including income from the lease of non-residential premises by segments. Other profit and loss items are not monitored by operating segments.

The Bank does not monitor total assets or total liabilities by segment.

The information on the items of net operating income is provided to the Board of Directors of the Bank using valuations identical to those stated in the Bank's financial accounting records.

The Bank has no client or group of related parties for which the income from transactions would account for more than 10% of the Bank's total income.

3.5.15 Regulatory requirements

The Bank is subject to regulatory requirements of the CNB and other institutions. These regulations include limits and other restrictions pertaining to minimum capital adequacy requirements, classification of loans and off-balance sheet commitments, and creation of allowances and provisions to cover credit risk associated with the Bank's clients, as well as with its liquidity, interest rate, and foreign currency positions.

4 Segment reporting

	Retail banking		Corporate banking		Investment banking		Other		Total	
(CZKm)	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Net interest income	10,108	10,841	8,715	8,680	1,991	2,462	1,216	815	22,030	22,798
Net fee and commission income	4,224	3,841	2,039	1,748	156	23	(156)	(82)	6,263	5,530
Net profit/(loss) on financial operations	1,841	1,563	2,055	2,384	(1,504)	(1,703)	1,433	1,572	3,825	3,816
Dividend income	0	0	0	0	0	0	1,117	547	1,117	547
Other income	362	283	5	(27)	1	157	202	83	570	496
Net operating income	**16,535**	**16,528**	**12,814**	**12,785**	**644**	**939**	**3,812**	**2,935**	**33,805**	**33,187**

Given the specifics of banking activities, the Board of Directors of the Bank (the chief operating decision-maker) is provided with information on income, recognition of allowances, write-offs, and income tax only for selected segments rather than consistently for all segments. For this reason, this information is not reported for segments.

As most of the income of segments arises from interest, and, in assessing the performance of segments and deciding on the allocation of resources for segments, the Board of Directors primarily refers to net interest income, the interest for segments is reported on a net basis (i.e. reduced by interest expense).

Transfer prices between operating segments are based on transfer interest rates representing actual market interest rate conditions, including a liquidity component reflecting the existing opportunities to acquire and invest financial resources.

The Bank's income is primarily – more than 95% (2023: more than 96%) – generated on the territory of the Czech Republic.

5 Net interest income

Net interest income comprises the following:

(CZKm)	2024	2023
Interest income	110,021	114,097
Interest expense	(87,991)	(91,299)
Net interest income	**22,030**	**22,798**
Of which net interest income from:		
– Loans and advances at amortised cost	63,642	62,664
– Debt securities at amortised cost	4,551	4,244
– Debt securities at fair value through other comprehensive income	202	442
– Financial liabilities at amortised cost	(40,027)	(37,902)
– Hedging financial derivatives – income	41,558	46,709
– Hedging financial derivatives – expense	(47,896)	(53,359)

Note: Net interest income is calculated by applying the effective interest rate method, except that in the case of hedging derivatives the contractual interest rate of the corresponding derivative is used and in the case of lease liability the contractual rate also is used.

'Interest income' includes interest on Stage 3 loans due from customers of CZK 644 million (2023: CZK 456 million).

In both 2024 and 2023, the Bank recorded as part of *'Net interest income'* also negative interest income and expense from selected clients' deposits in selected currencies, from selected repo transactions, loro and nostro accounts, and margin accounts deposited at banks. The total amount recognised is not material.

'Interest income' includes interest income on the sublease of right-of-use assets in the amount of CZK 2 million (2023: CZK 1 million). *'Interest expense'* includes interest expense on lease liabilities in the amount of CZK 74 million (2023: CZK 62 million).

In 2022, *'Net interest income'* included the costs of provisions in the amount of CZK 55 million to cover potential compensations that would be paid to clients as reimbursement of sanctions for early repayment of mortgages (purposefully incurred costs). In 2023, provisions were used and released in the amount of CZK 21 million; in 2024, the Bank released remaining amount of CZK 34 million.

6 Net fee and commission income

Net fee and commission income comprises the following:

(CZKm)	2024	2023
Deposit product fee and commission income	806	770
Loan fee and commission income	528	472
Transaction fee and commission income	2,434	2,368
Cross-selling fee income	1,721	1,396
Specialised financial services fee and commission income	1,885	1,407
Other fee and commission income	218	208
Total fee and commission income	**7,592**	**6,621**
Deposit product fee and commission expense	(219)	(121)
Loan fee and commission expense	(168)	(135)
Transaction fee and commission expense	(579)	(540)
Cross-selling fee expense	(77)	(39)
Specialised financial services fee and commission expense	(208)	(183)
Other fee and commission expense	(78)	(73)
Total fee and commission expenses	**(1,329)**	**(1,091)**
Total net fee and commission income	**6,263**	**5,530**

Note: Fees for specialised financial services include income from services provided by the Bank and related expenses, mainly in the areas of trade finance, guarantee issuance, debt capital markets including loan syndication and bond issuance, custody and depository services in relation to investment instruments, and other services of investment banking and private banking to the extent that they are not included in other fee and commission categories.

'Net fee and commission income' comprises fee income arising from trust and other fiduciary activities and depository services in the amount of CZK 221 million (2023: CZK 194 million) and fee expense for these services in the amount of CZK 44 million (2023: CZK 38 million).

'Net fee and commission income' includes fee income for guarantees provided in the amount of CZK 560 million (2023: CZK 563 million).

7 Net profit/(loss) on financial operations

Net profit/(loss) on financial operations comprises the following:

(CZKm)	2024	2023
Net realised gains/(losses) on securities held for trading	931	578
Net unrealised gains/(losses) on securities held for trading	(1,038)	(698)
Net realised gains/(losses) on debt securities at FVOCI	2	294
Net realised gains/(losses) on disposal of debt securities at amortised cost	0	4
Net realised and unrealised gains/(losses) on security derivatives	37	2
Net realised and unrealised gains/(losses) on interest rate derivatives	274	592
Net realised and unrealised gains/(losses) on foreign exchange operations	2,622	2,155
Net realised gains/(losses) on foreign exchange from payments	997	889
Total net profit/(loss) on financial operations	**3,825**	**3,816**

A gain of CZK 3,926 million (2023: gain of CZK 5,418 million) on the fair value of interest rate swaps for interest rate risk hedging is included in *'Net realised and unrealised gains/(losses) on interest rate derivatives'*. This amount matches the loss arising from the revaluation of hedged loan receivables, debt securities, deposits or repos, and issued mortgage bonds reported in the same line.

8 Dividend income

'Dividend income' includes dividends received from subsidiaries and associates of CZK 1,117 million (2023: CZK 547 million) and from other financial investments of CZK 0 million (2023: CZK 0 million). Income from hedging financial derivatives used to hedge cash flows from foreign exchange risk for dividends from subsidiaries and associates was CZK 0 million (2023: CZK 0 million).

9 Other income

The Bank reports *'Other income'* in the amount of CZK 570 million (2023: CZK 496 million). In both 2024 and 2023, *'Other income'* was predominantly composed of other income from bank products, income from services provided to the Group's companies and the Société Générale Group entities, as well as income from non-banking activities.

10 Personnel expenses

Personnel expenses comprise the following:

(CZKm)	2024	2023
Wages, salaries, and bonuses	5,352	5,147
Social costs	2,158	2,084
Total personnel expenses	**7,510**	**7,231**
Physical number of employees at the end of the period	6,865	6,951
– of which employees working on agreements	416	371
Average recalculated number of employees during the period	6,524	6,628
– of which employees working on agreements	143	129
Average cost per employee (CZK)	**1,151,134**	**1,090,978**

'Social costs' include costs of CZK 120 million (2023: CZK 112 million) paid by the Bank to the employees' retirement pension insurance scheme and costs of CZK 21 million (2023: CZK 23 million) incurred in contributing to the employees' capital life insurance scheme.

Indexed bonuses

In 2024, the total amount relating to bonuses indexed on the Komerční banka and the Société Générale share price recognised in *'Personnel expenses'* was CZK 44 million (2023: CZK 47 million) and the total amount of CZK 114 million (2023: CZK 108 million) was recognised as a liability. These amounts do not include the costs of social and health insurance and retirement pension insurance paid by the Bank. Net profit from hedging indexed bonuses by fair value hedge and cash flow hedge derivatives was CZK 15 million (2023: net profit of CZK 12 million). The total

number of Komerční banka and Société Générale shares according to which bonuses indexed on the Komerční banka and the Société Générale share price are calculated is 218,608 shares (2023: 221,367 shares).

Changes in the numbers of Komerční banka shares and Société Générale were as follow:

	2024		2023	
(in shares)	KB shares	SG shares	KB shares	SG shares
Balance as of 1 January	**219,182**	**2,185**	**185,715**	**0**
Paid out during the period	(101,042)	0	(49,672)	0
Presumed number of newly guaranteed shares	96,872	1,411	83,139	2,185
Balance as of 31 December	**215,012**	**3,596**	**219,182**	**2,185**

Free shares and deferred share plans

For 2024, the total amount relating to the free shares programme and deferred share plans recognised in *'Personnel expenses'* was CZK 19 million (2023: CZK 18 million).

Changes in the numbers of Société Générale shares were as follow:

	2024		2023	
(in shares; EUR)	Number of shares	Average price	Number of shares	Average price
Balance as of 1 January	**115,785**	**20.59**	**111,478**	**16.62**
Granted during the year	48,075	19.46	39,783	23.97
Forfeited during the year	(4,320)	20.43	(2,546)	20.13
Exercised during the year	(40,079)	18.74	(32,930)	11.26
Balance as of 31 December	**119,461**	**20.76**	**115,785**	**20.59**

11 General and administrative expenses

General and administrative expenses comprise the following:

(CZKm)	2024	2023
Insurance	80	82
Marketing and representation	548	567
Selling and banking products expenses	739	533
Other employees' expenses and travelling	128	116
Real estate expenses	721	798
IT support	1,499	1,404
Equipment and supplies	83	80
Telecommunications, postage, and data transfer	160	180
External consultancy and other services	466	386
Resolution and similar funds	773	1,249
Other expenses	49	67
Total general and administrative expenses	**5,246**	**5,462**

'General and administrative expenses' include the expenses related to leases for which the exemptions from IFRS 16 were applied and also variable lease payment expenses which are not included in the lease liabilities.

Lease payment expenses were as follow:

				2024				2023
(CZKm)	Properties	Hardware	Other	Total	Properties	Hardware	Other	Total
Short-term leases	165	0	0	165	199	0	0	199
Low-value assets (excluding short-term leases)	0	18	0	18	0	17	0	17
Variable lease payment expenses not included in lease liabilities	0	0	0	0	0	0	0	0

12 Depreciation, amortisation, and impairment of operating assets

Depreciation, amortisation, and impairment of operating assets comprise the following:

(CZKm)	2024	2023
Depreciation and amortisation of tangible and intangible assets (refer to Notes 25 and 26)	3,534	3,080
Impairment of operating assets	0	0
Total depreciation, amortisation, and impairment of operating assets	**3,534**	**3,080**

Depreciation of right-of-use assets according to the underlying asset:

(CZKm)	2024	2023
Real estate*	399	372
Hardware	3	3
Other	25	21
Total depreciation of right-of-use assets	**427**	**396**

* The item 'Real estate' includes also ATMs.

13 Cost of risk

The net loss in *'Cost of risk'* totalling CZK 697 million (2023: net gain CZK 123 million) includes a net loss from allowances and provisions in the amount of CZK 732 million (2023: net gain CZK 4 million) and a net gain from loans and advances transferred and written off in the amount of CZK 35 million (2023: net gain CZK 119 million).

The balances and movements of allowances and provisions for loans and advances and for debt securities as of 31 December 2024 were as follow:

(CZKm)	As of 1 Jan 2024	Increase due to origin	Decrease due to derecognition*	Change of credit risk (net)	Change of estimation (net)***	Decrease due to write-off	Other**	As of 31 Dec 2024
Allowances for financial assets (Stage 1)	(1,217)	(782)	560	307	0	0	(96)	(1,228)
– Debt securities	(25)	0	0	(2)	0	0	(2)	(29)
– Loans and advances	(1,192)	(782)	560	309	0	0	(94)	(1,199)
Allowances for financial assets (Stage 2)	(3,568)	0	320	(462)	0	0	58	(3,652)
– Debt securities	(754)	0	0	4	0	0	1	(749)
– Loans and advances	(2,814)	0	320	(466)	0	0	57	(2,903)
Allowances for financial assets (Stage 3)	(5,711)	0	669	(1,272)	0	682	(15)	(5,647)
– Debt securities	0	0	0	0	0	0	0	0
– Loans and advances	(5,711)	0	669	(1,272)	0	682	(15)	(5,647)
Total allowances for financial assets (refer to Notes 22 and 41)	**(10,496)**	**(782)**	**1,549**	**(1,427)**	**0**	**682**	**(53)**	**(10,527)**
Provisions for guarantees and other credit-related commitments (Stage 1)	(196)	(199)	0	192	0	0	(5)	(208)
Provisions for guarantees and other credit-related commitments (Stage 2)	(160)	0	0	(33)	0	0	(1)	(194)
Provisions for guarantees and other credit-related commitments (Stage 3)	(251)	0	0	110	0	0	1	(140)
Total provisions for guarantees and other credit-related commitments (refer to Note 31)	**(607)**	**(199)**	**0**	**269**	**0**	**0**	**(5)**	**(542)**

* This item includes changes in allowances due to full derecognition of financial assets for reasons other than write-offs (e.g. transfers to third parties or expiration of contractual rights but including only full repayments; partial repayments are presented in the item 'Change of credit risk (net)'). For off-balance sheet exposures, this item also includes decreases in impairment due to an off-balance sheet item's becoming an on-balance sheet asset.

** This item includes mainly changes in allowances as a result of FX translation.

*** This item includes changes in allowances due to parametric adjustments of Staging rules.

The balances and movements of allowances and provisions for loans and advances and for debt securities as of 31 December 2023 were as follow:

(CZKm)	As of 1 Jan 2023	Increase due to origin	Decrease due to derecognition*	Change of credit risk (net)	Change of estimation (net)***	Decrease due to write-off	Other**	As of 31 Dec 2023
Allowances for financial assets (Stage 1)	(1,288)	(715)	527	227	44	0	(12)	(1,217)
– Debt securities	(25)	0	0	0	0	0	0	(25)
– Loans and advances	(1,263)	(715)	527	227	44	0	(12)	(1,192)
Allowances for financial assets (Stage 2)	(2,457)	0	75	(1,104)	(67)	1	(16)	(3,568)
– Debt securities	(49)	0	0	(705)	0	0	0	(754)
– Loans and advances	(2,408)	0	75	(399)	(67)	1	(16)	(2,814)
Allowances for financial assets (Stage 3)	(7,879)	0	754	203	0	1,257	(46)	(5,711)
– Debt securities	0	0	0	0	0	0	0	0
– Loans and advances	(7,879)	0	754	203	0	1,257	(46)	(5,711)
Total allowances for financial assets (refer to Notes 22 and 41)	**(11,624)**	**(715)**	**1,356**	**(674)**	**(23)**	**1,258**	**(74)**	**(10,496)**
Provisions for guarantees and other credit-related commitments (Stage 1)	(291)	(180)	0	270	6	0	(1)	(196)
Provisions for guarantees and other credit-related commitments (Stage 2)	(155)	0	0	14	(16)	0	(3)	(160)
Provisions for guarantees and other credit-related commitments (Stage 3)	(419)	0	0	168	0	0	0	(251)
Total provisions for guarantees and other credit-related commitments (refer to Note 31)	**(865)**	**(180)**	**0**	**452**	**(10)**	**0**	**(4)**	**(607)**

* This item includes changes in allowances due to full derecognition of financial assets for reasons other than write-offs (e.g. transfers to third parties or expiration of contractual rights but including only full repayments; partial repayments are presented in the item 'Change of credit risk (net)'). For off-balance sheet exposures, this item also includes decreases in impairment due to an off-balance sheet item's becoming an on-balance sheet asset.

** This item includes mainly changes in allowances as a result of FX translation.

*** This item includes changes in allowances due to parametric adjustments of Staging rules.

14 Profit/(loss) on subsidiaries and associates

In July 2024, the Bank sold its 100% share in subsidiary VN 42, s.r.o. The selling price was CZK 3,532 million (refer to Notes 24 and 27).

The balances of allowances for subsidiaries and associates are as follow:

(CZKm)	2024	2023
Balance as of 1 January	**(40)**	**(40)**
Charge for allowances	0	0
Release and use of allowances	0	0
Balance as of 31 December	**(40)**	**(40)**

15 Net profits on other assets

Net profits on other assets comprise the following:

(CZKm)	2024	2023
Net profits/(losses) from sale of buildings	1	(6)
Net profits/(losses) from impairment on assets held for sale	16	13
Net profits/(losses) from sale-and-lease-back transactions	(1)	0
Net profits/(losses) from sale/disposal of other assets	(53)	(95)
Total net profits on other assets	**(37)**	**(88)**

16 Income tax

The major components of corporate income tax expense are as follow:

(CZKm)	2024	2023
Tax payable – current year, reported in profit or loss	(2,743)	(2,911)
Tax of previous years	73	23
Deferred tax (refer to Note 32)	105	13
Additional levy on profit	(101)	0
Total income tax	**(2,666)**	**(2,875)**

The items explaining the difference between the Bank's theoretical and effective tax rates are as follow:

(CZKm)	2024	2023
Profit before income tax	**19,939**	**17,449**
Theoretical tax calculated at a tax rate of 21% (2023: 19%)	4,187	3,315
Tax on pre-tax profit adjustments	5	9
Non-taxable income (tax effect)	(3,217)	(2,040)
Expenses not deductible for tax purposes (tax effect)	1,787	1,639
Tax allowance	(2)	(3)
Movement in deferred tax	(105)	(13)
Other	(17)	(9)
Income tax expense	**2,638**	**2,898**
Tax of previous years	(73)	(23)
Additional levy on profit	101	0
Total income tax	**2,666**	**2,875**
Effective tax rate	13.37%	16.48%

Non-taxable income primarily includes tax-free dividends, tax-free government securities, and the release of tax non-deductible allowances and provisions. Expenses not deductible for tax purposes include primarily the recognition of tax non-deductible allowances and provisions and tax non-deductible operating expenses. Tax on pre-tax profit adjustments primarily represents an adjustment of the IFRS result to Czech Accounting Standards (CAS).

On 31 December 2023, Act No. 235/2012 Coll. on a special levy on business in regulated industries was amended in the Slovak Republic. Based on this amendment, the Slovak branch of Komerční banka, a.s. is obliged from 2024 to pay an additional levy on profit. The corporate income tax was thus increased in 2024 by an additional levy of 30% from the accounting result of the Slovak branch. In subsequent years, the levy will be calculated by a gradually decreasing rate.

The corporate tax rate for the year ended 31 December 2024 is 21% (2023: 19%). The Bank's tax liability is calculated based upon the accounting profit while taking into account tax non-deductible expenses and tax-exempt income or income subject to a final withholding tax rate. Year-on-year decrease of the effective tax rate is caused mainly by the one-off sale of subsidiary VN 42.

In relation to the interpretation of IFRIC 23, the Bank considers it probable that the relevant authority will accept each tax treatment that the Bank used or plans to use in its income tax filing.

Further information about deferred tax is presented in Note 32.

As of 1 January 2024, there came into effect the new Act No. 416/2023 Coll. on compensatory taxes for large multinational groups and large national groups. On the basis of this new legislation, the Bank becomes a payer of the compensatory tax. Submission of the first information overview and possible filing for this tax to the tax administrator for the year 2024 will take place in 2026. The tax liability of the accounting unit in connection with the compensatory tax for the year 2024 is assumed to be zero because the aggregate effective tax rate for the SG Group companies in the Czech Republic calculated for the purposes of the top-up tax exceeds the minimum 15%. In assessing the impacts, the Bank considered the results for 2023, estimates and budgeted indicators for 2024, as well as the increase in the corporate income tax rate from 1 January 2024 to 21% from the current 19%.

17 Distribution of net profit

For the year ended 31 December 2024, the Bank generated a net profit of CZK 17,273 million (2023: CZK 14,574 million). The Bank's Board of Directors will propose to the Supervisory Board a dividend payment in the amount of CZK 91.30 per share (2023: CZK 82.66 per share), which means a total of CZK 17,351 million (2023: CZK 15,709 million). The proposal is subject to the Supervisory Board's approval and subsequently to approval of the General Shareholders' Meeting.

In accordance with a resolution of the General Shareholders' Meeting held on 24 April 2024, the aggregate balance of the net profit of CZK 14,574 million for the year ended 31 December 2023 was fully paid out in dividends. The dividends were paid out in Czech crowns.

18 Cash and current balances with central banks

Cash and current balances with central banks comprise the following:

(CZKm)	31 Dec 2024	31 Dec 2023
Cash and cash values	8,572	8,305
Current balances with central banks	63,966	4,064
Total cash and current balances with central banks (refer to Note 35)	**72,538**	**12,369**

Obligatory minimum reserves in the amount of CZK 11,039 million (2023: CZK 3,354 million) are included in *'Current balances with central banks'*. As of 31 December 2024, the interest rate was 0.00% (2023: 0.00%) in the Czech Republic and 0.00% (2023: 0.00%) in the Slovak Republic. With effect from 5 October 2023 in the Czech Republic and from 20 September 2023 in the Slovak Republic, obligatory minimum reserves no longer earn interest.

19 Financial assets and other assets held for trading at fair value through profit or loss

Financial assets and other assets held for trading at fair value through profit or loss comprise the following:

(CZKm)	31 Dec 2024	31 Dec 2023
Trading debt securities	19,622	19,621
Trading derivatives	22,680	29,777
Total financial assets held for trading at fair value through profit or loss	**42,302**	**49,398**

As of 31 December 2024 and 2023, the *'Financial assets held for trading at fair value through profit or loss'* portfolio included only securities and positive fair values of derivative financial instruments held for trading. Upon initial recognition, the Bank has not designated any financial assets as *'Financial assets held for trading at fair value through profit or loss'*.

For detailed information on *'Trading debt securities'*, allocated by sector and currency, refer to Note 42(A).

For detailed information on derivative financial instruments included in the held for trading portfolio, refer to Note 42(C).

As of 31 December 2024, the portfolio of trading securities included securities at fair value of CZK 19,622 million (2023: CZK 19,621 million) that are publicly traded on stock exchanges and securities at fair value of CZK 0 million (2023: CZK 0 million) that are not publicly traded on stock exchanges (rather are traded on the interbank market).

'Trading debt securities' include securities used as collateral for borrowing securities at fair value of CZK 10,893 million (2023: CZK 11,345 million).

'Trading debt securities' include securities eligible for refinancing with central banks at fair value of CZK 8,696 million (2023: CZK 8,264 million).

20 Non-trading financial assets at fair value through profit or loss

As of 31 December 2024, the *'Non-trading financial assets at fair value through profit or loss'* portfolio includes financial assets at fair value of CZK 0 million (2023: CZK 0 million) provided to non-financial corporations, which were fully repaid during 2023.

21 Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income comprise the following:

(CZKm)	31 Dec 2024	31 Dec 2023
Equity instruments at FVOCI	45	45
Debt securities at FVOCI	11,187	16,661
Total financial assets at fair value through other comprehensive income	**11,232**	**16,706**

In 2023, the Bank decided to divest part of its *'Financial assets at fair value through other comprehensive income'* portfolio in order to improve stability and predictability of the capital adequacy ratio over time.

As of 31 December 2024, the *'Financial assets at fair value through other comprehensive income'* portfolio included the equity interest in Bankovní identita, a.s. at fair value of CZK 44 million (2023: CZK 44 million) and the equity interest in SWIFT at fair value of CZK 1 million (2023: CZK 1 million).

For more-detailed information on *'Debt securities'*, allocated by sector and currency, refer to Note 42(A).

As of 31 December 2024, the *'Financial assets at fair value through other comprehensive income'* portfolio included securities at fair value of CZK 11,188 million (2023: CZK 16,662 million) that are publicly traded on stock exchanges.

'Debt securities at FVOCI' include securities eligible for refinancing with central banks at fair value of CZK 11,187 million (2023: CZK 16,661 million).

As of 31 December 2024, the *'Financial assets at fair value through other comprehensive income'* portfolio included bonds at fair value of CZK 801 million (2023: CZK 746 million) that are used as collateral for intraday facilities in central banks.

As of 31 December 2024, the *'Financial assets at fair value through other comprehensive income'* portfolio included bonds at fair value of CZK 2,644 million (2023: CZK 4,673 million) that are used as collateral for derivative deals with a central counterparty. The central counterparty is LCH.Clearnet SA. The Bank uses Société Générale International Limited as a related broker.

22 Financial assets at amortised cost

Financial assets at amortised cost comprise the following:

(CZKm)	31 Dec 2024	31 Dec 2023
Loans and advances to banks	381,922	455,250
Loans and advances to customers	728,915	714,319
Debt securities	175,045	143,500
Total financial assets at amortised cost	**1,285,882**	**1,313,069**

For detailed information on *'Debt securities'*, allocated by sector and currency, refer to Note 42(A).

As of 31 December 2024, the *'Financial assets at amortised cost'* portfolio includes debt securities in the amount of CZK 174,941 million (2023: CZK 143,367 million) that are publicly traded on stock exchanges and debt securities in the amount of CZK 104 million (2023: CZK 133 million) that are not publicly traded.

'Debt securities' include securities eligible for refinancing with central banks in the amount of CZK 170,346 million (2023: CZK 139,825 million).

As of 31 December 2024, the *'Financial assets at amortised cost'* portfolio includes mortgage loans, which are allocated in the cover pool of Mortgage bonds (refer to Note 29) with the identifier "Komerční_banka_HZL_0000" in the amount of CZK 5,085 million (2023: CZK 8,091 million) and in the cover pool with the identifier "Komerční_banka_HZL_EUR_0001" in the amount of CZK 15,309 million (2023: CZK 15,323 million). The cover pool "Komerční_banka_HZL_EUR_0001" includes a government bond with a nominal value of CZK 200 million (2023: CZK 200 million).

As of 31 December 2024, the *'Financial assets at amortised cost'* portfolio includes bonds with a carrying amount of CZK 339 million (2023: CZK 0 million), which are used as collateral for capital market transactions in the EuroClear settlement centre.

As of 31 December 2024, the *'Financial assets at amortised cost'* portfolio includes bonds with a carrying amount of CZK 3,330 million (2023: CZK 0 million), which are used as collateral for derivative deals with a central counterparty. The central counterparty is LCH.Clearnet SA. The Bank uses Société Générale International Limited as a related broker.

As of 31 December 2024, the *'Financial assets at amortised cost'* portfolio includes bonds with a carrying amount of CZK 12,449 million (2023: CZK 0 million), which are used as collateral for repurchase agreements on securities.

As of 31 December 2024, 'Financial assets at amortised cost' comprise the following, as broken down by Staging:

	Gross carrying value				Allowances				
(CZKm)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Carrying value
Central banks	290,309	0	0	290,309	0	0	0	0	290,309
General governments	31,822	8	12	31,842	(7)	0	(12)	(19)	31,823
Credit institutions	91,576	20	19	91,615	0	(1)	(1)	(2)	91,613
Other financial corporations	109,317	718	125	110,160	(111)	(39)	(39)	(189)	109,971
Non-financial corporations	237,854	23,067	7,793	268,714	(891)	(2,170)	(3,315)	(6,376)	262,338
Households*	255,231	68,242	4,473	327,946	(190)	(693)	(2,280)	(3,163)	324,783
Total loans	**1,016,109**	**92,055**	**12,422**	**1,120,586**	**(1,199)**	**(2,903)**	**(5,647)**	**(9,749)**	**1,110,837**
Central banks	0	0	0	0	0	0	0	0	0
General governments	168,505	0	0	168,505	(26)	0	0	(26)	168,479
Credit institutions	0	0	0	0	0	0	0	0	0
Other financial corporations	96	0	0	96	0	0	0	0	96
Non-financial corporations	5,469	1,751	0	7,220	(1)	(749)	0	(750)	6,470
Total debt securities	**174,070**	**1,751**	**0**	**175,821**	**(27)**	**(749)**	**0**	**(776)**	**175,045**

* This item also includes loans granted to individual entrepreneurs.

As of 31 December 2023, 'Financial assets at amortised cost' comprise the following, as broken down by Staging:

	Gross carrying value				Allowances				
(CZKm)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Carrying value
Central banks	366,364	0	0	366,364	0	0	0	0	366,364
General governments	31,232	0	50	31,282	(8)	0	(15)	(23)	31,259
Credit institutions	88,712	178	0	88,890	0	(4)	0	(4)	88,886
Other financial corporations	113,543	293	121	113,957	(133)	(39)	(9)	(181)	113,776
Non-financial corporations	233,732	20,803	7,033	261,568	(886)	(2,060)	(3,493)	(6,439)	255,129
Households*	245,417	67,429	4,379	317,225	(165)	(711)	(2,194)	(3,070)	314,155
Total loans	**1,079,000**	**88,703**	**11,583**	**1,179,286**	**(1,192)**	**(2,814)**	**(5,711)**	**(9,717)**	**1,169,569**
Central banks	0	0	0	0	0	0	0	0	0
General governments	139,951	0	0	139,951	(23)	0	0	(23)	139,928
Credit institutions	0	0	0	0	0	0	0	0	0
Other financial corporations	1,796	0	0	1,796	0	0	0	0	1,796
Non-financial corporations	764	1,765	0	2,529	0	(753)	0	(753)	1,776
Total debt securities	**142,511**	**1,765**	**0**	**144,276**	**(23)**	**(753)**	**0**	**(776)**	**143,500**

* This item also includes loans granted to individual entrepreneurs.

For the year ended 31 December 2024, the transfers between Stages were as follow:

						Gross carrying value
(CZKm)	From Stage 1 to Stage 2	From Stage 2 to Stage 1	From Stage 2 to Stage 3	From Stage 3 to Stage 2	From Stage 1 to Stage 3	From Stage 3 to Stage 1
Central banks	0	0	0	0	0	0
General governments	8	0	0	0	0	0
Credit institutions	0	0	19	0	0	0
Other financial corporations	482	151	107	95	14	0
Non-financial corporations	11,472	3,292	2,319	216	1,331	3
Households*	16,186	7,306	748	446	732	47
Total loans	**28,148**	**10,749**	**3,193**	**757**	**2,077**	**50**
Central banks	0	0	0	0	0	0
General governments	0	0	0	0	0	0
Credit institutions	0	0	0	0	0	0
Other financial corporations	0	0	0	0	0	0
Non-financial corporations	0	0	0	0	0	0
Total debt securities	**0**	**0**	**0**	**0**	**0**	**0**
Total guarantees and other credit-related commitments	**4,060**	**1,862**	**27**	**280**	**53**	**8**

* This item also includes loans granted to individual entrepreneurs.

Note: Reported are exposures that are in a Stage as of the financial statements date different from that where they were initially staged (i.e. from the Stage as of the beginning of the period or at their initial recognition). Exposures that had changed Stage multiple times are reported as having been transferred from their initial Stage to the Stage in which they are reported as of the financial statements date.

For the year ended 31 December 2023, the transfers between Stages were as follow:

						Gross carrying value
(CZKm)	From Stage 1 to Stage 2	From Stage 2 to Stage 1	From Stage 2 to Stage 3	From Stage 3 to Stage 2	From Stage 1 to Stage 3	From Stage 3 to Stage 1
Central banks	0	0	0	0	0	0
General governments	0	0	0	0	0	0
Credit institutions	0	0	0	31	0	0
Other financial corporations	10	2	0	0	1	0
Non-financial corporations	7,802	5,823	873	901	585	5
Households*	24,110	4,877	688	456	773	73
Total loans	**31,922**	**10,702**	**1,561**	**1,388**	**1,359**	**78**
Central banks	0	0	0	0	0	0
General governments	0	0	0	0	0	0
Credit institutions	0	0	0	0	0	0
Other financial corporations	0	0	0	0	0	0
Non-financial corporations	0	0	0	0	0	0
Total debt securities	**0**	**0**	**0**	**0**	**0**	**0**
Total guarantees and other credit-related commitments	**7,469**	**1,343**	**29**	**68**	**67**	**20**

* This item also includes loans granted to individual entrepreneurs.

Note: Reported are exposures that are in a Stage as of the financial statements date different from that where they were initially staged (i.e. from the Stage as of the beginning of the period or at their initial recognition). Exposures that had changed Stage multiple times are reported as having been transferred from their initial Stage to the Stage in which they are reported as of the financial statements date.

Set out below is a breakdown of loans and advances to non-financial corporations by sector:

(CZKm)	31 Dec 2024	31 Dec 2023
Agriculture, forestry, and fishing	12,298	11,690
Mining and quarrying	441	444
Manufacturing	57,784	59,662
Electricity, gas, steam, and air conditioning supply	17,609	21,758
Water supply, sewerage, waste management, and remediation activities	3,343	3,152
Construction	11,819	11,608
Wholesale and retail	44,557	48,794
Transportation and storage	8,419	7,798
Accommodation and food service activities	1,838	1,660
Information and communication	6,366	5,230
Real estate activities	68,968	64,602
Professional, scientific, and technical activities	11,595	7,814
Administrative and support service activities	10,409	8,173
Public administration and defence, compulsory social security	275	148
Education	277	272
Health care and social work activities	3,530	3,249
Arts, entertainment, and recreational activities	8,396	4,882
Other activities	790	632
Total loans and advances to non-financial corporations	**268,714**	**261,568**

Exposure to the automotive industry and related suppliers is CZK 10,276 million (2023: CZK 11,987 million).

The majority of loans – more than 94% (2023: more than 95%) – were provided to entities on the territory of the Czech Republic.

As of 31 December 2024, loans and advances to customers included accrued interest of CZK 1,870 million (2023: CZK 2,025 million), of which CZK 255 million (2023: CZK 263 million) relates to interest from overdue advances.

'Financial assets at amortised cost' includes CZK 25,167 million (2023: CZK 24,627 million) provided as cash collateral linked to derivative operations.

The total amount of loans due from the CNB and other banks under reverse repurchase transactions was CZK 292,907 million (2023: CZK 366,364 million).

Loans due from the CNB and other banks under reverse repurchase transactions are collateralised by treasury bills issued by the CNB and other debt securities, the fair values of which are as follow:

(CZKm)	31 Dec 2024	31 Dec 2023
Treasury bills	284,673	361,216
Debt securities issued by other institutions	2,919	0
Total	**287,592**	**361,216**

As of 31 December 2024, loans provided to customers under reverse repurchase transactions in the amount of CZK 0 million (2023: CZK 0 million) are collateralised by securities with a fair value of CZK 0 million (2023: CZK 0 million).

Broken out below are the types of collateral held in support of loans and advances to customers as stated in the Statement of Financial Position as of 31 December 2024:

				Applied loans and advances to customers collateral value*	
(CZKm)	Loans collateralised by residential property	Loans collateralised by commercial property	Other loans collateralised by cash instruments	Other loans collateralised by other collateral	Financial guarantees received
Loans and advances to customers	**274,827**	**30,159**	**508**	**14,793**	**29,835**
of which:					
– Other financial corporations	68	791	0	3,636	11,933
– Non-financial corporations	3,926	25,816	461	10,944	14,627
– Households**	270,831	3,521	47	165	393
of which: Stage 3	1,764	640	11	50	639

* The amount of the collateral is reduced by a coefficient taking into account the time value of money, cost of selling the collateral, risk of declining market prices, risk of insolvency, and similar factors and then further reduced to the actual balance of the collateralised exposure.

** This item also includes loans granted to individual entrepreneurs.

Broken out below are the types of collateral held in support of loans and advances to customers as stated in the Statement of Financial Position as of 31 December 2023:

				Applied loans and advances to customers collateral value*	
(CZKm)	Loans collateralised by residential property	Loans collateralised by commercial property	Other loans collateralised by cash instruments	Other loans collateralised by other collateral	Financial guarantees received
Loans and advances to customers	**264,524**	**26,819**	**1,147**	**14,799**	**32,062**
of which:					
– Other financial corporations	32	780	0	4,293	11,531
– Non-financial corporations	3,534	22,552	1,090	10,194	16,888
– Households**	260,950	3,456	50	251	483
of which: Stage 3	1,683	486	15	6	1,120

* The amount of the collateral is reduced by a coefficient taking into account the time value of money, cost of selling the collateral, risk of declining market prices, risk of insolvency, and similar factors and then further reduced to the actual balance of the collateralised exposure.

** This item also includes loans granted to individual entrepreneurs.

Pledges on industrial real estate comprise 8% of total pledges on real estate (2023: 9%).

Forborne loans and advances to customers

Forborne loans and advances to customers as of 31 December 2024:

(CZKm)	Neither past due nor impaired	Past due, not impaired	Impaired	Total forborne	Allowances	Collateral applied
General governments	8	0	0	8	0	0
Other financial corporations	509	0	0	509	24	32
Non-financial corporations	6,907	0	2,735	9,642	1,316	2,920
Households*	541	86	1,757	2,384	730	1,534
Total	**7,965**	**86**	**4,492**	**12,543**	**2,070**	**4,486**

* This item also includes loans granted to individual entrepreneurs.

Forborne loans and advances to customers as of 31 December 2023:

(CZKm)	Neither past due nor impaired	Past due, not impaired	Impaired	Total forborne	Allowances	Collateral applied
General governments	1	0	0	1	0	1
Other financial corporations	0	0	0	0	0	0
Non-financial corporations	396	0	1,451	1,847	831	448
Households*	676	71	1,838	2,585	714	1,810
Total	**1,073**	**71**	**3,289**	**4,433**	**1,545**	**2,259**

* This item also includes loans granted to individual entrepreneurs.

The carrying value of forborne assets in comparison with the Bank's loan portfolio (excluding Debt securities and Other amounts due from customers):

	31 Dec 2024			31 Dec 2023		
(CZKm)	Gross receivable	Forborne assets	Share in gross receivable	Gross receivable	Forborne assets	Share in gross receivable
General governments	31,842	8	0.03%	31,282	1	0.00%
Other financial corporations	110,160	509	0.46%	113,957	0	0.00%
Non-financial corporations	268,714	9,642	3.59%	261,568	1,847	0.71%
Households*	327,946	2,384	0.73%	317,225	2,585	0.81%
Total	**738,662**	**12,543**	**1.70%**	**724,032**	**4,433**	**0.61%**

* This item also includes loans granted to individual entrepreneurs.

Finance leases

The subject of finance leasing is subleasing of real estate.

Loans and advances to customers – leasing:

(CZKm)	31 Dec 2024	31 Dec 2023
Due less than 1 year	6	6
Due from 1 to 2 years	7	5
Due from 2 to 3 years	5	5
Due from 3 to 4 years	5	3
Due from 4 to 5 years	6	4
Due longer than 5 years	24	17
Total	**53**	**40**

Future interest (the difference between gross and net investment in the lease) on lease contracts is:

(CZKm)	31 Dec 2024	31 Dec 2023
Due less than 1 year	2	2
Due from 1 to 2 years	2	1
Due from 2 to 3 years	2	1
Due from 3 to 4 years	1	1
Due from 4 to 5 years	1	1
Due longer than 5 years	3	2
Total	**11**	**8**

23 Prepayments, accrued income, and other assets

Prepayments, accrued income, and other assets comprise the following:

(CZKm)	31 Dec 2024	31 Dec 2023
Prepayments and accrued income	721	893
Settlement balances	502	488
Receivables from securities trading	173	39
Other assets	2,800	2,217
Total prepayments, accrued income, and other assets	**4,196**	**3,637**

'Other assets' include allowances for operating receivables for other debtors in the amount of CZK 38 million (2023: CZK 199 million), and in particular also advances provided, estimated items and receivables for other debtors.

24 Investments in subsidiaries and associates

Investments in subsidiaries and associates comprise the following:

(CZKm)	31 Dec 2024	31 Dec 2023
Investments in subsidiary undertakings	18,087	17,732
Investments in associated undertakings	1,082	1,327
Total investments in subsidiaries and associates	**19,169**	**19,059**

Subsidiary undertakings

The following companies were subsidiary undertakings of the Bank as of 31 December 2024:

Company name	Direct holding (%)	Group holding (%)	Principal activity	Registered office	Cost of investment (CZKm)	Allowances (CZKm)	Carrying value (CZKm)
BASTION EUROPEAN INVESTMENTS S.A.	99.98	99.98	Financial services	Brussels	519	0	519
ESSOX s.r.o.	50.93	50.93	Consumer loans, leasing	České Budějovice	1,165	0	1,165
Factoring KB, a.s.	100.00	100.00	Factoring	Prague	1,190	0	1,190
KB Penzijní společnost, a.s.	100.00	100.00	Financial services	Prague	550	0	550
KB Poradenství, s.r.o.	100.00	100.00	Financial services	Prague	1	0	1
KB Real Estate, s.r.o.	100.00	100.00	Support services	Prague	511	0	511
KB SmartSolutions, s.r.o.	100.00	100.00	Support services	Prague	578	(40)	538
Modrá pyramida stavební spořitelna, a.s.	100.00	100.00	Construction savings scheme	Prague	6,373	0	6,373
Protos, uzavřený investiční fond, a.s.	83.65	100.00	Financial services	Prague	5,032	0	5,032
SG Equipment Finance Czech Republic s.r.o.	50.10	50.10	Industry financing	Prague	1,850	0	1,850
STD2, s.r.o.	100.00	100.00	Support services	Prague	358	0	358
Total					**18,127**	**(40)**	**18,087**

The following companies were subsidiary undertakings of the Bank as of 31 December 2023:

Company name	Direct holding (%)	Group holding (%)	Principal activity	Registered office	Cost of investment (CZKm)	Allowances (CZKm)	Carrying value (CZKm)
BASTION EUROPEAN INVESTMENTS S.A.	99.98	99.98	Financial services	Brussels	564	0	564
ESSOX s.r.o.	50.93	50.93	Consumer loans, leasing	České Budějovice	1,165	0	1,165
Factoring KB, a.s.	100.00	100.00	Factoring	Prague	1,190	0	1,190
KB Penzijní společnost, a.s.	100.00	100.00	Financial services	Prague	550	0	550
KB Poradenství, s.r.o.	100.00	100.00	Financial services	Prague	1	0	1
KB Real Estate, s.r.o.	100.00	100.00	Support services	Prague	511	0	511
KB SmartSolutions, s.r.o.	100.00	100.00	Support services	Prague	578	(40)	538
Modrá pyramida stavební spořitelna, a.s.	100.00	100.00	Construction savings scheme	Prague	5,973	0	5,973
Protos, uzavřený investiční fond, a.s.	83.65	100.00	Financial services	Prague	5,032	0	5,032
SG Equipment Finance Czech Republic s.r.o.	50.10	50.10	Industry financing	Prague	1,850	0	1,850
STD2, s.r.o.	100.00	100.00	Support services	Prague	358	0	358
Total					**17,772**	**(40)**	**17,732**

Associated undertakings

The following companies were associated undertakings of the Bank as of 31 December 2024:

Company name	Direct holding (%)	Group holding (%)	Principal activity	Registered office	Cost of investment (CZKm)	Allowances (CZKm)	Carrying value (CZKm)
CBCB - Czech Banking Credit Bureau, a.s.	20.00	20.00	Collection of data for evaluating credit risk	Prague	0*	0	0
Komerční pojišťovna, a.s.	49.00	49.00	Insurance activities	Prague	1,082	0	1,082
Total					**1,082**	**0**	**1,082**

* The cost of investment for CBCB - Czech Banking Credit Bureau, a.s. is CZK 240 thousand.

The following companies were associated undertakings of the Bank as of 31 December 2023:

Company name	Direct holding (%)	Group holding (%)	Principal activity	Registered office	Cost of investment (CZKm)	Allowances (CZKm)	Carrying value (CZKm)
CBCB - Czech Banking Credit Bureau, a.s.	20.00	20.00	Collection of data for evaluating credit risk	Prague	0*	0	0
Komerční pojišťovna, a.s.	49.00	49.00	Insurance activities	Prague	1,327	0	1,327
Total					**1,327**	**0**	**1,327**

* The cost of investment for CBCB - Czech Banking Credit Bureau, a.s. is CZK 240 thousand.

Investments in subsidiaries and associates classified as assets held for sale

The following investments in subsidiaries and associates of the Bank were classified as assets held for sale as of 31 December 2024:

Company name	Direct holding (%)	Group holding (%)	Principal activity	Registered office	Cost of investment (CZKm)	Allowances (CZKm)	Carrying value (CZKm)
Worldline Czech Republic s.r.o.	1.00	1.00	Financial services	Prague	0*	0	0
Total					**0**	**0**	**0**

* The cost of investment for Worldline Czech Republic s.r.o. is CZK 418 thousand.

The following investments in subsidiaries and associates of the Bank were classified as assets held for sale as of 31 December 2023:

Company name	Direct holding (%)	Group holding (%)	Principal activity	Registered office	Cost of investment (CZKm)	Allowances (CZKm)	Carrying value (CZKm)
VN 42, s.r.o.	100.00	100.00	Support services	Prague	364	0	364
Worldline Czech Republic s.r.o.	1.00	1.00	Financial services	Prague	0*	0	0
Total					**364**	**0**	**364**

* The cost of investment for Worldline Czech Republic s.r.o. is CZK 418 thousand.

Set out below is an overview of year-on-year movements in investments, by issuer, in 2024:

(CZKm)	Cost of investment as of 1 Jan 2024	Additions	Decreases	Reclassification	Cost of investment as of 31 Dec 2024
BASTION EUROPEAN INVESTMENTS S.A.[3)]	564	0	(45)	0	519
ESSOX s.r.o.	1,165	0	0	0	1,165
Factoring KB, a.s.	1,190	0	0	0	1,190
KB Penzijní společnost, a.s.	550	0	0	0	550
KB Poradenství, s.r.o.	1	0	0	0	1
KB Real Estate, s.r.o.	511	0	0	0	511
KB SmartSolutions, s.r.o.	578	0	0	0	578
Modrá pyramida stavební spořitelna, a.s.[1)]	5,973	400	0	0	6,373
Protos, uzavřený investiční fond, a.s.	5,032	0	0	0	5,032
SG Equipment Finance Czech Republic s.r.o.	1,850	0	0	0	1,850
STD2, s.r.o.	358	0	0	0	358
Total subsidiaries	**17,772**	**400**	**(45)**	**0**	**18,127**
CBCB - Czech Banking Credit Bureau, a.s.	0*	0	0	0	0*
Komerční pojišťovna, a.s.[2)]	1,327	0	(245)	0	1,082
Total associates	**1,327**	**0**	**(245)**	**0**	**1,082**
VN 42, s.r.o.[4)]	364	0	(364)	0	0
Worldline Czech Republic s.r.o.	0**	0	0	0	0**
Total as assets held for sale	**364**	**0**	**(364)**	**0**	**0**

* The cost of investment for CBCB - Czech Banking Credit Bureau, a.s. is CZK 240 thousand.

** The cost of investment for Worldline Czech Republic s.r.o. is CZK 418 thousand.

Changes in equity investments in subsidiaries and associates in 2024

1) In April, the Bank increased the equity of Modrá pyramida stavební spořitelna, a.s. by CZK 400 million through a financial contribution to other capital funds.
2) In April, the Bank decreased the equity of Komerční pojišťovna, a.s. by CZK 245 million through the distribution of a cash supplement to other capital funds.
3) In May, the Bank decreased shareholders' equity of BASTION EUROPEAN INVESTMENTS S.A. by EUR 1.6 million (equivalent to CZK 45 million).
4) In July, the Bank sold its 100% share in subsidiary VN 42, s.r.o. (refer to Notes 14 and 27).

Set out below is an overview of year-on-year movements in investments, by issuer, in 2023:

(CZKm)	Cost of investment as of 1 Jan 2023	Additions	Decreases	Reclassification	Cost of investment as of 31 Dec 2023
BASTION EUROPEAN INVESTMENTS S.A.[1)]	603	0	(39)	0	564
ESSOX s.r.o.	1,165	0	0	0	1,165
Factoring KB, a.s.	1,190	0	0	0	1,190
KB Penzijní společnost, a.s.	550	0	0	0	550
KB Poradenství, s.r.o.[2)]	0	1	0	0	1
KB Real Estate, s.r.o.	511	0	0	0	511
KB SmartSolutions, s.r.o.[5)]	547	31	0	0	578
Modrá pyramida stavební spořitelna, a.s.[4)]	4,873	1,100	0	0	5,973
Protos, uzavřený investiční fond, a.s.	5,032	0	0	0	5,032
SG Equipment Finance Czech Republic s.r.o.	1,850	0	0	0	1,850
STD2, s.r.o.	358	0	0	0	358
VN 42, s.r.o.[3)]	364	0	0	(364)	0
Total subsidiaries	**17,043**	**1,132**	**(39)**	**(364)**	**17,772**
CBCB - Czech Banking Credit Bureau, a.s.	0*	0	0	0	0*
Komerční pojišťovna, a.s.	1,327	0	0	0	1,327
Total associates	**1,327**	**0**	**0**	**0**	**1,327**
VN 42, s.r.o.[3)]	0	0	0	364	364
Worldline Czech Republic s.r.o.	0**	0	0	0	0**
Total as assets held for sale	**0**	**0**	**0**	**364**	**364**

* The cost of investment for CBCB - Czech Banking Credit Bureau, a.s. is CZK 240 thousand.

** The cost of investment for Worldline Czech Republic s.r.o. is CZK 418 thousand.

Changes in equity investments in subsidiaries and associates in 2023

1) In May, the Bank decreased shareholders' equity of BASTION EUROPEAN INVESTMENTS S.A. by EUR 1.4 million (equivalent to CZK 39 million).
2) In June, a new fully owned subsidiary of the Bank, KB Poradenství, s.r.o., was established with a registered capital of CZK 100 thousand. During October, the Bank increased the equity capital in the company by CZK 900 thousand in the form of a financial contribution to other capital funds.
3) In September, the Bank's investment in subsidiary VN 42, s.r.o., valued at CZK 364 million, was reclassified as 'Assets held for sale' due to expected sale of this company.
4) In December, the Bank increased the equity of Modrá pyramida stavební spořitelna, a.s. by CZK 1,100 million through a financial contribution into other capital funds.
5) During 2023, the Bank increased its equity in the company KB SmartSolutions, s.r.o. by CZK 31 million in the form of a financial contribution to other capital funds.

25 Intangible assets

Movements in intangible assets were as follow:

(CZKm)	Internally generated assets*	Software	Other intangible assets	Acquisition of assets	Total
Acquisition cost					
As of 1 January 2023	20,588	2,283	1	2,747	25,619
Reallocation from/to assets held for sale	0	0	0	0	0
Additions	3,091	237	0	3,041	6,369
Disposals/transfers	(544)	(17)	(1)	(3,327)	(3,889)
Foreign exchange rate difference	0	1	0	0	1
As of 31 December 2023	23,135	2,504	0	2,461	28,100
Effect of acquisition of companies	0	0	0	0	0
Reallocation from/to assets held for sale	0	0	0	0	0
Additions	3,467	92	0	2,971	6,530
Disposals/transfers	(1,834)	(404)	0	(3,559)	(5,797)
Foreign exchange rate difference	0	1	0	0	1
As of 31 December 2024	**24,768**	**2,193**	**0**	**1,873**	**28,834**
Accumulated amortisation and allowances					
As of 1 January 2023	(15,525)	(1,948)	(1)	0	(17,474)
Reallocation of accumulated amortisation of assets held for sale	0	0	0	0	0
Additions	(1,921)	(135)	0	0	(2,056)
Disposals	486	15	1	0	502
Impairment	0	(21)	0	(2)	(23)
Foreign exchange rate difference	0	(1)	0	0	(1)
As of 31 December 2023	(16,960)	(2,090)	0	(2)	(19,052)
Effect of acquisition of companies	0	0	0	0	0
Reallocation of accumulated amortisation of assets held for sale	0	0	0	0	0

(CZKm)	Internally generated assets*	Software	Other intangible assets	Acquisition of assets	Total
Additions	(2,274)	(163)	0	0	(2,437)
Disposals	1,796	404	0	0	2,200
Impairment	1	21	0	2	24
Foreign exchange rate difference	0	(1)	0	0	(1)
As of 31 December 2024	**(17,437)**	**(1,829)**	**0**	**0**	**(19,266)**
Net book value					
As of 31 December 2023	6,175	414	0	2,459	9,048
As of 31 December 2024	**7,331**	**364**	**0**	**1,873**	**9,568**

* Internally generated assets comprise mainly software.

During the year ended 31 December 2024, the Bank spent CZK 294 million (2023: CZK 239 million) on research and development through a charge to *'Operating expenses'*.

As of 31 December 2024, the Bank recognised allowances against intangible assets of CZK 17 million (2023: CZK 17 million). These allowances primarily included allowances charged in respect of internally generated assets (software).

26 Tangible assets

Movements in tangible assets were as follow:

(CZKm)	Land	Buildings	Machinery, furniture and fixtures, and other	Acquisition of assets	Right-of-use assets	Total
Acquisition cost						
As of 1 January 2023	77	6,986	4,947	398	3,566	15,974
Effect of acquisition of companies	0	0	0	0	0	0
Reallocation from/to assets held for sale	1	50	0	0	0	51
Additions	0	192	404	664	633	1,893
Disposals/transfers	0	0	(273)	(673)	(209)	(1,155)
Foreign exchange rate difference	0	0	0	0	2	2
As of 31 December 2023	78	7,228	5,078	389	3,992	16,765
Effect of acquisition of companies	0	0	0	0	0	0
Reallocation from/to assets held for sale	(1)	(52)	0	0	0	(53)
Additions	0	91	494	584	895	2,064
Disposals/transfers	0	0	(417)	(664)	(429)	(1,510)
Foreign exchange rate difference	0	0	0	0	1	1
As of 31 December 2024	**77**	**7,267**	**5,155**	**309**	**4,459**	**17,267**
Accumulated depreciation and allowances						
As of 1 January 2023	0	(4,431)	(3,909)	0	(1,306)	(9,646)
Effect of acquisition of companies	0	0	0	0	0	0
Reallocation of accumulated depreciation of assets held for sale	0	(37)	0	0	0	(37)
Additions	0	(262)	(366)	0	(396)	(1,024)
Disposals	0	72	271	0	51	394
Impairment	0	0	0	0	0	0
Foreign exchange rate difference	0	0	0	0	0	0
As of 31 December 2023	0	(4,658)	(4,004)	0	(1,651)	(10,313)
Effect of acquisition of companies	0	0	0	0	0	0

(CZKm)	Land	Buildings	Machinery, furniture and fixtures, and other	Acquisition of assets	Right-of-use assets	Total
Reallocation of accumulated depreciation of assets held for sale	0	36	(5)	0	0	31
Additions	0	(268)	(402)	0	(427)	(1,097)
Disposals	0	79	407	0	212	698
Impairment	0	0	0	0	0	0
Foreign exchange rate difference	0	0	0	0	0	0
As of 31 December 2024	**0**	**(4,811)**	**(4,004)**	**0**	**(1,866)**	**(10,681)**
Net book value						
As of 31 December 2023	78	2,570	1,074	389	2,341	6,452
As of 31 December 2024	**77**	**2,456**	**1,151**	**309**	**2,593**	**6,586**

As of 31 December 2024, the Bank recognised allowances against tangible assets of CZK 0 million (2023: CZK 0 million).

For detailed quantitative disclosures about lease contracts, refer to Notes 5, 11, 12, 15, 22, 29, 37, 42(D), 42(E), 42(F), and 42(I).

Net book values of right-of-use assets were as follow:

(CZKm)	31 Dec 2024	31 Dec 2023
Real estate*	2,464	2,207
Hardware	0	3
Other	129	131
Total net value of right-of-use assets	**2,593**	**2,341**

* The item 'Real estate' includes also ATMs.

27 Assets held for sale

As of 31 December 2024, the Bank reported assets held for sale at a carrying amount of CZK 16 million (2023: CZK 426 million) comprising buildings and land owned by the Bank that management had decided to sell as part of a plan to optimise the distribution network. Depreciation of these assets has been discontinued since their classification as assets held for sale. As of 31 December 2024, the Bank recognised allowances against assets held for sale of CZK 0 million (2023: CZK 43 million).

In July 2024, the Bank sold its 100% share in subsidiary VN 42, s.r.o. (refer to Notes 14 and 24).

As of 31 December 2024, *'Assets held for sale'* also included investments in subsidiaries and associates classified as assets held for sale at a carrying amount of CZK 0 million (2023: CZK 364 million). For detail, refer to Note 24.

28 Financial liabilities held for trading at fair value through profit or loss

As of 31 December 2024 and 2023, the *'Financial liabilities held for trading at fair value through profit or loss'* portfolio included only liabilities arising from short sales of securities and negative fair values of financial derivative instruments held for trading. Upon initial recognition, the Bank has not designated any financial liabilities as *'Financial liabilities held for trading at fair value through profit or loss'*.

(CZKm)	31 Dec 2024	31 Dec 2023
Short sales	23,730	25,890
Derivative financial instruments	23,919	35,256
Financial liabilities held for trading at fair value through profit or loss	**47,649**	**61,146**

For detailed information on financial derivative instruments included in the portfolio for trading, refer to Note 42(C).

29 Financial liabilities at amortised cost

Financial liabilities at amortised cost comprise the following:

(CZKm)	31 Dec 2024	31 Dec 2023
Amounts due to banks	73,465	86,609
Amounts due to customers	1,125,652	1,076,443
Securities issued	17,455	20,178
Lease liabilities	2,625	2,340
Total financial liabilities at amortised cost	**1,219,197**	**1,185,570**

'Financial liabilities at amortised cost' include CZK 2,713 million (2023: CZK 2,230 million) received as cash collateral linked to derivative operations.

The total amount of loans from banks and customers received under repurchase transactions was CZK 148,427 million (2023: CZK 121,499 million).

The fair values of securities and treasury bills used as collateral for repurchase transactions are as follow:

	31 Dec 2024		31 Dec 2023	
(CZKm)	Carrying value	Fair value	Carrying value	Fair value
Financial assets at amortised cost	12,449	13,244	0	0
Securities received as collateral	134,243	134,243	119,282	119,282
Total	**146,692**	**147,487**	**119,282**	**119,282**

Amounts due to banks and customers, allocated by sector, comprise the following:

(CZKm)	31 Dec 2024	31 Dec 2023
Central banks	0	0
General governments	222,490	164,201
Credit institutions	73,465	86,609
Other financial corporations	148,897	164,308
Non-financial corporations	350,137	347,725
Households*	404,128	400,209
Total amounts due to banks and customers	**1,199,117**	**1,163,052**

* This item also includes amounts due to individual entrepreneurs.

Securities issued

Securities issued comprise the following:

(CZKm)	31 Dec 2024	31 Dec 2023
Mortgage bonds	17,455	20,178
Depository bills of exchange	0	0
Total securities issued	**17,455**	**20,178**

The Bank issues mortgage bonds to fund its mortgage activities.

The following table shows a summary of cash and non-cash changes in the balance of securities issued:

			Non-cash changes			
(CZKm)	31 Dec 2023	Cash flow*	Amortisation and accrued interest	Change of FV hedge of interest rate risk	Foreign exchange difference	31 Dec 2024
Mortgage bonds	20,178	(3,091)	75	60	233	17,455
Total securities issued	**20,178**	**(3,091)**	**75**	**60**	**233**	**17,455**

* The item includes the cash flow from principal and interest paid.

			Non-cash changes			
(CZKm)	31 Dec 2022	Cash flow*	Amortisation and accrued interest	Change of FV hedge of interest rate risk	Foreign exchange difference	31 Dec 2023
Mortgage bonds	22,872	(3,436)	177	258	307	20,178
Total securities issued	**22,872**	**(3,436)**	**177**	**258**	**307**	**20,178**

* The item includes the cash flow from principal and interest paid.

Mortgage bonds according to their remaining time to maturity break out as follows:

(CZKm)	31 Dec 2024	31 Dec 2023
In less than one year	1,153	925
In one to five years	16,302	16,510
In five to ten years	0	727
In ten to twenty years	0	2,016
Total mortgage bonds	**17,455**	**20,178**

The securities issued as detailed above include the following mortgage bonds issued by the Bank:

Name	Interest rate	Currency	Issue date	Maturity date	31 Dec 2024 (CZKm)	31 Dec 2023 (CZKm)
HZL Komerční banky, a.s., CZ0002001373**	4.23% for the first 3M interest period, afterwards the relevant reference rate* less 0.20%	CZK	16 Nov 2007	16 Nov 2037	0	1,012
HZL Komerční banky, a.s., CZ0002001522**	4.29% for the first 3M interest period, afterwards the relevant reference rate* less 0.20%	CZK	7 Dec 2007	7 Dec 2037	0	1,004
HZL Komerční banky, a.s., CZ0002003346	3.50%	CZK	31 Jan 2014	31 Jan 2026	832	837
HZL Komerční banky, a.s., CZ0002003353	3.50%	CZK	31 Jan 2014	31 Jan 2025	1,153	1,168
HZL Komerční banky, a.s., CZ0002003361	3.00%	CZK	30 Jan 2014	30 Jan 2024	0	925
HZL Komerční banky, a.s., CZ0002003742	2.00%	CZK	18 Nov 2014	18 Nov 2026	694	687
HZL Komerční banky, a.s., CZ0002003759	2.10%	CZK	24 Nov 2014	24 Nov 2027	683	678
HZL Komerční banky, a.s., CZ0002003767	2.20%	CZK	20 Nov 2014	20 Nov 2028	721	709
HZL Komerční banky, a.s., CZ0002003775	2.30%	CZK	27 Nov 2014	27 Nov 2029	743	727
HZL Komerční banky, a.s., XS2289128162	0.01%	EUR	20 Jan 2021	20 Jan 2026	12,629	12,431
Total mortgage bonds					**17,455**	**20,178**

* The reference rate can be of the following types: 3M PRIBOR to 12M PRIBOR, the swap sale for 2 to 30 years.

** Bond includes the right of the bondholders to sell the bonds to the issuer and, subsequently, on the same date, the issuer's right to buy back the bonds from the bondholders, according to the issuance terms and conditions.

Six-month PRIBOR as of 31 December 2024 was 379 bps (2023: 643 bps).

The average value of the interest rate swap CZK sale rate for 5 years as of 31 December 2024 was 367 bps (2023: 355 bps).

The average value of the interest rate swap CZK sale rate for 10 years as of 31 December 2024 was 382 bps (2023: 350 bps).

30 Accruals and other liabilities

Accruals and other liabilities comprise the following:

(CZKm)	31 Dec 2024	31 Dec 2023
Accruals and deferred income	116	97
Settlement balances and outstanding items	548	855
Payables from securities trading and issues of securities	3,846	2,687
Payables from payment transactions	2,699	6,804
Other liabilities	4,417	4,502
Total accruals and other liabilities	**11,626**	**14,945**

Deferred fees from banking guarantees are reported in *'Accruals and deferred income'* in the amount of CZK 21 million (2023: CZK 24 million).

'Other liabilities' consist mainly of various estimated items, including, among others, liabilities to employees.

31 Provisions

Provisions comprise the following:

(CZKm)	31 Dec 2024	31 Dec 2023
Provisions for contracted commitments (refer to Note 36)	156	175
Provisions for other credit commitments (refer to Notes 13 and 36)	542	607
Total provisions	**698**	**782**

The 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, and the retirement benefits plan (refer to Note 36).

Movements in the provisions for contracted commitments were as follow:

(CZKm)	Retirement benefits plan	Other provisions for contracted commitments	Total
Balance as of 31 December 2022	63	130	193
Charge	14	28	42
Release	(4)	(51)	(55)
Use	(11)	(2)	(13)
Accrual	3	0	3
Remeasurement	4	0	4
Foreign exchange difference	0	1	1
Balance as of 31 December 2023	69	106	175
Charge	17	36	53
Release	0	(39)	(39)
Use	(8)	(26)	(34)
Accrual	3	0	3
Remeasurement	(3)	0	(3)
Foreign exchange difference	0	1	1
Balance as of 31 December 2024	**78**	**78**	**156**

The provisions for contracted commitments do not include provisions to cover potential compensation that would be paid to clients to reimburse sanctions for early repayment of mortgages (purposefully incurred costs). In 2022, the Bank created these provisions in the amount of CZK 55 million. In 2023, the Bank used and released the provisions in the amount of CZK 21 million; in 2024, the Bank released the remaining amount of CZK 34 million.

32 Deferred tax

Deferred tax is calculated from temporary differences between the tax base and carrying value using the tax rates applicable in the periods when the application of the temporary tax difference is estimated to occur.

Net deferred tax assets are as follow:

(CZKm)	31 Dec 2024	31 Dec 2023
Banking provisions and allowances	0	0
Allowances for assets	0	0
Non-banking provisions	18	18
Difference between accounting and tax net book value of assets	1	1
Leases	0	0
Remeasurement of retirement benefits plan – equity impact (refer to Note 38)	0	0
Revaluation of equity securities at FVOCI – equity impact (refer to Note 39)	0	0
Revaluation of hedging derivatives – equity impact (refer to Note 40)	0	0
Revaluation of debt securities at FVOCI – equity impact (refer to Note 41)	142	105
Other temporary differences	0	0
Net deferred tax assets	**161**	**124**

Net deferred tax liabilities are as follow:

(CZKm)	31 Dec 2024	31 Dec 2023
Banking provisions and allowances	61	65
Allowances for assets	9	23
Non-banking provisions and allowances	2	9
Difference between accounting and tax net book value of assets	(587)	(705)
Leases	18	12
Remeasurement of retirement benefits plan – equity impact (refer to Note 38)	56	57
Revaluation of equity securities at FVOCI – equity impact (refer to Note 39)	0	0
Revaluation of hedging derivatives – equity impact (refer to Note 40)	(47)	(57)
Revaluation of debt securities at FVOCI – equity impact (refer to Note 41)	(133)	(113)
Other temporary differences	195	172
Net deferred tax liabilities	**(426)**	**(537)**

The Bank has not reported any deferred tax arising from the revaluation of a foreign net investment.

Movements in the net deferred tax assets/(liabilities) were as follow:

(CZKm)	2024	2023
Balance as of the beginning of the period	**(413)**	**(576)**
Changes in accounting policies	0	0
Movement in the net deferred tax – profit and loss impact (refer to Note 16)	105	13
Movement in the net deferred tax – equity impact (refer to Notes 38, 39, 40, and 41)	43	150
Balance as of the end of the period	**(265)**	**(413)**

33 Subordinated and senior non-preferred debt

Subordinated and senior non-preferred debt comprise the following:

(CZKm)	31 Dec 2024	31 Dec 2023
Subordinated debt	5,091	5,005
Senior non-preferred debt	60,624	59,555
Subordinated and senior non-preferred debt	**65,715**	**64,560**

As of 31 December 2024, the Bank reports subordinated debt of CZK 5,091 million (2023: CZK 5,005 million). The volume of subordinated debt did not change in 2024. The subordinated debt is a part of Tier 2 regulatory capital, it is euro-denominated in order to better align the currency structure of the Bank's regulatory capital with its risk-weighted assets, and it was provided by the Bank's parent company, Société Générale S.A.

Subordinated debt	Nominal (EUR mil.)	Issued	Call option	Maturity	Interest rate
10Y5NC	100	October 2022	5 years	10 years	3M EURIBOR plus 3.79%
10Y5NC	100	November 2023	5 years	10 years	3M EURIBOR plus 2.82%
Total	**200**				

As of 31 December 2024, the Bank reports senior non-preferred ("SNP") debt of CZK 60,624 million (2023: CZK 59,555 million). The Bank accepted this debt to meet the minimum requirement for own funds and eligible liabilities (MREL). During 2024, the volume of its SNP debt did not change. SNP debt is euro-denominated and was drawn from the Bank's parent company (Société Générale S.A.) in accordance with Société Générale Group's preferred resolution strategy.

SNP debt	Nominal (EUR mil.)	Issued	Call option	Maturity	Interest rate
6Y5NC	250	June 2022	5 years	6 years	3M EURIBOR plus 2.05%
5Y4NC	250	September 2022	4 years	5 years	1M EURIBOR plus 1.82%
8Y7NC	250	September 2022	7 years	8 years	1M EURIBOR plus 2.13%
4Y3NC	250	November 2022	3 years	4 years	1M EURIBOR plus 2.05%
6Y5NC	250	November 2022	5 years	6 years	1M EURIBOR plus 2.23%
7Y6NC	250	November 2022	6 years	7 years	3M EURIBOR plus 2.28%
4Y3NC	250	June 2023	3 years	4 years	3M EURIBOR plus 1.70%
6Y5NC	200	June 2023	5 years	6 years	3M EURIBOR plus 2.01%
4Y3NC	250	November 2023	3 years	4 years	3M EURIBOR plus 1.51%
5Y4NC	200	November 2023	4 years	5 years	3M EURIBOR plus 1.61%
Total	**2,400**				

34 Share capital

The Bank's share capital, entered in the Register of Companies on 11 February 2000, totals CZK 19,004,926,000 and consists of 190,049,260 ordinary bearer shares issued as uncertificated securities with nominal value of CZK 100 each (ISIN: CZ0008019106). The number of shares authorised is the same as the number of shares issued. The share capital is fully paid up.

The Bank's shares are publicly traded on stock markets in the Czech Republic managed by the market organisers Burza cenných papírů Praha, a.s. (the Prague Stock Exchange) and RM-SYSTÉM, česká burza cenných papírů a.s. (the Czech Stock Exchange). Their transferability is not restricted.

All ordinary shares carry the same rights and together constitute 100% of the share capital. No special rights are attached to these shares. Shareholders' voting rights are governed by the nominal value of their shares. The voting rights can only be eliminated on statutory grounds. The Bank cannot exercise voting rights attached to its own shares.

Shareholders are entitled to the share in the Bank's profits and in other of its resources as have been approved for distribution by the Annual General Meeting based on the Bank's financial results and the payment of which was decided upon by the Board of Directors subject to compliance with the conditions stipulated by generally binding legal regulations.

The right to payment of the share in profits and in other of its resources is time-barred from 3 years after its declared payment date. Pursuant to a resolution of the Annual General Meeting held in 2009, the Board of Directors will not plead the statute of limitations in order to bar by lapse of time the payment of shares in profits and in other of its resources for the duration of 10 years from the date of dividend payment. After the lapse of 10 years from the date of dividend payment, the Board of Directors is obliged to plead the statute of limitations and to transfer the unpaid shares in profits and in other of its resources to the retained earnings account.

In the event of a shareholder's death, his or her legal heir shall be entitled to exercise all rights attached to the shares. Upon the Bank's liquidation and dissolution, the means of liquidation are governed by the relevant generally binding legal regulations. A proposal for distribution of the liquidation balance among shareholders is approved by the Annual General Meeting in proportion to the nominal values of the shares held by the Bank's shareholders.

Set out below is a summary of the entities holding more than 1% of the Bank's issued share capital as of 31 December 2024:

Name of the entity	Ownership percentage
Société Générale S.A.	60.35%
CHASE NOMINEES LIMITED	2.87%
CLEARSTREAM BANKING S.A.	1.57%
NORTRUST NOMINEES LIMITED	1.23%
STATE STREET BANK AND TRUST COMPANY	1.16%

Set out below is a summary of the entities holding more than 1% of the Bank's issued share capital as of 31 December 2023:

Name of the entity	Ownership percentage
Société Générale S.A.	60.35%
CHASE NOMINEES LIMITED	2.62%
CLEARSTREAM BANKING S.A.	1.57%
NORTRUST NOMINEES LIMITED	1.43%

Société Générale S.A., being the only entity with a qualified holding in the Bank and, moreover, as the ultimate parent company, is a French company limited by shares incorporated by a Deed approved through the issuance of a Decree on 4 May 1864 and is licensed as a bank. Under the legislative and regulatory provisions relating to financial institutions, notably the articles of the Monetary and Financial Code, the company is subject to commercial laws, in particular Articles 210-1 et seq. of the French Commercial Code, as well as its Articles of Association.

Capital management

Bank regulatory requirements in the European Union are established through Regulation No. 575/2013 on prudential requirements for credit institutions and investment firms (CRR – the Capital Requirements Regulation) and Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (CRD – the Capital Requirements Directive). According to the valid rules for capital regulation, an additional Pillar 2 buffer of 2.6% was applied to the Bank in 2024 (2023: 2.9%) beyond the minimum required capital ratio of 8.0% (2023: 8.0%). That means the total SREP (Supervisory Review and Evaluation Process) capital requirement (TSCR) was 10.6% for the year 2024 (2023: 10.9%). On top of the TSCR capital ratio, a combined capital buffer of final value 5.75% (2023: 6.50%) was applied, consisting of the capital conservation buffer of 2.5% (2023: 2.5%), the buffer for Other Systemically Important Institution (O-SII) of 2.0% (2023: 2.0%), and the countercyclical capital buffer of 1.25% (2023: 2.0%) for exposures in the Czech Republic (the countercyclical capital buffer was stepwise decreased by the CNB from the level of 2.0% valid since 1 October 2023 to 1.75% valid from 1 April 2024 and then to 1.25% valid from 1 July 2024). The required overall capital ratio (OCR) was thus approximately 16.35% from 1 July 2024 (a decrease by 1.05 percentage points in comparison with the previous year, 2023: 17.40%). As its capital ratio stands well above the minimum required level, the Bank meets the overall capital ratio measurement with an adequate reserve.

The required overall capital ratio (OCR) increases to approximately 16.65% as of 1 January 2025 (higher by 0.3 percentage points compared to 2024, due to an imposition of the systemic risk buffer of 0.5% for exposures in the Czech Republic and a decrease of the additional Pillar 2 buffer by 0.2 percentage points to the level of 2.4%).

The Bank manages its capital adequacy to ensure its sufficient level in an environment of changing regulatory requirements while allowing organic business growth and for potentially adverse macroeconomic developments. Under capital adequacy regulation, in addition to the usual reporting of the capital ratio (so-called Pillar 1), the Bank must meet the requirements for evaluating required economic capital, stress testing, and capital planning (Pillar 2, the bank-specific capital requirement). To determine the required economic capital, the Bank has selected methods mostly close to the regulatory procedures applied for Pillar 1. Consequently, the necessary levels of economic and regulatory capital are very similar.

The Bank regularly simulates future developments under Pillar 2 based on the assumption of possible adverse external macroeconomic conditions that may either directly affect the Bank's profit or have implications resulting in deterioration in the Bank's transaction risk profile.

The Bank compiles hypothetical macroeconomic scenarios upon the basis of which it estimates medium-term impacts on earnings and on transaction risk profiles. On this basis, the Bank acquires views concerning the changing volume of the risk-weighted assets (i.e. capital requirements) and the financial results while also taking into account the outlook for dividend payments and the level of the Bank's capital adequacy ratio.

The results of such stress testing are among those factors considered in determining the Bank's dividend policy, which is the primary tool for capital adequacy management in such a situation that the Bank's capital is largely classified as Common Equity Tier 1 capital.

The Bank's capital consists principally of the following balances: share capital, reserve funds, retained earnings, and Tier 2 subordinated debt.

The Bank did not purchase its own shares into treasury during 2024. As of 31 December 2024, the Bank held in total 1,193,360 treasury shares at a total cost of CZK 726 million and that were purchased in previous years (2023: 1,193,360 treasury shares at a total cost of CZK 726 million). The acquisition of treasury shares had been approved by the Bank's General Meeting, especially for the purpose of managing the Bank's capital adequacy.

In view of the facts that the capital requirements can vary over time and the regulation itself and its corresponding implementing regulatory rules have been still under development, the Bank is continuously monitoring and evaluating the forthcoming changes in regulatory requirements affecting the capital and capital adequacy. It analyses their potential impacts as part of the Bank's capital planning process.

The CNB, as the local regulatory authority, oversees the Bank's capital adequacy compliance on both separate and consolidated bases. During the past year, the Bank was in compliance with all regulatory requirements. The Bank also regularly prepares the regulatory report on Pillar 2 (i.e. the internal capital adequacy assessment process) and submits it to the CNB.

At the same time, the CNB is the local resolution authority that defines the most appropriate crisis resolution strategies for institutions and, among other things, sets the minimum requirement for own funds and eligible liabilities (MREL). The Bank received the CNB's decision, dated 16 July 2024, setting a minimum MREL requirement. According to this decision, the Bank is required to maintain its own funds and eligible liabilities on a consolidated basis at no less than 21.2% of the total risk exposure (i.e. risk-weighted exposure) and 5.91% of the total exposure from 1 January 2024. In fulfilling the ongoing targets valid in previous years and the final target valid from 1 January 2024, the Bank gradually accepted eligible liabilities in the form of senior non-preferred debt totalling EUR 1,500 million in 2022 and EUR 900 million in 2023, i.e. in a total nominal volume of EUR 2,400 million (CZK 60,444 million). These eligible liabilities were drawn from the Bank's parent company (Société Générale S.A.) in accordance with the Société Générale Group's preferred resolution strategy. During the past year, the Bank fulfilled all regulatory MREL requirements.

35 Composition of cash and cash equivalents as reported in the Statement of Cash Flows

(CZKm)	31 Dec 2024	31 Dec 2023	Change in the year
Cash and current balances with central banks (refer to Note 18)	72,538	12,369	60,169
Loans and advances to banks – current accounts with other banks	461	341	120
Amounts due to banks – current accounts	(1,666)	(4,825)	3,159
Cash and cash equivalents at the end of the year	**71,333**	**7,885**	**63,448**

The total cash outflow on leases in 2024 was CZK 728 million (2023: CZK 697 million).

36 Commitments and contingent liabilities

Legal disputes

The Bank conducted a review of legal proceedings outstanding against it as of 31 December 2024. Pursuant to the review of significant litigation matters in terms of the risk of losses and litigated amounts, the Bank has recorded a provision of CZK 38 million (2023: CZK 8 million) for these legal disputes (refer to Note 31). The Bank has also recorded a provision of CZK 2 million (2023: CZK 1 million) for costs associated with a potential payment of appurtenances on the pursued claims.

As of 31 December 2024, the Bank conducted a review of legal proceedings it had filed against other entities. The Bank has been notified that certain parties against which it is taking legal action may file counterclaims against it. The Bank will contest any such claims and, taking into consideration the opinion of its internal and external legal counsel, believes that any asserted claims made will not materially affect its financial position. No provision has been made in respect of these matters.

Commitments arising from the issuance of guarantees

Commitments from guarantees represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet its obligations to third parties. These assurances carry the same credit risk as do loans, and therefore the Bank makes provisions for these instruments (according to a customer's creditworthiness) on the same basis as is applicable to loans.

Capital expenditures

As of 31 December 2024, the Bank had capital expenditures of CZK 264 million (2023: CZK 486 million), which include capital expenditures in respect of current capital investment activities in the amount of CZK 219 million (2023: CZK 321 million).

Commitments arising from the issuance of letters of credit

Documentary letters of credit are written, irrevocable commitments by the Bank on behalf of a customer (the mandatory) authorising a third party (the beneficiary) to draw drafts on the Bank up to a stipulated amount under specific terms and conditions. The Bank records provisions for these instruments (according to a customer's creditworthiness) on the same basis as is applicable to loans.

Commitments to extend credit, undrawn loan commitments, overdrafts, and approved overdraft loans

Principal off-balance sheet exposures include undrawn limits under framework agreements to provide financial services, approved overdraft loans, undrawn loan commitments, issued commitments to extend credit, and unutilised facilities. The primary purpose of commitments to extend credit and framework agreements is to ensure that funds are available to a customer as and when required. Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans or guarantees. In accordance with the IFRS definition of a conditional commitment, the Bank distinguishes between irrevocable and revocable commitments to extend credit and framework agreements. The irrevocability of commitments, framework agreements of undrawn loan commitments, unutilised overdrafts, and approved overdraft loans ensues from contractual terms and conditions of the credit agreements (i.e. their use is not contingent upon customers' maintaining other specific credit standards). For irrevocable commitments or framework agreements, undrawn loan commitments, unutilised overdrafts, and approved overdraft loans, the Bank recognises a provision when required (according to a customer's creditworthiness) in accordance with the same algorithm as for loans.

The risk associated with off-balance sheet credit commitments and contingent liabilities is assessed on the same basis as is that of loans to customers while taking into account the financial position and activities of the entity to which the Bank issued a given guarantee and the collateral obtained.

As of 31 December 2024, the financial commitments and contingencies of the Bank were comprised of the following, as broken down by classification:

	Carrying value				Provisions			
(CZKm)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Central banks	0	0	0	0	0	0	0	0
General governments	31,886	4	0	31,890	4	0	0	4
Credit institutions	3,381	0	0	3,381	0	0	0	0
Other financial corporations	8,340	11	0	8,351	6	0	0	6
Non-financial corporations	149,270	6,631	446	156,347	183	163	122	468
Households*	20,129	2,742	25	22,896	15	31	18	64
Total commitments and contingencies	**213,006**	**9,388**	**471**	**222,865**	**208**	**194**	**140**	**542**

* This item includes also financial commitments and contingencies granted to individual entrepreneurs.

As of 31 December 2023, the financial commitments and contingencies of the Bank were comprised of the following, as broken down by classification:

	Carrying value				Provisions			
(CZKm)	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Central banks	0	0	0	0	0	0	0	0
General governments	21,558	6	0	21,564	2	0	0	2
Credit institutions	3,792	0	0	3,792	0	0	0	0
Other financial corporations	18,457	1	0	18,458	27	0	1	28
Non-financial corporations	126,472	8,195	827	135,494	153	122	226	501
Households*	21,132	3,914	30	25,076	14	38	24	76
Total commitments and contingencies	**191,411**	**12,116**	**857**	**204,384**	**196**	**160**	**251**	**607**

* This item includes also financial commitments and contingencies granted to individual entrepreneurs.

Financial commitments and contingencies comprise the following:

(CZKm)	31 Dec 2024	31 Dec 2023
Non-payment guarantees, including commitments to issued non-payment guarantees	54,916	52,608
Payment guarantees, including commitments to issued payment guarantees	19,381	20,973
Committed facilities and unutilised overdrafts	16,669	11,397
Undrawn credit commitments	94,537	76,540
Unutilised overdrafts and approved overdraft loans	26,943	28,151
Unutilised limits under framework agreements to provide financial services	6,027	11,439
Open customer/import letters of credit not covered	927	478
Standby letters of credit not covered	2,834	2,180
Confirmed supplier/export letters of credit	631	618
Total commitments and contingencies	**222,865**	**204,384**

The risk associated with off-balance sheet credit commitments and contingent liabilities is assessed on the same basis as is that of loans to customers while taking into account the financial position and activities of the entity to which the Bank issued a given guarantee and the collateral obtained. As of 31 December 2024, the Bank recorded provisions for these risks in the amount of CZK 542 million (2023: CZK 607 million). Refer to Note 31.

Set out below is a breakdown of financial commitments and contingencies to non-financial corporations by sector:

(CZKm)	31 Dec 2024	31 Dec 2023
Agriculture, forestry, and fishing	2,789	3,196
Mining and quarrying	2,104	2,020
Manufacturing	24,058	24,764
Electricity, gas, steam, and air conditioning supply	31,554	17,379
Water supply, sewerage, waste management, and remediation activities	1,355	992
Construction	46,294	41,527
Wholesale and retail trade, repair of motor vehicles and motorcycles	14,136	15,662
Transportation and storage	7,224	5,851
Accommodation and food service activities	645	641
Information and communication	4,774	3,574
Real estate activities	5,780	6,955
Professional, scientific, and technical activities	9,944	9,731
Administrative and support service activities	1,719	1,493
Public administration and defence, compulsory social security	192	212
Education	57	46
Human health and social work activities	265	247
Arts, entertainment, and recreation	3,265	1,102
Other service activities	192	102
Total commitments and contingencies to non-financial corporations	**156,347**	**135,494**

Exposure to the automotive industry and related suppliers is CZK 2,766 million (2023: CZK 2,910 million).

The majority of commitments and contingencies originate on the territory of the Czech Republic.

The collateral held in support of financial commitments and contingencies is broken out below by type as of 31 December 2024:

				Applied commitments and contingencies collateral value*	
(CZKm)	Commitments collateralised by residential property	Commitments collateralised by commercial property	Other commitments collateralised by cash instruments	Other commitments collateralised by other collaterals	Financial guarantees received
Commitments and contingencies	**3,346**	**4,656**	**2,925**	**13,569**	**9,603**
of which:					
– Other financial corporations	10	10	0	110	4,819
– Non-financial corporations	449	4,603	2,903	11,951	4,742
– Households**	2,887	43	22	0	42
of which: Stage 3	2	102	84	17	0

* The amount of the collateral is reduced by a coefficient taking into account the time value of money, cost of selling the collateral, risk of declining market prices, risk of insolvency, and similar factors and then further reduced to the actual balance of the collateralised exposure.

** This item also includes financial commitments and contingencies granted to individual entrepreneurs.

The collateral held in support of financial commitments and contingencies is broken out below by type as of 31 December 2023:

				Applied commitments and contingencies collateral value*	
(CZKm)	Commitments collateralised by residential property	Commitments collateralised by commercial property	Other commitments collateralised by cash instruments	Other commitments collateralised by other collaterals	Financial guarantees received
Commitments and contingencies	**4,234**	**4,672**	**2,467**	**13,742**	**8,347**
of which:					
– Other financial corporations	12	16	0	1,011	4,026
– Non-financial corporations	550	4,581	2,444	10,913	4,258
– Households**	3,672	75	23	18	63
of which: Stage 3	1	85	111	190	0

* The amount of the collateral is reduced by a coefficient taking into account the time value of money, cost of selling the collateral, risk of declining market prices, risk of insolvency, and similar factors and then further reduced to the actual balance of the collateralised exposure.

** This item also includes financial commitments and contingencies granted to individual entrepreneurs.

In accordance with Act No. 427/2011 Coll., on Supplementary Pension Savings, and in accordance with the statutes of the Transformovaný fond KB Penzijní společnost, a.s. (hereafter only the "Fund") created after 1 January 2013, KB Penzijní společnost, a.s. guarantees at least a zero return for clients on an annual basis and must ensure that the value of assets in the Fund is always equal to or greater than the value of liabilities. Otherwise, KB Penzijní společnost, a.s. is required to contribute to the Fund assets necessary to make up the difference at the latest within 30 days after the end of the quarter in which such circumstance was identified. These transferred assets constitute a special capital fund of the Fund and are primarily used to cover losses of the current year or accumulated losses from prior periods.

As a result of capital market developments, KB Penzijní společnost, a.s. contributed in 2021 to the Fund assets to offset the value of liabilities in excess of the value of assets. The excess was caused by negative revaluation differences of bonds classified by the Fund as financial assets in the "Hold to collect contractual cash flows and sell" business model attributable to a sharp rise in the Czech National Bank's key interest rates and their corresponding effects across the entire yield curve. This capital injection was gradually increased further in 2021 and 2022, but once the repo rate peaked in this monetary cycle at the level of 7.0 %, the secondary market bond yields began to decline again. At the end of 2023, the positive value of the other comprehensive income was almost reached, and therefore KB Penzijní společnost, a.s., after the annual financial statements had been audited, was able to transfer the corresponding amount back to the Fund's assets. The current market valuation will probably lead to the return of the remaining amount. This confirms the fact proven for the first time as of 31 December 2020 that the negative revaluation differences have been correctly regarded as temporary and will be fully offset no later than upon maturity of the bonds.

According to the current stress scenario, no contribution to the Fund's assets is expected for the forthcoming period. The capital adequacy is strong, and KB Penzijní společnost, a.s. has sufficient capital to cover all stress and adverse scenarios which are regularly projected.

37 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. As of 31 December 2024, the Bank was controlled by Société Générale S.A., which owns 60.35% of its issued share capital.

A number of banking transactions are entered into with related parties in the normal course of business. These specifically include loans, deposits, transactions with derivative financial instruments, and other types of transactions. These transactions are carried out on an arm's length basis.

Amounts due to and from the Group subsidiaries

The following table summarises loans issued to the Group subsidiaries and their deposits with the Bank:

(CZKm)	31 Dec 2024	31 Dec 2023
BASTION EUROPEAN INVESTMENTS S.A.	1,800	1,931
ESSOX s.r.o.	15,192	14,160
ESSOX FINANCE, s.r.o.	1,491	595
Factoring KB, a.s.	10,732	8,081
KB Real Estate, s.r.o.	241	271
Modrá pyramida stavební spořitelna, a.s.	49,263	46,936
SG Equipment Finance Czech Republic s.r.o.	15,835	13,864
STD2, s.r.o.	239	264
Total loans	**94,793**	**86,102**
BASTION EUROPEAN INVESTMENTS S.A.	473	503
ESSOX s.r.o.	487	516
ESSOX FINANCE, s.r.o.	3	2
Factoring KB, a.s.	0	0
KB Penzijní společnost, a.s.	811	389
KB Poradenství, s.r.o.	43	1
KB Real Estate, s.r.o.	11	40
KB SmartSolutions, s.r.o.	0	32
Modrá pyramida stavební spořitelna, a.s.	2	4
Protos, uzavřený investiční fond, a.s.	122	93
SG Equipment Finance Czech Republic s.r.o.	364	684
STD2, s.r.o.	8	20
VN 42, s.r.o.*	0	173
Total deposits	**2,324**	**2,457**

* In July 2024, the Bank sold its 100% share in subsidiary VN 42, s.r.o. (refer to Notes 14, 24, and 27).

The following table summarises the fair value of financial derivatives to which the Bank is a party and in relation to the Group subsidiaries:

(CZKm)	31 Dec 2024	31 Dec 2023
Modrá pyramida stavební spořitelna, a.s.	194	450
Protos, uzavřený investiční fond, a.s.	0	0
SG Equipment Finance Czech Republic s.r.o.	1	0
Total positive fair value of financial derivatives	**195**	**450**
Modrá pyramida stavební spořitelna, a.s.	313	479
Protos, uzavřený investiční fond, a.s.	4	6
SG Equipment Finance Czech Republic s.r.o.	0	5
Total negative fair value of financial derivatives	**317**	**490**

Modrá pyramida stavební spořitelna, a.s. owns mortgage bonds in a nominal value of CZK 4,600 million (2023: CZK 7,400 million) issued by the Bank. KB Penzijní společnost, a.s. owns mortgage bonds issued by the Bank in the nominal value of CZK 317 million (2023: CZK 417 million).

As of 31 December 2024, deposits received by the Bank from upvest s.r.o. totalled CZK 370 million (2023: CZK 356 million) and related interest expense totalled CZK 19 million (2023: CZK 10 million).

As of 31 December 2024, deposits received by the Bank from other associated companies were CZK 8 million (2023: CZK 2 million), loans granted to these companies totalled CZK 166 million (2023: CZK 227 million), and allowances for these loans came to CZK 29 million (2023: CZK 25 million). Related interest income totalled CZK 23 million (2023: CZK 24 million) and interest expense totalled CZK 0 million (2023: CZK 0 million).

As of 31 December 2024 and 2023, other amounts due to and from the Bank subsidiaries were not significant.

Interest income from loans granted to the Group subsidiaries:

(CZKm)	2024	2023
BASTION EUROPEAN INVESTMENTS S.A.	71	74
ESSOX s.r.o.	740	770
ESSOX FINANCE, s.r.o.	37	12
Factoring KB, a.s.	137	285
KB Real Estate, s.r.o.	8	9
Modrá pyramida stavební spořitelna, a.s.	891	949
SG Equipment Finance Czech Republic s.r.o.	430	307
STD2, s.r.o.	6	6
Total interest from loans granted by the Bank	**2,320**	**2,412**

In connection with lease agreements, the Bank records receivables from subleasing with subsidiaries in the total amount of CZK 39 million (2023: CZK 38 million).

In addition to interest on loans to the Bank's Group subsidiaries, other income in the year ended 31 December 2024 totalled CZK 1,251 million (2023: CZK 2,024 million) and total expenses other than depreciation and interest expenses related to lease contracts amounted to CZK 1,882 million (2023: CZK 2,869 million), mainly deriving from financial derivatives transactions.

As of 31 December 2024, the Bank reported guarantees granted and undrawn credit commitments to the Group subsidiaries totalling CZK 1,317 million (2023: CZK 677 million).

Amounts due to and from Société Générale Group entities

Principal balances due from Société Générale Group entities include the following:

	31 Dec 2024		31 Dec 2023	
(CZKm)	Total	Of which derivatives	Total	Of which derivatives
Ayvens s.r.o.	8,450	0	9,101	0
ALD Automotive Slovakia s. r. o.	101	0	71	0
BRD - GROUPE Société Générale	3	0	63	0
Komerční pojišťovna, a.s.	552	30	627	92
SG Zurich	0	0	245	0
Société Générale Paris	37,825	6,058	32,348	9,609
Société Générale oddzial w Polsce	0	0	47	47
Total	**46,931**	**6,088**	**42,502**	**9,748**

Principal balances owed to Société Générale Group entities include the following:

	31 Dec 2024		31 Dec 2023	
(CZKm)	Total	Of which derivatives	Total	Of which derivatives
Ayvens s.r.o.	373	0	1,267	0
BRD - GROUPE Société Générale	1	0	2	0
Komerční pojišťovna, a.s.	4,507	163	5,595	434
SG Amsterdam	0	0	2	0
SG Frankfurt	298	0	0	0
Société Générale Londres	88	0	4	0
Société Générale Luxembourg	56	0	1,122	0
SG Milan	1	0	2	0
Société Générale New York	10	0	4	0
Société Générale oddzial w Polsce	1	0	21	12
Société Générale Paris	137,014	9,924	146,114	12,646
SG Private Banking (Suisse)	1	0	0	0
Total	**142,350**	**10,087**	**154,133**	**13,092**

Amounts due to and from the Société Générale Group entities principally comprise balances of current and overdraft accounts, nostro and loro accounts, subordinated and senior non-preferred debt, issued loans, interbank market loans and placements, deposited margins in favour of the counterparty, and fair values of derivatives.

As of 31 December 2024, the Bank also carried off-balance sheet exposures to the Société Générale Group entities, of which off-balance sheet nominal assets and liabilities totalled CZK 549,514 million (2023: CZK 606,014 million) and CZK 471,779 million (2023: CZK 509,489 million), respectively. These amounts principally relate to currency spots and forwards, interest rate forwards and swaps, options, commodity derivatives, emission allowances, and guarantees for credit exposures.

As of 31 December 2024 and 2023, the Bank also recorded other accounts receivable and payable from and to Société Générale Group entities, the amounts of which are not significant.

During the year ended 31 December 2024, the Bank generated net operating revenues due to the Société Générale Group of CZK (2,875) million (2023: CZK (4,259) million). The total amount is mainly affected by the volatile revaluation of derivative transactions to fair value. These operations follow on from operations concluded with clients and eliminate the Bank's market risk, or they are hedging derivatives of the fair value hedging type. Other sources of revenue include the distribution of SG Group products and providing services in areas of infrastructure, information technology, and business intelligence services. Net interest income of CZK (4,892) million (2023: CZK (3,651) million) consisted mainly of interest on hedging derivatives, transactions on the interbank market, and subordinated and senior non-preferred debt received. Operating expenses realised in relation to the SG Group totalled CZK 357 million (2023: CZK 300 million), mostly for the use of services in the area of operation and management of hardware and software and assistance services. The operating result in relation to the SG Group reached CZK (3,233) million (2023: CZK (4,559) million).

In connection with lease contracts, the Bank records:

	31 Dec 2024				31 Dec 2023			
(CZKm)	Right-of-use assets	Lease liabilities	Depreciation expense	Interest expense	Right-of-use assets	Lease liabilities	Depreciation expense	Interest expense
Ayvens s.r.o.	129	23	24	0	131	31	21	0
Total	**129**	**23**	**24**	**0**	**131**	**31**	**21**	**0**

As of 31 December 2024, the Bank reported a loss of CZK 2 million (2023: CZK 2 million) on terminated contracts.

Remuneration of and amounts due from members of the Board of Directors and Supervisory Board

Remuneration paid to the members of the Board of Directors and Supervisory Board during the years was as follows:

(CZKm)	2024	2023
Remuneration to members of the Board of Directors*	84	84
Remuneration to members of the Supervisory Board**	7	7
Total	**91**	**91**

* **Remuneration paid to members of the Board of Directors** includes wages paid and other compensation and benefits provided during the year ended 31 December 2024 to current and former directors for the duration of their memberships. It also includes a part of bonuses awarded in 2024. The remuneration includes as well benefits arising to the Bank's employees under the collective agreement.

** **Remuneration paid to members of the Supervisory Board** includes amounts paid during the year ended 31 December 2024 to current and former members of the Supervisory Board for the duration of their memberships. Amounts for members of the Supervisory Board elected by employees additionally include income paid to them under their employment arrangements with the Bank for the duration of their memberships. The remuneration also includes benefits arising to the Bank's employees under the collective agreement.

	31. 12. 2024	31. 12. 2023
Number of the Board of Directors members at the end of the period	6	6
Number of the Supervisory Board members at the end of the period	9	9

In respect of loans and guarantees as of 31 December 2024, the Bank recorded receivables from loans granted to members of the Board of Directors and Supervisory Board totalling CZK 46 million (2023: CZK 46 million). During 2024, drawdowns of CZK 6 million (2023: CZK 1 million) were made under the loans granted. Loan repayments during 2024 amounted to CZK 6 million (2023: CZK 1 million). The increase of loans in 2024 is affected by new members already having loans totalling CZK 0 million. Loans to resigning members totalled CZK 0 million as of 31 December 2023.

38 Movements in the remeasurement of retirement benefits plan in the equity

(CZKm)	2024	2023
Remeasurement of retirement benefits plan as of 1 January	(271)	(267)
Deferred tax asset/(liability) as of 1 January	57	51
Balance as of 1 January	**(214)**	**(216)**
Movements during the year		
Gains/(losses) from remeasurement of retirement benefits plan	3	(4)
Deferred tax	(1)	6
	2	**2**
Remeasurement of retirement benefits plan as of 31 December	(268)	(271)
Deferred tax asset/(liability) as of 31 December (refer to Note 32)	56	57
Balance as of 31 December	**(212)**	**(214)**

39 Movements in the revaluation of equity securities at FVOCI in the equity

(CZKm)	2024	2023
Revaluation of equity securities at FVOCI as of 1 January	(9)	0
Deferred tax asset/(liability) as of 1 January	0	0
Balance as of 1 January	**(9)**	**0**
Movements during the year		
Gains/(losses) from changes in fair value	0	(9)
Deferred tax	0	0
	0	**(9)**
Revaluation of equity securities at FVOCI as of 31 December	(9)	(9)
Deferred tax asset/(liability) as of 31 December (refer to Note 32)	0	0
Balance as of 31 December	**(9)**	**(9)**

40 Movements in the revaluation of hedging instruments in the equity

In accordance with IAS 39, certain derivatives were designated as hedges. The changes in fair values of cash flow hedges and in the hedge of foreign currency risk of foreign net investment are recorded in a separate line of equity in the hedging reserve.

(CZKm)	2024	2023
Cash flow hedge fair value as of 1 January	270	749
Deferred tax asset/(liability) as of 1 January	(57)	(144)
Hedge of foreign currency risk of foreign net investment	86	107
Balance as of 1 January	**299**	**712**
Movements during the year		
Gains/(losses) from changes in fair value	375	545
Deferred tax	(78)	(108)
	297	**437**
Transferred to interest income/expense	(187)	(719)
Deferred tax	39	137
	(148)	**(582)**
Transferred to net profit/loss on financial operations	(230)	(305)
Deferred tax	48	58
	(182)	**(247)**
Transferred to personnel expenses	(9)	(6)
Deferred tax	2	1
	(7)	**(5)**
Transferred to general and administrative expenses	5	6
Deferred tax	(1)	(1)
	4	**5**
Change in the hedge of foreign currency risk of foreign net investment	(16)	(21)
	(16)	**(21)**
Cash flow hedge fair value as of 31 December	224	270
Deferred tax asset/(liability) as of 31 December (refer to Note 32)	(47)	(57)
Hedge of foreign currency risk of foreign net investment	70	86
Balance as of 31 December	**247**	**299**

41 Movements in the revaluation of debt securities at FVOCI in the equity

(CZKm)	2024	2023
Reserve from fair value revaluation as of 1 January	35	371
Deferred tax asset/(liability) as of 1 January	(8)	(65)
Impairment as of 1 January	3	5
Balance as of 1 January	**30**	**311**
Movements during the year		
Gains/(losses) from changes in fair value	(42)	(42)
Deferred tax	17	(5)
	(25)	**(47)**
(Gains)/losses from sale	(2)	(294)
Deferred tax	0	62
	(2)	**(232)**
Impairment	(1)	(2)
	(1)	**(2)**
Reserve from fair value revaluation as of 31 December	(9)	35
Deferred tax asset/(liability) as of 31 December (refer to Note 32)	9	(8)
Impairment as of 31 December	2	3
Balance as of 31 December	**2**	**30**

42 Risk management and financial instruments

(A) Credit risk

Assessment of client's credit rating

The assessment of credit risk is based on quantitative and qualitative criteria and leads to a rating assignment. The Bank uses several types of rating models, depending on the type and profile of the counterparty and the types of transactions. As a result, individual ratings are assigned to both the Bank's clients and to specific client transactions. The same process of rating assignment is applied in relevant cases to respective guarantors and sub-debtors, which enables a better assessment of the quality of accepted guarantees and collaterals.

The Bank focuses on updating selected credit risk models in order optimally to reflect the current macroeconomic situation and goals set by the Bank, as well as on increasing effectiveness in monitoring the risk profiles of individual client portfolios and the quality of tools and models for credit risk management. The Bank also continued in harmonising governance, usage of rating models, and the monitoring process within the Group.

The results of regular stress testing play an important role, allowing more precise estimates of the expected intensity of credit risk for the tested periods and thus optimisation of the Bank's credit risk management tools and more accurate estimation of expected future losses.

(a) Business clients and municipalities

For entrepreneurs, corporate clients, and municipalities, the Bank uses the obligor rating (expressed on the 22-grade Société Générale rating master scale) with the aim to evaluate the counterparty's Probability of Default (PD) and the Loss Given Default (LGD) rating that reflects the quality of available guarantees and collateral and evaluates the potential loss from counterparty transactions. These models are also used for regular estimation of expected loss and unexpected loss for all client exposures reported in accordance with the Basel III requirements.

For large and medium-sized clients, the obligor rating is a combination of the financial rating based primarily on data in the financial statements and a qualitative rating obtained through the evaluation of non-financial information relating to a particular client.

In the entrepreneurs and small companies segment, the client's obligor rating is a combination of financial, non-financial, and personal data; data on client behaviour within the Bank; and information from external credit bureaus. When clients are funded via simple products, the setting of the rating is alternatively limited to evaluation of data on clients' behaviour within the Bank (behavioural rating).

In the municipalities segment, the obligor rating is a combination of the financial rating based on data in the financial statements and of a qualitative rating acquired through the assessment of non-financial information relating to a specific municipality.

The Bank is also using a dedicated rating model for housing co-operatives and associations of owners and a special model for real estate developers and investors.

(b) Ratings for banks and sovereigns

For banks, other financial corporations (namely insurance companies, brokers, and funds), and for sovereigns (central banks and central governments), the Bank uses rating models developed by Société Générale.

(c) Ratings for individual clients

The Bank uses two types of ratings with the aim of evaluating default risk for individuals: (1) the application rating, which is derived from an evaluation of clients' personal data, data on the behaviour within the Bank, and data available from external credit bureaus; and (2) a behavioural rating that is based on evaluating the information on the clients' behaviour within the Bank. The application rating is primarily used for active clients' applications for new funding transactions while the behavioural rating (which includes the calculation of indicative limits for simple products with low exposure) is used for active offers of funding by the Bank to its existing clients.

(d) Internal register of negative information

The Bank maintains an internal register of negative information. The register integrates the maximum quantity of available internal and external negative information on subjects related to the credit process. It includes algorithms for evaluating the negative information and contributes substantially to protecting the Bank and the Group from risky entities.

(e) Credit bureaus

The evaluation of data from credit bureaus is one of the principal factors influencing the assessment of applications for client funding, especially in the retail client segments (individuals and small business).

(f) Credit fraud prevention

In the individuals and small business segment, the Bank uses an automated system for the detection of credit frauds and also for co-ordinated reactions to credit fraud attacks. The system is fully integrated with the Bank's main applications and is regularly updated to reflect current market trends.

(g) Granting process

In 2024, the Bank implemented a sophisticated algorithm for detecting inflows and outflows for current accounts of individual clients. It also updated and made significantly more precise the internal minimal values of outlays entering into the creditworthiness assessment of individuals. Inasmuch as these steps significantly improved creditworthiness assessment, the Bank expects this will have a positive impact on the risk profile of granted consumer loans. Throughout the year, the Bank also continued in simplifying the processes and accelerating credit granting to all client segments (with the gradual introduction of digital processes).

(h) Environmental, social, and governance

Climate change is recognised as a major threat to humanity having direct consequences for many activities. Regulatory initiatives from the Czech government, EU authorities, and banking regulators require universal banks like the Bank to take into consideration ESG risks in their credit underwriting policies and their risk management procedures generally.

In the area of risk management, the Bank is progressively implementing principles and procedures that take environmental risk into account within the parent company's ESG by Design programme. Since 2023, the Bank focused on upgrading the climate risk assessment (ability to adapt to the new "green" economy) of its clients, and this assessment is mandatory for business entities with a financing limit of a connected group above EUR 5 million. The evaluation of climate transition risks is subsequently taken into account in the overall credit risk evaluation, and the client's ability to adapt may have an impact on the its internal rating and the Bank's decision to grant a loan. In 2024, KB adopted a portfolio approach for evaluating transition risk for exposures below EUR 5 million.

The Bank is gradually increasing its ability to collect, measure, and disclose ESG data to reflect the regulatory and other initiatives. The ultimate goal is to apply a holistic approach to ESG regulation and to further embed ESG impacts into its core operations and policies (in all relevant areas such as onboarding of clients, transaction/financing validation, and others).

The implementation of changes in the ESG area is closely co-ordinated with SG and takes place within the group SG programme (ESG by Design).

Credit concentration risk

Credit concentration risk is actively managed as a part of overall credit risk management utilising standard tools: credit risk assessment, setting of internal limits, use of risk mitigation techniques, regular reporting, producing of sector analyses, and stress testing. The Bank maintains its objective not to take on any excessive credit concentration risk. Credit concentration risk management procedures cover individual counterparties as well as economically connected groups, countries, selected industry sectors, and collateral providers. A system of internal limits has been established so that the Bank complies with the regulatory limits set by the law in respect of concentration risk. Refer to Notes 22 and 36 for quantitative information about this type of risk.

Financial assets on banking book breakdown by risk class based on an internal rating scale:

			31 Dec 2024 Gross carrying value			31 Dec 2023 Gross carrying value
(CZKm)	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**
Unrated	0	0	0	0	0	0
PD 1 (0.0% – 0.1%)	743,250	614	0	716,901	1,011	0
PD 2 (0.1% – 0.2%)	118,883	12,999	0	118,375	12,755	0
PD 3 (0.2% – 0.4%)	86,011	17,895	0	94,314	16,938	0
PD 4 (0.4% – 0.8%)	93,517	12,661	0	96,503	11,401	0
PD 5 (0.8% – 1.6%)	93,077	13,757	0	85,022	15,036	0
PD 6 (1.6% – 3.2%)	74,806	4,994	0	81,896	5,117	0
PD 7 (3.2% – 6.4%)	53,941	6,481	0	50,827	4,840	0
PD 8 (6.4% – 12.8%)	10,164	14,165	0	6,087	13,465	0
PD 9 (>12.8%)	300	10,240	0	661	9,905	0
Stage 3 (default)	0	0	12,422	0	0	11,583
Total	**1,273,949**	**93,806**	**12,422**	**1,250,586**	**90,468**	**11,583**

Contingent liabilities breakdown by risk class based on an internal rating scale:

	31 Dec 2024 Gross carrying value			31 Dec 2023 Gross carrying value		
(CZKm)	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**
Unrated	0	0	0	0	0	0
PD 1 (0.0% – 0.1%)	44,505	294	0	36,526	357	0
PD 2 (0.1% – 0.2%)	25,305	704	0	23,838	932	0
PD 3 (0.2% – 0.4%)	25,093	673	0	25,182	990	0
PD 4 (0.4% – 0.8%)	34,995	497	0	36,174	682	0
PD 5 (0.8% – 1.6%)	42,947	561	0	28,837	861	0
PD 6 (1.6% – 3.2%)	21,127	369	0	21,786	407	0
PD 7 (3.2% – 6.4%)	15,483	664	0	16,029	1,505	0
PD 8 (6.4% – 12.8%)	3,473	5,037	0	2,984	4,969	0
PD 9 (>12.8%)	78	589	0	55	1,413	0
Stage 3 (default)	0	0	471	0	0	857
Total	**213,006**	**9,388**	**471**	**191,411**	**12,116**	**857**

The Bank's maximum credit exposure as of 31 December 2024:

	Total exposure			Collateral applied		
(CZKm)	Statement of financial position	Off-balance sheet	Total credit exposure	Statement of financial position	Off-balance sheet	Total collateral
Current balances with central banks	**63,966**	**x**	**63,966**	**0**	**x**	**0**
Financial assets held for trading at fair value through profit or loss	**42,302**	**x**	**42,302**	**0**	**x**	**0**
Non-trading financial assets at fair value through profit or loss	**0**	**x**	**0**	**0**	**x**	**0**
Positive fair value of hedging financial derivatives	**6,698**	**x**	**6,698**	**0**	**x**	**0**
Financial assets at fair value through other comprehensive income	**11,232**	**x**	**11,232**	**0**	**x**	**0**
Financial assets at amortised cost	**1,296,407**	**222,865**	**1,519,272**	**350,122**	**34,099**	**384,221**
of which:						
– Other financial corporations	110,256	8,351	118,607	16,428	4,949	21,377
– Non-financial corporations	275,934	156,347	432,281	55,774	24,648	80,422
– Households*	327,946	22,896	350,842	274,957	2,994	277,951
Revaluation differences on portfolios hedge items	**0**	**0**	**0**	**0**	**0**	**0**
Total	**1,420,605**	**222,865**	**1,643,470**	**350,122**	**34,099**	**384,221**

* This item also includes loans provided to individual entrepreneurs.

The maximum credit exposure is presented on a gross basis (i.e. without the impact of allowances).

The Bank's maximum credit exposure as of 31 December 2023:

	Total exposure			Collateral applied		
(CZKm)	Statement of financial position	Off-balance sheet	Total credit exposure	Statement of financial position	Off-balance sheet	Total collateral
Current balances with central banks	**4,064**	**x**	**4,064**	**0**	**x**	**0**
Financial assets held for trading at fair value through profit or loss	**49,398**	**x**	**49,398**	**0**	**x**	**0**
Non-trading financial assets at fair value through profit or loss	**0**	**x**	**0**	**0**	**x**	**0**
Positive fair value of hedging financial derivatives	**8,143**	**x**	**8,143**	**0**	**x**	**0**
Financial assets at fair value through other comprehensive income	**16,706**	**x**	**16,706**	**0**	**x**	**0**
Financial assets at amortised cost	**1,323,562**	**204,384**	**1,527,946**	**339,351**	**33,462**	**372,813**
of which:						
– Other financial corporations	115,753	18,458	134,211	16,636	5,065	21,701
– Non-financial corporations	264,097	135,494	399,591	54,258	22,746	77,004
– Households*	317,225	25,076	342,301	265,190	3,851	269,041
Revaluation differences on portfolios hedge items	**0**	**0**	**0**	**0**	**0**	**0**
Total	**1,401,873**	**204,384**	**1,606,257**	**339,351**	**33,462**	**372,813**

* This item also includes loans provided to individual entrepreneurs.

The maximum credit exposure is presented on a gross basis (i.e. without the impact of allowances).

The Bank's debt securities, allocated by sector and currency, comprised the following as of 31 December 2024:

	Fair value through profit or loss			Fair value through other comprehensive income			Amortised cost		
(CZKm)	CZK	Other	Total	CZK	Other	Total	CZK	Other	Total
Central banks	0	0	0	0	0	0	0	0	0
General governments	19,589	0	19,589	6,903	4,284	11,187	166,843	1,636	168,479
Credit institutions	4	0	4	0	0	0	0	0	0
Other financial corporations	15	0	15	0	0	0	96	0	96
Non-financial corporations	14	0	14	0	0	0	3,848	2,622	6,470
Total debt securities	**19,622**	**0**	**19,622**	**6,903**	**4,284**	**11,187**	**170,787**	**4,258**	**175,045**

The Bank's debt securities, allocated by sector and currency, comprised the following as of 31 December 2023:

	Fair value through profit or loss			Fair value through other comprehensive income			Amortised cost		
(CZKm)	CZK	Other	Total	CZK	Other	Total	CZK	Other	Total
Central banks	0	0	0	0	0	0	0	0	0
General governments	19,120	489	19,609	7,475	9,186	16,661	138,338	1,590	139,928
Credit institutions	0	0	0	0	0	0	0	0	0
Other financial corporations	9	0	9	0	0	0	1,796	0	1,796
Non-financial corporations	3	0	3	0	0	0	1,442	334	1,776
Total debt securities	**19,132**	**489**	**19,621**	**7,475**	**9,186**	**16,661**	**141,576**	**1,924**	**143,500**

Classification of loans and advances

The Bank classifies all its loans and advances arising from financial activities into three categories: Stage 1, Stage 2, and Stage 3. Performing exposures are classified as Stages 1 or Stage 2, while non-performing or defaulted exposure are classified as Stage 3. The classification reflects both quantitative criteria (e.g. payment discipline, financial data) and qualitative criteria (e.g. in-depth knowledge of the client). In case of retail individual clients, the classification also reflects the default sharing principle for co-debtors and guarantors.

The structure of the credit portfolio according to staging is regularly reported to the CNB and to investors.

Significant increase in credit risk

The thresholds for significant increase of lifetime probability of default (PD) have been assessed by the Group on segment level (e.g. for sovereigns, banks and financial institutions, public sector, and large corporates, the increase of annualised lifetime PD by 210 bps causes transfer to S2; for SMEs and specialised lending, the significant increase in credit risk (SICR) threshold is 250 bps; for retail small business it is 300 bps; for mortgages 50 bps; for consumer loans 150 bps; and for revolving deals to individual clients 100 bps) to fulfil the prescribed performance criteria for Stage 2 (default capture rate, default rate in Stage 2, etc.) together with a tripling PD backstop (in line with EBA rules).

New definition of default

The definition of default is in line with EBA Guidelines EBA/GL/2016/07 in applying the definition of default under Article 178 of Regulation (EU) No. 575/2013.

Forbearance (for the definition of forborne loans, refer to Note 3.5.5.8)

In 2024, the Bank adjusted its methodology for management and categorisation of forbearance and of renegotiation in line with EBA Guidelines EBA/GL/2018/06 on management of non-performing and forborne exposures.

The Bank newly distinguishes between providing forbearance to a client with and without financial difficulties. In the case of a client with financial difficulties, the Bank further assesses the nature of these difficulties.

1. In case the forbearance is provided to a client without financial difficulties, the forbearance-related exposure is flagged as renegotiation and categorised as a performing exposure (Stage 1).

2. If the client's financial difficulties are assessed as serious, the exposure is categorised as non-performing forborne – default (Stage 3).

This designation of forbearance is maintained until the following conditions are met:

(a) Correction of the default status (Stage 3), which is possible at earliest 12 months after granting of the forbearance and upon satisfying the established criteria;

(b) Ending of the 2-year surveillance period that follows after correction of the default status. During this period, the repayment discipline must be properly observed (i.e. no receivable may exceed 30 days past due). If the repayment discipline condition is breached during

the surveillance period, then the exposure is reclassified back to Stage 3 (non-performing), after which the 2-year surveillance period starts again.

3. If the client's financial difficulties are assessed as less severe, the exposure is categorised as performing forborne (Stage 2). This designation of the exposure with the concession is changed after the end of the surveillance period, conditioned upon proper repayment discipline.

Characteristics of financial assets at amortised costs that are not rated (other receivables from clients)

The Bank does not rate other amounts due from customers. These amounts consist of non-credit receivables that principally originated from the payment system, fraudulent withdrawals, bank cheques, receivables associated with purchases of securities (on behalf of clients) that have not been settled, and receivables that arise from business arrangements that do not constitute financial activities, specifically receivables arising from outstanding rental payments on non-residential premises, sale of real estate, and prepayments made.

Allowances for loans and advances

The Bank uses IFRS 9 in the area of allowances for loans and advances. Depending on the client segment, materiality, risk profile, and characteristics of the loans and advances, allowances are created either:

(a) individually (for selected non-performing clients, exceptionally for performing clients) while taking into account the present value of expected future cash flows and considering all available information, including the estimated value of collateral realisation and the expected duration of the recovery process; or

(b) using expected credit loss statistical models based on the observed history of defaults and losses and forward-looking information.

During 2024, the Bank updated and recalibrated its IFRS 9 models for the performing portfolio (Stages 1 and 2) and for the retail non-performing portfolio (Stage 3) while considering new macroeconomic forecasts in line with the IFRS 9 forward-looking approach (in terms of sensitivity, GDP and unemployment remain the main predictors in forward-looking models).

These updates of IFRS 9 models led to the creation of allowances for the performing portfolio in the amount of CZK 53 million (2023: release of CZK 142 million) and the release of allowances for the non-performing portfolio in the amount of CZK 53 million (2023: creation of CZK 24 million).

In accordance with the IFRS 9 methodology, the Bank uses a prediction founded on a so-called multi-scenario approach, which as of the end of 2024 proceeded from three scenarios:

(a) a baseline scenario with probability of 56%;
(b) a stress scenario with probability of 34%; and
(c) an optimistic scenario with probability of 10%.

	GDP	Inflation	Interest rate on mortgages	Real wages (yoy)	Unemployment
Baseline economic assumption					
3-year average	2.13%	2.01%	4.60%	3.20%	2.95%
Peak	2.40%	1.65%	4.52%	3.96%	2.77%
Optimistic economic assumption					
3-year average	3.46%	1.54%	3.63%	3.92%	2.52%
Peak	4.30%	0.56%	3.31%	3.96%	2.46%
Stress economic assumption					
3-year average	(0.67%)	3.28%	5.51%	3.08%	4.60%
Trough	(3.20%)	5.01%	5.51%	(0.94%)	6.25%

The scenarios were developed internally using the best estimates and following forecasts published by government, regulatory, and other authorities.

By comparison, at the end of 2023, the Group had assumed three scenarios:

(a) a baseline scenario with a probability of 62%;
(b) a stress scenario with a probability of 28%; and
(c) an optimistic scenario with a probability of 10%.

					31 Dec 2023
	GDP	Inflation	Interest rate on mortgages	Real wages (yoy)	Unemployment
Baseline economic assumption					
3-year average	2.04%	1.10%	3.47%	3.17%	3.02%
Peak	2.30%	(0.73%)	3.21%	4.67%	2.92%
Optimistic economic assumption					
3-year average	3.38%	0.50%	2.89%	4.38%	2.64%
Peak	4.30%	(2.30%)	2.29%	5.82%	2.58%
Stress economic assumption					
3-year average	(1.13%)	2.15%	4.70%	2.71%	5.14%
Trough	(3.30%)	2.87%	5.39%	(0.06%)	6.59%

Sensitivity tests were performed on the expected credit loss resulting from the IFRS 9 models (without post-model adjustments). The potential impacts in the event of a 100% weighting for the given scenarios are shown in the table below:

	Expected credit loss impact	
(CZKm)	**31 Dec 2024**	**31 Dec 2023**
Baseline economic assumption	(210)	(175)
Optimistic economic assumption	(335)	(251)
Stress economic assumption	480	523

In line with the forward-looking concept, the Bank continued with a specific approach using post-model adjustments for the following portfolios with deteriorating credit profile that, as of 31 December 2024, is not fully reflected in the clients' individual credit ratings:

Exposures in retail segments of individuals and small business, within which the Bank expects possible (deferred) negative impacts of recent high inflation, high costs, or high interest rates on the clients' ability to repay their obligations. As of 31 December 2024, the exposure of this portfolio totalled CZK 54.1 billion (2023: CZK 54.8 billion). In the individuals segment, the rating of these clients was downgraded by one notch and in the segment of small business by two notches for the purpose of allowance calculation. In addition, exposures of the aforementioned clients granted up to the end of 2021 are reclassified into Stage 2 (due to the deteriorated macroeconomic situation since initial recognition, which can

influence the future credit profile of the exposures). The level of additional allowances was at CZK 537 million as of 31 December 2024 (2023: CZK 533 million).

In 2024, the Bank continued with a specific approach using post-model adjustments for the whole performing non-retail portfolio because the Bank expects that the ability of clients in this segment to repay their liabilities may be negatively influenced by recent inflation, costs, and interest rates. The level of additional allowances was CZK 1,459 million as of 31 December 2024 (2023: CZK 1,473 million).

The Bank used the approach via additional allowances for the entire non-retail segment, as it does not yet observe significant differences in risk profiles among sectors.

The following table breaks out non-performing loans and advances in gross carrying amount to banks and customers (Stage 3) according to the assessment used:

	31 Dec 2024		31 Dec 2023	
(CZKm)	Individually	Statistical model	Individually	Statistical model
Central banks	0	0	0	0
General governments	12	0	50	0
Credit institutions	19	0	0	0
Other financial corporations	108	17	117	4
Non-financial corporations	5,314	2,479	4,849	2,184
Households*	38	4,435	182	4,197
Total	**5,491**	**6,931**	**5,198**	**6,385**

* This item also includes loans granted to individual entrepreneurs.

Loans and advances collateral management

The Bank uses collateralisation as one of its techniques for credit risk mitigation. The risk management related to collaterals is performed by departments within the Risk Management Arm independently of the Bank's business lines.

The Bank has fully implemented within its internal system the rules for assessing collateral's eligibility according to Regulation (EU) No. 575/2013 and CNB Regulation No. 163/2014. In compliance with the CNB validation, the Bank uses the Advanced Internal Ratings-Based (A-IRB) approach. For clients of the Slovak branch, the Bank uses the Standardised (STD) approach for assessing collateral eligibility.

The recognised value of the collateral is set based on the Bank's internal rules for collateral valuation and discounting. The methods used in defining values and discounts take into account all relevant risks; the expected cost of collateral sale; length of the sales process; historical experience of the Bank; as well as collateral eligibility according to the CNB regulation, bankruptcy/insolvency rules, and other regulations. Specifically, for all real estate collateral, which is the most common type of collateral, the Bank uses independent valuations performed or supervised by the Bank's dedicated specialised internal department. Collateral values reflected in the calculation of capital requirements and other processes (regulatory exposure management, granting process, creation of allowances and provisions) involve the fulfilment of collateral eligibility according to Regulation (EU) No. 575/2013 and CNB Regulation No. 163/2014, as amended.

The Bank (except for the Slovak branch) uses an online connection to the Land Register for reviewing and acquiring data on pledged real estate in granting mortgages or other loans secured by real estate and for regular monitoring of selected events that may put the Bank's pledge right to real estate at risk.

Real estate collateral valuation

Activities related to the valuation of real estate obtained as collateral for corporate and retail loans and advances are independent of the Bank's business processes. The valuation process is managed and controlled by a specialised internal department that co-operates with various external valuation experts. Since 2019, the Bank has started to use statistical valuation models for limited numbers (maximum 20%) of residential real estate valuations.

Recovery of loans and advances from defaulted clients

In 2024, the impacts of the shock development in energy prices from previous years began to subside. Year-on-year inflation significantly diminished and fell to within the CNB's target inflation tolerance band, resulting in a smooth reduction of the REPO base rate.

Nevertheless, the negative impacts from the previous year(s) continue to manifest themselves as a delay in recovery processes. In particular, the Bank observes an increase in the time needed to "cure" clients in the first stage of recovery, up to 90 days after the due date, and a moderate but observable growth in the value of loans entering this stage of collection each month. These effects negatively impact the slightly deteriorated percentage of clients returning to non-delinquent status and the overall volume of loans in the commercial phase of recovery, which slowly, yet gradually, increased throughout the year for the retail clients.

In the course of the year, the Bank also saw deterioration among clients in the small business segment. For those clients, the Bank has observed longer delays in payment of their credit claims and more frequent entry into the next phase of recovery, specifically to out-of-court recoveries.

Although from a long-term perspective the volume of non-performing loans at the Bank remains significantly lower than pre-COVID-19 levels, the Bank responded to the gradually worsening situation throughout the year. It has initiated pilot projects for retail clients identified based on expert and statistical models as having a higher risk of failing to repay debts within 90 days of their due dates. For those clients, the Bank has shortened the period of so-called “soft recovery” (loans in the commercial recovery phase) and reduced the time for transferring to legal recovery. These pilot projects contributed to stabilising the negative impacts on recovery from the previous year’s economic development and halted deterioration within the retail loans repayment situation at the Bank.

The Bank is continuing to boost the efficiency of its processes by digitising and automating certain activities in the out-of-court and legal retail collection in order to increase cost-effectiveness of the recovery and to be prepared for the new digital era of banking.

During 2024, the Bank continued in regular sales of uncollateralised and collateralised retail non-performing loans and receivables to selected qualified investors so that the maximum achievable recovery rate is obtained. The Bank has not carried out any mass sales of non-performing loans secured by real estate collateral.

The Bank continuously responded to the changing legal environment, newly adopted legislation, and their possible impacts on the recovery of loans and other receivables. In the area of enforcement, the full negative impact of interventions on the non-sizable amounts became evident during 2024, particularly due to the repeated increases in the minimum subsistence level and normative housing costs since 2019. This has practically led to collapse of the system of wage and other income deductions. As a result, the Bank has observed a reduction in the cash recovered from unsecured loans pursued in both enforcement and insolvency proceedings.

Increased attention continued to be given especially to the collection of claims under the Insolvency Act regime, that being the predominant method of resolving payment claims from retail and corporate clients in the judicial collection phase. The Bank plays an active role especially in insolvency processes from the position of a secured creditor, member of the creditors’ committee, or representative of creditors, whether in bankruptcy proceedings or in reorganisations, both of which are used by the Bank depending upon a given debtor’s situation and the attitude(s) of other creditor(s).

Throughout 2024, among large corporate clients we have observed confirmation of the trend to address their insolvency situations through reorganisation.

In debt relief processes, the Bank primarily focuses on reviewing reports and assessing whether the client offers adequate repayments to the unsecured creditors relative to their capabilities and the opportunities available in the labour market. During the debt relief period, the Bank also monitors clients' fulfilment of conditions.

The Bank anticipates negative impact from the amendment to the Insolvency Act, enacted by Act No. 252/2024 Coll., particularly concerning reduction of the debt relief period from 5 years to 3 years for all debtors. Given the amendment's effective date (1 October 2024), the Bank expects the financial impact to begin in 2028, when the first proceedings under the new rules will gradually conclude.

In response to the rapidly changing, debtor-friendly legislation, the Bank generally is adopting a more proactive approach to debt management and enforcement processes. By better utilising data and tailoring an approach to the specific situation of each client, the chances of resolving problematic situations significantly increase, benefiting both the Bank and the client

Credit risk hedging instruments

The Bank has not entered into any credit derivative transactions to hedge or reallocate its credit exposures.

Credit risk of financial derivatives

The daily calculation of counterparty risk associated with financial derivatives is based on the Credit Value at Risk (CVaR) indicator. This indicator projects potential adverse development in the market value of a derivative and the potential loss that the Bank may incur if a counterparty fails to fulfil its obligations. The maximum potential exposure is calculated at the 99% probability level and depends on the current market value and type of derivative product, the time remaining until maturity of the derivative transaction, as well as the nominal value and volatility of the underlying assets.

As of 31 December 2024, the Bank had a credit exposure of CZK 318,454 million (2023: CZK 392,382 million) on financial derivative instruments and repo operations, including those with central banks (expressed in CVaR). This amount represents the gross replacement cost at market prices as of that day for all outstanding agreements. The netting agreements and parameters of the collateral agreements are taken into account where applicable.

The Bank puts limits on exposures to counterparties from financial derivatives in order to avoid excessive credit exposures to individual clients that could arise from movements in market prices. The Bank monitors compliance with limits on a daily basis. If these are exceeded, an appropriate alert is triggered and action is taken when relevant. In the event that a limit breach is triggered by the deliberate action of a dealer ("active limit breach"), such behaviour is penalised. The Board of Directors is informed about active limit breaches on a regular basis.

Geopolitical situation

The Bank is continuously monitoring and evaluating effects of the war in Ukraine on its activities and on its clients (which in the overwhelming majority of cases are secondary and indirect impacts, mainly due to clients' dependence on strategic raw materials). The Bank believes that the geopolitical risk is correctly reflected in the ratings of those clients concerned and considers the clients' situations to be stable. An exception is a sensitive exposure in the amount of CZK 2.8 billion (2023: CZK 4.1 billion) to clients who operate gas pipelines and whose situation the Bank specifically monitors. If necessary, the Bank will respond to the changing situation with measures on the part of its policies and accounting estimates, including adjustments to its provisioning models according to IFRS 9.

(B) Market risk

Segmentation of the Bank's financial operations

For market risk management purposes, the Bank's activities are internally separated into two books: the Market Book and the Banking Book. The Market Book consists of transactions initiated by investment banking activities and the treasury desk (interbank and individually priced deposits/loans, repos/reverse repos, securities classified as held for trading, and derivatives originated by investment banking). The Banking Book consists principally of business transactions (loans granted, deposits taken, amounts due to and from customers), hedging transactions relevant to the Banking Book, and other transactions not included in the Market Book.

Products generating market risk in the Market Book

Products that are traded by the Bank and generate market risk include interbank loans and deposits, currency transactions (spots, swaps, forwards), interest rate instruments (interest rate swaps, cross currency swaps, forward rate agreements, interest rate futures, and futures on debt securities), government and corporate bonds, and bills of exchange programmes.

More complex derivatives (options, commodity derivatives, structured derivatives) which are sold to clients are immediately offset on the market by doing "back-to-back" trades in the interbank market, mostly with Société Générale. The market risks associated with these derivatives (e.g. forex risk, interest risk, volatility risk, correlation risk) arises between closing transactions with Société Générale and client transactions where we either do not have a CSA collateral agreement with the particular client or the collateral currency differs from the agreed collateral currency under the CSA agreement with Société Générale.

Market risk management in the Market Book

The Bank uses a system of market risk limits with the objective of limiting potential losses due to movements in market prices by limiting the size of the risk exposure.

The Bank monitors compliance with all limits on a daily basis. If these are exceeded, it takes corrective action to reduce the risk exposure. The Board of Directors is informed on a monthly basis about developments in the exposure to market risk.

In order to measure the extent of market risk inherent in the activities of the Market Book, the Bank uses the one-day historical 99% Value-at-Risk (hereafter only "VaR") concept. VaR is calculated using full revaluation of the position by means of historical market price scenarios. This method reflects correlations between various financial markets and underlying instruments on a non-parametric basis, as it uses scenarios simulating one-day variations of relevant market parameters over a period of time limited to the past 260 business days. The resulting 99% VaR indicator captures the loss that would be incurred after eliminating the 1% of the most unfavourable occurrences. This estimate is calculated as the average of the second- and third-largest potential losses out of the 260 scenarios considered.

The VaR for a one-day horizon with a confidence level of 99% was CZK (19) million as of 31 December 2024 (2023: CZK (19) million). The average VaR was CZK (25) million in 2024 (2023: CZK (34) million).

The accuracy of the VaR model is validated through a back-testing calculation, whereby actual trading results and hypothetical results (i.e. results excluding deals closed during the day) are compared with the VaR results. The actual results should not exceed VaR more frequently than on 1% of the days within a given period. There were two P&L vs. VaR breaches in 2024, which is in line with the methodological assumptions of the model.

In addition, the Bank performs stress tests on a daily basis which capture losses potentially generated by larger shocks. These stress events have a lower probability of occurrence than VaR scenarios, and they measure potential losses relevant to the risk exposure in the Market Book. Several types of stress tests for foreign exchange and interest rate exposures are used. These are developed either based upon actual crisis situations in the past (such as the Lehman bankruptcy in 2008) or from a hypothetical crisis that could negatively influence the performance of the Market Book.

Such additional specific metrics as sensitivities to market parameters or size of exposure are used to obtain a detailed picture of risks and strategies.

The Bank uses Société Générale Group's VaR and stress tests methodology and the Group's software for market risk management.

Market risk in the Banking Book

The Bank manages foreign exchange risk so as to minimise risk exposures. In order to achieve this, the foreign exchange position of the Banking Book is measured on a daily basis and subsequently hedged according to established rules. For the purpose of hedging foreign exchange positions within the Banking Book, the Bank uses standard currency instruments in the interbank market, such as currency spots and forwards.

As of 31 December 2024, the accounting aggregate FX position on the Banking book was CZK 230 million (2023: CZK 169 million).

Interest rate risk within the Banking Book is monitored and measured using a static gap analysis, sensitivity of net present value to a parallel shift of the yield curve, sensitivity of net interest income to a parallel shift of the yield curve, and the indicator of net interest margin sensitivity with budgeted balance sheet projection for the next 2 years.

The indicators are monitored separately for CZK, USD, EUR, and the sum of other foreign currencies.

The indicator of the Bank's sensitivity to a change in market interest rates is measured based upon the assumption of an instantaneous, one-off, and adverse parallel shift of the market yield curve by 0.1% p.a. It is determined as the present value of the costs of closing out the Bank's open interest rate position after the adverse change of interest rates has occurred. As of 31 December 2024, for the hypothetical assumption of a 0.1% change in market interest rates, the CZK interest rate risk sensitivity was CZK (176) million (2023: CZK (104) million), the EUR sensitivity was CZK (29) million (2023: CZK (8) million), the USD sensitivity was CZK 1 million (2023: CZK 3 million), and for other currencies, it was CZK (1) million (2023: CZK (1) million).

As of 31 December 2024, for the hypothetical assumption of a 0.1% parallel shift in market interest rates, the CZK net interest margin sensitivity in a 2-year horizon was CZK 152 million (2023: CZK 238 million), the EUR sensitivity was CZK 24 million (2023: CZK 49 million), the USD sensitivity was CZK 5 million (2023: CZK 7 million), and for other currencies it was CZK (1) million (2023: CZK (1) million).

For hedging against interest rate risk within the Banking Book, the Bank uses both standard derivative instruments available in the interbank market (such as forward rate agreements and interest rate swaps) and appropriate investments in securities or a favourable selection of interest rate parameters for other assets and liabilities.

(C) Financial derivatives

The Bank operates a system of market risk and counterparty limits designed to restrict disproportionate exposures due to movements in market prices and counterparty concentrations. The Bank also monitors adherence to all limits on a daily basis. It follows up on any breaches of these limits and takes corrective action to reduce the risk exposure.

The following tables set out nominal and fair values of financial derivative instruments categorised as held for trading and hedging.

Financial derivative instruments designated as held for trading are as follow:

	31 Dec 2024 Nominal value		31 Dec 2023 Nominal value		31 Dec 2024 Fair value		31 Dec 2023 Fair value	
(CZKm)	Assets	Liabilities	Assets	Liabilities	Positive	Negative	Positive	Negative
Interest rate instruments								
Interest rate swaps	2,525,758	2,525,758	2,306,394	2,306,394	9,012	8,968	14,977	15,810
Interest rate forwards and futures*	788,612	788,612	1,603,318	1,603,318	58	0	10	0
Interest rate options	116,159	116,159	116,176	116,176	423	460	840	840
Total interest rate instruments	**3,430,529**	**3,430,529**	**4,025,888**	**4,025,888**	**9,493**	**9,428**	**15,827**	**16,650**
Foreign currency instruments								
Currency swaps	598,790	598,600	553,382	553,720	4,302	4,238	4,507	4,587
Cross currency swaps	213,482	213,252	232,885	233,860	6,386	6,384	6,894	8,118
Currency forwards	81,584	83,957	80,910	85,115	614	1,986	452	3,803
Purchased options	82,335	81,886	77,409	77,274	1,879	0	2,089	0
Sold options	81,886	82,336	77,274	77,410	0	1,877	0	2,090
Total currency instruments	**1,058,077**	**1,060,031**	**1,021,860**	**1,027,379**	**13,181**	**14,485**	**13,942**	**18,598**
Other instruments								
Forwards on debt securities	48	48	6	6	0	0	0	0
Purchased share options	988	988	988	988	6	0	8	0
Sold share options	988	988	988	988	0	6	0	8
Total other instruments	**2,024**	**2,024**	**1,982**	**1,982**	**6**	**6**	**8**	**8**
Total	**4,490,630**	**4,492,584**	**5,049,730**	**5,055,249**	**22,680**	**23,919**	**29,777**	**35,256**

* Fair values include only forwards. Regarding futures, the Group places funds on a margin account that is used on a daily basis to settle fair value changes. Receivables arising from these margin accounts are reported within other assets.

Financial derivative instruments designated as held for trading are shown below at nominal values by remaining contractual maturity as of 31 December 2024:

(CZKm)	Up to 1 year	1 to 5 years	Over 5 years	Total
Interest rate instruments				
Interest rate swaps	655,959	1,314,280	555,519	2,525,758
Interest rate forwards and futures*	748,372	40,240	0	788,612
Interest rate options	60,882	49,484	5,793	116,159
Total interest rate instruments	**1,465,213**	**1,404,004**	**561,312**	**3,430,529**
Foreign currency instruments				
Currency swaps	494,292	73,191	31,307	598,790
Cross currency swaps	56,806	125,196	31,480	213,482
Currency forwards	42,499	39,085	0	81,584
Purchased options	39,152	43,183	0	82,335
Sold options	38,812	43,074	0	81,886
Total currency instruments	**671,561**	**323,729**	**62,787**	**1,058,077**
Other instruments				
Forwards on debt securities	48	0	0	48
Purchased share options	0	988	0	988
Sold share options	0	988	0	988
Total other instruments	**48**	**1,976**	**0**	**2,024**
Total	**2,136,822**	**1,729,709**	**624,099**	**4,490,630**

* The remaining contractual maturity of forward rate agreements (FRA) and futures covers the period to the fixing date when off-balance sheet exposures are reversed.

Financial derivative instruments designated as held for trading are shown below at nominal values by remaining contractual maturity as of 31 December 2023:

(CZKm)	Up to 1 year	1 to 5 years	Over 5 years	Total
Interest rate instruments				
Interest rate swaps	507,309	1,274,369	524,716	2,306,394
Interest rate forwards and futures*	1,319,310	284,008	0	1,603,318
Interest rate options	1,807	89,918	24,451	116,176
Total interest rate instruments	**1,828,426**	**1,648,295**	**549,167**	**4,025,888**
Foreign currency instruments				
Currency swaps	520,446	32,936	0	553,382
Cross currency swaps	52,122	133,690	47,073	232,885
Currency forwards	55,125	25,785	0	80,910
Purchased options	38,394	39,015	0	77,409
Sold options	38,447	38,827	0	77,274
Total currency instruments	**704,534**	**270,253**	**47,073**	**1,021,860**
Other instruments				
Forwards on debt securities	6	0	0	6
Purchased share options	0	988	0	988
Sold share options	0	988	0	988
Total other instruments	**6**	**1,976**	**0**	**1,982**
Total	**2,532,966**	**1,920,524**	**596,240**	**5,049,730**

* The remaining contractual maturity of forward rate agreements (FRA) and futures covers the period to the fixing date when off-balance sheet exposures are reversed.

Financial derivative instruments designated as hedging are as follow:

	31 Dec 2024 Nominal value		31 Dec 2023 Nominal value		31 Dec 2024 Fair value		31 Dec 2023 Fair value	
(CZKm)	Assets	Liabilities	Assets	Liabilities	Positive	Negative	Positive	Negative
Interest rate swaps for fair value hedging	1,219,571	1,219,571	1,089,493	1,089,493	6,113	27,175	6,695	30,090
Cross currency swaps for cash flow hedging	80,006	80,558	34,244	34,213	238	666	872	672
Cross currency swaps for fair value hedging	13,080	12,593	13,080	12,363	315	0	553	0
Forwards on stocks for cash flow hedging	55	56	71	71	25	0	17	0
Forwards on stocks for fair value hedging	21	21	48	47	7	0	6	0
Total	**1,312,733**	**1,312,799**	**1,136,936**	**1,136,187**	**6,698**	**27,841**	**8,143**	**30,762**

Remaining contractual maturities of derivatives designated as hedging are shown below as of 31 December 2024:

(CZKm)	Up to 1 year	1 to 5 years	Over 5 years	Total
Interest rate swaps for fair value hedging	158,978	624,834	435,759	1,219,571
Cross currency swaps for cash flow hedging	13,894	66,112	0	80,006
Cross currency swaps for fair value hedging	0	13,080	0	13,080
Forwards on stocks for cash flow hedging	16	39	0	55
Forwards on stocks for fair value hedging	0	21	0	21
Total	**172,888**	**704,086**	**435,759**	**1,312,733**

Remaining contractual maturities of derivatives designated as hedging are shown below as of 31 December 2023:

(CZKm)	Up to 1 year	1 to 5 years	Over 5 years	Total
Interest rate swaps for fair value hedging	167,820	542,326	379,347	1,089,493
Cross currency swaps for cash flow hedging	11,352	22,892	0	34,244
Cross currency swaps for fair value hedging	0	13,080	0	13,080
Forwards on stocks for cash flow hedging	15	56	0	71
Forwards on stocks for fair value hedging	27	21	0	48
Total	**179,214**	**578,375**	**379,347**	**1,136,936**

Shown below are the undiscounted cash flows from derivatives designated for cash flow hedging according to the periods within which they are expected to affect profit or loss:

	31 Dec 2024			31 Dec 2023		
(CZKm)	Up to 1 year	1 to 5 years	Over 5 years	Up to 1 year	1 to 5 years	Over 5 years
Floating cash flows from cash flow hedging derivatives	428	718	0	434	447	0

The Bank treats as hedges only those contracts for which it is able to demonstrate that all criteria set out in IAS 39 for recognising the transactions as hedges have been met. The Bank's strategy remains unchanged in line with IAS 39.

During 2024 the Bank recorded the following hedges:

Documentation is maintained for all hedging relationships, defining the hedged risk and the corresponding hedging instrument. Each hedging instrument is included into a hedging relationship at the time of its inception. Effectiveness tests are calculated and evaluated on a quarterly basis, and any hedge ineffectiveness is accounted for in the income statement.

All of the Bank's hedging derivatives fulfilled the conditions defined by accounting standards for the application of hedge accounting during 2024.

The Bank does not record any cases where hedge accounting was applied to a highly probable forecast transaction that is no longer expected to occur. During the year the Bank did not early terminate any hedging relationships or hedging derivatives.

Interest rate risk

Interest rate risk is hedged either at the portfolio level (portfolio hedging is used for modelled balance sheet items or for bulk production generated by the branch network) or at the individual transaction level (loans, bonds). The hedged risk for hedge accounting purposes is expressed using the hypothetical derivative method, which is a derivative defined to match perfectly the characteristics of the risk being hedged. The hypothetical derivative does not contain credit risk, and its floating rate component is linked to the OIS (overnight index swap) rate. Because these two parameters do not precisely reflect the hedged risk, they are a source of hedge ineffectiveness. The Bank has developed a detailed interest rate risk management strategy that includes descriptions of permitted derivatives, instructions on how to use them, and their accounting valuation method.

In 2024, the impact into the Statement of Income due to hedge ineffectiveness was a loss CZK 12 million (2023: loss of CZK 1 million).

Hedging relationships:

a. The fair value of long-term loans provided, of investments in long-term government securities classified under the business model “Hold, collect contractual cash flows and sell”, and of investments in long-term securities classified under the business model “Hold and collect contractual cash flows” is hedged by interest rate or cross-currency swaps.

b. The fair values of issued long-term mortgage bonds classified into the ‘Securities issued’ portfolio are hedged by interest rate swaps.

c. The fair value of fixed-rate deposits, loans taken, or repo operations is hedged using interest rate swaps.

d. Future cash flows from a portfolio of short-term assets traded on the interbank market and client loans are hedged by a portfolio of interest rate or cross-currency swaps (cash flows will occur continuously and also will affect the Bank’s income statement continuously).

e. Future cash flows from a portfolio of short-term liabilities traded on the interbank market and client liabilities are hedged by a portfolio of interest rate or cross-currency swaps (cash flows will occur continuously and also will affect the Bank’s income statement continuously).

f. The fair value from a portfolio of current and savings accounts of clients is hedged by a portfolio of interest rate and cross-currency swaps.

The Bank did not terminate early any hedging relationship or hedging derivative during the year.

Foreign Currency Risk

Currency risk is hedged at the level of individual transactions. The hedging instrument is a derivative or a specific balance sheet foreign currency item.

All currency hedging relationships were effective during 2024.

Hedging relationships:

a. In selected material cases, the Bank hedges future cash flows of firm commitments arising from contractual obligations (e.g. contractual payments to third parties in foreign currency) or the Bank's receivables (e.g. receivables from contractual partners) with foreign currency assets (e.g. short-term loans on the interbank market) or foreign currency liabilities (e.g. short-term liabilities to clients).

b. Foreign currency flows arising from the issuance of mortgage bonds are hedged using currency swaps.

Hedging of investments in foreign equity interests:

a. The currency risk of equity interests in subsidiaries is hedged by selected foreign currency liabilities (e.g. short-term liabilities to clients).

The Bank terminated early hedging relationships equivalent to CZK 14 million during the year, with an impact of CZK (1) million (2023: CZK 0 million) in the income statement. It involved hedging future cash flows of firm commitments arising from contractual payments.

Equity Price Risk

Based on the regulator's requirement, the Bank linked part of the remuneration of selected employees to the performance of KB's or SG's share prices. The Bank thus takes on a risk of changes in share prices, which causes volatility in personnel costs depending on the share price development. This risk is hedged using an equity forward, where the initial share price is set at the beginning and fluctuations in share prices between the two counterparties are settled. The program under which the conditions for employee bonus payments are evaluated is 6 years, so the maturities of equity forwards are between 1 and 6 years. The hedging instrument is an equity forward, and the hedged item is the liability to employees for deferred bonuses. The source of ineffectiveness is an inaccurate estimate as to the volume of dividends paid.

Hedging relationships:

a. Part of the remuneration of selected bank employees is paid in the cash equivalent of the value of Komerční banka, a.s. shares. The Bank hedges the risk of changes in the value of Komerční banka, a.s. shares. The hedging instrument is equity forwards.

In 2024, the impact into the Statement of Income due to hedge ineffectiveness was a gain of CZK 2 million (2023: CZK 0 million). The Bank did not terminate early any hedging relationship or hedging derivative during the year.

Further information on hedges is provided in Notes 3, 5, and 7 to these Financial Statements.

(D) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The length of time for which the rate of interest is fixed on a financial instrument therefore indicates to what extent that instrument is exposed to interest rate risk. Market developments have led to a situation where interest rates are negative in certain currencies. This fact does not change the essence of interest rate risk measurement and management because the principle of recognising changes in interest rates over time remains unaltered, just as the concept of hedging against interest rate risk by matching volumes with changing values within the given period remains valid. Due to legal and technical limitations, methods to prevent negative rates from being applied at the client's level can be applied with the objective of maintaining accordance between a transaction's contractual and economic natures. With respect to ongoing market practice, client deposits are seeing the introduction of deposit fees, which constitute a specific response to the existence of negative market interest rates and also comply with the requirements given by limitations ensuing from the existing legal framework.

The Bank uses internal models for managing interest rate risk. The objective of these models is to describe the expected economic behaviour of the Bank's clients when market interest rates fluctuate. It is the policy of the Bank's management to manage the exposure to fluctuations in net interest income arising from changes in interest rates through a gap analysis of assets and liabilities in individual groups. Further information about interest rate risk management is provided in Section (B) of this Note.

The table below provides information on the extent of the Bank's interest rate exposure based either on the contractual maturity date of its financial instruments or, in the case of instruments that reprice to a market rate of interest before maturity, the next repricing date. Those assets and liabilities that do not have contractual maturities or repricing dates were grouped into the *'Undefined'* category. The table includes a breakout of other assets and liabilities not within the scope of financial instruments as defined in IAS 32.

2024 (CZKm)	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Undefined****	Total
Assets						
Cash and current balances with central banks	72,538	0	0	0	0	72,538
Financial assets and other assets held for trading at fair value through profit or loss	19,622	0	0	0	22,680	42,302
Non-trading financial assets at fair value through profit or loss	0	0	0	0	0	0
Positive fair values of hedging financial derivatives	0	0	0	0	6,698	6,698
Financial assets at fair value through other comprehensive income	1,642	1,348	3,508	5,947	(1,213)	11,232
Financial assets at amortised cost	643,717	111,121	368,176	166,537	(3,669)	1,285,882
– Loans and advances to banks	312,251	23,771	37,650	8,250	0	381,922

2024 (CZKm)	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Undefined****	Total
– Loans and advances to customers	327,634	77,448	282,829	41,999	(995)	728,915
– Debt securities	3,832	9,902	47,697	116,288	(2,674)	175,045
Current tax assets	0	0	0	0	98	98
Deferred tax assets	0	0	0	0	161	161
Prepayments, accrued income, and other assets	0	0	0	0	4,196	4,196
Investments in subsidiaries and associates	0	0	0	0	19,169	19,169
Intangible assets	0	0	0	0	9,568	9,568
Tangible assets	0	0	0	0	6,586	6,586
Assets held for sale	0	0	0	0	16	16
Total assets	**737,519**	**112,469**	**371,684**	**172,484**	**64,290**	**1,458,446**
Liabilities						
Amounts due to central banks	0	0	0	0	0	0
Financial liabilities held for trading at fair value through profit or loss	23,730	0	0	0	23,919	47,649
Negative fair values of hedging financial derivatives	0	0	0	0	27,841	27,841
Financial liabilities at amortised cost	344,425	30,832	22,635	986	820,319	1,219,197
– Amounts due to banks	58,705	10,900	3,974	0	(114)	73,465
– Amounts due to customers*	284,296	19,624	1,059	0	820,673	1,125,652
– Securities issued	1,302	0	16,393	0	(240)	17,455
– Lease liabilities	122	308	1,209	986	0	2,625
Revaluation differences on portfolios hedge items	0	0	0	0	(31,378)	(31,378)
Current tax liabilities	0	0	0	0	0	0
Deferred tax liabilities	0	0	0	0	426	426
Accruals and other liabilities	0	0	0	0	11,626	11,626
Provisions	0	0	0	0	698	698
Subordinated and senior non-preferred debt	65,715	0	0	0	0	65,715
Total liabilities	**433,870**	**30,832**	**22,635**	**986**	**853,451**	**1,341,774**
Statement of Financial Position interest rate gap as of 31 December 2024	**303,649**	**81,637**	**349,049**	**171,498**	**(789,161)**	**116,672**
Nominal value of derivatives**	4,126,089	269,584	334,832	226,163	0	4,956,668

2024 (CZKm)	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Undefined****	Total
Total off-balance sheet assets	**4,126,089**	**269,584**	**334,832**	**226,163**	**0**	**4,956,668**
Nominal value of derivatives**	4,141,320	249,460	371,589	194,134	0	4,956,503
Undrawn portion of loans***	(7,624)	(6,458)	9,040	5,042	0	0
Undrawn portion of revolving loans***	0	0	0	0	0	0
Total off-balance sheet liabilities	**4,133,696**	**243,002**	**380,629**	**199,176**	**0**	**4,956,503**
Net off-balance sheet interest rate gap as of 31 December 2024	**(7,607)**	**26,582**	**(45,797)**	**26,987**	**0**	**165**
Cumulative interest rate gap as of 31 December 2024	**296,042**	**404,261**	**707,513**	**905,998**	**116,837**	**x**

* This item in column 'Undefined' principally includes client deposits for which there is no information about contractual maturity or repricing date.

** Assets and liabilities arising from derivatives include interest rate swaps, interest rate forwards and futures, interest rate options, and cross currency swaps.

*** Undrawn loans and revolving loans are reported on a net basis (i.e. the Bank reports both the expected drawings and repayments within one line). This line does not reflect commitments for which no interest rate has been set.

**** The column 'Undefined' also contains a revaluation to fair value of financial assets and financial liabilities.

2023 (CZKm)	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Undefined****	Total
Assets						
Cash and current balances with central banks	12,369	0	0	0	0	12,369
Financial assets and other assets held for trading at fair value through profit or loss	19,621	0	0	0	29,777	49,398
Non-trading financial assets at fair value through profit or loss	0	0	0	0	0	0
Positive fair values of hedging financial derivatives	0	0	0	0	8,143	8,143
Financial assets at fair value through other comprehensive income	993	3,244	3,369	10,549	(1,449)	16,706
Financial assets at amortised cost	733,403	98,452	323,228	160,438	(2,452)	1,313,069
– Loans and advances to banks	405,695	6,989	28,366	14,200	0	455,250
– Loans and advances to customers	328,724	70,798	254,655	61,135	(993)	714,319
– Debt securities	(1,016)	20,665	40,207	85,103	(1,459)	143,500
Current tax assets	0	0	0	0	643	643
Deferred tax assets	0	0	0	0	124	124
Prepayments, accrued income, and other assets	0	0	0	0	3,637	3,637
Investments in subsidiaries and associates	0	0	0	0	19,059	19,059
Intangible assets	0	0	0	0	9,048	9,048
Tangible assets	0	0	0	0	6,452	6,452
Assets held for sale	0	0	0	0	426	426
Total assets	**766,386**	**101,696**	**326,597**	**170,987**	**73,408**	**1,439,074**
Liabilities						
Amounts due to central banks	0	0	0	0	0	0
Financial liabilities held for trading at fair value through profit or loss	25,890	0	0	0	35,256	61,146
Negative fair values of hedging financial derivatives	0	0	0	0	30,762	30,762
Financial liabilities at amortised cost	349,501	47,571	23,931	1,691	762,876	1,185,570
– Amounts due to banks	80,543	1,183	5,089	0	(206)	86,609
– Amounts due to customers*	266,741	45,101	1,110	110	763,381	1,076,443
– Securities issued	2,110	1,028	16,589	750	(299)	20,178
– Lease liabilities	107	259	1,143	831	0	2,340
Revaluation differences on portfolios hedge items	0	0	0	0	(34,366)	(34,366)

2023 (CZKm)	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Undefined****	Total
Current tax liabilities	0	0	0	0	35	35
Deferred tax liabilities	0	0	0	0	537	537
Accruals and other liabilities	0	0	0	0	14,945	14,945
Provisions	0	0	0	0	782	782
Subordinated and senior non-preferred debt	64,560	0	0	0	0	64,560
Total liabilities	**439,951**	**47,571**	**23,931**	**1,691**	**810,827**	**1,323,971**
Statement of Financial Position interest rate gap as of 31 December 2023	**326,435**	**54,125**	**302,666**	**169,296**	**(737,419)**	**115,103**
Nominal value of derivatives**	3,488,731	1,183,065	491,269	232,525	0	5,395,590
Total off-balance sheet assets	**3,488,731**	**1,183,065**	**491,269**	**232,525**	**0**	**5,395,590**
Nominal value of derivatives**	3,587,561	1,165,540	497,118	145,598	0	5,395,817
Undrawn portion of loans***	(7,844)	(6,924)	9,480	5,288	0	0
Undrawn portion of revolving loans***	0	0	0	0	0	0
Total off-balance sheet liabilities	**3,579,717**	**1,158,616**	**506,598**	**150,886**	**0**	**5,395,817**
Net off-balance sheet interest rate gap as of 31 December 2023	**(90,986)**	**24,449**	**(15,329)**	**81,639**	**0**	**(227)**
Cumulative interest rate gap as of 31 December 2023	**235,449**	**314,023**	**601,360**	**852,295**	**114,876**	**x**

* This item in column 'Undefined' principally includes client deposits for which there is no information about contractual maturity or repricing date.

** Assets and liabilities arising from derivatives include interest rate swaps, interest rate forwards and futures, interest rate options, and cross currency swaps.

*** Undrawn loans and revolving loans are reported on a net basis (i.e. the Bank reports both the expected drawings and repayments within one line). This line does not reflect commitments for which no interest rate has been set.

**** The column 'Undefined' also contains a revaluation to fair value of financial assets and financial liabilities.

Average interest rates as of 31 December 2024 and 2023 were as follow:

	31 Dec 2024			31 Dec 2023		
	CZK	USD	EUR	CZK	USD	EUR
Assets						
Cash and current balances with central banks	3.43%	x	x	4.13%	x	x
Financial assets at fair value through other comprehensive income	1.94%	x	1.17%	1.93%	x	1.56%
Financial assets at amortised cost	3.72%	5.75%	3.74%	5.04%	6.74%	4.42%
– Loans and advances to banks	3.48%	5.08%	3.00%	6.30%	6.13%	3.58%
– Loans and advances to customers	4.07%	6.47%	4.14%	4.57%	7.39%	4.71%
– Debt securities	3.13%	0.00%	4.03%	3.01%	0.00%	3.79%
Total assets	**3.59%**	**5.47%**	**3.67%**	**4.82%**	**6.33%**	**4.21%**
Total interest-earning assets	**3.64%**	**5.65%**	**3.69%**	**4.92%**	**6.52%**	**4.24%**
Liabilities						
Amounts due to central banks	0.00%	x	x	0.00%	x	x
Financial liabilities at amortised cost	0.66%	3.32%	0.74%	1.37%	3.72%	1.38%
– Amounts due to banks	(0.57%)	4.56%	2.20%	1.89%	5.48%	3.23%
– Amounts due to customers	0.66%	0.79%	0.30%	1.36%	0.70%	0.34%
– Securities issued	1.83%	x	x	2.10%	x	x
– Lease liabilities	3.26%	x	2.77%	2.82%	x	2.55%
Subordinated and senior non-preferred debt	x	x	4.97%	x	x	5.96%
Total liabilities	**0.74%**	**3.27%**	**1.85%**	**1.38%**	**3.67%**	**2.55%**
Total interest-bearing liabilities	**0.75%**	**3.32%**	**1.87%**	**1.50%**	**3.72%**	**2.59%**
Off-balance sheet assets						
Nominal value of derivatives (interest rate swaps, options, etc.)	1.64%	3.23%	0.89%	1.73%	3.30%	0.75%
Undrawn portion of loans	5.90%	x	4.03%	7.96%	x	4.78%
Undrawn portion of revolving loans	6.07%	5.62%	3.27%	9.09%	6.32%	4.13%
Total off-balance sheet assets	**1.76%**	**3.21%**	**0.98%**	**1.93%**	**3.27%**	**0.88%**
Off-balance sheet liabilities						
Nominal value of derivatives (interest rate swaps, options, etc.)	1.75%	2.96%	0.81%	1.73%	2.84%	0.67%

			31 Dec 2024			31 Dec 2023
Undrawn portion of loans	5.90%	x	4.03%	7.96%	x	4.78%
Undrawn portion of revolving loans	6.07%	5.62%	3.27%	9.09%	6.32%	4.13%
Total off-balance sheet liabilities	**1.87%**	**2.94%**	**0.88%**	**1.93%**	**2.82%**	**0.79%**

Note: The table above sets out the average interest rates for December 2024 and 2023 calculated as a weighted average for each asset and liability category.

The 2W repo rate announced by the CNB decreased during 2024 from 6.75% to 4.00%. Czech crown money market rates (PRIBOR) decreased by 2.79% (1M) and by 2.02% (12M). Rates on interest rate swaps decreased by 0.62% (2Y) and increased by 0.32% (10Y).

The 2W repo rate announced by the CNB decreased during 2023 from 7.00% to 6.75%. Czech crown money market rates (PRIBOR) fell by 0.31% (1M) and by 1.56% (12M). Rates on interest rate swaps decreased by 1.30% (10Y) and by 2.09% (2Y).

Euro money market rates decreased during 2024 by 1.00% (1M) and by 1.05% (12M), and the rates on interest rate swaps decreased by 0.61% (2Y) and by 0.12% (10Y).

Euro money market rates increased during 2023 by 1.96% (1M) and by 0.22% (12M), and the rates on interest rate swaps decreased by 0.57% (2Y) and by 0.67% (10Y).

The dollar money market rate SOFR decreased during 2024 by 1.03% (ON) and the rate on interest rate swaps decreased by 0.01% (2Y) and increased by 0.56% (10Y).

The dollar money market rate SOFR increased during 2023 by 1.10% (ON) and the rate on interest rate swaps decreased by 0.38% (10Y) and by 0.61% (2Y).

Following is a breakdown of financial assets and liabilities by their exposure to interest rate fluctuations:

	31 Dec 2024				31 Dec 2023			
(CZKm)	Fixed interest rate	Floating interest rate	No interest	Total	Fixed interest rate	Floating interest rate	No interest	Total
Assets								
Cash and current balances with central banks	1,625	49,615	21,298	72,538	0	0	12,369	12,369
Financial assets and other assets held for trading at fair value through profit or loss	19,545	77	22,680	42,302	19,547	74	29,777	49,398
Non-trading financial assets at fair value through profit or loss	0	0	0	0	0	0	0	0
Positive fair values of hedging financial derivatives	0	0	6,698	6,698	0	0	8,143	8,143
Financial assets at fair value through other comprehensive income	11,187	0	45	11,232	16,661	0	45	16,706
Financial assets at amortised cost	758,445	521,499	5,938	1,285,882	678,416	628,385	6,268	1,313,069
– Loans and advances to banks	115,203	265,988	731	381,922	90,069	363,968	1,213	455,250
– Loans and advances to customers	479,553	244,155	5,207	728,915	456,239	253,025	5,055	714,319
– Debt securities	163,689	11,356	0	175,045	132,108	11,392	0	143,500
Liabilities								
Amounts due to central banks	0	0	0	0	0	0	0	0
Financial liabilities held for trading at fair value through profit or loss	0	0	47,649	47,649	0	0	61,146	61,146
Negative fair values of hedging financial derivatives	0	0	27,841	27,841	0	0	30,762	30,762
Financial liabilities at amortised cost	31,431	1,186,660	1,106	1,219,197	31,474	1,151,695	2,401	1,185,570
– Amounts due to banks	11,270	62,074	121	73,465	10,872	75,702	35	86,609
– Amounts due to customers*	81	1,124,586	985	1,125,652	100	1,073,977	2,366	1,076,443
– Securities issued	17,455	0	0	17,455	18,162	2,016	0	20,178
– Lease liabilities	2,625	0	0	2,625	2,340	0	0	2,340
Revaluation differences on portfolios hedge items	0	0	(31,378)	(31,378)	0	0	(34,366)	(34,366)
Subordinated and senior non-preferred debt	0	65,715	0	65,715	0	64,560	0	64,560

* This item in the column 'Floating interest rate' principally includes client deposits where the Bank has the option to reset interest rates, and hence they are not sensitive to interest rate changes.

Note: Individual assets and liabilities are split into the categories of 'Fixed interest rate', 'Floating interest rate', and 'No interest' according to contractual parameters defining the interest rate structure. For this purpose, a fixed interest rate is defined as a rate with a repricing period exceeding 1 year. Products having no parameters defining their interest rate structure are included in the 'No interest' category.

(E) Liquidity risk

Liquidity risk is a measure of the extent to which the Bank may be required to raise funds to meet its commitments associated with financial instruments.

Liquidity risk management is based upon the liquidity risk management system approved by the Bank's Board of Directors. Liquidity is monitored on a bank-wide level, with the Market Book also having a standalone limit. The Bank has established its liquidity risk management rules such that it maintains its liquidity profile in normal conditions (basic liquidity scenario) and in crisis conditions (crisis liquidity scenario). As such, the Bank has defined a set of indicators for which binding limits are established.

The Bank is exposed to daily calls on its available cash resources from derivatives, overnight deposits, current accounts, maturing deposits, loan drawdowns, and guarantees. The Bank's experience has shown that the amount of daily such settlements can be predicted with reasonable precision, and therefore the Bank sets limits on the minimum proportion of maturing funds that must be available to meet such calls and on the minimum level of interbank and other borrowing facilities (mainly reverse repo transactions with CNB) that should be in place to cover withdrawals at unexpectedly high levels of demand.

The liquidity risk of the Bank is managed as stated above (and in particular not on the basis of undiscounted cash flows).

The table below provides a breakdown of assets, liabilities, and equity into relevant maturity groupings based on the remaining period from the financial statements date to the contractual maturity date. The table includes a breakout of other assets and liabilities not within the scope of financial instruments as defined in IAS 32.

2024 (CZKm)	On demand up to 7 days	7 days up to 3 months	3 months to 1 year	1 yearto 5 years	Over 5 years	Maturity undefined**	Total
Assets							
Cash and current balances with central banks	63,966	0	0	0	0	8,572	72,538
Financial assets and other assets held for trading at fair value through profit or loss	0	325	926	7,503	11,235	22,313	42,302
Non-trading financial assets at fair value through profit or loss	0	0	0	0	0	0	0
Positive fair values of hedging financial derivatives	0	0	0	0	0	6,698	6,698
Financial assets at fair value through other comprehensive income	318	1,370	1,347	3,508	5,947	(1,258)	11,232
Financial assets at amortised cost	369,162	34,887	127,885	344,332	413,285	(3,669)	1,285,882
– Loans and advances to banks	304,473	7,100	23,116	38,983	8,250	0	381,922
– Loans and advances to customers	64,689	26,291	104,100	253,308	281,522	(995)	728,915
– Debt securities	0	1,496	669	52,041	123,513	(2,674)	175,045
Current tax assets	98	0	0	0	0	0	98
Deferred tax assets	161	0	0	0	0	0	161
Prepayments, accrued income, and other assets	4,196	0	0	0	0	0	4,196
Investments in subsidiaries and associates	0	0	0	0	0	19,169	19,169
Intangible assets	0	0	0	0	0	9,568	9,568
Tangible assets	0	0	0	0	0	6,586	6,586
Assets held for sale	0	0	16	0	0	0	16
Total assets	**437,901**	**36,582**	**130,174**	**355,343**	**430,467**	**67,979**	**1,458,446**
Liabilities and equity							
Amounts due to central banks	0	0	0	0	0	0	0
Financial liabilities held for trading at fair value through profit or loss	23,730	0	0	0	0	23,919	47,649
Negative fair values of hedging financial derivatives	0	0	0	0	0	27,841	27,841
Financial liabilities at amortised cost	1,096,827	89,268	12,513	19,650	1,293	(354)	1,219,197
– Amounts due to banks	45,356	15,328	11,818	1,077	0	(114)	73,465

2024 (CZKm)	On demand up to 7 days	7 days up to 3 months	3 months to 1 year	1 yearto 5 years	Over 5 years	Maturity undefined**	Total
– Amounts due to customers	1,051,286	72,701	387	971	307	0	1,125,652
– Securities issued	185	1,117	0	16,393	0	(240)	17,455
– Lease liabilities	0	122	308	1,209	986	0	2,625
Revaluation differences on portfolios hedge items	0	0	0	0	0	(31,378)	(31,378)
Current tax liabilities	0	0	0	0	0	0	0
Deferred tax liabilities	426	0	0	0	0	0	426
Accruals and other liabilities	11,626	0	0	0	0	0	11,626
Provisions	445	46	207	0	0	0	698
Subordinated and senior non-preferred debt	0	234	0	54,148	11,333	0	65,715
Equity	0	0	0	0	0	116,672	116,672
Total liabilities and equity	**1,133,054**	**89,548**	**12,720**	**73,798**	**12,626**	**136,700**	**1,458,446**
Statement of Financial Position liquidity gap as of 31 December 2024	**(695,153)**	**(52,966)**	**117,454**	**281,545**	**417,841**	**(68,721)**	**0**
Off-balance sheet assets*	108,678	461,846	190,177	361,037	31,480	0	1,153,218
Off-balance sheet liabilities*	331,539	461,605	190,515	362,893	31,547	0	1,378,099
Net off-balance sheet liquidity gap as of 31 December 2024	**(222,861)**	**241**	**(338)**	**(1,856)**	**(67)**	**0**	**(224,881)**

* Off-balance sheet assets and liabilities include amounts receivable and payable arising from FX spot, fixed-term, and option contracts, as well as payables under guarantees, letters of credit, and committed facilities.

** The column ‘Maturity undefined’ also contains a revaluation to fair value of financial assets and financial liabilities.

2023 (CZKm)	On demand up to 7 days	7 days up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Maturity undefined**	Total
Assets							
Cash and current balances with central banks	4,064	0	0	0	0	8,305	12,369
Financial assets and other assets held for trading at fair value through profit or loss	0	0	543	2,107	16,424	30,324	49,398
Non-trading financial assets at fair value through profit or loss	0	0	0	0	0	0	0
Positive fair values of hedging financial derivatives	0	0	0	0	0	8,143	8,143
Financial assets at fair value through other comprehensive income	3,263	0	2,349	3,281	9,307	(1,494)	16,706
Financial assets at amortised cost	465,251	51,486	155,284	355,416	288,084	(2,452)	1,313,069
– Loans and advances to banks	394,704	13,181	3,093	30,072	14,200	0	455,250
– Loans and advances to customers	70,547	38,305	141,612	280,974	183,874	(993)	714,319
– Debt securities	0	0	10,579	44,370	90,010	(1,459)	143,500
Current tax assets	643	0	0	0	0	0	643
Deferred tax assets	124	0	0	0	0	0	124
Prepayments, accrued income, and other assets	3,630	0	0	0	0	7	3,637
Investments in subsidiaries and associates	0	0	0	0	0	19,059	19,059
Intangible assets	0	0	0	0	0	9,048	9,048
Tangible assets	0	0	0	0	0	6,452	6,452
Assets held for sale	0	0	426	0	0	0	426
Total assets	**476,975**	**51,486**	**158,602**	**360,804**	**313,815**	**77,392**	**1,439,074**
Liabilities and equity							
Amounts due to central banks	0	0	0	0	0	0	0
Financial liabilities held for trading at fair value through profit or loss	25,890	0	0	0	0	35,256	61,146
Negative fair values of hedging financial derivatives	0	0	0	0	0	30,762	30,762
Financial liabilities at amortised cost	1,054,105	53,720	49,433	26,677	2,140	(505)	1,185,570
– Amounts due to banks	78,831	281	2,084	5,619	0	(206)	86,609
– Amounts due to customers	975,157	51,433	46,094	3,232	527	0	1,076,443
– Securities issued	117	1,899	996	16,683	782	(299)	20,178

2023 (CZKm)	On demand up to 7 days	7 days up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Maturity undefined**	Total
– Lease liabilities	0	107	259	1,143	831	0	2,340
Revaluation differences on portfolios hedge items	0	0	0	0	0	(34,366)	(34,366)
Current tax liabilities	35	0	0	0	0	0	35
Deferred tax liabilities	537	0	0	0	0	0	537
Accruals and other liabilities	14,694	0	0	0	0	251	14,945
Provisions	155	112	515	0	0	0	782
Subordinated and senior non-preferred debt	0	275	0	42,032	22,253	0	64,560
Equity	0	0	0	0	0	115,103	115,103
Total liabilities and equity	**1,095,416**	**54,107**	**49,948**	**68,709**	**24,393**	**146,501**	**1,439,074**
Statement of Financial Position liquidity gap as of 31 December 2023	**(618,441)**	**(2,621)**	**108,654**	**292,095**	**289,422**	**(69,109)**	**0**
Off-balance sheet assets*	117,624	399,532	203,186	306,226	47,073	0	1,073,641
Off-balance sheet liabilities*	322,247	399,100	205,102	309,085	47,258	0	1,282,792
Net off-balance sheet liquidity gap as of 31 December 2023	**(204,623)**	**432**	**(1,916)**	**(2,859)**	**(185)**	**0**	**(209,151)**

* Off-balance sheet assets and liabilities include amounts receivable and payable arising from FX spot, fixed-term, and option contracts, as well as payables under guarantees, letters of credit, and committed facilities.

** The column 'Maturity undefined' also contains a revaluation to fair value of financial assets and financial liabilities.

The table below contains the remaining contractual maturities of non-derivative financial liabilities and contingent liabilities of the Bank based on the undiscounted cash flows as of 31 December 2024:

(CZKm)	On demand up to 7 days	7 days up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Maturity undefined*	Total
Liabilities							
Amounts due to central banks	0	0	0	0	0	0	0
Financial liabilities held for trading at fair value through profit or loss (except derivatives)	23,730	0	0	0	0	0	23,730
Financial liabilities at amortised cost	1,097,087	91,849	16,094	26,341	1,863	(354)	1,232,880
– Amounts due to banks	45,415	16,303	13,816	5,265	0	(114)	80,685
– Amounts due to customers	1,051,477	74,258	1,823	3,084	753	0	1,131,395
– Securities issued	195	1,147	93	16,587	0	(240)	17,782
– Lease liabilities	0	141	362	1,405	1,110	0	3,018
Current tax liabilities	0	0	0	0	0	0	0
Deferred tax liabilities	426	0	0	0	0	0	426
Accruals and other liabilities	11,626	0	0	0	0	0	11,626
Provisions	445	46	207	0	0	0	698
Subordinated and senior non-preferred debt	0	234	0	54,148	11,333	0	65,715
Total non-derivative financial liabilities	**1,133,314**	**92,129**	**16,301**	**80,489**	**13,196**	**(354)**	**1,335,075**
Other loans commitment granted	147,937	0	0	0	0	0	147,937
Guarantee commitments granted	74,928	0	0	0	0	0	74,928
Total contingent liabilities	**222,865**	**0**	**0**	**0**	**0**	**0**	**222,865**

* The column 'Maturity undefined' also contains a revaluation to fair value of financial liabilities.

The table below contains the remaining contractual maturities of non-derivative financial liabilities and contingent liabilities of the Bank based on the undiscounted cash flows as of 31 December 2023:

(CZKm)	On demand up to 7 days	7 days up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Maturity undefined*	Total
Liabilities							
Amounts due to central banks	0	0	0	0	0	0	0
Financial liabilities held for trading at fair value through profit or loss (except derivatives)	25,890	0	0	0	0	0	25,890
Financial liabilities at amortised cost	1,054,480	55,222	50,341	27,213	2,270	(505)	1,189,021
– Amounts due to banks	79,060	980	2,133	5,619	0	(206)	87,586
– Amounts due to customers	975,292	52,172	46,828	3,283	527	0	1,078,102
– Securities issued	128	1,947	1,077	17,002	800	(299)	20,655
– Lease liabilities	0	123	303	1,309	943	0	2,678
Current tax liabilities	35	0	0	0	0	0	35
Deferred tax liabilities	537	0	0	0	0	0	537
Accruals and other liabilities	14,694	0	0	0	0	251	14,945
Provisions	155	112	515	0	0	0	782
Subordinated and senior non-preferred debt	0	275	0	42,032	22,253	0	64,560
Total non-derivative financial liabilities	**1,095,791**	**55,609**	**50,856**	**69,245**	**24,523**	**(254)**	**1,295,770**
Other loans commitment granted	130,185	0	0	0	0	0	130,185
Guarantee commitments granted	74,199	0	0	0	0	0	74,199
Total contingent liabilities	**204,384**	**0**	**0**	**0**	**0**	**0**	**204,384**

* The column 'Maturity undefined' also contains a revaluation to fair value of financial liabilities.

(F) Foreign exchange position

The table below breaks out the Bank's main currency exposures. The remaining currencies are shown within *'Other currencies'.* The Bank manages its foreign exchange position on a daily basis. For this purpose, the Bank has a set of internal limits.

2024 (CZKm)	CZK	EUR	USD	Other currencies	Total
Assets					
Cash and current balances with central banks	21,527	50,548	231	232	72,538
Financial assets and other assets held for trading at fair value through profit or loss	39,834	2,429	12	27	42,302
Non-trading financial assets at fair value through profit or loss	0	0	0	0	0
Positive fair values of hedging financial derivatives	6,067	626	5	0	6,698
Financial assets at fair value through other comprehensive income	6,948	4,284	0	0	11,232
Financial assets at amortised cost	1,020,520	257,979	5,846	1,537	1,285,882
– Loans and advances to banks	341,510	37,189	2,699	524	381,922
– Loans and advances to customers	508,223	216,532	3,147	1,013	728,915
– Debt securities	170,787	4,258	0	0	175,045
Current tax assets	55	43	0	0	98
Deferred tax assets	0	161	0	0	161
Prepayments, accrued income, and other assets	3,164	1,015	6	11	4,196
Investments in subsidiaries and associates	18,650	519	0	0	19,169
Intangible assets	9,548	20	0	0	9,568
Tangible assets	6,545	41	0	0	6,586
Assets held for sale	16	0	0	0	16
Total assets	**1,132,874**	**317,665**	**6,100**	**1,807**	**1,458,446**
Liabilities and equity					
Amounts due to central banks	0	0	0	0	0
Financial liabilities held for trading at fair value through profit or loss	45,163	2,434	26	26	47,649
Negative fair values of hedging financial derivatives	27,171	621	49	0	27,841
Financial liabilities at amortised cost	998,369	180,407	33,981	6,440	1,219,197
– Amounts due to banks	9,290	41,348	22,826	1	73,465

2024 (CZKm)	CZK	EUR	USD	Other currencies	Total
– Amounts due to customers	982,435	125,623	11,155	6,439	1,125,652
– Securities issued	4,826	12,629	0	0	17,455
– Lease liabilities	1,818	807	0	0	2,625
Revaluation differences on portfolios hedge items	(28,782)	(2,369)	(227)	0	(31,378)
Current tax liabilities	0	0	0	0	0
Deferred tax liabilities	426	0	0	0	426
Accruals and other liabilities	9,373	1,600	502	151	11,626
Provisions	443	237	8	10	698
Subordinated and senior non-preferred debt	0	65,715	0	0	65,715
Equity	116,471	201	0	0	116,672
Total liabilities and equity	**1,168,634**	**248,846**	**34,339**	**6,627**	**1,458,446**
Net FX position as of 31 December 2024	**(35,760)**	**68,819**	**(28,239)**	**(4,820)**	**0**
Off-balance sheet assets*	4,396,252	1,153,747	224,187	33,889	5,808,075
Off-balance sheet liabilities*	4,364,875	1,220,028	196,065	29,126	5,810,094
Net off-balance sheet FX position as of 31 December 2024	**31,377**	**(66,281)**	**28,122**	**4,763**	**(2,019)**
Total net FX position as of 31 December 2024	**(4,383)**	**2,538**	**(117)**	**(57)**	**(2,019)**

* Off-balance sheet assets and liabilities include amounts receivable and payable arising from spot transactions and nominal values of all derivative deals.

2023 (CZKm)	CZK	EUR	USD	Other currencies	Total
Assets					
Cash and current balances with central banks	11,135	804	203	227	12,369
Financial assets and other assets held for trading at fair value through profit or loss	44,759	4,514	31	94	49,398
Non-trading financial assets at fair value through profit or loss	0	0	0	0	0
Positive fair values of hedging financial derivatives	7,221	919	3	0	8,143
Financial assets at fair value through other comprehensive income	7,519	9,187	0	0	16,706
Financial assets at amortised cost	1,054,467	250,761	5,319	2,522	1,313,069
– Loans and advances to banks	414,992	36,976	2,873	409	455,250
– Loans and advances to customers	497,899	211,861	2,446	2,113	714,319
– Debt securities	141,576	1,924	0	0	143,500
Current tax assets	643	0	0	0	643
Deferred tax assets	0	124	0	0	124
Prepayments, accrued income, and other assets	2,981	645	6	5	3,637
Investments in subsidiaries and associates	18,495	564	0	0	19,059
Intangible assets	9,026	22	0	0	9,048
Tangible assets	6,407	45	0	0	6,452
Assets held for sale	426	0	0	0	426
Total assets	**1,163,079**	**267,585**	**5,562**	**2,848**	**1,439,074**
Liabilities and equity					
Amounts due to central banks	0	0	0	0	0
Financial liabilities held for trading at fair value through profit or loss	56,426	4,616	7	97	61,146
Negative fair values of hedging financial derivatives	29,722	977	63	0	30,762
Financial liabilities at amortised cost	972,891	171,240	33,933	7,506	1,185,570
– Amounts due to banks	7,160	58,069	21,376	4	86,609
– Amounts due to customers	956,268	100,116	12,557	7,502	1,076,443
– Securities issued	7,747	12,431	0	0	20,178
– Lease liabilities	1,716	624	0	0	2,340
Revaluation differences on portfolios hedge items	(29,964)	(4,130)	(272)	0	(34,366)

2023 (CZKm)	CZK	EUR	USD	Other currencies	Total
Current tax liabilities	0	35	0	0	35
Deferred tax liabilities	537	0	0	0	537
Accruals and other liabilities	11,329	3,009	371	236	14,945
Provisions	497	273	8	4	782
Subordinated and senior non-preferred debt	0	64,560	0	0	64,560
Equity	114,969	134	0	0	115,103
Total liabilities and equity	**1,156,407**	**240,714**	**34,110**	**7,843**	**1,439,074**
Net FX position as of 31 December 2023	**6,672**	**26,871**	**(28,548)**	**(4,995)**	**0**
Off-balance sheet assets*	4,804,556	1,120,630	226,687	39,645	6,191,518
Off-balance sheet liabilities*	4,819,022	1,144,507	198,117	34,641	6,196,287
Net off-balance sheet FX position as of 31 December 2023	**(14,466)**	**(23,877)**	**28,570**	**5,004**	**(4,769)**
Total net FX position as of 31 December 2023	**(7,794)**	**2,994**	**22**	**9**	**(4,769)**

* Off-balance sheet assets and liabilities include amounts receivable and payable arising from spot transactions and nominal values of all derivative deals.

(G) Operational risk

Since 2008, the Bank has used the Advanced Measurement Approach (AMA) for operational risk management. In addition to standard operational risk instruments used within the AMA approach, such as operational losses collection, Risk Control Self-Assessment (RCSA), Key Risk Indicators (KRI), or Scenario Analysis (SA), the Bank has developed and deployed also a system of permanent supervision consisting in a set of everyday operational controls and a set of formalised periodic controls. These controls are reviewed independently and on an ongoing basis within a so-called second level of controls. The Bank is continually developing all the aforementioned operational risk instruments and supporting the continuous development of an operational risk culture throughout all organisational units.

The information collected by the Operational Risks Department is regularly analysed and provided to the Bank's management. Based upon this information, the management may decide on further strategic steps within the framework of operational risk management. The evaluation of operational risks is also an integral component of the process for new product development and validation.

(H) Legal risk

The Bank regularly monitors and evaluates legal disputes filed against it. In order to cover all contingent liabilities arising from legal disputes, the Bank establishes a provision equal to the claimed amount in respect of all litigation where it is named as a defendant and where the likelihood of payment has been estimated to exceed 50%. The Bank also manages its legal risk through the assessment of legal risks involved in the contracts to which the Bank is a party.

(I) Estimated fair value of assets and liabilities not revalued at fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price). Where available, fair value estimates are made based on quoted market prices. However, no readily available market prices exist for a significant portion of the Bank's financial instruments. In circumstances where quoted market prices are not readily available, the fair value is estimated, as appropriate, using discounted cash flow models or other generally acceptable pricing models. Changes in underlying assumptions, including discount rates and estimated future cash flows, significantly affect these estimates.

In estimating the fair value of the Bank's financial instruments, the following methods and assumptions were used:

(a) Cash and current balances with central banks

The reported values of cash and current balances with the central bank are generally deemed to approximate their fair value.

(b) Financial assets at amortised cost

Loans and advances to banks

The estimated fair value of loans and advances to banks that mature in 180 days or less approximates their carrying amounts. The fair value of other loans and advances to banks is estimated based upon discounted cash flow analysis using interest rates currently offered for investments with similar terms (market rates adjusted to reflect credit risk). The fair value of non-performing loans and advances to banks is estimated using a discounted cash flow analysis, including the potential realisation of the underlying collateral.

Loans and advances to customers

The fair values of variable yield loans that regularly reprice and which have no significant change in credit risk generally approximate their carrying values. The fair values of loans at fixed interest rates are estimated using discounted cash flow analysis based upon interest rates

currently offered for loans with similar terms to borrowers of similar credit quality. The fair value of non-performing loans is estimated using a discounted cash flow analysis, including the potential realisation of the underlying collateral.

Debt securities
The fair values of debt securities are based upon quoted market prices. Where no market prices are available, fair values are estimated based on discounted cash flow models using the interest rate currently offered as of the financial statements date.

(c) Amounts due to central banks
The reported values of amounts due to central banks are generally deemed to approximate their fair values.

(d) Financial liabilities at amortised cost

Amounts due to banks and Amounts due to customers
The fair values of deposits repayable on demand are represented by the carrying values of amounts repayable on demand as of the financial statements date. The carrying values of term deposits at variable interest rates approximate their fair values as of the financial statements date. The fair values of deposits at fixed interest rates are estimated by discounting their future cash flows using market interest rates. Amounts due to banks and customers at fixed interest rates represent only a fraction of the total carrying value and hence the fair value of total amounts due to banks and customers approximates the carrying values as of the financial statements date.

Securities issued
The fair values of debt securities issued by the Bank are based upon quoted market prices. Where no market prices are available, the fair values are estimated using a discounted cash flow analysis.

(e) Subordinated and senior non-preferred debt
The fair value of subordinated and senior non-preferred debt is estimated using a discounted cash flow analysis.

(f) Lease liabilities
The reported values of lease liabilities are deemed to approximate their fair values.

The following table summarises the carrying values and fair values of those financial assets and liabilities not presented on the Bank's Statement of Financial Position at their fair values:

	31 Dec 2024		31 Dec 2023	
(CZKm)	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Cash and current balances with central banks	72,538	72,538	12,369	12,369
Financial assets at amortised cost	1,285,882	1,275,717	1,313,069	1,301,008
– Loans and advances to banks	381,922	379,872	455,250	452,717
– Loans and advances to customers	728,915	724,330	714,319	708,433
– Debt securities	175,045	171,515	143,500	139,858
Financial liabilities				
Amounts due to central banks	0	0	0	0
Financial liabilities at amortised cost	1,219,197	1,217,963	1,185,570	1,184,562
– Amounts due to banks	73,465	72,692	86,609	86,385
– Amounts due to customers	1,125,652	1,125,660	1,076,443	1,076,640
– Securities issued	17,455	16,986	20,178	19,197
– Lease liabilities	2,625	2,625	2,340	2,340
Subordinated and senior non-preferred debt	65,715	65,715	64,560	64,560

The following table presents the hierarchy of fair values for those financial assets and liabilities not presented on the Bank's Statement of Financial Position at their fair values:

	31 Dec 2024				31 Dec 2023			
(CZKm)	Fair value	Level 1	Level 2	Level 3	Fair value	Level 1	Level 2	Level 3
Financial assets								
Cash and current balances with central banks	72,538	8,572	0	63,966	12,369	8,305	0	4,064
Financial assets at amortised cost	1,275,717	164,566	0	1,111,151	1,301,008	135,923	0	1,165,085
– Loans and advances to banks	379,872	0	0	379,872	452,717	0	0	452,717
– Loans and advances to customers	724,330	0	0	724,330	708,433	0	0	708,433
– Debt securities	171,515	164,566	0	6,949	139,858	135,923	0	3,935
Financial liabilities								
Amounts due to central banks	0	0	0	0	0	0	0	0
Financial liabilities at amortised cost	1,217,963	12,241	0	1,205,722	1,184,562	11,585	0	1,172,977
– Amounts due to banks	72,692	0	0	72,692	86,385	0	0	86,385
– Amounts due to customers	1,125,660	0	0	1,125,660	1,076,640	0	0	1,076,640
– Securities issued	16,986	12,241	0	4,745	19,197	11,585	0	7,612
– Lease liabilities	2,625	0	0	2,625	2,340	0	0	2,340
Subordinated and senior non-preferred debt	65,715	0	0	65,715	64,560	0	0	64,560

(J) Allocation of fair values of financial instruments at fair value to the hierarchy of fair values

Financial assets and financial liabilities at fair value by fair value hierarchy (refer to Note 3.5.4):

(CZKm)	31 Dec 2024	Level 1	Level 2	Level 3	31 Dec 2023	Level 1	Level 2	Level 3
FINANCIAL ASSETS								
Financial assets held for trading at fair value through profit or loss	**42,302**	**19,603**	**22,699**	**0**	**49,398**	**19,598**	**29,795**	**5**
of which:	0	0	0	0	0	0	0	0
– Equity securities	0	0	0	0	0	0	0	0
– Debt securities	19,622	19,603	19	0	19,621	19,598	18	5
– Derivatives	22,680	0	22,680	0	29,777	0	29,777	0
Other assets held for trading at fair value through profit or loss	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Non-trading financial assets at fair value through profit or loss	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Positive fair value of hedging financial derivatives	**6,698**	**0**	**6,698**	**0**	**8,143**	**0**	**8,143**	**0**
Financial assets at fair value through other comprehensive income	**11,232**	**11,187**	**0**	**45**	**16,706**	**16,661**	**0**	**45**
Financial assets at fair value	**60,232**	**30,790**	**29,397**	**45**	**74,247**	**36,259**	**37,938**	**50**
FINANCIAL LIABILITIES								
Financial liabilities held for trading at fair value through profit or loss	**47,649**	**23,730**	**23,919**	**0**	**61,146**	**25,890**	**35,256**	**0**
of which:								
– Sold securities	23,730	23,730	0	0	25,890	25,890	0	0
– Derivatives	23,919	0	23,919	0	35,256	0	35,256	0
Negative fair value of hedging financial derivatives	**27,841**	**0**	**27,841**	**0**	**30,762**	**0**	**30,762**	**0**
Revaluation differences on portfolios hedge items	**(31,378)**	**0**	**(31,378)**	**0**	**(34,366)**	**0**	**(34,366)**	**0**
Financial liabilities at fair value	**44,112**	**23,730**	**20,382**	**0**	**57,542**	**25,890**	**31,652**	**0**

Financial assets at fair value – Level 3:

	2024				2023			
(CZKm)	Financial assets at FVOCI	Non-trading financial assets at fair value through profit or loss	Financial assets held for trading at fair value through profit or loss	Total	Financial assets at FVOCI	Non-trading financial assets at fair value through profit or loss	Financial assets held for trading at fair value through profit or loss	Total
Balance as of 1 January	**45**	**0**	**5**	**50**	**44**	**132**	**0**	**176**
Comprehensive income/(loss)								
– In the Statement of Income	0	0	0	0	0	3	0	3
– In Other Comprehensive Income	0	0	0	0	(9)	0	0	(9)
Purchases	0	0	0	0	10	0	0	10
Sales	0	0	(5)	(5)	0	0	0	0
Settlement	0	0	0	0	0	(135)	0	(135)
Transfer from Level 2	0	0	0	0	0	0	5	5
Foreign exchange rate difference	0	0	0	0	0	0	0	0
Balance as of 31 December	**45**	**0**	**0**	**45**	**45**	**0**	**5**	**50**

Shares and participation certificates

When using an alternative method of valuation based on the price/book value ratio, the fair value is not significantly different from the fair value determined on the basis of the present value of future cash flows which was used for the original valuation.

43 Offsetting financial assets and financial liabilities

The table below provides information about rights of offset and related arrangements for financial instruments as of 31 December 2024:

	Assets/liabilities set off according to IAS 32				Amounts which have not been set off	
(CZKm)	Gross amount of financial assets/liabilities*	Gross amount of financial assets/liabilities set off by financial liabilities/assets	Net amount of financial assets/liabilities	Financial instruments recognised in Statement of Financial Position	Cash collateral related to financial instruments	Net amount
Positive fair value of derivatives	40,132	10,754	29,378	22,831	2,713	3,834
Negative fair value of derivatives	62,514	10,754	51,760	22,831	25,167	3,762

* This item includes also counterparties with only positive or negative fair value of derivatives.

The table below provides information about rights of offset and related arrangements for financial instruments as of 31 December 2023:

	Assets/liabilities set off according to IAS 32				Amounts which have not been set off	
(CZKm)	Gross amount of financial assets/liabilities*	Gross amount of financial assets/liabilities set off by financial liabilities/assets	Net amount of financial assets/liabilities	Financial instruments recognised in Statement of Financial Position	Cash collateral related to financial instruments	Net amount
Positive fair value of derivatives	51,052	13,132	37,920	32,377	2,230	3,313
Negative fair value of derivatives	79,150	13,132	66,018	32,377	24,627	9,014

* This item includes also counterparties with only positive or negative fair value of derivatives.

44 Assets in custody and assets under management

The table below provides information about assets in custody and assets under management:

	31 Dec 2024		31 Dec 2023	
(CZKm)	Cash	Securities	Cash	Securities
Assets in custody	3,703	744,108	2,655	681,718
Assets under management	0	12,455	0	10,000

Assets in custody include securities in the amount of CZK 16,689 million (2023: CZK 19,884 million) of Group subsidiaries.

45 Post balance sheet events

During February 2025, the capital of Lemonero s.r.o. was increased. KB SmartSolutions, s.r.o. did not participate in this transaction, and therefore its stake in Lemonero s.r.o. was reduced to 20.0%. Lemonero s.r.o. is currently not consolidated due to its insignificant impact on the consolidated financial statements.

In February, the Bank closed a transaction with Société Générale S.A. and Société Générale Equipment Finance S.A. whereby it purchased a 49.9% stake in SG Equipment Finance Czech Republic s.r.o. Following this transaction, the Bank now owns 100% of the equity in SG Equipment Finance Czech Republic s.r.o.

Other information

Issued securities and debt instruments

Shares

Komerční banka's registered capital of CZK 19,004,926,000 is divided into 190,049,260 registered common shares.

	2024	2023	2022	2021	2020
Number of shares issued	190,049,260	190,049,260	190,049,260	190,049,260	190,049,260
Number of outstanding shares	188,855,900	188,855,900	188,855,900	188,855,900	188,855,900
Market capitalisation (CZK billion)	160.2	136.8	123.7	176.6	124.1
Earnings per share (CZK)[1]	91.3	82.7	93.0	67.4	43.2
Dividend per share for the year (CZK)[2]	91.3[3]	82.66	60.4	99.3	23.9
Dividend payout ratio (%)[4]	100.0	100.0	65.0	147.4	55.3
Book value per share (CZK)[5]	657.5	662.2	643.1	658.1	602.7
Share price (CZK)					
closing price at year-end	848.5	724.5	655.0	935.0	657.0
maximum	878.0	762.5	1,011.0	955.0	835.0
minimum	720.0	652.5	568.0	642.0	465.0

1) Earnings attributable to shareholders per average number of shares outstanding (IFRS consolidated).
2) Dividend per share before tax. The statutory tax rate applicable in the Czech Republic is 15% or, in certain cases, 35%. Dividend is paid in the following year.
3) Proposal for the Annual General Meeting on 24 April 2025.
4) Dividend per share / Earnings per share.
5) Shareholders' equity excluding minority equity (IFRS consolidated) divided by average number of shares outstanding.

Rights vested in the shares

KB has issued one class of common shares, all with equal rights, set out in accordance with Act No. 90/2012 Coll., on Business Corporations, as amended, and with the Bank's Articles of Association as approved by the General Meeting. Shareholders' voting rights are governed by the nominal value of their shares. Each CZK 100 of nominal share value is equivalent to one vote.

Each shareholder shall be entitled to a proportion of the Bank's profit (a dividend) and other own funds approved for distribution to the Shareholders by the General Meeting while taking into account the Bank's financial results and terms and conditions specified by the generally binding legal regulations and the payment of which was decided upon by the Board of Directors based on fulfilment of the terms and conditions specified by those generally binding legal regulations.

In accordance with the Articles of Association, the right to a share in profit and other own funds shall accrue to any shareholder registered in the statutory records of the securities' issuer as owning shares 7 working days after the date of the General Meeting which approved the share of the profit to be distributed among shareholders. The share in profit and other own funds shall become payable upon the

lapse of 30 calendar days following the date of the General Meeting at which the resolution on the distribution of profits and other own funds was adopted.

The right to claim payment of the share in profit shall lapse 3 years from the day when the shareholder learnt of the payment date for payment of the share in profit or when he or she could or should have learnt of this, but in no case later than within 10 years of the payment date. Pursuant to a resolution of the Annual General Meeting held in 2009, the Board of Directors will not assert the statute of limitations in order to bar by lapse of time the payment of dividends for the duration of 10 years from the date of share in profit payment.

After the lapse of 10 years from the date of share in profit payment, the Board of Directors is obliged to assert the statute of limitations and to transfer the unpaid dividends to the retained earnings account.

Upon the Bank's liquidation and dissolution, the means of liquidation are governed by the relevant generally binding legal regulations. Distribution of the remaining balance on liquidation among shareholders is approved by the General Meeting in proportion to the nominal values of the shares held by the Bank's shareholders.

Stock exchange listing

As of 31 December 2024, Komerční banka's shares were listed under ISIN CZ0008019106 on the Prime Market of the Prague Stock Exchange (PSE). Its shares are traded at public stock exchanges in Czechia managed by the market organisers Prague Stock Exchange, a.s., and RM-SYSTEM, Czech Stock Exchange, a.s. The average daily trading volume of KB shares on the PSE of CZK 114.9 million (EUR 4.8 million) was the second highest[1)] among shares traded on the exchange and represented 26.7% of the exchange turnover.

Dialogue with shareholders and the capital market

Apart from the 60.35% of KB's share capital held by Société Générale, an international financial services group headquartered in Paris, France, the Bank's free float is held by a diverse base of shareholders, ranging from large international asset managers to private individuals. From the total of more than 76,000 shareholders as of 31 December 2024, individuals residing in the Czech Republic numbered more than 70,000.

The vast majority of freely traded shares are held by institutional investors located in such main global financial centres as New York, Boston, and London.

KB works to build long-term relationships with its shareholders through regular and open communication with all capital market participants. During 2024, Komerční banka's management participated in more than 50 investor meetings. Two-thirds of the meetings were already held in person while the remaining third were either online or hybrid, with some participants physically present on site and some participants joining online. The online meetings save time for individual participants but also correspond to the ESG policies of some participants. KB management met with representatives from more than 70 institutions in these meetings. In addition to these meetings with equity investors, representatives of Komerční banka also met with investors in euro-denominated mortgage bonds.

Close to 20 financial firms cover Komerční banka in their investment research reports.

Acquisition of treasury shares in 2024

Komerční banka held 1,193,360 of its own shares as of 31 December 2024. These securities had been purchased on a European regulated market during 2006 and 2011 in accordance with decisions by the Bank's general meetings of 28 April 2005, 26 April 2006, and 21 April 2011 allowing KB to acquire its own shares into treasury.

During 2024, Komerční banka did not acquire its own shares into the banking book, nor did it dispose of its own shares. In 2024, Komerční banka intermediated buy and sell transactions in KB shares for its clients through its own account in the amount of 373,561 shares.

Based upon the consent of the General Meeting convened on 20 April 2022, Komerční banka was authorised to acquire its ordinary shares as treasury stock under the following conditions during 2024.

- The maximum number of shares that can be held by the Bank at any specific time shall be 19,004,926 ordinary shares representing a total nominal value of CZK 1,900,492,600.
- The share purchase value must be at least CZK 1 per share and at most CZK 2,100 per share.
- The Bank may acquire shares for 5 years.
- Shares may not be acquired by the Bank should such acquisition breach the conditions stipulated in Section 301 (1)(b) and (c) and Section 302 of Act No. 90/2012 Coll., the Business Corporations or, as the case may be, any other applicable legal rules of the Czech Republic or the European Union.

[1)] Source: Prague Stock Exchange; https://www.pse.cz/en/market-data/statistics/issues-volume-summary.

Bonds

Bonds issued under the Komerční banka Bond Debt Issuance Programme established in 2007

Rights vested in the bonds
Rights and obligations pertaining to the bonds are governed and interpreted in accordance with the legal regulations of the Czech Republic. They are explicitly expressed in the issuance terms and conditions for each issue. Bonds bear interest from the date of issue and coupon payments are made yearly or at stated intervals. The bonds' returns are paid by the issuer – Komerční banka. The bonds will be redeemed by Komerční banka in the whole amount of the nominal value on the maturity date. In the case of events of default which are expressed in the issuance terms and conditions, the bondholder has the right to ask the issuer for early redemption of the bonds.

List of bonds
All bonds (with the exception of HZL ISIN CZ0002003742, HZL ISIN CZ0002003767, HZL ISIN CZ0002003759, and HZL ISIN CZ0002003775, which are negotiable promissory bonds) are made out to the bearer. All bonds are denominated in CZK. Some bonds (listed in the following table) include the right of the bondholders to sell the bonds to the issuer and, subsequently, on the same date, the issuer's right to buy back the bonds from the bondholders, according to the issuance terms and conditions.

All bonds were issued under the Komerční banka Bond Debt Issuance Programme approved by the Czech National Bank on 4 June 2007.

This 30-Year Bond Debt Issuance Programme enables the Bank to issue bonds in a maximum amount of CZK 150 billion outstanding.

Heretofore unredeemed bonds were issued in the relevant years in accordance with the Bonds Act, the Securities Act, and the Act on Capital Market Undertakings, as amended. The bonds' prospectuses, the base prospectuses of the bond programmes, or issuance terms and conditions and supplements to the bond programmes were approved, if required by law, by the Czech National Bank.

Public tradability and transferability
Transferability of the bonds is not limited.

List of bonds issued by Komerční banka (as of 31 December 2024)

No.	Bond	ISIN	Issue date	Maturity date	Currency	Volume in currency	Number of pieces	Interest rate	Payout of interest
1	HZL 2007/2037	CZ0002001324[2) 3) 4)]	16 Nov 2007	16 Nov 2037	CZK	1,200,000,000	12	Note A	stated
2	HZL 2007/2037	CZ0002001332[2) 3) 4)]	16 Nov 2007	16 Nov 2037	CZK	1,200,000,000	12	Note A	stated
3	HZL 2007/2037	CZ0002001340[2) 3) 4)]	16 Nov 2007	16 Nov 2037	CZK	1,200,000,000	12	Note B	stated
4	HZL 2007/2037	CZ0002001357[2) 3) 4)]	16 Nov 2007	16 Nov 2037	CZK	500,000,000	5	Note B	stated
5	HZL 2007/2037	CZ0002001365[2) 3) 4)]	16 Nov 2007	16 Nov 2037	CZK	1,000,000,000	10	RS minus 0.20% p.a.	stated
6	HZL 2007/2037	CZ0002001373[2) 4)]	16 Nov 2007	16 Nov 2037	CZK	1,000,000,000	10	RS minus 0.20% p.a.	stated
7	HZL 2007/2037	CZ0002001381[2) 3) 4)]	16 Nov 2007	16 Nov 2037	CZK	500,000,000	5	RS minus 0.20% p.a.	stated
8	HZL 2007/2037	CZ0002001399[2) 3) 4)]	16 Nov 2007	16 Nov 2037	CZK	500,000,000	5	RS minus 0.20% p.a.	stated
9	HZL 2007/2037	CZ0002001431[2) 3) 4)]	30 Nov 2007	30 Nov 2037	CZK	1,200,000,000	12	RS minus 0.20% p.a.	stated
10	HZL 2007/2037	CZ0002001449[2) 3) 4)]	30 Nov 2007	30 Nov 2037	CZK	1,200,000,000	12	RS minus 0.20% p.a.	stated
11	HZL 2007/2037	CZ0002001456[2) 3) 4)]	30 Nov 2007	30 Nov 2037	CZK	1,200,000,000	12	RS minus 0.20% p.a.	stated
12	HZL 2007/2037	CZ0002001464[2) 3) 4)]	30 Nov 2007	30 Nov 2037	CZK	500,000,000	5	RS minus 0.20% p.a.	stated
13	HZL 2007/2037	CZ0002001472[2) 3) 4)]	30 Nov 2007	30 Nov 2037	CZK	500,000,000	5	RS minus 0.20% p.a.	stated
14	HZL 2007/2037	CZ0002001480[2) 3) 4)]	30 Nov 2007	30 Nov 2037	CZK	500,000,000	5	RS minus 0.20% p.a.	stated
15	HZL 2007/2037	CZ0002001498[2) 3) 4)]	7 Dec 2007	7 Dec 2037	CZK	500,000,000	5	RS minus 0.20% p.a.	stated
16	HZL 2007/2037	CZ0002001506[2) 3) 4)]	7 Dec 2007	7 Dec 2037	CZK	700,000,000	7	RS minus 0.20% p.a.	stated
17	HZL 2007/2037	CZ0002001514[2) 3) 4)]	7 Dec 2007	7 Dec 2037	CZK	1,000,000,000	10	RS minus 0.20% p.a.	stated
18	HZL 2007/2037	CZ0002001522[2) 4)]	7 Dec 2007	7 Dec 2037	CZK	1,000,000,000	10	RS minus 0.20% p.a.	stated
19	HZL 2007/2037	CZ0002001530[2) 3) 4)]	7 Dec 2007	7 Dec 2037	CZK	1,200,000,000	12	RS minus 0.20% p.a.	stated
20	HZL 2007/2037	CZ0002001548[2) 3) 4)]	7 Dec 2007	7 Dec 2037	CZK	1,200,000,000	12	RS minus 0.20% p.a.	stated
21	HZL 2007/2037	CZ0002001555[2) 3) 4)]	12 Dec 2007	12 Dec 2037	CZK	1,200,000,000	12	RS minus 0.20% p.a.	stated
22	HZL 2007/2037	CZ0002001563[2) 3) 4)]	12 Dec 2007	12 Dec 2037	CZK	1,200,000,000	12	RS minus 0.20% p.a.	stated
23	HZL 2007/2037	CZ0002001571[2) 3) 4)]	12 Dec 2007	12 Dec 2037	CZK	1,200,000,000	12	RS minus 0.20% p.a.	stated
24	HZL 2007/2037	CZ0002001589[2) 3) 4)]	12 Dec 2007	12 Dec 2037	CZK	1,200,000,000	12	RS minus 0.20% p.a.	stated
25	HZL 2007/2037	CZ0002001753[1) 3) 4)]	21 Dec 2007	21 Dec 2037	CZK	10,330,000,000	1,033	RS plus 1.5% p.a.	yearly
26	HZL 2007/2037	CZ0002001746[1) 3) 4)]	28 Dec 2007	28 Dec 2037	CZK	1,240,000,000	124	RS plus 1.5% p.a.	yearly
27	HZL 2014/2025	CZ0002003353[1)]	31 Jan 2014	31 Jan 2025	CZK	1,117,000,000	111,700	3.50% p.a.	yearly

No.	Bond	ISIN	Issue date	Maturity date	Currency	Volume in currency	Number of pieces	Interest rate	Payout of interest
28	HZL 2014/2026	CZ0002003346[1)]	31 Jan 2014	31 Jan 2026	CZK	800,000,000	80,000	3.50% p.a.	yearly
29	HZL 2014/2026	CZ0002003742[2)]	18 Nov 2014	18 Nov 2026	CZK	750,000,000	75,000	2.00% p.a.	yearly
30	HZL 2014/2028	CZ0002003767[2)]	20 Nov 2014	20 Nov 2028	CZK	750,000,000	75,000	2.20% p.a.	yearly
31	HZL 2014/2027	CZ0002003759[2)]	24 Nov 2014	24 Nov 2027	CZK	750,000,000	75,000	2.10% p.a.	yearly
32	HZL 2014/2029	CZ0002003775[2)]	27 Nov 2014	27 Nov 2029	CZK	750,000,000	75,000	2.30% p.a.	yearly

[1)] Dematerialised bonds.
[2)] Certificated bonds represented by a global certificate.
[3)] The whole bond issue held by Komerční banka.
[4)] Bond includes the right of the bondholders to sell the bonds to the issuer and, subsequently, on the same date, the issuer's right to buy back the bonds from the bondholders.

Notes:
Certain bonds are held by Komerční banka (note 3 in case of the whole bond issue) or other companies within the KB Group.
HZL = mortgage bond (covered bond), RS = reference rate.
Note A: 5.06% p.a. for the first 12 annual periods, afterwards the relevant RS minus 0.20% p.a.
Note B: 5.02% p.a. for the first 11 annual periods, afterwards the relevant RS minus 0.20% p.a.

Bonds issued under the Mortgage Covered Bond Programme established by KB in 2021

Komerční banka issued in 2021 its inaugural EUR Mortgage Covered Bond (hypoteční zástavní list) HZL ISIN XS2289128162 in the nominal volume of EUR 500 million. The issue was given an AAA rating by the rating agency Fitch. Rights and obligations pertaining to the bond are governed by English law and the bond is governed also by Czech laws applicable to mortgage covered bonds issued under Czech law. Rights and obligations are explicitly expressed in the terms and conditions of the bond. The bond includes the right of the issuer on early redemption if the bond becomes unlawful or illegal in connection with a change or amendment to applicable law or a change in its application, and in the event of a change in tax legislation that adversely affects the issuer and the bonds. In case of events of default which are expressed in the issuance terms and conditions the trustee has the right to ask the issuer for early redemption of the bond.

The bond bears interest from the date of issue and coupon payments are made on an annual basis. The bond's interest and principal payments are made by the issuing and principal paying agent, The Bank of New York Mellon, London Branch.

The bond will be redeemed by Komerční banka in the full amount of the nominal value on the maturity date. The maturity of the bond is extendable by 1 year according to the terms and conditions of the bond (i.e. soft bullet). The mortgage covered bond is issued as registered type.

The bond was issued under the Komerční banka Mortgage Covered Bond Programme that enables the Bank to issue mortgage covered bonds in a maximum amount of EUR 5 billion outstanding.

The bond's programme base prospectus was approved by the Commission de Surveillance du Secteur Financier (CSSF), regulatory authority of Luxembourg.

Public tradability and transferability

The bond was admitted for trading on the Regulated Market of the Luxembourg Stock Exchange. The transferability of the bond is not limited.

List of bonds issued under the Komerční banka Mortgage Covered Bond Programme (as of 31 December 2024)

No.	Bond	ISIN	Issue date	Maturity date	Currency	Volume in currency	Number of pieces	Interest rate	Payout of interest
33	HZL 2021/2026	XS2289128162[1)]	20 Jan 2021	20 Jan 2026	EUR	500,000,000	500,000	0.01% p.a.	yearly

[1)] Registered global mortgage covered bonds.

Other debt instruments

Senior non-preferred instruments

KB Group is required to comply with a minimum requirement for own funds and eligible liabilities (MREL). Under the preferred resolution strategy for Société Générale Group (Single Point of Entry), KB Group fulfils MREL requirement by accepting senior non-preferred loans from Société Générale S.A. KB did not increase the volume of these loans during 2024 and, as of 31 December 2024, their principal volume totalled EUR 2.4 billion. The KB Group fulfilled all regulatory MREL requirements during the past year.

Senior non-preferred debt as of 31 December 2024

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 Sep 2026	1M Euribor + 1.82%
21 Sep 2022	EUR 250m	21 Sep 2029	1M Euribor + 2.13%
9 Nov 2022	EUR 250m	10 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 excise date is 1 year before final maturity date.

Subordinated debt

In 2024, the Bank did not change the volume of subordinated debt, i.e. the total nominal volume of subordinated debt amounted EUR 200 million drawn from its parent company Société Générale S.A. in two tranches in previous years. Subordinated loans are drawn in order to fulfil capital requirements.

Subordinated debt as of 31 December 2024

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 excise date is 5 years before final maturity date.

Additional financial information

Expenses on research and development

In 2024, Komerční banka had outlays through operating expenses of CZK 294 million for research and development. Most of these outlays were related to development studies and the implementation of individual projects, particularly in the area of information technologies and systems, including the development of internet applications.

Financial and non-financial investments

Financial investments made by the Group (balance as of the end of the year)

(IFRS, CZK million)	31 December 2024	31 December 2023
Bonds and treasury bills	213,754	188,588
Shares	53	53
Equity investments in subsidiary and associated undertakings*	2,675	3,047
Total	**216,482**	**191,688**

* Including investment in the Held for sale portfolio.

Main investments made by the Group – excluding financial investments (balance as of the end of the year)

(IFRS, CZK million)	31 December 2024	31 December 2023
Tangible fixed assets*	7,972	8,034
Intangible fixed assets*	10,796	10,192
Total tangible and intangible fixed assets	**18,768**	**18,226**

* Both tangible and intangible fixed assets also include the Right-of-use asset; See also Notes to the Consolidated Financial Statements according to IFRS, notes 25 – Intangible fixed assets and 26 – Tangible fixed assets.

** Net book value of investments. See also Notes to the Consolidated Financial Statements according to IFRS, notes 25 – Intangible fixed assets and 26 – Tangible fixed assets.

Main ongoing investments – excluding financial investments

In 2024, the Bank made non-financial investments totalling CZK 3.6 billion. Most of this amount was invested in the area of information technologies (almost CZK 3.2 billion), mainly for the acquisition and development of software in connection with the Bank's digitisation and the goals of the strategic plan KB 2025.

All of the non-financial investments were made in the Czech Republic and Slovakia and were financed from internal resources.

Main investments planned by the Bank – excluding financial investments

Komerční banka plans to keep investments for 2025 close to the level of 2024. The Bank will continue with investments in digitisation in relation to the strategic plan KB 2025 based upon mastering digital interaction with our customers for acquisition, sales and servicing, as well as increasing operational efficiency.

The Bank's investment plans may be adjusted in accordance with developments in the economic environment.

Description of real estate owned by KB Group

Komerční banka Group uses real estate to conduct its business activities. The operation of owned or leased buildings by KB Group does not generate an excessive burden on the environment. More information regarding environmental impact is provided in chapter Climate change

Summary of real estate managed by the Group:

As of 31 December 2024	Number	Of which owned by KB	Of which subleased by KB
Buildings in Czechia	419	59	360
Buildings in Slovakia	2	0	2
Total	**421**	**59**	**362**

Note: The decrease in the number of buildings reflects a reduction in the number of branches.

Komerční banka Group uses the following significant properties with useful floor area in excess of 5,000 square metres.

Overview of important pieces of real estate managed by KB Group:

City	Street	Land Registry Number	Useful floor area
Brno	náměstí Svobody	92	13,869
Kladno	náměstí starosty Pavla	14	5,072
Ostrava	Nádražní	1,698	7,675
Pilsen	Goethova	2,704	13,540
Prague 1	Václavské náměstí	796	22,189
Prague 5	náměstí Junkových	2,772	27,518
Prague 5	náměstí Junkových	2,921	20,754
Prague 8	Zenklova - Palmovka	351	6,236
Ústí nad Labem	Bílinská	175	6,497

Note: See also the Notes to the Consolidated Financial Statements prepared in accordance with IFRS, Note 26 – Tangible assets and Note 28 – Assets held for sale.

Trademarks, licences and sub-licences

In 2024, Komerční banka continued to use trademarks for labelling some of its products and services both in the Czech Republic and Slovak Republic. The newly used trademarks were registered both with the Industrial Property Office in Czechia (IPO CZ) and the Industrial Property Office in Slovakia (IPO SK).

Komerční banka has a total of 204 trademarks registered with the IPO CZ and 14 trademarks registered with the IPO SK. At the same time, one trademark is pending registration in 2024 with the IPO CZ.

Within the KB Financial Group, Komerční banka continues to license its trademarks to certain subsidiaries. In some other cases, Komerční banka is also licensee and sublicencee, in particular from IT service providers.

Definitions of the mentioned Alternative Performance Measures

This annual financial report uses the following alternative performance measures in order to reflect the underlying financial or business performance and to enhance the comparability of information between reporting periods.

Earnings per share: 'Net profit attributable to the Group's equity holders' divided by the quantity average number of shares issued without own shares in treasury;

Return on average equity (ROAE, in consolidated statements): 'Net profit attributable to the Group's equity holders' divided by the quantity average 'Total equity' less 'Non-controlling interest';

Average 'Total equity' less 'Non-controlling interest': (('Total equity' less 'Non-controlling interest' as of the year end X) plus ('Total equity' less 'Non-controlling interest' as of the year end X-1)) divided by 2;

Return on average equity (ROAE, in separate statements): 'Net profit for the period' divided by the quantity average 'Total equity';

Average 'Total equity': ('Total equity' as of the year end X plus 'Total equity' as of the year end X-1) divided by 2;

Return on average assets (ROAA, in consolidated statements): 'Net profit attributable to the Group's equity holders' divided by average 'Total assets';

Average total assets: ('Total assets' as of the year end X plus 'Total assets' as of the year end X-1) divided by 2;

Return on average assets (ROAA, in separate statements):[1] 'Net profit for the period' divided by average 'Total assets';

Net interest margin (NIM): 'Net interest income' divided by average interest-earning assets (IEA);

Average interest-earning assets: ('Total interest-earning assets' as of the year end X plus 'Total interest-earning assets' as of the year end X-1) divided by 2;

Interest-earning assets (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' [Trading 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 at FVOCI only], and 'Debt securities');

Cost to income ratio: 'Total operating expenses' divided by 'Net operating income';

Cost of risk in relative terms: 'Cost of risk' divided by the average of 'Gross amount of client loans and advances';

Average of Gross amount of client loans and advances: ('Gross amount of client loans and advances' as of the quarter end X-1 plus 'Gross amount of client loans and advances' as of the quarter end X-2 plus 'Gross amount of client loans and advances' as of the quarter end X-3 plus 'Gross amount of client loans and advances' as of the quarter end X-4) divided by 4;

Gross amount of client loans and advances: 'Total loans and advances to customers, gross' minus 'Other amounts due from customers';

Net loans to deposits: ('Loans and advances to customers' (net) less 'reverse repo operations with clients') divided by the quantity (total 'Amounts due to customers' less 'repo operations with clients').

Reconciliation of 'Net interest margin' calculation, (CZK million, consolidated):

(source: Profit and Loss Statement)	2024	2023
Net interest income, year to date	**25,278**	**25,595**
Of which:		
Loans and advances at amortised cost	68,024	66,139
Debt securities at amortised cost	4,697	4,407
Other debt securities	201	441
Financial liabilities at amortised cost	(41,387)	(38,798)
Hedging financial derivatives – income	42,348	48,103
Hedging financial derivatives – expense	(48,605)	(54,697)

(source: Balance Sheet)	31. 12. 2024	31. 12. 2023	31. 12. 2022
Cash and current balances with central banks/ Current balances with central banks	64,383	4,530	6,167
Loans and advances to banks	335,834	411,644	233,398
Loans and advances to customers	853,022	833,542	781,463
Financial assets held for trading at fair value through profit or loss/ Trading debt securities	19,622	19,621	9,968
Non-trading financial assets at fair value through profit or loss/ Debt securities	0	0	132
Financial asset at fair value through other comprehensive income (FV OCI)/ Debt securities at FVOCI	11,258	16,729	30,119
Debt securities	182,874	152,238	139,277
Interest-bearing assets (end of period)	**1,466,993**	**1,438,304**	**1,200,524**
Average interest-bearing assets, year to date	**1,452,649**	**1,319,414**	**1,181,090**
NIM year to date, annualised	**1.74%**	**1.94%**	**2.42%**

Information on remuneration to auditors Remuneration to the auditors of KB and KB Group for services performed by the companies KPMG Czech republic s.r.o. during 2024:

Type of service – CZK thousand, excl. VAT	KPMG		Total	
	KB	KB Group	KB	KB Group
Audit services	24,515	34,650	24,515	34,650
Tax advisory	0	0	0	0
Non-audit services*	6,001	6,091	6,001	6,091
Total	**30,516**	**40,741**	**30,516**	**40,741**

* Non-audit services include interim profit review, non-financial reporting, asset monitor, cyber security audit, and training.

Information on the base used in calculating the contribution to the Investor Compensation Fund (in the Czech Republic)

Pursuant to Section 129(1) of the Act on Capital Market Undertakings, the annual contribution of a securities dealer to the Investor Compensation Fund shall be calculated as 2% of the volume of revenues from fees and commissions for investment services provided in the previous calendar year. In 2024, the base for calculating the volume of the contribution was CZK 1,900 million (2023: CZK 1,385 million). The Bank includes in the base mainly income from intermediation of sales of mutual funds, custody services, safekeeping and administration of securities, brokerage fees for securities transactions for clients, management of client assets, intermediation of primary issues, administration of securities purchase prices, and other investment services. The Bank's contribution to the Investor Compensation Fund in 2024 came to CZK 38 million (2023: CZK 28 million).

Report on relations among related entities

Report on relations among related entities

for the year ended 31 December 2024

(hereinafter the **“Report on Relations”**)

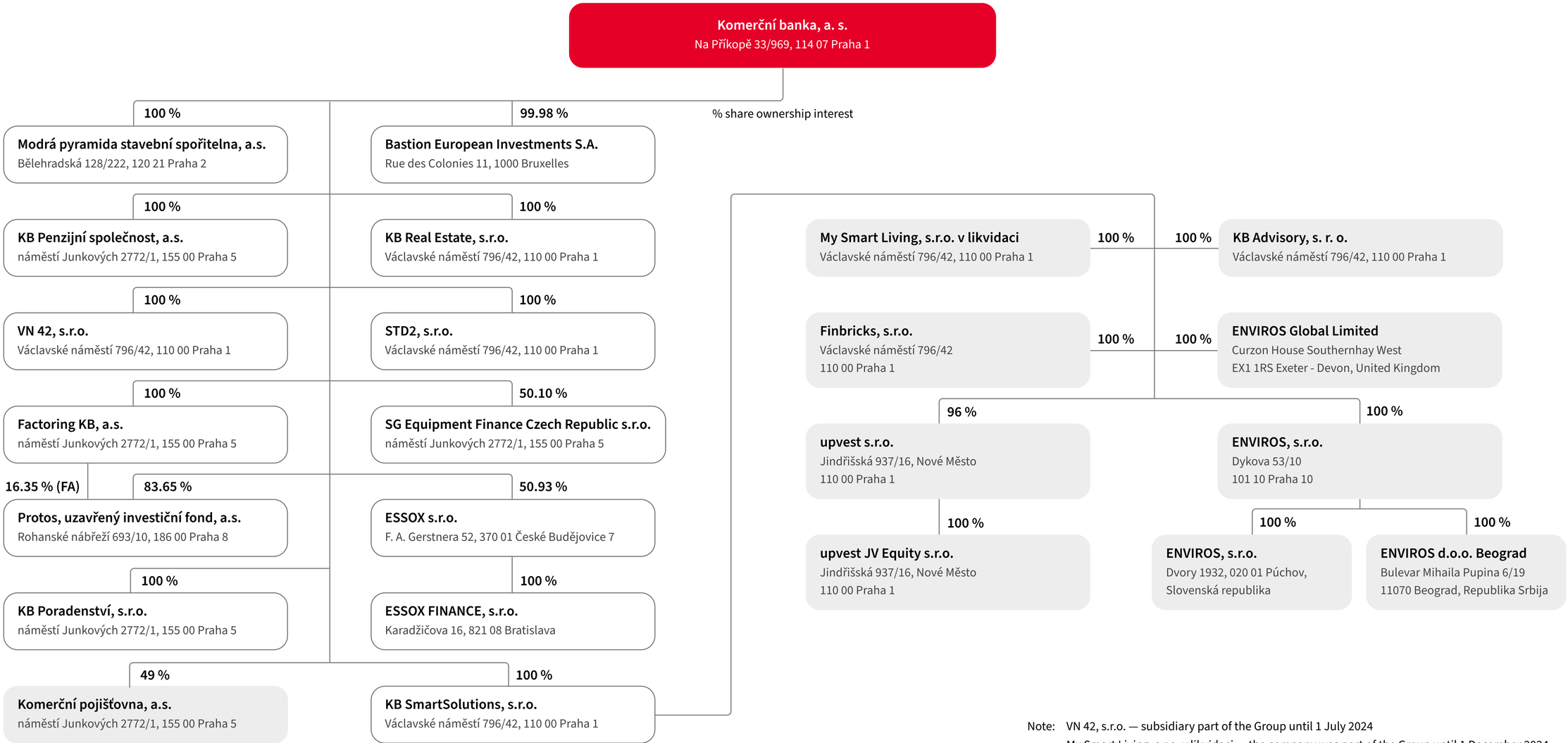
Komerční banka, a.s., with its registered office in Prague 1, Na Příkopě 33/969, 114 07, Corporate ID: 45317054, incorporated in the Register of Companies maintained by the Municipal Court in Prague, Section B, File 1360, (hereinafter the “Company” or “Group”), is part of a business group (holding company) where the following relations exist between the Company and its controlling entity and further between the Company and other entities controlled by the same controlling entity (hereinafter the “business group”).

This Report on Relations was compiled in accordance with Section 82 et seq. of Act No. 90/2012 Coll., on Business Corporations and Co-operatives (the Business Corporations Act), as amended, for the year ended 31 December 2024, that is, from 1 January 2024 to 31 December 2024 (hereinafter the “reporting period”).

I. Introduction

Structure of relations among entities within the business group:

In the period from 1 January 2024 to 31 December 2024, the Company was a member of the Société Générale S.A. Group, with its registered office at 29, BLD Haussmann, 75009 Paris, France, registration number in the French Register of Companies: R.C.S. Paris B552120222 (1955 B 12022) (hereinafter “SG” or “SG Paris”). Société Générale S.A.’s share in the voting rights of Komerční banka, a.s. was 60.73% and its share in the ownership interest of Komerční banka, a.s. was 60.35%. The structure of relations within the Group is as follows:



Note: VN 42, s.r.o. — subsidiary part of the Group until 1 July 2024
My Smart Living, s.r.o. v likvidaci — the company was part of the Group until 1 December 2024
KB Advisory, s. r. o. — the company was dissolved by merger with ENVIROS, s.r.o. on 1 June 2024

The list of SG Group companies as shown in the Consolidated Financial Statements is annexed to the report.

During the 2024 reporting period, the Company had relationships with the following entities which are part of the Group:

Company	Registered office	SG's share in voting rights
Ayvens s.r.o.[1)]	U Stavoservisu 527/1, 108 00 Prague 10, Czech Republic	100
ALD Automotive d.o.o. za operativni i financijski leasing	Veliko Polje, Betinska ulica 1, Zagreb, 10010, Croatia.	100
ALD Automotive Eesti AS	Sõpruse pst 145, 13425 Tallinn, Estonia	75.01
ALD AUTOMOTIVE POLSKA	Zajęcza 2B, 00-351 Warsaw, Poland	100
ALD Automotive SIA	Malduguņu iela 2, Mārupe, Mārupes nov., LV-2167, Latvia	75
ALD Automotive Slovakia s.r.o.	Panónská cesta 47, 851 04, Bratislava, Slovakia	100
ESSOX FINANCE, s.r.o.	Karadžičova 16, 821 08 Bratislava, Slovakia	100
ESSOX s.r.o.	F. A. Gerstnera č. ev. 52, 370 01 České Budějovice 7, Czech Republic	100
ENVIROS, s.r.o.	Dykova 53/10, 101 00 Prague 10, Czech Republic	100
Factoring KB, a.s.	náměstí Junkových 2772/1, 155 00 Prague 5 – Stodůlky, Czech Republic	100
Finbricks, s.r.o.	Václavské náměstí 796/42, 110 00 Prague 1 – Nové Město, Czech Republic	100
KB Advisory, s. r. o.[2)]	Václavské náměstí 796/42, 110 00 Prague 1 – Nové Město, Czech Republic	100
KB Penzijní společnost, a.s.	náměstí Junkových 2772/1, 155 00 Prague 5 – Stodůlky, Czech Republic	100
KB Poradenství, s.r.o.	náměstí Junkových 2772/1, 155 00 Prague 5 – Stodůlky, Czech Republic	100
KB Real Estate, s.r.o.	Václavské náměstí 796/42, 110 00 Prague 1 – Nové Město, Czech Republic	100
KB SmartSolutions, s.r.o.	Václavské náměstí 796/42, 110 00 Prague 1 – Nové Město, Czech Republic	100
Komerční pojišťovna, a. s.	náměstí Junkových 2772/1, 155 00 Prague 5 – Stodůlky, Czech Republic	100
LeasePlan Slovakia, s. r. o.	Ševčenkova 34, 851 01 Petržalka, Slovakia	100
Modrá pyramida stavební spořitelna, a.s.	Bělehradská 128, č. p. 222, 120 00 Prague 2, Czech Republic	100
My Smart Living, s.r.o.[3)]	Václavské náměstí 796/42, 110 00 Prague 1 – Nové Město, Czech Republic	100
Protos, uzavřený investiční fond, a.s.	Rohanské nábřeží 693/10, 186 00 Praha 8 – Karlín, Prague, Czech Republic	100
SG Equipment Finance Czech Republic s. r. o.	náměstí Junkových 2772/1, 155 00 Prague 5 – Stodůlky, Czech Republic	100
SG Equipment Finance Hungary Plc.	Vaci ut 1-3. B/4 - 1062 Budapest, Hungary	100
SG Equipment Finance SA	17 Cours Valmy, 928 00 Puteaux, France	100
SG Equipment Leasing Hungary Ltd.	Váci út 1–3 B/4 Budapest H-1062, Hungary	100

Company	Registered office	SG's share in voting rights
SG Equipment Leasing Polska Sp. z o.o.	Łucka 9; Warsaw, 00-842; Poland	100
SG Maroccaine de Banques	55, boulevard Abdelmoumen, Casablanca, Morocco	0
SG Private Banking (Suisse) SA	Rue du Rhône 8, Geneva, Switzerland	100
SG Private wealth management SA	11-13 Avenue Emile Reuter L-2420 Luxembourg, Luxembourg	100
SOCIETE GENERALE LUXEMBOURG	11 avenue Emile Reuter, L-2420 Lucembourg	100
Société Générale S.A.	29, Boulevard Haussmann, Paris, France	0
SOCIETE GENERALE S.A. Oddział w Polsce	Łucka 9; Warsaw, 00-842; Poland	100
Societe Generale Expressbank EAD	92, Vladislav Varnenchik Blvd., 9000, Varna, Bulgaria	100
Société Générale International Mobility	Rue du Rhône 8, 1204 Genève, Switzerland	100
Société Générale Offshore	58 AVENUE MOHAMMED V TANGER 90000 MOROCCO	100
Société Générale, New York Branch	245 Park Avenue, 10167 New York, United States	100
SOGECAP S.A.	Tour D2 - 17 bis, place des Reflets, 92919 Paris La Défense 2, France	100
SOGEPROM Česká republika s.r.o.	Politických vězňů 1419/11, 110 00 Prague 1 – Nové Město, Czech Republic	0
upvest s.r.o.	Jindřišská 937/16, 110 00 Prague 1 – Nové Město, Czech Republic	100
STD2, s.r.o.	Václavské náměstí 796/42, 110 00 Prague 1 – Nové Město, Czech Republic	100
VN 42, s.r.o.[4)]	Václavské náměstí 796/42, 110 00 Prague 1 – Nové Město, Czech Republic	100

1) Originally ALD AUTOMOTIVE s. r. o.Name change from 1 May 2024.

2) Company was dissolved by merger with ENVIROS, s.r.o. as of 1 June 2024.

3) Part of the KB Group as of 1 December 2024.

4) Company part of the concern until 30 June 2024.

Role of the Company within the aforementioned relationship structure

Komerční banka is the parent company of the KB Group and is part of the international financial group of Société Générale (hereinafter the "SG Group"). KB is a universal bank offering a wide range of services in the areas of retail, corporate, and investment banking on the territory of the Czech Republic. KB operates on the territory of the Slovak Republic using its branch abroad and focuses on serving large and medium-sized enterprises. The KB Group companies offer additional specialised services, including pension savings, building society schemes, leasing, factoring, consumer financing, and insurance. As a part of the KB Group, the Bank provides certain subsidiaries with trademark licences. Within the KB Group, Komerční banka provides certain IT services; operating services, services and advisory in the area of human resources; services and advisory within the framework of internal and external communication and marketing; services and consulting within the framework of internal audit; as well as advisory in the areas of compliance, operational risks, insurance within the SG Group and services and advisory in the area of finance and accounting. The headquarters of Komerční banka and of the KB Group companies in Prague share common premises owned by the KB Group. The products of KB's subsidiaries are sold using Komerční banka's sales network, which newly includes also the network of registered agents taken over by KB from Modrá pyramamida stavební spořitelna, a.s. Based on outsourcing agreements, KB has been providing products and services to some of the companies which are part of the KB Group.

KB creates and collects data on the whole control and management system and also provides these data, including data on KB, to SG. These data include, inter alia, budgets, business plans, business continuity and crisis management plans, and anti-money laundering measures.

KB intermediates SG's control over KB's subsidiaries and participates in the creation of group policies on the territory of the Czech Republic and Slovakia.

Manner and means of control

Société Générale, as the majority shareholder, exerts its influence on the Company's activity by setting unified Group policy, by implementing internal regulations and corporate governance principles, and, furthermore, through the General Meeting. It has three representatives on the Bank's nine-member Supervisory Board and one representative in the three-member Audit Committee.

One Société Générale employee is on secondment to the Board of Directors of Komerční banka as its member. Furthermore, SG sends

its employees on secondment to certain positions within KB. At this time, there are three such employees in KB.

In accordance with Section 79 of the Business Corporations Act, SG is a controlling entity with respect to KB. The control is formally exercised by implementing SG's methodologies in KB's internal regulations, in particular in the area of risk management, capital adequacy and corporate governance. Furthermore, informal control takes place in the form of consultancy in individual areas of KB's activity.

The intermediation of SG's control over KB's subsidiaries is formally represented by the implementation of KB's methodologies in the subsidiaries' internal regulations, and informal control takes the form of consultancy in individual areas of activity.

II. Relations within the Group

This section is not complete as it does not include contracts or relationships covered by banking secrecy. However, all such contracts and relationships have been reviewed and it can be stated that they were granted on standard terms and conditions as per the Company's price list, taking into account the creditworthiness of the individual clients within the terms and conditions customary in the ordinary course of trade or inter-bank dealings. None of these contracts or relationships were made based on the instruction of the controlling person.

A. Significant transactions made in the reporting period at the initiative or in the interest of the controlling entity or entities controlled by the controlling entity and relating to assets exceeding 10% of the Company's equity as determined based on the financial statements for the reporting period immediately preceding the reporting period for which the Report on Relations is prepared

Komerční banka, a.s. made no significant transactions which would not be subject to banking secrecy.

In previous periods, KB sold mortgage bonds to subsidiaries in a total volume exceeding 10% of Komerční banka's equity, upon which it paid returns in this reporting period.

B. Overview of mutual contracts between the controlled entity and the controlling entity or among controlled entities

Title of contract (or subject matter of contract – if not clear from the title)	Contracting party	Date of contract
Agreement on the organisation of periodic control	ALD Automotive d.o.o. za operativni i financijski leasing, Société Générale S.A.	19 Aug 2019
Agreement on the organisation of periodic control	ALD Automotive Eesti AS, Société Générale S.A.	27 May 2019
Agreement on the organisation of periodic control	ALD Automotive Magyarország Autópark-kezelő és Finanszirozó Kft, Société Générale S.A.	24 Sep 2019
IGAD contract for EAA member states	ALD AUTOMOTIVE POLSKA, Société Générale S.A., ALD S.A.	1 May 2022
Agreement on the organisation of periodic control	ALD Automotive SIA, Société Générale S.A.	27 May 2019
Non-disclosure agreement	ALD Automotive Slovakia s. r. o.	9 Jul 2010
Service contract – Outsourcing (HR services)	ALD Automotive Slovakia s. r. o.	1 Jan 2016
Agreement for co-operation in performance of group insurance agreement of work-related accident and occupational disease insurance for Members of Board of Directors and administrators of the financial group of Komerční banka/Société Générale no. 334000000	ALD Automotive Slovakia s. r. o.	4 Aug 2016
Agreement – outsourcing of HR services (excluding Payroll), including amendment	ALD Automotive Slovakia s. r. o.	30 Dec 2016
Co-operation Agreement	ALD Automotive Slovakia s. r. o.	19 Oct 2018
Agreement – Outsourcing of DPO services	ALD Automotive Slovakia s. r. o.	20 Feb 2019
Agreement on the organisation of periodic control	ALD Automotive UAB, Société Générale S.A.	27 May 2019
Lease of non-residential premises (Ostrava), including amendments	Ayvens s.r.o.	31 Oct 2003
Lease of non-residential premises and movable assets (České Budějovice), including amendments	Ayvens s.r.o.	27 Nov 2003
Mutual co-operation agreement	Ayvens s.r.o.	1 Aug 2007
Co-operation agreement – Jobs	Ayvens s.r.o.	9 Jun 2010
Service framework agreement – IT	Ayvens s.r.o.	31 Aug 2010
Accession to the rules of co-operation between KB and Group members in the area of sourcing and acquisitions	Ayvens s.r.o.	16 Aug 2011
Separate agreement no. 2 for the provision of technical infrastructure solution services, connectivity services, including amendments	Ayvens s.r.o.	1 Nov 2012
Co-operation agreement	Ayvens s.r.o.	29 Mar 2013
Agreement – Outsourcing of HR services (excluding Payroll)	Ayvens s.r.o.	1 Apr 2013
Framework agreement – Vehicle leasing	Ayvens s.r.o.	22 May 2013
Agreement for co-operation in performance of group risk insurance for employees no. 3280000000 as amended by subsequent amendments	Ayvens s.r.o.	29 Oct 2013
Framework agreement to lease a vehicle	Ayvens s.r.o.	7 Jan 2015
Lease of non-residential premises and payment of related services (Pilsen), including amendments	Ayvens s.r.o.	30 Sep 2015
Agreement for co-operation in performance of group insurance agreement of work-related accident and occupational disease insurance for Members of Board of Directors and administrators of the financial group of Komerční banka/Société Générale no. 334000000	Ayvens s.r.o.	26 Sep 2016
Lease of non-residential premises and payment of related services (Brno), including amendments	Ayvens s.r.o.	31 Dec 2016
Separate agreement no. 3 – IT infrastructure services	Ayvens s.r.o.	30 Jun 2017
Service contract – Outsourcing (HR services)	Ayvens s.r.o.	21 Dec 2017
Agreement on services: eDoceo	Ayvens s.r.o.	1 Apr 2018
Agreement – outsourcing of DPO services	Ayvens s.r.o.	16 May 2018
Service agreement – C4M access	Ayvens s.r.o.	14 Sep 2018
Lease of non-residential premises, movable assets, and payment of related services (Ústí nad Labem)	Ayvens s.r.o.	3 Jun 2019
Contract for the lease of movable property (means of transport) for the Car for Newcomer incentive event no. 14010900	Ayvens s.r.o.	15 May 2020
MůjPodpis Service Agreement	Ayvens s.r.o.	14 Sep 2020
Separate agreement no. 5 – IT infrastructure services - Telephony Services	Ayvens s.r.o.	11 Dec 2020
Separate agreement no. 4 – IT infrastructure services	Ayvens s.r.o.	10 Feb 2021
Compliance Co-operation Agreement	Ayvens s.r.o.	24 Oct 2023
Lease of non-residential premises and payment of related services (Olomouc)	Ayvens s.r.o.	8 Aug 2024

Title of contract (or subject matter of contract – if not clear from the title)	Contracting party	Date of contract
Agreement on the organisation of periodic control	Ayvens s.r.o., Société Générale S.A.	19 Apr 2011
Custodian services agreement	BRD - Groupe Société Générale S.A.	20 Oct 2011
RON Account Agreement	BRD - Groupe Société Générale S.A.	16 Oct 2019
Memorandum on co-operation in the field of energy savings	ENVIROS, s.r.o.	21 Jun 2016
Non-disclosure agreement	ENVIROS, s.r.o.	11 Mar 2022
Co-operation Agreement (HR recruitment services)	ENVIROS, s.r.o.	1 Jan 2023
Co-operation Agreement	ENVIROS, s.r.o.	31 Jan 2023
Service agreement – outsourcing (HR services)	ENVIROS, s.r.o.	16 Mar 2023
Agreement – service: responsible representative – FVE	ENVIROS, s.r.o.	16 Apr 2023
Service agreement – KYS (Know Your Supplier) processing	ENVIROS, s.r.o.	25 May 2023
Separate agreement to the Co-operation Agreement – calculation of KB's carbon footprint	ENVIROS, s.r.o.	3 Jul 2023
Agreement on the Assignment of Contracts	ENVIROS, s.r.o.	28 Dec 2023
Agreement on Cooperation in the Field of Compliance.	ENVIROS, s.r.o.	5 Jan 2024
Non-disclosure agreement	ENVIROS, s.r.o.	25 Mar 2024
Framework Agreement for the Rental of Motor Vehicles Driven by Employees (Reference Use).	ENVIROS, s.r.o.	7 May 2024
Service agreement – sub-subsidy consultancy	ENVIROS, s.r.o.	1 Oct 2024
Cooperation Agreement (SK entity)	ENVIROS, s.r.o.	11 Oct 2024
2x AGREEMENT – outsourcing of DPO services (CZ and SK entity)	ENVIROS, s.r.o.	26 Nov 2024
Purchase Order 0000528671	ENVIROS, s.r.o.	6 Nov 2023
Purchase Order 0000530385	ENVIROS, s.r.o.	15 Dec 2023
Non-disclosure agreement	ESSOX FINANCE, s.r.o.	29 Nov 2016
Service agreement – outsourcing (HR services)	ESSOX FINANCE, s.r.o.	2 Jan 2017
Service framework agreement	ESSOX FINANCE, s.r.o.	15 Feb 2017
Agreement for co-operation in performance of group risk insurance agreement for employees	ESSOX FINANCE, s.r.o.	31 Mar 2017
Separate agreement no. 2 – Technical infrastructure services, identity and access	ESSOX FINANCE, s.r.o.	28 Dec 2017
Separate agreement no. 1 – Technical infrastructure services, connectivity	ESSOX FINANCE, s.r.o.	16 Jan 2018
Agreement – outsourcing of DPO services	ESSOX FINANCE, s.r.o.	24 May 2018
Co-operation agreement	ESSOX FINANCE, s.r.o.	27 Jun 2018
Compliance Co-operation Agreement	ESSOX FINANCE, s.r.o.	3 Dec 2020
Accession to the rules of co-operation between KB and Group members in the area of sourcing and acquisitions	ESSOX FINANCE, s.r.o.	16 May 2022
Agreement on the organisation of periodic control	ESSOX FINANCE, s.r.o., Société Générale S.A.	31 May 2019
Service agreement (client)	ESSOX s.r.o.	21 Sep 2005
Agreement on mutual co-operation, including amendments (beneficiary)	ESSOX s.r.o.	1 Aug 2007
Co-operation agreement	ESSOX s.r.o.	17 Sep 2008
Co-branded cards distribution agreement, including amendments	ESSOX s.r.o.	16 Jan 2009
Co-operation Agreement, including amendments	ESSOX s.r.o.	20 Oct 2009
Service agreement – outsourcing, including amendments (provider)	ESSOX s.r.o.	15 Dec 2009
Non-disclosure agreement	ESSOX s.r.o.	10 May 2010
Non-disclosure agreement	ESSOX s.r.o.	9 Jul 2010
Personal data processing framework agreement (administrator)	ESSOX s.r.o.	12 Apr 2011
Framework service agreement (recipient)	ESSOX s.r.o.	26 Apr 2011
Separate agreement no. 1 – Provision of services for access to KB's external entity	ESSOX s.r.o.	30 Jun 2011
Contract for exchange of negative client information within KB/SG Financial Group in the Czech Republic	ESSOX s.r.o.	19 Aug 2011
Service Agreement - outsourcing (HR services), including amendments	ESSOX s.r.o.	21 Dec 2011
Co-operation Agreement, including amendments	ESSOX s.r.o.	1 Aug 2012
Distribution agreement for product "Corporate Car Loans", including amendments	ESSOX s.r.o.	1 Aug 2012
Agreement for co-operation in performance of the contract for group risk insurance for employees no. 3280000000, including amendments	ESSOX s.r.o.	22 Aug 2012
Co-branded cards co-operation agreement	ESSOX s.r.o.	28 Dec 2012

Title of contract (or subject matter of contract – if not clear from the title)	Contracting party	Date of contract
Separate agreement no. 2 – provision of technical infrastructure solution services, service hosting, including amendments	ESSOX s.r.o.	29 Aug 2014
Service level agreement	ESSOX s.r.o.	25 Nov 2014
Agreement to enter into a lease of non-residential premises and payment of related services (future sub-lessee)	ESSOX s.r.o.	27 Mar 2015
Contract – soft collection	ESSOX s.r.o.	29 Apr 2015
Group insurance agreement for work-related accident and occupational disease insurance for Members of Board of Directors and administrators of the financial group of Komerční banka and Société Générale	ESSOX s.r.o.	14 Jul 2016
Service agreement, including amendments	ESSOX s.r.o.	3 Jan 2017
Memorandum of understanding – project AS/400 Lifecycle Renewal	ESSOX s.r.o.	3 Apr 2017
Separate agreement no. 3 – provision of technical infrastructure solution services, connectivity, including amendments	ESSOX s.r.o.	13 Dec 2017
Separate agreement no. 4 – provision of technical infrastructure solution services, physical hosting, including amendments	ESSOX s.r.o.	13 Dec 2017
Separate agreement no. 5 – provision of technical infrastructure solution services, identity and access	ESSOX s.r.o.	13 Dec 2017
Distribution Agreement for Product "Retail Car Loans"	ESSOX s.r.o.	15 Feb 2018
Agreement on services: eDoceo	ESSOX s.r.o.	31 Mar 2018
Agreement – outsourcing of DPO services	ESSOX s.r.o.	11 May 2018
Agreement on assignment of rights and obligations arising from the license agreement and licenses assignment agreement	ESSOX s.r.o.	7 Mar 2019
Service agreement, including amendments	ESSOX s.r.o.	17 Dec 2020
Compliance Co-operation Agreement	ESSOX s.r.o.	21 Jan 2021
AGREEMENT – SERVICES: Processing KYS – Know Your Supplier	ESSOX s.r.o.	27 Jan 2021
Contract on providing of online services	ESSOX s.r.o.	22 Mar 2021
Service Level Agreement – reporting	ESSOX s.r.o.	20 Dec 2021
Co-operation agreement – cashshop	ESSOX s.r.o.	10 Jan 2022
Service agreement – C4M access	ESSOX s.r.o.	4 May 2022
Framework agreement for the rental of employee-driven motor vehicles	ESSOX s.r.o.	13 Jun 2022
Trademark License agreement	ESSOX s.r.o.	12 Jul 2022

Title of contract (or subject matter of contract – if not clear from the title)	Contracting party	Date of contract
Agreement to provide fictive cash-pooling for a separate legal entity, including amendments	ESSOX s.r.o.	1 Aug 2022
MEMORANDUM OF UNDERSTANDING	ESSOX s.r.o.	29 Sep 2022
Agreement on using KB eTrading	ESSOX s.r.o.	6 Jun 2023
Agreement – outsourcing of services: Data transfer to ČBA – IT application EDUCA	ESSOX s.r.o.	4 Oct 2023
Agreement – Outsourcing of services: Resistant AI/Label marker/OCR	ESSOX s.r.o.	26 Oct 2023
Separate agreement ESSOX for application OLTM – Over Limit Transactions Management	ESSOX s.r.o.	18 Dec 2024
Agreement on the organisation of periodic control	ESSOX s.r.o., Société Générale S.A.	8 Jul 2019
License agreement – LOGO, including amendments	Factoring KB, a.s.	20 Dec 2004
Mutual Co-operation agreement, including amendments – provision of banking services to staff	Factoring KB, a.s.	1 Aug 2007
Lease of non-residential premises, movable assets, and payment of related services, including amendments (Ostrava)	Factoring KB, a.s.	18 Jun 2008
Framework agreement – personal data processing	Factoring KB, a.s.	1 Dec 2008
Sales agreement (Distribution agreement), including amendments	Factoring KB, a.s.	1 Dec 2008
Service Agreement – outsourcing (HR services), including amendments	Factoring KB, a.s.	4 Jan 2010
Co-operation agreement – posts (filling of posts)	Factoring KB, a.s.	28 Apr 2010
Non-disclosure agreement	Factoring KB, a.s.	9 Aug 2010
Framework agreement for the provision of IT infrastructure services, including amendments	Factoring KB, a.s.	8 Sep 2010
Accession to the rules of co-operation between KB and Group members in the area of sourcing and acquisitions	Factoring KB, a.s.	4 Oct 2010
Database usage license agreement	Factoring KB, a.s.	1 Apr 2011
Service agreement – C4M access, including amendments	Factoring KB, a.s.	24 May 2011
IT – Separate agreement no. 1, Connectivity services, technical infrastructure solution services, including amendments	Factoring KB, a.s.	1 Dec 2012
IT – Separate agreement no. 2, Physical hosting of equipment, technical infrastructure solution services, including amendments	Factoring KB, a.s.	1 Dec 2012

Title of contract (or subject matter of contract – if not clear from the title)	Contracting party	Date of contract
IT – Separate agreement no. 3, IT Infrastructure hosting, provision of technical infrastructure solution services, including amendments	Factoring KB, a.s.	1 Dec 2012
Service contract – BI services, including amendments	Factoring KB, a.s.	27 Dec 2012
IT – Separate agreement no. 4, VoIP, provision of technical infrastructure solution services	Factoring KB, a.s.	31 Dec 2012
Framework Co-Operation Agreement No. 0000020447/0000), including amendments	Factoring KB, a.s.	31 Dec 2012
Agreement to provide HR services excluding payroll processing, including amendments	Factoring KB, a.s.	1 Jan 2013
Agreement services: data transfer – current accounts	Factoring KB, a.s.	1 Aug 2013
Agreement to provide postal services and destruction of document duplicates, including amendments	Factoring KB, a.s.	31 Oct 2013
Framework agreement for the rental of employee-driven motor vehicles	Factoring KB, a.s.	22 Sep 2014
Service level agreement – co-operation in the area of reporting and accounting	Factoring KB, a.s.	26 Nov 2014
Agreement to provide services regarding OHS, environmental protection and fire protection, including amendments	Factoring KB, a.s.	30 Jan 2015
Lease of non-residential premises, movable assets, and payment of related services, including amendments (Pilsen)	Factoring KB, a.s.	30 Sep 2015
Service contract – information security services	Factoring KB, a.s.	27 Oct 2015
IT – Separate agreement no. 11, DR (disaster recovery), provision of technical infrastructure solution services	Factoring KB, a.s.	18 Jan 2016
Group Insurance Agreement of Work-Related Accident and Occupational Disease Insurance for Members of Board of Directors and Administrators of the Financial Group of Komerční banka No. 334000000	Factoring KB, a.s.	26 Sep 2016
Lease of non-residential premises and payment of related services, including amendments (Ústí nad Labem)	Factoring KB, a.s.	1 Apr 2017
IT – Separate agreement no. 12, SOC - Vulnerability detection (VD), provision of technical infrastructure solution services	Factoring KB, a.s.	28 Aug 2017
Lease of non-residential premises and payment of related services, including amendments (Brno)	Factoring KB, a.s.	14 Dec 2017
Sublease agreement	Factoring KB, a.s.	26 Apr 2018
Agreement – outsourcing of DPO services	Factoring KB, a.s.	26 Apr 2018
Agreement to provide internal audit services, including amendments	Factoring KB, a.s.	21 May 2019

Title of contract (or subject matter of contract – if not clear from the title)	Contracting party	Date of contract
KYS Processing	Factoring KB, a.s.	1 Oct 2020
Compliance Co-operation Agreement	Factoring KB, a.s.	3 Dec 2020
Lease of non-residential premises and payment of related services (Palmovka)	Factoring KB, a.s.	1 Oct 2021
Contract on a future agreement on the lease of non-residential premises and payment for services related to their use	Factoring KB, a.s.	1 Oct 2021
Sublease of non-residential premises and payment for services related to their use	Factoring KB, a.s.	1 Jan 2023
Contract – Outsourcing services, including amendments	Factoring KB, a.s.	28 Mar 2023
Protocol on the transfer and acceptance of the leased object (6)	Factoring KB, a.s.	1 Jun 2023
Contract for the provision of SLC services	Factoring KB, a.s.	10 Dec 2023
Contract for the payment of insurance premium and of insurance broker's commission	Factoring KB, a.s.	20 Feb 2024
Termination agreement (IT _ Email, Fileshare, End user workplace, Service desk, Indentity and Access, Platform hosting)	Factoring KB, a.s.	29 Feb 2024
Agreement on cancellation of rights and obligations (termination of lease), Ústí nad Labem (sublease of land)	Factoring KB, a.s.	5 Mar 2024
Agreement on cancellation of rights and obligations (termination of lease), Pilsen	Factoring KB, a.s.	5 Mar 2024
Agreement on cancellation of rights and obligations (termination of lease), Ústí nad Labem	Factoring KB, a.s.	5 Mar 2024
Agreement on the cancellation of obligations from the Lease of non-residential premises and payment of related services (Brno)	Factoring KB, a.s.	7 Mar 2024
Agreement on cancellation of rights and obligations (termination of lease), Ostrava	Factoring KB, a.s.	18 Mar 2024
Purchase contract	Factoring KB, a.s.	26 Mar 2024
Agreement on assignment of contract (6)	Factoring KB, a.s., Ayvens s.r.o.	1 Jun 2023
Agreement – Services: Edu Portal	Finbricks, s.r.o.	1 Jan 2022
Co-operation agreement	Finbricks, s.r.o.	24 Mar 2022
Separate agreement for the purpose of providing HR requirements	Finbricks, s.r.o.	24 Mar 2022
Service agreement – outsourcing	Finbricks, s.r.o.	2 May 2022
Rules for co-operation between KB and Group members in the area of sourcing and procurement – version no. II	Finbricks, s.r.o.	16 Feb 2023

Title of contract (or subject matter of contract – if not clear from the title)	Contracting party	Date of contract
AGREEMENT – SERVICES: Use of the Finbricks product Whitebricks for Mojeplatba	Finbricks, s.r.o.	13 Jun 2023
Non-disclosure agreement	Finbricks, s.r.o.	13 Jul 2023
AGREEMENT – SERVICES: PSD2 AGGREGATION PLATFORM, including amendments	Finbricks, s.r.o.	18 Dec 2023
Agreement on the provision of preferential terms of the KB product for FINBRICKS employees	Finbricks, s.r.o.	16 Feb 2024
Agreement on the organisation of periodic control, including amendments	Finbricks, s.r.o., Société Générale S.A.	22 Nov 2023
Agreement for the rental of motor vehicles	KB Advisory s.r.o.	15 Nov 2019
Co-operation agreement	KB Advisory s.r.o.	23 Jan 2020
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	24 Jan 2020
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	24 Jan 2020
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	24 Jan 2020
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	24 Jan 2020
Service agreement – outsourcing (services)	KB Advisory s.r.o.	14 Feb 2020
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	1 Apr 2020
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	22 Jun 2020
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	22 Jun 2020
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	25 Jun 2020
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	11 Jul 2020
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	21 Jul 2020
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	21 Jul 2020
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	21 Jul 2020
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	21 Jul 2020
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	21 Jul 2020
Commercial agency agreement	KB Advisory s.r.o.	29 Jul 2020
Agreement on services: eDoceo	KB Advisory s.r.o.	1 Aug 2020
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	4 Aug 2020
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	4 Aug 2020

Title of contract (or subject matter of contract – if not clear from the title)	Contracting party	Date of contract
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	4 Aug 2020
Framework agreement	KB Advisory s.r.o.	31 Aug 2020
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	29 Oct 2020
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	7 Jan 2021
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	7 Jan 2021
Separate agreement no. 5 Provision of technical infrastructure solution services, EUW	KB Advisory s.r.o.	8 Jan 2021
Separate agreement no. 1 Provision of technical infrastructure solution services – Connectivity services	KB Advisory s.r.o.	8 Jan 2021
Separate agreement no. 2 Provision of technical infrastructure solution services – Data Storage Services	KB Advisory s.r.o.	8 Jan 2021
Separate agreement no. 3 Provision of technical infrastructure solution services – Collaborative Services	KB Advisory s.r.o.	8 Jan 2021
Separate agreement no. 4 Provision of technical infrastructure solution services – Integration Services	KB Advisory s.r.o.	8 Jan 2021
Separate agreement no. 6 Provision of technical infrastructure solution services – Security	KB Advisory s.r.o.	8 Jan 2021
Separate agreement no. 7 Provision of technical infrastructure solution services – Application Maintenance and Support	KB Advisory s.r.o.	8 Jan 2021
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	27 Jan 2021
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	4 Mar 2021
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	15 Mar 2021
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	15 Mar 2021
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	18 Mar 2021
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	23 Mar 2021
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	23 Mar 2021
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	30 Mar 2021
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	30 Mar 2021
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	12 Apr 2021
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	14 Apr 2021
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	15 Apr 2021

Title of contract (or subject matter of contract – if not clear from the title)	Contracting party	Date of contract
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	28 Apr 2021
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	12 May 2021
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	24 May 2021
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	24 May 2021
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	16 Jun 2021
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	17 Jun 2021
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	18 Jun 2021
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	28 Jun 2021
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	1 Jul 2021
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	9 Jul 2021
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	14 Jul 2021
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	15 Jul 2021
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	16 Jul 2021
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	2 Aug 2021
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	4 Aug 2021
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	25 Aug 2021
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	25 Aug 2021
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	12 Oct 2021
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	12 Oct 2021
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	20 Oct 2021
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	7 Jan 2022
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	7 Jan 2022
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	31 Jan 2022
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	7 Feb 2022
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	7 Feb 2022
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	9 Feb 2022
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	9 Feb 2022
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	2 Mar 2022
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	2 Mar 2022

Title of contract (or subject matter of contract – if not clear from the title)	Contracting party	Date of contract
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	2 Mar 2022
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	5 Mar 2022
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	14 Mar 2022
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	14 Mar 2022
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	14 Mar 2022
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	14 Mar 2022
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	14 Mar 2022
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	14 Mar 2022
Compliance Co-operation Agreement	KB Advisory s.r.o.	4 Apr 2022
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	7 Apr 2022
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	7 Apr 2022
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	7 Apr 2022
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	2 May 2022
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	10 May 2022
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	10 May 2022
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	10 May 2022
Rules for co-operation between KB and Group members in the area of sourcing and procurement	KB Advisory s.r.o.	16 May 2022
Non-disclosure agreement	KB Advisory s.r.o.	18 May 2022
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	30 May 2022
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	30 May 2022
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	10 Aug 2022
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	17 Oct 2022
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	17 Oct 2022
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	17 Oct 2022
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	17 Oct 2022
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	13 Dec 2022
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	13 Dec 2022
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	16 Dec 2022

Title of contract (or subject matter of contract – if not clear from the title)	Contracting party	Date of contract
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	22 Dec 2022
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	9 Jan 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	17 Jan 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	2 Feb 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	8 Feb 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	8 Feb 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	14 Feb 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	14 Feb 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	14 Feb 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	14 Feb 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	14 Feb 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	14 Feb 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	14 Feb 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	14 Feb 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	14 Feb 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	14 Feb 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	14 Feb 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	14 Feb 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	14 Feb 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	14 Feb 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	14 Feb 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	14 Feb 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	14 Feb 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	14 Feb 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	14 Feb 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	14 Feb 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	14 Feb 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	14 Feb 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	14 Feb 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	14 Feb 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	15 Feb 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	15 Feb 2023

Title of contract (or subject matter of contract – if not clear from the title)	Contracting party	Date of contract
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	15 Feb 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	15 Feb 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	17 Feb 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	20 Feb 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	20 Feb 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	20 Feb 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	20 Feb 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	20 Feb 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	20 Feb 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	20 Feb 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	21 Mar 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	21 Mar 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	21 Mar 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	21 Mar 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	21 Mar 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	21 Mar 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	21 Mar 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	21 Mar 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	21 Mar 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	24 Mar 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	24 Mar 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	24 Mar 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	24 Mar 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	17 Apr 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	26 Apr 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	1 Jun 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	1 Jun 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	1 Jun 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	1 Jun 2023

Title of contract (or subject matter of contract – if not clear from the title)	Contracting party	Date of contract
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	1 Jun 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	1 Jun 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	29 Jun 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	5 Sep 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	25 Oct 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	30 Oct 2023
Separate service agreement, consultancy in the field of providing subsidies	KB Advisory s.r.o.	30 Oct 2023
Contract for the payment of insurance premium and of insurance broker's commission	KB Advisory s.r.o.	21 Feb 2024
Licensing agreement, including amendments	KB Penzijní společnost, a.s.	20 Dec 2004
Personal data processing framework agreement	KB Penzijní společnost, a.s.	11 Aug 2006
Service agreement (sharing data from subsidiaries), including amendments	KB Penzijní společnost, a.s.	24 Nov 2006
Mutual Co-operation agreement, including amendments	KB Penzijní společnost, a.s.	1 Aug 2007
Agreement for Co-operation within the Group under S. 5a of Act No. 235/2004, the VAT Act, including amendments	KB Penzijní společnost, a.s.	19 Nov 2008
Agreement on KB Call Centre Services, including amendments	KB Penzijní společnost, a.s.	31 Dec 2009
Service agreement – outsourcing (HR services), including amendments	KB Penzijní společnost, a.s.	4 Jan 2010
Service agreement – outsourcing, including amendments	KB Penzijní společnost, a.s.	9 Jan 2010
Co-operation agreement – Jobs	KB Penzijní společnost, a.s.	28 Apr 2010
Non-disclosure agreement	KB Penzijní společnost, a.s.	9 Jul 2010
Rules for co-operation between KB and group members in the area of sourcing and procurement	KB Penzijní společnost, a.s.	13 Sep 2010
Framework agreement to provide IT services, including amendments	KB Penzijní společnost, a.s.	2 Nov 2010
Co-operation Agreement, including amendments	KB Penzijní společnost, a.s.	10 Aug 2012
Sublease agreement no. 20391 (parking), including valorisation, including amendments	KB Penzijní společnost, a.s.	10 Aug 2012
Agreement for co-operation in performance of the contract for employee group risk insurance	KB Penzijní společnost, a.s.	22 Aug 2012
Agreement – outsourcing of services (documentation processing)	KB Penzijní společnost, a.s.	25 Sep 2012

Title of contract (or subject matter of contract – if not clear from the title)	Contracting party	Date of contract
Contract for the provision of technical infrastructure services – Connectivity services (Contract no. 2 relating to Framework Agreement), including amendments	KB Penzijní společnost, a.s.	20 Dec 2012
Agreement for the provision of technical infrastructure solution services - Physical Hosting of Equipment (Agreement no. 3 to framework agreement), including amendments	KB Penzijní společnost, a.s.	20 Dec 2012
Agreement for the provision of technical infrastructure solution services – IT Infrastructure hosting – VMWare (Agreement no. 4 to framework agreement), including amendments	KB Penzijní společnost, a.s.	20 Dec 2012
Contract for the provision of technical infrastructure services – Voice over IP (Contract no. 5 relating to Framework Agreement)	KB Penzijní společnost, a.s.	31 Dec 2012
Agreement – outsourcing of HR services (excluding Payroll), including amendments	KB Penzijní společnost, a.s.	1 Jan 2013
Agreement – outsourcing of Services: operational risks, including amendments	KB Penzijní společnost, a.s.	25 Mar 2013
Service agreement, including amendments	KB Penzijní společnost, a.s.	21 May 2013
Contract for the provision of technical infrastructure services – Fileshare service (Contract no. 6 relating to Framework Agreement)	KB Penzijní společnost, a.s.	8 Aug 2013
Contract for the provision of technical infrastructure services –Smartphone service (Contract no. 7 relating to Framework Agreement)	KB Penzijní společnost, a.s.	8 Aug 2013
Contract for the provision of technical infrastructure services – EUW service (Contract no. 8 relating to Framework Agreement)	KB Penzijní společnost, a.s.	8 Aug 2013
Contract for the provision of technical infrastructure services – Service desk (Contract no. 9 relating to Framework Agreement)	KB Penzijní společnost, a.s.	8 Aug 2013
Contract for the provision of technical infrastructure services – E-mail service (Contract no. 10 relating to Framework Agreement)	KB Penzijní společnost, a.s.	8 Aug 2013
Non-disclosure agreement	KB Penzijní společnost, a.s.	12 Aug 2013
Contract for issue of payment place mandate	KB Penzijní společnost, a.s.	1 Oct 2013
Contract for personal data processing (in connection with contract for issue of payment place mandate)	KB Penzijní společnost, a.s.	1 Oct 2013
Service contract – outsourcing – BI services, including amendments	KB Penzijní společnost, a.s.	1 Nov 2013
Contract for the provision of technical infrastructure services – identity and access (Contract no. 13 relating to Framework Agreement)	KB Penzijní společnost, a.s.	31 Jan 2014
Contract for the provision of technical infrastructure services – Platform hosting (Contract no. 11 relating to Framework Agreement)	KB Penzijní společnost, a.s.	17 Jun 2014

Title of contract (or subject matter of contract – if not clear from the title)	Contracting party	Date of contract
Framework agreement for the rental of employee-driven motor vehicles, including amendments	KB Penzijní společnost, a.s.	22 Sep 2014
2 x Backup site provision agreement	KB Penzijní společnost, a.s.	10 Nov 2014
Service level agreement	KB Penzijní společnost, a.s.	24 Nov 2014
Contract of mandate – supplier contract management, including amendments	KB Penzijní společnost, a.s.	31 Dec 2014
Contract for the provision of technical infrastructure services – KBPS application development (Contract no. 16 relating to Framework Agreement)	KB Penzijní společnost, a.s.	4 Mar 2015
Contract for the provision of technical infrastructure services – Application Support (Contract no. 17 relating to Framework Agreement)	KB Penzijní společnost, a.s.	4 Mar 2015
Agreement of Work-Related accident and occupational disease insurance for Members of Board of Directors and Administrators of the Financial Group of Komerční banka/Société Générale No. 333000000	KB Penzijní společnost, a.s.	23 Mar 2015
Agreement for the sublease of parking places no. 21866, including amendments	KB Penzijní společnost, a.s.	31 Mar 2015
Agreement to provide services regarding OHS, environmental protection and fire protection, including amendments	KB Penzijní společnost, a.s.	28 May 2015
Contract for the provision of technical infrastructure services – HW rental (Contract no. 15 relating to Framework Agreement)	KB Penzijní společnost, a.s.	20 Jul 2016
Agreement for co-operation in performance of group insurance agreement of work-related accident and occupational disease insurance for Members of Board of Directors and administrators of the financial group of Komerční banka/Société Générale no. 334000000	KB Penzijní společnost, a.s.	12 Sep 2016
Contract for the provision of technical infrastructure services – Notification service (Contract no. 18 relating to Framework Agreement)	KB Penzijní společnost, a.s.	3 Oct 2016
Contract for the provision of technical infrastructure services and user accounts – Small application operation (Contract no. 14 relating to Framework Agreement)	KB Penzijní společnost, a.s.	16 Feb 2017
Framework agreement to provide electronic communication mobile services	KB Penzijní společnost, a.s.	28 Dec 2017
Sublease agreement	KB Penzijní společnost, a.s.	27 Mar 2018
Agreement on services: eDoceo	KB Penzijní společnost, a.s.	31 Mar 2018
Agreement – outsourcing of DPO services	KB Penzijní společnost, a.s.	26 Apr 2018
Agreement on provision of research	KB Penzijní společnost, a.s.	4 Jun 2018
Service agreement – outsourcing (accounting services)	KB Penzijní společnost, a.s.	31 Dec 2018

Title of contract (or subject matter of contract – if not clear from the title)	Contracting party	Date of contract
Distribution agreement for products “Pension Saving Plan – Pillar II” and “Supplementary Pension Saving Plan with a State Contribution – Pillar III”, including amendments	KB Penzijní společnost, a.s.	18 Jul 2019
Service agreement	KB Penzijní společnost, a.s.	21 Apr 2021
Agreement on KB Contact Centre Services	KB Penzijní společnost, a.s.	11 May 2021
Memorandum of Supervision and Co-operation in Risk Area	KB Penzijní společnost, a.s.	28 May 2021
Agreement for the provision of technical infrastructure services – Middleware as a Service (Separate Agreement no. 19 relating to Framework Agreement)	KB Penzijní společnost, a.s.	8 Oct 2021
Memorandum of Supervision and Co-operation in Risk Area	KB Penzijní společnost, a.s.	15 Nov 2021
Agreement for the lease of non-residential premises and payment of related services	KB Penzijní společnost, a.s.	2 Jan 2022
Agreement for future agreement for the lease of non-residential premises and payment of related services	KB Penzijní společnost, a.s.	2 Jan 2022
Memorandum of Supervision and Co-operation in Risk Area	KB Penzijní společnost, a.s.	14 Jan 2022
Framework agreement on the management of motor vehicles operated by the subsidiary	KB Penzijní společnost, a.s.	30 Jun 2023
Compliance Co-operation Agreement – outsourcing	KB Penzijní společnost, a.s.	20 Jul 2023
AGREEMENT – SERVICES and LICENSE: APPLICATION KBO	KB Penzijní společnost, a.s.	25 Jul 2023
Agreement on the transfer of client identification data in compliance with regulatory prudential rules	KB Penzijní společnost, a.s.	5 Sep 2023
Agreement – outsourcing of services: KYC approval of KBPS’s client	KB Penzijní společnost, a.s.	8 Nov 2023
Agreement – Outsourcing of 3rd parties management services	KB Penzijní společnost, a.s.	1 Jan 2024
Sublease of non-residential premises and payment of related services	KB Penzijní společnost, a.s.	16 Jan 2024
Cost re-invoicing agreement "I Love důchod"	KB Penzijní společnost, a.s.	6 Feb 2024
Agreement for the provision of technical infrastructure services – Security (Separate Agreement no. 23 relating to Framework Agreement)	KB Penzijní společnost, a.s.	28 Feb 2024
Contract for the payment of insurance premium and of insurance broker’s commission	KB Penzijní společnost, a.s.	21 Mar 2024
Separate Agreement to the Agreement on the use of personal data jointly managed according to marketing consent	KB Penzijní společnost, a.s.	27 Mar 2024
AGREEMENT – OUTSOURCING OF SERVICES: SLP Tribe	KB Penzijní společnost, a.s.	26 Apr 2024
Agreement – outsourcing of services: BYZEXP - pension products specialists	KB Penzijní společnost, a.s.	26 Apr 2024

Title of contract (or subject matter of contract – if not clear from the title)	Contracting party	Date of contract
Agreement – outsourcing of services: Communication	KB Penzijní společnost, a.s.	31 May 2024
AGREEMENT – OUTSOURCING OF SERVICES: FINANCE	KB Penzijní společnost, a.s.	15 Jul 2024
Agreement – Maintenance & Development of KB+ for KBPS	KB Penzijní společnost, a.s.	27 Sep 2024
Agreement – follow-up to the transfer of part of the plant from MPSS to KB	KB Penzijní společnost, a.s.	30 Sep 2024
AGREEMENT – OUTSOURCING OF SERVICES: AIS (Agenda Information System) for KBPS – Connection to the Information System of Basic Registers (ISZR)	KB Penzijní společnost, a.s.	1 Oct 2024
Compliance Co-operation Agreement – outsourcing	KB Penzijní společnost, a.s.	1 Nov 2024
Agreement on the organisation of periodic control, including amendments	KB Penzijní společnost, a.s., Société Générale S.A.	21 Jan 2011
Co-operation agreement	KB Poradenství, s.r.o.	27 Sep 2023
Agreement for co-operation within VAT group	KB Poradenství, s.r.o.	27 Sep 2023
Service agreement	KB Poradenství, s.r.o.	10 Dec 2023
Real estate lease agreement, including amendments	KB Real Estate, s.r.o.	4 Jun 2012
Co-operation agreement regarding use of real estate, including amendments	KB Real Estate, s.r.o.	1 Sep 2012
Service agreement – outsourcing (accounting services)	KB Real Estate, s.r.o.	1 Apr 2015
Service agreement – outsourcing (support services)	KB Real Estate, s.r.o.	3 Nov 2015
Contract for the payment of insurance premium and of insurance broker's commission	KB Real Estate, s.r.o.	17 Feb 2021
Co-operation agreement	KB Real Estate, s.r.o.	3 Dec 2021
Service agreement	KB Real Estate, s.r.o.	1 Jul 2022
Lease agreement	KB Real Estate, s.r.o.	1 Jul 2022
Sub-lease of non-residential premises and payment of related services	KB Real Estate, s.r.o.	20 Dec 2022
Lease of non-residential premises and payment of related services	KB Real Estate, s.r.o.	28 Dec 2023
Service agreement	KB Real Estate, s.r.o.	31 Dec 2023
Contract for the payment of insurance premium and of insurance broker's commission	KB Real Estate, s.r.o.	27 Feb 2024
Group co-operation agreement under Sec. 5a of VAT Act no. 235/2004 Coll.	KB SmartSolutions, s.r.o.	7 Mar 2019
Business Co-operation agreement	KB SmartSolutions, s.r.o.	16 Oct 2020
Co-operation agreement	KB SmartSolutions, s.r.o.	10 Dec 2020
Rules for co-operation between KB and Group members in the area of sourcing and procurement	KB SmartSolutions, s.r.o.	10 Dec 2020
Non-disclosure agreement	KB SmartSolutions, s.r.o.	10 Dec 2020
Contract for the payment of insurance premium and of insurance broker's commission	KB SmartSolutions, s.r.o.	10 Feb 2021
Commercial agency agreement	KB SmartSolutions, s.r.o.	27 Apr 2021
Compliance Co-operation Agreement	KB SmartSolutions, s.r.o.	20 Sep 2021
Service agreement – outsourcing	KB SmartSolutions, s.r.o.	3 Jan 2022
Agreement on providing advantageous conditions of KB products for KBSS employees	KB SmartSolutions, s.r.o.	5 Oct 2023
Agreement on co-operation in the field of consultations and synergies	KB SmartSolutions, s.r.o.	5 Dec 2023
Contract for the payment of insurance premium and of insurance broker's commission	KB SmartSolutions, s.r.o.	26 Feb 2024
Agreement – services: Edu portal	KB SmartSolutions, s.r.o.	16 Apr 2024
Framework service agreement	KB SmartSolutions, s.r.o.	28 Jun 2024
Subcontract for the provision of services	KB SmartSolutions, s.r.o.	30 Jul 2024
Agreement – outsourcing of DPO services	KB SmartSolutions, s.r.o.	16 Dec 2024
Agreement on the organisation of periodic control	KB SmartSolutions, s.r.o., Société Générale S.A.	13 Feb 2023
Co-operation agreement – tipping of interested parties – Delta – Centrum Černý most	komerční banka, a.s.	18 Dec 2024
Group insurance agreement, including amendments	Komerční pojišťovna, a.s.	9 Jan 2003
Framework co-operation agreement no. 3010000235 (Spektrum insurance program), including amendments	Komerční pojišťovna, a.s.	28 Jan 2003
Service agreement (Licensing agreement), including amendments	Komerční pojišťovna, a.s.	20 Dec 2004
Lease of non-residential premises (Brno), including amendments	Komerční pojišťovna, a.s.	31 May 2005
Contract to distribute "Merlin", including amendments	Komerční pojišťovna, a.s.	25 Apr 2006
Contract to distribute "PATRON"	Komerční pojišťovna, a.s.	25 Apr 2006
Contract to distribute "Profi Merlin", including amendments	Komerční pojišťovna, a.s.	25 Apr 2006
Contract to distribute "PROFI PATRON"	Komerční pojišťovna, a.s.	25 Apr 2006
Contract to distribute "Vital Program and Vital Plus Program", including amendments	Komerční pojišťovna, a.s.	25 Apr 2006

Title of contract (or subject matter of contract – if not clear from the title)	Contracting party	Date of contract
Contract to distribute "RL Mortgage loans", including amendments	Komerční pojišťovna, a.s.	25 Apr 2006
Contract to distribute "Vital Grant", including amendments	Komerční pojišťovna, a.s.	25 Apr 2006
Contract to distribute "Vital", including amendments	Komerční pojišťovna, a.s.	25 Apr 2006
Payment co-operation agreement	Komerční pojišťovna, a.s.	29 May 2006
Contract to distribute "Travel Insurance", including amendments	Komerční pojišťovna, a.s.	14 Jul 2006
Contract to distribute "Vital Invest", including amendments	Komerční pojišťovna, a.s.	4 Oct 2006
Contract to distribute "Vital Premium", including amendments	Komerční pojišťovna, a.s.	18 Dec 2006
Agreement to accept payment cards – Internet, including amendments	Komerční pojišťovna, a.s.	29 Mar 2007
Agreement to provide a chip card reader	Komerční pojišťovna, a.s.	2 Apr 2007
Agreement to send electronic notifications of clearing	Komerční pojišťovna, a.s.	5 Jun 2007
Framework distribution agreement, including amendments	Komerční pojišťovna, a.s.	22 Jun 2007
Lease of non-residential premises, movable assets, and payment of related services (Ostrava)	Komerční pojišťovna, a.s.	29 Jun 2007
Agreement for collective consumer loans insurance no. 3010000000, including amendments	Komerční pojišťovna, a.s.	1 Aug 2007
Mutual Co-operation agreement (bank services conditions), including amendments	Komerční pojišťovna, a.s.	1 Aug 2007
Agreement for collective credit cards insurance no. 3040000000, including amendments	Komerční pojišťovna, a.s.	1 Nov 2007
Fees clearing agreement	Komerční pojišťovna, a.s.	1 Oct 2008
VAT Co-operation agreement, including amendments	Komerční pojišťovna, a.s.	21 Nov 2008
Agreement for collective payment cards insurance no. 2149500001, including amendments	Komerční pojišťovna, a.s.	26 Jan 2009
Co-operation agreement – synergy in using part of KB infrastructure	Komerční pojišťovna, a.s.	26 Mar 2009
Agreement for collective corporate loans insurance no. 3140000000 including amendments	Komerční pojišťovna, a.s.	5 May 2009
Contract to distribute "Brouček", including amendments	Komerční pojišťovna, a.s.	15 Jun 2009
Agreement for collective Merlin and Profi Merlin insurance, including amendments	Komerční pojišťovna, a.s.	5 Oct 2009
Custody agreement – Vital Invest Forte, including amendments	Komerční pojišťovna, a.s.	6 Oct 2009
Agreement for co-operation in portfolio valuation	Komerční pojišťovna, a.s.	9 Dec 2009

Title of contract (or subject matter of contract – if not clear from the title)	Contracting party	Date of contract
Agreement to accept electronic payments using Mojeplatba service, including amendments	Komerční pojišťovna, a.s.	14 Dec 2009
Agreement to provide call centre services	Komerční pojišťovna, a.s.	31 Dec 2009
Service agreement – Outsourcing (HR services), including amendments	Komerční pojišťovna, a.s.	21 Apr 2010
Confidentiality agreement	Komerční pojišťovna, a.s.	9 Jul 2010
Framework agreement for the provision of IT services no. 2040/2010/0000008044/0000 + 9 separate agreements, including amendments (separate agreement no. 6 terminated in 2020)	Komerční pojišťovna, a.s.	14 Sep 2010
Accession to the rules of co-operation between KB and Group members in the area of sourcing and acquisitions	Komerční pojišťovna, a.s.	15 Sep 2010
Contract regarding the financial instrument – fund Forte 5, 6, 7, 8	Komerční pojišťovna, a.s.	13 Dec 2010
Contract regarding two types of the collective insurance of KB cards "A karta" and "Lady" no. 3230000000, including amendments	Komerční pojišťovna, a.s.	31 Mar 2011
Contract regarding the financial instrument – fund Forte 9	Komerční pojišťovna, a.s.	21 Jul 2011
Contract regarding the financial instrument – fund Optimo 6Y EMTN	Komerční pojišťovna, a.s.	20 Sep 2011
Collective insurance agreement "Moje pojištění plateb" no. 3240000000, including amendments	Komerční pojišťovna, a.s.	7 Dec 2011
Collective insurance agreement "Profi pojištění plateb" no. 3250000000, including amendments	Komerční pojišťovna, a.s.	7 Dec 2011
Contract regarding the financial instrument – fund Optimo Commodities I	Komerční pojišťovna, a.s.	19 Dec 2011
Contract for employee group risk insurance no. 3280000000 + 1 agreement, including amendments	Komerční pojišťovna, a.s.	29 Feb 2012
Contract regarding the financial instrument – fund Optimo Commodities II	Komerční pojišťovna, a.s.	24 Apr 2012
Separate Distribution Agreement for Product "PYRAMIDA RISK LIFE INSURANCE", including amendments	Komerční pojišťovna, a.s.	15 Oct 2012
Separate Distribution Agreement for Product "MOUDRÉ POJIŠTĚNÍ RISK LIFE INSURANCE", including amendments	Komerční pojišťovna, a.s.	15 Oct 2012
Separate Distribution Agreement for Product "RISK LIFE INSURANCE ELÁN", including amendments	Komerční pojišťovna, a.s.	15 Oct 2012
Contract to distribute "Vital Premium in EUR", including amendments	Komerční pojišťovna, a.s.	23 Nov 2012
Co-operation agreement no. 000020484/0000, including amendments	Komerční pojišťovna, a.s.	21 Dec 2012
Framework agreement to indemnify clients	Komerční pojišťovna, a.s.	21 Jan 2013

Title of contract (or subject matter of contract – if not clear from the title)	Contracting party	Date of contract
Contract for collective insurance of corporate cards and golden corporate cards no. 3290000000	Komerční pojišťovna, a.s.	21 Jan 2013
Adherence letter (of 3 July 2013)	Komerční pojišťovna, a.s.	3 Jul 2013
Agreement for optional collective consumer loans insurance no. 3300000000	Komerční pojišťovna, a.s.	16 Aug 2013
Contract to distribute "RLI MojeJistota", including amendments	Komerční pojišťovna, a.s.	27 Sep 2013
Contract of co-operation in the area of IFRS standards reporting	Komerční pojišťovna, a.s.	4 Dec 2014
Contract to distribute "Vital Premium in USD"	Komerční pojišťovna, a.s.	31 Mar 2015
Contract regarding new funds with guaranteed returns	Komerční pojišťovna, a.s.	27 Apr 2015
Agreement to provide fictive cash-pooling for a separate legal entity	Komerční pojišťovna, a.s.	23 Jun 2015
Contract regarding SGI Index (funds with guaranteed returns)	Komerční pojišťovna, a.s.	16 Sep 2015
Agreement to provide a chip card reader	Komerční pojišťovna, a.s.	1 Oct 2015
Service contract – Outsourcing – BI services	Komerční pojišťovna, a.s.	10 Dec 2015
Agreement to distribute "MojePojištění majetku", including amendments	Komerční pojišťovna, a.s.	25 Apr 2016
Agreement to insure members of the Board of Directors no. 334000000, including amendments	Komerční pojišťovna, a.s.	13 Jul 2016
Separate Distribution Agreement for Product "MojePojištění majetku", including amendments	Komerční pojišťovna, a.s.	23 Sep 2016
Agreement to access to contract and personal data processing (insurance of members of the Board of Directors) no. 334000000	Komerční pojišťovna, a.s.	6 Oct 2016
Agreement to pay the cost of using the IBM Websphere application server license	Komerční pojišťovna, a.s.	1 Feb 2017
Contract for collective insurance Merlin Junior no. 4100000000	Komerční pojišťovna, a.s.	27 Mar 2018
Individual pricing agreement, including amendments	Komerční pojišťovna, a.s.	11 Apr 2018
Agreement – outsourcing of DPO services by Komerční banka, a.s.	Komerční pojišťovna, a.s.	24 May 2018
Agreement to provide a chip card reader	Komerční pojišťovna, a.s.	31 Jul 2018
Agreement of co-operation between Expert Centres	Komerční pojišťovna, a.s.	2 Nov 2018
Agreement to provide a chip card reader	Komerční pojišťovna, a.s.	14 Nov 2018
Agreement – documents archiving outsourcing services	Komerční pojišťovna, a.s.	2 Jan 2019
Distribution agreement for product "Vital Platinum Private" incl. amendment	Komerční pojišťovna, a.s.	1 Feb 2019
Service agreement – Bagman application	Komerční pojišťovna, a.s.	19 Feb 2019
Contract relating to financial instrument – Protective Private fund	Komerční pojišťovna, a.s.	30 Apr 2019
Service agreement – eDoceo	Komerční pojišťovna, a.s.	21 May 2019
Contract relating to financial instrument – Protective Private fund 2	Komerční pojišťovna, a.s.	10 Jun 2019
Agreement – Documents Archiving Outsourcing Services	Komerční pojišťovna, a.s.	6 Sep 2019
Contract relating to financial instrument – Protective Private fund 3	Komerční pojišťovna, a.s.	1 Oct 2019
Co-operation agreement – looking for potential clients (MutuMutu), including amendments	Komerční pojišťovna, a.s.	1 Dec 2019
Contract relating to financial instrument – Protective fund 9	Komerční pojišťovna, a.s.	12 Feb 2020
Contract relating to financial instrument – Protective fund 9	Komerční pojišťovna, a.s.	31 Mar 2020
Contract relating to financial instrument – Protective fund 10	Komerční pojišťovna, a.s.	4 Sep 2020
Contract relating to financial instrument – Protective fund 10	Komerční pojišťovna, a.s.	14 Sep 2020
Agreement on Vital products and MojeJistota insurance product remote contract conclusion and archiving	Komerční pojišťovna, a.s.	24 Sep 2020
Commitment Agreement – Protective 11	Komerční pojišťovna, a.s.	10 Dec 2020
Compliance Co-operation Agreement	Komerční pojišťovna, a.s.	21 Jan 2021
Providing KP IT application services for property insurance	Komerční pojišťovna, a.s.	9 Feb 2021
Contract termination agreement (Agreement on KB Call Centre Services)	Komerční pojišťovna, a.s.	30 Mar 2021
Sub-lease of non-residential premises and payment of related services (HK, Čelakovského)	Komerční pojišťovna, a.s.	28 Jun 2021
Contract of a future contract on sublease of non-residential premises and payment for services related to their use + Contract on sublease of non-residential premises	Komerční pojišťovna, a.s.	1 Oct 2021
Sublease agreement	Komerční pojišťovna, a.s.	24 Nov 2021
Contract for sublease of parking spaces, including amendments (Siemens)	Komerční pojišťovna, a.s.	24 Nov 2021
Sub-lease of non-residential premises and payment of related services and loan agreement (Jihlava)	Komerční pojišťovna, a.s.	20 Dec 2021
Service agreement – Provision of postal services and disposal of duplicate documentation, including amendments	Komerční pojišťovna, a.s.	22 Dec 2021
Agreement – Outsourcing of services: Fraud Document Detection – service as Pilot Test	Komerční pojišťovna, a.s.	24 May 2022
Agreement – Outsourcing services: Fraud Document Detection – service as revised Pilot Test	Komerční pojišťovna, a.s.	1 Dec 2022

Title of contract (or subject matter of contract – if not clear from the title)	Contracting party	Date of contract
Sub-lease of non-residential premises and payment of related services and movable property loan agreement	Komerční pojišťovna, a.s.	1 Jan 2023
Agreement on the sublease of parking spaces	Komerční pojišťovna, a.s.	1 Jan 2023
Assignment of rights and certificates of non-ownership	Komerční pojišťovna, a.s.	22 Mar 2023
Agreement – outsourcing of Service: Message Transfer via SWIFT Network	Komerční pojišťovna, a.s.	1 Jun 2023
Framework agreement on sub-lease of reference cars	Komerční pojišťovna, a.s.	1 Jun 2023
Memorandum of Understanding	Komerční pojišťovna, a.s.	26 Jun 2023
AGREEMENT – SERVICE and LICENSE: Application KBO2	Komerční pojišťovna, a.s.	31 Jul 2023
Agreement on the transfer of client identification data in compliance with regulatory prudential rules	Komerční pojišťovna, a.s.	11 Aug 2023
Agreement – clients data in ZOOM KB and KB Poradenství	Komerční pojišťovna, a.s.	29 Sep 2023
Agreement on collective insurance of payment cards and personal belongings No. 9999940002	Komerční pojišťovna, a.s.	15 Nov 2023
SEPARATE DISTRIBUTION AGREEMENT FOR PRODUCT “MojeCestování”	Komerční pojišťovna, a.s.	15 Nov 2023
Agreement on the sublease of parking spaces	Komerční pojišťovna, a.s.	29 Dec 2023
Sub-lease of non-residential premises and payment of related services and movable property loan agreement	Komerční pojišťovna, a.s.	29 Dec 2023
BCM – Separate Agreement – Bisnode data	Komerční pojišťovna, a.s.	1 Feb 2024
Agreement on cancellation of obligations from the Contract for the lease of non-residential premises	Komerční pojišťovna, a.s.	7 Feb 2024
Contract for the payment of insurance premium and of insurance broker’s commission	Komerční pojišťovna, a.s.	27 Feb 2024
Agreement on collective insurance – Long-term travel insurance No. 9999950101, including amendments	Komerční pojišťovna, a.s.	25 Jun 2024
FRAME AGREEMENT – OUTSOURCING OF ARTIFICIAL INTELIGENCE MODELS	Komerční pojišťovna, a.s.	9 Jul 2024
Agreement on Termination of the Patron Collective Insurance Contract	Komerční pojišťovna, a.s.	9 Sep 2024
Agreement – follow-up to the transfer of part of the plant from MPSS to KB	Komerční pojišťovna, a.s.	30 Sep 2024
Contract relating to financial instrument – fond Certus and Certus 2	Komerční pojišťovna, a.s., Société Générale S.A.	14 Jan 2013
Agreement on the organisation of periodic control, including amendments	Komerční pojišťovna, a.s., Société Générale S.A.	24 Jun 2013
Contract relating to financial instrument – fond Certus 5	Komerční pojišťovna, a.s., Société Générale S.A.	12 Jan 2016
Contract relating to financial instrument – fond Certus 6	Komerční pojišťovna, a.s., Société Générale S.A.	8 Mar 2016
Contract relating to financial instrument – fond Certus 7	Komerční pojišťovna, a.s., Société Générale S.A.	18 Aug 2016
Contract relating to financial instrument – fond Certus 8	Komerční pojišťovna, a.s., Société Générale S.A.	10 Feb 2017
Contract relating to financial instrument – fond Certus 9	Komerční pojišťovna, a.s., Société Générale S.A.	11 Aug 2017
Commitment Agreement – Protective 12	Komerční pojišťovna, a.s., Société Générale S.A.	15 Feb 2021
Commitment Agreement – Protective 13	Komerční pojišťovna, a.s., Société Générale S.A.	24 May 2021
Commitment Agreement – Protective 14	Komerční pojišťovna, a.s., Société Générale S.A.	3 Dec 2021
Commitment agreement (Stabilita) + attachments	Komerční pojišťovna, a.s., Société Générale S.A.	14 Mar 2022
Commitment agreement Stabilita + attachments	Komerční pojišťovna, a.s., Société Générale S.A.	14 Mar 2022
Commitment agreement Stabilita 2 + attachments	Komerční pojišťovna, a.s., Société Générale S.A.	30 Jun 2022
Commitment Agreement – Stabilita 4	Komerční pojišťovna, a.s., Société Générale S.A.	7 Mar 2023
Commitment agreement – Stabilita 3	Komerční pojišťovna, a.s., Société Générale S.A.	6 Jun 2023
Commitment agreement – Stabilita 5	Komerční pojišťovna, a.s., Société Générale S.A.	19 Sep 2023
Commitment Letter – Stabilita 6	Komerční pojišťovna, a.s., Société Générale S.A.	25 Oct 2023
AGREEMENT ON THE ORGANISATION OF PERIODIC CONTROL	Komerční pojišťovna, a.s., Société Générale S.A.	8 Nov 2023
Commitment Letter – Stabilita 7	Komerční pojišťovna, a.s., Société Générale S.A.	12 Feb 2024

Title of contract (or subject matter of contract – if not clear from the title)	Contracting party	Date of contract
Commitment Agreement – Stabilita 2 EMTN	Komerční pojišťovna, a.s., Société Générale S.A.	14 May 2024
Commitment letter – Stabilita 7 (updated)	Komerční pojišťovna, a.s., Société Générale S.A.	20 Aug 2024
Commitment letter – Stabilita 8	Komerční pojišťovna, a.s., Société Générale S.A.	27 Aug 2024
Co-operation agreement	LeasePlan Slovakia, s. r. o., Komerční banka, a.s., pobočka zahraničnej banky	4 Sep 2024
Contract for the use of KB's sales network – PO (products and customer intelligence)	Modrá pyramida stavební spořitelna, a.s.	1 Mar 2005
Confidentiality Agreement – four-party contract – TTS (company secretary team)	Modrá pyramida stavební spořitelna, a.s.	11 Aug 2006
Lease agreement – garage parking places, including amendments	Modrá pyramida stavební spořitelna, a.s.	31 Jan 2007
Mutual Co-operation agreement of 31 August 2007, including amendments	Modrá pyramida stavební spořitelna, a.s.	1 Aug 2007
Outsourcing Agreement – Treasury – TF	Modrá pyramida stavební spořitelna, a.s.	7 Feb 2008
Lease of non-residential premises and payment of related services (Uherský Brod) – support services team	Modrá pyramida stavební spořitelna, a.s.	20 Nov 2008
Contract for co-operation within the Group under S. 5a of Act no. 235/2004, the VAT Act, as Amended, including amendments	Modrá pyramida stavební spořitelna, a.s.	27 Nov 2008
Confidentiality agreement relating to "HP OV SD license agreement" – IT	Modrá pyramida stavební spořitelna, a.s.	9 Feb 2009
Agreement to cover costs of license usage (replacing the oral agreement to cover costs of license usage of 2007), including amendments	Modrá pyramida stavební spořitelna, a.s.	28 May 2009
Framework agreement for personal data processing (MPSS as administrator, KB as processor) of 30 May 2009, including amendments	Modrá pyramida stavební spořitelna, a.s.	30 May 2009
Framework agreement for personal data processing (KB as administrator, MPSS as processor) of 30 May 2009 – PCI	Modrá pyramida stavební spořitelna, a.s.	30 May 2009
Agreement on KB call centre services of 1 January 2010 including cost re-invoicing from KB to MPSS in 2014 – MARK	Modrá pyramida stavební spořitelna, a.s.	1 Jan 2010
Confidentiality agreement relating to "Outsourcing agreement (HR services)"	Modrá pyramida stavební spořitelna, a.s.	27 Apr 2010

Title of contract (or subject matter of contract – if not clear from the title)	Contracting party	Date of contract
Confidentiality agreement relating to the "Contract of co-operation in the area of sourcing and procurement" – support services team	Modrá pyramida stavební spořitelna, a.s.	9 Jul 2010
Accession to the rules of co-operation between KB and FG members in the area of sourcing and acquisitions of 13 September 2010 – support services team	Modrá pyramida stavební spořitelna, a.s.	16 Sep 2010
Service Agreement – outsourcing (HR services), including amendments	Modrá pyramida stavební spořitelna, a.s.	30 Nov 2010
Framework service agreement of 24 January 2011, including amendments – support services team	Modrá pyramida stavební spořitelna, a.s.	24 Jan 2011
Separate distribution agreement (Perfektní půjčka) of 1 April 2011, including amendments	Modrá pyramida stavební spořitelna, a.s.	1 Apr 2011
Separate distribution agreement (MůjÚčet, G2.2) of 1 April 2011, including amendments	Modrá pyramida stavební spořitelna, a.s.	1 Apr 2011
Separate distribution agreement (A card, Lady card, VISA Elektron credit card) of 1 April 2011, including amendments	Modrá pyramida stavební spořitelna, a.s.	1 Apr 2011
Universal agreement to hand over cash in packaging – TF	Modrá pyramida stavební spořitelna, a.s.	15 May 2011
ATM placement contract no. 2004/2011/9526	Modrá pyramida stavební spořitelna, a.s.	3 Oct 2011
Separate agreement no. 4 of 31 October 2011 regarding framework agreement to provide IT services of 24 January 2011, including amendments	Modrá pyramida stavební spořitelna, a.s.	31 Oct 2011
Separate agreement no. 2 of 31 October 2011 under the Framework Agreement for IT delivery of 24 January 2011, including amendments	Modrá pyramida stavební spořitelna, a.s.	31 Oct 2011
Separate agreement no. 3 of 31 October 2011 under the Framework Agreement for IT delivery of 24 January 2011, including amendments	Modrá pyramida stavební spořitelna, a.s.	31 Oct 2011
Separate agreement no. 1 of 30 November 2011 under IT supply framework agreement of 24 January 2011, including amendments	Modrá pyramida stavební spořitelna, a.s.	30 Nov 2011
Outsourcing agreement: Assessment of real-estate-development-related risks for MPSS in KB – RISK system	Modrá pyramida stavební spořitelna, a.s.	20 Dec 2011
ATM placement contract no. 20076/0000	Modrá pyramida stavební spořitelna, a.s.	20 Feb 2012
ATM placement contract no. 20162/0000	Modrá pyramida stavební spořitelna, a.s.	2 Apr 2012
Separate agreement no. 5 relating to IT supply framework agreement – IT of 24 January 2011, including amendments	Modrá pyramida stavební spořitelna, a.s.	29 Jun 2012

Title of contract (or subject matter of contract – if not clear from the title)	Contracting party	Date of contract
Agreement for co-operation in performance of the contract for employee group risk insurance no. 3280000000, in the wording of amendment no. 1 of 29 June 2012 – support services team	Modrá pyramida stavební spořitelna, a.s.	10 Sep 2012
Co-operation agreement, including amendments	Modrá pyramida stavební spořitelna, a.s.	31 Jan 2013
Framework agreement to provide extra conditions to KB and SG Group employees – holders of MPSS building savings plans, including amendments	Modrá pyramida stavební spořitelna, a.s.	1 Nov 2013
Distribution agreement for products "Loans to housing co-operatives and apartment owners associations", including amendments	Modrá pyramida stavební spořitelna, a.s.	1 Nov 2013
Agreement on KB x MPSS Risk Management Co-operation and relating SLA (8 pieces) – RISK	Modrá pyramida stavební spořitelna, a.s.	31 Mar 2014
SLA – Agreement on Pre-Scoring of Clients and Negative Information Delivery – RISK	Modrá pyramida stavební spořitelna, a.s.	31 Mar 2014
SLA – Agreement on Scoring Model for HC and AO – RISK	Modrá pyramida stavební spořitelna, a.s.	31 Mar 2014
SLA – Agreement on Delivery of Inputs for Real Estate Revaluation – RISK	Modrá pyramida stavební spořitelna, a.s.	31 Mar 2014
SLA – Agreement on Exchange of Fraud Lists – RISK	Modrá pyramida stavební spořitelna, a.s.	31 Mar 2014
SLA – Agreement on Scoring Calculator for MPSS – RISK	Modrá pyramida stavební spořitelna, a.s.	31 Mar 2014
SLA – Agreement on Co-operation on IRBA Implementation in MPSS – RISK	Modrá pyramida stavební spořitelna, a.s.	31 Mar 2014
SLA – Agreement on Data Administration and delivery for Collecte Reporting – RISK	Modrá pyramida stavební spořitelna, a.s.	31 Mar 2014
SLA – Agreement on Risk services renumeration – RISK	Modrá pyramida stavební spořitelna, a.s.	31 Mar 2014
Sublease of non-residential premises and payment of related services – support services team	Modrá pyramida stavební spořitelna, a.s.	1 Sep 2014
Agreement to enter into a sublease of non-residential premises and payment of related services – support services team	Modrá pyramida stavební spořitelna, a.s.	1 Sep 2014
Service level agreement – co-operation in the area of accounting and reporting – TF	Modrá pyramida stavební spořitelna, a.s.	10 Dec 2014
Distribution agreement concerning the "Consumer Loan" product – PCI	Modrá pyramida stavební spořitelna, a.s.	18 Dec 2014
Agreement – Services PD/LGD Models for RWA calculation – RISK	Modrá pyramida stavební spořitelna, a.s.	18 Dec 2014
Agreement – outsourcing of HR services (excluding Payroll) – HR	Modrá pyramida stavební spořitelna, a.s.	29 Jan 2016
Contract for negative information exchange within KB/SG FG in the Czech Republic – RISK	Modrá pyramida stavební spořitelna, a.s.	19 Feb 2016
Contract for personal data protection and provision (debt collection) – RISK	Modrá pyramida stavební spořitelna, a.s.	29 Feb 2016
Memorandum of Understanding – co-operation within KB Group in collective claim assignment – RISK	Modrá pyramida stavební spořitelna, a.s.	3 Mar 2016
Agreement for co-operation in performance of the group insurance agreement on work-related accident and occupational disease insurance for Members of Board of Directors and administrators of the financial group of Komerční banka/SG no. 334000000 – support services team	Modrá pyramida stavební spořitelna, a.s.	27 Sep 2016
Separate agreement no. 6 regarding framework agreement to provide IT services of 24 January 2011 – IT	Modrá pyramida stavební spořitelna, a.s.	15 Feb 2017
Service agreement – outsourcing – data warehouse of 20 December 2017 – IT	Modrá pyramida stavební spořitelna, a.s.	20 Dec 2017
Separate agreement no. 7 regarding framework agreement to provide IT services of 24 January 2011 – IT	Modrá pyramida stavební spořitelna, a.s.	16 Feb 2018
Agreement – outsourcing of DPO services – support services team	Modrá pyramida stavební spořitelna, a.s.	23 Apr 2018
Separate agreement no. 8 regarding framework agreement to provide IT services of 24 January 2011 – IT	Modrá pyramida stavební spořitelna, a.s.	7 May 2018
Agreement on services: eDoceo of 12 June 2018 – HR	Modrá pyramida stavební spořitelna, a.s.	12 Jun 2018
Commercial agency agreement – housing consumer loan	Modrá pyramida stavební spořitelna, a.s.	22 Oct 2018
Online services outsourcing agreement – PCI	Modrá pyramida stavební spořitelna, a.s.	31 Jan 2019
Separate oral agreement for MP HOME implementation (CAAS) – IT	Modrá pyramida stavební spořitelna, a.s.	1 Oct 2019
Separate agreement no. 12 – service agreement – reporting regarding the Framework agreement of 24 January 2011 – IT	Modrá pyramida stavební spořitelna, a.s.	31 Oct 2019

Title of contract (or subject matter of contract – if not clear from the title)	Contracting party	Date of contract
ATM placement agreement no. 25070/0000 – TF	Modrá pyramida stavební spořitelna, a.s.	16 Apr 2020
Separate agreement no. 11 IDENTITY ACCESS (I&A) – licence for MP operators – IT	Modrá pyramida stavební spořitelna, a.s.	30 Sep 2020
Separate agreement no. 13 CMS Kentico components MP – IT	Modrá pyramida stavební spořitelna, a.s.	30 Sep 2020
Agreement to co-operate in accepting client identification and handing over bank information about clients – digital service team	Modrá pyramida stavební spořitelna, a.s.	7 Oct 2020
Agreement for the provision of company certificate	Modrá pyramida stavební spořitelna, a.s.	29 Oct 2020
MůjPodpis Service Agreement – PCI	Modrá pyramida stavební spořitelna, a.s.	29 Oct 2020
Contract for work and contract for assignment of property rights (housing factory) – IT, including amendments	Modrá pyramida stavební spořitelna, a.s.	22 Dec 2020
Contract for executing inspection SLC as part of permanent control – OpRisk	Modrá pyramida stavební spořitelna, a.s.	23 Dec 2020
Compliance co-operation agreement	Modrá pyramida stavební spořitelna, a.s.	5 Jan 2021
Separate agreement no. 9 regarding Provision of technical infrastructure solution services – Telephony Services	Modrá pyramida stavební spořitelna, a.s.	16 Sep 2021
Separate agreement no. 10 regarding Provision of technical infrastructure solution services – End User Workplace	Modrá pyramida stavební spořitelna, a.s.	16 Sep 2021
Sub-lease of non-residential premises and payment of related services and movable property loan agreement	Modrá pyramida stavební spořitelna, a.s.	1 Nov 2021
Contract for sublease of parking spaces	Modrá pyramida stavební spořitelna, a.s.	1 Nov 2021
Contract for sublease of parking spaces	Modrá pyramida stavební spořitelna, a.s.	8 Dec 2021
Contract for sublease of parking spaces	Modrá pyramida stavební spořitelna, a.s.	8 Dec 2021
Service Agreement	Modrá pyramida stavební spořitelna, a.s.	28 Dec 2021
Agreement on sublease of non-residential premises and payment of services connected with their use and Agreement on loan of movable property, including amendments	Modrá pyramida stavební spořitelna, a.s.	1 Jan 2022
Framework agreement on the management of motor vehicles operated by the subsidiary	Modrá pyramida stavební spořitelna, a.s.	22 Feb 2022
Framework agreement for the rental of employee-driven motor vehicles	Modrá pyramida stavební spořitelna, a.s.	22 Feb 2022
Agreement on cancellation of obligations from the Agreement on co-operation in the matter of transfer of bank information about clients concluded on 7 October 2020	Modrá pyramida stavební spořitelna, a.s.	15 Mar 2022
Sub-lease of non-residential premises and payment of related services and movable property loan agreement	Modrá pyramida stavební spořitelna, a.s.	15 May 2022
Agreement on sublease of non-residential premises and payment of services connected with their use and Agreement on loan of movable property	Modrá pyramida stavební spořitelna, a.s.	1 Jul 2022
AGREEMENT – SERVICES: Support Services, including amendments	Modrá pyramida stavební spořitelna, a.s.	1 Aug 2022
Agreement on lease of non-residential premises and payment of services connected with their use	Modrá pyramida stavební spořitelna, a.s.	26 Aug 2022
AGREEMENT – OUTSOURCING OF HUMAN RESOURCES SERVICES	Modrá pyramida stavební spořitelna, a.s.	20 Sep 2022
Sub-lease of non-residential premises and payment of related services and movable property loan agreement	Modrá pyramida stavební spořitelna, a.s.	1 Nov 2022
AGREEMENT – OUTSOURCING OF 3rd PARTIES MANAGEMENT SERVICES	Modrá pyramida stavební spořitelna, a.s.	16 Nov 2022
Sub-lease of non-residential premises and payment of related services	Modrá pyramida stavební spořitelna, a.s.	1 Dec 2022
AGREEMENT – OUTSOURCING OF COMMUNICATION SERVICES, including amendments	Modrá pyramida stavební spořitelna, a.s.	7 Dec 2022
Frame agreement – outsourcing of services – ARTIFICIAL INTELIGENCE MODELS	Modrá pyramida stavební spořitelna, a.s.	22 Dec 2022
Sublease of non-residential premises and payment of related services and Agreement on the loan of movable property 26973	Modrá pyramida stavební spořitelna, a.s.	1 Jan 2023
Sublease of non-residential premises and payment of related services and Agreement on the loan of movable property 26970	Modrá pyramida stavební spořitelna, a.s.	1 Jan 2023
Sub-lease of non-residential premises and payment of related services (Vrchlabí)	Modrá pyramida stavební spořitelna, a.s.	4 Jan 2023
Termination agreement of sub-lease of non-residential premises and payment of related services	Modrá pyramida stavební spořitelna, a.s.	21 Feb 2023

Title of contract (or subject matter of contract – if not clear from the title)	Contracting party	Date of contract
AGREEMENT – OUTSOURCING OF POSTAL SERVICES, including amendments	Modrá pyramida stavební spořitelna, a.s.	20 Mar 2023
AGREEMENT – OUTSOURCING SERVICES: KB HOUSING	Modrá pyramida stavební spořitelna, a.s.	15 May 2023
Framework lease of non-residential premises and payment of related services	Modrá pyramida stavební spořitelna, a.s.	24 May 2023
Framework sublease of non-residential premises and payment of related services	Modrá pyramida stavební spořitelna, a.s.	24 May 2023
Framework sublease of non-residential premises and payment of related services	Modrá pyramida stavební spořitelna, a.s.	24 May 2023
Framework agreement for the longterm rental of motor vehicles	Modrá pyramida stavební spořitelna, a.s.	13 Jun 2023
Sublease of non-residential premises and payment of related services and Agreement on the loan of movable property	Modrá pyramida stavební spořitelna, a.s.	30 Jun 2023
Agreement – OUTSOURCING SERVICES: MANAGEMENT OF CLIENT INFORMATION IN ZOOM KB	Modrá pyramida stavební spořitelna, a.s.	27 Sep 2023
Agreement – OUTSOURCING SERVICES: MANAGEMENT OF CLIENT INFORMATION IN eKMEN MPSS	Modrá pyramida stavební spořitelna, a.s.	27 Sep 2023
Agreement – client data in ZOOM KB and KB Poradenství, s.r.o.	Modrá pyramida stavební spořitelna, a.s.	27 Sep 2023
Agreement on the transfer of client identification data in compliance with regulatory prudential rules	Modrá pyramida stavební spořitelna, a.s.	29 Sep 2023
Agreement on cancellation of obligations from the contract: Agreement – services: Processing KYS – Know Your Supplier	Modrá pyramida stavební spořitelna, a.s.	30 Sep 2023
Sublease of non-residential premises and payment of related services and Agreement on the loan of movable property 43637	Modrá pyramida stavební spořitelna, a.s.	9 Jan 2024
Sublease of non-residential premises and payment of related services and Agreement on the loan of movable property 43638	Modrá pyramida stavební spořitelna, a.s.	9 Jan 2024
AGREEMENT – OUTSOURCING OF DISTRIBUTION GOVERNANCE	Modrá pyramida stavební spořitelna, a.s.	18 Jan 2024
AGREEMENT – OUTSOURCING OF SERVICES: FINANCE	Modrá pyramida stavební spořitelna, a.s.	1 Feb 2024
DISTRIBUTION AGREEMENT CONCERNING THE PRODUCT “Kontokorent”	Modrá pyramida stavební spořitelna, a.s.	15 Feb 2024
Contract for the payment of insurance premium and of insurance broker’s commission	Modrá pyramida stavební spořitelna, a.s.	21 Feb 2024
Purchase agreement for the sale of movable property	Modrá pyramida stavební spořitelna, a.s.	21 Feb 2024
Supplementary payment agreement	Modrá pyramida stavební spořitelna, a.s.	14 Apr 2024
Cooperation agreement – tipping of interested parties	Modrá pyramida stavební spořitelna, a.s.	29 May 2024
Agency agreement – consumer loans for housing	Modrá pyramida stavební spořitelna, a.s.	1 Jul 2024
Separate Distribution Agreement for Products – Extra services – Travel group	Modrá pyramida stavební spořitelna, a.s.	11 Jul 2024
Sublease of non-residential premises and payment of related services and Agreement on the loan of movable property (Bohumín)	Modrá pyramida stavební spořitelna, a.s.	1 Sep 2024
AGREEMENT – OUTSOURCING OF SERVICES: MARKETING/SERVICING CAMPAIGNS (OLEG)	Modrá pyramida stavební spořitelna, a.s.	1 Sep 2024
Contract for the purchase of a part of a business plant	Modrá pyramida stavební spořitelna, a.s.	25 Sep 2024
AGREEMENT – OUTSOURCING OF SERVICES: RISK LOD2	Modrá pyramida stavební spořitelna, a.s.	25 Sep 2024
Separate Agreement: Distribution software maintenance and change management	Modrá pyramida stavební spořitelna, a.s.	27 Sep 2024
Purchase agreement	Modrá pyramida stavební spořitelna, a.s.	19 Dec 2024
Agreement on the use of personal data jointly managed according to marketing consent	Modrá pyramida stavební spořitelna, a.s., Komerční pojišťovna, a.s., KB Penzijní společnost, a.s., Factoring KB, a.s., SG Equipment Finance Czech Republic s.r.o., ESSOX s.r.o., Ayvens s.r.o.	21 Apr 2023

Title of contract (or subject matter of contract – if not clear from the title)	Contracting party	Date of contract
Contract on common administration of personal data according to marketing consent, including amendments	Modrá pyramida stavební spořitelna, a.s., Komerční pojišťovna, a.s., KB Penzijní společnost, a.s., Factoring KB, a.s.z, SG Equipment Finance Czech Republic s.r.o., ESSOX s.r.o., Ayvens s.r.o.	21 Jan 2021
Contract for exchange of negative client information within KB/SG Financial Group in the Czech Republic for the purpose of group synergies and united procedure in compliance with regulatory prudential rules and on the joint administration of personal data	Modrá pyramida stavební spořitelna, a.s., SG Equipment Finance Czech Republic s.r.o., ESSOX s.r.o., Factoring KB, a.s.	8 Jun 2023
SG Group worldwide insurance program (Insurance premiums paid as per contract concluded between Société Générale S.A. and Komerční banka, a.s. for MPSS) – support services team	Modrá pyramida stavební spořitelna, a.s., Société Générale S.A.	30 Aug 2013 insurance periods 1 Jul 2019 – 30 Jun 2020, 1 Jul 2020 – 30 Jun 2021, 1 Jul 2022 – 30 Jun 2023, 1 Jul 2023 – 30 Jun 2024, 1 Jul 2024 – 30 Jun 2025
Agreement on the organisation of periodic control	Modrá pyramida stavební spořitelna, a.s., Société Générale S.A.	21 Jan 2020
Service agreement – outsourcing (services), including amendments	My Smart Living, s.r.o.	23 May 2019
Commercial agency agreement	My Smart Living, s.r.o.	30 May 2019
Agreement on cost re-invoicing	My Smart Living, s.r.o.	26 Nov 2019
Agreement for the settlement of rights and obligations relating to CinCink operation	My Smart Living, s.r.o.	11 Jun 2020
Contract on transfer of the right to perform property copyright	My Smart Living, s.r.o.	26 Jul 2021
Service level agreement	Protos uzavřený investiční fond, a.s.	8 Dec 2014
Agreement on sending account statements via SWIFT MT 940 messages	Protos uzavřený investiční fond, a.s.	1 Nov 2016
Individual pricing agreement	SG Equipment Finance Czech Republic s.r.o.	15 Dec 2006
Mutual co-operation agreement	SG Equipment Finance Czech Republic s.r.o.	1 Aug 2007
Agreement on KB Call Centre services	SG Equipment Finance Czech Republic s.r.o.	31 Dec 2009
Data processing and service agreement	SG Equipment Finance Czech Republic s.r.o.	18 Feb 2010
Co-operation agreement – Jobs	SG Equipment Finance Czech Republic s.r.o.	14 Apr 2010
Co-operation agreement	SG Equipment Finance Czech Republic s.r.o.	30 Jun 2010
Non-disclosure agreement	SG Equipment Finance Czech Republic s.r.o.	9 Jul 2010
Rules for co-operation between KB and Group members in the area of sourcing and procurement	SG Equipment Finance Czech Republic s.r.o.	20 Sep 2010
Personal data processing framework agreement made between KB and SGEF	SG Equipment Finance Czech Republic s.r.o.	1 Dec 2010
Non-disclosure agreement	SG Equipment Finance Czech Republic s.r.o.	1 Dec 2010
Framework service agreement, including amendments	SG Equipment Finance Czech Republic s.r.o.	14 Dec 2010
Lease of non-residential premises and payment of related services (České Budějovice), including amendments	SG Equipment Finance Czech Republic s.r.o.	27 May 2011
Service agreement – outsourcing (HR services)	SG Equipment Finance Czech Republic s.r.o.	15 Jun 2011
Separate agreement no. 1 – Provision of technical infrastructure solution services – Connectivity services	SG Equipment Finance Czech Republic s.r.o.	1 Jun 2012
Separate agreement no. 2 – Provision of technical infrastructure solution services – Physical hosting of equipment	SG Equipment Finance Czech Republic s.r.o.	1 Jun 2012
Separate agreement no. 3 – Provision of technical infrastructure solution services – IT Infrastructure hosting (VMWare), including amendments	SG Equipment Finance Czech Republic s.r.o.	1 Jun 2012
Agreement for co-operation in performance of the contract for employee group risk insurance	SG Equipment Finance Czech Republic s.r.o.	20 Aug 2012
Lease of non-residential premises and payment of related services (Bratislava), including amendments	SG Equipment Finance Czech Republic s.r.o.	30 Oct 2012

Title of contract (or subject matter of contract – if not clear from the title)	Contracting party	Date of contract
Agreement for the sublease of parking places (Prague), including amendments	SG Equipment Finance Czech Republic s.r.o.	30 Oct 2013
Service agreement, including amendments	SG Equipment Finance Czech Republic s.r.o.	30 Oct 2013
Agreement on reimbursement of cost	SG Equipment Finance Czech Republic s.r.o.	13 Dec 2013
Individual pricing agreement	SG Equipment Finance Czech Republic s.r.o.	27 Jun 2014
Service level agreement	SG Equipment Finance Czech Republic s.r.o.	1 Sep 2014
Framework agreement for the rental of employee-driven motor vehicles, including amendments	SG Equipment Finance Czech Republic s.r.o.	21 Oct 2014
Lease of non-residential premises and payment of related services (Ostrava), including amendments	SG Equipment Finance Czech Republic s.r.o.	1 Dec 2014
Lease of parking places, including amendments	SG Equipment Finance Czech Republic s.r.o.	30 Dec 2014
Lease of land, including amendments	SG Equipment Finance Czech Republic s.r.o.	19 Mar 2015
Lease of non-residential premises and payment of related services (Pilsen), including amendments	SG Equipment Finance Czech Republic s.r.o.	30 Sep 2015
Lease of non-residential premises, movable assets, and payment of related services (Ústí nad Labem), including amendments	SG Equipment Finance Czech Republic s.r.o.	28 Jan 2016
Service agreement – occupational health and safety, environmental protection and fire protection, including amendments	SG Equipment Finance Czech Republic s.r.o.	23 Feb 2016
Framework agreement for the rental of employee-driven motor vehicles (Bratislava)	SG Equipment Finance Czech Republic s.r.o.	17 May 2016
Database usage license agreement	SG Equipment Finance Czech Republic s.r.o.	29 Jun 2016
Service agreement – BI services, including amendments	SG Equipment Finance Czech Republic s.r.o.	30 Jun 2016
Co-operation agreement, including amendments	SG Equipment Finance Czech Republic s.r.o.	1 Sep 2016
Agreement – outsourcing of HR services (excluding Payroll)	SG Equipment Finance Czech Republic s.r.o.	1 Sep 2016

Title of contract (or subject matter of contract – if not clear from the title)	Contracting party	Date of contract
Separate agreement no. 6 – Provision of technical infrastructure solution services – E-mail, including amendments	SG Equipment Finance Czech Republic s.r.o.	23 Mar 2017
Separate agreement no. 4 – Provision of technical infrastructure solution services – VoIP	SG Equipment Finance Czech Republic s.r.o.	23 Mar 2017
Separate agreement no. 7 – Provision of technical infrastructure solution services – Fileshare, including amendments	SG Equipment Finance Czech Republic s.r.o.	21 Jun 2017
Separate agreement no. 9 – Provision of technical infrastructure solution services – End user support	SG Equipment Finance Czech Republic s.r.o.	1 Jan 2018
Separate agreement no. 11 – Provision of technical infrastructure solution services – identity and access	SG Equipment Finance Czech Republic s.r.o.	19 Feb 2018
Separate agreement no. 5 – Provision of technical infrastructure solution services – HW lease	SG Equipment Finance Czech Republic s.r.o.	19 Feb 2018
Separate agreement no. 8 – Provision of technical infrastructure solution services – Servicedesk	SG Equipment Finance Czech Republic s.r.o.	20 Feb 2018
Separate agreement no. 10 – Provision of technical infrastructure solution services – Platform hosting	SG Equipment Finance Czech Republic s.r.o.	26 Feb 2018
Agreement – outsourcing of DPO services	SG Equipment Finance Czech Republic s.r.o.	1 May 2018
Agreement on services: eDoceo	SG Equipment Finance Czech Republic s.r.o.	31 Dec 2018
Agreement to use unreserved parking places, including amendments	SG Equipment Finance Czech Republic s.r.o.	1 Jun 2020
Agreement – services: Processing KYS – Know Your Supplier	SG Equipment Finance Czech Republic s.r.o.	5 Oct 2020
Compliance Co-operation Agreement	SG Equipment Finance Czech Republic s.r.o.	3 Dec 2020
Lease of non-residential premises and payment of related services	SG Equipment Finance Czech Republic s.r.o.	31 Dec 2020
Separate agreement no. 13 – Provision of technical infrastructure solution services, Security	SG Equipment Finance Czech Republic s.r.o.	10 Jan 2021
Lease of non-residential premises and payment of related services	SG Equipment Finance Czech Republic s.r.o.	1 Dec 2021
Service agreement – C4M access	SG Equipment Finance Czech Republic s.r.o.	2 May 2022

Title of contract (or subject matter of contract – if not clear from the title)	Contracting party	Date of contract
Agreement for the sublease of non-residential premises and payment of related services	SG Equipment Finance Czech Republic s.r.o.	18 Jul 2022
Contract for sublease of parking spaces	SG Equipment Finance Czech Republic s.r.o.	16 Aug 2022
Settlement agreement	SG Equipment Finance Czech Republic s.r.o.	31 Oct 2022
Sub-lease of non-residential premises and payment of related services	SG Equipment Finance Czech Republic s.r.o.	1 Jan 2023
Agreement – clients data in ZOOM KB and KB Poradenství	SG Equipment Finance Czech Republic s.r.o.	29 Sep 2023
Sub-lease of non-residential premises and payment of related services	SG Equipment Finance Czech Republic s.r.o.	4 Jan 2024
Compliance Co-operation Agreement	SG Equipment Finance Czech Republic s.r.o.	4 Jan 2024
Contract for the payment of insurance premium and of insurance broker's commission	SG Equipment Finance Czech Republic s.r.o.	12 Mar 2024
Agreement on the organisation of periodic control	SG Equipment Finance Czech Republic s.r.o., Société Générale S.A.	13 May 2019
Agreement on the organisation of periodic control	SG Equipment Finance Hungary Plc.	23 Aug 2019
Agreement on the organisation of periodic control	SG Equipment Finance Hungary Plc., Société Générale S.A.	23 Aug 2019
Shareholders´ agreement, including amendments	SG Equipment Finance SA	9 May 2011
Agreement on the organisation of periodic control	SG Equipment Leasing Hungary Ltd., Société Générale S.A.	23 Aug 2019
Agreement on the organisation of periodic control	SG Equipment Leasing Polska Sp. z o.o., Société Générale S.A.	27 May 2019
Sub-Distribution Agreement	SG HAMBROS BANK LIMITED	18 Mar 2014
Master Co-operation Agreement SG on Transfer Pricing with SG PRIV Entities/ Branches and SG Group Entities and Branches, relative to the service offering of Fixed Income Research	SG Private Banking s.a.	1 Jan 2013
Custody account agreement / Service Level Agreement, including amendments	SOCIETE GENERALE S.A. Oddział w Polsce	27 Oct 2009

Title of contract (or subject matter of contract – if not clear from the title)	Contracting party	Date of contract
AGREEMENT ON CONSULTANCY SERVICES	Societe Generale Expressbank EAD	1 Jan 2016
Inter-company agreement	Société Générale International Mobility	20 Mar 2019
Client service agreement	Societé Générale Luxembourg	7 Jan 2020
Distribution agreement	Société Générale Private Wealth Manageme	29 Apr 2016
Contact Bank Agreement	Société Générale Private Wealth Manageme	29 Apr 2016
SOCIETE GENERALE GROUP RECRUIT	Société Générale S.A.	15 Apr 2009
SLA for the provision of domestic or international Sogecash money concentration services (international), pooling Société Générale SA into the group of SG Banks, including amendments	Société Générale S.A.	1 Jul 2009
INTRA-GROUP IT SERVICES FEES	Société Générale S.A.	11 Jun 2010
INTRA-GROUP CORPORATE SERVICES	Société Générale S.A.	11 Jun 2010
Co-operation agreement	Société Générale S.A.	14 Feb 2011
Contact bank agreement, including amendments	Société Générale S.A.	14 Feb 2011
Power of attorney	Société Générale S.A.	14 Feb 2011
Distribution agreement, including amendments	Société Générale S.A.	14 Feb 2011
Expenses of the inspection	Société Générale S.A.	14 Feb 2011
Service Level Agreement, including amendments	Société Générale S.A.	15 Feb 2011
Brokerage conformity agreement	Société Générale S.A.	15 Feb 2011
Agreement on contract bank, including amendments	Société Générale S.A.	15 Feb 2011
T3C Agreement, including amendments	Société Générale S.A.	22 Feb 2011
Request for consent for the transfer of the agreement to S2G	Société Générale S.A.	28 Feb 2011
Sub-Custody & Brokerage Services	Société Générale S.A.	19 May 2011
Local JV agreement relating to securities activities	Société Générale S.A.	15 Mar 2012
ACCESS TO THE SWIFTNET NETWORK AND RELATED SERVICES, including amendments	Société Générale S.A.	14 Sep 2012
Master Co-operation Agreement SG on Transfer Pricing with SG PRIV Entities/ Branches and SG Group Entities and Branches, relative to the service offering of Equity Research, including amendments	Société Générale S.A.	9 Nov 2012

Title of contract (or subject matter of contract – if not clear from the title)	Contracting party	Date of contract
Transfer pricing agreement on advisory activities	Société Générale S.A.	1 Jan 2013
Convention	Société Générale S.A.	28 Jan 2013
IT Services Agreement, including amendments	Société Générale S.A.	1 Jan 2014
Due Diligence Questionnaire for Fund Providers	Société Générale S.A.	29 Jan 2014
SERVICE LEVEL AGREEMENT E-TRADING	Société Générale S.A.	1 Jun 2014
SLA for the provision of Sogecash Intraday Sweeping	Société Générale S.A.	1 Jul 2015
USD Clearing Services Agreement for Komerční banka	Société Générale S.A.	24 Aug 2015
INTERNAT. SOGEXPRESS AGREEMENT	Société Générale S.A.	24 Jun 2016
Service Level Agreement CUSTODY, including amendments	Société Générale S.A.	27 Oct 2016
iC – Customer Relationship Management (CRM) tool	Société Générale S.A.	30 Dec 2016
Market activities business – ECM transfer pricing agreement	Société Générale S.A.	1 Apr 2017
Client service agreement – regulatory capital calculation and allocation of operational risk	Société Générale S.A.	25 May 2017
Service Level Agreement SGSS S.p.A.	Société Générale S.A.	10 Oct 2017
Non-disclosure agreement pertaining to the communication of the official ISAE 3402 report	Société Générale S.A.	24 Nov 2017
Supplemental agreement	Société Générale S.A.	22 Feb 2018
Master service agreement	Société Générale S.A.	23 Apr 2019
Client service agreement	Société Générale S.A.	23 Apr 2019
Contract Renewal Notice to the Hosting contract	Société Générale S.A.	20 Jun 2019
Software as a Service Agreement Loansat – Covtrack	Société Générale S.A.	9 Jul 2019
Master Service Agreement, including amendments	Société Générale S.A.	5 Sep 2019
Operational memorandum for provision of GEMS tool	Société Générale S.A.	10 Oct 2019
Service level agreement	Société Générale S.A.	15 Oct 2019
Agreement to modify the agreement for temporary staff assignment	Société Générale S.A.	21 Oct 2019
Corporate Services Fees Agreement	Société Générale S.A.	25 Jan 2020
Data Protection Agreement	Société Générale S.A.	7 Feb 2020
Side Letter to the Licence and Services Agreement	Société Générale S.A.	2 Jun 2020
Services Contract	Société Générale S.A.	7 Aug 2020
Agreement for temporary staff assignment	Société Générale S.A.	1 Sep 2020
Master Service Agreement	Société Générale S.A.	3 Sep 2020
Intra-Group Frame Co-operation Agreement	Société Générale S.A.	12 Oct 2020
Share Purchase Agreement – VISA	Société Générale S.A.	29 Mar 2021
Agreement for temporary staff assignment, including amendments	Société Générale S.A.	17 Dec 2021
MASTER SERVICE AGREEMENT (MSA) No. IBFS.C0131_01	Société Générale S.A.	22 Dec 2021
Novation Agreement	Société Générale S.A.	11 Feb 2022
Client Service Agreement	Société Générale S.A.	1 Jul 2022
Insurance program Société Générale S.A. (contract concluded between SG and the insurance companies Chubb European Group Limited, AIG Europe Ltd., ZÜRICH INSURANCE PLC, KB in the relationship as an insured person, insurance period 1/7/2022 – 30/6/2023)	Société Générale S.A.	1 Jul 2022
Master service agreement (MSA)	Société Générale S.A.	15 Nov 2022
Client Service Agreement (Garliq)	Société Générale S.A.	4 Apr 2024
Master Service Agreement (Garliq)	Société Générale S.A.	4 Apr 2024
Trademark license agreement	Société Générale S.A.	30 Apr 2024
Service agreement – Digitrade, including amendments	Société Générale S.A.	25 Nov 2021
MSA, Know your client – Know your bank	Société Générale S.A.	8 Feb 2022
Client Service Agreement to the MSA, Know your client – Know your bank	Société Générale S.A.	8 Feb 2022
IBFS-ONE SOFTWARE AGREEMENT, including amendments	Société Générale S.A.	7 Oct 2022
SERVICE AGREEMENT AMLCOM	Société Générale S.A.	15 Feb 2023
Master service agreement (MSA)	Société Générale S.A.	22 Mar 2023
Data Protection Agreement – NextGen	Société Générale S.A.	27 Apr 2023
Client Service Agreement na DAA	Société Générale S.A.	5 Jun 2023
Nondisclosure Agreement	Société Générale S.A.	16 Jun 2023
Agreement on the organisation of periodic control	Société Générale S.A.	23 Oct 2023
Client Service Agreement (NextGen)	Société Générale S.A.	16 Nov 2023
Master Service Agreement (NextGen)	Société Générale S.A.	16 Nov 2023
Agreement on the organisation of periodic control	Société Générale S.A., SKB banka d.d. Ljubljana	15 Nov 2017
Agreement on the organisation of periodic control	Société Générale S.A., SOCIETE GENERALE S.A. Oddział w Polsce	23 Feb 2021

Title of contract (or subject matter of contract – if not clear from the title)	Contracting party	Date of contract
Client Service Agreement Sogecash (International) Pooling Services	Société Générale S.A., Société Générale Luxembourg, BRD - Groupe Société Générale S.A., Société Générale Marocaine de Banques, Société Générale Offshore, Komerční banka, a.s., pobočka zahraničnej banky	6 Mar 2024
Uncommitted Overdraft Service Agreement	Société Générale, New York Branch	30 Aug 2019
Shareholder agreement, including amendments	SOGECAP S.A.	26 Sep 2005
Mutual co-operation agreement	SOGEPROM Česká republika s.r.o.	25 Oct 2010
Service agreement – outsourcing (accounting services)	STD2, s.r.o.	1 Nov 2017
Service agreement – technical facility management, energy etc.	STD2, s.r.o.	29 Jun 2018
Lease of real estate, including amendments	STD2, s.r.o.	31 Aug 2018
Supplementary payment agreement	STD2, s.r.o.	4 Sep 2018
Co-operation agreement in respect of real estate usage	STD2, s.r.o.	31 Oct 2018
Contract for the payment of insurance premium and of insurance broker's commission	STD2, s.r.o.	17 Feb 2021
Lease of real estate, including amendments	STD2, s.r.o.	1 Jan 2022
Service agreement	STD2, s.r.o.	1 Jan 2022
Lease of non-residential premises and payment of related services	STD2, s.r.o.	20 Dec 2022
Service agreement	STD2, s.r.o.	31 Dec 2023
Contract for the payment of insurance premium and of insurance broker's commission	STD2, s.r.o.	27 Feb 2024
Agreement of contract assignment	STD2, s.r.o., Arcadis Czech Republic s.r.o.	1 Nov 2017
Indicative terms of business co-operation in the field of real estate	upvest s.r.o.	1 Jul 2020
Commercial agency agreement	upvest s.r.o.	20 Feb 2021
Service agreement	upvest s.r.o.	30 Sep 2021
Commercial agency agreement	upvest s.r.o.	30 Sep 2021
Agreement for the provision of company certificate	upvest s.r.o.	24 Aug 2022
Service agreement – KYS (Know Your Supplier)	upvest s.r.o.	18 Jan 2023

Title of contract (or subject matter of contract – if not clear from the title)	Contracting party	Date of contract
Co-operation Agreement	upvest s.r.o.	21 Apr 2023
AGREEMENT – ACCESS TO THE SYSTEM EGJE	upvest s.r.o.	21 Jun 2023
Compliance Co-operation Agreement	upvest s.r.o.	22 Jun 2023
Agreement – Consultancy services – Real estate	upvest s.r.o.	17 Oct 2023
Co-operation agreement – tipping of interested parties	upvest s.r.o.	28 Nov 2023
Agreement on the provision of preferential terms for KB products for UPVEST employees	upvest s.r.o.	25 Jan 2024
Nondisclosure Agreement	upvest s.r.o.	26 Mar 2024
Agreement – services: Edu portál	upvest s.r.o.	16 Apr 2024
Agreement – outsourcing of DPO services	upvest s.r.o.	9 Sep 2024
Agreement for co-operation within VAT group	VN 42, s.r.o.	15 Jul 2014
Service agreement – outsourcing (accounting services)	VN 42, s.r.o.	3 Nov 2014
Contract for the transfer of technical improvement	VN 42, s.r.o.	26 Feb 2018
Contracts for lease of movable assets	VN 42, s.r.o.	1 Jan 2021
Lease of non-residential premises and payment of related services	VN 42, s.r.o.	1 Jul 2023
Service agreement (support services by KB SuSe regarding technical facility management, energy, fire protection, OHS etc.)	VN 42, s.r.o.	1 Jul 2023
Contract for the payment of insurance premium and of insurance broker's commission	VN 42, s.r.o.	21 Feb 2024
Purchase contract for the sale of movable property	VN 42, s.r.o.	19 Jun 2024
Service agreement	VN 42, s.r.o.	21 Jun 2024
Sub-lease of non-residential premises and payment of related services and movable property loan agreement	VN 42, s.r.o.	21 Jun 2024

C. Assessment of advantages and disadvantages arising from the relations within the Group and assessment of detriment

Advantages and disadvantages arising from the relations within the Group

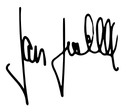
The SG Group is diversified and provides universal banking services. The entire Group takes advantage of mutual synergic effects, including project pooling, a strong international brand, and the know-how of SG and all the Group companies. KB, for example, uses SG's global network to provide Trade Finance Products and in the area of payments it uses SG's wide network. Thanks to the Group, it is possible for KB to use the global cash pooling network, offer transnational solutions in the cash management area, and offer SG products. KB benefits from SG's global experience in the Global Finance Platform area. KB provides certain subsidiaries with its distribution channels and provides certain services, such as management of human resources, information technologies and data processing, compliance, internal audit, and risk management. Based on outsourcing agreements, KB provides activities and services to some of the companies which are part of the KB Group. Modrá pyramida stavební spořitelna, a.s. provides KB with services in the area of KB Bydlení. The advantages from the Company's integration into the SG Group contribute to the Company's positive financial results.

Assessment of detriment

The Company's Board of Directors has reviewed all arrangements between the Company and the companies that were part of the Group during the 2024 reporting period and states that the Company incurred no detriment as a result of any contracts, agreements, or any other legal acts made or adopted by the Company in the reporting period or as a result of any other influence otherwise exerted by Société Générale S. A. as the controlling entity.

The report does not include contracts which are subject to banking secrecy under the Banking Act. The Board of Directors has, nevertheless, assessed these contracts from the perspective of potential detriment and stated that KB also did not suffer any detriment arising from these contracts.

In Prague on 28 February 2025



Jan Juchelka m. p.
Chairman of the Board of Directors
Komerční banka, a.s.

Jitka Haubová m. p.
Member of the Board of Directors
Komerční banka, a.s.

The structure of relationships within whole SG Group

% of voting interest

Country	Company	Type of company	Share of voting rights as of 31/12/2024
Algeria			
	ALD AUTOMOTIVE ALGERIE SPA	Specialist Financing	99.99
	SOCIETE GENERALE ALGERIE	Bank	100
Australia			
	SOCIETE GENERALE SECURITIES AUSTRALIA PTY LTD	Broker	100
	SOCIETE GENERALE SYDNEY BRANCH	Bank	100
Austria			
	ALD AUTOMOTIVE FUHRPARKMANAGE MENT UND LEASING GMBH	Specialist Financing	100
	FLOTTENMANAGEMENT GMBH	Specialist Financing	49
	LEASEPLAN OSTERREICH FUHRPARKMANAGEMENT GMBH	Specialist Financing	100
	SG VIENNE	Bank	100
Belgium			
	AXUS FINANCE SRL	Specialist Financing	100
	AXUS SA/NV	Specialist Financing	100
	BASTION EUROPEAN INVESTMENTS S.A.	Financial Company	100
	BUMPER BE	Financial Company	100
	LEASEPLAN FLEET MANAGEMENT N.V.	Specialist Financing	100
	LEASEPLAN PARTNERSHIPS & ALLIANCES	Specialist Financing	100
	LEASEPLAN TRUCK N.V.	Specialist Financing	0
	PARCOURS BELGIUM	Specialist Financing	0
	SG BRUXELLES	Bank	100
	SG EQUIPMENT FINANCE BENELUX B.V. BELGIAN BRANCH	Specialist Financing	100
	SOCIETE GENERALE IMMOBEL	Financial Company	100
Benin			
	SOCIETE GENERALE BENIN	Bank	94.1
Bermuda			
	CATALYST RE INTERNATIONAL LTD.	Insurance	100
Brazil			
	ALD AUTOMOTIVE S.A.	Specialist Financing	100

Country	Company	Type of company	Share of voting rights as of 31/12/2024
	ALD CORRETORA DE SEGUROS LTDA	Specialist Financing	100
	BANCO SOCIETE GENERALE BRASIL S.A.	Bank	100
	LEASEPLAN ARRENDAMENTO MERCANTIL S.A.	Specialist Financing	100
	LEASEPLAN BRASIL LTDA.	Specialist Financing	100
	SOCIETE GENERALE EQUIPMENT FINANCE S/A - ARRENDAMENTO MERCANTIL	Specialist Financing	100
Bulgaria			
	ALD AUTOMOTIVE EOOD	Specialist Financing	100
Burkina Faso			
	SOCIETE GENERALE BURKINA FASO	Bank	52.61
Cameroon			
	SOCIETE GENERALE CAMEROUN	Bank	58.08
Canada			
	13406300 CANADA INC.	Bank	0
	SG MONTREAL SOLUTION CENTER 2 INC.	Services	100
	SG MONTREAL SOLUTION CENTER INC.	Services	100
	SOCIETE GENERALE (CANADA BRANCH)	Bank	100
	SOCIETE GENERALE CAPITAL CANADA INC	Broker	100
Cayman Islands			
	AEGIS HOLDINGS (OFFSHORE) LTD.	Financial Company	100
Chad			
	SOCIETE GENERALE TCHAD	Bank	0
Chile			
	ALD AUTOMOTIVE LIMITADA	Specialist Financing	100
China			
	SOCIETE GENERALE (CHINA) LIMITED	Bank	100
	SOCIETE GENERALE LEASING AND RENTING CO. LTD	Specialist Financing	100
Colombia			
	ALD AUTOMOTIVE S.A.S	Specialist Financing	100
Croatia			
	AYVENS CROATIA D.O.O. ZA OPERATIVNI I FINANCIJSKI LEASING (ex-ALD AUTOMOTIVE D.O.O. ZA. OPERATIVNI I FINANCIJSKI LEASING)	Specialist Financing	100
	AYVENS FLEET SERVICES CROATIA D.O.O. ZA TRGOVINU I USLUGE (ex-ALD FLEET SERVICES D.O.O ZA TRGOVINU I USLUGE)	Specialist Financing	100
Czech Republic			
	Ayvens s.r.o. (ex-ALD AUTOMOTIVE S.R.O.)	Specialist Financing	100
	ESSOX s.r.o.	Specialist Financing	100
	Factoring KB, a.s.	Financial Company	100
	KB Advisory, s. r. o.	Financial Company	0
	KB Penzijní společnost, a.s.	Financial Company	100
	KB Poradenství, s.r.o.	Financial Company	0
	KB Real Estate, s.r.o.	Real Estate and Real Estate Financing	100
	KB SmartSolutions, s.r.o.	Financial Company	100
	Komerční banka, a.s.	Bank	60.73
	Komerční pojišťovna, a.s.	Insurance	100
	Modrá pyramida stavební spořitelna, a.s.	Financial Company	100
	Protos, uzavřený investiční fond, a.s.	Financial Company	100
	SG Equipment Finance Czech Republic s.r.o.	Specialist Financing	100
	SOGEPROM CESKA REPUBLIKA S.R.O.	Real Estate and Real Estate Financing	0
	SOGEPROM Michle s.r.o., v likvidaci	Real Estate and Real Estate Financing	100

Country	Company	Type of company	Share of voting rights as of 31/12/2024
	STD2, s.r.o.	Group Real Estate Management Company	100
	VN 42, s.r.o.	Real Estate and Real Estate Financing	0
	Worldline Czech Republic s.r.o.	Services	40
Denmark			
	ALD AUTOMOTIVE A/S	Specialist Financing	100
	AUTO CLAIM HANDLING DANMARK A/S	Specialist Financing	100
	LEASEPLAN DANMARK A/S	Specialist Financing	100
	NF FLEET A/S	Specialist Financing	80
Equatorial Guinea			
	SOCIETE GENERALE DE BANQUES EN GUINEE EQUATORIALE	Bank	57.23
Estonia			
	ALD AUTOMOTIVE EESTI AS	Specialist Financing	75.01
Finland			
	AXUS FINLAND OY	Specialist Financing	100
	NF FLEET OY	Specialist Financing	80
France			
	29 HAUSSMANN EQUILIBRE	Insurance	87.1
	29 HAUSSMANN EURO CREDIT - PART-C	Insurance	60.05
	29 HAUSSMANN EURO OBLIGATIONS D'ETATS - PART C	Insurance	44.93
	29 HAUSSMANN EURO RDT	Insurance	58.1
	29 HAUSSMANN SELECTION EUROPE - K	Insurance	45.23
	29 HAUSSMANN SELECTION MONDE	Insurance	68.7
	908 REPUBLIQUE	Real Estate and Real Estate Financing	50
	ADMINISTRATIVE AND MANAGEMENT SERVICES	Specialist Financing	100
	AIR BAIL	Specialist Financing	100
	AIX - BORD DU LAC -3	Real Estate and Real Estate Financing	50
	ALFORTVILLE BAIGNADE	Real Estate and Real Estate Financing	40
	AMPERIM	Real Estate and Real Estate Financing	0
	AMUNDI SMART BLENDED - I2-C EUR (C)	Insurance	99.97
	ANNEMASSE-ILOT BERNARD	Real Estate and Real Estate Financing	80
	ANTALIS SA	Financial Company	100
	ANTARES	Real Estate and Real Estate Financing	0
	ANTARIUS	Insurance	100
	ARTISTIK	Real Estate and Real Estate Financing	30
	AUBERVILLIERS 23 LANDY	Real Estate and Real Estate Financing	51
	AYVENS (ex-ALD)	Specialist Financing	68.97
	BANQUE FRANCAISE COMMERCIALE OCEAN INDIEN	Bank	50
	BAUME LOUBIERE	Real Estate and Real Estate Financing	40
	BERCK RUE DE BOUVILLE	Real Estate and Real Estate Financing	25
	BERGERIE CHATEL	Real Estate and Real Estate Financing	51
	BERLIOZ	Insurance	84.05
	BEZIERS-LA COURONDELLE	Real Estate and Real Estate Financing	50
	BORDEAUX BOUTAUT	Real Estate and Real Estate Financing	51
	BOURSORAMA MASTER HOME LOANS FRANCE	Specialist Financing	100
	BOURSORAMA SA	Broker	100
	BREMANY LEASE SAS	Specialist Financing	100
	BRIE COSSIGNY	Real Estate and Real Estate Financing	70

Country	Company	Type of company	Share of voting rights as of 31/12/2024
	BSG FRANCE S.A.	Financial Company	100
	BUMPER FR 2022-1	Financial Company	100
	CARBURAUTO	Group Real Estate Management Company	0
	CEGELEASE	Real Estate and Real Estate Financing	100
	CENTRE IMMO PROMOTION	Real Estate and Real Estate Financing	60
	COMPAGNIE FONCIERE DE LA MEDITERRANEE (CFM)	Group Real Estate Management Company	100
	COMPAGNIE GENERALE DE LOCATION D'EQUIPEMENTS	Specialist Financing	99.89
	CONTE	Group Real Estate Management Company	0
	COURTRY GOULET	Real Estate and Real Estate Financing	51
	DARWIN DIVERSIFIE 40-60	Portfolio Management	79.78
	DARWIN DIVERSIFIE 80-100	Portfolio Management	78.34
	DISPONIS	Specialist Financing	100
	ECHIQUIER AGENOR EURO SRI MID CAP	Insurance	40.85
	ETAMPES PARIS	Real Estate and Real Estate Financing	51
	ETOILE CAPITAL	Financial Company	100
	F.E.P. INVESTISSEMENTS	Real Estate and Real Estate Financing	100
	FCT LA ROCHE	Specialist Financing	100
	FCT RED & BLACK AUTO LOANS FRANCE 2024	Financial Company	100
	FEEDER LYX E ST50 D6	Portfolio Management	100
	FEEDER LYXOR CAC40 D2-EUR	Portfolio Management	100
	FENWICK LEASE	Specialist Financing	100
	FINASSURANCE SNC	Insurance	99
	FRANFINANCE	Specialist Financing	99.99
	FRANFINANCE LA REUNION (ex-COMPAGNIE FINANCIERE DE BOURBON)	Real Estate and Real Estate Financing	100
	FRANFINANCE LOCATION	Specialist Financing	100
	GALYBET	Real Estate and Real Estate Financing	100
	GENEBANQUE	Bank	100
	GENECAL FRANCE	Specialist Financing	0
	GENECAR - SOCIETE GENERALE DE COURTAGE D'ASSURANCE ET DE REASSURANCE	Insurance	100
	GENECOMI FRANCE	Specialist Financing	100
	GENEFIM	Real Estate and Real Estate Financing	100
	GENEFINANCE	Portfolio Management	100
	GENEGIS I	Group Real Estate Management Company	100
	GENEGIS II	Group Real Estate Management Company	100
	GENEPIERRE	Real Estate and Real Estate Financing	60.34
	GENEVALMY	Group Real Estate Management Company	100
	HIPPOLYTE	Specialist Financing	100
	HYUNDAI CAPITAL FRANCE (EX SEFIA)	Specialist Financing	50
	ILOT AB	Real Estate and Real Estate Financing	80
	IMMOBILIERE PROMEX	Real Estate and Real Estate Financing	35
	INVESTIR IMMOBILIER NORMANDIE	Real Estate and Real Estate Financing	100
	INVESTISSEMENT 81	Financial Company	100
	IVRY CHAUSSINAND	Real Estate and Real Estate Financing	64
	JSJ PROMOTION	Real Estate and Real Estate Financing	45

Country	Company	Type of company	Share of voting rights as of 31/12/2024
	JUSTE-SOGEPROM	Real Estate and Real Estate Financing	70
	LA CORBEILLERIE	Real Estate and Real Estate Financing	40
	LA FONCIERE DE LA DEFENSE	Real Estate and Real Estate Financing	100
	LA RESERVE	Real Estate and Real Estate Financing	60
	LAGNY LECLERC	Real Estate and Real Estate Financing	51
	LEASEPLAN FRANCE S.A.S.	Specialist Financing	100
	LES ALLEES DE L'EUROPE	Real Estate and Real Estate Financing	34
	LES JARDINS D'ALHAMBRA	Real Estate and Real Estate Financing	35
	LES JARDINS DU VILLAGE	Real Estate and Real Estate Financing	80
	LES MESANGES	Real Estate and Real Estate Financing	55
	LES NOUVEAUX PARTENAIRES AURA	Real Estate and Real Estate Financing	70
	LES NOUVEAUX PARTENAIRES IDF	Real Estate and Real Estate Financing	70
	LES TROIS LUCS 13012	Real Estate and Real Estate Financing	100
	LES VILLAS VINCENTI	Real Estate and Real Estate Financing	30
	L'HESPEL	Real Estate and Real Estate Financing	30
	LISTOPLAC	Financial Company	100
	LOTISSEMENT DES FLEURS	Real Estate and Real Estate Financing	30
	LYON LA FABRIC	Real Estate and Real Estate Financing	50
	LYX ACT EURO CLIMAT-D3EUR	Insurance	100
	LYX ACT EURO CLIMAT-DEUR	Insurance	100
	LYXOR ACTIONS EURO CLIMAT D4 EUR	Insurance	100
	LYXOR GL OVERLAY F	Portfolio Management	87.27
	LYXOR SKYFALL FUND	Insurance	88.98
	MEDITERRANEE GRAND ARC	Real Estate and Real Estate Financing	50

Country	Company	Type of company	Share of voting rights as of 31/12/2024
	NORBAIL SOFERGIE	Real Estate and Real Estate Financing	100
	NORMANDIE REALISATIONS	Real Estate and Real Estate Financing	100
	ONYX	Group Real Estate Management Company	0
	OPCI SOGECAPIMMO	Real Estate and Real Estate Financing	100
	ORADEA VIE	Insurance	100
	ORPAVIMOB	Specialist Financing	100
	PARCOURS	Specialist Financing	100
	PARCOURS ANNECY	Specialist Financing	100
	PARCOURS BORDEAUX	Specialist Financing	100
	PARCOURS NANTES	Specialist Financing	100
	PARCOURS STRASBOURG	Specialist Financing	100
	PARCOURS TOURS	Specialist Financing	100
	PAYXPERT FRANCE	Real Estate and Real Estate Financing	100
	PHILIPS MEDICAL CAPITAL FRANCE	Specialist Financing	60
	PIERRE PATRIMOINE	Financial Company	100
	PLEASE	Specialist Financing	50
	PRAGMA	Real Estate and Real Estate Financing	100
	PRIMONIAL DOUBLE IMMO	Real Estate and Real Estate Financing	100
	PRIORIS	Specialist Financing	95
	PROGEREAL	Real Estate and Real Estate Financing	25.01
	PROJECTIM	Real Estate and Real Estate Financing	100
	RED & BLACK AUTO LEASE FRANCE 1	Financial Company	100
	RED & BLACK AUTO LEASE FRANCE 2	Financial Company	100
	RED & BLACK CONSUMER FRANCE 2013	Financial Company	100

Country	Company	Type of company	Share of voting rights as of 31/12/2024
	RED & BLACK HOME LOANS FRANCE 2	Financial Company	100
	RED & BLACK HOME LOANS FRANCE 3	Financial Company	100
	REEZOCORP	Specialist Financing	100
	RIVAPRIM REALISATIONS	Real Estate and Real Estate Financing	100
	S.C.I. DU DOMAINE DE STONEHAM	Real Estate and Real Estate Financing	50
	SAGEMCOM LEASE	Specialist Financing	0
	SAINTE-MARTHE ILOT C	Real Estate and Real Estate Financing	40
	SAINTE-MARTHE ILOT D	Real Estate and Real Estate Financing	40
	SALLANCHES MONTFORT	Real Estate and Real Estate Financing	70
	SARL BORDEAUX-20-26 RUE DU COMMERCE	Real Estate and Real Estate Financing	30
	SARL D'AMENAGEMENT DU MARTINET	Real Estate and Real Estate Financing	50
	SARL DE LA VECQUERIE	Real Estate and Real Estate Financing	0
	SARL SEINE CLICHY	Real Estate and Real Estate Financing	100
	SAS AMIENS -AVENUE DU GENERAL FOY	Real Estate and Real Estate Financing	100
	SAS BF3 NOGENT THIERS	Real Estate and Real Estate Financing	20
	SAS BONDUES - COEUR DE BOURG	Real Estate and Real Estate Financing	25
	SAS COPRIM RESIDENCES	Real Estate and Real Estate Financing	100
	SAS MERIGNAC OASIS URBAINE	Real Estate and Real Estate Financing	90
	SAS NORMANDIE RESIDENCES	Real Estate and Real Estate Financing	100
	SAS ODESSA DEVELOPPEMENT	Real Estate and Real Estate Financing	49
	SAS PAYSAGES	Real Estate and Real Estate Financing	51
	SAS PROJECTIM IMMOBILIER	Real Estate and Real Estate Financing	100
	SAS ROANNE LA TRILOGIE	Real Estate and Real Estate Financing	0
	SAS SCENES DE VIE	Real Estate and Real Estate Financing	50

Country	Company	Type of company	Share of voting rights as of 31/12/2024
	SAS SOAX PROMOTION	Real Estate and Real Estate Financing	58.5
	SAS SOGEMYSJ	Real Estate and Real Estate Financing	51
	SAS SOJEPRIM	Real Estate and Real Estate Financing	100
	SAS TIR A L'ARC AMENAGEMENT	Real Estate and Real Estate Financing	50
	SAS TOUR D2	Real Estate and Real Estate Financing	50
	SAS VILLENEUVE D'ASCQ - RUE DES TECHNIQUES BUREAUX	Real Estate and Real Estate Financing	50
	SCCV 282 MONTOLIVET 12	Real Estate and Real Estate Financing	0
	SCCV ALFORTVILLE MANDELA	Real Estate and Real Estate Financing	49
	SCCV BAC GALLIENI	Real Estate and Real Estate Financing	51
	SCCV BOIS-GUILLAUME PARC DE HALLEY	Real Estate and Real Estate Financing	0
	SCCV BOURG BROU	Real Estate and Real Estate Financing	60
	SCCV BRON CARAVELLE	Real Estate and Real Estate Financing	50
	SCCV CAEN CASERNE MARTIN	Real Estate and Real Estate Financing	100
	SCCV CAEN PANORAMIK	Real Estate and Real Estate Financing	0
	SCCV CANNES JOURDAN	Real Estate and Real Estate Financing	50
	SCCV CHARTREUX LOT C	Real Estate and Real Estate Financing	50
	SCCV CHARTREUX LOT E	Real Estate and Real Estate Financing	100
	SCCV CHOISY LOGEMENT	Real Estate and Real Estate Financing	100
	SCCV CLICHY BAC D'ASNIERES	Real Estate and Real Estate Financing	75
	SCCV CLICHY BRC	Real Estate and Real Estate Financing	50
	SCCV COLOMBES	Real Estate and Real Estate Financing	49
	SCCV COMPIEGNE - RUE DE L'EPARGNE	Real Estate and Real Estate Financing	35
	SCCV COMPIEGNE ROYALLIEU	Real Estate and Real Estate Financing	30
	SCCV CUGNAUX-LEO LAGRANGE	Real Estate and Real Estate Financing	50

Country	Company	Type of company	Share of voting rights as of 31/12/2024
	SCCV DEVILLE-CARNOT	Real Estate and Real Estate Financing	60
	SCCV DUNKERQUE PATINOIRE DEVELOPPEMENT	Real Estate and Real Estate Financing	50
	SCCV EMPREINTE	Real Estate and Real Estate Financing	51
	SCCV EPRON - ZAC L'OREE DU GOLF	Real Estate and Real Estate Financing	70
	SCCV ERAGNY GUICHARD	Real Estate and Real Estate Financing	51
	SCCV ESPACES DE DEMAIN	Real Estate and Real Estate Financing	50
	SCCV ETERVILLE ROUTE D'AUNAY	Real Estate and Real Estate Financing	50
	SCCV EURONANTES 1E	Real Estate and Real Estate Financing	50
	SCCV FAVERGES	Real Estate and Real Estate Financing	100
	SCCV GAMBETTA LA RICHE	Real Estate and Real Estate Financing	25
	SCCV GIGNAC MOUSSELINE	Real Estate and Real Estate Financing	70
	SCCV GIVORS ROBICHON	Real Estate and Real Estate Financing	85
	SCCV GOELETTES GRAND LARGE	Real Estate and Real Estate Financing	50
	SCCV HEROUVILLE ILOT A2	Real Estate and Real Estate Financing	33.33
	SCCV ISTRES PAPAILLE	Real Estate and Real Estate Financing	70
	SCCV JA LE HAVRE 22 COTY	Real Estate and Real Estate Financing	40
	SCCV JDA OUISTREHAM	Real Estate and Real Estate Financing	50
	SCCV KYMA MERIGNAC	Real Estate and Real Estate Financing	0
	SCCV LA BAULE - LES JARDINS D'ESCOUBLAC	Real Estate and Real Estate Financing	25
	SCCV LA MADELEINE - PRE CATELAN	Real Estate and Real Estate Financing	51
	SCCV LA MADELEINE SAINT-CHARLES	Real Estate and Real Estate Financing	0
	SCCV LA PORTE DU CANAL	Real Estate and Real Estate Financing	50
	SCCV LACASSAGNE BRICKS	Real Estate and Real Estate Financing	49
	SCCV LE CENTRAL C1.4	Real Estate and Real Estate Financing	33.4
	SCCV LE CENTRAL C1.5A	Real Estate and Real Estate Financing	33.3
	SCCV LE CENTRAL C1.7	Real Estate and Real Estate Financing	33.3
	SCCV LES BASTIDES FLEURIES	Real Estate and Real Estate Financing	64.29
	SCCV LES ECRIVAINS	Real Estate and Real Estate Financing	0
	SCCV LES HAUTS VERGERS	Real Estate and Real Estate Financing	55
	SCCV LES PATIOS D'OR DE FLEURY LES AUBRAIS	Real Estate and Real Estate Financing	80
	SCCV LES SUCRES	Real Estate and Real Estate Financing	50
	SCCV LESQUIN PARC	Real Estate and Real Estate Financing	50
	SCCV L'IDEAL - MODUS 1.0	Real Estate and Real Estate Financing	80
	SCCV LILLE - JEAN MACE	Real Estate and Real Estate Financing	33.4
	SCCV LOOS GAMBETTA	Real Estate and Real Estate Financing	35
	SCCV MARCQ EN BAROEUL GABRIEL PERI	Real Estate and Real Estate Financing	20
	SCCV MARQUETTE CALMETTE	Real Estate and Real Estate Financing	50
	SCCV MASSY NOUAILLE	Real Estate and Real Estate Financing	80
	SCCV MEHUL 34000	Real Estate and Real Estate Financing	70
	SCCV MONROC - LOT 3	Real Estate and Real Estate Financing	50
	SCCV MONS EQUATION	Real Estate and Real Estate Financing	50
	SCCV NICE ARENAS	Real Estate and Real Estate Financing	100
	SCCV NOGENT PLAISANCE	Real Estate and Real Estate Financing	60
	SCCV NOISY BOISSIERE	Real Estate and Real Estate Financing	51
	SCCV PARIS ALBERT	Real Estate and Real Estate Financing	50
	SCCV PRADES BLEU HORIZON	Real Estate and Real Estate Financing	50
	SCCV QUAI DE SEINE A ALFORTVILLE	Real Estate and Real Estate Financing	51
	SCCV QUAI NEUF BORDEAUX	Real Estate and Real Estate Financing	35

Country	Company	Type of company	Share of voting rights as of 31/12/2024
	SCCV ROUEN RUE LOUIS BLANC	Real Estate and Real Estate Financing	50
	SCCV ROUSSET - LOT 03	Real Estate and Real Estate Financing	70
	SCCV SAINT JUST DAUDET	Real Estate and Real Estate Financing	80
	SCCV SAINT NAZAIRE MDP ILOT V4	Real Estate and Real Estate Financing	80
	SCCV SAY	Real Estate and Real Estate Financing	35
	SCCV SENGHOR	Real Estate and Real Estate Financing	0
	SCCV SENSORIUM BUREAUX	Real Estate and Real Estate Financing	50
	SCCV SENSORIUM LOGEMENT	Real Estate and Real Estate Financing	50
	SCCV SOGAB ILE DE FRANCE	Real Estate and Real Estate Financing	80
	SCCV SOGAB ROMAINVILLE	Real Estate and Real Estate Financing	80
	SCCV SOGEPROM LYON HABITAT	Real Estate and Real Estate Financing	100
	SCCV SOPRAB IDF	Real Estate and Real Estate Financing	70
	SCCV ST MARTIN DU TOUCH ILOT S9	Real Estate and Real Estate Financing	50
	SCCV TOULOUSE LES IZARDS	Real Estate and Real Estate Financing	51
	SCCV TRETS CASSIN LOT 4	Real Estate and Real Estate Financing	70
	SCCV VERNONNET-FIESCHI	Real Estate and Real Estate Financing	51
	SCCV VILLA CHANZY	Real Estate and Real Estate Financing	40
	SCCV VILLA VALERIANE	Real Estate and Real Estate Financing	30
	SCCV VILLAS URBAINES	Real Estate and Real Estate Financing	80
	SCCV VILLENAVE D'ORNON GARDEN VO	Real Estate and Real Estate Financing	25
	SCCV VILLENEUVE BONGARDE T2	Real Estate and Real Estate Financing	51
	SCCV VILLENEUVE D'ASCQ-RUE DES TECHNIQUES	Real Estate and Real Estate Financing	50
	SCCV VILLENEUVE VILLAGE BONGARDE	Real Estate and Real Estate Financing	51
	SCCV VILLEURBANNE TEMPO	Real Estate and Real Estate Financing	0

Country	Company	Type of company	Share of voting rights as of 31/12/2024
	SCCV WAMBRECHIES RESISTANCE	Real Estate and Real Estate Financing	50
	SCCV ZAC DES DOCKS R4	Real Estate and Real Estate Financing	70
	SCI 1134, AVENUE DE L'EUROPE A CASTELNAU LE LEZ	Real Estate and Real Estate Financing	50
	SCI AQPRIM PROMOTION	Real Estate and Real Estate Financing	50
	SCI CENTRE IMMO PROMOTION RESIDENCES	Real Estate and Real Estate Financing	100
	SCI CHELLES AULNOY MENDES FRANCE	Real Estate and Real Estate Financing	0
	SCI DU PARC SAINT ETIENNE	Real Estate and Real Estate Financing	0
	SCI ETAMPES NOTRE-DAME	Real Estate and Real Estate Financing	50
	SCI L'ACTUEL	Real Estate and Real Estate Financing	30
	SCI LAVOISIER	Real Estate and Real Estate Financing	80
	SCI LES JARDINS D'IRIS	Real Estate and Real Estate Financing	60
	SCI LES JARDINS DU BLAVET	Real Estate and Real Estate Financing	0
	SCI LES PORTES DU LEMAN	Real Estate and Real Estate Financing	0
	SCI LINAS COEUR DE VILLE 1	Real Estate and Real Estate Financing	71
	SCI LOCMINE- LAMENNAIS	Real Estate and Real Estate Financing	30
	SCI MONTPELLIER JACQUES COEUR	Real Estate and Real Estate Financing	50
	SCI PRIMO E+	Real Estate and Real Estate Financing	100
	SCI PRIMO N+	Real Estate and Real Estate Financing	100
	SCI PRIMO N+2	Real Estate and Real Estate Financing	100
	SCI PRIMO N+3	Real Estate and Real Estate Financing	100
	SCI PROJECTIM HABITAT	Real Estate and Real Estate Financing	100
	SCI QUINTEFEUILLE	Real Estate and Real Estate Financing	0
	SCI RESIDENCE DU DONJON	Real Estate and Real Estate Financing	40
	SCI RHIN ET MOSELLE 1	Real Estate and Real Estate Financing	0

Country	Company	Type of company	Share of voting rights as of 31/12/2024
	SCI RIVAPRIM HABITAT	Real Estate and Real Estate Financing	100
	SCI RIVAPRIM RESIDENCES	Real Estate and Real Estate Financing	100
	SCI SAINT-DENIS WILSON	Real Estate and Real Estate Financing	60
	SCI SCS IMMOBILIER D'ENTREPRISES	Real Estate and Real Estate Financing	66
	SCI SOGECIP	Real Estate and Real Estate Financing	100
	SCI SOGECTIM	Real Estate and Real Estate Financing	100
	SCI SOGEPROM LYON RESIDENCES	Real Estate and Real Estate Financing	100
	SCI TOULOUSE CENTREDA 3	Real Estate and Real Estate Financing	0
	SCI VILLA EMILIE	Real Estate and Real Estate Financing	35
	SCI VITAL BOUHOT 16-22 NEUILLY SUR SEINE	Real Estate and Real Estate Financing	0
	SERVIPAR	Specialist Financing	0
	SG 29 HAUSSMANN	Financial Company	100
	SG ACTIONS EURO SELECTION	Financial Company	40.05
	SG ACTIONS EURO SMALL CAP - P (C)	Insurance	63.33
	SG ACTIONS FRANCE	Portfolio Management	38.14
	SG ACTIONS LUXE-C	Insurance	84.25
	SG ACTIONS MONDE	Insurance	74.66
	SG ACTIONS MONDE EMERGENT	Insurance	60.05
	SG ACTIONS US	Portfolio Management	65.06
	SG ACTIONS US TECHNO (C)	Insurance	84.65
	SG AMUNDI ACTIONS FRANCE ISR - PART-C	Financial Company	60.05
	SG AMUNDI ACTIONS MONDE EAU - PART-C	Financial Company	60.05
	SG AMUNDI MONETAIRE ISR	Portfolio Management	100
	SG AMUNDI MONETAIRE ISR - GSM (C)	Insurance	99.96
	SG AMUNDI MONETAIRE ISR - PART P-C	Financial Company	0
	SG AMUNDI OBLIG ENTREPRISES EURO ISR - PART-C	Financial Company	60.05
	SG BLACKROCK ACTIONS EURO ISR	Insurance	81.16
	SG BLACKROCK ACTIONS US ISR	Portfolio Management	100
	SG BLACKROCK FLEXIBLE ISR	Portfolio Management	100
	SG BLACKROCK OBLIGATIONS EURO ISR - PART-C	Financial Company	60.05
	SG CAPITAL DEVELOPPEMENT	Portfolio Management	100
	SG DNCA ACTIONS EURO ISR - PART-C	Insurance	0
	SG FINANCIAL SERVICES HOLDING	Portfolio Management	100
	SG FLEXIBLE	Portfolio Management	92.48
	SG OBLIG ETAT EURO - PART P-C	Financial Company	60.05
	SG OBLIG ETAT EURO-R	Insurance	79.94
	SG OBLIG HIGH YIELD (C)	Insurance	91.99
	SG OBLIGATIONS	Insurance	82.92
	SG OPCIMMO	Real Estate and Real Estate Financing	0
	SG OPTION EUROPE	Broker	100
	SG TIKEHAU DETTE PRIVEE	Insurance	100
	SG VALOR ALPHA ACTIONS FRANCE	Financial Company	72.77
	SGA 48-56 DESMOULINS	Real Estate and Real Estate Financing	0
	SGA AXA IM US CORE HY LOW CARBON	Insurance	100
	SGA AXA IM US SD HY LOW CARBON	Insurance	100
	SGA INFRASTRUCTURES	Insurance	100
	SGB FINANCE S.A.	Specialist Financing	51
	SGEF SA	Specialist Financing	100

Country	Company	Type of company	Share of voting rights as of 31/12/2024
	SGI 10-16 VILLE L'EVEQUE	Insurance	100
	SGI 1-5 ASTORG	Insurance	100
	SGI HOLDING SIS	Group Real Estate Management Company	100
	SGI PACIFIC	Insurance	0
	SHINE	Financial Company	0
	SNC COEUR 8EME MONPLAISIR	Real Estate and Real Estate Financing	30
	SNC D'AMENAGEMENT FORUM SEINE ISSY LES MOULINEAUX	Real Estate and Real Estate Financing	33.33
	SNC HPL ARROMANCHES	Real Estate and Real Estate Financing	100
	SNC NEUILLY ILE DE LA JATTE	Real Estate and Real Estate Financing	40
	SNC PROMOSEINE	Real Estate and Real Estate Financing	0
	SOCIETE ANONYME DE CREDIT A L'INDUSTRIE FRANCAISE (CALIF)	Bank	100
	SOCIETE CIVILE IMMOBILIERE CAP THALASSA	Real Estate and Real Estate Financing	45
	SOCIETE CIVILE IMMOBILIERE CAP VEYRE	Real Estate and Real Estate Financing	50
	SOCIETE CIVILE IMMOBILIERE DE DIANE	Real Estate and Real Estate Financing	30
	SOCIETE CIVILE IMMOBILIERE DE PIERLAS	Real Estate and Real Estate Financing	0
	SOCIETE CIVILE IMMOBILIERE DES COMBEAUX DE TIGERY	Real Estate and Real Estate Financing	100
	SOCIETE CIVILE IMMOBILIERE ESTEREL TANNERON	Real Estate and Real Estate Financing	30
	SOCIETE CIVILE IMMOBILIERE FONTENAY -ESTIENNES D'ORVES	Real Estate and Real Estate Financing	50
	SOCIETE CIVILE IMMOBILIERE GAMBETTA DEFENSE V	Real Estate and Real Estate Financing	20
	SOCIETE CIVILE IMMOBILIERE LES HAUTS DE L'ESTAQUE	Real Estate and Real Estate Financing	35
	SOCIETE CIVILE IMMOBILIERE LES HAUTS DE SEPTEMES	Real Estate and Real Estate Financing	25
	SOCIETE CIVILE IMMOBILIERE MIRECRAU	Real Estate and Real Estate Financing	35
	SOCIETE CIVILE IMMOBILIERE VERT COTEAU	Real Estate and Real Estate Financing	0
	SOCIETE DE BOURSE GILBERT DUPONT	Financial Company	100
	SOCIETE DE COURTAGES D'ASSURANCES GROUPE	Broker	100
	SOCIETE DE LA RUE EDOUARD VII	Portfolio Management	0
	SOCIETE DE SERVICES FIDUCIAIRES (2SF)	Financial Company	33.33
	SOCIETE DES TERRAINS ET IMMEUBLES PARISIENS (STIP)	Group Real Estate Management Company	100
	SOCIETE GENERALE	Bank	100
	SOCIETE GENERALE - FORGE	Services	93.48
	SOCIETE GENERALE CAPITAL FINANCE	Portfolio Management	100
	SOCIETE GENERALE CAPITAL PARTENAIRES	Portfolio Management	100
	SOCIETE GENERALE FACTORING	Specialist Financing	100
	SOCIETE GENERALE POUR LE DEVELOPPEMENT DES OPERATIONS DE CREDIT-BAIL IMMOBILIER "SOGEBAIL"	Real Estate and Real Estate Financing	100
	SOCIETE GENERALE REAL ESTATE	Real Estate and Real Estate Financing	100
	SOCIETE GENERALE SCF	Financial Company	100
	SOCIETE GENERALE SECURITIES SERVICES HOLDING	Portfolio Management	100
	SOCIETE GENERALE SFH	Specialist Financing	100
	SOCIETE GENERALE VENTURES	Portfolio Management	100
	SOCIETE IMMOBILIERE DU 29 BOULEVARD HAUSSMANN	Group Real Estate Management Company	100
	SOGE BEAUJOIRE	Group Real Estate Management Company	100
	SOGE PERIVAL I	Group Real Estate Management Company	100
	SOGE PERIVAL II	Group Real Estate Management Company	100

Country	Company	Type of company	Share of voting rights as of 31/12/2024
	SOGE PERIVAL III	Group Real Estate Management Company	100
	SOGE PERIVAL IV	Group Real Estate Management Company	100
	SOGEACT.SELEC.M ON	Portfolio Management	99.78
	SOGEAX	Real Estate and Real Estate Financing	60
	SOGECAMPUS	Group Real Estate Management Company	100
	SOGECAP	Insurance	100
	SOGECAP - DIVERSIFIED LOANS FUND	Specialist Financing	100
	SOGECAP ACTIONS PROTEGEES - PART-C/D	Financial Company	60.05
	SOGECAP DIVERSIFIE 1	Portfolio Management	100
	SOGECAP EQUITY OVERLAY (FEEDER)	Insurance	0
	SOGECAP LONG TERME N°1	Financial Company	100
	SOGECAP PROTECTED EQUITIES	Insurance	100
	SOGECAPIMMO 2	Insurance	0
	SOGEFIM HOLDING	Portfolio Management	100
	SOGEFIMUR	Specialist Financing	100
	SOGEFINANCEMENT	Specialist Financing	0
	SOGEFINERG France	Specialist Financing	100
	SOGEFONTENAY	Group Real Estate Management Company	100
	SOGELEASE FRANCE	Specialist Financing	100
	SOGEMARCHE	Group Real Estate Management Company	100
	SOGEPARTICIPATIONS	Portfolio Management	100
	SOGEPIERRE	Financial Company	100
	SOGEPROM	Real Estate and Real Estate Financing	100
	SOGEPROM ALPES HABITAT	Real Estate and Real Estate Financing	100
	SOGEPROM CENTRE-VAL DE LOIRE	Real Estate and Real Estate Financing	100
	SOGEPROM COTE D'AZUR	Real Estate and Real Estate Financing	100
	SOGEPROM ENTREPRISES	Real Estate and Real Estate Financing	100
	SOGEPROM LYON	Real Estate and Real Estate Financing	100
	SOGEPROM LYON AMENAGEMENT	Real Estate and Real Estate Financing	100
	SOGEPROM PARTENAIRES	Real Estate and Real Estate Financing	100
	SOGEPROM REALISATIONS	Real Estate and Real Estate Financing	100
	SOGEPROM SERVICES	Real Estate and Real Estate Financing	100
	SOGEPROM SUD REALISATIONS	Real Estate and Real Estate Financing	100
	SOGESSUR	Insurance	100
	SOGEVIMMO	Group Real Estate Management Company	98.75
	ST BARNABE 13004	Real Estate and Real Estate Financing	50
	ST GERMAIN BENI	Real Estate and Real Estate Financing	51
	STAR LEASE	Specialist Financing	100
	TEMSYS	Specialist Financing	100
	THONON ALLINGES	Real Estate and Real Estate Financing	70
	TRANSACTIS	Services	50
	TREEZOR SAS	Financial Company	96.09
	URBANISME ET COMMERCE PROMOTION	Real Estate and Real Estate Financing	100
	VALMINCO	Financial Company	100

Country	Company	Type of company	Share of voting rights as of 31/12/2024
	VALMINVEST	Group Real Estate Management Company	100
	VAUBAN DESMAZIERES	Real Estate and Real Estate Financing	67
	VERMELLES NATIONALE	Real Estate and Real Estate Financing	51
	VG PROMOTION	Real Estate and Real Estate Financing	35
	VIENNE BON ACCUEIL	Real Estate and Real Estate Financing	50
	VILLA D'ARMONT	Real Estate and Real Estate Financing	40
French Polynesia			
	BANQUE DE POLYNESIE	Bank	72.1
	SOGELEASE BDP "SAS"	Specialist Financing	100
Germany			
	ALD AUTOLEASING D GMBH	Specialist Financing	100
	ALD INTERNATIONAL GMBH	Specialist Financing	100
	ALD INTERNATIONAL GROUP HOLDINGS GMBH	Specialist Financing	100
	ALD LEASE FINANZ GMBH	Specialist Financing	100
	BANK DEUTSCHES KRAFTFAHRZEUGG EWERBE GMBH	Specialist Financing	90
	BDK LEASING UND SERVICE GMBH	Specialist Financing	100
	BSG FRANCE SA GERMAN BRANCH	Bank	100
	CAR PROFESSIONAL FUHRPARKMANAGE MENT UND BERATUNGSGESELL SCHAFT MBH & CO. KG	Specialist Financing	100
	CARPOOL GMBH	Broker	100
	FLEETPOOL GMBH	Specialist Financing	0
	FLEETPOOL GMBH (ex-LEASEPLAN SERVICES GMBH)	Specialist Financing	100
	GEFA BANK GMBH	Specialist Financing	100
	GEFA VERSICHERUNGSDI ENST GMBH	Specialist Financing	100
	HANSEATIC BANK GMBH & CO KG	Specialist Financing	75
	HANSEATIC GESELLSCHAFT FUR BANKBETEILIGUNGEN MBH	Portfolio Management	100
	HSCE HANSEATIC SERVICE CENTER GMBH	Services	100
	INTERLEASING DELLO HAMBURG G.M.B.H.	Specialist Financing	100
	LEAN AUTOVERMIETUNG GMBH	Specialist Financing	100
	LEASEPLAN DEUTSCHLAND GMBH	Specialist Financing	100
	LEASEPLAN VERSICHERUNGSVERMITTLUNGSGESELLSCHAFT MBH	Specialist Financing	100
	PHILIPS MEDICAL CAPITAL GMBH	Specialist Financing	60
	RED & BLACK AUTO GERMANY 10	Financial Company	100
	RED & BLACK AUTO GERMANY 11	Financial Company	100
	RED & BLACK AUTO GERMANY 4 UG (HAFTUNGSBESCHR ANKT)	Financial Company	0
	RED & BLACK AUTO GERMANY 7	Financial Company	100
	RED & BLACK AUTO GERMANY 8	Financial Company	100
	RED & BLACK AUTO GERMANY 9 UG (HAFTUNGSBESCHR ANKT)	Financial Company	100
	SG EQUIPMENT FINANCE GMBH	Specialist Financing	100
	SG FRANCFORT	Bank	100
	SOCIETE GENERALE EFFEKTEN GMBH	Financial Company	100
	SOCIETE GENERALE SECURITIES SERVICES GMBH	Specialist Financing	100
	SOGECAP DEUTSCHE NIEDERLASSUNG	Insurance	100
	SOGESSUR DEUTSCHE NIEDERLASSUNG	Insurance	100
Ghana			
	SOCIETE GENERAL GHANA PLC (EX-SOCIETE GENERALE GHANA LIMITED)	Bank	60.22

Country	Company	Type of company	Share of voting rights as of 31/12/2024
Gibraltar			
	HAMBROS (GIBRALTAR NOMINEES) LIMITED	Services	100
	SG KLEINWORT HAMBROS (GIBRALTAR) LIMITED (ex-SG KLEINWORT HAMBROS BANK (GIBRALTAR) LIMITED)	Bank	0
	SG KLEINWORT HAMBROS BANK LIMITED GIBRALTAR BRANCH	Bank	100
Greece			
	ALD AUTOMOTIVE S.A. LEASE OF CARS	Specialist Financing	0
	LEASEPLAN HELLAS COMMERCIAL VEHICLE LEASING AND FLEET MANAGEMENT SERVICES SINGLE-MEMBER SOCIETE ANON	Specialist Financing	100
Guernsey Island			
	CDS INTERNATIONAL LIMITED	Services	100
	HAMBROS (GUERNSEY NOMINEES) LTD	Services	100
	KLEINWORT BENSON INTERNATIONAL TRUSTEES LIMITED	Bank	100
	SG KLEINWORT HAMBROS BANK LIMITED GUERNSEY BRANCH	Bank	100
Guinea			
	SOCIETE GENERALE GUINEE	Bank	57.94
Hong Kong			
	SANFORD C. BERNSTEIN (HONG KONG) LIMITED	Financial Company	100
	SG ASSET FINANCE (HONG KONG) LIMITED	Broker	100
	SG CAPITAL FINANCE (ASIA PACIFIC) LIMITED	Financial Company	100
	SG CAPITAL FINANCE (HONG KONG) LIMITED	Financial Company	100
	SG CORPORATE FINANCE (ASIA PACIFIC) LIMITED	Financial Company	100
	SG CORPORATE FINANCE (HONG KONG) LIMITED	Financial Company	100
	SG FINANCE (ASIA PACIFIC) LIMITED	Financial Company	100
	SG FINANCE (HONG KONG) LIMITED	Financial Company	100
	SG HONG KONG	Bank	100
	SG LEASING (HONG KONG) LIMITED	Financial Company	100
	SG SECURITIES (HK) LIMITED	Broker	100
	SG SECURITIES ASIA INTERNATIONAL HOLDINGS LIMITED	Broker	100
	SGL ASIA HK	Real Estate and Real Estate Financing	100
	SOCIETE GENERALE ASIA LTD	Financial Company	100
	TH INVESTMENTS (HONG KONG) 1 LIMITED	Financial Company	100
	TH INVESTMENTS (HONG KONG) 5 LIMITED	Financial Company	100
Hungary			
	ALD AUTOMOTIVE MAGYARORSZAG AUTOPARK-KEZELO ES FINANSZIROZO KORLATOLT FELELOSSEGU TARSASAG	Specialist Financing	100
	LEASEPLAN HUNGARIA GEPJARMU KEZELO ES FIANNSZIROZO RESZVENYTARSASAG	Specialist Financing	100
	SG EQUIPMENT FINANCE HUNGARY PLC (ex-SG EQUIPMENT FINANCE HUNGARY ZRT)	Specialist Financing	100
India			
	ALD AUTOMOTIVE PRIVATE LIMITED	Specialist Financing	100
	LEASE PLAN INDIA PRIVATE LTD.	Specialist Financing	100
	LEASEPLAN FLEET MANAGEMENT INDIA PVT. LTD.	Specialist Financing	100
	SANFORD C. BERNSTEIN (INDIA) PRIVATE LIMITED	Financial Company	100
	SG MUMBAI	Bank	100
	SOCIETE GENERALE GLOBAL SOLUTION CENTRE INDIA	Services	100

Country	Company	Type of company	Share of voting rights as of 31/12/2024
	SOCIETE GENERALE SECURITIES INDIA PRIVATE LIMITED	Broker	100
Ireland			
	ALD RE PUBLIC LIMITED COMPANY (ex-ALD RE DESIGNATED ACTIVITY COMPANY)	Insurance	0
	AYVENS IRELAND LIMITED (ex-LEASEPLAN FLEET MANAGEMENT SERVICES IRELAND LTD.)	Financial Company	100
	EURO INSURANCES DESIGNATED ACTIVITY COMPANY	Insurance	100
	IRIS SPV PLC SERIES MARK	Financial Company	100
	IRIS SPV PLC SERIES SOGECAP	Financial Company	100
	LEASEPLAN DIGITAL B.V. (DUBLIN BRANCH)	Services	100
	LEASEPLAN FINANCE B.V. (DUBLIN BRANCH OF LEASEPLAN FINANCE B.V.)	Specialist Financing	100
	NB SOG EMER EUR -I	Financial Company	100
	SANFORD C. BERNSTEIN IRELAND LIMITED	Financial Company	100
	SG DUBLIN	Bank	100
	SGBT FINANCE IRELAND DESIGNATED ACTIVITY COMPANY	Specialist Financing	100
	SOCIETE GENERALE SECURITIES SERVICES, SGSS (IRELAND) LIMITED	Financial Company	100
Isle of Man			
	KBBIOM LIMITED	Bank	100
Italy			
	ALD AUTOMOTIVE ITALIA S.R.L	Specialist Financing	100
	BSG FRANCE SA ITALIAN BRANCH	Financial Company	100
	FIDITALIA S.P.A	Specialist Financing	100
	FRAER LEASING SPA	Specialist Financing	86.91
	LEASEPLAN ITALIA S.P.A.	Specialist Financing	100
	MORIGI FINANCE S.R.L.	Specialist Financing	100
	NIRONE FINANCE S.R.L.	Specialist Financing	100
	RED & BLACK AUTO ITALY S.R.L	Specialist Financing	100
	SG EQUIPMENT FINANCE ITALY S.P.A.	Specialist Financing	100
	SG FACTORING SPA	Specialist Financing	100
	SG LEASING SPA	Specialist Financing	100
	SG LUXEMBOURG ITALIAN BRANCH	Specialist Financing	100
	SG MILAN	Bank	100
	SOCIETE GENERALE SECURITIES SERVICES S.P.A.	Bank	100
	SOGECAP SA RAPPRESENTANZA GENERALE PER L'ITALIA	Insurance	100
	SOGESSUR SA RAPPRESENTANZA GENERALE PER L'ITALIA	Insurance	100
Ivory Coast			
	SOCIETE GENERALE AFRICAN BUSINESS SERVICES ABIDJAN	Services	100
	SOCIETE GENERALE CAPITAL SECURITIES WEST AFRICA	Portfolio Management	100
	SOCIETE GENERALE COTE D'IVOIRE	Bank	73.25
Japan			
	SANFORD C. BERNSTEIN JAPAN KK	Financial Company	100
	SG TOKYO	Bank	100
	SOCIETE GENERALE HAUSSMANN MANAGEMENT JAPAN LIMITED	Portfolio Management	100
	SOCIETE GENERALE SECURITIES JAPAN LIMITED	Broker	100
Jersey Island			
	ELMFORD LIMITED	Services	100
	HANOM I LIMITED	Financial Company	100

Country	Company	Type of company	Share of voting rights as of 31/12/2024
	J D CORPORATE SERVICES LIMITED	Services	100
	SG KLEINWORT HAMBROS (CI) LIMITED	Bank	100
	SG KLEINWORT HAMBROS BANK LIMITED, JERSEY BRANCH	Bank	100
	SG KLEINWORT HAMBROS CORPORATE SERVICES (CI) LIMITED	Portfolio Management	100
	SG KLEINWORT HAMBROS TRUST COMPANY (CI) LIMITED	Financial Company	100
	SGKH TRUSTEES (CI) LIMITED	Services	100
Latvia			
	ALD AUTOMOTIVE SIA	Specialist Financing	75
Lithuania			
	UAB ALD AUTOMOTIVE	Specialist Financing	75
Luxembourg			
	ALD INTERNATIONAL SERVICES S.A.	Specialist Financing	100
	AXUS LUXEMBOURG SA	Specialist Financing	100
	BARTON CAPITAL SA	Specialist Financing	100
	BUMPER DE S.A.	Financial Company	100
	CODEIS COMPARTIMENT A0084	Financial Company	100
	CODEIS COMPARTIMENT A0076	Financial Company	100
	CODEIS COMPARTIMENT A0092	Financial Company	100
	CODEIS SECURITIES S.A.	Financial Company	100
	COVALBA	Financial Company	100
	INFRAMEWA CO-INVEST SCSP	Financial Company	60.05
	ISCHIA INVESTMENTS SA	Financial Company	100

Country	Company	Type of company	Share of voting rights as of 31/12/2024
	IVEFI S.A.	Financial Company	100
	LEASEPLAN GLOBAL PROCUREMENT (A LUXEMBOURGISH BRANCH OF LEASEPLAN GLOBAL B.V.)	Specialist Financing	100
	MERIBOU INVESTMENTS SA	Specialist Financing	100
	MOOREA FUND - GLOBAL GROWTH ALLOCATION PORTFOLIO CLASS RE	Insurance	65.18
	MOOREA FUND - SG CREDIT MILLESIME 2029 RE	Insurance	71.89
	MOOREA FUND SG CREDIT MILLESIME 2028 RE (EUR CAP)	Financial Company	60.05
	MOOREA GLB BALANCED	Financial Company	68.08
	MOOREA SUSTAINABLE US EQUITY RE	Financial Company	60.05
	PIONEER INVESTMENTS DIVERSIFIED LOANS FUND	Specialist Financing	100
	PROCIDA INVESTMENTS S.A.	Financial Company	100
	RED & BLACK AUTO LEASE GERMANY 3 S.A.	Financial Company	100
	RED & BLACK AUTO LEASE GERMANY S.A.	Financial Company	100
	SALINGER S.A	Bank	100
	SG ISSUER	Financial Company	100
	SG LUCI	Insurance	100
	SGBT ASSET BASED FUNDING SA	Financial Company	100
	SGBTCI	Financial Company	100
	SGL ASIA	Real Estate and Real Estate Financing	100
	SGL RE	Insurance	100
	SOCIETE GENERALE CAPITAL MARKET FINANCE	Bank	100
	SOCIETE GENERALE FINANCING AND DISTRIBUTION	Bank	100
	SOCIETE GENERALE LIFE INSURANCE BROKER SA	Insurance	100

Country	Company	Type of company	Share of voting rights as of 31/12/2024
	SOCIETE GENERALE LUXEMBOURG	Bank	100
	SOCIETE GENERALE LUXEMBOURG LEASING	Specialist Financing	100
	SOCIETE GENERALE PRIVATE WEALTH MANAGEMENT S.A.	Financial Company	100
	SOCIETE GENERALE RE SA	Insurance	0
	SOCIETE IMMOBILIERE DE L'ARSENAL	Group Real Estate Management Company	100
	SOGELIFE	Insurance	100
	SPIRE SA - COMPARTIMENT 2021-51	Financial Company	100
	SURYA INVESTMENTS S.A.	Specialist Financing	0
	VIVARA INVESTMENTS S.A.	Specialist Financing	100
	ZEUS FINANCE LEASING S.A.	Specialist Financing	100
Madagascar			
	BFV - SOCIETE GENERALE	Bank	0
Malaysia			
	ALD MHC MOBILITY SERVICES MALAYSIA SDN BHD	Specialist Financing	60
Mauritania			
	SOCIETE GENERALE MAURITANIE	Bank	100
Mauritius			
	SG SECURITIES BROKING (M) LIMITED	Broker	100
Mexico			
	ALD AUTOMOTIVE S.A. DE C.V.	Specialist Financing	100
	ALD FLEET SA DE CV SOFOM ENR	Specialist Financing	100
	LEASEPLAN MEXICO S.A. DE C.V.	Specialist Financing	100
	SGFP MEXICO, S.A. DE C.V.	Financial Company	100

Country	Company	Type of company	Share of voting rights as of 31/12/2024
Monaco			
	COMPAGNIE GENERALE DE LOCATION D'EQUIPEMENTS MONACO	Specialist Financing	100
	SOCIETE GENERALE (SUCCURSALE MONACAO)	Bank	100
	SOCIETE GENERALE PRIVATE BANKING (MONACO)	Bank	99.99
Morocco			
	ALD AUTOMOTIVE SA (ex-ALD AUTOMOTIVE SA MAROC)	Specialist Financing	0
	ATHENA COURTAGE	Insurance	0
	FONCIMMO	Group Real Estate Management Company	0
	INVESTIMA SA	Bank	0
	LA MAROCAINE VIE	Insurance	0
	SG MAROCAINE DE BANQUES	Bank	0
	SOCIETE D' EQUIPEMENT DOMESTIQUE ET MENAGER "EQDOM"	Specialist Financing	0
	SOCIETE GENERALE AFRICAIN BUSINESS SERVICES S.A.S A.U (ex-SOCIETE GENERALE AFRICAN BUSINESS SERVICES S.A.S)	Services	100
	SOCIETE GENERALE DE LEASING AU MAROC	Specialist Financing	0
	SOCIETE GENERALE OFFSHORE	Financial Company	0
	SOGECAPITAL GESTION	Financial Company	0
	SOGECAPITAL PLACEMENT	Portfolio Management	0
	SOGEFINANCEMENT MAROC	Specialist Financing	0
Netherlands			
	AALH PARTICIPATIES B.V.	Specialist Financing	100
	ACCIDENT MANAGEMENT SERVICES (AMS) B.V.	Specialist Financing	100

Country	Company	Type of company	Share of voting rights as of 31/12/2024
	ALVARENGA INVESTMENTS B.V.	Specialist Financing	0
	ASTEROLD B.V.	Financial Company	100
	AXUS FINANCE NL B.V.	Specialist Financing	100
	AXUS NEDERLAND BV	Specialist Financing	0
	AXUS NEDERLAND N.V. (ex-LEASEPLAN NEDERLAND N.V.)	Specialist Financing	100
	AYVENS BANK N.V. (ex-LEASEPLAN CORPORATION N.V.)	Specialist Financing	100
	BRIGANTIA INVESTMENTS B.V.	Financial Company	100
	BSG FRANCE SA NETHERLANDS BRANCH	Financial Company	100
	BUMPER NL 2020-1 B.V.	Financial Company	100
	BUMPER NL 2022-1 B.V.	Financial Company	100
	BUMPER NL 2023-1 B.V.	Financial Company	100
	BUMPER NL 2024-1 B.V.	Financial Company	100
	CAPEREA B.V.	Specialist Financing	100
	FIRENTA B.V.	Specialist Financing	100
	FORD FLEET MANAGEMENT B.V.	Specialist Financing	50.11
	HERFSTTAFEL INVESTMENTS B.V.	Specialist Financing	100
	HORDLE FINANCE B.V.	Financial Company	100
	LEASE BEHEER HOLDING B.V.	Specialist Financing	0
	LEASE BEHEER VASTGOED B.V.	Real Estate and Real Estate Financing	100
	LEASEPLAN CN HOLDING B.V.	Specialist Financing	100
	LEASEPLAN DIGITAL B.V.	Services	100
	LEASEPLAN FINANCE B.V.	Specialist Financing	100
	LEASEPLAN GLOBAL B.V.	Specialist Financing	100
	LEASEPLAN RECHTSHULP B.V.	Specialist Financing	100
	LP GROUP B.V.	Specialist Financing	100
	MONTALIS INVESTMENT BV	Specialist Financing	100
	SG AMSTERDAM	Bank	100
	SG EQUIPMENT FINANCE BENELUX BV	Specialist Financing	100
	SOGELEASE B.V.	Specialist Financing	100
	SOGELEASE FILMS	Specialist Financing	0
	TRANSPORT PLAN B.V.	Specialist Financing	100
	TYNEVOR B.V.	Financial Company	0
New Caledonia			
	CREDICAL	Specialist Financing	98.05
	SOCALFI	Financial Company	100
	SOCIETE GENERALE CALEDONIENNE DE BANQUE	Bank	90.09
Norway			
	AYVENS NORGE AS (ex-LEASEPLAN NORGE AS)	Specialist Financing	100
	NF FLEET AS	Specialist Financing	80
Peru			
	ALD AUTOMOTIVE PERU S.A.C.	Specialist Financing	100
Poland			
	AYVENS FINANCIAL SERVICES POLAND SPOLKA Z OGRANICZONA ODPOWIEDZIALNOSCIA (ex-ALD AUTOMOTIVE POLSKA SP Z O.O.)	Specialist Financing	100

Country	Company	Type of company	Share of voting rights as of 31/12/2024
	AYVENS POLAND SP.Z O.O. (ex-LEASEPLAN FLEET MANAGEMENT (POLSKA) SP.Z O.O.)	Specialist Financing	100
	BSG FRANCE SA POLISH BRANCH	Financial Company	100
	FLEET ACCIDENT MANAGEMENT SERVICES SP Z O.O.	Broker	100
	SG EQUIPMENT LEASING POLSKA SP Z.O.O.	Specialist Financing	100
	SOCIETE GENERALE S.A. ODDZIAL W POLSCE	Bank	100
	SOGECAP SPOLKA AKCYJNA ODDZIAL W POLSCE	Insurance	100
	SOGESSUR SPOLKA AKCYJNA ODDZIAL W POLSCE	Insurance	100
Portugal			
	FLEET COVER-SOCIEDADE MEDIACAO DE SEGUROS, LDA	Broker	100
	LEASEPLAN PORTUGAL COMERCIO E ALUGUER DE AUTOMOVEIS E EQUIPAMENTOS LDA. (ex-LEASEPLAN PORTUGAL COMERCIO E ALUGUER DE AUTOMÓVEIS E EQUIPAMENTOS UNIPESSOAL LDA.)	Specialist Financing	100
Romania			
	ACCIDENT MANAGEMENT SERVICES S.R.L.	Specialist Financing	100
	ALD AUTOMOTIVE SRL	Specialist Financing	100
	AYVENS SERVICE CENTER S.R.L. (ex-LEASEPLAN SERVICE CENTER S.R.L.)	Specialist Financing	100
	BRD - GROUPE SOCIETE GENERALE SA	Bank	60.17
	BRD ASSET MANAGEMENT SAI SA	Portfolio Management	100
	BRD FINANCE S.A. (ex-BRD FINANCE IFN S.A.)	Financial Company	100
	BRD SOGELEASE IFN S.A.	Specialist Financing	100
	LEASEPLAN ROMANIA S.R.L.	Specialist Financing	100
	S.C. ROGARIU IMOBILIARE S.R.L.	Real Estate and Real Estate Financing	75
	SOCIETE GENERALE GLOBAL SOLUTION CENTRE ROMANIA	Services	100
	SOGEPROM ROMANIA SRL	Real Estate and Real Estate Financing	100
	SOGESSUR S.A PARIS - SUCURSALA BUCURESTI	Insurance	100
Russian Federation			
	LEASEPLAN RUS LLC	Specialist Financing	0
Saudi Arabia			
	SOCIETE GENERALE SAUDI ARABIA JSC	Bank	100
Senegal			
	SOCIETE GENERALE SENEGAL	Bank	64.87
Serbia			
	AYVENS D.O.O BEOGRAD (ex-ALD AUTOMOTIVE D.O.O BEOGRAD)	Specialist Financing	100
Singapore			
	SANFORD C. BERNSTEIN (SINGAPORE) PRIVATE LIMITED	Financial Company	100
	SG MARKETS (SEA) PTE. LTD.	Broker	100
	SG SECURITIES (SINGAPORE) PTE. LTD.	Broker	100
	SG SINGAPOUR	Bank	100
	SG TRUST (ASIA) LTD	Financial Company	100
Slovakia			
	ALD AUTOMOTIVE SLOVAKIA S.R.O.	Specialist Financing	100
	ESSOX FINANCE S.R.O	Specialist Financing	100
	INSURANCEPLAN S.R.O.	Specialist Financing	100
	KOMERČNÍ BANKA, a. s. pobočka zahraničnej banky	Bank	100
	LEASEPLAN SLOVAKIA S.R.O.	Specialist Financing	100

Country	Company	Type of company	Share of voting rights as of 31/12/2024
	SG EQUIPMENT FINANCE CZECH REPUBLIC S.R.O. ORGANIZACNA ZLOZKA (SLOVAK RUPUBLIC BRANCH)	Specialist Financing	100
Slovenia			
	AYVENS SLOVENIJA D.O.O. (ex-ALD AUTOMOTIVE OPERATIONAL LEASING DOO)	Specialist Financing	100
South Africa			
	SG JOHANNESBURG	Bank	100
South Korea			
	SG SECURITIES KOREA CO., LTD.	Broker	100
	SG SEOUL	Bank	100
Spain			
	AYVENS SPAIN MOBILITY SOLUTIONS S.A.U. (ex-ALD AUTOMOTIVE S.A.U)	Specialist Financing	100
	ALTURA MARKETS, SOCIEDAD DE VALORES, SA	Broker	50
	BSG FRANCE SA SPANISH BRANCH	Broker	100
	GARANTHIA PLAN S.L.U. (ex-GARANTHIA PLAN S.L.)	Broker	100
	GENEFIM SUCURSAL EN ESPANA	Real Estate and Real Estate Financing	100
	LEASE PLAN SERVICIOS S.A.U.	Specialist Financing	100
	PAYXPERT SPAIN	Financial Company	100
	PIRAMBU S.L.	Financial Company	100
	SG EQUIPMENT FINANCE IBERIA, E.F.C, S.A. (ex-SG EQUIPMENT FINANCE IBERIA, E.F.C, S.A.U)	Specialist Financing	100
	SOCGEN FINANCIACIONES IBERIA, S.L.	Bank	100
	SOCGEN INVERSIONES FINANCIERAS S.L.	Financial Company	100
	SOCIETE GENERALE SUCCURSAL EN ESPANA	Bank	100
	SODEPROM	Real Estate and Real Estate Financing	100
	SOLUCIONES DE RENTING Y MOVILIDAD, S.L. (SOCIEDAD UNIPERSONAL)	Specialist Financing	100
Sweden			
	ALD AUTOMOTIVE AB	Specialist Financing	100
	BSG FRANCE SA SWEDEN BRANCH	Financial Company	100
	CLAIMS MANAGEMENT SVERIGE AB	Specialist Financing	100
	LEASEPLAN SVERIGE AB	Specialist Financing	100
	NF FLEET AB	Specialist Financing	80
	SOCIETE GENERALE SA BANKFILIAL SVERIGE	Bank	100
Switzerland			
	ALD AUTOMOTIVE AG	Specialist Financing	100
	ALL-IN A.G.	Specialist Financing	0
	LEASEPLAN (SCHWEIZ) A.G.	Specialist Financing	100
	SANFORD C. BERNSTEIN (SCHWEIZ) GMBH	Financial Company	100
	SG EQUIPMENT FINANCE SCHWEIZ AG	Specialist Financing	100
	SG ZURICH	Bank	100
	SOCIETE GENERALE PRIVATE BANKING (SUISSE) S.A.	Bank	100
Taiwan			
	SG SECURITIES (HONG KONG) LIMITED TAIPEI BRANCH	Broker	100
	SG TAIPEI	Bank	100
Thailand			
	SOCIETE GENERALE (THAILAND) LIMITED (ex-SOCIETE GENERALE SECURITIES (THAILAND) LTD.)	Broker	0
Togo			
	SOCIETE GENERALE TOGO	Bank	100

Country	Company	Type of company	Share of voting rights as of 31/12/2024
Tunisia			
	UNION INTERNATIONALE DE BANQUES	Bank	52.34
Turkey			
	ALD AUTOMOTIVE TURIZM TICARET ANONIM SIRKETI	Specialist Financing	0
	LEASEPLAN OTOMOTIV SERVIS VE TICARET A.S.	Specialist Financing	100
	SG ISTANBUL	Bank	100
Ukraine			
	AYVENS UKRAINE LIMITED LIABILITY COMPANY (ex-ALD AUTOMOTIVE UKRAINE LIMITED LIABILITY COMPANY)	Specialist Financing	100
United Arab Emirates			
	BERNSTEIN AUTONOMOUS LLP (DUBAI BRANCH)	Bank	100
	LEASEPLAN EMIRATES FLEET MANAGEMENT - LEASEPLAN EMIRATES LLC, UAE	Specialist Financing	49
	SOCIETE GENERALE, DIFC BRANCH	Bank	100
United Kingdom			
	ACR	Financial Company	100
	ALD AUTOMOTIVE GROUP LIMITED	Specialist Financing	100
	ALD AUTOMOTIVE LIMITED	Specialist Financing	100
	AUTOMOTIVE LEASING LIMITED	Specialist Financing	100
	BERNSTEIN AUTONOMOUS LLP	Financial Company	100
	BRIGANTIA INVESTMENTS B.V. (UK BRANCH)	Financial Company	100
	BUMPER UK 2019-1 FINANCE PLC	Financial Company	100
	BUMPER UK 2021-1 FINANCE PLC	Financial Company	100
	COMPAGNIE GENERALE DE LOCATION D'EQUIPEMENTS UK	Specialist Financing	100
	DIAL CONTRACTS LIMITED	Specialist Financing	100
	DIAL VEHICLE MANAGEMENT SERVICES LTD	Specialist Financing	99.6
	EURO INSURANCES DAC TRADING AS LEASEPLAN INSURANCE	Financial Company	100
	FENCHURCH NOMINEES LIMITED	Bank	100
	FORD FLEET MANAGEMENT UK LIMITED	Specialist Financing	100
	FRANK NOMINEES LIMITED	Bank	100
	HORDLE FINANCE B.V. (UK BRANCH)	Financial Company	100
	INTERNAL FLEET PURCHASING LIMITED	Specialist Financing	100
	INULA HOLDING UK LIMITED	Specialist Financing	100
	JWB LEASING LIMITED PARTNERSHIP	Financial Company	100
	KBIM STANDBY NOMINEES LIMITED	Bank	100
	KBPB NOMINEES LIMITED	Bank	100
	KH COMPANY SECRETARIES LIMITED	Bank	100
	KLEINWORT BENSON FARMLAND TRUST (MANAGERS) LIMITED	Bank	75
	LANGBOURN NOMINEES LIMITED	Bank	100
	LEASEPLAN UK LIMITED	Specialist Financing	100
	PAYXPERT SERVICES LTD	Financial Company	80
	RED & BLACK AUTO LEASE UK 1 PLC	Specialist Financing	100
	ROBERT BENSON, LONSDALE & CO. (CANADA) LIMITED	Bank	100
	SANFORD C. BERNSTEIN (AUTONOMOUS UK) 1 LIMITED	Financial Company	100
	SANFORD C. BERNSTEIN (CREST NOMINEES) LIMITED	Financial Company	100
	SANFORD C. BERNSTEIN HOLDINGS LIMITED	Financial Company	51
	SANFORD C. BERNSTEIN LIMITED	Financial Company	100

Country	Company	Type of company	Share of voting rights as of 31/12/2024
	SG (MARITIME) LEASING LIMITED	Specialist Financing	100
	SG EQUIPMENT FINANCE (DECEMBER) LIMITED	Specialist Financing	100
	SG FINANCIAL SERVICES LIMITED	Financial Company	0
	SG HAMBROS TRUST COMPANY LIMITED	Financial Company	100
	SG HEALTHCARE BENEFITS TRUSTEE COMPANY LIMITED	Financial Company	100
	SG INVESTMENT LIMITED	Financial Company	100
	SG KLEINWORT HAMBROS BANK LIMITED	Bank	100
	SG KLEINWORT HAMBROS LIMITED	Bank	100
	SG KLEINWORT HAMBROS NOMINEES LIMITED	Bank	100
	SG KLEINWORT HAMBROS TRUST COMPANY (UK) LIMITED	Bank	100
	SG LEASING (ASSETS) LIMITED	Specialist Financing	100
	SG LEASING (GEMS) LIMITED	Specialist Financing	100
	SG LEASING (JUNE) LIMITED	Specialist Financing	100
	SG LEASING (MARCH) LIMITED	Specialist Financing	100
	SG LEASING (USD) LIMITED	Specialist Financing	100
	SG LEASING IX	Specialist Financing	100
	SG TITANIUM LIMITED	Specialist Financing	100
	SOCGEN NOMINEES (UK) LIMITED	Financial Company	100
	SOCIETE GENERALE EQUIPMENT FINANCE LIMITED	Specialist Financing	100
	SOCIETE GENERALE INTERNATIONAL LIMITED	Broker	100
	SOCIETE GENERALE INVESTMENTS (U.K.) LIMITED	Financial Company	100
	SOCIETE GENERALE, LONDON BRANCH (ex-SG LONDRES)	Specialist Financing	100
	STRABUL NOMINEES LIMITED	Financial Company	100
	TYNEVOR B.V. (UK BRANCH)	Financial Company	0
United States of America			
	AEGIS HOLDINGS (ONSHORE) INC.	Financial Company	100
	BERNSTEIN NORTH AMERICA HOLDINGS LLC	Financial Company	100
	HAUSSMANN 1864 CAPITAL MANAGEMENT LLC	Financial Company	100
	SG AMERICAS EQUITIES CORP.	Financial Company	100
	SG AMERICAS OPERATIONAL SERVICES, LLC	Services	100
	SG AMERICAS SECURITIES HOLDINGS, LLC	Bank	100
	SG AMERICAS SECURITIES, LLC	Broker	100
	SG AMERICAS, INC.	Financial Company	100
	SG EQUIPMENT FINANCE USA CORP.	Specialist Financing	100
	SG MORTGAGE FINANCE CORP.	Financial Company	100
	SG MORTGAGE SECURITIES, LLC	Portfolio Management	100
	SG STRUCTURED PRODUCTS, INC	Specialist Financing	100
	SOCIETE GENERALE (NEW YORK)	Bank	100
	SOCIETE GENERALE FINANCIAL CORPORATION	Financial Company	100
	SOCIETE GENERALE INVESTMENT CORPORATION	Financial Company	100
	SOCIETE GENERALE LIQUIDITY FUNDING, LLC	Financial Company	100

Note: For a certain period of 2024, the Group included companies in which the share at the end of the reporting period was zero.

Report by the Supervisory Board

Throughout 2024, the Supervisory Board carried out the tasks as defined by law and by the Articles of Association of the Bank. It supervised the exercise of powers by the Board of Directors, checked the accounts and other accounting records of Komerční banka, a.s., ascertained the effectiveness of the management and control system, and made its regular assessments.

Having checked the Bank's separate and consolidated financial statements for the period from 1 January 2024 to 31 December 2024, the Supervisory Board reports that the accounts and accounting records were maintained in a transparent manner and in accordance with generally binding regulations providing for banks book-keeping. The accounts and accounting records show all important aspects of the financial situation of Komerční banka, a.s., and the financial statements prepared on their basis give a true and fair view of the Bank's and Group's accounting and financial situation.

The Supervisory Board recommends that the general meeting approve the annual (separate) and consolidated financial statements and the proposal for the distribution of profit as proposed by the Board of Directors of the Bank.

The Supervisory Board checked the Report on Relations among Related Entities in 2024, drawn up under Section 82 et seq. of the Corporations Act, and states on the basis of the presented documents that, during the accounting period from 1 January 2024 to 31 December 2024, Komerční banka, a.s. did not suffer any harm resulting from any contracts, agreements, other legal acts made or adopted by the Bank or from any influence otherwise exerted by Société Générale.

Prague, 6 March 2025

On behalf of the Supervisory Board of Komerční banka, a.s

Delphine Garcin-Meunier
Chair

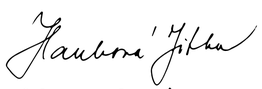
Management affidavit

To the best of our knowledge, we believe that the separate and consolidated financial statements for the period from 1 January 2024 to 31 December 2024, prepared in accordance with the applicable set of financial reporting standards, gives a true and fair view of the assets, liabilities, financial situation and financial results of the Bank and the entities included in the consolidation scope, and this annual financial report prepared in accordance with the laws on accounting provides a true overview of the development, results and situation of the Bank and the entities included in the consolidation scope in the year 2024, including a description of the main risks and uncertainties which they are facing. We further declare that the Sustainability Statement is prepared in accordance with the sustainability reporting standards adopted by the European Commission and the requirements set out under Article 8(4) of the Taxonomy Regulation.

Prague, 17 March 2025

Signed on behalf of the Board of Directors:

Jan Juchelka
Chairman of the Board of Directors and Chief Executive Officer



Jitka Haubová
Member of the Board of Directors

Independent auditor’s report

KPMG Česká republika Audit, s.r.o.
Pobřežní 1a
186 00 Praha 8
Czech Republic
+420 222 123 111
www.kpmg.cz

This document is an unsigned English translation of the Czech independent auditor's report that we issued on 17 March 2025 on the statutory separate and consolidated financial statements included in the annual financial report of Komerční banka, a.s., prepared in accordance with the provisions of Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format ("the ESEF Regulation"), related to the financial statements. The accompanying annual financial report has not been prepared in accordance with the ESEF Regulation and therefore does not represent a statutory annual financial report. Consequently, neither it nor this copy of the auditor's report is a legally binding document. We did not audit the consistency of the accompanying annual financial report with the statutory and legally binding annual financial report under the ESEF Regulation in Czech, and therefore we do not provide an opinion on the accompanying annual financial report.

Independent Auditor's Report

to the Shareholders of Komerční banka, a.s.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Komerční banka, a.s. ("the Company" or "the Bank") and its subsidiaries (together "the Group"), prepared in accordance with IFRS Accounting Standards as adopted by the European Union, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of income and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, comprising material accounting policies and other explanatory information. Information about the Group is set out in Note 1 to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated 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, Regulation (EU) No. 537/2014 of the European Parliament and of the Council, and Auditing Standards of the Chamber of Auditors of the Czech Republic, consisting of International Standards on Auditing (ISAs), which may be supplemented and amended by relevant application guidelines. Our responsibilities under those regulations are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group 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.

KPMG Česká republika Audit, s.r.o., a Czech limited liability company and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Recorded in the Commercial Register kept by the Municipal Court in Prague, Section C, Insert No. 24185

Identification No. 49619187
VAT No. CZ699001996
ID data box: 8h3gtra

Key Audit Matters

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

Allowances for loans and advances to customers

Allowances for loans and advances to customers amounted to CZK 12,272 million as at 31 December 2024 (31 December 2023: CZK 12,106 million). Gross amount of loans and advances to customers amounted to CZK 865,294 million as at 31 December 2024 (31 December 2023: CZK 845,648 million). Refer to Note 3 (Principal accounting policies), Note 13 (Cost of risk), Note 22 (Financial assets at amortised costs) and Note 43 (Risk management) in the notes to the consolidated financial statements.

The key audit matter

The management makes significant judgments and complex assumptions when estimating expected credit losses ("the Expected Credit Losses", "ECLs") in respect of loans and advances to customers (together "loans"). We consider the area to be associated with a significant risk of material misstatement, which, coupled with the higher estimation uncertainty stemming from the current market conditions, required our increased attention in the audit. As such, we determined it to be a key audit matter.

The loans are assigned to one of three stages in line with the requirements of IFRS 9 *Financial instruments* for the purposes of estimating the loss allowances. Stage 1 and Stage 2 loans are performing exposures, with Stage 2 being exposures with a significant increase in credit risk since origination. Stage 3 loans are non-performing, i.e. credit-impaired loans.

Impairment allowances for the performing exposures are determined by modelling techniques taking into account historical experience, forward-looking information and management judgment. Key assumptions and judgments relevant to the assessment of performing exposures comprise:

- definition of default and of significant increase in credit risk (SICR);
- probability of default (PD) - estimated by statistical models, based on historical data and forward looking information (FLI) based on macroeconomic scenarios;
- exposure at default (EAD) - estimated by statistical models based on existence of contractual cash flows and contractual maturity;
- loss given default (LGD) – estimated by statistical models, based on historical data from the recovery process and forward looking information (FLI) based on macroeconomic scenarios;
- management overlays (post-model adjustments).

The allowances are determined either:

- individually for significant non-performing exposures (Stage 3), or
- using statistical models for performing loans (Stage 1 and 2) and non-performing exposures of small-scale loans.

Loss allowances for significant non-performing Stage 3 loans are determined on an individual basis by discounting the probability-weighted scenarios of estimated future cash flows from the borrower. The key judgments and assumptions therein are those in respect of the estimated amount and timing of future cash repayments, including the net realisable value of underlying collateral.

How the matter was addressed in our audit

Assisted, where applicable, by our own credit risk, valuation and information technology (IT) specialists, we performed, among others, the procedures outlined below:

We critically assessed the Group's credit and loan accounting policies, and the processes related to estimating ECLs. As part of the procedure, we assessed the process of identifying indicators of default, SICR, and allocating of loans to respective stages. We also inspected the Group's ECL methods and models and assessed their compliance with the relevant requirements of the financial reporting standards.

We tested the IT control environment for data security and access, and also tested the design, implementation and operating effectiveness of IT-based and manual controls over the identification and timely consideration of SICR and credit-impairment. The controls tested included among other those over the calculation of the loans' days past due, matching loan repayments to instalments and management review of ECLs calculation.

We evaluated whether in its loan staging and ECL measurement the Group appropriately considered the effects of the market disruption resulting from the current market conditions.

We obtained the relevant forward-looking information and macroeconomic projections used in the Group's ECL assessment and management overlays (post model adjustments). We independently assessed the information by means of corroborating inquiries of the management and inspecting publicly available information.

We challenged the LGD and PD parameters by assessing back-testing of historical defaults and by reference to historical realized losses on those defaults and considering any required adjustments to reflect expected changes in circumstances. We assessed EAD parameter by reviewing back-testing of estimated EAD with the observed EAD.

We challenged on a sample basis the valuation methods and models applied in estimating the net realizable values of the loan collaterals by the valuation experts engaged by the Group, whose experience, competence and objectivity we also independently assessed.

For a sample of Stage 1 and Stage 2 loans, by reference to respective loan files and inquiries of the credit risk personnel, we:

- determined whether a significant increase in credit risk occurred or whether the loan was credit-impaired;
- checked other characteristics of selected loans relevant for the ECL calculation.

For a sample of Stage 3 loans, we challenged the estimated cash flow scenarios and their probabilities. In performing the procedure, we focused on the key assumptions, such as the realisable value of the underlying collateral, which we traced to the appraisals prepared by the valuation experts engaged by the Group, or other supporting evidence where collateral is less relevant in the process of recovery.

We examined whether the Group's loan impairment and credit risk-related disclosures in the consolidated financial statements appropriately include the relevant quantitative and qualitative information required by the applicable financial reporting framework.

Other Information

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

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

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

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

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

Responsibilities of the Statutory Body, Supervisory Board and Audit Committee for the Consolidated Financial Statements

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

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

The Supervisory Board is responsible for overseeing the Group’s financial reporting process. The Audit Committee is responsible for monitoring the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory body.
- Conclude on the appropriateness of the statutory body’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the accompanying separate financial statements of Komerční banka, a.s. (“the Company”), prepared in accordance with IFRS Accounting Standards as adopted by the European Union, which comprise the separate statement of financial position as at 31 December 2024, and the separate statement of income and the statement of comprehensive income, the separate statement of changes in equity and the separate statement of cash flow for the year then ended, and notes to the separate financial statements, comprising material accounting policies and other explanatory information. Information about the Company is set out in Note 1 to the separate financial statements.

In our opinion, the accompanying separate financial statements give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2024, and of its unconsolidated financial performance and its unconsolidated 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, Regulation (EU) No. 537/2014 of the European Parliament and of the Council, and Auditing Standards of the Chamber of Auditors of the Czech Republic, consisting of International Standards on Auditing (ISAs), which may be supplemented and amended by relevant application guidelines. Our responsibilities under those regulations are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Allowances for loans and advances to customers

Allowances for loans and advances to customers amounted to CZK 9,747 million as at 31 December 2024 (31 December 2023: CZK 9,713 million). Gross amount of loans and advances to customers amounted to CZK 738,662 million as at 31 December 2024 (31 December 2023: CZK 724,032 million).
Refer to Note 3 (Principal accounting policies), Note 13 (Cost of risk), Note 22 (Financial assets at amortised costs) and Note 42 (Risk management) in the notes to the separate financial statements.

The key audit matter

The management makes significant judgments and complex assumptions when estimating expected credit losses (“the Expected Credit Losses”, “ECLs”) in respect of loans and advances to customers (together “loans”). We consider the area to be associated with a significant risk of material misstatement, which, coupled with the higher estimation uncertainty stemming from the current market conditions, required our increased attention in the audit. As such, we determined it to be a key audit matter.

The loans are assigned to one of three stages in line with the requirements of IFRS 9 *Financial instruments* for the purposes of estimating the loss allowances. Stage 1 and Stage 2 loans are performing exposures, with Stage 2 being exposures with a significant increase in credit risk since origination. Stage 3 loans are non-performing, i.e. credit-impaired loans.

Impairment allowances for the performing exposures are determined by modelling techniques taking into account historical experience, forward-looking information and management judgment. Key assumptions

and judgments relevant to the assessment of performing exposures comprise:

— definition of default and of significant increase in credit risk (SICR);
— probability of default (PD) - estimated by statistical models, based on historical data and forward looking information (FLI) based on macroeconomic scenarios;
— exposure at default (EAD) - estimated by statistical models based on existence of contractual cash flows and contractual maturity;
— loss given default (LGD) – estimated by statistical models, based on historical data from the recovery process and forward looking information (FLI) based on macroeconomic scenarios;
— management overlays (post-model adjustments).

The allowances are determined either:
— individually for significant non-performing exposures (Stage 3), or
— using statistical models for performing loans (Stage 1 and 2) and non-performing exposures of small-scale loans.

Loss allowances for significant non-performing Stage 3 loans are determined on an individual basis by discounting the probability-weighted scenarios of estimated future cash flows from the borrower. The key judgments and assumptions therein are those in respect of the estimated amount and timing of future cash repayments, including the net realisable value of underlying collateral.

How the matter was addressed in our audit

Assisted, where applicable, by our own credit risk, valuation and information technology (IT) specialists, we performed, among others, the procedures outlined below:

We critically assessed the Bank's credit and loan accounting policies, and the processes related to estimating ECLs. As part of the procedure, we assessed the process of identifying indicators of default, SICR, and allocating of loans to respective stages. We also inspected the Bank's ECL methods and models and assessed their compliance with the relevant requirements of the financial reporting standards.

We tested the IT control environment for data security and access, and also tested the design, implementation and operating effectiveness of IT-based and manual controls over the identification and timely consideration of SICR and credit-impairment. The controls tested included among other those over the calculation of the loans' days past due, matching loan repayments to instalments and management review of ECLs calculation.

We evaluated whether in its loan staging and ECL measurement the Bank appropriately considered the effects of the market disruption resulting from the current market conditions.

We obtained the relevant forward-looking information and macroeconomic projections used in the Bank's ECL assessment and management overlays (post model adjustments). We independently assessed the information by means of corroborating inquiries of the management and inspecting publicly available information.

We challenged the LGD and PD parameters by assessing back-testing of historical defaults and by reference to historical realized losses on those defaults and considering any required adjustments to reflect expected changes in circumstances. We assessed EAD parameter by reviewing back-testing of estimated EAD with the observed EAD.

We challenged on a sample basis the valuation methods and models applied in estimating the net realizable values of the loan collaterals by the valuation experts engaged by the Bank, whose experience, competence and objectivity we also independently assessed.

For a sample of Stage 1 and Stage 2 loans, by reference to respective loan files and inquiries of the credit risk personnel, we:
— determined whether a significant increase in credit risk occurred or whether the loan was credit-impaired;
— checked other characteristics of selected loans relevant for the ECL calculation.

For a sample of Stage 3 loans, we challenged the estimated cash flow scenarios and their probabilities. In performing the procedure, we focused on the key assumptions, such as the realisable value of the underlying collateral, which we traced to the appraisals prepared by the valuation experts engaged by the Bank, or other supporting evidence where collateral is less relevant in the process of recovery.

We examined whether the Bank's loan impairment and credit risk-related disclosures in the separate financial statements appropriately include the relevant quantitative and qualitative information required by the applicable financial reporting framework.

Other Information

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

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

Based on the procedures performed, to the extent we are able to assess it, we report that:
- the other information describing matters that are also presented in the separate financial statements is, in all material respects, consistent with the separate financial statements; and
- the other information excluding the sustainability statement has been prepared in accordance with applicable laws and regulations.

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

Responsibilities of the Statutory Body, Supervisory Board and Audit Committee for the Financial Statements

The statutory body 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 statutory body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

Appointment of Auditor and Period of Engagement

We were appointed as the auditors of the Company and the Group by the General Meeting of Shareholders on 24 April 2024 and our uninterrupted engagement has lasted for one year.

Consistency with Additional Report to Audit Committee

We confirm that our audit opinion on the separate and consolidated financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 6 March 2025 in accordance with Article 11 of Regulation (EU) No 537/2014 of the European Parliament and of the Council.

Provision of Non-audit Services

We declare that no prohibited services referred to in Article 5 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council were provided.

Except for the statutory audit we did not provide the Company and its controlled undertakings with any other services that have not been disclosed in notes to the separate and consolidated financial statements or annual report.

Report on Compliance with the ESEF Regulation

We have undertaken a reasonable assurance engagement on the compliance of all financial statements included in the annual report with the provisions of Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format ("the ESEF Regulation"), related to the financial statements.

Responsibilities of the Statutory Body

The Company's statutory body is responsible for the preparation of financial statements that comply with the ESEF Regulation. This responsibility includes:

- the design, implementation and maintenance of internal control relevant to the application of the ESEF Regulation;
- the preparation of all financial statements included in the annual report in the applicable XHTML format; and
- the selection and application of XBRL mark-ups as required by the ESEF Regulation.

Auditor's Responsibilities

Our responsibility is to express an opinion on whether the financial statements included in the annual report comply, in all material respects, with the ESEF Regulation based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000").

The nature, timing and extent of procedures selected depend on the auditor's judgment. Reasonable assurance is a high level of assurance, but is not a guarantee that an assurance engagement conducted in accordance with the above standard will always detect any existing material non-compliance with the ESEF Regulation.

Our selected procedures included:

- obtaining an understanding of the requirements of the ESEF Regulation;
- obtaining an understanding of the Company's internal control relevant to the application of the ESEF Regulation;
- identifying and assessing the risks of material non-compliance with the ESEF Regulation, whether due to fraud or error; and
- based on the above, designing and performing procedures to respond to the assessed risks and to obtain reasonable assurance for the purpose of expressing our conclusion.

The objective of our procedures was to evaluate whether:

- the financial statements included in the annual report were prepared in the applicable XHTML format;
- the disclosures in the consolidated financial statements as specified in the ESEF Regulation were marked up, with all mark-ups meeting the following requirements:
  - the XBRL mark-up language was used;
  - the elements of the core taxonomy specified in the ESEF Regulation with the closest accounting meaning were used, unless an extension taxonomy element was created in compliance with the ESEF Regulation; and
  - the mark-ups complied with the common rules on mark-ups specified in the ESEF Regulation.

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

Conclusion

In our opinion, the Company's financial statements for the year ended 31 December 2024 included in the annual report are, in all material respects, in compliance with the ESEF Regulation.

Other Matter

Given the possible technical limitations of the tools used in preparing the consolidated financial statements in compliance with the requirements of the ESEF Regulation, the content of some block tags in the machine-readable format of the notes to these consolidated financial statements may not be reproducible in the same form as in the human-readable layer of the audited consolidated financial statements.

Statutory Auditor Responsible for the Engagement

Ondřej Fikrle is the statutory auditor responsible for the audit of the separate and consolidated financial statements of Komerční banka, a.s. as at 31 December 2024, based on which this independent auditor's report has been prepared.

Prague
17 March 2025

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

Unsigned version

Ondřej Fikrle
Partner
Registration number 2525

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