ANNUAL REPORT 2024

Československá obchodní banka, a. s.

ČSOB

Business name	**Československá obchodní banka, a. s.**
Registered office	Radlická 333/150, Praha 5, Postal Code 150 57, Czech Republic
Legal status	Joint-stock company
Registration	Registered in the Commercial Registry of the Municipal Court in Prague, Section B XXXVI, Entry 46
Date of registration	21 December 1964
Business activities	bank pursuant to the Act No. 21/1992 Coll., on banks
ID No.	00001350
Tax registr. No.	CZ699000761 (for VAT) CZ00001350 (for other taxes)
Bank code	0300
SWIFT	CEKOCZPP
Data box	8qvdk3s
Telephone	+420 224 111 111
Internet address	https://www.csob.cz
E-mail	info@csob.cz
Supervisory body	Czech National Bank (CNB) Na Příkopě 28, Praha 1, Postal Code 115 03, Czech Republic

Year-on-year percentage changes are computed on a mathematical basis from non-rounded figures.

KEY FIGURES

Consolidated, EU IFRS	2024	2023 restated	2022 restated
Financial Statements Figures			
Balance sheet at the year end *(CZKm)*			
Total assets	1,920,460	1,868,292	1,805,617
Financial assets at amortised cost [1]	1,726,230	1,504,199	1,574,761
Deposits received from other than credit institutions	1,367,805	1,336,648	1,231,800
Debt securities in issue	269,863	24,302	264,915
Subordinated liabilities	57,241	45,843	40,592
Shareholders' equity [2]	116,633	113,461	100,305
Statement of income *(CZKm)*			
Operating income	45,109	41,294	40,474
– of which Net interest income	31,385	29,045	31,062
– of which Net fee and commission income	10,011	8,925	8,041
Operating expenses	23,493	22,589	21,987
Impairment on financial assets at amortised cost/loans and receivables [3]	858	1,683	-1,142
Profit before tax	22,402	17,308	16,960
Profit for the year [2]	18,908	15,089	14,265
Ratios *(%)*			
Return on average equity (ROAE)	16.7	14.2	13.4
Return on average assets (ROAA)	0.96	0.77	0.72
Cost / income ratio	52.1	54.7	54.3
Capital adequacy ratio [4]	20.6	19.5	19.7
Available MREL as a % of RWA	32.3	29.5	29.4
Available MREL as a % of LRE	7.66	6.86	6.65
Leverage ratio [5]	4.88	4.52	4.45
Net stable funding ratio [5]	174.8	170.4	171.8
Loan-to-deposit ratio	73.9	70.3	70.6
General Information (as at 31 December 2024)			
Number of employees – the ČSOB group	8,125	8,035	8,105
Number of clients – the ČSOB group (in millions)	4.290	4.309	4.340
Number of branches – the Bank [6]	198	198	201
Number of ATMs [7]	1,036	1,020	1,022

ČSOB's Credit Rating (as at 31 December 2024)

Rating Agency	Long-term Rating	Outlook	Short-term Rating	Long-term Rating valid since
Moody's	A1	stable	P-1	21 November 2018
Standard & Poor's	A+	positive	A-1	30 July 2018

Due to incorrect static data set-up, ČSOB retrospectively corrected consolidated profit and loss statements, balance sheets and related ratios for years 2022 and 2023. More in Note 2.3 'Restatement due to error'.
1) Includes Financial lease receivables.
2) Attributable to equity holders of the Bank.
3) (-) net creation/cost; (+) net release/revenue
4) According to CRR rules as at the year end. End of period regulatory capital (ratios) does reflect retained earnings.
5) According to CRR rules.
6) Includes ČSOB branches, i.e. without approximately 2,000 post offices.
7) Including ATMs of cooperating banks.

INTRODUCTION

Ladies and Gentlemen,

The year 2024 was characterised by more than just cautious optimism. More importantly, it also brought growing economic activity as regards households, entrepreneurs and businesses. ČSOB Group benefited throughout the year from the trust of its clients who remain its number one priority. This justified trust translated into solid financial results for the group, with continued growth in key areas: deposits, investments, loans as well as insurance. Our long-term strategy of being a leading Czech financial group that delivers the full gamut of financial services under one roof, has once again proven the right one. Our capital position is very strong, on top of excellent liquidity.

Our Group provides products and services that meet the needs and expectations of our clients. In doing so, we raise the bar of customer experience, a key indicator of our success. This success is driven by continued innovation and digitization. In the latter part of 2024, no less than one in five mortgage contracts were signed using a digital signing technology featuring the highest level of security. ČSOB was the first to introduce it to the market and remains the only bank using it. We saw immense growth in the numbers of clients using our digital apps ČSOB Smart and CEB Mobile designed for our retail and corporate clients, respectively. Also, among our retail and corporate clients, our virtual assistant Kate is seen as the most useful aid in the banking world. They can rely on it 24/7.

Households and businesses have rekindled their appetite for investment. People increased their investment in mutual funds and pension funds by more than 14 percent, taking advantage of long-term investment to grow their wealth and to set aside a financial cushion for old age. We helped some 26,600 households to obtain a new home thanks to our mortgages and loans. Nothing beats the feeling of being part of people's stories, helping them to acquire their desired homes.

It is certainly great to see investment by businesses growing and driving increased competitiveness for Czech businesses, energy efficient solutions and the transition to a low-carbon economy. Our credit exposure to business clients increased by ten percent. It was also great to see Czech households and businesses remain reliable payers of debt, keeping the proportion of non-performing loans low across the portfolio.

There is no doubt whatsoever that the future economic prosperity and resilience of the Czech Republic calls for multi-pronged cooperation. ČSOB entered into a partnership with the Labour Office with the aim of improving labour market efficiency. In partnership with startup company Ownest, ČSOB helps young people acquire their own homes. Just before Christmas, a new section of the D4 motorway was opened with our contribution. It was the first PPP project of this type in the country and our Group took on the lion's share of the financing. In a joint mission undertaken with the Police of the Czech Republic to improve cybersecurity literacy, we trained some 800,000 people. On top of this, we also contributed, together with the Police, Czech Television and Mastercard, to the production of an educational TV series *Tohle radši nezkoušejte! (Better Not Try This!)* and then there is, of course, our continued partnership with Czech Post.

In September 2024, the Czech Republic was affected by destructive flooding, with the Moravian-Silesian, Olomoucký and South Bohemian Regions hit the hardest. ČSOB Group was actively involved in helping the impacted regions and their residents. The Group donated no less than CZK 45m from a charitable money collection and from the Group's Helping Regions program. ČSOB also provided practical assistance to clients in addressing flood damage and resolving their difficult situations.

I am immensely proud of ČSOB Group's 60 years of successful operations. I am equally enthused about the future prospects. We will continue to be a reliable, strong and safe partner and life companion. Driven by modern technologies and with innovative products and services, we will meet our clients half-way. We will continue to pioneer novel approaches in the world of finance. I wish to thank all our clients and partners for their trust and cooperation and all the Group's employees and colleagues for their professionalism, commitment and dedication.

Aleš Blažek
Chief Executive Officer of the ČSOB group

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CZECH ECONOMY

Czech economy 2024

The Czech economy struggled to catch its breath in 2024 and resumed economic growth after the inflationary shock of 2022 and 2023 subsided. However, it was relatively slow (1.0%) and fell short of most market estimates from the beginning of the year. Household and government consumption in particular grew. In contrast, gross fixed capital formation (investments and business inventories) had a negative impact. On the production side, domestically oriented sectors performed well, led by trade, transport and hotels and restaurants. In contrast, export and investment-oriented manufacturing declined.

Although the Czech economy has been experiencing very weak or negative growth for a relatively long time (since the second quarter of 2022), we see few signs of a cooling in the labor market so far. The unemployment rate (according to sample surveys) increased only marginally to 2.7% from 2.6% (average values for 2023 and 2024). There is more visible cooling in the data from the Bureau of Labour Statistics. The number of job openings at employment agencies fell further from 272 ths to 247 ths in 2024. At the same time, the number of registered unemployed rose from 297 ths to over 306 ths, pushing up the registered unemployment rate by 0.4 percentage points year-on-year. Meanwhile the share of industrial enterprises experiencing staff shortages also fell noticeably over the 2024 according to Business surveys.

Relatively stable energy prices and a year-on-year decline in food prices have pushed inflation down, from 10.7% in 2023 to 2.4% in 2024. However, the unwinding in services is much more gradual. This is why the Governing Council decided to break the cycle of interest rate cuts at the end of the year at 4.0%. Over the whole 2024 it had cut the rates cumulatively by 275 bps (first by 50 bps and then by 25 bps steps).

The Czech koruna no longer benefited from the significant interest rate differential (vis-à-vis the euro), which is why the koruna came under pressure in 2024. First in reaction to rising global yields, then as a result of rising geopolitical risks in the context of the US elections. As a result, the pair ended the year above EUR 25.00/CZK.

The state budget reached the deficit of CZK 271.4 bn, against an approved plan of CZK 281 bn. Despite a slight year-on-year improvement of CZK 17 billion, this is the fifth highest deficit in the history of the Czech Republic in nominal terms. On a more positive note, the state budget deficit as a percentage of GDP has roughly halved from COVID record highs of 6.5%.

The banking sector has resumed lending in response to renewed real income growth and persistently low unemployment. In the whole of 2024, banks and building societies granted new mortgage loans worth CZK 228 billion, an increase of 83% year-on-year. Together with refinanced loans of CZK 47 bn, the total volume of the mortgage market reached CZK 275 bn, up significantly from CZK 150 bn in 2023. Even after taking into account the rise in house prices, real market growth was still very strong. This corresponds to a 53% increase in the number of new mortgages to 62,000 in 2024, accompanied by a 20% increase in the average mortgage amount to CZK 3.7 million in 2024 and almost CZK 3.86 million at the end of the year.

The following table sets out key Czech macroeconomic indicators for the periods indicated.

Indicator [1]	Measurement Unit	2024	2023	2022	2021	2020
Nominal GDP	CZKbn	8,010 [4]	7,619	7,049	6,307	5,828
Real GDP growth	% change, Y / Y	1.0 [4]	0.1	2.9	4.0	-5.3
Real GDP per capita	EURths	18.7 [4]	18.5	18.7	18.6	17.9
Real GDP growth per capita	% change, Y / Y	1.0 [4]	-1.1	0.4	4.0	-4.9
Inflation rate (CPI)	%, year end	3.0	6.9	15.8	6.6	2.3
Unemployment rate	%, average	2.7 [4]	2.6	2.2	2.8	2.6
General government budget balance / Nominal GDP [3]	%	-2.2 [4]	-3.4	-3.2	-5.3	-5.8
General government debt [2]	CZKbn	3,484	3,234	2,998	2,567	2,150
General government debt / Nominal GDP [1]	%	43.4 [4]	42.4	42.5	40.7	36.9
Interest rate (three-month PRIBOR) [2]	%, average	5.0	7.1	6.28	1.13	0.86
CZK / EUR exchange rate [2]	average	25.1	24.0	24.6	25.6	26.4

Source:

1) CZSO, unless stated otherwise.
2) CNB.
3) Eurostat, CZSO.
4) Preliminary estimates

REPORT OF THE BOARD OF DIRECTORS

Highlights and Main Events

The terms and financial ratios used in this section are defined at the end of this chapter.

The ČSOB Group in 2024

- The net profit amounted to CZK 18.9 billion (+25% year-on-year).
- The year-on-year comparison of net profit was significantly affected by one-off goodwill impairment of CZK 2.6 billion in the last quarter of 2023. Adjusted net profit would be up 7% year-on-year.
- The volume of loans reached CZK 979 billion (+7% year-on-year).
- The volume of deposits increased to CZK 1,368 billion (+2% year-on-year).
- The total volume of assets under management rose to CZK 412 billion (+14% year-on-year).
- Operating income reached CZK 45.1 billion (+9% year-on-year).
- Operating expenses, excluding banking taxes, were CZK 22.5 billion (+6% year-on-year).
- Total impairments amounted to a net release of CZK 0.8 billion compared to net creation of CZK 1.4 billion in the previous year (negatively affected by one-off goodwill impairment of CZK 2.6 billion). Net release of loan loss provisions was positive (CZK 0.9 billion) but lower year-on-year. Credit cost ratio reached -0.09% and ratio of non-performing loans declined to 1.35%.
- ČSOB maintains strong capital position and excellent liquidity. Tier 1 (CET 1) ratio reached 20.6%. The loan-to-deposit ratio was 73.9%. The net stable funding ratio (NSFR) reached 174.8%. The liquidity coverage ratio increased to 153.3%.

The ČSOB group focus on investing in the further expansion of our digital systems, with the aim of developing solutions intended to make our clients' lives easier and helping them save time and earn money. In the past few years, we also gradually added even more services to our smartphone apps, focusing in particular on Kate, our virtual assistant. In 2024, more than one million unique users interacted with Kate, who helped them with more than 7 million tasks such as payments, account information, loans, or insurance. The number of cases resolved fully autonomously by Kate also continues to grow - this stood at roughly 71% at year-end 2024, compared to 66% at year-end 2023. Kate is available in the ČSOB Smart and CEB Mobile apps.

Kate plays an active role in guiding clients on meeting active client conditions to unlock the full benefits of their accounts. Our clients who actively use their account and pay by card receive benefits in the form of a bonus rate on savings accounts and regular investments, a discount on the mortgage interest rate, a bonus on new building savings and new pension savings, free online risk insurance for up to six months and various other discounts on life and car insurance.

A great deal of attention is also devoted to the expansion and further improvement of our mobile banking applications. The refresh in the beginning of 2024 enhanced user experience with a customizable home screen and streamlines access to key features. For example, clients can easily covert multiple currencies thanks to the integration of foreign currency exchange, have greater transparency and control over spending habits and active subscriptions via the feature "Shops and services with saved cards" or manage easily their investments through integrated Investments and Patria tiles. There were almost 1.45 million mobile clients at year-end 2024 – 12% more than in 2023.

In the beginning of 2024, ČSOB as the first bank on Czech market introduced the Qualified Electronic Signature for signing mortgage and pledge contracts at all branches. This innovation ensures a better client experience, promotes sustainability by reducing paper usage, and significantly cuts down processing time. It was awarded by Computerworld magazine's as 'IT Product of the year 2024'.

The Czech Republic was hit by storm Boris in September 2024, causing severe disruption including heavy flooding in the southern and eastern parts of the country. ČSOB Pojišťovna immediately sent technicians to the affected areas, extended helpline opening hours and accelerated advance payments and claims processing. The total amount of flood damage reported to ČSOB Pojišťovna reached nearly CZK 2 billion, and the number of people affected by the floods reached 9,000. Roughly 70% of claims reported were settled within a month of the disaster. To support clients affected by the storm, ČSOB also provided loan repayment deferrals of up to six months. In addition, ČSOB sent a total of CZK 45 million from its charity fundraiser and regional aid program.

Awards

On the competitive Czech banking market, the quality of ČSOB's products and services was acknowledged by various awards:

- 'Best Bank in the Czech Republic' (Global Finance)
- 'Best Private Bank in the Czech Republic' (Euromoney)
- 'Best Bank in the Czech Republic' (Euromoney)
- 'Best Bank for ESG in the Czech Republic' (Euromoney)
- 'Best Digital Bank in the Czech Republic' (Euromoney)
- 'Bank of the Year in the Czech Republic' (The Banker)
- 'Best Private Bank in the Czech Republic' (The Banker)
- 1st place in the category 'Bank without Barriers' (Mastercard)
- ČSOB Pojišťovna: 1st place in the 'Mobile Application of the Year' category (Mastercard)

For a full list of awards won by the ČSOB group, please go to https://www.csob.cz/csob/oceneni-skupiny-csob.

Client Base, Digital Channel and Distribution Platform

ČSOB group had **4.3 million clients in the Czech Republic** at year-end 2024. The client base comprises of 4.1 million group retail clients, 6 thousand corporate clients, 143 thousand SME clients and 12 thousand private banking clients in the Czech Republic. The total number of clients decreased year-on-year but the number of **active clients** increased +71 ths year-on-year.

The number of **mobile clients** increased to 1.45 million (+158 ths year-on-year) and their share in total digital clients stood at 82%.

(in million)	2024	2023	Y/Y change (%)
Clients of ČSOB group	4.290	4.309	-0.4
of which the Bank	2.999	2.923	+2.6
Digital clients	1.759	1.676	+5.0
of which Mobile clients	1.451	1.293	+12.2

Distribution platform	2024
ČSOB branches (bank only)	**198**
of which Retail/SME branches	179
of which Private Banking branches	11
of which Corporate branches	8
ČSOB Pojišťovna branches	**93**
Housing finance branches	**2**
ČSOBS advisory centers	**210**
ČSOB Leasing branches	**5**
ČSOB PSB outlets of the Czech Post network	**ca. 2,000**
of which specialized banking counters	228
Czech Post franchise outlets	**ca. 1,000**

Clients of ČSOB group benefit from wide sales network. Thanks to the cooperation with Czech Post, ČSOB has **the largest physical presence on the Czech financial market**.

Clients can use a wide network of 1,036 ATMs, including 1,034 contactless, 370 enabling cash deposits and 1,023 customized for visually impaired clients. ČSOB issued 3.115 million payment cards to its clients.

The Board of Directors' Assessment of 2024

The ČSOB Group delivered strong performance in 2024. The Czech banking sector maintained its stability, profitability and resilience, with high capitalization and liquidity levels, and low non-performing loans. The economy resumed modest growth in 2024 after the inflationary shock of previous years. Inflation was very close to the CNB's target for most of 2024. CNB gradually lowered the two-week repo rate from 6.75% at the end of 2023 to 4% over 2024. In the beginning of 2025, the ČNB Bank Board further lowered the two-week repo rate to 3.75%.

Total banking sector assets increased. Banks increased their lending to households and businesses. Mortgage lending rebounded strongly. In 2023 and 2024 ČNB relaxed previously implemented restrictions on mortgage lending by deactivating the upper limits on DSTI and DTI ratios. LTV limits remained unchanged at 80% (and 90% for applicants under 36 years). Deposit growth remained robust. The banking sector maintained strong profitability. The share of non-performing loans was at very low levels. Banks capitalization was high and liquidity position strong.

In September, parts of the Czech Republic were hit by devastating floods. ČSOB was actively involved in helping the impacted regions and their residents.

The ČSOB group achieved solid financial and business results in 2024. ČSOB's net profit increased +25% Y/Y to CZK 18.9 billion. Excluding goodwill impairment related to changes in state subsidy for building savings in 2023, adjusted net profit increased +7% Y/Y driven by growth across all operating income categories. Operating expenses increased due to higher staff and general administrative expenses, while banking taxes decreased. Net release of loan loss provisions was positive but lower compared to 2023. Business volumes grew significantly, reflecting the high trust of our clients. Loan volumes were up 7% year-on-year, deposits were up 2% year-on-year and the volume of assets under management increased by 14% year-on-year.

ČSOB remains well-capitalized and highly liquid, enabling us to support the economy and our clients and ensuring that the group is well-positioned to withstand potential challenges. We are committed to delivering strong and sustainable performance.

Strategy of the ČSOB Group and its Business Model: Growth and Result Oriented

The ČSOB group is one of the largest financial services groups in the Czech Republic with a vast client base, a very wide range of products, and the most accessible distribution network. The ČSOB group is one of the top performers in daily banking, home financing, building savings, company and affluent clients banking, investments, financial markets operations, brokerage services, leasing and other areas. The ČSOB group serves its clients through omnichannel distribution.

Growth and result oriented strategy is strengthened by the ČSOB group's emphasis on four priorities in its behavior: customer focus, collaboration, efficiency, and adaptability. The client must always come first in everything the ČSOB group does. Good collaboration across the entire Group is essential for mutual success. Being more efficient and thus bringing simple solutions to clients and the entire Group. At the same time, being prepared to adapt to the fact that we live in an uncertain and constantly changing world. A very good ability to adapt is a necessary condition for stability, ensuring that the ČSOB group continues to deliver quality and relevant services to clients in the future.

The management continuously evaluates strategic choices and manages the ČSOB group's business portfolio. Key resources (human capital, equity, liquidity and IT create capacity) are allocated to areas of the best fit with the strategic ambitions.

The ČSOB group aims to:

- Retain the reference position in banking and insurance services by offering retail, SME and mid-cap clients a hassle-free customer experience through both online and relationship services and delivering strong and sustainable performance.
- Unlock business potential through advanced use of data, AI and digital lead management to offer personalized solutions proactively to clients, including via Kate, personalized digital assistant.
- Maintain the competitive edge in home financing and pursue more opportunities for growth especially in insurance and wealth management areas.
- Increase the number of active clients and their satisfaction, number of users of ČSOB mobile applications, continue further in digitization of services and introduce new and innovative products and services, including open bank-insurance solutions aimed at boosting the financial well-being of clients.
- Concentrate on rolling out straight-through processing and further simplifying the products, head office, and distribution model, in order to operate even more cost-effectively.

The ČSOB group operates according to high ethical standards. Our corporate sustainability and responsibility focus on expected needs of the present without compromising expectations of future generations. Responsible behavior is included in our sustainability concept that is composed of four pillars: For longevity, For nature, For entrepreneurs, For education.

Our HR policy is focused on fair reward, diversity, and creation of flexible and inspiring work environment. The PEARL culture is the foundation of the ČSOB group's business strategy. It is guided by five imperatives: Performance, Empowerment, Accountability, Responsiveness and Local embeddedness. PEARL+ symbolizes the way we cooperate across KBC group, encouraging the 'smart copy' international approach which, in today's fast-changing digital world, is an exceptional advantage.

Corporate Social Responsibility

Responsible approach to everything it does, has been an integral part of ČSOB's corporate social responsibility for many years. ČSOB's fundamental essence is to be key constituent of both the Czech economy and society. We do everything we can to ensure that our clients' financial lives are hassle-free and that their finances are secure no matter how complicated the economic situation may be. At the same time, ČSOB strives to be a leader in bringing about positive change. That is why we place great emphasis on supporting transformation to a sustainable economy. We care just as much when it comes to our employees, colleagues and partners. We support diversity and equal opportunities for all. ČSOB is also the biggest provider of barrierless banking and insurance services in the Czech Republic.

In 2024, the ČSOB group played a significant part in the construction of the first Czech motorway built under the Public Private Partnership (PPP) model connecting Prague and south of Bohemia. As the largest Czech financial partner of the project, ČSOB not only provided financial support, but also contributed to the project's management and organisation.

In a joint mission of ČSOB and the Police of the Czech Republic to increase the cyber literacy of the population, we have trained over 800,000 people who participated in educational programs and seminars, presentations at public events, and campaigns for the public. Another project was the new educational TV series Tohle radši nezkoušejte! (Better Not Try This!), focusing on the ten most dangerous digital threats, which was produced in cooperation between ČSOB, Czech Television, the Police of the Czech Republic and Mastercard.

Related topics are described in Chapter Corporate Social Responsibility.

Changes to Scope of Consolidation and Business Combinations

In March 2024, the Group established a new company ČSOB Nemovitostní, otevřený podílový fond Patria investiční společnosti, a.s., through which the Group acquires entities operating on the real estate market with an intention to sell the investment certificates of the fund to the customers.

In September 2024, ČSOB acquired a share in Ownest, s.r.o., a company operating on the real estate market in the Czech Republic. Ownest enables its clients to rent residential real estate with a view to purchasing it for personal ownership in the future, including financing services.

After the reporting period, on 30 January 2025, ČSOB acquired a 50% share in Igluu from the other joint partner Gobii Europe. Given that fact, the Group became the sole shareholder of Igluu. Since 30 January 2025, ČSOB owns a 100% share of equity and a 100% share of voting rights in Igluu.

Dividends Paid

Based on a sole shareholder decision from 13 May 2024, a dividend of CZK 51.30 per share was paid for 2023, representing a total dividend of CZK 15,018 m.

The decision of a profit allocation for 2024 has not been taken before the date of issue of the annual report.

Changes in ČSOB's Managing and Supervisory Bodies

The following changes have occurred in the Board of Directors in 2024 and 2025:

- As of September 1, 2024, Petr Hutla has been replaced by Marek Loula as Senior Executive Officer, Credits Management and Sustainability.
- As of January 1, 2025, there has been and organizational change in the Areas of responsibility of the individual members; following this change, Michaela Bauer is responsible for Innovations and Operations Marek Loula is responsible for IT, Credits Management and Sustainability.
- As of February 1, 2025, Marcela Výbohová has been replaced by Guy Libot as Senior Executive Officer, Group Risk Management.

Managing and Supervisory Bodies are described in detail in Chapter Corporate Governance.

Financial Results

All financial figures hereinafter were derived or drawn from ČSOB's 2024 audited, consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU IFRS), unless otherwise stated.

Due to incorrect static data set-up, ČSOB retrospectively corrected consolidated financial statements and following financial ratios for 2023. More detail in Chapter Consolidated Financial Statements, Note 2.3 Restatement due to an error.

Financial Ratios

	2024 (%)	2023 (restated, %)	Y/Y change (pp)
Return on average equity (ROAE)	16.7	14.2	2.5
Return on average assets (ROAA)	0.96	0.77	0.19
Net interest margin	2.42	2.30	0.12
Cost / income ratio	52.1	54.7	-2.6
Cost / income ratio excl. banking taxes	49.8	51.2	-1.4
Credit cost ratio	-0.09	-0.18	0.09

	31. 12. 2024 (%)	31. 12. 2023 (restated, %)	Y/Y change (pp)
Loan-to-deposit ratio	73.9	70.3	3.6
Capital adequacy ratio	20.6	19.5	1.1
Leverage ratio	4.88	4.52	0.36
Net stable funding ratio	174.8	170.4	4.4

Note: pp = percentage point

Capital adequacy ratio, leverage ratio and Net stable funding ratio according to European Directive and Regulation (CRD / CRR).

For Glossary of financial ratios and terms please refer to the end of the Report of the Board of Directors.

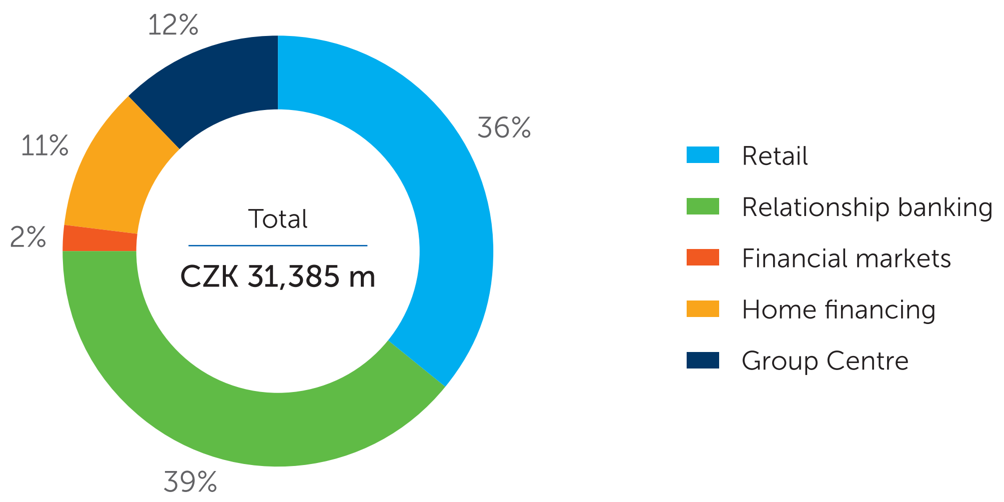
Consolidated Statement of Income

(CZKm)	2024	2023 (restated)	Y/Y change (%)
Interest income calculated using the effective interest rate method	90,428	113,479	-20.3
Other similar income	8,473	14,987	-43.5
Interest expense calculated using the effective interest rate method	-57,439	-80,963	-29.1
Other similar expense	-10,077	-18,458	-45.4
Net interest income	**31,385**	**29,045**	8.1
Fee and commission income	17,953	16,112	11.4
Fee and commission expense	-7,942	-7,187	10.5
Net fee and commission income	**10,011**	**8,925**	12.2
Dividend income	23	7	>100
Net gains / losses (-) from financial instruments at fair value through profit or loss and foreign exchange	2,519	2,190	15.0
Income from operating lease	1,239	1,282	-3,4
Expense from operating lease	-1,056	-1,135	-7.0
Other net income	988	980	0.8
Operating income	**45,109**	**41,294**	9.2
Staff expenses	-11,224	-10,626	5.6
General administrative expenses	-9,435	-9,197	2.6
Depreciation and amortisation	-2,834	-2,766	2.5
Operating expenses	**-23,493**	**-22,589**	4.0
Impairment losses	**783**	**-1,376**	-/+
on financial assets at amortised cost and at fair value through other comprehensive income (OCI) and finance leases	858	1,683	-49.0
on goodwill	-	-2,616	n/a
on other financial and non-financial assets	-75	-443	-83.1
Share of profit / loss (-) of associates and joint ventures	3	-21	->100
Profit before tax	**22,402**	**17,308**	29.4
Income tax expense	-3,494	-2,219	57.5
Profit for the year	**18,908**	**15,089**	25.3
Attributable to:			
Owners of the parent	18,908	15,089	25.3
Non-controlling interests	-	-	n/a

Discussion of the Statement of Income Main Items

With a 70% share, the net interest income (NII) is the largest part of the operating income. The ČSOB group's NII increased by 8.1% year-on-year as a result of higher NII from deposits mainly in retail and SME segments and higher NII from loans in corporate and retail segments. The net interest margin (NIM) increased to 2.42% in 2024 from 2.30% in 2023 thanks to better deposit as well as loan margins.

Net interest income by reported segments



The net fee and commission income (NFCI) represented 22% of operating income. In 2024, NFCI grew +12.2% year-on-year driven by excellent asset management and other investment business performance.

All other income items of the Statement of Income combined represented 8% of 2024 operating income and increased by 11.7% year-on-year driven by positive valuation adjustments.

Staff expenses represented 48% of the ČSOB group's operating expenses in 2024. Staff expenses rose +5.6% year-on-year impacted by wage inflation and bonuses. The number of FTEs (in full-time equivalents at the end of the period) reached 8,125.

General administrative expenses (GAE) contributed 40% to the ČSOB group's operating expenses in 2024 and increased by 2.6% year-on-year due to higher spend on IT, innovations, distribution and marketing partly mitigated by lower banking taxes.

Information technologies related expenses increased +4.8% year-on-year and remained the largest part of GAE (41%). Banking taxes, including Deposit insurance premium, contribution to the Securities Traders Guarantee Fund and to the Single Resolution Mechanism decreased (11% of GAE; -29.5% year-on-year). Marketing expenses contributed 7% to total GAE and increased +7.2% year-on-year.

Impairment losses amounted to CZK 783m (net release) in 2024. The year-on-year comparison is significantly impacted by one-off goodwill impairment related to changes in state subsidy for building savings of CZK 2,616m in 4Q 2023. Loan loss provisions in 2024 amounted to a net release of CZK 858m driven by retail and corporate segments.

As a result of the trends described above, the 2024 net profit attributable to owners of the parent equaled CZK 18,908m which is +25.3% higher than the figure for 2023. Excluding one-off goodwill impairment related to changes in state subsidy for building savings in 4Q 2023, adjusted net profit would increase by 6.8% year-on-year.

Consolidated Statement of Financial Position

(Excerpt)

(CZKm)	2024	2023 (restated)	Y/Y change (%)
ASSETS			
Financial assets at amortised cost	1,713,708	1,493,773	14.7
Total assets	**1,920,460**	**1,868,292**	2.8
LIABILITIES AND EQUITY			
Financial liabilities at amortised cost	1,735,329	1,667,441	4.1
Total liabilities	**1,803,827**	**1,754,831**	2.8
Total equity	**116,633**	**113,461**	2.8
Total liabilities and equity	**1,920,460**	**1,868,292**	2.8

Discussion of the Statement of Financial Position Items

Total consolidated assets of ČSOB group increased +2.8% year-on-year.

Financial assets at amortised cost, the largest item thereof with 89% share, increased +14.7% year-on-year driven by higher debt securities and loan portfolio. Balances with central banks contain reverse repo transactions provided to central bank decreased -4.4% year-on-year.

Total consolidated liabilities of ČSOB group grew +2.8% year-on-year.

Financial liabilities at amortised cost, the largest item thereof with 96% share, increased +4.1% year-on-year driven by deposits from clients and debt securities in issue, while deposits received from credit institutions decreased year-on-year.

Total equity increased +2.8% year-on-year.

No treasury shares were held by the ČSOB group at 31 December 2024 and 2023.

Regulatory Capital Adequacy

The primary objectives of ČSOB's capital management are to ensure that it complies with externally and internally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholder value.

The ČSOB group manages its capital structure in the light of changes in economic conditions, regulatory requirements and the risk characteristics of its activities.

Consolidated Capitalization and Risk Weighted Assets of the ČSOB Group

Consolidated, CZKm unless indicated otherwise	2024	2023 (restated)	Y/Y change (%)
Total regulatory capital	**100,241**	**89,339**	12.2
- (Common Equity) Tier 1 Capital	100,241	89,103	12.5
- Tier 2 Capital	0	237	-100.0
MREL eligible debt	**57,138**	**45,736**	24.9
Total risk weighted assets	**487,579**	**458,282**	6.4
- Credit risk	412,945	388,979	6.2
- Market risk	430	357	20.4
- Operational risk	74,204	68,946	7.6
(Common Equity) Tier 1 ratio	**20.6%**	**19.4%**	1.2pp
Total capital ratio	**20.6%**	**19.5%**	1.1pp
Leverage ratio	**4.88%**	**4.52%**	0.36pp
Available MREL as a % of RWA	**32.3%**	**29.5%**	2.8pp
Available MREL as a % of LRE	**7.66%**	**6.86%**	0.80pp

Note: pp = percentage point
Calculation is based on CRR rules.
End of period regulatory capital (and the respective ratios) reflects retained earnings.

(Common Equity) Tier 1 capital reached 20.6% (+1.2pp Y/Y).

MREL ratio increased in 2024 to 32.3% of RWA and 7.66% of LRE as of year-end.

Credit Rating

In November 2024, S&P revised ČSOB's rating outlook to positive from stable and affirmed 'A+' rating, reflecting resilient performance of ČSOB and entire KBC Group, its strong market position, robust risk management, healthy liquidity and funding and progress in building its digital infrastructure.

ČSOB has been assigned credit ratings from agencies:

Rating agency	Long-term rating	Outlook	Short-term Rating
Moody's Investors Service Ltd. ("Moody's")	A1	Stable	P-1
S&P Global Ratings Europe Limited ("S&P")	A+	Positive	A-1

Both rating agencies were registered according to the Regulation (EC) No. 1060/2009 on credit rating agencies. While choosing rating agencies, ČSOB proceeded according to the obligations laid down by the article 8d of the described regulation. The market share of each of the aforementioned rating agencies exceeds 10% on the European Union market.

In accordance with obligation set in the article 8d of the Regulation on credit rating agencies, ČSOB has considered appointing a rating agency with a market share below 10%. In the final decision, with regards to the position of ČSOB on the Czech market and the market know-how of the considered rating agencies, ČSOB has decided to use the services of the aforementioned rating agencies.

Business Results

Main Factors Influencing the Financial and Business Results and the Market Position of the ČSOB Group

The ČSOB group's business results are affected by a range of economic, political and other external factors that affect business in the banking and financial sector in general and the ČSOB group's operations in particular.

The Board of Directors believes that the following several factors represent principal drivers for the development of the ČSOB group's business model, results and the market position. These factors include the development of both Czech and global macroeconomic and monetary conditions, the development of the financial markets, interest rate environment, changes in credit risk and general competitive factors in the banking industry. These factors also include the impact of the regulatory environment and developments in the field of sustainability.

The Czech economy struggled to regain its breath in 2024 and resumed economic growth after the inflationary shock of 2022 and 2023 subsided. However, it was relatively slow (1.0%) and fell short of most market estimates at the start of the year. In particular, household and government consumption grew, thanks to a significant fall in inflation (to 2.4%). On the other hand, gross capital formation (investment and business inventories) had a negative effect. On the production side, this was matched by a good performance of the domestic demand-oriented sectors, led by trade and transport. On the other hand, the foreign- and investment-oriented manufacturing industry recorded a decline. The economic environment in which the ČSOB group operates will continue to be influenced mainly by further developments in inflation, economic shocks coming from foreign markets and changes in interest rates at home and abroad.

- In 2025, we expect inflation to remain under control at levels broadly similar to those in 2024 (2.4%). Inflation in housing-related services and food will remain at higher levels, while energy inflation should be significantly lower.
- With inflation stable, we expect to see real wage growth for the second year in a row. This, combined with a declining savings rate, should lead Czech households to continue to increase real consumption expenditures. However, geopolitical and trade risks will remain a major challenge for the Czech economy, dampening investment and foreign demand. Especially latest round of US tariffs on EU can have negative impact on overall economic recovery.
- The Czech National Bank will want to balance the pro-inflationary risks (high services inflation) and the anti-inflationary risks (weak investment demand). It will therefore cut interest rates more cautiously in 2025, mainly in response to the potential growth risks associated with the trade wars.
- Volatility on financial markets is expected to increase significantly, driven by the uncertainty associated now mainly with the effect of escalating trade wars.

Evolution of Key Business Volumes

Loan portfolio (selected business categories) grew to **CZK 979.2 bn** in 2024. The +6.9% increase year-on-year was driven by all categories except for building savings loans.

Outstanding gross amount, selected business categories CZK bn	2024	2023	Y/Y change (%)
Mortgage loans	422.8	397.1	6.5
Building savings loans	118.8	122.7	-3.2
Consumer finance	47.1	40.6	15.9
Corporate loans	225.4	202.6	11.3
SME loans	105.2	99.7	5.5
Leasing	53.4	47.6	12.2
Factoring	6.4	5.9	9.0
Loan portfolio	**979.2**	**916.3**	**6.9**

The outstanding amount of mortgages increased +6.5% year-on-year. The outstanding amount of building savings loans decreased by -3.2% year-on-year. Consumer finance increased +15.9% year-on-year thanks to increase of new sales volume. The outstanding amount contains cash loans (CZK 39.5 bn), credit cards & overdrafts (CZK 4.7 bn) and other (CZK 2.9 bn). The outstanding amount of corporate loans rose +11.3% year on year mainly driven by growing specialized finance loans (CZK 153.5 bn, +9.8% year-on-year) and plain vanilla financing (CZK 66.0 bn, +16.9% year-on-year), while credit replacing bonds decreased (CZK 5.9 bn, -6.6% year-on-year). SME loans increased +5.5% year on year thanks to growing core SME lending (micro, small and mid-sized companies). Outstanding amount of Leasing increased +12.2% year-on-year as a result of increase mainly in corporate segment. Factoring outstanding amount increased +9.0% year-on-year.

Deposits received from other than credit institutions increased to **CZK 1,367.8 bn**. This represents an 2.3% increase year-on-year driven by the growth of amounts on current accounts and savings deposits, while term deposits and building saving deposits decreased year-on-year.

Deposits received from other than credit institutions CZK bn	2024	2023	Y/Y change (%)
Current accounts and overnight deposits	620.0	584.3	6.1
Term deposits	231.3	312.4	-26.0
Savings deposits	446.9	379.6	17.7
of which savings deposits excluding building savings deposits	341.6	264.9	29.0
of which building savings deposits	105.2	114.7	-8.2
Repo and other deposits	69.7	60.4	15.3
Total	**1,367.8**	**1,336.6**	**2.3**

Total assets under management increased year-on-year by 14.4% to CZK 412.2 bn. Mutual funds and other AM increased by 17.4% year-on-year thanks to both strong net sales as well as positive performance effect. The volume of savings in pension funds increased by 2.3% thanks to strong performance effect partly offset by higher volumes of outflows, which were influenced by changes in government pension insurance contributions.

Assets under management, outstanding volumes, CZK bn	2024	2023	Y/Y change (%)
Pension funds	73.6	71.9	2.3
Mutual fund and other AM	338.7	288.4	17.4
Total AUM	**412.2**	**360.3**	**14.4**

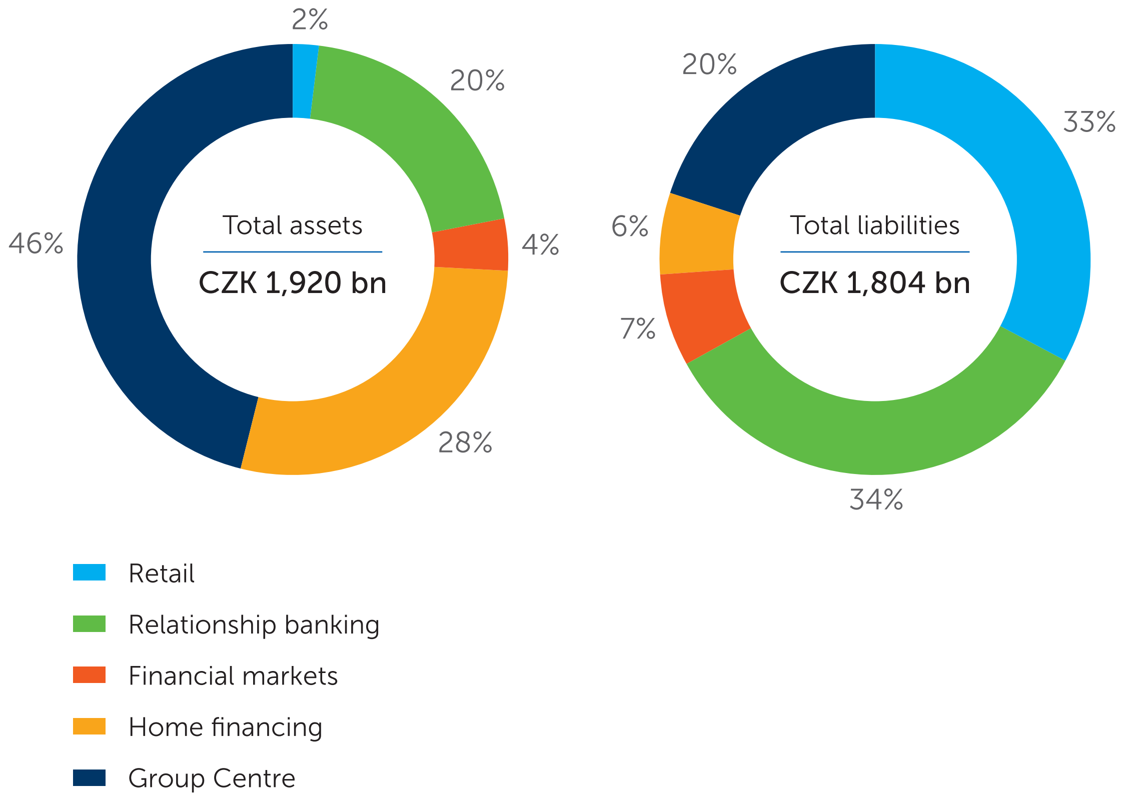
ČSOB Group Market Position

The ČSOB group held 20% share of the market for banking products (average of loans and deposits), 23% for investment funds and 9% for insurance.

Segment View

The ČSOB group has five segments, which are the group's strategic business units: Retail, Relationship banking, Financial markets, Home financing and Group Centre.

Total assets and liabilities by reported segments



Retail

The ČSOB Retail segment represented 2% of ČSOB's assets and 33% of ČSOB's liabilities as at the 31 December 2024.

Retail clients comprise private individuals and entrepreneurs, except of private banking customers that are reported as a part of Relationship banking. This segment contains customers' deposits, consumer loans, overdrafts, payment solutions including payment cards and other transactions and balances with retail customers. Margin income from operations with retail clients on the financial market is also allocated to this segment (i.e. a margin from spot operations, hedging of foreign currency transactions and trading with bonds). Net fee and commission income of this segment contains payment services, administration of credits, network income, distribution and other fees.

The ČSOB Retail segment provides financial products and services for all client segments across the whole retail market from children and their parents, families to individuals, seniors or self-employed. Each of these segments has in ČSOB specific proposition reflecting their life situation and needs. Next to that ČSOB provides for clients actively using current account the program of World of advantages containing wide variety of advantages for ČSOB products as well as other bonuses from other partners.

The ČSOB Retail products and services has the unique availability through digital channels of mobile application ČSOB Smart or Internet banking, as well as traditional ČSOB branch network or distribution of Czech post.

Relationship Banking

The ČSOB Relationship banking segment comprised 20% of assets and 34% of liabilities of the ČSOB group as at the 31 December 2024.

The Relationship banking segment includes corporate companies with a turnover of greater than CZK 300 m, SME companies with a turnover of less than CZK 300 m, private banking customers with financial assets above CZK 10 m, financial and public sector institutions. This segment contains customers' deposits, loans, overdrafts, payment solutions including payment cards, leasing and other transactions and balances with corporate, SME customers and private banking customers. Margin income from the operations with corporate, SME clients and private banking clients on the financial market is also allocated to this segment (i.e. a margin from spot operations, hedging of foreign currency transactions or trading with bonds). Net fee and commission income of this segment contains payment services, administration of credits, network income, securities, custody, service fees, distribution and other fees.

The ČSOB group provides both SME and corporate clients with a wide range of financial and advisory services, from traditional account, payment and cash pooling services, deposit and investment products and funding of operational needs to solutions for currency and interest rate risk management, specialized financing, financing with EU support, acquisition and project financing and internet-based transactional systems. The range of its products combined with its distribution network has enabled the ČSOB group to become an important service provider in key product areas, including cash management, acquisition, export and online trade finance services.

ČSOB offers to its business customers Company Electronic and Mobile Banking (CEB and CEB Mobile) and provides biometry-based solutions in order to enable business mobility.

ČSOB also offers a range of products for institutional clients. This range comprises both regular banking products tailored to meet the requirements of institutional clients, and specialized services in the areas of cash management, custody of securities, and fund depository services.

Financial Markets

The ČSOB Financial markets segment represented 4% of ČSOB group's assets and 7% of its liabilities as at the 31 December 2024.

This segment contains investment products and services to institutional investors and intermediaries and fund management activities and trading included in dealing services. Net fee and commission income of this segment contains securities and custody fees and asset management income fees and commissions to agents.

Home Financing

The ČSOB Home financing segment represented 28% of ČSOB group's assets and 6% of its liabilities as at 31 December 2024.

This segment contains mortgages, building savings and building saving loans. Net fee and commission income of this segment contains administration of credits and distribution fees.

Group Centre

The Group Centre comprised 46% of ČSOB group's assets and 20% of its liabilities as at 31 December 2024.

The Group Centre segment consists of positions and results of Asset Liability Management (ALM), the Group's yield on real equity consisting of an interest charge on capital provided to subsidiaries which are a part of the Relationship banking and Home financing segment, the results of the reinvestment of free equity of ČSOB and items not directly attributable to other segments. Net fee and commission income of this segment contains payment services and other fees.

More detail in Chapter Consolidated Financial Statements (Note 4 Segment information).

Insurance

As of 31 December 2024, **ČSOB Pojišťovna reached a 9.2% market share in non-life gross written premium and a 8.7% market share in life gross written** (according to the Czech Insurance Association's methodology).

ČSOB Pojišťovna is a universal insurance company providing a broad range of life and non-life insurance products for both individuals and companies. As at 31 December 2024, ČSOB Pojišťovna had 1.353 million clients, comprising of individuals and business entities (including SME's as well as corporates). Insurance products are mainly distributed through tied agents, brokers and the ČSOB group's branches.

Key Volumes – gross written premium (CZKm)	2024	2023	Y/Y change (%)
Single life insurance	1,032	796	29.6
Regular life insurance	3,881	3,702	4.8
Life insurance total	**4,913**	**4,498**	9.2
Non-life insurance total	**12,826**	**11,482**	11.7
Total	**17,739**	**15,980**	11.0

ČSOB's bank-insurance model is delivering numerous commercial synergies. For example, around five to six out of ten ČSOB group clients who took out home loans with the Bank in 2024 also purchased home insurance from the Group. There was a further increase of 1% in the number of clients who hold at least one banking product and one insurance product from the Group (i.e. bank-insurance clients) in 2024. The number of clients with at least two banking and two insurance products from the Group (i.e. stable bank-insurance clients) increased by 4%. At year-end 2024, bank-insurance clients accounted for 83% of the business unit's active clients (clients with a current account into which their income is regularly paid); stable bank-insurance clients made up 17% of active clients.

Glossary of Financial Ratios and Terms

(CZKm, unless otherwise stated)	Reference	Calculation	2024	2023
Active clients				
Clients with a current account and active income.				
Assets under management				
Including pension funds, mutual funds (structured/capital protected funds and other mutual funds) and other asset management products (discretionary asset management, qualified investors funds and other group assets).				
Available MREL as a % of LRE (MREL leverage ratio)				
According to European Directive and Regulation (CRD / CRR).	Note 43 Based on internal calculation	A: Total capital	100,241	89,340
		B: Eligable liabilities	57,138	45,736
		C: Total exposure measure	2,055,475	1,970,243
		(A+B)/C	7.66%	6.86%
Available MREL as a % of RWA (MREL ratio)				
According to European Directive and Regulation (CRD / CRR).	Note 43	A: Total capital	100,241	89,340
		B: Eligable liabilities	57,138	45,736
		C: Risk weighted assets	487,579	458,282
		(A+B)/C	32.3%	29.5%
Bank-insurance clients				
Clients who hold at least one banking product and one insurance product from the ČSOB group.				
Capital adequacy ratio				
The measurement of financial strength and stability of an institution. According to European Directive and Regulation (CRD / CRR).	Note 43	A: Total capital	100,241	89,340
		B: Risk weighted assets	487,579	458,282
		A/B	20.6%	19.5%
(Common Equity) Tier 1 ratio				
The measurement of financial strength and stability of an institution. According to European Directive and Regulation (CRD / CRR).	Note 43	A: Tier 1 capital	100,241	89,103
		B: Risk weighted assets	487,579	458,282
		A/B	20.6%	19.4%
Cost / income ratio				
The relative cost efficiency (costs relative to income) of the Group.	Consolidated income statement	A: Operating expenses	23,493	22,589
		B: Operating income	45,109	41,294
		A/B	52.1%	54.7%
Cost / income ratio excluding banking taxes				
The relative cost efficiency (costs relative to income excluding banking taxes) of the Group. Banking taxes include 'Contribution to the Single Resolutions Mechanism' and 'Deposit insurance premium and contribution to the Securities Trader Guarantee Fund'.	Consolidated income statement Note 12	A: Operating expenses	23,493	22,589
		B: Banking taxes	1,007	1,429
		C: Operating income	45,109	41,294
		(A-B)/C	49.8%	51.2%

(CZKm, unless otherwise stated)	Reference	Calculation	2024	2023
Credit cost ratio (CCR)				
Loan impairment charges for a specific period, relative to the total Credit loan portfolio. In the longer term, this ratio can provide an indication of the credit quality of the portfolio.	Consolidated income statement Based on internal calculation	A: Impairment losses on financial assets at amortised cost and at fair value through other comprehensive income (OCI) and finance leases	858	1,683
		B: Average of Credit portfolio	1,004,510	945,626
		-A/B	-0.09%	-0.18%
Digital/Mobile clients				
Clients who at least once during the last 3 months used mobile banking or internet banking (only retail and private banking clients).				
Group deposits				
	Consolidated balance sheet	Deposits received from other than credit institutions	1,367,805	1,336,648
Leverage ratio				
According to European Directive and Regulation (CRD / CRR).	Note 43 Based on internal calculation	A: Tier 1 capital	100,241	89,103
		C: Total exposure measure	2,055,475	1,970,243
		A/B	4.88%	4.52%
Liquidity coverage ratio				
Detail in Note 42.3 'Liquidity risk and funding management'.				
Loan-to-deposit ratio				
	Note 19, 20, 29	A: Loans and advances	1,468,344	1,430,589
		B: Central banks	510,759	534,220
		C: Credit institutions	2,811	2,331
		D: Finance lease receivables	12,522	10,426
		E: Deposits received from other than credit institutions	1,367,805	1,336,648
		F: Repo transactions	59,500	49,794
		G: Pension funds clients deposits	27	15
		(A-B-C+D)/(E-F-G)	73.9%	70.3%
Loan portfolio				
The outstanding gross amount.	Note 42.2 (page 156)	A: Total credits (oustanding gross amount)	980,901	920,768
		B: Other	1,688	4,479
		A-B	979,213	916,289
MREL				
Detail in Note 43 'Capital'.				
Net interest margin				
The net interest income relative to the average total interest-bearing assets. The net interest income excludes dealing rooms and the net interest impact of ALM FX swaps and repos.	Based on internal calculation	A: Net interest income adjusted	30,752	27,696
		B: Average of interest-bearing assets	1,252,211	1,188,068
		A/B * 360/365	2.42%	2.30%
Net stable funding ratio (NSFR)				
Detail in Note 42.3 'Liquidity risk and funding management'.				

(CZKm, unless otherwise stated)	Reference	Calculation	2024	2023
NPL (non-performing loans) ratio				
The share of non-performing loans (Defaulted assets PD 10-12) in Total credit portfolio.	Note 42.2 (page 165)	A: Defaulted assets (PD10-12)	13,958	13,808
		B: Total credit portfolio	1,034,891	970,049
		A/B	1.35%	1.42%
ROAA (return on average assets)				
The relative profitability of the Group, more specifically the ratio of the net result to assets.	Consolidated income statement Consolidated balance sheet	A: Profit for the year	18,908	15,089
		B: Average of Total assets	1,965,928	1,962,189
		A/B	0.96%	0.77%
ROAE (return on average equity)				
The relative profitability of the Group, more specifically the ratio of the net result to equity.	Consolidated income statement Consolidated balance sheet	A: Profit for the year	18,908	15,089
		B: Average of Total equity	113,240	106,548
		A/B	16.7%	14.2%
Stable bank-insurance clients				
Clients who hold at least two banking product and two insurance product from the ČSOB group.				

ABOUT US

Company Profile

From ČSOB's History

1964 ČSOB established by the state as a bank to provide foreign trade financing and convertible currency operations in the then Czechoslovak market.

1993 Continuation of ČSOB's activities in both the Czech and Slovak market after the split of Czechoslovakia.

1999 ČSOB privatized – Belgium-based KBC Bank becoming the majority shareholder of ČSOB.

2000 Acquisition of Investiční a Poštovní banka (IPB).

2007 KBC Bank becoming ČSOB's sole shareholder after buying out all minority shareholders. New environmentally friendly building of ČSOB's headquarters in Prague – Radlice (Building of the Year 2007).

2008 As at 1 January, ČSOB's Slovak branch separated into a separate entity, fully controlled by KBC Bank via 100% of voting rights.

2009 In December, ČSOB sold its remaining interest in the Slovak activities to KBC Bank.

2013 The establishment of the separate Business Unit Czech Republic within the KBC Group.

2017 New 10-year (for period 2018-2027) exclusivity partnership agreement for both banking and insurance services signed with Česká pošta (Czech Post).

2019 ČSOB reached an agreement to become the sole shareholder of Českomoravská stavební spořitelna (ČMSS) by acquiring 45% stake previously owned by Bausparkasse Schwäbisch Hall. ČSOB thus strengthened its position as the largest provider of financial solutions for housing purposes.

2020 Českomoravská stavební spořitelna (ČMSS) was renamed to ČSOB Stavební spořitelna (ČSOBS), 100% ownership remains.

2022 Poštovní spořitelna was renamed to ČSOB Poštovní spořitelna. ČSOB gained 100% ownership in Mallpay, which was afterward renamed to Skip Pay.

2024 Hypoteční banka, a.s (HB) was renamed to ČSOB Hypoteční banka, a.s. (ČSOB HB). Exclusivity partnership agreement for both banking and insurance services with Česká pošta (Czech Post) was prolonged till 2029.

ČSOB and ČSOB Group Profile

Československá obchodní banka, a. s. (hereinafter referred to as "ČSOB" or the "Bank") is operating in the Czech Republic as a **universal bank**. ČSOB is a wholly-owned subsidiary of the Belgian KBC Bank (since 1999, since 2007 fully). KBC Bank is a part of the integrated bank-insurance group KBC Group. As of 1 January 2013, KBC Group has organized its core markets activities into three business units – Belgium, Czech Republic (includes all KBC's business in the Czech Republic) and International Markets.

ČSOB provides its **services to all groups of clients**, i.e. retail as well as SME, corporate and institutional clients. **In retail banking in the Czech Republic**, ČSOB is operating under main recognized brands – ČSOB (branches) and ČSOB Poštovní spořitelna (ČSOB Postal Savings Bank – PSB; outlets of the Czech Post network). ČSOB offers to its clients a **wide range of banking products and services**, including the products and services of the entire ČSOB group.

The ČSOB group consists of the Bank and entities related with the Bank. ČSOB's financial group includes strategic companies in the Czech Republic controlled directly or indirectly by ČSOB, or KBC, which offer financial services, namely ČSOB Hypoteční banka, ČSOB Pojišťovna, ČSOB Stavební spořitelna, ČSOB Penzijní společnost, ČSOB Leasing, ČSOB Factoring, Patria Finance and Ušetřeno.cz.

The ČSOB group's (Business Unit Czech Republic) product portfolio includes next to standard banking services: financing housing needs (mortgages and building savings loans), insurance products, pension funds, collective investment products and asset management, specialized services (leasing and factoring) and services related to trading equities on financial markets.

With total assets of CZK 1,920.0 bn as at 31 December 2024 and a total net profit of CZK 18.9 bn in 2024 **the ČSOB group is one of the top three banking groups in the Czech Republic**. As at 31 December 2024, the ČSOB group had CZK 1,368 bn of group deposits and a loan portfolio of CZK 979 bn.

ČSOB Group in Figures

	31. 12. 2024	31. 12. 2023
ČSOB group's clients (mil.)	**4.290**	**4.309**
Digital clients [1]	1.759	1.676
– of which Mobile clients	1.451	1.293
ČSOB branches (bank only)	**198**	**198**
– of which Retail/SME branches	179	179
– of which Private Banking branches	11	11
– of which Corporate branches	8	8
ČSOB Pojišťovna branches	**93**	**94**
Housing finance branches	**2**	**8**
ČSOBS advisory centers	**210**	**224**
Leasing branches	**5**	**5**
PSB outlets of the Czech Post network	**ca. 2,000**	**ca. 2,100**
– of which specialized banking counters	228	227
Czech Post franchise outlets	**ca. 1,000**	**ca. 900**
ATMs [2]	**1,036**	**1,020**
– of which contactless	1,034	906
– of which deposit	370	337
– of which customized for visually impaired clients	1,023	1,004
Employees (FTEs at the end of period)	**8,125**	**8,035**
– of which the Bank	7,144	7,096

1) Clients who at least once during the last 3 months used mobile banking or internet banking (including only retail and private banking).
2) Including ATMs of cooperating banks.

Annual reports and other information about ČSOB and the ČSOB group are available at www.csob.cz.

KBC Group Profile

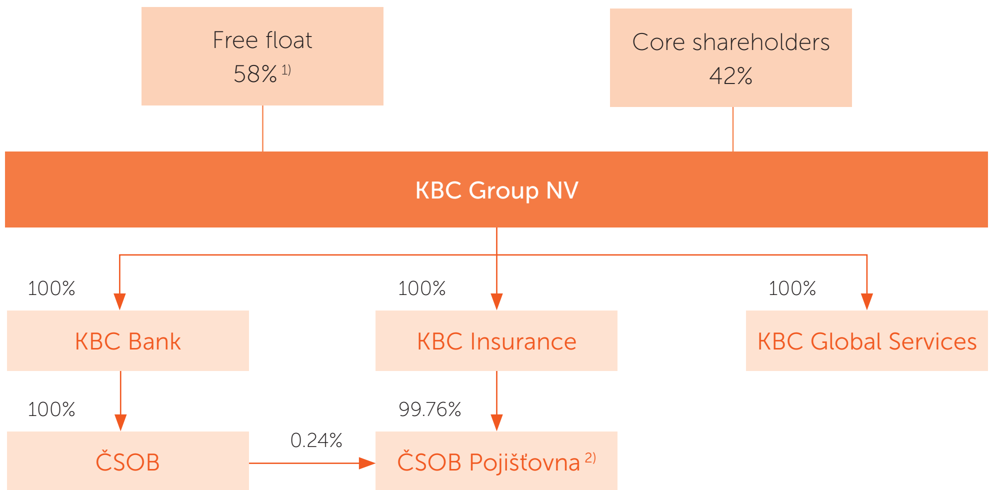
ČSOB is a wholly-owned subsidiary of KBC Bank NV, whose shares are held by KBC Group NV. KBC Bank and KBC Group are both based in Brussels, Belgium.

KBC is an integrated bank-insurance group, catering mainly for retail, private banking, SME and mid-cap clients. Geographically, KBC focuses on its home markets of Belgium, the Czech Republic, Slovakia, Hungary and Bulgaria. Elsewhere in the world, KBC is present in several other countries to support corporate clients from its core markets. As of the end of 2024, the KBC Group served 13 million clients in its home markets, and employed approximately 40,000 employees, approximately 60% of which in Central and Eastern Europe.

The majority of KBC Group's shares is traded publicly on the Euronext Exchange in Brussels. 42% of KBC Group's shares is held by KBC Group's core shareholders (KBC Ancora, Cera, MRBB and the other core shareholders).

The Simplified Scheme of the KBC Group

(as at 31 December 2024)



Percentages in the chart denote the ownership interest.

1) Includes treasury shares held by KBC group for 5%.
2) Voting rights in ČSOB Pojišťovna: 40% ČSOB, 60% KBC Insurance.

For an overview of companies of the KBC group please refer to KBC's corporate website www.kbc.com (section About us – Our structure).

KBC Group in Figures

		31. 12. 2024	31. 12. 2023
Total assets	EURbn	373.0	346.9
Loans and advances to customers (excl. rev.repo's)	EURbn	192.1	183.6
Deposits from customers (excl. repo's)	EURbn	228.7	216.5
Net profit	EURm	3,415	3,402
Common equity ratio (Basel III, fully loaded)	%	15.0	15.2
Cost / income ratio	%	43	43

Long-term ratings (as at 31 December 2024)

	Fitch	Moody's	S & P
KBC Bank	A+	A1	A+
KBC Insurance	-	-	A
KBC Group	A	A3	A-

Annual reports and other information about KBC are available at KBC's corporate website www.kbc.com.

ČSOB as a Controlled and Controlling Entity

Within the KBC group and the ČSOB group, ČSOB acts as both a controlled entity and a controlling entity.

ČSOB is a controlled entity of the sole shareholder KBC Bank NV (ID No. BE 0462.920.226), or more precisely, of its shareholder KBC Group NV (ID No. BE 0403.227.515). Both KBC Bank and KBC Group have their registered addresses at: Havenlaan 2, B-1080 Brussels (Sint-Jans Molenbeek), Belgium.

The control is exercised by decisions of the sole shareholder when exercising the general meeting's competence according to the Corporations Act. Within the limits stipulated by law, the controlling entity also exercises influence through its representatives in the Supervisory Board or the Board of Directors. The control covers cooperation and coordination in the area of risk management, audit functions and prudential rules. The Board of Directors is responsible for the management of business.

ČSOB follows the legislation applicable on the territory of the Czech Republic which protects against abuse of position of the controlling entity. In particular, ČSOB activities are governed by the Corporations Act, regulatory rules for banks and tax law including transfer pricing principles. ČSOB is also subject of supervision of the CNB. The regulatory and supervisory system is supplemented by the internal control system which is secured by the Board of Directors, the Supervisory Board, the Audit Committee and specialized departments of internal audit, compliance and risk management. The Board of Directors is responsible for internal control system efficiency.

ČSOB did not hold any shares of KBC Bank or KBC Group between 1 January and 31 December 2024.

ČSOB is also a controlling entity. For information on companies controlled by ČSOB as at 31 December 2024 please refer to the chapter Companies of the ČSOB group.

ČSOB is not dependent on any entity in the concern into which ČSOB belongs.

Corporate Social Responsibility

Responsible approach to everything it does, has been an integral part of ČSOB's corporate social responsibility for many years. This is evidenced by the previously published Annual Reports and Corporate Responsibility Reports, which are addressed to sustainability professionals, investors, employees, business partners, clients, non-profit organisations and society as a whole. The consolidated KBC Annual Report and KBC Sustainability Report also covers ČSOB's performance, ambitions and approach.

ČSOB is exempted from the obligation to publish a sustainability statement as the information is included in the consolidated sustainability statement of its parent undertaking, KBC Group, with registered office at Havenlaan 2, 1080 Brussels, Belgium.

KBC Group's consolidated sustainability statement and the assurance opinion relating to it are included in the KBC Group annual report for 2024 available on Annual reports.

Sustainable business from the Bank's perspective

ČSOB pursues its ESG strategy (Sustainability Strategy) through three core principles:

- Limiting the negative impact on society by strictly adhering to binding policies and legal regulations in the areas of respecting human rights, protecting the environment, promoting business ethics, and addressing controversial social issues as well as reducing our own carbon footprint: Policies of ČSOB.
- Increasing our positive impact on society in areas where we can be effective through our influence and everyday actions. This includes green offers in housing, mobility, investing or advising households and businesses: Our sustainable products.
- By behaving responsibly externally and towards our employees and encouraging them to behave responsibly in their daily work: Doing business sustainably.

ČSOB's strategic pillars of corporate social responsibility and the main initiatives

For Nature

The ČSOB Group supports environmentally friendly management of natural resources. Our buildings in Prague and Hradec Králové are among the most environmentally friendly buildings in the country and among the greenest buildings in Europe, which is confirmed by the LEED Gold (Prague - NHQ) and LEED Platinum (Prague - SHQ and Hradec Králové - HHQ) certificates awarded.

We purchase of electricity only from renewable sources. We reduce the energy consumption of the bank's branches and headquarters through modern geothermal heating and cooling. We are lighting with LED sources and switching to autonomous lighting control. Compared to 2015, we have reduced electricity consumption by 16,074 MWh, saved 14,072 MWh of heat, and reduced greenhouse gas production by 33 t, for an overall reduction in our own carbon footprint of more than 71%.

For Education

ČSOB financial and digital education for schools

Since 2016, our employees - financial literacy ambassadors - have been visiting Czech schools to teach pupils and students how to manage their money in a fun and interactive way. Using practical examples from everyday life, they show how to deal with problems in each situation. Outside of school we can deliver the educational programme in ČSOB buildings or other suitable venues (e.g., science centres). There is no cost to the school to teach. We do not sell the ČSOB brand or products, but the idea of higher education. By the end of 2024, a total of 469 ambassadors from among our employees had participated in 6,970 lessons for 102,259 pupils and students from 1,247 schools visited.

Thanks to the accreditation of the Ministry of Education, Culture and Sports for the teaching of pedagogues of the 2nd level of primary and secondary schools, which we obtained in 2019, we can help teachers with the teaching of financial literacy even more effectively. Graduates of this program receive a certificate that also serves as a certificate of continuing education for teaching staff under the Ministry of Education and Culture program.

In cooperation with the Czech Police, we have also prepared a continuation of the series of thematic online safety courses "Your way #online II". The school will be visited by a ČSOB employee - an expert in online safety together with a Police of the Czech Republic prevention officer. Thanks to this cooperation, we work with real cases from the Czech environment during the teaching.

As part of the prevention of the debt trap, we continue to cooperate with People in Need and co-finance free debt counselling through the Financial Distress Counselling Centre. In addition, we offer easily accessible quality financial counselling in the form preferred by the client (information on the bank's website, online telephone counselling, personal visit to the branch).

For Entrepreneurs

The ČSOB Group supports environmentally friendly business. Together with our clients, we seek more sustainable solutions to their needs.

Start-ups and established businesses can use our portal www.pruvodcepodnikanim.cz to help them navigate the rules and legal standards they need to comply with. The path to success is through reliable information and facts obtained in a timely and understandable manner.

Women entrepreneurs

We pay special attention to women, whom we want to stand by us not only when we start our companies, but also while business and while overcoming any social prejudices. That is why in 2024 we have again become a partner of the Czech Women Entrepreneurs Award and have announced our own category of Exceptional Female Entrepreneur.

Start it @ČSOB

In the Start it @ČSOB acceleration program, we work with B2B technology startups that are entering the go-to-market phase. We help startups avoid common mistakes and provide mentoring and workshops in key startup areas. In addition, program participants receive up to four jobs at ČSOB headquarters and international support from the GAN Global Network of Accelerators throughout the life of the company to facilitate their eventual expansion into foreign markets. In 2024, we have supported in cooperation with Mastercard a special Fintech challenge focused on startups that innovate the world. In total, we have supported 16 startups.

For Longevity

In the For Longevity pillar, ČSOB pays attention to the elderly and those who are preparing for this period of life. We do not forget about the so-called sandwich generation, whose representatives take care of their children while looking after their parents.

The ČSOB Group currently has almost 1 million clients over 65 years of age. We offer them a range of discounted products. We offer free one-time payment orders at the branch/post office, cash delivery once a month, setting up standing orders and direct debits at the branch/post office and unlimited number of paper-based standing dispositions. At each post office we can send a pension transfer request to the Czech Social Security Administration on behalf of the client. Our call centre has been operating a special senior line for several years. The system on this free line recognizes a client over 70 years of age and connects them automatically with a team of operators specially trained to communicate with seniors. In 2024, colleagues managed 66 ths calls on this line.

ČSOB has a network of bank branches across the Czech Republic and, together with the counters at the Czech Post Office, is the largest provider of barrier-free banking and insurance services. In cooperation with the Czech Paraplegic Association (CZEPA), we are verifying that our branches are indeed barrier-free. Any deficiencies identified by the audit are subsequently corrected. Another activity initiated by our employees has a similar objective, namely an audit of all ČSOB applications and websites from the perspective of visually impaired users. Some ČSOB employees who use special readers for the visually impaired for their work are also involved. 99% of our cash machines are equipped with voice navigation for the blind. The software used was prepared in cooperation with the United Organisation of the Blind and Partially Sighted of the Czech Republic (SONS). We provide eScribe, an online speech transcription for the deaf, which enables the hearing impaired to communicate with the banker. This service is available at all our branches and is also offered on our toll-free information line. For customers with hearing impairment and speech loss, we offer a special customer service line.

We are working with the Sue Ryder Home on the Don't Get Lost in Old Age project which advises older people and their loved ones on all areas related to old age. In 2024 Advice days have been held in the regions where seniors have received on-the-spot answers to legal, social, or financial questions. These days for seniors also included lectures focused on digital security education. The lectures were also appreciated by people with hearing impairments in the regions, who have more limited access to similar types of education.

Philanthropy at ČSOB and partnerships with non-profit organisations in 2024

The support of philanthropy, the development of individual giving by our clients and employees and connecting the world of business with the non-profit sector is an integral part of ČSOB's social responsibility. We cooperate with renowned non-profit organisations and together we bring solutions that respond to the current needs of disabled people.

Among our most important partners from the non-profit sector are: Committee of Good Will – Olga Havel Foundation, Sue Ryder Home, Mathilda Endowment Fund, Safety Line, Charta 77 Foundation - Barriers Account, People in Need, Debt Advisory Centre, Neratov Association, Czech Association of Paraplegics, the Rozum a Cit Endowment Fund, and many others. We also cooperate with the organizations Donors' Forum and Business for Society, which focus on the general development of CSR and philanthropy in the Czech Republic.

Most significant socially responsible projects

ČSOB helps regions

Our largest grant programme, ČSOB Helps Regions, supports projects of non-profit organisations that focus on community development and improving the quality of life of people across the Czech Republic. The 2024 anniversary year was our most successful ever, with 150 projects receiving grant support exceeding CZK 11 million financial contributions from the public together with donation from the bank. In the 12 years of the programme's existence, a total of more than CZK 94 million has been distributed.

Education Fund

The Education Fund is our oldest joint philanthropic project. It was established in 1995 in cooperation with the Olga Havel Foundation's Committee of Good Will to support talented students of secondary, higher vocational and university schools who otherwise could not afford to study due to health or social handicaps. The ČSOB Education Fund currently supports 86 young people. From the start of the programme until the end of 2024, we have already provided scholarship support or a one-off contribution to education and study aids to 1,369 students. In total, we have already donated CZK 42 million to help with education.

Volunteering

Among the responsible activities in which our employees willingly participate is the ČSOB Helping Together corporate volunteering programme. Each employee can devote one working day a year to volunteer work or professional consulting in a non-profit organisation of their choice. In 2024, we registered 2,024 volunteers who worked a total of 13,934 hours for 91 non-profit organisations.

Together with ČSOB

The Together with ČSOB matching fund is designed to support individual giving by our colleagues. Any employee can request a monetary contribution for their favourite non-profit organisation or charity project. Simply organise a charity collection on the www.darujspravne.cz portal for the benefit of your favourite, or combine it with any other fundraising event, and involve other colleagues from the bank and people from your neighbourhood. The bank will donate the same amount of money that is raised (up to a maximum of CZK 30,000 per project). During 2024, employees organised 18 allied fundraisers for a total of CZK 1.5 million. Since the launch of the fund in 2015, we have jointly supported 183 projects with an amount of CZK 11 million.

Goodwill card

Together with the MasterCard Association, ČSOB also supports individual donations in the private banking segment. Thanks to the special Goodwill Debit Card, ČSOB Private Banking clients can donate to charitable causes. The client sets the amount of voluntary contribution and then the selected amount from each business transaction goes to help children and adults in difficult health situations. Both ČSOB and MasterCard donate additional funds, which is why we have jointly donated CZK 25.3 million during the period of operation of the Goodwill Card (including CZK 2.4 million in 2024) and helped more than 622 people in need.

Premium Card

We also offer a payment card with charitable functionality to clients from the Premium segment. The proceeds from the donations made for using the payment card go towards the education and training of guide dogs. In addition to the contributions from clients, ČSOB and the Master Card Association donate the same amount, which triples the contributions. We collaborate with our long-time partner in the non-profit sector, the Mathilda Foundation, an internationally recognized expert in guide dog training. By the end of 2024, we have already supported guide dog training with more than CZK 9 million.

NaDobrouVěc

A service designed for retail customers; this service allows you to donate to a charitable project of a specific non-profit organisation with each card payment. Currently, 3,151 clients use this service. In 2024, they contributed CZK 4.5 million to non-profit organizations through this service. In total, non-profit organizations have already received CZK 8.5 million during the lifetime of the product.

ČSOB Corporate Social Responsibility Award in 2024

Master Card Bank of the year 2024:

First place in the category Barrierless Bank of the year

Donor Forum Awards:

First place in the Communication Project category for the ČSOB product "ForGoodCause";

Second place in the Annual Report - Corporate category for the ČSOB Group's Annual Corporate Social Responsibility Report.

Business for society:

First place for the project Obchod 24/7: Experience the future of shopping with the DoKapsy application from ČSOB;

Second place in the category TOP Responsible Company in Diversity for the project Together with ČSOB without barriers;

Business for Society Award for long-term contribution in the field of CSR and volunteering.

More information can be found in the ČSOB Group's Corporate Social Responsibility Annual Report 2024 and on the website www.csob.cz/csr.

Diversity

ČSOB supports diversity in a broad context, creates inclusive environment for all and offers tailor-made benefits for specific needs of each group. We are convinced that diversity, in the broad sense of the word, means a greater diversity of opinions, different styles of work and management for the company. Ultimately, it means sustainable long-term higher performance through people commitment and motivation. **ČSOB aims to use the potential and best talent of all our employees**. We create equal opportunities regardless the age, gender, sexual orientation, or nationality. However, we do not only remain at the level of equal opportunities, but we create a higher awareness among employees as to why there is value in diversity. We consider **flexibility as a key precondition for diversity**, flexibility is our focus already for a long time – e.g. part-time jobs, home-office. The success of our group is based on cooperation, mutual inspiration and sense of belonging. Although we have learned to collaborate remotely, use technology and tools for our greater efficiency, we want to meet more often and together we want to create a first-class client experience. We have also adapted the new flexibility framework, where at least 60% of our work is from the office. Our employees still have the opportunity to work from home 40% of their monthly working hours.

ČSOB's Diversity strategy defines these specific areas:

1. **Gender diversity in management:** we are gradually increasing number of women in management. We have been working on more balanced ratio of women in managerial positions and gradually decreasing the gap not only in the quantity (2015: 32% women in management, 2024: 38%), but also in wages comparison of women to men („gender pay gap" 2015: 6%, 2024: 3%).

2. **Program for parents:** we are supporting parents of small children so that they can return from parental leave earlier. Therefore, we offer the possibility of children's group, a childcare allowance, and to make the return from parental leave easier , they can attend the Parents' Academy. We also focus on the role of fathers through the Dads' Academy.

3. **Age diversity: Program 55+** - experience is an advantage, was broadened with the offer of expertise volunteering.

4. **We support colleagues with disabilities:** our goal is to support core employees with disabilities to talk about their disability. We manage to employ disabled colleagues not only within the Operations department. We also cooperate with the social enterprise Kolibřík, Ergotep and others. We set ourselves the goal of increasing number of employees with disabilities to 220 by 2027.

5. **Support for colleagues experiencing home violence:** we provide quick and specific assistance as well as long-term support.

6. **LGBTQ+:** filling out the signed memorandum of Pride business forum, the fairness of benefits implemented, active employee group PROUD.

We are well aware of our role as a big employer; therefore, we openly share our experience and look for an inspiration from others. We actively cooperate with:

- non-profit organization Business for society
- non-profit organization Pride business forum (PBF)
- we are the general partner of the counseling office S barvou ven
- since 2022, we have been part of the OPIM organization
- non-profit organization Czechitas
- the project 'Finženy'
- in 2023, we became the first banking institution to sign the Charter against the home violence

Activities in 2024 and plans for 2025

1. Gender diversity in management

We continue with an open discussion about the benefits of a diverse approach and the value of the "male and female principle" at work. We are aware that the corporate environment at the top-level management, or in some parts of the bank, is traditionally based more on the application of male principles and we are trying to gradually balance it. This will ensure not only higher female leadership involvement, but also personal awareness, why the application of both principles is beneficial for decision making. In 2024, we achieved 38% in middle and lower management, meeting the goal we set for this year. Our aim is to further increase the proportion of women to 39% in 2025. In 2024, 24 women graduated from the Authentic Leadership programme, and we also continued with the Women Connect community where alumni can inspire each other. We also continue our development activities through external platforms. We are gradually managing to reduce the gender pay gap, which is currently around 2.8%. Our goal is to reduce the gender pay gap to the level of 2.5% in 2025.

2. Program for parents and ČSOB kindergarten concept

Parental support is our long-term priority in the field of diversity. The goal is to make the return to work from parental leave easier and faster. Within the program we offer:

- Keeping in touch with the bank and constant information about developments in the bank, suitable job offers or about social and educational events for parents.
- Employee application where all the information about the program is available as well as the information about maternity/parental leaves.
- An opportunity to find a job during parental leave in the form of part-time job or the employment agreement, either at the original department or at a different department within the bank.
- Individual consultations with the gestor of the Program (employment law, career consultancy, return to work execution, finding a new job, etc.).
- Free professional and personal coaching during parental leave - cooperation with the internal Coaching Center.
- Workshops for parents who leave for maternity/parental leave.
- Academy for Parents returning from parental leave.
- Support the role of fathers through the Dads' Academy and thematic workshops.

We have been running a children's group (ČSOB Sluníčka) at our head office in Prague since 2017, its capacity was significantly broadened in 2024. In 2021, we also opened a children's group in Hradec Králové. On top of that, we refund up to 75 % of the costs for any nursery, kindergarten or nanny, if parents work during or instead of a parental leave. In ČSOB, 20% of parents (mostly mothers) return to work earlier than after the usual three years of parental leave and at the same time overall 86 % of parents return to us after their parental leave. It represents hundreds of high-quality employees that we would not find on the labor market easily. We continue with the Academy for Parents, that aims to prepare parents for a smooth return to work and to actively establish contacts between parents, managers and HR. In 2024, a total of 28 parents participated in the academy. We will follow up with another Academy in 2025, again in both on-site and online formats. In 2024, we launched the first Academy for Dads, which proved to be very successful, fourteen dads from among the employees participated, and in 2025 we want to continue.

3. Age diversity: Program 55+ - experience is an advantage.

We're pleased to continue our successful '55+ - experience is an advantage' program. This program leverages the expertise of our senior employees by matching them with younger colleagues as mentors. This not only fosters team stability through age diversity, but also helps reduce pressure and stress, potentially preventing burnout. In 2024, we offered for our valued employees aged 55 and over a variety of workshops on useful topics: changes in the pension insurance law, exploring available benefit options, and strategies for maximizing pension savings, the Amendment to the Pension Act and changes from July 1, 2024, Digital Technologies and other. We are pleased to continue offering tailored events in 2025.

4. Support for the disabled colleagues:

In 2024, we provided more support to our colleagues with disabilities. We communicated the benefits, which our colleagues with handicap are entitled to. Every job advertisement is now marked as „suitable for disabled person ". The activity is one of the options for us, how to make employment opportunities accessible to people who may be disadvantaged in the labor market due to disability and reflects our effort to create an inclusive work environment that is open, safe and non-discriminatory. We regularly communicate best practice stories, with regular articles, we also offer workshops for managers that provide them with support in employing people with special needs. In 2024, we have become the main organizer of national competition Zlatá vážka (Gold dragonfly) to support a social entrepreneurship in Czech Republic. Together with the social enterprise Kolibřík, we continue to operate the so-called Diversity Point at ČSOB. The aim of this place is to provide support to colleagues with disabilities, offering advice in social and psychological areas. We also committed to increase the number of disabled employees to 220 till 2027.

5. Support for colleagues experiencing domestic violence.

In 2023, we signed the Charter Against Domestic Violence, committing to zero tolerance of this behavior. We have issued a directive to offer our employees help in the form of extra time off, they can use psychological care or contact our in-house trained coaches. They can also apply for financial assistance. Our CEO Aleš Blažek has become the face of the Stop Violence campaign.

6. LGBTQ+ support:

We are fulfilling the commitments we have made by signing the Pride Business Forum memorandum in the area of applying the principles of the equality in the workplace. We offer a day-off for a wedding with a partner from a foreign state, paternity leave also for the adoption of a child or a leave for accompanying the partner's child to a doctor's appointment. The PROUD employee group which associates LGBTQ+ colleagues, and their supporters was established in ČSOB. Our group PROUD is also an inspiration for KBC, where a similar group Proud@KBC was created in 2021.The group organizes seminars or webinars (about the history of LGBTQ+, or minorities), and informal meetings. We are general partner of the S barvou ven counseling office. In 2024, we also hosted a financial symposium on the topic of Pink Money.

Awards in diversity area for ČSOB in 2024

- 2nd place in the Business for Society's Top Responsible Company competition for the project 'With ČSOB Without Barriers' in the category of Top Responsible Company in Diversity
- Diversity & Inclusion Champion award for promoting the principles of the Diversity Charter in the Czech Republic
- 3rd position in the main category of LGBTQ+ friendly employer 2024 competition
- award for the company supporting dads in 2024 in the Good Dad competition
- 1st place in MasterCard Bank of the Year, Bank Without Barriers

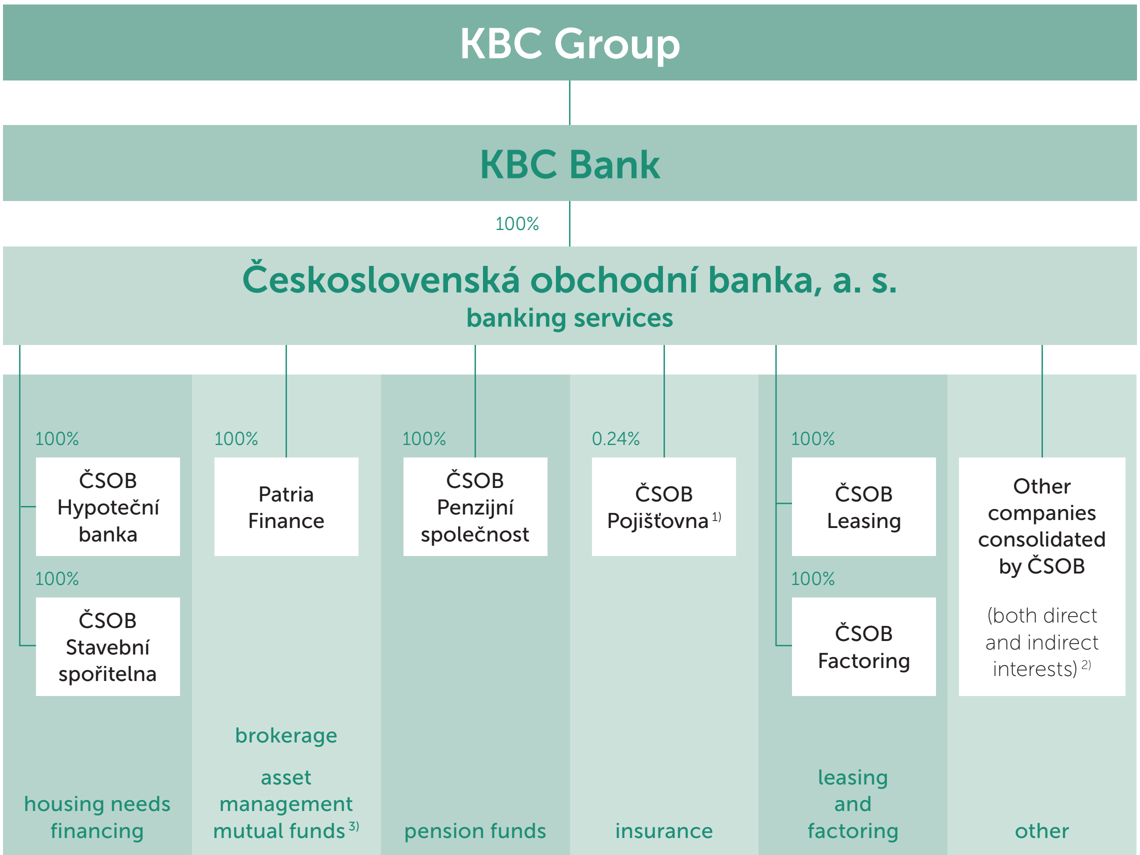
COMPANIES OF THE ČSOB GROUP

ČSOB Group

The ČSOB group is the leading player in Czech financial services industry. It is a part of the international bank-insurance KBC group which is active in Belgium and the CEE region.

As at 31 December 2024, ČSOB had ownership interests in 36 legal entities and, in addition to ČSOB, other 30 companies were included in the group of consolidated companies.

The ČSOB group offers its clients in the Czech Republic the following types of services and products: banking services, building savings and mortgages, securities brokerage, asset management, mutual funds, pension funds, insurance, leasing and factoring.



Percentages show ČSOB's ownership interests on company's equity as at 31 December 2024.

1) 99.76% of shares owned by KBC Insurance; by an equity method consolidation.
2) A complete list of companies consolidated by ČSOB is stated in this part of ČSOB Annual Report.
3) ČSOB continues offering mutual funds and other products of ČSOB Asset Management regardless of its sale within the KBC Group

ČSOB Hypoteční banka, a.s.

Date of establishment:	10. 1. 1991
Business activities:	Provision of mortgage loans and issuance of mortgage bonds
Identification number:	13584324
Registered capital:	CZK 5,076,336 ths
Shareholders:	100% ČSOB

Contact

Address:	Radlická 333/150 150 00 Praha 5
Telephone:	+420 224 116 333
E-mail:	info@csobhypotecni.cz
Internet:	www.csobhypotecni.cz

Indicator		2024	2023
Total assets*	CZKm	432,071	407,748
Loans and advances to customers*	CZKm	422,287	396,324
Total equity*	CZKm	59,187	58,041
Profit for the year after tax*	CZKm	2,126	2,481
Total volume of new mortgage loans (according to the Ministry of Regional Development; CZ)	CZKm	63,297	38,665

** EU IFRS, audited.*

ČSOB Hypoteční Banka, a specialist in home mortgage loans within the ČSOB group, holds a leading position in the Czech mortgage market, alongside ČSOB Stavební spořitelna. The Group prioritizes financing sustainable housing and digitalization.

The Czech housing loan market volume-wise increased strongly in 2024, with domestic banks issuing CZK 254 billion (according to Hypomonitor), an increase of over 85% Y/Y.

In 2024, ČSOB Hypoteční banka provided clients with mortgage loans in the amount of CZK 63 billion. 43% of the total loan portfolio of the ČSOB group consists of mortgage loans.

ČSOB Stavební spořitelna, a.s.

Date of establishment:	27. 8. 1993
Business activities:	Building savings and loans
Identification number:	49241397
Registered capital:	CZK 1,500,000 ths
Shareholders:	100% ČSOB

Contact

Address:	Radlická 333/150 150 00 Praha 5
Telephone:	+420 225 225 225
E-mail:	info@csobstavebni.cz
Internet:	www.csobstavebni.cz

Indicator		2024	2023
Total assets*	CZKm	120,549	134,829
Volume of loans and bridging loans (Retail)*	CZKm	117,297	120,791
Volume of client deposits*	CZKm	106,263	116,299
Total equity*	CZKm	9.669	9,897
Profit for the year after tax*	CZKm	1,213	993

** EU IFRS audited*

Advisory centers	210	224
Tied agents	1,275	1,366

ČSOB Stavební spořitelna (ČSOBS) maintains its position as the most important building society in the Czech Republic with total balance sheet of CZK 120.5 bn.

In 2024 ČSOBS provides the most contracts of building savings on the market (132 ths. new contracts, it is 29,2% market share) and was significant provider of loans from building savings (CZK 12 bn of new loans, it is 23.3% market share).

ČSOBS serves 841 thousand clients with building savings products or loans, and other 203 ths. clients with ČSOB group products.

In comparison to year 2023 ČSOBS increased the net profit mainly due to: decrease of expenses, higher release of impairment losses, but decrease of net fee & commission income and decrease of other income.

Patria Finance, a.s.

PATRIA FINANCE

Date of establishment:	23. 5. 2001
Business activities:	the securities services
Identification number:	26455064
Registered capital:	CZK 150,000 ths
Shareholders:	100% ČSOB

Contact

Address:	Výmolova 353/3 150 00 Praha 5
Telephone:	+420 221 424 240
E-mail:	patria@patria.cz
Internet:	www.patria.cz

Indicator		2024	2023
Profit for the year after tax*	CZKm	477	345
Number of orders realized through personal brokers and the online trading platform MobileTrader and WebTrader	Number (ths)	660	331
Number of clients	Number (ths)	81	53

** EU IFRS, unaudited.*

Patria Finance, engaged in securities trading and brokerage in the Czech Republic and Hungary, serves over 81 ths. clients, managing almost CZK 117 bn in Assets Under Management (AUM).

The main activity of Patria Finance is the provision of investment banking services in the areas of securities trading and the provision of information on financial and capital markets through the Internet platform www.patria.cz. Patria Finance services also include investment research, both for the CEE region and the developed markets of Western Europe and the USA.

ČSOB Penzijní společnost, a. s., a member of the ČSOB group

Date of establishment:	26. 10. 1994*
Business activities:	Activities related to the pension saving
Identification number:	61859265
Registered capital:	CZK 300 m
Shareholders:	100% ČSOB

ČSOB Penzijní společnost

Contact

Address:	Radlická 333/150 150 57 Praha 5
Telephone:	+420 495 800 600
E-mail:	csobps@csob.cz
Internet:	www.csob-penze.cz

** Date of establishment of ČSOB PF Stabilita. ČSOB PS was incorporated on 1 January 2013 through transformation of ČSOB PF Stabilita (the Transformed fund)*

Indicator		2024	2023
Funds registered in favour of participants of the Transformed fund Stabilita*	CZKm	40,260	48,878
Participant funds in participation funds*	CZKm	33,307	23,031
Profit for the year after tax**	CZKm	441	297

** Unconsolidated*
*** EU IFRS, unaudited.*

Customers	Number (ths)	580	611

ČSOB Penzijní společnost focuses on managing participant pension funds and transformed pension fund.

In 2024, the company held a third-place position in the Czech pension fund market, serving 580 thousand clients with Assets Under Management (AUM) of more than CZK 73 bn. Clients across all funds managed by ČSOB pension company experienced positive returns in 2024.

In 2024, ČSOB Penzijní společnost delivered modifications on the front end and back end in connection with the amendment to the law on Pension Savings, primarily the possibility of a simple increase in the client's contribution electronically. ČSOB Penzijní společnost made it easier for clients to transfer contracts from competitors to us with the help of Bank ID SIGN.

ČSOB Pojišťovna, a. s., a member of the ČSOB holding

Date of establishment:	17. 4. 1992	
Business activities:	Life and non-life insurance	
Identification number:	45534306	
Registered capital:	CZK 2,796,248 ths	
Shareholders:		
Registered capital	99.76%	KBC Insurance
	0.24%	ČSOB
Voting rights	60%	KBC Insurance
	40%	ČSOB

Pojišťovna

Contact

Address:	Masarykovo nám. 1458 530 02 Pardubice, Zelené předměstí
Telephone:	+420 467 007 111 +420 467 100 777
Fax:	+420 467 007 444
E-mail:	info@csobpoj.cz
Internet:	www.csobpoj.cz

Indicator		2024	2023
Total assets*	CZKm	42,750	42,459
Total equity*	CZKm	8,109	7,672
Profit for the year after tax*	CZKm	2,654	2,802
Gross written premium life insurance	CZKm	4,913	4,498
Gross written premium non-life insurance	CZKm	12,826	11,482

** EU IFRS, audited*

Branches		93	94
Customers, comprising individuals and business entities, including small and medium-sized businesses, as well as large corporations	Number (ths)	1,353	1,300

ČSOB Pojišťovna is a universal insurance company providing a broad range of life and non-life insurance products for both individuals and companies. Insurance products are mainly distributed through tied agents, brokers and the ČSOB group's branches.

In 2024, ČSOB Pojišťovna net profit reached CZK 2,654 m, driven by positive business results. Gross written premium reached CZK 17.7 bn. Market share increased to 9.1% in 2024.

ČSOB Leasing, a.s.

Date of establishment:	31. 10. 1995
Business activities:	Financial services
Identification number:	63998980
Registered capital:	CZK 3,050,000 ths
Shareholders:	100% ČSOB

ČSOB Leasing

Contact

Address:	Výmolova 353/3 150 00 Praha 5
Telephone:	+420 230 029 111
E-mail:	info@csobleasing.cz
Internet:	www.csobleasing.cz

Indicator		2024	2023
Total assets*	CZKm	55,093	49,432
Amounts due from clients (gross)*	CZKm	53,414	47,601
Total equity*	CZKm	9,342	8,621
Profit for the year after tax*	CZKm	746	885
Volume of new leasing business**	CZKm	23,159	21,387

** EU IFRS, unaudited.*
*** According to methodology of Czech Leasing and Financial Association (ČLFA); Initial investment*

Branches	5	5

ČSOB Leasing is one of the largest leasing companies and providers of mobile asset financing in the Czech Republic. It provides financing and insurance of passenger and commercial vehicles, heavy transport equipment, machinery and equipment, computer equipment, technology and technological units, including financing of items of high acquisition value. It offers a wide range of financial products distributed to its customers in a multi-channel manner, including subsidy consulting for investments in movable assets and services related to transport mobility within the framework of operating leases.

In 2024, ČSOB Leasing successfully completed the long-planned generational renewal of its core information system, which will significantly improve operational efficiency and customer service. In the Golden Crown 2024 competition, the company won the silver crown for "Flexible Operational Leasing" and the bronze crown for "CSOB AUTO/MOTO LOAN: in person and digitally with AI support (KATE)".

ČSOB Factoring, a.s.

Date of establishment:	16. 7. 1992
Business activities:	Factoring
Identification number:	45794278
Registered capital:	CZK 70,800 ths
Shareholders:	100% ČSOB

ČSOB Factoring

Contact

Address:	Výmolova 353/3 150 00 Praha 5
Telephone:	+420 230 029 710
E-mail:	info@csobfactoring.cz
Internet:	www.csobfactoring.cz

Indicator		2024	2023
Total assets*	CZKm	6,119	5,596
Amounts due from clients (gross)*	CZKm	6,443	5,912
Total equity*	CZKm	1,130	1,164
Profit for the year after tax*	CZKm	141	175
Turnover of receivables	CZKm	47,740	47,085

** EU IFRS, unaudited.*

ČSOB Factoring has been offering factoring services to its clients since 1992. It is one of the pioneers of factoring financing on the Czech market and has long maintained its position among the TOP 3 Czech factoring companies. The company offers its clients flexible financing in various forms of recourse and non-recourse cooperation.

In 2024, the volume of receivables assigned to ČSOB Factoring increased by 1.4% to CZK 47.7 bn.

Companies of the ČSOB Group *(as at 31 December 2024)*

According to EU IFRS

Legal Entity				Share of ČSOB in:					
ID No.	Business Name of Legal Entity Business Activities	Registered Office	Registered Capital	Registered Capital			Voting Rights	Indirect Share of ČSOB via	Cons. EU IFRS
				Total	Direct	Indirect			
			CZK	%	%	%	%		Y/N
Controlled Companies									
63987686	**Bankovní informační technologie, s.r.o.** Automated data processing and software development; creation of a network of payment card reading terminals	Praha 5, Radlická 333/150	20,000,000	100.00	100.00	none	100.00	none	Y
49241397	**ČSOB Stavební spořitelna, a.s.** Building savings bank	Praha 5, Radlická 333/150	1,500,000,000	100.00	100.00	none	100.00	none	Y
27081907	**ČSOB Advisory, a.s.** Activity of entrepreneurial, financial, economic and organisation advisors	Praha 5, Radlická 333/150	2,000,000,000	100.00	100.00	none	100.00	none	Y
45794278	**ČSOB Factoring, a.s.** Factoring and related services	Praha 5, Výmolova 353/3	70,800,000	100.00	100.00	none	100.00	none	Y
63998980	**ČSOB Leasing, a.s.** Leasing	Praha 5,Výmolova 353/3	3,050,000,000	100.00	100.00	none	100.00	none	Y
61859265	**ČSOB Penzijní společnost, a. s., a member of the ČSOB group** Pension insurance	Praha 5,Radlická 333/150	300,000,000	100.00	100.00	none	100.00	none	Y
27151221	**ČSOB Pojišťovací makléř, s.r.o.** Insurance broker	Praha 5,Výmolova 353/3	2,000,000	100.00	none	100.00	100.00	ČSOB Leasing	Y
13584324	**ČSOB Hypoteční banka, a.s.** [1)] Mortgage banking	Praha 5,Radlická 333/150	5,076,336,000	100.00	100.00	none	100.00	none	Y
01-09-338123	**K&H Payment Services Kft** Acquiring of payment transactions	HU, Budapest, Lechner Odon Fasor 9	8,845,000	100.00	100.00	none	100.00	none	Y
07093331	**Skip Pay s.r.o** [2)] Payment transactions	Praha 7, U garáží 1611/1	465,000,000	100.00	100.00	none	100.00	none	Y
09763465	**Igluu s.r.o.** web portal	Praha 4, Lomnického 1742/2a	10,000	50,00	50,00	none	50,00	none	Y
25671413	**Patria Corporate Finance, a.s.** Brokerage activities in financial consulting	Praha 5, Výmolova 353/3	1,000,000	100.00	100.00	none	100.00	none	Y
26455064	**Patria Finance, a.s.** Securities trader	Praha 5, Výmolova 353/3	150,000,000	100.00	100.00	none	100.00	none	Y
05154197	**Patria investiční společnost, a.s.** Management of investment funds	Praha 5, Výmolova 353/3	10,000,000	100.00	100.00	none	100.00	none	N
02451221	**Radlice Rozvojová, a.s.** Real estate activity; rent of flats and non-residential spaces	Praha 5, Výmolova 353/3	186,000,000	100.00	100.00	none	100.00	none	Y
28188667	**Ušetřeno s.r.o.** Arranging loans	Praha 4, Lomnického 1742/2a	200,000	100.00	none	100.00	100.00	Ušetřeno.cz	N
24684295	**Ušetřeno.cz, s.r.o.** Arranging loans, real estate activity	Praha 4, Lomnického 1742/2a	1,000,000	100.00	100.00	none	100.00	none	Y

Legal Entity: ID No.	Business Name of Legal Entity / Business Activities	Registered Office	Registered Capital (CZK)	Share of ČSOB in: Registered Capital – Total (%)	Registered Capital – Direct (%)	Registered Capital – Indirect (%)	Voting Rights (%)	Indirect Share of ČSOB via	Cons. EU IFRS (Y/N)
75164655	**ČSOB Nemovitostní, otevřený podílový fond Patria investiční společnosti, a.s.** Activities of trusts, funds and similar financial entities	Praha 5, Výmolova 353/3	2,155,000,000	100.00	100.00	none	100.00	none	Y
21734534	**Patria Park Chomutov s.r.o.** Activities of trusts, funds and similar financial entities	Praha 5, Výmolova 353/3	12,000	100.00	none	100.00	100.00	ČSOB Nemovitostní	Y
53149262	**Patria Park Piešťany s.r.o.** Activities of trusts, funds and similar financial entities	Bratislava, Laurinská 18	126,000	100.00	none	100.00	100.00	ČSOB Nemovitostní	Y
53264096	**Patria RP Bytča** Activities of trusts, funds and similar financial entities	Bratislava, Laurinská 18	126,000	100.00	none	100.00	100.00	ČSOB Nemovitostní	Y
11742861	**Patria RP Humpolec** Activities of trusts, funds and similar financial entities	Praha 5, Výmolova 353/3	15,000	100.00	none	100.00	100.00	ČSOB Nemovitostní	Y
11742968	**Patria RP Lipník** Activities of trusts, funds and similar financial entities	Praha 5, Výmolova 353/3	15,000	100.00	none	100.00	100.00	ČSOB Nemovitostní	Y
53889126	**Patria RP Zvolen I** Activities of trusts, funds and similar financial entities	Bratislava, Laurinská 18	45,333,000	100.00	none	100.00	100.00	ČSOB Nemovitostní	Y
51411857	**Patria RP Zvolen II** Activities of trusts, funds and similar financial entities	Bratislava, Laurinská 18	15,111,000	100.00	none	100.00	100.00	ČSOB Nemovitostní	Y
Others									
09513817	**Bankovní identita, a.s.** Activities connected with data processing and web hosting	Praha 8, Smrčkova 2485/4	3,881,000	17.00	17.00	none	17.00	none	N
26199696	**CBCB – Czech Banking Credit Bureau, a.s.** Software development, IT advisory, data processing, network administration databank services	Praha 4, Štětkova 1638/18	1,200,000	20.00	20.00	none	20.00	none	Y
27479714	**ČSOB Pojišťovací servis, s.r.o., a member of the ČSOB holding** Insurance brokerage	Pardubice, Zelené předměstí, Masarykovo náměstí 1458	400,000	0.24	none	0.24	0.00	ČSOB Pojišťovna	Y
45534306	**ČSOB Pojišťovna, a. s, a member of the ČSOB holding** [3] Insurance company	Pardubice, Zelené předměstí, Masarykovo náměstí 1458	2,796,248,000	0.24	0.24	none	40.00	none	Y
28985362	**EQUANS REN s.r.o.** [4] Production and sale of electricity from the solar irradiation	Praha 4, Lhotecká 793/3	186,834,000	42.82	42.82	none	42.82	none	Y
05815614	**Pardubická Rozvojová, a.s.** Rent of flats and non-residential spaces	Pardubice, Zelené předměstí, Masarykovo náměstí 1458	2,000,000	0.24	none	0.24	0.00	ČSOB Pojišťovna	Y
26439395	**První certifikační autorita, a.s.** Certification services and administration	Praha 9 - Libeň, Podvinný mlýn 2178/6	20,000,000	23.25	23.25	none	23.25	none	Y

Legal Entity				Share of ČSOB in:					
ID No.	Business Name of Legal Entity / Business Activities	Registered Office	Registered Capital	Registered Capital			Voting Rights	Indirect Share of ČSOB via	Cons. EU IFRS
				Total	Direct	Indirect			
			CZK	%	%	%	%		Y/N
14029294	**Ownest, s.r.o.** Preparatory and finishing works, specialized construction activities, purchase, sale, management and maintenance of real estate	Praha 1, Příčná 1892/4	2,700,000	21.73	21.73	none	30.00	none	Y
	Other companies where ČSOB has a share in registered capital / voting rights under 20%.								N

Prudential consolidation (Decree No. 163/2014 Coll.)

1) With effect from 19 February 2024 Hypoteční banka, a.s. (HB) changed its name to ČSOB Hypoteční banka, a.s. (ČSOB HB).
2) With effect from 6 October 2022 MallPay s.r.o. changed its name to Skip Pay s.r.o.
3) Shares in registered capital: ČSOB 0.24%, KBC Insurance 99.76%;
shares in voting rights: ČSOB 40%, KBC Insurance 60%.
4) With effect from 1 April 2022 ENGIE REN s.r.o. changed its name to EQUANS REN s.r.o.

CORPORATE GOVERNANCE

MANAGING AND SUPERVISORY BODIES

Corporate governance and administration of Československá obchodní banka, a. s. are based on the OECD principles and, while executing them, experience collected by the KBC Group, is extensively exploited. ČSOB professes principles formulated in the Code of Governance and seeks to observe them consistently in its day-to-day activities.

ČSOB has the following bodies: General Meeting, Board of Directors, Supervisory Board, and Audit Committee. The powers and activities of ČSOB's bodies are determined in the Articles of Association of ČSOB as approved by the General Meeting. The sole shareholder (KBC Bank NV) exercises the powers of ČSOB's General Meeting.

The Board of Directors in 2024

First Name and Surname	Position	Membership since	Current Term in Office since [1]	ČSOB's Top Management [3] Position and Area of Responsibility
Aleš Blažek	Chairman	6. 5. 2022	6. 5. 2022	Chief Executive Officer
Michaela Bauer	Member	1. 7. 2021	1. 7. 2021	Senior Executive Officer, Technology, Innovations, SS&O
Martin Jarolím	Member	1. 1. 2023	1. 1. 2023	Senior Executive Officer, Retail
Petr Hutla	Member (until 31. 8. 2024)	27. 2. 2008	2. 3. 2021 [2]	Senior Executive Officer, Credits Management and Sustainability
Marek Loula	Member	1. 9. 2024	1. 9. 2024	Senior Executive Officer, Credits Management and Sustainability
Ján Lučan	Member	1. 6. 2021	1. 6. 2021	Senior Executive Officer, Relationship Banking
Jiří Vévoda	Member	8. 12. 2010	11. 12. 2023 [2]	Senior Executive Officer, Finance Management
Marcela Výbohová	Member	1. 8. 2023	1. 8. 2023	Senior Executive Officer, Group Risk Management

1) The term in office of the members lasts four years.
2) Elected to a new term in office.
3) In 2024, members of ČSOB's Top Management were identical with the members of the Board of Directors of ČSOB.

For a description of areas of responsibility managed by ČSOB's Board of Directors (Top Management) as at 31 December 2024 please refer to ČSOB's Organization Chart, page 67 of this Annual Report. Descriptions of work and decision-making processes are given in Corporate Governance chapter of this Annual Report, page 60.

The Supervisory Board in 2024

First Name and Surname	Position	Membership since	Current Term in Office since [1]	Termination of Membership
Zdeněk Tůma	Chairman [2]	1. 10. 2019	2. 10. 2023	–
Franky Depickere	Member	1. 6. 2014	3. 6. 2022 [3]	–
Christine Van Rijsseghem	Member	1. 6. 2014	3. 6. 2022 [3]	–
Graeme Lints Hutchison	Member	1. 1. 2023	1. 1. 2023	–
Ladislava Spielbergerová	Member	1. 1. 2019	2. 1. 2023 [3]	–
Josef Čada	Member	2.1. 2023	2.1. 2023	–

1) The term in office of the members lasts four years.
2) Chairman since 16 October 2019.
3) Elected to a new term in office.

The Audit Committee in 2024

First Name and Surname	Position		Membership since	Termination of Membership
Jana Báčová	Chair [1]; Independent member	Not a member of any ČSOB body	1. 1. 2023	–
Ladislav Mejzlík	Independent member	Not a member of any ČSOB body	27. 1. 2016	–
Christine Van Rijsseghem	Member	Member of ČSOB's Supervisory Board (since 1. 6. 2014)	24. 6. 2019	–

1) Chair since 19 April 2023.

Changes in ČSOB's Managing and Supervisory Bodies in 2024

As of September 2024, there is a change in the Board of Directors, Petr Hutla has been replaced by Marek Loula as Senior Executive Officer, Credits Management and Sustainability.

The Composition of ČSOB's Board of Directors since 1st January 2025:

Aleš Blažek (Chairman), Michaela Bauer, Marek Loula, Martin Jarolím, Ján Lučan, Jiří Vévoda and Marcela Výbohová

For a description of areas of responsibility managed by ČSOB's Board of Directors (Top Management) since 1 January 2025 please refer to ČSOB's Organization Chart, page 67 of this Annual Report. Abbreviated curriculum vitaes of the members of the Board of Directors can be found on page 52.

Changes in ČSOB's Managing and Supervisory Bodies in 2025

Effective as of January 1, 2025, there has been an organizational change in the Areas of responsibility of the individual members of the Board of Directors; following this change, Michaela Bauer is responsible for Innovations and Operations, Marek Loula is responsible for IT, Credits Management and Sustainability.

As of February 1, 2025, there is a change in the Board of Directors, Marcela Výbohová has been replaced by Guy Libot as Senior Executive Officer, Group Risk Management.

Conflict of Interests

ČSOB hereby declares that it is not aware of any potential conflict of interests between any of the duties of any member of the Board of Directors, ČSOB's Top Management and the Supervisory Board to ČSOB and their private interests and / or other duties which may negatively influence the execution of their duties.

ČSOB does not regard entering into banking transactions by the members of the Board of Directors of ČSOB, the members of ČSOB's Top Management and the members of the Supervisory Board of ČSOB under standard terms as a conflict of interests between the duties of these persons to ČSOB and their private interests and / or other duties.

The Business Address

of members of the Board of Directors, ČSOB's Top Management and the Supervisory Board is:

Československá obchodní banka, a. s.
Radlická 333/150
150 57, Praha 5
Czech Republic

INTRODUCING MEMBERS OF ČSOB'S BOARD OF DIRECTORS

ČSOB's Board of Directors 2024

ALEŠ BLAŽEK

Born on 8 March 1972

Chairman of the Board of Directors

Chief Executive Officer

Aleš Blažek graduated from the Charles University in Prague, Faculty of Law.

Aleš Blažek began his professional career as a lawyer in the Prague office of White & Case. From 2000 to 2007, he worked at Citigroup in Prague and London in various legal management positions in corporate and investment banking. He then joined GE Capital and served as General Counsel for GE Capital International, responsible for GE Capital's legal services in Europe, the Middle East and Asia, and was a member of executive management. He joined ČSOB in 2014 as the head of the legal department responsible for legal and regulatory services and corporate governance. In April 2019, he became the Director of Data and Strategy and participated in the preparation and revision of the ČSOB Group's strategy. In 2021, he was appointed CEO of KBC Bank Ireland. Since 6 May 2022, Aleš Blažek has been the Chairman of the Board of Directors and CEO of ČSOB.

Membership in bodies of other companies:
KBC Group (Belgium), KBC Bank (Belgium), KBC Insurance (Belgium)

MICHAELA BAUER

Born on 24 July 1978

Member of the Board of Directors

Technology, Innovations, SS&O

Michaela Bauer graduated from Prague University of Economics and Business and obtained the CEMS Master of International Management.

Michaela Bauer began her career at the International Corporate Desk at KBC Group in 2002. Two years later she moved to the Loans Department at ČSOB, where she was gradually in charge of various agendas and already led a team of three hundred people responsible for loans for small and medium-sized companies before her short maternity leave in 2011. In 2013, she moved to the business side in the position of Director of the Corporate Banking Segment, followed by the role of a member of the Board of Directors responsible for risk and finance at HB. In mid-2017, she returned to ČSOB and took charge of the transformation of the payment solutions and consumer financing area. Since July 2021, Michaela Bauer has been member of the Board of Directors of the ČSOB Group and her agenda includes IT, Innovations, Data, Digital, Daily banking and Operations. As Chief Innovation, Digital and Operations officer, Michaela is responsible for accelerating the group's digital transformation in the Czech Republic, specifically for the development and implementation of virtual assistant Kate, digital applications, data usage and the implementation of a new strategy.

Membership in bodies of other companies:
Bankovní identita (CZ), Skip Pay (CZ), Ušetřeno (CZ), Green0meter (CZ), Igluu (CZ)

MARTIN JAROLÍM

Born on 16 March 1972

Member of the Board of Directors

Retail

Martin Jarolím graduated from the Faculty of Mathematics and Physics of Charles University in Prague and continued his doctoral studies at CERGE-EI (Centre for Economic Research and Doctoral Studies of Charles University in Prague), where he received the Ph.D. degree.

Martin Jarolím joined ČSOB in 2000. He worked in various professional and managerial positions, mainly in the field of Retail. In the period 01/2011 – 01/2014, he was the executive director of Branch Network Management for private clients. Since February 2014, he worked at KBC Group as a Senior General Manager in the Core Communities Banking & International Markets division. In the period 05/2016 – 12/2022, he was a member of the Board of Directors at K&H Bank (Hungary) with responsibility for retail banking. As of 1 January 2023, he was appointed a member of the ČSOB Board of Directors responsible for the Retail area.

Membership in bodies of other companies:
ČSOB Hypoteční banka (CZ), ČSOB Stavebni spořitelna (CZ), Ušetřeno.cz (CZ), Skip Pay (CZ), Igluu (CZ), CERGE – EI Foundation (CZ)

JÁN LUČAN

Born on 18 September 1972

Member of the Board of Directors

Relationship Banking

Ján Lučan graduated from Prague University of Economics and Business and also has Post Graduate degree from the Faculty of Law of Charles University in Prague.

Ján Lučan started his professional career at IPB Bank in 1997. Three years later, he joined ČSOB where he held managerial position and was responsible for the management of cases arising from the acquisition of IPB Bank. In 2003, he became the Director of the Legal Services Department and was responsible for all of the bank's legal agenda, including significant litigation in various jurisdictions following the acquisition of IPB Bank. He also personally participated in the negotiation of the bank's key agreements, including the cooperation agreement with the Czech Post. From 2012 to 2018, he held the position of Executive Director for Corporate and Institutional Banking. At the beginning of February 2018, Ján Lučan joined top management of ČSOB Slovakia and became a member of the Board of Directors and Chief Financial Officer. He was primarily in charge of finance, risk management, controlling, asset and liability management, data quality management and procurement. He returned to ČSOB Czech Republic in April 2021 and was appointed a member of the Board of Directors responsible for Relationship Banking from 1 June 2021.

Membership in bodies of other companies:
ČSOB Advisory (CZ), ČSOB Factoring (CZ), ČSOB Leasing (CZ),
K&H Payment Services Kft (HU), Banit (CZ), Patria Corporate Finance (CZ),
Green0meter (CZ), Skip Pay (CZ), Digital & Legal s.r.o. (CZ),
Chamber of Commerce (CZ), Agricultural Chamber of the Czech Republic (CZ)

JIŘÍ VÉVODA

Born on 4 February 1977

Member of the Board of Directors

Finance Management

Jiří Vévoda graduated from the Joint European Studies Programme at the Staffordshire University and the Prague University of Economics and Business.

Jiří Vévoda worked for GE Capital in the Czech Republic, Ireland, Finland and Sweden between 2000 to 2004. From 2004 to 2010, he worked for McKinsey & Company. Since May 2010, Jiří Vévoda has been a member of ČSOB's Top Management. As of 8 December 2010, he has become a member of ČSOB's Board of Directors. Firstly, he acted as the Senior Executive Officer responsible for HR and Transformation, afterwards he was responsible for Products and Staff Functions and subsequently he acted as the Chief Risk Officer. Since 2014, Jiří Vévoda has been appointed as the Chief Finance Officer. From 2018 is Jiří Vévoda responsible for ČSOB Group's investment services as well.

Membership in bodies of other companies:
Patria Finance (CZ), Patria Corporate Finance (CZ),
ČSOB Penzijní společnost (CZ), Ušetřeno.cz (CZ),
ČSOB Hypoteční banka (CZ), ČSOB Stavební spořitelna (CZ),
ČSOB Asset Management (CZ),
PORG – gymnasium, základní škola a mateřská škola, o.p.s. (CZ)

MARCELA VÝBOHOVÁ

Born on 14 June 1972

Member of the Board of Directors

Group Risk Management

Marcela Výbohová graduated from the University of Economics in Bratislava.

Marcela Výbohová started her banking career at Tatra banka, where she held several managerial positions, especially in the area of Operations and project management. From the position of Advisor to the Board of Directors, she managed the programme to introduce the new euro currency, where she also held the role of Business sponsor. She continued the common currency implementation project at ČSOB in 2008, after taking up the position of Director of the Payments Division, where she was responsible for the smooth progress of the merger with Istrobanka, the introduction of SEPA payments and 3D-secure in the field of secure card payments.

Since 2014, she has been a member of the ČSOB Country Team responsible for the area of Risks, Compliance, and Legal services within the entire financial group ČSOB SK. The last years were marked mainly by the merger with OTP Banka Slovensko, where she was also a member of the Board of Directors during the transition period. During the two years of the Covid-19 pandemic, she managed the crisis team and the subsequent impact of the war in Ukraine on the processes of the financial group, its employees and clients. Marcela Výbohová was appointed a member of the ČSOB CZ Board of Directors responsible for Group Risk Management since 1 August 2023.

Membership in bodies of other companies:
Hypoteční banka (CZ), ČSOB Stavební spořitelna (CZ), ČSOB Pojišťovna (CZ),
ČSOB Penzijní společnost (CZ), ČSOB Leasing (CZ),
Patria Finance (CZ), and Banit (CZ)

MAREK LOULA

Born on 18 February 1974

Member of the Board of Directors (since 1 September 2024)

Credits management and sustainability

Marek Loula graduated from Masaryk University in Brno (Faculty of Economics and Administration).

Marek Loula started his banking career at Kredietbank, Belgium (today KBC Bank) in 1997. After the acquisition of ČSOB, he moved to ČSOB in 1999, where he was responsible for the development of the international clientele of ČSOB and for international cash management projects. Between 2003 and 2008, he worked as the Director of the Regional Corporate Branch in Brno. Until the end of 2014, he worked in the Credits division, where he was appointed Executive Director as of 2010. In January 2015, he was appointed Executive Director for ICT at ČSOB and between 2018 and 2021 he was Senior Executive Director of ČSOB Corporate and Institutional Banking. Between 2021 and 2024, he was a CFO and a member of the Board of Directors in CSOB Slovakia, responsible for Financial management, Data and IT. Since 1st September 2024, he is a member of Board of Directors of CSOB with responsibility for Credits management and Sustainability.

Membership in bodies of other companies:
Radlice rozvojová (CZ), ČSOB Leasing (CZ), Pardubická rozvojová (CZ),
Společenství vlastníků Klímova 6 (CZ),
Společenství vlastníků jednotek Klímova 336/4 (CZ)

PETR HUTLA

Born on 24 August 1959

Member of the Board of Directors (until 31 August 2024)

Credits Management and Sustainability

Petr Hutla graduated from the Czech Technical University Prague, Faculty of Electrical Engineering.

Petr Hutla worked for Tesla Pardubice between 1983 and 1993, as the Economic Associate Director of Tesla Pardubice – RSD from 1991. He has been working for ČSOB since 1993: first as the branch manager in Pardubice and the main branch manager in Hradec Králové, then as the main branch manager in Prague 1. Mr. Hutla then served as Senior Director, Corporate and Institutional Banking (between 2000 and 2005). He has worked as Senior Executive Officer since 2005: Personnel and Strategic Management (between 2005 and 2006), Human Resources and Transformation (between 2006 and 15 November 2009), Distribution (between 16 November 2009 and 31 December 2012). Since 27 February 2008, Mr. Hutla has been a member of the Board of Directors. From 14 January 2009 to 31 December 2011, he was also the head of KBC Global Services Czech Branch, organizational unit. Between January 2013 and June 2014, Mr. Hutla was a member of ČSOB's Top Management as the Senior Executive Officer, Specialized Banking and Insurance. From 1 July 2014 to 9 March 2015, he was a member of ČSOB's Top Management responsible for Convenient Retail Services and from 1 October 2014 to 9 March 2015, also responsible for Change Zone; Mr. Hutla was responsible for Retail (after the merger of these two management areas) from March 2015 to January 2018. As of February 2018, Mr. Hutla has been in charge of Credits Management and Sustainability. Petr Hutla's mandate on the Board of Directors ended on 31 August 2024 and he was replaced by Marek Loula.

Membership in bodies of other companies:
ČSOB Leasing (CZ), Czech Transplant Foundation (CZ)

ČSOB's Supervisory Board in 2024

ZDENĚK TŮMA

Born on 19 October 1960

Chairman of the Supervisory Board

Zdeněk Tůma graduated from Prague University of Economics and Business, after completing his postgraduate studies he became the Head of the Macroeconomics Department at the Faculty of Social Sciences at Charles University, where he was appointed as an associate professor.

Zdeněk Tůma started his carier in the Institute for Forecasting of the Czechoslovak Academy of Sciences as a researcher. Later on, he worked in the private sector (Patria Finance) as the Chief Economist. In 1998-1999, he was an Executive Director of the European Bank for Reconstruction and Development in London, representing the Czech Republic, Slovakia, Hungary and Croatia. In 1999 he returned to Prague and joined the Czech National Bank, as vice-governor. He was appointed as the Governor of the Czech National Bank on 1st December 2000. In this position, he, with other members of the Board, had a wide range of responsibilities such as monetary policy, financial market supervision, management of foreign exchange reserves, payment system, and currency processing. He was also a member of the General Council of the European Central Bank, and he also represented the Czech Republic in the IMF and in the Bank for International Settlement. He retired as Governor on 30 June 2010.

He returned to the private sector in 2011, working as a partner responsible for financial services in KPMG Czech Republic (till 2019). Since 1st October 2019, he is the Chairman of the Supervisory Board of ČSOB. Z. Tůma is a member of ČSOB Risk and Compliance Committee, chairman of ČSOB Remuneration Committee and a member of ČSOB Nomination Committee.

Membership in bodies of other companies:
English College in Prague (CZ), IRQ funds (CZ),
Committee of Good Will – Olga Havel Foundation (Výbor dobré vůle, CZ),
Czech Economic Society (CZ), The Bakala Foundation (CZ),
College of Central Bankers (Global Interdependence Center),
University of South Bohemia (CZ), Czech Republic for Finance o.p.s. (CZ),
Base Praha s.r.o. (CZ), Nadační fond Flaminia (CZ), K&H Bank (Hungary)

FRANKY DEPICKERE

Born on 26 January 1959

Member of the Supervisory Board

Franky Depickere studied commercial and financial sciences at the University of Antwerp (UFSIA; Belgium), and obtained a Master's degree in company financial management from the VLEKHO Business School (Belgium).

Franky Depickere started at Gemeentekrediet bank, in 1982 Mr. Depickere joined the CERA group, where he spent more than 17 years. Among other things he was an internal audit inspector at CERA Bank, financial director of CERA Lease Factors Autolease, chairman of the board of Nédée België-Luxemburg, a subsidiary of CERA Bank, a member of the Management Committee of CERA Investment Bank, and finally a Managing Director at KBC Securities. In 1999 he became managing director and chairman of the Management Committee of F. van Lanschot Bankiers België, as well as group director of F. van Lanschot Bankiers Nederland. From 2005 he was also a member of the Strategic Committee of F. van Lanschot Bankiers Nederland. Since 15 September 2006, he has been a member of Cera's Day-to-Day Management Committee and Managing Director of Cera Société de gestion and Almancora Société de gestion. Mr. Depickere is a member of the Board of Directors of the KBC Group (a non-executive director).

Since 1 June 2014, he has been a member of ČSOB's Supervisory Board.

Membership in bodies of other companies:
KBC Group (Belgium), KBC Bank (Belgium), KBC Assurances (Belgium),
KBC Global Services (Belgium) and CBC Banque (Belgium),
Euro Pool System International (the Netherlands),
Flanders Business School (Belgium), TRIaz Hospital Network (Belgium),
International Raiffeisen Union (Germany),
United Bulgarian Bank, AD, Sofia, (Bulgaria)

CHRISTINE VAN RIJSSEGHEM *Born on 24 October 1962* Member of the Supervisory Board and of the Audit Committee	Christine Van Rijsseghem graduated in 1985 from the Faculty of Law at the University of Ghent (Belgium). Subsequently she completed an MBA in Financial Sciences at Vlerick Management School in Ghent (Belgium). Christine Van Rijsseghem started her career at KBC (formerly Kredietbank) in 1987 at the Central Foreign Entities Department. Initially she was responsible for risk management and controlling and international acquisition strategy, and later on she became head of that department. In 1994 she was appointed Head of the Credit Department of KBC's Irish subsidiary, Irish Intercontinental Bank. In 1996, she became CEO of KBC France and in 1999 of KBC's London branch. From 2000 to 2003, she was Senior General Manager of the Securities & Derivatives Processing Directorate of KBC Group. From 2003 to 30 April 2014, she was Senior General Manager of KBC Group Finance. Since 1 May 2014, Ms. Van Rijsseghem is a member of the Executive Committee of the KBC Group and KBC Group Chief Risk Officer. Since 1 June 2014, she has been a member of ČSOB's Supervisory Board and since 24 June 2014 she has been also member of the ČSOB's Audit Committee. Christine Van Rijsseghem is the chair of ČSOB Risk and Compliance Committee and a member of ČSOB Nomination Committee. *Membership in bodies of other companies:* KBC Group NV, KBC Bank NV and KBC Insurance NV (Belgium), KBC Global Services NV, ČSOB (SK), K&H Bank (Hungary), UBB (Bulgaria)
LADISLAVA SPIELBERGEROVÁ *Born on 6 November 1974* Member of the Supervisory Board	Ladislava Spielbergerová graduated in 2002 from BI VŠ Prague (bachelor's degree Banking management). Ladislava Spielbergerová has been working for ČSOB since 1995, first as an investment and credit specialist (Trutnov branch), and later as a premium banker in Dvůr Králové branch. In years 2010 – 2014 she was a member of the Supervisory Board of ČSOB as an employee representative. She chairs the Modern trade unions organized within ČSOB. She is a member of the Supervisory Board as an employee representative since 1 January 2019. L. Spielbergerová is a member of ČSOB Remuneration Committee. *Other professional memberships:* Trade Union of Employees in Financial and Insurance Sector (Odborový svaz pracovníků peněžnictví a pojišťovnictví, CZ), European Works Council of KBC (Belgium), UNI Global, UNI Europa Finance, OZP (CZ)

GRAEME LINTS HUTCHISON

Born on 18 October 1958

Member of the Supervisory Board

Graeme Lints Hutchison graduated from the University of Keele, Staffordshire, England with a BA (hons) in International Relations.

Graeme Lints Hutchison began his career as a corporate banker, working in the London market between 1981 and 1993. In 1991 he joined the Credit Suisse Group as a corporate banking account officer and subsequently established and led the Workout Group following the 89/90 financial crash. In 1993 Mr Hutchison transferred to the Global Project Finance Group in New York where, as a Member of Senior Management, he was responsible for large debt transactions, predominantly within the energy and mining sectors. Between 1999 and 2000 he worked for Winterthur International Insurance (then part of the Credit Suisse Group) developing innovative financial guarantee insurance products. In 2000, he moved to RBC Dominion Securities where he was responsible for setting up a new Project and Structured Finance Group covering North America and from 2003 to 2007 he worked for Standard America Inc as Head of Mining & Metals covering North and South America.

In 2007 Mr. Hutchison returned to Europe initially as a Partner with Deloitte (based in Warsaw) to set up a new Debt Advisory Group covering Central Europe. In 2009 Mr. Hutchison joined the European Bank for Reconstruction and Development as the Deputy Country Director of Ukraine (based in Kyiv) where he ran the corporate banking function (2009-2014) and subsequently as the Regional Head of Hungary and Slovakia (based in Budapest) during which period he played a parallel role within the global Risk Management function (with delegated credit approval authority).

Mr. Hutchison retired from EBRD at the end of 2021.

Since 1 January 2023, has been an independent member of ČSOB's Supervisory Board. G. Hutchison is a member of ČSOB Risk and Compliance Committee, chairman of ČSOB Nomination Committee and a member of the Remuneration Committee.

Membership in bodies of other companies:
No membership

JOSEF ČADA

Born on 20 April 1976

Member of the Supervisory Board elected by employees

Josef Čada graduated from the University of Economics in Prague. In 2002, after completing one-year compulsory military service, he joined the Czech National Bank as a financial markets analyst in the Financial Markets Department. There, until the end of 2006, he analysed developments in the money and capital markets and central bank's monetary policy instruments.

Josef Čada has been working at ČSOB since January 2007. First, he worked in controlling in the Finance department, and later he was sent as a representative of ČSOB to the KBC Group Finance project aimed at optimising and standardising the processes of finance functions across the KBC Group. After returning from Belgium he moved to the Credits unit in September 2009, where he took over the management of the Credit Risk Reporting team of the ČSOB Group. He has been working in Credits to this day, since 2013 as Credit Risk Manager for corporate clients.

Membership in bodies of other companies:
Moderní odbory (CZ)

ČSOB's Audit Committee

LADISLAV MEJZLÍK *Born on 1 May 1961* Independent member of the Audit Committee	Ladislav Mejzlík graduated from the Prague University of Economics and Business (VŠE). Since 1984 Mr Mejzlík has been working at the Department of Financial Accounting and Auditing (VŠE), where he was 2006 appointed as Head of the Department. From 2014-2022, has been elected dean of the Faculty of Finance and Accounting, and from 2022 served as vice dean. In 1993 Mr Mejzlík obtained a license as a statutory auditor of the Chamber of Auditors (CACR). From 2010–2014, he was elected twice as the First Vice President and in 2022 as the President of CACR. Ladislav Mejzlík has represented the Faculty of Finance and Accounting of VŠE in the National Accounting Council since 2004. In addition, since 2004, he has been elected twice as the National Representative for the Czech Republic to the European Accounting Association Board of Representatives. He is a member of the advisory group of the Ministry of Finance of the Czech Republic for accounting legislation. Mr Mejzlík focuses professionally on using information and communication technology in accounting and auditing and on international regulation and harmonisation of accounting, especially implementing IFRS. Since 27 January 2016, he has been an independent member of ČSOB's Audit Committee. *Membership in bodies of other companies:* ČSOB Insurance (CZ), ČSOB Insurance (SK), Chamber of Auditors of the Czech Republic (CZ), European Accounting Association, American Accounting Association, Scientific Committee of: Prague University of Economics and Business (CZ), Faculty of Finance of VŠE (CZ), Faculty of Economic Informatics of Economic University in Bratislava (SK).
JANA BÁČOVÁ *Born on 23 December 1961* Independent member of the Audit Committee	Jana Báčová graduated from the Prague University of Economics and Business (VŠE). Jana Báčová had been working at the State Bank of the Czechoslovakia since 1992, thereafter in the Czech National Bank. In the departments of the financial market supervision, she dealt with management and control systems and internal audit issues. Later, she held several senior positions in the Czech National Bank (CNB) in various areas of its activity, in which she represented the CNB externally in the relevant committees of the European System of Central Banks (ESCB). From 2002, she headed the internal audit department for ten years in the Czech National Bank and in 2012 she became the executive director of the cash and payment system section. In 2015, she was appointed by the bank board to the position of executive director of the general secretariat section, where she was responsible, among other things, for legislation, internal and external communication, operational risk management, compliance, personal data protection, ethical framework and administration of bank board meetings. She is member of the Institute of Internal Auditors in the Czech Republic where she long-term focuses on the standardization of professional practice of internal auditing in the Czech Republic. She is certified internal auditor (CIA) and holder of Accreditation in Internal Audit Quality Assessment and Validation. Since 1 January 2023, she has been an independent member of ČSOB's Audit Committee. *Membership in bodies of other companies:* ČSOB Pension Company (CZ), ČSOB Stavební spořitelna (CZ), ČSOB Hypoteční banka (CZ), Český institut interních auditorů (CZ)

Corporate Governance Policy

Československá obchodní banka, a. s., voluntarily meets and complies with the corporate governance guidelines set out in the Corporate Governance Code based on the OECD Principles.

The Corporate Governance Code of ČSOB, adopted by ČSOB's Board of Directors in 2012, defines the role of key bodies and sets basic rules of the Bank's governance in compliance with the Czech law and in line with internationally accepted practice. ČSOB's Corporate Governance Code is available in the department of the CEO.

Effective as from October 2012, the Anti-Corruption Programme of ČSOB includes the principle of zero tolerance for bribery and corrupt practices. By issuing and introducing this programme, ČSOB formalized its principles and attitudes nurtured by ČSOB on a continuous and long-term basis. Compliant with the Code of Ethics, this regulation was issued to show to both the public and our employees that corrupt practices or other unethical conduct is and will not be tolerated in ČSOB.

Similarly, ČSOB also subscribes to the principle of zero tolerance for any criminal activity. This long-stated position was formalized in a statement of the ČSOB Board of Directors in June 2020.

Československá obchodní banka, a. s., is also governed by the Guidelines on internal governance issued by the European Banking Authority (EBA).

Československá obchodní banka, a. s. has the following bodies: General Meeting, Board of Directors, Supervisory Board, and Audit Committee.

The powers and activities of ČSOB's bodies are determined in the Articles of Association of ČSOB as approved by the General Meeting.

General Meeting

The General Meeting of shareholders is the supreme body of ČSOB. The General Meeting is equipped with a standard scope of powers as set out in the applicable laws. Among other things, the General meeting takes decisions on matters such as changes in the composition of the ČSOB's bodies, or amendments to the Articles of Association of ČSOB, or changes in the registered capital. The General Meeting also approves financial statements.

The sole shareholder (KBC Bank NV) exercises the powers of ČSOB's General Meeting. Resolutions are always in writing; a notarial deed is required in cases stipulated by the applicable laws. Where an approval is required by the law, draft resolutions are submitted to the sole shareholder by the Board of Directors. ČSOB's Board of Directors and ČSOB's Supervisory Board are notified of resolutions adopted by the sole shareholder in writing by the delivery of a written notice.

Board of Directors

The Board of Directors of Československá obchodní banka, a. s. performs its tasks within the framework of competencies defined for the statutory body by legal regulations, the Articles of Association of ČSOB and relevant basic management documents of the company.

The members of the Board of Directors are elected by the company's General Meeting provided they comply with other requirements stipulated by the Banking Act. In compliance therewith, ČSOB's Board of Directors has a full-scale executive composition. ČSOB's shareholder and clients receive regular reports containing the required range of relevant data on the members of the Board of Directors and their professional and personal qualifications enabling them to duly execute their duties.

At the end of 2024, ČSOB's Board of Directors had seven members and worked in the following composition: Aleš Blažek (Chairman), Michaela Bauer, Marek Loula, Martin Jarolím, Ján Lučan, Jiří Vévoda and Marcela Výbohová

Personnel changes in ČSOB's Board of Directors during the year 2024 are described in the chapter Managing and Supervisory Bodies.

The Board of Directors meets regularly, usually once a week, and follows a fixed agenda based on the strategic schedule of main topics and other documents of more operational nature submitted for discussion individually by the Board members. The members of the Board of Directors receive timely information and make their decisions on the basis of these duly processed documents in accordance with the rules of procedure of the Board of Directors. Discussions of the statutory body are attended by the Corporate Secretary of the Board of Directors who is responsible for preparing the meetings and taking their minutes. The Board of Directors has quorum if more than half of its members are present at the meeting. Any decision shall receive the votes of a majority of all members of the Board of Directors to be adopted (unless a higher number of votes is required by the articles of association or the Corporations Act). The proceedings of the Board of Directors are governed by the Articles of Association of CSOB and the Rules of Procedure of the Board of Directors.

The Board of Directors establishes expert committees to discuss specific agendas. Considering the importance of topics covered by the committees with company-wide scope of authority, a member of the Board of Directors primarily responsible for its activities usually presides over each committee. Should the responsible member of the Board of Directors be unable to take part in a committee meeting, such responsible member is substituted by a formally appointed deputy (usually another member of the Board of Directors). This approach makes it possible to achieve continuity of the consistent follow-up process focused on the committee's decision-making and to keep the Board of Directors directly informed. Depending on their roles and responsibilities, all ČSOB's units covering the subject matter are made involved in discussions and take part in committee meetings. This is why the head of such involved unit is authorized to take part and represent his / her unit in committee meetings. In his or her absence, committee meetings are attended by his or her deputy or another appointed employee unless forbidden by the applicable rule of procedure. Committee meetings are governed by the committee's rules of procedure.

Board of Directors Committees

Risk and Capital Oversight Committee (RCOC)

The purpose of the Risk and Capital Oversight Committee is to support CSOB's Board of Directors in risk and capital steering and monitoring of the CSOB Group.

Chairman of the Committee: Marcela Výbohová

Credit Sanctioning Committee (CSC)

The Committee decides approvals / non-approvals of credit exposure of the ČSOB group.

Chairman of the Committee: Marek Loula (since 1.9.2024)

Project Portfolio Board (PPB)

The Committee manages and monitors the project portfolio from strategic, time and budget perspective. At the same time, the Committee decides about concepts and processes of business and IT architecture.

Chairman of the Committee: Aleš Blažek

Public Affairs Committee (PAC)

The Committee intends to promote the establishment and implementation of business and strategic initiatives and projects reflecting own needs or external influences and aims to achieve the business and strategic objectives of the Bank or the companies associated in the ČSOB group.

Chairman of the Committee: Marek Loula (since 1.9.2024)

Crisis Committee (CRC)

The goal is to be efficient in solving crisis situations that, if unaddressed, would adversely affect the operations of the whole Bank, or the ČSOB group, as the case may be.

Chairman of the Committee: Aleš Blažek

Sustainable Executive Committee Country Team (SUS EXCO CT)

SUS EXCO CT approves and monitors initiatives, projects and strategic alliances that are in line with the ČSOB and KBC Group Sustainability strategy and contribute to meeting defined Sustainability targets including strategic climate targets.

Chairman of the Committee: Marek Loula (since 1.9.2024)

Asset-Liability Committee

The purpose of the committee is to support ČSOB's Board of Directors in asset-liability management and in management of market and liquidity risk of the whole ČSOB Group and ČSOB Pojišťovna. In particular, Committee supports ČSOB Board of Directors (BoD), ČSOB Hypoteční banka BoD and ČSOB Stavební spořitelna BoD in management of above-mentioned areas.

Chairman of the Committee: Jiří Vévoda

CSOB Group Compliance Committee

The purpose of the CSOB Group Compliance Committee is to support CSOB Board of Directors in managing of compliance risk of the CSOB Group (including CSOB Insurance) with the aim to keep compliance risk profile in defined level.

Chairman of the Committee: Marcela Výbohová

Other Bodies

EXCO – Executive Committee Relationship Banking

The purpose of the Committee is to ensure implementation of business and strategic initiatives and customer value proposition for corporate banking, SME and private banking in accordance with the powers delegated by ČSOB's Board of Directors and the ČSOB group's strategic plan.

Chairman of the Committee: Ján Lučan

REXCO – Executive Committee for Retail Clients

The aim of the Committee is to review financial and business performance of Retail division in line with the plan, adherence to risk and compliance controls, and delivery of strategic and business initiatives in accordance with the powers delegated by ČSOB's Board of Directors, the ČSOB group strategic plan and Retail transformation roadmap.

Chairman of the Committee: Martin Jarolím

iEXCO – Investment Executive Committee

Investment Executive Committee aims to provide winning investments products and solutions for segments and channels in order to become reference for clients and in the market and simultaneously to create value for shareholders.

Chairman of the Committee: Jiří Vévoda

Supervisory Board

The Supervisory Board of Československá obchodní banka, a. s. supervises performance of tasks by the Board of Directors and discharge of the Bank's business activities. The members of the Supervisory Board shall be elected and removed by the General Meeting.

At the end of 2024, ČSOB's Supervisory Board had six members and worked in the following composition: Zdeněk Tůma (Chairman), Christine Van Rijsseghem, Franky Depickere, Graeme Lints Hutchison, Ladislava Spielbergerová and Josef Čada.

Personnel changes in ČSOB's Supervisory Board during the year 2024 are described in the chapter Managing and Supervisory Bodies.

In compliance with its plan of work, the Supervisory Board held **four meetings in 2024** where it discussed issues falling under its responsibility according to the Articles of Association of ČSOB. Reading materials for meetings of the Supervisory Board were prepared and delivered well in advance for the members of the Supervisory Board to have enough time to study them. Meetings of the Supervisory Board are also regularly attended by the members of the Board of Directors who personally present submitted materials. In compliance with its powers and based on the Audit Committee recommendation, the Supervisory Board selects an external auditor prior the official appointment by the General Meeting of shareholders. The auditor attends all meetings of the Audit Committee, thus providing an independent, comprehensive and qualified opinion of whether ČSOB's financial statements reflect ČSOB's situation and performance correctly in all material respects. Pursuant to the Rules of Procedure of the Supervisory Board, administrative and organizational support is provided by the Corporate Secretary, who is responsible for taking the minutes of the meetings. Constitution of a quorum and majority necessary to adopt a decision follow the same principles as in case of the Board of Directors. Supervisory Board meetings are governed by the Articles of Association of ČSOB and by its rules of procedure.

Supervisory Board Committees

The Supervisory Board, like as the Board of Directors, may establish advisory committees and other initiative committees to ensure its activities, either on the basis of legal regulations or in accordance with the Articles of Association of ČSOB. ČSOB's Supervisory Board established the Nomination Committee and Remuneration Committee for remuneration, nomination and personal issues. Another advisory committee is the Risk and Compliance Committee.

Nomination Committee and Remuneration Committee

The Nomination Committee submits recommendations to the Supervisory Board as to the election of suitable candidates to the position of member(s) of ČSOB's Board of Directors and submits recommendations to the Supervisory Board as to removal of current member(s) of the

ČSOB Board of Directors. The Nomination Committee submits proposals to ČSOB's Supervisory Board with respect to appointment to offices in committees of the Supervisory Board. The Remuneration Committee proposes a remuneration policy for the members of ČSOB's Board of Directors and member(s) of statutory bodies of the Controlled Subsidiaries including fixed as well as variable parts, and recommendations to the Supervisory Board as to principles of remuneration of the head of the internal audit. The members of both Committees are regularly informed about changes and rotations of key identified employees and their remuneration.

In 2024, the Nomination Committee was composed of the following members Graeme Lints Hutchison (Chair), Christine Van Rijsseghem and Zdeněk Tůma.

In 2024, the Remuneration Committee was composed of the following members Zdeněk Tůma (Chair), Ladislava Spielbergerová and Graeme Lints Hutchison.

The Nomination Committee held three meetings and the Remuneration Committee held five meetings in 2024.

During the year, both Committees also voted via per rollam decision making to submitted proposals in addition to the regular meetings.

Risk and Compliance Committee

The Risk and Compliance Committee was established in 2014 by separation from the Audit Committee in compliance with the regulatory requirements. Its authority and responsibilities are determined by the Articles of Association of ČSOB and by the statutes of Risk and Compliance Committee. In particular, the Risk and Compliance Committee advises the Supervisory Body on the institution's overall current and future risk profile, appetite and risk strategy (including compliance risks). Risk and Compliance Committee reviews whether prices of liabilities and assets offered to clients take fully into account the Company's business model and risk strategy. Assists in the establishment of sound remuneration policies and practices, the risk committee shall, without prejudice to the tasks of the remuneration committee, examine whether incentives provided by the remuneration system take into consideration risk, capital, liquidity and the likelihood and timing of earnings. The Committee supervises the proper functioning of Compliance and Risk Management departments.

The Risk and Compliance Committee members are elected by the Supervisory Board from among the members of the Supervisory Board or third parties based on their expertise that is required to perform their duties in a professional manner. Particularly the Chairman and eventually other members of ČSOB's Board of Directors, the External Auditor and heads of ČSOB's departments – Compliance, Internal Audit and Legal participate as permanent guests in all meetings. Furthermore, some line managers or other employees who can provide the Risk and Compliance Committee with relevant information can be invited to attend any meeting. Their participation is limited to the relevant agenda topics. Constitution of a quorum of the Risk and Compliance Committee and majority necessary to adopt a decision follow the same principles as in case of the Board of Directors.

In 2024, the Risk and Compliance Committee worked in the following composition: Christine Van Rijsseghem (Chair), Zdeněk Tůma and Graeme Lints Hutchison.

The Risk and Compliance Committee held four meetings in 2024.

Audit Committee

The authority and responsibilities of ČSOB's Audit Committee are determined by the Articles of Association of ČSOB and the Audit Committee's Rules of Procedure. In particular, the Audit Committee monitors the compilation of the financial statement and the process of mandatory audit, supervises and monitors the quality of internal control, the work of internal audit and financial reporting. The Audit Committee recommends a statutory auditor, examines the adequacy of the auditor's independence and providing of additional services.

The Audit Committee has 3 members. The Audit Committee members are elected by the General Meeting from among the members of the Supervisory Board or third parties based on their expertise that is required to perform their control tasks in a professional manner. The Chairman and relevant members of ČSOB's Board of Directors, the External Auditor and heads of ČSOB's departments – Compliance, Internal Audit and Legal participate as permanent guests in Audit Committee's meetings. Furthermore, some line managers or other employees who can provide the Audit Committee with relevant information can be invited to attend any meeting. Their participation is limited to the relevant agenda topics. Constitution of a quorum of the Audit Committee and majority necessary to adopt a decision follow the same principles as in case of the Board of Directors.

In 2024, the Audit Committee worked in the following composition: Jana Báčová (independent Chair), Ladislav Mejzlík (independent member) and Christine Van Rijsseghem.

The Audit Committee held four meetings in 2024.

Internal Control Mechanisms to Minimize Financial Reporting Process Risks

A number of tools in several areas are used to ensure true and fair representation of transaction in the company's accounting records and correct financial statements presentation. There are both automated and manual checks incorporated in the entire process starting with the transaction registration in the company systems up to financial statements preparation.

Balances of all General Ledger accounts are subject to regular, at least monthly internal checks. The appointed person in charge, so-called Account Manager, performs logical and specific checks related to the General Ledger account balance consisting e.g. of reconciliation of data in support systems or non-accounting registers with the balances in the General Ledger, monitoring the development of the account balance, monitoring the occurrence of unusual transactions, manual entries in accounts with automatic accounting etc. Control procedures are set up to minimize the risk of accounting errors. Findings of accounting errors are listed centrally and relevant corrections are monitored. The adequacy and effectiveness of the accounting examinations are assessed on a regular basis. Findings are reported to the Internal Audit and Operational Risk Management on a semi-annual basis.

The internal control system also includes internal regulations determining authorities assumed by each staff member making entries in the accounting books in order to duly segregate responsibilities within the document flow. Control procedures are integrated to accounting systems including the "four eye" check and access right authentication. The risk of unauthorised entry is minimized by defining the persons who can make a predefined scope of transactions and persons authorised to give approvals.

Accounting procedures and valuation rules for assets and liabilities including rules for provisions and allowances are defined within internal regulations prepared in accordance with the legal requirements and international financial reporting standards. Monitoring of compliance with the requirements and incorporation of changes is provided by Accounting Methodology in cooperation with the units concerned. Applicable accounting policies, e.g. rules for valuation financial assets or principles of creation of allowances and provisions, are described in Note 2 to the Separate Financial Statement for the year 2024 prepared in accordance with EU IFRS and in Note 2 to the Consolidated Financial Statement for the year 2024 prepared in accordance with EU IFRS.

Control mechanisms are extended based on recommendations from internal audit, which evaluates the effectiveness and efficiency of internal controls, or based on outcomes of the risk assessment reviews organized as a part of the operational risk management, please refer to Note 38.5 to the Separate Financial Statement for the year 2024 prepared in accordance with EU IFRS and to Note 42.5 to the Consolidated Financial Statement for the year 2024 prepared in accordance with EU IFRS.

Majority of financial statements is generated automatically using the data from the central data warehouse, reconciled to the General Ledger balances.

Consolidated financial statements are submitted to ČSOB's Supervisory Board regularly and both consolidated and separate financial statements are subject to external audit review.

Organizational Chart of ČSOB Group *as of 31 December, 2024*

Aleš Blažek
CEO
- Internal Audit
- Group Communication
- Strategy and Human Resources
- ČSOB Pojišťovna

Jiří Vévoda
Finance Management and Investment Services
- Finance
- Asset and Liabilities Management
- Financial Markets
- Investments
- Patria investiční společnost
- Procurement
- Patria Corporate Finance
- Patria Finance
- ČSOB Penzijní společnost
- Ušetřeno.cz
- ČSOB Asset Management a.s. investiční společnost
- KBC Asset Management CSOB Branch

Martin Jarolím
Retail
- Retail Business Support
- CSOB Retail Network
- Digital Distribution and Segment Management
- Home Financing
- Bancassurance
- ČSOB Hypoteční banka
- ČSOB Stavební spořitelna
- Igluu

Ján Lučan
Relationship Banking
- SME Branch Network
- Private Banking
- Corporate and Institutional Banking
- Segments, Products and Relationship Services Dev.
- International Acquiring
- ČSOB Leasing
- ČSOB Factoring
- ČSOB Advisory
- K&H Payment Services Kft
- Banit
- Skip Pay

Marcela Výbohová
Group Risk Management
- Compliance
- Capital and Risk Management
- Credits Risk Management
- Transactional Modelling

Marek Loula
Credits Management & Sustainability
- Credits
- Retail Credits
- Facilities Management
- Legal
- Sustainability
- Corporate Sustainability and Responsibility
- Public Affairs

Michaela Bauer
Technology, Innovation and SS&O
- Data
- Daily Banking
- Information Technology
- Business and IT architecture transformation (BIAT)
- Shared Services & Operations
- Enterprise Transformation Office (BIAT)
- Strategic Partnerships, OBI and Innovations
- Bank ID

Legend:
- *CSOB Board of Directors*
- *B-1 unit*
- *Non B-1 unit*
- *CSOB Subsidiary*
- *Joint Venture with CSOB Participation*
- *Owned by KBC*

Organizational Chart of ČSOB Group *as of 31 March, 2025*

Aleš Blažek – CEO
- Internal Audit
- Group Communication
- Strategy and Human Resources
- ČSOB Pojišťovna

Jiří Vévoda – Finance Management and Investment Services
- Finance
- Asset and Liabilities Management
- Financial Markets
- Investments
- Patria investiční společnost
- Procurement
- Patria Corporate Finance
- Patria Finance
- ČSOB Penzijní společnost
- Ušetřeno.cz
- ČSOB Asset Management a.s. investiční společnost
- KBC Asset Management CSOB Branch

Martin Jarolím – Retail
- Retail Business Support
- CSOB Retail Network
- Digital Distribution and Segment Management
- Home Financing
- Bancassurance
- ČSOB Hypoteční banka
- ČSOB Stavební spořitelna
- Igluu

Ján Lučan – Relationship Banking
- SME Branch Network
- Private Banking
- Corporate and Institutional Banking
- Segments, Products and Relationship Services Dev.
- International Acquiring
- ČSOB Leasing
- ČSOB Factoring
- ČSOB Advisory
- K&H Payment Services Kft
- Banit
- Skip Pay

Libot Guy – Group Risk Management
- Compliance
- Capital and Risk Management
- Credits Risk Management
- Transactional Modelling

Marek Loula – IT, Credits and Sustainability
- Credits
- Sustainability
- Data
- Information Technology
- Enterprise Transformation Office (BIAT)
- Business and IT architecture transformation (BIAT)
- Corporate Social Responsibility
- Public Affairs

Michaela Bauer – Innovations and Operations
- Facilities Management
- Daily Banking
- Legal
- Innovation and Ecosphere Strategy Implementation
- Shared Services & Operations
- Retail Credits
- Bank ID

Legend:
- *CSOB Board of Directors*
- *B-1 unit*
- *Non B-1 unit*
- *CSOB Subsidiary*
- *Joint Venture with CSOB Participation*
- *Owned by KBC*

FINANCIAL PART

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

Prepared in accordance with IFRS Accounting Standards as adopted by the European Union

(CZKm)	Note	2024	2023 restated
Interest income calculated using the effective interest rate method	5	90,428	113,479
Other similar income	5	8,473	14,987
Interest expense calculated using the effective interest rate method	6	-57,439	-80,963
Other similar expense	6	-10,077	-18,458
Net interest income		**31,385**	**29,045**
Fee and commission income	7	17,953	16,112
Fee and commission expense	7	-7,942	-7,187
Net fee and commission income		**10,011**	**8,925**
Dividend income		23	7
Net gains / losses (-) from financial instruments at fair value through profit or loss and foreign exchange	8	2,519	2,190
Income from operating lease	9	1,239	1,282
Expense from operating lease	9	-1,056	-1,135
Other net income	10	988	980
Operating income		**45,109**	**41,294**
Staff expenses	11	-11,224	-10,626
General administrative expenses	12	-9,435	-9,197
Depreciation and amortisation	24, 25	-2,834	-2,766
Operating expenses before impairment losses		**-23,493**	**-22,589**
Impairment losses	13	**783**	**-1,376**
on financial assets at amortised cost and at fair value through other comprehensive income (OCI) and finance leases		858	1,683
on goodwill		-	-2,616
on other financial and non-financial assets		-75	-443
Share of profit / loss (-) of associates and joint ventures	21	3	-21
Profit before tax		**22,402**	**17,308**
Income tax expense	14	-3,494	-2,219
Profit for the year		**18,908**	**15,089**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

Prepared in accordance with IFRS Accounting Standards as adopted by the European Union

(CZKm)	Note	2024	2023 restated
Profit for the year		**18,908**	**15,089**
Other comprehensive income – to be reclassified to the statement of income			
Exchange differences on translating foreign operation		-13	13
Net loss (-) / gain on cash flow hedges		-798	3,622
Net gain on financial debt instruments at fair value through other comprehensive income		130	448
Share of other comprehensive income of associates and joint ventures		-	-
Income tax benefit / expense (-) relating to components of other comprehensive income		172	-827
Other comprehensive income for the year, net of tax, to be reclassified to statement of income in subsequent periods	33	**-509**	**3,256**
Other comprehensive income – not to be reclassified to the statement of income			
Net gain on financial equity instruments at fair value through other comprehensive income		38	75
Income tax benefit / expense (-) relating to components of other comprehensive income		15	-18
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in credit risk		-8	-
Other comprehensive income for the period, net of tax, not to be reclassified to statement of income in subsequent periods	33	**45**	**57**
Other comprehensive income for the period, net of tax		**-464**	**3,313**
Total comprehensive income for the year, net of tax		**18,444**	**18,402**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

Prepared in accordance with IFRS Accounting Standards as adopted by the European Union

(CZKm)	Note	2024	2023 restated
ASSETS			
Cash, balances with central banks and other demand deposits	16	48,411	24,243
Financial assets held for trading	17	29,229	38,935
Non-trading financial assets mandatorily at fair value through profit or loss	17	951	1,330
Financial assets at fair value through other comprehensive income	18	29,813	10,896
Financial assets at fair value through other comprehensive income pledged as collateral	18	4,241	4,326
Financial assets at amortised cost	19	1,713,708	1,493,773
Financial assets at amortised cost pledged as collateral	19	35,833	237,654
Finance lease receivables	20	12,522	10,426
Fair value adjustments of the hedged items in portfolio hedge	22	-5,320	-10,437
Derivatives used for hedging	22	20,613	29,215
Current tax assets		195	150
Deferred tax assets	14	1,488	1,403
Investment in associates and joint ventures	21	100	68
Investment property	23	3,289	-
Property and equipment	24	12,393	12,510
Goodwill and other intangible assets	25	9,095	8,938
Non-current assets held-for-sale	26	55	65
Receivable from Transformed fund	37	-	1,451
Other assets	27	3,844	3,346
Total assets		**1,920,460**	**1,868,292**
LIABILITIES AND EQUITY			
Financial liabilities held for trading	28	30,994	40,875
Financial liabilities designated at fair value through profit or loss	28	16,767	25,257
Financial liabilities at amortised cost	29	1,735,329	1,667,441
Fair value adjustments of the hedged items in portfolio hedge	22	-11,118	-15,396
Derivatives used for hedging	22	18,640	24,454
Lease liabilities		2,065	2,037
Current tax liabilities		978	563
Deferred tax liabilities	14	1,568	1,521
Other liabilities	30	8,175	7,370
Provisions	31	429	709
Total liabilities		**1,803,827**	**1,754,831**
Share capital	32	5,855	5,855
Share premium		20,929	20,929
Statutory reserve		18,687	18,687
Retained earnings		70,579	66,943
Revaluation reserve from financial assets at fair value through other comprehensive income	32	-79	-265
Cash flow hedge reserve	32	695	1,324
Foreign currency translation reserve and Own credit risk reserve	32	-33	-12
Total equity		**116,633**	**113,461**
Total liabilities and equity		**1,920,460**	**1,868,292**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

Prepared in accordance with IFRS Accounting Standards as adopted by the European Union

(CZKm)	Attributable to equity holders of the parent Share capital (Note: 32)	Share premium	Statutory reserve[1]	Retained earnings	Other reserves (Note: 32)	Total Equity
At 1 January 2023 - as reported	**5,855**	**20,929**	**18,687**	**57,773**	**-2,266**	**100,978**
Impact of restatement (Note: 2.3)	-	-	-	-673	-	-673
At 1 January 2023 - restated	**5,855**	**20,929**	**18,687**	**57,100**	**-2,266**	**100,305**
Profit for the year - restated (Note: 2.3)	-	-	-	15,089	-	15,089
Other comprehensive income for the year (Note: 33)	-	-	-	-	3,313	3,313
Total comprehensive income for the year	-	-	-	15,089	3,313	18,402
Equity investments disposed (Note: 34)	-	-	-	3	-	3
Dividends paid (Note: 15)	-	-	-	-5,249	-	-5,249
At 31 December 2023 - restated (Note: 2.3)	**5,855**	**20,929**	**18,687**	**66,943**	**1,047**	**113,461**
At 31 December 2023 - as reported	**5,855**	**20,929**	**18,687**	**67,963**	**1,047**	**114,481**
Impact of restatement (Note: 2.3)	-	-	-	-1,020	-	-1,020
At 1 January 2024	**5,855**	**20,929**	**18,687**	**66,943**	**1,047**	**113,461**
Profit for the year	-	-	-	18,908	-	18,908
Other comprehensive income for the year (Note: 33)	-	-	-	-	-464	-464
Total comprehensive income for the year	-	-	-	18,908	-464	18,444
Equity investments disposed (Note: 34)	-	-	-	68	-	68
Dividends paid (Note: 15)	-	-	-	-15,018	-	-15,018
Changes in consolidation scope (Note: 3)	-	-	-	-322	-	-322
At 31 December 2024	**5,855**	**20,929**	**18,687**	**70,579**	**583**	**116,633**

(1) The statutory reserve represents accumulated transfers from retained earnings in compliance with the Statutes of the Bank. This reserve is distributable based on the decision of the Board of Directors.

The accompanying notes are an integral part of these consolidated financial statements.

These consolidated financial statements were approved for issue by the Board of Directors and signed on its behalf on 10 April 2025 by:

Aleš Blažek
Chairman of the Board of Directors

Jiří Vévoda
Member of the Board of Directors

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2024

Prepared in accordance with IFRS Accounting Standards as adopted by the European Union

(CZKm)	Note	2024	2023
OPERATING ACTIVITIES			
Profit before tax		**22,402**	**17,308**
Adjustments for:			
Interest income	5	-98,901	-128,466
Interest expense	6	67,516	99,421
Dividend income (other than from associates and joint ventures)		-23	-7
Non-cash items included in profit before tax	35	2,158	2,524
Net losses from investing activities		176	177
Cash flow used in operations before changes in operating assets, liabilities, income tax paid, interest paid and received and dividend received		**-6,672**	**-9,043**
Change in operating assets	35	-41,850	-12,427
Change in operating liabilities	35	2,577	11,671
Change in assets under operating leases		-327	-112
Income tax paid		-3,001	-2,311
Interest paid		-67,442	-99,356
Interest received		98,759	128,545
Dividend received (other than from associates and joint ventures)		23	7
Net cash flows used in (-) / from operating activities		**-17,933**	**16,974**
INVESTING ACTIVITIES			
Purchase of property, equipment and intangible assets		-3,373	-2,736
Proceeds from disposal of property, equipment, intangible assets and assets held-for-sale		965	390
Acquisition of subsidiaries, net of cash acquired	3	-2,516	-
Capital increase in associates and joint ventures		-29	-23
Net cash flows used in investing activities		**-4,953**	**-2,369**
FINANCING ACTIVITIES			
Bonds issued	29	11,937	3,972
Repayment of bonds	35	-3,202	-961
Issue of subordinated debts	29	10,577	5,251
Payments of principal on leases	35	-423	-418
Dividends paid	15	-15,018	-5,249
Net cash flows from financing activities		**3,871**	**2,595**
Net decrease (-) / increase in cash and cash equivalents		**-19,015**	**17,200**
Cash and cash equivalents at the beginning of the year	35	250,252	233,052
Net decrease (-) / increase in cash and cash equivalents		-19,015	17,200
Cash and cash equivalents at the end of the year	35	**231,237**	**250,252**

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1. CORPORATE INFORMATION

Československá obchodní banka, a. s. (the Bank or ČSOB) is a Czech joint-stock company with its registered office at Radlická 333/150, Prague 5, Czech Republic; the corporate ID is 00001350. ČSOB is a universal bank having its operations in the Czech Republic and offering its domestic and foreign customers a wide range of financial services and products in Czech Crowns and foreign currencies. The parent company of the Bank is KBC Bank NV (KBC Bank), which is controlled by the KBC Group NV (KBC Group).

The main activities of the Bank include: accepting deposits from the public, providing loans, investing in securities on the Bank's own account, financial leasing, payments and clearance, the issuance and administration of payment instruments, the provision of guarantees, the issuance of letters of credit, the provision of collection services, the provision of all investment service according to a special law, the issuance of mortgage bonds, financial brokerage, the provision of depository services, exchange office services (purchase of foreign exchange), the provision of banking information, trading in foreign exchange values and gold on the Bank's own account or on a client's account, the rental of safe-deposit boxes, identification services within the meaning of the Act on Banks. In addition, the Bank performs activities directly related to the activities described above and activities carried out for other parties if they relate to the running of the Bank and operation of other banks, financial institutions and enterprises providing ancillary banking services, controlled by the Bank.

Furthermore, the ČSOB group (Group) (Note: 3) provides its clients with financial services in the following areas: building savings and mortgages, asset management, collective investments, pension insurance, leasing, factoring and the distribution of life and non-life insurance products.

2. MATERIAL ACCOUNTING POLICY INFORMATION

Statement of compliance

The consolidated financial statements have been prepared and approved by the Board of Directors of the Bank. In addition, the consolidated financial statements are subject to approval at the General Meeting of shareholders.

The Group consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as adopted by the European Union (IFRS Accounting Standards) and present one year of comparative information. All amounts are shown in millions of Czech Crowns (CZKm), which is the presentation currency of the Group.

The following IFRS Accounting Standards became effective on 1 January 2024 and their impact is estimated as insignificant:

- Amendment to IAS 1 Non-current Liabilities with Covenants. The amendment clarifies that a liability is classified as non-current when an entity has a right to defer settlement for at least 12 months after the reporting date.
- Amendment to IFRS 16 Lease Liability in a Sale and Leaseback. The amendment specifies requirements for seller-lessees to measure the lease liability in a sale and leaseback transaction.
- Amendments to IAS 7 and IFRS 7. The amendment introduces new disclosure requirements about supplier finance arrangements, in which finance providers pay amounts the entity owes to its suppliers.

The following IFRS Accounting Standards were issued but not yet effective in 2024. CSOB Group will apply these standards when they become mandatory.

- Amendment to IAS 21 Lack of Exchangeability is effective on or after 1 January 2025. Limited-scope amendment.

- Amendments to IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments is effective on or after 1 January 2026. The amendments improve the guidance on assessing whether contractual cash flow characteristics of financial assets meet conditions of basic lending arrangements. The amendments clarify accounting for the settlement of financial liabilities through electronic payment systems. The Group investigates possible impact.
- IFRS 18 Presentation and Disclosure in Financial Statements is effective on or after 1 January 2027. Replaces IAS 1 Presentation of Financial Statements. The standard provides comprehensive guidelines on how entities should present and disclose information in their financial statements. The Group investigates the impact.
- IFRS 19 Subsidiaries without Public Accountability: Disclosures is effective on or after 1 January 2027. The standard provides tailored disclosure requirements for subsidiaries that do not have public accountability. The Group does not expect that the standard will be applicable.
- Annual Improvements to IFRS Accounting Standards, Volume 11. The amendments are effective on or after 1 January 2026.
- Amendments to IFRS 9 and IFRS 7 Contracts Referencing Nature-depending Electricity is effective on or after 1 January 2026. Amendment with limited scope.

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets at fair value through other comprehensive income, financial assets and financial liabilities at fair value through profit or loss and all derivative contracts that have been measured at fair value. The carrying values of recognised assets and liabilities that are hedged items in fair value hedges, and otherwise carried at amortised cost, are adjusted to record changes in fair value attributable to the risks that are being hedged. Assets held for sale are measured at fair value less cost to sell if this value is lower than their carrying amount (i.e. cost less accumulated depreciation and impairment losses).

Basis of consolidation

The consolidated financial statements include the Bank, all subsidiary companies that are controlled by the Bank (subsidiaries), all companies jointly controlled by the Bank (joint ventures) and all companies over which the Bank has significant influence (associates). The accounting policies of subsidiaries, associates and joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

All intra-group balances, transactions, income and expenses, and gains and losses resulting from intra-group transactions are eliminated.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of income from the date of acquisition or up to the date of disposal, as appropriate.

Joint ventures and associates included in the Group consolidation are accounted for using the equity method.

2.1 Significant accounting judgements and estimates

While applying the Group accounting policies, the management has used its judgement and made estimates in determining the amounts recognised in the consolidated financial statements. The most significant judgements and estimates are as follows:

Fair value of financial instruments (Note: 34)

Where the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques which include the application of mathematical models. If possible, the input to these models is taken from observable markets; if not, a degree of judgement is required to establish fair values. The judgements include considerations of credit, liquidity and model inputs such as correlation and volatility for longer-dated financial instruments.

Impairment losses on financial instruments (Note: 42.2)

Calculating expected credit losses (ECL) requires significant judgments on different aspects for example, but not limited to, the borrowers' financial position and repayment capabilities, the value and recoverability of collaterals, forward looking and macroeconomic information. The Group applies neutral and free from bias approach when dealing with uncertainties and making decisions based on significant judgments. The expected credit losses are calculated in a way that reflects:

- an unbiased, probability weighted amount;
- the time value of money; and
- an information about the past events, current conditions and forecast economic conditions.

Management judgement is required to assess the fair value of collateral, which has a significant effect on the impairment allowance.

Impact of Geopolitical and emerging risks on deterioration of financial instruments

In the light of recent development, the Group assessed the main macroeconomic and geopolitical risks and updated the impact assessment for those risks that could adversely affect our loan portfolio.

At the end of 2024, the overall ECL for the geopolitical and emerging risks from recent years decreased thanks to improved micro and macroeconomic outlook to CZK 185 m in total (2023: CZK 1,650 m), of which CZK 144 m is attributed mainly to individual exposures concentrated in commercial exposures to Russian banks (2023: CZK 326 m), and CZK 39 m is attributed to ASSA (Automated Stress Sector Analyzer) model (2023: CZK 681 m).

During the year 2024, identification of Stage 1 exposures that have suffered a significant increase in credit risk not captured by the regular staging assessment (so-called "Tier5 assessment") was replaced by direct implementation of above-mentioned ASSA model into LTPD (life-time PD) with direct impact into staging. ECL booked due to direct ASSA impact on staging remained insignificant and amounted to CZK +2m (2023: CZK +614 m as Tier5 assessment).

On top of above mentioned, new management overlay on photovoltaics portfolio (with volume of CZK 2,931 m) was booked at the end of 2024, amounting to CZK +326 m, based on the possible changes in the regulatory environment (threat of change related to scheme for renewables operating support reducing support paid to operators from the state budget).

Assessment whether cash flows are solely payments of principal and interest ("SPPI")

Judgement is required to determine whether a financial asset's cash flows are solely payments of principal and interest as only features representing basic lending agreement are in line with the SPPI test. Judgement is required to assess whether risks and volatility of contractual cash flows are related to basic lending agreement. Among the features that require judgements were, for example, modification of time value of money, change of timing or amount, such as early settlement or prepayment.

Impairment of assets under operating leases (Note: 13)

The Group assesses internal and external impairment indicators and if any indications exist that the carrying amount of assets is higher than their recoverable amount, impairment loss is recognised. Recoverable amount approximates the assets' fair value less costs to sell. Residual maturity of operating leases is short and changes of selling price have the most significant impact on impairment losses. The Group uses judgement in using valuation techniques to arrive at the assets' fair value. The judgements include use of various coefficients specific to each asset class.

Goodwill impairment (Note: 25)

Goodwill is tested annually for impairment. For this purpose, goodwill acquired in a business combination is allocated to the cash-generating unit which is expected to benefit from the synergies of the combination. A cash-generating unit represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Identifying a cash-generating unit as well as determining its recoverable amount requires judgement.

Classification of performance guarantee contracts

The Group analysed the issued performance guarantee contracts to assess whether they would meet the definition of insurance contracts in the scope of IFRS 17. The Group has concluded that its performance guarantee contracts expose the Group to credit risk of the applicant because (i) all the contracts require the customers who apply for a guarantee to fully collateralise their obligations to indemnify the Group as the issuer and (ii) there are no scenarios with commercial substance where the Group would have to pay significant additional amounts to the holders of such guarantees. Accordingly, the Group accounts for these contracts as loan commitments in accordance with IFRS 9. The gross amount of the performance guarantees issued and accounted for as loan commitments is CZK 40,293 m at 31 December 2024 (2023: CZK 37,092 m) (Note: 37) and the carrying value of the related liability recognised in the consolidated statement of financial position is CZK 146 m at 31 December 2024 (2023: CZK 201 m). The fee income recognised for these performance guarantees was CZK 239 m for the year ended 31 December 2024 (2023: CZK 160 m).

2.2 Material accounting policy information

The general accounting principles of the Group comply with the IFRS Accounting Standards. The consolidated financial statements are prepared based on the going concern assumption. The Group presents each material class of similar items separately. Dissimilar items are presented separately unless they are immaterial, and items are only offset when explicitly required or permitted by the relevant IFRS Accounting Standards.

The material accounting policies applied in the preparation of these consolidated financial statements are set out below.

(1) Foreign currency translation

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

The source of exchange rates are the rates published by Czech National Bank (CNB). All differences are taken to Net gains/losses from financial instruments at fair value through profit or loss and foreign exchange in the consolidated statement of income with the exception of differences in derivatives that provide an effective hedge in the cash flow hedge of currency risk which are deferred in OCI until the hedged cash flow influences the consolidated statement of income, at which time they are recognised in the consolidated statement of income as well.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates prevailing at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates prevailing at the end of the reporting period.

(2) Financial instruments - recognition and derecognition

Recognition: Financial assets and liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the financial instrument. Regular way purchases or sales of financial assets are recognised using settlement date accounting.

Derecognition: A financial asset is derecognised from the consolidated statement of financial position when the contractual rights to the cash flows from the financial asset expire or when the Group transfers its rights to receive contractual cashflows from the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred.

A financial liability is derecognised from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expires.

Modification: When during the term of a financial asset there is a change in the terms and conditions, then the Group assesses whether the new terms are substantially different from the original terms indicating that the rights to the cash flows of the initial instruments have expired. If it is concluded that the terms are substantially different then the transaction is accounted for as financial asset derecognition, which requires derecognising the existing financial asset and recognising a new financial asset based on the revised terms. Conversely, when the Group assesses that the terms are not substantially different then the transaction is accounted for as financial asset modification. The Group considers, among others, these factors:

- Significant extension of the loan term,
- Significant change in the interest rate,
- Introduction of collateral or credit enhancement, which may have an impact on credit risk,

- If the borrower is in financial difficulty, whether the modification reduces contractual cash flows to amounts the borrower can pay.

The effect of modification is reflected in modification gain or loss in Impairment losses in the consolidated statement of income. More information on forbearance measures can be found in Note 42.2 Credit risk.

Write-off: Uncollectible financial asset is written off after all the necessary procedures for collecting the asset have been completed and the amount of the loss has been determined. A loan is deemed uncollectible when there are no reasonable expectations of recovering the asset and all of the criteria are fulfilled:

- the loan is classified as Irrecoverable;
- the gross carrying amount of the loan is reduced through 100% ECL;
- the debtor does not exist or best-case recovery from the receivable is considered immaterial.

Subsequent recoveries of amounts previously written off are recorded in the consolidated statement of income in Impairment losses. Collateral obtained through foreclosure is sold in an orderly manner and the proceeds are used to reduce or settle the outstanding claim.

(3) Financial instruments - initial recognition and subsequent measurement

Classification and measurement – financial assets

All financial instruments are measured initially at their fair value plus, in the case of financial assets and financial liabilities not at fair value through profit or loss, any directly attributable incremental costs of acquisition. The classification of financial assets depends on the purpose for which the financial instruments were acquired and their cash flow characteristics.

Classification and measurement – debt instruments

Debt instruments can be allocated into one of the following categories:

- Financial assets at fair value through profit or loss (FVPL);
- Financial assets at fair value through other comprehensive income (FVOCI);
- Financial assets at amortised cost (AC).

(i) Financial assets at fair value through profit or loss (FVPL)

- This category has three sub-categories: financial assets held for trading, financial assets mandatorily at fair value through profit or loss and financial assets designated at fair value through profit or loss (FVO);

Financial assets held for trading consist of derivatives held for trading and non-derivative financial assets held for trading.

- *Derivatives held for trading*

Derivatives include foreign exchange contracts, interest rate futures, forward rate agreements, currency and interest rate swaps, and currency, interest rate and commodity options. Derivatives are recorded at fair value and carried as assets when the fair value is positive and as liabilities when the fair value is negative. Changes in the fair value of derivatives held for trading are included in Net gains/losses from financial instruments at fair value through profit or loss.

Derivatives used as economic hedges are those that do not meet the IFRS Accounting Standards' requirements for applying hedge accounting but which the Group Asset Liability Management uses for decreasing the interest rate risk of the Group, and thus lowering net interest income volatility, i.e. for hedging purposes from an economic point of view. Changes in the clean fair value (fair value less any net interest accrual) are recognised in Net gains/losses from financial instruments at fair value through profit or loss. The interest component of these derivatives is recognised in Other similar income / expense.

If a stand-alone derivative does not qualify as a hedging derivative, it is classified as a trading derivative.

- *Financial instruments held for trading other than derivatives*

Financial assets held for trading other than derivatives are recorded in the consolidated statement of financial position at fair value. Changes in clean fair value are recognised in Net gains/losses from financial instruments at fair value through profit or loss. Interest income is recorded in Net interest income using the nominal interest rate. A financial asset is classified in this category if acquired principally for the purpose of selling in the near term.

- *Financial assets mandatorily at fair value through profit or loss*

Financial assets mandatorily at fair value through profit or loss are classified into this category if their contractual terms lead to contractual cash flows, which are not solely payments of principal and interest from principal outstanding. Financial assets that are managed based on fair value are also classified into this category.

(ii) Financial assets at fair value through other comprehensive income (FVOCI)

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVO:

a. the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets;

b. and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

When these assets are disposed of, the unrealised gain or loss recorded in the OCI reserve is reclassified to Net realised gains/losses on FVOCI financial assets.

(iii) Financial assets at amortised cost (AC)

A debt instrument is measured at AC only if it meets both of the following conditions and is not designated as at FVO:

a. the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

b. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group may hold financial guarantees on repayment of loans. If such a financial guarantee is both integral to the guaranteed loan and not recognised separately, fees paid for the guarantee are an integral part of the loan’s effective interest rate as transaction costs. If the guaranteed loans are measured at amortised cost, the ability to recover cash flows from financial guarantee is not considered in assessing whether significant increase in credit risk occurred, however, the expected cash flows from the financial guarantee are included in the measurement of ECL of the guaranteed loan.

Business model

The business model assessment is relevant for debt instruments to assess whether they are allowed to be measured at AC and FVOCI. In performing the assessment, the Group reviews the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management’s strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported the Board of Directors;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or whose performance is evaluated on a fair value basis are measured at FVPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Contractual cash flows are solely payments of principal and interest (SPPI)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument at initial recognition. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets; and
- features that modify consideration of the time value of money.

Reclassifications

Financial assets are not reclassified after their initial recognition, except in the period after the Group changes its business model for managing financial assets which could occur when the Group begins or ceases to perform an activity that is significant to its operations (e.g.: when the Group acquires, disposes of, or terminates a business line).

Classification and Measurement – equity instruments

Financial equity instruments are categorised in one of the following categories:

- Mandatorily measured at fair value through profit or loss (FVPL);
- Equity instruments elected for fair value through other comprehensive income (FVOCI).

The election is applicable to long-term, strategic investments. The election to include equity instruments in the FVOCI category is irrevocable on initial recognition and can be done on an investment-by-investment basis.

Impairment of financial assets

Definition of default

The Group uses the same definition for defaulted financial assets as used for internal risk management purposes and it is in line with guidance and standards of the financial industry regulators. More on the definition is in the Credit risk section, Note 42.2.

General model of expected credit losses (ECL model)

The ECL model is used to measure impairment of financial assets. The scope of the ECL model is based on the classification of financial assets. The ECL model is applicable to the following financial assets:

- Financial assets measured at amortised cost;
- Debt instruments measured at fair value through the other comprehensive income;
- Loan commitments and financial guarantees;
- Finance lease receivables; and
- Trade and other receivables.

No expected credit losses are calculated for equity investments.

The expected credit losses for trade and other receivables are measured as the life-time expected credit losses.

Impairment gains and losses on financial assets are recognised under the heading Impairment losses in the consolidated statement of income.

Significant increase in credit risk (SICR) since initial recognition

In accordance with the ECL model, a financial asset is assigned life-time ECL after its credit risk has increased significantly since initial recognition. The assessment of SICR defines the staging of financial assets. The assessment of a significant increase in credit risk is a relative assessment based on the credit risk that was assigned upon initial recognition. This is a multi-factor assessment and, therefore the Group has developed a multi-tier approach (MTA) for the bond portfolio and for the loan portfolio.

Multi-Tier Approach (MTA) - Bond portfolio

There are three tiers for the bond portfolio in the MTA:

- Low credit exception: 12-month ECL is recognised for bonds if they have a low credit risk at the reporting date (i.e. stage 1). The Group uses the low credit risk exception for investment grade bonds.
- Lifetime Probability of default (LTPD): [only applicable if the first-tier criterion is not met] this is a relative assessment that compares the lifetime probability of default (LTPD) upon initial recognition to that of the reporting date. The relative change in LTPD that triggers a transfer between stages is an increase of 200%.
- Management assessment: Management review and assess the significant increase in credit risk for financial assets at an individual and a portfolio level, when it is concluded that idiosyncratic events are not adequately captured in the first two tiers of the MTA.

If none of these triggers result in a move into stage 2, the bond remains in stage 1. A financial asset is considered as stage 3 as soon as it meets the definition of default. The MTA is symmetrical, i.e. the bond that has been moved into stage 2 or 3 can return to stage 2 or 1 if the tier criterion that triggered the migration is not met on a subsequent reporting date.

Multi-Tier Approach - Loan portfolio

For the loan portfolio the Group uses a five-tier approach. This MTA is a waterfall approach, i.e. if assessing the first Tier does not result in a move to stage 2, the second Tier is assessed and so on. In the end, if all Tiers are assessed without triggering a migration to stage 2, the financial asset remains in stage 1.

- Lifetime Probability of default (LTPD): the LTPD is used as the main criterion for assessing an increase in credit risk. It is a relative assessment that compares the LTPD upon initial recognition to that of the reporting date. The Group does the assessment at the level of the facility for each reporting period. The relative change in LTPD that triggers a transfer between stages is an increase of 200%.
- Forbearance: Forborne financial assets are always considered as stage 2 unless they are already defaulted, in which case, they migrate to stage 3.
- Days past due: The Group uses the backstop defined in the standard. A financial asset that has more than 30 days past due migrates to stage 2.
- Watch list: The Group uses the watch list criterion as a backstop for its loan portfolio to move into stage 2. The watch list includes exposures with an increased credit risk but which are not (yet) classified as default/non-performing and which are subject to enhanced monitoring and review by the bank. The Group does the assessment at the level of the client for each reporting period.
- Management assessment: Management review and assess the significant increase in credit risk for financial assets at an individual and a portfolio level, when it is concluded that idiosyncratic events are not adequately captured in the first two tiers of the MTA.

A financial asset is considered as stage 3 as soon as it meets the definition of default. The MTA is symmetrical, i.e. a loan that has moved into stage 2 or 3 can return to stage 2 or 1 if the tier criterion that triggered the migration is not met on a subsequent reporting date, subject to curing period conditions.

Measurement of expected credit losses

The expected credit losses are calculated as the product of:

- probability of default (PD)
- estimated exposure at default (EAD), and
- loss given default (LGD).

The lifetime ECLs represent the sum of the ECLs over the lifetime of the financial asset discounted at the original effective interest rate. A correction is also introduced by a factor that corrects for potential prepayments, since the potential for prepayments reduces the expected lifetime of a facility and hence the probability of having a default event during this expected lifetime. Given the fact that prepayments are limited to products with a contractual repayment scheme and that often different prepayment rates can be observed by product type, prepayments are modelled by facility type.

The 12-month ECLs represent the portion of the lifetime ECLs that results from a default in 12-month period after the reporting date.

The Group uses specific IFRS 9 models for PD, EAD and LGD to calculate ECL. To the extent possible the Group uses modelling techniques similar to those developed for prudential purposes (i.e. Basel models) for efficiency purposes. The Group ensures that the Basel models are adapted so they comply with IFRS 9:

- The Group removes the conservatism that is required by the regulator for Basel models
- The Group adjusts how macroeconomic parameters affect the outcome to ensure that the IFRS 9 models reflect a “point-in-time” rather than “through-the-cycle” estimate (the latter is required by the regulator).
- The Group applies forward-looking macroeconomic information in the models.

The Group also considers three different forward-looking macro-economic scenarios with different weights in the calculation of expected credit losses. The base case macro-economic scenario represents the Group’s estimations for the most probable outcome, and it also serves as a primary input for other internal and external purposes.

The forecasts of variables used in the scenarios are provided by the Group chief economist on a quarterly basis. An expert judgement is required to assess the impact of the variables on PD, EAD and LGD and is carried out by using linear regression analysis. This approach should be carried out on an appropriate level of granularity (e.g. by industry sector). Aspects that could not be incorporated in the model (e.g. because macroeconomic parameters may not have shown much variation, or only an increase/decrease in the period covered by the data) may still be incorporated in the final ECL figures through adjustment for geopolitical and macroeconomic uncertainties.

The maximum period for measurement of ECLs is the maximum contractual period (including extensions), except for specific financial assets that include a drawn and an undrawn amount available on demand which is not limited the exposure to the contractual period. Only for such assets a measurement period can extend beyond the contractual period. In the Group, the credit revolving facilities have either fixed maturity or notice period. The notice period could be either with stated maturity or without maturity. The maturity of these products is further used in estimation of ECL.

Lifetime for revolving facilities was investigated within implementation of IFRS 9. The lifetime depending on business segment was implemented in IFRS 9 ECL models through the prepayment survival component of the models. Prepayment survival component can be interpreted as the probability for a revolving facility of not being fully prepaid by the end of year. The probability is estimated amount weighted using usually through-the-cycle time series of historical data and statistical methods. The lifetime ECL for facilities with significant risk increase (Stage 2) is calculated as a sum of ECLs in individual years. The ECLs decrease in time due to existence of prepayment survival component for such facilities. Usually, it is close to zero after 8 years. Performance of ECL models is regularly back-tested and prepayment survival components are ones of the best performing among other ECL model components.

The ECL for loan commitments and financial guarantees are presented as provisions in the consolidated statement of financial position. If a financial asset contains both a loan (a drawn component) and an undrawn loan commitment, the ECL is determined for both the drawn and undrawn part. The entire ECL amount is presented within Impairment losses.

Purchased or Originated Credit Impaired (POCI) assets

POCI assets are defaulted at origination (i.e. meet the definition of default). Lifetime ECL are included in the estimated cash flows when calculating the credit-adjusted effective interest rate on initial recognition of POCI assets. They are subsequently measured at amortised cost using a credit adjusted effective interest rate. In subsequent period any changes to the estimated lifetime ECL are recognised in the consolidated statement of income.

Interest income from POCI assets is based on amortised cost (gross carrying amount minus ECL).

Renegotiated loans

Where possible, the Group seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, the loan is no longer considered past due, however, the rating of the client cannot be improved only based on the restructuring. The management continuously reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject of an individual or collective impairment assessment, calculated using the loan's original effective interest rate.

Classification and measurement – financial liabilities

The Group classifies financial liabilities into three categories.

(i) Financial liabilities held for trading

Financial liabilities held for trading include derivatives held for trading and non-derivative financial liabilities held for trading.

- *Derivatives held for trading*

Derivatives include foreign exchange contracts, interest rate futures, forward rate agreements, currency and interest rate swaps, and currency, interest rate and commodity options. Changes in the fair value of derivatives held for trading are included in Net gains/losses from financial instruments at fair value through profit or loss.

Changes in the clean fair value (fair value less any net interest accrual) of derivatives used as economic hedges are recognised in Net gains/losses from financial instruments at fair value through profit or loss. Net interest income/expense from these derivatives is recorded in Other similar income / expense on a deal-by-deal basis.

The derivatives used as economic hedges are derivatives, which do not meet the IFRS Accounting Standards' requirements for applying hedge accounting but which the Group Asset Liability Management department uses for reducing the interest rate risk of the Group, and thus lowering net interest income volatility, i.e. for hedging purposes from an economic point of view.

In the case when the stand-alone derivative does not qualify as a hedging derivative, it is classified as a trading derivative.

- *Financial instruments held for trading other than derivatives*

Financial liabilities held for trading other than derivatives are recorded in the consolidated statement of financial position at fair value. Changes in clean fair value are recognised in Net gains/losses from financial instruments at fair value through profit or loss. Interest expense is recorded in Net interest income using the nominal interest rate. A financial liability is classified in this category if acquired principally for the purpose of repurchasing in the near term.

(ii) Financial liabilities upon initial recognition designated by the entity at fair value through profit or loss

IFRS 9 allows measuring a (group of) financial liability(s) on initial recognition at fair value, whereby fair value changes are recognized in the consolidated statement of income except for fair value changes related to the changes in own credit risk which are presented separately in OCI. The fair value designation is used by the Group for the following reasons:

- Managed on a FV basis: The Group designates a financial liability or group of financial liabilities and assets at fair value when these are managed and their performance is evaluated on a fair value basis.
- Accounting mismatch: Fair value option can be used when the use eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.
- Hybrid instruments: A financial instrument is regarded as a hybrid instrument when it contains one or more embedded derivatives that are not closely related to the host contract. The fair value option can be used when it is not possible to separate the non-closely related embedded derivative from the host contract and then the entire hybrid instrument can be designated at fair value.

Financial liabilities designated upon initial recognition at fair value are measured at fair value, whereby fair value changes are recognized in the consolidated statement of income.

Financial liabilities at fair value through profit or loss are recorded in the consolidated statement of financial position at fair value. Changes in clean fair value are recorded in Net gains/losses from financial instruments at fair value through profit or loss. Interest expense is recorded in Other similar expense using the nominal interest rate.

Changes in clean fair value due to own credit risk are presented separately in other comprehensive income (OCI). The remaining fair value change is reported in Net gains/losses from financial instruments at fair value through profit or loss. The amounts recognized in OCI relating to the own credit risk are not recycled to the consolidated statement of income even when the liability is derecognised and the amounts are realised.

(iii) Financial liabilities measured at amortised cost

Financial liabilities at amortised cost are non-derivative financial liabilities where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder.

(iv) 'Day 1' profit or loss

Where the transaction price in a non-active market is different to the fair value from other observable current market transactions in the same instrument, or the fair value based on a valuation technique whose variables include only data from observable markets, the Group immediately recognises the difference between the transaction price and the fair value (a Day 1 profit or loss) in the consolidated statement of income in Net gains/losses from financial instruments at fair value through profit or loss. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognised in the consolidated statement of income when the inputs become observable, or when the instrument is derecognised.

(4) Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase at a specified future date (repos) remain in the consolidated statement of financial position and are presented separately in Financial assets at fair value through other comprehensive income pledged as collateral and Financial assets at amortised cost pledged as collateral. The corresponding cash received is recognised in the consolidated statement of financial position against Financial liabilities held for trading or Financial liabilities at amortised cost, reflecting its economic substance as a loan to the Group. The difference between the sale and repurchase price is recorded as Interest expense and is calculated using the effective interest rate method for Financial liabilities at amortised cost or nominal interest rate in the case of Financial liabilities held for trading.

Conversely, securities purchased under agreements to resell at a specified future date (reverse repos) are recorded off balance sheet as collateral. The corresponding cash paid is recognised in the consolidated statement of financial position in Financial assets held for trading or Financial assets at amortised cost. The difference between the purchase and resale price is recorded as Interest income and is calculated using the effective interest rate method for Financial assets at amortised cost or nominal interest rate in the case of Financial assets held for trading.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The Group offsets repurchase and reverse repurchase agreements that are subject to Master netting agreements, have identical counterparty, currency and maturity.

(5) Determination of fair value

Financial instruments classified as financial assets and financial liabilities at fair value through profit or loss or at fair value through other comprehensive income are fair valued using quoted market prices if there is a published price quotation in an active market. For financial instruments that are not traded on an active market their fair values are estimated using pricing models utilising quoted prices of instruments with similar characteristics, discounted cash flows methods or other models. Those fair value estimation techniques are significantly affected by assumptions used by the Group including the discount rate, liquidity and credit spreads and estimates of future cash flows.

(6) Hedge accounting

The Group decided to use the option in IFRS 9 to continue with hedge accounting under IAS 39 and to await further developments at the IASB regarding macro hedging.

The Group uses instruments, designated as hedging instruments as cash flow hedges or fair value hedges to manage the Group's interest rate risk or foreign currency risk. Cash flow hedges and fair value hedges are used to minimise the variability in cash flows of interest-earning assets or interest-bearing liabilities or anticipated transactions caused by interest rate fluctuations or to minimise the variability in the fair value of asset or liability, which could affect the consolidated statement of income. Hedge accounting is used for derivatives and other financial instruments designated in this way provided certain criteria specified in IAS 39 are met.

The Group complies with the IAS 39 ‘carve out’ provisions as approved by the EU. This approach facilitates the use of interest rate swaps for portfolio fair value hedges (as explained in the Note 22 Derivative financial instruments).

(i) Cash flow hedges

The effective portion of the change in fair value of a cash flow hedging derivative is recorded in the Cash flow hedge reserve. The ineffective portion is recorded directly in Net gains/losses from financial instruments at fair value through profit or loss. Amounts in the Cash flow hedge reserve are reclassified into the consolidated statement of income in a manner consistent with the earnings recognition pattern of the underlying hedged item.

(ii) Fair value hedges

For designated and qualifying fair value hedges, the change in clean fair value of a hedging instrument is recognised in Net gains/losses from financial instruments at fair value through profit or loss. Related interest income/expense from the hedging instrument is recorded in Net interest income. Meanwhile, the change in fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the consolidated statement of income in Net gains/losses from financial instruments at fair value through profit or loss. In the case of a portfolio fair value hedge, if the hedged item is a financial asset or liability at amortised cost, the change in fair value is presented on a separate line Fair value adjustments of the hedged items in portfolio hedge. The adjustment to the carrying value is amortised over the remaining term of the hedge. Amortisation starts when the hedge accounting is discontinued.

(7) Leasing

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. The lessee has the right to control the use of the asset and to obtain substantial economic benefits from its use.

The Group has used exceptions from the scope of the standard to:

- Short-term leases - for lease contracts shorter than one year
- Low-value leases of assets - for individual assets of less than EUR 5,000
- Intangible asset leases - when the Group acts as a lessee.

(i) The Group company as a lessee

The Group enters the leasing contracts in respect of branch network buildings and IT hardware equipment.

The Group treats the lease as one single lease if the non-lease component is less than 10% of total lease.

Right-of-use assets are recognized in Property and equipment, in the sections of Buildings, IT equipment and Other. The depreciation period corresponds to the asset useful life or the useful life of the right of use. The right-of-use asset is tested for impairment.

Indefinite term leases are limited to the earliest date on which the contract can be terminated by the lessee or the lessor, or is limited to a maximum of 10 years, which is based on useful life of underlying assets and their depreciation plan. For fixed-term contracts the useful life of right of use corresponds to the contract length. If a fixed-term contract includes options, the useful life with options included is limited to 10 years.

(ii) Group company as a lessor

Finance leases, where the Group transfers substantially all the risk and benefits incidental to ownership of the leased item to the lessee, are reflected as Finance lease receivables in the consolidated statement of financial position. A receivable is recognised over the leasing period at an amount equalling the present value of the lease payments using the implicit rate of interest and including any guaranteed residual value. All income resulting from the receivable is included in Other similar income in the consolidated statement of income.

Leases, in which the Group does not transfer substantially, all the risks and benefits of ownership of the asset, are classified as operating leases. The Group leases out certain of its properties under operating leases, thus generating rental income. Contingent rents are recognised as an income in the period in which they are earned. Rental income, as well as depreciation and other expenses relating to operating lease assets are reported separately in the consolidated statement of income under Income or Expense from operating lease.

(8) Impairment of non-financial assets

The Group assesses whether an asset might be impaired at each reporting date. If there is any indication of impairment, the Group calculates the asset’s recoverable amount, which is the higher of its fair value (minus selling costs) or its value in use.

(9) Recognition of income and expenses

(i) Interest income and expense

The key differentiator between Interest income and expense calculated using effective interest rate method and Other similar income and expense is whether the application of the effective interest rate method is mandatory for recognising interest income or expenses.

- Interest income and expense calculated using effective interest rate method

Interest income on financial instruments is calculated using the effective interest rate method on their gross carrying amount. The category applies to all financial assets in Stage 1 and 2 measured at amortised cost and, interest-bearing financial instruments classified as financial assets at fair value through other comprehensive income, hedging derivatives and financial liabilities at amortised cost.

Interest income on financial assets in Stage 3 and POCI is calculated using the effective interest rate method on the net carrying amount.

- Other similar income and expense

Other similar income and expenses captures interest income and expense of derivatives used as economic hedges, financial instruments held for trading, finance lease receivables and lease liabilities.

(ii) Fee and commission income

Most net fee and commission income relates to the services that the Group provides to its customers.

Fees and commissions that are not an integral part of the effective interest rate are generally recognised on a straight line basis as the services have been rendered, when a client simultaneously receives and consumes benefits provided (recurring account maintenance fees or custody fees, for example).

Commissions and fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the acquisition of loans, shares or other securities or the purchase or sale of businesses, are recognised at a point in time, when the Group satisfies its performance obligation, usually upon execution of the underlying transaction.

Payment services (incl. network income), where the Group charges customers for certain current account transactions, domestic or foreign payments, payment services provided through ATMs, etc., are usually settled when the actual transaction is carried out, enabling the relevant fee to be recognised directly at that time.

Recognition of management advisory and service fees is based on the applicable service contracts. Asset management fees relating to investment funds are accrued over the period for which the service is provided and only to the extent, where a significant reversal of revenue is not probable.

Distribution fee income, such as commissions from sales of insurance products, are based on the applicable contract and revenue is recognised when the performance obligation is satisfied.

The Group operates a customer loyalty programme through which retail customers can accumulate points and the points can be used to claim discounts on products or services. The promise to provide discount to the customer is a separate performance obligation. A liability is recognised for the points expected to be redeemed. Revenue from the awarded points is recognised when the points are redeemed or when they expire.

(iii) Dividend income

Income is recognised when the Group's right to receive a payment is established.

(iv) Net gains / losses from financial instruments at fair value through profit or loss

Net gains / losses from financial instruments at fair value through profit or loss include all gains and losses from changes in the clean fair value of financial assets and financial liabilities held for trading and those designated at fair value through profit or loss except for trading derivatives that are not used as economic hedges, where the interest income/expense is also included. This caption also includes net gains from fair value hedging constructions (revaluation of hedging and hedged items) and any ineffectiveness recorded in cash flow hedging transactions.

(10) Cash and cash equivalents

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise balances with less than 3 months maturity from the date of acquisition including: cash and balances with central banks, loans and advances (measured at amortised cost) to credit institutions and central banks and financial liabilities at amortised cost to credit institutions and central banks. Only highly liquid transactions contracted with general government bodies (reverse repo / repo operations, if any) are assessed by the Group as cash equivalents.

(11) Investments in associates and joint ventures

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Investments in associates and joint ventures are accounted for using the equity method.

(12) Property and equipment

Property and equipment include Group occupied properties, IT and communication and other machines and equipment.

Land is carried at cost. Buildings and equipment are carried at cost less accumulated depreciation and impairment if any.

Depreciation is calculated using the straight-line method to write off the cost of each asset to its residual value over its estimated useful life, as follows:

Buildings	30 years
IT equipment	3 years
Office equipment	10 years
Other	4-30 years

Gains and losses on disposals are determined by comparing the proceeds received in the transaction with the carrying amount of the asset and a net amount is included in Other net income.

Property and equipment contain right-of-use assets in Buildings and IT equipment. They are depreciated over their useful lives or, if earlier, the end of lease term.

(13) Investment property

Investment property is property built, purchased or acquired by the Group and is held to earn rentals or for the purpose of capital appreciation rather than being used by the Group for the provision of services or for administrative purposes. Investment property is initially recognised at cost (including directly attributable costs). The Group subsequently measures it at the initial cost less accumulated depreciation and impairment.

(14) Business combinations and goodwill

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group.

Goodwill as of the acquisition date is measured as the excess of the aggregate of the consideration transferred and the amount of non-controlling interest over the net of the identifiable assets acquired and the liabilities assumed at the date of acquisition.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

The pooling of interest method of accounting is used to account for the business combination of entities or businesses under common control. It means a business combination in which the combining entities or businesses are ultimately controlled by the same party both before and after the business combination.

The assets and liabilities of the combining entities are reflected at their carrying amounts and no new assets and liabilities are recognised at the date of combination. No new goodwill is recognised in the combination.

Any difference between the consideration paid and the carrying amounts of assets and liabilities acquired is reflected through equity.

The consolidated statement of income reflects the results of the combining entities only since the date, when the control was obtained by the Group.

(15) Intangible assets

Intangible assets include software, licences, customer relationship and other intangible assets. A core system is a large-scale software application that performs important strategic group objectives.

Development costs that are directly associated with identifiable and unique software controlled by the Group are recorded as intangible assets if the inflow of incremental economic benefits exceeding costs is probable. Capitalised costs include staff costs of the software development team and an appropriate portion of relevant overheads. All other costs associated with computer software, e.g. its maintenance, are expensed when incurred.

Intangible assets are carried at cost less accumulated amortisation and impairment, if any.

The amortisation of software and other intangible assets is calculated using the straight-line method to write off the cost of each asset to its residual value over its estimated useful life, as follows:

Core systems	8 years
Other software	5 years
Other intangible assets	5 years

Amortisation of the customer relationship is calculated using the diminishing balance method over its economic useful life. The economic useful life is the period over which the Group receives economic benefits from the intangible assets.

The gains and losses on disposal are included as a net amount in Other net income.

(16) Financial guarantees

In the ordinary course of business, the Group provides financial guarantees consisting of letters of credit and letters of guarantee. Financial guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. At the end of each reporting period, financial guarantees are measured in the consolidated financial statements at the higher of the amortised premium and the loss allowance, which is based on expected credit loss. Fees are recognised in the consolidated statement of income in Fee and commission income. Any increase or decrease in the provision relating to financial guarantees is included in Impairment losses.

(17) Loan commitments

The Group issues commitments to provide loans and these commitments can be irrevocable or revocable. The loan commitments are initially measured at fair value, which is normally evidenced by the amount of fees received. Fees on loan commitments that are highly likely to be drawn are recognised using the effective interest rate method. All other fees are recorded in Fee and commission income when the related service is provided to the customer. One-off fees are charged directly into the consolidated statement of income, other fees are booked to the consolidated statement of income on accrued basis. The ECL for loan commitments and guarantees are presented as provisions in the consolidated statement of financial position. If a financial asset contains both a loan (a drawn component) and an undrawn loan commitment, the ECL is determined for both the drawn and undrawn part. The entire ECL amount is presented within Impairment losses.

Performance guarantees are contracts that provide compensation if another party fails to perform a contractual, commercial or legal obligation. Where the performance guarantee provides the Group with contractual indemnification rights to recover any payments made to the guarantee holder from the applicant and such rights are covered by collateral, they are treated as a loan commitment provided to the applicant, if the Group concludes that there is no event with commercial substance that could cause the Group to incur an overall loss on the guarantee arrangement. Such performance guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight-line basis over the life of the contract. At the end of each reporting period, the performance guarantee contracts are measured at the higher of (i) the unamortised balance of the amount at initial recognition and (ii) the amount of the loss allowance determined based on the expected credit loss model.

(18) Employee benefits

Retirement benefits

Pensions are provided by the Czech Republic to resident employees financed by salary-based social security contributions of the employees and their employers.

Certain Group companies contribute to a defined contribution retirement benefit scheme for participating employees, in addition to the employer social security contributions required by the law in the Czech Republic. Contributions are charged to the consolidated statement of income as they are made.

Termination benefits

Employees dismissed by their employer are entitled to termination benefits equal to or less than three times the employees' month's average salary in accordance with the Czech employment law. Employees employed over ten years are entitled to additional termination benefits, which are scaled in accordance of the years of service. Termination benefits are recognised in the consolidated statement of income based on the approval of the restructuring programme implementation.

(19) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(20) Income tax

There are two components of income tax expense: current and deferred. Current income tax expense approximates amounts to be paid or refunded for taxes for the appropriate period.

Deferred tax liabilities are recognised for all taxable temporary differences, except when they arise from the initial recognition of goodwill or assets/liabilities in non-business transactions that do not affect accounting or taxable profit or loss; or for investments where the reversal of the temporary differences is controllable and unlikely in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, except when they arise from the initial recognition of an asset/liability from non-business transactions that do not affect accounting profit or taxable profit or loss; or for investments where deferred tax assets are recognised to the extent that it is probable that the temporary differences will be reversed in the future and taxable profit is expected to allow their utilisation.

Deferred tax assets and liabilities are offset when a right of set-off exists.

Deferred tax related to the fair value movements of cash flow hedges and financial assets at fair value through other comprehensive income, which are charged or credited to OCI, is also credited or charged to OCI and is subsequently recognised in the consolidated statement of income together with the deferred gain or loss.

The Group records a net deferred tax asset under Deferred tax assets and a net deferred tax liability under Deferred tax liabilities for each separate consolidated entity.

(21) Share capital and reserves

The issued capital (registered, subscribed and paid) as at the end of the reporting period is accounted for at an amount recorded in the Commercial register.

The statutory reserve fund is accumulated in compliance with the Statutes of the Bank and its use is limited by the Articles of association or Statutes. The fund is distributable based on the decision of the Board of Directors.

Dividends are recognised after they have been ratified by the resolution of the sole shareholder.

(22) Fiduciary activities

The Group commonly acts in fiduciary activities that result in the holding or placing of assets on behalf of individuals and institutions. The assets and income arising there on are excluded from these consolidated financial statements, as they are not assets of the Group.

(23) Operating segments

Operating segments are components of the Group that engage in business activities from which they earn revenues and incur expenses and whose operating results are regularly reviewed on the Group level to assess their performance. Discrete information is available for each operating segment.

2.3 Restatement due to an error

Due to incorrect set-up of a static data parameter on bond securities acquired by the Group as investments, taxable income on certain securities was being declared as tax exempt income. Consequently, lower income tax was reported and paid in the years 2019-2023 and, correspondingly, lower income tax liability was recognized in the financial statements for those years. In this set of financial statements, this error has been corrected retrospectively, affecting the consolidated statement of income for the year ended 31 December 2023, the consolidated statement of financial position as at 31 December 2023 and the consolidated statement of changes in equity for the year ended 31 December 2023. The cumulative impact of this error related to periods prior to 1 January 2023 is reflected in the opening balance of retained earnings at 1 January 2023. The outstanding tax has been assessed and fully settled in 2024. Restated balances of assets, liabilities and equity as at 1 January 2023 have not been provided because the correction did not have a material impact.

Consolidated statement of income

(CZKm)	**2023** As reported	Restatement	**2023** Restated
Income tax expense (Note: 14)	-1,872	-347	-2,219
Profit for the year	15,436	-347	15,089

Consolidated statement of financial position

(CZKm)	**2023** As reported	Restatement	**2023** Restated
Current tax assets	890	-740	150
Total assets	1,869,032	-740	1,868,292
Current tax liabilities	283	280	563
Total liabilities	1,754,551	280	1,754,831

Consolidated statement of financial position and consolidated statement of changes in equity

(CZKm)	**2023** As reported	Restatement	**2023** Restated
Retained earnings	67,963	-1,020	66,943
Total equity	114,481	-1,020	113,461

(CZKm)	**1 January 2023** As reported	Restatement	**1 January 2023** Restated
Retained earnings	57,773	-673	57,100
Total equity	100,978	-673	100,305

3. SCOPE OF CONSOLIDATION AND BUSINESS COMBINATIONS

The scope of the consolidation includes 34 companies. Ownership of the Group (%) in significant companies was as follows:

Name	Abbreviation	Country of incorporation	% 2024	% 2023
Subsidiaries				
Bankovní informační technologie, s.r.o.	BANIT	Czech Republic	100.00	100.00
ČSOB Stavební spořitelna, a.s.	ČSOBS	Czech Republic	100.00	100.00
ČSOB Advisory, a.s.	ČSOB Advisory	Czech Republic	100.00	100.00
ČSOB Factoring, a.s.	ČSOB Factoring	Czech Republic	100.00	100.00
ČSOB Leasing, a.s.	ČSOB Leasing	Czech Republic	100.00	100.00
ČSOB Pojišťovací makléř, s.r.o.	ČSOB pojišťovací makléř	Czech Republic	100.00	100.00
ČSOB Penzijní společnost, a. s., a member of the ČSOB group	ČSOB PS	Czech Republic	100.00	100.00
ČSOB Hypoteční banka, a.s.	ČSOB HB	Czech Republic	100.00	100.00
Patria Corporate Finance, a.s.	Patria CF	Czech Republic	100.00	100.00
Patria Finance, a.s.	Patria Finance	Czech Republic	100.00	100.00
Radlice Rozvojová, a.s.	Radlice Rozvojová	Czech Republic	100.00	100.00
Skip Pay s.r.o. (formerly MallPay s.r.o.)	Skip Pay	Czech Republic	100.00	100.00
Ušetřeno.cz s.r.o.	Ušetřeno	Czech Republic	100.00	100.00
K&H Pénzforgalmi Szolgáltató Korlátolt Felelősségű Társaság	K&H Payment Services	Hungary	100.00	100.00
ČSOB Nemovitostní, otevřený podílový fond Patria investiční společnosti, a.s.	ČSOB Nemovitostní	Czech Republic	100.00	-
Joint venture				
Igluu s.r.o.	Igluu	Czech Republic	50.00	50.00
Ownest, s.r.o.	Ownest	Czech Republic	21.73	-
Associates				
ČSOB Pojišťovna, a.s., a member of the ČSOB holding	ČSOB Pojišťovna	Czech Republic	0.24	0.24

In September 2024, ČSOB acquired a share in Ownest, s.r.o., a company operating on the real estate market in the Czech Republic. Ownest enables its clients to rent residential real estate with a view to purchasing it for personal ownership in the future, including financing services. The amount of the Group's investment corresponds to a 21.73% share on equity of the company. According to the contractual arrangements, ČSOB's influence is equal to 30% and the consensus of all joint owners is required for the decision to be made. Given that fact, ČSOB included Ownest in the consolidated financial statements as of 31 December 2024 as a joint venture in the amount of CZK 30 m, corresponding to ČSOB's share on the equity of Ownest.

In March 2024, the Group established a new company ČSOB Nemovitostní, otevřený podílový fond Patria investiční společnosti, a.s., through which the Group acquires entities operating on the real estate market with an intention to sell the investment certificates of the fund to the customers. During 2024, ČSOB Nemovitostní acquired 100% investment share in entities Patria Park Chomutov, Patria Park Piešťany, Patria RP Bytča, Patria RP Humpolec, Patria RP Lipník, Patria RP Zvolen I and Patria RP Zvolen II. The Group exercises a control in all these entities and has therefore included the whole property related group in the consolidated financial statements as at 31 December 2024 using the full method of consolidation. The transaction was recognized in the consolidated financial statements as an asset acquisition. Cost of the acquisition has been allocated to the individual identifiable assets acquired and liabilities assumed based on their fair value at the date of purchase.

The acquisition impacted consolidated figures of the Group as follows:

Assets acquired and liabilities assumed

(CZKm)	31 December 2024
ASSETS	
Cash and other demand deposits	247
Investment property	3,289
Other assets	124
Total assets	**3,660**
LIABILITIES	
Financial liabilities at amortised cost	1,439
Other liabilities	66
Total liabilities	**1,505**
Total identifiable net assets	**2,155**
Investment of the Group to the net assets of the property related group	**2,155**

There is no contingent consideration resulting from the transaction.

In 2024, Patria Finance established a Hungarian branch providing securities trading services to its customers in Hungary. The branch acquired a part of the former business of KBC Securities HU, which is an entity controlled by KBC Group. The branch was included into the consolidated financial statements of the Group as a merger between entities under common control using a pooling of interest method, i.e. assets and liabilities of the entity at their carrying amounts have been recognized in the consolidated statement of financial position. As part of the acquisition, the Group recognized tangible and intangible fixed assets in the amount of CZK 9 million and transferred a cash consideration of CZK 331 million. A difference between the purchase price and net asset value of the branch in the amount of CZK 322 m has been recognized directly in the consolidated equity at 31 December 2024.

As a result of the sale of significant part the ČSOB's participation in ČSOB Pojišťovna in 2012, the Group's ownership interest in ČSOB Pojišťovna is 0.24%. While, based on the Agreement on the exercise of voting rights, the Group is entitled to a total of 40% of the voting rights in ČSOB Pojišťovna. Thus, ČSOB Pojišťovna is still assessed to be an associated company of the Bank (Note: 21).

Ownership in other companies corresponds with the share of voting rights.

4. SEGMENT INFORMATION

The Group's primary segment reporting is by customer segment.

The Group has five reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately based on the Group's management and internal reporting (controlling) structure. For each of the strategic business units, the Group's management reviews internal management reports on a quarterly/monthly basis.

Management monitors the operating result of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss. Income tax is allocated to operating segments, but is managed on a Group basis.

Definitions of customer operating segments:

Retail: Private individuals and entrepreneurs, except of private banking customers that are reported as a part of Relationship banking. This segment contains customers' deposits, consumer loans, overdrafts, payment solutions including payment cards and other transactions and balances with retail customers. Margin income from operations with retail clients on the financial market is also allocated to this segment (i.e. a margin from spot operations, hedging of foreign currency transactions and trading with bonds). Net fee and commission income of this segment contains payment services, administration of credits, network income, distribution and other fees.

Relationship banking: Corporate companies with a turnover of greater than CZK 300 m, SME companies with a turnover of less than CZK 300 m, private banking customers with financial assets above CZK 10 m, financial and public sector institutions. This segment contains customers' deposits, loans, overdrafts, payment solutions including payment cards, leasing and other transactions and balances with corporate, SME customers and private banking customers. Margin income from the operations with corporate, SME clients and private banking clients on the financial market is also allocated to this segment (i.e. a margin from spot operations, hedging of foreign currency transactions or trading with bonds). Net fee and commission income of this segment contains payment services, administration of credits, network income, securities, custody, retail service fees, distribution and other fees.

Financial markets: This segment contains investment products and services to institutional investors and intermediaries and fund management activities and trading included in dealing services, mutual funds and pension funds and asset management. Net fee and commission income of this segment contains securities and custody fees and asset management income fees and commissions to agents.

Home financing: This segment contains mortgages, building savings and building savings loans. Net fee and commission income of this segment contains administration of credits and distribution fees.

Group Centre: The Group Centre segment consists of positions and results of Asset Liability Management (ALM), the Group's yield on real equity consisting of an interest charge on capital provided to subsidiaries which are a part of the Relationship banking and Home financing segment, the results of the reinvestment of free equity of ČSOB and items not directly attributable to other segments. Net fee and commission income of this segment contains payment services and other fees.

Segment reporting information by customer segments for 2024

(CZKm)	Retail	Home financing	Relationship banking	Financial markets	Group Centre	**Total**
Consolidated statement of income						
Net interest income	11,295	3,568	12,300	491	3,731	**31,385**
Fee and commission income	4,597	1,101	4,570	2,341	5,344	**17,953**
Fee and commission expense	-1,126	-642	-456	-363	-5,355	**-7,942**
Dividend income	-	-	-	4	19	**23**
Net gains / losses (-) from financial instruments at fair value through profit or loss	119	-1	1,877	737	-213	**2,519**
Income from operating lease	-	-	1,239	-	-	**1,239**
Expense from operating lease	-	-	-1,056	-	-	**-1,056**
Other net income	175	14	243	-11	567	**988**
Operating income	**15,060**	**4,040**	**18,717**	**3,199**	**4,093**	**45,109**
of which:						
External operating income / expense (-)	*-1,704*	*18,401*	*8,719*	*3,199*	*16,494*	*45,109*
Intersegment operating income / expense (-)	*16,764*	*-14,361*	*9,998*	*-*	*-12,401*	*-*
Depreciation and amortisation	-28	-323	-55	-107	-2,321	**-2,834**
Other operating expenses	-8,332	-1,562	-5,081	-1,149	-4,535	**-20,659**
Operating expenses before impairment losses	**-8,360**	**-1,885**	**-5,136**	**-1,256**	**-6,856**	**-23,493**
Impairment losses on financial assets at amortised cost and at fair value through OCI and finance leases	-246	631	408	-	65	858
Impairment losses on goodwill, other financial and non-financial assets	-	-	-	-30	-45	-75
Share of profit of associates and joint ventures	-	-	-	-	3	**3**
Profit before tax	**6,454**	**2,786**	**13,989**	**1,913**	**-2,740**	**22,402**
Income tax expense	-2,035	-590	-3,359	-416	2,906	**-3,494**
Segment profit	**4,419**	**2,196**	**10,630**	**1,497**	**166**	**18,908**
Assets and liabilities						
Segment assets	46,484	540,247	391,819	66,992	874,763	**1,920,305**
Investment in associates and joint ventures	-	-		-	100	**100**
Non-current assets held-for-sale	-	-	32	-	23	**55**
Total assets	**46,484**	**540,247**	**391,851**	**66,992**	**874,886**	**1,920,460**
Total liabilities	**598,170**	**107,509**	**616,075**	**132,474**	**349,599**	**1,803,827**
Capital expenditure	**268**	**115**	**852**	**80**	**2,482**	**3,798**

Segment reporting information by customer segments for 2023 - restated (Note: 2.3)

(CZKm)	Retail	Home financing	Relationship banking	Financial markets	Group Centre	**Total**
Consolidated statement of income						
Net interest income	9,837	4,461	11,123	1,086	2,538	**29,045**
Fee and commission income	3,585	1,147	4,231	1,718	5,431	**16,112**
Fee and commission expense	-1,068	-590	-462	-285	-4,782	**-7,187**
Dividend income	-	-	-	2	5	**7**
Net gains / losses (-) from financial instruments at fair value through profit or loss	118	83	1,827	823	-661	**2,190**
Net realised gains on financial instruments at fair value through other comprehensive income	-	-	-	-	-	**-**
Income from operating lease	-	-	1,282	-	-	**1,282**
Expense from operating lease	-	-	-1,135	-	-	**-1,135**
Other net income	175	24	139	20	622	**980**
Operating income	**12,647**	**5,125**	**17,005**	**3,364**	**3,153**	**41,294**
of which:						
External operating income	*-4,019*	*17,785*	*2,646*	*3,364*	*21,518*	*41,294*
Intersegment operating income / expense (-)	*16,666*	*-12,660*	*14,359*	*-*	*-18,365*	*-*
Depreciation and amortisation	-26	-376	-50	-90	-2,224	**-2,766**
Other operating expenses	-7,585	-1,643	-4,830	-902	-4,863	**-19,823**
Operating expenses before impairment losses	**-7,611**	**-2,019**	**-4,880**	**-992**	**-7,087**	**-22,589**
Impairment losses on financial assets at amortised cost and at fair value through OCI and finance leases	-209	-41	1,856	-	77	1,683
Impairment losses on goodwill, other financial and non-financial assets	-	-44	-	-	-3,015	-3,059
Share of profit of associates and joint ventures	-	-	-	-	-21	**-21**
Profit before tax	**4,827**	**3,021**	**13,981**	**2,372**	**-6,893**	**17,308**
Income tax expense	-1,426	-560	-3,020	-452	3,239	**-2,219**
Segment profit	**3,401**	**2,461**	**10,961**	**1,920**	**-3,654**	**15,089**
Assets and liabilities						
Segment assets	40,041	526,284	356,913	52,056	892,865	**1,868,159**
Investment in associates and joint ventures	-	-	-	-	68	**68**
Non-current assets held-for-sale	-	-	42	-	23	**65**
Total assets	**40,041**	**526,284**	**356,955**	**52,056**	**892,956**	**1,868,292**
Total liabilities	**561,272**	**118,396**	**611,275**	**139,217**	**324,671**	**1,754,831**
Capital expenditure	**203**	**175**	**499**	**81**	**2,034**	**2,992**

Interest income and interest expense are not presented separately since the Group assesses the performance of the segments primarily on the basis of the net interest income.

Intersegment transactions are transactions conducted between the different primary segments on an arm's length basis.

The Group operates predominantly in the Czech Republic.

5. INTEREST INCOME

(CZKm)	2024	2023
Interest income on financial instruments calculated using effective interest rate method		
Cash, balances with central banks and other demand deposits	156	1,498
Financial assets at amortised cost, incl. assets pledged as collateral		
Credit institutions	32,014	51,536
Other than credit institutions	47,549	42,537
Financial assets at fair value through other comprehensive income, incl. assets pledged as collateral	518	275
Derivatives used for hedging (Note: 8)	10,191	17,632
Negative interest from financial liabilities measured at amortised cost	-	1
	90,428	113,479
Other similar income		
Finance lease receivables	430	322
Financial assets held for trading, incl. assets pledged as collateral (Note: 8)	1,038	1,942
Derivatives used as economic hedges (Note: 8)	6,993	12,710
Negative interest from financial liabilities measured at fair value (Note: 8)	12	13
	8,473	14,987
Interest income	**98,901**	**128,466**

6. INTEREST EXPENSE

(CZKm)	2024	2023
Interest expense on financial instruments calculated using effective interest rate method		
Financial liabilities at amortised cost		
Central banks	18	12
Credit institutions	11,137	6,950
Other than credit institutions	33,243	43,161
Debt instruments in issue	5,244	14,854
Derivatives used for hedging (Note: 8)	7,797	15,986
	57,439	80,963
Other similar expense		
Financial liabilities held for trading (Note: 8)	1,190	2,072
Financial liabilities designated at fair value through profit or loss (Note: 8)	908	1,161
Derivatives used as economic hedges (Note: 8)	7,905	15,155
Lease liabilities	74	70
	10,077	18,458
Interest expense	**67,516**	**99,421**

7. NET FEE AND COMMISSION INCOME

(CZKm)	2024	2023
Fee and commission income		
Banking services		
Payment service fees	7,880	7,365
Credit / Guarantee related fees	1,275	1,227
Network income	1,417	1,311
Securities	1,125	805
Other	1,025	955
Asset management services		
Custody fees	326	280
Mutual funds entry fees	444	227
Management fees	947	719
Distribution		
Mutual funds	1,939	1,524
Banking and insurance products	1,575	1,699
	17,953	**16,112**
Fee and commission expense		
Banking services		
Payment services	5,533	4,986
Credit / Guarantee related fees	308	307
Securities	1	161
Network expense	203	11
Other	583	406
Asset management services		
Custody fees	148	129
Distribution		
Banking and insurance products	1,166	1,187
	7,942	**7,187**
Net fee and commission income	**10,011**	**8,925**

8. NET GAINS / LOSSES FROM FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS AND FOREIGN EXCHANGE

Net gains from financial instruments at fair value through profit or loss, as reported in the consolidated statement of income, do not include net interest income recognised on financial assets and financial liabilities at fair value through profit or loss. Net gains from financial instruments at fair value through profit or loss and the related net interest income are set out in the table below to provide a fuller presentation of the net result from financial instruments at fair value through profit or loss of the Group:

(CZKm)	2024	2023
Net gains / losses from financial instruments at fair value through profit or loss and foreign exchange - as reported	**2,519**	**2,190**
Net interest income (Notes: 5, 6)	434	-2,077
	2,953	**113**
Financial instruments held for trading and derivatives used for hedging		
Interest rate contracts	2,787	2,263
Foreign exchange	-1,597	-3,402
Equity contracts	654	739
	1,844	-400
Non-trading financial instruments mandatorily at fair value through profit or loss		
Non-trading financial assets mandatorily at fair value through profit or loss	951	1,330
Financial instruments designated at fair value through profit or loss		
Financial liabilities designated at fair value through profit or loss	-1,547	-2,314
Foreign exchange differences	1,705	1,497
Financial instruments at fair value through profit or loss and foreign exchange	**2,953**	**113**

Changes of fair value of hedging derivatives and hedged items, being parts of fair value hedging constructions of the Group, are presented in the table on a net basis. Split of gains and losses realised on the hedging contracts and on hedged item attributable to the hedged interest rate risk is provided in note Derivative financial instruments (Note: 22).

As from October 2018, KBC Bank started centralising ČSOB's trading activities to the Central European Financial Markets in order to align regulatory scope, risks arising from trading and streamline the trading activities. KBC Bank has outsourced the related trading activities back to ČSOB. The contracts are concluded through the Financial Markets trades specified products on behalf of KBC Bank. Related risk raised from the transactions is then transferred via a back-to-back transaction to KBC Bank with positive impact on risk weighted assets (RWA) of the Bank. Net residual profit based on trading results is distributed by KBC Bank to ČSOB; KBC Bank bears any potential loss. The profit is booked into Net gains from non-trading financial assets mandatorily at fair value through profit or loss.

9. NET RESULT FROM OPERATING LEASE

(CZKm)	2024	2023
Income from operating lease		
Income from operating leases	268	270
Income from disposal of assets under operating leases	764	714
Income from other services relating to operating leases	207	298
	1,239	**1,282**
Expense from operating lease		
Depreciation of assets under operating leases (Note: 24)	-178	-186
Expenses from disposal of assets under operating leases	-632	-626
Other services relating to operating leases	-246	-323
	-1,056	**-1,135**

10. OTHER NET INCOME

(CZKm)	2024	2023
ICT services	701	677
Services provided to the parent and to entities under common control (excluding income from ICT services)	435	334
Rental income from Investment property (Note: 23)	79	-
Net gain on disposal of non-current assets held-for-sale	4	9
Net gain on disposal of intangible assets	1	22
Other services provided by ČSOB Leasing	1	1
Net loss (-) / gain on disposal of property and equipment	-2	3
Net realised result from debt securities FVOCI	-12	-
Net loss on disposal of associates, joint ventures and subsidiaries	-13	-
Net increase in provisions for legal issues	-51	-58
Net loss on disposal of investments measured at amortised cost	-277	-215
Other	122	207
	988	**980**

In February 2023, ČSOB Bank was delivered an arbitral award issued in the arbitration proceedings against the company ICEC-HOLDING, a.s. resulting in an increase of the provisions for legal issues in the amount of CZK 3,663 m already in 2022 (Notes: 31, 37). In March 2023, the Bank redeemed the liability arisen from the arbitral award and utilized the respective provision in a full amount.

11. STAFF EXPENSES

(CZKm)	2024	2023
Wages and salaries	8,102	7,447
Salaries and other short-term benefits of top management	87	76
Social security charges	2,665	2,512
of which pension security charges (obligatory)	*1,655*	*1,575*
Pension (voluntary) and similar expenses	208	200
Net increase in provisions for Restructuring programme	2	184
Other	160	207
	11,224	**10,626**

Number of personnel of the Group

The number (in full-time equivalents) of personnel of the Group was 8,125 at 31 December 2024 (31 December 2023: 8,035).

Management bonus scheme

Included within Salaries and other short-term benefits of top management are base salaries, annual bonuses and other short-term benefits of the Members of the Board of Directors. Salaries and remuneration of the Members of the Board of Directors, as well as the remuneration principles and structure, are subject to the approval of the Supervisory Board.

A bonus scheme of the Group follows the changes in legislation in previous years. Half of the bonus is provided in a non-cash instrument, so called 'Virtual investment certificate' (VIC). VIC is linked to the Economic Value Added of the Group which captures both finance and risk aspects (50%) and to the share price of KBC Group (50%). Another half of the bonus is paid in cash. The payment of half of the bonus (both cash and non-cash portion) is deferred for up to the next five years following the initial assignment of the benefit.

Retirement benefits

The Group provides its employees (including top management) with a voluntary defined contribution retirement scheme. Participating employees can contribute a portion of their salaries to pension companies approved by the Ministry of Finance of the Czech Republic (MF CZ), with an additional contribution of the Group of 2% or 3% of their salaries, respectively, or with fixed amount by preference of an employee.

Termination benefits

Employees dismissed by their employer according to Czech employment law are entitled to termination benefits equal to or less than three times the employee's monthly average salary. Additional termination benefits are granted to employees who were employed between 10-15 years (2 times the month's average salary), 15-20 years (2.5 times the month's average salary), 20-25 years (3 times the month's average salary), 25-30 years (4 times the month's average salary), 30-35 years (5 times the month's average salary) and over 35 years (6 times the month's average salary).

In the case of contract termination, the members of the Board of Directors are entitled to receive an amount of 0 to 12 monthly salaries as termination benefits (according to conditions of individual contracts). The compensation was CZK Nil in 2024 and 2023.

12. GENERAL ADMINISTRATIVE EXPENSES

(CZKm)	2024	2023
Information technologies	3,908	3,728
Professional fees	812	753
Other building expenses	775	679
Retail service fees	710	645
Marketing	700	653
Contribution to the Single Resolution Mechanism	583	959
Communication	513	489
Deposit insurance premium and contribution to the Securities Traders Guarantee Fund	424	470
Administration	251	231
Travel and transportation	209	208
Payment cards and electronic banking	116	124
Rental expenses on land and buildings - minimum lease payments	66	39
Insurance	61	52
Training	51	49
Car expenses	16	17
Other	240	101
	9,435	**9,197**

13. IMPAIRMENT LOSSES

(CZKm)	2024	2023
Impairment reversal of financial assets at amortised cost - loans and advances (Notes: 35, 42.2)	563	1,282
Impairment reversal of financial assets at amortised cost - debt securities (Notes: 35, 42.2)	13	97
Impairment reversal of finance lease receivables (Note: 35)	51	87
Provisions reversal for loan commitments and guarantees (Notes: 31, 35)	231	217
Impairment reversal / loss (-) of property, plant and equipment (Notes: 24, 35)	2	-26
Impairment loss of goodwill (Notes: 25, 35)	-	-2,616
Impairment loss of intangible assets (Notes: 25, 35)	-72	-416
Impairment loss of other financial assets (Note: 35)	-5	-1
	783	**-1,376**

14. INCOME TAX

The components of income tax expense for the years ended 31 December 2024 and 2023 are as follows:

(CZKm)	2024	2023 restated
Current tax expense	3,236	1,514
Previous year under / over (-) accrual of current tax	104	-51
Deferred tax expense relating to the origination and reversal of temporary differences	154	756
	3,494	**2,219**

A reconciliation between the tax expense and the accounting profit multiplied by the domestic tax rate for the years ended 31 December 2024 and 2023 is as follows:

(CZKm)	2024	2023 restated
Profit before taxation	22,402	17,308
Applicable tax rates	21%	19%
Taxation at applicable tax rates	4,704	3,289
Previous year under / over (-) accrual of current tax	104	-51
Effect on deferred taxes due to increase in tax rate	-	-14
Tax effect of non-taxable income	-2,605	-2,476
Tax effect of non-deductible expenses	1,197	1,471
Top-up tax	94	-
	3,494	**2,219**

In the Czech Republic, a windfall tax was introduced. On the excess profit (the profit above the average of 2018-2021 profits plus 20%, the calculation is based on corporate income tax base) the effective tax rate is 79% or 81%, respectively (19% standard corporate tax increased to 21% starting from 2024 + 60% windfall tax) which is applicable for large banks in the period 2023 to 2025. Introduction of the windfall tax in the Czech Republic for years 2023 – 2025 did not have any impact on the Group in 2023 and 2024, since the tax base did not rise sufficiently for the windfall tax to apply. It was not recognized in deferred tax either.

In 2023, changes in the Income tax law were approved. The applicable tax rate starting from 2024 was 21% (2023: 19%).

As of 1 January 2024, the Czech Republic has enacted new legislation to implement the global minimum top-up tax, in accordance with the EU legislation. The whole KBC Group is subject to these new rules. The Czech Republic has also implemented rules for qualified domestic top-up tax, and ČSOB Group became subject to this domestic top-up tax in relations to the operations of KBC Group in the Czech Republic. Even though the statutory tax rate is 21% since 2024, the final effective tax rate of ČSOB Group is presumed to be slightly under required limit of 15%. Impact of the enacted tax legislation on the net result of the ČSOB Group for the year ended 31 December 2024 was preliminary calculated and the top-up tax provision was booked in the amount of CZK 94 m. In connection with the introduction of the global minimum tax, the ČSOB Group applies an exemption from the accounting requirements for deferred taxes under IAS 12 and does not recognise or disclose deferred tax assets and liabilities related to top-up taxes.

Included in non-taxable income is interest income accrued on tax-free financial investments.

Deferred income taxes are calculated on all temporary differences under the liability method using the income tax rate of 21% in 2024 (2023: 21%).

The movement on the Net deferred tax asset is as follows:

(CZKm)	2024	2023
At 1 January	**-118**	**1,479**
Consolidated statement of income	-154	-756
Financial assets FVOCI (Note: 33)		
Fair value remeasurement	-12	-125
Transfer to net profit or retained earnings	29	1
Cash-flow hedges (Note: 33)		
Fair value remeasurement	355	-543
Transfer to net profit (Note: 22)	-186	-174
Changes in consolidation scope	6	-
At 31 December	**-80**	**-118**

Deferred tax asset and liability are attributable to the following items:

(CZKm)	2024	2023
Deferred tax asset		
Initial fee income	703	604
Employee benefits	412	378
Temporary difference resulting from tax depreciation	289	247
Interest rate bonus	205	242
Impairment losses on loans and advances at amortised cost and credit risk provisions	146	233
Temporary difference resulting from tax depreciation related to acquisition of ICT function	91	101
Provisions for other risks and charges	89	95
Revaluation of financial assets and liabilities at fair value through profit or loss	83	233
Impairment of tangible and intangible assets	81	76
Unused tax losses applicable in the next periods	34	44
Impairment losses on debt securities	21	18
Debt securities at fair value through other comprehensive income	17	5
Cash-flow hedging derivatives	-173	-338
Amortisation of goodwill for tax purposes	-565	-565
Other temporary differences	55	30
	1,488	**1,403**

(CZKm)	2024	2023
Deferred tax liability		
Temporary difference resulting from tax depreciation	1,089	1,162
Cash-flow hedging derivatives	232	257
Debt securities at fair value through other comprehensive income	195	185
Finance lease valuation	77	30
Unused tax losses applicable in the next periods	69	49
Revaluation of financial assets and liabilities at fair value through profit or loss	8	27
Impairment losses on loans and advances at amortised cost and credit risk provisions	-19	-34
Provisions for other risks and charges	-23	-27
Initial fee expense	-30	-80
Other temporary differences	-30	-48
	1,568	**1,521**

The deferred tax charge in the consolidated statement of income comprises of the following temporary differences:

(CZKm)	2024	2023
Temporary difference resulting from tax depreciation	115	-155
Initial fee income	49	237
Employee benefits	34	50
Impairment of tangible and intangible assets	5	67
Impairment losses on debt securities	3	-6
Debt securities at fair value through other comprehensive income	-	-214
Amortisation of goodwill for tax purposes	-	-54
Temporary difference resulting from tax depreciation related to acquisition of ICT function	-10	-1
Provisions for other risks and charges	-10	-663
Unused tax losses applicable in the next periods	-30	-4
Interest rate bonus	-37	-50
Finance lease valuation	-47	-65
Impairment losses on loans and advances at amortised cost and credit risk provisions	-102	-148
Revaluation of financial assets and liabilities at fair value through profit or loss	-131	238
Other temporary differences	7	12
	-154	**-756**

The Group management believes it is probable that the Group fully realise its gross deferred income tax assets based upon the Group's current and expected future level of taxable profits and the expected offset within each Group company from gross deferred income tax liabilities. The Group can carry forward tax loss for up to 5 years from its initial recognition.

15. DIVIDENDS PAID

Dividends are not accounted for until they have been ratified by a resolution of the sole shareholder on a profit distribution. The decision of a profit allocation for 2024 has not been taken before the date of issue of the financial statements.

Based on a sole shareholder decision from 13 May 2024, a dividend of CZK 51.30 per share was paid for 2023, representing a total dividend of CZK 15,018 m.

Based on a sole shareholder decision from 6 June 2023, a dividend of CZK 17.93 per share was paid for 2022, representing a total dividend of CZK 5,249 m.

16. CASH, BALANCES WITH CENTRAL BANKS AND OTHER DEMAND DEPOSITS

(CZKm)	2024	2023
Cash (Note: 35)	8,184	8,036
Mandatory minimum reserves (Notes: 35, 36, 42.2)	9,137	9,040
Other balances with central banks (Notes: 35, 36, 42.2)	28,110	2,517
Other demand deposits in credit institutions (Notes: 35, 36, 42.2)	2,980	4,650
	48,411	**24,243**

Until 5 October 2023, the Czech National Bank (CNB) paid interest on the mandatory minimum reserve balances based on the official CNB two-week repo rate. Starting 5 October 2023, mandatory minimum reserve is an interest-free asset. The Group is obliged to keep the balance of mandatory minimum reserve, however it is allowed to use the reserve for a liquidity management purposes during the month. Given that fact, mandatory minimum reserve is assessed to be a cash equivalent by the Group.

Other balances with central banks contain overnight loans provided to central bank in the amount of CZK 24,897 m at 31 December 2024 (31 December 2023: CZK Nil). Balances with central banks are classified as Stage 1 assets, expected credit losses being immaterial.

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(CZKm)	2024	2023
Financial assets held for trading		
Loans and advances		
Reverse repo transactions (Note: 38)	1	8
Other loans and advances	14	-
Equity securities		
Credit institutions	21	4
Corporate	27	10
Derivative contracts (Note: 22)		
Trading derivatives	27,304	30,198
Derivatives used as economic hedges	1,862	8,715
	29,229	**38,935**
Non-trading financial assets mandatorily at fair value through profit or loss		
Loans and advances		
Credit institutions	951	1,330
	951	**1,330**
Financial assets at fair value through profit or loss	**30,180**	**40,265**

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(CZKm)	2024	2023
Financial assets at fair value through other comprehensive income		
Debt securities classified as stage 1		
General government	27,873	9,520
Credit institutions	1,473	962
Equity securities		
Corporate	468	415
Total	29,814	10,897
Allowance for impairment losses	-1	-1
	29,813	**10,896**
Financial assets at fair value through other comprehensive income pledged as collateral		
Debt securities classified as stage 1		
General government	4,241	4,079
Credit institutions	-	247
	4,241	**4,326**

Debt securities classified in Stage 1 are assessed as low credit risk financial instruments.

Included within Financial assets at fair value through other comprehensive income pledged as collateral are debt securities pledged as collateral in repo transactions in the amount of CZK Nil (2023: CZK 341 m) or securities lending in the amount of CZK 4,241 m (2023: CZK 3,985 m).
Under the terms and conditions of the pledge in repo transactions or securities lending, the transferee has a right to sell or repledge the collateral.

19. FINANCIAL ASSETS AT AMORTISED COST

(CZKm)	2024				
	Stage 1	Stage 2	Stage 3	POCI	Total
Financial assets at amortised cost					
Debt securities					
General government	239,155	-	-	-	239,155
Credit institutions	1,776	-	-	-	1,776
Other legal entities	3,928	510	-	-	4,438
Debt securities – gross carrying amount	244,859	510	-	-	245,369
Allowance for impairment losses	-4	-1	-	-	-5
Total debt securities	**244,855**	**509**	**-**	**-**	**245,364**
Loans and advances					
Central banks (Note: 35)	510,759	-	-	-	510,759
General government	10,190	601	679	-	11,470
Credit institutions (Note: 35)	2,651	16	144	-	2,811
Other legal entities	286,469	32,548	4,608	504	324,129
Private individuals	590,745	29,844	7,683	125	628,397
Loans and advances – gross carrying amount	1,400,814	63,009	13,114	629	1,477,566
Allowance for impairment losses	-958	-2,409	-5,683	-172	-9,222
Total loans and advances	**1,399,856**	**60,600**	**7,431**	**457**	**1,468,344**
Total financial assets at amortised cost	**1,644,711**	**61,109**	**7,431**	**457**	**1,713,708**
Financial assets at amortised cost pledged as collateral					
Debt securities – gross carrying amount					
General government	35,833	-	-	-	35,833
Credit institutions	-	-	-	-	-
Other legal entities	-	-	-	-	-
Allowance for impairment losses	-	-	-	-	-
Total financial assets at amortised cost pledged as collateral	**35,833**	**-**	**-**	**-**	**35,833**

(CZKm)	2023 Stage 1	Stage 2	Stage 3	POCI	Total
Financial assets at amortised cost					
Debt securities					
General government	59,150	-	-	-	59,150
Credit institutions	21	-	-	-	21
Other legal entities	3,521	510	-	-	4,031
Debt securities – gross carrying amount	62,692	510	-	-	63,202
Allowance for impairment losses	-13	-5	-	-	-18
Total debt securities	**62,679**	**505**	**-**	**-**	**63,184**
Loans and advances					
Central banks (Note: 35)	534,220	-	-	-	534,220
General government	8,973	206	828	-	10,007
Credit institutions (Note: 35)	1,902	32	397	-	2,331
Other legal entities	213,863	76,691	5,058	152	295,764
Private individuals	534,703	56,730	6,875	53	598,361
Loans and advances – gross carrying amount	1,293,661	133,659	13,158	205	1,440,683
Allowance for impairment losses	-824	-3,386	-5,840	-44	-10,094
Total loans and advances	**1,292,837**	**130,273**	**7,318**	**161**	**1,430,589**
Total financial assets at amortised cost	**1,355,516**	**130,778**	**7,318**	**161**	**1,493,773**
Financial assets at amortised cost pledged as collateral					
Debt securities – gross carrying amount					
General government	233,533	-	-	-	233,533
Credit institutions	3,222	-	-	-	3,222
Other legal entities	899	-	-	-	899
Allowance for impairment losses	-	-	-	-	-
Total financial assets at amortised cost pledged as collateral	**237,654**	**-**	**-**	**-**	**237,654**

Debt securities classified in Stage 1 are assessed as low credit risk financial instruments.

The following table shows the gross carrying amount of those financial assets which are in a different impairment stage at 31 December 2024 and 2023 than they were at the beginning of the financial year or their initial recognition:

	2024					
	Transfers between stages 1 and 2		Transfers between stages 2 and 3		Transfers between stages 1 and 3	
(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
Loans and advances						
General government	517	43	-	-	-	-
Credit institutions	12	11	-	-	-	-
Other legal entities	8,632	44,308	564	326	505	2
Private individuals	11,001	30,222	2,075	778	1,258	147
Total	**20,162**	**74,584**	**2,639**	**1,104**	**1,763**	**149**

	2023					
	Transfers between stages 1 and 2		Transfers between stages 2 and 3		Transfers between stages 1 and 3	
(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
Loans and advances						
General government	78	83	-	-	-	-
Credit institutions	-	76	-	-	-	-
Other legal entities	31,703	19,510	995	360	435	1
Private individuals	24,504	24,287	1,685	750	1,117	111
Total	**56,285**	**43,956**	**2,680**	**1,110**	**1,552**	**112**

Balances with central banks contain reverse repo transactions provided to central bank in the amount of CZK 510,759 m at 31 December 2024 (31 December 2023: CZK 534,220 m).

Included within Financial assets at amortised cost pledged as collateral are debt securities pledged as collateral in repo transactions in the amount of CZK 12,534 m (2023: CZK 216,323 m) or securities lending in the amount of CZK 23,299 m (2023: CZK 21,331 m). Under the terms and conditions of the pledge in repo transactions or securities lending, the transferee has a right to sell or repledge the collateral.

Financial assets at amortised cost contain debt securities of CZK 17,678 m (2023: CZK 17,265 m) pledged as collateral of term deposits and financial guarantees. The transferee has not a right to sell or repledge the collateral.

20. FINANCE LEASE RECEIVABLES

	2024				
(CZKm)	Stage 1	Stage 2	Stage 3	POCI	Total
Finance lease receivables					
Other legal entities	9,472	2,386	42	23	11,923
Private individuals	422	234	34	-	690
Gross carrying amount	9,894	2,620	76	23	12,613
Allowance for impairment losses	-13	-20	-58	-	-91
	9,881	**2,600**	**18**	**23**	**12,522**

	2023				
(CZKm)	Stage 1	Stage 2	Stage 3	POCI	Total
Finance lease receivables					
Other legal entities	6,383	3,323	69	30	9,805
Private individuals	310	394	57	2	763
Gross carrying amount	6,693	3,717	126	32	10,568
Allowance for impairment losses	-7	-32	-102	-1	-142
	6,686	**3,685**	**24**	**31**	**10,426**

Finance lease receivables may be analysed as follows:

(CZKm)	2024	2023
Total amount of the future minimum lease payments	**13,435**	**11,068**
At not more than one year	3,541	3,047
At more than one but not more than two years	2,773	2,559
At more than two but not more than three years	2,787	1,825
At more than three but not more than four years	1,617	1,808
At more than four but not more than five years	1,087	745
At more than five years	1,630	1,084
Unearned future finance income on finance leases	-913	-642
Present value of the future minimum lease payments	**12,522**	**10,426**
At not more than one year	3,301	2,869
At more than one but not more than two years	2,584	2,411
At more than two but not more than three years	2,597	1,719
At more than three but not more than four years	1,508	1,704
At more than four but not more than five years	1,013	702
At more than five years	1,519	1,021
Accumulated allowance for uncollectible minimum lease payments receivable	-90	-141

Finance lease receivables are collateralised by the leased items. The Group maintain legal ownership of the respective collateral.

As at 31 December 2024, the Group possessed assets (mainly cars related to leased assets) with an estimated value of CZK 32 m (2023: CZK 42 m), which the Group is in the process of selling (Note: 26).

21. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

The following table illustrates the summarised financial information of the significant investment in the associates and joint ventures based on non-audited financial statements compliant with IFRS Accounting Standards:

	ČSOB Pojišťovna	
(CZKm)	2024	2023
The associate's and joint venture's assets and liabilities		
Assets	40,442	41,977
of which current assets	473	2,102
Liabilities	34,068	34,305
of which current liabilities	2,316	2,156
Net assets	**6,375**	**7,672**
Carrying amount of the investment	**20**	**20**
The associate's and joint venture's results		
Interest income	1,373	1,536
Interest expense	-119	-146
Total revenues	15,264	15,595
Depreciation and amortisation	-184	-165
Income tax expense	-549	-449
Profit for the year	2,654	2,802
Profit for the year – share of the Group	7	7
Dividend – share of the Bank	5	8
Other comprehensive income	-	-
Total comprehensive income	7	7

22. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative instruments are utilised by the Group for trading and hedging purposes. Derivative instruments include swaps, forwards and option contracts. A swap agreement is a contract between two parties to exchange cash flows based on specified underlying notional amounts, assets and/or indices. Forward contracts are agreements to buy or sell a quantity of a financial instrument, index, currency or commodity at a predetermined future date and rate or price. An option contract is an agreement that conveys to the purchaser the right, but not the obligation, to buy or sell a quantity of a financial instrument, index, currency or commodity at a predetermined rate or price at a time or during a period in the future.

Credit risk associated with derivative financial instruments

By using derivative instruments, the Group is exposed to credit risk in the event of non-performance by counterparties in respect of derivative instruments. If a counterparty fails to perform, credit risk is equal to the positive fair value of the derivatives with that counterparty. When the fair value of a derivative is positive, the Group bears the risk of loss; conversely, when the fair value of a derivative is negative, the counterparty bears the risk of loss (or credit risk). The Group minimises credit risk through credit approvals, limits and monitoring procedures. Furthermore, the Group obtains collateral where appropriate and uses bilateral master netting arrangements.

All derivatives are traded over-the-counter.

The maximum credit risk on the Group's outstanding non-credit derivatives is measured as the cost of replacing their cash flows with positive fair value if the counterparties default, less the effects of bilateral netting arrangements and collateral held. The Group's actual credit exposures are less than the positive fair value amounts shown in the derivative tables below as netting arrangements and collateral have not been considered.

Trading derivatives

The Group's trading activities primarily involve providing various derivative products to its customers and managing trading positions for its own account. Trading derivatives also include those derivatives which are used for asset and liability management (ALM) purposes to manage the interest rate position of the Banking Book (positions managed by ALM) and which do not meet the criteria of hedge accounting; still they are used as natural or economic hedges.

The contract or notional amounts and positive and negative fair values of the Group's outstanding derivative trading positions as at 31 December 2024 and 2023 are set out in the table below. The contract or notional amounts represent the volume of outstanding transactions at a point in time; they do not represent the potential for gain or loss associated with the market risk or credit risk of such transactions.

Trading positions

	2024			2023		
	Notional	Fair value		Notional	Fair value	
(CZKm)	amount	Positive	Negative	amount	Positive	Negative
Interest rate related contracts						
Swaps	812,739	20,176	20,630	876,974	28,031	28,694
Options	28,498	208	137	21,340	260	176
	841,237	**20,384**	**20,767**	**898,314**	**28,291**	**28,870**
Foreign exchange contracts						
Swaps	618,128	5,676	4,743	23,680	1,363	1,355
Forwards	73,914	588	1,317	-	-	-
Options	103,837	623	622	71,816	463	449
	795,879	**6,887**	**6,682**	**95,496**	**1,826**	**1,804**
Commodity contracts						
Swaps / Options	707	33	31	2,024	81	81
Total trading derivatives (Notes: 17, 28)	**1,637,823**	**27,304**	**27,480**	**995,834**	**30,198**	**30,755**

Positions of ALM – economic hedges

	2024			2023		
	Notional	Fair value		Notional	Fair value	
(CZKm)	amount	Positive	Negative	amount	Positive	Negative
Interest rate related contracts						
Swaps	4,950	191	404	2,000	336	226
Foreign exchange contracts						
Forwards	-	-	-	76,707	600	3,197
Swaps	151,443	453	136	557,176	6,999	3,601
	151,443	**453**	**136**	**633,883**	**7,599**	**6,798**
Equity contracts						
Swaps	7,460	640	35	6,076	280	94
Options	4,140	578	1	5,348	500	-
	11,600	**1,218**	**36**	**11,424**	**780**	**94**
Total derivatives used as economic hedges (Notes: 17, 28)	**167,993**	**1,862**	**576**	**647,307**	**8,715**	**7,118**

Figures presented in Foreign exchange contracts of the comparative period of 2023 have been revised to align with the new product structure of presentation.

Hedging derivatives

The Group's ALM function utilises derivative interest rate contracts in the management of the Group's interest rate risk arising from non-trading or ALM activities, which are contained in the Group's Banking Book. Interest rate risk arises when interest-sensitive assets have different maturities or repricing characteristics than the corresponding interest-sensitive liabilities. The Group's objective for managing interest rate risk in the Banking Book is to reduce the structural interest rate risk within each currency and, thus, the volatility of net interest margins. Derivative strategies used to achieve this objective involve either swapping currency interest rate exposures or modifying repricing characteristics of certain interest-sensitive assets or liabilities so that the changes in interest rates do not have a significant adverse effect on the net interest margins and cash flows of the Banking Book. Group policies to achieve these strategies currently require the use of both cash flow hedges and fair value hedges.

In the Group, an effectiveness of hedge accounting relationship is measured by a comparison of cumulative changes in net present value of a hedging derivative and cumulative changes in net present value of a "hypothetical" derivative. Hypothetical derivative is not a real transaction. It is a virtual financial derivative representing a hedged item and hedged risk. Besides, the Group is testing whether the total amount of hedging derivatives does not exceed the volume of financial instruments eligible for hedging.

The hedging ineffectiveness results from the different floating rate repricing frequencies in hedging and hypothetical derivatives having an impact on their valuation.

Cash flow hedging derivatives

Most of the hedging derivatives are CZK single currency interest rate swaps. The Group uses these instruments to hedge floating interest income from expected reverse repo operations with the Czech National Bank earning the 14-day interest repo rate. The hedging swap contracts are arranged to swap the floating interest rate 3M PRIBOR or 6M PRIBOR paid by the Group and the fixed interest rate the Group receives. The hedging construction is effective due to the strong correlation between the 14-day interest repo rate and 3M or 6M PRIBOR.

The Group also uses single currency interest rate swaps

- to hedge the interest rate risk arising from changes in external interest rates on a group of non-retail client current accounts (the variability in the interest paid on the client deposits is effectively hedged by the fixed rate payer/floating rate receiver swaps).
- to convert floating-rate client loans to fixed rates.

- to convert floating-rate bonds to a synthetic fixed rate bonds.

The contract or notional amounts and positive and negative fair values of the Group's outstanding cash flow hedging derivatives as at 31 December 2024 and 2023 are set out as follows:

	2024			2023		
	Notional	Fair value		Notional	Fair value	
(CZKm)	amount	Positive	Negative	amount	Positive	Negative
Cash flow hedges						
Single currency interest rate swaps						
Cash flow micro hedges	11,900	1,090	-	11,900	1,350	-
Cash flow portfolio hedges	58,923	1,440	1,272	43,314	1,789	1,537
Total hedging derivatives	**70,823**	**2,530**	**1,272**	**55,214**	**3,139**	**1,537**

In 2024, a gain of CZK 45 m was recognised in the consolidated statement of income due to hedge ineffectiveness from single currency interest rate swaps cash flow hedges (2023: gain of CZK 84 m).

In 2024, the discontinuation of hedge accounting (due to sales of / impairment on underlying hedged bonds or retrospective hedge effectiveness test failure) resulted in a reclassification of the associated cumulative losses of CZK 10 m from equity to the consolidated statement of income (2023: gain of CZK 6 m). The gains / losses are included in Net gains from financial instruments at fair value through profit or loss.

The following table contains details of the hedged financial instruments as at 31 December 2024 and 2023 covered by the Group's hedging strategies:

	2024			2023		
	Cash flow hedge reserve		Change in fair value of hedged item for	Cash flow hedge reserve		Change in fair value of hedged item for
(CZKm)	Continuing hedges	Discontinued hedges	ineffectiveness assessment	Continuing hedges	Discontinued hedges	ineffectiveness assessment
Cash flow hedges	825	-	-741	1,601	6	3,781

Net gains and losses on cash flow hedges reclassified to the consolidated statement of income are as follows:

(CZKm)	2024	2023
Net interest income (Note: 33)	-920	-918
Net gains from financial instruments at fair value through profit or loss (Note: 33)	34	90
Taxation (Note: 14)	186	174
Net losses	**-700**	**-654**

Since the cash flows from the hedging interest rate swaps are variable and difficult to predict, the Group uses the remaining contractual maturity analysis of the hedging derivatives notional amounts instead of the expected future cash flows from the hedged items. As the objective of the hedging structure is to achieve fixed interest income, the information of the hedging swaps notional amounts remaining maturity is more relevant. Cash flows from hedged items are expected to occur in the same periods as the remaining maturity of cash flows from hedging derivatives.

The following table shows the notional amounts of hedging derivatives by remaining contractual maturity at 31 December 2024 and 2023:

(CZKm)	2024	2023
Less than 3 months	504	420
More than 3 months but not more than 6 months	452	2,250
More than 6 months but not more than 1 year	1,478	718
More than 1 year but not more than 2 years	3,796	2,364
More than 2 years but not more than 5 years	19,094	15,067
More than 5 years	45,499	34,395
	70,823	**55,214**

Fair value hedging derivatives

Cross currency interest rate swaps are used to hedge both FX risks and interest rate risks arising from the movement in the fair value of foreign currency fixed rate bonds classified as at fair value through other comprehensive income and as Financial assets at amortised cost attributable to the changes in the FX rate and the risk-free (interest rate swap) yield curve. A fixed rate payer (foreign currency)/floating rate receiver (home currency) interest rate swap is expected to be a highly effective hedge.

Interest rate swaps are used by the Group to hedge the interest rate risk arising from the movement in the fair value of bonds classified as Financial assets at fair value through other comprehensive income and as Financial assets at amortised cost attributable to changes in the risk-free (interest rate swap) yield curve. A fixed payer/floating rate receiver interest rate swap denominated in the same currency as the hedged bond is expected to be a highly effective hedge.

Interest rate swaps are used by the Group to hedge the interest rate risk arising from the movement in the fair value of long-term fixed rate wholesale funding transactions (classified as Financial liabilities at cost) attributable to changes in the risk-free (interest rate swap) yield curve. A fixed rate receiver/floating rate payer interest rate swap denominated in the same currency as the hedged funding transaction is expected to be highly effective hedge.

Fair value hedges for portfolios of retail non-maturity deposits have been used to hedge interest rate risk arising from changes in fair value of non-maturity retail deposits to changes in the risk-free yield curve. The portfolio consisting of the part of retail current accounts was designated as a hedged item. The interest rate risk is effectively hedged by the single currency fixed rate receiver/floating rate payer swaps.

Fair value hedges for portfolios of fixed rate loans have been used to hedge interest rate risk arising from changes in the fair value of fixed rate loans to changes in the risk-free yield curve. The interest rate risk is effectively hedged by the single currency fixed rate payer/floating rate receiver swaps.

Fair value hedges for portfolios of retail non-maturity deposits have been used to hedge interest rate risk arising from changes in fair value of non-maturity retail deposits to changes in the risk-free yield curve. The portfolio of ČSOBS consisting of the part of retail saving accounts was designated as a hedged item. The interest rate risk is effectively hedged by the single currency fixed rate receiver/floating rate payer swaps.

The contract or notional amounts and positive and negative fair values of the Group's outstanding fair value hedging derivatives as at 31 December 2024 and 2023 are set out as follows:

	2024			2023		
	Notional	Fair value		Notional	Fair value	
(CZKm)	amount	Positive	Negative	amount	Positive	Negative
Fair value hedges						
Single currency interest rate swaps						
Fair value micro hedges	115,991	8,149	1,062	87,057	8,675	1,460
Fair value portfolio hedges	641,647	9,924	16,306	693,307	17,370	21,457
Cross currency interest rate swaps						
Fair value micro hedges	516	10	-	516	31	-
Total hedging derivatives	**758,154**	**18,083**	**17,368**	**780,880**	**26,076**	**22,917**

The following table contains details of the hedged items as at 31 December 2024 and 2023 covered by the Group's hedging strategies:

	2024			
	Carrying amount of hedged item	Accumulated amount of fair value adjustments on the hedged items		Change in fair value of hedged item for ineffectiveness assessment
(CZKm)		Assets	Liabilities	
Fair value micro hedges				
Financial assets at amortised cost	72,965	-6,174	-	411
Financial assets at fair value through other comprehensive income	24,492	-283	-	-208
Financial liabilities at amortised cost	12,849	-	257	-200
Total	110,306	-6,457	257	3
Fair value portfolio hedges				
Financial assets at amortised cost	258,259	-5,320	-	5,118
Financial liabilities at amortised cost	367,049	-	-11,118	-4,273
Total	625,308	-5,320	-11,118	845
Total hedged items	**735,614**	**-11,777**	**-10,861**	**848**

(CZKm)	2023			
	Carrying amount of hedged item	Accumulated amount of fair value adjustments on the hedged items		Change in fair value of hedged item for ineffectiveness assessment
		Assets	Liabilities	
Fair value micro hedges				
Financial assets at amortised cost	72,351	-7,390	-	7,353
Financial assets at fair value through other comprehensive income	7,374	-458	-	524
Total	79,725	-7,848	-	7,877
Fair value portfolio hedges				
Financial assets at amortised cost	325,188	-10,437	-	15,201
Financial liabilities at amortised cost	342,413	-	-15,396	-17,040
Total	667,601	-10,437	-15,396	-1,839
Total hedged items	**747,326**	**-18,285**	**-15,396**	**6,038**

In 2024, the discontinuation of hedge accounting due to sales of underlying hedged bonds resulted in realised losses of CZK 5 m (2023: losses of CZK 5 m) included in Net gains from financial instruments at fair value through profit or loss in the consolidated statement of income.

In 2024, the net gains in the amount of CZK 830 m (2023: gains of CZK 6,012 m) realised on the hedged item attributable to the hedged interest rate risk is included in Net gains from financial instruments at fair value through profit or loss.

Net losses realised on the hedging contracts, which are included in Net gains from financial instruments at fair value through profit or loss, amounted to CZK 820 m (2023: losses of CZK 6,014 m).

23. INVESTMENT PROPERTY

In 2024, the Group established company ČSOB Nemovitostní through which the Group acquires entities operating on the real estate market (Note: 3). At the end of 2024, ČSOB Nemovitostní had a 100% investment share in entities Patria Park Chomutov, Patria Park Piešťany, Patria RP Bytča, Patria RP Humpolec, Patria RP Lipník, Patria RP Zvolen I and Patria RP Zvolen. The Group exercises a control in all these entities and has therefore included the whole property related group in the consolidated financial statements as at 31 December 2024 using the full method of consolidation. As a result, the Group recognized investment property in the net carrying amount of CZK 3,289 m in the consolidated statement of financial position as at 31 December 2024 and relating rental income of CZK 79 m (Note: 10) in the consolidated statement of income for the year ended 31 December 2024.

On 31 December 2024, management valued the investment property based on a valuation performed by an independent expert, based primarily on the capitalisation of the estimated rental value and unit prices of similar real property, with account being taken of all significant market parameters available on the date of the assessment. The fair value of the property amounted to CZK 3,449 m. The fair value disclosed for the investment property was based on valuation techniques using significant unobservable inputs.

The Group has an intention to sell its direct 100% share in ČSOB Nemovitostní to external investors. Sales are expected to begin in 2025, as soon as the fund has collected a sufficiently diversified portfolio of assets. Following the sale, the Group will lose control over the property related group and will derecognize it from the Consolidated financial statements.

24. PROPERTY AND EQUIPMENT

(CZKm)	Land and buildings	IT equipment	Office equipment	Other	Construction in progress	Total
Cost at 1 January 2023	11,231	2,814	855	2,645	711	18,256
Depreciation and impairment at 1 January 2023	-4,235	-1,907	-493	-1,918	-	-8,553
Net book value at 1 January 2023	**6,996**	**907**	**362**	**727**	**711**	**9,703**
Transfers	253	311	45	395	-1,004	-
Additions	-	-	-	-	1,138	1,138
Disposals	-10	-1	-4	-185	-	-200
Transfers to non-current assets held-for-sale (Note: 26)	-11	-	-	-	-	-11
Depreciation	-446	-466	-57	-251	-	-1,220
Impairment	-	-	-	-27	-	-27
Foreign currency translation	-	6	-	-	-	6
Net book value at 31 December 2023	**6,782**	**757**	**346**	**659**	**845**	**9,389**
of which						
Cost	11,291	2,720	870	2,661	845	18,387
Depreciation and impairment	-4,509	-1,963	-524	-2,002	-	-8,998

(CZKm)	Land and buildings	IT equipment	Office equipment	Other	Construction in progress	Total
Cost at 1 January 2024	11,291	2,720	870	2,661	845	18,387
Depreciation and impairment at 1 January 2024	-4,509	-1,963	-524	-2,002	-	-8,998
Net book value at 1 January 2024	**6,782**	**757**	**346**	**659**	**845**	**9,389**
Transfers	734	912	74	496	-2,216	-
Additions	-	-	-	-	1,562	1,562
Disposals	-533	-2	-2	-26	-	-563
Transfers to non-current assets held-for-sale (Note: 26)	-4	-	-	-	-	-4
Depreciation	-340	-485	-58	-382	-	-1,265
Impairment	-	-	-	2	-	2
Foreign currency translation	-	-5	-	-	-	-5
Net book value at 31 December 2024	**6,639**	**1,177**	**360**	**749**	**191**	**9,116**
of which						
Cost	11,552	3,316	908	2,789	191	18,756
Depreciation and impairment	-4,913	-2,139	-548	-2,040	-	-9,640

Right of use assets

(CZKm)	Land and buildings	IT equipment	Total
Cost at 1 January 2023	3,419	290	3,709
Depreciation and impairment at 1 January 2023	-1,619	-166	-1,785
Net book value at 1 January 2023	**1,800**	**124**	**1,924**
Additions	392	12	404
Disposals	-38	-	-38
Depreciation	-330	-56	-386
Impairment	1	-	1
Net book value at 31 December 2023	**1,825**	**80**	**1,905**
of which			
Cost	3,773	302	4,075
Depreciation and impairment	-1,948	-222	-2,170

(CZKm)	Land and buildings	IT equipment	Total
Cost at 1 January 2024	3,773	302	4,075
Depreciation and impairment at 1 January 2024	-1,948	-222	-2,170
Net book value at 1 January 2024	**1,825**	**80**	**1,905**
Additions	375	-	375
Disposals	-3	-	-3
Depreciation	-310	-55	-365
Impairment	-	-	-
Net book value at 31 December 2024	**1,887**	**25**	**1,912**
of which			
Cost	4,145	302	4,447
Depreciation and impairment	-2,258	-277	-2,535

Assets under operating leases

(CZKm)	Total
Cost at 1 January 2023	2,109
Depreciation and impairment at 1 January 2023	-819
Net book value at 1 January 2023	**1,290**
Additions	387
Disposals	-275
Depreciation	-186
Net book value at 31 December 2023	**1,216**
of which	
Cost	1,743
Depreciation and impairment	-527

(CZKm)	Total
Cost at 1 January 2024	1,743
Depreciation and impairment at 1 January 2024	-527
Net book value at 1 January 2024	**1,216**
Additions	568
Disposals	-241
Depreciation	-178
Net book value at 31 December 2024	**1,365**
of which	
Cost	1,782
Depreciation and impairment	-417

ČSOB Leasing owns assets leased out under operating leases (mainly vehicles and production facilities).

Property and equipment are assessed as non-current assets.

25. GOODWILL AND OTHER INTANGIBLE ASSETS

(CZKm)	Goodwill	Acquired software	Internally developed software	Other intangible assets	Construction in progress	Total
Cost at 1 January 2023	8,178	6,359	5,518	882	1,351	22,288
Amortisation and impairment at 1 January 2023	-1,393	-5,706	-2,808	-722	-	-10,629
Net book value at 1 January 2023	**6,785**	**653**	**2,710**	**160**	**1,351**	**11,659**
Transfers	-	124	1,304	53	-1,481	-
Additions	-	-	-	-	1,467	1,467
Amortisation	-	-257	-872	-31	-	-1,160
Impairment (Note: 13)	-2,616	-19	-397	-	-	-3,032
Foreign currency translation	-	-	-	4	-	4
Net book value at 31 December 2023	**4,169**	**501**	**2,745**	**186**	**1,337**	**8,938**
of which						
Cost	8,177	6,356	6,464	723	1,337	23,057
Amortisation and impairment	-4,008	-5,855	-3,719	-537	-	-14,119

(CZKm)	Goodwill	Acquired software	Internally developed software	Other intangible assets	Construction in progress	Total
Cost at 1 January 2024	8,177	6,356	6,464	723	1,337	23,057
Amortisation and impairment at 1 January 2024	-4,008	-5,855	-3,719	-537	-	-14,119
Net book value at 1 January 2024	**4,169**	**501**	**2,745**	**186**	**1,337**	**8,938**
Transfers	-	1	1,478	32	-1,511	-
Additions	-	-	-	-	1,668	1,668
Disposals	-	-136	-	-94	-	-230
Amortisation	-	-172	-997	-35	-	-1,204
Impairment (Note: 13)	-	-31	-66	25	-	-72
Foreign currency translation	-	-	-	-5	-	-5
Net book value at 31 December 2024	**4,169**	**163**	**3,160**	**109**	**1,494**	**9,095**
of which						
Cost	8,177	3,969	10,404	464	1,494	24,508
Amortisation and impairment	-4,008	-3,806	-7,244	-355	-	-15,413

Internally developed software in the net amount of CZK 1,112 m as at 31 December 2024 (31 December 2023: CZK 1,177 m) is included in Construction in progress.

Goodwill and other intangible assets are assessed as non-current assets.

Goodwill does not generate cash flows independently of other groups of assets and thus is assigned to cash generating units (CGUs) for the purposes of impairment testing. These CGUs are based upon how management monitors the business and represents the lowest level to which goodwill can be allocated on a reasonable basis.

An allocation to CGUs of the Group's goodwill attributable to shareholders is shown below:

(CZKm)	2024	2023
Retail segment and SME clients – Bank	2,511	2,511
Retail segment and SME clients – subsidiaries	1,658	1,658
	4,169	**4,169**

Retail segment and SME clients - Bank

The recoverable amount for the Retail segment and SME clients - Bank was determined based on the value-in-use methodology. The calculation uses cash flow projections from business plans for the forthcoming three years which are then extrapolated for a four further years using the expected average growth rate of 3%; after that a terminal value is applied.

Cash flows in the Retail segment and SME clients – Bank are based on the net profit generated by the cash-generating unit above the required capital and a terminal value of the business. For the calculation of the terminal value a sustainable discount rate of 12.6% in 2024 (2023: 12.7%) and no long term growth rates were used in 2024 and 2023.

The value in use is particularly sensitive to a number of key assumptions:

- The growth rate in forecasted cash flows beyond the terminal year of the budget. The Group has a conservative approach when calculating the terminal value, which implies that no growth rate for Retail segment and SME clients - Bank has been used for extrapolation purposes beyond the budget period.
- The risk discount rate. For Retail segment and SME clients - Bank an average risk discount rate of 12.7% has been applied (2023: 12.8%). This reflects a risk-free rate in the Eurozone, the credit default swap spread for the Czech Republic relative to the Eurozone, an average 'beta' factor for relative market risk, including the market risk premium.

The key assumptions described above may change as economic and market conditions change.

The outcome of the impairment assessment was that it is considered unlikely that goodwill in respect of the Retail segment and SME clients - Bank would be impaired given that the value-in-use is significantly higher than the carrying value of goodwill.

The management believes that reasonable potential changes in the key assumptions on which the recoverable amount is based would not cause it to fall below the carrying amount.

Retail segment and SME clients - ČSOBS

In April 2019, the Group acquired 45% share in ČSOBS. As part of the acquisition, the Group recognised goodwill in the amount of CZK 4,244 m. Based on the impairment assessment, there was an evidence of impairment of goodwill in respect of the Retail segment and SME clients of ČSOBS given the fact that the value-in-use at 31 December 2023 was below the carrying value of the cash-generating unit as a result of new legislation decreasing state subsidy for building savings. The Group recognized an impairment loss of CZK 2,616 m and hereby decreased the carrying value of the goodwill at the end of 2023. In 2024, an amount of the impairment remained unchanged. The recoverable amount for this cash generating unit was determined based on the value-in-use methodology. The calculation uses cash flow projections from business plans for the forthcoming ten years. Besides the cash flows generated by the business, synergy effects for the Group are reflected. After that a terminal value is applied.

Cash flows in ČSOBS are based on the net profit generated by the cash generating unit above the required capital and a terminal value of the business. For the calculation of the terminal value a sustainable discount rate of 12.6% (2023: 12.8%) and a long-term growth rate of 0% were used (2023: 3.3%).

The value in use is particularly sensitive to a number of key assumptions:

- The growth rate in forecasted cash flows beyond the terminal year of the budget. The Group used a realistic expectations when calculating the terminal value, which implies that growth rate of 0% (2023: 3.3%) for ČSOBS has been used for extrapolation purposes beyond the budget period.

- The risk discount rate. For ČSOBS an average risk discount rate of 12.6% (2023: 12.8%) has been applied. This reflects a risk-free rate in the Eurozone, the credit default swap spread for the Czech Republic relative to the Eurozone, an average 'beta' factor for relative market risk, including the market risk premium.

On 8 November 2023, the Czech Parliament approved a proposal for the reduction of the building saving state subsidy, being effective starting 1 January 2024. The change had a significant negative impact on ČSOBS's future projected earnings.

There is a negative sensitivity of the value-in-use to the risk discount rate, as a key assumption. An increase of the discount rate by 1% would not result in the additional impairment of the goodwill.

The following table shows key assumptions and sensitivity of value-in-use to changes in key assumptions as at 31 December 2024:

	2024		2023	
(CZKm)	+1%	-1%	+1%	-1%
Discount rate	-454	530	-348	420

26. NON-CURRENT ASSETS HELD-FOR-SALE

(CZKm)	Land and buildings	Other (Note: 20)	Total
Net book value at 1 January 2023	**23**	**18**	**41**
Transfer from Property and equipment (Note: 24)	11	-	11
Additions	-	131	131
Disposals	-11	-107	-118
Net book value at 31 December 2023	**23**	**42**	**65**
of which			
Cost	23	42	65
Impairment	-	-	-

(CZKm)	Land and buildings	Other (Note: 20)	Total
Net book value at 1 January 2024	**23**	**42**	**65**
Transfer from Property and equipment (Note: 24)	4	-	4
Additions	-	143	143
Disposals	-4	-153	-157
Net book value at 31 December 2024	**23**	**32**	**55**
of which			
Cost	23	32	55
Impairment	-	-	-

27. OTHER ASSETS

(CZKm)	2024	2023
Other financial assets		
Other debtors, net of provisions (Notes: 34, 36, 42.2)	980	789
Receivables from pension funds (Notes: 34, 36, 37, 42.2)	934	714
Accrued income (Notes: 34, 36, 42.2)	713	614
Other receivables from clients (Notes: 34, 36, 42.2)	145	76
	2,772	**2,193**
Other non-financial assets		
Prepaid charges	950	819
Assets subject of terminated operating leasing contracts	41	104
VAT and other tax receivables	39	23
Other	42	207
	1,072	**1,153**
Total other assets	**3,844**	**3,346**

The following table shows staging and detail of cumulative impairment losses on other financial assets for 2024 and 2023:

	2024			2023		
(CZKm)	Stage 2	Stage 3	Total	Stage 2	Stage 3	Total
Other financial assets						
Gross carrying amount	2,774	14	2,788	2,196	9	2,205
Allowance for impairment losses	-6	-10	-16	-6	-6	-12
	2,768	**4**	**2,772**	**2,190**	**3**	**2,193**

Expected credit losses of Other financial assets are assessed using simplified approach.

Other assets are assessed as current assets.

28.FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

(CZKm)	2024	2023
Financial liabilities held for trading		
Derivative contracts (Note: 22)		
Trading derivatives	27,480	30,755
Derivatives used as economic hedges	576	7,118
Term deposits	565	2,019
Repo transactions	2,373	983
	30,994	**40,875**
Financial liabilities designated at fair value through profit or loss		
Bonds issued	6,145	13,916
of which hybrid contracts	*2,829*	*1,392*
Investment certificates – hybrid contracts	10,622	11,341
	16,767	**25,257**
Financial liabilities at fair value through profit or loss	**47,761**	**66,132**

The amount that the Group would contractually be required to pay at the maturity of the financial liabilities designated at fair value through profit or loss is by CZK 1,039 m lower than the carrying amount at 31 December 2024 (31 December 2023: lower by CZK 495 m).

The changes in the fair value of the Financial liabilities designated at fair value through profit or loss attributable to changes in own credit risk amounted to CZK 8 m in 2024 (2023: CZK Nil).

The investment certificates and a part of bonds issued reported as Financial liabilities designated at fair value through profit or loss are hybrid contracts which contain an embedded derivative. The Group has assessed the contract, where the separation of the embedded derivative would require unreasonable cost and therefore the Group has decided to apply the fair value option on measurement of these hybrid contracts as a whole. Bonds issued, other than hybrid contracts, are financial instruments managed at fair value on portfolio basis.

29.FINANCIAL LIABILITIES AT AMORTISED COST

(CZKm)	2024	2023
Deposits received from credit institutions		
Current accounts and overnight deposits (Note: 35)	11,054	19,262
Term deposits (Note: 35)	16,594	15,010
Repo transactions (Note: 35)	12,772	226,376
	40,420	**260,648**
Deposits received from other than credit institutions		
Current accounts and overnight deposits	619,956	584,254
Term deposits	231,280	312,362
Savings deposits	446,886	379,591
Pension funds clients deposits	27	15
Repo transactions (Note: 35)	59,500	49,794
Other deposits	10,156	10,632
	1,367,805	**1,336,648**
Debt securities in issue		
Bonds issued	16,893	8,158
Promissory notes (Note: 35)	252,970	16,144
	269,863	**24,302**
Subordinated debt	**57,241**	**45,843**
Financial liabilities at amortised cost	**1,735,329**	**1,667,441**

Uncollateralised funding from KBC Bank through promissory notes increased in 2024, replacing short term repo operations contracted with KBC Bank, as part of standard liquidity and capital management within KBC Group.

In 2024, the Group issued coupon bonds in the nominal amount of CZK 11,937 m having a contractual maturity between 2 and 4 years and EIR in the range of PRIBOR 6M -1.15% to PRIBOR 6M -0.40% and PRIBOR 1M – 0.30%. All bonds contain both-side option allowing premature purchase or sale at every coupon payment date.

In 2023, the Group issued coupon bonds in the nominal amount of CZK 3,647 m having a contractual maturity between 1 and 4 years and EIR in the range of PRIBOR 6M -1.15% to PRIBOR 6M -0.65%. All bonds contain both-side option allowing premature purchase or sale at every coupon payment date.

From 1 January 2022, the Group has to meet the Minimum Requirement for own funds and eligible liabilities (MREL) at the interim level set by ČNB and therefore ČSOB issued the subordinated debts described below (Notes: 35, 40).

In December 2024, the Group issued subordinated debt in the nominal amount of EUR 180 m (CZK 4,533 m) to KBC Bank NV. Subordinated debt is repayable after 4 years (2028). Its coupon rate is EURIBOR 3M + 0.847%. The Group may prepay the debt at any time following the first three-year period.

In December 2024, the Group issued subordinated debt in the nominal amount of EUR 240 m (CZK 6,044 m) to KBC Bank NV. Subordinated debt is repayable after 5 years (2029). Its coupon rate is EURIBOR 3M + 0.941%. The Group may prepay the debt at any time following the first four-year period.

In December 2023, the Group issued subordinated debt in the nominal amount of EUR 170 m (CZK 4,281 m) to KBC Bank NV. Subordinated debt is repayable after 6 years (2029). Its coupon rate is EURIBOR 3M + 1.375%. The Group may prepay the debt at any time following the first five-year period.

In June 2022, the Group issued subordinated debt in the nominal amount of EUR 330 m (CZK 8,311 m) to KBC Bank NV. Subordinated debt was repayable after 3 years (2025). Its coupon rate is EURIBOR 3M + 1.05%. The Group could prepay the debt at any time following the first two-year period. This bond was prolonged for a further 6-year period in December 2024 (2030). Its coupon rate is EURIBOR 3M + 1.035%. The Bank may prepay the debt at any time following the five-year period.

The repayment of the debt is subordinated to all other classes of liabilities in the event of the liquidation of the Bank.

30. OTHER LIABILITIES

(CZKm)	2024	2023
Other financial liabilities		
Accrued charges (Notes: 34, 36, 42.3)	2,258	1,954
Other creditors (Notes: 34, 36, 42.3)	1,336	1,263
Other debts to clients (Notes: 34, 36, 42.3)	1,110	981
Other (Notes: 34, 36, 42.3)	9	20
	4,713	**4,218**
Other non-financial liabilities		
Payables to employees including social security charges	2,795	2,615
Income received in advance	97	37
VAT and other tax payables	570	500
	3,462	**3,152**
Total other liabilities	**8,175**	**7,370**

Other liabilities are assessed as current liabilities.

31. PROVISIONS

(CZKm)	Pending legal issues and other losses	Restructuring	Contractual engagements	Total
At 1 January 2023	**3,737**	**81**	**13**	**3,831**
Additions	55	184	4	243
Amounts utilised	-3,705	-135	-4	-3,844
Unused amounts reversed	-20	-	-9	-29
At 31 December 2023	**67**	**130**	**4**	**201**
Additions	21	2	-	23
Amounts utilised	-1	-49	-1	-51
Unused amounts reversed	-27	-	-	-27
At 31 December 2024	**60**	**83**	**3**	**146**

Loan commitments and guarantees (Note: 37):

(CZKm)	Stage 1	Stage 2	Stage 3	Total
At 1 January 2023	**155**	**250**	**306**	**711**
Origination and acquisition	111	3	1	115
Change in credit risk not leading to stage transfers	-80	-53	-123	-256
Change in credit risk leading to stage transfer	-13	-115	33	-95
Derecognition	-14	-3	-	-17
Modification	-	-	37	37
Foreign currency translation	1	-	12	13
At 31 December 2023	**160**	**82**	**266**	**508**
Origination and acquisition	27	3	-	30
Change in credit risk not leading to stage transfers	-190	30	-42	-202
Change in credit risk leading to stage transfer	5	-12	-2	-9
Derecognition	-10	-4	-30	-44
Change in model / methodology	1	-7	-	-6
Foreign currency translation	57	-27	-24	6
At 31 December 2024	**50**	**65**	**168**	**283**

Restructuring

During 2022 and 2023, the Group started a new restructuring programme, resulting in the creation of a provision of CZK 82 m and CZK 184 m, respectively. In the framework of this restructuring programme the total number of personnel will be reduced in the period of 2022 - 2026.

Pending legal issues and other losses

Provisions for legal issues and other losses represent an obligation to cover potential risks resulting from litigation, where the Group is the defendant.

The Group is involved in a number of ongoing legal disputes, the resolution of which may have an adverse financial impact on the Group. Based upon historical experience and expert reports, the Group assesses the developments in these cases, and the likelihood and the amount of potential financial losses which are appropriately provided for.

The Group's policy is to create a provision, where the possibility of an outflow of resources embodying economic benefits to settle the obligation is more than 50%. In such cases the Group creates a provision in the full amount to cover the possible cost in the event of loss.

In 2022, the Group had a provision for pending legal issues and other losses in the total amount of CZK 3,737 m. This amount included a provision for the legal proceedings against the company ICEC-HOLDING, a.s. in the amount of CZK 3,663 m (Note: 37). The legal case resulted in a liability of the Group of CZK 3,663 m payable till 15 days past 17 February 2023, the day when the arbitral award entered into legal force. The liability was settled in March 2023.

It is expected that the majority of other legal issues costs will be incurred in the next 3 years.

On a quarterly basis, the Group monitors the status of all cases and makes a decision whether to create, utilise or reverse any provision.

32. SHARE CAPITAL AND OTHER RESERVES

As at 31 December 2024, the total authorised share capital was CZK 5,855 m (31 December 2023: CZK 5,855 m) and comprised of 292,750,002 ordinary shares with a nominal value of CZK 20 each (31 December 2023: 292,750,002 ordinary shares with a nominal value of CZK 20 each) and is fully paid up.

No Treasury shares were held by the Group at 31 December 2024 and 2023.

On 31 December 2024, the Bank was directly controlled by KBC Bank whose ownership interest in ČSOB was 100% (31 December 2023: 100%). On the same date, KBC Bank was controlled by the KBC Group and, therefore, KBC Group was the company indirectly exercising ultimate control over the Bank.

Other reserves

The movement of Other reserves in 2024 and 2023 are as follows:

(CZKm)	Revaluation reserve from financial assets at fair value through OCI	Cash flow hedge reserve	Foreign translation reserve	Own credit risk reserve	Total
At 1 January 2023	**-663**	**-1,578**	**-25**	**-**	**-2,266**
Other comprehensive income (Note: 33)	398	2,902	13	-	3,313
At 31 December 2023	**-265**	**1,324**	**-12**	**-**	**1,047**
Other comprehensive income (Note: 33)	186	-629	-13	-8	-464
At 31 December 2024	**-79**	**695**	**-25**	**-8**	**583**

33. COMPONENTS OF OTHER COMPREHENSIVE INCOME

(CZKm)	2024	2023
Other comprehensive income – to be reclassified to the consolidated statement of income		
Exchange differences on translating foreign operation	-13	13
Cash flow hedges		
Net unrealised losses (-) / gains on cash flow hedges	-1,684	2,795
Net losses on cash flow hedges reclassified to the statement of income (Note: 22)	886	827
Tax effect relating to cash flow hedges (Note: 14)	169	-720
	-629	2,902
Financial debt instruments FVOCI		
Net unrealised gains on financial debt instruments FVOCI	118	448
Realised losses on financial debt instruments FVOCI reclassified to the statement of income on disposal	12	-
Tax effect relating to financial debt instruments FVOCI (Note: 14)	3	-107
	133	341
Other comprehensive income for the year, net of tax, to be reclassified to the consolidated statement of income in subsequent periods	**-509**	**3,256**
Other comprehensive income – not to be reclassified to the consolidated statement of income		
Financial equity instruments FVOCI		
Net unrealised gains on financial equity instruments FVOCI	136	79
Net realised gains on financial equity instruments FVOCI reclassified to the retained earnings on disposal	-98	-4
Tax effect relating to financial equity instruments FVOCI	15	-18
	53	**57**
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in credit risk	-8	-
Other comprehensive income for the period, net of tax, not to be reclassified to the consolidated statement of income in subsequent periods	**45**	**57**
Other comprehensive income for the year, net of tax	**-464**	**3,313**

34. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial assets and liabilities at fair value

The Group's accounting policy on fair value measurements is discussed in the Accounting policies (Note 2.2 (3)).

Financial assets and liabilities at fair value, i.e. financial assets FVOCI, held for trading, designated at fair value through profit or loss, are valued as follows:

- Level 1

  If available, published price quotations in active markets are used to determine the fair value of financial assets or financial liabilities. Revaluation is obtained using prices of an identical asset or liability, which means that no model is involved in the process of a revaluation. Financial instruments valued on this basis include spot foreign exchange contracts and listed shares and bonds.

  Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Group determines fair values using valuation techniques.

- Level 2

  Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observed from the market.

  Financial instruments valued on this basis include forward interest rate, foreign exchange and commodity contracts, mortgage bonds, money market loans and deposits.

- Level 3

  Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

  Financial instruments for which the parameters are not observable include unlisted shares, a part of the portfolio of trading derivatives, a part of the portfolio of mortgage bonds and selected listed but not traded bonds.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist, Black-Scholes and polynomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to determine a fair value that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

The Group uses widely recognised valuation models for determining the fair value of common and less complex financial instruments like interest rate and currency swaps that use only observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple over-the-counter derivatives like interest rate swaps. The availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determination of fair values. The availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

For more complex instruments, the Group uses proprietary valuation models, which are usually developed from recognised valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Examples of instruments involving significant unobservable inputs include certain over-the-counter structured derivatives, certain loans and securities for which there is no active market. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for the selection of the appropriate valuation model to be used, the determination of expected future cash flows on the financial instrument being valued, the determination of the probability of counterparty default and prepayments and the selection of appropriate discount rates. The Valuation policy is subject to approval of the ČSOB Risk and Capital Oversight Committee and KBC Group Valuation Committee. The process for the approval of any new product consist also of an assessment of the valuation of the product and the eventual new valuation model for the product has to be approved before the product is endorsed or approval of the model is a blocking condition for the product implementation. The New and Active Product Process also requires a regular review of all products and the assessment of valuation quality is an important part of the review. Any valuation model, which uses not directly observable inputs, is subject to the Parameter review policy. The policy requires quarterly assessment of all parameters correctness. The Group currently checks the valuation of all bonds quarterly.

The Group also monitors the quality of asset valuations on a daily basis. If an asset quote quality does not meet the required criteria for Level 1 or Level 2 the asset is transferred to Level 3 and vice versa. The monitoring process evaluates among others the frequency of quote updates.

The following table shows an analysis of financial instruments recorded at fair value, between those for which the fair value is based on quoted market prices and those for which the fair value is based on valuation techniques as at 31 December 2024:

(CZKm)	Level 1	Level 2	Level 3	Total
Financial assets recorded at fair value				
Financial assets held for trading				
Loans and advances	-	15	-	15
Equity securities	48	-	-	48
Derivative contracts	-	25,929	3,237	29,166
Non-trading financial assets mandatorily at fair value through profit or loss				
Loans and advances	-	951	-	951
Financial assets FVOCI				
Debt securities	27,873	-	1,472	29,345
Equity securities	116	-	352	468
Financial assets FVOCI pledged as collateral				
Debt securities	4,241	-	-	4,241
Fair value adjustments of the hedged items in portfolio hedge	-	-5,320	-	-5,320
Derivatives used for hedging	-	20,613	-	20,613
Financial liabilities recorded at fair value				
Financial liabilities held for trading				
Derivative contracts	-	26,057	1,999	28,056
Term deposits	-	565	-	565
Repo transactions	-	2,373	-	2,373
Financial liabilities designated at fair value through profit or loss				
Bonds and investment certificates issued	-	-	16,767	16,767
Fair value adjustments of the hedged items in portfolio hedge	-	-11,118	-	-11,118
Derivatives used for hedging	-	18,640	-	18,640

The following table shows an analysis of financial instruments recorded at fair value, between those for which the fair value is based on quoted market prices and those for which the fair value is based on valuation techniques as at 31 December 2023:

(CZKm)	Level 1	Level 2	Level 3	Total
Financial assets recorded at fair value				
Financial assets held for trading				
Loans and advances	-	8	-	8
Equity securities	14	-	-	14
Derivative contracts	-	36,978	1,935	38,913
Non-trading financial assets mandatorily at fair value through profit or loss				
Loans and advances	-	1,330	-	1,330
Financial assets FVOCI				
Debt securities	9,273	-	1,208	10,481
Equity securities	-	-	415	415
Financial assets FVOCI pledged as collateral				
Debt securities	4,326	-	-	4,326
Fair value adjustments of the hedged items in portfolio hedge	-	-10,437	-	-10,437
Derivatives used for hedging	-	29,215	-	29,215
Financial liabilities recorded at fair value				
Financial liabilities held for trading				
Derivative contracts	-	36,708	1,165	37,873
Term deposits	-	2,019	-	2,019
Repo transactions	-	983	-	983
Financial liabilities designated at fair value through profit or loss				
Bonds and investment certificates issued	-	-	25,257	25,257
Fair value adjustments of the hedged items in portfolio hedge	-	-15,396	-	-15,396
Derivatives used for hedging	-	24,454	-	24,454

Yield curve used in the mortgage bonds valuation model for discounting future cash flows is constructed from IRS rates and respective credit spreads. The credit spreads for all maturities were derived from market unobservable inputs. The credit spread curve for mortgage bonds was derived from newly issued mortgage bonds for 5Y bucket (as the most frequent maturity) and spreads for other maturities were calculated using slope from mortgage bonds credit spread curve with rating grade A. The management considers this a significant market unobservable input, and as a consequence, all mortgage bonds are reported as part of Level 3

The spread according to bond maturity was 5 bps (1-year) to 53 bps (20-year) in 2023 and 5 bps (1-year) to 55 bps (20-year) in 2024.

Valuation of bonds issued by Česká Exportní Banka (ČEB) was based on model using unobservable inputs. Yield curve used in the ČEB bonds valuation model for discounting future cash flows was constructed from IRS rates and respective credit spreads. The credit spreads were derived from the quotes of the most liquid bonds issued by ČEB and IRS rates. Direct quotes are used for ČEB bonds. As quotes come from less liquid market the management considers this a significant market unobservable input and, as a consequence, the bonds issued by ČEB are classified as Level 3.

The Group's share in Visa Inc. unquoted C-class classified as a financial asset at fair value through other comprehensive income is subject to fair value measurement based on the quoted price of Visa Inc. adjusted for applied liquidity spreads and conversion ratio. In 2024, as well as in previous years, the Group converted a part of the Visa shares position to quoted Visa Inc. A-class. The Group reported the transaction as a sale of Visa Inc. C-class from Level 3, including realised gain reclassified to the retained earnings on disposal of CZK 103 m (net of tax) in 2024. New Visa Inc. A-class shares were recognized and classified as Level 1 financial assets. Subsequently, Visa A-class shares were sold out of the Group. A gain realised on the sale amounted to CZK 8 m (net of tax) directly recognized in Retained earnings in equity (2023: CZK 4 m).

Investment certificate is a financial liability composed of term deposit and index linked option / swap. The Group valuates the certificates using valuation of the underlying option / swap component in combination with the calculation of the deposit component value. Issued bonds are hybrid financial liabilities composed of the floating coupon rate bond and callable / puttable option. Valuation of the embedded derivative is based on model using both, market observable and unobservable inputs. Unobservable inputs represents a significant portion of the valuation, and as a consequence, the investment certificates and bonds issued are classified as Level 3 financial instruments.

All transfers of financial instruments among the levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

Movements in Level 3 financial instruments measured at fair value

The following table shows the reconciliation of the opening and closing amount of financial assets which are recorded at fair value using valuation techniques based on non-market observable inputs:

	Financial assets held for trading	Financial assets FVOCI (incl. assets pledged as collateral)		Total
(CZKm)	Financial derivatives	Debt securities	Equity securities	
At 1 January 2023	**3,821**	**1,898**	**352**	**6,071**
Total gains / losses (-) recorded in profit or loss	-1,886	8	-	-1,878
Total gains / losses (-) recorded in OCI	-	42	53	95
Purchases	-	-	10	10
Settlement	-	-734	-	-734
Foreign currency differences	-	-6	-	-6
At 31 December 2023	**1,935**	**1,208**	**415**	**3,558**
Total gains / losses (-) recorded in profit or loss related to assets held at the end of the reporting period	-1,886	8	-	**-1,878**
At 1 January 2024	**1,935**	**1,208**	**415**	**3,558**
Total gains / losses (-) recorded in profit or loss	1,302	-40	-	1,262
Total gains / losses (-) recorded in OCI	-	47	53	100
Purchases	-	252	15	267
Sales	-	-	-131	-131
Foreign currency differences	-	5	-	5
At 31 December 2024	**3,237**	**1,472**	**352**	**5,061**
Total gains / losses (-) recorded in profit or loss related to assets held at the end of the reporting period	1,302	-40	-	**1,262**

Total gains / losses recorded in profit or loss are included within the captions Interest income calculated using the effective interest rate method, Net gains from financial instruments at fair value through profit or loss, Other net income and Impairment losses of the consolidated statement of income.

The following table shows the reconciliation of the opening and closing amount of financial liabilities which are recorded at fair value using valuation techniques based on non-market observable inputs:

(CZKm)	Financial liabilities held for trading	Financial liabilities designated at fair value through profit or loss	Total
	Financial derivatives	Debt instruments	
At 1 January 2023	**3,990**	**23,839**	**27,829**
Total gains (-) / losses recorded in profit or loss	-2,825	1,178	-1,647
Issued	-	4,778	4,778
Sales	-	-1,805	-1,805
Settlement	-	-2,733	-2,733
At 31 December 2023	**1,165**	**25,257**	**26,422**
Total gains (-) / losses recorded in profit or loss related to liabilities held at the end of the reporting period	-2,825	1,178	-1,647
At 1 January 2024	**1,165**	**25,257**	**26,422**
Total gains (-) / losses recorded in profit or loss	834	544	1,378
Issued	-	3,790	3,790
Sales	-	-3,134	-3,134
Settlement	-	-9,690	-9,690
At 31 December 2024	**1,999**	**16,767**	**18,766**
Total gains (-) / losses recorded in profit or loss related to liabilities held at the end of the reporting period	834	544	1,378

Total gains / losses recorded in profit or loss are included within the captions Net gains / losses from financial instruments at fair value through profit or loss of the consolidated statement of income.

Impact on fair value of Level 3 financial instruments measured at fair value of changes to key assumptions

Management considers the value of the credit spread included in the discount factor applied on estimated future cash flows from the mortgage bonds in periods after the first year from the balance sheet date as a key assumption not derived from observable market inputs which is influencing the fair value of Level 3 financial instruments.

As at 31 December 2024, an increase / decrease of the credit spread by 50 basis points would decrease / increase the fair value of the mortgage bonds and bonds issued by ČEB included in Level 3 by CZK 4 m and CZK 1 m, respectively (2023: CZK 8 m and CZK 1 m, respectively). Such a change in the credit spread is based on the variability of mortgage bond and ČEB bond quotes that were observed by the management on the market.

Management believes that reasonably possible changes in other non-observable market inputs in the valuation models used would not have a material impact on the estimated fair values.

Transfers between Level 1 and 2 of the fair value hierarchy for financial instruments

In 2023 and 2024, no transfers were made between a group of financial instruments with a market quoted price and those for which the fair value is calculated using valuation techniques based on market observable inputs.

Financial assets and liabilities not carried at fair value

Set out below is a comparison of the carrying amounts and fair values of the Group's financial instruments that are not carried at fair value in the financial statements:

	2024		2023	
(CZKm)	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Cash, balances with central banks and other demand deposits	48,411	48,411	24,243	24,243
Financial assets at amortised cost	1,713,708	1,667,529	1,493,773	1,446,979
Debt securities	*245,364*	*232,763*	*63,184*	*63,602*
Loans and advances	*1,468,344*	*1,434,766*	*1,430,589*	*1,383,377*
Financial assets at amortised cost pledged as collateral	35,833	37,165	237,654	227,256
Finance lease receivables	12,522	10,268	10,426	10,268
Other assets (Note: 27)	2,772	2,772	2,193	2,193
Financial liabilities				
Financial liabilities at amortised cost	1,735,329	1,736,882	1,667,441	1,672,245
Deposits	*1,408,225*	*1,409,399*	*1,597,296*	*1,600,077*
Debt securities in issue	*269,863*	*269,836*	*24,302*	*24,255*
Subordinated debt	*57,241*	*57,647*	*45,843*	*45,872*
Lease liabilities	2,065	2,065	2,037	2,037
Other liabilities (Note: 30)	4,713	4,713	4,218	4,218

The following table shows an analysis of financial instruments for which fair values are disclosed, between those for which the fair value is based on quoted market prices and those for which the fair value is based on valuation techniques as at 31 December 2024:

	2024			
(CZKm)	Level 1	Level 2	Level 3	Total
Financial assets for which fair values are disclosed				
Cash, balances with central banks and other demand deposits	8,184	40,227	-	48,411
Financial assets at amortised cost	226,177	510,759	930,593	1,667,529
Debt securities	*226,177*	-	*6,586*	*232,763*
Loans and advances	-	*510,759*	*924,007*	*1,434,766*
Financial assets at amortised cost pledged as collateral	37,165	-	-	37,165
Finance lease receivables	-	-	10,268	10,268
Other assets (Note: 27)	-	2,772	-	2,772
Financial liabilities for which fair values are disclosed				
Financial liabilities at amortised cost	-	1,523,347	213,535	1,736,882
Deposits	-	*1,272,000*	*137,399*	*1,409,399*
Debt securities in issue	-	*251,347*	*18,489*	*269,836*
Subordinated debt	-	-	*57,647*	*57,647*
Lease liabilities	-	2,065	-	2,065
Other liabilities (Note: 30)	-	4,713	-	4,713

The following table shows an analysis of assets and liabilities for which fair values are disclosed, between those for which the fair value is based on quoted market prices and those for which the fair value is based on valuation techniques as at 31 December 2023:

	2023			
(CZKm)	Level 1	Level 2	Level 3	Total
Financial assets for which fair values are disclosed				
Cash, balances with central banks and other demand deposits	8,036	16,207	-	24,243
Financial assets at amortised cost	51,308	534,220	861,451	1,446,979
Debt securities	*51,308*	*-*	*12,294*	*63,602*
Loans and advances	*-*	*534,220*	*849,157*	*1,383,377*
Financial assets at amortised cost pledged as collateral	227,256	-	-	227,256
Finance lease receivables	-	-	10,268	10,268
Other assets (Note: 27)	-	2,193	-	2,193
Financial liabilities for which fair values are disclosed				
Financial liabilities at amortised cost	-	1,480,148	192,097	1,672,245
Deposits	*-*	*1,468,645*	*131,432*	*1,600,077*
Debt securities in issue	*-*	*9,462*	*14,793*	*24,255*
Subordinated debt	*-*	*-*	*45,872*	*45,872*
Lease liabilities	-	2,037	-	2,037
Other liabilities (Note: 30)	-	4,218	-	4,218

The following methods and assumptions were applied in estimating the fair values of the Group's financial assets and liabilities:

Financial debt securities at amortised cost

Fair values for securities measured at amortised cost are based on quoted market prices, where available. Such quotes are obtained from relevant exchanges, if exchange activity for the particular security is considered sufficiently liquid, or from reference rates averaging market maker quotes. If quoted market prices are not available, fair values are estimated from quoted market prices of comparable instruments or using the valuation model based on discounted future cash flows.

Loans and advances to credit institutions and balances with central banks measured at amortised cost

The carrying values of current account balances are equal to their fair values. The fair values of term placements with credit institutions and central banks are estimated by discounting their future cash flows using current interbank market rates, including the respective credit spread derived from the Group's own experience of probability of default and loss given default. A majority of the loans reprice within relatively short time periods, therefore, it is assumed that their carrying values approximate their fair values.

Loans and advances to other than credit institutions measured at amortised cost

A substantial majority of the loans to customers reprice within relatively short time periods; therefore, it is assumed that their carrying values approximate their fair values. The fair values of fixed-rate loans to customers are estimated by discounting their future cash flows using current market rates including the respective credit spread derived from the Group's own experience of probability of default and loss given default.

Deposits received from credit institutions and subordinated liabilities

The carrying values of current account balances are equal to their fair values. For other amounts due to credit institutions with equal to or less than one year remaining maturity, it is assumed that their carrying values approximate their fair values. The fair values of other amounts due to credit institutions are estimated by discounting their future cash flows using IRS rates modified by market unobservable credit spread.

Deposits received from other than credit institutions

The fair values of current accounts and term deposits, with equal to or less than one year remaining to maturity, approximate their carrying values. The fair values of other term deposits are estimated by discounting their future cash flows using IRS rates modified by market unobservable credit spreads.

Debt securities in issue

The fair values of bonds issued are estimated by discounting their future cash flows using Czech government bond rates adjusted by credit spread derived from market observable transactions with respective or comparable bonds. The carrying values of promissory notes and certificates of deposit approximate their fair values.

Other assets and other liabilities

A majority of other assets and liabilities have a remaining maturity equal to or less than one year or reprice within relatively short time periods; therefore, it is assumed that their carrying values approximate their fair values.

35. ADDITIONAL CASH FLOW INFORMATION

Analysis of the balances of cash and cash equivalents as shown in the statement of financial position

(CZKm)	2024	2023
Cash, balances with central banks and other demand deposits (Note: 16)	48,411	24,243
Loans and advances to central banks (Note: 19)	510,759	534,220
Loans and advances to credit institutions (Note: 19)	1,829	1,262
Financial liabilities at amortised cost to credit institution – Current accounts and overnight deposits (Note: 29)	-11,054	-19,262
Financial liabilities at amortised cost to credit institution – Term deposits (Note: 29)	-9,693	-3,098
Financial liabilities at amortised cost to credit institution – Repo transactions (Note: 29)	-	-226,335
Financial liabilities at amortised cost to government bodies - Repo transactions (Note: 29)	-59,066	-44,643
Financial liabilities at amortised cost – promissory notes issued to credit institutions (Note: 29)	-249,949	-16,135
Cash and cash equivalents	**231,237**	**250,252**

Change in operating assets

(CZKm)	2024	2023
Net change in financial assets held for trading (incl. assets pledged as collateral)	9,706	32,811
Net change in non-trading financial assets mandatorily at fair value through profit or loss	379	-8
Net change in financial assets at FVOCI (incl. assets pledged as collateral)	-18,660	785
Net change in financial assets at amortised cost (excluding items classified as cash equivalents)	-42,150	-69,285
Net change in derivatives used for hedging	7,804	22,832
Net change in other assets	1,071	438
	-41,850	**-12,427**

Change in operating liabilities

(CZKm)	2024	2023
Net change in financial liabilities held for trading	-9,881	-32,631
Net change in financial liabilities designated at fair value through profit or loss	-8,490	1,418
Net change in financial liabilities at amortised cost (excluding items classified as cash equivalents)	26,027	61,508
Net change in derivatives used for hedging	-5,814	-17,585
Net change in other liabilities	735	-1,039
	2,577	**11,671**

Non-cash items included in profit before tax

(CZKm)	2024	2023
Depreciation and amortisation	2,834	2,766
Depreciation related to operating leases assets (Note: 24)	178	186
Share of profit of associates and joint ventures	-3	21
Provisions	-55	-3,630
Impairment losses (Note: 13)	-783	1,376
Net change in fair value adjustments of the hedged items in portfolio hedge	-839	1,843
Other	826	-38
	2,158	**2,524**

The table below sets out the movements of the debt instruments issued by the Group and lease liabilities in 2024 and 2023. The debt items are those that are reported within net cash flows used in financing activities in the consolidated statement of cash flows:

(CZKm)	Bonds issued (Note: 29)	Subordinated debt (Note: 29)	Lease liabilities
At 1 January 2023	**5,147**	**40,592**	**2,041**
Cash flows in respect of issuance, repayment and interest paid on bonds	3,011	5,251	-
Cash flows in respect of payments for the principal of lease liabilities	-	-	-418
Cash flows in respect of payments for the interest of lease liabilities	-	-	-65
Non-cash adjustments	-	-	479
At 31 December 2023	**8,158**	**45,843**	**2,037**
Cash flows in respect of issuance, repayment and interest paid on bonds	8,735	10,577	-
Cash flows in respect of payments for the principal of lease liabilities	-	-	-423
Cash flows in respect of payments for the interest of lease liabilities	-	-	-74
Non-cash adjustments	-	821	525
At 31 December 2024	**16,893**	**57,241**	**2,065**

36. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The following table sets out the financial assets and liabilities of the Group by expected remaining maturity as at 31 December 2024:

(CZKm)	Less than 1 year	1 year to 5 years	More than 5 years	Without maturity	**Total**
ASSETS					
Cash, balances with central banks and other demand deposits (Note: 16)	48,411	-	-	-	**48,411**
Financial assets held for trading					
Financial derivatives	10,904	13,754	4,508	-	**29,166**
Other than financial derivatives	63	-	-	-	**63**
Non-trading financial assets mandatorily at fair value through profit or loss	951	-	-	-	**951**
Financial assets FVOCI	9,901	17,720	1,840	352	**29,813**
Financial assets FVOCI pledged as collateral	1,198	-	3,043	-	**4,241**
Financial assets at amortised cost	690,748	321,560	701,400	-	**1,713,708**
Financial assets at amortised cost pledged as collateral	2,193	14,107	19,533	-	**35,833**
Finance lease receivables	3,301	7,702	1,519	-	**12,522**
Fair value adjustments of the hedged items in portfolio hedge	-1,704	-3,568	-48	-	**-5,320**
Derivatives used for hedging	5,571	10,975	4,067	-	**20,613**
Other assets (Note: 27)	2,772	-	-	-	**2,772**
Total carrying value	**774,309**	**382,250**	**735,862**	**352**	**1,892,773**
LIABILITIES					
Financial liabilities held for trading					
Financial derivatives	10,271	13,172	4,613	-	**28,056**
Other than financial derivatives	2,938	-	-	-	**2,938**
Financial liabilities designated at fair value through profit or loss	5,105	6,952	4,710	-	**16,767**
Financial liabilities at amortised cost	768,973	511,790	454,566	-	**1,735,329**
Fair value adjustments of the hedged items in portfolio hedge	-3,075	-6,923	-1,120	-	**-11,118**
Derivatives used for hedging	5,800	10,833	2,007	-	**18,640**
Lease liabilities	152	1,315	598	-	**2,065**
Other liabilities (Note: 30)	4,713	-	-	-	**4,713**
Total carrying value	**794,877**	**537,139**	**465,374**	**-**	**1,797,390**

For derivatives, disclosed amounts are calculated based on assumption, that fair value will be evenly settled each year up to maturity date.

For customer deposits, outflows are based on customers' expected behaviour. For contractual maturity analysis refer to Note 42.3.

The following table sets out the financial assets and liabilities of the Group by expected remaining maturity as at 31 December 2023:

(CZKm)	Less than 1 year	1 year to 5 years	More than 5 years	Without maturity	**Total**
ASSETS					
Cash, balances with central banks and other demand deposits (Note: 16)	24,243	-	-	-	**24,243**
Financial assets held for trading					
Financial derivatives	14,230	19,371	5,312	-	**38,913**
Other than financial derivatives	22	-	-	-	**22**
Non-trading financial assets mandatorily at fair value through profit or loss	1,330	-	-	-	**1,330**
Financial assets FVOCI	761	8,959	761	415	**10,896**
Financial assets FVOCI pledged as collateral	3,990	242	94	-	**4,326**
Financial assets at amortised cost	692,468	279,739	521,566	-	**1,493,773**
Financial assets at amortised cost pledged as collateral	6,508	32,419	198,727	-	**237,654**
Finance lease receivables	2,869	6,536	1,021	-	**10,426**
Fair value adjustments of the hedged items in portfolio hedge	-3,363	-6,798	-276	-	**-10,437**
Derivatives used for hedging	8,772	14,741	5,702	-	**29,215**
Other assets (Note: 27)	2,193	-	-	-	**2,193**
Total carrying value	**754,023**	**355,209**	**732,907**	**415**	**1,842,554**
LIABILITIES					
Financial liabilities held for trading					
Financial derivatives	13,303	19,081	5,489	-	**37,873**
Other than financial derivatives	3,002	-	-	-	**3,002**
Financial liabilities designated at fair value through profit or loss	6,542	15,401	3,314	-	**25,257**
Financial liabilities at amortised cost	829,285	431,687	406,469	-	**1,667,441**
Fair value adjustments of the hedged items in portfolio hedge	-4,532	-9,003	-1,861	-	**-15,396**
Derivatives used for hedging	7,239	13,924	3,291	-	**24,454**
Lease liabilities	348	1,222	467	-	**2,037**
Other liabilities (Note: 30)	4,218	-	-	-	**4,218**
Total carrying value	**859,405**	**472,312**	**417,169**	**-**	**1,748,886**

37. CONTINGENT ASSETS, LIABILITIES AND COMMITMENTS

Contingent liabilities and commitments

The contingent liabilities and commitments at 31 December 2024 and 2023 are as follows:

(CZKm)	2024	2023
Loan commitments – irrevocable (Note: 42.2)	163,682	155,094
Loan commitments – revocable	67,953	58,312
Financial guarantees (Note: 42.2)	52,616	48,302
Other commitments (Note: 42.2)	1,703	1,307
	285,954	**263,015**
Provisions for loan commitments and guarantees (Notes: 31, 42.2)	283	508

Revocable loan commitments are such commitments in which the Group may at any time limit the amount that may be drawn under the credit limit. Further the Group may not provide any drawdown under the credit facility requested by the client or the Group can suspend further drawdowns under the credit facility all together. The Group can do so with or without specifying the reason, giving a prior notice or stipulating any time limit. Even revocable promises are in scope for ECL calculation. For the Group, these are limits for the use of which there are already internally approved conditions in advance for a certain period of time. If the customer meets these internal conditions at the time of the drawdown request, the funds will be made available to the customer. In addition, the Group will not cancel the drawdown in justified cases, even if the customer's credit rating or SICR deteriorates. Loan commitments which do not meet the above definition are assessed as irrevocable.

The contractual amounts described above represent the maximum credit risk that would arise if the contracts were fully drawn, the customers defaulted and the value of any existing collateral became worthless. Many of the commitments are collateralised and most are expected to expire without being drawn upon; therefore, the total commitment contractual amounts do not necessarily represent the risk of loss or future cash requirements (Note: 42.3).

Guarantee issued to pension fund

Based on the pension fund system reform in the Czech Republic in 2013, the net assets of the forming pension funds were split to the group of net assets of pension fund shareholders forming the pension fund management company ČSOB Penzijní společnost and to the group of net assets of pension scheme participants forming the Transformed fund (as a part of Pillar III), which is closed to new participants. ČSOB PS is responsible for management of the Transformed fund. This company is entitled to up to 15% of the profits of the Transformed fund in addition to a regular assets management fee and needs to guarantee the positive results and equity position of the Transformed fund. Activities and decision-making powers of the Transformed fund are strictly limited by law and by conservative investment policy embedded in the Statutes. The management fees received by ČSOB PS are in line with market norms when compared to other funds and taking into account the guarantee provided. The exposure of the ČSOB PS to variability of expected returns is low and consistent with the market terms for remuneration of the asset managers. With regard to these characteristics, ČSOB PS has a position of an agent of the Transformed fund. As a result, the Group does not exercise a control over the Transformed fund and therefore the entity has been excluded from the consolidation scope.

As a result of the increase of market interest rates in the period of 2021 - 2023, Transformed fund recognized unrealised losses from the revaluation of financial assets at fair value through other comprehensive income. Given that fact, the Group used the guarantee and increased the equity of the Transformed fund by CZK 2,720 m by the end of 2022. In the consolidated statement of financial position, this was recognized as a receivable from Transformed fund. In 2023, a partial repayment in the amount of CZK 1,185 m took place and the whole remaining receivable was redeemed in May 2024.

Litigation

Other than the litigations, for which provisions have already been made (Note: 31), the Group is named in and is defending a number of legal actions in various jurisdictions arising in the ordinary course of business. The Group does not believe that the ultimate resolution of these legal actions will result in a material impact on the financial position of the Group.

The Group is subject to a few claims in the context of the IPB acquisition amounting to tens of billions of Czech Crowns. Dominant part of this amount is claimed in the arbitration proceedings commenced by the claimant ICEC-HOLDING, a.s. In the arbitration proceedings, ČSOB is being sued as the legal successor of IPB, whose business ČSOB took over in 2000. The plaintiff, the company ICEC-HOLDING, a.s., claims that IPB breached its contractual duties in 1999, and ICEC-HOLDING, a.s. is thus entitled to damages and contractual penalty. The claim itself is thus not in any way related with the business activities of ČSOB and represents “a heritage” after former IPB.

In this proceedings, in February 2023 ČSOB Bank was delivered an arbitral award, in which ČSOB was imposed to pay the company ICEC-HOLDING, a.s. the amount of CZK 3,663 m, incl. costs of the proceedings in the amount of CZK 5 m. ČSOB paid the amount. The plaintiff failed in the remainder of his claim and the arbitration panel ordered him to pay ČSOB the costs of the proceedings in the amount of CZK 17 m. The liability of the Group arisen from the arbitral award was settled in March 2023 and the respective provision for pending legal issues of CZK 3,663 m was utilized (Note: 31). In May 2023, the claimant filed a motion for an annulment of the arbitral award. In February 2024, the motion for annulment was dismissed by the court of the first instance. In June 2024, the decision of the court of the first instance was confirmed by the appellation court. In September 2024, the claimant filed an extraordinary appeal to the Supreme Court. The court finally stopped the appellation proceeding in November 2024. The proceeding is thus concluded.

Further, the Group has initiated a number of legal actions to protect its assets.

Taxation

Czech tax legislation, interpretation and guidance are still evolving. Consequently, under the current taxation environment, it is difficult to predict the interpretations that the respective tax authorities may apply in a number of areas. As a result, the Group has used its current understanding of the tax legislation in the design of its planning and accounting policies. The effect of the uncertainty cannot be quantified.

Operating lease receivables (Group is the lessor)

Future minimum lease payments (including sublease payments) under operating leases related to land and buildings and movables are as follows:

(CZKm)	2024	2023
Not later than 1 year	247	225
Later than 1 year and not later than 5 years	376	343
Later than 5 years	3	3
	626	**571**

These operating leases can be technically cancelled under the Czech law; however, the lessees are commercially bound to continue with these leases for the periods set out above.

38. REPURCHASE AGREEMENTS AND COLLATERAL

The following table shows an analysis of the loans the Group has made to counterparties in reverse repurchase agreements and loans, where the Group is permitted to sell or repledge the collateral in the absence of default by the owner of the collateral, according to the lines of the consolidated statement of financial position in which they are included:

(CZKm)	2024	2023
Financial assets		
Financial assets held for trading	1	8
Financial assets at amortised cost	513,546	536,881
	513,547	**536,889**

Under reverse repurchase agreements, the Group obtains legal ownership of the respective collateral received and, thus, is permitted to use the collateral; however, the same collateral must be delivered back to the borrower of the funds on maturity.

Under loans, where the Group is permitted to sell or repledge the collateral in the absence of default by the owner of the collateral (collaterals of factoring loans), the Group obtains legal ownership of the respective collateral received and, thus, is permitted to use the same collateral. The Group has no obligations to return the same collateral to the borrower of the funds on maturity.

The fair value of financial assets accepted as collateral as at 31 December 2024 was CZK 562,869 m, of which CZK 85,132 m has been either sold or repledged (31 December 2023: CZK 614,623 m and CZK 103,470 m, respectively).

The following table shows an analysis of the loans the Group has received from counterparties in repurchase agreements according to the lines of the consolidated statement of financial position in which they are included:

(CZKm)	2024	2023
Financial liabilities		
Financial liabilities held for trading	2,373	983
Financial liabilities at amortised cost	72,272	276,170
	74,645	**277,153**

The Group contracts repo operations under the standard conditions currently applied on the market. Amounts of financial assets pledged as collateral in repo transactions and securities lending are described in Financial assets at fair value through profit or loss (Note: 17), Financial assets at fair value through OCI (Note: 18) and Financial assets at amortised cost (Note: 19). The Group also uses collateral obtained from borrowers under reverse repurchase agreements, as a collateral provided in repo operations.

39. OFFSET FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The following table shows an analysis of the financial assets and liabilities of the Group that have been set-off or that have not been set-off as at 31 December 2024:

(CZKm)	Gross amounts of recognised financial instrument	Gross amounts of recognised financial instrument set-off	Net amounts of financial instrument
FINANCIAL ASSETS			
Derivatives not set-off that are subject to an enforceable master netting arrangement	45,857	-	45,857
Derivatives not set-off that are not subject to an enforceable master netting arrangement	3,922	-	3,922
Total trading and hedging derivatives	**49,779**	**-**	**49,779**
Repurchase agreements set-off	13,311	13,310	1
Repurchase agreements not set-off that are not subject to an enforceable master netting arrangement	513,547	-	513,547
Total repurchase agreements (Note: 38)	**526,858**	**13,310**	**513,548**
FINANCIAL LIABILITIES			
Derivatives not set-off that are subject to an enforceable master netting arrangement	43,514	-	43,514
Derivatives not set-off that are not subject to an enforceable master netting arrangement	3,182	-	3,182
Total trading and hedging derivatives	**46,696**	**-**	**46,696**
Repurchase agreements set-off	13,310	13,310	-
Repurchase agreements not set-off that are not subject to an enforceable master netting arrangement	74,645	-	74,645
Total repurchase agreements (Note: 38)	**87,955**	**13,310**	**74,645**

The following table shows an analysis of the financial assets and liabilities of the Group that have not been set-off as at 31 December 2023:

(CZKm)	Gross amounts of recognised financial instrument	Gross amounts of recognised financial instrument set-off	Net amounts of financial instrument
FINANCIAL ASSETS			
Derivatives not set-off that are subject to an enforceable master netting arrangement	65,839	-	65,839
Derivatives not set-off that are not subject to an enforceable master netting arrangement	2,289	-	2,289
Total trading and hedging derivatives	**68,128**	**-**	**68,128**
Repurchase agreements set-off	25,909	25,902	7
Repurchase agreements not set-off that are not subject to an enforceable master netting arrangement	536,888	-	536,888
Total repurchase agreements (Note: 38)	**562,797**	**25,902**	**536,895**
FINANCIAL LIABILITIES			
Derivatives not set-off that are subject to an enforceable master netting arrangement	55,933	-	55,933
Derivatives not set-off that are not subject to an enforceable master netting arrangement	6,394	-	6,394
Total trading and hedging derivatives	**62,327**	**-**	**62,327**
Repurchase agreements set-off	25,902	25,902	-
Repurchase agreements not set-off that are not subject to an enforceable master netting arrangement	277,153	-	277,153
Total repurchase agreements (Note: 38)	**303,055**	**25,902**	**277,153**

The following table shows an analysis of the financial assets and liabilities of the Group that have not been set-off and are subject to an enforceable master netting arrangement or similar agreement as at 31 December 2024:

(CZKm)	Gross amounts of financial assets and liabilities	Amounts not set-off			Total net amount
		Financial instruments	Cash collateral	Securities collateral	
FINANCIAL ASSETS					
Derivatives not set-off that are subject to an enforceable master netting arrangement	45,857	40,249	5,255	-	353
Debt securities pledged as collateral in repo transaction not set-off	-	-	-	-	-
Total carrying value	**45,857**	**40,249**	**5,255**	**-**	**353**
FINANCIAL LIABILITIES					
Derivatives not set-off that are subject to an enforceable master netting arrangement	43,514	40,249	1,260	-	2,005
Repurchase agreements not set-off	-	-	-	-	-
Total carrying value	**43,514**	**40,249**	**1,260**	**-**	**2,005**

The following table shows an analysis of the financial assets and liabilities of the Group that have not been set-off and are subject to an enforceable master netting arrangement or similar agreement as at 31 December 2023:

(CZKm)	Gross amounts of financial assets and liabilities	Amounts not set-off			Total net amount
		Financial instruments	Cash collateral	Securities collateral	
FINANCIAL ASSETS					
Derivatives not set-off that are subject to an enforceable master netting arrangement	65,839	51,721	13,603	-	515
Debt securities pledged as collateral in repo transaction not set-off	-	-	-	-	-
Total carrying value	**65,839**	**51,721**	**13,603**	**-**	**515**
FINANCIAL LIABILITIES					
Derivatives not set-off that are subject to an enforceable master netting arrangement	55,933	51,721	1,624	-	2,588
Repurchase agreements not set-off	-	-	-	-	-
Total carrying value	**55,933**	**51,721**	**1,624**	**-**	**2,588**

The amounts in both tables are subject to master netting agreement in accordance with International Swaps and Derivatives Association (ISDA), however with no intention to settle them on a net basis.

The Group has master netting arrangements with counterparty banks, which are enforceable in case of default. In addition, applicable legislation allows an entity to unilaterally set off receivables and payables that are due for payment, denominated in the same currency and outstanding with the same counterparty. The Group applied the offsetting principles solely to repo and reverse repo transactions.

Counterparties are, on a daily basis, exchanging their current exposure (MTM) of derivative position and then based upon agreed parameters in CSA (Credit Support Annex) are exchanging collateral (variation margin) to cover this exposure and its daily changes.

40. RELATED PARTY DISCLOSURES

A number of transactions are executed with related parties in the normal course of business.

The outstanding balances of assets from related party transactions as at 31 December 2024 are as follows:

(CZKm)	Cash, balances with central banks and other demand deposits	Financial assets held for trading	Non-trading financial assets mandatorily at fair value through profit or loss	Financial assets at amortised cost	Derivatives used for hedging	Other assets
KBC Bank	593	16,026	951	862	20,399	-
Entities under common control						
ČSOB SK	61	-	-	-	-	4
Other	24	35	-	67	-	502
Associates						
ČSOB Pojišťovna	-	3	-	-	-	121

The outstanding balances of liabilities from related party transactions as at 31 December 2024 are as follows:

(CZKm)	Financial liabilities held for trading	Financial liabilities at amortised cost	Derivatives used for hedging	Other liabilities
Directors / Top management	-	40	-	73
KBC Bank	17,211	308,356	17,874	-
Entities under common control				
ČSOB AM	-	1,203	-	-
ČSOB SK	-	54	-	-
K&H Bank Zrt.	11	13	-	1
Other	1	400	-	83
Associates				
ČSOB Pojišťovna	489	1,180	-	-

The outstanding balances of assets from related party transactions as at 31 December 2023 are as follows:

(CZKm)	Cash, balances with central banks and other demand deposits	Financial assets held for trading	Non-trading financial assets mandatorily at fair value through profit or loss	Financial assets at amortised cost	Derivatives used for hedging	Other assets
KBC Bank	3,370	24,845	1,330	241	28,841	-
Entities under common control						
ČSOB SK	1	-	-	-	-	1
Other	181	9	-	90	-	257
Associates						
ČSOB Pojišťovna	-	-	-	-	-	39

The outstanding balances of liabilities from related party transactions as at 31 December 2023 are as follows:

(CZKm)	Financial liabilities held for trading	Financial liabilities at amortised cost	Derivatives used for hedging	Other liabilities
Directors / Top management	-	40	-	72
KBC Bank	20,725	284,533	23,330	-
Entities under common control				
ČSOB AM	-	972	-	-
ČSOB SK	1	59	-	-
K&H Bank Zrt.	13	19	-	1
Other	27	409	-	99
Associates				
ČSOB Pojišťovna	511	2,841	-	66

The outstanding balances of financial assets and liabilities held for trading comprise positive and negative fair values of derivative financial instruments (mainly single currency and cross-currency interest rate swaps). Majority of these transactions are collateralised by cash deposit or by securities. Financial assets at amortised cost from related parties represent balances on current accounts. Financial liabilities to related parties measured at amortised cost consist of balances on demand deposits. Liabilities to KBC Bank NV represent balances on money-market products, specifically promissory notes with maturities up to one year issued by the Bank, repo transactions, subordinated debts (Notes: 29, 43) and short-term deposits.

The Group provides banking services to its associates and joint ventures such as provided loans, overdrafts, interest bearing deposits and current accounts as well as other services.

The outstanding balances, described above, arose in the ordinary course of business and are subject to the substantially same terms, including interest rates and security, as for comparable transactions with third party counterparties.

The balances of interest income and expense from related party transactions for the year ended 31 December are as follows:

	2024		2023	
(CZKm)	Interest income	Interest expense	Interest income	Interest expense
KBC Bank	12,675	21,920	20,602	35,863
Entities under common control				
ČSOB AM	-	51	-	52
ČSOB SK	1	110	1	118
K&H Bank Zrt.	-	6	1	5
Other	6	16	12	20
Associates				
ČSOB Pojišťovna	-	196	-	309

The balances of fee and commission income and expenses from related party transactions for the year ended 31 December are as follows:

	2024		2023	
(CZKm)	Fee and commission income	Fee and commission expense	Fee and commission income	Fee and commission expense
KBC Bank NV	89	90	54	44
Entities under common control				
ČSOB AM	1,110	64	908	61
ČSOB SK	26	-	20	-
KBC Asset Management	721	-	257	-
Other	11	17	297	11
Associates				
ČSOB Pojišťovna	607	6	629	10

In 2024, the Group received income of CZK 330 m (2023: CZK 245 m) from KBC Group NV and KBC Global Services NV from the provision of administration services and paid expense of CZK 881 m (2023: CZK 716 m) for IT services, including rental expenses on information technologies.

In 2024, the Group received income of CZK 665 m (2023: CZK 625 m) from ČSOB SK and ČSOB Pojišťovna arising from providing services and support in the following areas such as: ICT services, electronic banking, cards, payment processing, financial management and risk management.

The outstanding contractual balances of the contingent assets and liabilities to the related parties at 31 December are as follows:

(CZKm)	2024 Guarantees received	2024 Guarantees given	2023 Guarantees received	2023 Guarantees given
KBC Bank NV	2,332	19	2,189	87
Entities under common control				
ČSOB SK	1,487	10	930	236
K&H Bank Zrt.	489	-	317	-

The outstanding balances of guarantees received from KBC Bank and the entities under common control principally comprise sub-participation arrangements and other compensation commitments.

41. EVENTS AFTER THE REPORTING PERIOD

On 30 January 2025, ČSOB acquired a 50% share in Igluu from the other joint partner Gobii Europe. Given that fact, the Group became the sole shareholder of Igluu. Since 30 January 2025, ČSOB owns a 100% share of equity and a 100% share of voting rights in Igluu.

There were no other significant events after the reporting period in addition to those mentioned above and elsewhere in these notes to the financial statements.

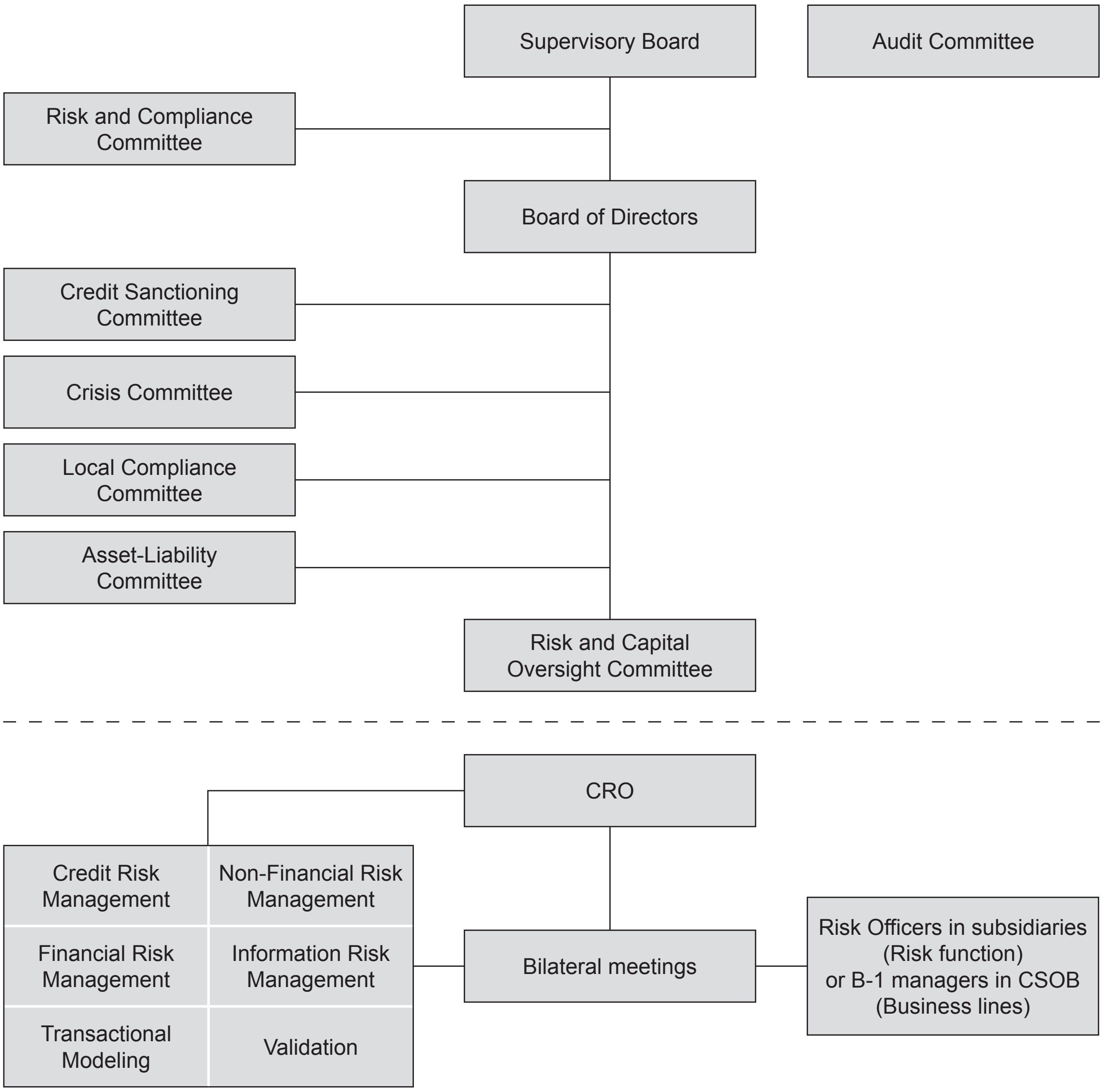
42. RISK MANAGEMENT

42.1 Introduction

Risk is an inherent part of the Group's activities, and risk and capital management is critical to the results of operations and financial condition of the Group. The principal risks that the Group faces are credit risk, liquidity risk, market risk, operational and other non-financial risks. This section is focused on our risk governance model and the most material risks the Group faces.

Risk and Capital Management Governance

The chart below depicts an overview of the principal bodies of the risk and capital governance model in the Group.



The Group operates a three-line of defense (LoD) risk management model whereby front office functions, risk management oversight and assurance roles are played by functions independent of one another. The model is characterised primarily by:

- the Board of Directors, assisted by the Audit Committee, Supervisory Board and its Committees,
- the Risk and Capital Oversight Committee, Local Compliance Committee and Asset-Liability Committee,
- an independent Chief Risk Officer, supported by the independent Risk Function, and
- risk-aware business people, who act as the first line of defence ensuring that a risk control environment is established as part of day-to-day operations.

Supervisory Board

In its main role, the Supervisory Board oversees whether the governance of the Group is efficient, comprehensive and adequate, and regularly evaluates the findings obtained from this activity. Its oversight role consists in providing constructive challenge when developing the strategy of the Group; monitoring of the performance of the management function and the realisation of agreed goals and objectives, business and risk strategies; and ensuring the integrity of the financial information, effective risk management and internal controls (including proper segregation of duties within the Group).

Risk and Compliance Committee

The Supervisory Board established the Risk and Compliance Committee which is mainly responsible for advising the Supervisory Board on the Group's overall current and future risk profile, appetite and strategy, and for overseeing the implementation of that strategy.

Audit Committee

The Audit Committee, inter alia, monitors the effectiveness of the Group's internal control, internal audit, risk management systems, establishment of accounting policies by the institution and procedures in preparing the financial statements and consolidated financial statements of the Group.

Board of Directors (BoD)

The Board of Directors generally ensures that comprehensive and adequate internal control and risk governance system is established, well-functioning and efficient, in its entirety and in parts.

Risk and Capital Oversight Committee (RCOC)

The RCOC assists the Board of Directors with risk and capital monitoring within the Group. The RCOC is responsible for the whole ČSOB group and for all risk types except for Market risk-Trading, Market risk-Non trading and Liquidity, which are managed by ALCO committee. In case of subsidiaries or entities that have a separate legal structure, the decisions of the RCOC are to be considered as advices to the Management Board of those entities.

ČSOB group Compliance Committee

ČSOB group Compliance Committee assists the Board of Directors with monitoring of compliance related issues within the Group. It is responsible for the whole ČSOB group. In case of subsidiaries or entities that have a separate legal structure, the decisions of the Local Compliance Committee are to be considered as advices to the Management Board of those entities.

Asset-Liability Committee (ALCO)

The purpose of the Asset-Liability Committee (hereinafter “ALCO”) is to support ČSOB’s Board of Directors (BoD) in asset-liability management and in management of market and liquidity risk of the whole ČSOB group and ČSOB Pojišťovna. In particular, ALCO supports ČSOB BoD, ČSOB HB BoD and ČSOBS BoD in asset-liability management and market and liquidity risk of ČSOB Bank, ČSOB HB and ČSOBS.

Chief Risk Officer (CRO)

The Chief Risk Officer (CRO), who is a member of the Board of Directors, is in general responsible for the identification, assessment and reporting of risks arising within operations across all business and all risk types, and has a direct management responsibility for all risk management functions / departments.

Risk Officer

Role of Risk officer is crucial for effective 2nd line in the entities of ČSOB group. The Risk officer thus acts as a CRO of the particular company based on a delegation from ČSOB CRO.

Risk Function

The risk function is organized in the following risk specific departments: Financial Risk Management, Non-financial Risk Management, Information Security Management, Transactional Modeling and Credit Risk Management which are complemented by one team responsible for Central Credit risk and loss Measurement Validation. Common activities and shared processes are coordinated by Integrated risk management team (part of Financial Risk Management).

The risk departments at group level support the CRO of ČSOB group and are the sparring partner of the business lines via the Bilateral Meetings. This support mainly consists of formulating proposals with regard to the definition of the Risk Appetite and providing reporting and advice in the field of risk and capital management.

Other Departments and Committees Participating in Risk and Capital Management

In addition to the Board of Directors, the Audit Committee, the Supervisory Board, the RCOC, the CRO and the Risk Function, the following other departments and committees are involved in day-to-day risk and capital management at the Group level:

Credits departments

Departments within Credits are responsible for implementing and maintaining the individual credit processes within the frameworks designed by the Risk Function and the limits determined by the risk appetite and capital allocation approved by the Board of Directors.

The key responsibilities of the Credits departments are to:

(i) approve individual credit applications;

(ii) approve contractual documentation concerning individual credits;

(iii) monitor credit behaviour of individual credits during their lifetime; and

(iv) manage the work-out process in respect of individual credits.

Asset and Liability Management Department (ALM Department)

The ALM Department is responsible for managing the assets and liabilities of the Group's investment portfolio within the frameworks designed by the Risk Function and the risk appetite and capital allocation approved by the Board of Directors. The ALM Department is also primarily responsible for managing the funding and liquidity position of the Group. The ALM Department reports to the CFO.

Internal Audit Department

The Internal Audit Department regularly audits / assesses risk and capital management processes throughout the Group examining both the adequacy of its risk and capital management procedures and the Group's compliance with the same. Audit Department discusses the results of its assessments with management and reports its findings and recommendations to the Board of Directors and the Audit Committee. The Internal Audit Department reports to the CEO.

Credit Sanctioning Committee (CSC)

The CSC has responsibility and authority to take decisions on individual credit applications falling within the delegated decision powers of the CSC. As such, it acts as the highest decision-making committee for the Group with respect to credit risk. The members of the CSC are a member of ČSOB BoD responsible for Credits Management, who is the CSC's chairman, the CEO and the CFO as substitute chairman, and the Head of ČSOB Credits as vice chairman; the Head of Corporate and Institutional Banking; the Head of Corporate Advice and Underwriting; the Head of Corporate Bad Debts; the Head of SME Bad Debts, the Executive Director SME; the Management of Credit Products COR/SME and appointed Risk Manager. The CSC reports to the Board of Directors.

Credit Committee Retail Credits (CCRC)

CCRC is advisory body to the CRO (ČSOB HB/ČSOBS/ČSOB group), who is taking the decision. The entire retail lending agenda is in scope of the committee, its chairman is the B-1 Retail Credits manager, Board members of subsidiaries have a standing invitation. The mission of the CCRC is (i) to discuss and to recommend decisions to concerned members of the committee on all topics related to risk agenda (ii) to bring sound, transparent and unified management of retail lending of ČSOB group.

Business Risk Meeting (BRM)

Business-Risk Meeting serves as a discussion and informational platform for different departments (Corporate and SME Relationship banking, ČSOB Leasing, Credits, Transactional Modelling, Group Validation. Risk function is represented by Credit risk management). Decisions taken at BRM are sole CRO decisions as BRM chairman. The CRO and Risk function engage themselves to appropriately involve the business in all decisions and to work in a consensus model.

NAPP committees

NAPP committees are installed to approve products, services and processes which are in scope of NAPP. Both first line and second line of defence functions are represented on the NAPP committee. Before the product/service or process is launched to clients, NAPP Committee debate and decide whether the objectives of NAPP are met (i.e. fair treatment of the client, strategic fit of products/ services, risks identification and mitigation, compliance with regulation).

Bilateral Meetings

Bilateral Meetings are established for each Business Line in ČSOB group (including subsidiaries and ČSOB Insurance) where business specific risk issues are regularly discussed. Currently, Bilateral Meetings do not take place within ČSOB Hypoteční banka and ČSOBS where the same CRO as in ČSOB is appointed.

The CRO has sole decision rights within the delegated decision authorities which can always be escalated to the BoD on request of the BoD member responsible for that area.

As a general approach, RCOC approves (majority of) limits, while CRO approves (via Bilateral Meetings) risk measurement methods and methodology.

Components of sound risk management

Risk management refers to the coordinated set of activities to proactively identify and manage the risks that the Group faces. It helps the Group to achieve its objectives and realise its strategy.

The KBC Enterprise Risk Management Framework (ERMF) defines the risk governance, including the Three Lines of Defence, and sets clear rules and procedures on how risk management should be performed throughout the group. It refers to a set of minimum standards and risk methods, processes and tools that must be translated into all risk-type-specific Risk Management Frameworks (RMFs) and that all entities must adhere to. The ERMF and risk-type-specific RMFs not only detail how the Group manages risks in business as usual, but also in change (small and big transformations) and crisis situations (going from rather mild stress situations and threats to business continuity up to the most stressful situations, like recovery and resolution). They also aim to keep the Group compliant with regulatory requirements.

In order to continuously safeguard their relevance, the ERMF and risk-type-specific RMFs are annually reviewed, while the quality of their implementation is formally assessed once per year.

The risk management process consists of risk identification, risk measurement, setting and cascading risk appetite, risk analysis, reporting and follow-up.

Risk identification

Risk identification is the process of systematically and proactively discovering, assessing and describing risks, both within and outside the Group, that could negatively impact the Group's strategic objectives today and in the future. Not only the sources of risk are analysed, but also their potential consequences and materiality.

For the purposes of risk identification, the Group has set up robust and solid processes, at both the strategic and operational level, to uncover all material risks to which the Group is exposed.

These processes include:

The Risk Scan, which is a strategic group-wide exercise aimed at identifying and assessing top risks for the Group, i.e. the financial and non-financial risks that are highly significant for our business model. The identified top risks are inputs for the yearly financial planning process and for several risk management exercises, including for defining the priorities of the risk function, risk appetite setting and stress testing.

The New and Active Product Process NAPP, which is a group-wide, formalised process to identify and mitigate product-related risks, both for the Group and for its clients. Within the Group, no products, processes and/or services can be created, purchased, changed or sold without approval in line with NAPP governance. The risk department also conducts periodic assessments of the impact of the expanded and/or updated product and service offering on the group's risk profile.

Risk signals, which are continuously collected at all levels of the organisation (group and local). The internal and external environments are constantly scanned, using all possible sources of information, to detect events or changes that can potentially impact the group, either directly or indirectly. Risk signal reporting provides management with a summary of the identified risks, their potential impact and possible remedial actions.

Risk measurement

The Group defines risk measurement as 'the action to come to a quantitative expression of a risk, or a combination of risks, on a portfolio of instruments/exposures'. Once risks have been identified, certain attributes of the risk can be assessed, such as impact, probability of occurrence, size of exposure, etc. This is done with the help of risk measures, which allow us to assess the materiality of risks, to monitor them over time (with a frequency that is appropriate for the risk type) and to assess the impact of risk management actions.

Risk measures are designed to measure a specific risk or multiple risks at the same time and can be either internally developed or imposed by the regulator (including the calculation method used). An overview of the extensive set of risk measures in use in the Group (both regulatory and internally defined) is provided in the Enterprise Risk Management framework (ERMF) and risk-type-specific frameworks.

In order to ensure that risk measures are and remain fit for use and are of high quality, they are subject to strict and robust processes, including adequate documentation and strong governance. Regular reviews and the use of the 'four-eyes principle', including independent internal validation where appropriate, further enhance the accuracy and reliability of these risk measures.

Setting and cascading risk appetite

Taking and transforming risks is an integral part – and hence an inevitable consequence of – the business of a financial institution. Therefore, the Group does not aim to eliminate all the risks involved (risk avoidance) but instead seeks to identify, control and manage them in order to make optimal use of its available capital (i.e. risk-taking as a means of creating value).

The Group's tolerance for risk is captured via its 'risk appetite'. This risk appetite expresses – both qualitatively and quantitatively – how much and what kind of risk we want to take and within which boundaries they should be managed.

The ability to accept risk is limited by financial constraints (available capital and liquidity buffers, borrowing capacity, etc.), non-financial constraints (strategic ability, skills, legal constraints, etc.) and regulatory restrictions (e.g., regulatory floors on capital and liquidity ratios). The willingness to accept risk depends on the interests of the various stakeholders. A key component in defining risk appetite is therefore an understanding of the expectations of the organisation's key stakeholders.

Risk appetite is made explicit via the 'risk appetite statement' (RAS), which is decided at both Group and local level. The RAS reflects the view of the Board of Directors and top management on the acceptable level and composition of risks, ensuring coherence with the desired return and allowing the Group to implement its corporate strategy within a clear risk playing field. The high-level risk appetite objectives are further detailed for each separate risk type via qualitative and quantitative statements and via a risk appetite label, which can be Low, Medium or High. The long-term risk appetite is monitored based on a set of risk measures for which risk thresholds are defined. Lastly, risk appetite is translated into risk-type-specific group limits/targets, which are further cascaded down to the entities.

The risk appetite process is firmly embedded in the financial and strategic planning process (APC - Alignment of Planning Cycles) as it directs the focus and way of working of business and control functions and helps to set priorities accordingly.

The Board of Directors annually approves the preliminary risk appetite as input into the APC. When the financial planning is approved by the Board, the final risk appetite is also determined, including its translation into concrete limits and targets that safeguard that the risk profile remains within the risk appetite when executing the financial plan.

Risk analysis, reporting and follow-up

Risk analysis and reporting aim to give management an increased level of transparency by ensuring a comprehensive, forward-looking and ex-post view of the development of the risk profile versus the risk appetite and of the context in which the Group operates.

This is done via reports that are tailored to the needs of the recipients and recognise the different information needs of the Board, senior management and other levels of the organisation, helping them to understand the potential issues and to take the relevant actions. In addition to internal reporting, external reports are also prepared for the different stakeholders of the Group.

Stress testing

Stress testing is an important tool that supports the decision-making process by simulating the potential negative impact of specific events and/or movements in risk factors on Group's (financial) condition so that we can better prepare for these situations.

Stress tests range from plausible to exceptional and even extreme events or scenarios, both at the level of individual risk types and across risk types (integrated stress tests). The latter look at the interaction and combined impact of stress across multiple risk types, including interaction and feedback loops between stresses on financial indicators.

In addition to all regulatory imposed stress tests, the Group actively uses internal stress testing as a key risk management tool.

42.2 Credit risk

Credit risk is the risk of a potential loss expected to arise as a consequence of the non-payment or non-performance by an obligor (a borrower, guarantor, counterparty to a commercial transaction or issuer of a debt instrument), due to that party's insolvency or lack of willingness to pay, or to events or measures taken by the political or monetary authorities of a particular country. The latter is also referred to as country risk.

The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations. The Group monitors exposures in relation to these limits. The Group has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties. This includes also regular collateral revisions.

Since September 2012, the Group is allowed by both Belgian and Czech banking regulators to use the IRB Advanced approach for the capital calculations of its non-retail (Corporate, non-retail SME, Banks, Non-Banking financial institutions) as well as retail exposures. As a result, credit risk is measured, monitored and managed based on the principles of this approach.

For the non-retail exposure (Corporate, non-retail SME, Banks, Non-Banking financial institutions), counterparty risk (i.e. default risk) is managed based on statistical default prediction models that establish a rating (PD / Probability of Default), LGD (Loss Given Default) and EAD (Exposure at Default).

For the retail exposures, statistical models have been developed for PD, LGD and EAD. Contrary to the non-retail exposure, where risk factors are determined on an individual basis, risk factors are determined in Retail based on risk-homogenous sets of exposure (so-called pools).

The model results are used for the capital calculation and for credit decision purposes too.

The Group implemented a new default definition as of March 2020. This implementation is in line with relevant European and local regulations. The impacts of this implementation are, among other things, in the method of calculating days past due. Overdue days are newly defined as the number of consecutive days when the "arrears" of the client facility are continuous and simultaneously above both "materiality thresholds" (absolute threshold and relative materiality threshold).

The default is defined as a situation where at least one of the following conditions is met:

(i) it may be assumed that the customer will not fulfil its obligations in a proper and timely manner without the Group seeking to collect its outstanding receivable through credit protection;

(ii) at least one payment of the principal or interest and fees of any obligation of the customer towards the Group is more than 90 days past the due date.

At the Group, default status may occur when a forbearance measure-concession is granted. Forbearance measures are concessions towards a borrower who is facing or is about to face financial difficulties. Both conditions should be fulfilled. For more, see the section "Forbearance measures".

Non-retail exposure

Rating system: PD (Probability of Default)

The Group manages its non-retail credit exposure by establishing counterparty limits that are based on individually assigned internal ratings. These ratings are based on IRB Advanced compliant statistical rating models that take into account financial and non-financial data. The individual PD rating is scaled according to the KBC master scale, which has 12 grades going from PD 1 - the best rating to PD 12, which is the worst.

PD 1 to PD 9 represent the performing exposures.

PD 10 contains: customers where the relevant Group credit decision authority has judged the exposure to be 'unlikely to pay' and none of the obligations are more than 90 days overdue and no Group credit decision authority has judged the exposure to be 'partly or fully lost' without recourse to credit protection.

PD 11 represents customers, who have been overdue for 90 days or more, but not subject to bankruptcy proceeds yet.

PD 12 represents customers, where Group credit decision authority has judged the exposure to be 'partly or fully lost' without recourse to credit protection.

PD ratings are used not only for the measurement, monitoring and management of credit risk, but also to determine, among other things, the level at which a credit approval must be obtained, the required collateral and pricing.

The following table sets forth a breakdown of the Group's risk categories, including the internal and external ratings, for non-retail exposure:

ČSOB risk categories for Non-retail exposure

Category	PD Rating	PD %	S&P's Rating	Stage	Performance	Impairment	Default
Normal	1-7	0.0-6.4	AAA - B	Stage 1/ Stage 2	Performing customers	Model based	Non-defaulted
Monitored	8-9	6.4-100	(B-) - C	Stage 1/ Stage 2	Performing customers	Model based	Non-defaulted
Uncertain	10	100	D	Stage 3	Non-performing customers	Model based/ Individually assessed	Defaulted
Doubtful	11	100	D	Stage 3	Non-performing customers	Model based/ Individually assessed	Defaulted
Irrecoverable	12	100	D	Stage 3	Non-performing customers	Model based/ Individually assessed	Defaulted

Individual Credit Processes

The individual approval, monitoring and work-out processes are subject to risk and capital management frameworks approved by the Group Risk Management (GRM) and/or the CRO but developed, maintained and implemented by the Credit departments in the Group. These Credit departments are also responsible for the implementation of these frameworks in the day-to-day operations of the credit processes and for assuring that individual risk acceptance remains within the limits set by the risk appetite statement.

Application Process

The loan or credit application process for non-retail credit exposures involves three steps. Firstly, the employee maintaining the overall relationship with the customer prepares a credit application containing the credit request, the reason for the application and an analysis of the risks (including a financial analysis). Secondly, a credit risk advisor operating independently from the business line, who reports to the Credits department, provides a written non-binding advice. Thirdly, a decision is taken by the Credit Sanctioning Committee (CSC), the highest local decision taking body, or one of its sub-committees consisting of business line employees and employees in the Credits department above the certain threshold. The Committee adopts its decisions by consensus based on a draft decision formulated by the Chairman or Vice - Chairman.

Delegations are granted ad personam. The delegations are risk based and take into account the total exposure with respect to a customer or customer group.

All credit decisions must be taken according to the “four eyes principle”, i.e. at least two persons with appropriate delegation authority need to be involved.

Individual Monitoring Process

An individual credit monitoring process is applicable to non-retail exposures (corporate, large non-retail SME). For small non-retail SME, an automated behavioural monitoring process is being used. Credit exposures with a rating between PD 1 – 8 (non-retail SME) / PD 1 – 9 (corporate) are reviewed by the business function with the support of monitoring applications and eventual advisory assistance of Bad Debt department (credit exposures with a rating 8 – 9). Credit exposures with a rating between PD 9 – 12 (non-retail SME) / PD 10 – 12 (corporate) are reviewed by the Bad Debt department, which is a sub-department of the Credits departments.

Regardless of the PD rating, a full credit application must be submitted to the applicable decision authority for a review at least once a year in accordance with the same application process as for the new exposures. Additionally, certain triggers lead to a more frequent review of credit applications. These triggers include breaches of contractual conditions (such as the breach of financial or non-financial covenants or the non-payment of fees, interest or principal), but also events that do not constitute a breach of contract such as a sudden unexpected change in management that could lead to a deterioration of the customer’s financial situation.

In addition to the annual review process, commercial real estate finance, acquisition finance and project finance are subject to a quarterly review by the CSC, pursuant to which all major exposure is subject to a short review of its main credit risk characteristics. Based on the outcome of the general quarterly review, the CSC can take immediate action or request an early full review of the file.

Collective Monitoring Process

In addition to the required annual review process, a collective monitoring process is applied to non-retail SME customers. The monitoring of compliance by the customer with covenants specified in the relevant financing documentation is based on information provided by the customer in covenant compliance reports and financial statements. A breach of the internal thresholds and covenants specified in the financing documentation triggers the individual review process as described above.

Bad Debts Treatment

For both corporate and non-retail SME customers, the management of bad debts is the sole responsibility of the Bad Debt department. The credit customer relationship is transferred to the Bad Debt department when an exposure reaches a PD rating of 9 in the case of non-retail SME and PD rating of 10, in the case of corporate customers.

Retail exposure (Entrepreneurs, retail SMEs and Individuals)

Risk Categories

The following table sets forth a breakdown of the Group’s risk categories for retail exposure:

ČSOB risk categories for Retail exposure

Category	PD rating	Stage	Performance	Impairment	Default
Normal	n/a	Stage 1/ Stage 2	Performing	Model based	Non-defaulted
Monitored	n/a	Stage 1/ Stage 2	Performing	Model based	Non-defaulted
Uncertain	10	Stage 3	Non-performing	Model based	Defaulted
Doubtful	11	Stage 3	Non-performing	Model based	Defaulted
Irrecoverable	12	Stage 3	Non-performing	Model based	Defaulted

Application Process

The application process in the retail segment is based on the usage of application scorecards for new customers and behavioural scorecards for existing customers. For consumer finance products (personal unsecured loans, retail overdrafts and credit cards) decisions are fully automated based on scorecards in the vast majority of cases. Mortgage decisions are supported by scorecards but decision-taking is essentially manual.

The application process makes extensive use of several external credit bureau databases that include both positive and negative information.

Monitoring Process

The monitoring process in the retail segment is performed regularly by the relevant Credit Departments. It is based on aggregated data. It does not involve individual reviews and looks at the development of defaults and probability of default within different sub-portfolios and the development of Credit Cost Ratios within the different sub-portfolios. The development of the mortgage portfolio is monitored also on the basis of pool migration (i.e. migration between different risk pools).

Collection Process

The collection process in retail consists of two major phases: early collection and late collection. Early collection is generally based on a rapid succession of reminders (via a call centre or automated written notices) starting when any payment is few days overdue and may involve the restructuring of the loan. Late collection is focused on legal proceedings and the recovery of collateral. In addition, mortgage collection also uses field collection for customers whose payments are less than 180 days overdue and which precedes late collection.

Financial derivative instruments

Counterparty credit risk of derivative instruments, as foreign exchange derivatives and interest rate swaps, are determined as the sum of the (positive) current replacement cost (mark-to-market value) of an instrument and the potential future exposure (addon). For mitigation of the counterparty credit risk are used close-out netting and collateralization.

Credit-related commitments risk

The Group provides guarantees and letters of credit on behalf of its customers, as a result of which the Group may be required to make payments on such customers' behalf. Such payments are subsequently required to be reimbursed to ČSOB by the customer based on the terms of the underlying credit documentation. These guarantees expose the Group to similar risks as loans and such risks are managed using the same credit risks control processes and policies.

The following two main commitment risks are treated as off-balance sheet within the Group:

(i) *Undrawn but Committed Exposure*. This exposure arises when the Group has a legal commitment to provide a borrower with a facility or credit when asked and such facility or credit has not yet been drawn. This type of exposure comprises to a large extent of short-term exposure, where the Group's commitment has a duration equal to or shorter than one year.

(ii) *Off-Balance Sheet Products*. This exposure consists of bank guarantees and/or letters of credit. Off-balance sheet products are granted predominantly in the corporate segment and often consist of bid, performance or advance payment bonds for domestic construction companies.

Commitment risks expose the Group to similar risks as loans and such risks are monitored and managed using the same credit risk control processes and policies.

The Group manages credit risk in three major portfolios: Credit portfolio, Investment portfolio and Trading portfolio. Besides these there is a credit exposure connected with settlement activities (correspondent banking, settlement of receivables generated within system of electronic toll, which ČSOB administers for the Czech Government - e-Toll), where the risk is limited as counterparties are either highly rated banks, government institutions or entities with guarantees by highly rated banks.

The table below shows the maximum exposure to credit risk for the components of the consolidated statement of financial position and financial guarantees, loan commitments and other commitments as at 31 December 2024 and 2023. The maximum exposure is shown as net carrying amount (contractual amount for financial guarantees and commitments) without taking account of any collateral and other credit enhancements.

	2024				
(CZKm)	Credits	Investment	Trading	Other assets	Total
ASSETS					
Cash, balances with central banks and other demand deposits (Note: 16)	2,642	37,585	-	-	40,227
Financial assets held for trading (Note: 17)	-	1,862	27,319	-	29,181
Non-trading financial assets mandatorily at fair value through profit or loss	-	951	-	-	951
Financial assets FVOCI (Note: 18)	964	28,381	-	-	29,345
Financial assets FVOCI pledged as collateral	-	4,241	-	-	4,241
Financial assets at AC	955,480	754,956	-	3,272	1,713,708
Financial assets at AC pledged as collateral	-	35,833	-	-	35,833
Finance lease receivables	12,522	-	-	-	12,522
Fair value adjustments of the hedged items in portfolio hedge	-	-5,320	-	-	-5,320
Derivatives used for hedging	-	20,613	-	-	20,613
Other assets (Note: 27)	-	-	-	2,772	2,772
Total	971,608	879,102	27,319	6,044	1,884,073
Financial guarantees and other commitments (Note: 37)	53,801	-	-	-	53,801
Loan commitments – irrevocable (Note: 37)	163,589	-	-	-	163,589
Total	217,390	-	-	-	217,390
Total credit risk exposure	**1,188,998**	**879,102**	**27,319**	**6,044**	**2,101,463**

	2023				
(CZKm)	Credits	Investment	Trading	Other assets	Total
ASSETS					
Cash, balances with central banks and other demand deposits (Note: 16)	4,360	11,847	-	-	16,207
Financial assets held for trading (Note: 17)	-	8,715	30,206	-	38,921
Non-trading financial assets mandatorily at fair value through profit or loss	-	1,330	-	-	1,330
Financial assets FVOCI (Note: 18)	961	9,520	-	-	10,481
Financial assets FVOCI pledged as collateral	-	4,326	-	-	4,326
Financial assets at AC	894,797	595,794	-	3,182	1,493,773
Financial assets at AC pledged as collateral	-	237,654	-	-	237,654
Finance lease receivables	10,426	-	-	-	10,426
Fair value adjustments of the hedged items in portfolio hedge	-	-10,437	-	-	-10,437
Derivatives used for hedging	-	29,215	-	-	29,215
Other assets (Note: 27)	-	-	-	2,193	2,193
Total	910,544	887,964	30,206	5,375	1,834,089
Financial guarantees and other commitments (Note: 37)	49,044	-	-	-	49,044
Loan commitments – irrevocable (Note: 37)	154,823	-	-	-	154,823
Total	203,867	-	-	-	203,867
Total credit risk exposure	**1,114,411**	**887,964**	**30,206**	**5,375**	**2,037,956**

Where financial instruments are recorded at fair value the amounts shown above represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

Set out below is an analysis of the maximum exposure to credit risk of the Group before and after taking into account the collateral held:

(CZKm)	2024 Gross maximum exposure	2024 Financial effect of collateral	2024 Net maximum exposure	2023 Gross maximum exposure	2023 Financial effect of collateral	2023 Net maximum exposure
ASSETS						
Cash, balances with central banks and other demand deposits (Note: 16)	40,227	-	40,227	16,207	-	16,207
Financial assets held for trading (incl. assets pledged as collateral)	29,181	5,688	23,493	38,921	13,056	25,865
Financial derivatives	29,166	5,687	23,479	38,913	13,049	25,864
Financial assets other than derivatives	15	1	14	8	7	1
Non-trading financial assets mandatorily at fair value through profit or loss	951	-	951	1,330	-	1,330
Financial assets FVOCI (incl. assets pledged as collateral) (Note: 18)	33,586	-	33,586	14,807	-	14,807
Financial assets at amortised cost (incl. assets pledged as collateral)	1,749,541	1,217,062	532,479	1,731,427	1,211,873	519,554
of which non-performing assets	*7,642*	*5,989*	*1,653*	*7,337*	*5,946*	*1,391*
Finance lease receivables	12,522	10,548	1,974	10,426	8,804	1,622
Fair value adjustments of the hedged items in portfolio hedge	-5,320	-	-5,320	-10,437	-	-10,437
Derivatives used for hedging	20,613	968	19,645	29,215	987	28,228
Other assets (Note: 27)	2,772	-	2,772	2,193	-	2,193
Total	1,884,073	1,234,266	649,807	1,834,089	1,234,720	599,369
Financial guarantees and commitments – irrevocable (Note: 37)	217,390	64,196	153,194	203,867	62,849	141,018
of which non-performing exposures	*537*	*328*	*209*	*990*	*551*	*439*
Total credit risk exposure	**2,101,463**	**1,298,462**	**803,001**	**2,037,956**	**1,297,569**	**740,387**

Set out below is an analysis of the non-performing exposure to credit risk of the Group before and after taking into account the collateral held by type of the business:

(CZKm)	2024 Gross maximum exposure	2024 Financial effect of collateral	2024 Net maximum exposure	2023 Gross maximum exposure	2023 Financial effect of collateral	2023 Net maximum exposure
Non-performing exposures						
Mortgage loans	2,527	2,512	15	2,042	1,993	49
Building savings loans	1,358	827	531	1,105	743	362
Consumer loans	850	5	845	695	2	693
SME	1,804	1,475	329	1,986	1,731	255
Leasing	328	297	31	164	139	25
Corporate	1,275	1,200	75	2,299	1,889	410
Factoring	17	-	17	21	-	21
Other	20	1	19	15	-	15
Total non-performing exposures	**8,179**	**6,317**	**1,862**	**8,327**	**6,497**	**1,830**

Financial effect of collateral represents a fair value of collateral received by the Group against a credit exposure limited to the outstanding amount of the exposure.

The credit portfolio is structured according to the type of the business the Group enters into:

2024 (CZKm)	Outstanding gross amount	Financial guarantees and other commitments gross	Loan commitments gross	Granted exposure	Allowances	Provisions	Net exposure
Mortgage loans	422,827	-	17,663	**440,490**	-529	-11	**439,950**
Building savings loans	118,820	-	2,562	**121,382**	-1,179	-6	**120,197**
Consumer loans	47,118	-	14,613	**61,731**	-1,862	-17	**59,852**
SME	105,179	6,214	55,951	**167,344**	-2,242	-80	**165,022**
Leasing	53,414	-	-	**53,414**	-703	-	**52,711**
Corporate	225,412	47,763	72,700	**345,875**	-2,374	-167	**343,334**
Factoring	6,443	-	-	**6,443**	-402	-	**6,041**
Other	1,688	13	192	**1,893**	-1	-1	**1,891**
Total credits	**980,901**	**53,990**	**163,681**	**1,198,572**	**-9,292**	**-282**	**1,188,998**

2023 (CZKm)	Outstanding gross amount	Financial guarantees and other commitments gross	Loan commitments gross	Granted exposure	Allowances	Provisions	Net exposure
Mortgage loans	397,126	-	16,891	**414,017**	-795	-51	**413,171**
Building savings loans	122,692	-	2,648	**125,340**	-1,598	-8	**123,734**
Consumer loans	40,643	-	13,995	**54,638**	-1,698	-70	**52,870**
SME	99,715	5,541	53,694	**158,950**	-2,562	-21	**156,367**
Leasing	47,601	-	-	**47,601**	-667	-	**46,934**
Corporate	202,600	43,728	67,810	**314,138**	-2,510	-357	**311,271**
Factoring	5,912	-	-	**5,912**	-393	-	**5,519**
Other	4,479	12	56	**4,547**	-1	-1	**4,545**
Total credits	**920,768**	**49,281**	**155,094**	**1,125,143**	**-10,224**	**-508**	**1,114,411**

The following tables show a reconciliation of the allowances for impairment losses, incl. adjustment for geopolitical and macroeconomic uncertainties as part of Stage 2, on credit portfolio for 2023 and 2024 by classes of financial instruments:

(CZKm)	Mortgage loans	Building savings loans	Consumer loans	SME	Leasing	Corporate	Factoring	Other	Total
STAGE 1									
At 1 January 2023	**26**	**63**	**114**	**127**	**57**	**327**	**4**	**-**	**718**
Origination and acquisition	6	6	72	92	49	162	-	-	387
Change in credit risk not leading to stage transfers	-8	-3	-25	-7	-15	-138	1	-	-195
Change in credit risk leading to stage transfer	-1	-	-7	27	5	-46	-	-	-22
Modification without derecognition	-	-	-2	-	-	-	-	-	-2
Derecognition	-1	-5	-19	-18	-4	-	-	-	-47
Write-offs	-	-2	-	-	-	-	-	-	-2
Foreign currency translation	-	-	-	-	-	1	-	-	1
At 31 December 2023	**22**	**59**	**133**	**221**	**92**	**306**	**5**	**-**	**838**
Origination and acquisition	4	13	109	110	57	66	-	-	359
Change in credit risk not leading to stage transfers	-17	3	-27	-20	-18	-193	2	-	-270
Change in credit risk leading to stage transfer	-	10	2	28	-8	18	-1	-	49
Modification without derecognition	-	-	-2	-	-	-	-	-	-2
Derecognition	-1	-6	-29	-18	-10	-	-	-	-64
Write-offs	-	-2	-	-	-	-	-	-	-2
Changes in model/methodology	-	-	3	38	-	16	-	-	57
Foreign currency translation	-	-	-	-	-	-	-	-	-
At 31 December 2024	**8**	**77**	**189**	**359**	**113**	**213**	**6**	**-**	**965**

(CZKm)	Mortgage loans	Building savings loans	Consumer loans	SME	Leasing	Corporate	Factoring	Other	Total
STAGE 2									
At 1 January 2023	**190**	**704**	**601**	**1,222**	**502**	**895**	**283**	**1**	**4,398**
Origination and acquisition	16	33	-	-	77	-	-	-	126
Change in credit risk not leading to stage transfers	-25	-39	-97	-480	-274	-331	74	-	-1,172
Change in credit risk leading to stage transfer	6	12	110	46	-100	146	-46	-	174
Modification without derecognition	-	-1	1	-12	-	-	-	-	-12
Derecognition	-6	-40	-29	-49	-16	-	-	-	-140
Write-offs	-	-2	-	-	-	-	-	-	-2
Foreign currency translation	-	-	-	-2	-	33	-	-	31
At 31 December 2023	**181**	**667**	**586**	**725**	**189**	**743**	**311**	**1**	**3,403**
Origination and acquisition	8	41	-	-	53	-	-	-	102
Change in credit risk not leading to stage transfers	-60	-108	-122	-72	-30	-92	-15	-	-499
Change in credit risk leading to stage transfer	-44	-133	56	-94	8	-128	33	-	-302
Modification without derecognition	-6	-1	-3	-16	-	-	-	-	-26
Derecognition	-10	-54	-42	-48	-7	-	-	-	-161
Write-offs	-	-2	-	-	-	-	-	-	-2
Changes in model/methodology	-	-	-3	-116	-	-44	-	-	-163
Foreign currency translation	-	-	-	-	-	58	-	-	58
At 31 December 2024	**69**	**410**	**472**	**379**	**213**	**537**	**329**	**1**	**2,410**

(CZKm)	Mortgage loans	Building savings loans	Consumer loans	SME	Leasing	Corporate	Factoring	Other	Total
STAGE 3									
At 1 January 2023	**551**	**895**	**847**	**1,720**	**425**	**2,187**	**99**	**-**	**6,724**
Origination and acquisition	12	5	-	-	2	-	-	-	19
Change in credit risk not leading to stage transfers	29	16	46	-123	3	-934	-10	-3	-976
Change in credit risk leading to stage transfer	47	150	335	226	74	212	-4	-	1,040
Modification without derecognition	63	20	83	31	-	-	-	-	197
Derecognition	-65	-62	-56	-151	-65	-	-	-	-399
Write-offs	-45	-152	-280	-122	-56	-7	-8	-	-670
Foreign currency translation	-	-	-	-2	-	6	-	3	7
At 31 December 2023	**592**	**872**	**975**	**1,579**	**383**	**1,464**	**77**	**-**	**5,942**
Origination and acquisition	10	6	-	-	6	-	-	-	22
Change in credit risk not leading to stage transfers	-45	-144	34	-113	42	-367	-9	-2	-604
Change in credit risk leading to stage transfer	-1	153	411	237	71	546	-	-	1,417
Modification without derecognition	45	6	91	28	-	-	-	-	170
Derecognition	-75	-57	-54	-80	-70	-	-	-	-336
Write-offs	-74	-144	-272	-219	-58	-26	-1	-	-794
Foreign currency translation	-	-	-	-	-	7	-	2	9
At 31 December 2024	**452**	**692**	**1,185**	**1,432**	**374**	**1,624**	**67**	**-**	**5,826**

(CZKm)	Mortgage loans	Building savings loans	Consumer loans	SME	Leasing	Corporate	Factoring	Other	Total
POCI									
At 1 January 2023	**-**	**-**	**7**	**27**	**4**	**-**	**-**	**-**	**38**
Change in credit risk not leading to stage transfers	-	-	2	13	-	-	-	-	15
Change in credit risk leading to stage transfer	-	-	-4	-1	-	-	-	-	-5
Derecognition	-	-	-1	-	-1	-	-	-	-2
Write-offs	-	-	-	-2	-	-	-	-	-2
At 31 December 2023	**-**	**-**	**4**	**37**	**3**	**-**	**-**	**-**	**44**
Change in credit risk not leading to stage transfers	-	-	11	39	-	-	-	-	50
Change in credit risk leading to stage transfer	-	-	-	-1	-	-	-	-	-1
Derecognition	-	-	-1	-6	-	-	-	-	-7
Write-offs	-	-	2	3	-	-	-	-	5
At 31 December 2024	**-**	**-**	**16**	**72**	**3**	**-**	**-**	**-**	**91**
ALL STAGES									
At 1 January 2023	**767**	**1,662**	**1,569**	**3,096**	**988**	**3,409**	**386**	**1**	**11,878**
At 31 December 2023	**795**	**1,598**	**1,698**	**2,562**	**667**	**2,510**	**393**	**1**	**10,224**
At 31 December 2024	**529**	**1,179**	**1,862**	**2,242**	**703**	**2,374**	**402**	**1**	**9,292**

In 2024 and 2023, the most significant changes in gross carrying amount of credit exposures that have an impact on ECL allowance include: origination and acquisition of new assets, changes in credit risk leading to transfers between stages (Note: 19), derecognition of loans and write-offs.

The following table shows a consistence of the movements of expected credit losses with the impairment losses as reported in the consolidated statement of income:

(CZKm)	2024	2023
Balance of allowances for credit losses at 1 January	10,224	11,878
Balance of allowances for credit losses at 31 December	9,292	10,224
Net decrease (-) / increase of allowances for credit losses for the year	**-932**	**-1,654**
Adjusted for:		
Write-offs	786	676
Recoveries	-421	-449
Sales of loans	7	-2
Foreign currency translation	-67	-37
Net impairment gains (-) / losses as reported in the consolidated statement of income	**-627**	**-1,466**

An industry sector analysis of the Group's Credit portfolio, before taking into account any collateral held or other credit enhancements, is as follows:

	2024		2023	
Sector	Granted exposure (CZKm)	Percentage of total exposure	Granted exposure (CZKm)	Percentage of total exposure
Private persons	621,127	52.6	591,620	52.6
Distribution	99,236	8.1	90,702	8.1
Commercial Real Estate	85,115	7.4	83,494	7.4
Services	68,479	5.5	62,215	5.5
Building and Construction	61,633	5.1	57,077	5.1
Automotive	55,786	4.3	48,159	4.3
Oil, Gas and other Fuels	22,767	2.0	22,146	2.0
Metals	21,725	1.6	18,404	1.6
Finance and Insurance	20,116	1.9	21,401	1.9
Machinery and Heavy Equipment	19,563	1.7	19,268	1.7
Agriculture, Farming and Fishing	19,296	1.6	17,943	1.6
Authorities	13,385	1.2	13,769	1.2
Other sectors	90,344	7.0	78,945	7.0
Total	**1,198,572**	**100.0**	**1,125,143**	**100.0**

The investment portfolio is structured according to the type of the instrument.

2024 (CZKm)	Outstanding gross amount	Cumulative impairment loss	**Granted exposure**
Debt securities	307,274	-6	**307,268**
Loans and receivables within investment portfolio	511,774	-	**511,774**
Derivatives used for hedging	20,613	-	**20,613**
Derivatives used as economic hedges (Note: 17)	1,862	-	**1,862**
Cash, balances with central banks and other demand deposits	37,585	-	**37,585**
Total investment	**879,108**	**-6**	**879,102**

2023 (CZKm)	Outstanding gross amount	Cumulative impairment loss	**Granted exposure**
Debt securities	307,555	-8	**307,547**
Loans and receivables within investment portfolio	530,640	-	**530,640**
Derivatives used for hedging	29,215	-	**29,215**
Derivatives used as economic hedges (Note: 17)	8,715	-	**8,715**
Cash, balances with central banks and other demand deposits	11,847	-	**11,847**
Total investment	**887,972**	**-8**	**887,964**

The investment portfolio is monitored from a counterparty sector point of view:

	2024		2023	
(CZKm)	Granted exposure (CZKm)	Percentage of total exposure	Granted exposure (CZKm)	Percentage of total exposure
Central banks	548,070	62.3	540,868	60.9
General government	305,796	34.8	306,338	34.5
Credit institutions	25,236	2.9	40,758	4.6
Corporate	-	-	-	-
Total investment	**879,102**	**100.0**	**887,964**	**100.0**

The trading portfolio is structured according to the type of the instrument.

2024 (CZKm)	**Granted exposure**
Loans and advances	**14**
Trading derivatives (Note: 17)	**27,305**
Total trading portfolio	**27,319**

2023 (CZKm)	**Granted exposure**
Loans and advances	**7**
Trading derivatives (Note:17)	**30,199**
Total trading portfolio	**30,206**

The trading portfolio is monitored from a counterparty sector point of view:

	2024		2023	
Sector	Granted exposure (CZKm)	Percentage of total exposure	Granted exposure (CZKm)	Percentage of total exposure
Credit institutions	24,537	89.8	26,692	88.4
Corporate	2,782	10.2	3,514	11.6
Total trading portfolio	**27,319**	**100.0**	**30,206**	**100.0**

Risk concentrations of the maximum exposure to credit risk

The concentration of risk is managed by geographical region, industry and by client/counterparty. The Group's financial assets, before taking into account any collateral held or other credit enhancements can be analysed by the following geographical regions:

(CZKm)	2024 Total risk	2024 of which General government	2023 Total risk	2023 of which General government
Czech Republic	1,985,220	311,781	1,909,131	308,275
Belgium	38,073	-	57,474	-
Slovak Republic	19,759	4,381	20,240	4,511
Hungary	2,058	-	1,292	-
Spain	535	-	1,329	-
Ukraine	416	-	255	-
Italy	215	-	188	-
Russia	186	-	223	-
Belarus	129	-	361	-
Greece	36	-	33	-
Other Europe	41,458	1,259	36,104	2,839
Other	13,378	1,097	11,326	594
Total	**2,101,463**	**318,518**	**2,037,956**	**316,219**

Credit risk exposures of the Group towards the countries are reported before taking into account of collateral. Gross credit exposure to Belarus, Russia and Ukraine amounts to CZK 884 m at 31 December 2024 (31 December 2023: CZK 839 m). If collaterals, guarantees and other credit enhancements received by the Group to limit the exposure are taken into account, then the net unsecured exposure to Belarus, Russia and Ukraine decreases to CZK 254 m at 31 December 2024 (31 December 2023: CZK 218 m).

Client concentration is monitored on the level of individual portfolios. In the credit portfolio the exposure towards groups of economically connected subjects are monitored:

Client	2024 Granted exposure (CZKm)	2024 Percentage of total exposure	2023 Granted exposure (CZKm)	2023 Percentage of total exposure
1 largest client	15,621	1.3	13,069	1.2
10 largest clients	86,610	7.2	75,976	6.8
25 largest clients	144,816	12.1	129,161	11.5

The largest exposures to single clients in the investment and trading portfolio as at 31 December 2024 and 31 December 2023 were:

Client	2024 Granted exposure (CZKm)	2024 % of total investment portfolio	2023 Granted exposure (CZKm)	2023 % of total investment portfolio
Investment portfolio				
Czech Ministry of Finance (S&P's rating AA)	300,134	34.1	298,337	33.6
CNB	548,007	62.3	545,777	61.5
Trading portfolio				
KBC Bank	14,545	53.2	18,294	60.6

Exposures to counter parties by risk rating class in the investment and trading portfolio as at 31 December 2024 and 31 December 2023 were:

	2024		2023	
Rating (S&P)	Granted exposure (CZKm)	% of total portfolio	Granted exposure (CZKm)	% of total portfolio
Investment portfolio				
AAA up to and including A-	877,380	99.8	886,014	99.8
BBB+ up to and including BB-	1,090	0.1	1,247	0.1
Unrated	632	0.1	703	0.1
Total	**879,102**	**100.0**	**887,964**	**100.0**
Trading portfolio				
AAA up to and including A-	21,213	77.7	24,076	79.7
BBB+ up to and including BB-	3,224	11.8	4,355	14.4
Lower than BB-	111	0.4	-	-
Unrated	2,771	10.1	1,775	5.9
Total	**27,319**	**100.0**	**30,206**	**100.0**

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained are as follows:

- For securities lending and reverse repurchase transactions, cash or securities;
- For commercial lending, pledges over real estate properties, trade receivables and inventory;
- For retail lending, pledges over residential properties are used for mortgage financing.

The Group complies with CNB recommendation regarding retail loans secured by residential properties. The Group continuously monitors the market value of all collateral, monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment losses and requests additional collateral in accordance with the underlying agreement when necessary. The amount of collateral reported for an individual receivable does not exceed the carrying amount of the receivable.

Within concluding derivatives transaction to hedge counterparty's risk the Group uses Master netting agreements and collateralisation annex (i.e. CSA or its equivalents).

Impairment assessment

The Group complies with the IFRS 9 accounting standard and as a result uses the expected credit loss model methodology to calculate its impairments.

The portfolio can be divided into three stages while the main considerations for stage allocation include whether there has been a significant increase in credit risk since initial recognition, any payments of principal or interest are overdue by more than 90 days or there are any known difficulties in the cash flows of counterparties, worsening of their credibility reflected by credit rating downgrades or infringement of the original terms of the contract.

A symmetric Group-wide multi-tier approach (MTA) for staging was developed to assess whether there has been a significant increase in credit risk since initial recognition, triggering transfer to stage 2 from stage 1. The comprehensive indicators capturing the relevant risk information result in following tiers:

1. Lifetime PD at reporting date is equal to or exceeds the remaining lifetime PD at origination by a threshold of 200%;
2. The exposure is forborne (incl. contagion within the client´s exposures);
3. The exposure is more than 30 days past due;
4. The exposure is in watch list (exposures with an increased credit risk that are not (yet) classified as default/non-performing, and which are subject to enhanced monitoring and review);
5. Collective assessment – manual expert judgement based on forward looking information not captured by PD models such as social, political, regional, economic conditions.

The MTA is waterfall approach, meaning that for a file currently in stage 1, if assessing the first tier doesn't result in migrating to stage 2, then the second tier is assessed and so on. In the end, if all tiers are being assessed without triggering a migration to stage 2, then the financial asset remains in stage 1. To return to stage 1, the criteria are fully symmetrical.

In 2024 the multi-tier approach has been adjusted in the Group. Prior to 2024 the tier 1 compared 12-months Basel PDs or respective PD ratings, tier 2 was lacking the contagion effect and tier 4 was based on PD rating 9 only.

A default event triggers transfer directly to stage 3.

The Group takes the advantage of low credit risk exemption for its debt securities in the Treasury and ALM portfolios, i.e. all such exposures internally rated PD1 - PD3 stay in stage 1.

The accounting standard introduced also staging rules for purchased or originated credit impaired assets (so called POCI). These assets are not subject to transfers to/from Stage 1, 2 or 3. The PD rating/pool continues to be monitored and the assets are divided into POCI assets and POCI assets in default. This concerns also modified financial assets in case the modification resulted into derecognition of the original asset and recognition of a new forborne asset.

The expected credit loss (impairment) is calculated on 12-month basis for stage 1 and on lifetime basis for stage 2 and stage 3.

Various IFRS 9 models were developed within the Group for certain combinations of products and types of counterparties to arrive at the impairment as a sum of discounted products of IFRS 9 Probability of default (PD), Exposure at default (EAD), and Loss given default (LGD) adjusted for survival factor across the 12 months or lifetime to maturity for stage 1 or stage 2 and stage 3, respectively. The final impairment is a weighted sum of calculated impairments resulting from three different macroeconomic scenarios. The weightings at the year-end 2024 were 60% for the „base" scenario, 20% for the optimistic "up" scenario and 20% for the pessimistic "down" scenario (compared to 2023: 60% base - 10% optimistic - 30% pessimistic).

A sensitivity analysis of the impact of these multiple economic scenarios on the collectively calculated ECL (i.e. without the ECL on individually assessed files of CZK 2,557 m at year-end 2024 and CZK 2,658 m in 2023), shows that the base scenario results in an ECL of CZK 6,750 m (CZK 7,343 m in 2023), which is CZK 82 m lower than the "down"-scenario (CZK 900 m in 2023) and CZK 21 m higher than the "up"-scenario (CZK 159 m in 2023). The collectively calculated weighted ECL results (which was booked) amounts to CZK 6,778 m (CZK 7,650 m in 2023). Note that these amounts take into account the adjustment for geopolitical and macroeconomic uncertainties (per scenario) (Note: 2.1).

Different macroeconomic factors are taken into consideration and the Group applies three scenarios to evaluate a range of possible outcomes. The macroeconomic variables include GDP growth, the unemployment rate, policy interest rates, the exchange rate, government bond yields, house prices and inflation.

The following table gives the base-case scenario for the three key indicators (GDP growth, unemployment rate and house price index) for the coming years.

Macroeconomic key indicators - base-case scenario	2024	2025	2026
Real GDP growth	1.0%	2.3%	2.3%
Unemployment rate	2.9%	3.2%	3.1%
House price index	3.9%	4.2%	3.5%

Management has the possibility to reflect its expertise in the final result of the impairment numbers in the exceptional case that the model-based calculation does not result in relevant and reliable impairment amounts based on available forward looking information.

Financial guarantees, letters of credit and undrawn limits are assessed and provisions are made for them in a similar manner as allowances for loans and other receivables.

Quality of credit portfolio

The Group sorts exposures into five categories for the purpose of credit risk management. The table below shows the credit quality by class of asset for loan-related statement of financial position lines (in gross amounts), based on the Group's credit rating system as at 31 December 2024 and 2023:

Credit portfolio

	2024					
	Non-defaulted assets		Defaulted assets			Total
(CZKm)	Normal	Monitored	Uncertain	Doubtful	Irrecoverable	
Mortgage loans	409,885	9,979	1,985	493	485	422,827
Building savings loans	106,957	9,814	776	282	991	118,820
Consumer loans	39,891	5,174	755	230	1,068	47,118
SME	98,496	9,554	1,469	298	1,576	111,393
Leasing	42,233	10,462	178	253	288	53,414
Corporate	251,225	19,217	583	822	1,328	273,175
Factoring	4,563	1,795	27	6	52	6,443
Other	1,688	-	1	-	12	1,701
Total	**954,938**	**65,995**	**5,774**	**2,384**	**5,800**	**1,034,891**

	2023					
	Non-defaulted assets		Defaulted assets			Total
(CZKm)	Normal	Monitored	Uncertain	Doubtful	Irrecoverable	
Mortgage loans	367,962	26,608	1,565	469	522	397,126
Building savings loans	103,612	17,102	757	239	982	122,692
Consumer loans	32,932	6,039	592	193	887	40,643
SME	74,363	27,286	1,887	242	1,478	105,256
Leasing	32,539	14,459	217	87	299	47,601
Corporate	189,282	53,765	1,134	1,154	993	246,328
Factoring	4,257	1,556	30	6	63	5,912
Other	4,479	-	-	-	12	4,491
Total	**809,426**	**146,815**	**6,182**	**2,390**	**5,236**	**970,049**

Loan portfolio breakdown by risk class (in gross amounts) based on internal rating scale:

	2024			2023		
(CZKm)	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Non-defaulted assets						
PD 1 (default probability 0.00% - 0.10%)	61,280	6	-	59,882	17	-
PD 2 (0.10% - 0.20%)	40,402	308	-	33,161	1,403	-
PD 3 (0.20% - 0.40%)	90,428	2,611	-	99,218	3,029	-
PD 4 (0.40% - 0.80%)	397,923	3,792	-	366,426	7,316	-
PD 5 (0.80% - 1.60%)	208,850	4,451	-	157,815	41,546	-
PD 6 (1.60% - 3.20%)	101,567	12,737	-	68,788	37,897	-
PD 7 (3.20% - 6.40%)	50,174	7,158	-	20,708	28,199	-
PD 8 (6.40% - 12.80%)	3,322	15,350	-	3,260	9,302	-
PD 9 (> 12.80%)	988	19,407	-	165	17,951	-
Unrated	4	175	-	3	155	-
Defaulted assets						
PD 10	-	-	5,773	-	-	6,182
PD 11	-	-	2,386	-	-	2,389
PD 12	-	-	5,799	-	-	5,237
Total	**954,938**	**65,995**	**13,958**	**809,426**	**146,815**	**13,808**

Investment portfolio

	2024			
	Non-defaulted assets		Defaulted assets	Total
(CZKm)	Normal	Monitored	Irrecoverable	
Debt securities	307,268	-	-	307,268
Loans and receivables within investment portfolio	511,774	-	-	511,774
Derivatives used for hedging	20,613	-	-	20,613
Derivatives used as economic hedges	1,862	-	-	1,862
Cash, balances with central banks and other demand deposits	37,585	-	-	37,585
Total	**879,102**	**-**	**-**	**879,102**

	2023			
	Non-defaulted assets		Defaulted assets	Total
(CZKm)	Normal	Monitored	Irrecoverable	
Debt securities	307,547	-	-	307,547
Loans and receivables within investment portfolio	530,640	-	-	530,640
Derivatives used for hedging	29,215	-	-	29,215
Derivatives used as economic hedges	8,715	-	-	8,715
Cash, balances with central banks and other demand deposits	11,847	-	-	11,847
Total	**887,964**	**-**	**-**	**887,964**

Trading portfolio

	2024		
	Non-defaulted assets	Defaulted assets	Total
(CZKm)	Normal	Irrecoverable	
Loans and advances	14	-	14
Trading derivatives	27,305	-	27,305
Total	**27,319**	**-**	**27,319**

	2023		
	Non-defaulted assets	Defaulted assets	Total
(CZKm)	Normal	Irrecoverable	
Loans and advances	7	-	7
Trading derivatives	30,199	-	30,199
Total	**30,206**	**-**	**30,206**

The table below shows a credit quality analysis of gross exposures of performing financial assets in the Credit portfolio:

	2024			2023		
(CZKm)	Neither past due nor defaulted	Past due (< 30 days) but not defaulted	Past due (> 30 days) but not defaulted	Neither past due nor defaulted	Past due (< 30 days) but not defaulted	Past due (> 30 days) but not defaulted
Mortgage loans	419,296	433	135	393,914	480	173
Building savings loans	115,941	641	189	119,888	639	187
Consumer loans	44,350	604	111	38,378	503	91
SME	107,491	519	40	101,136	476	38
Leasing	50,912	1,566	216	45,322	1,573	106
Corporate	270,175	106	161	242,887	158	-
Factoring	6,358	-	-	5,813	-	-
Other	1,689	-	-	4,479	-	-
Total	**1,016,212**	**3,869**	**852**	**951,817**	**3,829**	**595**

Performing assets reported within neither past due nor defaulted consist of Normal risk category assets based on the Group's credit rating system.

There were no past due but not impaired assets in the Investment and Trading portfolios.

Gross amounts of non-performing financial assets included in the credit portfolio and the related impairment are as follows:

	2024		2023	
(CZKm)	Gross amount	Impairment	Gross amount	Impairment
Mortgage loans	2,963	-453	2,557	-593
Building savings loans	2,049	-691	1,977	-872
Consumer loans	2,053	-1,195	1,671	-973
SME	3,343	-1,540	3,607	-1,621
Leasing	719	-374	603	-385
Corporate	2,733	-1,730	3,282	-1,660
Factoring	85	-68	99	-78
Other	13	-1	12	-1
Total	**13,958**	**-6,052**	**13,808**	**-6,183**

There are no individually impaired financial assets included in the investment portfolio.

Forbearance measures

Forbearance measure is concession towards a borrower who is facing or is about to face financial difficulties. Both conditions should be fulfilled. Contracts for which forbearance measures have been taken and for which the exit criteria are not fulfilled are referred to as "Forborne credits". Such an approach enables the Group to control and limit potential future losses stemming from troubled credits.

In the context of IFRS 9, a forbearance measure is considered as a significant increase in credit risk. Therefore, a forborne tag always leads to a transfer of the file to stage 2 (in case of non-default) or stage 3 (in case of default). Consequently, impairment is measured at an amount equal to lifetime expected credit losses instead of 12-month expected credit losses, while the forborne tag is attached.

The minimum probation period for forbearance measures is 2 years after the date the forborne facility has been considered as non-default. However, according to the default definition, a client/facility remains in default at least 1 year, which brings in that case the total minimum probation period to 3 years.

COVID-19 related concessions provided under public and private moratoria schemes (e.g. imposed by Czech government in the form of the law) were not considered as forborne facilities in line with Czech National Bank expectations and in line with European Banking Authority guidelines.

Outstanding gross amounts and gross amounts of forborne exposures included in the credit portfolio and the related impairment and collateral and financial guarantees as at 31 December 2024 and 2023 are as follows:

	2024				
		Forborne exposures			
(CZKm)	Outstanding gross amount	Total exposure	Percentage of outstanding gross amount (%)	Total impairment	Collateral and financial guarantees
Mortgage loans	422,827	2,976	0.7	114	2,459
Building savings loans	118,820	505	0.4	89	337
SME	105,179	1,516	1.44	540	717
Leasing	53,414	63	0.1	13	44
Corporate	225,412	635	0.28	424	152
Other	55,249	1,348	2.4	404	-
Total	**980,901**	**7,043**	**0.7**	**1,584**	**3,709**

	2023				
		Forborne exposures			
(CZKm)	Outstanding gross amount	Total exposure	Percentage of outstanding gross amount (%)	Total impairment	Collateral and financial guarantees
Mortgage loans	397,126	2,541	0.6	169	2,371
Building savings loans	122,692	584	0.5	134	379
SME	99,715	1,682	1.7	655	826
Leasing	47,601	132	0.3	55	55
Corporate	202,600	1,523	0.8	568	872
Other	51,034	1,212	2.4	332	-
Total	**920,768**	**7,674**	**0.8**	**1,913**	**4,503**

Detail analysis of forborne exposures included in the credit portfolio and the related impairment as at 31 December 2024 and 2023 are as follows:

(CZKm)	2024 Non-defaulted exposure	Of which past due	Defaulted exposure	Impairment of defaulted exposure	Impairment of non-defaulted exposure
Mortgage loans	1,393	20	1,583	110	4
Building savings loans	277	5	228	83	6
SME	399	3	1,118	534	6
Leasing	28	4	35	13	-
Corporate	130	-	505	423	1
Other	570	33	778	381	23
Total	**2,797**	**65**	**4,247**	**1,544**	**40**

(CZKm)	2023 Non-defaulted exposure	Of which past due	Defaulted exposure	Impairment of defaulted exposure	Impairment of non-defaulted exposure
Mortgage loans	1,319	12	1,222	163	6
Building savings loans	307	-	277	128	6
SME	232	-	1,450	647	8
Leasing	49	2	83	55	-
Corporate	575	-	948	562	6
Other	593	-	619	304	28
Total	**3,075**	**14**	**4,599**	**1,859**	**54**

Figures presented in column 'Of which past due' of the comparative period of 2023 have been revised to align with the new structure of presentation.

The following table shows a reconciliation of Gross amounts of forborne exposures for 2024 and 2023 by classes of financial instruments:

(CZKm)	Corporate	SME	Mortgage loans	Building savings loans	Leasing	Other	Total
At 1 January 2023	**2,963**	**1,824**	**2,062**	**580**	**284**	**1,104**	**8,817**
Loans which have become forborne	582	322	1,104	245	29	568	2,850
Loans which are no longer considered to be forborne	-2,124	-325	-333	-136	-99	-371	-3,388
Increase of exposure	197	12	3	-	-	3	215
Decrease of exposure	-95	-151	-295	-105	-82	-92	-820
At 31 December 2023	**1,523**	**1,682**	**2,541**	**584**	**132**	**1,212**	**7,674**
Loans which have become forborne	101	314	1,114	122	27	554	2,232
Loans which are no longer considered to be forborne	-835	-285	-417	-117	-63	-309	-2,026
Increase of exposure	23	9	135	-	-	5	172
Decrease of exposure	-177	-204	-397	-84	-33	-114	-1,009
At 31 December 2024	**635**	**1,516**	**2,976**	**505**	**63**	**1,348**	**7,043**

The following table shows a reconciliation of impairments of forborne exposure for 2024 and 2023 by classes of financial instruments:

(CZKm)	Corporate	SME	Mortgage loans	Building savings loans	Leasing	Other	Total
At 1 January 2023	**1,180**	**789**	**80**	**165**	**103**	**300**	**2,617**
Loans which have become forborne	222	102	78	5	1	114	522
Loans which are no longer considered to be forborne	-1,016	-150	-1	-14	-9	-66	-1,256
Increase of exposure	195	24	41	33	5	50	348
Decrease of exposure	-13	-110	-29	-55	-45	-66	-318
At 31 December 2023	**568**	**655**	**169**	**134**	**55**	**332**	**1,913**
Loans which have become forborne	55	87	50	6	4	122	324
Loans which are no longer considered to be forborne	-181	-88	-3	-10	-30	-67	-379
Increase of exposure	11	45	21	20	1	75	173
Decrease of exposure	-29	-159	-123	-61	-17	-58	-447
At 31 December 2024	**424**	**540**	**114**	**89**	**13**	**404**	**1,584**

42.3 Liquidity risk and funding management

Liquidity risk is the risk that the Group will not be able to efficiently meet both expected and unexpected current and future cash flows and collateral needs without normal business operations being disrupted. Liquidity and funding are managed centrally in the Group. To align internal management approach with regulatory view, the Group established, following approval of ČNB, a liquidity subgroup as laid down by Capital Requirements Regulation (CRR). The liquidity subgroup comprised ČSOB and ČSOB Hypoteční banka, with ČSOB Stavební spořitelna having joined as of June 2021. To limit this risk, the Group pays significant attention to both operational and strategic liquidity management.

Operational Liquidity Management

The aim of operational liquidity management is to ensure the smooth processing of the Group's current payment obligations in CZK as well as in other currencies while minimizing associated cost. Operational liquidity is based on cash flow projections with an outlook of up to ten working days for CZK and one day for other currencies.

Funding Management

The actual development of liquidity might vary from ALM's liquidity prediction. The Group can address an adverse liquidity development in several ways. Most typically, the Group would adjust its investment policy, i.e. decrease the percentage of liabilities reinvested in a cash form and use the liquidity from maturing bonds for other purposes. In the event of a more sudden decrease of liquidity, the Group can borrow via repo operations on the market or use regulatory repo facilities (in the ČNB or ECB). The capacity and readiness to withstand adverse liquidity development is regularly reviewed by the means of stress tests.

Starting from October 2015, the Group reports on Liquidity Coverage Ratio (LCR), which compares available liquidity buffers to expected net cash outflows within the 30 day horizon under gravely stressed conditions.

The LCR during 2024 and 2023 was as follows:

(%)	2024	2023
31 March	196.1	152.4
30 June	149.8	148.5
30 September	145.4	145.3
31 December	153.3	201.4

The LCR ratio is regularly monitored and reported to the regulator and top management of the Group.

Strategic Liquidity Management

The aim of strategic liquidity management is to provide sufficient funding for the Group’s business activities in the medium- and long-term horizon. For the strategic liquidity management, the Group uses ‘E-NSFR’, KBC Group adjusted the net-stable-funding-ratio (NSFR) which is defined as a ratio of available stable funding (numerator) to required stable funding (denominator). It has been developed by KBC Group to better reflect business of the Group and penalize funding concentrations in order for the ratio to provide a better picture about funding profile’s stability. The strategy of the Group is to maintain the value of the E-NSFR well above one. That means the Group aims to maintain matched funding, i.e. to ensure that long-term assets are funded by stable liabilities (contractually or statistically), while short-term liabilities are used for the funding of assets that are short-term and/or liquid.

E-NSFR is monitored on a quarterly basis and NSFR is monitored on a monthly basis and are regularly reported to the top management of the Group. NSFR is also quarterly reported to the regulator.

The NSFR / E-NSFR during 2024 and 2023 were as follows:

	NSFR		E- NSFR	
(%)	2024	2023	2024	2023
31 March	179.5	177.1	141.1	142.0
30 June	177.8	184.5	140.4	141.4
30 September	178.7	183.2	137.5	139.9
31 December	174.8	170.4	137.9	138.5

In addition to internally defined limits, the Group must also comply with a regulatory limit on the basis of mandatory minimum reserve deposited with CNB. The limit presently equals to 2% of customer deposits.

Analysis of financial liabilities by remaining contractual maturity

The tables below summarise the contractual maturity profile of the Group's financial liabilities based on the contractual undiscounted repayment obligations (outflows / inflows shown as negative / positive figures).

The following table sets out the financial liabilities of the Group by remaining contractual maturity as at 31 December 2024:

(CZKm)	On demand	Less than 1 year	1 year to 5 years	More than 5 years	**Total**
Financial liabilities					
Financial liabilities held for trading other than financial derivatives	-	-3,052	-	-	-3,052
Financial liabilities designated at fair value through profit or loss	-	-5,302	-8,033	-6,042	-19,377
Financial liabilities at amortised cost	-948,326	-660,862	-139,615	-42,082	-1,790,885
Fair value adjustments of the hedged items in portfolio hedge	11,118	-	-	-	11,118
Lease liabilities	-	-155	-1,465	-848	-2,468
Other liabilities (Note: 30)	-	-4,798	-	-	-4,798
Contractual cash flows excluding derivatives	**-937,208**	**-674,169**	**-149,113**	**-48,972**	**-1,809,462**
Net settled derivatives	**-**	**-12,880**	**-22,352**	**-6,838**	**-42,070**
Trading derivatives	-	-6,692	-10,851	-4,655	-22,198
Hedging derivatives	-	-6,188	-11,501	-2,183	-19,872
Gross settled derivatives	**-**	**-5,059**	**-1,496**	**-225**	**-6,780**
Trading derivatives	-	-5,059	-1,496	-225	-6,780
Inflows	-	459,085	41,625	3,543	504,253
Outflows	-	-464,144	-43,121	-3,768	-511,033
Hedging derivatives	-	-	-	-	-
Inflows	-	-	-	-	-
Outflows	-	-	-	-	-
Contractual cash flows from derivatives	-	**-17,939**	**-23,848**	**-7,063**	**-48,850**
Contractual cash flows from financial liabilities	**-937,208**	**-692,108**	**-172,961**	**-56,035**	**-1,858,312**
Loan commitments – irrevocable (note 37)	-163,682	-	-	-	-163,682
Loan commitments – revocable (note 37)	-67,953	-	-	-	-67,953
Financial guarantees (note 37)	-52,616	-	-	-	-52,616
Other commitments (note 37)	-1,703	-	-	-	-1,703
Contractual cash flows from contingent liabilities	**-285,954**	**-**	**-**	**-**	**-285,954**

The following table sets out the financial liabilities of the Group by remaining contractual maturity as at 31 December 2023:

(CZKm)	On demand	Less than 1 year	1 year to 5 years	More than 5 years	**Total**
Financial liabilities					
Financial liabilities held for trading other than financial derivatives	-	-3,165	-	-	-3,165
Financial liabilities designated at fair value through profit or loss	-	-6,898	-17,304	-4,229	-28,431
Financial liabilities at amortised cost	-847,570	-742,109	-102,976	-30,957	-1,723,612
Fair value adjustments of the hedged items in portfolio hedge	15,396	-	-	-	15,396
Lease liabilities	-	-358	-1,368	-641	-2,367
Other liabilities (Note: 30)	-	-4,342	-	-	-4,342
Contractual cash flows excluding derivatives	**-832,174**	**-756,872**	**-121,648**	**-35,827**	**-1,746,521**
Net settled derivatives	**-**	**-23,833**	**-25,661**	**-7,930**	**-57,424**
Trading derivatives	-	-14,261	-11,376	-4,617	-30,254
Hedging derivatives	-	-9,572	-14,285	-3,313	-27,170
Gross settled derivatives	**-**	**-6,036**	**-3,154**	**-596**	**-9,786**
Trading derivatives	-	-6,036	-3,154	-596	-9,786
Inflows	-	*261,628*	*39,684*	*5,309*	*306,621*
Outflows	-	*-267,664*	*-42,838*	*-5,905*	*-316,407*
Hedging derivatives	-	-	-	-	-
Inflows	-	-	-	-	-
Outflows	-	-	-	-	-
Contractual cash flows from derivatives	-	**-29,869**	**-28,815**	**-8,526**	**-67,210**
Contractual cash flows from financial liabilities	**-832,174**	**-786,741**	**-150,463**	**-44,353**	**-1,813,731**
Loan commitments – irrevocable (note 37)	-155,094	-	-	-	-155,094
Loan commitments – revocable (note 37)	-58,312	-	-	-	-58,312
Financial guarantees (note 37)	-48,302	-	-	-	-48,302
Other commitments (note 37)	-1,307	-	-	-	-1,307
Contractual cash flows from contingent liabilities	**-263,015**	**-**	**-**	**-**	**-263,015**

The maturity of contingent liabilities and commitments is on demand. This represents the undiscounted cash flows of the Group's contingent liabilities and commitments on the basis of their earliest possible contractual maturity. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

The liquidity risk of the Group is not managed based on the remaining contractual maturities of the financial instruments, as such the Group's expected cash flows on these instruments vary significantly from this analysis. For example, undrawn loan commitments are not expected to be drawn down immediately. Analysis of expected remaining maturity of financial assets and liabilities of the Group is disclosed in Note 36.

42.4 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, and equity prices. The Group classifies exposures to market risk into either trading or non-trading portfolios. The market risk for the trading portfolio is managed and monitored using Basis Point Value (BPV) sensitivity. As from September 2019, only residual technical position remains in the Group's trading portfolio after the full implementation of the programme of trading portfolios centralization on the KBC group level. New positions in trading portfolio are immediately closed by back-to-back transactions to the department KBC Central European Financial Markets. The Group's trading portfolio is not exposed to market risk from that time. Non-trading positions are managed and monitored using BPV sensitivity analysis.

Market risk – Trading

The Board of Directors has set limits on the level of risk that may be accepted. The Group has no net position in FX options, commodity derivatives nor any position in equity. A nominal technical limit for reminder products, in particular interest rate options and structured bonds. Positions in these products are not allowed to be material as back-to-back approach is required.

Only minimal BPV limits are applied for individual products and portfolios to limit interest rate risk since January 2020 after transfer of trading positions to KBC Bank.

The capital requirements for interest rate and foreign exchange risks are calculated by application of standardized method since January 2020.

Market risk – Investment portfolio

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Board of Directors has established limits on the BPV sensitivity and the supervisory outlier stress test on economic value of equity. The Board of Directors has set secondary limits on tenor interest rate gaps in subsidiaries. Positions are monitored on a weekly basis and hedging strategies are used to ensure positions are maintained within the established limits.

The following tables demonstrate the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's consolidated statement of income and equity.

The sensitivity of the consolidated statement of income is calculated by revaluing financial assets designated at fair value through profit or loss for the effects of the assumed changes in interest rates. The sensitivity of the consolidated statement of income is analysed by the maturity of the asset. The total sensitivity of the consolidated statement of income is based on the assumption that there are parallel shifts in the yield curve, while the analysis by maturity band displays the sensitivity also to non-parallel changes.

The sensitivity of equity is calculated by revaluing Financial assets at fair value through other comprehensive income, including the effect of any associated hedges, and swaps designated as cash-flow hedges, for the effects of the assumed changes in interest rates. The sensitivity of equity is analysed by the maturity of the asset or swap. The total sensitivity of equity is based on the assumption that there are parallel shifts in the yield curve, while the analysis by maturity band displays the sensitivity also to non-parallel changes.

The Group's investment portfolio consists of predominantly linear interest rate sensitive products.

The table below shows the sensitivity of the consolidated statement of income and other comprehensive income (before tax) due to revaluation of assets and liabilities that are measured at fair value on recurring basis as at 31 December 2024:

		Sensitivity of other comprehensive income				
(CZKm)	Change in basis points	Less than 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
CZK	+ 10	-0.2	-7.6	-75.2	-331.3	-414.3
EUR	+ 10	-0.1	-0.2	6.4	-18.8	-12.7
USD	+ 10	0.0	0.0	0.0	0.0	0.0
CZK	- 10	0.2	7.6	75.2	331.3	414.3
EUR	- 10	0.1	0.2	-6.4	18.8	12.7
USD	- 10	0.0	0.0	0.0	0.0	0.0

		Sensitivity of the consolidated statement of income				
(CZKm)	Change in basis points	Less than 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
CZK	+ 10	0.9	-1.4	27.9	43.9	71.3
EUR	+ 10	0.3	0.0	0.0	0.3	0.6
USD	+ 10	0.0	0.0	0.1	0.6	0.7
CZK	- 10	-0.9	1.4	-27.9	-43.9	-71.3
EUR	- 10	-0.3	0.0	0.0	-0.3	-0.6
USD	- 10	0.0	0.0	-0.1	-0.6	-0.7

The table below shows the sensitivity of the consolidated statement of income and other comprehensive income (before tax) due to revaluation of assets and liabilities that are measured at fair value on recurring basis as at 31 December 2023:

		Sensitivity of other comprehensive income				
(CZKm)	Change in basis points	Less than 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
CZK	+ 10	-1.8	0.1	-39.0	-250.3	-291.0
EUR	+ 10	0.0	0.0	-6.9	-4.0	-10.9
USD	+ 10	0.0	0.0	0.0	0.0	0.0
CZK	- 10	1.8	-0.1	39.0	250.3	291.0
EUR	- 10	0.0	0.0	6.9	4.0	10.9
USD	- 10	0.0	0.0	0.0	0.0	0.0

		Sensitivity of the consolidated statement of income				
(CZKm)	Change in basis points	Less than 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
CZK	+ 10	-1.7	0.2	34.9	2.0	35.4
EUR	+ 10	0.0	0.0	2.6	0.0	2.6
USD	+ 10	0.0	0.0	0.0	0.0	0.0
CZK	- 10	1.7	-0.2	-34.9	-2.0	-35.4
EUR	- 10	0.0	0.0	-2.6	0.0	-2.6
USD	- 10	0.0	0.0	0.0	0.0	0.0

Currency risk

Currency risk is the risk that the value of a financial instrument would fluctuate due to changes in foreign exchange rates. The Group adopted a strategy under which the banking book has no open positions in foreign currencies. Positions are monitored on a daily basis and hedging strategies are used to close such positions. Minimum technical residual open positions in foreign currencies are allowed; the Group sets limits for these positions. The technical currency position is added to the currency position of the trading book position and reported in aggregate.

The table below shows the foreign currency risk sensitivity of the consolidated statement of income (before tax) as at 31 December 2024 and 2023:

	2024			2023		
(CZKm)	Net position in foreign currency	Increase of foreign exchange rate by 1 CZK/EUR	Decrease of foreign exchange rate by 1 CZK/EUR	Net position in foreign currency	Increase of foreign exchange rate by 1 CZK/EUR	Decrease of foreign exchange rate by 1 CZK/EUR
EUR	-3	-	-	-	-	-

Sensitivity of the consolidated statement of income to currencies other than EUR is not significant.

Equity price risk

Equity price risk is the risk that the fair values of equities will decrease as a result of changes in the levels of equity indices and in the value of individual stocks. Investment equity price risk exposure arises from the Group's investment portfolio.

The effect on equity (as a result of a change in the fair value of equity instruments included in Financial assets at fair value through other comprehensive income) due to a reasonably possible change in equity indices (before tax), with all other variables held constant, is as follows:

	Change in equity price (%)	Effect on equity	
(CZKm)		2024	2023
Visa Inc. quotation	- 10	-16	-25
	+ 10	16	25

Prepayment risk

Prepayment risk is the risk that the Group will incur a financial loss because its customers and counterparties repay or request repayment earlier than expected, such as fixed rate mortgages when interest rates fall.

Prepayment risk is regularly monitored and assessed in the Group. Convenient tools for prepayment risk limitation are applied in the area of mortgage loans particularly.

42.5 Operational risk

The Group defines operational risk in line with Basel Framework as the risk of loss resulting from inadequate or failed internal procedures, people and systems, or from external events.

Operational risks are present in every part of the company as they are an integral part of 'being in business' and 'running the company'. Managing these risks enables us to do business, to provide continuous service and hence to protect ČSOB, its clients and counterparts from losses, disruptions, etc. We manage these operational risks by building and maintaining a strong control environment in a changing internal/external environment and by safeguarding our operationally resilience.

Operational Risk Management Framework

The Operational Risk Management Framework (ORMF) sets the standards for building and maintaining this strong control environment throughout the KBC group. It defines the required governance, organisation and core risk management processes to support:

- ČSOB's strategic objectives, as translated in the Operational Risk Appetite, of client centricity and sustainable growth, in a growing digitized and quickly evolving environment (in business-as-usual and when addressing crisis situations);
- The Group has to comply with applicable regulations and supervisory expectations.

The risk management process consists of:

1. Risk identification
2. Risk measurement
3. Setting & cascading risk appetite, and
4. Risk analysis, reporting & follow-up

Operational risk management starts with the identification of operational risks having materialized within the Group, as well as an assessment of the Group's vulnerability in respect of potential risks that have not materialised yet. Operational risk management focuses primarily on the key risks and the most risky areas for potential losses, business and reputational impact. The assessment involves ranking the risks and risk events in terms of their probability (i.e., the chance of the risk materializing) and impact (i.e., a measure for the effect an operational risk event can have in case the event occurs - which can be financial or non-financial). The assessment is followed by the decision of an accountable manager, i.e. risk avoidance, acceptance of risk or its mitigation by implementing appropriate control measures and/or risk transferring to the 3rd parties and/or risk insurance. Risk events that cannot be prevented may be also mitigated by business continuity arrangements.

Operational Risk Management Governance

The basic objective is to make operational risk management a natural part of the decision-making in business units. Operational risk management governance is promoted by the CRO and the Risk Function.

Non-financial Risk Management Department (NFR)

The NFR is responsible for management and monitoring in the area of non-financial risk. This includes coordination, implementation of methodology, assurance of independent control, advisory to business units and training. Other risks related to operational risk are coordinated by special units, including the Compliance Unit, Legal, Tax Unit and Data Quality Management Department.

Information Risk Management Department (IRM)

The IRM is responsible for management, monitoring and reporting in the information risk management area and business continuity.

Local Operational Risk Managers (the "LORMs")

LORMs are the first line support for business managers in respect of non-financial risks. Their role is to monitor, analyse and prevent operational risk events, informational risks and business continuity events. Beside frequent contacts, regular meetings of LORMs are organised by the NFR every quarter for training and exchange of information.

Key Elements of Risk Identification and of Operational Risk Management

Loss Data Collection Process

Loss Data Collection is a process of analysing and collection of realized or potential loss events and near misses resulting from an operational risk event. This method is a key element for estimation of future expected losses.

The Group collects data about loss events with both direct and indirect impact, as well as events which could potentially impact the profit & loss but which do not lead to a financial impact – so called near misses. Losses and near misses are registered into a database ´GLORY´.

Operational loss and near miss data are used for reporting towards the regulator and management. They are also used as an important source of information for identification of gaps in the internal control environment.

Deep Dive

The Deep Dive aims to identify and quantify operational risks in products, activities, processes and systems. This method is usually selected when there has not been any previous risk assessment in a process or its part or there are other reasons for risk reassessment, e.g. unexpected increase of the operational loss events, breach of the risk appetite or repetitive breaches of the Key Risk Indicators.

NAPP and the Process of Change Management

New and Active Product Process (NAPP) ensures that all products and services offered to clients are analysed in order to identify and assess operational risks. NAPP applies to all the subjects in the ČSOB group in the financial sector or acting as an independent intermediary, and to all the products, services and processes with an impact on external clients.

Besides NAPP, a Process of Change Management dealing with non-product changes is also used. Each material change must be analysed and identified risks are further managed according to valid rules.

Outsourcing

A specific area of operational risk management are the risks related to outsourcing of activities, which is a subject to a specific regulation. Outsourcing is any agreement between ČSOB and a product provider (intra-group or external), based on which the service provider performs a process, service or activity, which would or could be otherwise performed by ČSOB itself.

Outsourcing contract is categorized as critical/important or non-critical, whereby the intention to outsource a critical activity needs to be report to the regulator beforehand. The final accountability for the risks related to the outsourced activity cannot be transferred to a third party.

Business Continuity Management

Business continuity is based on two main pillars:

- Proactive approach (prevention): setting up the strategy, tactical solutions and processes towards solving various non-standard situations. It is based on risk assessment of individual activities in the bank with the aim to identify vulnerabilities, assess their probabilities and impact. Based on this assessment, business continuity plans are defined in order to ensure business continuity in case of non-standard situations (4 main scenarios).
- Reactive approach (crisis management): deals with originated crisis situations. Based on the severity of potential impact of the non-standard situations, 3 levels of crisis management are defined for each type of crisis.

Global Risk Scan

Every year, before the risk appetite statement is defined, the Group executes a risk scan identifying and assessing its top risks. All material risk types are explicitly considered, but it is not necessary that a top risk is ultimately withheld for every risk type. The Risk Scan is executed and reported based on the KBC Group Risk Scan Guidance.

The results of the risk scan, as well as the risk response thereto (acceptance, non-acceptance, mitigating actions), can lead to changes to the existing business plans. Furthermore, they are used as input for the definition of risk appetite in the strategic planning process.

Zero Tolerances (ZT)

Zero Tolerances are mandatory group wide control measures or requirements limited in number that are qualified as non-negotiables. As such no upfront risk acceptance is allowed.

Risk & Control Inventories (R&CI)

Former assessments of Group Key Controls (GKC) are gradually being replaced by R&CIs which contain an overview of the activities per entity and Business Line (i.e. process), a full view of material operational risks in each activity, specific controls mitigating the respective risks and the risk responses.

Operational Risk Measurement

The basic aim of the risk measurement is quantification of their impact. Risk impacts of identified risks are reflected in the overall risk exposure of the Group which is measured using defined risk indicators.

Uniform Risk Scale

All operational risks must be assessed according to Uniform Risk Scale consisting of 4 levels (low-medium-high-critical risk), where financial limits and also non-financial criteria are taken into account and evaluated based on the probability of their occurrence.

Key Risk Indicators (KRI)

KRIs inform on the state of the control environment in a given process. Indicators are linked to particular risks, i.e. they must include at the minimum their owner, limit for a breach, frequency and way of measurement and escalation process.

Measurement of risk exposure – GORA

The approach and indicators for measurement of risk exposure towards the risk appetite of the Bank, are defined on the Group level, using a Group-wide GORA measurement tool. GORA includes a uniform set of quantitative and qualitative risk indicators for every sub-risk type (Business Continuity, Fraud, Legal, Information Security, Information Technology, Process, Personal and physical security, Model and Outsourcing & 3rd party risks).

Risk Assessment Approval and Risk Response

The final accountability for the operational risk management lies within the line management, which ensures adherence to the established working procedures and implementation of the operational risk management building blocks in their departments. Risks are approved by the respective managerial level based on the level of their risk impact.

The assessment is followed by the decision of an accountable manager, i.e. acceptance of risk or its mitigation by implementing appropriate control measures and/or risk transferring to the 3rd parties and/or risk insurance.

Action plans

The aim of the action plan is to close the identified control deficiencies and thus mitigate the risk exposure. The action plan must include description of the measures taken, their owners and deadlines. These measures should be measurable and reachable in the defined timeframe. For evidence and follow-up of the action plans a group-wide application GRACE is used.

Reporting

The goal of operational risk reporting is to provide the management with the information about risk exposure in order to support their decision-making. NFR reports amongst others about breaches of the Zero Tolerances, highest operational risk events, breaches of the risk appetite and others. In the yearly Internal Control Statement the internal control system of the Group is evaluated for the individual business lines (i.e. processes) independently by the three lines of defence.

42.6 ESG risks

ESG risks (Environmental, Social, Governance) are internally defined as one of the key risks of the environment in which ČSOB operates.

- Environmental risk is the risk resulting from climate change or environmental damage, such as biodiversity loss, water scarcity, pollution, and waste production.
- Social risk is the risk arising from changing expectations and demands regarding relationships with employees, suppliers, clients, and communities affected by the company.
- Governance risk is the risk arising from changing expectations regarding corporate governance, shareholder rights, transparency, anti-corruption, etc.

ESG risks are increasingly intertwined with traditional risk areas such as credit risk, market risk, operational risk, and reputational risk. ČSOB is closely monitoring this trend and has firmly integrated ESG risk management into existing internal processes relating to risk identification, risk appetite determination, measurement, stress testing, analysis, and reporting.

43. CAPITAL

Capital Adequacy

Capital adequacy measures the financial strength and stability of an institution. It compares the amount of the capital held by a financial institution to the risk of possible decline in value of assets on its statement of financial position.

Capital adequacy (or solvency) risk is the risk that the capital base of the Group might fall below an acceptable level. In practice, this entails checking solvency against the minimum regulatory and in-house solvency ratios and its active steering.

Capital targets and structure

Regarding the capital targets and structure, the Group fully follows the KBC Group Capital Adequacy Policy stating that fully owned subsidiaries within the Group shall hold at least the regulatory minimum capital. All capital in excess of the targeted level shall be held at the KBC Group level.

For the purpose of the ICAAP process, available capital of the Pillar II in the Group coincides with the Common equity Tier 1 capital under Pillar I.

Managing solvency

The Group reports its solvency calculated on the basis of balances based on IFRS Accounting Standards, taking into account all relevant regulatory requirements. Solvency targets based on external regulatory capital requirements were met throughout 2024 and 2023 with adequate buffers above the regulatory minimum standards, underpinning the very strong capital position of the Group.

The primary objectives of the Group's capital management are to ensure that the Group complies with externally imposed capital requirements and that the Group maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

In accordance with capital adequacy legislation requirements, the Group has an Internal Capital Adequacy Assessment Process (ICAAP) in place. The ICAAP examines both the current and future capital situation. To assess the latter situation, a four-year forecast is drawn up for required and available capital, both regulatory and economic, according to a basic scenario that takes account of anticipated internal and external growth, and according to various likely alternative scenarios. The Group uses also other instruments as required by Pillar 2 mainly in the area of capital planning, stress testing and risk strategies.

According to European Directive and Regulation (CRD / CRR), the legal minimum tier-1 ratio is set to 6.0% of risk weighted assets (with a minimum common equity ratio of 4.5%). On top of this, the institution shall hold the following capital buffers: the capital conservation buffer, the buffer for other systemically important institutions, systemic risk buffer, and the countercyclical buffer. The Group has incorporated these requirements into the regular management of the risk and capital positions.

In line with European Banking Authority guidelines, we conduct an outlier stress test on a quarterly basis by applying six different scenarios to the banking books (material currencies). The worst-case scenario is set off against Tier-1 capital. For the banking book of the Group banking entities at individual level, this risk came to -2.41% of Tier-1 capital for ČSOB bank, -4.32% of Tier-1 capital for ČSOB Hypoteční banka and -4.31% of Tier-1 capital for ČSOBS at year-end 2022. All results are well below the -15% Tier-1 threshold on individual levels, which are monitored by the ČNB.

The Group manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain the optimum capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders or issue capital instruments.

Within the ICAAP approach the capital economic model (ICM – internal capital model) has been developed in KBC Bank in cooperation with the Group. The model is more risk sensitive and built in way that allows decomposition of the undergone credit risk to various categories (like default risk, migration risk, single-name risk, sector and region concentration and diversifications). Model was presented to the regulators and approved. The Group plans to roll out the internal model also for the purpose of the pricing and various business analyses to support business decisions.

From 28 June 2021, the Group had to meet the minimum leverage ratio at the level of 3%. The requirement has been met as of 31 December 2024 and 31 December 2023 with a sufficient buffer.

From 1 January 2022, the Group has to meet the Minimum Requirement for own funds and eligible liabilities (MREL) at the interim level set by ČNB. This requirement increased to the ultimate level as of 1 January 2024. This requirement is set only on the level of the Group, not on the level of ČSOB individual position. The Group manages its MREL positions altogether with capital position and leverage ratio exposure. The Group has met this requirement as of 31 December 2024 and 31 December 2023 with a sufficient buffer.

The following table shows the capital, capital requirements and CAD ratio as of 31 December 2024 and 31 December 2023 for the Group.

(CZKm)	2024	2023 restated
Tier 1 capital	100,241	89,103
Tier 2 capital	-	237
Total capital	**100,241**	**89,340**
Regulatory capital requirements	39,006	36,663
Risk weighted assets	**487,579**	**458,282**
Capital adequacy ratio	20.56%	19.49%
Eligible liabilities (Note: 29)(*)	57,138	45,736
Leverage ratio	4.88%	4.52%

(*) Interest expense accrued on Subordinated debt is not included in the volume of Eligible liabilities.

SEPARATE FINANCIAL STATEMENTS

SEPARATE STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

Prepared in accordance with IFRS Accounting Standards as adopted by the European Union

(CZKm)	Note	2024	2023 restated
Interest income calculated using the effective interest rate method	4	81,725	103,780
Other similar income	4	6,591	11,799
Interest expense calculated using the effective interest rate method	5	-54,652	-76,604
Other similar expense	5	-9,175	-16,525
Net interest income		**24,489**	**22,450**
Fee and commission income	6	14,039	12,617
Fee and commission expense	6	-6,958	-6,470
Net fee and commission income		**7,081**	**6,147**
Dividend income	13	3,550	5,392
Net gains / losses (-) from financial instruments at fair value through profit or loss and foreign exchange	7	1,961	2,066
Other net income	8	1,772	1,654
Operating income		**38,853**	**37,709**
Staff expenses	9	-9,751	-9,312
General administrative expenses	10	-7,924	-7,764
Depreciation and amortisation	20, 21	-2,096	-1,997
Operating expenses before impairment losses		**-19,771**	**-19,073**
Impairment losses	11	**3,089**	**-2,799**
on financial assets at amortised cost and at fair value through other comprehensive income (OCI)		298	1,452
on other financial and non-financial assets		2,791	-4,251
Profit before tax		**22,171**	**15,837**
Income tax expense	12	-1,966	-1,166
Profit for the year		**20,205**	**14,671**

The accompanying notes are an integral part of these separate financial statements.

SEPARATE STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

Prepared in accordance with IFRS Accounting Standards as adopted by the European Union

(CZKm)	Note	2024	2023 restated
Profit for the year		**20,205**	**14,671**
Other comprehensive income – to be reclassified to the statement of income			
Net loss (-) / gain on cash flow hedges		-784	3,696
Net loss (-) / gain on financial debt instruments at fair value through other comprehensive income		-164	636
Income tax benefit / expense (-) relating to components of other comprehensive income		216	-883
Other comprehensive income for the year, net of tax, to be reclassified to statement of income in subsequent periods	29	**-732**	**3,449**
Other comprehensive income – not to be reclassified to the statement of income			
Net loss (-) / gain on financial equity instruments at fair value through other comprehensive income		-72	76
Income tax benefit / expense (-) relating to components of other comprehensive income		15	-17
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in credit risk		-9	-
Other comprehensive income for the period, net of tax, not to be reclassified to statement of income in subsequent periods	29	**-66**	**59**
Other comprehensive income for the period, net of tax		**-798**	**3,508**
Total comprehensive income for the year, net of tax		**19,407**	**18,179**

The accompanying notes are an integral part of these separate financial statements.

SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

Prepared in accordance with IFRS Accounting Standards as adopted by the European Union

(CZKm)	Note	2024	2023 restated
ASSETS			
Cash, balances with central banks and other demand deposits	14	47,474	23,120
Financial assets held for trading	15	37,072	50,324
Non-trading financial assets mandatorily at fair value through profit or loss	15	951	1,330
Financial assets at fair value through other comprehensive income	16	51,708	27,403
Financial assets at fair value through other comprehensive income pledged as collateral	16	4,242	4,326
Financial assets at amortised cost	17	1,505,799	1,282,981
Financial assets at amortised cost pledged as collateral	17	35,833	237,654
Fair value adjustments of the hedged items in portfolio hedge	19	-2,654	-5,250
Investments in subsidiaries, associates and joint ventures	18	87,429	82,684
Derivatives used for hedging	19	17,987	23,545
Deferred tax assets	12	147	-
Property and equipment	20	7,967	8,255
Goodwill and other intangible assets	21	5,934	5,822
Non-current assets held-for-sale	22	23	23
Other assets	23	1,982	1,594
Total assets		**1,801,894**	**1,743,811**
LIABILITIES AND EQUITY			
Financial liabilities held for trading	24	37,588	50,609
Financial liabilities designated at fair value through profit or loss	24	16,767	25,258
Financial liabilities at amortised cost	25	1,616,980	1,540,403
Fair value adjustments of the hedged items in portfolio hedge	19	-11,076	-15,309
Derivatives used for hedging	19	19,439	25,485
Lease liabilities		3,001	3,043
Current tax liabilities		587	280
Deferred tax liabilities	12	-	86
Other liabilities	26	5,401	5,023
Provisions	27	378	604
Total liabilities		**1,689,065**	**1,635,482**
Share capital	28	5,855	5,855
Share premium		20,093	20,093
Statutory reserve		18,687	18,687
Retained earnings		67,218	61,920
Revaluation reserve from financial assets at fair value through other comprehensive income	28	333	503
Cash flow hedge reserve	28	652	1,271
Own credit risk reserve	28	-9	-
Total equity		**112,829**	**108,329**
Total liabilities and equity		**1,801,894**	**1,743,811**

The accompanying notes are an integral part of these separate financial statements.

SEPARATE FINANCIAL STATEMENTS

SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

Prepared in accordance with IFRS Accounting Standards as adopted by the European Union

(CZKm)	Share capital (Note: 28)	Share premium	Statutory reserve[1]	Retained earnings	Other reserves (Note: 28)	Total Equity
At 1 January 2023 - as reported	**5,855**	**20,093**	**18,687**	**53,168**	**-1,734**	**96,069**
Impact of restatement (Note: 2.3)	-	-	-	-673	-	-673
At 1 January 2023 - restated	**5,855**	**20,093**	**18,687**	**52,495**	**-1,734**	**95,396**
Profit for the year – restated (Note: 2.3)	-	-	-	14,671	-	14,671
Other comprehensive income for the year (Note: 29)	-	-	-	-	3,508	3,508
Total comprehensive income for the year	-	-	-	14,671	3,508	18,179
Equity investments disposed (Note: 30)	-	-	-	3	-	3
Dividends paid (Note: 13)	-	-	-	-5,249	-	-5,249
At 31 December 2023 – restated (Note: 2.3)	**5,855**	**20,093**	**18,687**	**61,920**	**1,774**	**108,329**
At 31 December 2023 - as reported	**5,855**	**20,093**	**18,687**	**62,940**	**1,774**	**109,349**
Impact of restatement (Note: 2.3)	-	-	-	-1,020	-	-1,020
At 1 January 2024	**5,855**	**20,093**	**18,687**	**61,920**	**1,774**	**108,329**
Profit for the year	-	-	-	20,205	-	20,205
Other comprehensive income for the year (Note: 29)	-	-	-	-	-798	-798
Total comprehensive income for the year	-	-	-	20,205	-798	19,407
Equity investments disposed (Note: 30)	-	-	-	111	-	111
Dividends paid (Note: 13)	-	-	-	-15,018	-	-15,018
At 31 December 2024	**5,855**	**20,093**	**18,687**	**67,218**	**976**	**112,829**

(1) The statutory reserve represents accumulated transfers from retained earnings in compliance with the Statutes of the Bank. This reserve is distributable based on the decision of the Board of Directors.

The accompanying notes are an integral part of these separate financial statements.

These separate financial statements were approved for issue by the Board of Directors and signed on its behalf on 10 April 2025 by:

Aleš Blažek
Chairman of the Board of Directors

Jiří Vévoda
Member of the Board of Directors

SEPARATE FINANCIAL STATEMENTS

SEPARATE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2024

Prepared in accordance with IFRS Accounting Standards as adopted by the European Union

(CZKm)	Note	2024	2023
OPERATING ACTIVITIES			
Profit before tax		**22,171**	**15,837**
Adjustments for:			
Interest income	4	-88,316	-115,579
Interest expense	5	63,827	93,129
Dividend income	13	-3,550	-5,392
Non-cash items included in profit before tax	31	1,395	8,926
Net losses from investing activities		154	184
Cash flow used in operations before changes in operating assets, liabilities, income tax paid, interest paid and received and dividend received		**--4,319**	**-2,895**
Change in operating assets	31	-50,466	-17,558
Change in operating liabilities	31	13,947	14,691
Income tax paid		-1,692	-1,010
Interest paid		-63,709	-93,013
Interest received		88,450	115,316
Dividend received	13	3,550	5,392
Net cash flows used in (-) / from operating activities		**-14,239**	**20,923**
INVESTING ACTIVITIES			
Acquisition and equity increase of subsidiary, associate and joint venture companies		-1,893	-2,851
Purchase of property, equipment and intangible assets		-1,714	-1,855
Proceeds from disposal of property, equipment, intangible assets and assets held-for-sale		181	96
Net cash flows used in investing activities		**-3,426**	**-4,610**
FINANCING ACTIVITIES			
Bonds issued	25	11,937	3,606
Repayment of bonds		-3,199	-
Issue of subordinated debts	25	10,577	5,251
Payments of principal on leases	31	-578	-578
Dividends paid	13	-15,018	-5,249
Net cash flows from financing activities		**3,719**	**3,030**
Net decrease (-) / increase in cash and cash equivalents		**-13,946**	**19,343**
Cash and cash equivalents at the beginning of the year	31	259,032	239,689
Net decrease (-) / increase in cash and cash equivalents		-13,946	19,343
Cash and cash equivalents at the end of the year	31	**245,086**	**259,032**

The accompanying notes are an integral part of these separate financial statements.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1. CORPORATE INFORMATION

Československá obchodní banka, a. s. (the Bank or ČSOB) is a Czech joint-stock company with its registered office at Radlická 333/150, Prague 5, Czech Republic. The Corporate ID is 00001350. The parent company of the Bank is KBC Bank NV (KBC Bank), which is controlled by the KBC Group NV (KBC Group).

The Bank is operating in the Czech Republic. It is a universal bank offering to its clients a wide range of banking products and services, including the products and services of the entire ČSOB Group. The main activities services of the ČSOB include: accepting deposits from the public, providing loans, investing in securities on the Bank's own account, payments and clearance, the issuance and administration of payment instruments, the provision of guarantees, the issuance of letters of credit, the provision of collection services, the provision of all investment service according to a special law, the issuance of mortgage bonds, financial brokerage, the provision of depository services, exchange office services (purchase of foreign exchange), the provision of banking information, trading in foreign exchange values and gold on the Bank's own account or on a client's account, the rental of safe-deposit boxes, identification services within the meaning of the Act on Banks. Furthermore, the Bank performs activities directly related to the activities described above and activities carried out for other parties if they relate to the running of the Bank and operation of other banks, financial institutions and enterprises providing ancillary banking services, controlled by the Bank.

2. MATERIAL ACCOUNTING POLICY INFORMATION

Statement of compliance

The financial statements have been prepared and approved by the Board of Directors of the Bank. In addition, the financial statements are subject to approval at the General Meeting of shareholders.

The separate financial statements have been prepared in accordance with IFRS Accounting Standards as adopted by the European Union (IFRS Accounting Standards) and present one year of comparative information. All amounts are shown in millions of Czech Crowns (CZKm), which is the presentation currency of the Bank.

The following IFRS Accounting Standards became effective on 1 January 2024 and their impact is estimated as insignificant:

- Amendment to IAS 1 Non-current Liabilities with Covenants. The amendment clarifies that a liability is classified as non-current when an entity has a right to defer settlement for at least 12 months after the reporting date.
- Amendment to IFRS 16 Lease Liability in a Sale and Leaseback. The amendment specifies requirements for seller-lessees to measure the lease liability in a sale and leaseback transaction.
- Amendments to IAS 7 and IFRS 7. The amendment introduces new disclosure requirements about supplier finance arrangements, in which finance providers pay amounts the entity owes to its suppliers.

The following IFRS Accounting Standards were issued but not yet effective in 2024. ČSOB will apply these standards when they become mandatory.

- Amendment to IAS 21 Lack of Exchangeability is effective on or after 1 January 2025. Limited-scope amendment.
- Amendments to IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments is effective on or after 1 January 2026. The amendments improve the guidance on assessing whether contractual cash flow characteristics of financial assets meet conditions of basic lending arrangements. The amendments clarify accounting for the settlement of financial liabilities through electronic payment systems. The Bank investigates possible impact.

- IFRS 18 Presentation and Disclosure in Financial Statements is effective on or after 1 January 2027. Replaces IAS 1 Presentation of Financial Statements. The standard provides comprehensive guidelines on how entities should present and disclose information in their financial statements. The Bank investigates the impact.
- IFRS 19 Subsidiaries without Public Accountability: Disclosures is effective on or after 1 January 2027. The standard provides tailored disclosure requirements for subsidiaries that do not have public accountability. The Bank does not expect that the standard will be applicable.
- Annual Improvements to IFRS Accounting Standards, Volume 11. The amendments are effective on or after 1 January 2026.
- Amendments to IFRS 9 and IFRS 7 Contracts Referencing Nature-depending Electricity is effective on or after 1 January 2026. Amendment with limited scope.

The separate financial statements have been prepared under the historical cost convention, except for financial assets at fair value through other comprehensive income, financial assets and financial liabilities at fair value through profit or loss and all derivative contracts that have been measured at fair value. The carrying values of recognised assets and liabilities that are hedged items in fair value hedges, and otherwise carried at amortised cost, are adjusted to record changes in fair value attributable to the risks that are being hedged. Assets held for sale are measured at fair value less cost to sell if this value is lower than their carrying amount (i.e. cost less accumulated depreciation and impairment losses). The preparation of separate financial statements is required by the Act on Accounting. Simultaneously, the Bank also prepares consolidated financial statements of the ČSOB Group in accordance with the IFRS Accounting Standards.

2.1 Significant accounting judgements and estimates

While applying the Bank accounting policies, the management has used its judgement and made estimates in determining the amounts recognised in the separate financial statements. The most significant judgements and estimates are as follows:

Fair value of financial instruments (Note: 30)

Where the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques which include the application of mathematical models. If possible, the input to these models is taken from observable markets; if not, a degree of judgement is required to establish fair values. The judgements include considerations of credit, liquidity and model inputs such as correlation and volatility for longer-dated financial instruments.

Impairment losses on financial instruments (Note: 38.2)

Calculating expected credit losses (ECL) requires significant judgments on different aspects for example, but not limited to, the borrowers' financial position and repayment capabilities, the value and recoverability of collaterals, forward looking and macroeconomic information. The Bank applies neutral and free from bias approach when dealing with uncertainties and making decisions based on significant judgments. The expected credit losses are calculated in a way that reflects:

- an unbiased, probability weighted amount;
- the time value of money; and
- an information about the past events, current conditions and forecast economic conditions.

Management judgement is required to assess the fair value of collateral, which has a significant effect on the impairment allowance.

Impact of Geopolitical and emerging risks on deterioration of financial instruments

In the light of recent development, the Bank assessed the main macroeconomic and geopolitical risks and updated the impact assessment for those risks that could adversely affect our loan portfolio.

SEPARATE FINANCIAL STATEMENTS

At the end of 2024, the overall ECL for the geopolitical and emerging risks from recent years decreased thanks to improved micro and macroeconomic outlook to CZK 172 m in total (2023: CZK 1,150 m), of which CZK 144 m is attributed mainly to individual exposures concentrated in commercial exposures to Russian banks (2023: CZK 326 m), CZK 26 m is attributed to ASSA (Automated Stress Sector Analyzer) model (2023: CZK 481 m).

During the year 2024, identification of Stage 1 exposures that have suffered a significant increase in credit risk not captured by the regular staging assessment (so-called "Tier5 assessment") was replaced by direct implementation of above-mentioned ASSA model into LTPD (life-time PD) with direct impact into staging. ECL booked due to direct ASSA impact on staging remained insignificant and amounted to CZK +2m (2023: CZK +401 m as Tier5 assessment).

On top of above mentioned, new management overlay on photovoltaics portfolio (with volume of CZK 2,931 m) was booked at the end of 2024, amounting to CZK +326 m, based on the possible changes in the regulatory environment (threat of change related to scheme for renewables operating support reducing support paid to operators from the state budget).

Assessment whether cash flows are solely payments of principal and interest ("SPPI")

Judgement is required to determine whether a financial asset's cash flows are solely payments of principal and interest as only features representing basic lending agreement are in line with the SPPI test. Judgement is required to assess whether risks and volatility of contractual cash flows are related to basic lending agreement. Among the features that require judgements were, for example, modification of time value of money, change of timing or amount, such as early settlement or prepayment.

Goodwill impairment (Note: 21)

Goodwill is tested annually for impairment. For this purpose, goodwill acquired in a business combination is allocated to the cash-generating unit which is expected to benefit from the synergies of the combination. A cash-generating unit represents the lowest level within the Bank at which the goodwill is monitored for internal management purposes. Identifying a cash-generating unit as well as determining its recoverable amount requires judgement.

Impairment of investment in subsidiaries (Note: 18)

Investments in subsidiaries are reviewed for impairment indicators at least annually. In cases where impairment indicators are identified, investment is tested for impairment by comparing the recoverable amount with the investment carrying amount. Determining and assessing of the impairment indicators as well as determining the recoverable amount requires judgment.

Classification of performance guarantee contracts

The Bank analysed the issued performance guarantee contracts to assess whether they would meet the definition of insurance contracts in the scope of IFRS 17. The Bank has concluded that its performance guarantee contracts expose the Bank to credit risk of the applicant because (i) all the contracts require the customers who apply for a guarantee to fully collateralise their obligations to indemnify the Bank as the issuer and (ii) there are no scenarios with commercial substance where the Bank would have to pay significant additional amounts to the holders of such guarantees. Accordingly, the Bank accounts for these contracts as loan commitments in accordance with IFRS 9. The gross amount of the performance guarantees issued and accounted for as loan commitments is CZK 40,293 m at 31 December 2024 (2023: CZK 37,092 m) (Note: 33) and the carrying value of the related liability recognised in the statement of financial position is CZK 146 m at 31 December 2024 (2023: CZK 201 m). The fee income recognised for these performance guarantees was CZK 239 m for the year ended 31 December 2024 (2023: CZK 160 m).

2.2 Material accounting policy information

The general accounting principles of the Bank comply with the IFRS Accounting Standards. The separate financial statements are prepared based on the going concern assumption. The Bank presents each material class of similar items separately. Dissimilar items are presented separately unless they are immaterial, and items are only offset when explicitly required or permitted by the relevant IFRS Accounting Standards.

The material accounting policies applied in the preparation of these separate financial statements are set out below.

(1) Foreign currency translation

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

The source of exchange rates are the rates published by Czech National Bank (CNB). All differences are taken to Net gains/losses from financial instruments at fair value through profit or loss and foreign exchange in the statement of income with the exception of differences in derivatives that provide an effective hedge in the cash flow hedge of currency risk which are deferred in OCI until the hedged cash flow influences the statement of income, at which time they are recognised in the statement of income as well.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates prevailing at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates prevailing at the end of the reporting period.

(2) Investments in subsidiaries, associates and jointly controlled entities

A subsidiary is an entity which is controlled by the Bank (parent entity). The Bank controls an investee when 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.

Associates are all entities over which the Bank has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Investments in subsidiaries, associates and joint ventures are carried at cost less any provision for impairment. Dividends received from investments in subsidiaries, associates and joint ventures are recorded in Dividend income.

(3) Financial instruments - recognition and derecognition

Recognition: Financial assets and liabilities are recognised in the statement of financial position when the Bank becomes a party to the contractual provisions of the financial instrument. Regular way purchases or sales of financial assets are recognised using settlement date accounting.

Derecognition: A financial asset is derecognised from the statement of financial position when the contractual rights to the cash flows from the financial asset expire or when the Bank transfers its rights to receive contractual cashflows from the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred.

A financial liability is derecognised from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expires.

Modification: When during the term of a financial asset there is a change in the terms and conditions, then the Bank assesses whether the new terms are substantially different from the original terms indicating that the rights to the cash flows of the initial instruments have expired. If it is concluded that the terms are substantially different then the transaction is accounted for as financial asset derecognition, which requires derecognising the existing financial asset and recognising a new financial asset based on the revised terms. Conversely, when the Bank assesses that the terms are not substantially different then the transaction is accounted for as financial asset modification. The Bank considers, among others, these factors:

- Significant extension of the loan term,
- Significant change in the interest rate,
- Introduction of collateral or credit enhancement, which may have an impact on credit risk,
- If the borrower is in financial difficulty, whether the modification reduces contractual cash flows to amounts the borrower can pay.

The effect of modification is reflected in modification gain or loss in Impairment losses in the statement of income. More information on forbearance measures can be found in Note 38.2 Credit risk.

Write-off: Uncollectible financial asset is written off after all the necessary procedures for collecting the asset have been completed and the amount of the loss has been determined. A loan is deemed uncollectible when there are no reasonable expectations of recovering the asset and all of the criteria are fulfilled:

- the loan is classified as Irrecoverable;
- the gross carrying amount of the loan is reduced through 100% ECL;
- the debtor does not exist or best-case recovery from the receivable is considered immaterial.

Subsequent recoveries of amounts previously written off are recorded in the statement of income in Impairment losses. Collateral obtained through foreclosure is sold in an orderly manner and the proceeds are used to reduce or settle the outstanding claim.

(4) Financial instruments - initial recognition and subsequent measurement

Classification and measurement – financial assets

All financial instruments are measured initially at their fair value plus, in the case of financial assets and financial liabilities not at fair value through profit or loss, any directly attributable incremental costs of acquisition. The classification of financial assets depends on the purpose for which the financial instruments were acquired and their cash flow characteristics.

Classification and measurement – debt instruments

Debt instruments can be allocated into one of the following categories:

- Financial assets at fair value through profit or loss (FVPL);
- Financial assets at fair value through other comprehensive income (FVOCI);
- Financial assets at amortised cost (AC).

(i) Financial assets at fair value through profit or loss (FVPL)

- This category has three sub-categories: financial assets held for trading, financial assets mandatorily at fair value through profit or loss and financial assets designated at fair value through profit or loss (FVO);

Financial assets held for trading consist of derivatives held for trading and non-derivative financial assets held for trading.

- *Derivatives held for trading*

Derivatives include foreign exchange contracts, interest rate futures, forward rate agreements, currency and interest rate swaps, and currency, interest rate and commodity options. Derivatives are recorded at fair value and carried as assets when the fair value is positive and as liabilities when the fair value is negative. Changes in the fair value of derivatives held for trading are included in Net gains/losses from financial instruments at fair value through profit or loss.

Derivatives used as economic hedges are those that do not meet the IFRS Accounting Standards' requirements for applying hedge accounting but which the Bank Asset Liability Management uses for decreasing the interest rate risk of the Bank, and thus lowering net interest income volatility, i.e. for hedging purposes from an economic point of view. Changes in the clean fair value (fair value less any net interest accrual) are recognised in Net gains/losses from financial instruments at fair value through profit or loss. The interest component of these derivatives is recognised in Other similar income / expense.

If a stand-alone derivative does not qualify as a hedging derivative, it is classified as a trading derivative.

- *Financial instruments held for trading other than derivatives*

Financial assets held for trading other than derivatives are recorded in the statement of financial position at fair value. Changes in clean fair value are recognised in Net gains/losses from financial instruments at fair value through profit or loss. Interest income is recorded in Net interest income using the nominal interest rate. A financial asset is classified in this category if acquired principally for the purpose of selling in the near term.

- *Financial assets mandatorily at fair value through profit or loss*

Financial assets mandatorily at fair value through profit or loss are classified into this category if their contractual terms lead to contractual cash flows, which are not solely payments of principal and interest from principal outstanding. Financial assets that are managed based on fair value are also classified into this category.

(ii) Financial assets at fair value through other comprehensive income (FVOCI)

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVO:

a. the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
b. and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

When these assets are disposed of, the unrealised gain or loss recorded in the OCI reserve is reclassified to Net realised gains/losses on FVOCI financial assets.

(iii) Financial assets at amortised cost (AC)

A debt instrument is measured at AC only if it meets both of the following conditions and is not designated as at FVO:

a. the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
b. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Bank may hold financial guarantees on repayment of loans. If such a financial guarantee is both integral to the guaranteed loan and not recognised separately, fees paid for the guarantee are an integral part of the loan's effective interest rate as transaction costs. If the guaranteed loans are measured at amortised cost, the ability to recover cash flows from financial guarantee is not considered in assessing whether significant increase in credit risk occurred, however, the expected cash flows from the financial guarantee are included in the measurement of ECL of the guaranteed loan.

Business model

The business model assessment is relevant for debt instruments to assess whether they are allowed to be measured at AC and FVOCI. In performing the assessment, the Bank reviews the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported the Board of Directors;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or whose performance is evaluated on a fair value basis are measured at FVPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Contractual cash flows are solely payments of principal and interest (SPPI)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Bank considers the contractual terms of the instrument at initial recognition. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making the assessment, the Bank considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Bank's claim to cash flows from specified assets; and
- features that modify consideration of the time value of money.

Reclassifications

Financial assets are not reclassified after their initial recognition, except in the period after the Bank changes its business model for managing financial assets which could occur when the Bank begins or ceases to perform an activity that is significant to its operations (e.g.: when the Bank acquires, disposes of, or terminates a business line).

Classification and Measurement – equity instruments

Financial equity instruments are categorised in one of the following categories:

- Mandatorily measured at fair value through profit or loss (FVPL);
- Equity instruments elected for fair value through other comprehensive income (FVOCI).

The election is applicable to long-term, strategic investments. The election to include equity instruments in the FVOCI category is irrevocable on initial recognition and can be done on an investment-by-investment basis.

Impairment of financial assets

Definition of default

The Bank uses the same definition for defaulted financial assets as used for internal risk management purposes and it is in line with guidance and standards of the financial industry regulators. More on the definition is in the Credit risk section, Note 38.2.

General model of expected credit losses (ECL model)

The ECL model is used to measure impairment of financial assets. The scope of the ECL model is based on the classification of financial assets. The ECL model is applicable to the following financial assets:

- Financial assets measured at amortised cost;
- Debt instruments measured at fair value through the other comprehensive income;
- Loan commitments and financial guarantees; and
- Trade and other receivables.

No expected credit losses are calculated for equity investments.

The expected credit losses for trade and other receivables are measured as the life-time expected credit losses.

Impairment gains and losses on financial assets are recognised under the heading Impairment losses in the consolidated statement of income.

Significant increase in credit risk (SICR) since initial recognition

In accordance with the ECL model, a financial asset is assigned life-time ECL after its credit risk has increased significantly since initial recognition. The assessment of SICR defines the staging of financial assets. The assessment of a significant increase in credit risk is a relative assessment based on the credit risk that was assigned upon initial recognition. This is a multi-factor assessment and, therefore the Bank has developed a multi-tier approach (MTA) for the bond portfolio and for the loan portfolio.

Multi-Tier Approach (MTA) - Bond portfolio

There are three tiers for the bond portfolio in the MTA:

- Low credit exception: 12-month ECL is recognised for bonds if they have a low credit risk at the reporting date (i.e. stage 1). The Bank uses the low credit risk exception for investment grade bonds.
- Lifetime Probability of default (LTPD): [only applicable if the first-tier criterion is not met] this is a relative assessment that compares the lifetime probability of default (LTPD) upon initial recognition to that of the reporting date. The relative change in LTPD that triggers a transfer between stages is an increase of 200%.
- Management assessment: Management review and assess the significant increase in credit risk for financial assets at an individual and a portfolio level, when it is concluded that idiosyncratic events are not adequately captured in the first two tiers of the MTA.

If none of these triggers result in a move into stage 2, the bond remains in stage 1. A financial asset is considered as stage 3 as soon as it meets the definition of default. The MTA is symmetrical, i.e. the bond that has been moved into stage 2 or 3 can return to stage 2 or 1 if the tier criterion that triggered the migration is not met on a subsequent reporting date.

Multi-Tier Approach - Loan portfolio

For the loan portfolio the Bank uses a five-tier approach. This MTA is a waterfall approach, i.e. if assessing the first Tier does not result in a move to stage 2, the second Tier is assessed and so on. In the end, if all Tiers are assessed without triggering a migration to stage 2, the financial asset remains in stage 1.

- Lifetime Probability of default (LTPD): the LTPD is used as the main criterion for assessing an increase in credit risk. It is a relative assessment that compares the LTPD upon initial recognition to that of the reporting date. The Bank does the assessment at the level of the facility for each reporting period. The relative change in LTPD that triggers a transfer between stages is an increase of 200%.
- Forbearance: Forborne financial assets are always considered as stage 2 unless they are already defaulted, in which case, they migrate to stage 3.
- Days past due: The Bank uses the backstop defined in the standard. A financial asset that has more than 30 days past due migrates to stage 2.
- Watch list: The Bank uses the watch list criterion as a backstop for its loan portfolio to move into stage 2. The watch list includes exposures with an increased credit risk but which are not (yet) classified as default/non-performing and which are subject to enhanced monitoring and review by the bank. The Bank does the assessment at the level of the client for each reporting period.
- Management assessment: Management review and assess the significant increase in credit risk for financial assets at an individual and a portfolio level, when it is concluded that idiosyncratic events are not adequately captured in the first two tiers of the MTA.

A financial asset is considered as stage 3 as soon as it meets the definition of default. The MTA is symmetrical, i.e. a loan that has moved into stage 2 or 3 can return to stage 2 or 1 if the tier criterion that triggered the migration is not met on a subsequent reporting date, subject to curing period conditions.

Measurement of expected credit losses

The expected credit losses are calculated as the product of:

- probability of default (PD)
- estimated exposure at default (EAD), and
- loss given default (LGD).

The lifetime ECLs represent the sum of the ECLs over the lifetime of the financial asset discounted at the original effective interest rate. A correction is also introduced by a factor that corrects for potential prepayments, since the potential for prepayments reduces the expected lifetime of a facility and hence the probability of having a default event during this expected lifetime. Given the fact that prepayments are limited to products with a contractual repayment scheme and that often different prepayment rates can be observed by product type, prepayments are modelled by facility type.

The 12-month ECLs represent the portion of the lifetime ECLs that results from a default in 12-month period after the reporting date.

The Bank uses specific IFRS 9 models for PD, EAD and LGD to calculate ECL. To the extent possible the Bank uses modelling techniques similar to those developed for prudential purposes (i.e. Basel models) for efficiency purposes. The Bank ensures that the Basel models are adapted so they comply with IFRS 9:

- The Bank removes the conservatism that is required by the regulator for Basel models
- The Bank adjusts how macroeconomic parameters affect the outcome to ensure that the IFRS 9 models reflect a "point-in-time" rather than "through-the-cycle" estimate (the latter is required by the regulator).
- The Bank applies forward-looking macroeconomic information in the models.

The Bank also considers three different forward-looking macro-economic scenarios with different weights in the calculation of expected credit losses. The base case macro-economic scenario represents the Bank's estimations for the most probable outcome, and it also serves as a primary input for other internal and external purposes.

The forecasts of variables used in the scenarios are provided by the Bank chief economist on a quarterly basis. An expert judgement is required to assess the impact of the variables on PD, EAD and LGD and is carried out by using linear regression analysis. This approach should be carried out on an appropriate level of granularity (e.g. by industry sector). Aspects that could not be incorporated in the model (e.g. because macroeconomic parameters may not have shown much variation, or only an increase/decrease in the period covered by the data) may still be incorporated in the final ECL figures through adjustment for geopolitical and macroeconomic uncertainties.

The maximum period for measurement of ECLs is the maximum contractual period (including extensions), except for specific financial assets that include a drawn and an undrawn amount available on demand which is not limited the exposure to the contractual period. Only for such assets a measurement period can extend beyond the contractual period. In the Bank, the credit revolving facilities have either fixed maturity or notice period. The notice period could be either with stated maturity or without maturity. The maturity of these products is further used in estimation of ECL.

Lifetime for revolving facilities was investigated within implementation of IFRS 9. The lifetime depending on business segment was implemented in IFRS 9 ECL models through the prepayment survival component of the models. Prepayment survival component can be interpreted as the probability for a revolving facility of not being fully prepaid by the end of year. The probability is estimated amount weighted using usually through-the-cycle time series of historical data and statistical methods. The lifetime ECL for facilities with significant risk increase (Stage 2) is calculated as a sum of ECLs in individual years. The ECLs decrease in time due to existence of prepayment survival component for such facilities. Usually, it is close to zero after 8 years. Performance of ECL models is regularly back-tested and prepayment survival components are ones of the best performing among other ECL model components.

The ECL for loan commitments and financial guarantees are presented as provisions in the consolidated statement of financial position. If a financial asset contains both a loan (a drawn component) and an undrawn loan commitment, the ECL is determined for both the drawn and undrawn part. The entire ECL amount is presented within Impairment losses.

Purchased or Originated Credit Impaired (POCI) assets

POCI assets are defaulted at origination (i.e. meet the definition of default). Lifetime ECL are included in the estimated cash flows when calculating the credit-adjusted effective interest rate on initial recognition of POCI assets. They are subsequently measured at amortised cost using a credit adjusted effective interest rate. In subsequent period any changes to the estimated lifetime ECL are recognised in the consolidated statement of income.

Interest income from POCI assets is based on amortised cost (gross carrying amount minus ECL).

(i) Renegotiated loans

Where possible, the Bank seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, the loan is no longer considered past due, however, the rating of the client cannot be improved only based on the restructuring. The management continuously reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. The loans continue to be subject of an individual or collective impairment assessment, calculated using the loan's original effective interest rate.

Classification and measurement – financial liabilities

The Bank classifies financial liabilities into three categories.

(i) Financial liabilities held for trading

Financial liabilities held for trading include derivatives held for trading and non-derivative financial liabilities held for trading.

- Derivatives held for trading

Derivatives include foreign exchange contracts, interest rate futures, forward rate agreements, currency and interest rate swaps, and currency, interest rate and commodity options. Changes in the fair value of derivatives held for trading are included in Net gains/losses from financial instruments at fair value through profit or loss.

Changes in the clean fair value (fair value less any net interest accrual) of derivatives used as economic hedges are recognised in Net gains/losses from financial instruments at fair value through profit or loss. Net interest income/expense from these derivatives is recorded in Other similar income / expense on a deal-by-deal basis.

The derivatives used as economic hedges are derivatives, which do not meet the IFRS Accounting Standards' requirements for applying hedge accounting but which the Bank Asset Liability Management department uses for reducing the interest rate risk of the Bank, and thus lowering net interest income volatility, i.e. for hedging purposes from an economic point of view.

In the case when the stand-alone derivative does not qualify as a hedging derivative, it is classified as a trading derivative.

- Financial instruments held for trading other than derivatives

Financial liabilities held for trading other than derivatives are recorded in the statement of financial position at fair value. Changes in clean fair value are recognised in Net gains/losses from financial instruments at fair value through profit or loss. Interest expense is recorded in Net interest income using the nominal interest rate. A financial liability is classified in this category if acquired principally for the purpose of repurchasing in the near term.

(ii) Financial liabilities upon initial recognition designated by the entity at fair value through profit or loss

IFRS 9 allows measuring a (group of) financial liability(s) on initial recognition at fair value, whereby fair value changes are recognized in statement of income except for fair value changes related to the changes in own credit risk which are presented separately in OCI. The fair value designation is used by the Bank for the following reasons:

- Managed on a FV basis: The Bank designates a financial liability or group of financial liabilities and assets at fair value when these are managed and their performance is evaluated on a fair value basis.
- Accounting mismatch: Fair value option can be used when the use eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.
- Hybrid instruments: A financial instrument is regarded as a hybrid instrument when it contains one or more embedded derivatives that are not closely related to the host contract. The fair value option can be used when it is not possible to separate the non-closely related embedded derivative from the host contract and then the entire hybrid instrument can be designated at fair value.

Financial liabilities designated upon initial recognition at fair value are measured at fair value, whereby fair value changes are recognized in statement of income.

Financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. Changes in clean fair value are recorded in Net gains/losses from financial instruments at fair value through profit or loss. Interest expense is recorded in Other similar expense using the nominal interest rate.

Changes in clean fair value due to own credit risk are presented separately in other comprehensive income (OCI). The remaining fair value change is reported in Net gains/losses from financial instruments at fair value through profit or loss. The amounts recognized in OCI relating to the own credit risk are not recycled to the statement of income even when the liability is derecognised and the amounts are realised.

(iii) Financial liabilities measured at amortised cost

Financial liabilities at amortised cost are non-derivative financial liabilities where the substance of the contractual arrangement results in the Bank having an obligation either to deliver cash or another financial asset to the holder.

(iv) 'Day 1' profit or loss

Where the transaction price in a non-active market is different to the fair value from other observable current market transactions in the same instrument, or the fair value based on a valuation technique whose variables include only data from observable markets, the Bank immediately recognises the difference between the transaction price and the fair value (a Day 1 profit or loss) in the statement of income in Net gains/losses from financial instruments at fair value through profit or loss. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognised in the statement of income when the inputs become observable, or when the instrument is derecognised.

(5) Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase at a specified future date (repos) remain in the statement of financial position and are presented separately in Financial assets at fair value through other comprehensive income pledged as collateral and Financial assets at amortised cost pledged as collateral. The corresponding cash received is recognised in the statement of financial position against Financial liabilities held for trading or Financial liabilities at amortised cost, reflecting its economic substance as a loan to the Bank. The difference between the sale and repurchase price is recorded as Interest expense and is calculated using the effective interest rate method for Financial liabilities at amortised cost or nominal interest rate in the case of Financial liabilities held for trading.

Conversely, securities purchased under agreements to resell at a specified future date (reverse repos) are recorded off balance sheet as collateral. The corresponding cash paid is recognised in the statement of financial position in Financial assets held for trading or Financial assets at amortised cost. The difference between the purchase and resale price is recorded as Interest income and is calculated using the effective interest rate method for Financial assets at amortised cost or nominal interest rate in the case of Financial assets held for trading.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The Bank offsets repurchase and reverse repurchase agreements that are subject to Master netting agreements, have identical counterparty, currency and maturity.

(6) Determination of fair value

Financial instruments classified as financial assets and financial liabilities at fair value through profit or loss or at fair value through other comprehensive income are fair valued using quoted market prices if there is a published price quotation in an active market. For financial instruments that are not traded on an active market their fair values are estimated using pricing models utilising quoted prices of instruments with similar characteristics, discounted cash flows methods or other models. Those fair value estimation techniques are significantly affected by assumptions used by the Bank including the discount rate, liquidity and credit spreads and estimates of future cash flows.

(7) Hedge accounting

The Bank decided to use the option in IFRS 9 to continue with hedge accounting under IAS 39 and to await further developments at the IASB regarding macro hedging.

The Bank uses instruments, designated as hedging instruments as cash flow hedges or fair value hedges to manage the Bank's interest rate risk or foreign currency risk. Cash flow hedges and fair value hedges are used to minimise the variability in cash flows of interest-earning assets or interest-bearing liabilities or anticipated transactions caused by interest rate fluctuations or to minimise the variability in the fair value of asset or liability, which could affect the statement of income. Hedge accounting is used for derivatives and other financial instruments designated in this way provided certain criteria specified in IAS 39 are met.

The Bank complies with the IAS 39 ‘carve out’ provisions as approved by the EU. This approach facilitates the use of interest rate swaps for portfolio fair value hedges (as explained in the chapter 19 Derivative financial instruments).

(i) Cash flow hedges

The effective portion of the change in fair value of a cash flow hedging derivative is recorded in the Cash flow hedge reserve. The ineffective portion is recorded directly in Net gains/losses from financial instruments at fair value through profit or loss. Amounts in the Cash flow hedge reserve are reclassified into the statement of income in a manner consistent with the earnings recognition pattern of the underlying hedged item.

(ii) Fair value hedges

For designated and qualifying fair value hedges, the change in clean fair value of a hedging instrument is recognised in Net gains/losses from financial instruments at fair value through profit or loss. Related interest income/expense from the hedging instrument is recorded in Net interest income. Meanwhile, the change in fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of income in Net gains/losses from financial instruments at fair value through profit or loss. In the case of a portfolio fair value hedge, if the hedged item is a financial asset or liability at amortised cost, the change in fair value is presented on a separate line Fair value adjustments of the hedged items in portfolio hedge. The adjustment to the carrying value is amortised over the remaining term of the hedge. Amortisation starts when the hedge accounting is discontinued.

(8) Leasing

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. The lessee has the right to control the use of the asset and to obtain substantial economic benefits from its use.

The Bank has used exceptions from the scope of the standard to:

- Short-term leases - for lease contracts shorter than one year
- Low-value leases of assets - for individual assets of less than EUR 5,000
- Intangible asset leases - when the Bank acts as a lessee.

(i) Bank as a lessee

The Bank enters the leasing contracts in respect of branch network buildings, cars and IT hardware equipment.

ČSOB treats the lease as one single lease if the non-lease component is less than 10% of total lease.

Right-of-use assets are recognized in Property and equipment, in the sections of Buildings, IT equipment and Other. The depreciation period corresponds to the asset useful life or the useful life of the right of use. The right of use asset is tested for impairment.

Indefinite term leases are limited to the earliest date on which the contract can be terminated by the lessee or the lessor, or is limited to a maximum of 10 years, which is based on useful life of underlying assets and their depreciation plan. For fixed-term contracts the useful life of right of use corresponds to the contract length. If a fixed-term contract includes options, the useful life with options included is limited to 10 years.

(ii) Bank as a lessor

Finance leases, where the Bank transfers substantially all the risk and benefits incidental to ownership of the leased item to the lessee, are reflected as finance lease receivables in the statement of financial position in Financial assets at amortised cost. A receivable is recognised over the leasing period at an amount equalling the present value of the lease payments using the implicit rate of interest and including any guaranteed residual value. All income resulting from the receivable is included in Other similar income in the statement of income.

Leases, in which the Bank does not transfer substantially, all the risks and benefits of ownership of the asset, are classified as operating leases. The Bank leases out certain of its properties under operating leases, thus generating rental income.Contingent rents are recognised as an income in the period in which they are earned.

(9) Impairment of non-financial assets

The Bank assesses whether an asset might be impaired at each reporting date. If there is any indication of impairment, the Bank calculates the asset's recoverable amount which is the higher of its fair value (minus selling costs) or its value in use.

(10) Recognition of income and expenses

(i) Interest income and expense

The key differentiator between Interest income and expense calculated using effective interest rate method and Other similar income and expense is whether the application of the effective interest rate method is mandatory for recognising interest income or expenses.

- Interest income and expense calculated using effective interest rate method

Interest income on financial instruments is calculated using the effective interest rate method on their gross carrying amount. The category applies to all financial assets in Stage 1 and 2 measured at amortised cost and, interest-bearing financial instruments classified as financial assets at fair value through other comprehensive income, hedging derivatives and financial liabilities at amortised cost. Interest income on financial assets in Stage 3 and POCI is calculated using the effective interest rate method on the net carrying amount.

- Other similar income and expense

Other similar income and expenses captures interest income and expense of derivatives used as economic hedges, financial instruments held for trading, finance lease receivables and lease liabilities.

(ii) Fee and commission income

Most net fee and commission income relates to the services that the Bank provides to its customers.

Fees and commissions that are not an integral part of the effective interest rate are generally recognised on a straight line basis as the services have been rendered, when a client simultaneously receives and consumes benefits provided (recurring account maintenance fees or custody fees, for example).

Commissions and fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the acquisition of loans, shares or other securities or the purchase or sale of businesses, are recognised at a point in time, when the Bank satisfies its performance obligation, usually upon execution of the underlying transaction.
Payment services (incl. network income), where the Bank charges customers for certain current account transactions, domestic or foreign payments, payment services provided through ATMs, etc., are usually settled when the actual transaction is carried out, enabling the relevant fee to be recognised directly at that time.

Recognition of management advisory and service fees is based on the applicable service contracts. Asset management fees relating to investment funds are accrued over the period for which the service is provided and only to the extent, where a significant reversal of revenue is not probable.

Distribution fee income, such as commissions from sales of insurance products, are based on the applicable contract and revenue is recognised when the performance obligation is satisfied.

The Bank operates a customer loyalty programme through which retail customers can accumulate points and the points can be used to claim discounts on products or services. The promise to provide discount to the customer is a separate performance obligation. A liability is recognised for the points expected to be redeemed. Revenue from the awarded points is recognised when the points are redeemed or when they expire.

(iii) Dividend income

Income is recognised when the Bank's right to receive a payment is established.

(iv) Net gains / losses from financial instruments at fair value through profit or loss

Net gains / losses from financial instruments at fair value through profit or loss include all gains and losses from changes in the clean fair value of financial assets and financial liabilities held for trading and those designated at fair value through profit or loss except for trading derivatives that are not used as economic hedges, where the interest income/expense is also included. This caption also includes net gains from fair value hedging constructions (revaluation of hedging and hedged items) and any ineffectiveness recorded in cash flow hedging transactions.

(11) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than 3 months maturity from the date of acquisition including: Cash and balances with central banks, loans and advances (measured at amortised cost) to credit institutions and central banks and financial liabilities at amortised cost to credit institutions and central banks. Only highly liquid transactions contracted with general government bodies (reverse repo / repo operations, if any) are assessed by the Bank as cash equivalents.

(12) Property and equipment

Property and equipment include Bank occupied properties, IT and communication and other machines and equipment.

Land is carried at cost. Buildings and equipment are carried at cost less accumulated depreciation and impairment if any.

Depreciation is calculated using the straight-line method to write off the cost of each asset to its residual value over its estimated useful life, as follows:

Buildings	30 years
IT equipment	3 years
Office equipment	10 years
Other	4-30 years

Gains and losses on disposals are determined by comparing the proceeds received in the transaction with the carrying amount of the asset and a net amount is included in Other net income.

Property and equipment contains right-of-use assets in Buildings, IT equipment and Other. They are depreciated over their useful lives or, if earlier, the end of lease term.

(13) Business combinations and goodwill

Business combination are generally reflected in separate financial statements only if the Bank acquires business that doesn’t represent separate legal entity.

The acquisition method of accounting is used to account for acquiring a business by the Bank that is not under common control.

Goodwill as of the acquisition date is measured as the excess of the aggregate of the consideration transferred and the amount of non-controlling interest over the net of the identifiable assets acquired and the liabilities assumed at the date of acquisition.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

The pooling of interest method of accounting is used to account for the business combination of entities or businesses under common control. It means a business combination in which the combining entities or businesses are ultimately controlled by the same party both before and after the business combination.

The assets and liabilities of the combining entities are reflected at their carrying amounts and no new assets and liabilities are recognised at the date of combination. No new goodwill is recognised in the combination.

Any difference between the consideration paid and the carrying amounts of assets and liabilities acquired is reflected through equity.

The statement of income reflects the results of the combining entities only since the date, when the control was obtained by the entity.

(14) Intangible assets

Intangible assets include software, licences and other intangible assets. A core system is a large-scale software application that performs important strategic group objectives.

Development costs that are directly associated with identifiable and unique software controlled by the Bank are recorded as intangible assets if the inflow of incremental economic benefits exceeding costs is probable. Capitalised costs include staff costs of the software development team and an appropriate portion of relevant overheads. All other costs associated with computer software, e.g. its maintenance, are expensed when incurred.

Intangible assets are carried at cost less accumulated amortisation and impairment, if any.

The amortisation of software and other intangible assets is calculated using the straight-line method to write off the cost of each asset to its residual value over its estimated useful life, as follows:

Core systems	8 years
Other software	5 years
Other intangible assets	5 years

The gains and losses on disposal are included as a net amount in Other net income.

(15) Financial guarantees

In the ordinary course of business, the Bank provides financial guarantees consisting of letters of credit and letters of guarantee. Financial guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. At the end of each reporting period, financial guarantees are measured in the financial statements at the higher of the amortised premium and the loss allowance, which is based on expected credit loss. Fees are recognised in the statement of income in Fee and commission income. Any increase or decrease in the provision relating to financial guarantees is included in Impairment losses.

(16) Loan commitments

The Bank issues commitments to provide loans and these commitments can be irrevocable or revocable. The loan commitments are initially measured at fair value, which is normally evidenced by the amount of fees received. Fees on loan commitments that are highly likely to be drawn are recognised using the effective interest rate method. All other fees are recorded in Fee and commission income when the related service is provided to the customer. One-off fees are charged directly into the statement of income, other fees are booked to the statement of income on accrued basis. The ECL for loan commitments and guarantees are presented as provisions in the statement of financial position. If a financial asset contains both a loan (a drawn component) and an undrawn loan commitment, the ECL is determined for both the drawn and undrawn part. The entire ECL amount is presented within Impairment losses.

Performance guarantees are contracts that provide compensation if another party fails to perform a contractual, commercial or legal obligation. Where the performance guarantee provides the Bank with contractual indemnification rights to recover any payments made to the guarantee holder from the applicant and such rights are covered by collateral, they are treated as a loan commitment provided to the applicant, if the Bank concludes that there is no event with commercial substance that could cause the Bank to incur an overall loss on the guarantee arrangement. Such performance guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight-line basis over the life of the contract. At the end of each reporting period, the performance guarantee contracts are measured at the higher of (i) the unamortised balance of the amount at initial recognition and (ii) the amount of the loss allowance determined based on the expected credit loss model.

(17) Employee benefits

Retirement benefits

Pensions are provided by the Czech Republic to resident employees financed by salary-based social security contributions of the employees and their employers.

Bank contributes to a defined contribution retirement benefit scheme for participating employees, in addition to the employer social security contributions required by the law in the Czech Republic. Contributions are charged to the statement of income as they are made.

Termination benefits

Employees dismissed by their employer are entitled to termination benefits equal to or less than three times the employees' month's average salary in accordance with the Czech employment law. Employees employed over ten years are entitled to additional termination benefits, which are scaled in accordance of the years of service. Termination benefits are recognised in the statement of income based on the approval of the restructuring programme implementation.

(18) Provisions

Provisions are recognised when the Bank has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(19) Income tax

There are two components of income tax expense: current and deferred. Current income tax expense approximates amounts to be paid or refunded for taxes for the appropriate period.

Deferred tax liabilities are recognised for all taxable temporary differences, except when they arise from the initial recognition of goodwill or assets/liabilities in non-business transactions that do not affect accounting or taxable profit or loss; or for investments where the reversal of the temporary differences is controllable and unlikely in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, except when they arise from the initial recognition of an asset/liability from non-business transactions that do not affect accounting profit or taxable profit or loss; or for investments where deferred tax assets are recognised to the extent that it is probable that the temporary differences will be reversed in the future and taxable profit is expected to allow their utilisation.

Deferred tax assets and liabilities are offset when a right of set-off exists.

Deferred tax related to the fair value movements of cash flow hedges and financial assets at fair value through other comprehensive income, which are charged or credited to OCI, is also credited or charged to OCI and is subsequently recognised in the statement of income together with the deferred gain or loss.

The Bank records a net deferred tax asset under Deferred tax assets and a net deferred tax liability under Deferred tax liabilities.

(20) Share capital and reserves

The issued capital (registered, subscribed and paid) as at the end of the reporting period is accounted for at an amount recorded in the Commercial register.

The statutory reserve fund is accumulated in compliance with the Statutes of the Bank and its use is limited by the Articles of association or Statutes. The fund is distributable based on the decision of the Board of Directors.

Dividends are recognised after they have been ratified by the resolution of the sole shareholder.

(21) Fiduciary activities

The Bank commonly acts in fiduciary activities that result in the holding or placing of assets on behalf of individuals and institutions. The assets and income arising there on are excluded from these financial statements, as they are not assets of the Bank.

(22) Operating segments

Operating segments are components of the Bank that engage in business activities from which they earn revenues and incur expenses and whose operating results are regularly reviewed on the Bank level to assess their performance. Discrete information is available for each operating segment.

2.3 Restatement due to an error

Due to incorrect set-up of a static data parameter on bond securities acquired by the Bank as investments, taxable income on certain securities was being declared as tax exempt income. Consequently, lower income tax was reported and paid in the years 2019-2023 and, correspondingly, lower income tax liability was recognized in the financial statements for those years. In this set of financial statements, this error has been corrected retrospectively, affecting the Separated statement of income for the year ended 31 December 2023, the Separated statement of financial position as at 31 December 2023 and the Separated statement of changes in equity for the year ended 31 December 2023. The cumulative impact of this error related to periods prior to 1 January 2023 is reflected in the opening balance of retained earnings at 1 January 2023. The outstanding tax has been assessed and fully settled in 2024. Restated balances of assets, liabilities and equity as at 1 January 2023 have not been provided because the correction did not have a material impact.

Separated statement of income

(CZKm)	**2023** As reported	Restatement	**2023** Restated
Income tax expense (Note: 12)	-819	-347	-1,166
Profit for the year	15,018	-347	14,671

Separated statement of financial position

(CZKm)	**2023** As reported	Restatement	**2023** Restated
Current tax assets	740	-740	0
Total assets	1,744,551	-740	1,743,811
Current tax liabilities	-	280	280
Total liabilities	1,635,202	280	1,635,482

Separated statement of financial position and separated statement of changes in equity

(CZKm)	**2023** As reported	Restatement	**2023** Restated
Retained earnings	62,940	-1,020	61,920
Total equity	109,349	-1,020	108,329

(CZKm)	**1 January 2023** As reported	Restatement	**1 January 2023** Restated
Retained earnings	53,168	-673	52,495
Total equity	96,069	-673	95,396

3. SEGMENT INFORMATION

The Bank's primary segment reporting is by customer segment.

The Bank has four reportable segments, as described below, which are the Bank's strategic business units. The strategic business units offer different products and services, and are managed separately based on the Bank's management and internal reporting (controlling) structure. For each of the strategic business units, the Bank's management reviews internal management reports on a quarterly/monthly basis.

Management monitors the operating result of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss. Income tax is allocated to operating segments, but is managed on a Bank basis.

Definitions of customer operating segments:

Retail: Private individuals and entrepreneurs, except of private banking customers that are reported as a part of Relationship banking. This segment contains customers' deposits, consumer loans, overdrafts, payment solutions including payment cards, mortgages and other transactions and balances with retail customers. Margin income from operations with retail clients on the financial market is also allocated to this segment (i.e. a margin from spot operations, hedging of foreign currency transactions and trading with bonds). Net fee and commission income of this segment contains payment services, administration of credits, network income, distribution and other fees.

Relationship banking: Corporate companies with a turnover of greater than CZK 300 m, SME companies with a turnover of less than CZK 300 m, private banking customers with financial assets above CZK 10 m, financial and public sector institutions. This segment contains customers' deposits, loans, overdrafts, payment solutions including payment cards and other transactions and balances with corporate, SME customers and private banking customers. Margin income from the operations with corporate, SME clients and private banking clients on the financial market is also allocated to this segment (i.e. a margin from spot operations, hedging of foreign currency transactions or trading with bonds). Net fee and commission income of this segment contains payment services, administration of credits, network income, securities, custody, retail service fees, distribution and other fees.

Financial markets: This segment contains investment products and services to institutional investors and intermediaries and fund management activities and trading included in dealing services. Net fee and commission income of this segment contains securities and custody fees and asset management income fees and commissions to agents.

Group Centre: The Group Centre segment consists of positions and results of Asset Liability Management (ALM), the results of the reinvestment of free equity of the Bank, dividends from subsidiaries, associates and joint ventures and items not directly attributable to other segments. Net fee and commission income of this segment contains payment services and other fees.

Segment reporting information by customer segments for 2024

(CZKm)	Retail	Relationship banking	Financial markets	Group Centre	Total
Statement of income					
Net interest income	11,295	11,284	582	1,328	24,489
Fee and commission income	4,597	4,075	212	5,155	14,039
Fee and commission expense	-1,126	-424	-2	-5,406	-6,958
Dividend income	-	-	-	3,550	3,550
Net gains / losses (-) from financial instruments at fair value through profit or loss	119	1,859	633	-651	1,961
Net realised gains on financial instruments at fair value through OCI	-	-	-	-	-
Other net income	175	159	19	1,419	1,772
Operating income	**15,060**	**16,953**	**1,444**	**5,395**	**38,853**
of which:					
External operating income / expense (-)	*-1,606*	*1,269*	*1,444*	*37,746*	*38,853*
Intersegment operating income / expense (-)	*16,764*	*11,673*	*-*	*-28,437*	*-*
Depreciation and amortisation	-28	-5	-	-2,063	-2,096
Other operating expenses	-8,332	-4,274	-368	-4,701	-17,675
Operating expenses before impairment losses	**-8,360**	**-4,279**	**-368**	**-6,764**	**-19,771**
Impairment losses on financial assets at amortised cost and at fair value through OCI	-246	491	-	53	298
Impairment losses on other financial and non-financial assets	-	-	-	2,791	2,791
Profit before tax	**6,460**	**13,176**	**1,076**	**1,458**	**22,171**
Income tax expense	-2,035	-3,167	-232	3,468	-1,966
Segment profit	**4,425**	**10,009**	**844**	**4,926**	**20,205**
Assets and liabilities					
Segment assets	46,484	330,998	57,976	1,366,412	1,801,871
Non-current assets held-for-sale	-	-	-	23	23
Total assets	**46,484**	**330,998**	**57,976**	**1,366,435**	**1,801,894**
Total liabilities	**598,170**	**598,275**	**129,737**	**362,883**	**1,689,065**
Capital expenditure	**268**	**-**	**-**	**1,447**	**1,715**

Segment reporting information by customer segments for 2023 – restated (Note: 2.3)

(CZKm)	Retail	Relationship banking	Financial markets	Group Centre	Total
Statement of income					
Net interest income	9,837	10,184	1,175	1,254	22,450
Fee and commission income	3,725	3,729	112	5,051	12,617
Fee and commission expense	-1,069	-426	8	-4,983	-6,470
Dividend income	-	-	-	5,392	5,392
Net gains / losses (-) from financial instruments at fair value through profit or loss	118	1,788	754	-595	2,066
Net realised gains on financial instruments at fair value through OCI	-	-	-	-	-
Other net income	217	57	11	1,369	1,654
Operating income	**12,828**	**15,332**	**2,060**	**7,488**	**37,709**
of which:					
External operating income	*-3,838*	*-352*	*2,060*	*39,839*	*37,709*
Intersegment operating income / expense (-)	*16,666*	*15,684*	*-*	*-32,350*	*-*
Depreciation and amortisation	-26	-5	-	-1,966	-1,997
Other operating expenses	-7,585	-4,054	-334	-5,103	-17,076
Operating expenses before impairment losses	**-7,611**	**-4,059**	**-334**	**-7,069**	**-19,073**
Impairment losses on financial assets at amortised cost and at fair value through OCI	-209	1,584	-	77	1,452
Impairment losses on other financial and non-financial assets	-	-	-	-4,251	-4,251
Profit before tax	**5,008**	**12,857**	**1,726**	**-3,755**	**15,837**
Income tax expense	-1,426	-2,735	-329	3,324	-1,166
Segment profit	**3,582**	**10,122**	**1,397**	**-431**	**14,671**
Assets and liabilities					
Segment assets	40,041	300,176	45,990	1,357,581	1,743,788
Non-current assets held-for-sale	-	-	-	23	23
Total assets	**40,041**	**300,176**	**45,990**	**1,357,604**	**1,743,811**
Total liabilities	**561,272**	**592,928**	**137,894**	**343,388**	**1,635,482**
Capital expenditure	**203**	**27**	**-**	**1,625**	**1,855**

Interest income and interest expense are not presented separately since the Bank assesses the performance of the segments primarily on the basis of the net interest income.

Intersegment transactions are transactions conducted between the different primary segments on an arm's length basis.

The Bank operates predominantly in the Czech Republic.

4. INTEREST INCOME

(CZKm)	2024	2023
Interest income on financial instruments calculated using effective interest rate method		
Cash balances with central banks and other demand deposits	156	1,439
Financial assets at amortised cost, incl. assets pledged as collateral		
Credit institutions	43,857	62,994
Other than credit institutions	29,176	26,838
Financial assets at fair value through other comprehensive income, incl. assets pledged as collateral	1,829	1,452
Derivatives used for hedging (Note: 7)	6,707	11,056
Negative interest from financial liabilities measured at amortised cost	-	1
	81,725	103,780
Other similar income		
Financial assets held for trading incl. assets pledged as collateral (Note: 7)	1,031	1,939
Derivatives used as economic hedges (Note: 7)	5,547	9,847
Negative interest from financial liabilities measured at fair value (Note: 7)	13	13
	6,591	11,799
Interest income	**88,316**	**115,579**

5. INTEREST EXPENSE

(CZKm)	2024	2023
Interest expense on financial instruments calculated using effective interest rate method		
Financial liabilities at amortised cost		
Central banks	18	12
Credit institutions	11,056	6,845
Other than credit institutions	31,205	41,298
Debt instruments in issue	5,185	14,710
Derivatives used for hedging (Note: 7)	7,188	13,739
	54,652	76,604
Other similar expense		
Financial liabilities held for trading (Note: 7)	1,190	2,072
Financial liabilities designated at fair value through profit or loss (Note: 7)	908	1,161
Derivatives used as economic hedges (Note: 7)	6,959	13,176
Lease liabilities	118	116
	9,175	16,525
Interest expense	**63,827**	**93,129**

6. NET FEE AND COMMISSION INCOME

(CZKm)	2024	2023
Fee and commission income		
Banking services		
Payment service fees	7,163	6,743
Credit / Guarantee related fees	1,108	1,074
Network income	1,400	1,284
Securities	293	243
Other	364	332
Asset management services		
Custody fees	327	281
Mutual funds entry fees	444	227
Distribution		
Mutual funds	1,937	1,517
Banking and insurance products	1,003	916
	14,039	**12,617**
Fee and commission expense		
Banking services		
Payment services	5,393	4,942
Credit / Guarantee related fees	297	307
Securities	113	111
Other	380	335
Asset management services		
Custody fees	40	37
Distribution		
Banking and insurance products	735	738
	6,958	**6,470**
Net fee and commission income	**7,081**	**6,147**

7. NET GAINS / LOSSES FROM FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS AND FOREIGN EXCHANGE

Net gains from financial instruments at fair value through profit or loss, as reported in the statement of income, do not include net interest income recognised on financial assets and financial liabilities at fair value through profit or loss. Net gains from financial instruments at fair value through profit or loss and the related net interest income are set out in the table below to provide a fuller presentation of the net result from financial instruments at fair value through profit or loss of the Bank:

(CZKm)	2024	2023
Net gains / losses from financial instruments at fair value through profit or loss and foreign exchange - as reported	**1,961**	**2,066**
Net interest income (Notes: 4, 5)	-2,946	-7,293
	-985	**-5,227**
Financial instruments held for trading and derivatives used for hedging		
Interest rate contracts	-1,034	-2,973
Foreign exchange	-1,602	-3,401
Equity contracts	649	728
	-1,986	-5,646
Non-trading financial instruments mandatorily at fair value through profit or loss		
Non-trading financial assets mandatorily at fair value through profit or loss	951	1,330
Financial instruments designated at fair value through profit or loss		
Financial liabilities designated at fair value through profit or loss	-1,547	-2,314
Foreign exchange differences	1,597	1,403
Financial instruments at fair value through profit or loss and foreign exchange	**-985**	**-5,227**

Changes of fair value of hedging derivatives and hedged items, being parts of fair value hedging constructions of the Bank, are presented in the table on a net basis. Split of gains and losses realised on the hedging contracts and on hedged item attributable to the hedged interest rate risk is provided in note Derivative financial instruments (Note: 19).

As from October 2018, KBC Bank started centralising ČSOB's trading activities to the Central European Financial Markets in order to align regulatory scope, risks arising from trading and streamline the trading activities. KBC Bank has outsourced the related trading activities back to ČSOB. The contracts are concluded through the Financial Markets trades specified products on behalf of KBC Bank. Related risk raised from the transactions is then transferred via a back-to-back transaction to KBC Bank with positive impact on risk weighted assets (RWA) of the Bank. Net residual profit based on trading results is distributed by KBC Bank to ČSOB; KBC Bank bears any potential loss. The profit is booked into Net gains from non-trading financial assets mandatorily at fair value through profit or loss.

8. OTHER NET INCOME

(CZKm)	2024	2023
Services provided to other subsidiaries within the Group (excluding income from ICT services)	916	811
ICT services	779	744
Net operating leasing and rental income	45	44
Net gain on disposal of non-current assets held-for-sale	4	8
Net gain on disposal of intangible assets	1	19
Net loss on disposal of investments measured at amortised cost	-287	-215
Net increase in provisions for legal issues	-32	-65
Net realised result from debt securities FVOCI	-12	-
Other	358	308
	1,772	**1,654**

In February 2023, ČSOB Bank was delivered an arbitral award issued in the arbitration proceedings against the company ICEC-HOLDING, a.s. resulting in an increase of the provisions for legal issues in the amount of CZK 3,663 m already in 2022 (Notes: 27, 33). In March 2023, the Bank redeemed the liability arisen from the arbitral award and utilized the respective provision in a full amount.

9. STAFF EXPENSES

(CZKm)	2024	2023
Wages and salaries	7,002	6,469
Salaries and other short-term benefits of top management	87	76
Social security charges	2,327	2,210
of which pension security charges (obligatory)	*1,437*	*1,366*
Pension (voluntary) and similar expenses	201	194
Net increase in provisions for Restructuring programme	-	184
Other	134	179
	9,751	**9,312**

Number of Bank personnel

The number (in full-time equivalents) of Bank personnel was 7,144 at 31 December 2024 (31 December 2023: 7,096).

Management bonus scheme

Included within Salaries and other short-term benefits of top management are base salaries, annual bonuses and other short-term benefits of the Members of the Board of Directors. Salaries and remuneration of the Members of the Board of Directors, as well as the remuneration principles and structure, are subject to the approval of the Supervisory Board.

A bonus scheme of the Bank follows the changes in legislation in previous years. Half of the bonus is provided in a non-cash instrument, so called “Virtual investment certificate” (VIC). VIC is linked to the Economic Value Added of the Group which captures both finance and risk aspects (50%) and to the share price of KBC Group (50%). Another half of the bonus is paid in cash. The payment of half of the bonus (both cash and non-cash portion) is deferred for up to the next five years following the initial assignment of the benefit.

Retirement benefits

The Bank provides its employees (including top management) with a voluntary defined contribution retirement scheme. Participating employees can contribute a portion of their salaries to pension companies approved by the Ministry of Finance of the Czech Republic (MF CZ), with an additional contribution of the Bank of 2% or 3% of their salaries, respectively, or with fixed amount by preference of an employee.

Termination benefits

Employees dismissed by their employer according to Czech employment law are entitled to termination benefits equal to or less than three times the employee's monthly average salary. Additional termination benefits are granted to employees who were employed between 10-15 years (2 times the month's average salary), 15-20 years (2.5 times the month's average salary), 20-25 years (3 times the month's average salary), 25-30 years (4 times the month's average salary), 30-35 years (5 times the month's average salary) and over 35 years (6 times the month's average salary).

In the case of contract termination, the members of the Board of Directors are entitled to receive an amount of 0 to 12 monthly salaries as termination benefits (according to conditions of individual contracts). The compensation was CZK Nil in 2023 and 2024.

10. GENERAL ADMINISTRATIVE EXPENSES

(CZKm)	2024	2023
Information technologies	3,375	3,198
Other building expenses	726	635
Retail service fees	710	645
Professional fees	653	638
Marketing	590	533
Contribution to the Single Resolution Mechanism	485	787
Communication	340	378
Deposit insurance premium and contribution to the Securities Traders Guarantee Fund	334	383
Travel and transportation	203	203
Payment cards and electronic banking	116	124
Administration	101	102
Insurance	61	52
Rental expenses on land and buildings – minimum lease payments	60	50
Training	45	42
Car expenses	19	23
Other	106	-29
	7,924	**7,764**

11. IMPAIRMENT LOSSES

(CZKm)	2024	2023
Impairment reversal of financial assets at amortised cost - loans and advances (Notes: 31, 38.2)	66	1,119
Impairment reversal of financial assets at amortised cost - debt securities (Notes: 31, 38.2)	46	98
Provisions reversal for loan commitments and guarantees (Notes: 27, 31)	187	235
Impairment reversal / loss (-) on investments in subsidiaries, associates and joint ventures (Note: 18)	2,852	-3,893
Impairment loss (-) / reversal of property and equipment (Notes: 20, 31)	-1	1
Impairment of financial assets at fair value through OCI (Note: 16)	-1	-
Impairment loss of intangible assets (Note: 21)	-56	-358
Impairment loss of other financial assets (Notes: 31)	-4	-1
	3,089	**-2,799**

12. INCOME TAX

The components of income tax expense for the years ended 31 December 2024 and 2023 are as follows:

(CZKm)	2024	2023 restated
Current tax expense	1 873	431
Previous year under / over (-) accrual of current tax	96	-74
Deferred tax income (-) / expense relating to the origination and reversal of temporary differences	-3	809
	1,966	**1,166**

A reconciliation between the tax expense and the accounting profit multiplied by the domestic tax rate for the years ended 31 December 2024 and 2023 is as follows:

(CZKm)	2024	2023 restated
Profit before taxation	22,171	15,837
Applicable tax rates	21%	19%
Taxation at applicable tax rates	4,656	3,009
Previous year under / over (-) accrual of current tax	96	-74
Effect on deferred taxes due to increase in tax rate	-	-45
Tax effect of non-taxable income	-3,892	-3,425
Tax effect of non-deductible expenses	1,012	1,702
Top-up tax	94	-
	1,966	**1,166**

In the Czech Republic, a windfall tax was introduced. On the excess profit (the profit above the average of 2018-2021 profits plus 20%, the calculation is based on corporate income tax base) the effective tax rate is 79% or 81%, respectively (19% standard corporate tax increased to 21% starting from 2024 + 60% windfall tax) which is applicable for large banks in the period 2023 to 2025. Introduction of the windfall tax in the Czech Republic for years 2023 – 2025 did not have any impact on the Bank in 2023 and 2024, since the tax base did not rise sufficiently for the windfall tax to apply. It was not recognized in deferred tax either.

In 2023, changes in the Income tax law were approved. The applicable tax rate starting from 2024 was 21% (2023: 19%).

As of 1 January 2024, the Czech Republic has enacted new legislation to implement the global minimum top-up tax, in accordance with the EU legislation. The whole KBC Group is subject to these new rules. The Czech Republic has also implemented rules for qualified domestic top-up tax, and ČSOB Group became subject to this domestic top-up tax in relations to the operations of KBC Group in the Czech Republic. Even though the statutory tax rate is 21% since 2024, the final effective tax rate of ČSOB Group is presumed to be slightly under required limit of 15%. Impact of the enacted tax legislation on the net result of the ČSOB for the year ended 31 December 2024 was preliminary calculated and the top-up tax provision was booked in the amount of CZK 94 m. In connection with the introduction of the global minimum tax, the ČSOB Group applies an exemption from the accounting requirements for deferred taxes under IAS 12 and does not recognise or disclose deferred tax assets and liabilities related to top-up taxes.

Included in non-taxable income are tax-free interest income and dividend income.

Deferred income taxes are calculated on all temporary differences under the liability method using the income tax rate of 21% in 2024 (2023: 21%).

The movement on the Net deferred tax asset is as follows:

(CZKm)	2024	2023
At 1 January	**-86**	**1,623**
Statement of income	3	-809
Financial assets FVOCI (Note: 29)		
Fair value remeasurement	38	-166
Transfer to net profit or retained earnings	27	1
Cash-flow hedges (Note: 29)		
Fair value remeasurement	351	-561
Transfer to net profit (Note: 19)	-186	-174
At 31 December	**147**	**-86**

Deferred tax asset / liability (-) are attributable to the following items:

(CZKm)	2024	2023
Deferred tax liability (-) / assets		
Employee benefits	412	378
Temporary difference resulting from tax depreciation	185	168
Temporary difference resulting from tax depreciation related to acquisition of ICT function	91	101
Impairment losses on loans and advances at amortised cost and provisions for credit risk	87	144
Impairment losses on tangible and intangible assets	73	68
Provisions for other risk and charges	71	72
Impairment losses on debt securities	21	18
Debt securities at fair value through other comprehensive income	-97	-162
Cash-flow hedging derivatives	-173	-338
Amortisation of goodwill for tax purposes	-565	-565
Other temporary differences	42	30
	147	**-86**

The deferred tax benefit / charge (-) in the statement of income comprises of the following temporary differences:

(CZKm)	2024	2023
Employee benefits	34	50
Temporary difference resulting from tax depreciation	17	-66
Impairment losses on tangible and intangible assets	5	66
Impairment losses on debt securities	3	-6
Provisions for other risk and charges	-1	-677
Temporary difference resulting from tax depreciation related to acquisition of ICT function	-10	-1
Amortisation of goodwill for tax purposes	0	-54
Impairment losses on loans and advances at amortised cost and provisions for credit risk	-57	-122
Other temporary differences	12	1
	3	**-809**

The Bank’s management believes it is probable that the Bank fully realise its gross deferred income tax assets based upon the Bank’s current and expected future level of taxable profits and the expected offset from gross deferred income tax liabilities.

13. DIVIDENDS PAID AND RECEIVED

Dividends paid

Dividends paid are not accounted for until they have been ratified by a resolution of the sole shareholder on a profit distribution. The decision of a profit allocation for 2024 has not been taken before the date of issue of the financial statements.

Based on a sole shareholder decision from 13 May 2024, a dividend of CZK 51.30 per share was paid for 2023, representing a total dividend of CZK 15,018 m.

Based on a sole shareholder decision from 6 June 2023, a dividend of CZK 17.93 per share was paid for 2022, representing a total dividend of CZK 5,249 m.

Dividends received

The following table shows a dividend received by the companies for 2024 and 2023:

(CZKm)	2024	2023
ČSOB Stavební spořitelna, a.s.	992	1,338
ČSOB Hypoteční banka, a.s.	981	2,482
ČSOB Leasing, a.s.	673	566
Patria Finance, a.s.	337	278
ČSOB Penzijní společnost, a.s.	311	534
ČSOB Factoring, a.s.	175	151
Patria Corporate Finance, a.s.	40	-
První certifikační autorita, a.s.	14	-
Bankovní informační technologie, s. r. o.	8	20
ČSOB Advisory	8	10
ČSOB Pojišťovna, a.s.	5	8
CBCB - Czech Banking Credit Bureau, a.s.	3	3
Visa Inc.	2	2
BCPB - Burza cenných papierov v Bratislave, a.s.	1	-
	3,550	**5,392**

14. CASH, BALANCES WITH CENTRAL BANKS AND OTHER DEMAND DEPOSITS

(CZKm)	2024	2023
Cash (Note: 31)	8,184	8,036
Mandatory minimum reserves (Note: 31, 32, 38.2)	8,357	8,106
Other balances with central banks (Notes: 31, 32, 38.2)	27,896	2,517
Other demand deposits in credit institutions (Notes: 31, 32, 38.2)	3,037	4,461
	47,474	**23,120**

Until 5 October 2023, the Czech National Bank (CNB) paid interest on the mandatory minimum reserve balances based on the official CNB two-week repo rate. Starting 5 October 2023, mandatory minimum reserve is an interest-free asset. The Bank is obliged to keep the balance of mandatory minimum reserve, however it is allowed to use the reserve for a liquidity management purposes during the month. Given that fact, mandatory minimum reserve is assessed to be a cash equivalent by the Bank.

Other balances with central banks contain overnight loans provided to central bank in the amount of CZK 24,897 m at 31 December 2024 (31 December 2023: CZK Nil). Balances with central banks are classified as Stage 1 assets, expected credit losses being immaterial.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(CZKm)	2024	2023
Financial assets held for trading		
Loans and advances		
Reverse repo transactions	1	7
Other loans and advances	13	-
Derivative contracts (Note: 19)		
Trading derivatives	27,296	30,248
Derivatives used as economic hedges	9,762	20,069
	37,072	**50,324**
Non-trading financial assets mandatorily at fair value through profit or loss		
Loans and advances		
Credit institutions	951	1,330
	951	**1,330**
Financial assets at fair value through profit or loss	**38,023**	**51,654**

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(CZKm)	2024	2023
Financial assets at fair value through other comprehensive income		
Debt securities classified as stage 1		
General government	27,872	3,617
Credit institutions	23,568	23,439
Equity securities		
Corporate	275	353
Total	51,715	27,409
Allowance for impairment losses – stage 1	-7	-6
	51,708	**27,403**
Financial assets at fair value through other comprehensive income pledged as collateral		
Debt securities classified as stage 1		
General government	4,242	4,079
Credit institutions	-	247
	4,242	**4,326**

Debt securities classified in Stage 1 are assessed as low credit risk financial instruments.

Included within Financial assets at fair value through other comprehensive income pledged as collateral are debt securities pledged as collateral in repo transactions in the amount of CZK Nil (2023: CZK 341 m) or securities lending in the amount of CZK 4,242 m (2023: CZK 3,985 m). Under the terms and conditions of the pledge in repo transactions or securities lending, the transferee has a right to sell or repledge the collateral.

17. FINANCIAL ASSETS AT AMORTISED COST

(CZKm)	2024 Stage 1	Stage 2	Stage 3	POCI	Total
Financial assets at amortised cost					
Debt securities					
General government	238,923	-	-	-	238,923
Credit institutions	347,477	-	-	-	347,477
Other legal entities	32,416	510	-	-	32,926
Debt securities – gross carrying amount	618,816	510	-	-	619,326
Allowance for impairment losses	-94	-1	-	-	-95
Total debt securities	**618,722**	**509**	**-**	**-**	**619,231**
Loans and advances					
Central banks (Note: 31)	510,759	-	-	-	510,759
General government	10,186	597	679	-	11,462
Credit institutions (Note: 31)	1,943	16	144	-	2,103
Other legal entities	272,419	27,368	4,411	280	304,478
Private individuals	56,161	5,703	2,305	73	64,242
Loans and advances – gross carrying amount	851,468	33,684	7,539	353	893,044
Allowance for impairment losses	-760	-1,407	-4,221	-88	-6,476
Total loans and advances	**850,708**	**32,277**	**3,318**	**265**	**886,568**
Total financial assets at amortised cost	**1,469,430**	**32,786**	**3,318**	**265**	**1,505,799**
Financial assets at amortised cost pledged as collateral					
Debt securities – gross carrying amount					
General government	35,833	-	-	-	35,833
Credit institutions	-	-	-	-	-
Other legal entities	-	-	-	-	-
Allowance for impairment losses	-	-	-	-	-
Total financial assets at amortised cost pledged as collateral	**35,833**	**-**	**-**	**-**	**35,833**

(CZKm)	2023 Stage 1	Stage 2	Stage 3	POCI	Total
Financial assets at amortised cost					
Debt securities					
General government	53,130	-	-	-	53,130
Credit institutions	328,479	-	-	-	328,479
Other legal entities	24,874	510	-	-	25,384
Debt securities – gross carrying amount	406,483	510	-	-	406,993
Allowance for impairment losses	-76	-5	-	-	-81
Total debt securities	**406,407**	**505**	**-**	**-**	**406,912**
Loans and advances					
Central banks (Note: 31)	534,220	-	-	-	534,220
General government	8,968	202	828	-	9,998
Credit institutions (Note:31)	1,467	32	397	-	1,896
Other legal entities	204,179	70,323	4,798	140	279,440
Private individuals	48,095	7,142	2,009	44	57,290
Loans and advances – gross carrying amount	796,929	77,699	8,032	184	882,844
Allowance for impairment losses	-659	-2,072	-4,002	-42	-6,775
Total loans and advances	**796,270**	**75,627**	**4,030**	**142**	**876,069**
Total financial assets at amortised cost	**1,202,677**	**76,132**	**4,030**	**142**	**1,282,981**
Financial assets at amortised cost pledged as collateral					
Debt securities – gross carrying amount					
General government	233,533	-	-	-	233,533
Credit institutions	3,222	-	-	-	3,222
Other legal entities	899	-	-	-	899
Allowance for impairment losses	-	-	-	-	-
Total financial assets at amortised cost pledged as collateral	**237,654**	**-**	**-**	**-**	**237,654**

Debt securities classified in Stage 1 are assessed as low credit risk financial instruments.

The following table shows the gross carrying amount of those financial assets which are in a different impairment stage at 31 December 2024 and 2023 than they were at the beginning of the financial year or their initial recognition:

	2024					
	Transfers between stages 1 and 2		Transfers between stages 2 and 3		Transfers between stages 1 and 3	
(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
Loans and advances						
General government	517	43	-	-	-	-
Credit institutions	12	11	-	-	-	-
Other legal entities	5,560	40,522	525	318	437	2
Private individuals	3,270	2,803	564	77	444	9
Total	**9,359**	**43,379**	**1,089**	**395**	**881**	**11**

(CZKm)	2023 Transfers between stages 1 and 2: From stage 1 to stage 2	2023 Transfers between stages 1 and 2: From stage 2 to stage 1	2023 Transfers between stages 2 and 3: From stage 2 to stage 3	2023 Transfers between stages 2 and 3: From stage 3 to stage 2	2023 Transfers between stages 1 and 3: From stage 1 to stage 3	2023 Transfers between stages 1 and 3: From stage 3 to stage 1
Loans and advances						
General government	78	83	-	-	-	-
Credit institutions	-	76	-	-	-	-
Other legal entities	29,838	18,253	919	314	421	1
Private individuals	3,515	1,435	484	132	386	21
Total	**33,431**	**19,847**	**1,403**	**446**	**807**	**22**

Balances with central banks contain reverse repo transactions provided to central bank in the amount of CZK 510,759 m at 31 December 2024 (31 December 2023: CZK 534,220 m).

Included within Financial assets at amortised cost pledged as collateral are debt securities pledged as collateral in repo transactions in the amount of CZK 12,534 m (2023: CZK 216,323 m) or securities lending in the amount of CZK 23,299 m (2023: CZK 21,331 m). Under the terms and conditions of the pledge in repo transactions or securities lending, the transferee has a right to sell or repledge the collateral.

Financial assets at amortised cost contain debt securities of CZK 17,678 m (2023: CZK 17,265 m) pledged as collateral of term deposits and financial guarantees. The transferee has not a right to sell or repledge the collateral.

18. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Direct ownership of the Bank (%) in significant subsidiaries, associates and joint ventures was as follows:

Name	Abbreviation	2024 (%)	2024 Carrying amount	2023 (%)	2023 Carrying amount
Subsidiaries					
Bankovní informační technologie, s.r.o.	BANIT	100.0	890	100.00	552
ČSOB Stavební spořitelna, a.s.	ČSOBS	100.0	11,130	100.00	10,110
ČSOB Advisory, a.s.	ČSOB Advisory	100.0	1,458	100.00	1,458
ČSOB Factoring, a.s.	ČSOB Factoring	100.0	1,295	100.00	1,295
ČSOB Hypoteční banka, a.s.	ČSOB HB	100.0	55,678	100.00	53,997
ČSOB Leasing, a.s.	ČSOB Leasing	100.0	8,300	100.00	7,600
ČSOB Nemovitostní, otevřený podílový fond Patria investiční společnosti, a.s.	ČSOB Nemovitostní	100.0	2,155	-	-
ČSOB Penzijní společnost, a. s., a member of the ČSOB group	ČSOB PS	100.0	1,724	100.00	3,224
K&H Pénzforgalmi Szolgáltató Korlátolt Felelősségű Társaság	K&H Payment Services	100.0	509	100.00	488
Patria Corporate Finance, a.s.	Patria CF	100.0	16	100.00	16
Patria Finance, a.s.	Patria Finance	100.0	870	100.00	670
Radlice Rozvojová, a.s.	Radlice Rozvojová	100.0	2,844	100.00	2,706
Skip Pay s.r.o.	Skip Pay	100.0	344	100.00	297
Ušetřeno.cz, s.r.o.	Ušetřeno	100.0	142	100.00	193
Joint venture					
Igluu s.r.o.	Igluu	50.0	35	50.00	69
Ownest, s.r.o.	Ownest	21.7	30	-	-
Associate					
ČSOB Pojišťovna, a. s., a member of the ČSOB holding	ČSOB Pojišťovna	0.24	9	0.24	9
			87,429		**82,684**

All companies excluding K&H Payment Services are incorporated in the Czech Republic.

In September 2024, ČSOB acquired a share in Ownest, s.r.o., a company operating on the real estate market in the Czech Republic. Ownest enables its clients to rent residential real estate with a view to purchasing it for personal ownership in the future, including financing services. The amount of the Bank's investment corresponds to a 21.73% share on equity of the company. The Bank paid CZK 30 m for this share. According to the contractual arrangements, ČSOB's influence is equal to 30% and the consensus of all joint owners is required for the decision to be made. Given that fact, ČSOB included Ownest in the consolidated financial statements as of 31 December 2024 as a joint venture in the amount corresponding to ČSOB's share on the equity of Ownest.

In March 2024, ČSOB established a new company ČSOB Nemovitostní, otevřený podílový fond Patria investiční společnosti, a.s., through which the Bank acquires entities operating on the real estate market. During 2024, the Bank contributed seed money into the equity of the fund of CZK 2,155 m with an intention to sell the investment certificates of the fund to the customers. Sales are expected to begin in 2025, as soon as the fund has collected a sufficiently diversified portfolio of assets. During 2024, ČSOB Nemovitostní acquired 100% investment share in entities Patria Park Chomutov, Patria Park Piešťany, Patria RP Bytča, Patria RP Humpolec, Patria RP Lipník, Patria RP Zvolen I and Patria RP Zvolen II. The Bank exercises a control in all these entities and has therefore included the whole property related group in the consolidated financial statements as at 31 December 2024 using the full method of consolidation.

Other changes

In March 2024, the Bank increased its investment in Patria Finance by CZK 200 m through an additional charge apart from the registered capital of the company.

In April 2024, the Bank decreased its investment in ČSOB PS by CZK 1,501 m through the redemption of other capital funds of the company.

In June 2024, the Bank increased its investment in Ušetřeno by CZK 60 m through an additional charge apart from the registered capital of the company.

In June 2024, the Bank increased its investment in ČSOB Leasing by CZK 700 m through an additional charge apart from the registered capital of the company.

In August 2024, the Bank increased its investment in K&H Payment Services by CZK 174 m through a registered capital and an additional charge apart from the registered capital of the company.

In August 2024, the Bank increased its investment in BANIT by CZK 338 m through an additional charge apart from the registered capital of the company.

In December 2024, the Bank increased its investment in Igluu by CZK 4 m through an additional charge apart from the registered capital of the company.

In December 2024, the Bank decreased its investment in ČSOBS by CZK 500 m through the redemption of other capital funds of the company.

In December 2024, the Bank increased its investment in Skip Pay by CZK 95 m through an additional charge apart from the registered capital of the company.

In December 2024, the Bank increased its investment in Radlice Rozvojová by CZK 138 m through an additional charge apart from the registered capital of the company.

In March 2023, the Bank increased its investment in Igluu by CZK 12 m through an additional charge apart from the registered capital of the company.

In April 2023, the Bank increased its investment in ČSOB Leasing by CZK 1,400 m through an additional charge apart from the registered capital of the company.

In May 2023, the Bank increased its investment in ČSOB Hypoteční banka by CZK 1,000 m through an additional charge apart from the registered capital of the company.

In May 2023, the Bank increased its investment in BANIT by CZK 52 m through an additional charge apart from the registered capital of the company.

In May 2023, the Bank decreased its investment in ČSOB PS by CZK 1,199 m through the redemption of other capital funds of the company.

In May 2023, the Bank increased its investment in Ušetřeno by CZK 25 m through an additional charge apart from the registered capital of the company.

In June 2023, the Bank increased its investment in ČSOB Factoring by CZK 120 m through an additional charge apart from the registered capital of the company.

In June 2023, the Bank increased its investment in Patria Finance by CZK 281 m through an additional charge apart from the registered capital of the company.

In October 2023, the Bank increased its investment in Igluu by CZK 20 m through an additional charge apart from the registered capital of the company.

In December 2023, the Bank increased its investment in ČSOBS by CZK 960 m through an additional charge apart from the registered capital of the company.

In December 2023, the Bank decreased its investment in Radlice Rozvojová by CZK 60 m through the redemption of other capital funds of the company.

In December 2023, the Bank increased its investment in BANIT by CZK 110 m through an additional charge apart from the registered capital of the company.

In December 2023, the Bank increased its investment in Skip Pay by CZK 131 m through an additional charge apart from the registered capital of the company.

At 31 December 2024 and 2023, the Bank considered the value of interests in certain subsidiaries to be impaired.

In 2024, the value of interests in K&H Payments Services was impaired as a result of a decrease in projected discounted cash flows. As a result, a provision for an impairment loss of CZK 152 m, has been recognised.

In 2024, the value of interests in Igluu was impaired as a result of a decrease in projected discounted cash flows. As a result, a provision for an impairment loss of CZK 38 m, has been recognised.

In 2024 and 2023, the value of interests in Ušetřeno was impaired as a result of a decrease in projected discounted cash flows. As a result, a provision for an impairment loss of CZK 111 m, respectively CZK 42 m, has been recognised.

In 2024 and 2023, the value of interests in Skip Pay was impaired as a result of a decrease in projected discounted cash flows. As a result, a provision for an impairment loss of CZK 48 m, respectively CZK 140 m, has been recognised.

In 2024 and 2023, the Bank performed an impairment test of subsidiary ČSOB Hypoteční banka and impairment was indicated by the test in 2023 in the amount of CZK 1,238 m and in 2024 in the amount of CZK Nil. In 2024, the entire impairment in the amount of CZK 1,681 m was reversed, but the impairment test will continue to be monitored for sensitivity to the factors described below. The recoverable amount for ČSOB Hypoteční banka was determined based on the value-in-use methodology. The calculation uses cash flow projections from business plans for the forthcoming three years which are then extrapolated for twenty years using the expected average growth rate of 2.6% in 2024 (2023: 2.1%); after that a terminal value is applied. Period of twenty years is used due to long term nature of the business of ČSOB Hypoteční banka.

Cash flows in ČSOB Hypoteční banka are based on the net profit generated by the ČSOB Hypoteční banka above the required capital and a terminal value of the business. For the calculation of the terminal value a sustainable discount rate of 12.6% in 2024 (2023: 12.8%) and long term growth rates 2.0% were used in 2024 (2023: 3.3%).

The value in use is particularly sensitive to a number of key assumptions:

- The growth rate in forecasted cash flows beyond the terminal year of the budget. The Bank implies no growth rate for ČSOB Hypoteční banka has been used for extrapolation purposes beyond the budget period.
- The risk discount rate. For ČSOB Hypoteční banka an average risk discount rate of 12.6% (2023: 12.8%) has been applied. This reflects a risk-free rate in the Eurozone, the credit default swap spread for the Czech Republic relative to the Eurozone, an average 'beta' factor for relative market risk, including the market risk premium.

The key assumptions described above may change as economic and market conditions change.

There is a negative sensitivity of the value-in-use of ČSOB Hypoteční banka to the risk discount rate, as a key assumption. An increase of the discount rate by 1% would result to the increase impairment of the investment.

The following table shows key assumptions and sensitivity of value-in-use to changes in key assumptions as at 31 December 2024:

(CZKm)	+1%	-1%
Assets grow rate	618	-591
Discount rate	-1,148	1,386

The following table shows key assumptions and sensitivity of value-in-use to changes in key assumptions as at 31 December 2023:

(CZKm)	+1%	-1%
Assets grow rate	306	-309
Discount rate	-609	750

In 2024 and 2023, the Bank performed an impairment test of subsidiary ČSOBS and impairment was indicated by the test in 2024 in the amount of CZK 953 m (2023: CZK 2,473 m). The recoverable amount for ČSOBS was determined based on the value-in-use methodology. The calculation uses cash flow projections from business plans for the forthcoming ten years; after that a terminal value is applied.

Cash flows in ČSOBS are based on the net profit generated by the ČSOBS above the required capital and a terminal value of the business. For the calculation of the terminal value a sustainable discount rate of 12.6% in 2024 (2023: 12.8%) and long term growth rates of 0.0% were used in 2024 (2023: 3.3%).

On 8 November 2023, the Czech Parliament approved a proposal for the reduction of the building saving state subsidy, being effective starting 1 January 2024. The change had a significant negative impact on ČSOBS's future projected earnings.

The value in use is particularly sensitive to a number of key assumptions:

- The risk discount rate. For ČSOBS an average risk discount rate of 12.6% (2023: 12.8%) has been applied. This reflects a risk-free rate in the Eurozone, the credit default swap spread for the Czech Republic relative to the Eurozone, an average 'beta' factor for relative market risk, including the market risk premium.

The key assumptions described above may change as economic and market conditions change.

There is a negative sensitivity of the value-in-use of ČSOBS to the risk discount rate, as a key assumption. An increase of the discount rate by 1% would result to the increase of the impairment of the investment.

The following table shows key assumptions and sensitivity of value-in-use to changes in key assumptions as at 31 December 2024:

(CZKm)	+1%	-1%
Discount rate	-454	530

The following table shows key assumptions and sensitivity of value-in-use to changes in key assumptions as at 31 December 2023:

(CZKm)	+1%	-1%
Discount rate	-348	420

The Bank's management believes that there is no other indication of impairment in the value of its investments in subsidiaries, associates and joint ventures.

The following table shows a reconciliation of the impairment losses on investment in subsidiaries, associates and joint ventures for 2023 and 2024:

(CZKm)	ČSOBS	ČSOB HB	Igluu	K&H Payment Services	Ušetřeno	Skip Pay	Total
At 1 January 2023	**-**	**443**	**-**	**-**	**322**	**362**	**1,127**
Increase (Note: 11)	2,473	1,238	-	-	42	140	3,893
At 31 December 2023	**2,473**	**1,681**	**-**	**-**	**364**	**502**	**5,020**
Increase (Note: 11)	-	-	38	152	111	48	349
Decrease (Note: 11)	-1,520	-1,681	-	-	-	-	-3,201
At 31 December 2024	**953**	**-**	**38**	**152**	**475**	**550**	**2,168**

19. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative instruments are utilised by the Bank for trading and hedging purposes. Derivative instruments include swaps, forwards and option contracts. A swap agreement is a contract between two parties to exchange cash flows based on specified underlying notional amounts, assets and/or indices. Forward contracts are agreements to buy or sell a quantity of a financial instrument, index, currency or commodity at a predetermined future date and rate or price. An option contract is an agreement that conveys to the purchaser the right, but not the obligation, to buy or sell a quantity of a financial instrument, index, currency or commodity at a predetermined rate or price at a time or during a period in the future.

Credit risk associated with derivative financial instruments

By using derivative instruments, the Bank is exposed to credit risk in the event of non-performance by counterparties in respect of derivative instruments. If a counterparty fails to perform, credit risk is equal to the positive fair value of the derivatives with that counterparty. When the fair value of a derivative is positive, the Bank bears the risk of loss; conversely, when the fair value of a derivative is negative, the counterparty bears the risk of loss (or credit risk). The Bank minimises credit risk through credit approvals, limits and monitoring procedures. Furthermore, the Bank obtains collateral where appropriate and uses bilateral master netting arrangements.

All derivatives are traded over-the-counter.

The maximum credit risk on the Bank's outstanding non-credit derivatives is measured as the cost of replacing their cash flows with positive fair value if the counterparties default, less the effects of bilateral netting arrangements and collateral held. The Bank's actual credit exposures are less than the positive fair value amounts shown in the derivative tables below as netting arrangements and collateral have not been considered.

Trading derivatives

The Bank's trading activities primarily involve providing various derivative products to its customers and managing trading positions for its own account. Trading derivatives also include those derivatives which are used for asset and liability management (ALM) purposes to manage the interest rate position of the Banking Book (positions managed by ALM) and which do not meet the criteria of hedge accounting; still they are used as natural or economic hedges.

The contract or notional amounts and positive and negative fair values of the Bank's outstanding derivative trading positions as at 31 December 2024 and 2023 are set out in the table below. The contract or notional amounts represent the volume of outstanding transactions at a point in time; they do not represent the potential for gain or loss associated with the market risk or credit risk of such transactions.

Trading positions

	2024			2023		
	Notional	Fair value		Notional	Fair value	
(CZKm)	amount	Positive	Negative	amount	Positive	Negative
Interest rate related contracts						
Swaps	812,739	20,162	20,477	876,975	28,082	28,505
Options	28,498	208	137	21,340	260	176
	841,237	**20,370**	**20,614**	**898,315**	**28,342**	**28,681**
Foreign exchange contracts						
Swaps	618,128	5,676	4,743	23,632	1,363	1,355
Forwards	70,112	594	1,298	-	-	-
Options	103,837	623	622	71,722	462	449
	792,077	**6,893**	**6,663**	**95,354**	**1,825**	**1,804**
Commodity contracts						
Swaps / Options	707	33	31	2,024	81	81
Total trading derivatives (Notes: 15, 24)	**1,634,021**	**27,296**	**27,308**	**995,693**	**30,248**	**30,566**

Positions of ALM – economic hedges

	2024			2023		
	Notional	Fair value		Notional	Fair value	
(CZKm)	amount	Positive	Negative	amount	Positive	Negative
Interest rate related contracts						
Swaps	441,648	8,091	7,170	436,752	11,690	10,150
Foreign exchange contracts						
Forwards	-	-	-	76,707	600	3,197
Swaps	151,443	453	136	557,176	6,999	3,601
	151,443	**453**	**136**	**633,883**	**7,599**	**6,798**
Equity contracts						
Swaps	7,460	640	35	6,076	280	94
Options	4,140	578	1	5,336	500	-
	11,600	**1,218**	**36**	**11,412**	**780**	**94**
Total derivatives used as economic hedges (Notes: 15, 24)	**604,691**	**9,762**	**7,342**	**1,082,047**	**20,069**	**17,042**

Figures presented in Foreign exchange contracts of the comparative period of 2023 have been revised to align with the new product structure of presentation.

Hedging derivatives

The Bank's ALM function utilises derivative interest rate contracts in the management of the Bank's interest rate risk arising from non-trading or ALM activities, which are contained in the Bank's Banking Book. Interest rate risk arises when interest-sensitive assets have different maturities or repricing characteristics than the corresponding interest-sensitive liabilities. The Bank's objective for managing interest rate risk in the Banking Book is to reduce the structural interest rate risk within each currency and, thus, the volatility of net interest margins. Derivative strategies used to achieve this objective involve either swapping currency interest rate exposures or modifying repricing characteristics of certain interest-sensitive assets or liabilities so that the changes in interest rates do not have a significant adverse effect on the net interest margins and cash flows of the Banking Book. Bank policies to achieve these strategies currently require the use of both cash flow hedges and fair value hedges.

In ČSOB, an effectiveness of hedge accounting relationship is measured by a comparison of cumulative changes in net present value of a hedging derivative and cumulative changes in net present value of a "hypothetical" derivative. Hypothetical derivative is not a real transaction. It is a virtual financial derivative representing a hedged item and hedged risk. Besides, the Bank is testing whether the total amount of hedging derivatives does not exceed the volume of financial instruments eligible for hedging.

The hedging ineffectiveness results from the different floating rate repricing frequencies in hedging and hypothetical derivatives having an impact on their valuation.

Cash flow hedging derivatives

Most of the hedging derivatives are CZK single currency interest rate swaps. The Bank uses these instruments to hedge floating interest income from expected reverse repo operations with the Czech National Bank earning the 14-day interest repo rate. The hedging swap contracts are arranged to swap the floating interest rate 3M PRIBOR or 6M PRIBOR paid by the Bank and the fixed interest rate the Bank receives. The hedging construction is effective due to the strong correlation between the 14-day interest repo rate and 3M or 6M PRIBOR.

The Bank also uses single currency interest rate swaps

- to hedge the interest rate risk arising from changes in external interest rates on a group of non-retail client current accounts (the variability in the interest paid on the client deposits is effectively hedged by the fixed rate payer/floating rate receiver swaps).
- to convert floating-rate client loans to fixed rates.
- to convert floating-rate bonds to a synthetic fixed rate bonds

The contract or notional amounts and positive and negative fair values of the Bank's outstanding cash flow hedging derivatives as at 31 December 2024 and 2023 are set out as follows:

	2024			2023		
	Notional	Fair value		Notional	Fair value	
(CZKm)	amount	Positive	Negative	amount	Positive	Negative
Cash flow hedges						
Single currency interest rate swaps						
Cash flow micro hedges	11,900	1,090	-	11,900	1,350	-
Cash flow portfolio hedges	59,823	1,440	1,320	44,214	1,790	1,605
Total hedging derivatives	**71,723**	**2,530**	**1,320**	**56,114**	**3,140**	**1,605**

In 2024, a gain of CZK 45 m was recognised in the statement of income due to hedge ineffectiveness from single currency interest rate swaps cash flow hedges (2023: gain of CZK 84 m).

In 2024, the discontinuation of hedge accounting (due to sales of / impairment on underlying hedged bonds or retrospective hedge effectiveness test failure) resulted in a reclassification of the associated cumulative losses of CZK 10 m from equity to the statement of income (2023: gains of CZK 6 m). The gains / losses are included in Net gains from financial instruments at fair value through profit or loss.

The following table contains details of the hedged financial instruments as at 31 December 2024 and 2023 covered by the Bank's hedging strategies:

(CZKm)	2024			2023		
	Cash flow hedge reserve		Change in fair value of hedged item for ineffectiveness assessment	Cash flow hedge reserve		Change in fair value of hedged item for ineffectiveness assessment
	Continuing hedges	Discontinued hedges		Continuing hedges	Discontinued hedges	
Cash flow hedges	825	-	-741	1,601	6	3,781

Net gains and losses on cash flow hedges reclassified to the statement of income are as follows:

(CZKm)	2024	2023
Net interest income (Note: 29)	-920	-917
Net gains from financial instruments at fair value through profit or loss (Note: 29)	34	90
Taxation (Note: 12)	186	174
Net losses	**-700**	**-653**

Since the cash flows from the hedging interest rate swaps are variable and difficult to predict, the Bank uses the remaining contractual maturity analysis of the hedging derivatives notional amounts instead of the expected future cash flows from the hedged items. As the objective of the hedging structure is to achieve fixed interest income, the information of the hedging swaps notional amounts remaining maturity is more relevant. Cash flows from hedged items are expected to occur in the same periods as the remaining maturity of cash flows from hedging derivatives.

The following table shows the notional amounts of hedging derivatives by remaining contractual maturity at 31 December 2024 and 2023:

(CZKm)	2024	2023
Less than 3 months	504	420
More than 3 months but not more than 6 months	452	2,250
More than 6 months but not more than 1 year	1,478	718
More than 1 year but not more than 2 years	3,796	2,364
More than 2 years but not more than 5 years	19,094	15,067
More than 5 years	46,399	35,295
	71,723	**56,114**

Fair value hedging derivatives

Cross currency interest rate swaps are used to hedge both FX risks and interest rate risks arising from the movement in the fair value of foreign currency fixed rate bonds classified as at fair value through other comprehensive income and as Financial assets at amortised cost attributable to the changes in the FX rate and the risk-free (interest rate swap) yield curve. A fixed rate payer (foreign currency)/floating rate receiver (home currency) interest rate swap is expected to be a highly effective hedge.

Interest rate swaps are used by the Bank to hedge the interest rate risk arising from the movement in the fair value of bonds classified as Financial assets at fair value through other comprehensive income and as Financial assets at amortised cost attributable to changes in the risk-free (interest rate swap) yield curve. A fixed payer/floating rate receiver interest rate swap denominated in the same currency as the hedged bond is expected to be highly effective hedge.

Interest rate swaps are used by the Bank to hedge the interest rate risk arising from the movement in the fair value of long-term fixed rate wholesale funding transactions (classified as Financial liabilities at cost) attributable to changes in the risk-free (interest rate swap) yield curve. A fixed rate receiver/floating rate payer interest rate swap denominated in the same currency as the hedged funding transaction is expected to be highly effective hedge.

Fair value hedges for portfolios of retail non-maturity deposits have been used to hedge interest rate risk arising from changes in fair value of non-maturity retail deposits to changes in the risk-free yield curve. The portfolio consisting of the part of retail current accounts was designated as a hedged item. The interest rate risk is effectively hedged by the single currency fixed rate receiver/floating rate payer swaps.

Fair value hedges for portfolios of fixed rate loans have been used to hedge interest rate risk arising from changes in the fair value of fixed rate loans to changes in the risk-free yield curve. The interest rate risk is effectively hedged by the single currency fixed rate payer/floating rate receiver swaps.

Fair value hedges for portfolios of fixed rate mortgage bonds classified as at fair value through other comprehensive income have been used to hedge interest rate risk arising from changes in the fair value of fixed rate bonds to changes in the risk-free yield curve. The interest rate risk is effectively hedged by the single currency fixed rate payer/floating rate receiver swaps.

The contract or notional amounts and positive and negative fair values of the Bank's outstanding fair value hedging derivatives as at 31 December 2024 and 2023 are set out as follows:

	2024			2023		
	Notional	Fair value		Notional	Fair value	
(CZKm)	amount	Positive	Negative	amount	Positive	Negative
Fair value hedges						
Single currency interest rate swaps						
Fair value micro hedges	115,991	8,149	1,062	87,057	8,675	1,460
Fair value portfolio hedges	590,823	7,298	17,057	600,367	11,699	22,420
Cross currency interest rate swaps						
Fair value micro hedges	516	10	-	516	31	-
Total hedging derivatives	**707,330**	**15,457**	**18,119**	**687,940**	**20,405**	**23,880**

The following table contains details of the hedged items as at 31 December 2024 covered by the Bank's hedging strategies:

(CZKm)	Carrying amount of hedged item	Accumulated amount of fair value adjustments on the hedged items: Assets	Liabilities	Change in fair value of hedged item for ineffectiveness assessment
Fair value micro hedges				
Financial assets at amortised cost	72,965	-6,174	-	411
Financial assets at fair value through other comprehensive income	24,492	-283	-	-208
Financial liabilities at amortised cost	12,849	-	257	-200
Total	110,306	-6,457	257	3
Fair value portfolio hedges				
Financial assets at amortised cost	210,553	-2,654	-	2,596
Financial assets at fair value through other comprehensive income	2,849	99	-	-27
Financial liabilities at amortised cost	363,790	-	-11,077	-4,227
Total	577,192	-2,555	-11,077	-1,658
Total fair value hedged items	**687,498**	**-9,012**	**-10,820**	**-1,655**

The following table contains details of the hedged items as at 31 December 2023 covered by the Bank's hedging strategies:

(CZKm)	Carrying amount of hedged item	Accumulated amount of fair value adjustments on the hedged items – Assets	Accumulated amount of fair value adjustments on the hedged items – Liabilities	Change in fair value of hedged item for ineffectiveness assessment
Fair value micro hedges				
Financial assets at amortised cost	72,351	-7,390	-	7,353
Financial assets at fair value through other comprehensive income	7,374	-458	-	524
Total	79,725	-7,848	-	7,877
Fair value portfolio hedges				
Financial assets at amortised cost	243,258	-5,250	-	9,019
Financial assets at fair value through other comprehensive income	2,876	126	-	158
Financial liabilities at amortised cost	333,800	-	-15,309	-16,826
Total	579,934	-5,124	-15,309	-7,649
Total fair value hedged items	**659,659**	**-12,972**	**-15,309**	**228**

In 2024, the discontinuation of hedge accounting due to sales of underlying hedged bonds resulted in realised losses of CZK 5 m (2023: losses of CZK 5 m) included in Net gains from financial instruments at fair value through profit or loss in the statement of income.

In 2024, the net losses in the amount of CZK 1,655 m (2023: gains of CZK 228 m) realised on the hedged item attributable to the hedged interest rate risk is included in Net gains from financial instruments at fair value through profit or loss.

Net gains realised on the hedging contracts, which are included in Net gains from financial instruments at fair value through profit or loss, amounted to CZK 1,656 m (2023: losses of CZK 31 m).

20. PROPERTY AND EQUIPMENT

(CZKm)	Land and buildings	IT equipment	Office equipment	Other	Construction in progress	Total
Cost at 1 January 2023	7,832	2,358	726	1,398	460	12,774
Depreciation and impairment at 1 January 2023	-4,191	-1,634	-450	-1,117	-	-7,392
Net book value at 1 January 2023	**3,641**	**724**	**276**	**281**	**460**	**5,382**
Transfers	224	252	44	128	-648	-
Additions	-	-	-	-	836	836
Disposals	-8	-1	-4	-4	-	-17
Transfers to non-current assets held-for-sale	-11	-	-	-	-	-11
Depreciation	-291	-400	-45	-113	-	-849
Net book value at 31 December 2023	**3,555**	**575**	**271**	**292**	**648**	**5,341**
of which						
Cost	7,978	2,398	741	1,406	648	13,171
Depreciation and impairment	-4,423	-1,823	-470	-1,114	-	-7,830

(CZKm)	Land and buildings	IT equipment	Office equipment	Other	Construction in progress	Total
Cost at 1 January 2024	7,978	2,398	741	1,406	648	13,171
Depreciation and impairment at 1 January 2024	-4,423	-1,823	-470	-1,114	-	-7,830
Net book value at 1 January 2024	**3,555**	**575**	**271**	**292**	**648**	**5,341**
Transfers	309	849	75	232	-1,465	-
Additions	-	-	-	-	837	837
Disposals	-162	-1	-2	-3	-	-168
Transfers to non-current assets held-for-sale	-4	-	-	-	-	-4
Depreciation	-320	-407	-46	-105	-	-878
Net book value at 31 December 2024	**3,378**	**1,016**	**298**	**416**	**20**	**5,128**
of which						
Cost	8,088	2,955	780	1,563	20	13,406
Depreciation and impairment	-4,710	-1,939	-482	-1,147	-	-8,278

RIGHT OF USE ASSETS

(CZKm)	Land and buildings	IT equipment	Other	Total
Cost at 1 January 2023	4,290	291	46	4,627
Depreciation and impairment at 1 January 2023	-1,583	-167	-30	-1,780
Net book value at 1 January 2023	**2,707**	**124**	**16**	**2,847**
Additions	582	12	27	621
Disposals	-38	-	-3	-41
Depreciation	-448	-56	-10	-514
Impairment	1	-	-	1
Net book value at 31 December 2023	**2,804**	**80**	**30**	**2,914**
of which				
Cost	4,710	179	71	4,960
Depreciation and impairment	-1,906	-99	-41	-2,046

(CZKm)	Land and buildings	IT equipment	Other	Total
Cost at 1 January 2024	4,710	179	71	4,960
Depreciation and impairment at 1 January 2024	-1,906	-99	-41	-2,046
Net book value at 1 January 2024	**2,804**	**80**	**30**	**2,914**
Additions	405	-	33	438
Disposals	-4	-	-	-4
Depreciation	-439	-55	-15	-509
Impairment	-	-	-	-
Net book value at 31 December 2024	**2,766**	**25**	**48**	**2,839**
of which				
Cost	5,070	179	91	5,340
Depreciation and impairment	-2,304	-154	-43	-2,501

Property and equipment are assessed as non-current assets.

21. GOODWILL AND OTHER INTANGIBLE ASSETS

(CZKm)	Goodwill	Acquired software	Internally developed software	Other intangible assets	Construction in progress	Total
Cost at 1 January 2023	2,752	3,102	3,034	396	1,215	10,499
Amortisation and impairment at 1 January 2023	-63	-2,937	-1,315	-389	-	-4,704
Net book value at 1 January 2023	**2,689**	**165**	**1,719**	**7**	**1,215**	**5,795**
Transfers	-	21	1,113	-6	-1,128	-
Additions	-	-	-	-	1,019	1,019
Amortisation	-	-49	-585	-	-	-634
Impairment (Note: 11)	-	-	-358	-	-	-358
Net book value at 31 December 2023	**2,689**	**137**	**1,889**	**1**	**1,106**	**5,822**
of which						
Cost	2,752	3,041	3,789	175	1,106	10,863
Amortisation and impairment	-63	-2,904	-1,900	-174	-	-5,041

(CZKm)	Goodwill	Acquired software	Internally developed software	Other intangible assets	Construction in progress	Total
Cost at 1 January 2024	2,752	3,041	3,789	175	1,106	10,863
Amortisation and impairment at 1 January 2024	-63	-2,904	-1,900	-174	-	-5,041
Net book value at 1 January 2024	**2,689**	**137**	**1,889**	**1**	**1,106**	**5,822**
Transfers	-	2	929	-	-931	-
Additions	-	-	-	-	877	877
Amortisation	-	-38	-671	-	-	-709
Impairment (Note: 11)	-	-	-56	-	-	-56
Net book value at 31 December 2024	**2,689**	**101**	**2,091**	**1**	**1,052**	**5,934**
of which						
Cost	2,752	1,116	6,845	78	1,052	11,843
Amortisation and impairment	-63	-1,015	-4,754	-77	-	-5,909

Internally developed software in the net amount of CZK 1,052 m as at 31 December 2024 (31 December 2023: CZK 1,106 m) is included in Construction in progress.

Goodwill and other intangible assets are assessed as non-current assets.

Goodwill has been allocated to the Retail segment and SME clients, representing a cash-generating unit (CGU). The recoverable amount for the Retail segment and SME clients was determined based on the value-in-use methodology. The calculation uses cash flow projections from business plans for the forthcoming three years which are then extrapolated for a four further years using the expected average growth rate of 3%; after that a terminal value is applied.

Cash flows in the Retail segment and SME clients are based on the net profit generated by the CGU above the required capital and a terminal value of the business. For the calculation of the terminal value a sustainable discount rate of 12.6% in 2024 (2023: 12.7%) and no long term growth rates were used in 2024 and 2023.

The value in use is particularly sensitive to a number of key assumptions:

- The growth rate in forecasted cash flows beyond the terminal year of the budget. The Bank has a conservative approach when calculating the terminal value, which implies that no growth rate for Retail segment and SME clients has been used for extrapolation purposes beyond the budget period.
- The risk discount rate. For Retail segment and SME clients an average risk discount rate of 12.7% has been applied (2023: 12.8%). This reflects a risk-free rate in the Eurozone, the credit default swap spread for the Czech Republic relative to the Eurozone, an average 'beta' factor for relative market risk, including the market risk premium.

The key assumptions described above may change as economic and market conditions change.

The outcome of the impairment assessment was that it is considered unlikely that goodwill in respect of the Retail segment and SME clients would be impaired given that the value-in-use is significantly higher than the carrying value of goodwill.

The management believes that reasonable potential changes in the key assumptions on which the recoverable amount is based would not cause it to fall below the carrying amount.

22. NON-CURRENT ASSETS HELD-FOR-SALE

(CZKm)	Land and buildings	Total
Net book value at 1 January 2023	**23**	**23**
Transfer from Property and equipment (Note: 20)	11	11
Disposals	-11	-11
Net book value at 31 December 2023	**23**	**23**
of which		
Cost	23	23
Impairment	-	-

(CZKm)	Land and buildings	Total
Net book value at 1 January 2024	**23**	**23**
Transfer from Property and equipment (Note: 20)	4	4
Disposals	-4	-4
Net book value at 31 December 2024	**23**	**23**
of which		
Cost	23	23
Impairment	-	-

23. OTHER ASSETS

(CZKm)	2024	2023
Other financial assets		
Other debtors, net of provisions (Notes: 30, 32, 38.2)	1,014	770
Accrued income (Notes: 30, 32, 38.2)	213	179
	1,227	**949**
Other non-financial assets		
Prepaid charges	745	638
VAT and other tax receivables	10	7
	755	**645**
Total other assets	**1,982**	**1,594**

The following table shows staging and detail of cumulative impairment losses on other financial assets for 2024 and 2023:

(CZKm)	2024 Stage 2	2024 Stage 3	2024 Total	2023 Stage 2	2023 Stage 3	2023 Total
Other financial assets						
Gross carrying amount	1,229	14	1,243	952	9	961
Allowance for impairment losses	-6	-10	-16	-6	-6	-12
	1,223	**4**	**1,227**	**946**	**3**	**949**

Expected credit losses of Other financial assets are assessed using simplified approach.

Other assets are assessed as current assets.

24. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

(CZKm)	2024	2023
Financial liabilities held for trading		
Derivative contracts (Note: 19)		
Trading derivatives	27,308	30,566
Derivatives used as economic hedges	7,342	17,042
Term deposits	565	2,018
Repo transactions	2,373	983
	37,588	**50,609**
Financial liabilities designated at fair value through profit or loss		
Bonds issued	6,145	13,916
of which hybrid contracts	*2,829*	*1,392*
Investment certificates – hybrid contracts	10,622	11,342
	16,767	**25,258**
Financial liabilities at fair value through profit or loss	**54,355**	**75,867**

The amount that the Bank would contractually be required to pay at the maturity of the financial liabilities designated at fair value through profit or loss is by CZK 1,039 m lower than the carrying amount at 31 December 2024 (31 December 2023: lower by CZK 495 m).

The changes in the fair value of the Financial liabilities designated at fair value through profit or loss attributable to changes in own credit risk amounted to CZK 9 m in 2024 (2023: CZK Nil).

The investment certificates and a part of bonds issued reported as Financial liabilities designated at fair value through profit or loss are hybrid contracts which contain an embedded derivative. The Bank has assessed the contract, where the separation of the embedded derivative would require unreasonable cost and therefore the Bank has decided to apply the fair value option on measurement of these hybrid contracts as a whole. Bonds issued, other than hybrid contracts, are financial instruments managed at fair value on portfolio basis.

25. FINANCIAL LIABILITIES AT AMORTISED COST

(CZKm)	2024	2023
Deposits received from credit institutions		
Current accounts and overnight deposits (Note: 31)	11,063	20,446
Term deposits (Note: 31)	12,327	13,861
Repo transactions (Note: 31)	12,772	226,376
	36,162	**260,683**
Deposits received from other than credit institutions		
Current accounts and overnight deposits	620,919	584,958
Term deposits	231,778	312,827
Savings deposits	341,820	264,971
Repo transactions (Note: 31)	59,500	49,794
Other deposits	6,097	6,061
	1,260,114	**1,218,611**
Debt securities in issue		
Bonds issued	16,443	7,705
Promissory notes (Note:31)	247,020	7,561
	263,463	**15,266**
Subordinated debt	**57,241**	**45,843**
Financial liabilities at amortised cost	**1,616,980**	**1,540,403**

Uncollateralised funding from KBC Bank through promissory notes increased in 2024, replacing short term repo operations contracted with KBC Bank, as part of standard liquidity and capital management within KBC Group.

In 2024, the Bank issued coupon bonds in the nominal amount of CZK 11,937 m having a contractual maturity between 2 and 4 years and EIR in the range of PRIBOR 6M -1.15% to PRIBOR 6M -0.40% and PRIBOR 1M – 0.30%. All bonds contain both-side option allowing premature purchase or sale at every coupon payment date.

In 2023, the Bank issued coupon bonds in the nominal amount of CZK 3,647 m having a contractual maturity between 1 and 4 years and EIR in the range of PRIBOR 6M -1.15% to PRIBOR 6M -0.65%. All bonds contain both-side option allowing premature purchase or sale at every coupon payment date.

From 1 January 2022, the Bank has to meet the Minimum Requirement for own funds and eligible liabilities (MREL) at the interim level set by ČNB and therefore ČSOB issued the subordinated debts described below (Notes: 35, 39).

In December 2024, the Bank issued subordinated debt in the nominal amount of EUR 180 m (CZK 4,533 m) to KBC Bank NV. Subordinated debt is repayable after 4 years (2028). Its coupon rate is EURIBOR 3M + 0.847%. The Bank may prepay the debt at any time following the first three-year period.

In December 2024, the Bank issued subordinated debt in the nominal amount of EUR 240 m (CZK 6,044 m) to KBC Bank NV. Subordinated debt is repayable after 5 years (2029). Its coupon rate is EURIBOR 3M + 0.941%. The Bank may prepay the debt at any time following the first four-year period.

In December 2023, the Bank issued subordinated debt in the nominal amount of EUR 170 m (CZK 4,281 m) to KBC Bank NV. Subordinated debt is repayable after 6 years (2029). Its coupon rate is EURIBOR 3M + 1.375%. The Bank may prepay the debt at any time following the first five-year period.

In June 2022, the Bank issued subordinated debt in the nominal amount of EUR 330 m (CZK 8,311 m) to KBC Bank NV. Subordinated debt was repayable after 3 years (2025). Its coupon rate is EURIBOR 3M + 1.05%. The Bank could prepay the debt at any time following the first two-year period. This bond was prolonged for a further 6 year period in December 2024 (2030). Its coupon rate is EURIBOR 3M + 1.035%. The Bank may prepay the debt at any time following the five-year period.

The repayment of the debt is subordinated to all other classes of liabilities in the event of the liquidation of the Bank.

26. OTHER LIABILITIES

(CZKm)	2024	2023
Other financial liabilities		
Accrued charges (Notes: 30, 32,38.3)	1,396	1,241
Other creditors (Notes: 30, 32, 38.3)	1,081	993
	2,477	**2,234**
Other non-financial liabilities		
Payables to employees including social security charges	2,614	2,435
Income received in advance	40	33
VAT and other tax payables	270	321
	2,924	**2,789**
Total other liabilities	**5,401**	**5,023**

Other liabilities are assessed as current liabilities.

27. PROVISIONS

(CZKm)	Pending legal issues and other losses	Restructuring	Contractual engagements	Total
At 1 January 2023	**3,688**	**79**	**13**	**3,780**
Additions	43	183	4	230
Amounts utilised	-3,697	-132	-4	-3,833
Unused amounts reversed	-11	-	-9	-20
At 31 December 2023	**23**	**130**	**4**	**157**
At 1 January 2024	**23**	**130**	**4**	**157**
Additions	7	-	-	7
Amounts utilised	-1	-49	-1	-51
Unused amounts reversed	-	-	-	-
At 31 December 2024	**29**	**81**	**3**	**113**

Loan commitments and guarantees (Note: 33):

(CZKm)	Stage 1	Stage 2	Stage 3	Total
At 1 January 2023	**123**	**239**	**305**	**667**
Origination and acquisition	102	-	-	102
Change in credit risk not leading to stage transfers	-69	-51	-123	-243
Change in credit risk leading to stage transfer	-12	-115	33	-94
Foreign currency translation	1	-	14	15
At 31 December 2023	**145**	**73**	**229**	**447**
Origination and acquisition	21	-	-	21
Change in credit risk not leading to stage transfers	-186	30	-40	-196
Change in credit risk leading to stage transfer	5	-9	-3	-7
Change in model / methodology	2	-7	-	-5
Foreign currency translation	57	-27	-24	6
At 31 December 2024	**44**	**60**	**162**	**266**

Restructuring

During 2022 and 2023, the Bank started a new restructuring programme, resulting in the creation of a provision of CZK 79 m and CZK 183 m respectively. In the framework of this restructuring programme the total number of personnel will be reduced in the period of 2022 - 2026.

Pending legal issues and other losses

Provisions for legal issues and other losses represent an obligation to cover potential risks resulting from litigation, where the Bank is the defendant.

The Bank is involved in a number of ongoing legal disputes, the resolution of which may have an adverse financial impact on the Bank. Based upon historical experience and expert reports, the Bank assesses the developments in these cases, and the likelihood and the amount of potential financial losses which are appropriately provided for.

The Bank's policy is to create a provision, where the possibility of an outflow of resources embodying economic benefits to settle the obligation is more than 50%. In such cases the Bank creates a provision in the full amount to cover the possible cost in the event of loss.

In 2022, the Bank had a provision for pending legal issues and other losses in the total amount of CZK 3,688 m. This amount included a provision for the legal proceedings against the company ICEC-HOLDING, a.s. in the amount of CZK 3,663 m (Note: 33). The legal case resulted in a liability of the Bank of CZK 3,663 m payable till 15 days past 17 February 2023, the day when the arbitral award entered into legal force. The liability was settled in March 2023.

It is expected that the majority of other legal issues costs will be incurred in the next 3 years.

On a quarterly basis, the Bank monitors the status of all cases and makes a decision as to whether to create, utilise or reverse any provision.

28. SHARE CAPITAL AND OTHER RESERVES

As at 31 December 2024, the total authorised share capital was CZK 5,855 m (31 December 2023: CZK 5,855 m) and comprised of 292,750,002 ordinary shares with a nominal value of CZK 20 each (31 December 2023: 292,750,002 ordinary shares with a nominal value of CZK 20 each) and is fully paid up.

No Treasury shares were held by the Bank at 31 December 2024 and 2023.

On 31 December 2024, the Bank was directly controlled by KBC Bank whose ownership interest in ČSOB was 100% (31 December 2023: 100%). On the same date, KBC Bank was controlled by the KBC Group and, therefore, KBC Group was the company indirectly exercising ultimate control over the Bank.

Other reserves

The movement of Other reserves in 2024 and 2023 are as follows:

(CZKm)	Revaluation reserve from financial assets at fair value through OCI	Cash flow hedge reserve	Own credit risk reserve	Total
At 1 January 2023	**-44**	**-1,690**	**-**	**-1,734**
Other comprehensive income (Note: 29)	547	2,961	-	3,508
At 31 December 2023	**503**	**1,271**	**-**	**1,774**
Other comprehensive income (Note: 29)	-170	-619	-9	-798
At 31 December 2024	**333**	**652**	**-9**	**976**

29. COMPONENTS OF OTHER COMPREHENSIVE INCOME

(CZKm)	2024	2023
Other comprehensive income – to be reclassified to the statement of income		
Cash flow hedges		
Net unrealised losses (-) / gains on cash flow hedges	-1,670	2,869
Net loss on cash flow hedges reclassified to the statement of income (Note: 19)	886	827
Tax effect relating to cash flow hedges (Note: 12)	165	-735
	-619	2,961
Financial debt instruments FVOCI		
Net unrealised losses (-) / gains on financial debt instruments FVOCI	-177	636
Net realised losses on financial debt instruments FVOCI reclassified to the statement of income of disposal (Note: 10)	12	-
Net realised losses on financial debt instruments FVOCI reclassified to the statement of income on impairment (Note: 11)	1	-
Tax effect relating to financial debt instruments FVOCI (Note: 12)	51	-148
	-113	488
Other comprehensive income for the year, net of tax, to be reclassified to statement of income in subsequent periods	**-732**	**3,449**
Other comprehensive income – not to be reclassified to the statement of income		
Financial equity instruments FVOCI		
Net unrealised gains on financial equity instruments FVOCI	69	80
Net realised gains on financial equity instruments FVOCI reclassified to the retained earnings on disposal	-141	-4
Tax effect relating to financial equity instruments FVOCI	15	-17
	-57	**59**
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in credit risk	**-9**	**-**
Other comprehensive income for the period, net of tax, not to be reclassified to statement of income in subsequent periods	**-66**	**59**
Other comprehensive income for the year, net of tax	**-798**	**3,508**

30. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial assets and liabilities at fair value

The Bank's accounting policy on fair value measurements is discussed in the Material accounting policy information (Note 2.2 (4)).

Financial assets and liabilities at fair value, i.e. financial assets FVOCI, held for trading, designated at fair value through profit or loss, are valued as follows:

- Level 1

  If available, published price quotations in active markets are used to determine the fair value of financial assets or financial liabilities. Revaluation is obtained using prices of an identical asset or liability, which means that no model is involved in the process of a revaluation. Financial instruments valued on this basis include spot foreign exchange contracts and listed shares and bonds.

  Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Bank determines fair values using valuation techniques.

- Level 2

  Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observed from the market.

  Financial instruments valued on this basis include forward interest rate, foreign exchange and commodity contracts, mortgage bonds, money market loans and deposits.

- Level 3

  Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

  Financial instruments for which the parameters are not observable include unlisted shares, a part of the portfolio of trading derivatives, a part of the portfolio of mortgage bonds and selected listed but not traded bonds.

Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist, Black-Scholes and polynomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to determine a fair value that reflects the price of the financial instrument at the reporting date, that would have been determined by market participants acting at arm's length.

The Bank uses widely recognised valuation models for determining the fair value of common and less complex financial instruments like interest rate and currency swaps that use only observable market data and require little management judgement and estimation. Observable prices and model inputs are usually available in the market for listed debt and equity securities, exchange traded derivatives and simple over-the-counter derivatives like interest rate swaps. The availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determination of fair values. The availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

For more complex instruments, the Bank uses proprietary valuation models, which are usually developed from recognised valuation models. Some or all of the significant inputs into these models may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Examples of instruments involving significant unobservable inputs include certain over-the-counter structured derivatives, certain loans and securities for which there is no active market. Valuation models that employ significant unobservable inputs require a higher degree of management judgement and estimation in the determination of fair value. Management judgement and estimation are usually required for the selection of the appropriate valuation model to be used, the determination of expected future cash flows on the financial instrument being valued, the determination of the probability of counterparty default and prepayments and the selection of appropriate discount rates. The Valuation policy is subject to approval of the ČSOB Risk and Capital Oversight Committee and KBC Group Valuation Committee. The process for the approval of any new product consist also of an assessment of the valuation of the product and the eventual new valuation model for the product has to be approved before the product is endorsed or approval of the model is a blocking condition for the product implementation. The New and Active Product Process also requires a regular review of all products and the assessment of valuation quality is an important part of the review. Any valuation model, which uses not directly observable inputs, is subject to the Parameter review policy. The policy requires quarterly assessment of all parameters correctness. The Bank currently checks the valuation of all bonds quarterly.

The Bank also monitors the quality of asset valuations on a daily basis. If an asset quote quality does not meet the required criteria for Level 1 or Level 2 the asset is transferred to Level 3 and vice versa. The monitoring process evaluates among others the frequency of quote updates.

The following table shows an analysis of financial instruments recorded at fair value, between those for which the fair value is based on quoted market prices and those for which the fair value is based on valuation techniques as at 31 December 2024:

(CZKm)	Level 1	Level 2	Level 3	Total
Financial assets recorded at fair value				
Financial assets held for trading				
Loans and advances	-	14	-	14
Derivative contracts	-	33,821	3,237	37,058
Non-trading financial assets mandatorily at fair value through profit or loss				
Loans and advances	-	951	-	951
Financial assets FVOCI				
Debt securities	27,872	-	23,561	51,433
Equity securities	-	-	275	275
Financial assets FVOCI pledged as collateral				
Debt securities	4,242	-	-	4,242
Fair value adjustments of the hedged items in portfolio hedge	-	-2,654	-	-2,654
Derivatives used for hedging	-	17,987	-	17,987
Financial liabilities recorded at fair value				
Financial liabilities held for trading				
Derivative contracts	-	32,651	1,999	34,650
Term deposits	-	565	-	565
Repo transactions	-	2,373	-	2,373
Financial liabilities designated at fair value through profit or loss				
Bonds and Investment certificates issued	-	-	16,767	16,767
Fair value adjustments of the hedged items in portfolio hedge	-	-10,820	-	-10,820
Derivatives used for hedging	-	19,439	-	19,439

The following table shows an analysis of financial instruments recorded at fair value, between those for which the fair value is based on quoted market prices and those for which the fair value is based on valuation techniques as at 31 December 2023

(CZKm)	Level 1	Level 2	Level 3	Total
Financial assets recorded at fair value				
Financial assets held for trading				
Loans and advances	-	7	-	7
Derivative contracts	-	48,382	1,935	50,317
Non-trading financial assets mandatorily at fair value through profit or loss				
Loans and advances	-	1,330	-	1,330
Financial assets FVOCI				
Debt securities	3,369	-	23,681	27,050
Equity securities	-	-	353	353
Financial assets FVOCI pledged as collateral				
Debt securities	4,326	-	-	4,326
Fair value adjustments of the hedged items in portfolio hedge	-	-5,250	-	-5,250
Derivatives used for hedging	-	23,545	-	23,545
Financial liabilities recorded at fair value				
Financial liabilities held for trading				
Derivative contracts	-	46,443	1,165	47,608
Term deposits	-	2,018	-	2,018
Repo transactions	-	983	-	983
Financial liabilities designated at fair value through profit or loss				
Bonds and Investment certificates issued	-	-	25,258	25,258
Fair value adjustments of the hedged items in portfolio hedge	-	-15,309	-	-15,309
Derivatives used for hedging	-	25,485	-	25,485

Yield curve used in the mortgage bonds valuation model for discounting future cash flows is constructed from IRS rates and respective credit spreads. The credit spreads for all maturities were derived from market unobservable inputs. The credit spread curve for mortgage bonds was derived from newly issued mortgage bonds for 5Y bucket (as the most frequent maturity) and spreads for other maturities were calculated using slope from mortgage bonds credit spread curve with rating grade A. The management considers this a significant market unobservable input, and as a consequence, all mortgage bonds are reported as part of Level 3.

The spread according to bond maturity was 5 bps (1-year) to 55 bps (20-year) in 2024 and was 5 bps (1-year) to 53 bps (20-year) in 2023.

Valuation of bonds issued by Česká Exportní Banka (ČEB) was based on model using unobservable inputs. Yield curve used in the ČEB bonds valuation model for discounting future cash flows was constructed from IRS rates and respective credit spreads. The credit spreads were derived from the quotes of the most liquid bonds issued by ČEB and IRS rates. Direct quotes are used for ČEB bonds. As quotes come from less liquid market the management considers this a significant market unobservable input and, as a consequence, the bonds issued by ČEB are classified as Level 3.

The Bank's share in Visa Inc. unquoted C-class classified as a financial asset at fair value through other comprehensive income is subject to fair value measurement based on the quoted price of Visa Inc. adjusted for applied liquidity spreads and conversion ratio. In 2024, as well as in previous years, the Bank converted a part of the Visa shares position to quoted Visa Inc. A-class. The Bank reported the transaction as a sale of Visa Inc. C-class from Level 3, including realised gain reclassified to the retained earnings on disposal of CZK 103 m (net of tax) in 2024. New Visa Inc. A-class shares were recognized and classified as Level 1 financial assets. Subsequently, Visa A-class shares were sold out of the Bank. A gain realised on the sale amounted to CZK 8 m (net of tax) directly recognized in Retained earnings in equity (2023: CZK 4 m).

Investment certificate is a financial liability composed of term deposit and index linked option / swap. The Bank valuates the certificates using valuation of the underlying option / swap component in combination with the calculation of the deposit component value. Issued bonds are hybrid financial liabilities composed of the floating coupon rate bond and callable / puttable option. Valuation of the embedded derivative is based on model using both market observable and unobservable inputs. Unobservable inputs represents a significant portion of the valuation, and as a consequence, the investment certificates and bonds issued are classified as Level 3 financial instruments.

All transfers of financial instruments among the levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

Movements in Level 3 financial instruments measured at fair value

The following table shows the reconciliation of the opening and closing amount of financial assets which are recorded at fair value using valuation techniques based on non-market observable inputs:

	Financial assets held for trading	Financial assets FVOCI (incl. assets pledged as collateral)		Total
(CZKm)	Financial derivatives	Debt securities	Equity securities	
At 1 January 2023	**3,821**	**23,772**	**289**	**27,882**
Total gains / losses (-) recorded in profit or loss	-1,886	-184	-	-2,070
Total gains recorded in other comprehensive income	-	858	54	912
Purchases	-	8	10	18
Settlement	-	-773	-	-773
At 31 December 2023	**1,935**	**23,681**	**353**	**25,969**
Total gains / losses (-) recorded in profit or loss related to assets held at the end of the reporting period	-1,886	-183	-	-2,069
At 1 January 2024	**1,935**	**23,681**	**353**	**25,969**
Total losses recorded in profit or loss	1,302	-278	-	1,024
Total gains / losses (-) recorded in other comprehensive income	-	-94	53	-41
Purchases	-	252	-	252
Sales	-	-	-131	-131
At 31 December 2024	**3,237**	**23,561**	**275**	**27,073**
Total gain / losses (-) recorded in profit or loss related to assets held at the end of the reporting period	1,302	-278	-	1,119

Total gains / losses recorded in profit or loss are included within the captions Interest income calculated using the effective interest rate method, Net gains from financial instruments at fair value through profit or loss, Other net income and Impairment losses of the statement of income.

The following table shows the reconciliation of the opening and closing amount of financial liabilities which are recorded at fair value using valuation techniques based on non-market observable inputs:

(CZKm)	Financial liabilities held for trading: Debt instruments	Financial liabilities held for trading: Financial derivatives	Financial liabilities designated at fair value through profit or loss: Debt instruments	Total
At 1 January 2023	**-**	**3,990**	**23,839**	**27,829**
Total gains (-) / losses recorded in profit or loss	-	-2,825	1,179	-1,646
Issued	-	-	4,778	4,778
Settlement	-	-	-2,733	-2,733
Sales	-	-	-1,805	-1,805
At 31 December 2023	**-**	**1,165**	**25,258**	**26,423**
Total gains (-) / losses recorded in profit or loss related to liabilities held at the end of the reporting period	-	-2,825	1,079	-1,746
At 1 January 2024	**-**	**1,165**	**25,258**	**26,423**
Total gains (-) / losses recorded in profit or loss	-	834	544	1,378
Issued	-	-	3,790	3,790
Settlement	-	-	-9,690	-9,690
Sales	-	-	-3,135	-3,135
At 31 December 2024	**-**	**1,999**	**16,767**	**18,766**
Total gains (-) / losses recorded in profit or loss related to liabilities held at the end of the reporting period	-	834	372	1,206

Total gains / losses recorded in profit or loss are included within the captions Net gains from financial instruments at fair value through profit or loss of the statement of income.

Impact on fair value of Level 3 financial instruments measured at fair value of changes to key assumptions

Management considers the value of the credit spread included in the discount factor applied on estimated future cash flows from the mortgage bonds in periods after the first year from the balance sheet date as a key assumption not derived from observable market inputs, which is influencing the fair value of Level 3 financial instruments.

As at 31 December 2024, an increase / decrease of the credit spread by 50 basis points would decrease / increase the fair value of the mortgage bonds and bonds issued by ČEB included in Level 3 by CZK 218 m and CZK 1 m, respectively (2023: CZK 274 m and CZK 1 m, respectively). Such a change in the credit spread is based on the variability of mortgage bond and ČEB bond quotes that were observed by the management on the market.

Management believes that reasonably possible changes in other non-observable market inputs in the valuation models used would not have a material impact on the estimated fair values.

Transfers between Level 1 and 2 of the fair value hierarchy for financial instruments

In 2023 and 2024, no transfers were made between a group of financial instruments with a market quoted price and those for which the fair value is calculated using valuation techniques based on market observable inputs.

Financial assets and liabilities not carried at fair value

Set out below is a comparison of the carrying amounts and fair values of the Bank's financial instruments that are not carried at fair value in the financial statements:

(CZKm)	2024 Carrying value	2024 Fair value	2023 Carrying value	2023 Fair value
Financial assets				
Cash, balances with central banks and other demand deposits	47,474	47,474	23,120	23,120
Financial assets at amortised cost	1,505,799	1,480,479	1,282,981	1,269,909
Debt securities	*619,231*	*601,829*	*406,912*	*400,982*
Loans and advances	*886,568*	*878,650*	*876,069*	*868,927*
Financial assets at amortised cost pledged as collateral	35,833	37,165	237,654	227,256
Other assets (Note: 23)	1,227	1,227	949	949
Financial liabilities				
Financial liabilities at amortised cost	1,616,980	1,617,077	1,540,403	1,542,952
Deposits	*1,296,276*	*1,295,996*	*1,479,294*	*1,481,835*
Debt securities in issue	*263,463*	*263,434*	*15,266*	*15,245*
Subordinated debt	*57,241*	*57,647*	*45,843*	*45,872*
Lease liabilities	3,001	3,001	3,043	3,043
Other liabilities (Note: 26)	2,477	2,477	2,234	2,234

The following table shows an analysis of financial instruments for which fair values are disclosed, between those for which the fair value is based on quoted market prices and those for which the fair value is based on valuation techniques as at 31 December 2024:

(CZKm)	2024 Level 1	Level 2	Level 3	Total
Financial assets for which fair values are disclosed				
Cash, balances with central banks and other demand deposits	8,184	39,290	-	47,474
Financial assets at amortised cost	225,945	510,759	743,775	1,480,479
Debt securities	*225,945*	*-*	*375,884*	*601,829*
Loans and advances	*-*	*510,759*	*367,891*	*878,650*
Financial assets at amortised cost pledged as collateral	37,165	-	-	37,165
Other assets (Note: 23)	-	1,227	-	1,227
Financial liabilities for which fair values are disclosed				
Financial liabilities at amortised cost	-	1,521,740	95,337	1,617,077
Deposits	-	*1,270,409*	*25,587*	*1,295,996*
Debt securities in issue	-	*251,331*	*12,103*	*263,434*
Subordinated debt	-	*-*	*57,647*	*57,647*
Lease liabilities	-	3,001	-	3,001
Other liabilities (Note: 26)	-	2,477	-	2,477

The following table shows an analysis of financial instruments for which fair values are disclosed, between those for which the fair value is based on quoted market prices and those for which the fair value is based on valuation techniques as at 31 December 2023:

	2023			
(CZKm)	Level 1	Level 2	Level 3	Total
Financial assets for which fair values are disclosed				
Cash, balances with central banks and other demand deposits	8,036	15,084	-	23,120
Financial assets at amortised cost	52,230	534,220	683,459	1,269,909
Debt securities	*52,230*	*-*	*348,752*	*400,982*
Loans and advances	*-*	*534,220*	*334,707*	*868,927*
Financial assets at amortised cost pledged as collateral	227,256	-	-	227,256
Other assets (Note: 23)	-	949	-	949
Financial liabilities for which fair values are disclosed				
Financial liabilities at amortised cost	-	1,477,956	64,996	1,542,952
Deposits	*-*	*1,468,510*	*13,325*	*1,481,835*
Debt securities in issue	*-*	*9,446*	*5,799*	*15,245*
Subordinated debt	*-*	*-*	*45,872*	*45,872*
Lease liabilities	-	3,043	-	3,043
Other liabilities (Note: 26)	-	2,234	-	2,234

The following methods and assumptions were applied in estimating the fair values of the Bank's financial assets and liabilities:

Financial debt securities at amortised cost

Fair values for securities measured at amortised cost are based on quoted market prices, where available. Such quotes are obtained from relevant exchanges, if exchange activity for the particular security is considered sufficiently liquid, or from reference rates averaging market maker quotes. If quoted market prices are not available, fair values are estimated from quoted market prices of comparable instruments or using the valuation model based on discounted future cash flows.

Loans and advances to credit institutions and balances with central banks measured at amortised cost

The carrying values of current account balances are equal to their fair values. The fair values of term placements with credit institutions and central banks are estimated by discounting their future cash flows using current interbank market rates, including the respective credit spread derived from the Bank's own experience of probability of default and loss given default. A majority of the loans reprice within relatively short time periods, therefore, it is assumed that their carrying values approximate their fair values.

Loans and advances to other than credit institutions measured at amortised cost

A substantial majority of the loans to customers reprice within relatively short time periods; therefore, it is assumed that their carrying values approximate their fair values. The fair values of fixed-rate loans to customers are estimated by discounting their future cash flows using current market rates including the respective credit spread derived from the Bank's own experience of probability of default and loss given default.

Deposits received from credit institutions and subordinated liabilities

The carrying values of current account balances are equal to their fair values. For other amounts due to credit institutions with equal to or less than one year remaining maturity, it is assumed that their carrying values approximate their fair values. The fair values of other amounts due to credit institutions are estimated by discounting their future cash flows using IRS rates modified by market unobservable credit spread.

Deposits received from other than credit institutions

The fair values of current accounts and term deposits, with equal to or less than one year remaining to maturity, approximate their carrying values. The fair values of other term deposits are estimated by discounting their future cash flows using IRS rates modified by market unobservable credit spreads.

Debt securities in issue

The fair values of bonds issued are estimated by discounting their future cash flows using Czech government bond rates adjusted by credit spread derived from market observable transactions with respective or comparable bonds. The carrying values of promissory notes and certificates of deposit approximate their fair values.

Other assets and other liabilities

A majority of other assets and liabilities have a remaining maturity equal to or less than one year or reprice within relatively short time periods; therefore, it is assumed that their carrying values approximate their fair values.

31. ADDITIONAL CASH FLOW INFORMATION

Analysis of the balances of cash and cash equivalents as shown in the statement of financial position

(CZKm)	2024	2023
Cash, balances with central banks and other demand deposits (Note: 14)	47,474	23,120
Loans and advances to central banks (Note: 17)	510,759	534,220
Loans and advances to credit institutions (Note: 17)	1,697	1,223
Financial liabilities at amortised cost to credit institutions – Current accounts and overnight deposits (Note: 25)	-11,063	-20,446
Financial liabilities at amortised cost to credit institutions - Term deposits (Note: 25)	-715	-514
Financial liabilities at amortised cost to credit institutions - Repo transactions (Note: 25)	-	-226,376
Financial liabilities at amortised cost to government bodies - Repo transactions (Note: 25)	-59,066	-44,643
Financial liabilities at amortised cost – promissory notes issued to credit institutions (Note: 25)	-244,000	-7,552
Cash and cash equivalents	**245,086**	**259,032**

Change in operating assets

(CZKm)	2024	2023
Net change in financial assets held for trading (incl. assets pledged as collateral)	13,252	41,340
Net change in non-trading financial assets mandatorily at fair value through profit or loss	379	-8
Net change in financial assets at FVOCI (including assets pledged as collateral)	-24,437	321
Net change in financial assets at amortised cost (excluding items classified as cash equivalents)	-44,041	-75,226
Net change in derivatives used for hedging	4,774	16,126
Net change in other assets	-393	-111
	-50,466	**-17,558**

Change in operating liabilities

(CZKm)	2024	2023
Net change in financial liabilities held for trading	-13,021	-41,275
Net change in financial liabilities designated at fair value through profit or loss	-8,491	1,419
Net change in financial liabilities at amortised cost (excluding items classified as cash equivalents)	41,129	72,109
Net change in derivatives used for hedging	-6,047	-16,930
Net change in other liabilities	377	-632
	13,947	**14,691**

Non-cash items included in profit before tax

(CZKm)	2024	2023
Depreciation and amortisation	2,096	1,997
Net change in fair value adjustments of the hedged items in portfolio hedge	1,635	7,812
Provisions	-44	-3,623
Impairment losses (Note: 11)	-3,089	2,799
Other	797	-59
	1,395	**8,926**

The table below sets out the movements of the debt instruments issued by the Bank and lease liabilities in 2023 and 2024. The debt items are those that are reported within net cash flows used in financing activities in the statement of cash flows:

	Financial liabilities at amortised cost (Note: 25)		Lease liabilities
(CZKm)	Bonds issued	Subordinated debt	
At 1 January 2023	**4,099**	**40,592**	**2,959**
Cash flows in respect of issuance, repayment and interest paid on bonds	3,606	5,251	-
Cash flows in respect of payments for the principal of lease liabilities	-	-	-578
Cash flows in respect of payments for the interest of lease liabilities	-	-	-116
Non-cash adjustments	-	-	778
At 31 December 2023	**7,705**	**45,843**	**3,043**
At 1 January 2024	**7,705**	**45,843**	**3,043**
Cash flows in respect of issuance, repayment and interest paid on bonds	8,738	10,577	-
Cash flows in respect of payments for the principal of lease liabilities	-	-	-578
Cash flows in respect of payments for the interest of lease liabilities	-	-	-118
Non-cash adjustments	-	821	654
At 31 December 2024	**16,443**	**57,241**	**3,001**

32. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The following table sets out the financial assets and liabilities of the Bank by expected remaining maturity as at 31 December 2024:

(CZKm)	Less than 1 year	1 year to 5 years	More than 5 years	Without maturity	Total
ASSETS					
Cash, balances with central banks and other demand deposits (Note: 14)	47,474	-	-	-	47,474
Financial assets held for trading					
Financial derivatives	13,839	17,487	5,732	-	37,058
Other than financial derivatives	14	-	-	-	14
Non-trading financial assets mandatorily at fair value through profit or loss	951	-	-	-	951
Financial assets at fair value through other comprehensive income	9,794	21,838	19,801	275	51,708
Financial assets at fair value through other comprehensive income pledged as collateral	1,198	-	3,044	-	4,242
Financial assets at amortised cost	718,674	446,594	340,530	-	1,505,798
Financial assets at amortised cost pledged as collateral	2,193	14,107	19,533	-	35,833
Fair value adjustments of the hedged items in portfolio hedge	-1,063	-1,488	-102	-	-2,653
Derivatives used for hedging	4,862	9,576	3,549	-	17,987
Other assets (Note: 23)	1,227	-	-	-	1,227
Total carrying value	**799,163**	**508,114**	**392,087**	**275**	**1,699,639**
LIABILITIES					
Financial liabilities held for trading					
Financial derivatives	12,754	16,303	5,593	-	34,650
Other than financial derivatives	2,938	-	-	-	2,938
Financial liabilities designated at fair value through profit or loss	5,105	6,952	4,710	-	16,767
Financial liabilities at amortised cost	706,675	462,974	447,331	-	1,616,980
Fair value adjustments of the hedged items in portfolio hedge	-3,067	-6,905	-1,104	-	-11,076
Derivatives used for hedging	6,049	11,297	2,093	-	19,439
Lease liabilities	315	1,717	969	-	3,001
Other liabilities (Note: 26)	2,477	-	-	-	2,477
Total carrying value	**733,246**	**492,338**	**459,592**	**-**	**1,685,176**

For derivatives, disclosed amounts are calculated based on assumption, that fair value will be evenly settled each year up to maturity date.

For customer deposits, outflows are based on customers' expected behaviour. For contractual maturity analysis refer to Note 42.3.

The following table sets out the financial assets and liabilities of the Bank by expected remaining maturity as at 31 December 2023:

(CZKm)	Less than 1 year	1 year to 5 years	More than 5 years	Without maturity	Total
ASSETS					
Cash, balances with central banks and other demand deposits (Note: 14)	23,120	-	-	-	23,120
Financial assets held for trading					
Financial derivatives	18,400	25,048	6,867	-	50,315
Other than financial derivatives	9	-	-	-	9
Non-trading financial assets mandatorily at fair value through profit or loss	1,330	-	-	-	1,330
Financial assets at fair value through other comprehensive income	4,284	23,259	3,833	353	31,729
Financial assets at fair value through other comprehensive income pledged as collateral	3,990	242	94	-	4,326
Financial assets at amortised cost	710,098	383,656	189,226	-	1,282,981
Financial assets at amortised cost pledged as collateral	6,508	32,419	198,727	-	237,654
Fair value adjustments of the hedged items in portfolio hedge	-2,097	-2,993	-160	-	-5,250
Derivatives used for hedging	7,070	11,880	4,595	-	23,545
Other assets (Note: 23)	949	-	-	-	949
Total carrying value	**773,661**	**473,511**	**403,182**	**353**	**1,650,707**
LIABILITIES					
Financial liabilities held for trading					
Financial derivatives	16,803	24,009	6,796	-	47,608
Other than financial derivatives	3,001	-	-	-	3,001
Financial liabilities designated at fair value through profit or loss	6,542	15,402	3,314	-	25,258
Financial liabilities at amortised cost	757,564	383,944	398,895	-	1,540,403
Fair value adjustments of the hedged items in portfolio hedge	-4,511	-8,959	-1,839	-	-15,309
Derivatives used for hedging	7,544	14,511	3,430	-	25,485
Lease liabilities	475	1,678	890	-	3,043
Other liabilities (Note: 26)	2,234	-	-	-	2,234
Total carrying value	**789,652**	**430,585**	**411,486**	**-**	**1,631,723**

33. CONTINGENT ASSETS, LIABILITIES AND COMMITMENTS

Contingent liabilities and commitments

The contingent liabilities and commitments at 31 December 2024 and 2023 are as follows:

(CZKm)	2024	2023
Loan commitments - irrevocable (Note: 38.2)	150,179	137,613
Loan commitments - revocable	81,925	71,828
Financial guarantees (Note: 38.2)	60,797	56,396
Other commitments (Note: 38.2)	1,703	1,307
	294,604	**267,144**
Provisions for loan commitments and guarantees (Notes: 27, 38.2)	266	447

Revocable loan commitments are such commitments in which the Bank may at any time limit the amount that may be drawn under the credit limit. Further the Bank may not provide any drawdown under the credit facility requested by the client or the Bank can suspend further drawdowns under the credit facility all together. The Bank can do so with or without specifying the reason, giving a prior notice or stipulating any time limit. Even revocable promises are in scope for ECL calculation. For the Bank, these are limits for the use of which there are already internally approved conditions in advance for a certain period of time. If the customer meets these internal conditions at the time of the drawdown request, the funds will be made available to the customer. In addition, the Bank will not cancel the drawdown in justified cases, even if the customer's credit rating or SICR deteriorates. Loan commitments which do not meet the above definition are assessed as irrevocable.

The contractual amounts described above represent the maximum credit risk that would arise if the contracts were fully drawn, the customers defaulted and the value of any existing collateral became worthless. Many of the commitments are collateralised and most are expected to expire without being drawn upon; therefore, the total commitment contractual amounts do not necessarily represent the risk of loss or future cash requirements (Note: 38.3).

Litigation

Other than the litigations, for which provisions have already been made (Note: 27), the Bank is named in and is defending a number of legal actions in various jurisdictions arising in the ordinary course of business. The Bank does not believe that the ultimate resolution of these legal actions will result in a material impact on the financial position of the Bank.

The Bank is subject to a few claims in the context of the IPB acquisition amounting to tens of billions of Czech Crowns. Dominant part of this amount is claimed in the arbitration proceedings commenced by the claimant ICEC-HOLDING, a.s. In the arbitration proceedings, ČSOB is being sued as the legal successor of IPB, whose business ČSOB took over in 2000. The plaintiff, the company ICEC-HOLDING, a.s., claims that IPB breached its contractual duties in 1999, and ICEC-HOLDING, a.s. is thus entitled to damages and contractual penalty. The claim itself is thus not in any way related with the business activities of ČSOB and represents “a heritage” after former IPB.

In this proceedings, in February 2023 ČSOB Bank was delivered an arbitral award, in which ČSOB was imposed to pay the company ICEC-HOLDING, a.s. the amount of CZK 3,663 m, incl. costs of the proceedings in the amount of CZK 5 m. ČSOB paid the amount. The plaintiff failed in the remainder of his claim and the arbitration panel ordered him to pay ČSOB the costs of the proceedings in the amount of CZK 17 m. The liability of the Bank arisen from the arbitral award was settled in March 2023 and the respective provision for pending legal issues of CZK 3,663 m was utilized (Note: 27). In May 2023, the claimant filed a motion for an annulment of the arbitral award. In February 2024, the motion for annulment was dismissed by the court of the first instance. In June 2024, the decision of the court of the first instance was confirmed by the appellation court. In September 2024, the claimant filed an extraordinary appeal to the Supreme Court. The court finally stopped the appellation proceeding in November 2024. The proceeding is thus concluded.

Further, the Bank has initiated a number of legal actions to protect its assets.

Operating lease receivables (Bank is the lessor)

Future minimum lease payments (including sublease payments) under operating leases related to land and buildings are as follows:

(CZKm)	2024	2023
Not later than 1 year	38	39
Later than 1 year and not later than 5 years	52	83
	90	**122**

These operating leases can be technically cancelled under the Czech law; however, the lessees are commercially bound to continue with these leases for the periods set out above.

34. REPURCHASE AGREEMENTS AND COLLATERAL

The following table shows an analysis of the loans the Bank has made to counterparties in reverse repurchase agreements according to the lines of the statement of financial position in which they are included:

(CZKm)	2024	2023
Financial assets		
Financial assets held for trading	1	7
Financial assets at amortised cost	510,817	534,284
	510,818	**534,291**

Under reverse repurchase agreements, the Bank obtains legal ownership of the respective collateral received and, thus, is permitted to use the collateral; however, the same collateral must be delivered back to the borrower of the funds on maturity.

The fair value of financial assets accepted as collateral in connection with reverse repo transactions and securities lending as at 31 December 2024 was CZK 560,140 m, of which CZK 85,132 m has been either sold or repledged (31 December 2023: CZK 612,026 m and CZK 103,470 m, respectively).

The following table shows an analysis of the loans the Bank has received from counterparties in repurchase agreements according to the lines of the statement of financial position in which they are included:

(CZKm)	2024	2023
Financial liabilities		
Financial liabilities held for trading	2,373	983
Financial liabilities at amortised cost	72,272	276,170
	74,645	**277,153**

The Bank contracts repo operations under the standard conditions currently applied on the market. Amounts of financial assets pledged as collateral in repo transactions and securities lending are described in Financial assets at fair value through profit or loss (Note: 15) and Financial assets at fair value through other comprehensive income (Note: 16) and Financial assets at amortised cost (Note: 17). The Bank also uses collateral obtained from borrowers under reverse repurchase agreements, as a collateral provided in repo operations.

35. OFFSET FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The following table shows an analysis of the financial assets and liabilities of the Bank that have been set-off or that have not been set-off as at 31 December 2024 and 2023:

	2024		
(CZKm)	Gross amounts of recognised financial instrument	Gross amounts of recognised financial instrument set off	Net amounts of financial instrument
FINANCIAL ASSETS			
Derivatives not set-off that are subject to an enforceable master netting arrangement	51,123	-	51,123
Derivatives not set-off that are not subject to an enforceable master netting arrangement	3,922	-	3,922
Total trading and hedging derivatives	**55,045**	**-**	**55,045**
Repurchase agreements set-off	13,311	13,310	1
Repurchase agreements not set-off that are not subject to an enforceable master netting arrangement	510,817	-	510,817
Total repurchase agreements (Note: 34)	**524,128**	**13,310**	**510,818**
FINANCIAL LIABILITIES			
Derivatives not set-off that are subject to an enforceable master netting arrangement	50,123	-	50,123
Derivatives not set-off that are not subject to an enforceable master netting arrangement	3,965	-	3,965
Total trading and hedging derivatives	**54,088**	**-**	**54,088**
Repurchase agreements set-off	13,310	13,310	-
Repurchase agreements not set-off that are not subject to an enforceable master netting arrangement	74,645	-	74,645
Total repurchase agreements (Note: 34)	**87,955**	**13,310**	**74,645**

	2023		
(CZKm)	Gross amounts of recognised financial instrument	Gross amounts of recognised financial instrument set off	Net amounts of financial instrument
FINANCIAL ASSETS			
Derivatives not set-off that are subject to an enforceable master netting arrangement	71,573	-	71,573
Derivatives not set-off that are not subject to an enforceable master netting arrangement	2,289	-	2,289
Total trading and hedging derivatives	**73,862**	**-**	**73,862**
Repurchase agreements set-off	25,909	25,902	7
Repurchase agreements not set-off that are not subject to an enforceable master netting arrangement	534,284	-	534,284
Total repurchase agreements (Note: 34)	**560,193**	**25,902**	**534,291**
FINANCIAL LIABILITIES			
Derivatives not set-off that are subject to an enforceable master netting arrangement	65,916	-	65,916
Derivatives not set-off that are not subject to an enforceable master netting arrangement	7,177	-	7,177
Total trading and hedging derivatives	**73,093**	**-**	**73,093**
Repurchase agreements set-off	25,902	25,902	-
Repurchase agreements not set-off that are subject to an enforceable master netting arrangement	277,153	-	277,153
Total repurchase agreements (Note: 34)	**303,055**	**25,902**	**277,153**

The following table shows an analysis of the financial assets and liabilities of the Bank that have not been set-off and are subject to an enforceable master netting arrangement or similar agreement as at 31 December 2024:

(CZKm)	Gross amounts of financial assets and liabilities	Amounts not set off			Total net amount
		Financial instruments	Cash collateral	Securities collateral	
FINANCIAL ASSETS					
Derivatives not set-off that are subject to an enforceable master netting arrangement	51,123	45,515	5,255	-	353
Debt securities pledged as collateral in repo transaction not set-off	-	-	-	-	-
Total carrying value	**51,123**	**45,515**	**5,255**	**-**	**353**
FINANCIAL LIABILITIES					
Derivatives not set-off that are subject to an enforceable master netting arrangement	50,123	45,515	1,260	-	3,348
Repurchase agreements not set-off	-	-	-	-	-
Total carrying value	**50,123**	**45,515**	**1,260**	**-**	**3,348**

The following table shows an analysis of the financial assets and liabilities of the Bank that have not been set-off and are subject to an enforceable master netting arrangement or similar agreement as at 31 December 2023:

(CZKm)	Gross amounts of financial assets and liabilities	Amounts not set off			Total net amount
		Financial instruments	Cash collateral	Securities collateral	
FINANCIAL ASSETS					
Derivatives not set-off that are subject to an enforceable master netting arrangement	71,573	57,455	13,603	-	515
Debt securities pledged as collateral in repo transaction not set-off that	-	-	-	-	-
Total carrying value	**71,573**	**57,455**	**13,603**	**-**	**515**
FINANCIAL LIABILITIES					
Derivatives not set-off that are subject to an enforceable master netting arrangement	65,916	57,455	1,624	-	6,837
Repurchase agreements not set-off	-	-	-	-	-
Total carrying value	**65,916**	**57,455**	**1,624**	**-**	**6,837**

The amounts in both tables are subject to master netting agreement in accordance with International Swaps and Derivatives Association (ISDA), however with no intention to settle them on a net basis.

The Bank has master netting arrangements with counterparty banks, which are enforceable in case of default. In addition, applicable legislation allows an entity to unilaterally set off receivables and payables that are due for payment, denominated in the same currency and outstanding with the same counterparty. The Bank applied the offsetting principles solely to repo and reverse repo transactions.

Counterparties are on a daily basis exchanging their current exposure (MTM) of derivative position and then based upon agreed parameters in CSA (Credit Support Annex) are exchanging collateral (variation margin) to cover this exposure and its daily changes.

36. RELATED PARTY DISCLOSURES

A number of transactions are executed with related parties in the normal course of business.

The outstanding balances of assets from related party transactions as at 31 December 2024 are as follows:

(CZKm)	Cash, balances with central banks and other demand deposits	Financial assets held for trading	Non-trading financial assets mandatorily at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Derivatives used for hedging	Other assets
KBC Bank NV	593	18,684	951	-	641	17,741	-
Entities under common control							
ČSOB SK	60	-	-	-	-	-	4
Other	18	31	-	-	67	-	501
Subsidiaries							
ČSOBS	176	2,343	-	-	1,267	-	42
ČSOB Factoring	-	-	-	-	3,434	-	4
ČSOB Leasing	-	265	-	-	28,903	-	-
ČSOB Hypoteční banka	220	2,521	-	22,173	344,116	176	-
Patria Finance	-	-	-	-	2,241	-	-
Radlice Rozvojová	-	-	-	-	1,224	-	45
Skip Pay	-	-	-	-	233	-	-
Associates							
ČSOB Pojišťovna	-	3	-	-	-	-	111

The outstanding balances of liabilities from related party transactions as at 31 December 2024 are as follows:

(CZKm)	Financial liabilities held for trading	Financial liabilities at amortised cost	Derivatives used for hedging	Other liabilities
Directors / Top management	-	40	-	73
KBC Bank NV	18,374	308,189	16,711	-
Entities under common control				
ČSOB AM	-	1,203	-	-
ČSOB SK	-	54	-	-
K&H Bank Zrt	-	5	-	-
Other	1	400	-	81
Subsidiaries				
BANIT	-	328	-	56
ČSOBS	3,154	5	113	-
ČSOB Advisory	-	21	-	-
ČSOB Leasing	138	136	-	-
ČSOB Nemovitostní	-	182	-	-
ČSOB Penzijní společnost	-	81	-	-
ČSOB Hypoteční banka	2,305	6,119	1,885	-
Patria Corporate Finance	-	27	-	-
Patria Finance	-	689	-	-
Radlice Rozvojová	-	1,021	-	-
Skip Pay	-	79	-	-
Ušetřeno	-	36	-	-
Associates				
ČSOB Pojišťovna	489	647	-	-

The outstanding balances of assets from related party transactions as at 31 December 2023 are as follows:

(CZKm)	Cash, balances with central banks and other demand deposits	Financial assets held for trading	Non-trading financial assets mandatorily at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Derivatives used for hedging	Other assets
KBC Bank NV	3,368	30,204	1,330	-	-	23,482	-
Entities under common control							
ČSOB SK	1	-	-	-	-	-	1
Other	181	9	-	38	90	-	257
Subsidiaries							
BANIT	-	-	-	-	-	-	7
ČSOBS	-	2,761	-	-	5,999	-	21
ČSOB Factoring	-	-	-	-	2,799	-	-
ČSOB Leasing	-	217	-	-	23,502	-	-
ČSOB Hypoteční banka	101	2,418	-	22,561	322,400	287	-
Patria Finance	-	-	-	-	1,481	-	-
Radlice Rozvojová	-	-	-	-	1,266	-	14
Skip Pay	-	-	-	-	218	-	-
Associates							
ČSOB Pojišťovna	-	-	-	-	-	-	11

The outstanding balances of liabilities from related party transactions as at 31 December 2023 are as follows:

(CZKm)	Financial liabilities held for trading	Financial liabilities at amortised cost	Derivatives used for hedging	Other liabilities
Directors / Top management	-	40	-	72
KBC Bank NV	21,968	284,219	22,087	-
Entities under common control				
ČSOB AM	-	972	-	-
ČSOB SK	1	59	-	-
K&H Bank Zrt	13	19	-	-
Other	27	409	-	96
Subsidiaries				
BANIT	-	162	-	96
ČSOBS	4,035	18	206	-
ČSOB Advisory	-	34	-	-
ČSOB Leasing	300	91	-	-
ČSOB Penzijní společnost	-	221	-	-
ČSOB Hypoteční banka	4,325	7,603	2,089	-
Patria Corporate Finance	-	18	-	-
Patria Finance	-	368	-	-
Radlice Rozvojová	-	1,063	-	-
Skip Pay	-	228	-	-
Ušetřeno	-	46	-	-
Associates				
ČSOB Pojišťovna	511	2,266	-	56

The outstanding balances of financial assets and liabilities held for trading comprise positive and negative fair values of derivative financial instruments (mainly single currency and cross-currency interest rate swaps). Majority of these transactions are collateralised by cash deposit or by securities. Financial assets at amortised cost from related parties represent balances on current accounts or, in a specific cases, term loans with fixed maturity granted to subsidiaries of the Bank (ČSOB Leasing). Financial assets included in the portfolio held for trading, financial assets at fair value through other comprehensive income, financial assets at amortised cost contracted between ČSOB and ČSOB Hypoteční banka represent mortgage debenture bonds with the contractual maturities from 3 years up to 30 years issued by ČSOB Hypoteční banka and purchased by the Bank on a primary capital market. Financial liabilities to related parties measured at amortised cost consist of balances on demand deposits. Liabilities to KBC Bank NV represent balances on money-market products, specifically promissory notes with maturities up to one year issued by the Bank, repo transactions, subordinated debts (Notes: 25, 39) and short-term deposits.

The Bank provides banking services to its subsidiaries, associates and joint ventures such as provided loans, overdrafts, interest bearing deposits and current accounts as well as other services. In addition, the Bank acquired interest bearing debt instruments issued by its subsidiaries.

The outstanding balances, described above, arose in the ordinary course of business and are subject to the substantially same terms, including interest rates and security, as for comparable transactions with third party counterparties.

The balances of interest income and expense from related party transactions for the year ended 31 December are as follows:

	2024		2023	
(CZKm)	Interest income	Interest expense	Interest income	Interest expense
KBC Bank NV	12,675	21,920	20,602	35,863
Entities under common control				
ČSOB AM	-	51	-	52
ČSOB SK	1	110	1	118
Other	6	17	12	21
Subsidiaries				
BANIT	-	-	1	-
ČSOBS	315	13	372	2
ČSOB Advisory	-	43	-	-
ČSOB Factoring	139	-	141	-
ČSOB Leasing	1,126	-	868	-
ČSOB Hypoteční banka	12,916	306	12,278	317
Patria Finance	102	25	67	32
Radlice Rozvojová	38	45	39	49
Skip Pay	15	4	14	-
Associates				
ČSOB Pojišťovna	-	174	-	285

The balances of fee and commission income and expenses from related party transactions for the year ended 31 December are as follows:

(CZKm)	2024 Fee and commission income	2024 Fee and commission expense	2023 Fee and commission income	2023 Fee and commission expense
KBC Bank NV	89	18	54	2
Entities under common control				
ČSOB AM	1,110	-	908	-
ČSOB SK	26	-	20	-
KBC Asset Management	721	-	257	-
Other	11	5	297	3
Subsidiaries				
BANIT	-	432	-	415
ČSOBS	6	60	7	79
ČSOB Factoring	1	-	1	-
ČSOB Leasing	47	-	40	-
ČSOB Penzijní společnost	70	-	35	-
ČSOB Hypoteční banka	246	59	159	76
Patria Finance	17	-	14	1
Skip Pay	11	-	-	-
Associates				
ČSOB Pojišťovna	222	-	235	-

Dividend income received from subsidiaries, associates and joint ventures in 2024 amounted to CZK 3,531 m (2023: CZK 5,387 m). Rental expenses paid to subsidiaries, associates and joint ventures in 2024 amounted to CZK 17 m (2023: CZK 27 m).

In 2024, the Bank received income of CZK 330 m (2023: CZK 245 m) from KBC Group NV and KBC Global Services NV from the provision of administration services and paid expense of CZK 831 m (2023: CZK 673 m) for IT services, including rental expenses on information technologies.

In 2024, the Bank received income of CZK 665 m (2023: CZK 625 m) from ČSOB SK and ČSOB Pojišťovna arising from providing services and support in the following areas such as: ICT services, electronic banking, cards, payment processing, financial management and risk management.

In 2024, the Bank continued with integration of Group and thus received income of CZK 490 m (2023: CZK 485 m) from ČSOB Hypoteční banka and ČSOBS for the provision of loan services, such as debt management and collection and for the provision of administration services, such as human resources and accounting services.

The outstanding contractual balances of the contingent assets and liabilities to the related parties at 31 December are as follows:

(CZKm)	2024 Guarantees received	2024 Guarantees given	2023 Guarantees received	2023 Guarantees given
KBC Bank NV	2,332	19	2,189	87
Entities under common control				
ČSOB SK	1,487	10	930	236
K&H Bank Zrt	489	-	317	-
Subsidiaries				
ČSOB Leasing	-	8,181	-	8,094

The outstanding balances of guarantees received from KBC Bank and the entities under common control principally comprise sub-participation arrangements and other compensation commitments.

37. EVENTS AFTER THE REPORTING PERIOD

On 30 January 2025, ČSOB acquired a 50% share in Igluu from the other joint partner Gobii Europe for CZK 23 m. Given that fact, the ČSOB became the sole shareholder of Igluu. Since 30 January 2025, ČSOB owns a 100% share of equity and a 100% share of voting rights in Igluu.

There were no other significant events after the reporting period in addition to those mentioned above and elsewhere in these notes to the financial statements.

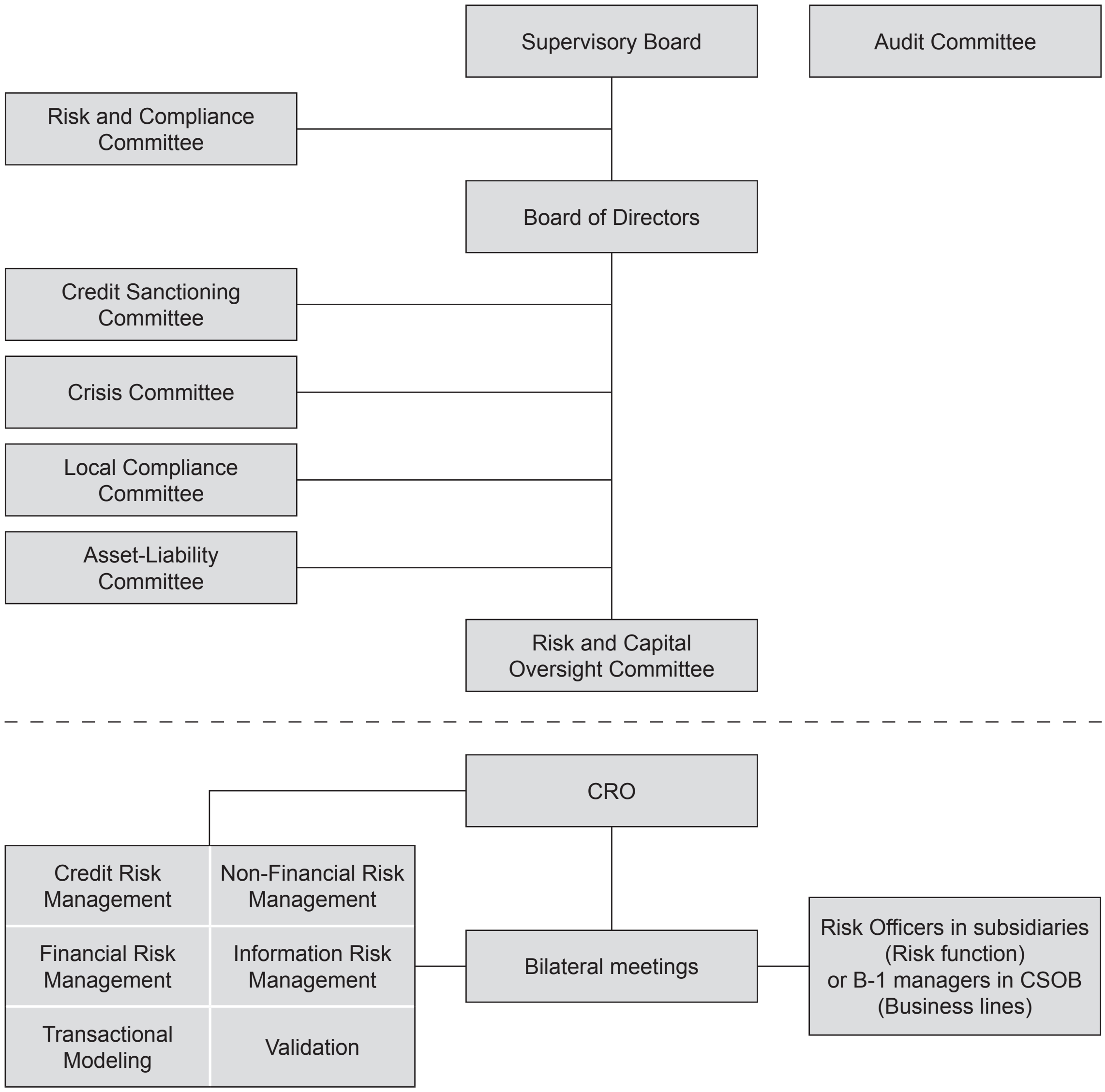
38. RISK MANAGEMENT

38.1 Introduction

Risk is an inherent part of ČSOB's activities, and risk and capital management is critical to the results of operations and financial condition of ČSOB. The principal risks that ČSOB faces are credit risk, liquidity risk, market risk, operational and other non-financial risks. This section is focused on our risk governance model and the most material risks the Bank faces.

Risk and Capital Management Governance

The chart below depicts an overview of the principal bodies of the risk and capital governance model in the Bank.



The Bank operates a three-line of defense (LoD) risk management model whereby front office functions, risk management oversight and assurance roles are played by functions independent of one another. The model is characterised primarily by:

- the Board of Directors, assisted by the Audit Committee, Supervisory Board and its Committees,
- the Risk and Capital Oversight Committee, Local Compliance Committee and Asset-Liability Committee,
- an independent Chief Risk Officer, supported by the independent Risk Function, and
- risk-aware business people, who act as the first line of defence ensuring that a risk control environment is established as part of day-to-day operations.

Supervisory Board

In its main role, the Supervisory Board oversees whether the governance of the Bank is efficient, comprehensive and adequate, and regularly evaluates the findings obtained from this activity. Its oversight role consists in providing constructive challenge when developing the strategy of the Bank; monitoring of the performance of the management function and the realisation of agreed goals and objectives, business and risk strategies; and ensuring the integrity of the financial information, effective risk management and internal controls (including proper segregation of duties within the Bank).

Risk and Compliance Committee

The Supervisory Board established the Risk and Compliance Committee which is mainly responsible for advising the Supervisory Board on the Bank's overall current and future risk profile, appetite and strategy, and for overseeing the implementation of that strategy.

Audit Committee

The Audit Committee, inter alia, monitors the effectiveness of the Bank's internal control, internal audit, risk management systems, establishment of accounting policies by the institution and procedures in preparing the financial statements of the Bank.

Board of Directors (BoD)

The Board of Directors generally ensures that comprehensive and adequate internal control and risk governance system is established, well-functioning and efficient, in its entirety and in parts.

Risk and Capital Oversight Committee (RCOC)

The RCOC assists the Board of Directors with risk and capital monitoring within ČSOB's. The RCOC is responsible for the whole ČSOB Group and for all risk types except for Market risk – Trading, Market risk – Non-trading and Liquidity, which are managed by ALCO committee

Local Compliance Committee

The Local Compliance Committee assists the Board of Directors with monitoring of compliance related issues within the Group. It is responsible for the whole ČSOB Group. In case of subsidiaries or entities that have a separate legal structure, the decisions of the Local Compliance Committee are to be considered as advices to the Management Board of those entities.

Asset-Liability Committee (ALCO)

The purpose of the Asset-Liability Committee (hereinafter "ALCO") is to support ČSOB´s Board of Directors (BoD) in asset-liability management and in management of market and liquidity risk of the ČSOB.

Chief Risk Officer (CRO)

The Chief Risk Officer (CRO), who is a member of the Board of Directors, is in general responsible for the identification, assessment and reporting of risks arising within operations across all business and all risk types, and has a direct management responsibility for all risk management functions / departments.

Risk Officer

Role of Risk officer is crucial for effective 2nd line in the entities of ČSOB Group. The Risk officer thus acts as a CRO of the particular company based on a delegation from ČSOB CRO.

Risk Function

The risk function is organized in the following risk specific departments: Financial Risk Management, Non-financial Risk Management, Information Security Management, Transactional Modeling and Credit Risk Management which are complemented by one team responsible for Central Credit risk and loss Measurement Validation. Common activities and shared processes are coordinated by Integrated risk management team (part of Financial Risk Management).

The risk departments at group level support the CRO of ČSOB Group and are the sparring partner of the business lines via the Bilateral Meetings. This support mainly consists of formulating proposals with regard to the definition of the Risk Appetite and providing reporting and advice in the field of risk and capital management.

Other Departments and Committees Participating in Risk and Capital Management

In addition to the Board of Directors, the Audit Committee, the Supervisory Board, the RCOC, the CRO and the Risk Function, the following other departments and committees are involved in day-to-day risk and capital management at the ČSOB level:

Credits departments

Departments within Credits are responsible for implementing and maintaining the individual credit processes within the frameworks designed by the Risk Function and the limits determined by the risk appetite and capital allocation approved by the Board of Directors.

The key responsibilities of the Credits departments are to:

(i) approve individual credit applications;

(ii) approve contractual documentation concerning individual credits;

(iii) monitor credit behaviour of individual credits during their lifetime; and

(iv) manage the work-out process in respect of individual credits.

Asset and Liability Management Department (ALM Department)

The ALM Department is responsible for managing the assets and liabilities of ČSOB's investment portfolio within the frameworks designed by the Risk Function and the risk appetite and capital allocation approved by the Board of Directors. The ALM Department is also primarily responsible for managing the funding and liquidity position of ČSOB. The ALM Department reports to the CFO.

Internal Audit Department

The Internal Audit Department regularly audits / assesses risk and capital management processes throughout ČSOB examining both the adequacy of its risk and capital management procedures and the Bank's compliance with the same. The Internal Audit Department discusses the results of its assessments with management, and reports its findings and recommendations to the Board of Directors and the Audit Committee. The Internal Audit Department reports to the CEO.

Credit Sanctioning Committee (CSC)

The CSC has a responsibility and authority to take decisions on individual credit applications falling within the delegated decision powers of the CSC. As such, it acts as the highest decision-making committee for the ČSOB Group with respect to credit risk. The members of the CSC are a member of ČSOB BoD responsible for Credits Management, who is the CSC's chairman, the CEO and the CFO as substitute chairman and the Head of ČSOB Credits as vice chairman, the Head of Corporate and Institutional Banking, the Head of Corporate Advice and Underwriting; the Head of Corporate Bad Debts; the Head of SME Bad Debts, Executive Director SME, the Management of Credit Products COR / SME and appointed Risk Manager. The CSC reports to the Board of Directors.

Credit Committee Retail Credits (CCRC)

CCRC is advisory body to the CRO (ČSOB HB/ČSOBS/ČSOB Group), who is taking the decision. The entire retail lending agenda is in scope of the committee, its chairman is the B-1 Retail Credits manager, Board members of subsidiaries have a standing invitation. The mission of the CCRC is (i) to discuss and to recommend decisions to concerned members of the committee on all topics related to risk agenda (ii) to bring sound, transparent and unified management of retail lending of CSOB Group.

Business Risk Meeting (BRM)

Business-Risk Meeting serves as a discussion and informational platform for different departments (Corporate and SME Relationship banking, ČSOB Leasing, Credits, Transactional Modelling, Group Validation. Risk function is represented by Credit risk management). Decisions taken at BRM are sole CRO decisions as BRM chairman. The CRO and Risk function engage themselves to appropriately involve the business in all decisions and to work in a consensus model.

NAPP committees

NAPP committees are installed to approve products, services and processes which are in scope of NAPP. Both first line and second line of defence functions are represented on the NAPP committee. Before the product/service or process is launched to clients, NAPP Committee debate and decide whether the objectives of NAPP are met (i.e. fair treatment of the client, strategic fit of products/services, risks identification and mitigation, compliance with regulation).

Bilateral Meetings

Bilateral Meetings are established for each Business Line in ČSOB Group (including subsidiaries and ČSOB Insurance) where business specific risk issues are regularly discussed. Currently, Bilateral Meetings do not take place within ČSOB Hypoteční banka and ČSOBS where the same CRO as in ČSOB is appointed.

The CRO has sole decision rights within the delegated decision authorities, which can always be escalated to the BoD on request of the BoD member responsible for that area.

As a general approach, RCOC approves (majority of) limits, while CRO approves (via Bilateral Meetings) risk measurement methods and methodology.

Components of sound risk management

Risk management refers to the coordinated set of activities to proactively identify and manage the risks that the Bank faces. It helps the Bank to achieve its objectives and realise its strategy.

The KBC Enterprise Risk Management Framework (ERMF) defines the risk governance, including the Three Lines of Defence, and sets clear rules and procedures on how risk management should be performed throughout the Group. It refers to a set of minimum standards and risk methods, processes and tools that must be translated into all risk-type specific Risk Management Frameworks (RMFs) and that all entities must adhere to. The ERMF and risk-type-specific RMFs not only detail how the Group manages risks in business as usual, but also in change (small and big transformations) and crisis situations (going from rather mild stress situations and threats to business continuity up to the most stressful situations, like recovery and resolution). They also aim to keep the Group compliant with regulatory requirements.

In order to continuously safeguard their relevance, the ERMF and risk-type-specific RMFs are annually reviewed, while the quality of their implementation is formally assessed once per year.

The risk management process consists of risk identification, risk measurement, setting and cascading risk appetite, risk analysis, reporting and follow-up.

Risk identification

Risk identification is the process of systematically and proactively discovering, assessing and describing risks, both within and outside the Group, that could negatively impact the Group's strategic objectives today and in the future. Not only the sources of risk are analysed, but also their potential consequences and materiality.

For the purpose of risk identification, the Group has set up robust and solid processes, at both the strategic and operational level, to uncover all material risks to which the Group is exposed.

These processes include:

The Risk Scan, which is a strategic group-wide exercise aimed at identifying and assessing top risks for the Group, i.e. the financial and non-financial risks that are highly significant for our business model. The identified top risks are inputs for the yearly financial planning process and for several risk management exercises, including for defining the priorities of the risk function, risk appetite setting and stress testing.

The New and Active Product Process (NAPP), which is a group-wide, formalised process to identify and mitigate product related risks, both for the Group and for its clients. Within the Group, no products, processes and/or services can be created, purchased, changed or sold without approval in line with NAPP governance. The risk department also conducts periodic assessments of the impact of the expanded and/or updated product and service offering on the group's risk profile.

Risk signals, which are continuously collected at all levels of the organisation (group and local). The internal and external environments are constantly scanned, using all possible sources of information, to detect events or changes that can potentially impact the group, either directly or indirectly. Risk signal reporting provides management with a summary of the identified risks, their potential impact and possible remedial actions.

Risk measurement

The Bank defines risk measurement as 'the action to come to a quantitative expression of a risk, or a combination of risks, on a portfolio of instruments/exposures'. Once risks have been identified, certain attributes of the risk can be assessed, such as impact, probability of occurrence, size of exposure, etc. This is done with the help of risk measures, which allow us to assess the materiality of risks, to monitor them over time (with a frequency that is appropriate for the risk type) and to assess the impact of risk management actions.

Risk measures are designed to measure a specific risk or multiple risks at the same time and can be either internally developed or imposed by the regulator (including the calculation method used). An overview of the extensive set of risk measures in use in the Group (both regulatory and internally defined) is provided in the Enterprise Risk Management framework (ERMF) and risk-type-specific frameworks.

In order to ensure that risk measures are and remain fit for use and are of high quality, they are subject to strict and robust processes, including adequate documentation and strong governance. Regular reviews and the use of the 'four-eyes principle', including independent internal validation where appropriate, further enhance the accuracy and reliability of these risk measures.

Setting and cascading risk appetite

Taking and transforming risks is an integral part – and hence an inevitable consequence of – the business of a financial institution. Therefore, the Group does not aim to eliminate all the risks involved (risk avoidance) but instead seeks to identify, control and manage them in order to make optimal use of its available capital (i.e. risk-taking as a means of creating value).

The Group's tolerance for risk is captured via its 'risk appetite'. This risk appetite expresses – both qualitatively and quantitatively – how much and what kind of risk we want to take and within which boundaries they should be managed.

The ability to accept risk is limited by financial constraints (available capital and liquidity buffers, borrowing capacity, etc.), non-financial constraints (strategic ability, skills, legal constraints, etc.) and regulatory restrictions (e.g., regulatory floors on capital and liquidity ratios). The willingness to accept risk depends on the interests of the various stakeholders. A key component in defining risk appetite is therefore an understanding of the expectations of the organisation's key stakeholders.

Risk appetite is made explicit via the 'risk appetite statement' (RAS), which is decided at both Group and local level. The RAS reflects the view of the Board of Directors and top management on the acceptable level and composition of risks ensuring coherence with the desired return and allowing the group to implement its corporate strategy within a clear risk playing field. The high-level risk appetite objectives are further detailed for each separate risk type via qualitative and quantitative statements and via a risk appetite label, which can be Low, Medium or High. The long-term risk appetite is monitored based on a set of risk measures for which risk thresholds are defined. Lastly, risk appetite is translated into risk-type-specific group limits/targets, which are further cascaded down to the entities.

The risk appetite process is firmly embedded in the financial and strategic planning process (APC - Alignment of Planning Cycles) as it directs the focus and way of working of business and control functions and helps to set priorities accordingly.

The Board of Directors annually approves the preliminary risk appetite as input into the APC. When the financial planning is approved by the Board, the final risk appetite is also determined, including its translation into concrete limits and targets that safeguard that the risk profile remains within the risk appetite when executing the financial plan.

Risk analysis, reporting and follow-up

Risk analysis and reporting aim to give management an increased level of transparency ensuring a comprehensive, forward-looking and ex-post view of the development of the risk profile versus the risk appetite and of the context in which the Group operates.

This is done via reports that are tailored to the needs of the recipients and recognise the different information needs of the Board, senior management and other levels of the organisation, helping them to understand the potential issues and to take the relevant actions. In addition to internal reporting, external reports are also prepared for the different stakeholders of the Group.

Stress testing

Stress testing is an important tool that supports the decision making process by simulating the potential negative impact of specific events and/or movements in risk factors on Group's (financial) condition so that we can better prepare for these situations.

Stress tests range from plausible to exceptional and even extreme events or scenarios, both at the level of individual risk types and across risk types (integrated stress tests). The latter look at the interaction and combined impact of stress across multiple risk types, including interaction and feedback loops between stresses on financial indicators.

In addition to all regulatory imposed stress tests, the Group actively uses internal stress testing as a key risk management tool.

38.2 Credit risk

Credit risk is the risk of a potential loss expected to arise as a consequence of the non-payment or non-performance by an obligor (a borrower, guarantor, counterparty to a commercial transaction or issuer of a debt instrument), due to that party's insolvency or lack of willingness to pay, or to events or measures taken by the political or monetary authorities of a particular country. The latter is also referred to as country risk.

The Bank manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations. The Bank monitors exposures in relation to these limits. The Bank has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties. This includes also regular collateral revisions.

Since September 2012, the Bank is allowed by both Belgian and Czech banking regulators to use the IRB Advanced approach for the capital calculations of its non-retail (Corporate, non-retail SME, Banks, Non-Banking financial institutions) as well as retail exposures. As a result, credit risk is measured, monitored and managed based on the principles of this approach.

For the non-retail exposure (Corporate, non-retail SME, Banks, Non-Banking financial institutions), counterparty risk (i.e. default risk) is managed based on statistical default prediction models that establish a rating (PD / Probability of Default), LGD (Loss Given Default) and EAD (Exposure at Default).

For the retail exposures, statistical models have been developed for PD, LGD and EAD. Contrary to the non-retail exposure, where risk factors are determined on an individual basis, risk factors are determined in Retail based on risk-homogenous sets of exposure (so-called pools).

The model results are used for the capital calculation and for credit decision purposes too.

The Bank implemented a new default definition as of March 2020. This implementation is in line with relevant European and local regulations. The impacts of this implementation are, among other things, in the method of calculating days past due. Overdue days are newly defined as the number of consecutive days when the “arrears” of the client facility are continuous and simultaneously above both “materiality thresholds” (absolute threshold and relative materiality threshold).

The default is defined as a situation where at least one of the following conditions is met:

(i) it may be assumed that the customer will not fulfil its obligations in a proper and timely manner without ČSOB seeking to collect its outstanding receivable through credit protection,

(ii) at least one payment of the principal or interest and fees of any obligation of the customer towards ČSOB is more than 90 days past the due date.

At ČSOB, default status may occur when a forbearance measure-concession is granted. Forbearance measures are concessions towards a borrower who is facing or is about to face financial difficulties. Both conditions should be fulfilled. For more, see the section “Forbearance measures”.

Non-retail exposure

Rating system: PD (Probability of Default)

The Bank manages its non-retail credit exposure by establishing counterparty limits that are based on individually assigned internal ratings. These ratings are based on IRB Advanced compliant statistical rating models that take into account financial and non-financial data. The individual PD rating is scaled according to the KBC master scale, which has 12 grades going from PD 1 - the best rating to PD 12, which is the worst.

PD 1 to PD 9 represent the performing exposures.

PD 10 contains: customers where the relevant Bank credit decision authority has judged the exposure to be “unlikely to pay” and none of the obligations are more than 90 days overdue and no Bank credit decision authority has judged the exposure to be ‘partly or fully lost’ without recourse to credit protection.

PD 11 represents customers, who have been overdue for 90 days or more, but not subject to bankruptcy proceeds yet.

PD 12 represents customers, where Bank credit decision authority has judged the exposure to be “partly or fully lost” without recourse to credit protection.

PD ratings are used not only for the measurement, monitoring and management of credit risk, but also to determine, among other things, the level at which a credit approval must be obtained, the required collateral and pricing.

The following table sets forth a breakdown of the Bank’s risk categories, including the internal and external ratings, for non-retail exposure:

ČSOB risk categories for Non-retail exposure

Category	PD Rating	PD %	S&P’s Rating	Stage	Performance	Impairment	Default
Normal	1-7	0.0-6.4	AAA - B	Stage 1/ Stage 2	Performing customers	Model based	Non-defaulted
Monitored	8-9	6.4-100	(B-) - C	Stage 1/ Stage 2	Performing customers	Model based	Non-defaulted
Uncertain	10	100	D	Stage 3	Non-performing customers	Model based/ Individually assessed	Defaulted
Doubtful	11	100	D	Stage 3	Non-performing customers	Model based/ Individually assessed	Defaulted
Irrecoverable	12	100	D	Stage 3	Non-performing customers	Model based/ Individually assessed	Defaulted

Individual Credit Processes

The individual approval, monitoring and work-out processes are subject to risk and capital management frameworks approved by the Group Risk Management (GRM) and/or the CRO but developed, maintained and implemented by the Credits departments in the Bank. These Credits departments are also responsible for the implementation of these frameworks in the day-to-day operations of the credit processes and for assuring that individual risk acceptance remains within the limits set by the risk appetite statement.

Application Process

The loan or credit application process for non-retail credit exposures involves three steps. Firstly, the employee maintaining the overall relationship with the customer prepares a credit application containing the credit request, the reason for the application and an analysis of the risks (including a financial analysis). Secondly, a credit risk advisor operating independently from the business line, who reports to the Credits department, provides a written non-binding advice. Thirdly, a decision is taken by the Credit Sanctioning Committee (CSC), the highest local decision taking body, or one of its sub-committees consisting of business line employees and employees in the Credits department above the certain threshold. The Committee adopts its decisions by consensus based on a draft decision formulated by the Chairman or Vice - Chairman.

Delegations are granted *ad personam*. The delegations are risk based and take into account the total exposure with respect to a customer or customer group.

All credit decisions must be taken according to the “four eyes principle”, i.e. at least two persons with appropriate delegation authority need to be involved.

Individual Monitoring Process

An individual credit monitoring process is applicable to non-retail exposures (corporate, large non-retail SME). For small non-retail SME an automated behavioural monitoring process is being used. Credit exposures with a rating between PD 1 – 8 (non-retail SME) / PD 1 – 9 (corporate) are reviewed by the business function with the support of monitoring applications and eventual advisory assistance of Bad Debt department (credit exposures with a rating 8 - 9. Credit exposures with a rating between PD 9 – 12 (non-retail SME) / PD 10 – 12 (corporate) are reviewed by the Bad Debt department, which is a sub-department of the Credits Departments.

Regardless of the PD rating, a full credit application must be submitted to the applicable decision authority for a review at least once a year in accordance with the same application process as for the new exposures. Additionally, certain triggers lead to a more frequent review of credit applications. These triggers include breaches of contractual conditions (such as the breach of financial or non-financial covenants or the non-payment of fees, interest or principal), but also events that do not constitute a breach of contract such as a sudden unexpected change in management that could lead to a deterioration of the customer’s financial situation.

In addition to the annual review process, commercial real estate finance, acquisition finance and project finance are subject to a quarterly review by the CSC, pursuant to which all major exposure is subject to a short review of its main credit risk characteristics. Based on the outcome of the general quarterly review, the CSC can take immediate action or request an early full review of the file.

Collective Monitoring Process

In addition to the required annual review process, a collective monitoring process is applied to non-retail SME customers. The monitoring of compliance by the customer with covenants specified in the relevant financing documentation is based on information provided by the customer in covenant compliance reports and financial statements. A breach of the internal thresholds and covenants specified in the financing documentation triggers the individual review process as described above.

Bad Debts Treatment

For both corporate and non-retail SME customers, the management of bad debts is the sole responsibility of the Bad Debt department. The credit customer relationship is transferred to the Bad Debt department when an exposure reaches a PD rating of 9 in the case of non-retail SME and PD rating of 10, in the case of corporate customers.

Retail exposure (Entrepreneurs, retail SMEs and Individuals)

Risk Categories

The following table sets forth a breakdown of the Bank's risk categories for retail exposure:

ČSOB risk categories for Retail exposure

Category	PD rating	Stage	Performance	Impairment	Default
Normal	n/a	Stage 1/ Stage 2	Performing	Model based	Non-defaulted
Monitored	n/a	Stage 1/ Stage 2	Performing	Model based	Non-defaulted
Uncertain	10	Stage 3	Non-performing	Model based	Defaulted
Doubtful	11	Stage 3	Non-performing	Model based	Defaulted
Irrecoverable	12	Stage 3	Non-performing	Model based	Defaulted

Application Process

The application process in the retail segment is based on the usage of application scorecards for new customers and behavioural scorecards for existing customers. For consumer finance products (personal unsecured loans, retail overdrafts and credit cards) decisions are fully automated based on scorecards in the vast majority of cases. Mortgage decisions are supported by scorecards but decision-taking is essentially manual.

The application process makes extensive use of several external credit bureau databases that include both positive and negative information.

Monitoring Process

The monitoring process in the retail segment is performed regularly by the relevant Credit Departments. It is based on aggregated data. It does not involve individual reviews and looks at the development of defaults and probability of default within different sub-portfolios and the development of Credit Cost Ratios within the different sub-portfolios.

Collection Process

The collection process in retail consists of two major phases: early collection and late collection. Early collection is generally based on a rapid succession of reminders (via a call centre or automated written notices) starting when any payment is few days overdue and may involve the restructuring of the loan. Late collection is focused on legal proceedings and the recovery of collateral.

Financial derivative instruments

Counterparty credit risk of derivative instruments, as foreign exchange derivatives and interest rate swaps, are determined as the sum of the (positive) current replacement cost (mark-to-market value) of an instrument and the potential future exposure (addon). For mitigation of the counterparty credit risk are used close-out netting and collateralization.

Credit-related commitments risk

The Bank provides guarantees and letters of credit on behalf of its customers, as a result of which the Bank may be required to make payments on such customers' behalf. Such payments are subsequently required to be reimbursed to ČSOB by the customer based on the terms of the underlying credit documentation. These guarantees expose the Bank to similar risks as loans and such risks are managed using the same credit risks control processes and policies.

The following two main commitment risks are treated as off-balance sheet within the Bank:

(i) *Undrawn but Committed Exposure*. This exposure arises when the Bank has a legal commitment to provide a borrower with a facility or credit when asked and such facility or credit has not yet been drawn. This type of exposure comprises to a large extent of short-term exposure, where the Bank's commitment has a duration equal to or shorter than one year.

(ii) *Off-Balance Sheet Products*. This exposure consists of bank guarantees and/or letters of credit. Off-balance sheet products are granted predominantly in the corporate segment and often consist of bid, performance or advance payment bonds for domestic construction companies.

Commitment risks expose the Bank to similar risks as loans and such risks are monitored and managed using the same credit risk control processes and policies.

The Bank manages credit risk in three major portfolios: Credit portfolio, Investment portfolio and Trading portfolio. Besides these there is a credit exposure connected with settlement activities (correspondent banking, settlement of receivables generated within system of electronic toll, which ČSOB administers for the Czech Government – e-Toll), where the risk is limited as counterparties are either highly rated banks, government institutions or entities with guarantees by highly rated banks.

The table below shows the maximum exposure to credit risk for the components of the statement of financial position and financial guarantees, loan commitments and other commitments as at 31 December 2024 and 2023. The maximum exposure is shown as net carrying amount (contractual amounts for financial guarantees and commitments) without taking account of any collateral and other credit enhancements.

	2024				
(CZKm)	Credits	Investment	Trading	Other assets	Total
ASSETS					
Cash, balances with central banks and other demand deposits (Note: 14)	2,641	36,648	-	-	39,289
Financial assets held for trading (Note: 15)	-	9,761	27,311	-	37,072
Non-trading financial assets mandatorily at fair value through profit or loss	-	951	-	-	951
Financial assets FVOCI (Note: 16)	964	50,470	-	-	51,434
Financial assets FVOCI pledged as collateral	-	4,242	-	-	4,242
Financial assets at AC	369,038	1,133,488	-	3,272	1,505,798
Financial assets at AC pledged as collateral	-	35,833	-	-	35,833
Fair value adjustments of the hedged items in portfolio hedge	-	-2,654	-	-	-2,654
Derivatives used for hedging	-	17,987	-	-	17,987
Other assets (Note: 23)	-	-	-	1,227	1,227
Total	372,643	1,286,726	27,311	4,499	1,691,179
Financial guarantees and other commitments (Note: 33)	53,803	8,180	-	-	61,983
Loan commitments – irrevocable (Note: 33)	143,379	6,723	-	-	150,102
Total	197,182	14,903	-	-	212,085
Total credit risk exposure	**569,825**	**1,301,629**	**27,311**	**4,499**	**1,903,264**

(CZKm)	2023 Credits	Investment	Trading	Other assets	Total
ASSETS					
Cash, balances with central banks and other demand deposits (Note: 14)	4,360	10,724	-	-	15,084
Financial assets held for trading (Note: 15)	-	20,069	30,255	-	50,324
Non-trading financial assets mandatorily at fair value through profit or loss	-	1,330	-	-	1,330
Financial assets FVOCI (Note: 16)	961	26,089	-	-	27,050
Financial assets FVOCI pledged as collateral	-	4,326	-	-	4,326
Financial assets at AC	335,167	944,632	-	3,182	1,282,981
Financial assets at AC pledged as collateral	-	237,654	-	-	237,654
Fair value adjustments of the hedged items in portfolio hedge	-	-5,250	-	-	-5,250
Derivatives used for hedging	-	23,545	-	-	23,545
Other assets (Note: 23)	-	-	-	949	949
Total	340,488	1,263,119	30,255	4,131	1,637,993
Financial guarantees and other commitments (Note: 33)	49,046	8,094	-	-	57,140
Loan commitments – irrevocable (Note: 33)	135,344	2,057	-	-	137,401
Total	184,390	10,151	-	-	194,541
Total credit risk exposure	**524,878**	**1,273,270**	**30,255**	**4,131**	**1,832,534**

Where financial instruments are recorded at fair value the amounts shown above represent the current credit risk exposure but not the maximum risk exposure that could arise in the future as a result of changes in values.

Set out below is an analysis of the maximum exposure to credit risk of the Bank before and after taking into account the collateral held:

	2024			2023		
(CZKm)	Gross maximum exposure	Financial effect of collateral	Net maximum exposure	Gross maximum exposure	Financial effect of collateral	Net maximum exposure
ASSETS						
Cash, balances with central banks and other demand deposits (Note: 14)	39,289	-	39,289	15,084	-	15,084
Financial assets held for trading (incl. assets pledged as collateral)	37,072	5,688	31,384	50,324	13,056	37,268
Financial derivatives	37,058	5,687	31,371	50,317	13,049	37,268
Financial assets other than derivatives	14	1	13	7	7	-
Non-trading financial assets mandatorily at fair value through profit or loss	951	-	951	1,330	-	1,330
Financial assets FVOCI (incl. assets pledged as collateral)	55,676	-	55,676	31,376	-	31,376
Financial assets at amortised cost (incl. assets pledged as collateral)	1,541,631	675,174	866,457	1,520,635	691,733	828,902
of which non-performing assets	*3,421*	*2,354*	*1,067*	*4,077*	*3,098*	*979*
Fair value adjustments of the hedged items in portfolio hedge	-2,654	-	-2,654	-5,250	-	-5,250
Derivatives used for hedging	17,987	968	17,019	23,545	987	22,558
Other assets (Note: 23)	1,227	-	1,227	949	-	949
Total	1,691,179	681,830	1,009,349	1,637,993	705,776	932,217
Financial guarantees and commitments – irrevocable (Note: 33)	212,085	57,569	154,516	194,541	55,716	138,825
of which non-performing exposures	*520*	*327*	*193*	*914*	*524*	*390*
Total credit risk exposure	**1,903,264**	**739,399**	**1,163,865**	**1,832,534**	**761,492**	**1,071,042**

Set out below is an analysis of the non-performing exposure to credit risk of the Bank before and after taking into account the collateral held by type of the business:

	2024			2023		
(CZKm)	Gross maximum exposure	Financial effect of collateral	Net maximum exposure	Gross maximum exposure	Financial effect of collateral	Net maximum exposure
Non-performing exposures total						
Corporate	*1,275*	*1,200*	*75*	*2,299*	*1,889*	*410*
SME	*1,804*	*1,475*	*329*	*1,986*	*1,731*	*255*
Retail	*850*	*5*	*845*	*695*	*2*	*693*
Other	*12*	*1*	*11*	*11*	*-*	*11*
Total non-performing exposures	***3,941***	***2,681***	***1,260***	***4,991***	***3,622***	***1,369***

Financial effect of collateral represents a fair value of collateral received by the Bank against a credit exposure limited to the outstanding amount of the exposure.

The credit portfolio is structured according to the type of the business the Bank enters into:

2024 (CZKm)	Outstanding gross amount	Financial guarantees and other commitments gross	Loan commitments gross	**Granted exposure**	Allowances	Provisions	**Net exposure**
Corporate	225,412	47,763	72,700	**345,875**	-2,373	-167	**343,335**
SME	105,179	6,214	55,951	**167,344**	-2,243	-80	**165,021**
Retail	46,822	-	14,613	**61,435**	-1,842	-17	**59,576**
Other	1,690	13	192	**1,895**	-1	-1	**1,893**
Total credits	**379,103**	**53,990**	**143,456**	**576,549**	**-6,459**	**-265**	**569,825**

2023 (CZKm)	Outstanding gross amount	Financial guarantees and other commitments gross	Loan commitments gross	**Granted exposure**	Allowances	Provisions	**Net exposure**
Corporate	202,600	43,727	67,810	**314,137**	-2,511	-354	**311,272**
SME	99,715	5,541	53,695	**158,951**	-2,562	-70	**156,319**
Retail	40,453	-	13,995	**54,448**	-1,685	-21	**52,742**
Other	4,479	12	56	**4,547**	-1	-1	**4,545**
Total credits	**347,247**	**49,280**	**135,556**	**532,083**	**-6,759**	**-446**	**524,878**

The following tables show a reconciliation of the allowances for impairment losses, incl. adjustment for geopolitical and macroeconomic uncertainties as part of Stage 2, on credit portfolio for 2023 and 2024 by classes of financial instruments:

(CZKm)	Corporate	SME	Retail	Other	Total
Stage 1					
At 1 January 2023	**327**	**127**	**114**	**-**	**568**
Origination and acquisition	162	92	72	-	326
Change in credit risk not leading to stage transfers	-138	-7	-25	-	-170
Change in credit risk leading to stage transfer	-46	27	-7	-	-26
Modification without derecognition	-	-	-2	-	-2
Derecognition	-	-18	-19	-	-37
Foreign currency translation	1	-	-	-	1
At 31 December 2023	**306**	**221**	**133**	**-**	**660**
Origination and acquisition	66	110	109	-	285
Change in credit risk not leading to stage transfers	-193	-20	-27	-	-240
Change in credit risk leading to stage transfer	18	28	2	-	48
Modification without derecognition	-	-	-2	-	-2
Derecognition	-	-18	-29	-	-47
Changes in model/methodology	16	38	3	-	57
Foreign currency translation	-	-	-	-	-
At 31 December 2024	**213**	**359**	**189**	**-**	**761**
Stage 2					
At 1 January 2023	**895**	**1,222**	**601**	**1**	**2,719**
Change in credit risk not leading to stage transfers	-331	-480	-97	-	-908
Change in credit risk leading to stage transfer	146	46	110	-	302
Modification without derecognition	-	-12	1	-	-11
Derecognition	-	-49	-29	-	-78
Foreign currency translation	33	-2	-	-	31
At 31 December 2023	**743**	**725**	**586**	**1**	**2,055**
Change in credit risk not leading to stage transfers	-92	-72	-122	-	-286
Change in credit risk leading to stage transfer	-128	-94	56	-	-166
Modification without derecognition	-	-16	-3	-	-19
Derecognition	-	-48	-42	-	-90
Changes in model / methodology	-44	-116	-3	-	-163
Foreign currency translation	58	-	-	-	58
At 31 December 2024	**537**	**379**	**472**	**1**	**1,389**

Stage 3					
At 1 January 2023	**2,186**	**1,720**	**834**	**-**	**4,740**
Change in credit risk not leading to stage transfers	-935	-123	32	-3	-1,029
Change in credit risk leading to stage transfer	212	226	335	-	773
Modification without derecognition	-	31	83	-	114
Derecognition	-	-151	-43	-	-194
Write-offs	-7	-122	-279	-	-408
Foreign currency translation	6	-2	-	3	7
At 31 December 2023	**1,462**	**1,579**	**962**	**-**	**4,003**
Change in credit risk not leading to stage transfers	-366	-112	27	-2	-453
Change in credit risk leading to stage transfer	546	237	411	-	1,194
Modification without derecognition	-	28	91	-	119
Derecognition	-	-80	-54	-	-134
Write-offs	-26	-219	-272	-	-517
Foreign currency translation	7	-	-	2	9
At 31 December 2024	**1,623**	**1,433**	**1,165**	**-**	**4,221**
POCI					
At 1 January 2023	**-**	**27**	**7**	**-**	**34**
Change in credit risk not leading to stage transfers	-	13	2	-	15
Change in credit risk leading to stage transfer	-	-1	-4	-	-5
Derecognition	-	-	-1	-	-1
Write-offs / recoveries	-	-2	-	-	-2
At 31 December 2023	**-**	**37**	**4**	**-**	**41**
Change in credit risk not leading to stage transfers	-	39	11	-	50
Change in credit risk leading to stage transfer	-	-1	-	-	-1
Derecognition	-	-6	-1	-	-7
Write-offs / recoveries	-	3	2	-	5
At 31 December 2024	**-**	**72**	**16**	**-**	**88**
ALL STAGES					
At 1 January 2023	**3,408**	**3,096**	**1,556**	**1**	**8,061**
At 31 December 2023	**2,511**	**2,562**	**1,685**	**1**	**6,759**
At 31 December 2024	**2,373**	**2,243**	**1,842**	**1**	**6,459**

In 2024 and 2023, the most significant changes in gross carrying amount of credit exposures that have an impact on ECL allowance include: origination and acquisition of new assets, changes in credit risk leading to transfers between stages (Note: 17), derecognition of loans and write-offs.

The following table shows a consistence of the movements of expected credit losses with the impairment losses as reported in the consolidated statement of income:

(CZKm)	2024	2023
Balance of allowances for credit losses at 1 January	6,759	8,061
Balance of allowances for credit losses at 31 December	6,459	6,759
Net decrease (-) / increase of allowances for credit losses for the year	**-300**	**-1,302**
Adjusted for:		
Write-offs	505	377
Recoveries	-257	-285
Sales of loans	7	33
Foreign currency translation	-67	-39
Net impairment gains (-) / losses as reported in the statement of income	**-112**	**-1,216**

An industry sector analysis of the Bank's Credit portfolio, before taking into account any collateral held or other credit enhancements, is as follows:

	2024		2023	
Sector	Granted exposure (CZKm)	Percentage of total exposure	Granted exposure (CZKm)	Percentage of total exposure
Distribution	90,243	15.6	83,059	15.6
Commercial Real Estate	84,017	14.6	83,400	15.7
Services	62,050	10.8	56,195	10.6
Private persons	58,273	10.1	51,446	9.7
Building and Construction	56,741	9.8	52,920	9.9
Automotive	37,943	6.6	33,134	6.2
Authorities	21,692	3.8	18,365	3.4
Oil, Gas and other Fuels	20,108	3.5	21,385	4.0
Machinery and Heavy Equipment	19,433	3.4	19,131	3.6
Metals	16,302	2.8	15,883	3.0
Agriculture, farmers and fishing	13,269	2.3	12,308	2.3
Finance and Insurance	13,157	2.3	13,592	2.5
Electricity	13,080	2.3	7,338	1.4
Electrotechnics	9,868	1,7	9,555	1.8
Beverages	7,469	1.3	6,366	1.2
Food producers	-	-	6,120	1.2
Other sectors	52,904	9.1	41,886	7.9
Total	**576,549**	**100.0**	**532,083**	**100.0**

The investment portfolio is structured according to the type of the instrument:

2024 (CZKm)	Outstanding gross amount	Financial guarantees and other commitments gross	Loan commitments gross	Cumulative impairment loss	**Granted exposure**
Debt securities	673,675	-	-	-94	**673,581**
Loans and receivables within investment portfolio	548,755	8,180	6,723	-6	**563,652**
Derivatives used for hedging	17,987	-	-	-	**17,987**
Derivatives as economic hedges (Note: 15)	9,761	-	-	-	**9,761**
Cash, balances with central banks and other demand deposits	36,648	-	-	-	**36,648**
Total investment	**1,286,826**	**8,180**	**6,723**	**-100**	**1,301,629**

2023 (CZKm)	Outstanding gross amount	Financial guarantees and other commitments gross	Loan commitments gross	Cumulative impairment loss	**Granted exposure**
Debt securities	640,541	-	-	-75	**640,466**
Loans and receivables within investment portfolio	568,320	8,094	2,057	-5	**578,466**
Derivatives used for hedging	23,545	-	-	-	**23,545**
Derivatives as economic hedges (Note: 15)	20,069	-	-	-	**20,069**
Cash, balances with central banks and other demand deposits	10,724	-	-	-	**10,724**
Total investment	**1,263,199**	**8,094**	**2,057**	**-80**	**1,273,270**

The following tables show a reconciliation of the allowances for impairment losses on investment portfolio for 2023 and 2024 by classes of financial instruments:

(CZKm)	Debt securities Financial assets FVOCI	Debt securities Financial assets at amortised cost	Total
Stage 1			
At 1 January 2023	**5**	**72**	**77**
Change in credit risk not leading to stage transfers	-	3	3
At 31 December 2023	**5**	**75**	**80**
Change in credit risk not leading to stage transfers	1	20	21
At 31 December 2024	**6**	**95**	**101**

The investment portfolio is monitored from a counterparty sector point of view:

Sector	2024 Granted exposure (CZKm)	2024 Percentage of total exposure	2023 Granted exposure (CZKm)	2023 Percentage of total exposure
Central banks	547,011	42.0	544,944	42.8
General government	306,867	23.6	294,109	23.1
Credit institutions	396,358	30.5	393,276	30.9
Corporate	51,393	3.9	40,941	3.2
Total investment	**1,301,629**	**100.0**	**1,273,270**	**100.0**

The trading portfolio is structured according to the type of the instrument:

2024 (CZKm)	Outstanding gross amount	Financial guarantees and other commitments gross	Loan commitments gross	**Granted exposure**
Loans and advances	14	-	-	14
Trading derivatives (Note: 15)	27,297	-	-	27,297
Total trading portfolio	**27,311**	**-**	**-**	**27,311**

2023 (CZKm)	Outstanding gross amount	Financial guarantees and other commitments gross	Loan commitments gross	**Granted exposure**
Loans and advances	7	-	-	7
Trading derivatives (Note:15)	30,248	-	-	30,248
Total trading portfolio	**30,255**	**-**	**-**	**30,255**

The trading portfolio is monitored from counterparty sector point of view:

	2024		2023	
Sector	Granted exposure (CZKm)	Percentage of total exposure	Granted exposure (CZKm)	Percentage of total exposure
Credit institutions	22,087	80.9	26,525	87.7
Corporate	5,224	19.1	3,730	12.3
Total trading portfolio	**27,311**	**100.0**	**30,255**	**100.0**

Risk concentrations of the maximum exposure to credit risk

The concentration of risk is managed by geographical region, industry and by client/counterparty. The Bank's financial assets, before taking into account any collateral held or other credit enhancements can be analysed by the following geographical regions:

	2024		2023	
(CZKm)	Total risk	of which General government	Total risk	of which General government
Czech Republic	1,804,240	311,541	1,719,521	296,343
Belgium	37,787	-	57,164	-
Slovak Republic	10,897	4,381	11,948	4,511
Hungary	1,479	-	1,085	-
Spain	455	-	1,263	-
Ukraine	133	-	96	-
Belarus	97	-	348	-
Italy	51	-	21	-
Russia	14	-	19	-
Greece	2	-	1	-
Other Europe	37,084	1,259	32,114	2,839
Other	11,025	1,097	8,954	594
Total	**1,903,264**	**318,278**	**1,832,534**	**304,287**

Credit risk exposures of the Bank towards the countries are reported before taking into account of collateral. Gross credit exposure to Belarus, Russia and Ukraine amounts to CZK 390 m at 31 December 2024 (31 December 2023: CZK 463 m). If collaterals, guarantees and other credit enhancements received by the Bank to limit the exposure are taken into account, then the net unsecured exposure to Belarus, Russia and Ukraine decreases to CZK 141 m at 31 December 2024 (31 December 2023: CZK 125 m).

Client concentration is monitored on the level of individual portfolios. In the credit portfolio the exposure towards groups of economically connected subjects are monitored:

	2024		2023	
Client	Granted exposure (CZK m)	% of total credit portfolio	Granted exposure (CZK m)	% of total credit portfolio
1 largest client	15,621	2.7	13,062	2.5
10 largest clients	85,247	14.8	75,554	14.2
25 largest clients	142,547	24.7	127,188	23.9

The largest exposures to single clients in the investment portfolio as at 31 December 2024 and 31 December 2023 were:

	2024		2023	
Client	Granted exposure (CZK m)	% of total investment portfolio	Granted exposure (CZK m)	% of total investment portfolio
CNB	547,012	42.0	544,843	42.8
ČSOB Hypoteční banka	366,685	28.2	345,349	27.1
Czech Ministry of Finance (S&P's rating AA)	300,134	23.1	286,415	22.5

The largest exposures to single clients in the trading portfolio as at 31 December 2024 and 31 December 2023 were:

	2024		2023	
Client	Granted exposure (CZK m)	% of total trading portfolio	Granted exposure (CZK m)	% of total trading portfolio
KBC Bank	14,545	53.3	18,294	60.5

Exposures to counter parties by risk rating class in the investment and trading portfolio as at 31 December 2024 and 31 December 2023 were:

	2024		2023	
Rating (S&P)	Granted exposure (CZK m)	% of total portfolio	Granted exposure (CZK m)	% of total portfolio
Investment portfolio				
AAA up to and including A-	878,278	67.5	886,547	69.6
BBB+ up to and including BB-	1,090	0.1	1,247	0.1
Unrated	422,261	32.4	385,476	30.3
Total	**1,301,629**	**100.0**	**1,273,270**	**100.0**
Trading portfolio				
AAA up to and including A-	21,205	77.6	24,075	79.6
BBB+ up to and including BB-	3,224	11.8	4,355	14.4
Lower than BB-	111	0.4	-	-
Unrated	2,771	10.2	1,825	6.0
Total	**27,311**	**100.0**	**30,255**	**100.0**

Included in the item unrated, there are loans granted to the ČSOB's subsidiaries ČSOB Hypoteční banka, ČSOB Leasing and ČSOB Factoring, as well as securities issued by these companies held by the Bank as part of the investment portfolio.

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

The main types of collateral obtained are as follows:

- For securities lending and reverse repurchase transactions, cash or securities;
- For commercial lending, pledges over real estate properties, trade receivables and inventory;
- For retail lending, pledges over residential properties are used for mortgage financing.

The Bank complies with CNB recommendation regarding retail loans secured by residential properties. The Bank continuously monitors the market value of all collateral, monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment losses and requests additional collateral in accordance with the underlying agreement when necessary. The amount of collateral reported for an individual receivable does not exceed the carrying amount of the receivable.

Within concluding derivatives transaction to hedge counterparty’s risk the Bank uses Master netting agreements and collateralisation annex (i.e. CSA or its equivalents).

Impairment assessment

The Bank complies with the IFRS 9 accounting standard and as a result uses the expected credit loss model methodology to calculate its impairments.

The portfolio can be divided into three stages while the main considerations for stage allocation include whether there has been a significant increase in credit risk since initial recognition, any payments of principal or interest are overdue by more than 90 days or there are any known difficulties in the cash flows of counterparties, worsening of their credibility reflected by credit rating downgrades or infringement of the original terms of the contract.

A symmetric Group-wide multi-tier approach (MTA) for staging was developed to assess whether there has been a significant increase in credit risk since initial recognition triggering transfer to stage 2 from stage 1. The comprehensive indicators capturing the relevant risk information result in following tiers:

1. Lifetime PD at reporting date is equal to or exceeds the remaining lifetime PD at origination by a threshold of 200%;
2. The exposure is forborne (incl. contagion within the client's exposures);
3. The exposure is more than 30 days past due;
4. The exposure is in watch list (exposures with an increased credit risk that are not (yet) classified as default/non-performing, and which are subject to enhanced monitoring and review);
5. Collective assessment – manual expert judgement based on forward looking information not captured by PD models such as social, political, regional, economic conditions.

The MTA is waterfall approach, meaning that for a file currently in stage 1, if assessing the first tier doesn't result in migrating to stage 2, then the second tier is assessed and so on. In the end, if all tiers are being assessed without triggering a migration to stage 2, then the financial asset remains in stage 1. To return to stage 1, the criteria are fully symmetrical.

In 2024 the multi-tier approach has been adjusted in the Group. Prior to 2024 the tier 1 compared 12-months Basel PDs or respective PD ratings, tier 2 was lacking the contagion effect and tier 4 was based on PD rating 9 only.

A default event triggers transfer directly to stage 3.

The Bank takes the advantage of low credit risk exemption for its debt securities in the Treasury and ALM portfolios, i.e. all such exposures internally rated PD1 - PD3 stay in stage 1.

The accounting standard introduced also staging rules for purchased or originated credit impaired assets (so called POCI) These assets are not subject to transfers to/from Stage 1, 2 or 3. The PD rating/pool continues to be monitored and the assets are divided into POCI assets and POCI assets in default. This concerns also modified financial assets in case the modification resulted into derecognition of the original asset and recognition of a new forborne asset.

The expected credit loss (impairment) is calculated on 12-month basis for stage 1 and on lifetime basis for stage 2 and stage 3.

Various IFRS 9 models were developed within the Bank for certain combinations of products and types of counterparties to arrive at the impairment as a sum of discounted products of IFRS 9 Probability of default (PD), Exposure at default (EAD), and Loss given default (LGD) adjusted for survival factor across the 12 months or lifetime to maturity for stage 1 or stage 2 and stage 3, respectively. The final impairment is a weighted sum of calculated impairments resulting from three different macroeconomic scenarios. The weightings at the year-end 2024 were 60% for the "base" scenario, 20% for the optimistic "up" scenario and 20% for the pessimistic "down" scenario (compared to 2023: 60% base - 10% optimistic - 30% pessimistic).

A sensitivity analysis of the impact of these multiple economic scenarios on the collectively calculated ECL (i.e. without the ECL on individually assessed files of CZK 2,221 m at year-end 2024 and CZK 2,285 m in 2023), shows that the base scenario results in an ECL of CZK 4,351 m (CZK 4,357 in 2023), which is CZK 1 m lower than the "down"-scenario (CZK 760 m in 2023) and CZK 35 m higher than the "up"-scenario (CZK 97 m in 2023). The collectively calculated weighted ECL results (which was booked) amounts to CZK 4,357 m (CZK 4,576 m in 2023). Note that these amounts take into account the adjustment for geopolitical and macroeconomic uncertainties (per scenario) (Note: 2.1).

Different macroeconomic factors are taken into consideration and the Bank applies three scenarios to evaluate a range of possible outcomes. The macroeconomic variables include GDP growth, the unemployment rate, policy interest rates, the exchange rate, government bond yields, house prices and inflation.

The following table gives the base-case scenario for the three key indicators (GDP growth, unemployment rate and house price index) for the coming years.

Macroeconomic key indicators - base-case scenario	2024	2025	2026
Real GDP growth	1.0%	2.3%	2.3%
Unemployment rate	2.9%	3.2%	3.1%
House price index	3.9%	4.2%	3.5%

Management has the possibility to reflect its expertise in the final result of the impairment numbers in the exceptional case that the model-based calculation does not result in relevant and reliable impairment amounts based on available forward looking information.

Financial guarantees, letters of credit and undrawn limits are assessed and provisions are made for them in a similar manner as allowances for loans and other receivables.

Quality of credit portfolio

The Bank sorts exposures into five categories for the purpose of credit risk management. The table below shows the credit quality by class of asset for loan-related statement of financial position lines (in gross amounts), based on the Bank's credit rating system as at 31 December 2024 and 2023:

Credit portfolio	2024					
	Non-defaulted assets		Defaulted assets			Total
(CZKm)	Normal	Monitored	Uncertain	Doubtful	Irrecoverable	
Corporate	251,225	19,217	583	822	1,328	273,175
SME	98,497	9,554	1,469	298	1,576	111,394
Retail	39,622	5,169	749	222	1,060	46,822
Other	1,689	-	1	-	12	1,702
Total	**391,033**	**33,940**	**2,802**	**1,342**	**3,976**	**433,093**

Credit portfolio	2023					
	Non-defaulted assets		Defaulted assets			Total
(CZKm)	Normal	Monitored	Uncertain	Doubtful	Irrecoverable	
Corporate	189,281	53,765	1,134	1,154	993	246,327
SME	74,364	27,285	1,887	242	1,478	105,256
Retail	32,755	6,038	590	188	882	40,453
Other	4,479	-	-	-	12	4,491
Total	**300,879**	**87,088**	**3,611**	**1,584**	**3,365**	**396,527**

Loan portfolio breakdown by risk class (in gross amounts) based on internal rating scale:

(CZKm)	2024 Stage 1	2024 Stage 2	2024 Stage 3	2023 Stage 1	2023 Stage 2	2023 Stage 3
Non-defaulted assets						
PD 1 (default probability 0:00% - 0.10%)	26,725	-	-	24,050	5	-
PD 2 (0.10% - 0.20%)	31,649	193	-	25,766	267	-
PD 3 (0.20% - 0.40%)	52,812	2,403	-	57,094	2,457	-
PD 4 (0.40% - 0.80%)	82,880	932	-	72,057	4,188	-
PD 5 (0.80% - 1.60%)	89,728	1,762	-	57,944	22,030	-
PD 6 (1.60% - 3.20%)	75,497	10,382	-	51,131	28,973	-
PD 7 (3.20% - 6.40%)	28,832	1,705	-	10,603	15,178	-
PD 8 (6.40% - 12.80%)	3,019	9,027	-	2,120	7,706	-
PD 9 (> 12.80%)	-105	7,376	-	111	6,156	-
Unrated	-4	160	-	3	128	-
Defaulted assets						
PD 10	-	-	2,801	-	-	3,611
PD 11	-	-	1,343	-	-	1,584
PD 12	-	-	3,976	-	-	3,365
Total	**391,033**	**33,940**	**8,120**	**300,879**	**87,088**	**8,560**

Investment portfolio	2024			
	Non-defaulted assets		Defaulted assets	Total
(CZKm)	Normal	Monitored	Irrecoverable	
Debt securities	673,581	-	-	673,581
Loans and receivables within investment portfolio	563,652	-	-	563,652
Derivatives used for hedging	17,987	-	-	17,987
Derivative used as economic hedges (Note: 15)	9,761	-	-	9,761
Cash, balances with central banks and other demand deposits	36,648	-	-	36,648
Total	**1,301,629**	**-**	**-**	**1,301,629**

Investment portfolio	2023			
	Non-defaulted assets		Defaulted assets	Total
(CZKm)	Normal	Monitored	Irrecoverable	
Debt securities	640,466	-	-	640,466
Loans and receivables within investment portfolio	578,466	-	-	578,466
Derivatives used for hedging	23,545	-	-	23,545
Derivative used as economic hedges (Note: 15)	20,069	-	-	20,069
Cash, balances with central banks and other demand deposits	10,724	-	-	10,724
Total	**1,273,270**	**-**	**-**	**1,273,270**

Trading portfolio	2024		
	Non-defaulted assets	Defaulted assets	Total
(CZKm)	Normal	Irrecoverable	
Loans and advances	14	-	14
Trading derivatives (Note: 15)	27,297		27,297
Total	**27,311**	**-**	**27,311**

Trading portfolio	2023		
	Non-defaulted assets	Defaulted assets	Total
(CZKm)	Normal	Irrecoverable	
Loans and advances	7	-	7
Trading derivatives (Note: 15)	30,248	-	30,248
Total	**30,255**	**-**	**30,255**

The table below shows a credit quality analysis of gross exposures of performing financial assets in the Credit portfolio:

	2024			2023		
(CZKm)	Neither past due nor defaulted	Past due (< 30 days) but not defaulted	Past due (> 30 days) but not defaulted	Neither past due nor defaulted	Past due (< 30 days) but not defaulted	Past due (> 30 days) but not defaulted
Corporate	270,175	106	161	242,888	158	-
SME	107,492	519	40	101,135	476	38
Retail	44,082	598	111	38,201	501	91
Other	1,689	-	-	4,479	-	-
Total	**423,438**	**1,223**	**312**	**386,703**	**1,135**	**129**

Performing assets reported within neither past due nor defaulted consist of Normal risk category assets based on the Bank's credit rating system.

There were no past due but not impaired assets in the Investment and Trading portfolios.

Gross amounts of non-performing financial assets included in the credit portfolio and the related impairment are as follows:

	2024		2023	
(CZKm)	Gross amount	Impairment	Gross amount	Impairment
Credit portfolio				
Corporate	2,733	1,730	3,281	1,660
SME	3,343	1,541	3,607	1,621
Retail	2,031	1,181	1,660	965
Other	13	1	12	1
Total	**8,120**	**4,453**	**8,560**	**4,247**

There are no individually impaired financial assets included in the investment portfolio.

Forbearance measures

Forbearance measure is concession towards a borrower who is facing or is about to face financial difficulties. Both conditions should be fulfilled. Contracts for which forbearance measures have been taken and for which the exit criteria are not fulfilled are referred to as "Forborne credits". Such an approach enables the Bank to control and limit potential future losses stemming from troubled credits.

In the context of IFRS 9, a forbearance measure is considered as a significant increase in credit risk. Therefore, a forborne tag always leads to a transfer of the file to stage 2 (in case of non-default) or stage 3 (in case of default). Consequently, impairment is measured at an amount equal to lifetime expected credit losses instead of 12-month expected credit losses, while the forborne tag is attached.

The minimum probation period for forbearance measures is 2 years after the date the forborne facility has been considered as non-default. However, according to the default definition, a client/facility remains in default at least 1 year, which brings in that case the total minimum probation period to 3 years.

COVID-19 related concessions provided under public and private moratoria schemes (e.g. imposed by Czech government in the form of the law) were not considered as forborne facilities in line with Czech National Bank expectations and in line with European Banking Authority guidelines.

Outstanding gross amounts and gross amounts of forborne exposures included in the credit portfolio and the related impairment and collateral and financial guarantees as at 31 December 2024 and 2023 are as follows:

	2024				
		Forborne exposures			
(CZKm)	Outstanding gross amount	Total exposure	Percentage of outstanding gross amount (%)	Total impairment	Collateral and financial guarantees
Corporate	225,412	635	0.28	424	152
SME	105,179	1,516	1.44	540	717
Retail	46,822	1,348	2.88	404	-
Other	1,690	-	0.00	-	-
Total	**379,103**	**3,499**	**0.92**	**1,368**	**869**

	2023				
		Forborne exposures			
(CZKm)	Outstanding gross amount	Total exposure	Percentage of outstanding gross amount (%)	Total impairment	Collateral and financial guarantees
Corporate	202,600	1,523	0.75	568	872
SME	99,716	1,682	1.69	655	826
Retail	40,452	1,212	3.00	332	-
Other	4,479	-	0.00	-	-
Total	**347,247**	**4,417**	**1.27**	**1,555**	**1,698**

Detail analysis of forborne exposures included in the credit portfolio and the related impairment as at 31 December 2024 and 2023 are as follows:

	2024				
(CZKm)	Non-defaulted exposure	Of which past due	Defaulted exposure	Impairment of defaulted exposure	Impairment of non-defaulted exposure
Corporate	130	-	505	423	1
SME	399	3	1,118	534	6
Retail	570	33	778	381	23
Other	-	-	-	-	-
Total	**1,099**	**33**	**2,401**	**1,338**	**30**

(CZKm)	2023 Non-defaulted exposure	Of which past due	Defaulted exposure	Impairment of defaulted exposure	Impairment of non-defaulted exposure
Corporate	575	-	948	562	6
SME	232	-	1,450	647	8
Retail	593	-	619	304	28
Other	-	-	-	-	-
Total	**1,400**	**-**	**3,017**	**1,513**	**42**

The following table shows a reconciliation of Gross amounts of forborne exposure for 2024 and 2023 by classes of financial instruments:

(CZKm)	Corporate	SME	Retail	Total
At 1 January 2023	**2,963**	**1,824**	**972**	**5,759**
Loans which have become forborne	582	322	568	1,472
Loans which are no longer considered to be forborne	-2,124	-325	-239	-2,688
Increase of exposure	197	12	3	212
Decrease of exposure	-95	-151	-92	-338
At 31 December 2023	**1,523**	**1,682**	**1,212**	**4,417**
Loan which have become forborne	101	314	554	969
Loans which are no longer considered to be forborne	-835	-285	-309	-1,429
Increase of exposure	23	9	5	37
Decrease of exposure	-177	-204	-114	-495
At 31 December 2024	**635**	**1,516**	**1,348**	**3,499**

The following table shows a reconciliation of Impairments of forborne exposures for 2024 and 2023 by classes of financial instruments:

(CZKm)	Corporate	SME	Retail	Total
At 1 January 2023	**1,180**	**789**	**284**	**2,253**
Loans which have become forborne	222	102	114	438
Loans which are no longer considered to be forborne	-1,016	-150	-50	-1,216
Increase of exposure	195	24	50	269
Decrease of exposure	-13	-110	-66	-189
At 31 December 2023	**568**	**655**	**332**	**1,555**
Loan which have become forborne	55	87	122	264
Loans which are no longer considered to be forborne	-181	-88	-67	-336
Increase of exposure	11	45	75	131
Decrease of exposure	-29	-159	-58	-246
At 31 December 2024	**424**	**540**	**404**	**1,368**

38.3 Liquidity risk and funding management

Liquidity risk is the risk that the Bank will not be able to efficiently meet both expected and unexpected current and future cash flows and collateral needs without normal business operations being disrupted. Liquidity and funding are managed centrally in the Group. To align internal management approach with regulatory view, the Group established, following approval of ČNB, a liquidity subgroup as laid down by Capital Requirements Regulation (CRR). The liquidity subgroup comprised ČSOB and ČSOB Hypoteční banka, with ČSOB Stavební spořitelna having joined as of June 2021. To limit this risk, the Group pays significant attention to both operational and strategic liquidity management.

Operational Liquidity Management

The aim of operational liquidity management is to ensure the smooth processing of the Bank's current payment obligations in CZK as well as in other currencies while minimizing associated cost. Operational liquidity is based on cash flow projections with an outlook of up to ten working days for CZK and one day for other currencies.

Funding Management

The actual development of liquidity might vary from ALM's liquidity prediction. The Bank can address an adverse liquidity development in several ways. Most typically, the Bank would adjust its investment policy, i.e. decrease the percentage of liabilities reinvested in a cash form and use the liquidity from maturing bonds for other purposes. In the event of a more sudden decrease of liquidity, the Bank can borrow via repo operations on the market or use regulatory repo facilities (in the ČNB or ECB). The capacity and readiness to withstand adverse liquidity development is regularly reviewed by the means of stress tests.

Starting from October 2015 the Bank reports on Liquidity Coverage Ratio (LCR), which compares available liquidity buffers to expected net cash outflows within the 30 day horizon under gravely stressed conditions.

Starting from June 2021 LCR is not monitored and reported at Bank level. Monitoring and regulatory reporting is executed at Liquidity subgroup level (ČSOB, ČSOB HB and ČSOBS).

The LCR ratio is regularly monitored and reported to the regulator and top management of the Bank.

Strategic Liquidity Management

The aim of strategic liquidity management is to provide sufficient funding for the Bank's business activities in the medium- and long-term horizon. For the strategic liquidity management, the Bank uses 'E-NSFR', KBC Group adjusted the net-stable-funding-ratio (NSFR) which is defined as a ratio of available stable funding (numerator) to required stable funding (denominator). It has been developed by KBC Group to better reflect ČSOB's business and penalize funding concentrations in order for the ratio to provide a better picture about funding profile's stability. The strategy of the Bank is to maintain the value of the E-NSFR well above one. That means the Bank aims to maintain matched funding, i.e. to ensure that long-term assets are funded by stable liabilities (contractually or statistically), while short-term liabilities are used for the funding of assets that are short-term and/or liquid.

E-NSFR is monitored on quarterly basis and NSFR is monitored on a monthly basis and regularly reported to the top management of the Group. NSFR is also quarterly reported to the regulator. Both E-NSFR and NSFR are not monitored at Bank level.

In addition to internally defined limits, the Bank must also comply with a regulatory limit on the basis of mandatory minimum reserve deposited with CNB. The limit presently equals to 2% of customer deposits.

Analysis of financial liabilities by remaining contractual maturity

The tables below summarise the contractual maturity profile of the Bank's financial liabilities based on the contractual undiscounted repayment obligations (outflows shown as negative; inflows as positive).

The following table sets out the financial liabilities of the Bank by remaining contractual maturity as at 31 December 2024:

(CZKm)	On demand	Less than 1 year	1 year to 5 years	More than 5 years	Total
Financial liabilities					
Financial liabilities held for trading other than financial derivatives	-	-3,052	-	-	-3,052
Financial liabilities designated at fair value through profit or loss	-	-5,302	-8,033	-6,042	-19,377
Financial liabilities at amortised cost	-948,548	-596,309	-90,688	-26,125	-1,661,670
Fair value adjustments of the hedged items in portfolio hedge	11,076	-	-	-	11,076
Lease liabilities	-	-328	-1,940	-1,264	-3,532
Other liabilities (Note: 26)	-	-2,573	-	-	-2,573
Contractual cash flows excluding derivatives	**-937,472**	**-607,564**	**-100,661**	**-33,431**	**-1,679,128**
Net settled derivatives	**-**	**-15,661**	**-26,358**	**-8,349**	**-50,368**
Trading derivatives	-	-9,220	-14,340	-6,044	-29,604
Hedging derivatives	-	-6,441	-12,018	-2,305	-20,764
Gross settled derivatives	**-**	**-5,059**	**-1,496**	**-225**	**-6,780**
Trading derivatives	-	-5,059	-1,496	-225	-6,780
Inflows	-	*459,085*	*41,625*	*3,543*	*504,253*
Outflows	-	*-464,144*	*-43,121*	*-3,768*	*-511,033*
Hedging derivatives	-	-	-	-	-
Inflows	-	-	-	-	-
Outflows	-	-	-	-	-
Contractual cash flows from derivatives	**-**	**-20,720**	**-27,854**	**-8,574**	**-57,148**
Contractual cash flows from financial liabilities	**-937,472**	**-628,284**	**-128,515**	**-42,005**	**-1,736,276**
Loan commitments – irrevocable (note 33)	-150,179	-	-	-	-150,179
Loan commitments – revocable (note 33)	-81,925	-	-	-	-81,925
Financial guarantees (note 33)	-60,797	-	-	-	-60,797
Other commitments (note 33)	-1,703	-	-	-	-1,703
Contractual cash flows from contingent liabilities	**-294,604**	**-**	**-**	**-**	**-294,604**

The following table sets out the financial liabilities of the Bank by remaining contractual maturity as at 31 December 2023:

(CZKm)	On demand	Less than 1 year	1 year to 5 years	More than 5 years	Total
Financial liabilities					
Financial liabilities held for trading other than financial derivatives	-	-3,164	-	-	-3,164
Financial liabilities designated at fair value through profit or loss	-	-6,898	-17,304	-4,229	-28,431
Financial liabilities at amortised cost	-847,766	-667,156	-55,222	-14,799	-1,584,943
Fair value adjustments of the hedged items in portfolio hedge	15,309	-	-	-	15,309
Lease liabilities	-	-500	-1,905	-1,164	-3,569
Other liabilities (Note: 26)	-	-2,356	-	-	-2,356
Contractual cash flows excluding derivatives	**-832,457**	**-680,074**	**-74,431**	**-20,192**	**-1,607,154**
Net settled derivatives	**-**	**-27,750**	**-31,836**	**-9,914**	**-69,500**
Trading derivatives	-	-17,864	-16,894	-6,410	-41,168
Hedging derivatives	-	-9,886	-14,942	-3,504	-28,332
Gross settled derivatives	**-**	**-6,036**	**-3,154**	**-596**	**-9,786**
Trading derivatives	-	-6,036	-3,154	-596	-9,786
Inflows	-	*261,628*	*39,684*	*5,309*	*306,621*
Outflows	-	*-267,664*	*-42,838*	*-5,905*	*-316,407*
Hedging derivatives	-	-	-	-	-
Inflows	-	-	-	-	-
Outflows	-	-	-	-	-
Contractual cash flows from derivatives	**-**	**-33,786**	**-34,990**	**-10,510**	**-79,286**
Contractual cash flows from financial liabilities	**-832,457**	**-713,860**	**-109,421**	**-30,702**	**-1,686,440**
Loan commitments – irrevocable (note 33)	-137,613	-	-	-	-137,613
Loan commitments – revocable (note 33)	-71,828	-	-	-	-71,828
Financial guarantees (note 33)	-56,396	-	-	-	-56,396
Other commitments (note 33)	-1,307	-	-	-	-1,307
Contractual cash flows from contingent liabilities	**-267,144**	**-**	**-**	**-**	**-267,144**

The maturity of contingent liabilities and commitments is on demand. This represents the undiscounted cash flows of the Bank's contingent liabilities and commitments on the basis of their earliest possible contractual maturity. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

The liquidity risk of the Bank is not managed based on the remaining contractual maturities of the financial instruments, as such the Bank's expected cash flows on these instruments vary significantly from this analysis (Note: 32). For example, undrawn loan commitments are not expected to be drawn down immediately. Analysis of expected remaining maturity of financial assets and liabilities of the Bank is disclosed in Note 32

38.4 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, and equity prices. The Bank classifies exposures to market risk into either trading or non-trading portfolios. The market risk for the trading portfolio is managed and monitored using Basis Point Value (BPV) sensitivity. As from September 2019, only residual technical position remains in the Bank trading portfolio after the full implementation of the programme of trading portfolios centralization on the KBC Group level. New positions in trading portfolio are immediately closed by back-to-back transactions to the department KBC Central European Financial Markets. The Bank trading portfolio is not exposed to market risk from that time. Non-trading positions are managed and monitored using BPV sensitivity analysis.

Market risk – Trading

The Board of Directors has set limits on the level of risk that may be accepted. The Bank has no net position in FX options, commodity derivatives nor any position in equity. A nominal technical limit for reminder products, in particular interest rate options, and structured bonds. Positions in these products are not allowed to be material as back-to-back approach is required.

Only minimal BPV limits are applied for individual products and portfolios to limit interest rate risk since January 2020 after transfer of trading positions to KBC Bank.

The capital requirements for interest rate and foreign exchange risks are calculated by application of standardized method.

Market risk – Investment portfolio

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Board of Directors has established limits on the BPV sensitivity and the supervisory outlier stress test on economic value of equity. The Board of Directors has set secondary limits on tenor interest rate gaps in subsidiaries. Positions are monitored on a weekly basis and hedging strategies are used to ensure positions are maintained within the established limits.

The following tables demonstrate the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Bank's statement of income and equity.

The sensitivity of the statement of income is calculated by revaluing financial assets designated at fair value through profit or loss for the effects of the assumed changes in interest rates. The sensitivity of the statement of income is analysed by the maturity of the asset. The total sensitivity of the statement of income is based on the assumption that there are parallel shifts in the yield curve, while the analysis by maturity band displays the sensitivity also to non-parallel changes.

The sensitivity of equity is calculated by revaluing Financial assets at fair value through other comprehensive income, including the effect of any associated hedges, and swaps designated as cash-flow hedges, for the effects of the assumed changes in interest rates. The sensitivity of equity is analysed by the maturity of the asset or swap. The total sensitivity of equity is based on the assumption that there are parallel shifts in the yield curve, while the analysis by maturity band displays the sensitivity also to non-parallel changes.

The Bank’s investment portfolio consists of predominantly linear interest rate sensitive products.

The table below shows the sensitivity of the statement of income and other comprehensive income (before tax) due to revaluation of assets and liabilities that are measured at fair value on recurring basis as at 31 December 2024:

		Sensitivity of the statement of income				
(CZKm)	Change in basis points	Less than 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
CZK	+ 10	1.6	1.9	-28.6	-56.5	-81.6
EUR	+ 10	0.3	0.2	10.1	-8.0	2.7
USD	+ 10	-	-	0.1	0.6	0.7
CZK	- 10	-1.6	-1.9	28.6	56.5	81.6
EUR	- 10	-0.3	-0.2	-10.1	8.0	-2.7
USD	- 10	-	-	-0.1	-0.6	-0.7

		Sensitivity of other comprehensive income				
(CZKm)	Change in basis points	Less than 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
CZK	+ 10	-0.2	-7.6	-70.2	-331.3	-409.3
EUR	+ 10	-0.1	-0.2	6.4	-18.8	-12.8
USD	+ 10	-	-	-	-	-
CZK	- 10	0.2	7.6	70.2	331.3	409.3
EUR	- 10	0.1	0.2	-6.4	18.8	12.8
USD	- 10	-	-	-	-	-

The table below shows the sensitivity of the statement of income and other comprehensive income (before tax) due to revaluation of assets and liabilities that are measured at fair value on recurring basis as at 31 December 2023:

		Sensitivity of the statement of income				
(CZKm)	Change in basis points	Less than 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
CZK	+ 10	-3.0	0.5	-32.8	-3.6	-39.0
EUR	+ 10	-	-	0.2	-16.1	-15.9
USD	+ 10	-	-	-	-	-
CZK	- 10	3.0	-0.5	32.8	3.6	39.0
EUR	- 10	-	-	-0.2	16.1	15.9
USD	- 10	-	-	-	-	-

		Sensitivity of other comprehensive income				
(CZKm)	Change in basis points	Less than 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
CZK	+ 10	-1.8	0.1	-83.2	-256.4	-341.3
EUR	+ 10	-	-	-6.9	-4.0	-10.9
USD	+ 10	-	-	-	-	-
CZK	- 10	1.8	-0.1	83.2	256.4	341.3
EUR	- 10	-	-	6.9	4.0	10.9
USD	- 10	-	-	-	-	-

Currency risk

Currency risk is the risk that the value of a financial instrument would fluctuate due to changes in foreign exchange rates. The Bank adopted a strategy under which the banking book has no open positions in foreign currencies. Positions are monitored on a daily basis and hedging strategies are used to close such positions. Minimum technical residual open positions in foreign currencies are allowed; the Bank sets limits for these positions. The technical currency position is added to the currency position of the trading book position and reported in aggregate.

The table below shows the foreign currency risk sensitivity of the statement of income (before tax) as at 31 December 2024 and 2023:

	2024			2023		
(CZKm)	Net position in foreign currency	Increase of foreign exchange rate by 1 CZK/EUR	Decrease of foreign exchange rate by 1 CZK/EUR	Net position in foreign currency	Increase of foreign exchange rate by 1 CZK/EUR	Decrease of foreign exchange rate by 1 CZK/EUR
EUR	-5	-0.2	0.2	4	0.2	-0.2

Sensitivity of the statement of income to currencies other than EUR is not significant.

Equity price risk

Equity price risk is the risk that the fair values of equities will decrease as a result of changes in the levels of equity indices and in the value of individual stocks. Investment equity price risk exposure arises from the Bank's investment portfolio.

The effect on equity (as a result of a change in the fair value of equity instruments included in Financial assets at fair value through other comprehensive income) due to a reasonably possible change in equity indices (before tax), with all other variables held constant, is as follows:

	Change in equity price (%)	Effect on equity	
(CZKm)		2024	2023
Visa Inc. quotation	- 10	-16	-25
	+ 10	16	25

Prepayment risk

Prepayment risk is the risk that the Bank will incur a financial loss because its customers and counterparties repay or request repayment earlier than expected, such as fixed rate mortgages when interest rates fall.

Prepayment risk of the Bank's products is negligible, however, it is regularly monitored and assessed. Convenient tools for prepayment risk limitation are applied in the area of mortgage loans particularly.

38.5 Operational risk

The Bank defines operational risk in line with Basel Framework as the risk of loss resulting from inadequate or failed internal procedures, people and systems, or from external events.

Operational risks are present in every part of the company as they are an integral part of 'being in business' and 'running the company'. Managing these risks enables us to do business, to provide continuous service and hence to protect ČSOB, its clients and counterparts from losses, disruptions, etc. We manage these operational risks by building and maintaining a strong control environment in a changing internal/external environment and by safeguarding our operationally resilience.

Operational Risk Management Framework

The Operational Risk Management Framework (ORMF) sets the standards for building and maintaining this strong control environment throughout the KBC Group. It defines the required governance, organisation and core risk management processes to support:

- ČSOB's strategic objectives, as translated in the Operational Risk Appetite, of client centricity and sustainable growth, in a growing digitized and quickly evolving environment (in business-as-usual and when addressing crisis situations);
- ČSOB has to comply with applicable regulations and supervisory expectations.

The risk management process consists of:

1. Risk identification
2. Risk measurement
3. Setting & cascading risk appetite, and
4. Risk analysis, reporting & follow-up

Operational risk management starts with the identification of operational risks having materialized within the ČSOB, as well as an assessment of the Bank's vulnerability in respect of potential risks that have not materialised yet. Operational risk management focuses primarily on the key risks and the most risky areas for potential losses, business and reputational impact. The assessment involves ranking the risks and risk events in terms of their probability (i.e., the chance of the risk materializing) and impact (i.e., a measure for the effect an operational risk event can have in case the event occurs - which can be financial or non-financial). The assessment is followed by the decision of an accountable manager, i.e. risk avoidance, acceptance of risk or its mitigation by implementing appropriate control measures and/or risk transferring to the 3rd parties and/or risk insurance. Risk events that cannot be prevented may be also mitigated by business continuity arrangements.

Operational Risk Management Governance

The basic objective is to make operational risk management a natural part of the decision making in business units. Operational risk management governance is promoted by the CRO and the Risk Function.

Non-financial Risk Management Department (NFR)

The NFR is responsible for management and monitoring in the area of non-financial risk. This includes coordination, implementation of methodology, assurance of independent control, advisory to business units and training. Other risks related to operational risk are coordinated by special units, including the Compliance Unit, Legal, Tax Unit and Data Quality Management Department.

Information Risk Management Department (IRM)

The IRM is responsible for management, monitoring and reporting in the information risk management area and business continuity.

Local Operational Risk Managers (the "LORMs")

LORMs are the first line support for business managers in respect of non-financial risks Their role is to monitor, analyse and prevent operational risk events, informational risks and business continuity events. Beside frequent contacts, regular meetings of LORMs are organised by the NFR every quarter for training and exchange of information.

Key Elements of Risk Identification and of Operational Risk Management

Loss Data Collection Process

Loss Data Collection is a process of analysing and collection of realized or potential loss events and near misses resulting from an operational risk event. This method is a key element for estimation of future expected losses.

The Bank collects data about loss events with both direct and indirect impact, as well as events which could potentially impact the profit & loss but which do not lead to a financial impact – so called near misses. Losses and near misses are registered into a database GLORY.

Operational loss and near miss data are used for reporting towards the regulator and management. They are also used as an important source of information for identification of gaps in the internal control environment.

Deep Dive

The *Deep Dive* aims to identify and quantify operational risks in products, activities, processes and systems. This method is usually selected when there has not been any previous risk assessment in a process or its part or there are other reasons for risk reassessment, e.g. unexpected increase of the operational loss events, breach of the risk appetite or repetitive breaches of the Key Risk Indicators.

NAPP and the Process of Change Management

New and Active Product Process (NAPP) ensures that all products and services offered to clients are analysed in order to identify and assess operational risks. NAPP applies to all the subjects in the ČSOB group in the financial sector or acting as an independent intermediary, and to all the products, services and processes with an impact on external clients.

Besides NAPP, a Process of Change Management dealing with non-product changes is also used. Each material change must be analysed and identified risks are further managed according to valid rules.

Outsourcing

A specific area of operational risk management are the risks related to outsourcing of activities, which is a subject to a specific regulation. Outsourcing is any agreement between ČSOB and a product provider (intra-group or external), based on which the service provider performs a process, service or activity, which would or could be otherwise performed by ČSOB itself.

Outsourcing contract is categorized as critical / important or non-critical, whereby the intention to outsource a critical activity needs to be report to the regulator beforehand. The final accountability for the risks related to the outsourced activity cannot be transferred to a third party.

Business Continuity Management

Business continuity is based on two main pillars:

- Proactive approach (prevention): setting up the strategy, tactical solutions and processes towards solving various non-standard situations. It is based on risk assessment of individual activities in the bank with the aim to identify vulnerabilities, assess their probabilities and impact. Based on this assessment, business continuity plans are defined in order to ensure business continuity in case of non-standard situations (4 main scenarios).
- Reactive approach (crisis management): deals with originated crisis situations. Based on the severity of potential impact of the non-standard situations, 3 levels of crisis management are defined for each type of crisis.

Global Risk Scan

Every year, before the risk appetite statement is defined, the Bank executes a risk scan identifying and assessing its top risks. All material risk types are explicitly considered, but it is not necessary that a top risk is ultimately withheld for every risk type. The Risk Scan is executed and reported based on the KBC Group Risk Scan Guidance.

The results of the risk scan, as well as the risk response thereto (acceptance, non-acceptance, mitigating actions), can lead to changes to the existing business plans. Furthermore, they are used as input for the definition of risk appetite in the strategic planning process.

Zero Tolerances (ZT)

Zero Tolerances are mandatory group wide control measures or requirements limited in number that are qualified as non-negotiables. As such no upfront risk acceptance is allowed.

Risk & controls inventories (R&CI)

Former assessments of Group Key Controls (GKC) are gradually being replaced by R&CIs which contain an overview of the activities per entity and Business Line (i.e. process), a full view of material operational risks in each activity, specific controls mitigating the respective risks and the risk responses.

Operational Risk Measurement

The basic aim of the risk measurement is quantification of their impact. Risk impacts of identified risks are reflected in the overall risk exposure of ČSOB which is measured using defined risk indicators.

Uniform Risk Scale

All operational risks must be assessed according to Uniform Risk Scale consisting of 4 levels (low-medium-high-critical risk) , where financial limits and also non-financial criteria are taken into account and evaluated based on the probability of their occurrence.

Key Risk Indicators (KRI)

KRIs inform on the state of the control environment in a given process. Indicators are linked to particular risks, i.e. they must include at the minimum their owner, limit for a breach, frequency and way of measurement and escalation process.

Measurement of risk exposure – GORA

The approach and indicators for measurement of risk exposure towards the risk appetite of the Bank, are defined on the Group level, using a group-wide GORA measurement tool. GORA includes a uniform set of quantitative and qualitative risk indicators for every sub-risk type (Business Continuity, Fraud, Legal, Information Security, Information Technology, Process, Personal and physical security, Model and Outsourcing & 3rd party risks).

Risk Assessment Approval and Risk Response

The final accountability for the operational risk management lies within the line management, which ensures adherence to the established working procedures and implementation of the operational risk management building blocks in their departments. Risks are approved by the respective managerial level based on the level of their risk impact.

The assessment is followed by the decision of an accountable manager, i.e. acceptance of risk or its mitigation by implementing appropriate control measures and/or risk transferring to the 3rd parties and/or risk insurance.

Action plans

The aim of the action plan is to close the identified control deficiencies and thus mitigate the risk exposure. The action plan must include description of the measures taken, their owners and deadlines. These measures should be measurable and reachable in the defined timeframe. For evidence and follow-up of the action plans a group-wide application GRACE is used.

Reporting

The goal of operational risk reporting is to provide the management with the information about risk exposure in order to support their decision-making. NFR reports amongst others about breaches of the Zero Tolerances, highest operational risk events, breaches of the risk appetite and others. In the yearly Internal Control Statement the internal control system of the Bank is evaluated for the individual business lines (i.e. processes) independently by the three lines of defence.

38.6 ESG risks

ESG risks (Environmental, Social, Governance) are internally defined as one of the key risks of the environment in which ČSOB operates.

- Environmental risk is the risk resulting from climate change or environmental damage, such as biodiversity loss, water scarcity, pollution, and waste production.
- Social risk is the risk arising from changing expectations and demands regarding relationships with employees, suppliers, clients, and communities affected by the company.
- Governance risk is the risk arising from changing expectations regarding corporate governance, shareholder rights, transparency, anti-corruption, etc.

ESG risks are increasingly intertwined with traditional risk areas such as credit risk, market risk, operational risk, and reputational risk. ČSOB is closely monitoring this trend and has firmly integrated ESG risk management into existing internal processes relating to risk identification, risk appetite determination, measurement, stress testing, analysis, and reporting.

39. CAPITAL

Capital Adequacy

Capital adequacy measures the financial strength and stability of an institution. It compares the amount of the capital held by a financial institution to the risk of possible decline in value of assets on its statement of financial position.

Capital adequacy (or solvency) risk is the risk that the capital base of the bank might fall below an acceptable level. In practice, this entails checking solvency against the minimum regulatory and in- house solvency ratios and its active steering.

Capital targets and structure

Regarding the capital targets and structure, the Bank fully follows the KBC Group Capital Adequacy Policy stating that fully owned subsidiaries within the Group shall hold at least the regulatory minimum capital. All capital in excess of the targeted level shall be held at the KBC Group level.

For the purpose of the ICAAP process, available capital of the Pillar II in the Bank coincides with the Common equity Tier 1 capital under Pillar I.

Managing solvency

ČSOB reports its solvency calculated on the basis of balances based on IFRS Accounting Standards, taking into account all relevant regulatory requirements. Solvency targets based on external regulatory capital requirements were met throughout 2024 and 2023 with adequate buffers above the regulatory minimum standards, underpinning the very strong capital position of the Bank.

The primary objectives of the Bank's capital management are to ensure that the Bank complies with externally imposed capital requirements and that the Bank maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

In accordance with capital adequacy legislation requirements, the Bank has an Internal Capital Adequacy Assessment Process (ICAAP) in place. The ICAAP examines both the current and future capital situation. To assess the latter situation, a four-year forecast is drawn up for required and available capital, both regulatory and economic, according to a basic scenario that takes account of anticipated internal and external growth, and according to various likely alternative scenarios. The Bank uses also other instruments as required by Pillar 2 mainly in the area of capital planning, stress testing and risk strategies.

According to European Directive and Regulation (CRD / CRR), the legal minimum tier-1 ratio is set to 6.0% of risk weighted assets (with a minimum common equity ratio of 4.5%). On top of this, the institution shall hold the following capital buffers: the capital conservation buffer, the buffer for other systemically important institutions, systemic risk buffer, and the countercyclical buffer The Bank has incorporated these requirements into the regular management of the risk and capital positions.

In line with European Banking Authority guidelines, we conduct an outlier stress test on a quarterly basis by applying six different scenarios to the banking book (material currencies). The worst-case scenario is set off against Tier-1 capital. For the banking book of ČSOB, this risk came to -2.41% of Tier-1 capital at year-end 2022. This -2.41% is well below the -15% Tier-1 threshold, which is monitored by the ČNB.

The Bank manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain the optimum capital structure, the bank may adjust the amount of dividend paid to shareholders, return capital to shareholders or issue capital instruments.

From 28 June 2021, the Bank had to meet the minimum leverage ratio at the level of 3%. The requirement has been met as of 31 December 2024 and 31 December 2023 with a sufficient buffer.

From 1 January 2022, the Group has to meet the Minimum Requirement for own funds and eligible liabilities (MREL) at the interim level set by ČNB (Notes: 25, 35) . This requirement increased to the ultimate level as of 1 January 2024. This requirement is set only on the level of the Group, not on the level of ČSOB individual position. The Group manages its MREL positions altogether with capital position and leverage ratio exposure. The Group has met this requirement as of 31 December 2024 and 31 December 2023 with a sufficient buffer.

The following table shows the capital, capital requirements and CAD ratio as of 31 December 2024 and 31 December 2023 for ČSOB:

(CZKm)	2024	2023 restated
Tier 1 capital	99,034	87,670
Tier 2 capital	-	684
Total capital	**99,034**	**88,354**
Regulatory capital requirements	35,849	34,935
Risk weighted assets	**448,115**	**436,692**
Capital adequacy ratio	22.10%	20.23%
Eligible liabilities (Note: 25)(*)	57,138	45,736
Leverage ratio	5.13%	4.77%

(*) Interest expense accrued on Subordinated debt is not included in the volume of Eligible liabilities.

REPORT ON RELATIONS

Report of the Board of Directors of Československá obchodní banka, a. s. on Relations between Related Entities

1. Controlled Entity

Československá obchodní banka, a. s., with its registered office at Prague 5, Radlická 333/150, Postcode 150 57, identification number 000 01 350, incorporated in the Commercial Registry maintained by the Municipal Court in Prague, Section B XXXVI, Entry 46 (hereinafter "ČSOB").

2. Controlling Entity

KBC Bank NV, with its registered office at Havenlaan 2, B-1080 Brussels, Kingdom of Belgium, is the sole shareholder in ČSOB.

All shares issued by KBC Bank NV are held (directly or indirectly) by the KBC Group NV (legal entity).

3. Structure of relationships between the controlling person and the controlled person and between the controlled person and persons controlled by the same controlling person (hereinafter referred to as Related Persons)

KBC Bank NV, which is part of the KBC Group, a bankassurance financial group, is a bank regulated by the National Bank of Belgium. KBC Group operates primarily in the markets of the Kingdom of Belgium, the Czech Republic, the Slovak Republic, the Republic of Bulgaria and the Republic of Hungary. It also operates to a limited extent in other countries around the world.

A chart of controlling and controlled entities of ČSOB or KBC Bank NV can be found in Annex 1 to this report or on the websites of www.kbc.com.

In the period under review, ČSOB had relationships primarily with the following Related Parties:

Business name	Registered office	
Bankovní informační technologie, s.r.o.	Radlická 333/150, 150 00 Prague 5	Czech Republic
CBC Banque SA	Grand-Place 5, 1000 Brussels	Kingdom of Belgium
Československá obchodná banka, a.s.	Žižkova 11, 811 02 Bratislava	Slovak Republic
ČSOB Advisory, a.s.	Radlická 333/150, 150 57 Prague 5	Czech Republic
ČSOB Factoring, a.s.	Výmolova 353/3, 150 00 Prague 5	Czech Republic
ČSOB Hypoteční banka, a.s.	Radlická 333/150, 150 00 Prague 5	Czech Republic
ČSOB Leasing, a.s.	Výmolova 353/3, 150 00 Prague 5	Czech Republic
ČSOB Leasing, a.s.	Žižkova 11, 815 10 Bratislava	Slovak Republic
ČSOB Nemovitostní, open-ended mutual fund Patria investiční společnost, a.s.	Výmolova 353/3, 150 00 Prague 5	Czech Republic
ČSOB Penzijní společnost, a. s., member of the ČSOB Group	Radlická 333/150, 150 57 Prague 5	Czech Republic
ČSOB Poisťovna a.s.	Žižkova 11, 811 02 Bratislava	Slovak Republic
ČSOB Pojišťovací makléř, s.r.o.	Výmolova 353/3, 150 00 Prague 5	Czech Republic
ČSOB Pojišťovací servis, s.r.o., member of the ČSOB Holding	Masarykovo náměstí 1458, 530 02 Pardubice- Zelené předměstí	Czech Republic
ČSOB Pojišťovna a. s., member of the ČSOB Holding	Masarykovo náměstí 1458, 530 02 Pardubice- Zelené předměstí	Czech Republic
ČSOB Stavebná sporiteľňa, a.s.	Žižkova 11, 811 02 Bratislava	Slovak Republic
ČSOB Stavební spořitelna, a.s.	Radlická 333/150, 150 00 Prague 5	Czech Republic
Igluu s.r.o.	Radlická 333/150, 150 00 Prague 5	Czech Republic
KBC Asset Management NV	Havenlaan 2, 1080 Brussels (Saint-Jean Molenbeek)	Kingdom of Belgium
KBC Bank NV	Havenlaan 2, 1080 Brussels (Saint-Jean Molenbeek)	Kingdom of Belgium
KBC Group NV (legal entity)	Havenlaan 2, 1080 Brussels (Saint-Jean Molenbeek)	Kingdom of Belgium
KBC Global Services Czech Branch	Radlická 333/150, 150 00 Prague 5	Czech Republic
KBC Investments Ltd	111 Old Broad Street, EC2N 1FP London	Great Britain
KBC Securities NV	Havenlaan 2, 1080 Brussels (Saint-Jean Molenbeek)	Kingdom of Belgium
K&H BANK Zrt.	Lechner Ödön fasor 9, 1095 Budapest	Hungary
K&H Biztosító Zrt.	Lechner Ödön fasor 9, 1095 Budapest	Hungary
K&H Payment Services Kft	Lechner Ödön fasor 9, 1095 Budapest	Hungary
Patria Corporate Finance, a.s.	Výmolova 353/3, 150 00 Prague 5	Czech Republic
Patria Finance, a.s.	Výmolova 353/3, 150 00 Prague 5	Czech Republic
Patria investiční společnost, a.s.	Výmolova 353/3, 150 00 Prague 5	Czech Republic
Radlice Rozvojová, a.s.	Výmolova 353/3, 150 00 Prague 5	Czech Republic
Skip Pay, s.r.o.	Výmolova 353/3, 150 00 Prague 5	Czech Republic
Ušetřeno.cz s.r.o.	Lomnického 1742/2a, 140 00 Prague 4	Czech Republic

4. Role of the Controlled Entity, Measures and Means of Control

The KBC Group NV indirectly, or more precisely KBC Bank NV as a direct controlling entity controls ČSOB through decision-making as a sole shareholder acting in the capacity of the General Meeting under Section 12(1) of Act No. 90/2012 Coll., on Commercial Companies and Cooperatives (Corporations Act) (hereinafter referred to as the "CA").

The controlling entity also exercises its influence through its representatives on the governing bodies of ČSOB, i.e. the Supervisory Board and/or the Board of Directors. First and foremost, this involves cooperation and coordination of activities related to consolidated risk management, auditing and compliance with the prudential rules that apply to banks and other financial institutions on the basis of laws and regulations.

ČSOB is a bank within the meaning of Act No. 21/1992 Coll., on banks, operating on the Czech financial services market. It specializes in banking services for individuals and business entities. ČSOB is subject to supervision by the Czech National Bank.

ČSOB is a controlling entity of companies within the ČSOB Group (the Czech part of the multinational KBC Group, further information on the entities controlled by ČSOB can be found in Annex 1 and more detailed information on the ČSOB Group in terms of business specification is available at *https://www.csob.cz/en/csob/about-the-csob-group*) (hereinafter referred to as the "ČSOB Group") and within the framework of these relations it generally provides a range of services of both a financial nature (see section 6 for more details) and a support nature (e.g. HR and Personnel, IT, Advertising and Marketing, Internal Audit services).

ČSOB operates a large network of branches, is also a point of distribution for the products offered by ČSOB Group companies. Within the ČSOB Group, ČSOB also ensures that prudential rules are followed on a consolidated basis.

5. Review of Activities in the Accounting Period, Induced by or in the Interest of the Controlling Entity or its Controlled Entities

Unless otherwise stated, no activities were carried out in the accounting period induced by or in the interest of the controlling entity or its controlled entities that would affect more than 10% of the equity of ČSOB, including transactions in the ordinary course of business.

During the accounting period, ČSOB repeatedly accepted liabilities towards KBC Bank NV, including short-term money market trading deposits and promissory notes, the value of which exceeded 10% of the company's equity. These activities aimed at improving the efficiency of the use of the financial assets within the group. The aforementioned commitments arise from current transactions and are subject to comparable terms and conditions (including interest rates and securing) to transactions with third parties and as such they have not been detrimental to the ČSOB.

6. Review of Mutual Agreements between the Controlled Entity and the Controlling Entity or among the Controlled Entities

During the accounting period, ČSOB had various relations with the controlling entity, as well as other companies controlled by the controlling entity (for the purpose of this Report on Relation also referred to as "counterparties") based on common business activities.

The contractual relations took place in the following areas:

BANKING SERVICES

Accounts, Deposit Products, Domestic and International Payments Services, Domestic and International Cash Management

During the accounting period, ČSOB concluded contracts or had concluded contracts in previous accounting periods to provide services for maintaining various types of accounts – current and term accounts, interbank deposits, (including amendments on the early termination (default) of some deposits, along with settling interest and compensation payments), accounts for the deposit of funds intended to acquire or increase a partnership in a company, and to provide the following products and domestic and international payments services, such as Cash Management NightLine, Virtual Cash Pooling and Real One-Way Cash Pooling. During the accounting period, ČSOB concluded contracts or had concluded contracts in previous accounting periods in the field of financial market trading. The contracts were concluded under standard business terms and conditions and ČSOB does not incur any non-standard advantages, disadvantages or additional risks therefrom.

Payment cards

During the accounting period, ČSOB concluded contracts or had concluded contracts in previous accounting periods to issue, accept and process payment card transactions. The contracts were concluded under standard business terms and conditions and ČSOB does not incur any non-standard advantages, disadvantages or additional risks therefrom.

Electronic Banking

During the accounting period, ČSOB concluded contracts or had concluded contracts in previous accounting periods under which it provided the following products of electronic banking and web applications: ČSOB Internet Banking, ČSOB Smart, ČSOB CEB – Virtual Branch, Investment Portal. The contracts were concluded under standard business terms and conditions and ČSOB does not incur any non-standard advantages, disadvantages or additional risks therefrom.

Cheques and Bills of Exchange

During the accounting period, ČSOB concluded contracts or had concluded contracts in previous accounting periods for procuring bills of exchange and their custody, and contracts for securing the bill-of-exchange programme. The contracts were concluded under standard business terms and conditions and ČSOB does not incur any non-standard advantages, disadvantages or additional risks therefrom.

Credit Products and Guarantees

During the accounting period, ČSOB concluded contracts or had concluded contracts in previous accounting periods under which it provided the following credit products: overdrafts, commercial loans, revolving loans, specific-purpose credit facilities, subordinated loans, factoring loans, interbank loans (including amendments on the early termination (default) of some loan agreements, along with interest settlements and payment of compensation) and current account overdrafts, and accepted and issued guarantees, confirmed or open letters of credit, and/or bought back claims from letters of credit, and provided guarantees. The counterparties paid contractual fees, remuneration and interest for these services. The contracts were concluded under standard business terms and conditions and ČSOB does not incur any non-standard advantages, disadvantages or additional risks therefrom.

Investment Services

During the accounting period, ČSOB concluded contracts or had concluded contracts in previous accounting periods for purchasing and selling investment instruments, ISDA contracts, escrow agreements, contracts for settling investment instrument transactions, contracts for administering securities, depository contracts, agreements on the contact bank, on the provision of specialized consultancy and agreements on the authorization of fax instructions for settling and administering securities, transactions monitoring, distribution of share certificates and related actions. The remuneration provided by the counterparties consisted of commissions and contractual fees. The contracts were concluded under standard business terms and conditions and ČSOB does not incur any non-standard advantages, disadvantages or additional risks therefrom.

Mortgage Bonds and Bonds

During the accounting period, ČSOB concluded or had concluded from the previous accounting periods mandate contracts for the provision of the issuance of mortgage bonds issued on the domestic market under the bond programme and mandate contracts for the provision of the issuance of bonds, contracts for subscription, the purchase and sale of mortgage bonds/bonds and contracts for the management of the issuance and provision of payments. The counterparties provided contractual rewards for these services. The contracts were concluded under standard business terms and conditions and ČSOB does not incur any non-standard advantages, disadvantages or additional risks therefrom.

Receivables

During the accounting period, ČSOB concluded contracts or had concluded contracts in previous accounting periods for the management or assignment of claims/receivables. The ČSOB provided contractual rewards to the counterparties for these services. The contracts were concluded under standard business terms and conditions and ČSOB does not incur any non-standard advantages, disadvantages or additional risks therefrom.

Collateral Services Agreement

During the accounting period, ČSOB entered into, or from previous accounting periods had entered into, agreements for the collateral exchange process by KBC Bank for OTC derivative transactions negotiated by ČSOB. The contracts were concluded under standard commercial terms and conditions and no non-standard advantages, disadvantages or additional risks arise from them for ČSOB.

OTHER RELATIONS

Insurance Policies

During the accounting period, ČSOB concluded insurance policies or had concluded insurance policies in previous accounting periods. The consideration consisted of insurance and indemnity. The contracts were concluded under standard business terms and conditions and ČSOB does not incur any non-standard advantages, disadvantages or additional risks therefrom.

Rental, lease and rental agreements

In the accounting period, ČSOB entered into, or in previous accounting periods had entered into, lease, rental or leasing agreements for non-residential premises, car parks, movable assets or sets of movable assets, and for the settlement of technical improvements. The consideration consisted of contractual prices, or the rental of the items or parts of the items or a collection of items. The contracts were concluded under standard commercial terms and conditions and no non-standard advantages, disadvantages or additional risks arise from them for ČSOB.

Cooperation Agreements – Employee Benefits

During the accounting period, ČSOB concluded cooperation agreements – employee benefits – or had concluded contracts in previous accounting periods. The consideration consisted of providing employee benefits. The contracts were concluded under standard business terms and conditions and ČSOB does not incur any non-standard advantages, disadvantages or additional risks therefrom.

Cooperation Agreements – Selling Products and Services

During the accounting period, ČSOB concluded cooperation agreements and framework, mandate and commission agent's contracts or had concluded these contracts and agreements in previous accounting periods, particularly concerning cooperation on product sales, product sales agency, sales support and the use of technology for this purpose, consultancy, and opportunity-seeking. The consideration consisted of cooperation, contractual commissions, contractual rewards or the sale of products. The contracts were concluded under standard business terms and conditions and ČSOB does not incur any non-standard advantages, disadvantages or additional risks therefrom.

Cooperation Agreements - Joint Observance of Tax Obligations (VAT)

On 9 December 2016, ČSOB entered into a cooperation agreement with some of the entities controlled by the same controlling entity for the purpose of fulfilling tax obligations (VAT) on behalf of the Group. The consideration consisted in the fulfilment of a tax obligation. The contract was concluded under standard commercial terms and conditions and no non-standard advantages, disadvantages or additional risks are derived from them for ČSOB.

In 2024, the contract included ČSOB, ČSOB Advisory, a.s., ČSOB Asset Management, a.s., investiční společnost, ČSOB Hypoteční banka, a.s., ČSOB Penzijní společnost, a.s., member of the ČSOB Group, ČSOB Pojišťovna, a.s., member of the ČSOB Holding, ČSOB Pojišťovací servis, s.r.o., Patria Corporate Finance, a.s., Patria Finance, a.s., Patria investiční společnost, a.s. and Nadační fond Patria.

Agreements in the field of ICT Services

During the accounting period, ČSOB concluded agreements or had concluded agreements in previous accounting periods on providing ICT services. The consideration consisted of contractual rewards. The contracts were concluded under standard business terms and conditions and ČSOB does not incur any non-standard advantages, disadvantages or additional risks therefrom.

Agreements on Providing Services – Call Centre

In the accounting period, ČSOB concluded, or had concluded from previous accounting periods, contracts for the provision of call centre and call recording services. The consideration consisted of contractual fees. The contracts were concluded under standard commercial terms and conditions and no non-standard advantages, disadvantages or additional risks arise from them for ČSOB.

Agreements on Providing Services – Back Office and Other Related Services

During the accounting period, ČSOB concluded agreements or had concluded agreements in previous accounting periods to provide back-office services and supporting processes, i.e. developing models, management consultancy, central procurement, accounting and tax services and processing foreign payments. The consideration consisted of contractual rewards and consultations. The contracts were concluded under standard business terms and conditions and ČSOB does not incur any non-standard advantages, disadvantages or additional risks therefrom.

Agreements on Providing Services – Facilities Management

In the accounting period, ČSOB concluded or from previous accounting periods had concluded contracts for the provision of services in the area of facilities management, such as accounting, property management and rental, meals and catering, accommodation, postal services, archiving and digitisation of documents, telephone exchange, fleet management and maintenance and transfer or purchase of movable assets. The consideration consisted of contractual fees. The contracts were concluded under standard commercial terms and conditions and no non-standard advantages, disadvantages or additional risks arise from them for ČSOB.

Agreements on Providing Services – Processing Financial Reporting

During the accounting period, ČSOB concluded agreements or had concluded agreements in previous accounting periods to provide the processing of financial reports for external users services, especially for the Czech National Bank. The consideration consisted of contractual rewards. The contracts were concluded under standard business terms and conditions and ČSOB does not incur any non-standard advantages, disadvantages or additional risks therefrom.

Agreements on Providing Services – advertising, marketing, internal and external communication

During the accounting period, ČSOB concluded contracts for the provision of advertising, marketing, internal and external communication services to clients, such as media buying, communication strategies, event marketing, sponsorship, client brand management and audiovisual studio services. The consideration consisted of contractual fees. The contracts were concluded under standard commercial terms and conditions and no non-standard advantages, disadvantages or additional risks arise from them for ČSOB.

Agreements on Providing Services – other support services

In the accounting period, ČSOB concluded, or had concluded from previous accounting periods, agreements for cooperation and provision of services in the areas of internal audit, compliance, credit risk assessment, risk management, asset and liability management, legal support, project management, administrative support in the area of finance including accounting, human resources management including labour relations and employee utilization, common education system and administrative support. During the accounting period, ČSOB concluded agreements on cooperation, processing and exchange of information in the area of macroeconomic analyses, scenarios and forecasts. ČSOB entered into, or had entered into in previous accounting periods, contracts for the processing of personal data or the provision of information, confidentiality agreements, contracts for the joint ownership and development of a common client database, etc. in the accounting period, ČSOB entered into, or had entered into in previous accounting periods, contracts for the provision of services in the area of automation of processing, such as robotics, automation of communication. Contracts for the provision of data management and protection, data analysis, and modelling services. Licensing agreements and software license agreements, software as a service agreements. During the accounting period, ČSOB entered into, or had entered into, contracts for the valuation of immovable property from previous accounting periods. ČSOB has concluded, or had concluded, relationship management agreements from previous accounting periods. The consideration consisted of services and contractual fees. The contracts were concluded under standard commercial terms and conditions and no non-standard advantages, disadvantages or additional risks arise from them for ČSOB.

Agreements on the provision of voluntary monetary contributions

During the accounting period, ČSOB entered into agreements for the provision of a voluntary cash supplement outside the share capital. The reason consisted in strengthening capital resources or settlement of loss. The contracts were concluded under standard commercial terms and conditions and no non-standard advantages, disadvantages or additional risks arise from them for ČSOB.

Contracts were concluded with the following companies: Bankovní informační technologie, s.r.o., ČSOB Leasing, a.s., Igluu s.r.o., Patria Finance, a.s., Skip Pay, s.r.o. a Ušetřeno.cz, s.r.o.

Agreements on the provision of non-monetary contributions

During the accounting period, ČSOB entered into an agreement on the provision of voluntary non-monetary contribution outside the share capital. The consideration consisted in strengthening capital resources. The agreement was concluded under standard commercial terms and conditions and no non-standard advantages, disadvantages or additional risks arise from them for ČSOB.

The agreement was concluded with the following company: Radlice Rozvojová, a.s.

Holding agreement

During the previous accounting periods, ČSOB, as the controlling entity, entered into with other companies belonging to the ČSOB Group (a current list of these agreements is available at: *https://www.csob.cz/portal/csob/o-csob-a-skupine/koncern-csob*), concern agreement which sets out the Group's interest and defines certain rights and obligations of the controlled entities within the business group in question. The sub-areas of unified management are then defined by specific Group policies, which are the basic tools for the implementation of the Group's interest and which are issued by the Board of Directors of ČSOB and accepted by the persons managed.

Credit agreements for the purpose of meeting the minimum capital requirement and eligible liabilities

During the accounting period, ČSOB entered into, or had entered into from the previous accounting periods, agreements with the controlling person for possible drawdown of credit for the purpose of meeting the minimum requirement for capital and eligible liabilities ("MREL") pursuant to Section 127 et seq. of Act No. 374/2015 Coll., on Recovery and Resolution Procedures in the Financial Market, as amended. In addition, ČSOB has concluded or had concluded agreements for the issue of "MREL" bonds and for the custody, administration and performance of depositary activities for "MREL" bonds. The contracts were concluded under standard commercial terms and conditions and no non-standard advantages, disadvantages or additional risks arise from them for ČSOB.

MISCELLANEOUS

On 7 August 2024, Motokov a.s., v likvidaci, ceased to exist upon erasure from the Commercial Register. The reason for the erasure was completed liquidation of the company.

On 30 January 2025, Československá obchodní banka, a.s. acquired from the other shareholder (Gobii Europe s.r.o., Company ID No. 097 636 457, having its registered office at Lomnického 1742/2a, Nusle, 140 00 Prague 4) a 50% share in Igluu s.r.o., Company ID No. 09763465, having its registered office at Radlická 333/150, Radlice, 150 00 Prague 5, and thus became a sole shareholder of Igluu s.r.o. Since 30 January 2025 Československá obchodní banka, a.s. has had a 100% share in the share capital and a 100% share in voting rights in Igluu s.r.o.

SHARE IN PROFITS AND OTHER FACTS

On 13 May 2024, KBC Bank NV, as the sole shareholder, resolved in exercising the powers of the General Meeting to distribute the net profit for the financial year 2023 so that the net profit equal to CZK 15 billion was paid out to the sole shareholder in the form of a dividend. The total volume of this transaction was 13.1% of the company's equity.

In addition, in the accounting period, ČSOB made decisions of the sole shareholder / partner of companies, in which it is a sole shareholder / partner. These include, in particular, the approval of financial statements, decisions on the settlement of the economic result, payments of profit shares and payments from capital funds, election and dismissal of members of its bodies, including approval of their remuneration, amendments to the articles of association and an appointment of the auditor.

In the accounting period, ČSOB decided by a resolution of the sole shareholder of the companies, in which it is a sole shareholder to pay out capital funds. The reason for the payout was a partial repayment of previously granted sole shareholder bonuses outside the share capital. Disbursements from capital funds were made from ČSOB Penzijní společnost, a.s., member of the ČSOB Group, and ČSOB Stavební spořitelna, a.s.

In the accounting period, ČSOB collected income in the form of profit shares from the following companies: Bankovní informační technologie, s.r.o., ČSOB Advisory, a.s., ČSOB Factoring, a.s., ČSOB Hypoteční banka, a.s., ČSOB Leasing, a.s., ČSOB Penzijní společnost, a. s member of the ČSOB Group, ČSOB Pojišťovna, a. s., member of the ČSOB Holding, ČSOB Stavební spořitelna, a.s., Motokov a.s., v likvidaci, Patria Corporate Finance a.s., and Patria Finance a.s.

7. Evaluation of the relationships between the Controlling Entity and the Controlled Entity, as well as between the Controlled Entity and the Entities Controlled by the same Controlling Entity

Joint synergies within the ČSOB Financial Group or KBC Group bring positive effects in the areas of cost management efficiency, human resources, risks and precautionary rules and help to set up processes in line with ČSOB's corporate strategy. At the same time, this cooperation helps to mitigate certain transactional risks, such as those associated with providing confidential information and data to third parties.

ČSOB primarily provides banking services to companies in the ČSOB Group, which mainly include loans, overdrafts, interest-bearing deposits, current accounts and other services. Concurrently it also provides a number of support activities to companies in the ČSOB Group that lead to the effective management and operation of the ČSOB Group.

Mutual cooperation between companies within the KBC and ČSOB Groups, or other companies controlled by ČSOB, helps to strengthen and stabilize their joint market position and enables them to expand their offer of financial services to their clients in the areas of building savings and mortgages, asset management, collective investment, pension products, leasing, factoring and distribution of life and non-life insurance, as well as services related to trading on financial markets.

8. Accounting period

This report describes the relationships for the accounting period from 1 January 2024 to 31 December 2024.

9. Conclusion

The Board of Directors of ČSOB hereby declares that this report has been prepared within the statutory time limit and in accordance with Section 82 of CA. While compiling the report, the ČSOB Board of Directors proceeded with due professional diligence and its scope reflects the purpose of the legislation governing the report under CA in relation to the ownership structure of ČSOB.

Prague, 31 March 2025

on behalf of Československá obchodní banka, a. s.

Aleš Blažek
Chairman of the Board

Jiří Vévoda
Member of the Board

Appendix to Related Parties Report

List of entities controlling Československá obchodní banka, a.s. and entities controlled by the same controlling entity

(as of 31 December 2024)

KBC Group NV

- 100% KBC Bank NV
  - Other subsidiaries *
  - 100% Československá obchodní banka, a. s.
- 100% KBC Insurance NV
  - 100% Československá obchodní banka, a. s.
  - Other subsidiaries *

Entities held by Československá obchodní banka, a. s.

ČSOB Leasing, a.s.
Share in RC direct: 100.00%
Share in VR: 100.00%

Share in RC 100%
Share in VR 100%

- **ČSOB Pojišťovací makléř, s.r.o.**
  Share in RC indirect: 100.00%
  Share in VR: 100.00%

ČSOB Penzijní společnost, a. s., a member of ČSOB group
Share in RC direct: 100.00%
Share in VR: 100.00%

ČSOB Factoring, a.s.
Share in RC direct: 100.00%
Share in VR: 100.00%

Patria Finance, a.s.
Share in RC direct: 100.00%
Share in VR: 100.00%

Patria Corporate Finance, a.s.
Share in RC direct: 100.00%
Share in VR: 100.00%

Patria investiční společnost, a.s.
Share in RC direct: 100.00%
Share in VR: 100.00%

Share in RC 0%
Share in VR 100%**

- **Patria Divadelní 14 s.r.o.**
  Share in RC indirect: 0.00%
  Share in VR: 100%**
- **Patria Hybešova 47 s.r.o.**
  Share in RC indirect: 0.00%
  Share in VR: 100%**
- **Patria Kollárova 5 s.r.o.**
  Share in RC indirect: 0.00%
  Share in VR: 100%**
- **Patria Panská 12 s.r.o.**
  Share in RC indirect: 0.00%
  Share in VR: 100%**
- **Patria Office Center Gama s.r.o.**
  Share in RC indirect: 0.00%
  Share in VR: 100%**
- **Patria RP Mohelnice s.r.o.**
  Share in RC indirect: 0.00%
  Share in VR: 100%**
- **Patria RP Ovčáry s.r.o.**
  Share in RC indirect: 0.00%
  Share in VR: 100%**
- **Patria Park Planá s.r.o.**
  Share in RC indirect: 0.00%
  Share in VR: 100%**

Radlice Rozvojová, a.s.
Share in RC direct: 100.00%
Share in VR: 100.00%

Bankovní informační technologie, s.r.o.
Share in RC direct: 100.00%
Share in VR: 100.00%

ČSOB Stavební spořitelna, a.s.
Share in RC direct: 100.00%
Share in VR: 100.00%

ČSOB Hypoteční banka, a.s.
Share in RC direct: 100.00%
Share in VR: 100.00%

ČSOB Pojišťovna, a.s., a member of ČSOB holding
Share in RC direct: 0.24%
Share in VR: 40.00%

Share in RC 100%
Share in VR 100%

- **ČSOB Pojišťovací servis, s.r.o., a member of the ČSOB holding**
  Share in RC indirect: 0.24%
  Share in VR: 0.00%
- **Pardubická Rozvojová, a.s.**
  Share in RC indirect: 0.24%
  Share in VR: 0.00%

ČSOB Advisory, a.s.
Share in RC direct: 100.00%
Share in VR: 100.00%

Ušetřeno.cz s.r.o.
Share in RC direct: 100.00%
Share in VR: 100.00%

Share in RC 100%
Share in VR 100%

- **Ušetřeno s.r.o.**
  Share in RC indirect: 100.00%
  Share in VR: 100.00%

Skip Pay, s.r.o.
Share in RC direct: 100.00%
Share in VR: 100.00%

K&H Payment Services Kft
Share in RC direct: 100.00%
Share in VR: 100.00%

Igluu, s.r.o.****
Share in RC direct: 50.00%
Share in VR: 50.00%

Ownest s.r.o.
Share in RC direct: 30.00%
Share in VR: 30.00%

ČSOB Nemovitostní, open-ended mutual fund Patria investiční společnost, a.s.
Share in RC direct: 100.00%
Share in VR: 100.00%

Share in RC 100%
Share in VR 100%

- **Patria RP Lipník, s.r.o.**
  Share in RC indirect: 0.00%
  Share in VR: 100%***
- **Patria RP Humpolec, s.r.o.**
  Share in RC indirect: 0.00%
  Share in VR: 100%***
- **Patria Park Piešťany s.r.o.**
  Share in RC indirect: 0.00%
  Share in VR: 100%***
- **Patria RP Zvolen I, s.r.o.**
  Share in RC indirect: 0.00%
  Share in VR: 100%***
- **Patria RP Bytča, s.r.o.**
  Share in RC indirect: 0.00%
  Share in VR: 100%***
- **Patria RP Zvolen II, a.s.**
  Share in RC indirect: 0.00%
  Share in VR: 100%***
- **Patria Park Chomutov s.r.o.**
  Share in RC indirect: 0.00%
  Share in VR: 100%***

Explanatory notes are on the next page.

Explanatory notes

Percentage shares shown for individual companies are expressed from the ČSOB point of view as a parent company.

All shares of KBC Bank and KBC Insurance are held (directly or indirectly) by the KBC Group.

ČSOB is 100% owned and fully controlled by KBC Bank.

The selected companies of the ČSOB group form the ČSOB Concern, the controlling entity of the ČSOB Concern is Československá obchodní banka, a.s. - further information can be found at https://www.csob.cz/portal/csob/o-csob-a-skupine/koncern-csob

** For complete overview of "Other subsidiaries" of the KBC Group please refer to KBC's corporate website www.kbc.com, where other details regarding the KBC Group are available.*

*** The sole shareholder (PIS), controlled by ČSOB, acts on its own behalf on the account of the closed mutual fund of Patria investiční společnost, a.s.*

**** The sole shareholder (PIS) acts on its own behalf on the account of the open-ended mutual fund Patria investiční společnost, a.s. ČSOB Nemovitostní*

***** On 30 January 2025 ČSOB acquired from the other shareholder a 50% stake in Igluu s.r.o. and thus became the sole shareholder with 100% of the share capital and 100% of the voting rights.*

RC: registered capital (deposit)

VR: voting rights

ADDITIONAL INFORMATION

ČSOB Securities

Shares

Shares and Share Capital of ČSOB

	as at 31 December 2024
ISIN	CZ0008000288
Class	Ordinary shares
Type	Bearer shares
Edition	Book-entered
Number of shares	292,750,002
Nominal value	CZK 20
Total issue volume	CZK 5,855,000,040
Amount of share capital	**CZK 5,855,000,040**
Paid up in full	100%

KBC Bank NV, with its registered address at: Havenlaan 2, B-1080 Brussels (Sint-Jans Molenbeek), Belgium, is the sole shareholder of ČSOB.

Shares issued by the ČSOB (hereinafter referred to as the "ČSOB Shares") are not publicly tradable on any official regulated market in either an EU member state, or an EEC member state.

ČSOB has not issued any convertible bonds or priority bonds as defined by Section 286 of the Act No. 90/2012 Coll., on Commercial Companies and Cooperatives (Corporations act). In 2024, ČSOB neither held any own shares, nor issued stock certificates.

Rights Attached to ČSOB Shares

Rights and obligations of a shareholder are stipulated by legal regulations, in particular by the Act on Commercial Companies and Cooperatives and the Articles of Association of ČSOB.

Shareholder rights attached to ČSOB Shares include in particular:

a) The right to obtain a share in the company's profit (dividend) approved by the General Meeting for distribution according to the company's economic results and according to the conditions laid down by generally binding legal regulations.

b) The right of qualified shareholder to ask the Board of Directors to convene a General Meeting in accordance with legal regulations.

c) The right to attend the General Meeting of Shareholders. At a General Meeting, shareholders have the right to

   1. vote;
   2. request and receive explanation to matters related to the company, should such explanation be necessary to assess a topic discussed at the General Meeting or for the exercise of its shareholder rights at the General Meeting; and
   3. put forward proposals and counter-proposals.

d) In the event of the dissolution of the company, the shareholder is entitled to a share in the liquidation balance of the company.

Voting rights attached to ČSOB Shares are unlimited. One share confers one vote.

Bonds and Investment Certificates

(outstanding)

In the Czech Republic, ČSOB is an issuer of bonds issued under the ČSOB's bond issuance program. ČSOB is issuing bonds under bond issuance program (program is lasting for 30 years) with a maximum amount of CZK 100 bn of outstanding bonds and public bond issuance program with a maximum amount of CZK 300 bn of outstanding bonds.

As of 31 December 2024, ČSOB recorded the following **bond issues** in the Czech Republic:

Issue name	ISIN	Issue date	Volume of Bonds as of 31. 12. 2024	
Strukturovaný dluhopis ČSOB Nové trendy energie a lidé 2027	CZ0003706293	11. 08. 2021	CZKm	75.80
ČSOB LIKVIDNÍ DLUHOPIS 6M 102025	CZ0003706673	13. 10. 2021	CZKm	2,500.00
ČSOB LIKVIDNÍ DLUHOPIS 6M 112025	CZ0003706764	15. 11. 2021	CZKm	2,500.00
Strukturovaný dluhopis ČSOB Kybernetická bezpečnost 2027	CZ0003706681	29. 12. 2021	CZKm	137.00
Strukturovaný dluhopis ČSOB Světové informační technologie 2028	CZ0003706863	09. 03. 2022	CZKm	93.50
ČSOB LIKVIDNÍ DLUHOPIS 6M 04/2025	CZ0003707028	07. 04. 2022	CZKm	500.00
STRUKTUROVANÝ DLUHOPIS ČSOB UMĚLÁ INTELIGENCE 2028	CZ0003707044	08. 06. 2022	CZKm	67.30
ČSOB LIKVIDNÍ DLUHOPIS 6M 06/2026	CZ0003707283	27. 06. 2022	CZKm	2,300.00
Strukturovaný DLUHOPIS ČSOB Světoví lídři 2028	CZ0003707150	07. 07. 2022	CZKm	23.80
ČSOB LIKVIDNÍ DLUHOPIS 6M 09/2026	CZ0003707440	06. 09. 2022	CZKm	800.00
STRUKTUROVANÝ DLUHOPIS ČSOB Bonusový click KYBERNETICKÁ BEZPEČNOST 2028	CZ0003707382	07. 09. 2022	CZKm	102.00
ČSOB LIKVIDNÍ DLUHOPIS 6M 10/2026	CZ0003707465	03. 10. 2022	CZKm	500.00
Strukturovaný DLUHOPIS ČSOB Participace Plus Světoví lídři 2027	CZ0003707432	05. 10. 2022	CZKm	41.30
ČSOB STRUKTUROVANÝ DLUHOPIS Participace Plus SVĚTOVÉ INFORMAČNÍ TECHOLOGIE 2027	CZ0003707457	05. 12. 2022	USDm	0.21
STRUKTUROVANÝ DLUHOPIS ZALESŇOVACÍ DLUHOPIS ČSOB SVĚTOVÉ KLIMA 2027	CZ0003707549	29. 12. 2022	CZKm	59.20
Strukturovaný Dluhopis ČSOB Participace Plus Trendy Budoucnosti 2028	CZ0003707853	03. 03. 2023	CZKm	163.50
Strukturovaný DLUHOPIS ČSOB Světoví lídři s bonusem 2028	CZ0003708026	03. 05. 2023	CZKm	66.70
ČSOB ZELENÝ LIKVIDNÍ DLUHOPIS 6M 05/2026	CZ0003708307	24. 05. 2023	CZKm	1,000.00
STRUKTUROVANÝ DLUHOPIS ČSOB EVROPSKÁ INFLACE 2026	CZ0003708323	02. 08. 2023	CZKm	363.00
ČSOB ZELENÝ LIKVIDNÍ DLUHOPIS 6M 09/2026	CZ0003708430	04. 09. 2023	CZKm	700.00
STRUKTUROVANÝ DLUHOPIS ČSOB APEX SVĚTOVÉ KLIMA 2028	CZ0003708414	04. 10. 2023	CZKm	101.00
DLUHOPIS ČSOB ZELENÝ LIKVIDNÍ DLUHOPIS 6M 11/2026	CZ0003708505	09. 11. 2023	CZKm	300.00

Issue name	ISIN	Issue date	Volume of Bonds as of 31. 12. 2024	
DLUHOPIS ČSOB LIKVIDNÍ DLUHOPIS 6M 05/2027	CZ0003708471	23. 11. 2023	CZKm	1,200.00
STRUKTUROVANÝ DLUHOPIS ČSOB LOOKBACK TRENDY BUDOUCNOSTI 2028	CZ0003708463	05. 12. 2023	CZKm	51.70
ČSOB LIKVIDNÍ DLUHOPIS 6M 01/2026	CZ0003708604	11. 01. 2024	CZKm	900.00
DLUHOPIS ČSOB LIKVIDNÍ DLUHOPIS 6M 08/2027	CZ0003708620	05. 02. 2024	CZKm	700.00
DLUHOPIS ČSOB LIKVIDNÍ DLUHOPIS WO 6M 08/2027	CZ0003708638	05. 02. 2024	CZKm	650.00
STRUKTUROVANÝ DLUHOPIS TOP GLOBÁLNÍ TRHY S BONUSEM 2029	CZ0003708521	05. 02. 2024	CZKm	360.50
DLUHOPIS ČSOB LIKVIDNÍ DLUHOPIS 6M 02/2028	CZ0003708695	28. 02. 2024	CZKm	1,400.00
Strukturovaný Dluhopis ČSOB Umělá inteligence a robotika 2029	CZ0003708612	03. 04. 2024	CZKm	334.00
STRUKTUROVANÝ DLUHOPIS ČSOB EURCZK Double Range 2025	CZ0003708786	16. 04. 2024	CZKm	16.00
ČSOB ZELENÝ LIKVIDNÍ DLUHOPIS 6M 05/2027	CZ0003708943	10. 05. 2024	CZKm	1,000.00
STRUKTUROVANÝ DLUHOPIS TOP ZDRAVOTNICTVÍ S BONUSEM 2029	CZ0003708794	05. 06. 2024	CZKm	271.00
STRUKTUROVANÝ DLUHOPIS TOP VODA A ENERGIE S BONUSEM 2029	CZ0003708968	05. 08. 2024	CZKm	53.50
ČSOB var 2028 1M	CZ0003709123	11. 09. 2024	CZKm	6,611.00
ČSOB ZELENÝ LIKVIDNÍ DLUHOPIS 6M 09/2027	CZ0003709164	17. 09. 2024	CZKm	300.00
ČSOB LIKVIDNÍ DLUHOPIS EUR 6M 10/2027	CZ0003709198	01. 10. 2024	EURm	5.00
STRUKTUROVANÝ DLUHOPIS ČSOB CHYTRÁ MĚSTA 2029	CZ0003709149	03. 10. 2024	CZKm	44.70
ČSOB ZELENÝ LIKVIDNÍ DLUHOPIS 6M 04/2028	CZ0003709180	31. 10. 2024	CZKm	400.00
ČSOB LIKVIDNÍ DLUHOPIS 6M 11/2027	CZ0003709313	05. 11. 2024	CZKm	185.00
STRUKTUROVANÝ DLUHOPIS TOP GLOBÁLNÍ TRHY S BONUSEM 12/2029	CZ0003709321	04. 12. 2024	CZKm	306.00
ČSOB WO ZELENÝ LIKVIDNÍ DLUHOPIS 6M 06/2028	CZ0003709636	16. 12. 2024	CZKm	300.00

In the first quarter of 2025*. ČSOB issued the following **bond issues** in the Czech Republic:

Issue name	ISIN	Issue date	Volume of Bonds Issued as of 31. 3. 2025	
STRUKTUROVANÝ DLUHOPIS ČSOB UMĚLÁ INTELIGENCE A ROBOTIKA 2030	CZ0003709453	05. 02. 2025	CZKm	188.00
STRUKTUROVANÝ DLUHOPIS ČSOB TĚŽAŘI ZLATA 2030	CZ0003709651	05. 03. 2025	CZKm	209.50

** Issued until 31 March 2025*

None of CSOB bonds is listed (publicly tradable on any official regulated market in either an EU member state, or an EEC member state).

Since 2012, ČSOB is an issuer of investment certificates issued under the certificate issuance program (public or non public) in the Czech Republic.

As of 31 December 2024, ČSOB recorded the following investment certificate issues in the Czech Republic:

Issue Name	ISIN	Issue Date	Volume of investment certificates as of 31. 12. 2024	
ČSOB Investiční certifikát Unit link XLIV.	CZ0000302369	12. 02. 2020	CZKm	112.40
ČSOB Investiční certifikát Unit link XLV.	CZ0000302443	25. 03. 2020	CZKm	150.00
Stay Online 5 2027	CZ0000302633	21. 08. 2020	CZKm	91.00
Lookback Racer Transatlantic 2026	CZ0000302724	21. 10. 2020	CZKm	265.00
Lookback Racer Transatlantic 2027	CZ0000302864	30. 12. 2020	CZKm	100.00
Piling Racer Severní Amerika a Evropa 2027	CZ0000302823	24. 02. 2021	CZKm	126.00
Defensive New Pharma 5,5 2028	CZ0000302948	31. 03. 2021	CZKm	270.00
ČSOB Investiční certifikát Unit link XLVI.	CZ0000303003	28. 04. 2021	CZKm	347.30
Cyber Security 6,5 2028	CZ0000303086	05. 05. 2021	CZKm	303.00
Lookback Global Diversified 2027	CZ0000303177	02. 06. 2021	CZKm	134.00
Zalesňovací investiční certifikát Pro udržitelnou budoucnost 2027	CZ0000303300	04. 08. 2021	CZKm	124.00
ČSOB Investiční certifikát Unit link XLVII. - Nové trendy – energie a lidé 2027	CZ0000303292	11. 08. 2021	CZKm	129.20
Capped PRIBOR Floater 04/2025	CZ0000303490	20. 10. 2021	CZKm	185.00
Robotika a automatizace Participační Autocall 8 2028	CZ0000303607	18. 11. 2021	CZKm	485.00
Defensive Eurostoxx 3. rok 5,4 12/2028	CZ0000303664	08. 12. 2021	CZKm	85.00
Capped PRIBOR Floater 06/2025	CZ0000303706	15. 12. 2021	CZKm	154.00
KYBERNETICKÁ BEZPEČNOST 2027	CZ0000303615	29. 12. 2021	CZKm	160.40
Trendy Budoucnosti Defenzivní 3. rok 6,3 2028	CZ0000303714	29. 12. 2021	CZKm	180.00
Lookback Global Diversified Megatrends 2029	CZ0000303805	12. 01. 2022	CZKm	70.00
ČSOB Investiční certifikát Unit link XLIX.	CZ0000303847	09. 03. 2022	CZKm	98.50
Capped PRIBOR Floater 09-2025	CZ0000303904	16. 03. 2022	CZKm	122.00
Lookback Racer Světové informační technologie 2028	CZ0000303953	20. 04. 2022	CZKm	193.00
Capped PRIBOR Floater 11-2025	CZ0000304019	18. 05. 2022	CZKm	150.00
Mobilita Budoucnosti Participační Autocall Plus 2029	CZ0000304035	01. 06. 2022	CZKm	76.00
ČSOB Investiční certifikát UL Maximal Invest umělá inteligence 2028	CZ0000304050	08. 06. 2022	CZKm	33.40
ČSOB Investiční certifikát UL Maximal Invest Světoví lídři 2028	CZ0000304100	07. 07. 2022	CZKm	37.90
Lookback Racer World Climate Care 2028	CZ0000304142	20. 07. 2022	CZKm	74.50
Capped PRIBOR Floater 01/2026	CZ0000304225	27. 07. 2022	CZKm	153.50
Bonusový Click Cyber Security	CZ0000304191	03. 08. 2022	CZKm	42.70
ČSOB Investiční certifikát Maximal Invest Bonusový click Kybernetická bezpečnost 2028	CZ0000304241	07. 09. 2022	CZKm	114.90
Capped PRIBOR Floater 04/2026	CZ0000304340	05. 10. 2022	CZKm	20.20
ČSOB Investiční certifikát Maximal Invest Participace Plus Světoví lídři 2027	CZ0000304332	05. 10. 2022	CZKm	19.90
Participace Plus Energetická transformace 2026	CZ0000304316	12. 10. 2022	CZKm	27.00
Lookback Racer Světové informační technologie 2027	CZ0000304498	23. 11. 2022	CZKm	33.50
ČSOB Investiční certifikát Maximal Invest Světové klima 2027	CZ0000304530	29. 12. 2022	CZKm	57.30

Issue Name	ISIN	Issue Date	Volume of investment certificates as of 31. 12. 2024	
ČSOB Investiční certifikát Maximal Invest Participace Plus Trendy Budoucnosti 2028	CZ0000304647	03. 03. 2023	CZKm	89.50
Evropská inflace 2026	CZ0000304712	29. 03. 2023	CZKm	151.00
ČSOB Investiční certifikát Maximal Invest Světoví lídři s bonusem 2028	CZ0000304753	03. 05. 2023	CZKm	93.30
S&P 500 Participační Autocall 3. rok 2030	CZ0000304860	17. 05. 2023	EURm	2.16
AI & Big data Participační Autocall 3. rok 2030	CZ0000304985	12. 07. 2023	CZKm	320.00
ČSOB Investiční certifikát Capped PRIBOR Floater 01/2027	CZ0000305008	12. 07. 2023	CZKm	59.00
Steepener 2028	CZ0000305024	19. 07. 2023	CZKm	13.00
Japonsko Participační Autocall od 3. roku 2030	CZ0000305065	23. 08. 2023	CZKm	207.00
ČSOB Capped Pribor Floater 03/27	CZ0000305081	06. 09. 2023	CZKm	93.00
ČSOB Investiční certifikát Maximal Invest APEX Světové klima 2028	CZ0000305073	04. 10. 2023	CZKm	27.00
Participace Plus Digitální zdravotnictví 2028	CZ0000305123	11. 10. 2023	CZKm	70.50
S&P 500 Participační Autocall od 3. roku USD 11/2030	CZ0000305172	25. 10. 2023	USDm	1.30
S&P 500 Participační Autocall od 3. roku 11/2030	CZ0000305206	25. 10. 2023	CZKm	43.00
Banky Participační Autocall od 3. roku 2030	CZ0000305248	08. 11. 2023	CZKm	107.00
ČSOB Investiční certifikát Maximal Invest Lookback Trendy budoucnosti 2028	CZ0000305180	05. 12. 2023	CZKm	15.80
S&P 500 Participační Autocall od 3. roku USD 1/2031	CZ0000305313	06. 12. 2023	USDm	3.10
S&P 500 Participační Autocall 1/2031	CZ0000305321	06. 12. 2023	CZKm	127.00
S&P 500 Participační Autocall od 3. roku 1/2031	CZ0000305305	06. 12. 2023	CZKm	91.00
Polovodiče Participační Autocall Plus od 3. roku 2030	CZ0000305347	06. 12. 2023	CZKm	250.50
Luxus Participační Autocall od 3. roku 2031	CZ0000305388	28. 12. 2023	CZKm	142.00
Umělá inteligence Participační Autocall 2031	CZ0000305446	21. 02. 2024	CZKm	371.00
IC Eurostoxx 50 Participační Autocall 1/2031	CZ0000305495	20. 03. 2024	CZKm	187.00
Piling Racer Zdravotnictví USD 2029	CZ0000305503	20. 03. 2024	USDm	1.60
Piling Racer Zdravotnictví 2029	CZ0000305511	27. 03. 2024	CZKm	82.00
Maximal Invest Umělá inteligence a robotika 2029	CZ0000305461	03. 04. 2024	CZKm	75.50
Japonsko Participační Autocall od 3. roku 2031	CZ0000305586	17. 04. 2024	CZKm	383.00
Těžaři zlata Participační Autocall 2031	CZ0000305644	22. 05. 2024	CZKm	361.00
Lookback Racer Umělá inteligence 2030	CZ0000305701	26. 06. 2024	CZKm	57.00
Lookback Racer Umělá inteligence 2030 II	CZ0000305875	02. 10. 2024	CZKm	65.00
Lookback Racer Umělá inteligence 2030 USD	CZ0000305859	02. 10. 2024	USDm	0.85
ČSOB Investiční certifikát Maximal Invest Chytrá města 2029	CZ0000305818	03. 10. 2024	CZKm	52.30
Cestovní ruch Participační Autocall 2031	CZ0000305842	09. 10. 2024	CZKm	165.00
Cestovní ruch Participační Autocall od 3. roku 2031	CZ0000305867	09. 10. 2024	CZKm	170.00
Elektrické sítě Participační Autocall 2031	CZ0000305917	13. 11. 2024	CZKm	534.00
Umělá Inteligence Participační Autocall od 3. roku 12/2031	CZ0000305982	27. 11. 2024	CZKm	235.00
IC Eurostoxx Participační Autocall od 3 roku 12/2031	CZ1006000015	30. 12. 2024	CZKm	28.00
IC USA 2000 Participační Autocall od 3 roku 2032	CZ0000306014	30. 12. 2024	CZKm	521.00

In the first quarter of 2025*. ČSOB issued the following **investment certificates issues** in the Czech Republic:

Issue Name	ISIN	Issue Date	Volume of Investment Certificates as of 31. 3. 2025	
Dlouhodobá spotřeba Participační Autocall 2032	CZ1006000072	19. 02. 2025	CZKm	242.00
Dlouhodobá spotřeba Participační Autocall Plus od 3. roku 2032	CZ1006000080	19. 02. 2025	CZKm	150.00
Capped Floater 8/2028	CZ1006000098	26. 02. 2025	CZKm	77.00
Lookback Racer Svět 2031	CZ1006000148	19. 03. 2025	CZKm	411.00

** Issued until 31 March 2025*

All ČSOB's investment certificates are unlisted (not publicly tradable on any official regulated market in either an EU member state. or an EEC member state).

The prospectus of investment certificates. amendments thereto and pricing supplements are available at ČSOB's website www.csob.cz.

The purpose of the issuance of bonds and of investment certificates by ČSOB is mainly to enlarge the offer of investment products for the Bank's clients.

Subordinated Bonds

(outstanding)

From 1 January 2022, the Group has to meet the Minimum Requirement for own funds and eligible liabilities (MREL) at the interim level set by ČNB and therefore ČSOB issued the subordinated bonds described in the following table. The owner of all these bonds is the mother company KBC NV.

Issue Name	ISIN	Issue Date	First Call Date	Maturity	Volume of Bonds Issued (nominal value)	
ČSOB MREL 01 VAR/27	CZ0003706806	23. 12. 2021	15. 12. 2026	15. 12. 2027	EURm	500.0
ČSOB MREL 02 VAR/26	CZ0003706798	23. 12. 2021	15. 12. 2025	15. 12. 2026	EURm	276.0
ČSOB MREL 03 VAR/28	CZ0003707168	08. 06. 2022	15. 12. 2027	15. 12. 2028	EURm	400.0
ČSOB MREL 04 VAR/25*	CZ0003707176	08. 06. 2022	15. 12. 2029	15. 12. 2030	EURm	330.0
ČSOB MREL 05 VAR/26	CZ0003707796	15. 12. 2022	15. 12. 2025	15. 12. 2026	EURm	170.0
ČSOB MREL 06 VAR/29	CZ0003708596	15. 12. 2023	17. 12. 2028	17. 12. 2029	EURm	170.0
ČSOB MREL 07 VAR/29	CZ0003709602	16. 12. 2024	15. 12. 2028	15. 12. 2029	EURm	240.0
ČSOB MREL 08 VAR/28	CZ0003709610	16. 12. 2024	15. 12. 2027	15. 12. 2028	EURm	180.0

** Final maturity and first call date changed by decision of noteholders' meeting on 9 December 2024*

Activity of ČSOB

ČSOB is active as a universal bank in the Czech Republic.

As a legal entity subject to the Czech law, ČSOB follows the applicable legislation in force in the territory of the Czech Republic. Its activities are regulated primarily under the Banking Act, the Capital Market Undertakings Act and by the Corporations Act. A single banking licence is of fundamental importance for ČSOB's business activities.

ČSOB is also authorized to provide services of a tied agent under the Insurance Distribution Act, an independent intermediary of consumer loans, an independent intermediary of supplementary pension savings, the activity of a securities trader, a long-term investment product provider, the administrator of a qualified electronic identification system,and is participant of the Central Depository.

Main Areas of Activities

ČSOB's Scope of Business is defined in the Articles of Association of ČSOB (in the part III. Scope of Business).

ČSOB, being a universal bank, carries out banking transactions and renders financial services according to the generally binding legal regulations of the Czech Republic regulating the domestic and foreign activities of banks. In particular, it accepts deposits from the public and provides loans.

In addition to these basic services, ČSOB is authorized to carry out the following activities according to the applicable Czech legal regulations:

- Investment in securities on the Bank's own account,
- Financial leasing,
- Payments and clearance,
- Issuance and administration of payment instruments,
- Provision of guarantees,
- Issuance of letters of credit,
- Provision of collection services,
- Provision of all investment services according to a special law,
- Issuance of mortgage bonds,
- Financial brokerage,
- Provision of depository services,
- Exchange office services (purchase of foreign exchange),
- Provision of banking information,
- Trading in foreign exchange values and gold on the Bank's own account or on a client's account,
- Rental of safe-deposit boxes,
- Activities directly related to the activities mentioned above,
- Activities carried out for other parties if they relate to the running of the company and operation of other banks, financial institutions and enterprises providing ancillary banking services, controlled by the company, and
- Identification services within the meaning of Sec 1/4 c) of the Act No. 21/1992 Coll., on Banks.

ČSOB Holding

On the day of March 1, 2019, the ČSOB has published in accordance with Sec 79/3 of the Act No. 90/2012 Coll., the Corporations Act ("CA"), on its web site the existence of ČSOB Holding, where ČSOB is a controlling person within the meaning of Sec 79/1 of the CA. More detailed information about ČSOB Holding can be found here *https://www.csob.cz/portal/csob/about-the-csob-group/csob-holding*.

Significant Contracts

Out of the ordinary course of ČSOB's business, the Bank has entered into no contracts which could result in any group member being under an obligation or entitlement that is material to ČSOB's ability to meet its obligation to security holders in respect of the securities being issued.

With effect from 1st January 2018, ČSOB and Česká pošta, s.p. (the "Czech Post") concluded the Agreement on the Provision of Services and related Implementation Agreement. Under these Agreements, the Czech Post provides financial services and related activities for ČSOB.

Trademarks, Licenses, Patents

Being aware of the ever-growing importance of intellectual property as a vital and integral part of the modern society, ČSOB pays extraordinary attention to the intellectual property rights and their protection.

ČSOB is the applicant/owner of more than a hundred **trademarks** registered with the trademark authorities established to protect industrial or other intellectual property rights and uses the trademarks for product and service identification when performing its business activities.

ČSOB is a holder of many **licenses**, mainly software products licenses, to support ČSOB's business activities.

ČSOB is not a **patent** applicant/owner.

Governmental, Legal or Arbitration Proceedings

which may have, or have had in the recent past, significant effects on ČSOB's and / or the ČSOB group's financial position or profitability

Information on Court Disputes

For information on court disputes please refer to the Separate Financial Statements for the year 2024 (Notes 27 and 31) and to the Consolidated Financial Statements for the year 2024 (Notes 31 and 35).

Litigation against CSOB (the Defendant) led by ICEC-HOLDING, a.s. (Boleslavova 710/19, Ostrava) was terminated during 2024. In February 2023 CSOB was delivered an arbitral award, imposing CSOB to pay the plaintiff the amount of CZK 3.7bn. CSOB paid the amount. The arbitral award is legally binding and enforceable. In May 2023, the claimant filed a motion for an annulment of the arbitral award. In February 2024, the motion for annulment was dismissed by the court of the first instance. In June 2024, the appellation court confirmed the decision of the court of the first instance. In September 2024, the claimant filed an extraordinary appeal, the appellation proceedings was finally stopped in November 2024. The proceedings were hereby terminated.

Expenses on Research and Development

In 2024, ČSOB had outlays of CZK 1,952 m for research and development (2023: CZK 1,819 m). Most of these outlays were related to investments into large information technologies projects focused on development of digital services for clients and non-clients, data integration, automation of processes and also on development of existing applications and systems.

Additional Information

Remuneration Charged by Auditors for 2024

Information in accordance with Section 118 (4) (k) of the Act No. 256/2004 Coll., Capital Market Undertakings Act

(CZKths; excl. VAT*)	Audit services	Other assurance services	Other services	Total
ČSOB	21,668	2,730	304	24,702
Other consolidated companies	15,816	2,047	-	17,863
Total	**37,484**	**4,777**	**304**	**42,565**

The costs of audit services are stated including the costs of preparing The Report on the adequacy of the measures taken in order to protect the customer's property ("MiFiD Report"), for the review of quarterly consolidated special standard statements KBC Group N.V. ("Group Financial Statements").

Services in addition to the Statutory Audit Provided by Statutory Auditor and its Affiliated Company during 2024

Company	Recipient of the service	Service description	Price without VAT* (CZKths.)
PricewaterhouseCoopers Audit, s.r.o.	ČSOB, a.s.	Review of accounting information for special purposes	1,764
PricewaterhouseCoopers Audit, s.r.o.	ČSOB, a.s.	ISAE3402 Type II report	601
PricewaterhouseCoopers Audit, s.r.o.	Patria Park Piešťany s.r.o.	Voluntary audit	315
PricewaterhouseCoopers Audit, s.r.o.	Patria RP Bytča, s.r.o.	Voluntary audit	315
PricewaterhouseCoopers Audit, s.r.o.	Patria RP Zvolen I, s.r.o.	Voluntary audit	315
PricewaterhouseCoopers Audit, s.r.o.	Patria RP Zvolen II, a.s.	Voluntary audit	315
PricewaterhouseCoopers Česká republika, s.r.o.	ČSOB, a.s.	QA services for program BIAT	304
PricewaterhouseCoopers Audit, s.r.o.	ČSOB, a.s.	Review of the issuer's prospectuses	290
PricewaterhouseCoopers Audit, s.r.o.	Patria Park Chomutov s.r.o.	Voluntary audit	263
PricewaterhouseCoopers Audit, s.r.o.	Patria RP Humpolec, s.r.o.	Voluntary audit	262
PricewaterhouseCoopers Audit, s.r.o.	Patria RP Lipník, s.r.o.	Voluntary audit	262
PricewaterhouseCoopers Audit, s.r.o.	ČSOB, a.s.	Auditor's confirmations for insolvency proceedings	75
Total			**5,081**

** Published information includes relevant part of VAT, which is not deductible.*

Contribution to the Securities Traders Guarantee Fund

Information in accordance with Section 16 (1) of the Act No. 256/2004 Coll., Capital Market Undertakings Act

As a securities trader, ČSOB contributes to the Guarantee Fund, which ensures the guarantee system from which compensation is paid to the clients of a securities trader that is not able to fulfil its obligations to its clients.

Contribution to the Securities Traders Guarantee Fund for 2024 (CZK ths)	ČSOB	Consolidated ČSOB Unit
Basis for calculation of the contribution	2,626,923	3,348,574
The contribution	**52,540**	**66,973**

Information Published within this Annual Report

Information	Reference [1]
Important Events and Significant Changes in 2024	Report of the Board of Directors
	Corporate Governance Policy
	Note 3
New Products and Services Introduced in 2024	Report of the Board of Directors
Description of Markets where ČSOB Competes	Company Profile
	Report of the Board of Directors
Profit Distribution	Note 15
Activities Undertaken in the Area of Environmental Protection [2]	Corporate Social Responsibility
Information on Entities Included into the ČSOB Consolidated Financial Statements as at 31 December 2024	Companies of the ČSOB group
	Note 3
Expected Economic and Financial Situation of ČSOB in 2025	Report of the Board of Directors

1) The content refers to another section of this Annual Report or to a note in Notes to the Consolidated Financial Statements for the year 2024 (unless stated otherwise).
2) Together with this Annual Report, ČSOB also publishes the ČSOB Social Responsibility Report 2024.

Annex to Additional Information

Information according to Annex 14 of the Decree No. 163/2014 Coll., on the Performance of the Activities of Banks, Credit Unions and Investment Firms

Events after the Reporting Period

Chapter	Part
Corporate Governance	Managing and Supervisory Bodies, ČSOB's Organisation Chart
Additional Information	Bonds and Investment Certificates
Notes to the Consolidated Financial Statements for the year 2024	Events after the Reporting Period (Note 41)
Notes to the Separate Financial Statements for the year 2024	Events after the Reporting Period (Note 37)

Information on the Publication of the ČSOB Annual Report 2024

ČSOB will publish its Annual Report 2024 on its Internet website at www.csob.cz.

The Czech National Bank will add the ČSOB Annual Report 2024 to the collection of deeds of the Register of Companies pursuant to Section 21a of the Accounting Act.

Information in accordance with Section 99 of Decree No. 163/2014 Coll., on the Performance of the Activities of Banks, Credit Unions and Investment Firms

Annual reports and other obligatory information are available (by the date of release of this Annual Report) on ČSOB's Internet website in the section ČSOB – Obligatory Published Information (Povinně uveřejňované informace):
https://www.csob.cz/portal/csob/obligatory-published-information#annual-reports.

Information according to Annex 14 of Decree No. 163/2014 Coll.,

on the Performance of the Activities of Banks, Credit Unions and Investment Firms

Information about Capital and Capital Requirements pursuant to Article 437 (1) (a) of Regulation (EU) 575/2013

(CZKths)		the Bank 31. 12. 2024	Regulated Cons. Unit 31. 12. 2024
Items from Statement of Financial Position	**Total Shareholders' Equity**	**112,828,933**	**116,655,378**
	Share capital	5,855,000	5,855,000
	Share premium	20,092,666	20,928,552
	Accumulated Other comprehensive income	976,882	616,020
	Reserve funds	18,686,648	18,686,648
	Retained earnings for the previous periods	47,012,419	51,662,885
	Own shares	0	0
	Net profit for the period	20,205,319	18,906,273
	Non-controlling interest	0	0
Adjustments to CET1	**Total Adjustments to CET1**	**-13,794,891**	**-16,414,436**
	Gains / (losses) on hedging instruments (Cash Flow Hedging)	-651,889	-694,566
	Additional value adjustment	-142,608	-120,039
	Goodwill	-2,124,239	-3,604,709
	Other intangible assets, net of tax	-2,306,647	-3,731,062
	Insufficient coverage of expected credit losses (lack of provisions)	-379,457	-1,306,354
	Unusable profit	-8,045,142	-6,746,096
	Non-controlling interest	0	0
	Insufficient coverage for non-performing exposures	-144,910	-178,295
	Deferred tax assets	0	-33,315
	Other transitional adjustments to CET 1	0	0
Tier 2 Capital	**Total Tier 2 Capital**	**0**	**0**
	IRB Excess of provisions over expected losses eligible	0	0
	Total Capital	**99,034,042**	**100,240,942**
	Tier 1 (T1) Capital	**99,034,042**	**100,240,942**
	Common Equity Tier 1 (CET1) Capital	**99,034,042**	**100,240,942**
	Tier 2 (T2) Capital	**0**	**0**

Information about Capital and Capital Requirements pursuant to Article 438 (c) to (f) of Regulation (EU) 575/2013

(CZKths)			the Bank 31. 12. 2024	Regulated Cons. Unit 31. 12. 2024
In the case of institutions that calculate the exposure values according to part three title II chapter 2. Capital requirement defined as 8% of the exposure value for each category of exposure indicated in Article 112 of Regulation (EU) 575/2013	Exposures to central governments or central banks	Article 438 (c)	0	0
	Exposures to regional governments or local authorities		0	0
	Exposures to public sector entities		0	0
	Exposures to multilateral development banks		0	0
	Exposures to international organisations		0	0
	Exposures to institutions		0	28,502
	Exposures to corporates		0	2,614,266
	Retail exposures		0	1,626,746
	Exposures secured by mortgages on immovable property		0	95,474
	Exposures in default		0	62,564
	Exposures associated with particularly high risk		0	0
	Exposures in the form of covered bonds		0	0
	Items representing securitisation positions		0	0
	Exposures to institutions and corporates with a short-term credit assessment		0	0
	Exposures in the form of units or shares in collective investment undertakings		0	0
	Equity exposures		7,034,377	46,173
	Other items		0	523,169
Capital requirements calculated according to Article 92 (3) (b) and (c) of Regulation (EU) 575/2013	For position risk	Article 438 (e)	26,642	25,932
	For large exposures exceeding the limits set in Articles 395 to 401, if the institution is permitted to exceed these limits		0	0
	For currency risk		0	8,442
	For settlement risk		0	0
	For commodity risk		0	0
Capital requirements calculated according to part three title III chapters 2, 3 and 4 of Regulation (EU) 575/2013 and made available separately	Capital requirement pursuant to title III chapter 2	Article 438 (f)	0	0
	Capital requirement pursuant to title III chapter 3		5,238,181	5,936,291
	Capital requirement pursuant to title III chapter 4		0	0
"In the case of institutions that calculate the exposure values according to part three title II chapter 3. Capital requirement defined as 8% of the exposure value for each category of exposure indicated in Article 147. In the case of the retail exposure category, this requirement is used for each category of exposure that corresponds to differing correlation according to Article 154 (1) to (4) of Regulation (EU) 575/2013."	Exposures to central governments or central banks	Article 438 (d)	1,588,538	1,589,440
	Exposures to institutions		3,279,220	715,388
	Exposures to corporates		12,160,179	11,538,172
	Retail exposures		1,980,862	11,973,085
	Equity exposures		0	0
	Items representing securitisation positions		0	0
	Other assets not having the character of a credit liability		1,738,350	2,057,688
In the case of the equity exposures category this requirement is used for	Equity exposures traded on regulated markets		-	-
	Equity exposures not traded on regulated markets in sufficiently diversified portfolios and other exposures		-	-
	Exposures that in the area of capital requirements are subject to transitional supervision rules		-	-
	Exposures that in the area of capital requirements are subject to provisions relating to retention of legal effects		-	-
	Each of the approaches indicated in Article 155		-	-
*Risk exposure for credit valuation adjustment **			*146,326*	*146,372*
*Risk exposure amount for Position, foreign exchange and commodities risks under internal models **			*0*	*0*

** These items have been added in order to maintain the scope of mandatory reporting CNB.*

Capital Ratios

	the Bank	Regulated Cons. Unit
	31. 12. 2024	31. 12. 2024
Capital ratio for Equity capital Tier 1	22.10%	20.56%
Capital ratio for Tier 1 capital	22.10%	20.56%
Capital ratio for Total capital	22.10%	20.56%

Ratios Indicators

		the Bank
		31. 12. 2024
Return on average assets (ROAA)		1.08%
Return on average Tier 1 capital (ROAE)		22.04%
Assets per employee*	CZKths	244,490
Administrative costs per employee*	CZKths	2,398
Profit after tax per employee*	CZKths	2,742

** According to CNB's methodology (Registered number of employees).*

DOCUMENTS

Sworn Statement

Persons Responsible for the ČSOB Annual Report 2024

hereby declare that, to their best knowledge, the ČSOB Annual Report 2024 gives a true and fair account of ČSOB and its consolidation unit's financial situation, business activities and business results achieved in the previous financial year as well as the outlook for the future trends in the financial situation, business activities and business results and on non-financial information.

In Prague, 10 April 2025

Československá obchodní banka, a. s.

Aleš Blažek
Chairman of the Board of Directors

Jiří Vévoda
Member of the Board of Directors

Independent Auditor's Report

pwc

Independent Auditor's Report

To the shareholder of Československá obchodní banka, a. s.

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion:

- the consolidated financial statements give a true and fair view of the consolidated financial position of Československá obchodní banka, a. s., with its registered office at Radlická 333/150, Prague 5 (the "Bank") and its subsidiaries (together the "Group") as at 31 December 2024, and of the Group's consolidated financial performance and consolidated cash flows for the year ended 31 December 2024 in accordance with IFRS Accounting Standards as adopted by the European Union, and

- the separate financial statements give a true and fair view of the separate financial position of the Bank as at 31 December 2024, and of the Bank's separate financial performance and separate cash flows for the year ended 31 December 2024 in accordance with IFRS Accounting Standards as adopted by the European Union.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of income for the year ended 31 December 2024;
- the consolidated statement of other comprehensive income for the year ended 31 December 2024;
- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of changes in equity for the year ended 31 December 2024;
- the consolidated statement of cash flows for the year ended 31 December 2024; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

The Bank's separate financial statements comprise:

- the separate statement of income for the year ended 31 December 2024;
- the separate statement of other comprehensive income for the year ended 31 December 2024;
- the separate statement of financial position as at 31 December 2024;
- the separate statement of changes in equity for the year ended 31 December 2024;
- the separate statement of cash flows for the year ended 31 December 2024; and
- the notes to the separate financial statements, comprising material accounting policy information and other explanatory information.

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PricewaterhouseCoopers Audit, s.r.o., registered seat Hvězdova 1734/2c, 140 00 Prague 4, Czech Republic, Identification Number: 40765521, registered with the Commercial Register kept by the Municipal Court in Prague, Section C, Insert 3637, and in the Register of Audit Companies with the Chamber of Auditors of the Czech Republic under Licence No. 021.

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 (the “EU Regulation”) and Standards on Auditing of the Chamber of Auditors of the Czech Republic (together the “Audit regulations”). These standards consist of International Standards on Auditing as supplemented and modified by related application guidance. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report.

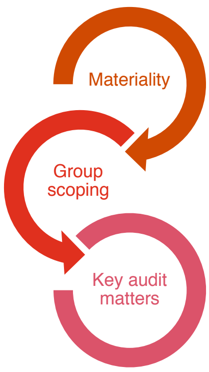
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted by the Chamber of Auditors of the Czech Republic, with the Act on Auditors and with the EU Regulation. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, the Act on Auditors and the EU Regulation.

Our audit approach

Overview



The overall materiality for the consolidated financial statements represents 5% of the Group’s profit before tax and has been determined as CZK 1,120 million.

The overall materiality for the separate financial statements represents 5% of the Bank’s profit before tax and has been determined as CZK 1,108.5 million.

Our audit work addressed 97.8% of the Group’s assets and 91.3% of the Group’s profit before tax. Our specified procedures on the Bank's subsidiaries addressed additional 1.5% of the Group’s assets and 3.6% of the Group’s profit before tax.

Risk of impairment of loans and advances, including the impact of the current economic situation

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements (together the “financial statements”). In particular, we considered where management made subjective judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance as to whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for each set of financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate, on each set of financial statements as a whole.

Overall Group materiality	CZK 1,120 million
Overall Bank materiality	CZK 1,108.5 million
How we determined it	Materiality for the Group and the Bank was determined as 5% of the Group's and the Bank's profit before tax, respectively.
Rationale for the materiality benchmark applied	We have chosen the profit before tax as the benchmark for estimating materiality, as the Group and the Bank are profit-oriented entities. We understand that profit before tax is one of the key performance indicators for the Group's and the Bank's stakeholders. Profit before tax has been developing consistently over last years. We have chosen 5%, which is within the range of acceptable quantitative materiality thresholds for Public Interest Entities.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Risk of impairment of loans and advances, including the impact of the current economic situation	
The Group recognized Financial assets at amortised cost of CZK 1,713,708 million in the Consolidated statement of financial position and within those assets Loans and advances of CZK 1,468,344 million as at 31 December 2024. The Bank recognized Financial assets at amortised cost of CZK 1,505,799 million in the Separate statement of financial position and within those assets Loans and advances of CZK 886,568 million as at 31 December 2024. The risk of non-payment of loans and advances is an inherent part of banking activities. The allowance for expected credit losses represents the most significant estimate and a highly complex area with a direct and significant impact on the financial results.	Our audit procedures relating to risk of impairment of loans and advances were specifically focused on the impact of emerging risks, for the purpose of an assessment of their effect on the net carrying amount of loans and advances and the estimated allowance for expected credit losses. Our approach was based on testing of the internal control system established by the Group and the Bank for this area and on direct testing of the amounts recognized in the Group's and the Bank's financial statements. We assessed the existing policies applicable to the allowance for expected credit losses, including the system of collateral valuation and their compliance with the requirements of IFRS 9 Financial Instruments ("IFRS 9").

Management's approach to assumptions with the most significant impact on the estimation of the allowance for expected credit losses is described in Notes 2 to the consolidated and separate financial statements, in Note 42 to the consolidated financial statements and in Note 38 to the separate financial statements.

The allowance for expected credit losses is calculated using models that reflect the impact of current economic conditions, credit quality of loans and advances as well as forward-looking information and forecasts of macroeconomic variables on the credit portfolio of the Group and the Bank.

The economic and political situation in prior years was characterised by emerging risks arising as a consequence of the ongoing war in Ukraine, high inflation and interest rate environment. All these factors brought increased uncertainty regarding the future state of the economy and behaviour of credit portfolios.

It is critical that significant increase in credit risk is timely identified in the light of the current economic and political situation and that the emerging risks are adequately and timely reflected in the allowance for expected credit losses.

The Group and the Bank have maintained an additional amount of allowance for expected credit losses (Automated Stress Sector Analyzer, so called "ASSA model"), which was added on top of the results of standard expected credit loss models, as they could not fully capture the emerging risks brought by the economic and political situation. The ASSA model is based on identification of clients and groups of clients with increased credit risks, for whom these risks are reflected in their staging and the allowance for expected credit losses.

At the end of 2024 however, the ASSA model had a minimal impact on the resulting amount of the allowance for expected credit losses due to the improvement in the overall economic situation and macroeconomic outlook.

On top of above mentioned, new management overlay on photovoltaics portfolio was booked at the end of 2024 based on the possible changes in the regulatory environment.

We engaged our financial risk modelling experts in assessing the models (including the approach to the calculation of the ASSA model) used for the quantification of the allowance for expected credit losses. We also assessed completeness of the factors considered by management in their determination of the management overlay on photovoltaics portfolio and assessed the reasonableness of this management overlay.

We also assessed whether the approach to identification of significant increase in credit risk, taking into consideration regulatory recommendations, is consistent with the requirements of IFRS 9.

Due to the key role of the core banking systems and internal control systems in the identification of significant increase in credit risk and the quantification of impairment of loans and advances, including the assignment of internal rating or credit score and pooling, we involved our information technology specialists, who verified access rights, data processing and automated calculations in the core systems, including the calculation of the allowance for expected credit losses.

For a sample of loans, we verified the classification of loans into three stages as defined by IFRS 9. We also checked the identification of significant increase in credit risk and quantification of the probability of default, the amount of credit exposure and the loss given default and also the reflection of forward-looking information, as these factors have a crucial impact on the calculation of the allowance for expected credit losses.

For a sample of loans, we tested the individual calculation of the allowance for expected credit losses.

We also reviewed adequacy and completeness of disclosures in the financial statements required by the respective IFRS Accounting Standards.

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on each set of financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, the share of individual subsidiaries on the Group financial position and performance and specifics of the industry in which the Group and the Bank operate.

Decisions regarding multi-location scoping require a significant degree of professional judgment based on the unique facts and circumstances of each entity. Most importantly, we considered each entity's contribution to total assets and profit before tax of the Group.

Our coverage for the 2024 year-end audit of the consolidated financial statements of the Group is 97.8% of total consolidated assets (after eliminations), which is covered by full scope audit procedures, and additional 1.5% covered by specified procedures on the Bank's subsidiaries. At the same time, this also represents 91.3% of the consolidated profit before tax covered by full scope audit procedures and 3.6% covered by specified procedures on the Bank's subsidiaries.

Other information

The board of directors is responsible for the other information. As defined in Section 2(b) of the Act on Auditors, the other information comprises the annual report but does not include both of the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge about the Group and the Bank obtained in the audit or otherwise appears to be materially misstated. In addition, we assessed whether the other information has been prepared, in all material respects, in accordance with applicable legal requirements, i.e. whether the other information complies with the legal requirements both in terms of formal requisites and the procedure for preparing the other information in the context of materiality.

Based on the procedures performed in the course of our audit, to the extent we are able to assess it, in our opinion:

- the other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- the other information has been prepared in accordance with the applicable legal requirements.

In addition, in the light of the knowledge and understanding of the Group and the Bank and their environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the other information. We have nothing to report in this regard.

Responsibilities of the board of directors, supervisory board and audit committee of the Bank for the financial statements

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

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

The supervisory board of the Bank is responsible for overseeing the financial reporting process.

The audit committee of the Bank is responsible for monitoring the financial statements' preparation 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 Audit 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 Audit regulations, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Bank'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 Group or the Bank 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 consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicate with the board of directors, supervisory board and audit committee 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 the audit committee with a statement showing that we have complied with relevant ethical requirements regarding independence, and we communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the supervisory board and audit committee, 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

Information required by the EU Regulation

In compliance with Article 10(2) of the EU Regulation, we provide the following information, which is required in addition to the requirements of International Standards on Auditing:

Consistency of the audit opinion with the additional report to the audit committee

We confirm that the audit opinion expressed herein is consistent with the additional report to the audit committee of the Bank, which we issued today in accordance with Article 11 of the EU Regulation.

Appointment of auditor and period of engagement

We were appointed as the auditors of the Group and the Bank for years 2022 to 2024 by the general meeting of shareholders of the Bank on 18 May 2022. Our uninterrupted engagement as auditors of the Group and the Bank has lasted for 9 years.

Provided non-audit services

We declare that no services prohibited under Article 5 (1) of the EU Regulation, as amended by the Czech law following Article 5 (3) of the EU Regulation, have been provided.

The non-audit services that we have provided to the Bank and its subsidiaries in the period from 1 January 2024 to 31 December 2024 are disclosed in Additional information section of the annual report.

The engagement partner on the audit resulting in this independent auditor's report is Tomáš Bašta.

10 April 2025

PricewaterhouseCoopers Audit, s.r.o.
represented by Partner

Tomáš Bašta
Statutory Auditor, Licence No. 1966

7

Abbreviations

Abbreviation	Business Company
ČSOB the Bank	Československá obchodní banka, a. s.
PSB	Poštovní spořitelna (Postal Savings Bank; part of ČSOB)
ČSOB group; the Group	group of companies of the ČSOB group (not a legal entity)

Abbreviation	Business Company
BANIT	Bankovní informační technologie, s.r.o.
Bankovní identita / Bank ID	Bankovní identita, a.s.
Bausparkasse Schwäbisch Hall	Bausparkasse Schwäbisch Hall AG
CBCB	CBCB - Czech Banking Credit Bureau, a.s.
CNB	Czech National Bank
CZSO	Czech Statistical Office
ČSOB Advisory	ČSOB Advisory, a.s.
ČSOB AM / ČSOB Asset Management	ČSOB Asset Management, a.s., investment company
ČSOB Factoring	ČSOB Factoring, a.s.
ČSOB HB	ČSOB Hypoteční banka, a.s.
ČSOB Leasing	ČSOB Leasing, a.s.
ČSOB Pojišťovací makléř	ČSOB Pojišťovací makléř, s.r.o.
ČSOB PF Stabilita	ČSOB Penzijní fond Stabilita, a. s., a member of the ČSOB group
ČSOB PS / ČSOB Penzijní společnost	ČSOB Penzijní společnost, a. s., a member of the ČSOB group
ČSOB Pojišťovna	ČSOB Pojišťovna, a. s., a member of the ČSOB holding
ČSOB Pojišťovací servis	ČSOB Pojišťovací servis, s.r.o., a member of the ČSOB holding
ČSOB SK	Československá obchodná banka, a. s. (Slovak Republic)
ČSOBS	ČSOB Stavební spořitelna, a.s.
Hypoteční banka	Hypoteční banka, a.s.
IPB	Investiční a Poštovní banka, a.s.
KBC Bank	KBC Bank NV
KBC Group	KBC Group NV (legal entity)
KBC group	group of companies of the KBC Group NV
KBC Group Czech Branch	KBC Group NV Czech Branch, organizational unit
KBC Insurance / KBC Verzekeringen	KBC Insurance NV (i.e. KBC Verzekeringen NV)
KBC Lease Holding	KBC Lease Holding NV
KBC Participations Renta C	KBC Participations Renta C SA
KBC Securities	KBC Securities NV
K&H Payment Services	K&H Payment Services Kft / K&H Pénzforgalmi Szolgáltató Korlátolt Felelősségű Társaság
MallPay	MallPay, s.r.o.
MF CR	Ministry of Finance of the Czech Republic
Motokov	MOTOKOV a.s. in liquidation
Patria Corporate Finance	Patria Corporate Finance, a.s.
Patria Finance	Patria Finance, a.s.
Patria investiční společnost / Patria IS	Patria investiční společnost, a.s.
Radlice Rozvojová	Radlice Rozvojová, a.s.

Abbreviation	Business Company
Skip Pay	Skip Pay, s.r.o.
Top-Pojištění	Top-Pojištění.cz s.r.o.
Transformed fund / Transformed pension fund	Transformovaný fond Stabilita ČSOB Penzijní společnosti, a. s., a member of the ČSOB group
Ušetřeno.cz	Ušetřeno.cz, s.r.o.
Ušetřeno finanční služby	Ušetřeno.cz finanční služby, a.s.
Ušetřeno	Ušetřeno s.r.o.
Igluu	Igluu s.r.o.
ČSOB Nemovitostní	ČSOB Nemovitostní, otevřený podílový fond Patria investiční společnosti, a.s.
Patria Park Chomutov	Patria Park Chomutov s.r.o.
Patria Park Piešťany	Patria Park Piešťany s.r.o.
Patria RP Bytča	Patria RP Bytča
Patria RP Humpolec	Patria RP Humpolec
Patria RP Lipník	Patria RP Lipník
Patria RP Zvolen I	Patria RP Zvolen I
Patria RP Zvolen II	Patria RP Zvolen II
Ownest	Ownest, s.r.o.

Financial Calendar

Financial Calendar for 2025

ČSOB Group Unaudited Financial Results Releases
(according to EU IFRS)

Financial Results		Date of Release
as at 31 December 2024	4Q / FY 2024	7 February 2025
as at 31 March 2025	1Q 2025	15 May 2025
as at 30 June 2025	2Q / 1H 2025	7 August 2025
as at 30 September 2025	3Q / 9M 2025	13 November 2025
as at 31 December 2025	4Q / FY 2025	12 February 2026

Note:
This schedule is indicative only; terms might be subject to change during the year.

Contact Details

Investor Relations

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The 2024 ČSOB Annual Report was released in electronic version at www.csob.cz on 23 April 2025.