Komerční banka, a.s.

RESULTS

FY 2024

Regulatory information

Komerční banka, a.s.

KB in 2024: pivotal year for transformation, strong profitability, record growth in number of clients

"Last year was a crucial and very important year in the transformation process of the entire Komerční banka Group. Thanks to the excellent work of our teams, we achieved a number of milestones, including the creation of a network of advisory points and the establishment of a new centre for housing loan administration. Above all, we welcomed the 1 millionth user of our KB+ application before the Christmas holidays, earlier than planned. Moreover, last year we achieved the largest increase in the number of new clients in the Bank's history. We see this as a great boost and encouragement to continue our efforts," remarked Jan Juchelka, Chief Executive Officer and Chairman of the Board of Directors of Komerční banka, adding:

"Despite a challenging development and transition period of several years, Komerční banka maintained its solid growth momentum last year. The volume of assets entrusted to us by clients and the volume of financing provided to businesses and households increased. As a result, KB's total revenues and annual profits grew."

"In 2025," Jan Juchelka continued, "*we will invite all remaining individual clients and a large part of entrepreneurs to the New Era of KB's banking. We are also working on the New Era proposition for corporate clients. All the major investments we have made in the past will help us accelerate revenue growth this year without increasing our overall operating costs. Our capital strength and business efficiency will enable us to continue to support our clients and the growth of the Czech economy, as well as to generate resources for shareholders, employees, and public budgets."*

- **KB Group's lending to customers rose by 2.5% year on year to CZK 848.3 billion. Deposits from clients grew by 2.3% from a year earlier to CZK 1,029.5 billion. Volume of non-bank assets (mutual funds, pension funds, life insurance) under management expanded by 11.0% to CZK 278.8 billion.**

- **KB Group was serving 2,184,000 clients as of 31 December 2024. The number of customers in standalone Komerční banka increased by 63,000 year on year to 1,727,000. KB's new digital bank featuring the KB+ app, which was introduced in April 2023, already had 1,028,000 users.**

- **Full year 2024: Total revenues were up by 1.6% year on year to CZK 36.8 billion. Operating expenditures rose by 2.3% to CZK 17.7 billion. The Group reported a CZK 1.0 billion net creation of provisions for credit risk. Income taxes reached CZK 3.1 billion. Net profit attributable to the Group's equity holders, at CZK 17.2 billion, was up by 10.4% year on year.**

- **Fourth quarter of 2024: Total revenues increased by 9.3% year on year to CZK 10.1 billion. Operating expenditures were higher by 1.7%, at CZK 4.4 billion. The net creation of provisions for credit risk in the quarter was immaterial. Income taxes reached CZK 0.8 billion. Net profit attributable to the Group's equity holders, at CZK 4.7 billion, was up by 44.4% year on year.**

- **Volume of regulatory capital reached CZK 106.3 billion, capital adequacy stood at 18.8%, and the Core Tier 1 ratio was 17.6%.**

- **The Board of Directors will propose a dividend of CZK 91.30 per share, totalling CZK 17.2 billion. Shareholders will vote on the proposal at the General Meeting set for 24 April 2025.**

- **KB had 76,797 shareholders (up by 3,319 year on year), of which 70,748 were private individuals from the Czech Republic. The share held by Czech individuals represented 16.4% of KB's capital, and its market value at the end of 2024 was CZK 26.3 billion. Additional shares in KB were held by Czech institutions and other legal entities.**

Prague, 6 February 2025 – Komerční banka reported today its unaudited consolidated results for the full year 2024.

Business and financial performance

The total volume of KB Group's loans to clients increased by 2.5%, to CZK 848.3 billion,[1] of which the outstanding volume of housing loans (from Komerční banka and Modrá pyramida) grew by 4.1%. The volume of new housing loans sold in 2024 was higher by 34.1% compared to the previous year, mainly due to the lower interest rates, rising household incomes, and return of housing prices to an upward trajectory. Consumer credit growth reached 5.2%, benefitting from rising real incomes and household consumption. Growth in lending to businesses, at 0.8%, continued to be affected by subdued investment activity in the slow-growing economy, greater corporate issuance activity in the bond market, as well as the Bank's selective approach to such lending.

Deposits from clients improved by 2.3% year on year to CZK 1,029.5 billion.[2] During the year, the share of savings accounts and time deposits stopped growing, and, at the end of the year, clients even moved some of their deposits to current accounts. Meanwhile, the volume of KB Group clients' assets in mutual funds, pension savings, and life insurance rose by 11.0% year on year to CZK 278.8 billion, with clients' investments in mutual funds making the main contribution to this growth.

Total revenues reached CZK 36.8 billion, higher by 1.6% compared to the full year 2023. Net interest income declined slightly, due to higher average cost of deposits. Interest expense related to the volume of new regulatory mandated liabilities (MREL) also increased. In addition, from October 2023, the CNB stopped paying interest on banks' required deposits (required minimum reserves) with the central bank. Net fee and commission income grew dynamically, with broad-based growth driven by revenues from the sale of mutual funds and insurance products, services related to the management of client assets, as well as stronger demand from corporate clients for various financial services, particularly in the debt capital markets, and a higher number of transactions executed by clients. Despite a slowly growing economy and falling rates, net profit from financial operations repeated the excellent result of the previous year thanks to a solid turnover in travel-related currency conversions and the resilience of clients' hedging and trading activities.

Operating expenses were up by 2.3%, at CZK 17.7 billion. Personnel expenses were higher by 4.8%. The average number of employees declined slightly, even as a lower number of staff in support functions and the distribution network was offset by hiring of more IT and data specialists. Administrative costs were up a bit, mainly due to costs of rebranding the KB Poradenství network as well as IT support. The full-year levy to the regulatory funds decreased markedly as the CNB adjusted downwards the aggregate contribution from Czech banks to the Resolution Fund and the comparison base from the previous year was also influenced by a higher charge for deposit insurance due to the failure of Sberbank CZ. Greater depreciation and amortisation charges reflected the ongoing investments into digitalisation.

Cost of risk reached CZK 1.0 billion. Net creation of credit risk allowances was primarily attributable to a slight deterioration of credit ratings for certain small business and medium-sized corporate exposures. Additionally, there was some creation related to the regular calibration of IFRS 9 provisioning models. The credit profile for mortgages and large corporate exposures remained resilient and the recovery performance was strong.

Reported net profit attributable to shareholders for the full year 2024 improved by 10.4% year on year to CZK 17.2 billion. Income taxes came to CZK 3.1 billion. If gain from sale of the VN42, s.r.o. subsidiary in July were to be excluded, the attributable net profit would be down year on year by (5.4%), at CZK 14.8 billion.

Shareholders, capital, and dividends

KB's capital adequacy ratio reached a strong 18.8%, and Core Tier 1 capital stood at 17.6%. During 2024, the reported capital ratios were adjusted for the "foreseeable dividend" at the level of a 100% payout ratio. That is in accordance with management's published intention.

The Liquidity Coverage Ratio was 166% and the Net Stable Funding Ratio at 131%, both indicators standing significantly above their applicable regulatory minimums.

In view of KB's 2024 result, strong capital position, outlook for growth in risk-weighted assets, capital requirements, and intention of the management to maintain the level of capital at effective and safe levels, Komerční banka's Board of Directors has decided to propose to the Annual General Meeting a dividend payment of CZK 17.2 billion. That would come to CZK 91.30 per share and put the payout ratio at 100% of KB Group's attributable consolidated net profit. The corresponding gross dividend yield based on 2024's closing share price is 10.8%. A final decision on distribution of the results, including payment of dividends, is subject to voting of the Annual General Meeting.

[1] Including debt securities issued by KB's corporate clients and held by KB. The volume of reverse repo operations with clients as of 30 September 2024 as well as of 30 September 2023 was nil.

[2] Excluding repo operations with clients. The total volume of 'Amounts due to customers' moved up by 17.3% to CZK 1,319.0 billion.

The proposed dividend maintains capital adequacy at a level appropriate to the risks assumed under the given economic conditions in the Czech Republic and with respect to the Bank's business opportunities. The proposal also maintains adequate scope for Komerční banka Group's future business growth. Considering the current state of affairs, KB's management intends for 2025 to propose distributing as dividends 100% of attributable consolidated net profit earned in the year.

As of 31 December 2024, Komerční banka had 76,797 shareholders (up by 3,319 year on year), of which 70,748 (greater by 3,299 from the year earlier) were private individuals from the Czech Republic. Strategic shareholder Société Générale maintained its 60.4% stake while minority shareholders owned 39.0% and KB held 0.6% of the registered capital in treasury.

Market environment (in fourth quarter 2024)[1)]

The economy reported GDP growth of 0.5% in the fourth quarter over the prior quarter (1.6% year over year). Year-on-year growth was supported by household consumption and gross capital formation while net exports contributed negatively. In the previous, third quarter of 2024, the Czech economy had expanded by 0.5% quarter on quarter (1.4% year on year). GDP growth was mainly supported by industry. Trade, transport, accommodation, and food services also contributed positively, as did information and communication activities. In contrast, the change in inventories contributed negatively.

The labour market remained tight and with nominal wage growth steadily rising.[2)] The unemployment rate continued to be one of the lowest in the EU, standing at 2.5% in November 2024 (as per the Eurostat methodology after seasonal adjustment).[3)]

The fourth quarter of 2024 saw modest price development in the Czech Republic, similar to that in the previous period. Industrial producer prices rose in the quarter by 1.8% year over year. Quarter-on-quarter dynamics were at (0.3%). Agricultural producer prices were up by 5% year on year but higher by 6.8% quarter on quarter. Prices of construction work continued to rise, climbing by an average 2.4% year on year and 0.7% quarter on quarter. Consumer price inflation reached 0.1% compared to the third quarter. Year on year, prices increased by 2.9%. The quarter-on-quarter consumer price developments in Q4 2024 were primarily driven by rising prices in food and non-alcoholic beverages and housing, with smaller contributions from clothing and footwear, as well as dining and accommodation. The most significant price weakening was seen in recreation and culture, mainly due to lower holiday package prices. The core inflation dynamics declined to 2.3% in fourth quarter 2024.[4)]

This stable price inflation allowed the Czech National Bank to implement one additional reduction in its main two-week monetary policy repo rate during 2024's fourth quarter. At the beginning of November, the rate was cut by 25 basis points to 4%. Hence, year to date, the two-week repo rate was already lower by 275 bps. As of the end of December, three-month PRIBOR stood at 3.92%, having decreased by (285) bps since the beginning of the year. The 10-year interest rate swap, at 3.81%, was up by 32 bps over the same period. The 5-year interest rate swap rate, at 3.66%, marked a gain of 12 bps year to date. Yields on 10-year Czech government bonds had increased by 39 bps since the start of the year, to 4.22%. The Czech crown had depreciated against the euro by 1.86% year to date, reaching CZK 25.19 per euro by the end of December.

The latest information on residential real estate prices, available for the third quarter of 2024 from the Czech Statistical Office, showed prices for second-hand homes in Prague had grown by 3.7% quarter on quarter and were higher by 11.8% as compared to the previous year's third quarter.[5)] Prices of second-hand flats in the rest of the country were up by 4% quarter on quarter and 10.4% year on year. Prices of newly developed flats in Prague increased by 0.9% in the third quarter of 2024 from the previous quarter and by 1.7% year on year. According to the European house price index,[6)] residential real estate prices across the Czech Republic were up quarter on quarter by 1.9% and year over year by 5.9%.

Total bank lending for the overall market (excluding repo operations) had grown by 5.4% year on year as of the end of December 2024.[7)] Lending to individuals rose by 6.0%, with housing loans expanding by 5.3% year on year as new mortgage production was recovering and gaining momentum as interest rates continued gradually to decline. Lending to businesses and other corporations increased year on year by 4.8% in December 2024, with growth recorded across all main segments and mainly in euro-denominated loans.

The volume of client deposits in Czech banks had expanded by 7.8% year over year as of the end of December 2024.[8)] Deposits from individuals had grown in total by 7.0% while deposits market wide from businesses and other corporations were up by 8.6% year over year. Switching from current accounts to term and saving deposits further moderated, as the volumes on current accounts increased by 9.8% and those on saving accounts by 35.5% year on year. Term deposit volumes grew by 3.2% as compared to the same month a year earlier.

[1)] Unless stated otherwise, data sources for this section: Czech Statistical Office, Czech National Bank, KB Economic Research. Comparisons are year on year.

[2)] The latest available data for the third quarter 2024 showed wage inflation at 7% year on year (up by 4.6% in real terms).

[3)] Source: https://ec.europa.eu/eurostat/databrowser/view/EI_LMHR_M/default/table?lang=en&category=euroind.ei_lm Data as of November 2024.

[4)] Source: https://www.cnb.cz/arad/#/en/display_link/single__SCPIMZM09YOYPECNA_ ARAD statistics of the CNB.

[5)] Source: https://csu.gov.cz/produkty/indices-of-realized-flat-prices-3-quarter-of-2024 Publication Date: 16 December 2024 Product Code: 014007-24

[6)] Source: https://ec.europa.eu/eurostat/databrowser/view/prc_hpi_q/default/table?lang=en

[7)] Source of data on banking market developments: ARAD statistics of the CNB, www.cnb.cz/arad.

[8)] Source of data on banking market developments: ARAD statistics of the CNB, www.cnb.cz/arad.

Selected achievements and initiatives

Komerční banka continued along its transformation path as set out in the KB 2025 strategic programme and achieved a number of successes in 2024.

Gain in number of KB's clients and 1,000,000 clients mark surpassed in New Era of KB
The total number of KB clients increased by 63,000 to 1,727,000 last year. New clients come to the New Era of KB, in which services are provided by a new digital bank with the KB+ app. KB's new digital bank includes an entirely new modular, flexible banking infrastructure, simple digital products, communication with clients based on a single set of information across all channels, and a new multi-channel set of tools for clients and relationship managers to access the Bank.

The shift of customers from the existing offer started in 2023 for individual retail banking customers. During 2024, KB invited additional clients to transfer, including children and sole entrepreneurs, for whom special propositions were created. During 2024, KB transferred an additional 695,000 individuals and 20,000 entrepreneurs to the New Era. Thus, a total of 805,000 clients were transferred by the end of the year. Approximately 50% of the invited clients switched to the new offer independently with the help of an online guide and digital authentication only.

The year 2024 was also very successful in acquiring brand new clients to the Bank. More than 158,000 new clients joined KB's new digital bank over the year and, together with the new customers from 2023, this brings the total to 178,000 users of the new digital bank who were not previously clients of KB's original banking offer. The proportion of fully digital acquisition is an outstanding 38% for adult customers.

Thus, by the end of 2024, KB's new digital bank running on the KB+ app was used by 1,028,000 individual and business clients.

Consolidation of retail distribution and creation of a network of KB advisory points
KB analyses client behaviour and trends in client servicing very carefully. In 2024, KB built a remote team to serve clients through online channels from a virtual branch. Then, in October, KB launched the KB Poradenství agent network, built on the former Blue distribution network of Modrá pyramida, to fully service clients in the New Era of Banking.

In 2024, this network's transformation and integration into the KB network was completed, including its rebranding to the "KB poradenské místo" (KB advice point) brand. The Poradenství network shares the same technology and information facilities with the Bank's relationship managers, as well as the same control and regulatory environment. Financial advisors now have all the support they need to develop their advisory activities in relation to clients across the KB Group. KB Group clients have thus gained more contact points and new availability of mobile bankers who are able to provide banking services in the "New KB Era".

One Mortgage Factory
All of KB Group's housing-related products, including mortgages, have newly been managed by Modrá pyramida with the aim of simplifying processes while increasing productivity and speed. During 2024, KB moved in two waves its complete mortgage portfolio to Modrá pyramida for administration in the Starbuild application. In addition, Modrá pyramida has started using the NOBY application to process and manage mortgages across all of the Group's distribution channels. The harmonisation of IT systems and processes between KB and Modrá pyramida has ensured a unified working environment for end users in both companies.

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

Award and high marks in global ESG ratings
KB's maturity in the environmental, social, and governance areas has been measured by several globally recognised ESG ratings. KB's score in the FTSE4Good index of sustainably managed companies improved to 4.2 points from 3.7 points a year earlier. In accordance with MSCI ESG measurement, meanwhile, KB was rated at the 'AA' level, which is reserved for companies leading their respective industries in managing the most significant ESG risks and opportunities. Moreover, KB received a high score of 54 points in the Corporate Sustainability Assessment by S&P Global. KB also won the title of 'Responsible Bank of the Year' in the Mastercard Bank of the Year 2024 award.

Komerční banka Group has also introduced a number of other new and improved services for its clients, including Extra service packages, new insurance products, instantly incoming SEPA payments for clients of KB's Slovak branch, and others. The simplification of the organisation and processes included, among other things, gradual transfer of a number of support activities, such as financial management, marketing and communication, human resources management, and others, to units common to the entire KB Group.

Developments in the client portfolio and distribution networks

	31 Dec 2023	31 Dec 2024	Change YoY
KB Group's clients	2,199,000	2,184,000	(15,000)
Komerční banka	1,664,000	1,727,000	63,000
– Individual clients	1,422,000	1,485,000	63,000
– New Digital Bank users	137,000	1,028,000	892,000
Modrá pyramida	429,000	390,000	(40,000)
KB Penzijní společnost	474,000	421,000	(53,000)
ESSOX (Group)	117,000	109,000	(8,000)
KB branches (CZ)	210	204	(6)
KB Poradenství outlets	n.a.	187	n.a.
ATMs (KB network)	796	791	(5)
ATMs (Total shared network)	1,974	1,965	(9)
Number of active debit cards	1,499,000	1,601,000	102,000
Number of active credit cards	215,000	226,000	10,000

Comments on business and financial results

The financial data published below are from unaudited consolidated results compiled under IFRS (International Financial Reporting Standards). Unless stated otherwise, the data are as of 31 December 2024.

BUSINESS PERFORMANCE

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

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

The total volume of **loans to businesses** and other lending provided by KB Group was greater by 0.8% year on year, at CZK 424.9 billion. Growth in lending to businesses was affected by subdued investment activity in the slow economy, increased bond financing of large corporations, as well the Bank's taking a selective approach to making these loans. Lending to small businesses expanded by 1.0% to CZK 47.9 billion. The overall CZK volume of credit granted by KB to medium-sized, large corporate, and other clients in the Czech Republic and Slovakia[2)] climbed by 0.2% year on year to CZK 340.4 billion. At CZK 36.6 billion, the total credit and leasing amounts outstanding at SGEF were up by 6.9% year over year.

Amounts due to customers and assets under management
The **volume of standard client deposits** within KB Group increased by 2.3% year on year to CZK 1,029.5 billion.[3)] The share of savings accounts and time deposits stopped growing during 2024; at the end of the year, clients even moved some of their deposits to current accounts. Consequently, as of 31 December 2024, the volumes on current accounts were up by 5.0% year on year but those on term and savings accounts had declined by (2.5%).

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

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

The Group's liquidity as measured by the ratio of net loans[4)] to deposits (excluding repo operations with clients but including debt securities held by KB and issued by the Bank's clients) stood at 82.9%. The Group's liquidity coverage ratio ended the year at 169%, well above the regulatory limit of 100%.

FINANCIAL PERFORMANCE

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

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

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

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1) Including debt securities issued by KB's corporate clients and excluding reverse repo operations with clients. The volume including reverse repo operations with clients increased by 3.7% to CZK 838.2 billion.

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

3) Excluding volatile repo operations with clients. The total volume of 'Amounts due to customers' increased by 17.3% year on year to CZK 1,319.0 billion.

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

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

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

Operating expenses rose by 2.3% to CZK 17,725 million. The average number of employees decreased by (1.3%) to 7,456,[1)] as a lower number of staff in support functions and the distribution network was partially offset by hiring of additional IT and data specialists. The Bank has agreed with the trade unions on raising salaries in the annual compensation review by an average 4.6%, effective from April. Personnel expenses subsequently grew by 4.8% to CZK 8,731 million. General administrative expenses (not including contributions to the regulatory funds) were up by 1.7%, at CZK 4,371 million, reflecting mainly expenditures related to rebranding of the KB Poradenství network as well as higher costs of IT support. These expenses were not fully offset by savings in costs related to real estate and telecommunications. The full-year levy to the regulatory funds (Deposit Insurance Fund, Resolution Fund) was lower by (37.6%) year on year, at CZK 806 million, because the CNB adjusted downwards the aggregate contribution from Czech banks to the Resolution Fund and the comparison base from 2023 year was also influenced by the temporarily increased charge for deposit insurance due to the failure of Sberbank CZ. Depreciation, amortisation, and impairment of operating assets grew by 12.5% to CZK 3,817 million, driven mainly by higher charges reflecting investments in pursuit of KB's digitalisation strategy.

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

Cost of risk (impairment losses, provisions for loans, and net result from loans written off) reached CZK 994 million (i.e. a net creation of provisions or 11 basis points in relative terms) compared to a net creation of CZK 14 million a year earlier (or 0basis points in relative terms). Net creation of credit risk allowances was primarily attributable to a slight deterioration of credit ratings for certain small business and medium-sized corporate exposures. Additionally, there was some creation related to the regular calibration of IFRS 9 provisioning models. The credit profile for mortgages and large corporate exposures remained resilient and the recovery performance was strong. KB did not reduce the inflation overlay reserve which had been created in 2021 and 2022.

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

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

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

Income tax was lower by (5.1%), at CZK 3,119 million.

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

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

Other comprehensive income stood at CZK (81) million. This derived mainly from revaluation of some cash flow hedging positions and liabilities. **Consolidated comprehensive income** for 2024 totalled CZK 17,326 million, of which CZK 167 million was attributable to owners of non-controlling stakes.

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

Statement of financial position
Unless indicated otherwise, the following text provides a comparison of the balance sheet values as of 31 December 2024 with the values from the statement of financial position as of 31 December 2023.

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

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

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

Financial assets at amortised cost declined by (1.8%) to CZK 1,371.7 billion. The largest portion of this consisted of (net) loans and advances to customers, which increased year to date by 2.3% to CZK 853.0 billion. A 98.0% share in the gross amount of client loans was classified in Stage 1 or Stage 2 while 2.0% of the loans were classified in Stage 3 (non-performing loans). The volume of loss allowances created for amounts due from customers came to CZK 12.3 billion. Loans and advances to banks declined by (18.4%) to CZK 335.8 billion. The majority of this item consists in reverse repos with the central bank. The value held in debt securities was up by 20.1% and reached CZK 182.9 billion at the end of December 2024.

Revaluation differences on portfolio hedge items totalled CZK (0.7) billion, lower by (19.3%). Current and deferred tax assets stood at CZK 0.5 billion. Prepayments, accrued income, and other assets, which include receivables from securities trading and settlement balances, declined overall by (1.9%) to CZK 6.2 billion. Assets held for sale declined by (89.6%) to CZK 0.1 billion.

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

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

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

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

Revaluation differences on portfolios hedge items were CZK (31.8) billion. Current and deferred tax liabilities ended at CZK 1.0 billion, down by (20.5%). Accruals and other liabilities, which include payables from securities trading and settlement balances, declined by (20.4%) to CZK 13.8 billion.

The provisions balance was (13.7%) lower, at CZK 0.7 billion. Provisions for other credit commitments are held to cover credit risks associated with credit commitments issued. The provisions for contracted commitments principally comprise those for ongoing contracted contingent commitments, legal disputes, self-insurance, and the retirement benefits plan.

Subordinated and senior non-preferred debt, at CZK 65.7 billion, was up by 1.8% year to date, due to the Czech crown's weakened exchange rate vis-à-vis the euro. That is because MREL instruments are denominated in euro.

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

Regulatory capital and other regulatory requirements
Total **regulatory capital** for the capital adequacy calculation came to CZK 106.3 billion as of 31 December 2024. **Capital adequacy** stood at 18.8%. Core Tier 1 (CET1) capital totalled CZK 99.9 billion and the Core Tier 1 ratio was 17.6%. Tier 2 capital summed to CZK 6.4 billion, which was 1.1% of risk-weighted assets.

As of 31 December 2024, Komerční banka's overall capital requirement (OCR) was approximately 16.4%. The minimum required CET1 level was 11.7% and the minimum Tier 1 capital ratio was 13.7%. Effective 1 January 2025, CNB newly introduced a systemic capital buffer requirement of 50 basis points. In addition, pursuant to a joint decision of the Société Générale Group's College of Supervisors, KB is required to maintain a Total SREP Capital Ratio (TSCR) of 10.4% on a consolidated basis with effect from 1 January, a reduction of 20 basis points from the previous level.

KB Group's Liquidity Coverage Ratio came to 166% as of 31 December 2024. The applicable regulatory minimum is 100%. The Net Stable Funding Ratio reached 131%, compared to the required minimum of 100%.

Effective from 1 January 2024, KB Group needed to comply with an MREL minimum requirement equal to 21.2% of the consolidated total risk exposure and 5.91% of the consolidated total exposure. The MREL requirement is defined as the sum of the amount of loss absorption and recapitalisation. In addition to the MREL, expressed as a percentage of risk-weighted assets, the Group must also fulfil the combined capital buffer. This requirement stood at 5.75% as of 30 September 2024 after decreasing by 0.50% from 1 July 2024. It nevertheless was raised again by 0.50% from 1 January 2025 due to introduction of the systemic risk buffer.

Pursuing the so-called "single point of entry" resolution strategy, KB fulfils its MREL requirements by taking on senior non-preferred loans from Société Générale S.A. As of 31 December 2024, KB had accepted such loans in a total principal volume of EUR 2.4 billion. KBGroup's MREL ratio stood at 29.48%.

Developments in the Group structure in the fourth quarter of 2024

As of 1 October, Komerční banka acquired ownership of the KB Poradenství franchise from Modrá Pyramida. The agent network of KB Poradenství has become an integral part of Komerční banka, a.s.

In December, a contract was also signed for sale of the company Platební instituce Roger a.s. The Bank expects the transaction to be settled within the first half of 2025 inasmuch as it is subject to the fulfilment of several conditions precedent, including regulatory approvals. Komerční banka intends to continue its co-operation with Platební instituce Roger after closing of the transaction. The acquisition of Platební instituce Roger by Orbian, a leading global provider of supply chain finance services, will facilitate further international expansion and growth of Platební instituce Roger's services.

In December, MonkeyData s.r.o. and Lemonero s.r.o. merged, with MonkeyData s.r.o. as the successor company. The company was renamed Lemonero s.r.o. on the same date. Furthermore, an agreement was signed in December whereby Lemonero s.r.o. will further increase its capital by the end of the first quarter of 2025. KB SmartSolutions, s.r.o. (a subsidiary of KB) will not participate in this operation, so KB SmartSolutions, s.r.o.'s stake in MonkeyData s.r.o. will be further reduced to 20.0%.

In December, liquidation of the company My Smart Living, s.r.o. v likvidaci s.r.o. was completed and the company ceased to exist.

Changes in corporate governance in the fourth quarter of 2024

In connection with expiration of his term of office, the Supervisory Board re-elected Jan Juchelka as a member of the Board of Directors with effect from 5 August 2025.

Expected development and main risks to that development in 2025

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

Czech economic growth will remain below its potential in 2025. After GDP expanded by 1.0% in 2024,[1)] the economy's expansion should accelerate to 1.5% in 2025. Domestic demand is likely to be the dominant source of economic growth this year, supported mainly by a continued recovery in household consumption against a backdrop of renewed real wage growth. Industry, on the other hand, is likely to experience a contraction for the third year in a row. This will be accompanied by a deterioration in the economy's export performance. The worsening industrial situation is likely to slow wage growth and contribute to a slight rise in unemployment.

Inflation in the first half of the year may be marked by higher volatility, but it should remain safely within the CNB's 1–3% tolerance band. Average inflation for the full year 2025 should be only slightly above the midpoint of this band. This favourable trend and the muted economy will allow the CNB to continue cutting interest rates. The forecast expects a gradual reduction in the main monetary policy two-week repo rate during the first half of 2025 to a final 3%.

In December 2022, the Parliament approved a bill introducing a new tax impacting several banks, including Komerční banka. This so-called "windfall tax" has been applied to profits of selected banks generated in the years 2023, 2024, and 2025. The windfall tax rate of 60% is constructed as a surcharge on top of the standard 21% (from 2024) tax rate, which means that the effective tax rate for the "windfall" part of the profit is 81%. Windfall is defined as the difference between the income tax base (profit before tax) of the respective year and the average profit before tax in the four years 2018–2021, increased by 20%. The windfall tax is imposed

[1)] https://www.czso.cz/csu/czso/hdp_narodni_ucty on (standalone) banks with net interest income that had exceeded CZK 6 billion in 2021. Within KB Group, it applies to standalone Komerční banka. Given the income tax base of standalone KB in 2018, 2019, 2020, and 2021, the windfall tax base comes to CZK 15.8 billion. According to the projections for the financial results detailed below, the impact of the tax in 2025, if any, should be limited.

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

According to the joint decision of the College of Supervisors of the Société Générale Group (where the Czech National Bank participates as a local regulator), effective from 1 January 2025, Komerční banka is required to maintain a capital ratio on a sub-consolidated basis at the minimum level of 10.4% (Total SREP Capital Ratio), representing a decrease by 20 basis points in comparison with the ratio required previously.

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

Thus, Komerční banka's overall capital requirement as of 1 January 2025 is at approximately 16.65% in relation to the volume of risk-weighted assets. The minimum Common Equity Tier 1 capital ratio stands at approximately 12.10% and the minimum Tier 1 capital ratio at approximately 14.05% in relation to the volume of risk-weighted assets. Komerční banka will continue to apply prudent assumptions about the future development of regulatory capital requirements in its capital planning.

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

Pursuing the so-called "single point of entry" resolution strategy, KB may continue in 2025 to fulfil its MREL requirements by taking on senior non-preferred loans from Société Générale S.A., if such a need ensues from the developing volumes of risk exposures and regulatory requirements.

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

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

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

The attractive offer of the New Era of KB is also being built with the aim of growing the number of Komerční banka's clients. Development of the digital offer and completion of the migration of individual clients from the original banking infrastructure, and thus partial release of the of the distribution network's capacity, should make it possible to increase the number of the Bank's clients to 1,850,000 by the end of 2025.

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

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

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

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

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

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

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

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

Assuming all those factors as described above, KB Group targets ROE to come in around 13–14% for 2025 and the cost-to-income ratio between 43% and 44%.

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

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

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

ANNEX: Consolidated results as of 31 December 2024 under International Financial Reporting Standards (IFRS)

Profit and Loss Statement	Reported			Recurring		
	FY 2023	FY 2024	Change YoY	FY 2023	FY 2024	Change YoY
(CZK million, unaudited)						
Net interest income	25,595	25,278	(1.2%)	25,595	25,278	(1.2%)
Net fee and commission income	6,414	7,291	13.7%	6,414	7,291	13.7%
Net profit on financial operations	3,832	3,832	0.0%	3,832	3,832	0.0%
Dividend and other income	358	386	7.8%	358	386	7.8%
Net banking income	**36,199**	**36,786**	**1.6%**	**36,199**	**36,786**	**1.6%**
Personnel expenses	(8,335)	(8,731)	4.8%	(8,335)	(8,731)	4.8%
General admin. expenses (excl. regulatory funds)	(4,300)	(4,371)	1.7%	(4,300)	(4,371)	1.7%
Resolution and similar funds	(1,292)	(806)	(37.6%)	(1,292)	(806)	(37.6%)
Depreciation, amortisation and impairment of operating assets	(3,393)	(3,817)	12.5%	(3,393)	(3,817)	12.5%
Total operating expenses	**(17,321)**	**(17,725)**	**2.3%**	**(17,321)**	**(17,725)**	**2.3%**
Operating profit	**18,878**	**19,061**	**1.0%**	**18,878**	**19,061**	**1.0%**
Impairment losses	(120)	(1,022)	>100%	(120)	(1,022)	>100%
Net gain from loans and advances transferred and written off	106	28	(73.5%)	106	28	(73.5%)
Cost of risk	**(14)**	**(994)**	**>100%**	**(14)**	**(994)**	**>100%**
Net operating income	**18,864**	**18,067**	**(4.2%)**	**18,864**	**18,067**	**(4.2%)**
Income from share of associated companies	330	257	(22.1%)	330	257	(22.1%)
Net profit/(loss) on subsidiaries and associates	0	(127)	n.a.	0	(127)	n.a.
Net profits on other assets	(87)	2,329	+/-	(87)	(65)	(25.2%)
Profit before income taxes	**19,107**	**20,527**	**7.4%**	**19,107**	**18,132**	**(5.1%)**
Income taxes	(3,288)	(3,119)	(5.1%)	(3,288)	(3,206)	(2.5%)
Net profit for the period	**15,819**	**17,407**	**10.0%**	**15,819**	**14,926**	**(5.6%)**
Profit attributable to the Non-controlling owners	207	164	(20.8%)	207	164	(20.8%)
Profit attributable to the Group's equity holders	**15,612**	**17,243**	**10.4%**	**15,612**	**14,762**	**(5.4%)**

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Statement of Financial Position	31 Dec 2023	31 Dec 2024	Year to date
(CZK million, unaudited)			
Assets	**1,516,302**	**1,536,000**	**1.3%**
Cash and current balances with central bank	12,835	72,956	>100%
Loans and advances to banks	411,644	335,834	(18.4%)
Loans and advances to customers (net)	833,542	853,022	2.3%
Securities and trading derivatives	217,484	235,974	8.5%
Other assets	40,798	38,214	(6.3%)
Liabilities and shareholders' equity	**1,516,302**	**1,536,000**	**1.3%**
Amounts due to banks	105,694	91,574	(13.4%)
Amounts due to customers	1,127,228	1,174,525	4.2%
Securities issued	12,431	12,629	1.6%
Subordinated and senior non preferred debt	64,560	65,715	1.8%
Other liabilities	78,106	61,520	(21.2%)
Total equity	128,284	130,037	1.4%

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Key ratios and indicators	31 Dec 2023	31 Dec 2024	Change year on year
Capital adequacy (CNB)	18.8%	18.8%	▼
Tier 1 ratio (CNB)	17.7%	17.6%	▼
Total risk-weighted assets (CZK billion)	563.9	566.3	0.4%
Risk-weighted assets for credit risk (CZK billion)	452.3	462.2	2.2%
Net interest margin (NII / average interest-bearing assets)[III]	1.9%	1.7%	▼
Loans (net) / deposits ratio[IV]	82.8%	82.9%	▲
Cost / income ratio[V]	47.8%	48.2%	▲
Return on average equity (ROAE)[VI]	12.7%	13.7%	▲
Return on average Tier 1 capital[VII]	15.7%	17.3%	▲
Return on average assets (ROAA)[VIII]	1.1%	1.1%	▲
Earnings per share (CZK)[IX]	82.7	91.3	10.4%
Average number of employees during the period	7,551	7,456	(1.3%)

Business performance in retail segment – overview	31 Dec 2024	Change year on year
CZK bil.		
Mortgages to individuals – volume of loans outstanding	286.6	3.7%
Building savings loans (MPSS) – volume of loans outstanding	97.6	5.6%
Consumer loans (KB + ESSOX + PSA Finance) – volume of loans outstanding	39.1	5.2%
Small business loans – volume of loans outstanding	47.9	1.0%
Insurance premiums written (KP)	0.0	0.0%

Senior non-preferred loans as of 31 December 2024:

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

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

Subordinated debt as of 31 December 2024:

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

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

Financial calendar:

30 April 2025 1Q 2025 results

Definitions of the performance indicators mentioned herein:

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

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

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

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

V. **Cost-to-income ratio:** ‘Operating costs’ divided by ‘Net operating income’;

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

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

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

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

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

(source: Profit and Loss Statement)	FY 2024	FY 2023
Net interest income income, year to date	**25,278**	**25,595**
Of which:		
Loans and advances at amortised cost	68,024	66,139
Debt securities at amortised cost	4,696	4,407
Other debt securities	201	442
Financial liabilities at amortised cost	(41,387)	(38,798)
Hedging financial derivatives – income	42,348	48,102
Hedging financial derivatives – expense	(48,605)	(54,697)

(source: Balance Sheet)	31 Dec 2024	31 Dec 2023	31 Dec 2023	31 Dec 2022
Cash and current balances with central banks/Current balances with central banks	64,383	4,530	4,530	6,167
Loans and advances to banks	335,834	411,644	411,644	233,398
Loans and advances to customers	853,022	833,542	833,542	781,463
Financial assets held for trading at fair value through profit or loss / Debt securities	19,622	19,621	19,621	9,968
Non-trading financial assets at fair value through profit or loss / Debt securities	0	0	0	132
Financial asset at fair value through other comprehensive income (FV OCI) / Debt securities	11,258	16,729	16,729	30,119
Debt securities	182,874	152,238	152,238	139,276
Interest-bearing assets (end of period)	**1,466,993**	**1,438,304**	**1,438,304**	**1,200,524**
Average interest-bearing assets, year to date	**1,452,649**		**1,319,414**	
NIM year to date, annualised	**1.74%**		**1.94%**	