towards you

ANNUAL REPORT 2025

Československá obchodní banka, a. s.

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.

This document is an English translation of the Czech Annual Report.

KEY FIGURES

Consolidated, EU IFRS	2025	2024	2023
Financial Statements Figures			
Balance sheet at the year end *(CZKm)*			
Total assets	2,283,186	1,920,460	1,868,292
Financial assets at amortised cost [1]	2,013,616	1,726,230	1,504,199
Deposits received from other than credit institutions	1,612,409	1,367,805	1,336,648
Debt securities in issue	328,436	269,863	24,302
Subordinated debt	63,558	57,241	45,843
Total equity [2]	129,446	116,633	113,461
Statement of income *(CZKm)*			
Operating income	48,383	45,109	41,294
– of which Net interest income	33,566	31,385	29,045
– of which Net fee and commission income	10,533	10,011	8,925
Operating expenses	23,623	23,493	22,589
Impairment on financial assets at amortised cost/loans and receivables [3]	-1,099	858	1,683
Profit before tax	23,495	22,402	17,308
Profit for the year [2]	19,844	18,908	15,089
Ratios *(%)*			
Return on average equity (ROAE)	16.2	16.7	14.2
Return on average assets (ROAA)	0.89	0.96	0.77
Cost / income ratio	48.8	52.1	54.7
Capital adequacy ratio [4]	20.2	20.6	19.5
Available MREL as a % of RWA	31.4	32.3	29.5
Available MREL as a % of LRE	7.48	7.66	6.86
Leverage ratio [5]	4.81	4.88	4.52
Net stable funding ratio [5]	174.0	174.8	170.4
Loan-to-deposit ratio	80.3	73.9	70.3
General Information (as at 31 December 2025)			
Number of employees – the ČSOB group	8,240	8,125	8,035
Number of clients – the ČSOB group (in millions)	4.291	4.278	4.309
Number of branches – the Bank [6]	197	198	198
Number of ATMs [7]	1,034	1,036	1,020

ČSOB's Credit Rating (as at 31 December 2025)

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

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 1,800 post offices.
7) Including ATMs of cooperating banks.

INTRODUCTION

Dear Clients, dear Colleagues,

The past year brought relief to individuals and businesses in the Czech Republic in the form of economic recovery and growth in real wages, alongside low inflation and unemployment. Although the beginning of the year was marked by a degree of uncertainty and cautious expectations, the overall outcome has been highly positive. Both consumers and companies experienced financial improvement and increased investment in their development and future.

I am pleased that the entire ČSOB group, as well as our clients, achieved strong results last year — something that cannot be taken for granted in today's turbulent times. I would like to highlight the key areas where this positive development was most evident. We achieved record levels of financing for housing, entrepreneurship, and investments by individuals and companies.

The volume of loans provided to Czech companies and entrepreneurs reached CZK 418 billion. These funds were primarily directed toward modernisation, energy-saving measures, digitalisation, and the development of new production capacities. I am proud that we were able to support projects with clear purpose — projects built on solid foundations that move our companies and regions forward and often create new jobs.

Housing was another significant area. Through mortgages and building savings loans, we helped nearly 33,000 households secure better homes last year, with total financing exceeding CZK 114 billion. More than half of the mortgages were arranged by young people under the age of 36, who embarked on a new stage of life with our support. Moreover, four out of ten new mortgages financed energy-efficient, and therefore sustainable, properties.

Insurance also played an important role. We partnered with nearly 900,000 individuals who arranged new insurance policies last year, strengthening the protection of their property, health, and life security.

Across our Group, we are committed to fostering growth and positive change. We also understand that strong partnerships form the most powerful bonds. For this reason, we intensified our educational initiatives and, in cooperation with the Police of the Czech Republic and Mastercard, launched a new project aimed at enhancing cybersecurity for companies, entrepreneurs, and institutions. At the same time, we expanded our long-term cooperation with institutions such as Czech Post, non-profit organisations, professional associations, municipalities, cities, and other partners.

Our approach is built on innovation, as we strive to actively shape an environment that enhances both the client experience and quality of life. We continuously listen to the needs and wishes of our clients and invest in digitalisation and service improvements — whether through our virtual assistant Kate, a fully digital mortgage process, or new financing and payment methods and smart solutions. Many of these initiatives are bold and groundbreaking solutions that have not yet been tested elsewhere, but in which we strongly believe.

We build — and will continue to build — on the strength of a Group that supports clients in both everyday decisions and long-term planning. Our comprehensive approach and broad expertise are appreciated not only by our clients but also by the professional community, as confirmed by numerous Czech and international awards. We regard this as validation that we are on the right path; however, we remain fully aware that our clients and their satisfaction with our services and products are always our highest priority.

I would like to sincerely thank all our clients and partners for their trust and loyalty, and all our employees and colleagues for their outstanding results and dedication. Our long-term ambition is to seize every opportunity to support positive change, and I assure you that we will continue to do so.

Aleš Blažek
Chief Executive Officer of the ČSOB group

TABLE OF CONTENTS

CZECH ECONOMY

Czech economy in 2025

The Czech economy continued the gradual recovery of the previous year in 2025. According to the preliminary estimate of the Czech Statistical Office, gross domestic product grew by 2.5%, which was a noticeable improvement compared to 2024 (1.1%) and the highest growth since 2022. It seems that the main driver of the economy was domestic demand and especially household consumption, which was helped by a combination of rising nominal wages, low inflation and falling savings rates. In contrast, gross capital formation probably remained subdued again. On the production side, almost all important sectors contributed to growth: trade, transport, services, but also industry and construction.

Despite the acceleration of the economy, signs of a cooling labor market began to become more apparent. Data from the Labor Office showed significant changes: the number of registered job seekers rose to 354,000, and the unemployment rate for the whole of 2025 increased to 4.4% from 3.8% in 2024, the highest level since 2017. The general unemployment rate based on household surveys remains lower (averaging just under 3%), but it too has risen to its highest level since 2017.

After a sharp slowdown in 2024, inflation remained close to the 2% target in 2025. According to the CNB's estimate, average inflation in 2025 was 2.5% (2.1% in December), with price pressures remaining most pronounced in the services sector, while food prices had a rather disinflationary effect. The Bank Board of the Czech National Bank therefore continued to ease monetary policy cautiously in 2025, but gradually slowed down the pace of rate cuts. At its last meeting of the year, it left rates unchanged and ended 2025 with a two-week repo rate of 3.50%.

The Czech koruna fluctuated between approximately EUR/CZK 24.30 and 25.20 during the year and gradually strengthened from around spring onwards. At the end of the year, the exchange rate stabilised at around EUR/CZK 24.25, which was stronger than at the end of the previous year. The strengthening was driven by factors such as better economic performance and the stabilisation of CNB rates.

The state budget deficit increased in 2025 compared to 2024 to CZK 290.7 billion from the previous CZK 271.4 billion. This figure also represents a large difference between the final deficit and the government's planned deficit, which was set at CZK 241 billion. There are several reasons for this discrepancy, such as overestimated revenues from emission allowances, underestimated expenditures on renewable energy sources, and insufficient utilisation of European funds. Even so, the public finance deficit remained below 2% of GDP.

The banking sector further strengthened its lending activity in 2025 in response to continued growth in real household incomes. Banks and building societies provided new mortgage loans totaling approximately CZK 321 billion for the whole year, representing a year-on-year increase of 41%. Together with refinanced and increased loans of approximately CZK 85 billion, the total volume of the mortgage market reached CZK 406 billion, significantly more than the CZK 275 billion in 2024. Even after taking into account the growth in real estate prices, real market growth remained strong. The number of new mortgages increased by approximately a quarter to more than 76,000, while the average amount of a new mortgage rose by roughly 15% to CZK 4.2 million.

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

Indicator [1]	Measurement Unit	2025	2024	2023	2022	2021	2020
Nominal GDP	CZKbn	8,536 [4]	8,056	7,668	7,048	6,306	5,830
Real GDP growth	% change, Y / Y	2.5 [4]	1.1	0.2	2.9	4.0	-5.3
Real GDP per capita	EURths	19.2 [4]	18.7	18.5	18.7	18.6	17.9
Real GDP growth per capita	% change, Y / Y	2.4 [4]	1.0	-1.1	0.4	4.0	-4.9
Inflation rate (CPI)	%, year end	2.5	2.4	10.7	15.1	3.8	3.2
Unemployment rate	%, average	2.9 [4]	2.7	2.6	2.2	2.8	2.6
General government budget balance / Nominal GDP [3]	%	-1.9 [4]	-2.0	-3.7	-3.1	-5.0	-5.6
General government debt [2]	CZKbn	3 795 [4]	3,488	3,234	2,998	2,567	2,150
General government debt / Nominal GDP [1]	%	44.4 [4]	43.3	42.2	42.5	40.7	36.9
Interest rate (three-month PRIBOR) [2]	%, average	3.6	5.0	7.1	6.3	1.1	0.9
CZK / EUR exchange rate [2]	average	24.7	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 Board of Directors' Assessment of 2025

In 2025, the ČSOB group delivered a year of solid, well-balanced growth, with profitability, business volumes and franchise strength improving while asset quality, capital and liquidity remained comfortably strong.

The Czech banking sector remained resilient and profitable amid renewed lending dynamics and a marked rebound in mortgage activity. The domestic economy expanded at its strongest pace since 2022. The labor market remained tight and unemployment low. Export performance remained robust despite a challenging geopolitical environment and deteriorating global trade conditions. After a series of gradual rate cuts, the Czech National Bank (CNB) has kept the repo rate at 3.5% since May 2025, supported by inflation staying close to target. The CNB left unchanged its loan-to-value limits, one of its macroprudential tools for containing risks in the mortgage market. At the same time the CNB issued a preventive recommendation introducing tighter rules for mortgages financing investment properties, effective April 2026.

The ČSOB group closed year 2025 with a net profit of CZK 19.8 billion, representing a 5% year-on-year increase. The volume of loans reached CZK 1,061 billion, up 8% year-on-year, supported by balanced growth in all segments. Total deposits increased to CZK 1,612 billion (+18% year-on-year), of which client deposits amounted to CZK 1,319 billion, reflecting a 2% year-on-year increase. Assets under management rose to CZK 464 billion, an increase of 13% compared to the previous year, supported by strong mutual fund inflows and favorable market developments. The number of active clients grew by 76 thousand year-on-year, and mobile banking clients rose by 126 thousand to 1.58 million, representing 85% of all digital clients.

Operating income reached CZK 48.4 billion, a 7% year-on-year increase, while operating expenses, excluding banking taxes, amounted to CZK 23.0 billion, growing by 2% year-on-year. This development reflects disciplined cost management alongside continued investment in digital capabilities and strategic initiatives. Total impairments amounted to a net charge of CZK 1.2 billion, compared with a net release of CZK 0.8 billion in the previous year. Net loan loss provisions resulted in a net charge of CZK 1.1 billion, with the credit cost ratio (CCR) standing at 0.10%. The ratio of non-performing loans (NPL) remained low at 1.30%, confirming the high quality of the loan portfolio.

The Group maintained a strong capital and liquidity position throughout the year. The capital adequacy ratio reached 20.2%, while the loan-to-deposit ratio stood at 80.3%. Liquidity metrics remained well above regulatory requirements, with the net stable funding ratio (NSFR) at 174.0% and the liquidity coverage ratio (LCR) at 141.6%.

Commercial activity was strong in housing finance, where ČSOB benefited from a recovery in mortgage demand. New mortgage production surged, supported by the continued digitalisation and end-to-end mortgage processes and product innovation. ČSOB introduced *Mortgage Without Property*, which allows clients to obtain and digitally sign a pre-approved mortgage with a guaranteed interest rate before selecting a property. ČSOB is the only bank in the Czech Republic providing qualified digital signatures for mortgage and collateral agreements via *Bank ID QSIGN*, enabling the entire mortgage process to be completed online. More than 60% of ČSOB's mortgage clients already use this fully digital solution.

Investment services grew alongside rising client interest and an expanded product offering. ČSOB launched *ČSOB Nemovitostní*, a mutual fund focused on commercial real estate in the Czech Republic and Slovakia. Its expanding portfolio reflects strong demand from retail investors and includes premium Prague locations such as *Forum Karlín* and the *IBIS hotel*. The redesigned online trading platform *Patria WebTrader* also improved access to investment services.

ČSOB continued to invest in the expansion of its digital systems, with a focus on the AI-powered digital assistant **Kate**, integrated housing and mobility ecosystems, and adoption of **Kate Coin**. Kate is integrated across digital channels and supports clients throughout their journeys. Using data-driven insights, it identifies relevant client situations and connects them with personalised solutions across banking, insurance, financing and partner services. Since its launch, Kate has been consulted by up to 1.7 million clients in the Czech Republic.

In parallel, the Group is undertaking a **comprehensive reinvention of its enterprise architecture**, aimed at replacing core systems and modernizing the overall technology landscape to accelerate innovation and ensure flexibility.

In early 2026, ČSOB Leasing Czech Republic successfully completed the **acquisition of Business Lease Czech Republic**. The transaction aims to deliver synergies through improved operational efficiency, enhanced cross-selling opportunities, and a stronger value proposition for corporate clients. ČSOB Leasing Czech Republic is a leading provider of financial and operational leasing, with outstanding loan portfolio of CZK 58 billion.

Looking forward, the Board of Directors expects continued healthy demand for housing, consumer finance and investment solutions, solid corporate activity and sustained digital adoption. At the same time, we remain vigilant to elevated external risks, including the recent increase in geopolitical tensions and their potential impacts. In particular, an escalation of trade tensions or the conflict in the Middle East could have negative impact on the ongoing economic recovery. We are prepared to respond swiftly and responsibly in support of our clients and the broader economy, and we are committed to delivering strong and sustainable performance.

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 (The Banker)
- Top Innovator in Finance in Central and Eastern Europe (Global Finance) for Mortgage with Digital Signature & Mortgage Zone
- Best Private Bank in the Czech Republic (PWM/The Banker)
- Best Private Bank, Best Digital Bank and Best Bank for SMEs in the Czech Republic (Euromoney)
- Best Green Bank and Best Retail Banking App in the Czech Republic (Global Banking and Finance)
- Best SME Bank in the Czech Republic (The Digital Banker)
- Best Bank, Best SME Bank, Best Bank for Sustainable Finance and Best Trade Finance Provider in the Czech Republic (Global Finance)
- Top Employer in the Czech Republic (Top Employers Institute)
- TOP Responsible Company (Business for Society)

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

The ČSOB group had **4.3 million clients in the Czech Republic** at year-end 2025. The total number of clients slightly increased year-on-year and the number of **active clients** increased +76 thousand year-on-year.

The number of **mobile banking clients** increased to 1.58 million (+126 ths year-on-year) and their share in total digital clients stood at 85%.

(in million)	2025	2024	Y/Y change (%)
Clients of ČSOB group	4.291	4.278	+0.3
Digital clients	1.846	1.759	+5.0
of which Mobile banking clients	1.577	1.451	+8.7

Distribution platform	2025
ČSOB branches (bank only)	**197**
- of which Retail/SME branches	178
- of which Private Banking branches	11
- of which Corporate branches	8
ČSOB Pojišťovna branches	**86**
ČSOBS advisory centers	**199**
ČSOB Leasing branches	**14**
ČSOB PSB outlets of the Czech Post network	**ca. 1,800**
- of which specialised banking counters	249
Czech Post franchise outlets	**ca. 1,100**

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 1,034 ATMs, all contactless, of which 377 enable cash deposits and 1,025 are customised for visually impaired clients. ČSOB issued 3.222 million payment cards to its clients.

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 broad client base, a very wide range of products, and the most accessible distribution network. The ČSOB group is one of the market leaders 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 development capacity) are allocated to areas of the best fit with strategic ambitions.

The ČSOB group aims to:

- Retain the reference position in banking and insurance services by offering retail, SME and mid-cap clients the best and 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 personalised solutions proactively to clients, including via Kate, personalised 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 stable active clients and their satisfaction, number of users of ČSOB mobile applications, continue further in digitisation 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 efficiently.

The ČSOB group operates according to high ethical standards. Corporate sustainability and responsibility focus on expected needs of the present without compromising expectations of future generations.

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+ symbolises 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

Responsibility has long been an integral part of ČSOB's corporate culture. Bank is committed to minimising its negative impacts on society through strict compliance with applicable legislation, internal policies and ethical standards, while continuously maximising its positive contribution by solutions in housing, mobility, investments and advisory services for households and companies. Responsible engagement with clients, business partners, employees and other stakeholders remains a key priority across daily operations.

In 2025, ČSOB significantly strengthened its commitment to financial and digital literacy. Through the *ČSOB DoKapsy* application, the *Filip* section offers engaging video and audio content that helps children aged ten and above understand money management and online safety in a simple and accessible way. The content is provided free of charge and is available to both clients and non-clients, reaching more than 400,000 users. This initiative builds on ČSOB's long-term educational activities, including the *Filip Cup* competition, teacher training programmes and the *Penězověda* portal launched in cooperation with Mastercard, which provides parents and teachers with practical tools for teaching budgeting, saving, borrowing and cybersecurity.

In cooperation with the Czech Police, ČSOB also delivered the *Volač a klikač* programme, which trained more than one million people to recognise online scams and cyber threats, thereby contributing to stronger digital safety across society. The programme now targets 250,000 representatives from companies, schools, hospitals, and municipalities, strengthening digital safety nationwide.

Related topics are described in Chapter Corporate Social Responsibility.

Changes to Scope of Consolidation and Business Combinations

On 30 January 2025, ČSOB acquired the remaining 50% share in Igluu from Gobii Europe and became its sole shareholder, holding 100% of the equity and voting rights.

From April 2025, ČSOB Nemovitostní fund began issuing additional fund units to retail investors.

Subsequent events after the reporting period

In January 2026, ČSOB Bank redeemed part of its investment in the ČSOB Nemovitostní fund in the amount of CZK 550 million, reducing the Group's proportionate interest by 5.9%.

On 10 February 2026, ČSOB Leasing completed the acquisition of Business Lease, s.r.o., strengthening the Group's position in the operational leasing market in the Czech Republic.

Dividends Paid

Based on a sole shareholder decision from 24 April 2025, a dividend of CZK 23.04 per share was paid for 2024, representing a total dividend of CZK 6,746 m.

The decision of a profit allocation for 2025 has not been taken before the date of issue of the Annual Report.

Changes in ČSOB's Managing and Supervisory Bodies

The following changes occurred in the Board of Directors in 2025:

- As of 1 February 2025, Marcela Výbohová ended her membership, and responsibility for Group Risk Management was assumed by Guy Libot.
- On 31 August 2025, Michaela Bauer left her position as a member of the Board of Directors, where she was responsible for Innovation and Operations; as of 1 November 2025, responsibility for Innovation was taken over by Karin Van Hoecke.
- As of 1 October 2025, certain responsibilities of Board of Directors members were adjusted; details are provided in the organisational structure on page 71.

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

Financial Results on Consolidated Basis

All financial figures hereinafter were derived or drawn from ČSOB's 2025 audited, consolidated Financial Statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU IFRS), unless otherwise stated.

Financial Ratios

	2025 (%)	2024 (%)	Y/Y change (pp)
Return on average equity (ROAE)	16.2	16.7	-0.4
Return on average assets (ROAA)	0.89	0.96	-0.06
Net interest margin	2.41	2.42	-0.01
Cost / income ratio	48.8	52.1	-3.3
Cost / income ratio excl. banking taxes	47.6	49.8	-2.2
Credit cost ratio	0.10	-0.09	+0.19

	31. 12. 2025 (%)	31. 12. 2024 (%)	Y/Y change (pp)
Loan-to-deposit ratio	80.3	73.9	+6.3
Capital adequacy ratio	20.2	20.6	-0.3
Leverage ratio	4.81	4.88	-0.07
Net stable funding ratio	174.0	174.8	-0.8

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.

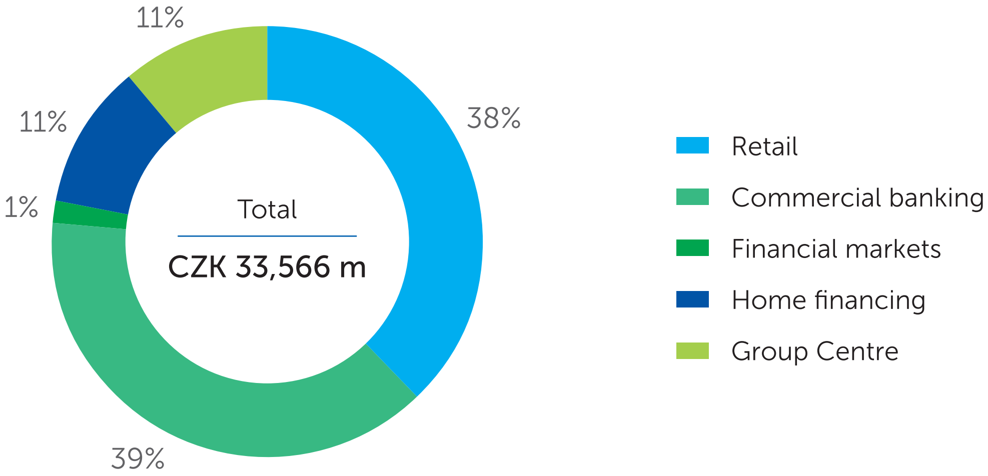
Consolidated Statement of Income

(CZKm)	2025	2024	Y/Y change (%)
Interest income calculated using the effective interest rate method	81,701	90,428	-9.7
Other similar income	4,450	8,473	-47.5
Interest expense calculated using the effective interest rate method	-46,020	-57,439	-19.9
Other similar expense	-6,565	-10,077	-34.9
Net interest income	**33,566**	**31,385**	+6.9
Fee and commission income	19,042	17,953	+6.1
Fee and commission expense	-8,509	-7,942	+7.1
Net fee and commission income	**10,533**	**10,011**	+5.2
Dividend income	18	23	-21.7
Net gains / losses (-) from financial instruments at fair value through profit or loss and foreign exchange	3,036	2,519	+20.5
Income from operating lease	959	1,239	-22.6
Expense from operating lease	-790	-1,056	-25.2
Other net income	1,061	988	+7.4
Operating income	**48,383**	**45,109**	+7.3
Staff expenses	-11,619	-11,224	+3.5
General administrative expenses	-9,218	-9,435	-2.3
Depreciation and amortisation	-2,786	-2,834	-1.7
Operating expenses	**-23,623**	**-23,493**	+0.6
Impairment losses	**-1,244**	**783**	+/-
on financial assets at amortised cost and at fair value through other comprehensive income (OCI) and finance leases	-1,109	858	+/-
on other financial and non-financial assets	-135	-75	+80.0
Share of profit / loss (-) of associates and joint ventures	-21	3	->100
Profit before tax	**23,495**	**22,402**	+4.9
Income tax expense	-3,620	-3,494	+3.6
Profit for the year	**19,875**	**18,908**	+5.1
Attributable to:			
Owners of the parent	19,844	18,908	+5.0
Non-controlling interests	31	–	n/a

Discussion of the Statement of Income Main Items

With a 69% share, the **net interest income** (NII) is the largest part of the operating income. The ČSOB group's NII increased by 6.9% year-on-year driven by higher income from retail and corporate loans and higher income from retail deposits. The **net interest margin** (NIM, Ytd.) slightly decreased to 2.41% in 2025 from 2.42% in 2024.

Net interest income by reported segments



The **net fee and commission income** (NFCI) represented 22% of operating income. In 2025, NFCI grew +5.2% year-on-year mainly driven by higher asset management fees, lower client incentives and higher network income.

All other income items of the Statement of Income combined represented 9% of 2025 operating income and increased by 15.4% year-on-year driven by strong performance of financial markets.

Staff expenses represented 49% of the ČSOB group's operating expenses in 2025. Staff expenses rose +3.5% year-on-year impacted by wage inflation and higher number of FTEs. The number of FTEs (in full-time equivalents at the end of the period) reached 8,240.

General administrative expenses (GAE) contributed 39% to the ČSOB group's operating expenses in 2025 and decreased by 2.3% year-on-year driven by lower contribution to the Single Resolution Mechanism.

Information technologies related expenses increased +2.3% year-on-year and remained the largest part of GAE (43%). Banking taxes, including Deposit insurance premium, contribution to the Securities Traders Guarantee Fund and to the Single Resolution Mechanism decreased (6% of GAE; -41.5% year-on-year). Marketing expenses contributed 8% to total GAE and increased +7.3% year-on-year.

Impairment losses amounted to CZK -1,244m (net charge) in 2025, comparing to net release of CZK 783m in 2024. Loan loss provisions in 2025 amounted to a net charge of CZK -1,099m driven mainly by charges in SME and consumer finance.

As a result of the trends described above, the **2025 net profit attributable to owners of the parent equaled CZK 19,844m** which is +5.0% higher than the result of 2024.

Consolidated Statement of Financial Position

(Excerpt)

(CZKm)	2025	2024	Y/Y change (%)
ASSETS			
Financial assets at amortised cost	1,999,169	1,713,708	+16.7
Total assets	**2,283,186**	**1,920,460**	+18.9
LIABILITIES AND EQUITY			
Financial liabilities at amortised cost	2,085,332	1,735,329	+20.2
Total liabilities	**2,151,773**	**1,803,827**	+19.3
Total equity	**131,413**	**116,633**	+12.7
Total liabilities and equity	**2,283,186**	**1,920,460**	+18.9

Discussion of the Statement of Financial Position Items

Total consolidated assets of ČSOB group increased +18.9% year-on-year.

Financial assets at amortised cost, the largest item thereof with 88% share, increased +16.7% year on year driven by higher total loans and advances. Balances with central banks contain reverse repo transactions provided to central bank increased +47.1% year-on-year.

Total consolidated liabilities of ČSOB group grew +19.3% year-on-year.

Financial liabilities at amortised cost, the largest item thereof with 97% share, increased +20.2% year on year thanks to growth in all categories; driven by client deposits.

Total equity increased +12.7% year-on-year.

No treasury shares were held by the ČSOB group at 31 December 2025 and 2024.

Financial Results on Separate Basis

Figures in this section were derived from ČSOB's 2025 audited, separate Financial Statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU IFRS).

Separate Statements Main Items

(CZKm)	2025	2024	Y/Y change (%)
STATEMENT OF INCOME			
Operating income	43,733	38,853	+12.6
Operating expenses	-20,001	-19,771	+1.2
Impairment losses	-2,617	3,089	>-100
Profit for the year	**18,868**	**20,205**	-6.6
STATEMENT OF FINANCIAL POSITION			
Total assets	2,168,167	1,801,894	+20.3
Total liabilities	2,043,711	1,689,065	+21.0
Total equity	124,456	112,829	+10.3

Discussion of the Separate Statements Main Items

Operating income increased +12.6% year-on-year, driven mainly by higher net interest income (+6.8%), dividend income (+45.5%) and net fee and commission income (+10.4%).

Operating expenses grew +1.2% year-on-year, reflecting higher staff expenses (+3.4%) and higher depreciation and amortisation (+5.3%). General administrative expenses decreased -2.7%, mainly due to a lower contribution to the Single Resolution Mechanism.

Impairment losses amounted to CZK -2,617m (net charge) in 2025, compared with a net release of CZK 3,089m in 2024.

As a result of the developments described above, **profit for the year 2025** reached **CZK 18,868m**, which is -6.6% lower than in 2024.

Total assets increased +20.3%, **total liabilities** rose +21.0% and **total equity** grew +10.3% year-on-year.

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 maximise 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 Capitalisation and Risk Weighted Assets of the ČSOB Group

Consolidated, CZKm unless indicated otherwise	2025	2024	Y/Y change (%)
Total regulatory capital	**115,381**	**100,241**	+15.1
– (Common Equity) Tier 1 Capital	115,082	100,241	+14.8
– Tier 2 Capital	299	0	n/a
MREL eligible debt	**63,444**	**57,138**	+11.0
Total risk weighted assets (RWA)	**569,966**	**487,579**	+16.9
– Credit risk	477,485	412,945	+15.6
– Market risk	348	430	-18.9
– Operational risk	92,133	74,204	+24.2
(Common Equity) Tier 1 ratio	**20.2%**	**20.6%**	-0.4pp
Total capital ratio	**20.2%**	**20.6%**	-0.3pp
Leverage ratio	**4.81%**	**4.88%**	-0.07pp
Available MREL as a % of RWA	**31.4%**	**32.3%**	-0.9pp
Available MREL as a % of LRE	**7.48%**	**7.66%**	-0.18pp

Note: pp = percentage point

Calculation is based on CRR rules.

End of period regulatory capital (and the respective ratios) reflects retained earnings.

The increase of RWA in 2025 is due to higher credit risk RWA from growing business volumes and impact of the first-time application of capital requirements regulation (CRR 3/Basel IV) on credit and operational RWA. Capital position remains strong, (Common Equity) Tier 1 capital reached 20.2% (-0.4pp Y/Y). MREL ratio stood at 31.4% of RWA and 7.48% of LRE as of year-end 2025.

Credit Rating

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 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 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 in 2025 continued the gradual recovery that began the previous year. According to estimates by the Czech Statistical Office, gross domestic product increased by 2.5%, marking a notable improvement compared to 2024 (1.1%) and the highest growth since 2022. The main driver of the economy was domestic demand, particularly household consumption, supported by rising nominal wages, low inflation and a declining savings rate. In contrast, gross capital formation likely remained subdued. On the production side, almost all major sectors contributed to growth: trade, transport, services, as well as industry and construction. The economic environment in which the ČSOB group operates will continue to be shaped primarily by the future path of inflation, external economic shocks, and changes in domestic and foreign interest rates.

- In 2026, ČSOB expects inflation to hover around 1.4%, driven mainly by the abolition of fees related to renewable energy support (POZE). Inflation in housing-related services will remain elevated, while food prices have room for a downward correction.
- Real wage growth will continue in 2026, although at a slower pace than in the previous year. Combined with a further decline in the savings rate, households are likely to continue increasing their real consumption expenditures. However, geopolitical and trade risks will remain a major challenge for the Czech economy. In particular, an escalation of trade tensions or the conflict in the Middle East could have negative impact on the ongoing economic recovery.
- Pro-inflationary risks stemming from a tight labour market and an overheated property market persist. For this reason, ČSOB expects interest rates to remain stable in 2026. Nevertheless, this year's low inflation could psychologically influence part of the central bank board and potentially lead to a modest rate cut.
- 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 1,060.9 billion** in 2025. The 8.3% increase year-on-year was driven by all categories.

Outstanding gross amount, selected business categories CZK bn	2025	2024	Y/Y change (%)
Mortgage loans	462.7	422.8	+9.4
Building savings loans	122.7	118.8	+3.3
Consumer finance	57.9	47.1	+22.8
Corporate loans	237.5	225.4	+5.4
SME loans	115.4	105.2	+9.7
Leasing	57.9	53.4	+8.4
Factoring	6.9	6.4	+6.4
Loan portfolio	**1,060.9**	**979.2**	+8.3

The outstanding amount of mortgages increased by 9.4% year-on-year. The outstanding amount of building savings loans increased by 3.3% year-on-year. Consumer finance increased by 22.8% year-on-year driven by strong new sales. The outstanding amount includes cash loans (CZK 49.7 billion, +25.9% year-on-year), credit cards & overdrafts (CZK 5.0 billion, +6.2% year-on-year) and other (CZK 3.2 billion, +7.5% year-on-year). The outstanding amount of corporate loans rose 5.4% year-on-year mainly driven by growing specialised finance loans (CZK 167.8 billion, +9.4% year-on-year) while decreased in plain vanilla financing (CZK 65.2 billion, -1.2% year-on-year) and credit replacing bonds (CZK 4.4 billion, -25.1% year-on-year). SME loans increased by 9.7% year-on-year thanks to growing core SME lending (micro, small and mid-sized companies). Outstanding amount of Leasing increased by 8.4% year-on-year and factoring by 6.4% year-on-year.

Deposits received from other than credit institutions increased to **CZK 1,612.4 billion**. This represents a 17.9% increase year-on-year driven by the growth of amounts on repo and other deposits and savings deposits, while current accounts, term deposits and building saving deposits decreased year-on-year.

Deposits received from other than credit institutions CZK bn	2025	2024	Y/Y change (%)
Current accounts and overnight deposits	610.2	620.0	-1.6
Term deposits	198.8	231.3	-14.0
Savings deposits	510.4	446.9	+14.2
of which savings deposits excluding building savings deposits	411.8	341.6	+20.5
of which building savings deposits	98.6	105.2	-6.3
Repo and other deposits	293.0	69.7	+>100
Total deposits	**1,612.4**	**1,367.8**	+17.9

Total assets under management increased by 12.7% year-on-year to **CZK 464.4 billion**. Mutual funds increased by 15.3% year-on-year thanks to positive performance and net inflows. The volume of savings in pension funds increased by 12.6%.

Assets under management and assets under distribution CZK bn	2025	2024	Y/Y change (%)
Pension funds	82.9	73.6	+12.6
Mutual funds	319.9	277.4	+15.3
Other AM	61.6	61.3	+0.6
Total AUM	**464.4**	**412.2**	+12.7

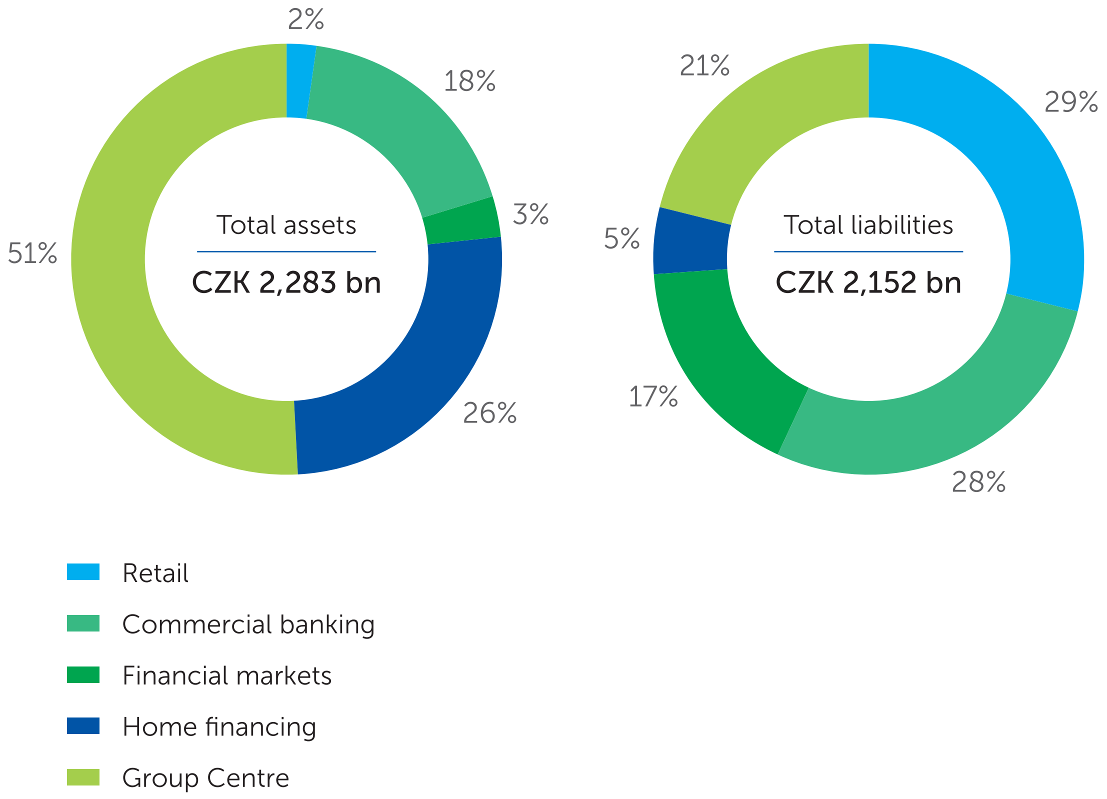
Market Position

The ČSOB group held 20% share of the market for banking products (average of loans and deposits) and 23% for investment funds. ČSOB Pojišťovna held nearly 10% for insurance.

Segment View

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

Total assets and liabilities by reported segments



Retail

Retail segment represented 2% of ČSOB group's assets and 29% of its liabilities as at 31 December 2025.

Retail clients comprise private individuals and entrepreneurs, except for private banking customers that are reported as a part of Commercial banking. This segment contains customers' deposits, consumer loans, overdrafts, payment solutions including payment cards and other transactions and balances with retail customers.

The ČSOB group provides retail clients with a broad range of financial products and services addressing their everyday financial needs. The Group continuously develops its retail offering with a focus on accessibility, simplicity and responsible client service. Emphasis is placed on digital solutions and advisory support that assist clients in managing their personal finances across different life stages.

The combination of a comprehensive product range and a diversified distribution model enable the ČSOB group to provide retail banking services across key areas such as payments, savings, lending and long-term financial planning.

Retail clients are served through digital channels, including internet and mobile banking (ČSOB Smart), complemented by a network of branches and Czech post outlets. Ongoing enhancements to digital platforms support secure and efficient management of daily banking activities, including payments, savings and financing, while maintaining access to personal assistance where required.

In addition to banking services, the ČSOB group provides access to selected insurance and long-term savings solutions for retail clients through its group arrangements, allowing clients to address multiple financial needs within a single service framework.

Home Financing

Home financing segment represented 26% of ČSOB group's assets and 5% of its liabilities as at 31 December 2025.

Home financing segment comprises housing-related financing products, including mortgages, building savings and building saving loans, supporting the acquisition, construction and renovation of residential property. The segment focuses on long-term housing needs of households, combining financial solutions with advisory services and related Group products.

A key feature of the Home financing segment is the advanced digitalisation of mortgage processes. Clients can complete and manage key stages of the mortgage journey remotely through digital tools, including online mortgage administration and fully paperless documentation supported by qualified electronic signatures based on Bank ID. These digital solutions are complemented by a specialised distribution model, combining digital channels with expert advisory support to ensure both efficiency and specialised client service.

Commercial Banking

Commercial banking segment comprised 18% of ČSOB group's assets and 28% of its liabilities as at 31 December 2025.

Commercial banking segment includes corporate, SME and micro companies, private banking customers, and 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, micro companies and private banking customers.

The ČSOB group provides SME and corporate clients with a comprehensive range of financial and advisory services. These include bank accounts, payment and cash pooling services; deposit and investment products; financing of operational needs; currency and interest risk management solutions; specialised financing; financing supported by EU programmes; acquisition and project financing; and digital transactional systems.

ČSOB further strengthened its service offering by expanding specialised financing and advisory capabilities, with a strong focus on sustainability and sector-specific needs. During the year, the Group broadened its portfolio of green and transition financing solutions, complemented by ESG advisory and tools supporting carbon-footprint measurement.

The breadth of the product offering, combined with an extensive distribution network, has enabled the ČSOB group to position itself as a key service provider in selected product areas, including cash management, acquisition, export finance, real estate finance and many others.

For its business clients, ČSOB offers Company Electronic and Mobile Banking (CEB and CEB Mobile), including biometric authentication solutions to support business mobility. Continuous enhancements to the CEB platform enable corporate or SME clients to manage accounts, user access rights and day-to-day financial operations more independently and efficiently through intuitive digital tools.

ČSOB also provides a range of products and services for institutional clients. This offer includes standard banking products tailored to institutional requirements, as well as specialised services in cash management, securities custody and fund depository services.

Financial Markets

Financial markets segment represented 3% of ČSOB group's assets and 17% of its liabilities as at 31 December 2025.

Financial market 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.

Group Centre

Group centre comprised 51% of ČSOB group's assets and 21% of its liabilities as at 31 December 2025.

Group centre segment consists of positions and results of Asset Liability Management (ALM), the Group's yield on equity consisting of an interest charge on capital provided to subsidiaries which are a part of the Commercial banking and Home financing segment, the results of the reinvestment of free equity of ČSOB and items not directly attributable to other segments.

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

Insurance

As of 31 December 2025, **ČSOB Pojišťovna reached a 9.5% market share** in gross written premium (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 2025, ČSOB Pojišťovna had 1.434 million clients, comprising of individuals and business entities (including SMEs 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)	2025	2024	Y/Y change (%)
Single life insurance	1,529	1,032	+48.2
Regular life insurance	4,152	3,881	+7.0
Life insurance total	**5,681**	**4,913**	+15.6
Non-life insurance total	**14,582**	**12,826**	+13.7
Total	**20,263**	**17,739**	+14.2

ČSOB's bank-insurance approach is delivering numerous commercial synergies. For example, around seven out of ten ČSOB group clients who took out home loans with the bank in 2025 also purchased home insurance from the Group. There was a further increase of 2% in the number of clients who hold at least one banking product and one insurance product from the Group companies (i.e. bank-insurance clients) in 2025, while the number of clients with at least two banking and two insurance products from the Group companies (i.e. stable bank-insurance clients) even went up by 6%. At year-end 2025, bank-insurance clients accounted for 81% of the business unit's active clients (clients with a current account into which their income is regularly paid), while the number of clients with at least two banking and two insurance products from the Group (i.e. stable bank-insurance clients) made up 18% of active clients.

Glossary of Financial Ratios and Terms

Items are listed in alphabetical order.

(CZKm, unless otherwise stated)	Reference	Calculation	2025	2024
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	115,381	100,241
		B: Eligible liabilities	63,444	57,138
		C: Total exposure measure	2,392,012	2,055,475
		(A+B)/C	7.48%	7.66%
Available MREL as a % of RWA (MREL ratio)				
According to European Directive and Regulation (CRD / CRR).	Note 43	A: Total capital	115,381	100,241
		B: Eligible liabilities	63,444	57,138
		C: Risk weighted assets	569,966	487,579
		(A+B)/C	31.4%	32.3%

(CZKm, unless otherwise stated)	Reference	Calculation	2025	2024
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	115,381	100,241
		B: Risk weighted assets	569,966	487,579
		A/B	20.2%	20.6%
(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	115,082	100,241
		B: Risk weighted assets	569,966	487,579
		A/B	20.2%	20.6%
Cost / income ratio				
The relative cost efficiency (costs relative to income) of the Group.	Consolidated income statement	A: Operating expenses	23,623	23,493
		B: Operating income	48,383	45,109
		A/B	48.8%	52.1%
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	23,623	23,493
		B: Banking taxes	590	1,007
		C: Operating income	48,383	45,109
		(A-B)/C	47.6%	49.8%
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	-1,109	858
		B: Average of Credit portfolio	1,092,107	1,004,510
		-A/B	0.10%	-0.09%
Digital / Mobile banking 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	1,612,409	1,367,805
Leverage ratio				
According to European Directive and Regulation (CRD / CRR).	Note 43 Based on internal calculation	A: Tier 1 capital	115,082	100,241
		C: Total exposure measure	2,392,012	2,055,475
		A/B	4.81%	4.88%
Liquidity coverage ratio				
Detail in Note 42.3 'Liquidity risk and funding management'.				

(CZKm, unless otherwise stated)	Reference	Calculation	2025	2024
Loan-to-deposit ratio				
	Note 19, 20, 29	A: Loans and advances	1,805,950	1,468,344
		B: Central banks	751,284	510,759
		C: Credit institutions	3,041	2,811
		D: Finance lease receivables	14,447	12,522
		E: Deposits received from other than credit institutions	1,612,409	1,367,805
		F: Repo transactions	284,450	59,500
		G: Pension funds clients deposits	8	27
		(A-B-C+D)/(E-F-G)	80.3%	73.9%
Loan portfolio				
The outstanding gross amount.	Note 42.2 (page 162)	A: Total credits (outstanding gross amount)	1,073,223	980,901
		B: Other	12,318	1,688
		A-B	1,060,905	979,213
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	32,750	30,752
		B: Average of interest-bearing assets	1,342,981	1,252,211
		A/B * 360/365	2.41%	2.42%
Net stable funding ratio (NSFR)				
Detail in Note 42.3 'Liquidity risk and funding management'.				
NPL (non-performing loans) ratio				
The share of non-performing loans (Defaulted assets PD 10-12) in Total credit portfolio.	Note 42.2 (page 172)	A: Defaulted assets (PD10-12)	14,693	13,958
		B: Total credit portfolio	1,133,639	1,034,891
		A/B	1.30%	1.35%
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 Based on internal calculation	A: Profit for the year attributable to owners of the parent	19,844	18,908
		B: Average of Total assets	2,219,106	1,965,928
		A/B	0.89%	0.96%
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 Based on internal calculation	A: Profit for the year attributable to owners of the parent	19,844	18,908
		B: Average of Parent shareholders' equity'	122,290	113,240
		A/B	16.2%	16.7%
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 privatised – 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.
2026	On 10 February 2026, ČSOB Leasing completed the acquisition of Business Lease, s.r.o. This acquisition strengthens the ČSOB group's position in the operating leasing market in the Czech Republic.

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 organised 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 recognised 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, specialised services (leasing and factoring) and services related to trading equities on financial markets.

With total assets of CZK 2,283.2 bn as at 31 December 2025 and a total net profit of CZK 19.8 bn in 2025 **the ČSOB group is one of the top three banking groups in the Czech Republic**. As at 31 December 2025, the ČSOB group had CZK 1,612 bn of group deposits and a loan portfolio of CZK 1,061 bn.

ČSOB Group in Figures

	31. 12. 2025	31. 12. 2024
ČSOB group's clients (mil.)	**4.291**	**4.278**
Digital clients [1]	1.846	1.759
– of which Mobile banking clients	1.577	1.451
ČSOB branches (bank only)	**197**	**198**
– of which Retail/SME branches	178	179
– of which Private Banking branches	11	11
– of which Corporate branches	8	8
ČSOB Pojišťovna branches	**86**	**93**
ČSOBS advisory centers	**199**	**210**
Leasing branches	**14**	**14**
PSB outlets of the Czech Post network	**ca. 1,800**	**ca. 2,000**
– of which specialised banking counters	249	228
Czech Post franchise outlets	**ca. 1,100**	**ca. 1,000**
ATMs [2]	**1,034**	**1,036**
– of which contactless	1,034	1,034
– of which deposit	377	370
– of which customised for visually impaired clients	1,025	1,023
Employees (FTEs at the end of period)	**8,240**	**8,125**
– of which the Bank	7,274	7,144

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

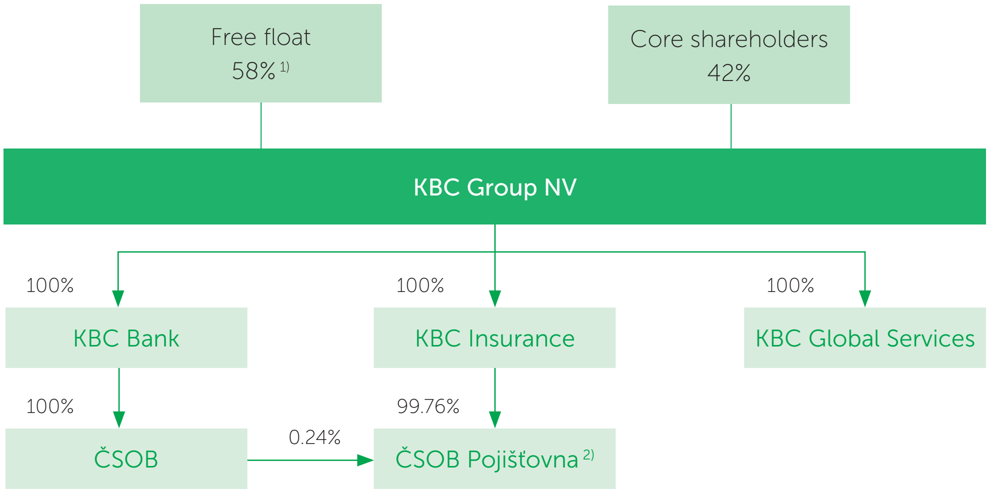
ČSOB is a wholly-owned subsidiary of KBC Bank NV, whose shares are held by KBC Group NV. KBC Bank and KBC Group are both based in Brussels, Belgium.

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 2025, the KBC Group served 13 million clients in its home markets, and employed approximately 40,000 employees, over 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 2025)



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. 2025	31. 12. 2024
Total assets	EURbn	397.4	373.0
Loans and advances to customers (excl. reverse repos)	EURbn	208.6	192.1
Deposits from customers (excl. repos)	EURbn	237.9	228.7
Net profit	EURm	3,568	3,415
Common equity ratio (as of 2025: Basel IV, fully loaded, unfloored)	%	14.9	15.0
Cost / income ratio	%	41	43

Long-term ratings (as at 31 December 2025)

	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 specialised 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 2025.

ČSOB is also a controlling entity. For information on companies controlled by ČSOB as at 31 December 2025 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

A considerate approach in all our activities has long been an integral part of ČSOB's corporate social responsibility. This commitment is evidenced by previously published Annual Reports and Corporate Social Responsibility Reports, prepared for the professional audiences, investors, employees, business partners, clients, non-profit organisations and society at large. A more detailed overview of Group-wide ambitions and achieved results is available in the consolidated KBC Annual Report and the KBC Sustainability Report.

Sustainability Report – Exemption for Subsidiaries

The Company is exempt from the obligation to publish a sustainability report or a consolidated sustainability report, as the relevant information is included in the consolidated sustainability report of its ultimate parent company, KBC Group NV, with its registered office at Havenlaan 2, 1080 Brussels, Kingdom of Belgium.

The consolidated sustainability report of the KBC Group, including the assurance statement, forms part of the KBC Group Annual Report for 2025 and is available on the Annual Reports section of the KBC Group website.

Responsibility from the Bank's Perspective

- Reducing negative impacts on society by strictly complying with binding policies and legal regulations in the areas of human rights, environmental protection, promotion of business ethics and the handling of controversial social issues, as well as by reducing its own carbon footprint.
- Increasing positive impacts on society in areas where, through our influence and daily operations, we can contribute to positive change. This includes environmentally friendly solutions in housing, mobility, investments and advisory services for households and companies.
- Acting responsibly towards external stakeholders and employees, while supporting employees in adopting responsible behaviour in their daily work.

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

For Nature

The ČSOB group manages natural resources responsibly. Our buildings in Prague and Hradec Králové rank among the most environmentally friendly buildings in the country and among the greenest in Europe, as confirmed by the LEED Gold (Prague – NHQ) and LEED Platinum (Prague – SHQ and Hradec Králové – HHQ) certifications. We procure electricity exclusively from renewable sources and continuously reduce the energy intensity of branches and headquarters through modern heating and cooling solutions using geothermal energy, as well as autonomous lighting control systems.

For Education

Since 2016, our employees – ambassadors of financial literacy – have been visiting schools across the Czech Republic, using an engaging and interactive approach to teach pupils and students how to manage their finances. Practical examples demonstrate how to deal with everyday financial situations. Educational programmes can also be delivered outside schools, for example in ČSOB buildings or science centres. Participation is free of charge for schools. We do not promote the ČSOB brand or products, but rather the idea of education. By the end of 2025, 651 ambassadors had registered, delivering a total of 8,441 teaching hours to 139,774 pupils and students across 1,710 schools. This activity is followed by the ČSOB Filip application, which is designed as a guide to the world of finance for children. It presents real-life situations on the path to adulthood and, in addition to financial topics, also explains the areas of Online Environment and Ecology in a clear and accessible way.

Thanks to accreditation from the Ministry of Education, Youth and Sports obtained in 2019 for training lower secondary and upper secondary school teachers, we can support teachers in delivering financial education even more effectively. Graduates receive a certificate recognised as continuing professional development under the relevant ministerial programmes. In addition, in 2025 we launched the **Penězověda** educational portal for teachers and parents, focused on supporting financial literacy among children and young people.

For Entrepreneurs

The ČSOB group supports environmentally friendly entrepreneurship and works with clients to identify more sustainable solutions tailored to their needs.

Both start-ups and established entrepreneurs can use our portal **www.pruvodcepodnikanim.cz**, which helps them navigate applicable rules and legal requirements. Timely access to reliable information presented in a clear and comprehensible format is key to business success.

We place particular emphasis on supporting women entrepreneurs – not only during business start-up, but throughout their entrepreneurial journey and in overcoming potential social barriers. In 2025, we once again became a partner of the **Czech Women Entrepreneurs Awards** and introduced the category Exceptional Woman Entrepreneur during the 18th edition of the competition.

Through the **Start it @ČSOB** accelerator programme, we primarily support B2B technology start-ups entering the go-to-market phase. We help start-ups avoid common pitfalls and provide mentoring and workshops in key start-up areas. Programme participants also receive up to four workstations at the ČSOB headquarters for the entire duration of the company's existence, as well as international support from the GAN – Global Accelerator Network, facilitating potential expansion into foreign markets. In 2025, we supported 20 start-ups out of a 128 in total.

For Longevity

Within the For Longevity pillar, ČSOB focuses on seniors and individuals preparing for this life stage, while also supporting the so-called sandwich generation, who care both for children and aging parents. We also support people with physical, visual or hearing disabilities.

ČSOB serves more than 1 million clients aged 65 and over. Seniors and clients with disabilities are offered a wide range of preferential products and services, including free one-off payment orders at branches or post offices, free monthly cash delivery to a selected address, free establishment of standing orders and direct debits, and an unlimited number of paper-based standing instructions without fees. Our call centre operates a dedicated **Senior Line**, which automatically identifies clients over the age of 70 and connects them with specially trained operators. In 2025, this line handled 88,000 calls, representing nearly 1,700 calls per week.

ČSOB operates a nationwide network of branches and, in cooperation with Czech Post counters, is the largest provider of barrier-free banking and insurance services in the Czech Republic. In cooperation with the Czech Paraplegics Association (CZEPA), we verify the actual accessibility of our branches. Digital accessibility of applications and websites is tested by employees using assistive technologies, and for hearing-impaired clients we provide online speech-to-text transcription at branches and on a dedicated information line.

Philanthropy at ČSOB and partnerships with non-profit organisations in 2025

Supporting philanthropy, developing individual giving among clients and employees, and connecting the business sector with the non-profit sector are integral to ČSOB's corporate social responsibility agenda.

Our key non-profit partners include: Výbor dobré vůle – Olga Havel Foundation, Sue Ryder Home, Mathilda Foundation, Safety Line, Charter 77 Foundation – Konto Bariéry, as well as People in Need, Financial Distress Counselling Centre, Neratov Association, Czech Paraplegics Association, Rozum a Cit Foundation and many others. We also cooperate with Forum of Donors and Business for Society, which focus on the development of CSR and philantropy in the Czech Republic.

Most significant socially responsible projects

ČSOB Helps Regions

Our largest grant programme, ČSOB Helps Regions, supports non-profit projects focused on community development and improving quality of life across the Czech Republic. The year 2025 marked the most successful year to date, with 138 projects supported by grants totalling CZK 10 million from public donations and the Bank's contribution. Over the 13 years of the programme, more than CZK 109 million has been distributed.

Education Fund

Established in 1995 in cooperation with the Olga Havel Foundation, the Education Fund supports talented students from secondary schools, higher vocational schools and universities who face health or social disadvantages. By the end of 2025, 1,422 students had received scholarships or one-off education grants. In total, more than CZK 47 million has been distributed.

Volunteering

Through the corporate volunteering programme ČSOB – Helping Together, each employee may dedicate one working day per year to volunteering or professional consulting for a non-profit organisation of their choice. In 2025, 2,381 volunteers contributed 16,291 hours to 116 non-profit organisations.

Together with ČSOB

The Together with ČSOB Matching Fund is designed to support individual charitable giving by our employees. Any employee may apply for a contribution to support their chosen non-profit organisation or charitable project. To do so, employees organise a fundraising campaign via the www.darujspravne.cz platform in support of their selected cause, optionally combined with a fundraising event, and involve fellow colleagues and members of the wider community. The Bank matches the amount raised, up to a maximum of CZK 30,000 per project. Since the launch of the fund in 2015, a total of 196 projects have been supported with combined funding of CZK 12.5 million – of which CZK 7.8 million was raised by employees together with the public, while ČSOB contributed CZK 4.7 million. In 2025 alone, 13 projects were supported, with total contributions amounting to CZK 1.5 million.

Goodwill Card

In cooperation with the card association Mastercard, ČSOB also supports individual charitable giving within the Private Banking segment. Through the special debit Goodwill Card, ČSOB Private Banking clients can contribute to charitable causes. Clients determine the amount of their voluntary contribution, which is donated from each card transaction to support children and adults facing serious health challenges. ČSOB and Mastercard provide additional funds, and as a result, a total of CZK 27.3 million has been donated through the Goodwill Card since its introduction, including CZK 1.9 million in 2025.

Premium Card

A payment card with a charitable feature is also available to clients in the Premium segment. Proceeds from card usage contributions are directed to the breeding and training of guide dogs. In addition to client contributions, ČSOB and the card association Mastercard each donate a matching amount, thereby tripling the total contribution. We cooperate with our long-standing non-profit partner, the Mathilda Foundation, an internationally recognised expert in the training of guide dogs. By the end of 2025, support for the training of guide dogs exceeded CZK 11 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, 3,922 clients use this service. In 2025, they contributed CZK 5,4 million to non-profit organisations through this service. In total, non-profit organisations have already received CZK 13,5 million during the lifetime of the product.

Awards in Corporate Social Responsibility Area for ČSOB in 2025

Forum of Donors Awards:

1st place – Communication Campaign for the Penězověda project

1st place – Annual Report for the ČSOB Group Corporate Social Responsibility and Sustainability Report 2024

1st place – Employee Fundraising Campaign for the SOS Floods Fundraiser

Business for Society:

1st place – TOP Responsible Large Company (rating: 98.8)

2nd place – Environment for the ČSOB Water Responsibility Fund

The TOP Responsible Leader in Sustainable Development title was awarded to Blanka Beranová, Executive Director for Sustainability

Mastercard Bank of the Year 2025:

2nd place – Bank Without Barriers

2nd place – Responsible Bank of the Year

Further information is available in the ČSOB Group Sustainability Report 2025 and at www.csob.cz/csr.

Diversity

ČSOB supports diversity in a broad context, creates an 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's commitment and motivation. **ČSOB aims to use the potential and best talent of all our employees**. We create equal opportunities regardless of 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 has long been one of our priorities – 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 jointly 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.

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, 2025: 38%), but also in comparison of women's and men's wages ("gender pay gap" 2015: 6%, 2025 2.6%).

2. **Programme for parents:** we support parents of small children in returning from parental leave earlier. We offer access to childcare groups as well as a childcare allowance. Before returning to work, parents may participate in the Parent Academy, and through the Dads' Academy, we also emphasize the active role of fathers.

3. **Age diversity: Programme 55+** – experience is an advantage, we have expanded our offer for digital skills and workshops focused on balance and wellbeing.

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.

5. **Support for colleagues experiencing domestic 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 organisation Business for society
- non-profit organisation 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 organisation
- non-profit organisation Czechitas
- the project #Finženy
- in 2023, we became the first banking institution to sign the Charter against the home violence

Activities in 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 2025, we have just under 38% female representation in middle and lower management positions. In 2025, 24 new female colleagues completed the Authentic Leadership programme, and we also continued to develop the Women Connect community, which enables Authentic Leadership programme graduates to inspire one another. We are also pursuing development activities through external platforms such as the #Finženy Forum and the Inspire & Impact Network. In 2025, our female colleagues were inducted into the #Finženy Hall of Fame and ranked among the 131 most inspiring women in the financial sector for 2026. We are gradually succeeding in reducing the gender pay gap, which currently stands at around 2.6%.

2. Programme 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 programme 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 programme 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 an employment agreement, either at the original department or at a different department within the Bank.
- Individual consultations with the gestor of the Programme (employment law, career consultancy, return to work execution, job search support, 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 for parents through workshops for both mothers and fathers, helping them navigate parental roles, build healthy family relationships, and offering practical tips for everyday parenting.
- Support the role of fathers through the Dads' Academy and thematic workshops.

In 2025, we organised two rounds of the Parent Academy – one in person and one online – with a total of 32 parents participating over the past year. The programme will continue in 2026. The Dads' Academy was held twice in 2025 in an in person format, attended by 24 fathers, and in 2026 we will continue with one round. In 2025, we also offered workshops for both mothers and fathers focused on navigating parental roles, building healthy family relationships, and providing practical tips for everyday parenting.

Since 2017, we have operated the ČSOB Sluníčka childcare group at our Prague headquarters, whose capacity was significantly increased in 2024, and since 2021 we have built childcare group in Hradec Králové. Parents can get childcare allowance covering up to 75% of the costs of kindergarten, nursery care or a nanny when working during or instead of parental leave. At ČSOB, nearly 20% of parents return to work earlier than after the usual three years, and overall, 87% of parents return to us – representing hundreds of qualified employees who would be difficult to replace on the labour market.

3. Age diversity: Programme 55+ - Experience is an advantage

We are pleased to continue in developing our successful 55+ Programme – Experience is an Advantage, which leverages the expertise of senior colleagues and connects them with younger employees in mentoring roles. The programme strengthens age diversity, supports team stability, and helps reduce pressure, stress, and the risk of burnout. In 2025, we expanded the offer to include digital skills and workshops focused on stress management and overall wellbeing, all delivered online to enable colleagues from across the regions to participate.

4. Support for the disabled colleagues

In 2025, we further strengthened our support for colleagues with disabilities and advanced our inclusion initiatives. We organised a Living Library and a conference on the inclusion of people with disabilities in the labour market, and published awareness-raising intranet articles on coming out, disability ambassadors, and benefits available to colleagues with disabilities. All job advertisements continue to be marked as "suitable for people with disabilities". We also continued to share examples of good practice and to offer workshops for managers. Together with Kolibřík, we operate the Diversity Point, and we served as the main organiser of the Golden Dragonfly (Zlatá vážka) awards. In 2025, we also joined a research project with the STEM agency focused on tracking changes in attitudes towards employing people with disabilities; the project is conducted in the Czech Republic, Slovakia and Austria and is led by a group of self-advocates from among people with disabilities. Approximately 30 employees participated, one-third of whom were managers.

5. Support for colleagues experiencing domestic violence

As part of our commitment to preventing and maintaining zero tolerance for domestic violence — a commitment we confirmed by signing the Charter Against Domestic Violence in 2023 — we continued in 2025 to strengthen both awareness and practical support for employees. The internal directive allows employees to take additional leave, access psychological care, contact trained internal coaches, or request financial assistance. Our CEO, Aleš Blažek, is one of the public faces of the "Stop Violence" campaign, and we address the topic through awareness-raising activities — for example, via a campaign during the International Day for the Elimination of Violence Against Women or a launch of an e-learning course titled "How to Recognize Domestic Violence". These activities help us better understand the needs of our people and strengthen a safe working environment built on trust and support.

6. LGBTQ+ support

In the area of LGBTQ+ inclusion, we carried out a number of activities in 2025 aimed at supporting equal opportunities, a safe environment, and an open corporate culture. We continued to fulfil the commitments arising from the Pride Business Forum memorandum and we continue to provide leave for marriages with a partner from abroad, paternity leave also in the case of adoption, and leave for accompanying a partner's child to a medical appointment. A strong role is played by our long-standing PROUD group, bringing together LGBTQ+ colleagues and their allies. The group organises seminars, webinars, and informal gatherings, and inspired KBC to establish Proud@KBC in 2021. We are the general partner of the counselling organisation S barvou ven, with whom we also participated in the Prague Pride festival, and we supported its counselling activities throughout the year. Together with prg.ai, we hosted an event dedicated to AI and diversity. For our long-term efforts, we received the LGBTQ+ Friendly Employer bronze medal, confirming our commitment to creating a respectful and safe working environment for everyone.

Awards in diversity area for ČSOB in 2025

3rd place in the main category of the LGBTQ+ Friendly Employer 2025 awards

2nd place in Mastercard Bank of the Year, Bank Without Barriers

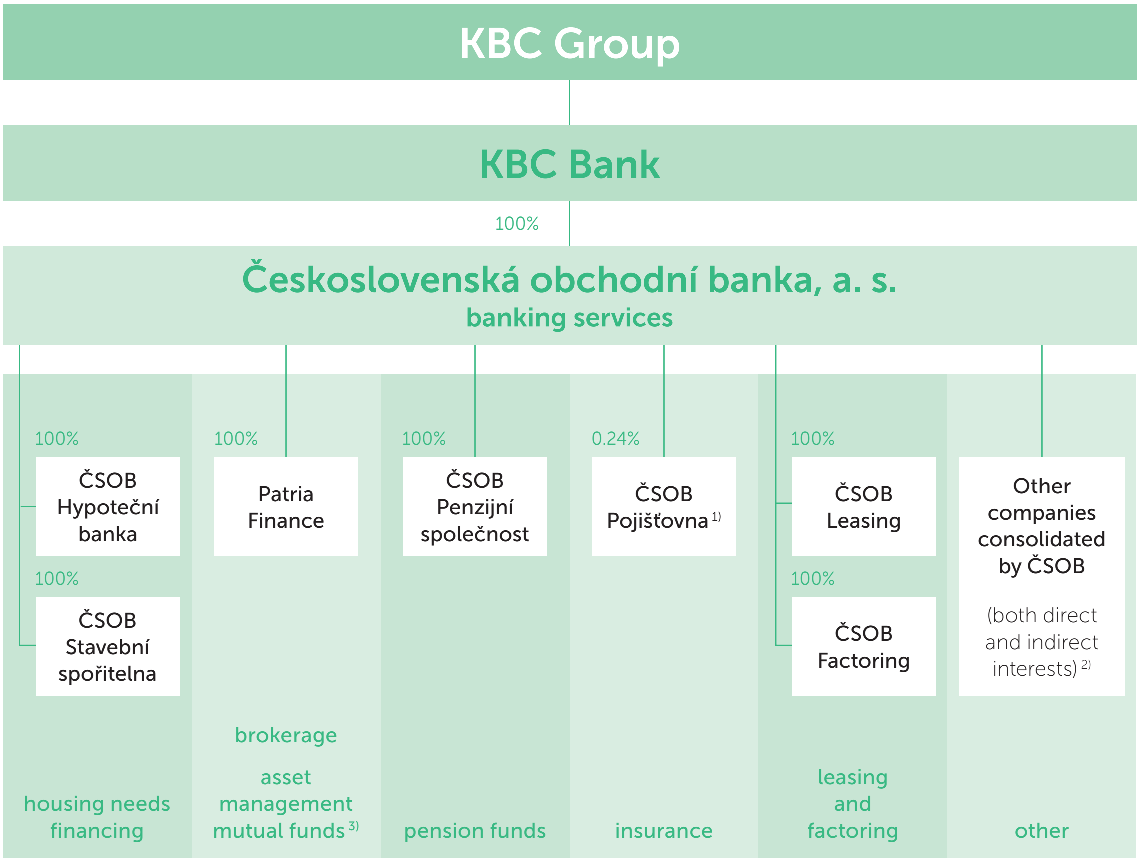
COMPANIES OF THE ČSOB GROUP

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 2025, ČSOB had ownership interests in 38 legal entities and, in addition to ČSOB, other 32 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 2025.

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 (EU IFRS, unaudited)		2025	2024
Total assets	CZKm	472,121	432,071
Loans and advances to customers	CZKm	462,141	422,287
Total equity	CZKm	66,255	59,187
Profit for the year after tax	CZKm	2,195	2,126
Total volume of new mortgage loans (according to the Ministry of Regional Development; CZ)	CZKm	94,421	63,297

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 is focusing financing sustainable housing and digitalisation.

The Czech housing loan market volume-wise increased strongly in 2025, with domestic banks issuing CZK 382 billion (according to Hypomonitor), an increase of 50% Y/Y.

In 2025, ČSOB Hypoteční banka provided clients with mortgage loans in the amount of CZK 94 billion. 44% 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 (EU IFRS, unaudited)		2025	2024
Total assets	CZKm	124,747	120,549
Volume of loans and bridging loans (Retail)	CZKm	121,032	117,297
Volume of client deposits	CZKm	98,911	106,263
Total equity	CZKm	10,879	9,669
Profit for the year after tax	CZKm	1,174	1,213

Advisory centers	199	210
Tied agents	1,355	1,275

ČSOB Stavební spořitelna (ČSOBS) maintains its position as the leading building society in the Czech Republic, with the largest total balance sheet amounting to CZK 124.7 bn.

In 2025, ČSOBS provided the highest number of building savings contracts on the market (128 thousand new contracts, representing 29.3% market share) and was the largest provider of new building savings loans, totaling CZK 21.3 bn (a 31.6% market share), of which CZK 3.2 bn were loans co-financed by the government. This represents a year-on-year increase of 78% in the volume of new loans.

ČSOBS serves 760 thousand clients with building savings or building savings loans and additional 214 thousand clients with ČSOB group products.

Compared with 2024, ČSOBS's net profit decreased by CZK 40 m driven by lower net interest income, lower net fee and commission income, and a negative development of impairment losses (compared to release in 2024). These effects were partly offset by higher other income (compared with a loss from sold bonds and prematurely terminated related swaps in 2024) and lower operating expenses (mainly depreciation). The cost / income ratio improved significantly year-on-year, from 49.1% to 41.7%.

Patria Finance, a.s.

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

PATRIA FINANCE

Contact

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

Indicator (EU IFRS, unaudited)		2025	2024
Profit for the year after tax	CZKm	472	477
Number of orders realised through personal brokers and the online trading platform MobileTrader and WebTrader	ths	995	660
Number of clients	ths	94	81

Patria Finance, engaged in securities trading and brokerage in the Czech Republic, Hungary and the Slovak Republic serves over 94 ths. clients, administering almost CZK 135 bn client assets.

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

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 (EU IFRS, unaudited)		2025	2024
Funds registered in favour of participants of the Transformed fund Stabilita*	CZKm	35,115	40,260
Participant funds in participation funds*	CZKm	47,741	33,307
Profit for the year after tax	CZKm	463	441

** Unconsolidated*

Customers	ths	570	580

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

In 2025, the company held a third-place position in the Czech pension fund market, serving almost 570 thousand clients with Assets Under Management (AUM) of CZK 83 bn. Clients across all funds managed by ČSOB Penzijní společnost experienced positive returns in 2025.

In 2025, ČSOB Penzijní společnost enabled its clients to use new online processes that allow them to change their investment strategy and transfer their Pension Insurance to Supplementary Pension Savings using Bank ID SIGN, fully digitally. The company also provided clients with the ability to find answers to frequently asked questions more quickly through a new navigation hub.

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

Contact

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

Indicator (EU IFRS, audited)		2025	2024
Total assets	CZKm	43,812	42,750
Total equity	CZKm	9,445	8,109
Profit for the year after tax	CZKm	2,919	2,654
Gross written premium life insurance	CZKm	5,681	4,913
Gross written premium non-life insurance	CZKm	14,582	12,826

Branches		86	93
Customers, comprising individuals and business entities, including small and medium-sized businesses, as well as large corporations	ths	1,434	1,353

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 2025, ČSOB Pojišťovna net profit reached CZK 2,919 m, driven by positive business results. Gross written premium reached CZK 20.3 bn. Market share increased to 9.5% in 2025.

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

Contact

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

Indicator (EU IFRS, unaudited)		2025	2024
Total assets	CZKm	59,787	55,093
Amounts due from clients (gross)	CZKm	57,878	53,414
Total equity	CZKm	10,282	9,342
Profit for the year after tax	CZKm	695	746
Volume of new leasing business*	CZKm	25,047	23,159

** According to methodology of Czech Leasing and Financial Association (ČLFA); Initial debt (= amount of funds lent)*

Branches	14	14

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 2025, ČSOB Leasing built on its previous achievements and once again confirmed its strong position in the market. In the Zlatá koruna competition, we won 1st place in the Leasing category for our Car Loan with the Auto-Moto Benefits Catalogue, which offers customers attractive perks and a convenient digital service. We also received the Bronze Crown for our Flexible Operational Leasing, a modern solution that makes clients' lives easier thanks to a smart package of car-care services and maximum mobility without worries.

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 (EU IFRS, unaudited)		2025	2024
Total assets	CZKm	6,523	6,119
Amounts due from clients (gross)	CZKm	6,855	6,443
Total equity	CZKm	1,219	1,130
Profit for the year after tax	CZKm	130	141
Turnover of receivables	CZKm	54,820	47,740

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 2025, the volume of receivables assigned to ČSOB Factoring increased by 14.8% to CZK 54.8 bn.

Companies of the ČSOB Group *(as at 31 December 2025)*

According to EU IFRS

Legal Entity				Share of ČSOB in:					
ID No.	Business Name 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	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.** 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	14,576,560	100.00	100.00	none	100.00	none	Y
07093331	**Skip Pay s.r.o.** 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	100.00	100.00	none	100.00	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				Share of ČSOB in:				Indirect Share of ČSOB via	Cons. EU IFRS
ID No.	Business Name Business Activities	Registered Office	Registered Capital	Registered Capital			Voting Rights		
				Total	Direct	Indirect			
			CZK	%	%	%	%		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	5,140,246,522	62.14	62.14	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	62.14	none	62.14	100.00	ČSOB Nemovitostní	Y
53149262	Patria Park Piešťany s.r.o. Activities of trusts, funds and similar financial entities	Bratislava, Laurinská 18	121,225	62.14	none	62.14	100.00	ČSOB Nemovitostní	Y
53264096	Patria RP Bytča Activities of trusts, funds and similar financial entities	Bratislava, Laurinská 18	121,225	62.14	none	62.14	100.00	ČSOB Nemovitostní	Y
11742861	Patria RP Humpolec Activities of trusts, funds and similar financial entities	Praha 5, Výmolova 353/3	15,000	62.14	none	62.14	100.00	ČSOB Nemovitostní	Y
11742968	Patria RP Lipník Activities of trusts, funds and similar financial entities	Praha 5, Výmolova 353/3	15,000	62.14	none	62.14	100.00	ČSOB Nemovitostní	Y
53889126	Patria RP Zvolen I Activities of trusts, funds and similar financial entities	Bratislava, Laurinská 18	43,641,000	62.14	none	62.14	100.00	ČSOB Nemovitostní	Y
51411857	Patria RP Zvolen II Activities of trusts, funds and similar financial entities	Bratislava, Laurinská 18	16,001,700	62.14	none	62.14	100.00	ČSOB Nemovitostní	Y
07086253	Patria Na Poříčí s.r.o. Activities of trusts, funds and similar financial entities	Praha 5, Výmolova 353/3	500,000	62.14	none	62.14	100.00	ČSOB Nemovitostní	Y
51411857	Patria Offices Karlín s.r.o. Activities of trusts, funds and similar financial entities	Praha 5, Výmolova 353/3	500,000	62.14	none	62.14	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 1) 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. 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

Legal Entity				Share of ČSOB in:					Cons. EU IFRS
ID No.	Business Name Business Activities	Registered Office	Registered Capital	Registered Capital			Voting Rights	Indirect Share of ČSOB via	
				Total	Direct	Indirect			
			CZK	%	%	%	%		Y/N
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
14029294	**Ownest, s.r.o.** Preparatory and finishing works, specialised 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) Shares in registered capital: ČSOB 0.24%, KBC Insurance 99.76%; shares in voting rights: ČSOB 40%, KBC Insurance 60%.

CORPORATE GOVERNANCE

MANAGING AND SUPERVISORY BODIES

ČSOB's corporate governance is based on the relevant legislation, regulatory requirements, the experience of the KBC Group and the standards and principles of corporate governance issued by the OECD. In its corporate governance, ČSOB also follows the General Guidelines on Internal Governance Systems issued by the European Banking Authority (EBA). ČSOB elaborates these principles, policies and standards in its internal regulations and ensures compliance with them in its daily operations.

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 2025

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 (CEO)
Martin Jarolím	Member	1. 1. 2023	1. 1. 2023	Senior Executive Officer, Retail Banking
Guy Libot	Member	1. 2. 2025	1. 2. 2025	Senior Executive Officer, Group Risk Management (CRO)
Marek Loula	Member	1. 9. 2024	1. 9. 2024	Senior Executive Officer, Technology and Sustainability
Ján Lučan	Member	1. 6. 2021	2. 6. 2025 [2]	Senior Executive Officer, Commercial Banking
Karin Van Hoecke	Member	1. 11. 2025	1. 11. 2025	Senior Executive Officer, Innovation and Daily Banking
Jiří Vévoda	Member	8. 12. 2010	11. 12. 2023 [2]	Senior Executive Officer, Finance, Credits and Operations (CFO)
Michaela Bauer	Member (until 31. 8. 2025)	1. 7. 2021	1. 7. 2021	Senior Executive Officer, Innovation and Operations
Marcela Výbohová	Member (until 31. 1. 2025)	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 2025, members of ČSOB's Top Management were identical with the members of the Board of Directors of ČSOB. Areas of responsibility as of 31. 12. 2025.

For a description of areas of responsibility managed by ČSOB's Board of Directors (Top Management) as at 31 December 2025 please refer to ČSOB's Organisation Chart, page 71 of this Annual Report. Descriptions of work and decision-making processes are given in Corporate

Governance chapter of this Annual Report, page 61. Abbreviated curricula vitae of the members of the Board of Directors can be found on page 53.

The Supervisory Board in 2025

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	–
Christine Van Rijsseghem	Member	1. 6. 2014	3. 6. 2022	–
Graeme Lints Hutchison	Member	1. 1. 2023	1. 1. 2023	-
Ladislava Spielbergerová	Member[3]	1. 1. 2019	2. 1. 2023	–
Josef Čada	Member[3]	2. 1. 2023	2. 1. 2023	–

1) The term in office of the members lasts four years.
2) Chairman since 16 October 2019.
3) Member of the Supervisory Board elected by employees.

The Audit Committee in 2025

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	24. 6. 2019	–

1) Chair since 19 April 2023.

Changes in ČSOB's Managing and Supervisory Bodies in 2025

As of 1 February 2025, changes were made to the composition of the ČSOB Board of Directors. Marcela Výbohová ended her membership, and responsibility for Group Risk Management was assumed by Guy Libot. On 31 August 2025, Michaela Bauer left her position as a member of the Board of Directors, where she was responsible for Innovation and Operations; as of 1 November 2025, this area was taken over by Karin Van Hoecke. As of 1 October 2025, certain responsibilities of the Board of Directors members were adjusted; details are provided in the organisational structure.

Composition of ČSOB's Board of Directors since 1st January 2026

Aleš Blažek (Chairman), Martin Jarolím, Guy Libot, Marek Loula, Ján Lučan, Karin Van Hoecke, Jiří Vévoda

For a description of areas of responsibility managed by ČSOB's Board of Directors (Top Management) since 1 January 2026 please refer to ČSOB's Organisation Chart, page 71 of this Annual Report.

Conflict of Interests

ČSOB hereby declares that it is not aware of any potential conflict of interest 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 MANAGING AND SUPERVISORY BODIES

ČSOB's Board of Directors 2025

ALEŠ BLAŽEK *Born 8 March 1972* Chairman of the Board of Directors Chief Executive Officer (CEO)	Graduate of the master's degree in law at the Faculty of Law of Charles University in Prague. 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 (as of 31 December 2025):* KBC Group (BE), KBC Bank (BE), KBC Insurance (BE), ČSOB Pojišťovna (CZ)
MARTIN JAROLÍM *Born 16 March 1972* Member of the Board of Directors Senior Executive Officer, Retail Banking	He 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 (as of 31 December 2025):* ČSOB Hypoteční banka (CZ), ČSOB Stavební spořitelna (CZ), Patria Finance (CZ), ČSOB Penzijní společnost (CZ), ČSOB Asset management (CZ), Ušetřeno.cz (CZ), Skip Pay (CZ), Igluu (CZ)

GUY LIBOT

Born 1 March 1963

Member of the Board of Directors

Senior Executive Officer, Group Risk Management (CRO)

He graduated from UFSIA (Belgium) in 1985 with a Master's Degree in Applied Economics. In 1988, he gained a Master's Degree in Commercial Engineering again from UFSIA.

Guy Libot's career is marked by a series of international roles within the KBC Group, including leadership positions in KBC Netherlands, KBC Singapore and KBC Los Angeles, Member of the Executive Committee and Head of Credit at Kredytbank Poland, Member of the Executive Committee and Head of Corporate Banking at K&H Hungary. In 2011, he was promoted into the KBC Group Top 40 as Senior General Manager (SGM) Banking Core Communities, followed by SGM Corporate Audit (2013), SGM Shared Services & Operations (2017) and SGM Group Finance (2019). As of 2021, Guy took up the role of Country CEO Hungary. Guy Libot was appointed a member of the ČSOB Board of Directors responsible for Group Risk Management since 1 February 2025.

Membership in bodies of other companies (as of 31 December 2025):
ČSOB Hypoteční banka (CZ), ČSOB Stavební spořitelna (CZ),
ČSOB Pojišťovna (CZ), ČSOB Penzijní společnost (CZ), ČSOB Leasing (CZ),
Patria Finance (CZ), Bankovní informační technologie (CZ), Skip Pay (CZ)

MAREK LOULA

Born 18 February 1974

Member of the Board of Directors

Senior Executive Officer, Technology and Sustainability

He 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 ČSOB Slovakia, responsible for Financial management, Data and IT. Since 1st September 2024, he is a member of the Board of Directors of ČSOB with current responsibility for Technology and Sustainability.

Membership in bodies of other companies (as of 31 December 2025):
Radlice Rozvojová (CZ), Bankovní identita (CZ), Pardubická rozvojová (CZ)

JÁN LUČAN

Born 18 September 1972

Member of the Board of Directors

Senior Executive Officer, Commercial Banking

He 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 on 2 June 2021 was appointed a member of the Board of Directors, currently responsible for Commercial Banking.

Membership in bodies of other companies (as of 31 December 2025):
ČSOB Advisory (CZ), ČSOB Factoring (CZ), ČSOB Leasing (CZ),
Patria Corporate Finance (CZ), Green0meter (CZ), the Czech Chamber of Commerce and the Agricultural Chamber of the Czech Republic (CZ)

KARIN VAN HOECKE

Born 23 March 1974

Member of the Board of Directors

Senior Executive Officer, Innovation and Daily Banking

Karin Van Hoecke is a senior executive with 28 years of experience in banking and insurance, specialising in digital transformation, innovation and operational excellence. She holds degrees from the University of Ghent (Political and Social Sciences) and RUCA Antwerp (MBA), complemented by executive programmes at Vlerick Business School and INSEAD.

She joined KBC in 1998 and gained broad experience across commercial roles, SME banking, trade finance and strategic advisory positions, contributing to shaping KBC's long term digital strategy. This diverse background laid the foundation for her later leadership roles and her strong focus on innovation. In 2021, Karin became a member of the Management Committee of KBC Belgium, responsible for transformation, innovation, data and end to end digitalisation. Under her leadership, KBC Mobile became the most acclaimed banking app in Belgium and received multiple global awards. She also played a key role in developing and scaling Kate, KBC's AI-driven digital assistant. Her achievements have earned international recognition, including Chief Digital Officer of the Year 2024 (Belgium) and the Women in Technology Award 2023 (London). Beyond digital innovation, she actively promotes diversity, inclusive leadership and strong corporate governance. As of 1 November 2025, she has become a member of ČSOB's Board of Directors.

Membership in bodies of other companies (as of 31 December 2025):
Skip Pay (CZ), Bankovní a informační technologie (CZ), Igluu (CZ),
K&H Payment Services Kft. (HU), Ušetřeno.cz (CZ)

JIŘÍ VÉVODA

Born 4 February 1977

Member of the Board of Directors

Senior Executive Officer, Finance, Credits and Operations (CFO)

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

From 2000 to 2004, he worked for GE Capital in the Czech Republic, Ireland, Finland and Sweden. From 2004 to 2010, he worked for McKinsey & Company. Since May 2010, Jiri 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. Jiří Vévoda is currently responsible for finance management, credits, operations, facility management and legal.

Membership in bodies of other companies (as of 31 December 2025):
Ušetřeno.cz (CZ), ČSOB Hypoteční banka (CZ), ČSOB Stavební spořitelna (CZ)

Members of the Board of Directors who ended their terms in 2025

MICHAELA BAUER

Born 24 July 1978

Member of the Board of Directors
(until 31 August 2025)

Senior Executive Officer, Innovations and Operations

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 ČSOB 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 was member of the Board of Directors of the ČSOB group and her agenda includes IT, Innovations, Data, Digital, Daily banking and Operations. Her membership ended on 31 August 2025.

MARCELA VÝBOHOVÁ

Born 14 June 1972

Member of the Board of Directors
(until 31 January 2025)

Senior Executive Officer, Group Risk Management

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 had 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. Her term ended on 31 January 2025.

ČSOB's Supervisory Board in 2025

ZDENĚK TŮMA

Born 19 October 1960

Chairman of the Supervisory Board

He 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. He started his career 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 Zdeněk Tůma 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 (as of 31 December 2025):
English College in Prague (CZ), IRQ management (CZ),
Committee of Good Will – Olga Havel Foundation (Výbor dobré vůle, CZ),
The Aspen Institute Central Europe (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), Endowment fund Vltava Philharmonic hall Prague (CZ), DIAGRAM IRQ Funds SICAV a.s. (CZ),
Global Institute for Macroprudential Modeling, z.ú. (CZ)

FRANKY DEPICKERE

Born 26 January 1959

Member of the Supervisory Board

He 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 (as of 31 December 2025):
KBC Group (BE), KBC Bank (BE), KBC Assurances (BE), KBC Global Services (BE) and CBC Banque (BE), Euro Pool System International (NL), Flanders Business School (BE), TRIaz Hospital Network (BE),
United Bulgarian Bank, AD, Sofia, (BU)

CHRISTINE VAN RIJSSEGHEM

Born 24 October 1962

Member of the Supervisory Board and of the Audit Committee

She 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 2019 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 (as of 31 December 2025):
KBC Group NV (BE), KBC Bank NV (BE) and KBC Insurance NV (BE),
KBC Global Services NV, ČSOB (SK), K&H Bank (HU), UBB (BU)

GRAEME LINTS HUTCHISON

Born 18 October 1958

Member of the Supervisory Board

He 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 1989/1990 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 (as of 31 December 2025):
No membership

LADISLAVA SPIELBERGEROVÁ

Born 6 November 1974

Member of the Supervisory Board elected by employees

She 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 organised 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.

Membership in bodies of other companies (as of 31 December 2025):
Trade Union of Employees in Financial and Insurance Sector (Odborový svaz pracovníků peněžnictví a pojišťovnictví, CZ),
European Works Council of KBC (BE),
UNI Global, UNI Europa Finance, OZP (CZ)

JOSEF ČADA

Born 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 (as of 31 December 2025):
No membership

ČSOB's Audit Committee in 2025

JANA BÁČOVÁ

Born 23 December 1961

Chair and independent member of the Audit Committee

She 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 standardisation 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 (as of 31 December 2025):
ČSOB Penzijní společnost (CZ), ČSOB Stavební spořitelna (CZ),
ČSOB Hypoteční banka (CZ), Český institut interních auditorů (CZ)

LADISLAV MEJZLÍK

Born 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 (as of 31 December 2025):
ČSOB Pojišťovna (CZ), ČSOB Poisťovňa (SK), Čepro a.s.,
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).

Corporate Governance Policy

Československá obchodní banka, a. s. voluntarily adheres to corporate governance standards based on OECD principles.

ČSOB's corporate governance is based on the relevant legislation (in particular Act No. 21/1992 Coll. on Banks, Act No. 256/2004 Coll. on Capital Market Undertakings, Act No. 89/2012 Coll. on the Civil Code and Act No. 90/2012 Coll. on Business Corporations), the requirements of regulators and the standards and principles of corporate governance issued by the OECD. ČSOB's corporate governance is also guided by the General Guidelines on Internal Governance Systems issued by the European Banking Authority (EBA).

ČSOB elaborates these principles, guidelines and standards in its internal regulations. It actively adheres to the principles formulated in its codes of conduct (ČSOB Group Employee Code of Conduct, conflicts of interest policy, supplier relations policy, no/acceptance of gifts and other benefits policy, whistle-blowing policy, etc.) and other relevant internal regulations and consistently complies with them in its daily activities. ČSOB ensures that not only its employees, but also its business partners or other persons with whom ČSOB cooperates, comply with the basic standards and ethical rules.

Since October 2012, the ČSOB Anti-Corruption Programme has been in force, which includes the principle of zero tolerance towards corruption and corrupt behaviour. The Anti-Corruption Programme is a set of rules and policies whose main purpose is to prevent corrupt behaviour and conflicts of interest. By issuing and implementing this programme, ČSOB has formalised the principles and attitudes it has continuously and long-standingly follows. And in accordance with the ČSOB Code of Conduct, ČSOB thus makes it clear to the public and its employees that corrupt or other unethical behaviour is not and will not be tolerated at ČSOB.

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

ČSOB's own experience, as well as that of ČSOB's shareholder, KBC Bank N.V., is applied in the exercise of corporate governance. At the KBC level, the KBC Group Corporate Governance Rules are defined, which, among other things, guarantee a balance of responsibilities and powers between the management of ČSOB and its sole shareholder. ČSOB complies with the KBC Corporate Governance Rules in accordance with the law and its corporate values.

ČSOB is responsible to its customers, employees, business partners and shareholder, KBC Bank N.V., and fulfils its obligations in accordance with applicable legal standards and the highest standards of ethical behaviour. It carries out its activities with an awareness of the defined corporate governance principles and ČSOB's principles of conduct. In the performance of its activities, ČSOB takes into account the interests of all stakeholders.

ČSOB communicates transparently with its clients, employees, business partners and shareholder KBC Bank N.V.; at regular intervals, reports on ČSOB's activities and its financial results are published. ČSOB consistently ensures compliance with all legal regulations under the Czech legal system, the recommendations of the European Commission in the area of corporate governance and continuously provides important information about its business, financial and operating results, ownership structure and other critical information to all entities involved in ČSOB's activities.

The behaviour and actions of ČSOB employees are governed by the Code of Conduct of ČSOB Group employees. The Code is available to all employees; it contains the rules of conduct of ČSOB employees towards their employer, colleagues, clients and business partners.

ČSOB also ensures compliance with the standards set out in the Code of Conduct between Banks and Clients issued by the Czech Banking Association (CBA No. 19/2005, last updated in August 2020).

Relationship with ČSOB clients

ČSOB sees its clients as equal partners and considers it a priority to satisfy their financial needs and requirements to the maximum extent possible. ČSOB is a reliable bank that has a high standard of services, defines itself by clear rules of business strategy and at the same time fully respects the individual requirements of its clients. Clients and client orientation are a key part of ČSOB's long-term strategy. ČSOB builds on a strong and long-term partnership with each client, whether in the area of personal and family finance, SME financing or corporate financing. ČSOB listens carefully to the needs of its clients and offers them the most suitable solutions, not just products.

Relationships with clients are governed by a Code of Conduct based on the values recognised by ČSOB, the adoption of which is the basis for client relationships, teamwork and the protection of the employer's interests and the personal responsibility of employees.

Relationship with ČSOB employees

Care for employees is one of the most important components of ČSOB's corporate responsibility strategy. In its activities towards employees, ČSOB focuses primarily on motivation and leadership, work-life balance, talent acquisition and retention, and effective simplification of work processes. These areas reinforce ČSOB's strategy and needs, and specific activities respond to changes in the labour market. In relation to its employees, ČSOB assesses the quality and depth of knowledge and skills, and values reliability, the ability to share information, accessibility, empathy and objectivity. ČSOB respects human rights, and respects the views of every individual regardless of gender, race, religion and beliefs at all levels. ČSOB encourages teamwork among its employees, which in turn contributes to improving the employee-client relationship. Strategies, policies and procedures are communicated to all relevant employees throughout ČSOB, as are their duties and responsibilities.

Relationship with public administration

Transparent behaviour and compliance with legal regulations and basic standards are prerequisites for building the reputation of ČSOB not only in the Czech Republic. ČSOB's priority is the flawless, transparent and timely fulfilment of legal obligations in relation to public authorities.

ČSOB is aware that building a good reputation is an ongoing process, the aim of which is to provide all stakeholders with the assurance that ČSOB and its employees do not violate the Code of Conduct, respect the legal framework and business culture as well as corporate governance best practices.

Corporate responsibility

Corporate responsibility is one of the cornerstones of ČSOB's corporate philosophy and forms an integral part of its business. ČSOB feels responsible not only for the funds entrusted to it, but also for the society in which it operates. ČSOB fully subscribes to the ESG principles and implements the ESG strategy (Sustainable Development Strategy) in its activities.

The bodies of Československá obchodní banka, a. s.

ČSOB has the following main corporate governance bodies: the General Meeting, whose powers are exercised by the sole shareholder KBC Bank N.V., the Board of Directors, the Supervisory Board and the Audit Committee. The powers and activities of ČSOB's bodies are clearly defined and set out in the relevant legislation, statutes or rules of procedure/statutes of these bodies.

Basic principles of the activities of the Board of Directors and the Supervisory Board of ČSOB:

I. The members of the Board of Directors and Supervisory Board shall act on the basis of full information, bona fide, with due care and caution and in the best interests of ČSOB and the ČSOB shareholder.

II. The Board of Directors and the Supervisory Board observe high ethical standards. They shall take into account the interests of the stakeholders.

III. Members of the Board of Directors, the Supervisory Board and managers of ČSOB shall inform the Board of Directors or the Supervisory Board of ČSOB whether they have a direct or indirect interest for the benefit of third parties in transactions or matters that directly concern ČSOB.

IV. Members of the Board of Directors and the Supervisory Board must periodically evaluate their own performance.

V. The Board of Directors and/or the Supervisory Board fulfill certain key roles, including:

1) Reviewing and setting ČSOB's strategy, setting big project plans, risk policies, annual operating plans and budgets, setting performance targets, monitoring their achievement and ČSOB's performance; overseeing major capital expenditures, acquisitions and asset sales.
2) Monitoring the effectiveness of ČSOB's management practices and making changes as needed.
3) Strategic management, selecting and replacing key persons at various levels of ČSOB management as needed; overseeing employee career planning.
4) Ensuring the integrity of ČSOB's accounting and reporting systems, including the independent audit and operation of relevant management systems, in particular the risk management system, the financial management system, and the monitoring of compliance with legislation and relevant standards.
5) Overseeing the publication, external reporting and external communication process.
6) For the purpose of discussing specific agendas, the Board of Directors shall establish expert committees whose terms of reference, composition and working procedures shall be determined and published by the Board of Directors.
7) Similarly, expert committees and commissions are established by the Supervisory Board of ČSOB to discuss certain issues.

In order to fulfil their duties, members of the Board of Directors and Supervisory Board of ČSOB are provided with access to accurate, relevant and timely information.

In the performance of their duties, members of the relevant bodies are supported by the Bank's professional departments, with whom they can consult on professional issues. Prior to the competent body meeting, the documents submitted are reviewed and prepared by the Bank's professional departments, both commercial or technical as well as in cooperation with the legal, compliance, risk or internal audit departments, depending on their relevance. Involvement of these departments ensures compliance of ČSOB's activities with the legal and regulatory requirements of the Czech legal system and at the same time guarantees the maintenance of professional relations with regulatory and other government authorities.

Good governance ensures that all material information concerning ČSOB, including its financial position, performance, ownership and management, is disclosed in a proper and timely manner.

The scope and activities of ČSOB's bodies are set out in the ČSOB Articles of Association, which are approved by the company's General Meeting (the sole shareholder in the competence of the General Meeting).

The General Meeting

The General Meeting is the supreme body of ČSOB. The General Meeting has the powers imposed or granted by law. The General Meeting decides, among other things, on changes in the composition of the company's bodies or on changes to ČSOB's Articles of Association or share capital. The General Meeting also approves the financial statements or designates an auditor.

The sole shareholder (KBC Bank N.V.) decides on the powers of the General Meeting of ČSOB. These decisions are in writing and, if required by law, are in the form of a notarial deed. Proposals for decisions required by law to be approved are submitted to the sole shareholder by the Board of Directors (or by Supervisory Board if relevant). The Board of Directors and the Supervisory Board of ČSOB are informed of the sole shareholder's decisions by delivery of a written copy of the decision.

The Board of Directors

The Board of Directors of Československá obchodní banka, a. s., as its statutory body, performs tasks within the scope of the competences set out in the legislation, the Articles of Association of ČSOB and related internal regulations of the company.

The members of the Board of Directors are elected by the General Meeting of Shareholders of ČSOB, subject to other prerequisites and conditions arising from the Articles of Association, relevant legislation (e.g. the Commercial Corporations Act or the Banking Act), opinions of the CNB, the General Guidelines issued by the EBA (Guidelines for assessing the suitability of members of the management body and persons in key positions) and internal regulations (Rules for assessing the suitability of members of the management body and persons in key positions in the ČSOB group).

The Board of Directors of the company has a fully executive composition. The composition of the Board of Directors and its professional and personal qualifications for the proper performance of its functions are communicated to the Company's shareholders and clients by means of regular reports and to the extent specified.

At the end of 2025, the Board of Directors of ČSOB consisted of seven members and was composed of Aleš Blažek (Chairman), Marek Loula, Martin Jarolím, Ján Lučan, Jiří Vévoda, Guy Libot and Karin Van Hoecke.

Personnel changes in the Board of Directors of ČSOB during 2025 are described in the chapter Governance and Control Bodies.

The Board of Directors meets regularly, usually once a week. It follows a fixed agenda, based on a strategic calendar of key topics, and also discusses proposals or documents of a more operational nature submitted for consideration by individual Board members. Members of the Board of Directors are informed in due time and their decisions are taken on the basis of the documents prepared in accordance with the Rules of Procedure of the Board of Directors. The Secretary of the Board of Directors takes part in the meetings and is responsible for the preparation of the minutes. The quorum of the Board of Directors shall be a majority of its members present at the meeting. A majority of all members of the Board of Directors must vote in favour of a decision (unless the Articles of Association or the Companies Act require a higher number of votes). The proceedings and decision-making of the Board of Directors are governed by the Articles of Association of ČSOB and the Rules of Procedure of the Board of Directors.

The Board of Directors establishes specialised committees to discuss specific agendas. Due to the importance of the topics dealt with by the committees with a bank-wide scope, the committee is usually headed by a member of the Board of Directors who is responsible for the committee's activities. He or she also has a designated representative (usually another member of the Board of Directors). This model allows for a continuous process of monitoring the committee's decision-making and reporting directly to the Board of Directors. The relevant departments of ČSOB are involved in the deliberations according to their role and responsibility and their representatives attend the meetings of each committee. Committee meetings are governed by their rules of procedure. All rules of procedure of these committees are approved in accordance with KBC's corporate governance rules. The Company maintains an evidence of the committees of the Board of Directors of ČSOB and a summary of the committees as at 31 December 2025 is set out below.

Depending on their respective roles and responsibilities, the relevant ČSOB professional units covering the subject matter are involved in the discussions and participate in the meetings of the relevant committee. The senior manager of the professional unit so involved is entitled to attend and represent his/her unit at the meetings of the Committee. In his absence, his deputy or another authorised staff member shall attend the meetings of the Committee, unless the relevant rules of procedure preclude it.

Committees of the Board of Directors

Risk and Capital Oversight Committee (RCOC)

The purpose of the Risk and Capital Oversight Committee is to support the ČSOB Board of Directors in managing and monitoring the risks and capital of the ČSOB group.

Chairman of the Committee: member of the Board of Directors responsible for risk management (Guy Libot)

Credit Sanctioning Committee (CSC)

The Committee decides on the approval / disapproval of the credit exposure of the ČSOB group. It has the authority to take decisions on credit applications that fall within its remit.

Chairman of the Committee: member of the Board of Directors responsible for Finance, Credits and Operations (Jiří Vévoda)

Project Portfolio Board (PPB)

The Committee manages and monitors the project portfolio in terms of strategic objectives, time limits and budget. It also decides on business and IT architecture concepts and processes. Its activities consist of defining the content and budget of the project portfolio, defining the business objectives of the portfolio, and approving the concepts of key initiatives and programmes in the project portfolio.

Chairman of the Committee: the Chairman of the Board (Aleš Blažek)

Public Affairs Committee (PAC)

The aim of the Committee is to support the creation and implementation of business and strategic initiatives and projects that reflect the Bank's own needs or external influences and are aimed at realising the business and strategic objectives of the Bank or ČSOB group companies. It supports matters requiring cooperation or coordination with public administration or requiring legislative changes that may affect projects or have an impact on the ČSOB group.

Chairman of the Committee: member of the Board of Directors responsible for Finance, Credits and Operations (Jiří Vévoda)

Design Authority (DA)

The DA acts as a decision-making body for issues relating to strategic and business architectures as part of the ongoing BIAT (Business and IT architecture transformation) process - the Business Transformation Programme.

Chairman of the committee: member of the Board of Directors responsible for Technology and Sustainability (Marek Loula)

Crisis Committee (CRC)

The objective of the CRC is to effectively address emerging crisis situations that could otherwise have a negative impact on the operation of the Bank or the ČSOB group.

Chairman of the Committee: the Chairman of the Board of Directors (Aleš Blažek)

Sustainability Executive Committee Country Team (SUS EXCO CT)

The SUS EXCO CT approves and monitors initiatives, projects and strategic alliances that are in line with the ČSOB group and KBC's sustainability strategy and contribute to the achievement of established sustainability goals, including climate commitments.

Chairman of the Committee: member of the Board of Directors responsible for Technology and Sustainability (Marek Loula)

Asset-Liability Committee

The purpose of the Committee is to support the ČSOB Board of Directors in the area of asset and liability management and in the management of market and liquidity risk for the entire ČSOB group and ČSOB Pojišťovna (ČSOB Insurance company). In particular, the Committee supports the Board of Directors of ČSOB and the Boards of Directors of ČSOB Hypoteční banka and ČSOB Stavební spořitelna in the management of the above-mentioned areas.

Chairman of the Committee: member of the Board of Directors responsible for Finance, Credits and Operations (Jiří Vévoda)

Funding Market Committee

Serves as an advisory platform between the CFO, the Asset and Liability Management (ALM) department, the business segments and the subsidiaries (ČSOB HB, ČSOBS and ČSOB Leasing) on issues related to liquidity and funding within the framework of integrated balance sheet management.

Chairman of the Committee: Member of the Board of Directors responsible for Finance, Credits and Operations (Jiří Vévoda)

Executive Committee for Commercial Banking (EXCO)

The Committee's objective is to ensure the implementation of business strategic initiatives and client offerings in the Corporate, SME and Private Banking areas in accordance with the authority delegated by the ČSOB Board of Directors and the ČSOB group's strategic plan.

Chairman of the Committee: member of the Board of Directors responsible for Commercial Banking (Ján Lučan)

Executive Committee for Retail Clients (REXCO)

The Committee is focused on reviewing the execution of the Retail Division's financial and business plan, implementing risk and compliance controls and executing business strategic initiatives in accordance with the authority delegated by the ČSOB Board of Directors, the ČSOB group Strategic Plan and the Retail Transformation Plan.

Chairman of the Committee: member of the Board of Directors responsible for Retail (Martin Jarolím)

Group Investment Business Committee (SIOV)

The Group Investment Business Committee (SIOV) was established to manage the investment area within the ČSOB group. The committee sets an integrated business strategy, approves key development initiatives and business activities, evaluates and launches new products on the market, and creates a marketing plan aimed at supporting growth and innovation. Furthermore, it oversees compliance with legislative requirements and ensures a high quality of advisory services as well as transparency of processes in the investment area.

Chairman of the Committee: Richard Podpiera

Supervisory Board

The Supervisory Board of Československá obchodní banka, a. s. oversees the performance of the Board of Directors' duties and the company's business activities. Members of the Supervisory Board are elected and dismissed by the General Meeting of the Company.

The Supervisory Board of ČSOB had six members at the end of 2025 and was composed of Zdeněk Tůma (Chairman), Christine Van Rijsseghem, Franky Depickere, Graeme Lints Hutchison, Ladislava Spielbergerová and Josef Čada.

Personnel changes in the Supervisory Board of ČSOB during 2025 are described in the chapter Management and Supervisory Bodies.

In accordance with its activity plan, the Supervisory Board held **four meetings in 2025** to deal with matters falling within its competence under legislation and the ČSOB Articles of Association. The documents for the Supervisory Board meetings were prepared and sent in advance so that the Supervisory Board members had sufficient time to study them. Members of the Board of Directors are also regularly present at Supervisory Board meetings to present the materials submitted by the Board of Directors. The Supervisory Board, following a prior recommendation by the Audit Committee, expresses its opinion on the selection of the Company's auditor before the General Meeting of Shareholders appoints the auditor. The representative of the external auditor regularly attends the Audit Committee meetings and thus contributes to an independent, comprehensive and qualified audit. As in the case of the Board of Management, the Secretary assists with the preparation of the Supervisory Board meetings and the preparation of the minutes. The quorum of the Supervisory Board and the quorum required for the adoption of decisions are based on the same principles as for the Board of Directors. Supervisory Board meetings are governed by the ČSOB Articles of Association and the Rules of Procedure of the Supervisory Board.

Committees of the Supervisory Board

The Supervisory Board, like the Board of Directors, may establish advisory and initiative committees to ensure its activities in accordance with the ČSOB Articles of Association and legal regulations. For remuneration, nomination and personnel matters, the Supervisory Board of ČSOB has established the Remuneration and Personnel Committees. Another advisory body is the Risk and Compliance Committee.

Remuneration Committee and Personnel Committee (Nomination Committee)

The Nomination Committee makes recommendations to the Supervisory Board on suitable candidates for appointment to and removal from the Board of Directors, the Supervisory Board or key positions in ČSOB. The Committee also makes proposals to the Supervisory Board regarding the filling of positions on Supervisory Board committees. The Nomination Committee plays an important role in assessing the suitability of nominees for these positions and in their removal, as well as in assessing the composition of the Board of Directors and Supervisory Board in terms of suitability, expertise or diversity requirements. In doing so, it is guided by the ČSOB/KBC group's rules for assessing the suitability of directors and persons in key positions.

The Remuneration Committee proposes the remuneration system for members of the ČSOB Board of Directors and member(s) of statutory bodies of controlled subsidiaries, including the allocation of fixed and variable components, and makes recommendations to the Supervisory Board on the remuneration policy for the Head of Internal Audit, Compliance and Risk Management.

The Nomination Committee and the Remuneration Committee are regularly informed of changes and rotations of key personnel, including their remuneration.

The members of the Nomination Committee in 2025 were the following members of the Supervisory Board: Graeme Lints Hutchison (Chairman), Christine Van Rijsseghem and Zdenek Tůma.

The members of the Remuneration Committee in 2025 were the following Supervisory Board members: Zdeněk Tůma (Chairman), Ladislava Spielbergerová and Graeme Lints Hutchison.

Five meetings of the Remuneration Committee and **five meetings** of the Nomination Committee were held **in 2025**.

Both Committees also voted per rollam on topics presented on an ongoing basis outside of the regular meetings.

Risk and Compliance Committee

The Risk and Compliance Committee was established in 2014 by separating from the Audit Committee following regulatory requirements. Its powers and responsibilities are defined by the ČSOB Articles of Association and the Risk and Compliance Committee Charter, which, among other things, further regulates its scope and rules of procedure. In particular, the Risk and Compliance Committee advises the Supervisory Board on ČSOB's overall current and future approach to risk, risk strategy and risk appetite, participates in monitoring the implementation of that strategy and reviews whether the valuation of assets, liabilities and off-balance sheet items reflected in the offer to clients fully reflects the obligor's business model and risk strategy. It shall also review whether the incentives set out in the overall remuneration system take account of risk, capital, liquidity and the likelihood and timing of expected profits for ČSOB. It also supervises the functioning of the compliance and risk management units.

The members of the Risk and Compliance Committee are elected by the Supervisory Board of ČSOB from among the members of the Supervisory Board or from third parties on the basis of their expertise necessary for the qualified performance of the duties of this Committee. In particular, the Chairman of the Board of Directors of ČSOB and, where appropriate, other members of the Board of Directors of ČSOB, the external auditor and the heads of the Compliance, Internal Audit and Legal Services departments attend all meetings of the Risk and Compliance Committee as permanent guests. In addition, line managers or other employees who can provide the Risk and Compliance Committee with necessary information may also be invited to attend the Committee's meetings. Their participation shall be limited to the relevant topic of the meeting. The same principles apply to the quorum of the Risk and Compliance Committee and the quorum for taking decisions as for the Board of Directors.

The members of the Risk and Compliance Committee in 2025 were Christine Van Rijsseghem (Chair), Zdeněk Tůma and Graeme Lints Hutchison.

Four meetings of the Risk and Compliance Committee were held **in 2025**.

The Audit Committee

The powers and responsibilities of the **ČSOB Audit Committee** are defined by the ČSOB Articles of Association and the Rules of Procedure of the Audit Committee. In particular, the Audit Committee monitors the financial statement preparation process and the statutory audit process, and oversees and monitors the effectiveness of internal control, the operation of internal audit and financial reporting. The Audit Committee recommends the statutory auditor, assesses his independence and the provision of additional services.

The Audit Committee has three members. The members of the Audit Committee are elected by the General Meeting of Shareholders of ČSOB from among the members of the Supervisory Board or third parties and must meet the legal requirements for the proper performance of their duties. The Chairman of the Board of Directors of ČSOB, relevant members of the Board of Directors of ČSOB, the external auditor and the heads of the Compliance, Internal Audit and Legal Services departments attend the Audit Committee meetings as permanent guests. In addition, line managers or other employees who can provide the Audit Committee with necessary information may also be invited to attend Audit Committee meetings. Their participation shall be limited to the relevant topic of the meeting. The same principles apply to the quorum of the Audit Committee and the quorum for taking decisions as for the Board of Directors.

The Audit Committee worked in 2025 with the following composition: Jana Báčová (independent chairperson), Ladislav Mejzlík (independent member) and Christine Van Rijsseghem.

Four Audit Committee meetings were held **in 2025**.

Further information on the organisational structure of ČSOB

There are a number of business, operational or control units throughout ČSOB, whose tasks and competencies are derived from the ČSOB Organisational Regulations. Individual units/departments are managed by Executive Directors or other senior managers. Their responsibilities are defined either by the Organisational Regulations, job descriptions or by the Signature and Approval Regulations issued by the ČSOB Board of Directors.

The main roles and responsibilities of the Executive Directors/Managers include:

- Implement business and other strategies approved by the Board of Directors, unless this falls within the remit of another corporate body;
- within the scope of their management responsibilities, ensure compliance with generally binding laws, internal regulations and company directives or instructions of the Board of Directors;
- continuously ensure the efficiency of work within the department or departments under their management, organise work in accordance with their position and the tasks arising from their activity or the activity of their department, and ensure that the Company's employees have such working conditions to enable them to fulfil their work tasks;
- ensure that the Company's employees are remunerated in accordance with the wage regulations;
- ensuring the professional development of the Company's employees; and
- ensure that effective measures are taken in a timely manner to protect the interests of the Company.

Internal Control Mechanisms to Minimise 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 minimise 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 minimised by defining the persons who can make a predefined scope of transactions and persons authorised to give approvals.

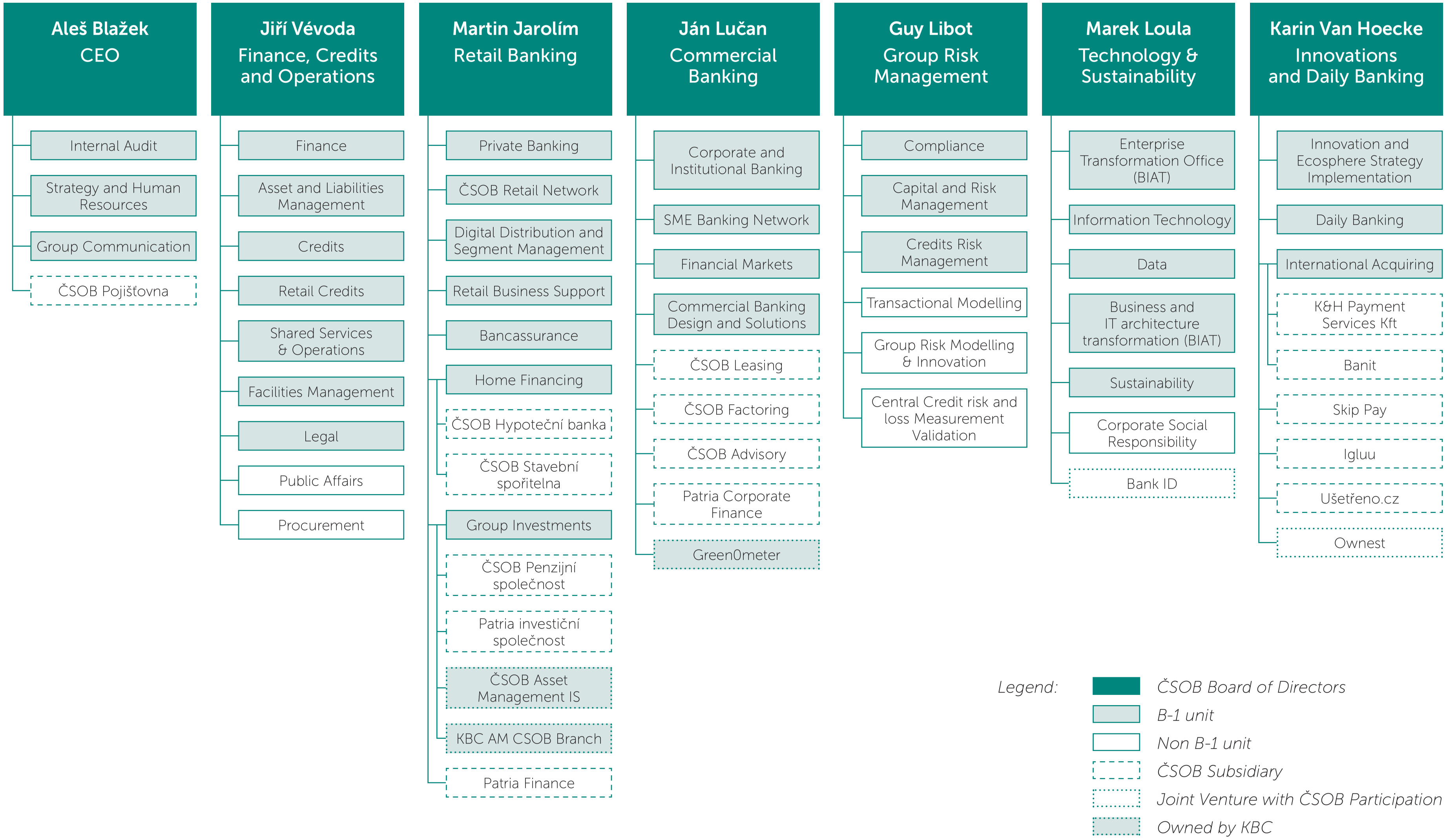
Accounting procedures and valuation rules for assets and liabilities including rules for provisions and allowances are defined within internal regulations prepared in accordance with the legal requirements and international financial reporting standards. Monitoring of compliance with the requirements 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 2025 prepared in accordance with EU IFRS and in Note 2 to the Consolidated Financial Statement for the year 2025 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 organised as a part of the operational risk management, please refer to Note 38.5 to the Separate Financial Statement for the year 2025 prepared in accordance with EU IFRS and to Note 42.5 to the Consolidated Financial Statement for the year 2025 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.

Both consolidated and Separate financial statements are submitted to ČSOB's Supervisory Board regularly and both are subject to external audit.

Organisational Chart of ČSOB Group *as of 31 December, 2025*



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

Jiří Vévoda
Finance, Credits and Operations
- Finance
- Asset and Liabilities Management
- Credits
- Retail Credits
- Shared Services & Operations
- Facilities Management
- Legal
- Public Affairs
- Procurement

Martin Jarolím
Retail Banking
- Private Banking
- ČSOB Retail Network
- Digital Distribution and Segment Management
- Retail Business Support
- Bancassurance
- Home Financing
  - ČSOB Hypoteční banka
  - ČSOB Stavební spořitelna
- Group Investments
  - ČSOB Penzijní společnost
  - Patria investiční společnost
  - ČSOB Asset Management IS
  - KBC AM CSOB Branch
- Patria Finance

Ján Lučan
Commercial Banking
- Corporate and Institutional Banking
- SME Banking Network
- Financial Markets
- Commercial Banking Design and Solutions
- ČSOB Leasing
- ČSOB Factoring
- ČSOB Advisory
- Patria Corporate Finance
- Green0meter

Guy Libot
Group Risk Management
- Compliance
- Capital and Risk Management
- Credits Risk Management
- Transactional Modelling
- Group Risk Modelling & Innovation
- Central Credit risk and loss Measurement Validation

Marek Loula
Technology & Sustainability
- Enterprise Transformation Office (BIAT)
- Information Technology
- Data
- Business and IT architecture transformation (BIAT)
- Sustainability
- Corporate Social Responsibility
- Bank ID

Karin Van Hoecke
Innovations and Daily Banking
- Innovation and Ecosphere Strategy Implementation
- Daily Banking
- International Acquiring
  - K&H Payment Services Kft
  - Banit
- Skip Pay
- Igluu
- Ušetřeno.cz
- Ownest

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

FINANCIAL PART

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2025

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

(CZKm)	Note	2025	2024
Interest income calculated using the effective interest rate method	5	81,701	90,428
Other interest income	5	4,450	8,473
Interest expense calculated using the effective interest rate method	6	-46,020	-57,439
Other interest expense	6	-6,565	-10,077
Net interest income		**33,566**	**31,385**
Fee and commission income	7	19,042	17,953
Fee and commission expense	7	-8,509	-7,942
Net fee and commission income		**10,533**	**10,011**
Dividend income		18	23
Net gains / losses (-) from financial instruments at fair value through profit or loss and foreign exchange	8	3,036	2,519
Income from operating lease	9	959	1,239
Expense from operating lease	9	-790	-1,056
Other net income	10	1,061	988
Operating income		**48,383**	**45,109**
Staff expenses	11	-11,619	-11,224
General administrative expenses	12	-9,218	-9,435
Depreciation and amortisation	24, 25	-2,786	-2,834
Operating expenses before impairment losses		**-23,623**	**-23,493**
Impairment losses	13	**-1,244**	**783**
on financial assets at amortised cost and at fair value through other comprehensive income (OCI) and finance leases		-1,109	858
on other non-financial assets		-135	-75
Share of profit / loss (-) of associates and joint ventures	21	-21	3
Profit before tax		**23,495**	**22,402**
Income tax expense	14	-3,620	-3,494
Profit for the year		**19,875**	**18,908**
Attributable to:			
Owners of the parent		19,844	18,908
Non-controlling interests		31	-

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

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2025

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

(CZKm)	Note	2025	2024
Profit for the year		**19,875**	**18,908**
Other comprehensive income – to be reclassified to the statement of income			
Exchange differences on translating foreign operation		8	-13
Net loss on cash flow hedges		-554	-798
Net gain on financial debt instruments at fair value through other comprehensive income		214	130
Income tax benefit relating to components of other comprehensive income		71	172
Other comprehensive income for the year, net of tax, to be reclassified to statement of income in subsequent periods	33	**-261**	**-509**
Other comprehensive income – not to be reclassified to the statement of income			
Net losses (-) / gains on financial equity instruments at fair value through other comprehensive income		-117	38
Income tax benefit relating to components of other comprehensive income		24	15
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in own credit risk		-22	-8
Other comprehensive income for the period, net of tax, not to be reclassified to statement of income in subsequent periods	33	**-115**	**45**
Other comprehensive income for the period, net of tax		**-376**	**-464**
Total comprehensive income for the year, net of tax		**19,499**	**18,444**
Attributable to:			
Owners of the parent		**19,468**	**18,444**
Non-controlling interests		**31**	**-**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2025

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

(CZKm)	Note	2025	2024
ASSETS			
Cash, balances with central banks and other demand deposits	16	47,125	48,411
Financial assets held for trading	17	23,705	29,229
Non-trading financial assets mandatorily at fair value through profit or loss	17	1,204	951
Financial assets at fair value through other comprehensive income	18	76,962	29,813
Financial assets at fair value through other comprehensive income pledged as collateral	18	1,798	4,241
Financial assets at amortised cost	19	1,999,169	1,713,708
Financial assets at amortised cost pledged as collateral	19	71,196	35,833
Finance lease receivables	20	14,447	12,522
Fair value adjustments of the hedged items in portfolio hedge	22	-2,420	-5,320
Derivatives used for hedging	22	14,775	20,613
Current tax assets		19	195
Deferred tax assets	14	1,639	1,488
Investment in associates and joint ventures	21	55	100
Investment property	23	-	3,289
Property and equipment	24	12,658	12,393
Goodwill and other intangible assets	25	10,056	9,095
Non-current assets held-for-sale	26	7,111	55
Other assets	27	3,687	3,844
Total assets		**2,283,186**	**1,920,460**
LIABILITIES AND EQUITY			
Financial liabilities held for trading	28	25,674	30,994
Financial liabilities designated at fair value through profit or loss	28	17,093	16,767
Financial liabilities at amortised cost	29	2,085,332	1,735,329
Fair value adjustments of the hedged items in portfolio hedge	22	-8,422	-11,118
Derivatives used for hedging	22	15,212	18,640
Lease liabilities		2,063	2,065
Current tax liabilities		1,453	978
Deferred tax liabilities	14	1,519	1,568
Liabilities included in disposal groups held-for-sale	26	2,786	-
Other liabilities	30	8,587	8,175
Provisions	31	476	429
Total liabilities		**2,151,773**	**1,803,827**
Share capital	32	5,855	5,855
Share premium		20,929	20,929
Statutory reserve		18,687	18,687
Revaluation reserve from financial assets at fair value through other comprehensive income	32	-3	-79
Cash flow hedge reserve	32	257	695
Foreign currency translation reserve and Own credit risk reserve	32	-47	-33
Retained earnings		83,768	70,579
Parent shareholders' equity		**129,446**	**116,633**
Minority interests		1,967	-
Total equity		**131,413**	**116,633**
Total liabilities and equity		**2,283,186**	**1,920,460**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2025

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

	Attributable to equity holders of the parent					Minority interest	Total Equity
(CZKm)	Share capital (Note: 32)	Share premium	Equity reserve[1]	Retained earnings	Other reserves (Note: 32)		
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**
At 1 January 2025	**5,855**	**20,929**	**18,687**	**70,579**	**583**	**-**	**116,633**
Profit for the year	-	-	-	19,844	-	31	19,875
Other comprehensive income for the year (Note: 33)	-	-	-	-	-376	-	-376
Total comprehensive income for the year	-	-	-	19,844	-376	31	19,499
Equity investments disposed (Note: 34)	-	-	-	91	-	-	91
Dividends paid (Note: 15)	-	-	-	-6,746	-	-	-6,746
Changes in consolidation scope (Note: 3)	-	-	-	-	-	1,936	1,936
At 31 December 2025	**5,855**	**20,929**	**18,687**	**83,768**	**207**	**1,967**	**131,413**

(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.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2025

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

(CZKm)	Note	2025	2024 Restated (Note: 2.3)
OPERATING ACTIVITIES			
Profit before tax		**23,495**	**22,402**
Adjustments for:			
Interest income	5	-86,151	-98,901
Interest expense	6	52,585	67,516
Dividend income (other than from associates and joint ventures)		-18	-23
Non-cash items included in profit before tax	35	1,804	2,158
Net losses from investing activities		174	176
Cash flow used in operations before changes in operating assets, liabilities, income tax paid, interest paid and received and dividend received		**-8,111**	**-6,672**
Change in operating assets	35	-357,448	-18,956
Change in operating liabilities	35	335,924	22,866
Change in assets under operating leases		-454	-327
Income tax paid		-3,014	-3,001
Interest paid		-52,509	-67,442
Interest received		84,983	98,759
Dividend received (other than from associates and joint ventures)		18	23
Net cash flows used in operating activities		**-611**	**25,250**
INVESTING ACTIVITIES			
Purchase of property, equipment and intangible assets		-4,547	-3,373
Proceeds from disposal of property, equipment, intangible assets and assets held-for-sale		1,143	965
Acquisition of subsidiaries, net of cash acquired	3	-1,062	-2,516
Capital decrease / increase (-) in associates and joint ventures		36	-29
Net cash flows used in investing activities		**-4,430**	**-4,953**
FINANCING ACTIVITIES			
Bonds issued	29	5,210	11,937
Repayment of bonds	35	-2,756	-3,202
Issue of subordinated debts	29	8,453	10,577
Payments of principal on leases	35	-406	-423
Dividends paid	15	-6,746	-15,018
Net cash flows from financing activities		**3,755**	**3,871**
Net decrease (-) / increase in cash and cash equivalents		**-1,286**	**24,168**
Cash and cash equivalents at the beginning of the year	35	48,411	24,243
Net decrease (-) / increase in cash and cash equivalents		-1,286	24,168
Cash and cash equivalents at the end of the year	35	**47,125**	**48,411**

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 16 April 2026 by:

Aleš Blažek
Chairman of the Board of Directors

Jiří Vévoda
Member of the Board of Directors

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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 Standard became effective on 1 January 2025, was endorsed by the EU, and its impact is estimated as insignificant:

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

The following IFRS Accounting Standards were issued but not yet effective in 2025. CSOB Group will apply these standards when they become mandatory.

- Amendments to IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments are effective on or after 1 January 2026 and have been endorsed by the EU. 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 but does not expect that the Amendments would have a material impact on its financial statements.

- Amendments to IFRS 9 and IFRS 7 Contracts Referencing Nature-depending Electricity are effective on or after 1 January 2026 and have been endorsed by the EU. Amendment with limited scope and impact.

- Annual Improvements to IFRS Accounting Standards, Volume 11. The amendments are effective on or after 1 January 2026 and have been endorsed by the EU. Amendments with limited impact.

- IFRS 18 Presentation and Disclosure in Financial Statements is effective on or after 1 January 2027 and has been endorsed by the EU. It 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 but does not expect the impact to be significant.
- IFRS 19 Subsidiaries without Public Accountability: Disclosures and its Amendments are effective on or after 1 January 2027 but have not yet been endorsed by the EU. The standard provides tailored disclosure requirements for subsidiaries that do not have public accountability. The Group does not expect that the standard will have a significant impact.
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency is effective on or after 1 January 2027 but has not yet been endorsed by the EU. Amendment with limited scope and impact.
- Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint venture has its effective date deferred indefinitely and is not endorsed by the EU.

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 significant 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 2025, the overall ECL for the geopolitical and emerging risks from recent years increased due to elevated geopolitical volatility and uncertainty to CZK 455 m in total (2024: CZK 185 m), of which CZK 122 m is attributed mainly to individual exposures concentrated in commercial exposures to Russian banks (2024: CZK 144 m), and CZK 311 m is attributed to ASSA (Automated Stress Sector Analyzer) model (2024: CZK 39 m).

Elevated geopolitical volatility and uncertainty (particularly related to the geopolitical approach of the U.S. administration) led the Group to apply a pessimistic ASSA model scenario. The stressed ASSA scenario was assigned a 30% weight, while the standard scenario carried a 70% weight. The overall ECL related to ASSA amounted to CZK 311 m (of which CZK 133 m is attributable to the base scenario and CZK 178 m to the alternative pessimistic scenario).

During 2025, the Group released ECL management overlay on photovoltaics portfolio (2024: 326 m), which had been held in connection with risks arising from local legislative uncertainty affecting the photovoltaic power plant sector, as this issue was resolved during the year.

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 47,197 m at 31 December 2025 (2024: CZK 40,293 m) (Note: 37) and the carrying value of the related ECL provision recognised in the consolidated statement of financial position is CZK 114 m at 31 December 2025 (2024: CZK 146 m). The fee income recognised for these performance guarantees was CZK 276 m for the year ended 31 December 2025 (2024: CZK 239 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 and modification: 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. 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.

A financial liability is derecognised from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expires. The Group derecognises the original financial liability and recognises a new one when the new terms are substantially different. In assessing whether terms are different, the Group compares the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, and the discounted present value of the remaining cash flows of the original financial liability. If the difference is at least 10% or more then the Group derecognises the original financial liability and recognises a new one at fair value. If the difference is less than 10% it is considered modified.

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 fully impaired;
- 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 two sub-categories: financial assets held for trading and financial assets mandatorily at fair value through profit or loss;

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 and foreign exchange.

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 and foreign exchange. The interest component of these derivatives is recognised in Other interest income / expense in Net interest income.

If a stand-alone derivative does not qualify as a hedging derivative, it is classified as a trading derivative. Hedging derivatives are derivatives that are specifically designated in a hedging relationship. The process for accounting is detailed in the paragraph (6) Hedge accounting.

- *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 and foreign exchange. Interest income for interest-bearing financial instruments is recorded in the Other interest income in Net interest income. Equity instruments can be classified in this category. A financial asset or an equity instrument 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 result from debt securities FVOCI in Other net income.

(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 Group has applied the irrevocable election to designate certain equity instruments in the FVOCI category. The election reflects the long-term investment strategy and intention to hold these assets for purposes other than short-term trading.

Impairment of financial assets

Definition of default

The Group uses the same definition for defaulted financial assets as used for internal risk management purposes. A financial asset is considered in default if any of the following conditions is fulfilled:

- There is a significant deterioration in creditworthiness;
- The asset is flagged as non-accrual;
- The asset is forborne and meets the default criteria in accordance with the internal policies for forbearance;
- CSOB has filed for the borrower's bankruptcy;
- The counterparty has filed for bankruptcy or sought similar protection measures;
- The credit facility granted to the client has been terminated.

ČSOB applies a backstop for facilities whose status is '90 days or more past due'. In this context, a backstop is used as a final control to ensure that all the assets that should have been designated as defaulted are properly identified.

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

No expected credit losses are calculated for equity investments.

Financial assets that are in scope for the ECL model carry an amount of impairments equal to the life-time expected credit losses if the credit risk has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the loss allowance equals to an amount of 12-month expected credit losses (see below for the references to the significant increase in credit risk).

12-month expected credit losses are defined as the portion of lifetime expected credit losses that represent expected credit losses that result from defaults possible within 12 months after the reporting date.

Lifetime expected credit losses are expected credit losses resulting from all possible defaults over the expected life of the financial asset.

To distinguish between the different stages with regards the amount of expected credit losses, the Group uses the internationally accepted terminology for stage 1, stage 2 and stage 3 financial assets. All financial assets at initial recognition, unless they are already credit impaired, are classified at stage 1 and carry 12-month expected credit losses. Once a significant increase in credit risk since initial recognition occurs, the asset migrates to stage 2 and carries life-time expected credit losses. Once an asset meets the definition of default it migrates to stage 3.

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 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 stage 3.
- Days past due: The Group uses the backstop of 30 days past due as it is assumed that credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due. A financial asset then 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. 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 possible contractual term extensions), except for specific financial assets. These financial assets include a drawn and an undrawn amount available on demand and the Group's contractual ability to demand repayment of the drawn amount and cancel the undrawn commitment does not limit the exposure to credit risk 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.

The lifetime of revolving facilities, depending on business segment, is incorporated into IFRS 9 ECL models through a prepayment survival component. This component represents the probability that a facility will not be fully prepaid by the end of a year. It is estimated using through-the-cycle historical data and applying statistical methods.

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.

Forborne loans

Where possible, the Group seeks to restructure loans rather than to take possession of collateral. The forbearance measures consist of concession towards a borrower facing, or about to face, financial difficulties. They may involve extending the payment arrangements and the agreement of new loan conditions. A forbearance measure is considered a significant increase in credit risk. Therefore, a forborne tag always results in a transfer to Stage 2 (non-default) or Stage 3 (default).

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 and foreign exchange.

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 and foreign exchange. Net interest income/expense from these derivatives is recorded in Other interest 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 and foreign exchange. 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

At initial recognition, a (group of) financial liability(s) may be irrevocably designated as measured at fair value through profit or loss, 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 classified as a hybrid instrument when it contains one or more embedded derivatives. If an embedded derivative is not closely related to the host contract, and cannot be separated from the host contract, the entire hybrid instrument is designated at fair value through profit or loss.

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, except for changes in own credit risk, which are presented separately in OCI.

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 and foreign exchange. Interest expense is recorded in Other interest 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 and foreign exchange. 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.

‘Day 1’ profit or loss

When a financial instrument is initially recognized at fair value, any difference between the transaction price and the fair value determined using a valuation technique that incorporates unobservable inputs (Level 3) is not recognized immediately in profit or loss unless that fair value is evidenced by a quoted price in an active market for an identical asset or liability, or based on observable market data (Level 1 and 2). For financial instruments in Level 3, the Day 1 profit or loss is deferred and recognized over the lifetime of that financial instrument or when the instrument is derecognized.

(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 and foreign exchange. Amounts in the Cash flow hedge reserve are reclassified into the consolidated statement of income as a reclassification adjustment in the same period as the hedged cashflows affect the consolidated statement of income.

(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 and foreign exchange. 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 and foreign exchange. 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 lifetime of the hedged items or immediately recognised in the consolidated statement of income if the hedged items are derecognised. 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 recognition and scope of the standard IFRS 16 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's useful life if ownership is transferred. In other cases, it corresponds to the shorter of the right-of-use asset's useful life or the lease term. 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 to extend the lease, the useful life with the options included is limited to 10 years.

(ii) Group company as a lessor

Finance leases, where the Group transfers substantially all the risks 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 interest 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 interest 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 interest income and expense

Other interest 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

The Group earns fee and commission income from contracts with customers across three main areas: Banking Services, Asset Management Services, and Distribution. Revenue recognition is based on the nature of the performance obligation and the timing of its satisfaction.

Fees and commission that are an integral part of the effective interest rate of a financial instrument are included in the measurement of interest income or expenses in accordance with IFRS 9.

Fees and commissions that are not an integral part of the effective interest rate are recognised in accordance with IFRS 15, either over time or at a point in time, depending when the service is provided to the customer.

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.

Banking services are provided to retail and corporate clients. The services include payment services (domestic or foreign), credit and guarantee arrangements, securities transactions and other. The recurring service fees are recognized over time as the customer receives and consumes the service. Transaction-based fees are recognized at a point in time when the transaction occurs.

Income received from margins earned on FX transactions (related to payments, credits, deposits, investments) and performed by the network (branches, online) for clients, further as Network income, is reported as part of Net fee and commission income.

Revenue from asset management services is earned through the provision of portfolio and fund management to investment funds and individual investors. Asset management fees are recognised over the period for which the service is provided to the extent that a significant reversal of revenue is not probable. Entry fees are recognised at a point in time when the investment is made. Any performance fees are recognised only when the performance criteria have been met and the amount is reliably measurable.

Distribution fee income is earned from the sale of third-party banking and insurance products. Revenue is recognised when the performance obligation is satisfied, typically at the time the product is sold. Where the consideration is variable, revenue is recognised only to the extent that it is highly probable that a significant reversal will not occur.

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 on demand or with 1 day maturity from the date of acquisition including: cash, mandatory minimum reserves, other balances with central banks and other demand deposits in credit institutions.

(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	minimum 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) Non-current assets held-for-sale / Liabilities included in disposal groups held-for-sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as Assets held for sale and Liabilities associated with disposal groups if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal groups, are measured at the lower of their carrying amount and fair value less costs to sell. Classification is made at the date when the criteria for held-for-sale designation are met, including the availability of the disposal group for immediate sale in its present condition and the high probability that the sale will be completed within the following 12 months.

(17) 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 unamortised 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.

(18) Loan commitments

The Group issues commitments to provide loans and these commitments can be irrevocable or revocable. 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.

(19) State subsidies

The Ministry of Environment in cooperation with the State Environmental Fund of the Czech Republic provides banks with a preferential loan for the purpose of providing preferential loans to individuals. The preferential loans are valued at fair value upon initial recognition and are reported in Financial liabilities at amortized cost. The difference between the fair and nominal value is reported in Other liabilities and is amortized over the maturity of the loan. Amortization is reported in Other interest expenses.

(20) 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 with the years of service. Termination benefits are recognised in the consolidated statement of income based on the approval of the restructuring programme implementation.

(21) 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.

(22) 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.

(23) 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.

(24) 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.

(25) 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 Comparative balances restatement

In 2025, the Group corrected and revised its definition of cash equivalents in the consolidated statement of cash flows. To provide more reliable information comparable with other credit institutions on the market, loans and advances measured at amortised cost to credit institutions and central banks are no longer considered as cash equivalents from 2025 on. Furthermore, in 2025 the Group corrected the definition of cash equivalents and excluded from them the financial liabilities at amortised cost to credit institutions and central banks and highly liquid transactions contracted with general government bodies (repo operations), previously reported as part of the cash equivalents.

As a result, cash equivalents are presented differently in the consolidated statement of cash flows at 31 December 2025 from the presentation applied in the financial statements at 31 December 2024 and 2023. This restatement does not have any impact on balances reported in the consolidated statement of financial position at 31 December 2024 and 2023.

A reconciliation of the consolidated statement of cash flows for the year ended 31 December 2024 is as follows:

	2024	Adjustments		2024
(CZKm)	As reported	Assets	Liabilities	Restated
OPERATING ACTIVITIES				
Profit before tax	**22,402**	**-**	**-**	**22,402**
Adjustments for:				
Interest income	-98,901	-	-	-98,901
Interest expense	67,516	-	-	67,516
Dividend income (other than from associates and joint ventures)	-23	-	-	-23
Non-cash items included in profit before tax	2,158	-	-	2,158
Net losses from investing activities	176	-	-	176
Cash flow used in operations before changes in operating assets, liabilities, income tax paid, interest paid and received and dividend received	**-6,672**	**-**	**-**	**-6,672**
Change in operating assets	-41,850	22,894	-	-18,956
Change in operating liabilities	2,577	-	20,289	22,866
Change in assets under operating leases	-327	-	-	-327
Income tax paid	-3,001	-	-	-3,001
Interest paid	-67,442	-	-	-67,442
Interest received	98,759	-	-	98,759
Dividend received (other than from associates and joint ventures)	23	-	-	23
Net cash flows used in operating activities	**-17,933**	22,894	20,289	**25,250**
INVESTING ACTIVITIES				
Purchase of property, equipment and intangible assets	-3,373	-	-	-3,373
Proceeds from disposal of property, equipment, intangible assets and assets held-for-sale	965	-	-	965
Acquisition of subsidiaries, net of cash acquired	-2,516	-	-	-2,516
Capital increase in associates and joint ventures	-29	-	-	-29
Net cash flows used in investing activities	**-4,953**	**-**	**-**	**-4,953**
FINANCING ACTIVITIES				
Bonds issued	11,937	-	-	11,937
Repayment of bonds	-3,202	-	-	-3,202
Issue of subordinated debts	10,577	-	-	10,577
Payments of principal on leases	-423	-	-	-423
Dividends paid	-15,018	-	-	-15,018
Net cash flows from financing activities	**3,871**	**-**	**-**	**3,871**
Net decrease in cash and cash equivalents	**-19,015**	**22,894**	**20,289**	**24,168**
Cash and cash equivalents at the beginning of the year	250,252	-535,482	309,473	24,243
Net decrease in cash and cash equivalents	-19,015	22,894	20,289	24,168
Cash and cash equivalents at the end of the year	**231,237**	**-512,588**	**329,762**	**48,411**

The explanation for the restating adjustments is as follows:

Assets – Loans and advances to central banks and to credit institutions excluded from the consolidated statement of cash flows as no longer considered as cash equivalents,

Liabilities – Financial liabilities measured at amortised cost, incl. currents accounts, overnight deposits, term deposits and repo transactions with credit institutions, repo transactions with government bodies and promissory notes issued to credit institutions were excluded from the consolidated statement of cash flows.

The additional cash flow information in Note: 35 have been restated accordingly.

3. SCOPE OF CONSOLIDATION AND BUSINESS COMBINATIONS

The scope of the consolidation includes 36 companies. Ownership of the Group (%) in significant companies (in accordance with EU regulation 575/2013) was as follows:

Name	Abbreviation	Country of incorporation	% 2025	% 2024
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
ČSOB Nemovitostní, otevřený podílový fond Patria investiční společnosti, a.s.	ČSOB Nemovitostní	Czech Republic	62.35	100.00
Igluu s.r.o.	Igluu	Czech Republic	100.00	-
K&H Pénzforgalmi Szolgáltató Korlátolt Felelősségű Társaság	K&H Payment Services	Hungary	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.	Skip Pay	Czech Republic	100.00	100.00
Ušetřeno.cz s.r.o.	Ušetřeno	Czech Republic	100.00	100.00
Joint venture				
Igluu s.r.o.	Igluu	Czech Republic	-	50.00
Ownest, s.r.o.	Ownest	Czech Republic	21.73	21.73
Associates				
ČSOB Pojišťovna, a.s., a member of the ČSOB holding	ČSOB Pojišťovna	Czech Republic	0.24	0.24

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.

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 fund 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 fund units of the fund to the customers. During 2024 and 2025, 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, Patria RP Zvolen II, Patria Na Poříčí and Patria Offices Karlín. 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 2025 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.

Beginning April 2025, ČSOB Nemovitostní fund started issuing additional fund units to external retail investors. As a result, the Group’s proportionate interest in the net assets of the entire property related group gradually decreased and reached 62.35% at the end of 2025. In Consolidated statement of income for the year ended 31 December 2025 and in Consolidated statement of financial position as at 31 December 2025, the Group recognized minority interests corresponding to the share of external retail investors amounting to 37.65% share on the Profit for the year and on the Total equity of the property related group.

In December 2025, ČSOB Bank initiated the process of redeeming part of its seed money investment, with the redemption being executed in January 2026. In accordance with IFRS 5, the Group classified all assets and liabilities of the entire property related group as Non-current assets held-for-sale and Liabilities included in disposal groups held-for-sale in the Consolidated statement of financial position as at 31 December 2025.

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.

Commercial banking: Corporate companies, SME and micro companies, private banking customers, 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, micro companies and private banking customers. Margin income from the operations with corporate, SME, micro companies 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 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 2025

(CZKm)	Retail	Home financing	Commercial banking	Financial markets	Group Centre	**Total**
Consolidated statement of income						
Net interest income	12,826	3,732	12,967	466	3,575	**33,566**
Fee and commission income	5,196	1,090	4,762	2,528	5,466	**19,042**
Fee and commission expense	-1,281	-850	-367	-458	-5,553	**-8,509**
Dividend income	-	-	-	6	12	**18**
Net gains / losses (-) from financial instruments at fair value through profit or loss	140	-1	2,096	1,064	-263	**3,036**
Income from operating lease	-	-	959	-	-	**959**
Expense from operating lease	-	-	-790	-	-	**-790**
Other net income	170	9	77	170	635	**1,061**
Operating income	**17,051**	**3,980**	**19,704**	**3,776**	**3,872**	**48,383**
of which:						
External operating income / expense (-)	*646*	*19,074*	*12,809*	*3,776*	*12,078*	*48,383*
Intersegment operating income / expense (-)	*16,405*	*-15,094*	*6,895*	*-*	*-8,206*	*-*
Depreciation and amortisation	-40	-187	-64	-87	-2,408	**-2,786**
Other operating expenses	-9,243	-1,537	-5,658	-1,182	-3,217	**-20,837**
Operating expenses before impairment losses	**-9,283**	**-1,724**	**-5,722**	**-1,269**	**-5,625**	**-23,623**
Impairment losses on financial assets at amortised cost and at fair value through OCI and finance leases	-596	32	-587	-13	55	-1,109
Impairment losses on other non-financial assets	-	-57	-	-	-78	-135
Share of profit of associates and joint ventures	-	-	-	-	-21	**-21**
Profit before tax	**7,172**	**2,231**	**13,395**	**2,494**	**-1,797**	**23,495**
Income tax expense	-1,506	-477	-2,840	-513	1,716	**-3,620**
Segment profit	**5,666**	**1,754**	**10,555**	**1,981**	**-81**	**19,875**
Attributable to:						
Owners of the parent	**5,666**	**1,754**	**10,555**	**1,981**	**-112**	**19,844**
Non-controlling interests	**-**	**-**	**-**	**-**	**31**	**31**
Assets and liabilities						
Segment assets	57,196	585,363	419,179	63,066	1,151,216	**2,276,020**
Investment in associates and joint ventures	-	-	-	-	55	**55**
Non-current assets held-for-sale	-	-	57	-	7,054	**7,111**
Total assets	**57,196**	**585,363**	**419,236**	**63,066**	**1,158,325**	**2,283,186**
Total liabilities	**628,626**	**101,337**	**613,853**	**356,856**	**451,101**	**2,151,773**
Capital expenditure	**332**	**222**	**999**	**80**	**3,415**	**5,048**

Segment reporting information by customer segments for 2024

(CZKm)	Retail	Home financing	Commercial 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	4,579	1,101	4,566	2,341	5,366	**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	**15,042**	**4,040**	**18,713**	**3,199**	**4,115**	**45,109**
of which:						
External operating income	*-1,722*	*18,401*	*8,715*	*3,199*	*16,516*	*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	-9,084	-1,562	-5,516	-1,155	-3,342	**-20,659**
Operating expenses before impairment losses	**-9,112**	**-1,885**	**-5,571**	**-1,262**	**-5,663**	**-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 and other non-financial assets	-	-	-	-30	-45	-75
Share of profit of associates and joint ventures	-	-	-	-	3	**3**
Profit before tax	**5,684**	**2,786**	**13,550**	**1,907**	**-1,525**	**22,402**
Income tax expense	-1,223	-590	-2,867	-409	1,595	**-3,494**
Segment profit	**4,461**	**2,196**	**10,683**	**1,498**	**70**	**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**

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. Revenues from external customers in foreign country and assets and liabilities located in foreign country are not material.

5. INTEREST INCOME

(CZKm)	2025	2024
Interest income on financial instruments calculated using effective interest rate method		
Cash, balances with central banks and other demand deposits	14	156
Financial assets at amortised cost, incl. assets pledged as collateral		
Credit institutions	27,471	32,014
Other than credit institutions	47,916	47,549
Financial assets at fair value through other comprehensive income, incl. assets pledged as collateral	1,667	518
Derivatives used for hedging (Note: 8)	4,632	10,191
Negative interest from financial liabilities measured at amortised cost	1	-
	81,701	90,428
Other interest income		
Finance lease receivables	489	430
Financial assets held for trading, incl. assets pledged as collateral (Note: 8)	672	1,038
Derivatives used as economic hedges (Note: 8)	3,278	6,993
Negative interest from financial liabilities measured at fair value (Note: 8)	11	12
	4,450	8,473
Interest income	**86,151**	**98,901**

6. INTEREST EXPENSE

(CZKm)	2025	2024
Interest expense on financial instruments calculated using effective interest rate method		
Financial liabilities at amortised cost		
Central banks	12	18
Credit institutions	6,730	11,137
Other than credit institutions	26,462	33,243
Debt instruments in issue	8,483	5,244
Derivatives used for hedging (Note: 8)	4,333	7,797
	46,020	57,439
Other interest expense		
Financial liabilities held for trading (Note: 8)	719	1,190
Financial liabilities designated at fair value through profit or loss (Note: 8)	567	908
Derivatives used as economic hedges (Note: 8)	5,203	7,905
Lease liabilities	76	74
	6,565	10,077
Interest expense	**52,585**	**67,516**

7. NET FEE AND COMMISSION INCOME

(CZKm)	2025	2024
Fee and commission income		
Banking services		
Payment service fees	8,103	7,880
Credit / Guarantee related fees	1,329	1,275
Network income	1,499	1,417
Securities	1,214	1,125
Other	1,240	1,025
Asset management services		
Custody fees	344	326
Mutual funds entry fees	397	444
Management fees	1,011	947
Distribution		
Mutual funds	2,203	1,939
Banking and insurance products	1,702	1,575
	19,042	**17,953**
Fee and commission expense		
Banking services		
Payment services	5,660	5,533
Credit / Guarantee related fees	276	308
Securities	250	203
Network expense	4	1
Other	692	583
Asset management services		
Custody fees	158	148
Distribution		
Banking and insurance products	1,469	1,166
	8,509	**7,942**
Net fee and commission income	**10,533**	**10,011**

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)	2025	2024
Net gains / losses from financial instruments at fair value through profit or loss and foreign exchange - as reported	**3,036**	**2,519**
Net interest income (Notes: 5, 6)	-2,229	434
	807	**2,953**
Financial instruments held for trading and derivatives used for hedging		
Interest rate contracts	749	2,787
Foreign exchange	2,943	-1,597
Equity contracts	337	654
	4,029	1,844
Non-trading financial instruments mandatorily at fair value through profit or loss		
Non-trading financial assets mandatorily at fair value through profit or loss	1,204	951
Financial instruments designated at fair value through profit or loss		
Financial liabilities designated at fair value through profit or loss	-662	-1,547
Foreign exchange differences	-3,764	1,705
Financial instruments at fair value through profit or loss and foreign exchange	**807**	**2,953**

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 ČSOB's Financial Markets department trading pre-specified products on behalf of KBC Bank. Risks related to the transactions are then transferred via back-to-back transactions 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)	2025	2024
Income from operating lease		
Income from operating leases	277	268
Income from disposal of assets under operating leases	471	764
Income from other services relating to operating leases	211	207
	959	**1,239**
Expense from operating lease		
Depreciation of assets under operating leases (Note: 24)	-189	-178
Expenses from disposal of assets under operating leases	-399	-632
Other services relating to operating leases	-202	-246
	-790	**-1,056**

10. OTHER NET INCOME

(CZKm)	2025	2024
ICT services	781	701
Services provided to the parent and to entities under common control (excluding income from ICT services)	370	435
Net gain / loss (-) on disposal of property and equipment	4	-2
Rental income from Investment property (Note: 23)	-	79
Net gain on disposal of non-current assets held-for-sale	-	4
Net gain on disposal of intangible assets	-	1
Other services provided by ČSOB Leasing	-	1
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	-36	-51
Net loss on disposal of investments measured at amortised cost	-293	-277
Other	235	122
	1,061	**988**

Income from ICT services represents revenue from related parties of the Group.

11. STAFF EXPENSES

(CZKm)	2025	2024
Wages and salaries	8,241	8,102
Salaries and other short-term benefits of key management personnel	87	87
Social security charges	2,817	2,665
of which pension security charges (obligatory)	*1,752*	*1,655*
Pension (voluntary) and similar expenses	223	208
Net increase in provisions for Restructuring programme	83	2
Other	168	160
	11,619	**11,224**

The members of the Board of Directors and Supervisory Board represent the Group’s key management personnel.

Number of personnel of the Group

The number (in full-time equivalents) of personnel of the Group was 8,240 at 31 December 2025 (31 December 2024: 8,125).

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. Liabilities related to the bonus scheme are reported as part of Other liabilities in the consolidated statement of financial position.

The Group's key management personnel received no other remuneration in the form of short-term benefits, post-employment benefits, other long-term employee benefits, early termination benefits, or share-based payments.

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 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 2 m in 2025 (2024: CZK Nil).

12. GENERAL ADMINISTRATIVE EXPENSES

(CZKm)	2025	2024
Information technologies	3,999	3,908
Professional fees	843	812
Other building expenses	822	775
Marketing	751	700
Retail service fees	757	710
Communication	507	513
Deposit insurance premium and contribution to the Securities Traders Guarantee Fund	432	424
Administration	235	251
Travel and transportation	185	209
Contribution to the Single Resolution Mechanism	158	583
Payment cards and electronic banking	117	116
raining	57	51
Insurance	54	61
Rental expenses on land and buildings - minimum lease payments	50	66
Car expenses	16	16
Other	235	240
	9,218	**9,435**

13. IMPAIRMENT LOSSES

(CZKm)	2025	2024
Impairment loss / reversal of financial assets at amortised cost - loans and advances (Notes: 35, 42.2)	-1,099	563
Impairment reversal of financial assets at amortised cost - debt securities (Notes: 35, 42.2)	-	13
Impairment reversal of finance lease receivables (Note: 35)	11	51
Provisions loss / reversal for loan commitments and guarantees (Notes: 31, 35)	-4	231
Impairment loss of financial assets at fair value through OCI (Note: 35)	-17	-
Impairment loss (-) / reversal of property, plant and equipment (Notes: 24, 35)	-9	2
Impairment loss of intangible assets (Notes: 25, 35)	-125	-72
Impairment loss of other financial assets (Note: 35)	-1	-5
	-1,244	**783**

14. INCOME TAX

The components of income tax expense for the years ended 31 December 2025 and 2024 are as follows:

(CZKm)	2025	2024
Current tax expense	3,680	3,236
Previous year under accrual of current tax	40	104
Deferred tax income (-) / expense relating to the origination and reversal of temporary differences	-100	154
	3,620	**3,494**

A reconciliation between the tax expense and the accounting profit multiplied by the domestic tax rate for the years ended 31 December 2025 and 2024 is as follows:

(CZKm)	2025	2024
Profit before taxation	23,495	22,402
Applicable tax rates	21%	21%
Taxation at applicable tax rates	4,934	4,704
Previous year under / over (-) accrual of current tax	39	104
Effect on deferred taxes due to increase in tax rate	-	-
Tax effect of non-taxable income	-2,319	-2,605
Tax effect of non-deductible expenses	868	1,197
Top-up tax	98	94
	3,620	**3,494**

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, 2024 nor 2025, since the tax base did not rise sufficiently for the windfall tax to apply. It was not recognized in deferred tax either.

The applicable tax rate in 2025 was 21% (2024: 21%).

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 2025 was preliminary calculated and the top-up tax provision was booked in the amount of CZK 98 m (2024: 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 2025 (2024: 21%).

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

(CZKm)	2025	2024
At 1 January	**-80**	**-118**
Consolidated statement of income	100	-154
Financial assets FVOCI (Note: 33)		
Fair value remeasurement	-45	-12
Transfer to net profit or retained earnings	24	29
Cash-flow hedges (Note: 33)		
Fair value remeasurement	174	355
Transfer to net profit (Note: 22)	-58	-186
Changes in consolidation scope	6	6
At 31 December	**121**	**-80**

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

(CZKm)	2025	2024
Deferred tax asset		
Initial fee income	827	703
Employee benefits	451	412
Temporary difference resulting from tax depreciation	411	380
Interest rate bonus	190	205
Impairment losses on loans and advances at amortised cost and credit risk provisions	105	146
Impairment of tangible and intangible assets	83	81
Capital repayments	79	-
Provisions for other risks and charges	57	89
Unused tax losses applicable in the next periods	23	34
Impairment losses on debt securities	19	21
Debt securities at fair value through other comprehensive income	16	17
Revaluation of financial assets and liabilities at fair value through profit or loss	-41	83
Cash-flow hedging derivatives	-60	-173
Amortisation of goodwill for tax purposes	-565	-565
Other temporary differences	44	55
	1,639	**1,488**

(CZKm)	2025	2024
Deferred tax liability		
Temporary difference resulting from tax depreciation	1,026	1,089
Cash-flow hedging derivatives	222	232
Debt securities at fair value through other comprehensive income	198	195
Unused tax losses applicable in the next periods	78	69
Initial fee expense	44	-30
Finance lease valuation	31	77
Revaluation of financial assets and liabilities at fair value through profit or loss	-7	8
Impairment of tangible and intangible assets	-12	-
Impairment losses on loans and advances at amortised cost and credit risk provisions	-17	-19
Provisions for other risks and charges	-21	-23
Other temporary differences	-23	-30
	1,519	**1,568**

The deferred tax benefit / charge (-) in the consolidated statement of income comprises of the following temporary differences:

(CZKm)	2025	2024
Temporary difference resulting from tax depreciation	94	105
Capital repayments	79	-
Initial fee income	50	49
Finance lease valuation	46	-47
Employee benefits	39	34
Debt securities at fair value through other comprehensive income	22	-
Impairment of tangible and intangible assets	14	5
Impairment losses on debt securities	-2	3
Interest rate bonus	-15	-37
Unused tax losses applicable in the next periods	-20	-30
Provisions for other risks and charges	-34	-10
Impairment losses on loans and advances at amortised cost and credit risk provisions	-43	-102
Revaluation of financial assets and liabilities at fair value through profit or loss	-109	-131
Other temporary differences	-21	7
	100	**-154**

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 2025 has not been taken before the date of issue of the financial statements.

Based on a sole shareholder decision from 24 April 2025, a dividend of CZK 23.04 per share was paid for 2024, representing a total dividend of CZK 6,746 m.

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.

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

(CZKm)	2025	2024
Cash (Note: 35)	7,750	8,184
Mandatory minimum reserves (Notes: 35, 36, 42.2)	27,132	9,137
Other balances with central banks (Notes: 35, 36, 42.2)	9,572	28,110
Other demand deposits in credit institutions (Notes: 35, 36, 42.2)	2,671	2,980
	47,125	**48,411**

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 5,580 m at 31 December 2025 (31 December 2024: CZK 24,897 m). 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)	2025	2024
Financial assets held for trading		
Loans and advances		
Reverse repo transactions (Note: 38)	182	1
Other loans and advances	-	14
Equity securities		
Credit institutions	6	21
Corporate	33	27
Derivative contracts (Note: 22)		
Trading derivatives	21,419	27,304
Derivatives used as economic hedges	2,065	1,862
	23,705	**29,229**
Non-trading financial assets mandatorily at fair value through profit or loss		
Loans and advances		
Credit institutions	1,204	951
	1,204	**951**
Financial assets at fair value through profit or loss	**24,909**	**30,180**

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(CZKm)	2025	2024
Financial assets at fair value through other comprehensive income		
Debt securities classified as stage 1		
General government	76,276	27,873
Credit institutions	230	1,472
Equity securities		
Corporate	456	468
	76,962	**29,813**
Financial assets at fair value through other comprehensive income pledged as collateral		
Debt securities classified as stage 1		
General government	1,798	4,241
	1,798	**4,241**

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 482 m (2024: CZK Nil) or securities lending in the amount of CZK 1,316 m (2024: CZK 4,241 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

	2025				
(CZKm)	Stage 1	Stage 2	Stage 3	POCI	Total
Financial assets at amortised cost					
Debt securities					
General government	188,602	-	-	-	188,602
Credit institutions	1,214	-	-	-	1,214
Other legal entities	3,407	-	-	-	3,407
Debt securities – gross carrying amount	193,223	-	-	-	193,223
Allowance for impairment losses	-4	-	-	-	-4
Total debt securities	**193,219**	**-**	**-**	**-**	**193,219**
Loans and advances					
Central banks	751,284	-	-	-	751,284
General government	25,099	928	549	-	26,576
Credit institutions	2,854	68	119	-	3,041
Other legal entities	307,892	36,149	4,878	615	349,534
Private individuals	636,153	40,815	8,339	142	685,449
Loans and advances – gross carrying amount	1,723,282	77,960	13,885	757	1,815,884
Allowance for impairment losses	-1,228	-2,318	-6,180	-208	-9,934
Total loans and advances	**1,722,054**	**75,642**	**7,705**	**549**	**1,805,950**
Total financial assets at amortised cost	**1,915,273**	**75,642**	**7,705**	**549**	**1,999,169**
Financial assets at amortised cost pledged as collateral					
Debt securities – gross carrying amount					
General government	71,196	-	-	-	71,196
Credit institutions	-	-	-	-	-
Other legal entities	-	-	-	-	-
Allowance for impairment losses	-	-	-	-	-
Total financial assets at amortised cost pledged as collateral	**71,196**	**-**	**-**	**-**	**71,196**

(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	510,759	-	-	-	510,759
General government	10,190	601	679	-	11,470
Credit institutions	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**

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 2025 and 2024 than they were at the beginning of the financial year or their initial recognition:

	2025					
	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	571	57	-	-	-	-
Credit institutions	-	-	-	-	-	-
Other legal entities	12,744	2,982	728	171	955	11
Private individuals	21,790	8,458	1,821	776	1,461	163
Total	**35,105**	**11,497**	**2,549**	**947**	**2,416**	**174**

	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**

Balances with central banks contain reverse repo transactions provided to central bank in the amount of CZK 751,284 m at 31 December 2025 (31 December 2024: CZK 510,759 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 57,187 m (2024: CZK 12,534 m) or securities lending in the amount of CZK 14,099 m (2024: CZK 23,299 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 16,861 m (2024: CZK 17,678 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

	2025				
(CZKm)	Stage 1	Stage 2	Stage 3	POCI	Total
Finance lease receivables					
Other legal entities	11,534	2,252	36	15	13,837
Private individuals	396	262	31	-	689
Gross carrying amount	11,930	2,514	67	15	14,526
Allowance for impairment losses	-17	-17	-45	-	-79
	11,913	**2,497**	**22**	**15**	**14,447**

	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**

Finance lease receivables may be analysed as follows:

(CZKm)	2025	2024
Total amount of the future minimum lease payments	**15,742**	**13,435**
At not more than one year	3,506	3,541
At more than one but not more than two years	3,544	2,773
At more than two but not more than three years	2,399	2,787
At more than three but not more than four years	1,904	1,617
At more than four but not more than five years	1,510	1,087
At more than five years	2,879	1,630
Unearned future finance income on finance leases	-1,295	-913
Present value of the future minimum lease payments	**14,447**	**12,522**
At not more than one year	3,218	3,301
At more than one but not more than two years	3,252	2,584
At more than two but not more than three years	2,202	2,597
At more than three but not more than four years	1,747	1,508
At more than four but not more than five years	1,386	1,013
At more than five years	2,642	1,519
Accumulated allowance for uncollectible minimum lease payments receivable	-79	-90

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

As at 31 December 2025, the Group possessed assets (mainly cars related to leased assets) with an estimated value of CZK 57 m (2024: CZK 32 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)	2025	2024
The associate's assets and liabilities		
Assets	42,012	40,442
of which current assets	3,604	473
Liabilities	33,645	34,068
of which current liabilities	2,375	2,316
Net assets	**8,367**	**6,375**
Carrying amount of the investment	**25**	**20**
The associate's results		
Interest income	1,268	1,373
Interest expense	-76	-119
Total revenues	17,233	15,264
Depreciation and amortisation	-183	-184
Income tax expense	-610	-549
Profit for the year	2,919	2,654
Profit for the year – share of the Group	7	7
Dividend – share of the Bank	4	5
Other comprehensive income	-	-
Total comprehensive income	7	7

As at 31 December 2025, the Group consolidated two entities using equity method, ČSOB Pojišťovna and Ownest, having total carrying amount of CZK 55 m at 31 December 2025 (2024: CZK 100 m) (Note: 3). The carrying amount of Ownest in the consolidated statement of financial position amounted to CZK 30 m and its financial indicators are immaterial.

At the end of 2024, Igluu, as a joint venture, was also included into the consolidated financial statements as the equity method consolidated entity. In January 2025, ČSOB acquired a 50% share in Igluu from the other joint partner Gobii Europe and the Group became the sole shareholder of Igluu (Note: 3). As a result, the Group ceased to consolidate Igluu using the equity method with an impact on the consolidated statement of profit and loss in the amount of CZK -28 m.

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, FX and equity position of the Banking Book (positions managed by ALM) and which do not meet the criteria of hedge accounting; still they are used as 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 2025 and 2024 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

	2025			2024		
	Notional	Fair value		Notional	Fair value	
(CZKm)	amount	Positive	Negative	amount	Positive	Negative
Interest rate related contracts						
Swaps	636,537	15,776	16,163	812,739	20,176	20,630
Options	19,169	142	98	28,498	208	137
	655,706	**15,918**	**16,261**	**841,237**	**20,384**	**20,767**
Foreign exchange contracts						
Swaps	434,612	4,740	3,460	618,128	5,676	4,743
Forwards	59,739	342	1,462	73,914	588	1,317
Options	111,854	345	345	103,837	623	622
	606,205	**5,427**	**5,267**	**795,879**	**6,887**	**6,682**
Commodity contracts						
Swaps / Options	584	74	73	707	33	31
Total trading derivatives (Notes: 17, 28)	**1,262,495**	**21,419**	**21,601**	**1,637,823**	**27,304**	**27,480**

Positions of ALM – economic hedges

	2025			2024		
	Notional	Fair value		Notional	Fair value	
(CZKm)	amount	Positive	Negative	amount	Positive	Negative
Interest rate related contracts						
Swaps	5,950	187	576	4,950	191	404
Foreign exchange contracts						
Swaps	73,924	59	149	151,443	453	136
Equity contracts						
Swaps	10,073	1,017	157	7,460	640	35
Options	5,583	802	-	4,140	578	1
	15,656	**1,819**	**157**	**11,600**	**1,218**	**36**
Total derivatives used as economic hedges (Notes: 17, 28)	**95,530**	**2,065**	**882**	**167,993**	**1,862**	**576**

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 fair value of a hedging derivative and cumulative changes in net present value of a hedged item. Besides, the Group is testing whether the total amount of hedging derivatives does not exceed the volume of hedged item.

The hedging ineffectiveness results from the different floating rate repricing frequencies in hedging instrument and hedged item 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 volume of rolled 2-week 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 2025 and 2024 are set out as follows:

	2025			2024		
	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	830	-	11,900	1,090	-
Cash flow macro hedges	72,208	1,002	1,058	58,923	1,440	1,272
Total hedging derivatives	**84,108**	**1,832**	**1,058**	**70,823**	**2,530**	**1,272**

In 2025, a loss of CZK 68 m was recognised in the consolidated statement of income, as part of Net gains from financial instruments at fair value through profit or loss, due to hedge ineffectiveness from single currency interest rate swaps cash flow hedges (2024: gain of CZK 45 m).

In 2025, 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 Nil from equity to the consolidated statement of income (2024: losses of CZK 10 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 2025 and 2024 covered by the Group‘s hedging strategies:

	2025			
	Cash flow hedge reserve		Change in fair value of hedging instrument for	Change in fair value of hedged item for
(CZKm)	Continuing hedges	Discontinued hedges	ineffectiveness assessment	ineffectiveness assessment
Cash flow hedges	287	-	-606	538

	2024			
	Cash flow hedge reserve		Change in fair value of hedging instrument for	Change in fair value of hedged item for
(CZKm)	Continuing hedges	Discontinued hedges	ineffectiveness assessment	ineffectiveness assessment
Cash flow hedges	825	-	-741	785

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

(CZKm)	2025	2024
Net interest income (Note: 33)	-206	-920
Net (losses) / gains from financial instruments at fair value through profit or loss (Note: 33)	-68	34
Taxation (Note: 14)	58	186
Net losses	**-216**	**-700**

The following table shows the estimated cashflows from cashflow hedging derivatives per time bucket at 31 December 2025:

(CZKm)	Inflows	Outflows
Less than 3 months	65	-119
More than 3 months but not more than 6 months	65	-116
More than 6 months but not more than 1 year	130	-213
More than 1 year but not more than 2 years	259	-298
More than 2 years but not more than 5 years	775	-326
More than 5 years	420	-239
	1,714	**-1,311**

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 amortised 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 2025 and 2024 are set out as follows:

	2025			2024		
	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	166,442	7,535	817	115,991	8,149	1,062
Fair value portfolio hedges	713,077	5,407	13,337	641,647	9,924	16,306
Cross currency interest rate swaps						
Fair value micro hedges	-	-	-	516	10	-
Total hedging derivatives	**879,519**	**12,942**	**14,154**	**758,154**	**18,083**	**17,368**

The following table contains details of the hedged items as at 31 December 2025 and 2024 covered by the Group's hedging strategies:

	2025			
	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	67,209	-6,245	-	734
Financial assets at fair value through other comprehensive income	67,259	-1,484	-	-817
Financial liabilities at amortised cost	24,322	-	77	123
Total	158,790	-7,729	77	40
Fair value portfolio hedges				
Financial assets at amortised cost	315,482	-2,420	-	2,900
Financial liabilities at amortised cost	386,826	-	-8,422	-2,691
Total	702,308	-2,420	-8,422	209
Total hedged items	**861,098**	**-10,149**	**-8,345**	**249**

	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**

In 2025, the discontinuation of hedge accounting due to sales of underlying hedged bonds resulted in realised losses of CZK 5 m (2024: 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 2025, the net gains in the amount of CZK 235 m (2024: gains of CZK 830 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 343 m (2024: losses of CZK 820 m).

23. INVESTMENT PROPERTY

In 2024, the Group established company ČSOB Nemovitostní, as a direct subsidiary, through which the Group acquires entities operating on the real estate market (Note: 3). At the end of 2025, 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, Patria RP Zvolen II, Patria Na Poříčí and Patria Offices Karlín. 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 2025 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 in the consolidated statement of income for the year ended 31 December 2024. Fair value of the investment property at 31 December 2024 was based on valuation techniques using significant unobservable inputs and amounted to CZK 3,449 m.

In December 2025, ČSOB Bank initiated the process of redeeming part of its seed money investment, with the redemption being executed in January 2026. In accordance with IFRS 5, the Group classified all assets and liabilities of the entire property related group as Non-current assets held-for-sale and Liabilities included in disposal groups held-for-sale in the Consolidated statement of financial position as at 31 December 2025.

24. PROPERTY AND EQUIPMENT

(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 (Note: 13)	-	-	-	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

(CZKm)	Land and buildings	IT equipment	Office equipment	Other	Construction in progress	Total
Cost at 1 January 2025	11,552	3,316	908	2,789	191	18,756
Depreciation and impairment at 1 January 2025	-4,913	-2,139	-548	-2,040	-	-9,640
Net book value at 1 January 2025	**6,639**	**1,177**	**360**	**749**	**191**	**9,116**
Transfers	391	411	38	445	-1 285	-
Additions	-	-	-	6	1,844	1,850
Disposals	-169	-387	-37	-104	-	-697
Transfers from non-current assets held-for-sale (Note: 26)	23	-	-	-	-	23
Depreciation	-347	-429	-66	-331	-	-1,173
Impairment (Note: 13)	-	-	-	-9	-	-9
Foreign currency translation	-	3	-	-	-	3
Net book value at 31 December 2025	**6,537**	**775**	**295**	**756**	**750**	**9,113**
of which						
Cost	11,818	2,884	893	2,792	750	19,137
Depreciation and impairment	-5,281	-2,109	-598	-2,036	-	-10,024

Right of use assets

(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
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

(CZKm)	Land and buildings	IT equipment	Total
Cost at 1 January 2025	4,145	302	4,447
Depreciation and impairment at 1 January 2025	-2,258	-277	-2,535
Net book value at 1 January 2025	**1,887**	**25**	**1,912**
Additions	268	200	468
Disposals	-82	-	-82
Depreciation	-320	-63	-383
Net book value at 31 December 2025	**1,753**	**162**	**1,915**
of which			
Cost	4,331	502	4,833
Depreciation and impairment	-2,578	-340	-2,918

Assets under operating leases

(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

(CZKm)	Total
Cost at 1 January 2025	1,782
Depreciation and impairment at 1 January 2025	-417
Net book value at 1 January 2025	**1,365**
Additions	657
Disposals	-203
Depreciation	-189
Net book value at 31 December 2025	**1,630**
of which	
Cost	2,039
Depreciation and impairment	-409

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 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

(CZKm)	Goodwill	Acquired software	Internally developed software	Other intangible assets	Construction in progress	Total
Cost at 1 January 2025	8,177	3,969	10,404	464	1,494	24,508
Amortisation and impairment at 1 January 2025	-4,008	-3,806	-7,244	-355	-	-15,413
Net book value at 1 January 2025	**4,169**	**163**	**3,160**	**109**	**1,494**	**9,095**
Transfers	-	127	1,489	263	-1,879	-
Additions	-	-	-	-	2,541	2,541
Disposals	-	-31	-	-198	-	-229
Amortisation	-	-124	-1,093	-13	-	-1,230
Impairment (Note: 13)	-	-	-125	-	-	-125
Foreign currency translation	-	-	-	4	-	4
Net book value at 31 December 2025	**4,169**	**135**	**3,431**	**165**	**2,156**	**10,056**
of which						
Cost	8,177	3,977	11,895	532	2,156	26,737
Amortisation and impairment	-4,008	-3,842	-8,464	-367	-	-16,681

Internally developed software in the net amount of CZK 2,040 m as at 31 December 2025 (31 December 2024: CZK 1,112 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)	2025	2024
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 12.0% in 2025 (2024: 12.6%) and no long term growth rates were used in 2025 and 2024.

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 12.0% has been applied (2024: 12.7%). 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 and 2025, 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 12.0% (2024: 12.6%) and a long-term growth rate of 2.0% were used (2024: 0%).

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 2.0% (2024: 0%) for ČSOBS has been used for extrapolation purposes beyond the budget period.
- The risk discount rate. For ČSOBS an average risk discount rate of 12.0% (2024: 12.6%) 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 2025 and 2024:

	2025		2024	
(CZKm)	+1%	-1%	+1%	-1%
Discount rate	-519	628	-454	530

26. NON-CURRENT ASSETS HELD-FOR-SALE AND LIABILITIES INCLUDED IN DISPOSAL GROUPS HELD-FOR-SALE

Non-current assets held-for-sale:

(CZKm)	Land and buildings	Assets under finance leases (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	-	-	-

(CZKm)	ČSOB Nemovitostni	Land and buildings	Assets under finance leases (Note: 20)	Total
Net book value at 1 January 2025	**-**	**23**	**32**	**55**
Transfer to Property and equipment (Note: 24)	-	-23	-	-23
Transfer from Cash, balances with central banks and other demand deposits	198	-	-	198
Transfer from Investment property	6,273	-	-	6,273
Transfer from Financial assets at fair value through other comprehensive income	291	-	-	291
Transfer from Other assets	292	-	-	292
Additions	-	-	156	156
Disposals	-	-	-131	-131
Net book value at 31 December 2025	**7,054**	-	**57**	**7,111**
of which				
Cost	7,054	-	57	7,111
Impairment	-	-	-	-

Liabilities included in disposal groups held-for-sale:

(CZKm)	ČSOB Nemovitostni	Total
Net book value at 1 January 2025	**-**	**-**
Transfer from Financial liabilities at amortized cost	2,235	2,235
Transfer from Other liabilities	551	551
Net book value at 31 December 2025	**2,786**	**2,786**
of which		
Cost	2,786	2,786
Impairment	-	-

27. OTHER ASSETS

(CZKm)	2025	2024
Other financial assets		
Other debtors, net of provisions (Notes: 34, 36, 42.2)	1,076	980
Receivables from pension funds (Notes: 34, 36, 37, 42.2)	779	934
Accrued income (Notes: 34, 36, 42.2)	690	713
Other receivables from clients (Notes: 34, 36, 42.2)	6	145
	2,551	**2,772**
Other non-financial assets		
Prepaid charges	1,031	950
VAT and other tax receivables	54	39
Assets subject of terminated operating leasing contracts	42	41
Other	9	42
	1,136	**1,072**
Total other assets	**3,687**	**3,844**

The following table shows staging and detail of cumulative impairment losses on other financial assets for 2025 and 2024:

	2025			2024		
(CZKm)	Stage 2	Stage 3	Total	Stage 2	Stage 3	Total
Other financial assets						
Gross carrying amount	2,563	10	2,573	2,774	14	2,788
Allowance for impairment losses	-14	-8	-22	-6	-10	-16
	2,549	**2**	**2,551**	**2,768**	**4**	**2,772**

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)	2025	2024
Financial liabilities held for trading		
Derivative contracts (Note: 22)		
Trading derivatives	21,601	27,480
Derivatives used as economic hedges	882	576
Term deposits	561	565
Repo transactions	2,630	2,373
	25,674	**30,994**
Financial liabilities designated at fair value through profit or loss		
Bonds issued	4,418	6,145
of which hybrid contracts	*4,418*	*2,829*
Investment certificates – hybrid contracts	12,675	10,622
	17,093	**16,767**
Financial liabilities at fair value through profit or loss	**42,767**	**47,761**

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 1,268 m lower than the carrying amount at 31 December 2025 (31 December 2024: lower by CZK 1,039 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 21 m in 2025 (2024: CZK 9 m).

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)	2025	2024
Deposits received from credit institutions		
Current accounts and overnight deposits	9,960	11,054
Term deposits	45,650	16,594
Repo transactions	25,319	12,772
	80,929	**40,420**
Deposits received from other than credit institutions		
Current accounts and overnight deposits	610,157	619,956
Term deposits	198,837	231,280
Savings deposits	510,409	446,886
Pension funds clients deposits	8	27
Repo transactions	284,450	59,500
Other deposits	8,548	10,156
	1,612,409	**1,367,805**
Debt securities in issue		
Bonds issued	19,347	16,893
Promissory notes	309,089	252,970
	328,436	**269,863**
Subordinated debt	**63,558**	**57,241**
Financial liabilities at amortised cost	**2,085,332**	**1,735,329**

In 2025, the Bank issued coupon bonds in the nominal amount of CZK 5,218 m having a contractual maturity between 3 and 6 years and EIR in the range of PRIBOR 6M -0.80% to PRIBOR 6M -0.40%. All bonds contain both-side option allowing premature purchase or sale at every coupon payment date.

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.

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 April 2025, the Group issued subordinated debt in the nominal amount of EUR 250 m (CZK 6,063 m) to KBC Bank NV. Subordinated debt is repayable after 6 years (December 2030). Its coupon rate is EURIBOR 3M + 1.3367%. The Group may prepay the debt at any time following 15 December 2030.

In December 2025, the Group issued subordinated debt in the nominal amount of EUR 100 m (CZK 2,425 m) to KBC Bank NV. Subordinated debt is repayable after 4 years (2029). Its coupon rate is EURIBOR 3M + 0.68%. The Group may prepay the debt at any time following 15 December 2028.

In December 2024, the Group issued subordinated debt in the nominal amount of EUR 180 m (CZK 4,364 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 5,819 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 2022, the Group issued subordinated debt in the nominal amount of EUR 170 m (CZK 4,123 m) to KBC Bank NV. Subordinated debt was repayable after 4 years (2026). Its coupon rate was EURIBOR 3M + 1.26%. The Group could prepay the debt at any time following the first three-year period. This bond was prolonged for a further 5-year period in December 2025 (2030). Its coupon rate is EURIBOR 3M + 0.78%. The Group may prepay the debt at any time following 15 December 2029.

In June 2022, the Group issued subordinated debt in the nominal amount of EUR 330 m (CZK 8,001 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.

In December 2021, the Group issued subordinated debt in the nominal amounts of EUR 276 m (CZK 6,692 m) to KBC Bank NV. Subordinated debt was repayable after 5 years (2026). Its coupon rate was EURIBOR 3M + 0.55% for last year before maturity date. The Group could prepay the debt at any time following the first four-year period. This bond was prolonged for a further 6-year period in December 2025 (2031). Its coupon rate is EURIBOR 3M + 0.88%. The Group may prepay the debt at any time following 15 December 2030.

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)	2025	2024
Other financial liabilities		
Accrued charges (Notes: 34, 36, 42.3)	2,347	2,258
Other creditors (Notes: 34, 36, 42.3)	1,778	1,336
Other debts to clients (Notes: 34, 36, 42.3)	682	1,110
Other (Notes: 34, 36, 42.3)	24	9
	4,831	**4,713**
Other non-financial liabilities		
Payables to employees including social security charges	2,942	2,795
Income received in advance	412	97
VAT and other tax payables	402	570
	3,756	**3,462**
Total other liabilities	**8,587**	**8,175**

Other liabilities are assessed as current liabilities except for the subsidy from Státní fond životního prostředí, as included within Income received in advance in the amount of CZK 364 m (2024: CZK 52 m).

31. PROVISIONS

(CZKm)	Pending legal issues and other losses	Restructuring	Onerous contractual engagements	Total
At 1 January 2024	**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**
Additions	26	121	-	147
Amounts utilised	-2	-45	-2	-49
Unused amounts reversed	-10	-38	-	-48
At 31 December 2025	**74**	**121**	**1**	**196**

Loan commitments and guarantees (Note: 37):

(CZKm)	Stage 1	Stage 2	Stage 3	Total
At 1 January 2024	**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**
Origination and acquisition	279	4	-	283
Change in credit risk not leading to stage transfers	-235	-30	-1	-266
Change in credit risk leading to stage transfer	-9	8	-9	-10
Derecognition	-1	-1	-1	-3
Change in model / methodology	-	-	-	-
Foreign currency translation	2	9	-18	-7
At 31 December 2025	**86**	**55**	**139**	**280**

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 was to be reduced in the period of 2022 - 2025. Unused part of the provision of CZK 45 m was released in 2025. Updated restructuring programme has been announced in 2025 leading to a creation of new provision of CZK 121 m. The framework of the programme is set for the period of 2026 - 2028.

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 best estimate of the expected cash outflow to cover the possible cost in the event of loss.

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 2025, the total authorised share capital was CZK 5,855 m (31 December 2024: CZK 5,855 m) and comprised of 292,750,002 ordinary shares with a nominal value of CZK 20 each (31 December 2024: 292,750,002 ordinary shares with a nominal value of CZK 20 each) and is fully paid up. All ordinary shares carry voting rights and each share represents one vote. Ordinary shares entitle the holder to a dividend payment. The shares are non-listed. There are no restrictions on the distribution of dividends and the repayment of capital attaching to the ordinary shares.

No Treasury shares were held by the Group at 31 December 2025 and 2024.

On 31 December 2025, the Bank was directly controlled by KBC Bank whose ownership interest in ČSOB was 100% (31 December 2024: 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 2025 and 2024 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 2024	**-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**
Other comprehensive income (Note: 33)	76	-438	8	-22	-376
At 31 December 2025	**-3**	**257**	**-17**	**-30**	**207**

33. COMPONENTS OF OTHER COMPREHENSIVE INCOME

(CZKm)	2025	2024
Other comprehensive income – to be reclassified to the consolidated statement of income		
Exchange differences on translating foreign operation	8	-13
Cash flow hedges		
Net unrealised losses on cash flow hedges	-828	-1,684
Net losses on cash flow hedges reclassified to the statement of income (Note: 22)	274	886
Tax effect relating to cash flow hedges (Note: 14)	116	169
	-438	-629
Financial debt instruments FVOCI		
Net unrealised gains on financial debt instruments FVOCI	214	118
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)	-45	3
	169	133
Other comprehensive income for the year, net of tax, to be reclassified to the consolidated statement of income in subsequent periods	**-261**	**-509**
Other comprehensive income – not to be reclassified to the consolidated statement of income		
Financial equity instruments FVOCI		
Net unrealised losses (-) / gains on financial equity instruments FVOCI	-2	136
Net realised gains on financial equity instruments FVOCI reclassified to the retained earnings on disposal	-115	-98
Tax effect relating to financial equity instruments FVOCI	24	15
	-93	**53**
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in credit risk	-22	-8
Other comprehensive income for the period, net of tax, not to be reclassified to the consolidated statement of income in subsequent periods	**-115**	**45**
Other comprehensive income for the year, net of tax	**-376**	**-464**

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 2025:

(CZKm)	Level 1	Level 2	Level 3	Total
Financial assets recorded at fair value				
Financial assets held for trading				
Loans and advances	-	182	-	182
Equity securities	39	-	-	39
Derivative contracts	-	19,555	3,928	23,483
Non-trading financial assets mandatorily at fair value through profit or loss				
Loans and advances	-	1,204	-	1,204
Financial assets FVOCI				
Debt securities	70,494	5,782	230	76,506
Equity securities	116	-	340	456
Financial assets FVOCI pledged as collateral				
Debt securities	1,798	-	-	1,798
Fair value adjustments of the hedged items in portfolio hedge	-	-2,420	-	-2,420
Derivatives used for hedging	-	14,775	-	14,775
Financial liabilities recorded at fair value				
Financial liabilities held for trading				
Derivative contracts	-	20,262	2,221	22,483
Term deposits	-	561	-	561
Repo transactions	-	2,630	-	2,630
Financial liabilities designated at fair value through profit or loss				
Bonds and investment certificates issued	-	-	17,093	17,093
Fair value adjustments of the hedged items in portfolio hedge	-	-8,422	-	-8,422
Derivatives used for hedging	-	15,212	-	15,212

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

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. The Group has no investments in mortgage bonds in 2025.

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 2025, 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 91 m (net of tax) in 2025 (2024: CZK 103 m). 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 loss realised on the sale amounted to CZK Nil (net of tax) directly recognized in Retained earnings in equity (2024: a gain CZK 8 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 2024	**1,935**	**1,208**	**415**	**3,558**
Total gains / losses (-) recorded in profit or loss	1,302	-40	-	1,262
Total gains 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**
At 1 January 2025	**3,237**	**1,472**	**352**	**5,061**
Total gains recorded in profit or loss	609	9	-	618
Total gains recorded in OCI	-	11	-	11
Purchases	-	-	102	102
Sales	-	-	-114	-114
Settlement	-	-1,250	-	-1,250
Transfers into level 3	82	-	-	82
Foreign currency differences	-	-12	-	-12
At 31 December 2025	**3,928**	**230**	**340**	**4,498**
Total gains / losses (-) recorded in profit or loss related to assets held at the end of the reporting period	609	9	-	**618**

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:

	Financial liabilities held for trading	Financial liabilities designated at fair value through profit or loss	Total
(CZKm)	Financial derivatives	Debt instruments	
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
At 1 January 2025	**1,999**	**16,767**	**18,766**
Total gains (-) / losses recorded in profit or loss	140	257	397
Issued	-	5,617	5,617
Sales	-	-1,859	-1,859
Settlement	-	-3,689	-3,689
Transfers into level 3	82	-	82
At 31 December 2025	**2,221**	**17,093**	**19,314**
Total gains (-) / losses recorded in profit or loss related to liabilities held at the end of the reporting period	140	257	397

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. Own credit risk component was very immaterial in both periods.

Impact on fair value of Level 3 financial instruments measured at fair value of changes to key assumptions

Level 3 Financial instrument	Valuation technique	Unobservable input	Fair value impact
Mortgage / ČEB bonds	Discounted cash flow	Credit spreads	Calculated based on 50bp move
OTC commodity swaps and forwards without physical delivery	Discounted cash flow	Forward commodity prices	Contracted on back-to-back basis without opened position
OTC FX / IR options	Option model	Model risk and volatility of FX / IR rates	Contracted on back-to-back basis without opened position
Long-term IRS	Discounted cash flow	Long-term CZK IRS rates	Contracted on back-to-back basis without opened position
OTC option-based equity derivatives	Third party price	Customized product / illiquid market	Hedging product for Issued hybrid bonds and investment certificates without opened position
Issued hybrid bonds and investment certificates	Discounted cash flow / Third party price	Embedded OTC option price	Embedded derivative hedged by OTC option-based equity derivatives without opened position

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 2025, 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 Nil and CZK 1 m, respectively (2024: CZK 4 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 2025 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:

	2025		2024	
(CZKm)	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Cash, balances with central banks and other demand deposits	47,125	47,125	48,411	48,411
Financial assets at amortised cost (incl. assets pledged as collateral)	2,070,365	2,028,256	1,749,541	1,704,694
Debt securities	*264,415*	*252,669*	*281,197*	*269,928*
Loans and advances	*1,805,950*	*1,775,587*	*1,468,344*	*1,434,766*
Finance lease receivables	14,447	14,453	12,522	10,268
Other assets (Note: 27)	2,551	2,551	2,772	2,772
Financial liabilities				
Financial liabilities at amortised cost	2,085,332	2,084,484	1,735,329	1,736,882
Deposits	*1,693,338*	*1,692,394*	*1,408,225*	*1,409,399*
Debt securities in issue	*328,436*	*328,437*	*269,863*	*269,836*
Subordinated debt	*63,558*	*63,653*	*57,241*	*57,647*
Lease liabilities	2,063	2,063	2,065	2,065
Other liabilities (Note: 30)	4,831	4,831	4,713	4,713

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 2025:

	2025			
(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	7,750	39,375	-	47,125
Financial assets at amortised cost (incl. assets pledged as collateral)	247,565	751,535	1,029,156	2,028,256
Debt securities	*247,565*	*-*	*5,104*	*252,669*
Loans and advances	*-*	*751,535*	*1,024,052*	*1,775,587*
Finance lease receivables	-	-	14,453	14,453
Other assets (Note: 27)	-	2,551	-	2,551
Financial liabilities for which fair values are disclosed				
Financial liabilities at amortised cost	-	1,880,741	203,743	2,084,484
Deposits	*-*	*1,555,655*	*136,739*	*1,692,394*
Debt securities in issue	*-*	*325,086*	*3,351*	*328,437*
Subordinated debt	*-*	*-*	*63,653*	*63,653*
Lease liabilities	-	2,063	-	2,063
Other liabilities (Note: 30)	-	4,831	-	4,831

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 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 (incl. assets pledged as collateral)	263,342	510,759	930,593	1,704,694
Debt securities	*263,342*	*-*	*6,586*	*269,928*
Loans and advances	*-*	*510,759*	*924,007*	*1,434,766*
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 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)	2025	2024 Restated
Cash (Note: 16)	7,750	8,184
Mandatory minimum reserves (Note: 16)	27,132	9,137
Other balances with central banks (Note: 16)	9,572	28,110
Other demand deposits in credit institutions (Note: 16)	2,671	2,980
Cash and cash equivalents	**47,125**	**48,411**

Change in operating assets

(CZKm)	2025	2024 Restated
Net change in financial assets held for trading (incl. assets pledged as collateral)	5,524	9,706
Net change in non-trading financial assets mandatorily at fair value through profit or loss	-253	379
Net change in financial assets at FVOCI (incl. assets pledged as collateral)	-44,302	-18,660
Net change in financial assets at amortised cost	-323,568	-19,256
Net change in derivatives used for hedging	5,284	7,804
Net change in other assets	-133	1,071
	-357,448	**-18,956**

Change in operating liabilities

(CZKm)	2025	2024 Restated
Net change in financial liabilities held for trading	-5,320	-9,881
Net change in financial liabilities designated at fair value through profit or loss	326	-8,490
Net change in financial liabilities at amortised cost	343,467	46,316
Net change in derivatives used for hedging	-3,428	-5,814
Net change in other liabilities	879	735
	335,924	**22,866**

Non-cash items included in profit before tax

(CZKm)	2025	2024
Depreciation and amortisation	2,786	2,834
Impairment losses (Note: 13)	1,244	-783
Depreciation related to operating leases assets (Note: 24)	189	178
Provisions	50	-55
Share of profit of associates and joint ventures	21	-3
Net change in fair value adjustments of the hedged items in portfolio hedge	-204	-839
Other	-2,282	826
	-1,804	**2,158**

The table below sets out the movements of the debt instruments issued by the Group and lease liabilities in 2025 and 2024. 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 2024	**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**
Cash flows in respect of issuance, repayment and interest paid on bonds	2,454	8,453	-
Cash flows in respect of payments for the principal of lease liabilities	-	-	-406
Cash flows in respect of payments for the interest of lease liabilities	-	-	-76
Non-cash adjustments	-	-2,136	480
At 31 December 2025	**19,347**	**63,558**	**2,063**

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 2025:

(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)	47,125	-	-	-	**47,125**
Financial assets held for trading					
Financial derivatives	8,758	10,734	3,992	-	**23,484**
Other than financial derivatives	182	-	-	39	**221**
Non-trading financial assets mandatorily at fair value through profit or loss	1,204	-	-	-	**1,204**
Financial assets FVOCI	9,339	21,430	45,737	456	**76,962**
Financial assets FVOCI pledged as collateral	19	726	1,053	-	**1,798**
Financial assets at amortised cost	964,399	343,166	691,604	-	**1,999,169**
Financial assets at amortised cost pledged as collateral	794	31,213	39,189	-	**71,196**
Finance lease receivables	3,218	8,587	2,642	-	**14,447**
Fair value adjustments of the hedged items in portfolio hedge	-1,099	-1,193	-128	-	**-2,420**
Derivatives used for hedging	4,002	8,136	2,637	-	**14,775**
Other assets (Note: 27)	2,551	-	-	-	**2,551**
Total carrying value	**1,040,492**	**422,799**	**786,726**	**495**	**2,250,512**
LIABILITIES					
Financial liabilities held for trading					
Financial derivatives	8,260	10,163	4,060	-	**22,483**
Other than financial derivatives	3,191	-	-	-	**3,191**
Financial liabilities designated at fair value through profit or loss	1,111	9,177	6,805	-	**17,093**
Financial liabilities at amortised cost	1,356,637	452,100	276,595	-	**2,085,332**
Fair value adjustments of the hedged items in portfolio hedge	-2,413	-5,319	-690	-	**-8,422**
Derivatives used for hedging	5,086	8,892	1,234	-	**15,212**
Lease liabilities	383	1,107	573	-	**2,063**
Other liabilities (Note: 30)	4,831	-	-	-	**4,831**
Total carrying value	**1,377,086**	**476,120**	**288,577**	**-**	**2,141,783**

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 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**

37. CONTINGENT ASSETS, LIABILITIES AND COMMITMENTS

Contingent liabilities and commitments

The contingent liabilities and commitments at 31 December 2025 and 2024 are as follows:

(CZKm)	2025	2024
Loan commitments – irrevocable (Note: 42.2)	196,262	163,682
Loan commitments – revocable	82,246	67,953
Financial guarantees (Note: 42.2)	59,295	52,616
Other commitments (Note: 42.2)	1,450	1,703
	339,253	**285,954**
Provisions for loan commitments and guarantees (Notes: 31, 42.2)	280	283

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 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)	2025	2024
Not later than 1 year	288	247
Later than 1 year and not later than 5 years	413	376
Later than 5 years	2	3
	703	**626**

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)	2025	2024
Financial assets		
Financial assets held for trading	182	1
Financial assets at amortised cost	755,184	513,546
	755,366	**513,547**

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 2025 was CZK 806,885 m, of which CZK 295,935 m has been either sold or repledged (31 December 2024: CZK 562,869 m and CZK 85,132 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)	2025	2024
Financial liabilities		
Financial liabilities held for trading	2,630	2,373
Financial liabilities at amortised cost	310,272	72,272
	312,902	**74,645**

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 2025:

(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	37,139	-	37,139
Derivatives not set-off that are not subject to an enforceable master netting arrangement	1,120	-	1,120
Total trading and hedging derivatives	**38,259**	**-**	**38,259**
Repurchase agreements set-off	17,530	17,047	483
Repurchase agreements not set-off that are not subject to an enforceable master netting arrangement	754,883	-	754,883
Total repurchase agreements (Note: 38)	**772,413**	**17,047**	**755,366**
FINANCIAL LIABILITIES			
Derivatives not set-off that are subject to an enforceable master netting arrangement	34,118	-	34,118
Derivatives not set-off that are not subject to an enforceable master netting arrangement	3,577	-	3,577
Total trading and hedging derivatives	**37,695**	**-**	**37,695**
Repurchase agreements set-off	17,052	17,047	5
Repurchase agreements not set-off that are not subject to an enforceable master netting arrangement	312,897	-	312,897
Total repurchase agreements (Note: 38)	**329,949**	**17,047**	**312,902**

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 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 and are subject to an enforceable master netting arrangement or similar agreement as at 31 December 2025:

		Amounts not set-off			
(CZKm)	Gross amounts of financial assets and liabilities	Financial instruments	Cash collateral	Securities collateral	Total net amount
FINANCIAL ASSETS					
Derivatives not set-off that are subject to an enforceable master netting arrangement	37,139	29,687	6,115	-	1,337
Debt securities pledged as collateral in repo transaction not set-off	5	5	-	-	-
Total carrying value	**37,144**	**29,692**	**6,115**	**-**	**1,337**
FINANCIAL LIABILITIES					
Derivatives not set-off that are subject to an enforceable master netting arrangement	34,118	29,687	2,301	-	2,130
Repurchase agreements not set-off	5	-	-	5	-
Total carrying value	**34,123**	**29,687**	**2,301**	**5**	**2,130**

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:

		Amounts not set-off			
(CZKm)	Gross amounts of financial assets and liabilities	Financial instruments	Cash collateral	Securities collateral	Total net amount
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 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 2025 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 OCI	Financial assets at amortised cost	Derivatives used for hedging	Other assets
KBC Bank	1,388	14,937	1,204	-	208	14,599	-
Entities under common control of KBC Group							
ČSOB SK	15	-	-	-	-	-	29
Other	52	10	-	38	22	-	570
Associates							
ČSOB Pojišťovna	-	11	-	-	9	-	19

The outstanding balances of liabilities from related party transactions as at 31 December 2025 are as follows:

(CZKm)	Financial liabilities held for trading	Financial liabilities at amortised cost	Derivatives used for hedging	Other liabilities
Directors / Top management	-	66	-	76
KBC Bank	12,175	379,603	14,683	-
Entities under common control of KBC Group				
ČSOB AM	-	1,378	-	-
ČSOB SK	-	636	-	-
K&H Bank Zrt.	9	49	-	-
Other	-	1,393	-	92
Associates				
ČSOB Pojišťovna	449	4,353	-	-

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 of KBC Group						
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 of KBC Group				
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 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:

	2025		2024	
(CZKm)	Interest income	Interest expense	Interest income	Interest expense
KBC Bank	5,630	16,656	12,675	21,920
Entities under common control				
ČSOB AM	-	42	-	51
ČSOB SK	1	31	1	110
K&H Bank Zrt.	1	3	-	6
Other	2	26	6	16
Associates				
ČSOB Pojišťovna	-	172	-	196

The balances of fee and commission income and expenses from related party transactions for the year ended 31 December are as follows:

	2025		2024	
(CZKm)	Fee and commission income	Fee and commission expense	Fee and commission income	Fee and commission expense
KBC Bank NV	63	104	89	90
Entities under common control				
ČSOB AM	1,247	71	1,110	64
ČSOB SK	29	-	26	-
KBC Asset Management	873	-	721	-
Other	13	21	11	17
Associates				
ČSOB Pojišťovna	640	6	607	6

In 2025, the Group received income of CZK 296 m (2024: CZK 330 m) from KBC Group NV and KBC Global Services NV from the provision of administration services and paid expense of CZK 918 m (2024: CZK 881 m) for IT services, including rental expenses on information technologies. A gain realized by the Group from the derivative contracts with KBC Bank NV amounted to CZK 521 m in 2025 (2024: CZK 481 m).

In 2025, the Group received income of CZK 667 m (2024: CZK 665 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:

	2025		2024	
(CZKm)	Guarantees received	Guarantees given	Guarantees received	Guarantees given
KBC Bank NV	1,994	18	2,332	19
Entities under common control				
ČSOB SK	1,545	355	1,487	10
K&H Bank Zrt.	933	-	489	-

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

In January 2026, ČSOB Bank redeemed part of its investment in the ČSOB Nemovitostní fund in the amount of CZK 550 m. As a result, the Group's proportionate interest in the fund decreased by 5.9 %. Since the Group still exercises control over the ČSOB Nemovitostní fund after this partial redemption, it continues to include the whole property related group into the consolidated financial statements using the full method of consolidation, IFRS 5 being applied.

On 10 February 2026, ČSOB Leasing finished the acquisition of Business Lease, s.r.o. The acquisition strengthens a position of the Group on the operational leasing market in the Czech Republic. Business Lease became a 100 % non-direct subsidiary of ČSOB Bank and has been included into the consolidation scope of the Group using full method.

There were no other significant events after the reporting period in addition to those mentioned elsewhere in these notes to the financial statements.

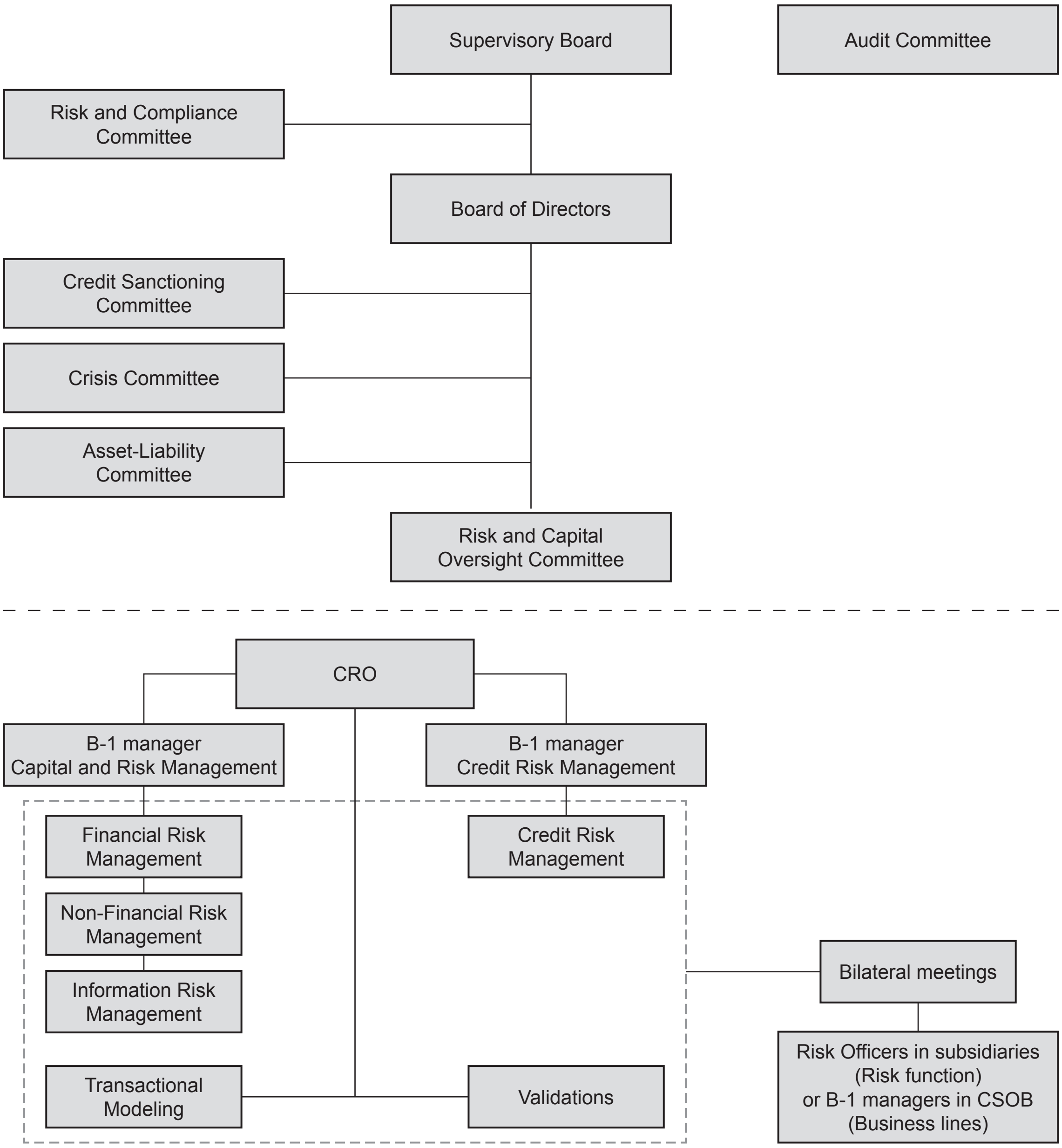
42. RISK MANAGEMENT

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 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.

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 officer collaborates with the relevant board member to establish the risk management system for the respective entity. The officer takes responsibility for assessing the Group’s overall risk profile, ensures compliance with ad hoc risk management requirements and prepares strategic risk management documentation (e.g., Risk Appetite Statement).

Risk Function

The risk function is organized in the following risk specific departments: Financial Risk Management, Non-financial Risk Management, Information Risk 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 ALCO, 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 to 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 times of change (small and big transformations) and crisis situations up to the most stressful situations (like recovery and resolution). They also aim to keep the Group compliant with regulatory requirements.

Moreover, they cover risks originating from the Group's own operations as well as from the value chain (e.g., the provision of products and services to clients, and outsourcing activities). In order to continuously safeguard their relevance, the ERMF and risk-type-specific RMFs are annually reviewed, in addition to a formal annual assessment of the quality of their implementation. In our risk taxonomy, environmental, social and governance risks are identified as key risks related to the Group's business environment which manifest themselves through (all) other traditional risk areas. As such, ESG is not considered in isolation, but firmly embedded in all aspects and areas of KBC's ERMF and underlying processes.

The risk management process consists of risk identification, risk measurement, setting and cascading risk appetite, risk analysis, reporting, response 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 - in a later step - 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 include:

The Risk Scan, which is a strategic group-wide exercise aimed at identifying and assessing the top risks for the Group, i.e. the financial and non-financial risks that are highly significant for our business model, financial stability and long-term sustainability. 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 Products 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, client-facing 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.

Deep dives and challenges (e.g., in-depth or case studies, detailed risk assessments, ethical hacking, etc.) are performed to gain additional insights into the risk profile or into potential (future) vulnerabilities for the Group and/or to test the strength and maturity of the control environment (i.e. a check on whether the risk requirements and controls imposed by the ERMF are properly implemented).

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 by applying a model or methodology'. 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 (including the calculation method used) 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. An overview of the extensive set of risk measures in use in the Group (both regulatory and internally defined) is provided in the 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 which types 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.

As the risk appetite defines the playing field for the business, the risk appetite process is firmly embedded in the financial planning cycle. The Board annually approves the preliminary risk appetite as input into the planning cycle. The financial planning is approved by the Board after a final check has been performed to determine whether the preliminary risk appetite is respected throughout the planning horizon. To ensure that the risk profile remains within the risk appetite when executing the financial plan, the risk appetite is translated into concrete early warning levels and limits. Furthermore, for some indicators, we also set recovery and resolution triggers which, if breached, trigger the activation of the Recovery/Resolution 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, in particular clients, shareholders, debt holders, supervisory authorities, regulators and rating agencies.

Stress testing

Stress testing is an important tool to support our risk management and decision-making processes 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 or adjust our risk exposure proactively.

For this purpose, the Group has developed a comprehensive set of stress tests, ranging 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). Integrated stress testing is an important tool to assess to what extent the Group's capital is adequate to cover its risks, whether profit generation is sustainable, etc., under various conditions. It complements stress testing per risk type as it looks 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 (1 year) %	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	PD (1 year) %	Stage	Performance	Impairment	Default
Normal	n/a	0.0-6.4	Stage 1/ Stage 2	Performing	Model based	Non-defaulted
Monitored	n/a	6.4-100	Stage 1/ Stage 2	Performing	Model based	Non-defaulted
Uncertain	10	100	Stage 3	Non-performing	Model based	Defaulted
Doubtful	11	100	Stage 3	Non-performing	Model based	Defaulted
Irrecoverable	12	100	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.

Financial derivatives are negotiated only with counterparties with internally approved limits for financial and capital transactions. Internal limits are monitored on daily basis, and overruns are reported to the relevant departments and management to comply with the overrun process.

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.

Leasing-related credit risk

The Group is exposed to credit risk arising from its leasing activities through finance lease receivables and through short-term receivables under operating leases. In the event of lessee default, the Group applies repossession of the leased assets as a key risk mitigation measure, thereby limiting credit losses and enabling recovery through the underlying assets. Credit exposure from leasing receivables is generally limited due to short payment cycles.

The Group manages credit risk in three major portfolios: Credit portfolio, Investment portfolio (managed by ALM) and Trading portfolio (managed by Dealing). 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 2025 and 2024. 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.

	2025				
(CZKm)	Credits	Investment	Trading	Other assets	Total
ASSETS					
Cash, balances with central banks and other demand deposits (Note: 16)	1,943	37,432	-	-	39,375
Financial assets held for trading (Note: 17)	-	2,065	21,601	-	23,666
Non-trading financial assets mandatorily at fair value through profit or loss	-	1,204	-	-	1,204
Financial assets FVOCI (Note: 18)	-	76,506	-	-	76,506
Financial assets FVOCI pledged as collateral	-	1,798			1,798
Financial assets at AC	1,046,847	948,835	-	3,487	1,999,169
Financial assets at AC pledged as collateral	-	71,196	-	-	71,196
Finance lease receivables	14,447	-	-	-	14,447
Fair value adjustments of the hedged items in portfolio hedge	-	-2,420	-	-	-2,420
Derivatives used for hedging	-	14,775	-	-	14,775
Other assets (Note: 27)	-	-	-	2,551	2,551
Total	1,063,237	1,151,391	21,601	6,038	2,242,267
Financial guarantees and other commitments (Note: 37)	60,263	-	-	-	60,263
Loan commitments – irrevocable (Note: 37)	196,135	-	-	-	196,135
Total	256,398	-	-	-	256,398
Total credit risk exposure	**1,319,635**	**1,151,391**	**21,601**	**6,038**	**2,498,665**

	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**

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:

	2025			2024		
(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: 16)	39,375	-	39,375	40,227	-	40,227
Financial assets held for trading (incl. assets pledged as collateral)	23,666	6,261	17,405	29,181	5,688	23,493
Financial derivatives	23,484	6,079	17,405	29,166	5,687	23,479
Financial assets other than derivatives	182	182	-	15	1	14
Non-trading financial assets mandatorily at fair value through profit or loss	1,204	-	1,204	951	-	951
Financial assets FVOCI (incl. assets pledged as collateral) (Note: 18)	78,304	-	78,304	33,586	-	33,586
Financial assets at amortised cost (incl. assets pledged as collateral)	2,070,365	1,502,241	568,124	1,749,541	1,217,062	532,479
of which non-performing assets	*8,006*	*5,663*	*2,343*	*7,642*	*5,989*	*1,653*
Finance lease receivables	14,447	10,053	4,394	12,522	10,548	1,974
Fair value adjustments of the hedged items in portfolio hedge	-2,420	-	-2,420	-5,320	-	-5,320
Derivatives used for hedging	14,775	43	14,732	20,613	968	19,645
Other assets (Note: 27)	2,551	-	2,551	2,772	-	2,772
Total	2,242,267	1,518,598	723,669	1,884,073	1,234,266	649,807
Financial guarantees and commitments – irrevocable (Note: 37)	256,398	66,085	190,313	217,390	64,196	153,194
of which non-performing exposures	*370*	*257*	*113*	*537*	*328*	*209*
Total credit risk exposure	**2,498,665**	**1,584,683**	**913,982**	**2,101,463**	**1,298,462**	**803,001**

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:

	2025			2024		
(CZKm)	Gross maximum exposure	Financial effect of collateral	Net maximum exposure	Gross maximum exposure	Financial effect of collateral	Net maximum exposure
Non-performing exposures						
Mortgage loans	2,691	2,688	3	2,527	2,512	15
Building savings loans	1,473	935	538	1,358	827	531
Consumer loans	999	5	994	850	5	845
SME	1,570	1,160	410	1,804	1,475	329
Leasing	397	324	73	328	297	31
Corporate	1,175	806	369	1,275	1,200	75
Factoring	43	-	43	17	-	17
Other	28	2	26	20	1	19
Total non-performing exposures	**8,376**	**5,920**	**2,456**	**8,179**	**6,317**	**1,862**

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:

2025 (CZKm)	Outstanding gross amount	Financial guarantees and other commitments gross	Loan commitments gross	**Granted exposure**	Allowances	Provisions	**Net exposure**
Mortgage loans	462,710	-	28,116	**490,826**	-548	-9	**490,269**
Building savings loans	122,702	-	3,526	**126,228**	-1,049	-7	**125,172**
Consumer loans	57,862	-	14,975	**72,837**	-2,369	-18	**70,450**
SME	115,397	6,737	64,656	**186,790**	-2,629	-67	**184,094**
Leasing	57,878	-	-	**57,878**	-803	-	**57,075**
Corporate	237,501	53,666	84,260	**375,427**	-2,174	-178	**373,075**
Factoring	6,855	-	-	**6,855**	-413	-	**6,442**
Other	12,318	13	728	**13,059**	-	-1	**13,058**
Total credits	**1,073,223**	**60,416**	**196,261**	**1,329,900**	**-9,985**	**-280**	**1,319,635**

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**

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 2024 and 2025 by classes of financial instruments:

(CZKm)	Mortgage loans	Building savings loans	Consumer loans	SME	Leasing	Corporate	Factoring	Other	Total
STAGE 1									
At 1 January 2024	**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**
Origination and acquisition	7	16	231	238	77	169	-	-	738
Change in credit risk not leading to stage transfers	-4	-25	-91	-21	-22	-97	2	-	-258
Change in credit risk leading to stage transfer	-1	3	-21	-49	-12	-26	-2	-	-108
Modification without derecognition	-	-	-3	-1	-	-	-	-	-4
Derecognition	-	-9	-44	-27	-10	-	-	-	-90
Write-offs	-	-1	-	-	-	-	-	-	-1
Changes in model/methodology	-	-	-	-	-	-	-	-	-
Foreign currency translation	-	-	-	-	-	-	-	-	-
At 31 December 2025	**10**	**61**	**261**	**499**	**146**	**259**	**6**	**-**	**1,242**

(CZKm)	Mortgage loans	Building savings loans	Consumer loans	SME	Leasing	Corporate	Factoring	Other	Total
STAGE 2									
At 1 January 2024	**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**
Origination and acquisition	4	77	-	-	68	-	-	-	149
Change in credit risk not leading to stage transfers	-6	-76	14	37	-38	-381	-97	-1	-548
Change in credit risk leading to stage transfer	24	-59	194	151	23	80	70	-	483
Modification without derecognition	-1	-3	3	-8	-	-	-	-	-9
Derecognition	-6	-45	-52	-34	-9	-	-	-	-146
Write-offs	-	-	-	-	-	-	-	-	-
Changes in model/methodology	-	-	-	-	-	-	-	-	-
Foreign currency translation	-	-	-	-	-	-31	-	-	-31
At 31 December 2025	**84**	**304**	**631**	**525**	**257**	**205**	**302**	**-**	**2,308**

(CZKm)	Mortgage loans	Building savings loans	Consumer loans	SME	Leasing	Corporate	Factoring	Other	Total
STAGE 3									
At 1 January 2024	**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**
Origination and acquisition	2	11	-	-	16	-	-	-	29
Change in credit risk not leading to stage transfers	13	21	36	-54	6	-57	-2	-	-37
Change in credit risk leading to stage transfer	37	117	457	345	78	267	40	-	1,341
Modification without derecognition	44	8	114	31	-	-	-	-	197
Derecognition	-32	-45	-62	-93	-46	-	-	-	-278
Write-offs	-62	-120	-279	-143	-31	-94	-	-	-729
Changes in model/methodology	-	-	-	-	-	-	-	-	-
Foreign currency translation	-	-	-	-	-	-30	-	-	-30
At 31 December 2025	**454**	**684**	**1,451**	**1,518**	**397**	**1,710**	**105**	**-**	**6,319**

(CZKm)	Mortgage loans	Building savings loans	Consumer loans	SME	Leasing	Corporate	Factoring	Other	Total
POCI									
At 1 January 2024	**-**	**-**	**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**
Change in credit risk not leading to stage transfers	-	-	16	24	-1	-	-	-	39
Change in credit risk leading to stage transfer	-	-	-2	-	-	-	-	-	-2
Derecognition	-	-	-3	-5	-	-	-	-	-8
Write-offs	-	-	-1	-4	-	-	-	-	-5
At 31 December 2025	**-**	**-**	**26**	**87**	**2**	**-**	**-**	**-**	**115**
ALL STAGES									
At 1 January 2024	**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**
At 31 December 2025	**548**	**1,049**	**2,369**	**2,629**	**803**	**2,174**	**413**	**-**	**9,985**

In 2025 and 2024, 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)	2025	2024
Balance of allowances for credit losses at 1 January	9,292	10,224
Balance of allowances for credit losses at 31 December	9,985	9,292
Net decrease (-) / increase of allowances for credit losses for the year	**693**	**-932**
Adjusted for:		
Write-offs	735	786
Recoveries	-409	-421
Sales of loans	8	7
Foreign currency translation	61	-67
Net impairment gains (-) / losses as reported in the consolidated statement of income	**1,088**	**-627**

An industry sector analysis of the Group’s Credit portfolio, before taking into account any collateral held or other credit enhancements, is as follows:

	2025		2024	
Sector	Granted exposure (CZKm)	Percentage of total exposure	Granted exposure (CZKm)	Percentage of total exposure
Private persons	618,550	52.6	562,887	53.6
Specialised Commercial Real Estate	117,130	8.1	106,121	8.2
Metals	94,855	7.4	83,251	6.2
Building and Construction	92,315	5.5	83,388	5.6
Machinery and Heavy Equipment	45,603	5.1	45,226	4.8
Logistics	42,124	4.3	39,703	4.4
Energy	39,496	2.0	35,597	1.8
Authorities	37,009	1.9	21,721	2.0
Food & Bev	35,935	1.7	33,942	1.7
Consumer products (non-food)	34,247	1.6	34,248	1.4
Agriculture	26,701	1.6	25,002	1.5
Healthcare	24,519	1.2	16,824	1.9
Other sectors	121,416	7.0	110,662	6.9
Total	**1,329,900**	**100.0**	**1,198,572**	**100.0**

In 2025, the Group has adopted a new industry sector classification in its internal risk management processes to be consistent with the Group-wide approach. Accordingly, the comparative information has been restated.

The investment portfolio is structured according to the type of the instrument.

2025 (CZKm)	Outstanding gross amount	Cumulative impairment loss	**Granted exposure**
Debt securities	338,118	-7	**338,111**
Loans and receivables within investment portfolio	759,008	-	**759,008**
Derivatives used for hedging	14,775	-	**14,775**
Derivatives used as economic hedges (Note: 17)	2,065	-	**2,065**
Cash, balances with central banks and other demand deposits	37,432	-	**37,432**
Total investment	**1,151,398**	**-7**	**1,151,391**

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**

The investment portfolio is monitored from a counterparty sector point of view:

	2025		2024	
(CZKm)	Granted exposure (CZKm)	Percentage of total exposure	Granted exposure (CZKm)	Percentage of total exposure
Central banks	794,508	69.0	548,070	62.3
General government	337,881	29.3	305,796	34.8
Credit institutions	19,002	1.7	25,236	2.9
Corporate	-	-	-	-
Total investment	**1,151,391**	**100.0**	**879,102**	**100.0**

The trading portfolio is structured according to the type of the instrument.

2025 (CZKm)	**Granted exposure**
Loans and advances	182
Trading derivatives (Note: 17)	21,419
Total trading portfolio	**21,601**

2024 (CZKm)	**Granted exposure**
Loans and advances	14
Trading derivatives (Note:17)	27,305
Total trading portfolio	**27,319**

The trading portfolio is monitored from a counterparty sector point of view:

	2025		2024	
Sector	Granted exposure (CZKm)	Percentage of total exposure	Granted exposure (CZKm)	Percentage of total exposure
Credit institutions	19,528	90.4	24,537	89.8
Corporate	2,073	9.6	2,782	10.2
Total trading portfolio	**21,601**	**100.0**	**27,319**	**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:

	2025		2024	
(CZKm)	Total risk	of which General government	Total risk	of which General government
Czech Republic	2,363,809	347,645	1,985,220	311,781
Slovak Republic	45,971	4,234	19,759	4,381
Belgium	15,896	5,096	38,073	-
Hungary	3,427	-	2,058	-
Italy	1,033	-	215	-
Ukraine	558	-	416	-
Russia	275	-	186	-
Greece	194	-	36	-
Spain	110	2,454	535	-
Belarus	65	-	129	-
Other Europe	55,049	4,020	41,458	1,259
Other	12,278	960	13,378	1,097
Total	**2,498,665**	**364,409**	**2,101,463**	**318,518**

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 1,035 m at 31 December 2025 (31 December 2024: CZK 884 m). Collateral applied in the past has significantly reduced the Group's exposure to Belarus, Russia and Ukraine. The remaining exposure is fully covered by loss allowances. Expected credit losses on these exposures are recognized in accordance with IFRS 9 and are reflected in the consolidated financial statements.

Client concentration is monitored on the level of individual portfolios. In the credit portfolio the exposure towards groups of economically connected subjects are monitored:

	2025		2024	
Client	Granted exposure (CZKm)	Percentage of total exposure	Granted exposure (CZKm)	Percentage of total exposure
1 largest client	22,129	1.7	15,621	1.3
10 largest clients	107,373	8.1	86,610	7.2
25 largest clients	175,285	13.2	144,816	12.1

The largest exposures to single clients in the investment and trading portfolio as at 31 December 2025 and 31 December 2024 were:

	2025		2024	
Client	Granted exposure (CZKm)	% of total investment portfolio	Granted exposure (CZKm)	% of total investment portfolio
Investment portfolio				
Czech Ministry of Finance (S&P's rating AA)	320,944	27.9	300,134	34.1
CNB	787,988	68.4	548,007	62.3
Trading portfolio				
KBC Bank	13,285	61.5	14,545	53.2

Exposures to counter parties by risk rating class in the investment and trading portfolio as at 31 December 2025 and 31 December 2024 were:

	2025		2024	
Rating (S&P)	Granted exposure (CZKm)	% of total portfolio	Granted exposure (CZKm)	% of total portfolio
Investment portfolio				
AAA up to and including A-	1,143,494	99.3	877,380	99.8
BBB+ up to and including BB-	174	-	1,090	0.1
Unrated	7,723	0.7	632	0.1
Total	**1,151,391**	**100.0**	**879,102**	**100.0**
Trading portfolio				
AAA up to and including A-	18,339	84.9	21,213	77.7
BBB+ up to and including BB-	2,883	13.3	3,224	11.8
Lower than BB-	379	1.8	111	0.4
Unrated	-	-	2,771	10.1
Total	**21,601**	**100.0**	**27,319**	**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 follows a waterfall approach. This means that for a financial asset currently classified in Stage 1, the assessment begins with the first tier. If this does not result in a migration to Stage 2, the second tier is assessed, and the process continues sequentially. If none of the tiers trigger a migration, the asset remains in Stage 1. The criteria for returning to Stage 1 are fully symmetrical to those applied when migrating to Stage 2.

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 specific 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. They are always measured using lifetime expected credit losses from initial recognition. Credit quality continues to be monitored but POCI assets remain classified as POCI throughout their life. 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 were 60% for the „base“ scenario, 20% for the optimistic “up” scenario and 20% for the pessimistic “down” scenario applied in 2025 and 2024.

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 2,600 m at year-end 2025 and CZK 2,557 m in 2024), shows that the base scenario results in an ECL of CZK 7,406 m (CZK 6,750 m in 2024), which is CZK 160 m lower than the "down"-scenario (CZK 82 m in 2024) and CZK 90 m higher than the "up"-scenario (CZK 21 m in 2024). The collectively calculated weighted ECL results (which was booked) amounts to CZK 7,458 m (CZK 6,778 m in 2024). 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	2025	2026	2027
Real GDP growth	2.5%	2.0%	2.2%
Unemployment rate	3.2%	3.2%	3.0%
House price index	10.0%	6.4%	3.3%

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 2025 and 2024:

Credit portfolio

	2025					
	Non-defaulted assets		Defaulted assets			Total
(CZKm)	Normal	Monitored	Uncertain	Doubtful	Irrecoverable	
Mortgage loans	442,531	17,037	2,191	373	578	462,710
Building savings loans	108,295	12,253	853	273	1,028	122,702
Consumer loans	49,282	6,094	869	258	1,359	57,862
SME	107,022	11,915	1,349	255	1,593	122,134
Leasing	45,544	11,522	157	227	428	57,878
Corporate	269,598	18,828	881	668	1,192	291,167
Factoring	3,652	3,055	89	8	51	6,855
Other	12,318	-	1	-	12	12,331
Total	**1,038,242**	**80,704**	**6,390**	**2,062**	**6,241**	**1,133,639**

	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**

Loan portfolio breakdown by risk class (in gross amounts) based on internal rating scale (1-year PD):

(CZKm)	2025			2024		
Basel 1-year PDs	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Non-defaulted assets						
PD 1 (default probability 0.00% - 0.10%)	46,524	22	-	61,280	6	-
PD 2 (0.10% - 0.20%)	347,892	1,313	-	40,402	308	-
PD 3 (0.20% - 0.40%)	113,529	3,057	-	90,428	2,611	-
PD 4 (0.40% - 0.80%)	136,948	8,946	-	397,923	3,792	-
PD 5 (0.80% - 1.60%)	253,457	7,806	-	208,850	4,451	-
PD 6 (1.60% - 3.20%)	90,023	7,032	-	101,567	12,737	-
PD 7 (3.20% - 6.40%)	41,467	8,164	-	50,174	7,158	-
PD 8 (6.40% - 12.80%)	6,944	24,230	-	3,322	15,350	-
PD 9 (> 12.80%)	1,445	19,980	-	988	19,407	-
Unrated	13	154	-	4	175	-
Defaulted assets						
PD 10	-	-	6,390	-	-	5,773
PD 11	-	-	2,063	-	-	2,386
PD 12	-	-	6,240	-	-	5,799
Total	**1,038,242**	**80,704**	**14,693**	**954,938**	**65,995**	**13,958**

Investment portfolio

	2025			
	Non-defaulted assets		Defaulted assets	Total
(CZKm)	Normal	Monitored		
Debt securities	338,111	-	-	338,111
Loans and receivables within investment portfolio	759,008	-	-	759,008
Derivatives used for hedging	14,775	-	-	14,775
Derivatives used as economic hedges	2,065	-	-	2,065
Cash, balances with central banks and other demand deposits	37,432	-	-	37,432
Total	**1,151,391**	**-**	**-**	**1,151,391**

	2024			
	Non-defaulted assets		Defaulted assets	Total
(CZKm)	Normal	Monitored		
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**

Trading portfolio

	2025		
	Non-defaulted assets	Defaulted assets	Total
(CZKm)	Normal		
Loans and advances	182	-	182
Trading derivatives	21,419	-	21,419
Total	**21,601**	**-**	**21,601**

	2024		
	Non-defaulted assets	Defaulted assets	Total
(CZKm)	Normal		
Loans and advances	14	-	14
Trading derivatives	27,305	-	27,305
Total	**27,319**	**-**	**27,319**

The table below shows a credit quality analysis of gross exposures of performing financial assets in the Credit portfolio:

	2025			2024		
(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	458,932	494	142	419,296	433	135
Building savings loans	119,780	589	179	115,941	641	189
Consumer loans	54,592	641	143	44,350	604	111
SME	118,446	446	46	107,491	519	40
Leasing	54,466	2,434	165	50,912	1,566	216
Corporate	288,345	82	-	270,175	106	161
Factoring	6,706	-	-	6,358	-	-
Other	12,318	-	-	1,689	-	-
Total	**1,113,585**	**4,686**	**675**	**1,016,212**	**3,869**	**852**

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:

	2025		2024	
(CZKm)	Gross amount	Impairment	Gross amount	Impairment
Mortgage loans	3,142	-454	2,963	-453
Building savings loans	2,154	-682	2,049	-691
Consumer loans	2,486	-1,472	2,053	-1,195
SME	3,197	-1,623	3,343	-1,540
Leasing	812	-396	719	-374
Corporate	2,741	-1,802	2,733	-1,730
Factoring	148	-106	85	-68
Other	13	-1	13	-1
Total	**14,693**	**-6,536**	**13,958**	**-6,052**

In 2025, the outstanding contractual amount of financial assets that were written off during the reporting period and are still subject to enforcement activity amounted to CZK 735 m (in 2024: CZK 786 m).

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 might lead 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 2025 and 2024 are as follows:

	2025				
		Forborne exposures			
(CZKm)	Outstanding gross amount	Total exposure	Percentage of outstanding gross amount (%)	Total impairment	Collateral and financial guarantees
Mortgage loans	462,710	2,991	0.6	118	2,873
Building savings loans	122,702	420	0.3	72	274
SME	115,397	1,338	1.2	513	492
Leasing	57,878	64	0.1	18	42
Corporate	237,501	881	0.4	425	260
Other	77,035	1,460	1.9	492	1
Total	**1,073,223**	**7,154**	**0.7**	**1,638**	**3,942**

	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	1.4	540	717
Leasing	53,414	63	0.1	13	44
Corporate	225,412	635	0.3	424	152
Other	55,249	1,348	2.4	404	-
Total	**980,901**	**7,043**	**0.7**	**1,584**	**3,709**

Detail analysis of forborne exposures included in the credit portfolio and the related impairment as at 31 December 2025 and 2024 are as follows:

	2025				
(CZKm)	Non-defaulted exposure	Of which past due	Defaulted exposure	Impairment of defaulted exposure	Impairment of non-defaulted exposure
Mortgage loans	1,207	23	1,784	114	4
Building savings loans	205	-	215	70	2
SME	356	5	982	503	10
Leasing	15	1	49	18	-
Corporate	456	-	425	381	44
Other	534	33	926	465	27
Total	**2,773**	**62**	**4,381**	**1,551**	**87**

	2024				
(CZKm)	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**

The following table shows a reconciliation of Gross amounts of forborne exposures for 2025 and 2024 by classes of financial instruments:

(CZKm)	Corporate	SME	Mortgage loans	Building savings loans	Leasing	Other	Total
At 1 January 2024	**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**
Loans which have become forborne	420	327	960	71	31	594	2,403
Loans which are no longer considered to be forborne	-31	-271	-120	-85	-9	-368	-884
Increase of exposure	-	8	42	-	-	6	56
Decrease of exposure	-143	-242	-867	-71	-21	-120	-1,464
At 31 December 2025	**881**	**1,338**	**2,991**	**420**	**64**	**1,460**	**7,154**

The following table shows a reconciliation of impairments of forborne exposure for 2025 and 2024 by classes of financial instruments:

(CZKm)	Corporate	SME	Mortgage loans	Building savings loans	Leasing	Other	Total
At 1 January 2024	**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**
Loans which have become forborne	44	68	47	4	10	146	319
Loans which are no longer considered to be forborne	-18	-83	-1	-8	-1	-66	-177
Increase of exposure	12	36	18	14	-	77	157
Decrease of exposure	-37	-48	-60	-27	-4	-69	-245
At 31 December 2025	**425**	**513**	**118**	**72**	**18**	**492**	**1,638**

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 2025 and 2024 was as follows:

(%)	2025	2024
31 March	130.3	196.1
30 June	130.3	149.8
30 September	128.0	145.4
31 December	141.6	153.3

The LCR ratio is regularly monitored and reported to the regulator and top management of the Group.

From 2025, the Group also measures EUR LCR, which is the same ratio as LCR but limited to liquidity buffers and cash outflows solely denominated in EUR currency. The ratio is measured in order to evaluate ability of the Group to cover outflows in EUR currency under stressed assumptions of inability to realize conversion on spot FX market.

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 NSFR which is defined as a ratio of available stable funding (numerator) to required stable funding (denominator). The strategy of the Group is to maintain the value of the 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.

NSFR is monitored on a monthly basis and is regularly reported to the top management of the Group. NSFR is also quarterly reported to the regulator.

The NSFR ratios during 2025 and 2024 were as follows:

	NSFR	
(%)	2025	2024
31 March	180.0	179.5
30 June	167.8	177.8
30 September	167.7	178.7
31 December	174.0	174.8

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 4% 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 2025:

(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	-	-3,305	-	-	-3,305
Financial liabilities designated at fair value through profit or loss	-	-1,150	-10,482	-8,822	-20,454
Financial liabilities at amortised cost	-1,002,854	-962,060	-144,541	-33,786	-2,143,241
Fair value adjustments of the hedged items in portfolio hedge	8,422	-	-	-	8,422
Lease liabilities	-	-389	-1,236	-833	-2,458
Other liabilities (Note: 30)	-	-4,912	-	-	-4,912
Contractual cash flows excluding derivatives	**-994,432**	**-971,816**	**-156,259**	**-43,441**	**-2,165,948**
Net settled derivatives	**-**	**-8,953**	**-18,787**	**-6,416**	**-34,156**
Trading derivatives	-	-4,116	-8,807	-4,854	-17,777
Hedging derivatives	-	-4,837	-9,980	-1,562	-16,379
Gross settled derivatives		**-4,442**	**-1,978**	**-283**	**-6,703**
Trading derivatives	**-**	-4,442	-1,978	-283	-6,703
Inflows	**-**	*278,753*	*43,523*	*4,966*	*327,242*
Outflows	-	*-283,195*	*-45,501*	*-5,249*	*-333,945*
Hedging derivatives	-	-	-	-	-
Inflows	-	-	-	-	-
Outflows	-	-	-	-	-
Contractual cash flows from derivatives	**-**	**-13,395**	**-20,765**	**-6,699**	**-40,859**
Contractual cash flows from financial liabilities	**-994,432**	**-985,211**	**-177,024**	**-50,140**	**-2,206,807**
Loan commitments – irrevocable (note 37)	-196,262	-	-	-	-196,262
Loan commitments – revocable (note 37)	-82,246	-	-	-	-82,246
Financial guarantees (note 37)	-59,295	-	-	-	-59,295
Other commitments (note 37)	-1,450	-	-	-	-1,450
Contractual cash flows from contingent liabilities	**-339,253**	**-**	**-**	**-**	**-339,253**

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 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 is established 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 2025:

		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	-8.5	-84.1	-370.2	-463.0
EUR	+ 10	-0.2	-0.3	7.2	-21.1	-14.4
USD	+ 10	-	-	-	-	-
CZK	- 10	0.2	8.5	84.1	370.2	463.0
EUR	- 10	0.2	0.3	-7.2	21.1	14.4
USD	- 10	-	-	-	-	-

		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	28.0	44.2	71.7
EUR	+ 10	0.3	-	-	0.3	0.6
USD	+ 10	-	-	0.1	0.6	0.7
CZK	- 10	-0.9	1.4	-28.0	-44.2	-71.7
EUR	- 10	-0.3	-	-	-0.3	-0.6
USD	- 10	-	-	-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 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 Supervisory Outlier Test of Economic Value of Equity (SOT EVE) is a regulatory indicator for managing interest rate risk in the banking book, based on the applicable EBA/GL/2022/14 Guidelines of the European Banking Authority specifying criteria for identifying, assessing, managing, and mitigating risks arising from potential changes in interest rates, and for assessing and monitoring credit spread risk in institutions' investment portfolios.

It is an indicator of the change in the net present value of interest-rate-sensitive instruments over their remaining maturity as a result of interest rate movements. The SOT EVE indicator reflects the change in the value of interest-rate-sensitive instruments over their remaining maturity relative to Tier 1 capital.

Six outlier scenarios are applied for the SOT EVE indicator (parallel up shift of the yield curve by +200 bps, parallel downward shift by -200 bps, steepener, flattener, decrease of the short end of the yield curve, increase of the short end of the yield curve).

The Supervisory Outlier Test of Net Interest Income (SOT NII) is a regulatory indicator for managing interest rate risk in the banking book, based on the applicable EBA/GL/2022/14 Guidelines of the European Banking Authority specifing criteria for identifying, assessing, managing, and mitigating risks arising from potential changes in interest rates, and for assessing and monitoring credit spread risk in institutions' investment portfolios.

It is an indicator of the change in expected future profitability over a given time horizon (1 year) resulting from movements in interest rates, including both interest income and interest expenses. The SOT NII indicator reflects the change in expected future profitability over a one-year horizon caused by interest rate movements, relative to Tier 1 capital.

Two outlier scenarios are applied for the SOT NII indicator (parallel up shift of the yield curve by +200 bps, parallel down shift by -200 bps).

In the table below, the results of the worst scenario of SOT EVE and SOT NII are reported, as required in standard supervisory reporting to the ČNB. The worst scenario is defined as a scenario that yields the largest impact on Tier 1 capital.

	2025		2024	
	CZKm	%	CZKm	%
SOT EVE	-4,815	-4.2	-7,789	-7.8
SOT NII	-1,026	-0.9	-183	-0.2

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.

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 2025 and 2024:

	2025			2024		
(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	10.9	0.5	-0.5	-3,3	-0.1	0.1

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:

(CZKm)	Change in equity price (%)	Effect on equity 2025	Effect on equity 2024
Visa Inc. quotation	- 10	-6.4	-16.4
	+ 10	6.4	16.4

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.

Third Party Risk Management

A specific area of operational risk management are the risk arising from problems regarding continuity, integrity, and/or quality of activities outsourced to or performed by third parties. 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)

R&CIs contain an overview of the activities per entity and Business Line (i.e. process), a full view of material operational risks related to 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.

The approach to ESG risk management followed by ČSOB is comprehensively described in the regularly published KBC group annual Risk Report.

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. All the solvency targets based on external regulatory capital requirements were met throughout 2025 and 2024 with adequate buffers above the regulatory requirements, 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 Capital Requirements Directive and Regulation (CRD / CRR), the legal minimum total capital ratio is set to 8.0% 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 (2.5% for each institution), 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.

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 2025 and 31 December 2024 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 2025 and 31 December 2024 with a sufficient buffer.

The following table shows the capital, capital requirements and CAD ratio as of 31 December 2025 and 31 December 2024 for the Group.

(CZKm)	2025	2024
Tier 1 capital	115,082	100,241
Tier 2 capital	299	-
Total capital	**115,381**	**100,241**
Regulatory capital requirements	45,597	39,006
Risk weighted assets	**569,966**	**487,579**
Capital adequacy ratio	20.24%	20.56%
Eligible liabilities (Note: 29)(*)	63,444	57,138
Leverage ratio	4.81%	4.88%

(*) 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 2025

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

(CZKm)	Note	2025	2024
Interest income calculated using the effective interest rate method	4	72,545	81,725
Other interest income	4	3,275	6,591
Interest expense calculated using the effective interest rate method	5	-43,305	-54,652
Other interest expense	5	-6,359	-9,175
Net interest income		**26,156**	**24,489**
Fee and commission income	6	15,107	14,039
Fee and commission expense	6	-7,291	-6,958
Net fee and commission income		**7,816**	**7,081**
Dividend income	13	5,164	3,550
Net gains / losses (-) from financial instruments at fair value through profit or loss and foreign exchange	7	2,348	1,961
Other net income	8	2,249	1,772
Operating income		**43,733**	**38,853**
Staff expenses	9	-10,087	-9,751
General administrative expenses	10	-7,707	-7,924
Depreciation and amortisation	20, 21	-2,207	-2,096
Operating expenses before impairment losses		**-20,001**	**-19,771**
Impairment losses	11	**-2,617**	**3,089**
on financial assets at amortised cost and at fair value through other comprehensive income (OCI)		-977	298
on other non-financial assets		-1,640	2,791
Profit before tax		**21,115**	**22,171**
Income tax expense	12	-2,247	-1,966
Profit for the year		**18,868**	**20,205**

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

SEPARATE STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2025

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

(CZKm)	Note	2025	2024
Profit for the year		**18,868**	**20,205**
Other comprehensive income – to be reclassified to the statement of income			
Net loss on cash flow hedges		-537	-784
Net loss on financial debt instruments at fair value through other comprehensive income		-65	-164
Income tax benefit relating to components of other comprehensive income		126	216
Other comprehensive income for the year, net of tax, to be reclassified to statement of income in subsequent periods	29	**-476**	**-732**
Other comprehensive income – not to be reclassified to the statement of income			
Net loss on financial equity instruments at fair value through other comprehensive income		-112	-72
Income tax benefit relating to components of other comprehensive income		24	15
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in own credit risk		-21	-9
Other comprehensive income for the period, net of tax, not to be reclassified to statement of income in subsequent periods	29	**-109**	**-66**
Other comprehensive income for the period, net of tax		**-585**	**-798**
Total comprehensive income for the year, net of tax		**18,283**	**19,407**

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

SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2025

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

(CZKm)	Note	2025	2024
ASSETS			
Cash, balances with central banks and other demand deposits	14	45,630	47,474
Financial assets held for trading	15	28,975	37,072
Non-trading financial assets mandatorily at fair value through profit or loss	15	1,204	951
Financial assets at fair value through other comprehensive income	16	99,379	51,708
Financial assets at fair value through other comprehensive income pledged as collateral	16	1,798	4,242
Financial assets at amortised cost	17	1,795,382	1,505,799
Financial assets at amortised cost pledged as collateral	17	71,196	35,833
Fair value adjustments of the hedged items in portfolio hedge	19	-1,424	-2,654
Investments in subsidiaries, associates and joint ventures	18	91,846	87,429
Derivatives used for hedging	19	13,978	17,987
Deferred tax assets	12	251	147
Property and equipment	20	7,846	7,967
Goodwill and other intangible assets	21	6,847	5,934
Non-current assets held-for-sale	22	3,205	23
Other assets	23	2,054	1,982
Total assets		**2,168,167**	**1,801,894**
LIABILITIES AND EQUITY			
Financial liabilities held for trading	24	30,689	37,588
Financial liabilities designated at fair value through profit or loss	24	17,093	16,767
Financial liabilities at amortised cost	25	1,979,783	1,616,980
Fair value adjustments of the hedged items in portfolio hedge	19	-8,366	-11,076
Derivatives used for hedging	19	14,877	19,439
Lease liabilities		2,942	3,001
Current tax liabilities		1,130	587
Other liabilities	26	5,141	5,401
Provisions	27	422	378
Total liabilities		**2,043,711**	**1,689,065**
Share capital	28	5,855	5,855
Share premium		20,093	20,093
Statutory reserve		18,687	18,687
Revaluation reserve from financial assets at fair value through other comprehensive income	28	194	333
Cash flow hedge reserve	28	227	652
Own credit risk reserve	28	-30	-9
Retained earnings		79,430	67,218
Total equity		**124,456**	**112,829**
Total liabilities and equity		**2,168,167**	**1,801,894**

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

SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2025

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 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**
At 1 January 2025	**5,855**	**20,093**	**18,687**	**67,218**	**976**	**112,829**
Profit for the year	-	-	-	18,868	-	18,868
Other comprehensive income for the year (Note: 29)	-	-	-	-	-585	-585
Total comprehensive income for the year	-	-	-	18,868	-585	18,283
Equity investments disposed (Note: 30)	-	-	-	90	-	90
Dividends paid (Note: 13)	-	-	-	-6,746	-	-6,746
At 31 December 2025	**5,855**	**20,093**	**18,687**	**79,430**	**391**	**124,456**

(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.

SEPARATE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2025

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

(CZKm)	Note	2025	2024 Restated (Note: 2.3)
OPERATING ACTIVITIES			
Profit before tax		**21,115**	**22,171**
Adjustments for:			
Interest income	4	-75,820	-88,316
Interest expense	5	49,664	63,827
Dividend income	13	-5,164	-3,550
Non-cash items included in profit before tax	31	4,029	1,395
Net gains (-) / losses from investing activities		-338	154
Cash flow used in operations before changes in operating assets, liabilities, income tax paid, interest paid and received and dividend received		**-6,514**	**-4,319**
Change in operating assets	31	-359,108	-27,479
Change in operating liabilities	31	342,597	29,260
Income tax paid		-1,603	-1,692
Interest paid		-49,554	-63,709
Interest received		75,307	88,450
Dividend received	13	5,164	3,550
Net cash flows from operating activities		**6,289**	**24,061**
INVESTING ACTIVITIES			
Acquisition and equity increase of subsidiary, associate and joint venture companies		-9,260	-1,893
Purchase of property, equipment and intangible assets		-3,009	-1,714
Proceeds from disposal of property, equipment, intangible assets and assets held-for-sale		516	181
Net cash flows used in investing activities		**-11,753**	**-3,426**
FINANCING ACTIVITIES			
Bonds issued	25	5,218	11,937
Repayment of bonds		-2,756	-3,199
Issue of subordinated debts	25	8,488	10,577
Payments of principal on leases	31	-584	-578
Dividends paid	13	-6,746	-15,018
Net cash flows from financing activities		**3,620**	**3,719**
Net decrease (-) / increase in cash and cash equivalents		**-1,844**	**24,354**
Cash and cash equivalents at the beginning of the year	31	47,474	23,120
Net decrease (-) / increase in cash and cash equivalents		-1,844	24,354
Cash and cash equivalents at the end of the year	31	**45,630**	**47,474**

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 16 April 2026 by:

Aleš Blažek
Chairman of the Board of Directors

Jiří Vévoda
Member of the Board of Directors

NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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 Standard became effective on 1 January 2025 , was endorsed by the EU and its impact is estimated as insignificant:

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

The following IFRS Accounting Standards were issued but not yet effective in 2025. ČSOB will apply these standards when they become mandatory.

- Amendments to IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments are effective on or after 1 January 2026 and have been endorsed by the EU. 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.
- Amendments to IFRS 9 and IFRS 7 Contracts Referencing Nature-depending Electricity are effective on or after 1 January 2026 and have been endorsed by the EU. Amendment with limited scope and impact.
- Annual Improvements to IFRS Accounting Standards, Volume 11. The amendments are effective on or after 1 January 2026 and have been endorsed by the EU. Amendments with limited impact.

- IFRS 18 Presentation and Disclosure in Financial Statements is effective on or after 1 January 2027 and has been endorsed by the EU. It 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 but does not expect that the Amendments would have a material impact on its financial statements.
- IFRS 19 Subsidiaries without Public Accountability: Disclosures and its Amendments are effective on or after 1 January 2027 but have not yet been endorsed by the EU. The standard provides tailored disclosure requirements for subsidiaries that do not have public accountability. The Bank does not expect that the standard will have a significant impact.
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency is effective on or after 1 January 2027 but has not yet been endorsed by the EU. Amendment with limited scope and impact.
- Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint venture has its effective date deferred indefinitely and is not endorsed by the EU.

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.

At the end of 2025, the overall ECL for the geopolitical and emerging risks from recent years increased due to elevated geopolitical volatility and uncertainty to CZK 355 m in total (2024: CZK 172 m), of which CZK 122 m is attributed mainly to individual exposures concentrated in commercial exposures to Russian banks (2024: CZK 144 m), CZK 233 m is attributed to ASSA (Automated Stress Sector Analyzer) model (2024: CZK 26 m).

Elevated geopolitical volatility and uncertainty (particularly related to the geopolitical approach of the U.S. administration) led the Bank to apply a pessimistic ASSA model scenario. The stressed ASSA scenario was assigned a 30% weight, while the standard scenario carried a 70% weight. The overall ECL related to ASSA amounted to CZK 233 m (of which CZK 73 m is attributable to the base scenario and CZK 160 m to the alternative pessimistic scenario).

During 2025, the Bank released ECL management overlay on photovoltaics portfolio (2024: 326 m), which had been held in connection with risks arising from local legislative uncertainty affecting the photovoltaic power plant sector, as this issue was resolved during the year.

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 47,197 m at 31 December 2025 (2024: CZK 40,293 m) (Note: 33) and the carrying value of the related ECL provisions recognised in the statement of financial position is CZK 114 m at 31 December 2025 (2024: CZK 146 m). The fee income recognised for these performance guarantees was CZK 276 m for the year ended 31 December 2025 (2024: CZK 239 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 and modification: 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. 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 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 38.2 Credit risk.

A financial liability is derecognised from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expires. The Bank derecognises the original financial liability and recognises a new one when the new terms are substantially different. In assessing whether terms are different, the Bank compares the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, and the discounted present value of the remaining cash flows of the original financial liability. If the difference is at least 10% or more then the Bank derecognises the original financial liability and recognises a new one at fair value. If the difference is less than 10% it is considered modified.

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 fully impaired;
- 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 two sub-categories: financial assets held for trading and financial assets mandatorily at fair value through profit or loss;

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 and foreign exchange.

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 and foreign exchange. The interest component of these derivatives is recognised in Other interest income / expense in Net interest income.

If a stand-alone derivative does not qualify as a hedging derivative, it is classified as a trading derivative. Hedging derivatives are derivatives that are specifically designated in a hedging relationship. The process for accounting is detailed in the paragraph (7) Hedge accounting.

- *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 and foreign exchange. Interest income for interest-bearing financial instruments is recorded in the Other interest income in Net interest income. Equity instruments can be classified in this category. A financial asset or an equity instrument 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 result from debt securities FVOCI in Other net income.

(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 Bank has applied the irrevocable election to designate certain equity instruments in the FVOCI category. The election reflects the long-term investment strategy and intention to hold these assets for purposes other than short-term trading.

Impairment of financial assets

Definition of default

The Bank uses the same definition for defaulted financial assets as used for internal risk management purposes . A financial asset is considered in default if any of the following conditions is fulfilled:

- There is a significant deterioration in creditworthiness;
- The asset is flagged as non-accrual;
- The asset is forborne and meets the default criteria in accordance with the internal policies for forbearance;
- CSOB has filed for the borrower’s bankruptcy;
- The counterparty has filed for bankruptcy or sought similar protection measures;
- The credit facility granted to the client has been terminated.

ČSOB applies a backstop for facilities whose status is ‘90 days or more past due’. In this context, a backstop is used as a final control to ensure that all the assets that should have been designated as defaulted are properly identified..

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.

No expected credit losses are calculated for equity investments.

Financial assets that are in scope for the ECL model carry an amount of impairments equal to the life-time expected credit losses if the credit risk has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the loss allowance equals to an amount of 12-month expected credit losses (see below for the references to the significant increase in credit risk).

12-month expected credit losses are defined as the portion of lifetime expected credit losses that represent expected credit losses that result from defaults possible within 12 months after the reporting date.

Lifetime expected credit losses are expected credit losses resulting from all possible defaults over the expected life of the financial asset.

To distinguish between the different stages with regards the amount of expected credit losses, the Bank uses the internationally accepted terminology for stage 1, stage 2 and stage 3 financial assets. All financial assets at initial recognition, unless they are already credit impaired, are classified at stage 1 and carry 12-month expected credit losses. Once a significant increase in credit risk since initial recognition occurs, the asset migrates to stage 2 and carries life-time expected credit losses. Once an asset meets the definition of default it migrates to stage 3.

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, 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 stage 3.
- Days past due: The Bank uses the backstop of 30 days past due as it is assumed that credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due. A financial asset then 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. 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 possible contractual term extensions), except for specific financial assets. These financial assets include a drawn and an undrawn amount available on demand and the Bank’s contractual ability to demand repayment of the drawn amount and cancel the undrawn commitment does 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.

The lifetime of revolving facilities depending on business segment is incorporated into IFRS 9 ECL models through a prepayment survival component. This component represents the probability that a facility will not be fully prepaid by the end of a year. It is estimated using through-the-cycle historical data and applying statistical methods.

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.

Forborne loans

Where possible, the Bank seeks to restructure loans rather than to take possession of collateral. The forbearance measures consist of concession towards a borrower facing, or about to face, financial difficulties. They may involve extending the payment arrangements and the agreement of new loan conditions. A forbearance measure is considered a significant increase in credit risk. Therefore, a forborne tag always results in a transfer to Stage 2 (non-default) or Stage 3 (default).

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 and foreign exchange.

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 and foreign exchange. Net interest income/expense from these derivatives is recorded in Other interest 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 and foreign exchange. 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

At initial recognition a (group of) financial liability(s) may be irrevocably designated as measured at fair value through profit or loss, 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 classified as a hybrid instrument when it contains one or more embedded derivatives. If an embedded derivative is not closely related to the host contract, and cannot be separated from the host contract, the entire hybrid instrument is designated at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value are measured at fair value, whereby fair value changes are recognized in statement of income, except for changes in own credit risk, which are presented separately in OCI.

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 and foreign exchange. Interest expense is recorded in Other interest 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 and foreign exchange. 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

When a financial instrument is initially recognized at fair value, any difference between the transaction price and the fair value determined using a valuation technique that incorporates unobservable inputs (Level 3) is not recognized immediately in profit or loss unless that fair value is evidenced by a quoted price in an active market for an identical asset or liability, or based on observable market data (Level 1 and 2). For financial instruments in Level 3, the Day 1 profit or loss is deferred and recognized over the lifetime of that financial instrument or when the instrument is derecognized.

(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 and foreign exchange. Amounts in the Cash flow hedge reserve are reclassified into the statement of income as a reclassification adjustment in the same period as the hedged cashflows affect the consolidated statement of income.

(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 and foreign exchange. 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 and foreign exchange. 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 lifetime of the hedged items or immediately recognised in the statement of income if the hedged items are derecognised. 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 recognition and scope of the standard IFRS 16 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's useful life if ownership is transferred. In other cases, it corresponds to the shorter of the right of use asset's useful life or the lease term. 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 to extend the lease,, the useful life with the options included is limited to 10 years.

(ii) Bank as a lessor

Finance leases, where the Bank transfers substantially all the risks 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 interest 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 interest 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 interest income and expense

Other interest 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

The Bank earns fee and commission income from contracts with customers across three main areas: Banking Services, Asset Management Services, and Distribution. Revenue recognition is based on the nature of the performance obligation and the timing of its satisfaction.

Fees and commission that are an integral part of the effective interest rate of a financial instrument are included in the measurement of interest income or expenses in accordance with IFRS 9.

Fees and commissions that are not an integral part of the effective interest rate are recognised in accordance with IFRS 15, either over time or at a point in time, depending when the service is provided to the customer.

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.

Banking services are provided to retail and corporate clients. The services include payment services (domestic or foreign), credit and guarantee arrangements, securities transactions and other. The recurring service fees are recognized over time as the customer receives and consumes the service. Transaction-based fees are recognized at a point in time when the transaction occurs.

Income received from margins earned on FX transactions (related to payments, credits, deposits, investments) and performed by the network (branches, online) for clients, further as Network income, is reported as part of Net fee and commission income.

Revenue from asset management services is earned through the provision of portfolio and fund management to investment funds and individual investors. Asset management fees are recognised over the period for which the service is provided and only to the extent that a significant reversal of revenue is not probable. Entry fees are recognised at a point in time when the investment is made. Any performance fees are recognised only when the performance criteria have been met and the amount is reliably measurable.

Distribution fee income is earned from the sale of third-party banking and insurance products. Revenue is recognised when the performance obligation is satisfied, typically at the time the product is sold. Where the consideration is variable, revenue is recognised only to the extent that it is highly probable that a significant reversal will not occur

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 on demand or with 1 day maturity from the date of acquisition including: cash, mandatory minimum reserves, other balances with central banks and other demand deposits in credit institutions.

(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	minimum 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) Non-current assets held for sale

In An investment in a subsidiary is classified as a Non-current asset and disposal group held for sale when it is highly probable that its carrying amount will be recovered primarily through a sale rather than through continued use. Classification is made at the date when the IFRS 5 criteria for held-for-sale designation are met, including the availability of the investment for immediate sale in its present condition and the high probability that the sale will be completed within the following 12 months. An investment classified as held for sale is measured at the lower of its carrying amount and fair value less costs to sell.

(16) 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 unamortised 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.

(17) Loan commitments

The Bank issues commitments to provide loans and these commitments can be irrevocable or revocable. 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.

(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.

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 with the years of service. Termination benefits are recognised in the statement of income based on the approval of the restructuring programme implementation.

(19) 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.

(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 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.

(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 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.

(23) 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 *Comparative balances restatement*

In 2025, the Bank corrected and revised its definition of cash equivalents in the separate statement of cash flow. To provide more reliable information comparable with other credit institutions on the market, loans and advances measured at amortised cost to credit institutions and central banks are no longer considered as cash equivalents from 2025 on. Furthermore, in 2025 the Bank corrected the definition of cash equivalents and excluded from them the financial liabilities at amortised cost to credit institutions and central banks and highly liquid transactions contracted with general government bodies (repo operations), previously reported as part of the cash equivalents.

As a result, cash equivalents are presented differently in the separate statement of cash flows at 31 December 2025 from the presentation applied in the financial statements at 31 December 2024 and 2023. This restatement does not have any impact on balances reported in the separate statement of financial position at 31 December 2024 and 2023.

A reconciliation of the separate statement of cash flows for the year ended 31 December 2024 is as follows:

(CZKm)	2024 As reported	Adjustments Assets	Adjustments Liabilities	2024 Restated
OPERATING ACTIVITIES				
Profit before tax	**22,171**	**-**	**-**	22,171
Adjustments for:				
Interest income	-88,316	-	-	-88,316
Interest expense	63,827	-	-	63,827
Dividend income	-3,550	-	-	-3,550
Non-cash items included in profit before tax	1,395	-	-	1,395
Net losses from investing activities	154	-	-	154
Cash flow used in operations before changes in operating assets, liabilities, income tax paid, interest paid and received and dividend received	**-4,319**	**-**	**-**	**-4,319**
Change in operating assets	-50,466	22,987	-	-27,479
Change in operating liabilities	13,947	-	15,313	29,260
Income tax paid	-1,692	-	-	-1,692
Interest paid	-63,709	-	-	-63,709
Interest received	88,450	-	-	88,450
Dividend received	3,550	-	-	3,550
Net cash flows used in (-) / from operating activities	**-14,239**	22,987	15,313	**24,061**
INVESTING ACTIVITIES				
Acquisition and equity increase of subsidiary, associate and joint venture companies	-1,893	-	-	-1,893
Purchase of property, equipment and intangible assets	-1,714	-	-	-1,714
Proceeds from disposal of property, equipment, intangible assets and assets held-for-sale	181	-	-	181
Net cash flows used in investing activities	**-3,426**	**-**	**-**	**-3,426**
FINANCING ACTIVITIES				
Bonds issued	11,937	-	-	11,937
Repayment of bonds	-3,199	-	-	-3,199
Issue of subordinated debts	10,577	-	-	10,577
Payments of principal on leases	-578	-	-	-578
Dividends paid	-15,018	-	-	-15,018
Net cash flows from financing activities	**3,719**	**-**	**-**	**3,719**
Net decrease in cash and cash equivalents	**-13,946**	**22,987**	**15,313**	**24,354**
Cash and cash equivalents at the beginning of the year	259,032	-535,443	299,531	23,120
Net decrease in cash and cash equivalents	-13,946	22,987	15,313	24,354
Cash and cash equivalents at the end of the year	**245,086**	**-512,456**	**314,844**	**47,474**

The explanation for the restating adjustments is as follows:

Assets – Loans and advances to central banks and to credit institutions excluded from the separate statement of cash flows as no longer considered as cash equivalents,

Liabilities – Financial liabilities measured at amortised cost, incl. currents accounts, overnight deposits, term deposits and repo transactions with credit institutions, repo transactions with government bodies and promissory notes issued to credit institutions were excluded from the separate statement of cash flows.

The additional cash flow information in Note: 31 have been restated accordingly.

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.

Commercial banking: Corporate companies, SME and micro companies, private banking customers, 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, micro companies and private banking customers. Margin income from the operations with corporate, SME, micro companies 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 2025

(CZKm)	Retail	Commercial banking	Financial markets	Group Centre	Total
Statement of income					
Net interest income	12,826	11,895	556	879	26,156
Fee and commission income	5,197	4,223	295	5,392	15,107
Fee and commission expense	-1,281	-331	-9	-5,670	-7,291
Dividend income	-	-	-	5,164	5,164
Net gains / losses (-) from financial instruments at fair value through profit or loss	140	2,055	953	-800	2,348
Other net income	170	42	14	2,023	2,249
Operating income	**17,052**	**17,884**	**1,809**	**6,988**	**43,733**
of which:					
External operating income / expense (-)	*647*	*9,478*	*1,809*	*31,799*	*43,733*
Intersegment operating income / expense (-)	*16,405*	*8,406*	*-*	*-24,811*	*-*
Depreciation and amortisation	-40	-5	-	-2,162	-2,207
Other operating expenses	-9,243	-4,815	-376	-3,360	-17,794
Operating expenses before impairment losses	**-9,283**	**-4,820**	**-376**	**-5,522**	**-20,001**
Impairment losses on financial assets at amortised cost and at fair value through OCI	-596	-463	-	82	-977
Impairment losses on other non-financial assets	-	-	-	-1,640	-1,640
Profit before tax	**7,173**	**12,601**	**1,433**	**-92**	**21,115**
Income tax expense	-1,506	-2,646	-301	2,206	-2,247
Segment profit	**5,667**	**9,955**	**1,132**	**2,114**	**18,868**
Assets and liabilities					
Segment assets	57,196	353,220	48,034	1,706,512	2,164,962
Non-current assets held-for-sale	-	-	-	3,205	3,205
Total assets	**57,196**	**353,220**	**48,034**	**1,709,717**	**2,168,167**
Total liabilities	**628,626**	**599,132**	**355,242**	**460,711**	**2,043,711**
Capital expenditure	**332**	**-**	**-**	**2,677**	**3,009**

Segment reporting information by customer segments for 2024

(CZKm)	Retail	Commercial 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	4,579	4,071	212	5,177	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
Other net income	175	159	19	1,419	1,772
Operating income	**15,042**	**16,949**	**1,444**	**5,417**	**38,853**
of which:					
External operating income	*-1,722*	*5,276*	*1,444*	*33,854*	*38,853*
Intersegment operating income / expense (-)	*16,764*	*11,673*	*-*	*-28,437*	*-*
Depreciation and amortisation	-28	-5	-	-2,063	-2,096
Other operating expenses	-9,084	-4,710	-374	-3,507	-17,675
Operating expenses before impairment losses	**-9,112**	**-4,715**	**-374**	**-5,570**	**-19,771**
Impairment losses on financial assets at amortised cost and at fair value through OCI	-246	491	-	53	298
Impairment losses on other non-financial assets	-	-	-	2,791	2,791
Profit before tax	**5,684**	**12,725**	**1,070**	**2,691**	**22,171**
Income tax expense	-1,223	-2,675	-224	2,156	-1,966
Segment profit	**4,461**	**10,050**	**846**	**4,847**	**20,205**
Assets and liabilities					
Segment assets	46,484	330,998	57,976	1,366,413	1,801,871
Non-current assets held-for-sale	-	-	-	23	23
Total assets	**46,484**	**330,998**	**57,976**	**1,366,436**	**1,801,894**
Total liabilities	**598,170**	**598,275**	**129,737**	**362,883**	**1,689,065**
Capital expenditure	**268**	**-**	**-**	**1,447**	**1,715**

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. Revenues from external customers in foreign country and assets and liabilities located in foreign country are not material.

4. INTEREST INCOME

(CZKm)	2025	2024
Interest income on financial instruments calculated using effective interest rate method		
Cash balances with central banks and other demand deposits	14	156
Financial assets at amortised cost, incl. assets pledged as collateral		
Credit institutions	39,698	43,857
Other than credit institutions	26,901	29,176
Financial assets at fair value through other comprehensive income, incl. assets pledged as collateral	2,930	1,829
Derivatives used for hedging (Note: 7)	3,000	6,707
Negative interest from financial liabilities measured at amortised cost	2	-
	72,545	81,725
Other interest income		
Financial assets held for trading incl. assets pledged as collateral (Note: 7)	665	1,031
Derivatives used as economic hedges (Note: 7)	2,599	5,547
Negative interest from financial liabilities measured at fair value (Note: 7)	11	13
	3,275	6,591
Interest income	**75,820**	**88,316**

5. INTEREST EXPENSE

(CZKm)	2025	2024
Interest expense on financial instruments calculated using effective interest rate method		
Financial liabilities at amortised cost		
Central banks	12	18
Credit institutions	6,765	11,056
Other than credit institutions	24,436	31,205
Debt instruments in issue	8,399	5,185
Derivatives used for hedging (Note: 7)	3,693	7,188
	43,305	54,652
Other interest expense		
Financial liabilities held for trading (Note: 7)	719	1,190
Financial liabilities designated at fair value through profit or loss (Note: 7)	567	908
Derivatives used as economic hedges (Note: 7)	4,962	6,959
Lease liabilities	111	118
	6,359	9,175
Interest expense	**49,664**	**63,827**

6. NET FEE AND COMMISSION INCOME

(CZKm)	2025	2024
Fee and commission income		
Banking services		
Payment service fees	7,368	7,163
Credit / Guarantee related fees	1,153	1,108
Network income	1,489	1,400
Securities	364	293
Other	627	364
Asset management services		
Custody fees	344	327
Mutual funds entry fees	397	444
Distribution		
Mutual funds	2,212	1,937
Banking and insurance products	1,153	1,003
	15,107	**14,039**
Fee and commission expense		
Banking services		
Payment services	5,541	5,393
Credit / Guarantee related fees	277	297
Securities	130	113
Other	476	380
Asset management services		
Custody fees	37	40
Distribution		
Banking and insurance products	830	735
	7,291	**6,958**
Net fee and commission income	**7,816**	**7,081**

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)	2025	2024
Net gains / losses from financial instruments at fair value through profit or loss and foreign exchange - as reported	**2,348**	**1,961**
Net interest income (Notes: 4, 5)	-3,666	-2,946
	-1,318	**-985**
Financial instruments held for trading and derivatives used for hedging		
Interest rate contracts	-1,226	-1,034
Foreign exchange	2,940	-1,602
Equity contracts	329	649
	2,043	-1,986
Non-trading financial instruments mandatorily at fair value through profit or loss		
Non-trading financial assets mandatorily at fair value through profit or loss	1,204	951
Financial instruments designated at fair value through profit or loss		
Financial liabilities designated at fair value through profit or loss	-662	-1,547
Foreign exchange differences	-3,903	1,597
Financial instruments at fair value through profit or loss and foreign exchange	**-1,318**	**-985**

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 ČSOB's Financial Markets department trading pre-specified products on behalf of KBC Bank. Risks related to the transactions are then transferred via back-to-back transactions 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)	2025	2024
Services provided to other subsidiaries within the Group (excluding income from ICT services)	859	916
ICT services	879	779
Net operating leasing and rental income	50	45
Net gain on disposal of non-current assets held-for-sale	-	4
Net gain on disposal of intangible assets	-	1
Net loss on disposal of investments measured at amortised cost	-293	-287
Net increase in provisions for legal issues	-21	-32
Net realised result from debt securities FVOCI	-	-12
Net gain on capital payout of subsidiary (Note: 18)	517	-
Other	258	358
	2,249	**1,772**

Income from ICT services represents revenue from related parties of the Group.

9. STAFF EXPENSES

(CZKm)	2025	2024
Wages and salaries	7,099	7,002
Salaries and other short-term benefits of key management personnel	86	87
Social security charges	2,476	2,327
of which pension security charges (obligatory)	*1,531*	*1,437*
Pension (voluntary) and similar expenses	215	201
Net increase in provisions for Restructuring programme	80	-
Other	131	134
	10,087	**9,751**

The members of the Board of Directors and Supervisory Board represent the Bank’s key management personnel.

Number of Bank personnel

The number (in full-time equivalents) of Bank personnel was 7,274 at 31 December 2025 (31 December 2024: 7,144).

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. Liabilities related to the bonus scheme are reported as part of Other liabilities in the statement of financial position.

The Bank's key management personnel received no other remuneration in the form of short-term benefits, post-employment benefits, other long-term employee benefits, early termination benefits, or share-based payments.

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 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 2 m in 2025 (2024: CZK Nil).

10. GENERAL ADMINISTRATIVE EXPENSES

(CZKm)	2025	2024
Information technologies	3,384	3,375
Retail service fees	757	710
Other building expenses	745	726
Professional fees	674	653
Marketing	630	590
Communication	335	340
Deposit insurance premium and contribution to the Securities Traders Guarantee Fund	333	334
Travel and transportation	179	203
Contribution to the Single Resolution Mechanism	134	485
Payment cards and electronic banking	117	116
Administration	89	101
Rental expenses on land and buildings – minimum lease payments	58	60
Insurance	54	61
Training	49	45
Car expenses	16	19
Other	153	106
	7,707	**7,924**

11. IMPAIRMENT LOSSES

(CZKm)	2025	2024
Impairment reversal of financial assets at amortised cost - loans and advances (Notes: 31, 38.2)	-977	66
Impairment reversal of financial assets at amortised cost - debt securities (Notes: 31, 38.2)	11	46
Provisions reversal for loan commitments and guarantees (Notes: 27, 31)	-5	187
Impairment reversal / loss (-) on investments in subsidiaries, associates and joint ventures (Note: 18)	-1,632	2,852
Impairment loss (-) / reversal of property and equipment (Notes: 20, 31)	-	-1
Impairment of financial assets at fair value through OCI (Note: 16)	-6	-1
Impairment loss of intangible assets (Note: 21)	-7	-56
Impairment loss of other financial assets (Notes: 31)	-1	-4
	-2,617	**3,089**

12. INCOME TAX

The components of income tax expense for the years ended 31 December 2025 and 2024 are as follows:

(CZKm)	2025	2024
Current tax expense	2,183	1,873
Previous year under accrual of current tax	18	96
Deferred tax expense / income (-) relating to the origination and reversal of temporary differences	46	-3
	2,247	**1,966**

A reconciliation between the tax expense and the accounting profit multiplied by the domestic tax rate for the years ended 31 December 2025 and 2024 is as follows:

(CZKm)	2025	2024
Profit before taxation	21,115	22,171
Applicable tax rates	21%	21%
Taxation at applicable tax rates	4,434	4,656
Previous year under accrual of current tax	18	96
Tax effect of non-taxable income	-3,430	-3,892
Tax effect of non-deductible expenses	1,127	1,012
Top-up tax	98	94
	2.247	**1,966**

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, 2024 nor 2025, since the tax base did not rise sufficiently for the windfall tax to apply. It was not recognized in deferred tax either.

The applicable tax rate in 2025 was 21% (2024: 21%).

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 2025 was preliminary calculated and the top-up tax provision was booked in the amount of CZK 98 m (2024: 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 2025 (2024: 21%).

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

(CZKm)	2025	2024
At 1 January	**147**	**-86**
Statement of income	-46	3
Financial assets FVOCI (Note: 29)		
Fair value remeasurement	14	38
Transfer to net profit or retained earnings	24	27
Cash-flow hedges (Note: 29)		
Fair value remeasurement	170	351
Transfer to net profit (Note: 19)	-58	-186
At 31 December	**251**	**147**

Deferred tax asset are attributable to the following items:

(CZKm)	2025	2024
Deferred tax liability (-) / assets		
Employee benefits	433	412
Temporary difference resulting from tax depreciation	292	276
Impairment losses on tangible and intangible assets	74	73
Impairment losses on loans and advances at amortised cost and provisions for credit risk	42	87
Provisions for other risk and charges	32	71
Impairment losses on debt securities	19	21
Debt securities at fair value through other comprehensive income	-59	-97
Cash-flow hedging derivatives	-61	-173
Amortisation of goodwill for tax purposes	-565	-565
Other temporary differences	44	42
	251	**147**

The deferred tax charge (-) / benefit in the statement of income comprises of the following temporary differences:

(CZKm)	2025	2024
Employee benefits	21	34
Temporary difference resulting from tax depreciation	16	7
Impairment losses on tangible and intangible assets	1	5
Impairment losses on debt securities	-2	3
Provisions for other risk and charges	-39	-1
Impairment losses on loans and advances at amortised cost and provisions for credit risk	-45	-57
Other temporary differences	2	12
	-46	**3**

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 2025 has not been taken before the date of issue of the financial statements.

Based on a sole shareholder decision from 24 April 2025, a dividend of CZK 23.04 per share was paid for 2024, representing a total dividend of CZK 6,746 m.

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.

Dividends received

The following table shows a dividend received by the companies for 2025 and 2024:

(CZKm)	2025	2024
ČSOB Hypoteční banka, a.s.	2,126	981
ČSOB Stavební spořitelna, a.s.	1,213	992
ČSOB Leasing, a.s.	666	673
Patria Finance, a.s.	463	337
ČSOB Penzijní společnost, a.s.	439	311
ČSOB Factoring, a.s.	141	175
Bankovní informační technologie, s. r. o.	54	8
ČSOB Advisory	46	8
I.CA, a.s.	7	-
ČSOB Pojišťovna, a.s.	4	5
CBCB - Czech Banking Credit Bureau, a.s.	3	3
Visa Inc.	1	2
BCPB - Burza cenných papierov v Bratislave, a.s.	1	1
Patria Corporate Finance, a.s.	-	40
První certifikační autorita, a.s.	-	14
	5,164	**3,550**

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

(CZKm)	2025	2024
Cash (Note: 31)	7,749	8,184
Mandatory minimum reserves (Notes: 31, 32, 38.2)	25,838	8,357
Other balances with central banks (Notes: 31, 32, 38.2)	9,572	27,896
Other demand deposits in credit institutions (Notes: 31, 32, 38.2)	2,471	3,037
	45,630	**47,474**

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 5,580 m at 31 December 2025 (31 December 2024: CZK 24,897 m). 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)	2025	2024
Financial assets held for trading		
Loans and advances		
Reverse repo transactions	182	1
Other loans and advances	-	13
Derivative contracts (Note: 19)		
Trading derivatives	21,369	27,296
Derivatives used as economic hedges	7,424	9,762
	28,975	**37,072**
Non-trading financial assets mandatorily at fair value through profit or loss		
Loans and advances		
Credit institutions	1,204	951
	1,204	**951**
Financial assets at fair value through profit or loss	**30,179**	**38,023**

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(CZKm)	2025	2024
Financial assets at fair value through other comprehensive income		
Debt securities classified as stage 1		
General government	76,274	27,872
Credit institutions	22,849	23,561
Equity securities		
Corporate	256	275
	99,379	**51,708**
Financial assets at fair value through other comprehensive income pledged as collateral		
Debt securities classified as stage 1		
General government	1,798	4,242
	1,798	**4,242**

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 482 m (2024: CZK Nil) or securities lending in the amount of CZK 1,316 m (2024: CZK 4,242 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)	2025				
	Stage 1	Stage 2	Stage 3	POCI	Total
Financial assets at amortised cost					
Debt securities					
General government	188,438	-	-	-	188,438
Credit institutions	390,843	-	-	-	390,843
Other legal entities	38,023	-	-	-	38,023
Debt securities – gross carrying amount	617,304	-	-	-	617,304
Allowance for impairment losses	-84	-	-	-	-84
Total debt securities	**617,220**	**-**	**-**	**-**	**617,220**
Loans and advances					
Central banks	751,284	-	-	-	751,284
General government	25,093	928	549	-	26,570
Credit institutions	2,452	68	119	-	2,639
Other legal entities	294,594	28,943	4,594	291	328,422
Private individuals	66,842	6,846	2,620	99	76,407
Loans and advances – gross carrying amount	1,140,265	36,785	7,882	390	1,185,322
Allowance for impairment losses	-1,017	-1,386	-4,645	-112	-7,160
Total loans and advances	**1,139,248**	**35,399**	**3,237**	**278**	**1,178,162**
Total financial assets at amortised cost	**1,756,468**	**35,399**	**3,237**	**278**	**1,795,382**
Financial assets at amortised cost pledged as collateral					
Debt securities – gross carrying amount					
General government	71,196	-	-	-	71,196
Credit institutions	-	-	-	-	-
Other legal entities	-	-	-	-	-
Allowance for impairment losses	-	-	-	-	-
Total financial assets at amortised cost pledged as collateral	**71,196**	**-**	**-**	**-**	**71,196**

	2024				
(CZKm)	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**

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 2025 and 2024 than they were at the beginning of the financial year or their initial recognition:

	2025					
	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	571	55	-	-	-	-
Other legal entities	10,308	2,576	636	167	853	11
Private individuals	4,098	1,004	556	120	538	10
Total	**14,977**	**3,635**	**1,192**	**287**	**1,391**	**21**

	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**

Balances with central banks contain reverse repo transactions provided to central bank in the amount of CZK 751,284 m at 31 December 2025 (31 December 2024: CZK 510,759 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 57,187 m (2024: CZK 12,534 m) or securities lending in the amount of CZK 14,099 m (2024: CZK 23,299 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 16,861 m (2024: CZK 17,678 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:

		2025		2024	
Name	Abbreviation	(%)	Carrying amount	(%)	Carrying amount
Subsidiaries					
Bankovní informační technologie, s.r.o.	BANIT	100.0	890	100.0	890
ČSOB Stavební spořitelna, a.s.	ČSOBS	100.0	11,389	100.0	11,130
ČSOB Advisory, a.s.	ČSOB Advisory	100.0	-	100.0	1,458
ČSOB Factoring, a.s.	ČSOB Factoring	100.0	1,395	100.0	1,295
ČSOB Hypoteční banka, a.s.	ČSOB HB	100.0	62,678	100.0	55,678
ČSOB Leasing, a.s.	ČSOB Leasing	100.0	9,200	100.0	8,300
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	100.0	1,724
K&H Pénzforgalmi Szolgáltató Korlátolt Felelősségű Társaság	K&H Payment Services	100.0	539	100.0	509
Patria Corporate Finance, a.s.	Patria CF	100.0	16	100.0	16
Patria Finance, a.s.	Patria Finance	100.0	870	100.0	870
Radlice Rozvojová, a.s.	Radlice Rozvojová	100.0	2,902	100.0	2,844
Skip Pay s.r.o.	Skip Pay	100.0	154	100.0	344
Ušetřeno.cz, s.r.o.	Ušetřeno	100.0	50	100.0	142
Joint venture					
Igluu s.r.o.	Igluu	-	-	50.0	35
Ownest, s.r.o.	Ownest	21.7	30	21.7	30
Associate					
ČSOB Pojišťovna, a. s., a member of the ČSOB holding	ČSOB Pojišťovna	0.24	9	0.24	9
			91,846		**87,429**

All companies excluding K&H Payment Services are incorporated in the Czech Republic.

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. As a result, the entity lost its status of a joint-venture and has been included into the consolidation scope of the Group as a 100 % subsidiary. However, due to the immateriality reasons, the Group did not apply the full consolidation method, and accordingly, Igluu has been included in the Separate statement of financial position as a Financial asset at fair value through other comprehensive income (FVOCI).

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 and 2025, the Bank contributed seed money into the equity of the fund of CZK 3,205 m with an intention to sell the fund units of the fund to the customers. During 2024 and 2025, 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, Patria RP Zvolen II, Patria Na Poříčí and Patria Offices Karlín. 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 2025 using the full method of consolidation.

Beginning in April 2025, ČSOB Nemovitostní started issuing additional fund units to external retail investors. As a result, the Bank's proportionate interest on ČSOB Nemovitostní gradually decreased and reached 62.35 % at the end of 2025.

In December 2025, ČSOB initiated the process of redeeming part of its seed money investment, with the redemption being executed in January 2026. In accordance with IFRS 5, the Bank classified ČSOB Nemovitostní in the Statement of financial position as at 31 December 2025 as Non-current assets held-for-sale.

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 2025 as a joint venture in the amount corresponding to ČSOB's share on the equity of Ownest.

Other changes

In March 2025, the Bank increased its investment in Ušetřeno by CZK 60 m through an additional charge apart from the registered capital of the company.

In May 2025, the Bank increased its investment in ČSOB Factoring by CZK 100 m through an additional charge apart from the registered capital of the company.

In May 2025, the Bank increased its investment in ČSOB Leasing by CZK 900 m through an additional charge apart from the registered capital of the company.

In May 2025, the Bank increased its investment in ČSOB Hypoteční banka by CZK 7,000 m through an additional charge apart from the registered capital of the company.

In June 2025, the Bank increased its investment in Skip Pay by CZK 90 m through an additional charge apart from the registered capital of the company.

In June 2025, the Bank increased its investment in ČSOBS by CZK 500 m through an additional charge apart from the registered capital of the company.

In July 2025, the Bank received capital payout from ČSOB Advisory in the amount of CZK 1,458 m. Net gain on capital payout of ČSOB Advisory in the amount of CZK 517 m was recognized in Other net income.

In July 2025, the Bank increased its investment in K&H Payment Services by CZK 164 m through a registered capital and an additional charge apart from the registered capital of the company.

In September 2025, the Bank increased its investment in ČSOBS by CZK 750 m through an additional charge apart from the registered capital of the company.

In September 2025, the Bank increased its investment in Ušetřeno by CZK 60 m through an additional charge apart from the registered capital of the company.

In December 2025, the Bank increased its investment in Radlice Rozvojová by CZK 58 m through an additional non-monetary charge apart from the registered capital of the company.

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.

At 31 December 2025 and 2024, the Bank considered the value of interests in certain subsidiaries to be impaired.

In 2025 and 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 134 m, respectively CZK 152 m, has been recognised.

In 2025 and 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 15 m, respectively CZK 38 m, has been recognised.

In 2025 and 2024, 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 212 m, respectively CZK 111 m, has been recognised.

In 2025 and 2024, 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 280 m, respectively CZK 48 m, has been recognised.

In 2025 and 2024, the Bank performed an impairment test of subsidiary ČSOB Hypoteční banka and impairment was not indicated by the test in 2025 and in 2024. In 2024, the entire impairment in the amount of CZK 1,681 m was reversed. The recoverable amount for ČSOB Hypoteční banka was determined based on the value-in-use methodology.

In 2025 and 2024, the Bank performed an impairment test of subsidiary ČSOBS and impairment was indicated by the test in 2025 in the amount of CZK 1,944 m (2024: CZK 953 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 12.0% in 2025 (2024: 12.6%) and long term growth rates of 2.0% were used in 2025 (2024: 0.0%).

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 12.0% (2024: 12.6%) 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 2025:

(CZKm)	+1%	-1%
Discount rate	-519	628

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 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 2024 and 2025:

(CZKm)	ČSOBS	ČSOB HB	Igluu	K&H Payment Services	Ušetřeno	Skip Pay	Total
At 1 January 2024	**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**
Increase (Note: 11)	991	-	15	134	212	280	1,632
Transfer to FVOCI (Note: 18)	-	-	-53	-	-	-	-53
At 31 December 2025	**1,944**	**-**	**-**	**286**	**687**	**830**	**3,747**

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, FX and equity position of the Banking Book (positions managed by ALM) and which do not meet the criteria of hedge accounting; still they are used as 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 2025 and 2024 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

	2025			2024		
	Notional	Fair value		Notional	Fair value	
(CZKm)	amount	Positive	Negative	amount	Positive	Negative
Interest rate related contracts						
Swaps	636,537	15,739	16,074	812,739	20,162	20,477
Options	19,169	142	98	28,498	208	137
	655,706	**15,881**	**16,172**	**841,237**	**20,370**	**20,614**
Foreign exchange contracts						
Swaps	434,612	4,740	3,460	618,128	5,676	4,743
Forwards	59,540	329	1,531	70,112	594	1,298
Options	112,028	345	345	103,837	623	622
	606,180	**5,414**	**5,336**	**792,077**	**6,893**	**6,663**
Commodity contracts						
Swaps / Options	584	74	73	707	33	31
Total trading derivatives (Notes: 15, 24)	**1,262,470**	**21,369**	**21,581**	**1,634,021**	**27,296**	**27,308**

Positions of ALM – economic hedges

	2025			2024		
	Notional	Fair value		Notional	Fair value	
(CZKm)	amount	Positive	Negative	amount	Positive	Negative
Interest rate related contracts						
Swaps	563,180	5,546	5,610	441,648	8,091	7,170
Foreign exchange contracts						
Swaps	73,924	59	149	151,443	453	136
Equity contracts						
Swaps	10,073	1,017	157	7,460	640	35
Options	5,583	802	-	4,140	578	1
	15,656	**1,819**	**157**	**11,600**	**1,218**	**36**
Total derivatives used as economic hedges (Notes: 15, 24)	**652,760**	**7,424**	**5,916**	**604,691**	**9,762**	**7,342**

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 fair value of a hedging derivative and cumulative changes in net present value of a hedged item. Besides, the Bank is testing whether the total amount of hedging derivatives does not exceed the volume of hedged item.

The hedging ineffectiveness results from the different floating rate repricing frequencies in hedging instrument and hedged item 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 volume of rolled 2 week 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 2025 and 2024 are set out as follows:

	2025			2024		
	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	830	-	11,900	1,090	-
Cash flow macro hedges	73,108	1,002	1,088	59,823	1,440	1,320
Total hedging derivatives	**85,008**	**1,832**	**1,088**	**71,723**	**2,530**	**1,320**

In 2025, a loss of CZK 68 m was recognised in the statement of income, as part of Net gains from financial instruments at fair value through profit or loss, due to hedge ineffectiveness from single currency interest rate swaps cash flow hedges (2024: gain of CZK 45 m).

In 2025, 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 Nil from equity to the statement of income (2024: losses of CZK 10 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 2025 and 2024 covered by the Bank‘s hedging strategies:

	2025			
	Cash flow hedge reserve		Change in fair value of hedging instrument for ineffectiveness assessment	Change in fair value of hedged item for ineffectiveness assessment
(CZKm)	Continuing hedges	Discontinued hedges		
Cash flow hedges	287	-	-606	538

	2024			
	Cash flow hedge reserve		Change in fair value of hedging instrument for ineffectiveness assessment	Change in fair value of hedged item for ineffectiveness assessment
(CZKm)	Continuing hedges	Discontinued hedges		
Cash flow hedges	825	-	-741	785

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

(CZKm)	2025	2024
Net interest income (Note: 29)	-206	-920
Net losses (-) / gains from financial instruments at fair value through profit or loss (Note: 29)	-68	34
Taxation (Note: 12)	58	186
Net losses	**-216**	**-700**

The following table shows estimated cashflows from cashflow hedging derivatives per time bucket at 31 December 2025:

(CZKm)	Inflows	Outflows
Less than 3 months	65	-119
More than 3 months but not more than 6 months	65	-116
More than 6 months but not more than 1 year	130	-212
More than 1 year but not more than 2 years	259	-298
More than 2 years but not more than 5 years	775	-360
More than 5 years	420	-239
	1,714	**-1,344**

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 amortised 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 2025 and 2024 are set out as follows:

	2025			2024		
	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	166,442	7,535	817	115,991	8,149	1,062
Fair value portfolio hedges	564,776	4,611	12,972	590,823	7,298	17,057
Cross currency interest rate swaps						
Fair value micro hedges	-	-	-	516	10	-
Total hedging derivatives	**731,218**	**12,146**	**13,789**	**707,330**	**15,457**	**18,119**

The following table contains details of the hedged items as at 31 December 2025 covered by the Bank's hedging strategies:

	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	67,209	-6,245	-	734
Financial assets at fair value through other comprehensive income	67,259	-1,484	-	-817
Financial liabilities at amortised cost	24,322	-	77	123
Total	158,790	-7,729	77	40
Fair value portfolio hedges				
Financial assets at amortised cost	168,654	-1,424	-	1,229
Financial assets at fair value through other comprehensive income	2,822	72	-	-27
Financial liabilities at amortised cost	383,582	-	-8,366	-2,705
Total	555,058	-1,352	-8,366	-1,503
Total fair value hedged items	**713,848**	**-9,081**	**-8,289**	**-1,463**

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**

In 2025, the discontinuation of hedge accounting due to sales of underlying hedged bonds resulted in realised losses of CZK 5 m (2024: 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 2025, the net losses in the amount of CZK 1,463 m (2024: losses of CZK 1,655 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 1,300 m (2024: gains of CZK 1,656 m).

20. PROPERTY AND EQUIPMENT

(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 (Note: 22)	-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

(CZKm)	Land and buildings	IT equipment	Office equipment	Other	Construction in progress	Total
Cost at 1 January 2025	8,088	2,955	780	1,563	20	13,406
Depreciation and impairment at 1 January 2025	-4,710	-1,939	-482	-1,147	-	-8,278
Net book value at 1 January 2025	**3,378**	**1,016**	**298**	**416**	**20**	**5,128**
Transfers	223	352	34	84	-693	-
Additions	-	-	-	-	1,218	1,218
Disposals	-50	-387	-37	-19	-	-493
Transfers from non-current assets held-for-sale (Note: 22)	23	-	-	-	-	23
Depreciation	-338	-360	-53	-70	-	-821
Net book value at 31 December 2025	**3,236**	**621**	**242**	**411**	**545**	**5,055**
of which						
Cost	8,260	2,501	762	1,580	545	13,648
Depreciation and impairment	-5,024	-1,880	-520	-1,169	-	-8,593

RIGHT OF USE ASSETS

(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

(CZKm)	Land and buildings	IT equipment	Other	Total
Cost at 1 January 2025	5,070	179	91	5,340
Depreciation and impairment at 1 January 2025	-2,304	-154	-43	-2,501
Net book value at 1 January 2025	**2,766**	**25**	**48**	**2,839**
Additions	266	200	24	490
Disposals	-3	-	-7	-10
Depreciation	-446	-63	-20	-529
Impairment	-	-	-	-
Net book value at 31 December 2025	**2,583**	**162**	**45**	**2,790**
of which				
Cost	5,240	379	89	5,708
Depreciation and impairment	-2,657	-217	-44	-2,918

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 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

(CZKm)	Goodwill	Acquired software	Internally developed software	Other intangible assets	Construction in progress	Total
Cost at 1 January 2025	2,752	1,116	6,845	78	1,052	11,843
Amortisation and impairment at 1 January 2025	-63	-1,015	-4,754	-77	-	-5,909
Net book value at 1 January 2025	**2,689**	**101**	**2,091**	**1**	**1,052**	**5,934**
Transfers	-	6	852	1	-859	-
Additions	-	-	-	-	1,791	1,791
Disposals	-	-14	-	-	-	-14
Amortisation	-	-33	-824	-	-	-857
Impairment (Note: 11)	-	-	-7	-	-	-7
Net book value at 31 December 2025	**2,689**	**60**	**2,112**	**2**	**1,984**	**6,847**
of which						
Cost	2,752	1,096	7,697	79	1,984	13,608
Amortisation and impairment	-63	-1,036	-5,585	-77	-	6,761

Internally developed software in the net amount of CZK 1,984 m (2024: CZK 1,052 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 12.0% in 2025 (2024: 12.6%) and no long term growth rates were used in 2025 and 2024.

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 12.0% has been applied (2024: 12.7%). 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	ČSOB Nemovitostní fond	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	-	-	-

(CZKm)	Land and buildings	ČSOB Nemovitostní fond	Total
Net book value at 1 January 2025	**23**	**-**	**23**
Transfer to Property and equipment (Note: 20)	-23	-	-23
Transfer from Investments in subsidiaries, associates and joint ventures	-	3,205	3,205
Net book value at 31 December 2025	**-**	**3,205**	**3,205**
of which			
Cost	-	3,205	3,205
Impairment	-	-	-

23. OTHER ASSETS

(CZKm)	2025	2024
Other financial assets		
Other debtors, net of provisions (Notes: 30, 32, 38.2)	1,030	1,014
Accrued income (Notes: 30, 32, 38.2)	214	213
	1,244	**1,227**
Other non-financial assets		
Prepaid charges	806	745
VAT and other tax receivables	4	10
	810	**755**
Total other assets	**2,054**	**1,982**

The following table shows staging and detail of cumulative impairment losses on other financial assets for 2025 and 2024:

(CZKm)	2025 Stage 2	2025 Stage 3	2025 Total	2024 Stage 2	2024 Stage 3	2024 Total
Other financial assets						
Gross carrying amount	1,250	10	1,260	1,229	14	1,243
Allowance for impairment losses	-8	-8	-16	-6	-10	-16
	1,242	**2**	**1,244**	**1,223**	**4**	**1,227**

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)	2025	2024
Financial liabilities held for trading		
Derivative contracts (Note: 19)		
Trading derivatives	21,581	27,308
Derivatives used as economic hedges	5,916	7,342
Term deposits	562	565
Repo transactions	2,630	2,373
	30,689	**37,588**
Financial liabilities designated at fair value through profit or loss		
Bonds issued	4,418	6,145
of which hybrid contracts	*4,418*	*2,829*
Investment certificates – hybrid contracts	12,675	10,622
	17,093	**16,767**
Financial liabilities at fair value through profit or loss	**47,782**	**54,355**

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 1,268 m lower than the carrying amount in 2025 (2024: lower by CZK 1,039 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 21 m in 2025 (2024: CZK 9 m).

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)	2025	2024
Deposits received from credit institutions		
Current accounts and overnight deposits	12,030	11,063
Term deposits	43,774	12,327
Repo transactions	25,319	12,772
	81,123	**36,162**
Deposits received from other than credit institutions		
Current accounts and overnight deposits	611,524	620,919
Term deposits	198,360	231,778
Savings deposits	412,755	341,820
Repo transactions	285,031	59,500
Other deposits	4,538	6,097
	1,512,208	**1,260,114**
Debt securities in issue		
Bonds issued	18,905	16,443
Promissory notes	303,989	247,020
	322,894	**263,463**
Subordinated debt	**63,558**	**57,241**
Financial liabilities at amortised cost	**1,979,783**	**1,616,980**

In 2025, the Bank issued coupon bonds in the nominal amount of CZK 5,218 m having a contractual maturity between 3 and 6 years and EIR in the range of PRIBOR 6M -0.8% to PRIBOR 6M -0.40%. All bonds contain both-side option allowing premature purchase or sale at every coupon payment date.

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.

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 April 2025, the Bank issued subordinated debt in the nominal amount of EUR 250 m (CZK 6,063 m) to KBC Bank NV. Subordinated debt is repayable after 6 years (December 2030). Its coupon rate is EURIBOR 3M + 1.3367%. The Bank may prepay the debt at any time following 15 December 2030.

In December 2025, the Bank issued subordinated debt in the nominal amount of EUR 100m (CZK 2,425 m) to KBC Bank NV. Subordinated debt is repayable after 4 years (2029). Its coupon rate is EURIBOR 3M + 0.68%. The Bank may prepay the debt at any time following 15 December 2028.

In December 2024, the Bank issued subordinated debt in the nominal amount of EUR 180 m (CZK 4,364 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 5,819 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 2022, the Bank issued subordinated debt in the nominal amount of EUR 170 m (CZK 4,123 m) to KBC Bank NV. Subordinated debt was repayable after 4 years (2026). Its coupon rate was EURIBOR 3M + 1.26%. The Bank could prepay the debt at any time following the first three-year period. This bond was prolonged for a further 5-year period in December 2025 (2030). Its coupon rate is EURIBOR 3M + 0.78%. The Bank may prepay the debt at any time following 15 December 2029.

In June 2022, the Bank issued subordinated debt in the nominal amount of EUR 330 m (CZK 8,001 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.

In December 2021, the Bank issued subordinated debt in the nominal amounts of EUR 276 m (CZK 6,692 m) to KBC Bank NV. Subordinated debt was repayable after 5 years (2026). Its coupon rate was EURIBOR 3M + 0.55% for last year before maturity date. The Bank could prepay the debt at any time following the first four-year period. This bond was prolonged for a further 6-year period in December 2025 (2031). Its coupon rate is EURIBOR 3M + 0.88%. The Bank may prepay the debt at any time following 15 December 2030.

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)	2025	2024
Other financial liabilities		
Accrued charges (Notes: 30, 32,38.3)	1,392	1,396
Other creditors (Notes: 30, 32, 38.3)	698	1,081
	2,090	**2,477**
Other non-financial liabilities		
Payables to employees including social security charges	2,761	2,614
Income received in advance	43	40
VAT and other tax payables	247	270
	3,051	**2,924**
Total other liabilities	**5,141**	**5,401**

Other liabilities are assessed as current liabilities.

27. PROVISIONS

(CZKm)	Pending legal issues and other losses	Restructuring	Onerous contractual engagements	Total
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**
At 1 January 2025				
Additions	15	118	-	133
Amounts utilised	-	-43	-2	-45
Unused amounts reversed	-6	-38	-	-44
At 31 December 2025	**38**	**118**	**1**	**157**

Loan commitments and guarantees (Note: 33):

(CZKm)	Stage 1	Stage 2	Stage 3	Total
At 1 January 2024	**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**
Origination and acquisition	256	-	-	256
Change in credit risk not leading to stage transfers	-217	-29	4	-242
Change in credit risk leading to stage transfer	-8	10	-11	-9
Change in model / methodology	-	-	-	-
Foreign currency translation	2	10	-18	-6
At 31 December 2025	**77**	**51**	**137**	**265**

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 was to be reduced in the period of 2022 - 2025. Unused part of the provision of CZK 38 m was released in 2025. Updated restructuring programme has been announced in 2025 leading to a creation of new provision of CZK 118 m. The framework of the programme is set for the period of 2026 - 2028.

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 best estimate of the expected cash outflow to cover the possible cost in the event of loss.

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 2025, the total authorised share capital was CZK 5,855 m (31 December 2024: CZK 5,855 m) and comprised of 292,750,002 ordinary shares with a nominal value of CZK 20 each (31 December 2024: 292,750,002 ordinary shares with a nominal value of CZK 20 each) and is fully paid up. All ordinary shares carry voting rights and each share represents one vote. Ordinary shares entitle the holder to a dividend payment. The shares are non-listed. There are no restrictions on the distribution of dividends and the repayment of capital attaching to the ordinary shares.

No Treasury shares were held by the Bank at 31 December 2025 and 2024.

On 31 December 2025, the Bank was directly controlled by KBC Bank whose ownership interest in ČSOB was 100% (31 December 2024: 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 2025 and 2024 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 2024	**503**	**1,271**	**-**	**1,774**
Other comprehensive income (Note: 29)	-170	-619	-9	-798
At 31 December 2024	**333**	**652**	**-9**	**976**
Other comprehensive income (Note: 29)	-139	-425	-21	-585
At 31 December 2025	**194**	**227**	**-30**	**391**

29. COMPONENTS OF OTHER COMPREHENSIVE INCOME

(CZKm)	2025	2024
Other comprehensive income – to be reclassified to the statement of income		
Cash flow hedges		
Net unrealised losses on cash flow hedges	-812	-1,670
Net loss on cash flow hedges reclassified to the statement of income (Note: 19)	275	886
Tax effect relating to cash flow hedges (Note: 12)	112	165
	-425	-619
Financial debt instruments FVOCI		
Net unrealised losses on financial debt instruments FVOCI	-70	-177
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)	5	1
Tax effect relating to financial debt instruments FVOCI (Note: 12)	14	51
	-51	-113
Other comprehensive income for the year, net of tax, to be reclassified to statement of income in subsequent periods	**-476**	**-732**
Other comprehensive income – not to be reclassified to the statement of income		
Financial equity instruments FVOCI		
Net unrealised gains on financial equity instruments FVOCI	2	69
Net realised gains on financial equity instruments FVOCI reclassified to the retained earnings on disposal	-114	-141
Tax effect relating to financial equity instruments FVOCI (Note: 12)	24	15
	-88	**-57**
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in credit risk	**-21**	**-9**
Other comprehensive income for the period, net of tax, not to be reclassified to statement of income in subsequent periods	**-109**	**-66**
Other comprehensive income for the year, net of tax	**-585**	**-798**

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 2025:

(CZKm)	Level 1	Level 2	Level 3	Total
Financial assets recorded at fair value				
Financial assets held for trading				
Loans and advances	-	182	-	182
Derivative contracts	-	24,865	3,928	28,793
Non-trading financial assets mandatorily at fair value through profit or loss				
Loans and advances	-	1,204	-	1,204
Financial assets FVOCI				
Debt securities	70,494	5,782	22,847	99,123
Equity securities	-	-	256	256
Financial assets FVOCI pledged as collateral				
Debt securities	1,798	-	-	1,798
Fair value adjustments of the hedged items in portfolio hedge	-	-1,424	-	-1,424
Derivatives used for hedging	-	13,978	-	13,978
Financial liabilities recorded at fair value				
Financial liabilities held for trading				
Derivative contracts	-	25,276	2,221	27,497
Term deposits	-	562	-	562
Repo transactions	-	2,630	-	2,630
Financial liabilities designated at fair value through profit or loss				
Bonds and Investment certificates issued	-	-	17,093	17,093
Fair value adjustments of the hedged items in portfolio hedge	-	-8,366	-	-8,366
Derivatives used for hedging	-	14,877	-	14,877

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

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 50 bps (20-year) in 2025 and was 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 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 2025, 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 90 m (net of tax) in 2025 (2024: CZK 103 m). 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 loss realised on the sale amounted to CZK Nil (net of tax) directly recognized in Retained earnings in equity (2024: gain CZK 8 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 2024	**1,935**	**23,681**	**353**	**25,969**
Total gains / 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
Settlement	-	-	-131	-131
At 31 December 2024	**3,237**	**23,561**	**275**	**27,073**
Total gains / losses (-) recorded in profit or loss related to assets held at the end of the reporting period	1,302	-278	-	1,119
At 1 January 2025	**3,237**	**23,561**	**275**	**27,703**
Total gains recorded in profit or loss	609	720	-	1,329
Total gains / losses (-) recorded in other comprehensive income	-	-184	13	-171
Transfer into level 3	82	-	-	82
Purchases	-	-	82	82
Sales	-	-	-114	-114
Settlement	-	-1,250	-	-1,250
At 31 December 2025	**3,928**	**22,847**	**256**	**27,031**
Total gain / losses (-) recorded in profit or loss related to assets held at the end of the reporting period	609	723	-	1,332

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:

	Financial liabilities held for trading		Financial liabilities designated at fair value through profit or loss	Total
(CZKm)	Debt instruments	Financial derivatives	Debt instruments	
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
At 1 January 2025	**-**	**1,999**	**16,767**	**18,766**
Total losses recorded in profit or loss	-	140	257	397
Transfer into level 3	-	82	-	82
Issued	-	-	5,617	5,617
Settlement	-	-	-3,689	-3,689
Sales	-	-	-1,859	-1,859
At 31 December 2025	**-**	**2,221**	**17,093**	**19,314**
Total gains (-) / losses recorded in profit or loss related to liabilities held at the end of the reporting period	-	140	274	414

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. Own credit risk component was very immaterial in both periods.

Impact on fair value of Level 3 financial instruments measured at fair value of changes to key assumptions

Level 3 Financial instrument	Valuation technique	Unobservable input	Fair value impact
Mortgage / ČEB bonds	Discounted cash flow	Credit spreads	Calculated based on 50bp move
OTC commodity swaps and forwards without physical delivery	Discounted cash flow	Forward commodity prices	Contracted on back-to-back basis without opened position
OTC FX / IR options	Option model	Model risk and volatility of FX / IR rates	Contracted on back-to-back basis without opened position
Long-term IRS	Discounted cash flow	Long-term CZK IRS rates	Contracted on back-to-back basis without opened position
OTC option-based equity derivatives	Third party price	Customized product / illiquid market	Hedging product for Issued hybrid bonds and investment certificates without opened position
Issued hybrid bonds and investment certificates	Discounted cash flow / Third party price	Embedded OTC option price	Embedded derivative hedged by OTC option-based equity derivatives without opened position

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 2025, 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 219 m and CZK 1 m, respectively (2024: CZK 218 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 2025 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:

	2025		2024	
(CZKm)	Carrying value	Fair value	Carrying value	Fair value
Financial assets				
Cash, balances with central banks and other demand deposits	45,630	45,630	47,474	47,474
Financial assets at amortised cost (incl. assets pledged as collateral	1,866,578	1,844,642	1,541,632	1,517,644
Debt securities	*688,416*	*674,338*	*655,064*	*638,994*
Loans and advances	*1,178,162*	*1,170,304*	*886,568*	*878,650*
Other assets (Note: 23)	2,054	2,054	1,227	1,227
Financial liabilities				
Financial liabilities at amortised cost	1,979,783	1,979,962	1,616,980	1,617,077
Deposits	*1,593,331*	*1,593,414*	*1,296,276*	*1,295,996*
Debt securities in issue	*322,894*	*322,895*	*263,463*	*263,434*
Subordinated debt	*63,558*	*63,653*	*57,241*	*57,647*
Lease liabilities	2,942	2,942	3,001	3,001
Other liabilities (Note: 26)	5,141	5,141	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 2025:

	2025			
(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	7,749	37,881	-	45,630
Financial assets at amortised cost (incl. assets pledged as collateral)	247,565	751,284	845,793	1,844,642
Debt securities	*247,565*	-	*426,773*	*674,338*
Loans and advances	-	*751,284*	*419,020*	*1,170,304*
Other assets (Note: 23)	-	2,054	-	2,054
Financial liabilities for which fair values are disclosed				
Financial liabilities at amortised cost	-	1,872,022	107,940	1,979,962
Deposits	-	*1,557,786*	*35,628*	*1,593,414*
Debt securities in issue	-	*314,236*	*8,659*	*322,895*
Subordinated debt	-	-	*63,653*	*63,653*
Lease liabilities	-	2,942	-	2,942
Other liabilities (Note: 26)	-	5,141	-	5,141

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	39,290	-	47,474
Financial assets at amortised cost (incl. assets pledged as collateral)	263,110	510,759	743,775	1,517,644
Debt securities	*263,110*	*-*	*375,884*	*638,994*
Loans and advances	*-*	*510,759*	*367,891*	*878,650*
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 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)	2025	2024 Restated
Cash, balances (Note: 14)	7,749	8,184
Mandatory minimum reserves (Note: 14)	25,838	8,357
Other balances with central banks (Note: 14)	9,572	27,896
Other demand deposits in credit institutions (Note: 14)	2,471	3,037
Cash and cash equivalents	**45,630**	**47,474**

Change in operating assets

(CZKm)	2025	2024 Restated
Net change in financial assets held for trading (incl. assets pledged as collateral)	8,098	13,252
Net change in non-trading financial assets mandatorily at fair value through profit or loss	-253	379
Net change in financial assets at FVOCI (including assets pledged as collateral)	-44,493	-24,437
Net change in financial assets at amortised cost	-325,859	-21,054
Net change in derivatives used for hedging	3,471	4,774
Net change in other assets	-72	-393
	-359,108	**-27,479**

Change in operating liabilities

(CZKm)	2025	2024 Restated
Net change in financial liabilities held for trading	-6,899	-13,021
Net change in financial liabilities designated at fair value through profit or loss	327	-8,491
Net change in financial liabilities at amortised cost	353,989	56,442
Net change in derivatives used for hedging	-4,561	-6,047
Net change in other liabilities	-259	377
	342,597	**29,260**

Non-cash items included in profit before tax

(CZKm)	2025	2024
Depreciation and amortisation	2,207	2,096
Impairment losses (Note: 11)	2,617	-3,089
Net change in fair value adjustments of the hedged items in portfolio hedge	1,479	1,635
Provisions	44	-44
Other	-2,318	797
	4,029	**1,395**

The table below sets out the movements of the debt instruments issued by the Bank and lease liabilities in 2024 and 2025. 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 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**
At 1 January 2025	**16,443**	**57,241**	**3,001**
Cash flows in respect of issuance, repayment and interest paid on bonds	2,462	8,453	-
Cash flows in respect of payments for the principal of lease liabilities	-	-	-584
Cash flows in respect of payments for the interest of lease liabilities	-	-	-111
Non-cash adjustments	-	-2,136	636
At 31 December 2025	**18,905**	**63,558**	**2,942**

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 2025:

(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)	45,630	-	-	-	45,630
Financial assets held for trading					
Financial derivatives	10,729	13,167	4,897	-	28,793
Other than financial derivatives	182	-	-	-	182
Non-trading financial assets mandatorily at fair value through profit or loss	1,204	-	-	-	1,204
Financial assets at fair value through other comprehensive income	9,339	25,287	64,497	256	99,379
Financial assets at fair value through other comprehensive income pledged as collateral	19	726	1,053	-	1,798
Financial assets at amortised cost	1,047,100	457,408	290,874	-	1,795,382
Financial assets at amortised cost pledged as collateral	794	31,213	39,189	-	71,196
Fair value adjustments of the hedged items in portfolio hedge	-675	-675	-74	-	-1,424
Derivatives used for hedging	3,787	7,698	2,493	-	13,978
Other assets (Note: 23)	1,244	-	-	-	1,244
Total carrying value	**1,119,353**	**534,824**	**402,929**	**256**	**2,057,362**
LIABILITIES					
Financial liabilities held for trading					
Financial derivatives	10,176	12,449	4,872	-	27,497
Other than financial derivatives	3,192	-	-	-	3,192
Financial liabilities designated at fair value through profit or loss	1,110	9,178	6,805	-	17,093
Financial liabilities at amortised cost	1,305,837	406,497	267,449	-	1,979,783
Fair value adjustments of the hedged items in portfolio hedge	-2,399	-5,287	-681	-	-8,366
Derivatives used for hedging	4,974	8,697	1,206	-	14,877
Lease liabilities	515	1,640	787	-	2,942
Other liabilities (Note: 26)	2,090	-	-	-	2,090
Total carrying value	**1,325,496**	**433,174**	**280,438**	**-**	**2,039,108**

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 38.3.

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**

33. CONTINGENT ASSETS, LIABILITIES AND COMMITMENTS

Contingent liabilities and commitments

The contingent liabilities and commitments at 31 December 2025 and 2024 are as follows:

(CZKm)	2025	2024
Loan commitments - irrevocable (Note: 38.2)	166,662	150,179
Loan commitments - revocable	93,878	81,925
Financial guarantees (Note: 38.2)	67,839	60,797
Other commitments (Note: 38.2)	1,450	1,703
	329,829	**294,604**
Provisions for loan commitments and guarantees (Notes: 27, 38.2)	265	266

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)	2025	2024
Not later than 1 year	46	38
Later than 1 year and not later than 5 years	107	52
	153	**90**

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)	2025	2024
Financial assets		
Financial assets held for trading	182	1
Financial assets at amortised cost	751,904	510,817
	752,086	**510,818**

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 2025 was CZK 803,605 m, of which CZK 295,935 m has been either sold or repledged (2024: CZK 560,140 m and CZK 85,132 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)	2025	2024
Financial liabilities		
Financial liabilities held for trading	2,630	2,373
Financial liabilities at amortised cost	310,350	72,272
	312,980	**74,645**

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 2025 and 2024:

	2025		
(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	41,650	-	41,650
Derivatives not set-off that are not subject to an enforceable master netting arrangement	1,120	-	1,120
Total trading and hedging derivatives	**42,770**	**-**	**42,770**
Repurchase agreements set-off	17,530	17,047	483
Repurchase agreements not set-off that are not subject to an enforceable master netting arrangement	751,603	-	751,603
Total repurchase agreements (Note: 34)	**769,133**	**17,047**	**752,086**
FINANCIAL LIABILITIES			
Derivatives not set-off that are subject to an enforceable master netting arrangement	38,798	-	38,798
Derivatives not set-off that are not subject to an enforceable master netting arrangement	3,577	-	3,577
Total trading and hedging derivatives	**42,375**	**-**	**42,375**
Repurchase agreements set-off	17,052	17,047	5
Repurchase agreements not set-off that are not subject to an enforceable master netting arrangement	312,975	-	312,975
Total repurchase agreements (Note: 34)	**330,027**	**17,047**	**312,980**

	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 subject to an enforceable master netting arrangement	74,645	-	74,645
Total repurchase agreements (Note: 34)	**87,955**	**13,310**	**74,645**

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 2025:

(CZKm)	Gross amounts of financial assets and liabilities	Amounts not set off Financial instruments	Amounts not set off Cash collateral	Amounts not set off Securities collateral	Total net amount
FINANCIAL ASSETS					
Derivatives not set-off that are subject to an enforceable master netting arrangement	41,650	34,198	6,115	-	1,337
Debt securities pledged as collateral in repo transaction not set-off	5	5	-	-	-
Total carrying value	**41,655**	**34,203**	**6,115**	**-**	**1,337**
FINANCIAL LIABILITIES					
Derivatives not set-off that are subject to an enforceable master netting arrangement	38,798	34,198	2,301	-	2,299
Repurchase agreements not set-off	5	-	-	5	-
Total carrying value	**38,803**	**34,198**	**2,301**	**5**	**2,299**

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 Financial instruments	Amounts not set off Cash collateral	Amounts not set off Securities collateral	Total net amount
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 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 2025 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	1,388	16,221	1,204	-	-	13,314	-
Entities under common control							
ČSOB SK	14	-	-	-	-	-	29
Other	27	-	-	38	22	-	570
Subsidiaries							
BANIT	-	-	-	-	-	-	5
ČSOBS	135	1,890	-	-	10,830	-	27
ČSOB Factoring	-	-	-	-	4,775	-	4
ČSOB Leasing	-	187	-	-	34,803	-	-
ČSOB Hypoteční banka	393	2,005	-	22,729	378,559	574	-
K&H Payment Services	-	-	-	-	2	-	-
Patria Finance	-	-	-	-	4,484	-	4
Radlice Rozvojová	-	-	-	-	1,180	-	12
Skip Pay	-	-	-	-	312	-	-
Associates							
ČSOB Pojišťovna	-	11	_	-	-	_	19

The outstanding balances of liabilities from related party transactions as at 31 December 2025 are as follows:

(CZKm)	Financial liabilities held for trading	Financial liabilities at amortised cost	Derivatives used for hedging	Other liabilities
Directors / Top management	-	66	-	76
KBC Bank NV	13,609	379,440	13,248	-
Entities under common control				
ČSOB AM	-	1,378	-	-
ČSOB SK	-	636	-	-
K&H Bank Zrt	9	49	-	-
Other	-	1,393	-	91
Subsidiaries				
BANIT	-	298	-	41
ČSOBS	2,478	33	69	-
ČSOB Advisory	-	33	-	-
ČSOB Leasing	121	189	-	-
ČSOB Nemovitostní	78	878	-	-
ČSOB Penzijní společnost	-	270	-	-
ČSOB Hypoteční banka	1,046	7,835	1,079	-
Igluu	-	16	-	-
Patria Corporate Finance	-	12	-	-
Patria Finance	-	577	-	-
Radlice Rozvojová	-	909	-	-
Skip Pay	-	43	-	-
Ušetřeno	-	69	-	-
Associates				
ČSOB Pojišťovna	449	3,763	-	-

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 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:

	2025		2024	
(CZKm)	Interest income	Interest expense	Interest income	Interest expense
KBC Bank NV	5,628	16,656	12,675	21,920
Entities under common control				
ČSOB AM	-	42	-	51
ČSOB SK	1	31	1	110
Other	2	26	6	17
Subsidiaries				
BANIT	-	-	-	-
ČSOBS	423	-	315	13
ČSOB Advisory	-	13	-	43
ČSOB Factoring	123	-	139	-
ČSOB Leasing	1,063	1	1,126	-
ČSOB Hypoteční banka	13,133	292	12,916	306
Patria Finance	135	17	102	25
Radlice Rozvojová	37	37	38	45
Skip Pay	9	-	15	4
Associates				
ČSOB Pojišťovna	-	153	-	174

The balances of fee and commission income and expenses from related party transactions for the year ended 31 December are as follows:

(CZKm)	2025 Fee and commission income	2025 Fee and commission expense	2024 Fee and commission income	2024 Fee and commission expense
KBC Bank NV	63	9	89	18
Entities under common control				
ČSOB AM	1,247	1	1,110	-
ČSOB SK	28	-	26	-
KBC Asset Management	871	-	721	-
Other	13	8	11	5
Subsidiaries				
BANIT	6	444	-	432
ČSOBS	14	62	6	60
ČSOB Factoring	1	-	1	-
ČSOB Leasing	43	-	47	-
ČSOB Penzijní společnost	63	-	70	-
ČSOB Hypoteční banka	361	45	246	59
Patria Finance	26	4	17	-
Skip Pay	4	-	11	-
Associates				
ČSOB Pojišťovna	211	-	222	-

Dividend income received from subsidiaries, associates and joint ventures in 2025 amounted to CZK 5,152 m (2024: CZK 3,531 m). Rental expenses paid to subsidiaries, associates and joint ventures in 2025 amounted to CZK 33 m (2024: CZK 17 m).

In 2025, the Bank received income of CZK 296 m (2024: CZK 330 m) from KBC Group NV and KBC Global Services NV from the provision of administration services and paid expense of CZK 856 m (2024: CZK 831 m) for IT services, including rental expenses on information technologies. A gain realized by the Group from the derivative contracts with KBC Bank NV amounted to CZK 521 m in 2025 (2024: CZK 481 m).

In 2025, the Bank received income of CZK 667 m (2024: CZK 665 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 2025, the Bank continued with integration of Group and thus received income of CZK 490 m (2024: CZK 490 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)	2025 Guarantees received	2025 Guarantees given	2024 Guarantees received	2024 Guarantees given
KBC Bank NV	1,994	18	2,332	19
Entities under common control				
ČSOB SK	1,545	355	1,487	10
K&H Bank Zrt	933	-	489	-
Subsidiaries				
ČSOB Leasing	-	8,544	-	8,181

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

In January 2026, ČSOB Bank redeemed part of its equity interest in ČSOB Nemovitostní in the amount of CZK 550 m. As a result, the Bank's share on the equity of ČSOB Nemovitostní decreased by 5.9 %. Since the Bank still exercises control over the ČSOB Nemovitostní after the partial sale.

On 10 February 2026, ČSOB Leasing finished the acquisition of Business Lease, s.r.o. The acquisition strengthens a position of the Group on the operational leasing market in the Czech Republic. Business Lease became a 100 % non-direct subsidiary of ČSOB and has been included into the consolidation scope of the Group using full method.

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.

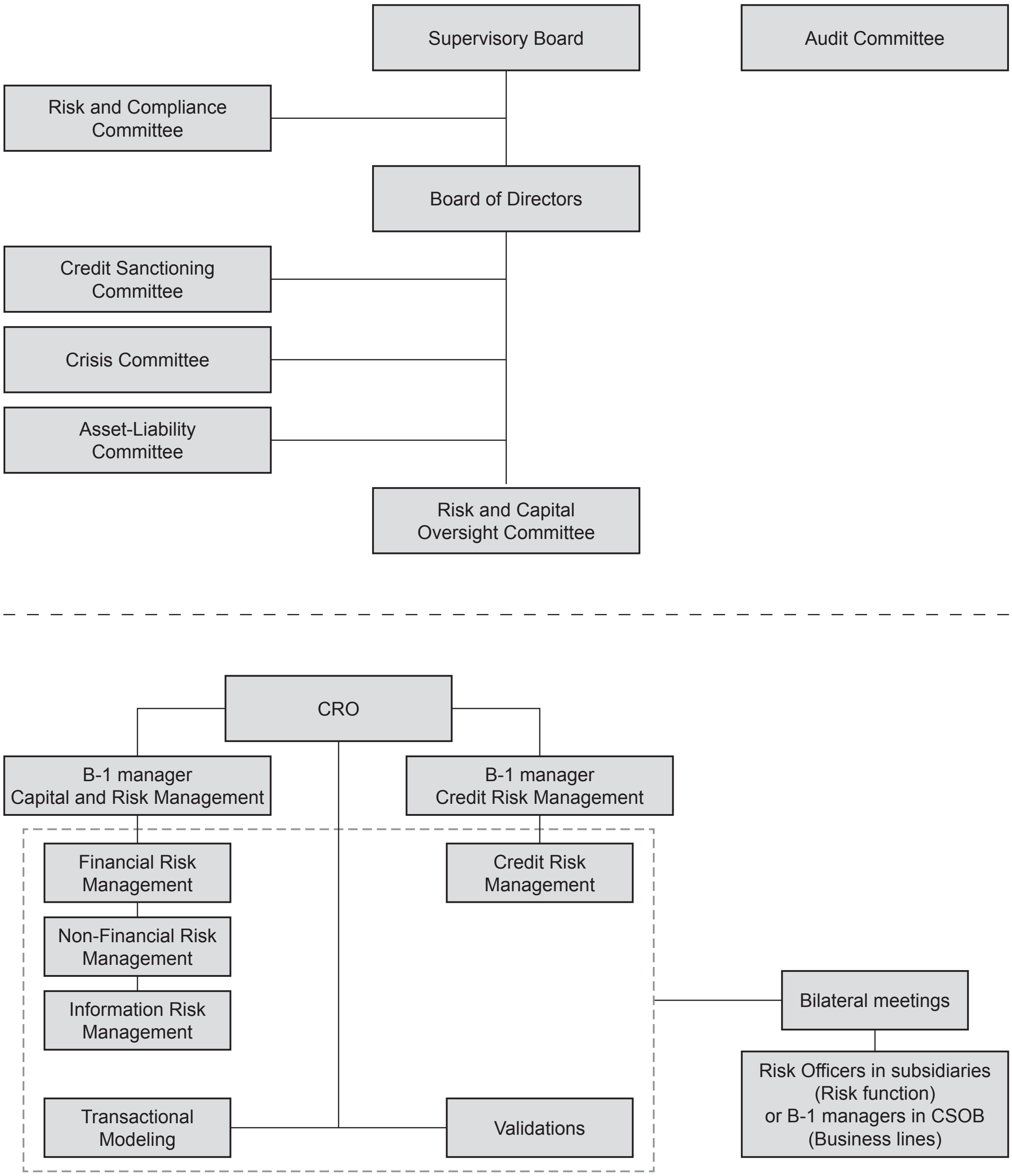
38. RISK MANAGEMENT

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 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

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 officer collaborates with the relevant board member to establish the risk management system for the respective entity. The officer takes responsibility for assessing the bank's overall risk profile, ensures compliance with ad hoc risk management requirements and prepares strategic risk management documentation (e.g., Risk Appetite Statement).

Risk Function

The risk function is organized in the following risk specific departments: Financial Risk Management, Non-financial Risk Management, Information Risk 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 ALCO, 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 to 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 times of change (small and big transformations) and crisis situations up to the most stressful situations (like recovery and resolution). They also aim to keep the Group compliant with regulatory requirements.

Moreover, they cover risks originating from the Bank's own operations as well as from the value chain (e.g., the provision of products and services to clients, and outsourcing activities). In order to continuously safeguard their relevance, the ERMF and risk-type-specific RMFs are annually reviewed in addition to a formal annual assessment of the quality of their implementation. In our risk taxonomy, environmental, social and governance risks are identified as key risks related to the Bank's business environment which manifest themselves through (all) other traditional risk areas. As such, ESG is not considered in isolation, but firmly embedded in all aspects and areas of KBC's ERMF and underlying processes.

The risk management process consists of risk identification, risk measurement, setting and cascading risk appetite, risk analysis, reporting, response 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 – in a later step - 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 the top risks for the Group, i.e. the financial and non-financial risks that are highly significant for our business model, financial stability and long-term sustainability. 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 Products 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, client-facing 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.

Deep dives and challenges (e.g., in-depth or case studies, detailed risk assessments, ethical hacking, etc.) are performed to gain additional insights into the risk profile or into potential (future) vulnerabilities for the Bank and/or to test the strength and maturity of the control environment (i.e. a check on whether the risk requirements and controls imposed by the ERMF are properly implemented).

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 by applying a model or methodology'. 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 (including the calculation method used) 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. An overview of the extensive set of risk measures in use in the Group (both regulatory and internally defined) is provided in the 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 which types 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.

As the risk appetite defines the playing field for the business, the risk appetite process is firmly embedded in the financial planning cycle. The BoD annually approves the preliminary risk appetite as input into the planning cycle. The financial planning is approved by the BoD after a final check has been performed to determine whether the preliminary risk appetite is respected throughout the planning horizon. To ensure that the risk profile remains within the risk appetite when executing the financial plan, the risk appetite is translated into concrete early warning levels and limits. Furthermore, for some indicators, we also set recovery and resolution triggers which, if breached, trigger the activation of the Recovery/Resolution 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, in particular clients, shareholders, debt holders, supervisory authorities, regulators and rating agencies.

Stress testing

Stress testing is an important tool to support our risk management and decision making processes 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 or adjust our risk exposure proactively.

For this purpose, the Bank has developed a comprehensive set of stress tests, ranging 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). Integrated stress testing is an important tool to assess to what extent the Bank’s capital is adequate to cover its risks, whether profit generation is sustainable, etc., under various conditions. It complements stress testing per risk type as it looks 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	1-year 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	PD (1 year) %	Stage	Performance	Impairment	Default
Normal	n/a	0.0-6.4	Stage 1/ Stage 2	Performing	Model based	Non-defaulted
Monitored	n/a	6.4-100	Stage 1/ Stage 2	Performing	Model based	Non-defaulted
Uncertain	10	100	Stage 3	Non-performing	Model based	Defaulted
Doubtful	11	100	Stage 3	Non-performing	Model based	Defaulted
Irrecoverable	12	100	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.

Financial derivatives are negotiated only with counterparties with internally approved limits for financial and capital transactions. Internal limits are monitored on daily basis, and overruns are reported to the relevant departments and management to comply with the overrun process.

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 (managed by ALM) and Trading portfolio (managed by Dealing). 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 2025 and 2024. 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.

	2025				
(CZKm)	Credits	Investment	Trading	Other assets	Total
ASSETS					
Cash, balances with central banks and other demand deposits (Note: 14)	1,944	35,938	-	-	37,882
Financial assets held for trading (Note: 15)	-	7,424	21,551	-	28,975
Non-trading financial assets mandatorily at fair value through profit or loss	-	1,204	-	-	1,204
Financial assets FVOCI (Note: 16)	-	99,123	-	-	99,123
Financial assets FVOCI pledged as collateral	-	1,798	-	-	1,798
Financial assets at AC	413,642	1,378,253	-	3,487	1,795,382
Financial assets at AC pledged as collateral	-	71,196	-	-	71,196
Fair value adjustments of the hedged items in portfolio hedge	-	-1,424	-	-	-1,424
Derivatives used for hedging	-	13,978	-	-	13,978
Other assets (Note: 23)	-	-	-	1,244	1,244
Total	415,586	1,607,490	21,551	4,731	2,049,358
Financial guarantees and other commitments (Note: 33)	60,264	8,543	-	-	68,807
Loan commitments – irrevocable (Note: 33)	164,508	2,042	-	-	166,550
Total	224,772	10,585	-	-	235,357
Total credit risk exposure	**640,358**	**1,618,075**	**21,551**	**4,731**	**2,284,715**

(CZKm)	2024 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**

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:

	2025			2024		
(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)	37,882	-	37,882	39,289	-	39,289
Financial assets held for trading (incl. assets pledged as collateral)	28,975	6,261	22,714	37,072	5,688	31,384
Financial derivatives	28,793	6,079	22,714	37,058	5,687	31,371
Financial assets other than derivatives	182	182	-	14	1	13
Non-trading financial assets mandatorily at fair value through profit or loss	1,204	-	1,204	951	-	951
Financial assets FVOCI (incl. assets pledged as collateral)	100,921	-	100,921	55,676	-	55,676
Financial assets at amortised cost (incl. assets pledged as collateral)	1,866,578	923,606	942,972	1,541,631	675,174	866,457
of which non-performing assets	*3,391*	*1,717*	*1,674*	*3,421*	*2,354*	*1,067*
Fair value adjustments of the hedged items in portfolio hedge	-1,424	-	-1,424	-2,654	-	-2,654
Derivatives used for hedging	13,978	43	13,935	17,987	968	17,019
Other assets (Note: 23)	1,244	-	1,244	1,227	-	1,227
Total	2,049,358	929,910	1,119,448	1,691,179	681,830	1,009,349
Financial guarantees and commitments – irrevocable (Note: 33)	235,357	57,247	178,110	212,085	57,569	154,516
of which non-performing exposures	*365*	*255*	*110*	*520*	*327*	*193*
Total credit risk exposure	**2,284,715**	**987,157**	**1,297,558**	**1,903,264**	**739,399**	**1,163,865**

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:

	2025			2024		
(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	1,175	806	369	1,275	1,200	75
SME	1,570	1,160	410	1,804	1,475	329
Retail	999	5	994	850	5	845
Other	12	1	11	12	1	11
Total non-performing exposures	**3,756**	**1,972**	**1,784**	**3,941**	**2,681**	**1,260**

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:

2025 (CZKm)	Outstanding gross amount	Financial guarantees and other commitments gross	Loan commitments gross	**Granted exposure**	Allowances	Provisions	**Net exposure**
Corporate	237,502	53,666	84,261	**375,429**	-2,174	-178	**373,077**
SME	115,397	6,737	64,656	**186,790**	-2,629	-67	**184,094**
Retail	57,504	-	14,975	**72,479**	-2,332	-18	**70,129**
Other	12,318	13	728	**13,059**	-	-1	**13,058**
Total credits	**422,721**	**60,416**	**164,620**	**647,757**	**-7,135**	**-264**	**640,358**

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**

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 2024 and 2025 by classes of financial instruments:

(CZKm)	Corporate	SME	Retail	Other	Total
Stage 1					
At 1 January 2024	**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**
Origination and acquisition	169	238	231	-	638
Change in credit risk not leading to stage transfers	-98	-22	-92	-	-212
Change in credit risk leading to stage transfer	-24	-49	-21	-	-94
Modification without derecognition	-	-1	-3	-	-4
Derecognition	-	-27	-44	-	-71
Changes in model/methodology	-	-	-	-	-
Foreign currency translation	-	-	-	-	-
At 31 December 2025	**260**	**498**	**260**	**-**	**1,018**
Stage 2					
At 1 January 2024	**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**
Change in credit risk not leading to stage transfers	-381	37	14	-1	-331
Change in credit risk leading to stage transfer	80	151	194	-	425
Modification without derecognition	-	-8	3	-	-5
Derecognition	-	-34	-52	-	-86
Changes in model / methodology	-	-	-	-	-
Foreign currency translation	-31	-	-	-	-31
At 31 December 2025	**205**	**525**	**631**	**-**	**1,361**

Stage 3					
At 1 January 2024	**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**
Change in credit risk not leading to stage transfers	-57	-54	20	-11	-102
Change in credit risk leading to stage transfer	267	345	457	-	1,069
Modification without derecognition	-	31	114	-	145
Derecognition	-	-93	-62	-	-155
Write-offs	-94	-143	-279	-	-505
Foreign currency translation	-30	-	-	11	-30
At 31 December 2025	**1,709**	**1,519**	**1,415**	**-**	**4,643**
POCI					
At 1 January 2024	**-**	**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**
Change in credit risk not leading to stage transfers	-	24	16	-	40
Change in credit risk leading to stage transfer	-	-	-2	-	-2
Derecognition	-	-5	-3	-	-8
Write-offs / recoveries	-	-4	-1	-	-5
At 31 December 2025	**-**	**87**	**26**	**-**	**113**
ALL STAGES					
At 1 January 2024	**2,511**	**2,562**	**1,685**	**1**	**6,759**
At 31 December 2024	**2,373**	**2,243**	**1,842**	**1**	**6,459**
At 31 December 2025	**2,174**	**2,629**	**2,332**	**-**	**7,135**

In 2025 and 2024, 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)	2025	2024
Balance of allowances for credit losses at 1 January	6,459	6,759
Balance of allowances for credit losses at 31 December	7,135	6,459
Net decrease (-) / increase of allowances for credit losses for the year	**678**	**-300**
Adjusted for:		
Write-offs	501	505
Recoveries	-282	-257
Sales of loans	8	7
Foreign currency translation	61	-67
Net impairment gains (-) / losses as reported in the statement of income	**966**	**-112**

An industry sector analysis of the Bank's Credit portfolio, before taking into account any collateral held or other credit enhancements, is as follows:

	2025		2024	
Sector	Granted exposure (CZKm)	Percentage of total exposure	Granted exposure (CZKm)	Percentage of total exposure
Specialised Commercial Real Estate	116,068	17.9	104,823	18.2
Metals	90,574	14.0	79,301	13.8
Building and Construction	85,226	13.2	76,806	13.3
Machinery and Heavy Equipment	39,930	6.2	39,532	6.9
Energy	39,255	6.1	35,311	6.1
Authorities	36,986	5.7	21,692	3.8
Food & Bev	33,505	5.2	31,730	5.5
Consumer products (non-food)	32,071	5.0	31,975	5.5
Logistics	24,572	3.8	24,616	4.3
Healthcare	22,638	3.4	15,129	2.5
Leisure	21,317	3.3	15,544	2.7
IT	20,338	3.1	19,135	3.3
Agriculture	19,997	3.1	18,504	3.2
Automotive	18,015	2.8	17,146	3.0
Financial Services	11,327	1.7	10,242	1.8
Other activities	10,430	1.6	9,817	1.7
Other	25,508	3.9	25,246	4.4
Total	**647,757**	**100.0**	**576,549**	**100.0**

In 2025, the Bank has adopted a new industry sector classification in its internal risk management processes to be consistent with the Group-wide approach. Accordingly, the comparative information has been restated.

The investment portfolio is structured according to the type of the instrument:

2025 (CZKm)	Outstanding gross amount	Financial guarantees and other commitments gross	Loan commitments gross	Cumulative impairment loss	**Granted exposure**
Debt securities	739,197	-	-	-86	**739,111**
Loans and receivables within investment portfolio	811,044	8,543	2,042	-5	**821,624**
Derivatives used for hedging	13,978	-	-	-	**13,978**
Derivatives as economic hedges (Note: 15)	7,424	-	-	-	**7,424**
Cash, balances with central banks and other demand deposits	35,938	-	-	-	**35,938**
Total investment	**1,607,581**	**8,543**	**2,042**	**-91**	**1,618,075**

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**

The following tables show a reconciliation of the allowances for impairment losses on investment portfolio for 2024 and 2025 by classes of financial instruments:

	Debt securities		
(CZKm)	Financial assets FVOCI	Financial assets at amortised cost	Total
Stage 1			
At 1 January 2024	**5**	**75**	**80**
Change in credit risk not leading to stage transfers	1	20	21
At 31 December 2024	**6**	**95**	**101**
Change in credit risk not leading to stage transfers	1	-10	-9
At 31 December 2025	**7**	**85**	**92**

The investment portfolio is monitored from a counterparty sector point of view:

	2025		2024	
Sector	Granted exposure (CZKm)	Percentage of total exposure	Granted exposure (CZKm)	Percentage of total exposure
Central banks	786,695	48.6	547,011	42.0
General government	337,705	20.9	306,867	23.6
Credit institutions	435,945	26.9	396,358	30.5
Corporate	57,730	3.6	51,393	3.9
Total investment	**1,618,075**	**100.0**	**1,301,629**	**100.0**

The trading portfolio is structured according to the type of the instrument:

2025 (CZKm)	Outstanding gross amount	Financial guarantees and other commitments gross	Loan commitments gross	**Granted exposure**
Loans and advances	182	-	-	182
Trading derivatives (Note: 15)	21,369	-	-	21,369
Total trading portfolio	**21,551**	**-**	**-**	**21,551**

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**

The trading portfolio is monitored from counterparty sector point of view:

	2025		2024	
Sector	Granted exposure (CZKm)	Percentage of total exposure	Granted exposure (CZKm)	Percentage of total exposure
Credit institutions	19,283	89.5	22,087	80.9
Corporate	2,268	10.5	5,224	19.1
Total trading portfolio	**21,551**	**100.0**	**27,311**	**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:

	2025		2024	
(CZKm)	Total risk	of which General government	Total risk	of which General government
Czech Republic	2,171,543	347,475	1,804,240	311,541
Belgium	36,062	5,096	37,787	-
Slovak Republic	15,631	4,234	10,897	4,381
Hungary	862	-	1,479	-
Spain	2,756	2,454	455	-
Ukraine	156	-	133	-
Belarus	-	-	97	-
Italy	53	-	51	-
Russia	9	-	14	-
Greece	2	-	2	-
Other Europe	48,067	4,020	37,084	1,259
Other	9,574	960	11,025	1,097
Total	**2,284,715**	**364,239**	**1,903,264**	**318,278**

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 295 m at 31 December 2025 (2024: CZK 390 m). Collateral applied in the past has significantly reduced the Bank's exposure to Belarus, Russia and Ukraine. The remaining exposure is fully covered by loss allowances. Expected credit losses on these exposures are recognized in accordance with IFRS 9 and are reflected in the financial statements.

Client concentration is monitored on the level of individual portfolios. In the credit portfolio the exposure towards groups of economically connected subjects are monitored:

	2025		2024	
Client	Granted exposure (CZKm)	% of total credit portfolio	Granted exposure (CZKm)	% of total credit portfolio
1 largest client	22,060	3.4	15,621	2.7
10 largest clients	106,190	16.4	85,247	14.8
25 largest clients	172,590	26.6	142,547	24.7

The largest exposures to single clients in the investment portfolio as at 31 December 2025 and 31 December 2024 were:

	2025		2024	
Client	Granted exposure (CZKm)	% of total investment portfolio	Granted exposure (CZKm)	% of total investment portfolio
CNB	786,694	48.6	547,012	42.0
ČSOB Hypoteční banka	402,255	24.9	366,685	28.2
Czech Ministry of Finance (S&P's rating AA)	320,944	19.8	300,134	23.1

The largest exposures to single clients in the trading portfolio as at 31 December 2025 and 31 December 2024 were:

	2025		2024	
Client	Granted exposure (CZKm)	% of total trading portfolio	Granted exposure (CZKm)	% of total trading portfolio
KBC Bank	13,285	61.6	14,545	53.3

Exposures to counter parties by risk rating class in the investment and trading portfolio as at 31 December 2025 and 31 December 2024 were:

	2025		2024	
Rating (S&P)	Granted exposure (CZKm)	% of total portfolio	Granted exposure (CZKm)	% of total portfolio
Investment portfolio				
AAA up to and including A-	1,147,281	70.9	878,278	67.5
BBB+ up to and including BB-	174	0.0	1,090	0.1
Unrated	470,620	29.1	422,261	32.4
Total	**1,618,075**	**100.0**	**1,301,629**	**100.0**
Trading portfolio				
AAA up to and including A-	18,289	84.9	21,205	77.6
BBB+ up to and including BB-	2,883	13.4	3,224	11.8
Lower than BB-	379	1.7	111	0.4
Unrated	-	0.0	2,771	10.2
Total	**21,551**	**100.0**	**27,311**	**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 follows a waterfall approach. This means that for a financial asset currently classified in Stage 1, the assessment begins with the first tier. If this does not result in a migration to Stage 2, the second tier is assessed, and the process continues sequentially. If none of the tiers trigger a migration, the asset remains in Stage 1. The criteria for returning to Stage 1 are fully symmetrical to those applied when migrating to Stage 2.

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 specific 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. They are always measured using lifetime expected credit losses from initial recognition. Credit quality continues to be monitored but POCI assets remain classified as POCI throughout their life. 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 were 60% for the "base" scenario, 20% for the optimistic "up" scenario and 20% for the pessimistic "down" scenario applied in 2025 and 2024.

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 2,281 m at year-end 2025 and CZK 2,221 m in 2024), shows that the base scenario results in an ECL of CZK 5,198 m (2024: CZK 4,351), which is CZK 46 m lower than the "down"-scenario (CZK 1 m in 2024) and CZK 21 m higher than the "up"-scenario (CZK 35 m in 2024). The collectively calculated weighted ECL results (which was booked) amounts to CZK 4,970 m (CZK 4,357 m in 2024). 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	2025	2026	2027
Real GDP growth	2.5%	2.0%	2.2%
Unemployment rate	3.2%	3.2%	3.0%
House price index	10.0%	6.4%	3.3%

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 2025 and 2024:

Credit portfolio	2025					Total
	Non-defaulted assets		Defaulted assets			
(CZKm)	Normal	Monitored	Uncertain	Doubtful	Irrecoverable	
Corporate	269,598	18,828	881	668	1,193	291,168
SME	107,023	11,914	1,349	255	1,593	122,134
Retail	48,975	6,089	864	242	1,334	57,504
Other	12,318	-	1	-	12	12,331
Total	**437,914**	**36,831**	**3,095**	**1,165**	**4,132**	**483,137**

Credit portfolio	2024					Total
	Non-defaulted assets		Defaulted assets			
(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**

Loan portfolio breakdown by risk class (in gross amounts) based on internal rating scale (1-year PD):

(CZKm)	2025			2024		
Basel 1-year PD	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Non-defaulted assets						
PD 1 (default probability 0:00% - 0.10%)	45,888	22	-	26,725	-	-
PD 2 (0.10% - 0.20%)	41,709	406	-	31,649	193	-
PD 3 (0.20% - 0.40%)	83,822	2,910	-	52,812	2,403	-
PD 4 (0.40% - 0.80%)	94,493	7,316	-	82,880	932	-
PD 5 (0.80% - 1.60%)	74,811	1,161	-	89,728	1,762	-
PD 6 (1.60% - 3.20%)	62,400	3,333	-	75,497	10,382	-
PD 7 (3.20% - 6.40%)	29,873	4,220	-	28,832	1,705	-
PD 8 (6.40% - 12.80%)	4,391	9,776	-	3,019	9,027	-
PD 9 (> 12.80%)	520	7,542	-	-105	7,376	-
Unrated	7	145	-	-4	160	-
Defaulted assets						
PD 10	-	-	3,095	-	-	2,801
PD 11	-	-	1,164	-	-	1,343
PD 12	-	-	4,133	-	-	3,976
Total	**437,914**	**36,831**	**8,392**	**391,033**	**33,940**	**8,120**

Investment portfolio	2025			
	Non-defaulted assets		Defaulted assets	Total
(CZKm)	Normal	Monitored		
Debt securities	739,111	-	-	739,111
Loans and receivables within investment portfolio	821,624	-	-	821,624
Derivatives used for hedging	13,978	-	-	13,978
Derivative used as economic hedges (Note: 15)	7,424	-	-	7,424
Cash, balances with central banks and other demand deposits	35,938	-	-	35,938
Total	**1,618,075**	**-**	**-**	**1,618,075**

Investment portfolio	2024			
	Non-defaulted assets		Defaulted assets	Total
(CZKm)	Normal	Monitored		
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**

Trading portfolio (CZKm)	2025 Non-defaulted assets Normal	 Defaulted assets	 Total
Loans and advances	182	-	182
Trading derivatives (Note: 15)	21,369	-	21,369
Total	**21,551**	**-**	**21,551**

Trading portfolio (CZKm)	2024 Non-defaulted assets Normal	 Defaulted assets	 Total
Loans and advances	14	-	14
Trading derivatives (Note: 15)	27,297	-	27,297
Total	**27,311**	**-**	**27,311**

The table below shows a credit quality analysis of gross exposures of performing financial assets in the Credit portfolio:

	2025			2024		
(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	288,345	81	-	270,175	106	161
SME	118,446	445	46	107,492	519	40
Retail	54,286	635	143	44,082	598	111
Other	12,318	-	-	1,689	-	-
Total	**473,395**	**1,161**	**189**	**423,438**	**1,223**	**312**

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:

	2025		2024	
(CZKm)	Gross amount	Impairment	Gross amount	Impairment
Credit portfolio				
Corporate	2,741	1,801	2,733	1,730
SME	3,197	1,627	3,343	1,541
Retail	2,441	1,442	2,031	1,181
Other	13	1	13	1
Total	**8,392**	**4,871**	**8,120**	**4,453**

In 2025, the outstanding contractual amount of financial assets that were written off during the reporting period and are still subject to enforcement activity amounted to CZK 501 m (in 2024: CZK 505 m).

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 might lead 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 2025 and 2024 are as follows:

	2025				
		Forborne exposures			
(CZKm)	Outstanding gross amount	Total exposure	Percentage of outstanding gross amount (%)	Total impairment	Collateral and financial guarantees
Corporate	237,502	881	0.37	425	260
SME	115,397	1,338	1.16	513	492
Retail	57,504	1,460	2.54	492	1
Other	12,318	-	0.00	-	-
Total	**422,721**	**3,679**	**0.87**	**1,430**	**753**

	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**

Detail analysis of forborne exposures included in the credit portfolio and the related impairment as at 31 December 2025 and 2024 are as follows:

	2025				
(CZKm)	Non-defaulted exposure	Of which past due	Defaulted exposure	Impairment of defaulted exposure	Impairment of non-defaulted exposure
Corporate	456	-	425	381	44
SME	356	5	982	503	10
Retail	534	33	926	465	27
Other	-	-	-	-	-
Total	**1,346**	**38**	**2,333**	**1,349**	**81**

(CZKm)	2024 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**

The following table shows a reconciliation of Gross amounts of forborne exposure for 2025 and 2024 by classes of financial instruments:

(CZKm)	Corporate	SME	Retail	Total
At 1 January 2024	**1,523**	**1,682**	**1,212**	**4,417**
Loans 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**
Loan which have become forborne	420	327	594	1,341
Loans which are no longer considered to be forborne	-31	-271	-368	-670
Increase of exposure	-	8	6	14
Decrease of exposure	-143	-242	-120	-505
At 31 December 2025	**881**	**1,338**	**1,460**	**3,679**

The following table shows a reconciliation of Impairments of forborne exposures for 2025 and 2024 by classes of financial instruments:

(CZKm)	Corporate	SME	Retail	Total
At 1 January 2024	**568**	**655**	**332**	**1,555**
Loans 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**
Loan which have become forborne	44	68	146	258
Loans which are no longer considered to be forborne	-18	-83	-66	-167
Increase of exposure	12	36	77	125
Decrease of exposure	-37	-48	-69	-154
At 31 December 2025	**425**	**513**	**492**	**1,430**

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.

From 2025, the Group also measures EUR LCR, which is the same ratio as LCR but limited to liquidity buffers and cash outflows solely denominated in EUR currency. The ratio is measured in order to evaluate ability of the Group to cover outflows in EUR currency under stressed assumptions of inability to realize conversion on spot FX market.

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 NSFR which is defined as a ratio of available stable funding (numerator) to required stable funding (denominator). The strategy of the Bank is to maintain the value of the 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.

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. 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 4% 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 2025:

(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	-	-3,305	-	-	-3,305
Financial liabilities designated at fair value through profit or loss	-	-1,150	-10,482	-8,822	-20,454
Financial liabilities at amortised cost	-1,005,007	-907,430	-98,371	-15,465	-2,026,273
Fair value adjustments of the hedged items in portfolio hedge	8,366	-	-	-	8,366
Lease liabilities	-	-534	-1,857	-1,032	-3,423
Other liabilities (Note: 26)	-	-2,165	-	-	-2,165
Contractual cash flows excluding derivatives	**-996,641**	**-914,584**	**-110,710**	**-25,319**	**-2,047,254**
Net settled derivatives	**-**	**-10,787**	**-21,121**	**-7,556**	**-39,464**
Trading derivatives	-	-6,064	-11,358	-6,035	-23,457
Hedging derivatives	-	-4,723	-9,763	-1,521	-16,007
Gross settled derivatives	**-**	**-4,442**	**-1,978**	**-283**	**-6,703**
Trading derivatives	-	-4,442	-1,978	-283	-6,703
Inflows	-	*278,753*	*43,523*	*4,966*	*327,242*
Outflows	-	*-283,195*	*-45,501*	*-5,249*	*-333,945*
Hedging derivatives	-	-	-	-	-
Inflows	-	-	-	-	-
Outflows	-	-	-	-	-
Contractual cash flows from derivatives	**-**	**-15,229**	**-23,099**	**-7,839**	**-46,167**
Contractual cash flows from financial liabilities	**-996,641**	**-929,813**	**-133,809**	**-33,158**	**-2,093,421**
Loan commitments – irrevocable (note 33)	-166,662	-	-	-	-166,662
Loan commitments – revocable (note 33)	-93,878	-	-	-	-93,878
Financial guarantees (note 33)	-67,839	-	-	-	-67,839
Other commitments (note 33)	-1,450	-	-	-	-1,450
Contractual cash flows from contingent liabilities	**-329,829**	**-**	**-**	**-**	**-329,829**

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 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 2025:

(CZKm)	Change in basis points	Sensitivity of the statement of income Less than 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
CZK	+ 10	2.0	2.2	-34.2	-67.6	-97.6
EUR	+ 10	0.4	0.3	12.1	-9.6	3.2
USD	+ 10	-	-	0.2	0.7	0.8
CZK	- 10	-2.0	-2.2	34.2	67.6	97.6
EUR	- 10	-0.4	-0.3	-12.1	9.6	-3.2
USD	- 10	-	-	-0.2	-0.7	-0.8

(CZKm)	Change in basis points	Sensitivity of other comprehensive income Less than 6 months	6 months to 1 year	1 year to 5 years	More than 5 years	Total
CZK	+ 10	-0.2	-8.5	-78.2	-369.2	-456.1
EUR	+ 10	-0.2	-0.2	7.1	-21.0	-14.3
USD	+ 10	-	-	-	-	-
CZK	- 10	0.2	8.5	78.2	369.2	456.1
EUR	- 10	0.2	0.2	-7.1	21.0	14.3
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 2024:

(CZKm)	Change in basis points	Sensitivity of the statement of income 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

(CZKm)	Change in basis points	Sensitivity of other comprehensive income 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 Supervisory Outlier Test of Economic Value of Equity (SOT EVE) is a regulatory indicator for managing interest rate risk in the banking book, based on the applicable EBA/GL/2022/14 Guidelines of the European Banking Authority specifying criteria for identifying, assessing, managing, and mitigating risks arising from potential changes in interest rates, and for assessing and monitoring credit spread risk in institutions' investment portfolios.

It is an indicator of the change in the net present value of interest-rate-sensitive instruments over their remaining maturity as a result of interest rate movements. The SOT EVE indicator reflects the change in the value of interest-rate-sensitive instruments over their remaining maturity relative to Tier 1 capital.

Six outlier scenarios are applied for the SOT EVE indicator (parallel up shift of the yield curve by +200 bps, parallel downward shift by -200 bps, steepener, flattener, decrease of the short end of the yield curve, increase of the short end of the yield curve).

The Supervisory Outlier Test of Net Interest Income (SOT NII) is a regulatory indicator for managing interest rate risk in the banking book, based on the applicable EBA/GL/2022/14 Guidelines of the European Banking Authority specifing criteria for identifying, assessing, managing, and mitigating risks arising from potential changes in interest rates, and for assessing and monitoring credit spread risk in institutions' investment portfolios.

It is an indicator of the change in expected future profitability over a given time horizon (1 year) resulting from movements in interest rates, including both interest income and interest expenses. The SOT NII indicator reflects the change in expected future profitability over a one-year horizon caused by interest rate movements, relative to Tier 1 capital.

Two outlier scenarios are applied for the SOT NII indicator (parallel up shift of the yield curve by +200 bps, parallel down shift by -200 bps).

In the table below, the results of the worst scenario of SOT EVE and SOT NII are reported, as required in standard supervisory reporting to the ČNB. The worst scenario is defined as a scenario that yields the largest impact on Tier 1 capital.

	2025		2024	
	CZKm	%	CZKm	%
SOT EVE	-2,174	--1.9	-3,424	-3.5
SOT NII	-944	-0.8	-305	-0.3

(%)	2025	2024
SOT EVE	-1.9	-3.5
SOT NII	-0.8	-0.3

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 is regularly monitored and assessed in the Bank. Convenient tools for prepayment risk limitation are applied in the area of mortgage loans particularly.

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 2025 and 2024:

	2025			2024		
(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	9.96	0.41	-0.41	-5.25	-0.21	0.21

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)		2025	2024
Visa Inc. quotation	- 10	-6.39	-16.38
	+ 10	6.39	16.38

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.

Third Party Risk Management

A specific area of operational risk management are the risk arising from problems regarding continuity, integrity, and/or quality of activities outsourced to or performed by third parties. 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)

R&CIs contain an overview of the activities per entity and Business Line (i.e. process), a full view of material operational risks related to 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.

The approach to ESG risk management followed by ČSOB is comprehensively described in the regularly published KBC group annual Risk Report.

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. All the solvency targets based on external regulatory capital requirements were met throughout 2025 and 2024 with adequate buffers above the regulatory requirements, 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 Capital Requirements Directive and Regulation (CRD / CRR), the legal minimum total capital ratio is set to 8.0% 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 (2.5% for each institution), 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.

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 2025 and 31 December 2024 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 2025 and 31 December 2024 with a sufficient buffer.

The following table shows the capital, capital requirements and CAD ratio as of 31 December 2025 and 31 December 2024 for ČSOB:

(CZKm)	2025	2024
Tier 1 capital	115,453	99,034
Tier 2 capital	0,302	-
Total capital	**115,755**	**99,034**
Regulatory capital requirements	45,540	35,849
Risk weighted assets	**569,252**	**448,115**
Capital adequacy ratio	20.33%	22.10%
Eligible liabilities (Note: 25)(*)	63,444	57,138
Leverage ratio	5.13%	5.13%

(*) 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 Register 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 Entity and the Controlled Entity and Between the Controlled Entity and Entities Controlled by the Same Controlling Entity (hereinafter referred to as "Related Entities")

KBC Bank NV, which is part of the KBC Group, a bankassurance financial group, is a bank regulated by the National Bank of Belgium. The 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 website at www.kbc.com.

In the period under review, ČSOB had relationships primarily with the following Related Entities:

Business name	Registered office	
Bankovní informační technologie, s.r.o.	Radlická 333/150, 150 00 Prague 5	Czech Republic
CBC Banque SA	Avenue Albert Ier 60, 5000 Namur	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-end 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 Poisťovňa, 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 Group	Masarykovo náměstí 1458, 530 02 Pardubice – Zelené předměstí	Czech Republic
ČSOB Pojišťovna, a.s., member of the ČSOB Group	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	United Kingdom
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 (the Business Corporations Act) (hereinafter referred to as the **“Business Corporations Act”**).

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 specialises 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/portal/csob/o-csob-a-skupine) (hereinafter referred to as the **“ČSOB Group”**); 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 KBC 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 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 directly or indirectly controlled by the same controlling entity (for the purpose of this Report on Relations 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 opened 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, securities escrow and custody agreements, contracts for settling investment instrument transactions, contracts for administering securities, depositary contracts, agreements on the contact bank, on the provision of specialised consultancy and agreements on the authorisation of fax instructions for settling and administering securities, transactions monitoring, distribution and sub-distribution of investment services, unit 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. 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 business terms and conditions and ČSOB does not incur any non-standard advantages, disadvantages or additional risks therefrom.

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.

Lease, Rental or Leasing 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 business terms and conditions and ČSOB does not incur any non-standard advantages, disadvantages or additional risks therefrom.

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 Agreement – 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 2025, 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 Group, ČSOB Pojišťovací servis, s.r.o., member of the ČSOB Group, ČSOB Stavební spořitelna, a.s., 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, such as application development, software cost sharing, cloud services cost sharing and security. The consideration consisted of contractual rewards and participation in costs. 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 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 – Back Office and Related Services

During the accounting period, ČSOB concluded agreements or had concluded agreements in previous accounting periods to provide back-office system and supporting process services, 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, sale or purchase of movable assets. 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 – 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 or from previous accounting periods had 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, and contracts for the joint use of communication means loaned to third parties. 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 – 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 utilisation, 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 services in the areas of service quality control, data collection, processing, management and protection, data analysis, and modelling. Licensing agreements and software licence agreements, software-as-a-service and application support agreements. During the accounting period, ČSOB entered into, or had entered into in previous accounting periods, contracts for the valuation of immovable property. ČSOB concluded, or had concluded in previous accounting periods, relationship management agreements. The consideration consisted of services and 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 the Provision of Voluntary Additional Monetary Contributions

During the accounting period, ČSOB entered into agreements for the provision of a voluntary additional monetary contribution outside the share capital. The reason consisted in strengthening capital resources or settlement of loss. The contracts were concluded under standard business terms and conditions and ČSOB does not incur any non-standard advantages, disadvantages or additional risks therefrom.

Contracts were concluded with the following companies: ČSOB Hypoteční banka, a.s., ČSOB Factoring, a.s., ČSOB Stavební spořitelna, a.s., ČSOB Leasing, a.s., Igluu s.r.o., Skip Pay, s.r.o. and Ušetřeno.cz, s.r.o.

Agreements on the Provision of Additional Non-Monetary Contributions

During the accounting period, ČSOB entered into an agreement for the provision of a voluntary additional non-monetary contribution outside the share capital. The reason 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 it 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 being available at: *https://www.csob.cz/portal/csob/o-csob-a-skupine/koncern-csob*) a holding 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 entities controlled.

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 entity 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 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 business terms and conditions and ČSOB does not incur any non-standard advantages, disadvantages or additional risks therefrom.

MISCELLANEOUS

On 30 January 2025, Československá obchodní banka, a.s. acquired from the other shareholder (Gobii Europe s.r.o., Company ID No.: 097 63 457, 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 registered capital and a 100% share in voting rights in Igluu s.r.o.

In 2025, the shareholding of ČSOB in ČSOB Nemovitostní, open-end mutual fund Patria investiční společnost, a.s. changed. The direct and indirect share in the share capital is 62.35 %. Voting rights in the amount of 62.35 % were exercised for the benefit of ČSOB through Patria Investiční společnost, a.s.

On 10 February 2026, ČSOB Leasing, a.s., with its registered office at Výmolova 353/3, Radlice, 150 00 Prague 5, Company ID No.: 63998980, acquired a 100% share in BUSINESS LEASE s.r.o., with its registered office at Radlická 714/113a, Jinonice, 158 00 Prague 5, Company ID No.: 25071025, and thus became the sole member of BUSINESS LEASE s.r.o. holding 100 % of the registered capital and voting rights.

SHARE IN PROFITS AND OTHER FACTS

On 24 April 2025, KBC Bank NV, as the sole shareholder, resolved in exercising the powers of the General Meeting to distribute the profit for the financial year 2024 so that part of the net profit equal to CZK 6.7 billion was paid out to the sole shareholder in the form of a dividend. Part of the net profit of CZK 13.4 billion was transferred to the account of retained earnings of previous years. The total amount of the transaction was 17.3 % of the company's equity.

In addition, in the accounting period, ČSOB made decisions of the sole shareholder / member of companies in which it is a sole shareholder / member. These include, in particular, the approval of financial statements, decisions on the settlement of profit/loss, payments of profit shares and payments from capital funds, election and dismissal of members of company bodies, including approval of their remuneration, amendments to the articles of association, and the appointment of the auditor.

In the accounting period, ČSOB decided by a resolution of the sole shareholder/member of the companies in which it is a sole shareholder/member to reduce the registered capital/share capital. The resolution of the sole shareholder to reduce the share capital was implemented, in the accounting period of 2025, in relation to the following company: ČSOB Advisory, 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 Group, ČSOB Stavební spořitelna, a.s., Patria Finance a.s.

In the accounting period of 2024, ČSOB received from Patria Corporate Finance, a.s. an advance on a profit share calculated on the basis of the interim financial statements. During the accounting period of 2025, Patria Corporate Finance, a.s. was refunded a part of this advance payment.

In the accounting period, ČSOB decided by a resolution of the sole shareholder / member of the companies in which it is a sole shareholder / member to increase the registered capital/share capital in the following companies: K&H Payment Services kft.

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 stabilise 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 2025 to 31 December 2025.

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 the Business Corporations Act. 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 the Business Corporations Act in relation to the ownership structure of ČSOB.

Prague, 31 March 2026

on behalf of the Board of Directors of **Československá obchodní banka, a.s.**

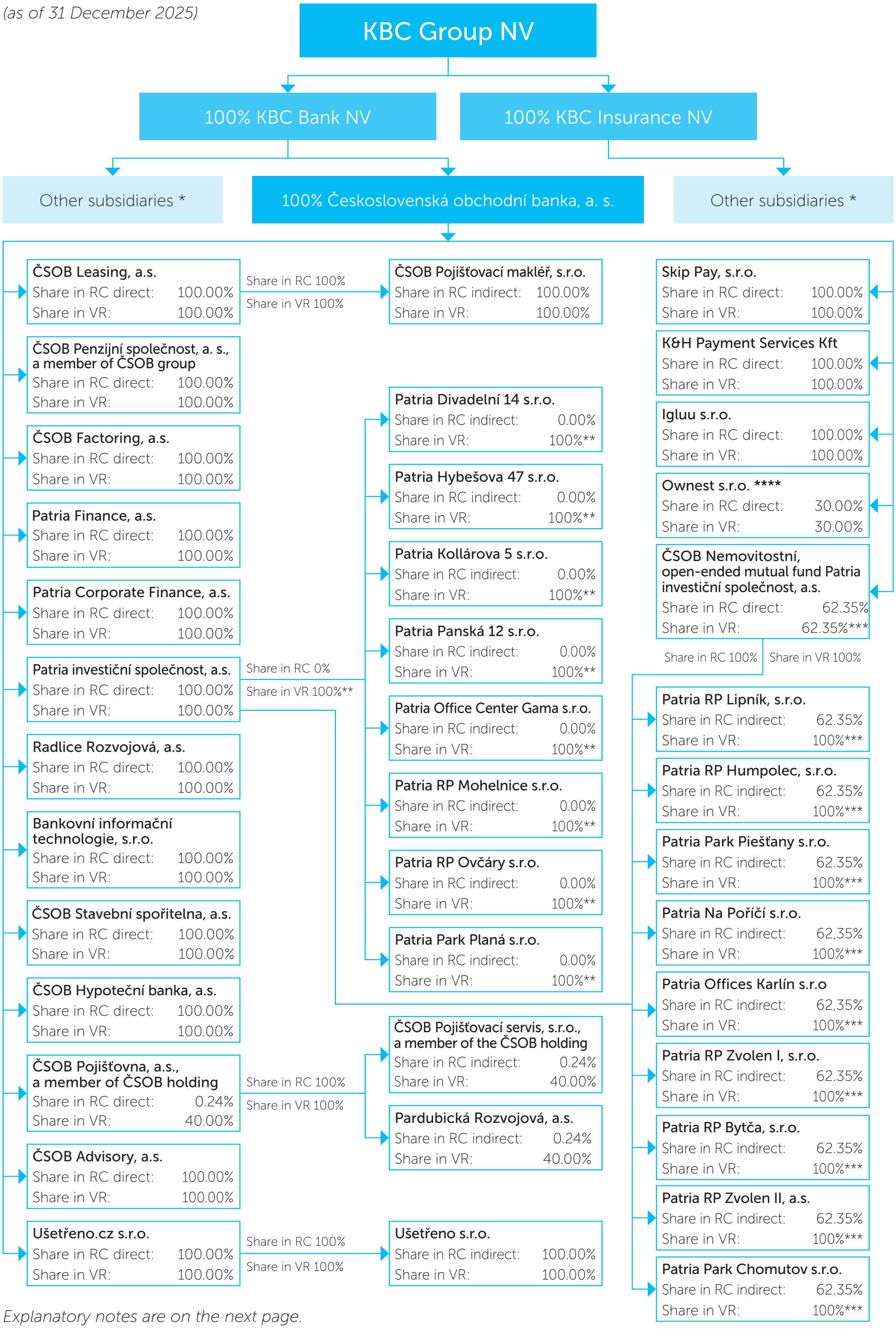
Aleš Blažek
Chairman of the Board of Directors

Jiří Vévoda
Member of the Board of Directors

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 2025)



KBC Group NV

100% KBC Bank NV

100% KBC Insurance NV

Other subsidiaries *

100% Československá obchodní banka, a. s.

Other subsidiaries *

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%**

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 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%

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%**

ČSOB Pojišťovací servis, s.r.o., a member of the ČSOB holding
Share in RC indirect: 0.24%
Share in VR: 40.00%

Pardubická Rozvojová, a.s.
Share in RC indirect: 0.24%
Share in VR: 40.00%

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: 100.00%
Share in VR: 100.00%

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: 62.35%
Share in VR: 62.35%***

Share in RC 100%
Share in VR 100%

Patria RP Lipník, s.r.o.
Share in RC indirect: 62.35%
Share in VR: 100%***

Patria RP Humpolec, s.r.o.
Share in RC indirect: 62.35%
Share in VR: 100%***

Patria Park Piešťany s.r.o.
Share in RC indirect: 62.35%
Share in VR: 100%***

Patria Na Poříčí s.r.o.
Share in RC indirect: 62,35%
Share in VR: 100%***

Patria Offices Karlín s.r.o
Share in RC indirect: 62,35%
Share in VR: 100%***

Patria RP Zvolen I, s.r.o.
Share in RC indirect: 62.35%
Share in VR: 100%***

Patria RP Bytča, s.r.o.
Share in RC indirect: 62.35%
Share in VR: 100%***

Patria RP Zvolen II, a.s.
Share in RC indirect: 62.35%
Share in VR: 100%***

Patria Park Chomutov s.r.o.
Share in RC indirect: 62.35%
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*

**** *Ownest s.r.o. is listed only to provide a complete overview of the group. It is not an entity controlled according to the principles of the Business Corporations Act.*

RC: registered capital (deposit)

VR: voting rights

ADDITIONAL INFORMATION

ČSOB Securities

Shares and Share Capital of ČSOB

	as at 31 December 2025
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 2025, 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 programme. ČSOB is issuing bonds under bond issuance programme (programme is lasting for 30 years) with a maximum amount of CZK 100 bn of outstanding bonds and public bond issuance programme with a maximum amount of CZK 300 bn of outstanding bonds.

As of 31 December 2025, ČSOB recorded the following **bond issues** in the Czech Republic:

Issue Name	ISIN	Issue Date	Volume of Bonds as of 31. 12. 2025
STRUKTUROVANÝ DLUHOPIS ČSOB NOVÉ TRENDY ENERGIE A LIDÉ 2027	CZ0003706293	11. 08. 2021	CZKm 75.80
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
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 TECHNOLOGIE 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
ČSOB ZELENÝ LIKVIDNÍ DLUHOPIS 6M 11/2026	CZ0003708505	09. 11. 2023	CZKm 300.00
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

Issue Name	ISIN	Issue Date	Volume of Bonds as of 31. 12. 2025	
STRUKTUROVANÝ DLUHOPIS ČSOB UMĚLÁ INTELIGENCE A ROBOTIKA 2029	CZ0003708612	03. 04. 2024	CZKm	334.00
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
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
STRUKTUROVANÝ DLUHOPIS ČSOB VODA A ENERGIE 2030	CZ0003709776	16. 04. 2025	CZKm	69.00
ČSOB LIKVIDNÍ DLUHOPIS 6M 04/2028	CZ0003709982	23. 04. 2025	CZKm	625.00
ČSOB LIKVIDNÍ DLUHOPIS 6M 05/2028	CZ0003710048	13. 05. 2025	CZKm	625.00
STRUKTUROVANÝ DLUHOPIS TOP JAPONSKO S BONUSEM	CZ0003709974	04. 06. 2025	CZKm	299.00
ČSOB LIKVIDNÍ DLUHOPIS VAR 6M 06/2028	CZ0003710170	06. 06. 2025	CZKm	625.00
ČSOB LIKVIDNÍ DLUHOPIS 6M 06/2028	CZ0003710071	25. 06. 2025	CZKm	231.00
ČSOB ZELENÝ LIKVIDNÍ DLUHOPIS 6M 07/2028	CZ0003710238	16. 07. 2025	CZKm	500.00
STRUKTUROVANÝ DLUHOPIS KYBERNETICKÁ OBRANA 2030	CZ0003710063	05. 08. 2025	CZKm	129.50
ČSOB ZELENÝ LIKVIDNÍ DLUHOPIS 6M 08/2028	CZ0003710410	13. 08. 2025	CZKm	170.00
ČSOB ZELENÝ LIKVIDNÍ DLUHOPIS II 6M 08/2028	CZ0003710428	29. 08. 2025	CZKm	500.00
ČSOB ZELENÝ LIKVIDNÍ DLUHOPIS 6M 09/2028	CZ0003710501	24. 09. 2025	CZKm	380.00
STRUKTUROVANÝ DLUHOPIS ČSOB NOČNÍ NASDAQ 2030	CZ0003710246	03. 10. 2025	CZKm	313.00
ČSOB LIKVIDNÍ DLUHOPIS 6M 10/2028	CZ0003710659	16. 10. 2025	CZKm	750.00
ČSOB LIKVIDNÍ DLUHOPIS 6M 11/2028	CZ0003710675	07. 11. 2025	CZKm	625.00
ČSOB LIKVIDNÍ DLUHOPIS 6M 12/2028	CZ0003710691	02. 12. 2025	CZKm	500.00
STRUKTUROVANÝ DLUHOPIS ČSOB FLEXI PARTICIPACE ZDRAVOTNICTVÍ 2030	CZ0003710535	03. 12. 2025	CZKm	335.00
STRUKTUROVANÝ DLUHOPIS ČSOB FLEXI PARTICIPACE ZDRAVOTNICTVÍ EUR 2030	CZ0003710527	03. 12. 2025	EURm	1.20
STRUKTUROVANÝ DLUHOPIS ČSOB FLEXI PARTICIPACE ZDRAVOTNICTVÍ USD 2030	CZ0003710519	03. 12. 2025	USDm	1.35

In the first quarter of 2026*. ČSOB issued the following **bond issues** in the Czech Republic:

Issue Name	ISIN	Issue Date	Volume of Bonds Issued as of 31. 3. 2026	
ČSOB ZELENÝ LIKVIDNÍ DLUHOPIS 6M 01/2029	CZ0003710824	06.01.2026	CZKm	400.00
ČSOB ZELENÝ LIKVIDNÍ DLUHOPIS II 6M 1/2029	CZ0003710840	26.01.2026	CZKm	400.00
SD Flexi participace Generace prosperity 2031 II.	CZ0003710782	04.02.2026	CZKm	126.90
SD Flexi participace Generace prosperity 2031	CZ0003710683	04.02.2026	CZKm	42.60
SD ČSOB OBRANNÝ PRŮMYSL 2031	CZ0003710873	18.03.2026	CZKm	754.00
SD ČSOB OBRANNÝ PRŮMYSL USD 2031	CZ0003710881	18.03.2026	USDm	1.69
ČSOB ZELENÝ LIKVIDNÍ DLUHOPIS EUR 6M 03/2029	CZ0003710949	25.03.2026	EURm	5.00

** Issued until 31 March 2026*

None of ČSOB's bonds is admitted to trading on a regulated market in any Member State of the European Union or the European Economic Area.

Since 2012, ČSOB is an issuer of investment certificates issued under the certificate issuance programme (public or non public) in the Czech Republic.

As of 31 December 2025, ČSOB recorded the following **investment certificate issues** in the Czech Republic:

Issue Name	ISIN	Issue Date	Volume of investment certificates as of 31. 12. 2025	
Lookback Racer Transatlantic 2026	CZ0000302724	21. 10. 2020	CZKm	245.00
Lookback Racer Transatlantic 2027	CZ0000302864	30. 12. 2020	CZKm	100.00
Piling Racer Severní Amerika a Evropa 2027	CZ0000302823	24. 02. 2021	CZKm	111.00
Defensive New Pharma 5,5 2028	CZ0000302948	31. 03. 2021	CZKm	255.00
ČSOB Investiční certifikát Unit link XLVI.	CZ0000303003	28. 04. 2021	CZKm	328.30
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
Robotika a automatizace Participační Autocall 8 2028	CZ0000303607	18. 11. 2021	CZKm	485.00
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
ČSOB Investiční certifikát Unit link XLIX.	CZ0000303847	09. 03. 2022	CZKm	98.50
Lookback Racer Světové informační technologie 2028	CZ0000303953	20. 04. 2022	CZKm	193.00
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

Issue Name	ISIN	Issue Date	Volume of investment certificates as of 31. 12. 2025	
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
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
ČSOB Investiční certifikát Capped PRIBOR Floater 01/2027	CZ0000305008	12. 07. 2023	CZKm	59.00
AI & Big data Participační Autocall 3. rok 2030	CZ0000304985	12. 07. 2023	CZKm	320.00
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 11/2030	CZ0000305206	25. 10. 2023	CZKm	43.00
S&P 500 Participační Autocall od 3. roku USD 11/2030	CZ0000305172	25. 10. 2023	USDm	1.30
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 1/2031	CZ0000305305	06. 12. 2023	CZKm	91.00
Polovodiče Participační Autocall Plus od 3. roku 2030	CZ0000305347	06. 12. 2023	CZKm	250.50
S&P 500 Participační Autocall od 3. roku USD 1/2031	CZ0000305313	06. 12. 2023	USDm	3.10
Luxus Participační Autocall od 3. roku 2031	CZ0000305388	28. 12. 2023	CZKm	142.00
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
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 od 3. roku 2031	CZ0000305867	09. 10. 2024	CZKm	170.00

Issue Name	ISIN	Issue Date	Volume of investment certificates as of 31. 12. 2025	
Umělá Inteligence Participační Autocall od 3. roku 12/2031	CZ0000305982	27. 11. 2024	CZKm	235.00
Eurostoxx Participační Autocall od 3 roku 12/2031	CZ1006000015	30. 12. 2024	CZKm	28.00
USA 2000 Participační Autocall od 3 roku 2032	CZ0000306014	30. 12. 2024	CZKm	521.00
USA 2000 Partcipace 2029	CZ1006000106	30. 01. 2025	CZKm	97.00
Umělá inteligence Participace 2030	CZ1006000122	14. 02. 2025	CZKm	100.00
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
USA 2000 Participační Autocall 2032	CZ1006000171	02. 04. 2025	CZKm	205.00
Eurostoxx Participační Autocall 2032	CZ1006000197	24. 04. 2025	CZKm	93.00
Kybernetická obrana Participační Autocall od 3. roku 2032	CZ1006000213	07. 05. 2025	CZKm	126.00
Lookback Racer Svět 7/2031	CZ1006000296	04. 06. 2025	CZKm	114.00
Transatlantic Step-down Autocall 2032	CZ1006000312	11. 06. 2025	CZKm	525.00
Evropská infrastruktura Participační Autocall od 3. roku 2032	CZ1006000379	09. 07. 2025	CZKm	328.00
Private equity Participační Autocall 2032	CZ1006000429	27. 08. 2025	CZKm	201.00
Private equity Participační Autocall od 3. roku 2032	CZ1006000460	27. 08. 2025	CZKm	172.00
Racer Zdravotnictví 2031	CZ1006000478	17. 09. 2025	CZKm	122.00
Flexi Racer Obranný průmysl 2031	CZ1006000536	22. 10. 2025	CZKm	327.00
Obranný průmysl Participační Autocall 2032	CZ1006000528	22. 10. 2025	CZKm	369.00
Strategické materiály Participační Autocall 2032	CZ1006000593	26. 11. 2025	CZKm	233.00
Strategické materiály Participační Autocall od 3. roku 2032	CZ1006000601	26. 11. 2025	CZKm	388.00
Flexi Racer Elektrické sítě 2031	CZ1006000627	10. 12. 2025	CZKm	239.00
Lookback Racer Svět 2032	CZ1006000668	29. 12. 2025	CZKm	63.00
Participační Autocall Svět od 3. roku 2033	CZ1006000643	29. 12. 2025	CZKm	101.00

In the first quarter of 2026*. ČSOB issued the following investment certificates issues in the Czech Republic:

Issue Name	ISIN	Issue Date	Volume of Investment Certificates as of 31. 3. 2026	
Transatlantic Stepdown Autocall 2033	CZ1006000726	25.02.2026	CZKm	208.00
Transatlantic Stepdown Autocall od 3. roku 2033	CZ1006000734	25.02.2026	CZKm	508.00

** Issued until 31 March 2026*

None of ČSOB's investment certificates is admitted to trading on a regulated market in any Member State of the European Union or the European Economic Area.

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 Bank NV.

As of 31 December 2025, ČSOB recorded the following **subordinated bond issues** in the Czech Republic:

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. 2030	15. 12. 2031	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. 2029	15. 12. 2030	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
ČSOB MREL 09 VAR/31	CZ0003709966	15. 04. 2025	15. 12. 2030	15. 12. 2031	EURm	250.0
ČSOB MREL 10 VAR/29	CZ0003710774	15. 12. 2025	15. 12. 2028	15. 12. 2029	EURm	100.0

** Final maturity and first call date changed by decisions of noteholders' meetings.*

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 authorised 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 authorised 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 investment services according to a special law (the range of investment services provided by ČSOB is available in the List of regulated and registered entities, which is available on the CNB website here https://www.cnb.cz/cs/dohled-financni-trh/seznamy/),
- 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,
- Non-performing loan management
- 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

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

For information on court disputes please refer to the Separate Financial Statements for the year 2025 (Notes 27 and 33) and to the Consolidated Financial Statements for the year 2025 (Notes 31 and 37).

Expenses on Research and Development

In 2025, ČSOB had outlays of CZK 2,586 m for research and development (2024: CZK 1,952 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 2025

(CZKths; excl. VAT)	Audit services	Other assurance services	Total
ČSOB	16,920	2,730	19,650
Other consolidated companies	12,931	2,890	15,821
Total	**29,851**	**5,620**	**35,471**

Contribution to the Securities Traders Guarantee Fund

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 2025 (CZK ths)	ČSOB	ČSOB group
Basis for calculation of the contribution	2,868,713	3,705,105
The contribution	**57,374**	**74,102**

Information Published within this Annual Report

Information	Reference [1]
Important Events and Significant Changes in 2025	Report of the Board of Directors
	Corporate Governance Policy
	Note 3
New Products and Services Introduced in 2025	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 2025	Companies of the ČSOB group
	Note 3
Expected Economic and Financial Situation of ČSOB in 2026	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 2025 (unless stated otherwise).

2) Together with this Annual Report, ČSOB also publishes the ČSOB Social Responsibility Report 2025.

Annex to Additional Information

Information disclosed in accordance with Decree No. 163/2014 Coll., on the performance of activities of banks, credit unions and securities dealers, and Regulation (EU) No. 575/2013 (CRR), as amended.

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 2025	Events after the Reporting Period (Note 41)
Notes to the Separate Financial Statements for the year 2025	Events after the Reporting Period (Note 37)

Information on the Publication of the ČSOB Annual Report 2025

ČSOB will publish its Annual Report 2025 on its Internet website at www.csob.cz.

The **Czech National Bank** will add the ČSOB Annual Report 2025 to the collection of deeds of the **Register of Companies** pursuant to Section 21a of the Accounting Act.

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 about Capital and Capital Requirements pursuant to Article 437 (1) (a) of Regulation (EU) 575/2013

(CZKths)		the Bank (non-consolidated) 31. 12. 2025	Regulated Cons. Unit 31. 12. 2025
Items from Statement of Financial Position	**Total Shareholders' Equity**	**124,455 903**	**129,478,836**
	Share capital	5,855,000	5,855,000
	Share premium	20,092,666	20,928,552
	Accumulated Other comprehensive income	391,299	254,340
	Reserve funds	18,686,648	18,686,648
	Retained earnings for the previous periods	60,562,284	63,913,704
	Own shares	0	0
	Net profit for the period	18,868,006	19,840,594
	Non-controlling interest	0	0
Adjustments to CET1	**Total Adjustments to CET1**	**-9,003,380**	**-14,396,952**
	Gains / (losses) on hedging instruments (Cash Flow Hedging)	-227,080	-257,099
	Additional value adjustment	-99,182	-76,658
	Goodwill	-2,124,239	-3,604,709
	Other intangible assets, net of tax	-3,182,324	-4,631,632
	Insufficient coverage of expected credit losses (lack of provisions)	-261,676	-1,658,323
	Unusable profit	-2,968,006	-3,940,594
	Non-controlling interest	0	0
	Insufficient coverage for non-performing exposures	-140,873	-205,004
	Deferred tax assets	0	-22,933
	Other transitional adjustments to CET 1	0	0
Tier 2 Capital	**Total Tier 2 Capital**	**302,174**	**299,038**
	IRB Excess of provisions over expected losses eligible	302,174	299,038
	Total Capital	**115,754,697**	**115,380,923**
	Tier 1 (T1) Capital	**115,452,522**	**115,081,885**
	Common Equity Tier 1 (CET1) Capital	**115,452,522**	**115,081,885**
	Tier 2 (T2) Capital	**302,174**	**299,038**

Information about Capital and Capital Requirements pursuant to Article 438 (c) to (f) of Regulation (EU) 575/2013

(CZKths)			the Bank (non-consolidated) 31. 12. 2025	Regulated Cons. Unit 31. 12. 2025
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	1
	Exposures to regional governments or local authorities		6,243	6,243
	Exposures to public sector entities		4,398	4,891
	Exposures to multilateral development banks		0	0
	Exposures to international organisations		0	0
	Exposures to institutions		6,991	49,640
	Exposures to corporates		2,037,308	2,958,305
	Retail exposures		634,078	1,621,105
	Exposures secured by mortgages on immovable property		155,526	170,873
	Exposures in default		41,449	68,277
	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		7,648,304	44,913
	Other items		0	489,494
Capital requirements calculated according to Article 92 (3) (b) and (c) of Regulation (EU) 575/2013	For position risk	Article 438 (e)	11,458	17,638
	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		10,227	10,225
	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		5,711,550	7,370,665
	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)	1,668,860	1,668,905
	Exposures to institutions		8,828,443	1,138,229
	Exposures to corporates		14,935,231	15,332,088
	Retail exposures		1,930,743	12,405,400
	Equity exposures		0	0
	Items representing securitisation positions		0	0
	Other assets not having the character of a credit liability		1,767,606	2,099,346
In the case of the equity exposures category this requirement is used for	Equity exposures traded on regulated markets		0	0
	Equity exposures not traded on regulated markets in sufficiently diversified portfolios and other exposures		0	0
	Exposures that in the area of capital requirements are subject to transitional supervision rules		0	0
	Exposures that in the area of capital requirements are subject to provisions relating to retention of legal effects		0	0
	Each of the approaches indicated in Article 155		0	0
*Risk exposure for credit valuation adjustment **			*141,779*	*141,049*
*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 (non-consolidated) 31. 12. 2025	Regulated Cons. Unit 31. 12. 2025
Capital ratio for Equity capital Tier 1	20.28%	20.19%
Capital ratio for Tier 1 capital	20.28%	20.19%
Capital ratio for Total capital	20.33%	20.24%

Ratios Indicators

		the Bank 31. 12. 2025
Return on average assets (ROAA)		0.89%
Return on average Tier 1 capital (ROAE)		18.15%
Assets per employee*	CZKths	289,359
Administrative costs per employee*	CZKths	2,375
Profit after tax per employee*	CZKths	2,518

** According to CNB's methodology (Registered number of employees).*

DOCUMENTS

Sworn Statement

Persons Responsible for the ČSOB Annual Report 2025

hereby declare that, to their best knowledge, the ČSOB Annual Report 2025 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.

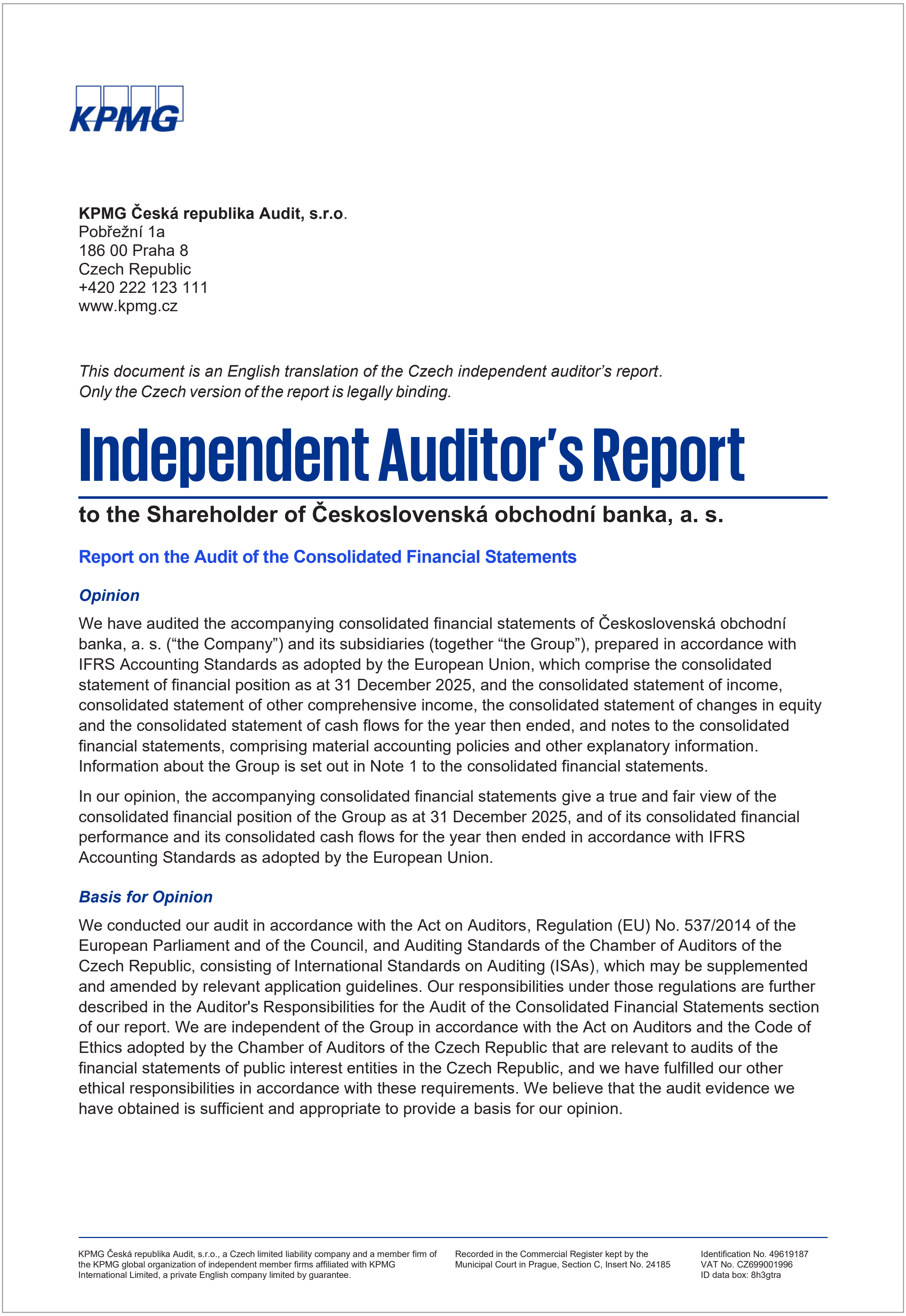
In Prague, 16 April 2026

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



KPMG Česká republika Audit, s.r.o.
Pobřežní 1a
186 00 Praha 8
Czech Republic
+420 222 123 111
www.kpmg.cz

This document is an English translation of the Czech independent auditor’s report.
Only the Czech version of the report is legally binding.

Independent Auditor’s Report

to the Shareholder of Československá obchodní banka, a. s.

Report on the Audit of the Consolidated Financial Statements

Opinion

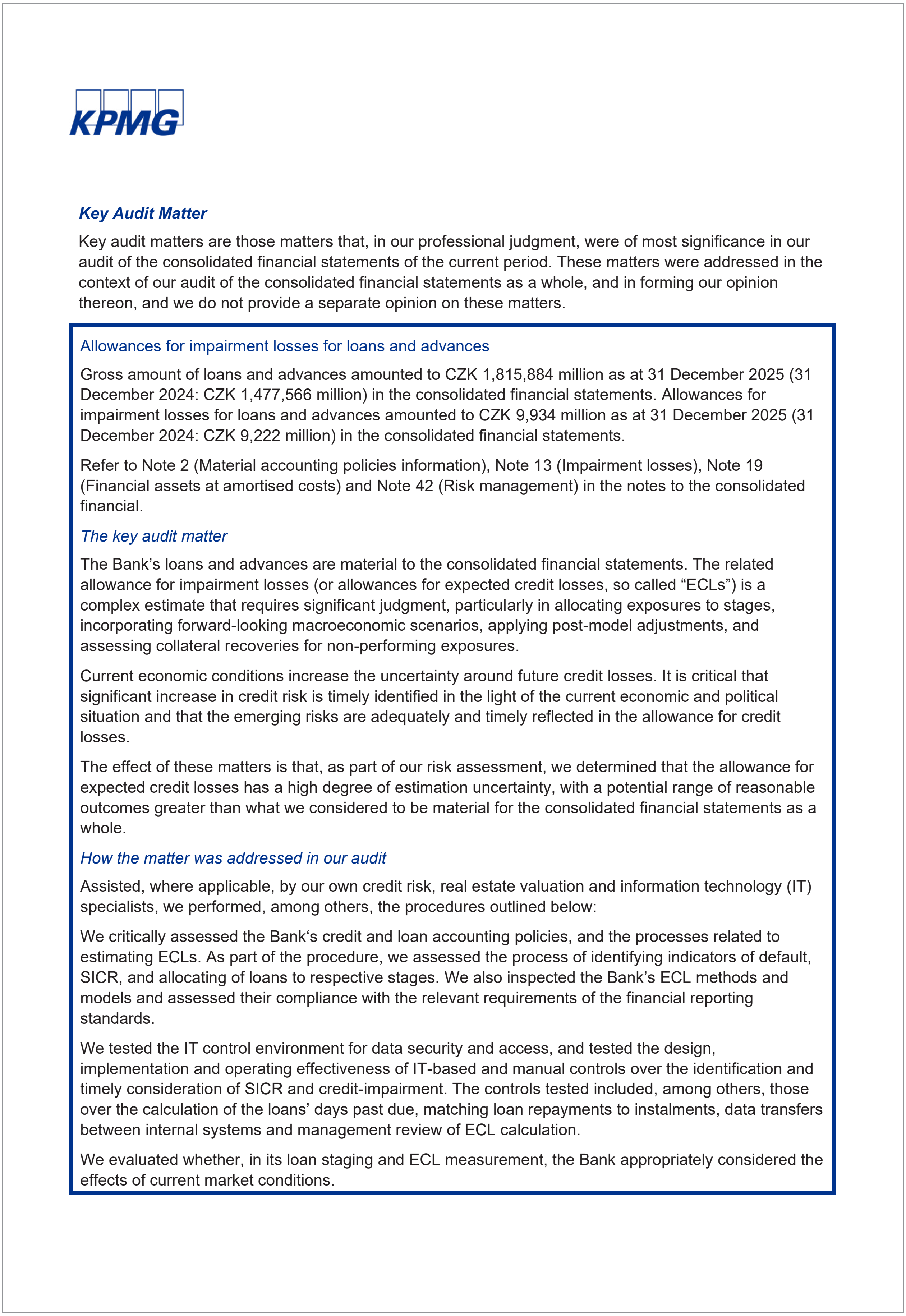
We have audited the accompanying consolidated financial statements of Československá obchodní banka, a. s. (“the Company”) and its subsidiaries (together “the Group”), prepared in accordance with IFRS Accounting Standards as adopted by the European Union, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of income, consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, comprising material accounting policies and other explanatory information. Information about the Group is set out in Note 1 to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors, Regulation (EU) No. 537/2014 of the European Parliament and of the Council, and Auditing Standards of the Chamber of Auditors of the Czech Republic, consisting of International Standards on Auditing (ISAs), which may be supplemented and amended by relevant application guidelines. Our responsibilities under those regulations are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic that are relevant to audits of the financial statements of public interest entities in the Czech Republic, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG Česká republika Audit, s.r.o., a Czech limited liability company and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.
Recorded in the Commercial Register kept by the Municipal Court in Prague, Section C, Insert No. 24185
Identification No. 49619187
VAT No. CZ699001996
ID data box: 8h3gtra



Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Allowances for impairment losses for loans and advances

Gross amount of loans and advances amounted to CZK 1,815,884 million as at 31 December 2025 (31 December 2024: CZK 1,477,566 million) in the consolidated financial statements. Allowances for impairment losses for loans and advances amounted to CZK 9,934 million as at 31 December 2025 (31 December 2024: CZK 9,222 million) in the consolidated financial statements.

Refer to Note 2 (Material accounting policies information), Note 13 (Impairment losses), Note 19 (Financial assets at amortised costs) and Note 42 (Risk management) in the notes to the consolidated financial.

The key audit matter

The Bank’s loans and advances are material to the consolidated financial statements. The related allowance for impairment losses (or allowances for expected credit losses, so called “ECLs”) is a complex estimate that requires significant judgment, particularly in allocating exposures to stages, incorporating forward-looking macroeconomic scenarios, applying post-model adjustments, and assessing collateral recoveries for non-performing exposures.

Current economic conditions increase the uncertainty around future credit losses. 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 credit losses.

The effect of these matters is that, as part of our risk assessment, we determined that the allowance for expected credit losses has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than what we considered to be material for the consolidated financial statements as a whole.

How the matter was addressed in our audit

Assisted, where applicable, by our own credit risk, real estate valuation and information technology (IT) specialists, we performed, among others, the procedures outlined below:

We critically assessed the Bank‘s credit and loan accounting policies, and the processes related to estimating ECLs. As part of the procedure, we assessed the process of identifying indicators of default, SICR, and allocating of loans to respective stages. We also inspected the Bank’s ECL methods and models and assessed their compliance with the relevant requirements of the financial reporting standards.

We tested the IT control environment for data security and access, and tested the design, implementation and operating effectiveness of IT-based and manual controls over the identification and timely consideration of SICR and credit-impairment. The controls tested included, among others, those over the calculation of the loans’ days past due, matching loan repayments to instalments, data transfers between internal systems and management review of ECL calculation.

We evaluated whether, in its loan staging and ECL measurement, the Bank appropriately considered the effects of current market conditions.

We challenged the LGD and PD parameters by assessing their modelling process and incorporation of these estimates into ECL designs used to obtain the ECL estimates, focusing on the selected portfolios. We have referenced the historical default vintages and realized losses recorded throughout the historical observed periods. We have considered the applied adjustments and alignment of the estimate to the expected circumstances and probable changes in these circumstances. We assessed the EAD estimation process and the key components such as considerations of future contractual and behavioral cash flows.

We obtained the relevant forward-looking information and macroeconomic projections used in the Bank's ECL assessment and post model adjustments. We understood the key assumptions and the rationale for the scenarios through discussions with the Management Board and assessed their reasonableness by comparing them with external macroeconomic forecasts and other publicly available information.

We challenged on a sample basis the valuation methods and models applied in real estate collateral values by valuation experts engaged by the Bank, whose experience, competence and objectivity we independently assessed.

For a sample of Stage 1 and Stage 2 loans, by reference to respective loan files and inquiries of the credit risk personnel, we:

- determined whether a significant increase in credit risk occurred or whether the loan was credit impaired;
- checked other characteristics of selected loans relevant for the ECL calculation.

For a sample of Stage 3 loans, we inspected and challenged the estimated cash flow scenarios and their probabilities. In performing the procedure, we focused on the key assumptions, such as the realisable value of the underlying collateral, which we traced to the appraisals prepared by the valuation experts engaged by the Bank's management, or other supporting evidence where collateral is less relevant in the process of recovery.

We independently recalculated ECL for selected portfolios using key elements of the Bank's methodology and compared the results to management's calculation.

We evaluated post-model adjustments, by assessing the completeness and appropriateness of the assumptions and the underlying data used in these post-model adjustments.

We assessed management's back-testing of the selected ECL models (comparing prior estimates to subsequent credit outcomes) and considered the implications for current-year assumptions and overlays.
We examined whether the Bank's loan impairment and credit risk-related disclosures in the consolidated financial statements appropriately include the relevant quantitative and qualitative information required by the applicable financial reporting framework.

Other Matter

The consolidated financial statements of the Company as at 31 December 2025 were audited by another auditor who expressed an unmodified opinion on those financial statements on 10 April 2025.

Other Information

In accordance with Section 2(b) of the Act on Auditors, other information is defined as information included in the annual report other than the separate and the consolidated financial statements and our auditor's report. The statutory body is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable laws and regulations, in particular, whether the other information complies with laws and regulations in terms of formal requirements and the procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with those requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- the other information describing matters that are also presented in the consolidated financial statements is, in all material respects, consistent with the consolidated financial statements; and
- the other information has been prepared in accordance with applicable laws and regulations.

In addition, our responsibility is to report, based on the knowledge and understanding of the Group obtained in the audit, on whether the other information contains any material misstatement. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

Responsibilities of the Statutory Body, Supervisory Board and Audit Committee for the Consolidated Financial Statements

The statutory body is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as adopted by the European Union, and for such internal control as the statutory body determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the statutory body is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the statutory body either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Group’s financial reporting process. The Audit Committee is responsible for monitoring the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the above regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the above regulations, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory body.
- Conclude on the appropriateness of the statutory body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the accompanying separate financial statements of Československá obchodní banka, a. s. ("the Company"), prepared in accordance with IFRS Accounting Standards as adopted by the European Union, which comprise the separate statement of financial position as at 31 December 2025, and the separate statement of income, the separate statement of other comprehensive income, the statement of changes in equity and the separate statement of cash flows for the year then ended, and notes to the separate financial statements, comprising material accounting policies and other explanatory information. Information about the Company is set out in Note 1 to the separate financial statements.

In our opinion, the accompanying separate financial statements give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2025, and of its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors, Regulation (EU) No. 537/2014 of the European Parliament and of the Council, and Auditing Standards of the Chamber of Auditors of the Czech Republic, consisting of International Standards on Auditing (ISAs), which may be supplemented and amended by relevant application guidelines. Our responsibilities under those regulations are further described in the Auditor's Responsibilities for the Audit of the Separate Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic that are relevant to audits of the separate financial statements of public interest entities in the Czech Republic, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Allowances for impairment losses for loans and advances

Gross amount of loans and advances amounted to CZK 1,185,322 million as at 31 December 2025 (31 December 2024: CZK 893,044 million) in the separate financial statements. Allowances for impairment losses for loans and advances amounted to CZK 7,160 million as at 31 December 2025 (31 December 2024: CZK 6,476 million) in the separate financial statements.

Refer to Note 2 (Material accounting policies information), Note 11 (Impairment losses), Note 17 (Financial assets at amortised costs) and Note 38 (Risk management) in the notes to the separate financial.

The key audit matter

The Bank’s loans and advances are material to the separate financial statements. The related allowance for impairment losses (or allowances for expected credit losses, so called “ECLs”) is a complex estimate that requires significant judgment, particularly in allocating exposures to stages, incorporating forward-looking macroeconomic scenarios, applying post-model adjustments, and assessing collateral recoveries for non-performing exposures.

Current economic conditions increase the uncertainty around future credit losses. 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 credit losses.

The effect of these matters is that, as part of our risk assessment, we determined that the allowance for expected credit losses has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than what we considered to be material for the separate financial statements as a whole.

How the matter was addressed in our audit

Assisted, where applicable, by our own credit risk, real estate valuation and information technology (IT) specialists, we performed, among others, the procedures outlined below:

We critically assessed the Bank's credit and loan accounting policies, and the processes related to estimating ECLs. As part of the procedure, we assessed the process of identifying indicators of default, SICR, and allocating of loans to respective stages. We also inspected the Bank's ECL methods and models and assessed their compliance with the relevant requirements of the financial reporting standards.

We tested the IT control environment for data security and access, and tested the design, implementation and operating effectiveness of IT-based and manual controls over the identification and timely consideration of SICR and credit-impairment. The controls tested included, among others, those over the calculation of the loans' days past due, matching loan repayments to instalments, data transfers between internal systems and management review of ECL calculation.

We evaluated whether, in its loan staging and ECL measurement, the Bank appropriately considered the effects of current market conditions.

We challenged the LGD and PD parameters by assessing their modelling process and incorporation of these estimates into ECL designs used to obtain the ECL estimates, focusing on the selected portfolios. We have referenced the historical default vintages and realized losses recorded throughout the historical observed periods. We have considered the applied adjustments and alignment of the estimate to the expected circumstances and probable changes in these circumstances. We assessed the EAD estimation process and the key components such as considerations of future contractual and behavioral cash flows.

We obtained the relevant forward-looking information and macroeconomic projections used in the Bank's ECL assessment and post model adjustments. We understood the key assumptions and the rationale for the scenarios through discussions with the Management Board and assessed their reasonableness by comparing them with external macroeconomic forecasts and other publicly available information.

We challenged on a sample basis the valuation methods and models applied in real estate collateral values by valuation experts engaged by the Bank, whose experience, competence and objectivity we independently assessed.

For a sample of Stage 1 and Stage 2 loans, by reference to respective loan files and inquiries of the credit risk personnel, we:

- determined whether a significant increase in credit risk occurred or whether the loan was credit impaired;
- checked other characteristics of selected loans relevant for the ECL calculation.

For a sample of Stage 3 loans, we inspected and challenged the estimated cash flow scenarios and their probabilities. In performing the procedure, we focused on the key assumptions, such as the realisable value of the underlying collateral, which we traced to the appraisals prepared by the valuation experts engaged by the Bank's management, or other supporting evidence where collateral is less relevant in the process of recovery.

We independently recalculated ECL for selected portfolios using key elements of the Bank's methodology and compared the results to management's calculation.

We evaluated post-model adjustments, by assessing the completeness and appropriateness of the assumptions and the underlying data used in these post-model adjustments.

We assessed management's back-testing of the selected ECL models (comparing prior estimates to subsequent credit outcomes) and considered the implications for current-year assumptions and overlays.
We examined whether the Bank's loan impairment and credit risk-related disclosures in the separate financial statements appropriately include the relevant quantitative and qualitative information required by the applicable financial reporting framework.

Other Matter

The separate financial statements of the Company as at 31 December 2025 were audited by another auditor who expressed an unmodified opinion on those financial statements on 10 April 2025.

Other Information

In accordance with Section 2(b) of the Act on Auditors, other information is defined as information included in the annual report other than the separate and the consolidated financial statements and our auditor's report. The statutory body is responsible for the other information.

Our opinion on the separate financial statements does not cover the other information. In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable laws and regulations, in particular, whether the other information complies with laws and regulations in terms of formal requirements and the procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with those requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- the other information describing matters that are also presented in the separate financial statements is, in all material respects, consistent with the separate financial statements; and
- the other information has been prepared in accordance with applicable laws and regulations.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

Responsibilities of the Statutory Body, Supervisory Board and Audit Committee for the Separate Financial Statements

The statutory body is responsible for the preparation and fair presentation of the separate financial statements in accordance with IFRS Accounting Standards as adopted by the European Union, and for such internal control as the statutory body determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, the statutory body is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the statutory body either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Company's financial reporting process. The Audit Committee is responsible for monitoring the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the above regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with the above regulations, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory body.
- Conclude on the appropriateness of the statutory body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In compliance with Article 10(2) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council, we provide the following information in our independent auditor´s report, which is required in addition to the requirements of International Standards on Auditing:

Appointment of Auditor and Period of Engagement

We were appointed as the auditors of the Company and the Group by the General Meeting of Shareholders on 25 November 2024 and our uninterrupted engagement has lasted for 1 year.

Consistency with Additional Report to Audit Committee

We confirm that our audit opinion on the separate and consolidated financial statements expressed herein is consistent with the additional report to the Audit Committee of the Company, which we issued on 16 April 2026 in accordance with Article 11 of Regulation (EU) No 537/2014 of the European Parliament and of the Council.

Provision of Non-audit Services

We declare that no prohibited services referred to in Article 5 of Regulation (EU) No. 537/2014 of the European Parliament and of the Council were provided.

Except for the statutory audit we did not provide the Company and its controlled undertakings with any other services that have not been disclosed in annual report.

Statutory Auditor Responsible for the Engagement

Veronika Strolená is the statutory auditor responsible for the audit of the separate and consolidated financial statements of Československá obchodní banka, a. s. as at 31 December 2025, based on which this independent auditor's report has been prepared.

Prague
16 April 2026

KPMG Česká republika Audit, s.r.o.
Registration number 71

Veronika Strolená
Partner
Registration number 2195

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.
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 Nemovitostní	ČSOB Nemovitostní, otevřený podílový fond Patria investiční společnosti, a.s.
ČSOB PF Stabilita	ČSOB Penzijní fond Stabilita, a. s., a member of the ČSOB group
ČSOB Pojišťovací makléř	ČSOB Pojišťovací makléř, s.r.o.
ČSOB Pojišťovací servis	ČSOB Pojišťovací servis, s.r.o., a member of the ČSOB holding
ČSOB Pojišťovna	ČSOB Pojišťovna, a. s., a member of the ČSOB holding
ČSOB PS / ČSOB Penzijní společnost	ČSOB Penzijní společnost, a. s., a member of the ČSOB group
ČSOB SK	Československá obchodná banka, a. s. (Slovak Republic)
ČSOBS	ČSOB Stavební spořitelna, a.s.
Igluu	Igluu s.r.o.
IPB	Investiční a Poštovní banka, a.s.
K&H Payment Services	K&H Payment Services Kft / K&H Pénzforgalmi Szolgáltató Korlátolt Felelősségű Társaság
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, organisational 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
MF CR	Ministry of Finance of the Czech Republic
Motokov	MOTOKOV a.s. in liquidation
Ownest	Ownest, s.r.o.
Patria Corporate Finance	Patria Corporate Finance, a.s.
Patria Finance	Patria Finance, a.s.
Patria investiční společnost / Patria IS	Patria investiční společnost, a.s.

Abbreviation	Business Company
Patria Na Poříčí	Patria Na Poříčí s.r.o.
Patria Offices Karlín	Patria Offices Karlín s.r.o.
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
Radlice Rozvojová	Radlice Rozvojová, a.s.
Skip Pay	Skip Pay, s.r.o.
Transformed fund / Transformed pension fund	Transformovaný fond Stabilita ČSOB Penzijní společnosti, a. s., a member of the ČSOB group
Ušetřeno	Ušetřeno s.r.o.
Ušetřeno.cz	Ušetřeno.cz, s.r.o.

Financial Calendar

Financial Calendar for 2026

ČSOB Group Unaudited Financial Results Releases

(according to EU IFRS)

Financial Results		Date of Release
as at 31 December 2025	4Q / FY 2025	12 February 2026
as at 31 March 2026	1Q 2026	12 May 2026
as at 30 June 2026	2Q / 1H 2026	6 August 2026
as at 30 September 2026	3Q / 9M 2026	12 November 2026
as at 31 December 2026	4Q / FY 2026	11 February 2027

Note:

This schedule is indicative only; terms might be subject to change during the year.

Contact Details

Investor Relations

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

Tel.: +420 224 114 106
E-mail: investor.relations@csob.cz

The 2025 ČSOB Annual Report was released in electronic version at www.csob.cz on 23 April 2026.

© 2026 Československá obchodní banka, a. s.
All rights reserved.