



# Half-Year Report 2024



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# Consolidated Financial Results of Česká spořitelna for the First Half of 2024

**As at 30 June 2024, Česká spořitelna reported an unaudited consolidated net profit of CZK 12.4 bn, according to the International Financial Reporting Standards (IFRS). Operating result reached CZK 15.2 bn.**

*"Česká spořitelna confirmed a strong start to 2024 in the second quarter. The Bank's results were positively impacted by the recovery in domestic demand and loan growth, with loans now reaching almost 70% of deposits. The high-interest rate environment also played a significant role, though rates have begun to decline and are expected to fall further in the second half of the year.*

*From Česká spořitelna's perspective, it is crucial that our strategy to promote the financial health of clients is resonating well. Additionally, this approach received notable international recognition in the second quarter. At the World Customer Centricity Awards in Dubai, we secured first place in a global competition of banks, which we regard as a significant commitment for the future,"* said Ivan Vondra, Česká spořitelna's CFO in his reaction to the Bank's H1 2024 financial results.

## MAIN INDICATORS

Česká spořitelna expects a recovery of the Czech economy in 2024 with GDP growth around 1%, which should be supported by both improved domestic as well as foreign demand. However, external demand is likely to improve only in the second half of the year and gradually.

As at 30 June 2024, total consolidated ČS Group assets amounted to CZK 2,054.4 bn, which meant a 14.3% increase compared to 31 December 2023. On the assets side, the development was driven mainly by growth of loans to banks. The liability side of the balance sheet increased mainly thanks to higher deposits from banks and customer deposits.

The gross volume of ČS Group customer loans was positively influenced by Hello bank acquisition and increased by 8.1% y/y to CZK 1,067.4 bn. The portfolio of retail loans amounted to CZK 665.4 bn, representing a year-on-year increase of 5.9%, driven by private mortgages (+5.4% y/y), consumer lending (+12.2% y/y) and Building Society (+7.3% y/y). The volume of corporate loans grew by 11.8% year-on-year to CZK 396.8 bn attributed to increase in Large Corporates (+21.6%), SME (+2.0%), Real Estate (+16.7%) and corporate subsidiaries (+9.6%).

Group deposits from customers grew by 2.8% y/y to CZK 1,496.0 bn attributed to increase in deposits from households (+3.3% y/y to CZK 954.5 bn) and public sector (+30.2% y/y to CZK 192.7 bn). On the other hand, corporates declined by 9.1% y/y to CZK 348.8 bn affected by short-term operations. Mutual funds increased by CZK 68.7 bn (+32.0% y/y) to CZK 283.4 bn reflecting increased clients' demand.

As at 30 June 2024, the total number of the ČS Group customers was 4.6 m, of which more than 2.3 m used digital banking.

Total accounting equity declined to CZK 141.7 bn as at 30 June 2024, which was by 2.0% less than at the end of the year 2023. The total capital ratio for Česká spořitelna Group reached 19.0% as at 30 June 2024, well above minimum regulatory capital requirement (16.35%).

Operating result of Česká spořitelna increased by 23.9% y/y to CZK 15.2 bn in H1 2024 driven by higher operating income. Operating income went up by 13.6% y/y attributed to higher net interest income and net fee and commission income.

Net interest income grew by 14.2% in comparison with H1 2023 and reached CZK 19.0 bn. The development was affected mainly by volume growth of loans supported by acquisition of Hello bank, positive impact of higher volume of deposits and favourable balance sheet structure. Net interest margin related to interest bearing assets reached 1.95% in H1 2024, reflecting development of balance sheet structure.

Net fee and commission income rose by 19.0% year-on-year to CZK 6.1 bn which was caused by securities transactions due to higher sales of mutual funds and rise in pension savings. The increase in payment transfers reflected higher interchange fees driven by volume of transactions. Furthermore, net fee and commission income was positively affected by insurance fees attributed mainly to life insurance products.

Net trading result decreased by 30.4% y/y to CZK 1.8 bn in H1 2024 which was driven mainly by revaluation of derivatives.

Total operating expenses rose by 2.6% y/y to CZK 11.9 bn in H1 2024, mainly influenced by growth of other administrative expenses. Personnel expenses (+1.6% y/y) were driven mainly by salary increase, employee share programme and new benefit structure partially compensated by lower number of employees. Higher costs of IT and marketing led to rise in other administrative expenses (+5.1% y/y). Depreciation almost unchanged. As the consequence of the above-mentioned development, Cost/Income ratio improved to 43.8% from 48.5% in H1 2023.

Impairment result from financial instruments (i.e., creation/release of risk provisions and reserves for loans and advances, guarantees and commitments) recorded release of CZK 0.2 bn in H1 2024, reflecting excellent quality of the loan portfolio.

Other operating result of CZK -0.3 bn, consisting mainly of other income and costs not directly related to main operating activities of the Group, improved by 64.7% y/y, attributed mainly to lower contribution to the Resolution Fund in 2024 and release of impairment.

The overall number of active payment cards issued by ČS increased by 6.4% year-on-year and reached 3.8 m. Thereof credit cards represented 234.8 thousand. The volume of card transactions executed in H1 2024 with Česká spořitelna's cards was CZK 223.8 bn and rose by 13.7% compared to H1 2023. The number of Česká spořitelna's ATMs and transaction terminals decreased by 56 y/y to 1,659.



## **Selected Financial Indicators**

# Selected Financial Indicators<sup>1</sup>

## Key Ratios

	30 June 2024	30 June 2023
ROE	17.6%	13.8%
ROA	1.2%	1.0%
Cost/Income ratio	43.8%	48.5%
Non-interest operating income/operating income	29.7%	30.0%
Net interest margin on interest-bearing assets	1.95%	1.89%
Loan/Deposit ratio	69.9%	66.4%
Consolidated capital adequacy (BASEL III, Tier I and II)	19.0%	19.4%

## Selected Operating Figures

Number of:	30 June 2024	30 June 2023
staff (end of period)	9,574	9,992
branches <sup>2</sup>	356	389
clients	4,601,962	4,475,987
active cards	3,839,348	3,607,082
of which: credit cards	234,776	206,760
ATMs and payment machines	1,659	1,715

## Net Profit of Selected Subsidiaries of Česká spořitelna<sup>3</sup>

CZK million	H1 2024	H1 2023
Stavební spořitelna České spořitelny, a.s.	580	434
Česká spořitelna - penzijní společnost, a.s.	793	355
Leasing České spořitelny, a.s.	158	114
Factoring České spořitelny, a.s.	79	69
REICO investiční společnost České spořitelny, a.s.	46	47

(1) Definitions of the below mentioned alternative performance indicators are stated in the chapter Definitions of Alternative Performance Indicators, on the page 62

(2) Number of physical branches

(3) According to International Financial Reporting Standards (IFRS)

# Affidavit

The signatories of this document represent that according to their best knowledge the consolidated interim report provides a true and fair view of the financial position, business operations and financial results of Česká spořitelna and its consolidated group for the six months just ended and on the future prospects of its financial position, business operations and financial results.



**Tomáš Salomon**  
Chairman of the  
Board of Directors



**Ivan Vondra**  
Member of the  
Board of Directors





## Financial Section

## Condensed Interim Consolidated Financial Statements

# The Consolidated Condensed Statement of Income

in CZK million	Notes	01-06 2024	01-06 2023
Net interest income	1	19,030	16,948
Interest income		47,939	43,735
Other similar income		5,523	5,333
Interest expenses		(28,272)	(24,660)
Other similar expenses		(6,160)	(7,460)
Net fee and commission income	2	6,124	5,145
Fee and commission income		6,790	5,816
Fee and commission expense		(666)	(671)
Dividend income	3	48	39
Net trading result	4	1,782	2,276
Gains/losses from financial instruments measured at fair value through profit or loss	5	(111)	(779)
Net result from equity method investments		71	81
Rental income from investment properties & other operating leases	6	116	111
Personnel expenses	7	(6,350)	(6,251)
Other administrative expenses	7	(4,136)	(3,934)
Depreciation and amortisation	7	(1,371)	(1,369)
Gains/losses from derecognition of financial assets measured at amortised cost		(5)	-
Other gains from derecognition of financial instruments not measured at fair value through profit or loss		(2)	-
Impairment result from financial instruments	8	234	(303)
Other operating result	9	(262)	(743)
<b>Pre-tax result from continuing operations</b>		<b>15,168</b>	<b>11,221</b>
Taxes on income	10	(2,735)	(1,930)
<b>Net result for the period</b>		<b>12,433</b>	<b>9,291</b>
Net result attributable to non-controlling interests		23	26
<b>Net result attributable to owners of the parent</b>		<b>12,410</b>	<b>9,265</b>

# The Consolidated Condensed Statement of Other Comprehensive Income

in CZK million	Notes	01-06 2024	01-06 2023
<b>Net result for the period</b>		<b>12,433</b>	<b>9,291</b>
<b>Other comprehensive income</b>			
<b>Items that may not be reclassified to profit or loss</b>		<b>(6)</b>	<b>(42)</b>
Own credit risk reserve		(6)	(42)
<b>Items that may be reclassified to profit or loss</b>		<b>462</b>	<b>2,691</b>
Fair Value reserve of debt instruments		(221)	717
Gain/(loss) during the period		(240)	712
Reclassification adjustments		19	-
Credit loss allowances		-	5
Cash flow hedge reserve		804	2,606
Gain/(loss) during the period		1,888	3,678
Reclassification adjustments		(1,084)	(1,072)
Currency reserve		(1)	(1)
Gain/(loss) during the period		(1)	(1)
Deferred taxes relating to items that may be reclassified		(120)	(631)
Gain/(loss) during the period		(344)	(835)
Reclassification adjustments		224	204
<b>Total other comprehensive income</b>		<b>456</b>	<b>2,649</b>
<b>Total comprehensive income</b>		<b>12,889</b>	<b>11,940</b>
Total comprehensive income attributable to non-controlling interests		23	26
<b>Total comprehensive income attributable to owners of the parent</b>		<b>12,866</b>	<b>11,914</b>

# The Consolidated Condensed Statement of Financial Position

in CZK million	Notes	June 2024	December 2023
<b>Assets</b>			
Cash and cash equivalents	11	23,256	27,918
Financial assets held for trading		14,645	16,662
Derivatives	17	14,637	16,643
Other financial assets held for trading	18	8	19
Non-trading financial assets at fair value through profit or loss	19	3,722	3,798
Equity instruments		2,619	2,109
Debt securities		786	819
Loans and advances to banks		307	856
Loans and advances to customers		10	14
Financial assets at fair value through other comprehensive income	15	51,655	53,432
Debt securities		51,655	53,410
Financial assets at amortised cost		1,915,613	1,653,124
thereof pledged as collateral		115,089	123,076
Debt securities	12	355,308	352,299
Loans and advances to banks	12	528,828	304,007
Loans and advances to customers	12	1,031,477	996,818
Finance lease receivables	16	1,520	1,467
Hedge accounting derivatives	20	3,045	3,241
Fair value changes of the hedged items in portfolio hedge of interest rate risk		(9)	(9)
Property, equipment and right-of-use asset		14,266	12,159
Investment property		1,723	1,748
Intangible assets		6,364	6,407
Investments in associates		1,720	1,649
Current tax assets		296	545
Deferred tax assets		1,632	1,839
Assets held for sale		96	10
Trade and other receivables	13	13,274	12,292
Other assets	21	1,594	1,538
<b>Total assets</b>		<b>2,054,412</b>	<b>1,797,820</b>

in CZK million	Notes	June 2024	December 2023
<b>Liabilities and equity</b>			
Financial liabilities held for trading	17	14,525	16,716
Derivatives		14,525	16,716
Financial liabilities at fair value through profit or loss	22	1,240	13,283
Deposits from customers		1,240	13,283
Financial liabilities at amortised cost		1,878,255	1,604,624
Deposits from banks	14	297,630	122,287
Deposits from customers	14	1,494,724	1,352,755
Debt securities issued	14	77,880	121,451
Other financial liabilities		8,021	8,131
Lease liabilities		3,445	3,259
Hedge accounting derivatives	20	3,270	4,534
Provisions	23	3,223	3,468
Current tax liabilities		177	115
Deferred tax liabilities		171	19
Liabilities associated with assets held for sale		23	-
Other liabilities	24	8,419	7,301
<b>Total equity</b>		<b>141,664</b>	<b>144,501</b>
Equity attributable to non-controlling interests		569	546
Equity attributable to owners of the parent		141,095	143,955
Share capital		15,200	15,200
Additional paid-in capital		12	12
Additional equity instruments		9,040	9,040
Retained earnings and other reserves		116,843	119,703
<b>Total liabilities and equity</b>		<b>2,054,412</b>	<b>1,797,820</b>

These interim condensed consolidated financial statements were prepared by the Group and authorized for issue by the Board of Directors on 20 August 2024.



Tomáš Salomon  
Chairman of the Board of Directors



Ivan Vondra  
Member of the Board of Directors,  
Chief Financial Officer

# The Consolidated Condensed Statement of Changes in Equity

in CZK million	Share capital	Additional paid-in capital	Retained earnings	Additional equity instruments	Statutory reserve	Cash flow hedge reserve	Fair value reserve	Own credit risk reserve	Currency translation	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
<b>As of 1 January 2023</b>	<b>15,200</b>	<b>12</b>	<b>118,221</b>	<b>9,040</b>	<b>387</b>	<b>(4,277)</b>	<b>(1,393)</b>	<b>89</b>	<b>(47)</b>	<b>137,232</b>	<b>479</b>	<b>137,711</b>
Dividends paid/AT1 distribution	-	-	(17,105)	-	-	-	-	-	-	(17,105)	-	(17,105)
Other changes	-	-	12	-	-	-	-	-	-	12	-	12
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>9,265</b>	<b>-</b>	<b>-</b>	<b>2,111</b>	<b>581</b>	<b>(42)</b>	<b>(1)</b>	<b>11,914</b>	<b>26</b>	<b>11,940</b>
Net result for the period	-	-	9,265	-	-	-	-	-	-	9,265	26	9,291
Other comprehensive income	-	-	-	-	-	2,111	581	(42)	(1)	2,649	-	2,649
Change in fair value reserve	-	-	-	-	-	-	717	-	-	717	-	717
Changes in tax	-	-	-	-	-	(495)	(136)	-	-	(631)	-	(631)
Change in cash flow hedge reserve	-	-	-	-	-	2,607	-	-	-	2,607	-	2,607
Change in currency translation reserve	-	-	-	-	-	-	-	-	(1)	(1)	-	(1)
Change in own credit risk reserve	-	-	-	-	-	-	-	(42)	-	(42)	-	(42)
<b>As of 30 June 2023</b>	<b>15,200</b>	<b>12</b>	<b>110,393</b>	<b>9,040</b>	<b>387</b>	<b>(2,166)</b>	<b>(812)</b>	<b>47</b>	<b>(48)</b>	<b>132,053</b>	<b>505</b>	<b>132,558</b>

in CZK million	Share capital	Additional paid-in capital	Retained earnings	Additional equity instruments	Statutory reserve	Cash flow hedge reserve	Fair value reserve	Own credit risk reserve	Currency translation	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
<b>As of 1 January 2024</b>	<b>15,200</b>	<b>12</b>	<b>119,538</b>	<b>9,040</b>	<b>387</b>	<b>(380)</b>	<b>293</b>	<b>8</b>	<b>(143)</b>	<b>143,955</b>	<b>546</b>	<b>144,501</b>
Dividends paid/AT1 distribution	-	-	(15,731)	-	-	-	-	-	-	(15,731)	-	(15,731)
Other changes	-	-	5	-	-	-	-	-	-	5	-	5
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>12,410</b>	<b>-</b>	<b>-</b>	<b>645</b>	<b>(182)</b>	<b>(6)</b>	<b>(1)</b>	<b>12,866</b>	<b>23</b>	<b>12,889</b>
Net result for the period	-	-	12,410	-	-	-	-	-	-	12,410	23	12,433
Other comprehensive income	-	-	-	-	-	645	(182)	(6)	(1)	456	-	456
Change in fair value reserve	-	-	-	-	-	-	(221)	-	-	(221)	-	(221)
Changes in tax	-	-	-	-	-	(159)	39	-	-	(120)	-	(120)
Change in cash flow hedge reserve	-	-	-	-	-	804	-	-	-	804	-	804
Change in currency translation reserve	-	-	-	-	-	-	-	-	(1)	(1)	-	(1)
Change in own credit risk reserve	-	-	-	-	-	-	-	(6)	-	(6)	-	(6)
<b>As of 30 June 2024</b>	<b>15,200</b>	<b>12</b>	<b>116,222</b>	<b>9,040</b>	<b>387</b>	<b>265</b>	<b>111</b>	<b>2</b>	<b>(144)</b>	<b>141,095</b>	<b>569</b>	<b>141,664</b>



# The Consolidated Condensed Statement of Cash Flows

in CZK million	Notes	01-06 2024	01-06 2023
<b>Pre-tax result from continuing operations</b>		<b>15,168</b>	<b>11,221</b>
Non-cash adjustments for items in net profit/loss for the year			
Depreciation, amortisation and net impairment of non-financial assets		1,391	1,374
Net allocation to provisions (including risk provisions)		(377)	1,722
Gains/(losses) from the measurement and derecognition of financial assets and financial liabilities		145	488
Gains/(losses) from the sale of non-financial assets		(26)	(2)
Change in fair values of derivatives		(214)	(2,302)
Interest income	1	(47,939)	(43,735)
Interest expense	1	28,272	24,660
Other adjustments		2,648	3,500
Changes in assets and liabilities from operating activities after adjustment for non-cash components			
Financial assets held for trading		2	(57)
Non-trading financial assets at fair value through profit or loss			
Equity instruments		(510)	(742)
Debt securities		33	-
Loans and advances to customers		553	866
Financial assets - at fair value through other comprehensive income: debt instruments		1,603	(4,163)
Financial assets at amortised cost			
Debt securities		(2,557)	(42,601)
Loans and advances to banks		(224,748)	(160,545)
Loans and advances to customers		(32,725)	(55,122)
Finance lease receivables		(57)	48
Hedge accounting derivatives		(647)	373
Other assets from operating activities		(3,256)	404
Financial liabilities at amortised cost			
Deposits from banks		174,731	90,294
Deposits from customers		140,511	204,491
Financial liabilities at fair value through profit or loss		(12,228)	(4,853)
Other liabilities from operating activities		1,004	3,928
Other operating cash flows			
Interest paid		(33,429)	(29,528)
Interest received		51,637	45,184
Payments for taxes on income		(2,287)	(1,443)
<b>Cash flow from operating activities</b>		<b>56,698</b>	<b>43,460</b>
Proceeds of disposal			
Property, equipment and intangible assets		119	47
Acquisition of			
Property and equipment, intangible assets and investment properties		(706)	(560)
Disposal of joint ventures and associates		(71)	(81)
Financial assets - at fair value through other comprehensive income: equity instruments		22	-
<b>Cash flow from investing activities</b>		<b>(636)</b>	<b>(594)</b>
Dividends paid/AT1 distribution		(15,731)	(17,105)
Dividends received		48	39
Other financing activities		-	(4)
Payments of lease liability		(480)	(796)
Repayments of bonds in issue		(44,337)	(821)

in CZK million	Notes	01-06 2024	01-06 2023
Changes in non-controlling interest		23	26
<b>Cash flow from financing activities</b>		<b>(60,477)</b>	<b>(18,661)</b>
<b>Cash and cash equivalents at beginning of period</b>	11	<b>27,918</b>	<b>21,870</b>
Cash flow from operating activities		56,698	43,460
Cash flow from investing activities		(636)	(594)
Cash flow from financing activities		(60,477)	(18,661)
Effect of currency translation		(247)	324
<b>Cash and cash equivalents at end of period</b>	11	<b>23,256</b>	<b>46,399</b>

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

# Condensed Notes to the Interim Consolidated Financial Statements

for the period from 1 January to 30 June 2024

## GENERAL INFORMATION

Česká spořitelna, a.s. ('the Bank'), having its registered office address at Olbrachtova 1929/62, Prague 4, 140 00, Corporate ID 45244782, is the legal successor of the Czech State Savings Bank and was founded as a joint stock company in the Czech Republic on 30 December 1991. The Bank is a universal bank offering retail, corporate and investment banking services within the Czech Republic.

The Bank together with its subsidiaries and associated companies forms the Group. The Group is subject to the regulatory requirements of the Czech National Bank ('ČNB'), the Banking Act and EU guidelines/regulations. These regulations include those pertaining to minimum capital adequacy requirements, categorization of exposures and off-balance sheet commitments, credit risk connected with clients of the Group, liquidity, interest rate risk, foreign currency positions, operational and other risk.

In addition to the banking entities, other Group companies are subject to regulatory requirements, specifically in relation to pension insurance and collective investment.

The Group offers a complete range of banking and other financial services, such as savings and current accounts, asset management, consumer credit and mortgage lending, investment banking, securities and derivatives trading, portfolio management, project finance, foreign trade financing, corporate finance, capital and money market services and foreign exchange trading.

## SIGNIFICANT ACCOUNTING POLICIES

### Basis of preparation

The condensed consolidated interim financial statements ("interim financial statements") of the Group for the period from 1 January to 30 June 2024 were prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU") and are presented in accordance with the requirements of IAS 34 "Interim Financial Reporting".

These interim financial statements were neither audited nor reviewed by an auditor.

Except as otherwise indicated, all amounts are stated in millions of Czech koruna ('CZK'). The tables in this report may contain rounding differences. The financial statements have been prepared in English. Except as otherwise indicated, all amounts are stated in millions of Czech koruna ('CZK').

### Basis of consolidation

Subsidiaries are consolidated from the date upon which control is obtained until the date when control is lost. Control is achieved when the bank is exposed to, 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. Relevant activities are those which most significantly affect the variable returns of an entity.

### Additions and disposals in 2024

On 21 March 2024 the Group acquired 100% in Smíchov Campus s.r.o. which is a subsidiary of ČS NHQ, s.r.o.

### Additions and disposals in 2023

On 1 January 2023 the Dinesia, s.r.o. entered into liquidation.

On 10 October 2023 the company DBČS Žďár, s.r.o. and on 18 December 2023 the company DBČS Černý Most, s.r.o. were established. Both companies are 100% owned by Dostupné bydlení České spořitelny, a.s.

On 10 October 2023 the company Czech and Slovak Property Fund B.V. was deleted from the Commercial Register.

### Accounting and measurement methods

The interim financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting” and are presented in Czech koruna, which is the functional currency of the Group. The interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements. Therefore, the interim financial statements should be read in conjunction with the Group’s consolidated financial statements as of 31 December 2023.

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. Judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty, were the same as those applied in the group’s last annual financial statements for the year ended 31 December 2023, with the exception of the calculation of the current income taxes for the interim reporting period for which the estimated effective tax rate for the Group is applied.

### 1 Net interest income

in CZK million	01-06 2024	01-06 2023
<b>Interest and other similar income</b>		
Financial assets at fair value through other comprehensive income	1,385	1,411
Financial assets at amortised costs	46,554	42,324
<b>Interest income</b>	<b>47,939</b>	<b>43,735</b>
Financial assets held for trading	6,108	7,107
Derivatives - Hedge accounting, interest rate risk	(620)	(1,795)
Other assets	35	21
<b>Other similar income</b>	<b>5,523</b>	<b>5,333</b>
<b>Total interest and other similar income</b>	<b>53,462</b>	<b>49,068</b>
<b>Interest and other similar expense</b>		
Financial liabilities measured at amortised cost	(28,272)	(24,660)
<b>Interest expenses</b>	<b>(28,272)</b>	<b>(24,660)</b>
Financial liabilities at fair value through profit or loss	(105)	(10)
Financial liabilities held for trading	(5,645)	(7,023)
Derivatives - Hedge accounting, interest rate risk	(361)	(373)
Other liabilities	(47)	(53)
Negative Interest from financial assets	(2)	(1)
<b>Other similar expenses</b>	<b>(6,160)</b>	<b>(7,460)</b>
<b>Total interest and other similar expense</b>	<b>(34,432)</b>	<b>(32,120)</b>
<b>Net interest income</b>	<b>19,030</b>	<b>16,948</b>

In 2023 the Group has changed presentation of changes in fair value of foreign exchange forwards and forward legs of foreign exchange swaps in the Consolidated Statement of Income. The changed presentation better reflects the way the Group uses foreign exchange forwards and foreign exchange swaps to generate profit for the Group and it results in applying a consistent P&L presentation of all derivative instruments not designated as hedging instruments.

From 2023 the Group presents interest sensitive portion of the changes in fair value on the face of the Consolidated Statement of Income in the line 'Interest income' (sub-item 'Other Similar Income') in case the interest rate differential implied in the forward points is positive for the Group and 'Interest expense' (sub-item 'Other Similar Expense') in case it is negative for the Group. Up to 2023 full amount of fair value change was recognized in the line 'Net trading result'. Therefore, the comparatives were adjusted in compliance with the new methodology.

The following table shows the impact on the relevant income statement lines and sub-items for the period ended 30 June 2024 and 30 June 2023. The figures for the period ended 30 June 2023 show both the original comparative amounts presented in the Half-Year Report 2023 and also the restated comparative amounts.

in CZK million	01-06 2024	01-06 2023	01-06 2023 restated
Net interest income	19,030	16,663	16,948
Interest income	47,939	43,735	43,735
Other similar income	5,523	3,506	5,333
Interest expenses	(28,272)	(24,660)	(24,660)
Other similar expenses	(6,160)	(5,918)	(7,460)
Net trading result	1,782	2,561	2,276

## 2 Net fee and commission income

in CZK million	01-06 2024		01-06 2023	
	Income	Expenses	Income	Expenses
Securities	613	(58)	311	(42)
Clearing and settlement	-	(3)	-	(2)
Asset management	1,129	(17)	907	(16)
Custody	65	(29)	46	(27)
Payment services	2,159	(240)	2,026	(447)
Customer resources distributed but not managed	1,795	-	1,485	-
Collective investment	838	-	663	-
Insurance products	957	-	822	-
Servicing fees from securitization activities	-	-	-	(9)
Lending business	716	(137)	657	(32)
Other	313	(182)	384	(96)
<b>Total fee and commission income and expenses</b>	<b>6,790</b>	<b>(666)</b>	<b>5,816</b>	<b>(671)</b>
<b>Net fee and commission income</b>	<b>6,124</b>		<b>5,145</b>	

## 3 Dividend income

in CZK million	01-06 2024	01-06 2023
Non-trading financial assets at fair value through profit or loss	48	38
Financial assets at cost	-	1
<b>Dividend income</b>	<b>48</b>	<b>39</b>

## 4 Net trading result

in CZK million	01-06 2024	01-06 2023
Securities and derivatives trading	210	660
Foreign exchange transactions	1,471	1,543
Gains or losses from hedge accounting	101	73
<b>Net trading result</b>	<b>1,782</b>	<b>2,276</b>

## 5 Gains/losses from financial instruments measured at fair value through profit or loss

Under this line item changes in fair value (clean price) of non-trading financial assets at fair value through profit or loss, including gains and losses on their derecognition, are presented. This concerns both non-trading financial assets designated and those mandatorily measured at FVPL. Further, gains and losses (clean price) of financial liabilities designated at FVPL, including gains and losses on their derecognition, are presented under this line item. However, the fair value changes resulting from own credit risk of the financial liabilities designated at FVPL are recognised in OCI. The Group has applied fair value option to premium deposits where the return is a function of the embedded derivative.

in CZK million	01-06 2024	01-06 2023
Result from measurement/sale of financial assets designated at fair value through profit or loss	-	(3)
Result from measurement/sale of financial liabilities designated at fair value through profit or loss	(152)	(792)
<b>Result from financial assets and liabilities designated at fair value through profit or loss</b>	<b>(152)</b>	<b>(795)</b>
Result from measurement/repurchase of financial assets mandatorily at fair value through profit or loss	41	16
<b>Gains/losses from financial instruments measured at fair value through profit or loss</b>	<b>(111)</b>	<b>(779)</b>

## 6 Rental income from investment properties and other operating leases

in CZK million	01-06 2024	01-06 2023
Investment properties	95	94
Other operating leases	21	17
<b>Rental income from investment properties &amp; other operating leases</b>	<b>116</b>	<b>111</b>

## 7 General administrative expenses

in CZK million	01-06 2024	01-06 2023
<b>Personnel expenses</b>	<b>(6,350)</b>	<b>(6,251)</b>
Wages and salaries	(4,478)	(4,257)
Compulsory social security	(1,456)	(1,413)
Other personnel expenses	(416)	(581)
<b>Other administrative expenses</b>	<b>(4,136)</b>	<b>(3,934)</b>
Deposit insurance contribution	(407)	(469)
IT expenses	(1,988)	(1,691)
Expenses for office space	(441)	(460)
Office operating expenses	(359)	(369)
Advertising / marketing	(568)	(519)
Legal and consulting costs	(99)	(90)
Sundry administrative expenses	(274)	(336)
<b>Depreciation and amortisation</b>	<b>(1,371)</b>	<b>(1,369)</b>
Software and other intangible assets	(505)	(546)
Owner occupied real estate	(298)	(288)
Investment property	(25)	(26)
Office furniture and equipment and sundry property and equipment	(216)	(200)
Right of use asset	(327)	(309)
<b>General administrative expenses</b>	<b>(11,857)</b>	<b>(11,554)</b>

## 8 Impairment result from financial instruments

in CZK million	01-06 2024	01-06 2023
Financial assets at fair value through other comprehensive income	(19)	(5)
Financial assets at amortised cost	139	(231)
Net allocation to risk provisions	(1)	(395)
Direct write-offs	-	(5)
Recoveries recorded directly to the income statement	140	169
Finance lease receivables	(4)	(1)
Net allocation to credit loss allowances	(4)	(1)
Net allocation of provisions for commitments and guarantees given	118	(66)
<b>Impairment result from financial instruments</b>	<b>234</b>	<b>(303)</b>

## 9 Other operating result

in CZK million	01-06 2024	01-06 2023
<b>Other operating expenses</b>	<b>(513)</b>	<b>(788)</b>
Allocation to other provision	(9)	(25)
Other taxes	(4)	(2)
Recovery and resolution fund contributions	(500)	(761)
<b>Other operating income</b>	<b>1</b>	<b>187</b>
Release of other provision	1	187
<b>Result from properties/movables/other intangible assets other than goodwill</b>	<b>330</b>	<b>(17)</b>
<b>Result from other operating expenses/income</b>	<b>(80)</b>	<b>(125)</b>
<b>Other operating result</b>	<b>(262)</b>	<b>(743)</b>

## 10 Taxes

Group's consolidated net tax expense for the first six months of 2024 amounted to CZK 2,735 million (June 2023: CZK 1,930 million), thereof CZK 238 million net deferred tax expense (June 2023: income CZK 271 million).

## 11 Cash and cash equivalents

in CZK million	June 2024	December 2023
Cash on hand	12,609	14,134
Cash balances at central banks	8,659	12,047
Other deposits on demand	1,988	1,737
<b>Cash and cash equivalents</b>	<b>23,256</b>	<b>27,918</b>

## 12 Financial assets at amortised cost

### Debt securities

Gross carrying amounts (GCA) and credit loss allowances (CLA) (i.e. expected credit loss ECL) per impairment buckets

in CZK million	GCA				CLA				Carrying amount
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	
<b>June 2024</b>									
General governments	333,511	-	-	333,511	(15)	-	-	(15)	333,496
Credit institutions	19,217	-	-	19,217	(6)	-	-	(6)	19,211
Other financial corporations	-	365	-	365	-	(10)	-	(10)	355
Non-financial corporations	1,648	608	-	2,256	-	(10)	-	(10)	2,246
<b>Total</b>	<b>354,376</b>	<b>973</b>	<b>-</b>	<b>355,349</b>	<b>(21)</b>	<b>(20)</b>	<b>-</b>	<b>(41)</b>	<b>355,308</b>
<b>December 2023</b>									
General governments	332,719	-	-	332,719	(15)	-	-	(15)	332,704
Credit institutions	18,042	249	-	18,291	(5)	-	-	(5)	18,286
Other financial corporations	760	204	-	965	(1)	(7)	-	(8)	957
Non-financial corporations	349	3	-	352	-	-	-	-	352
<b>Total</b>	<b>351,870</b>	<b>457</b>	<b>-</b>	<b>352,327</b>	<b>(21)</b>	<b>(7)</b>	<b>-</b>	<b>(28)</b>	<b>352,299</b>

### Loans and advances to banks

Gross carrying amounts (GCA) and credit loss allowances (CLA) per impairment buckets

in CZK million	GCA				CLA				Carrying amount
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	
<b>June 2024</b>									
Central banks	522,255	-	-	522,255	(2)	-	-	(2)	522,253
Credit institutions	6,577	-	-	6,577	(2)	-	-	(2)	6,575
<b>Total</b>	<b>528,832</b>	<b>-</b>	<b>-</b>	<b>528,832</b>	<b>(4)</b>	<b>-</b>	<b>-</b>	<b>(4)</b>	<b>528,828</b>
<b>December 2023</b>									
Central banks	302,039	-	-	302,039	(1)	-	-	(1)	302,038
Credit institutions	1,970	-	-	1,970	(1)	-	-	(1)	1,969
<b>Total</b>	<b>304,009</b>	<b>-</b>	<b>-</b>	<b>304,009</b>	<b>(2)</b>	<b>-</b>	<b>-</b>	<b>(2)</b>	<b>304,007</b>



## Loans and advances to customers

### Gross carrying amounts (GCA) and credit loss allowances (CLA) per impairment buckets

in CZK million	GCA					CLA					Carrying amount
	Stage 1	Stage 2	Stage 3	POCI	Total	Stage 1	Stage 2	Stage 3	POCI	Total	
<b>June 2024</b>											
General governments	24,656	831	484	319	26,290	(16)	(20)	(80)	(9)	(125)	26,165
Other financial corporations	33,584	1,452	25	-	35,061	(53)	(48)	(22)	-	(123)	34,938
Non-financial corporations	284,157	65,843	8,350	1,161	359,511	(859)	(4,007)	(5,002)	(359)	(10,227)	349,284
Households	570,010	51,606	8,753	882	631,251	(1,156)	(2,879)	(5,945)	(182)	(10,162)	621,090
<b>Total</b>	<b>912,407</b>	<b>119,732</b>	<b>17,612</b>	<b>2,362</b>	<b>1,052,113</b>	<b>(2,084)</b>	<b>(6,954)</b>	<b>(11,049)</b>	<b>(550)</b>	<b>(20,637)</b>	<b>1,031,477</b>
<b>December 2023</b>											
General governments	24,346	824	473	213	25,856	(10)	(15)	(109)	(5)	(139)	25,717
Other financial corporations	26,637	1,387	23	-	28,048	(38)	(24)	(21)	-	(83)	27,965
Non-financial corporations	255,740	84,360	8,262	1,207	349,569	(861)	(4,001)	(4,966)	(364)	(10,191)	339,378
Households	543,559	61,371	8,138	764	613,831	(1,265)	(3,207)	(5,411)	(191)	(10,073)	603,757
<b>Total</b>	<b>850,283</b>	<b>147,943</b>	<b>16,896</b>	<b>2,183</b>	<b>1,017,305</b>	<b>(2,175)</b>	<b>(7,246)</b>	<b>(10,506)</b>	<b>(560)</b>	<b>(20,487)</b>	<b>996,818</b>

## 13 Trade and other receivables

### Gross carrying amounts (GCA) and credit loss allowances (CLA) per impairment buckets

in CZK million	GCA				CLA				Carrying amount
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	
<b>June 2024</b>									
General governments	269	-	-	269	(1)	(1)	-	(2)	267
Credit institutions	652	-	-	652	-	-	-	-	652
Other financial corporations	895	1	-	896	-	(1)	-	(1)	895
Non-financial corporations	9,509	1,922	113	11,544	(157)	(25)	(23)	(205)	11,339
Households	114	104	70	288	(5)	(95)	(67)	(167)	121
<b>Total</b>	<b>11,439</b>	<b>2,027</b>	<b>183</b>	<b>13,649</b>	<b>(163)</b>	<b>(122)</b>	<b>(90)</b>	<b>(375)</b>	<b>13,274</b>
<b>December 2023</b>									
General governments	318	15	-	332	(2)	(1)	-	(2)	330
Credit institutions	12	-	-	13	-	-	-	-	12
Other financial corporations	136	3	-	139	(1)	(1)	-	(2)	137
Non-financial corporations	10,182	1,614	373	12,168	(144)	(21)	(297)	(462)	11,707
Households	104	102	67	273	(5)	(95)	(66)	(167)	106
<b>Total</b>	<b>10,751</b>	<b>1,734</b>	<b>440</b>	<b>12,925</b>	<b>(151)</b>	<b>(118)</b>	<b>(363)</b>	<b>(632)</b>	<b>12,292</b>

## 14 Financial liabilities at amortised cost

### Deposits from banks

in CZK million	June 2024	December 2023
Overnight deposits	7,074	4,876
Term deposits	24,170	23,547
Repurchase agreements	266,386	93,864
<b>Deposits from banks</b>	<b>297,630</b>	<b>122,287</b>

### Deposits from customers

in CZK million	June 2024	December 2023
<b>Deposits from customers</b>	<b>1,494,724</b>	<b>1,352,755</b>
Current accounts/Overnight deposits	1,027,514	963,349
General governments	102,530	73,081
Other financial corporations	31,415	19,476
Non-financial corporations	141,438	134,232
Households	752,131	736,560
Term deposits	348,509	316,230
General governments	34,153	20,516
Other financial corporations	33,512	49,901
Non-financial corporations	78,684	61,197
Households	202,160	184,616
Repurchase agreements	118,701	73,175
General governments	56,000	19,082
Other financial corporations	51,692	53,693
Non-financial corporations	11,009	400
<b>Deposits from customers</b>	<b>1,494,724</b>	<b>1,352,755</b>
General governments	192,683	112,679
Other financial corporations	116,619	123,070
Non-financial corporations	231,131	195,829
Households	954,291	921,176

All deposits are from customers and entities realized within the Czech Republic.

## Debt securities issued – Bonds

in CZK million	ISIN	Date of issue	Maturity	Interest rate	Bonds traded on regulated market		June 2024	December 2023
SNP	XS2555412001	November 2022	November 2025	6.693%	Yes	Wiener Börse	13,028	12,453
SNP	CZ0003707291	July 2022	July 2027	7.41%	Yes	BCPP	6,431	6,209
SNP	AT0000A2STV4	September 2021	September 2028	0.5%	Yes	Wiener Börse	11,314	11,174
SNP	XS2638560156	June 2023	June 2027	5.943%	Yes	Wiener Börse	12,494	12,707
SNP	XS2676413235	September 2023	March 2028	5.737%	Yes	Wiener Börse	12,713	12,553
SNP	XS2746647036	January 2024	January 2030	4.824%	Yes	Wiener Börse	12,757	-
Mortgage bonds	CZ0002009160	December 2023	January 2024	6.75%	No		-	60,095
Bonds-subordinated	CZ0003708315	June 2023	June 2029	6.75%	No		6,052	6,259
Bonds-subordinated	CZ0003708687	March 2024	March 2034	5.55%	No		1,669	-
Bonds-subordinated	CZ0003708679	March 2024	March 2034	5.55%	No		1,421	-
<b>Bonds issued</b>							<b>77,880</b>	<b>121,451</b>

## 15 Financial assets at fair value through other comprehensive income

### Debt instruments

#### Gross carrying amounts (GCA) and credit loss allowances (CLA) per impairment buckets

in CZK million	GCA				CLA			Amortised cost	Accumulated fair value changes	Fair value
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3			
<b>June 2024</b>										
Debt securities										
General governments	37,935	-	-	37,935	(1)	-	-	(1)	37,934	338
Credit institutions	3,687	-	-	3,687	(1)	-	-	(1)	3,686	(108)
Other financial corporations	1,003	826	-	1,829	-	(5)	-	(5)	1,824	(5)
Non-financial corporations	4,023	4,215	-	8,238	(1)	(168)	-	(169)	8,069	(83)
<b>Total</b>	<b>46,648</b>	<b>5,041</b>	<b>-</b>	<b>51,689</b>	<b>(3)</b>	<b>(173)</b>	<b>-</b>	<b>(176)</b>	<b>51,513</b>	<b>142</b>

<b>December 2023</b>										
Debt securities										
General governments	38,461	-	-	38,461	(2)	-	-	(2)	38,460	544
Credit institutions	3,687	-	-	3,687	(1)	-	-	(1)	3,686	(115)
Other financial corporations	2,927	-	-	2,927	(2)	-	-	(2)	2,924	(10)
Non-financial corporations	3,903	4,226	-	8,129	(1)	(151)	-	(152)	7,978	(56)
<b>Total</b>	<b>48,978</b>	<b>4,226</b>	<b>-</b>	<b>53,204</b>	<b>(6)</b>	<b>(151)</b>	<b>-</b>	<b>(156)</b>	<b>53,048</b>	<b>363</b>

## 16 Finance lease receivables

#### Gross carrying amounts (GCA) and credit loss allowances (CLA) per impairment buckets

in CZK million	GCA				CLA				Carrying amount
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	
<b>June 2024</b>									
General governments	64	-	-	64	(10)	-	-	(10)	54
Other financial corporations	17	-	-	17	-	-	-	-	17
Non-financial corporations	1,420	13	32	1,465	(29)	(2)	(22)	(53)	1,412
Households	38	2	1	41	(3)	-	(1)	(4)	37
<b>Total</b>	<b>1,539</b>	<b>15</b>	<b>33</b>	<b>1,587</b>	<b>(42)</b>	<b>(2)</b>	<b>(23)</b>	<b>(67)</b>	<b>1,520</b>
<b>December 2023</b>									
General governments	63	-	-	63	(10)	-	-	(10)	53
Other financial corporations	10	-	-	10	-	-	-	-	10
Non-financial corporations	1,388	18	35	1,440	(25)	(2)	(22)	(48)	1,392
Households	18	1	-	19	(5)	(1)	-	(6)	13
<b>Total</b>	<b>1,478</b>	<b>18</b>	<b>35</b>	<b>1,532</b>	<b>(40)</b>	<b>(2)</b>	<b>(22)</b>	<b>(65)</b>	<b>1,467</b>

## 17 Derivative financial instruments

in CZK million	June 2024			December 2023		
	Notional value	Positive fair value	Negative fair value	Notional value	Positive fair value	Negative fair value
<b>Derivatives held in the Trading book</b>	<b>777,018</b>	<b>14,458</b>	<b>(13,862)</b>	<b>804,462</b>	<b>16,489</b>	<b>(15,557)</b>
Interest rate	362,946	9,744	(9,227)	402,619	10,482	(9,945)
Foreign exchange	414,072	4,714	(4,635)	401,843	6,007	(5,612)
<b>Derivatives held in the Banking book</b>	<b>51,156</b>	<b>179</b>	<b>(664)</b>	<b>44,937</b>	<b>154</b>	<b>(1,160)</b>
Interest rate	28,380	-	(604)	26,429	-	(915)
Foreign exchange	22,776	179	(60)	18,508	154	(245)
<b>Total</b>	<b>828,174</b>	<b>14,637</b>	<b>(14,525)</b>	<b>849,399</b>	<b>16,643</b>	<b>(16,716)</b>

## 18 Other financial assets held for trading

in CZK million	June 2024	December 2023
Debt securities	8	19
General governments	7	6
Credit institutions	1	13
<b>Other financial assets held for trading</b>	<b>8</b>	<b>19</b>

## 19 Non-trading financial assets at fair value through profit or loss

in CZK million	June 2024		December 2023	
	Designated	Mandatorily	Designated	Mandatorily
Equity instruments	-	2,619	-	2,109
Debt securities	-	786	-	819
Other financial corporations	-	786	-	819
Loans and advances to banks	-	307	-	856
Loans and advances to customers	-	10	-	14
Non-financial corporations	-	10	-	14
<b>Financial assets designated and mandatorily at fair value through profit or loss</b>	<b>-</b>	<b>3,722</b>	<b>-</b>	<b>3,798</b>
<b>Non-trading financial assets at fair value through profit or loss</b>	<b>3,722</b>		<b>3,798</b>	

## 20 Hedge accounting

in CZK million	June 2024			December 2023		
	Notional value	Positive fair value	Negative fair value	Notional value	Positive fair value	Negative fair value
<b>Fair value hedges</b>	<b>54,215</b>	<b>20</b>	<b>(2,466)</b>	<b>41,450</b>	<b>18</b>	<b>(3,099)</b>
Interest rate	54,215	20	(2,466)	41,450	18	(3,099)
<b>Cash flow hedge</b>	<b>86,157</b>	<b>3,025</b>	<b>(804)</b>	<b>99,517</b>	<b>3,223</b>	<b>(1,435)</b>
Interest rate	41,800	1,381	(289)	50,900	1,149	(1,000)
Foreign exchange	44,357	1,644	(515)	48,617	2,074	(436)
<b>Total</b>	<b>140,372</b>	<b>3,045</b>	<b>(3,270)</b>	<b>140,967</b>	<b>3,241</b>	<b>(4,534)</b>

## 21 Other assets

in CZK million	June 2024	December 2023
Prepayments	412	458
Assets under construction/unfinished goods/inventory	97	64
Sundry assets	1,085	1,016
<b>Other assets</b>	<b>1,594</b>	<b>1,538</b>

## 22 Financial liabilities at fair value through profit or loss

in CZK million	Carrying amount		Amount repayable		Delta between carrying amount and amount repayable	
	June 2024	December 2023	June 2024	December 2023	June 2024	December 2023
Deposits	1,240	13,283	1,240	12,827	-	456
<b>Financial liabilities at FVPL</b>	<b>1,240</b>	<b>13,283</b>	<b>1,240</b>	<b>12,827</b>	<b>-</b>	<b>456</b>

## 23 Provisions

in CZK million	June 2024	December 2023
Restructuring	215	305
Pending legal issues	1,739	1,708
Loan commitments and financial guarantees given in scope of IFRS 9	983	1,094
CLA for loan commitments and financial guarantees in Stage 1	251	272
CLA for loan commitments and financial guarantees in Stage 2	330	298
CLA for loan commitments and financial guarantees in Stage 3	400	522
CLA for loan commitments and financial guarantees POCI	2	3
Loan commitments and financial guarantees given out of scope of IFRS 9	67	57
Provision for onerous contracts	211	215
Other provisions	8	89
<b>Provisions</b>	<b>3,223</b>	<b>3,468</b>

## 24 Other liabilities

in CZK million	June 2024	December 2023
Deferred income	713	525
Sundry liabilities	7,705	6,776
<b>Other liabilities</b>	<b>8,418</b>	<b>7,301</b>

## 25 Segment reporting

The Group's segment reporting is compliant with IFRS 8 Operating Segments, which adopts the management approach. Segment information is prepared on the basis of internal management reporting that is regularly reviewed by the management board of the Bank to assess the performance of the segments and make decisions regarding the allocation of resources.

### Structure of Business Segments

The segment reporting comprises four operating segments reflecting the Group's management structure.

#### Retail

Retail segment comprises the business activities which are in the responsibility of account managers in the Retail network. Targeted customers are mainly private individuals, micro business and free professionals. This business is mainly operated in cooperation with subsidiaries such as leasing and asset management companies with the focus on simple products ranged from loans, investment products, current accounts and savings products to credit cards and cross selling products such as leasing, insurance and building society products.

In addition, the retail segment contains the results of the subsidiaries Stavební spořitelna České spořitelny, a.s., Česká spořitelna penzijní společnost, a.s., Investown Technologies s.r.o. and part of Leasing České spořitelny, a.s.

#### Corporates

Corporates segment comprises the business activities done with corporate customers of different turnover size (small and medium- sized enterprises and Large Corporate customers) as well as commercial real estate and public sector business.

In addition, the segment Corporates contains the results of the subsidiaries Factoring České spořitelny, a.s., REICO investiční společnost České spořitelny, a.s., part of Leasing České spořitelny, a.s., s Autoleasing SK, s.r.o., ČS Seed Starter, a.s., Erste Grantika Advisory, a.s, Global Payments s.r.o. and real estate funds.

### Asset and Liability Management & Local Corporate Center (ALM & LCC)

Asset Liability Management (ALM) comprises the management of the Group assets and liabilities in the light of uncertainty of cash flows, cost of funds and return on investments in order to determine the optimal trade-off between risk, return and liquidity. Furthermore it comprises funding transactions, hedging activities, investments into securities other than held for trading purpose, management of own issues and FX positions.

Local Corporate Center (LCC) comprises all non-core banking business activities such as non-profit servicing units (e.g. procurement, property management), intragroup eliminations within the Group, dividends, refinancing costs of participations, all non-banking balance sheet positions (e.g. fixed assets, intangible assets) which cannot be allocated to other business segments as well as the profit and loss positions resulting from these balance sheet items. Apart from that the Corporate Center includes Free Capital of the Group defined as the difference of the total IFRS equity and the economical equity allocated to all operating segments.

Corporate center also includes results of the subsidiaries ČS NHQ, s.r.o., Budějovická Development, s.r.o., BP Budějovická, s.r.o., BP Poláčkova, s.r.o., BP Olbrachtova, s.r.o. and Holding Card Service s.r.o.

#### Group Markets

Group Markets segment comprises trading and markets services as well as business with financial institutions.

Trading and market services includes all activities related to active risk taking and managing in CRR regulatory Trading books of the Group, additional to that the execution of trades against the market using the Trading books of the Group for market making and shortterm liquidity management.

In addition, it comprises business connected with serving financial institutions as clients including custody, depository services, commercial business (loans, cash management, trade & export finance) and capital markets business.

### Measurement

The Income statement of the segment report is based on the measures reported to the Bank's Board of Directors for the purpose of allocating resources to the segments and assessing their performance.

Management reporting as well as the segment report of the Group are based on IFRS. Accounting standards and methods as well as measurements used in segment reporting are the same as for the consolidated financial statements.

Interest income is not reported separately from interest expenses for each reportable segment. Those measures are reported on the net basis within the position 'Net interest income' as interest income and interest expenses are neither included into the measurement of segment profit or loss reviewed by the chief operating decision maker nor otherwise regularly provided to him. Management board relies solely on net interest income to assess the performance of the segments and makes decisions about resources to be allocated to the segments. Net fee and commission income and Other operating result are reported on a net basis according to the regular reporting to the management board.

Capital consumption per segment is regularly reviewed by the management of the Group to assess the performance of the segments.

The average allocated capital is determined by the credit risk, market risk and operational risk and business strategic risk.

According to the regular internal reporting to the Group's Board of Directors, total assets and total liabilities as well as risk weighted assets and allocated capital are disclosed per segment. Total average allocated capital for the Group equals average total equity of the Group. For measuring and assessing the profitability of segments within the Group, such key measures as return on allocated capital and cost/income ratio are used.

Return on allocated capital is defined as net result for the period in relation to the average allocated capital of the respective segment.

Cost/income ratio is defined as operating expenses (general administrative expenses) in relation to operating income (total of net interest income, net fee and commission income, dividend income, net trading result, gains/losses from financial instruments measured at fair value through profit or loss, net result from equity method investments, rental income from investment properties and other operating lease).



## Business Segments

	Retail		Corporates		ALM&LCC		Group Markets		Total Group	
in CZK million	01-06 2024	01-06 2023	01-06 2024	01-06 2023	01-06 2024	01-06 2023	01-06 2024	01-06 2023	01-06 2024	01-06 2023
Net interest income	11,900	11,533	5,596	5,374	802	(866)	732	623	19,030	16,663
Net fee and commission income	4,369	3,671	830	883	(70)	(286)	995	876	6,124	5,145
Dividend income	-	-	-	-	48	39	-	-	48	39
Net trading result	947	875	454	441	175	767	206	478	1,782	2,561
Gains/losses from financial instruments at FVPL	-	10	20	(1)	(131)	(787)	-	-	(111)	(779)
Net result from equity method investments	-	3	2	78	69	-	-	-	71	81
Rental income from investment properties & other operating leases	-	-	-	94	116	17	-	-	116	111
General administrative expenses	(9,148)	(8,659)	(1,687)	(1,717)	(665)	(849)	(357)	(329)	(11,857)	(11,554)
Gains/losses from derecognition of financial assets at AC	-	-	-	-	(5)	-	-	-	(5)	-
Other gains/losses from derecognition of financial instruments not at FVPL	-	-	-	-	(2)	-	-	-	(2)	-
Impairment result from financial instruments	177	(971)	47	561	(4)	5	14	103	234	(303)
Other operating result	(20)	(158)	(101)	(105)	(66)	(292)	(75)	(188)	(262)	(743)
<b>Pre-tax result from continuing operations</b>	<b>8,225</b>	<b>6,304</b>	<b>5,160</b>	<b>5,606</b>	<b>268</b>	<b>(2,252)</b>	<b>1,515</b>	<b>1,562</b>	<b>15,168</b>	<b>11,221</b>
Taxes on income	(1,728)	(1,204)	(1,085)	(1,069)	396	640	(318)	(297)	(2,735)	(1,930)
<b>Net result for the period</b>	<b>6,498</b>	<b>5,100</b>	<b>4,074</b>	<b>4,537</b>	<b>664</b>	<b>(1,612)</b>	<b>1,197</b>	<b>1,266</b>	<b>12,433</b>	<b>9,291</b>
Net result attributable to non-controlling interests	-	-	-	(26)	(23)	-	-	-	(23)	(26)
<b>Net result attributable to owners of the parent</b>	<b>6,498</b>	<b>5,100</b>	<b>4,074</b>	<b>4,512</b>	<b>641</b>	<b>(1,612)</b>	<b>1,197</b>	<b>1,266</b>	<b>12,410</b>	<b>9,265</b>
Operating income	17,217	16,093	6,900	6,868	1,011	(1,117)	1,933	1,976	27,061	23,820
Operating expenses	(9,148)	(8,659)	(1,687)	(1,717)	(665)	(849)	(357)	(329)	(11,857)	(11,554)
<b>Operating result</b>	<b>8,069</b>	<b>7,433</b>	<b>5,213</b>	<b>5,151</b>	<b>346</b>	<b>(1,965)</b>	<b>1,576</b>	<b>1,647</b>	<b>15,204</b>	<b>12,266</b>
Risk-weighted assets (credit risk, pillar 1, eop)	230,369	196,919	360,849	336,882	46,683	40,977	8,322	10,190	646,223	584,969
Average allocated capital	30,473	24,628	33,670	30,557	81,963	83,100	2,157	2,212	148,263	140,497
Cost/income ratio	53.10%	53.80%	24.40%	25.00%	65.80%	-76.00%	18.50%	16.60%	43.80%	48.50%
Return on allocated capital	42.60%	41.40%	24.20%	29.50%	1.60%	-3.90%	111.00%	114.50%	16.70%	13.20%
Total assets (eop)	684,650	648,641	386,359	360,646	954,178	873,891	29,225	34,185	2,054,412	1,917,363
Total liabilities excluding equity (eop)	1,000,206	974,405	362,549	386,374	156,135	86,496	393,858	337,530	1,912,748	1,784,805

The majority of revenue from external customers is generated in the Czech Republic and the Group has no revenues from the customer that would exceed 10% of total revenues of the Group.

## RISK AND CAPITAL MANAGEMENT

A core function of a Bank is taking risks in a conscious and selective manner and professionally steering those risks. Adequate risk policy and risk strategy is essential to a Bank's fundamental financial health and operational business success. Concerning risk policy and strategy as well as regarding risk management organisation, reference is made to the note of the same name in the Annual report 2023.

### 26 Credit risk: Credit Risk Review and Monitoring

The classification of credit assets into risk grades is based on the Group's internal ratings. For the purpose of external reporting, internal rating grades of the Group are grouped into the following four risk categories:

**Low risk.** Typically regional customers with well-established and rather long-standing relationships with the Group or large internationally recognised customers. Very good to satisfactory financial position and low likelihood of financial difficulties relative to the respective market in which the customers operate. Retail clients having long relationships with the Group, or clients with a wide product pool use. No relevant late payments currently or in the most recent 12 months. New business is generally done with clients in this risk category.

**Management attention.** Vulnerable non-retail clients, who may have overdue payments or defaults in their credit history or may encounter debt repayment difficulties in the medium term. Retail clients with possible payment problems in the past triggering early collection reminders. These clients typically have a good recent payment history.

**Substandard.** The borrower is vulnerable to short-term negative financial and economic developments and shows an elevated probability of failure. In some cases, restructuring measures are possible or already in place. As a rule, such loans are managed in specialised risk management departments.

**Non-performing.** One or more of the default criteria under Article 178 of the CRR are met, which include full repayment unlikely, interest or principal payments on a material exposure more than 90 days past due, restructuring resulting in a loss to the lender, realisation of a loan loss, or initiation of bankruptcy proceedings. The Group applies the customer view for all customer segments, including retail clients; if an obligor defaults on one deal then the customer's performing transactions are classified as non-performing as well. All non-performing exposures are also defaulted.

### 27 Credit risk exposure

Credit risk exposure relates to the sum of the following balance sheet items:

- cash and cash balances – demand deposits to credit institutions;
- debt instruments held for trading;
- non-trading debt instruments at fair value through profit or loss (FVPL);
- debt instruments at fair value through other comprehensive income (FVOCI);
- debt instruments at amortised cost (AC), other than trade and other receivables;
- trade and other receivables (for disclosure purposes in the tabular summaries below, any contract assets are also included in this category);
- finance lease receivables;
- debt instruments held for sale in disposal groups;
- positive fair value of derivatives;
- off-balance sheet credit risks (primarily financial guarantees and undrawn irrevocable credit commitments).

The credit risk exposure equates the gross carrying amount (or nominal value in the case of off-balance sheet positions) excluding:

- credit loss allowances for financial assets;
- credit loss allowances for loan commitments and financial guarantees;
- provisions for other commitments;
- any collateral held (including risk transfer to guarantors);
- netting effects;
- other credit enhancements;
- credit risk mitigating transactions.

The gross carrying amount of the credit risk exposure increased in the reporting period to CZK 2,284 billion from CZK 2,027 billion. This is an increase of 12.7% or CZK 257 billion.

## Reconciliation between the gross carrying amount and the carrying amount of the credit risk exposure components

in CZK million	Credit risk exposure	Credit loss allowances	Adjustments	Net carrying amount
<b>June 2024</b>				
Cash and cash equivalents - demand deposits to credit institutions	1,989	(1)	-	1,988
Debt instruments held for trading	14,645	-	-	14,645
Non-trading debt instruments at FVPL	1,103	-	-	1,103
Debt securities	786	-	-	786
Loans and advances to banks	307	-	-	307
Loans and advances to customers	10	-	-	10
Debt instruments at FVOCI	51,689	(176)	142	51,655
Debt securities	51,689	(176)	142	51,655
Debt instruments at AC	1,936,295	(20,682)	-	1,915,613
Debt securities	355,348	(41)	-	355,308
Loans and advances to banks	528,833	(4)	-	528,828
Loans and advances to customers	1,052,114	(20,637)	-	1,031,477
Trade and other receivables	13,649	(375)	-	13,274
Finance lease receivables	1,587	(66)	-	1,520
Positive fair value of hedge accounting derivatives	3,045	-	-	3,045
Off-balance sheet exposures	259,961	(1,050)	-	-
<b>Total</b>	<b>2,283,962</b>	<b>(22,350)</b>	<b>142</b>	<b>2,002,843</b>
<b>December 2023</b>				
Cash and cash equivalents - demand deposits to credit institutions	1,737	(1)	-	1,737
Debt instruments held for trading	16,662	-	-	16,662
Non-trading debt instruments at FVPL	1,689	-	-	1,689
Debt securities	819	-	-	819
Loans and advances to banks	856	-	-	856
Loans and advances to customers	14	-	-	14
Debt instruments at FVOCI	53,204	(156)	363	53,410
Debt securities	53,204	(156)	363	53,410
Debt instruments at AC	1,673,641	(20,517)	-	1,653,123
Debt securities	352,327	(28)	-	352,299
Loans and advances to banks	304,009	(2)	-	304,007
Loans and advances to customers	1,017,305	(20,487)	-	996,818
Trade and other receivables	12,925	(632)	-	12,292
Finance lease receivables	1,532	(65)	-	1,467
Positive fair value of hedge accounting derivatives	3,241	-	-	3,241
Off-balance sheet exposures	262,451	(1,152)	-	-
<b>Total</b>	<b>2,027,082</b>	<b>(22,523)</b>	<b>363</b>	<b>1,743,622</b>

Credit risk allowances comprise impairments for financial assets measured at amortised cost (including finance lease and trade and other receivables) and at fair value through other comprehensive income (FVOCI), as well as provisions for off-balance sheet exposures. Adjustments refer to the fair value changes of the carrying amount for financial assets at FVOCI.

Credit risk volume is presented by:

- industry and risk category;
- business segment and risk category;
- business segment and IFRS 9 treatment.

## Credit risk exposure by industry and risk category

in CZK million	Low risk	Management attention	Substandard	Non-performing	Total credit risk exposure
<b>June 2024</b>					
Natural Resources & Commodities	46,767	18,796	4,208	2,603	72,374
Energy	54,938	3,714	5,367	437	64,456
Construction and building materials	44,815	17,653	2,888	1,098	66,454
Automotive	28,784	8,027	1,502	348	38,661
Cyclical Consumer Products	23,544	12,593	3,470	1,317	40,924
Non-Cyclical Consumer Products	30,795	13,895	1,689	377	46,756
Machinery	15,918	10,614	1,565	1,573	29,670
Transportation	29,328	7,755	916	435	38,434
TMT; Telecommunications, Media, Technology and Paper & Packaging	17,853	5,049	516	555	23,973
Healthcare & Services	19,209	3,961	1,744	458	25,372
Hotels, Gaming & Leisure Industry	19,913	3,458	1,583	697	25,651
Real Estate	106,123	7,843	5,125	1,667	120,758
Public Sector	932,668	774	101	803	934,346
Financial Institutions	80,546	5,545	854	35	86,980
Private Households	562,906	88,468	9,005	8,771	669,150
Other	1	1	1	-	3
<b>Total</b>	<b>2,014,108</b>	<b>208,146</b>	<b>40,534</b>	<b>21,174</b>	<b>2,283,962</b>
<b>December 2023</b>					
Natural Resources & Commodities	50,317	13,555	3,897	3,047	70,817
Energy	54,596	5,377	5,817	387	66,178
Construction and building materials	45,745	15,620	3,052	929	65,346
Automotive	31,363	5,857	1,377	379	38,976
Cyclical Consumer Products	26,228	12,811	2,619	1,299	42,957
Non-Cyclical Consumer Products	30,370	10,980	1,614	418	43,382
Machinery	17,871	6,809	1,003	1,514	27,197
Transportation	27,553	5,182	671	412	33,818
TMT; Telecommunications, Media, Technology and Paper & Packaging	20,533	2,870	579	876	24,858
Healthcare & Services	17,948	4,161	1,788	434	24,331
Hotels, Gaming & Leisure Industry	20,572	2,988	1,486	958	26,004
Real Estate	100,805	9,679	5,657	1,427	117,568
Public Sector	711,984	847	31	818	713,680
Financial Institutions	75,348	3,029	1,290	32	79,699
Private Households	547,507	88,030	8,578	8,148	652,263
Other	1	8	-	-	9
<b>Total</b>	<b>1,778,742</b>	<b>187,803</b>	<b>39,458</b>	<b>21,079</b>	<b>2,027,082</b>

**Credit risk exposure by business segment and risk category**

The segment reporting is based on the business segments as described in Note 25.

in CZK million	Low risk	Management attention	Substandard	Non-performing	Total
<b>June 2024</b>					
Retail	596,206	100,705	17,517	10,564	724,992
Corporates	454,872	104,897	22,125	10,516	592,410
Group Markets	48,509	2,117	-	-	50,626
ALM & LCC	914,521	427	892	94	915,934
<b>Total</b>	<b>2,014,108</b>	<b>208,146</b>	<b>40,534</b>	<b>21,174</b>	<b>2,283,962</b>
<b>December 2023</b>					
Retail	579,956	100,074	19,159	10,017	709,206
Corporates	460,850	85,542	18,747	10,973	576,113
Group Markets	46,032	1,669	238	-	47,939
ALM & LCC	691,904	517	1,314	89	693,824
<b>Total</b>	<b>1,778,742</b>	<b>187,803</b>	<b>39,458</b>	<b>21,079</b>	<b>2,027,082</b>

**Credit risk exposure by business segment and IFRS 9 treatment**

in CZK million	Credit risk exposure					Credit loss allowances				NPE coverage ratio			
	Stage 1	Stage 2	Stage 3	POCI	Not subject to IFRS 9 impairment	Stage 1	Stage 2	Stage 3	POCI	Stage 2	Stage 3	POCI	
<b>June 2024</b>													
Retail	641,728	72,283	9,811	1,052	119	(1,376)	(4,404)	(6,476)	(207)	6.1%	66.0%	19.7%	
Corporates	435,681	69,405	8,711	1,333	77,279	(1,049)	(3,098)	(5,004)	(335)	4.5%	57.4%	25.1%	
Group Markets	16,417	22	-	-	34,187	(105)	-	-	-	1.4%	100.0%	100.0%	
ALM & LCC	911,252	104	83	10	4,485	(41)	(97)	(81)	(9)	93.1%	97.6%	91.7%	
<b>Total</b>	<b>2,005,078</b>	<b>141,814</b>	<b>18,605</b>	<b>2,395</b>	<b>116,070</b>	<b>(2,571)</b>	<b>(7,599)</b>	<b>(11,562)</b>	<b>(552)</b>	<b>5.4%</b>	<b>62.1%</b>	<b>23.0%</b>	
<b>December 2023</b>													
Retail	613,874	84,968	9,288	945	131	(1,499)	(4,992)	(5,887)	(212)	5.9%	63.4%	22.4%	
Corporates	402,003	87,889	9,087	1,281	75,853	(1,006)	(2,729)	(5,447)	(343)	3.1%	59.9%	26.8%	
Group Markets	11,710	238	-	-	35,991	(122)	(3)	-	-	1.4%	86.8%	100.0%	
ALM & LCC	688,066	354	81	8	5,315	(40)	(98)	(80)	(7)	27.6%	98.5%	94.2%	
<b>Total</b>	<b>1,715,653</b>	<b>173,449</b>	<b>18,455</b>	<b>2,234</b>	<b>117,291</b>	<b>(2,668)</b>	<b>(7,822)</b>	<b>(11,413)</b>	<b>(563)</b>	<b>4.5%</b>	<b>61.8%</b>	<b>25.2%</b>	

Stage 1 and Stage 2 comprise not impaired credit risks exposure while Stage 3 includes impaired credit risks exposure. POCI (purchased or originated credit impaired) consists of credit risks exposure already impaired when purchased or originated. Column Not subject to IFRS 9 impairment refers to low credit risk exception.

## 28 Measurement of Expected Credit Loss

The general principles and standards for credit loss allowances are governed by internal policies. According to IFRS 9, credit loss allowances are calculated for all components of credit risk exposures which are measured at amortised cost (AC) or at fair value through other comprehensive income. They include debt securities, loans and advances, demand deposits on nostro accounts with commercial banks as well as finance lease and trade receivables. In addition, credit loss allowances are calculated for loan commitments and financial guarantees if they meet the applicable IFRS 9 definitions.

For more details please refer to Group's annual report 2023, group consolidated financial statements, risk and capital management notes.

## 29 Development of Credit Loss Allowances

### Development of credit loss allowances - debt securities

in CZK million	As of	Additions	Derecognition	Transfers between stages	Other changes in credit risk (net)	Other	As of
	<b>January 2024</b>						<b>June 2024</b>
Stage 1	(21)	(1)	1	-	-	-	(21)
Stage 2	(7)	-	-	(10)	(3)	-	(20)
<b>Total</b>	<b>(28)</b>	<b>(1)</b>	<b>1</b>	<b>(10)</b>	<b>(3)</b>	<b>-</b>	<b>(41)</b>
	<b>January 2023</b>						<b>June 2023</b>
Stage 1	(28)	(8)	5	5	(5)	-	(32)
Stage 2	(6)	-	-	-	2	-	(4)
<b>Total</b>	<b>(34)</b>	<b>(8)</b>	<b>5</b>	<b>5</b>	<b>(3)</b>	<b>-</b>	<b>(36)</b>

### Development of credit loss allowances - loans and advances to banks

in CZK million	As of	Additions	Derecognition	Transfers between stages	Other changes in credit risk (net)	As of
	<b>January 2024</b>					<b>June 2024</b>
Stage 1	(2)	(47)	40	-	5	(4)
<b>Total</b>	<b>(2)</b>	<b>(47)</b>	<b>40</b>	<b>-</b>	<b>5</b>	<b>(4)</b>
	<b>January 2023</b>					<b>June 2023</b>
Stage 1	(4)	(86)	81	1	(1)	(11)
Stage 2	-	(1)	-	-	1	-
<b>Total</b>	<b>(4)</b>	<b>(87)</b>	<b>81</b>	<b>1</b>	<b>(1)</b>	<b>(11)</b>

## Development of credit loss allowances - loans and advances to customers

in CZK million	As of	Additions	Derecognition	Transfers between stages	Other changes in credit risk (net)	Write-offs	Other	As of
	January 2024							June 2024
<b>Stage 1</b>	<b>(2,175)</b>	<b>(997)</b>	<b>244</b>	<b>1,635</b>	<b>(787)</b>	<b>-</b>	<b>(4)</b>	<b>(2,084)</b>
General governments	(10)	(7)	-	1	-	-	-	(16)
Other financial corporations	(38)	(11)	7	105	(115)	-	(1)	(53)
Non-financial corporations	(861)	(585)	93	599	(101)	-	(3)	(859)
Households	(1,265)	(394)	144	930	(571)	-	-	(1,156)
<b>Stage 2</b>	<b>(7,246)</b>	<b>(198)</b>	<b>424</b>	<b>(1,712)</b>	<b>1,795</b>	<b>1</b>	<b>(17)</b>	<b>(6,954)</b>
General governments	(15)	-	-	(7)	3	-	-	(20)
Other financial corporations	(24)	(121)	4	(32)	125	-	-	(48)
Non-financial corporations	(4,001)	(22)	268	(604)	368	-	(17)	(4,007)
Households	(3,207)	(55)	152	(1,069)	1,299	1	-	(2,879)
<b>Stage 3</b>	<b>(10,506)</b>	<b>(99)</b>	<b>512</b>	<b>(329)</b>	<b>(772)</b>	<b>167</b>	<b>(22)</b>	<b>(11,049)</b>
General governments	(109)	-	-	-	30	-	(1)	(80)
Other financial corporations	(21)	-	-	-	(2)	1	-	(23)
Non-financial corporations	(4,966)	(73)	280	(89)	(146)	12	(20)	(5,001)
Households	(5,411)	(26)	232	(240)	(654)	155	-	(5,944)
<b>POCI</b>	<b>(560)</b>	<b>-</b>	<b>37</b>	<b>-</b>	<b>(59)</b>	<b>34</b>	<b>(2)</b>	<b>(550)</b>
General governments	(5)	-	-	-	(4)	-	-	(9)
Non-financial corporations	(364)	-	11	-	(5)	-	(2)	(359)
Households	(191)	-	26	-	(50)	33	-	(182)
<b>Total</b>	<b>(20,487)</b>	<b>(1,295)</b>	<b>1,218</b>	<b>(406)</b>	<b>177</b>	<b>202</b>	<b>(45)</b>	<b>(20,637)</b>
	January 2023							June 2023
<b>Stage 1</b>	<b>(1,817)</b>	<b>(1,302)</b>	<b>247</b>	<b>1,295</b>	<b>(383)</b>	<b>-</b>	<b>10</b>	<b>(1,950)</b>
General governments	(8)	(2)	-	1	-	-	-	(9)
Other financial corporations	(24)	(7)	2	3	-	-	5	(20)
Non-financial corporations	(751)	(711)	103	388	210	1	5	(757)
Households	(1,034)	(582)	143	903	(593)	-	-	(1,163)
<b>Stage 2</b>	<b>(7,226)</b>	<b>(472)</b>	<b>392</b>	<b>(1,924)</b>	<b>1,503</b>	<b>2</b>	<b>22</b>	<b>(7,703)</b>
General governments	(148)	-	-	(1)	128	-	-	(20)
Other financial corporations	(36)	(9)	2	(1)	(16)	-	-	(59)
Non-financial corporations	(3,266)	(358)	208	(617)	319	-	21	(3,693)
Households	(3,776)	(105)	182	(1,305)	1,072	2	-	(3,930)
<b>Stage 3</b>	<b>(10,597)</b>	<b>(34)</b>	<b>728</b>	<b>(244)</b>	<b>(254)</b>	<b>544</b>	<b>33</b>	<b>(9,824)</b>
General governments	-	-	-	-	(116)	-	2	(114)
Other financial corporations	(1)	-	-	-	-	-	-	(1)



in CZK million	As of	Additions	Derecognition	Transfers between stages	Other changes in credit risk (net)	Write-offs	Other	As of
Non-financial corporations	(5,515)	(10)	521	(76)	482	48	31	(4,519)
Households	(5,080)	(24)	207	(169)	(619)	496	-	(5,189)
<b>POCI</b>	<b>(474)</b>	<b>-</b>	<b>35</b>	<b>-</b>	<b>(120)</b>	<b>1</b>	<b>3</b>	<b>(556)</b>
Non-financial corporations	(449)	-	35	-	(112)	-	3	(524)
Households	(25)	-	1	-	(8)	-	-	(32)
<b>Total</b>	<b>(20,113)</b>	<b>(1,807)</b>	<b>1,403</b>	<b>(874)</b>	<b>746</b>	<b>547</b>	<b>67</b>	<b>(20,032)</b>

## Development of credit loss allowances - trade and other receivables

in CZK million	As of	Additions	Derecognition	Transfers between stages	Other changes in credit risk (net)	Write-offs	Other	As of
	<b>January 2024</b>							<b>June 2024</b>
Stage 1	(151)	(44)	18	-	17	-	(3)	(163)
Stage 2	(118)	-	4	(4)	(5)	1	-	(122)
Stage 3	(363)	-	18	-	257	1	(3)	(90)
<b>Total</b>	<b>(632)</b>	<b>(44)</b>	<b>40</b>	<b>(4)</b>	<b>269</b>	<b>2</b>	<b>(6)</b>	<b>(375)</b>
	<b>January 2023</b>							<b>June 2023</b>
Stage 1	(92)	(25)	5	2	(27)	-	-	(137)
Stage 2	(164)	-	9	(3)	26	1	-	(131)
Stage 3	(359)	-	24	-	(41)	1	8	(367)
<b>Total</b>	<b>(616)</b>	<b>(25)</b>	<b>37</b>	<b>-</b>	<b>(41)</b>	<b>2</b>	<b>9</b>	<b>(634)</b>

## Development of the credit loss allowances - debt securities financial assets FVOCI

in CZK million	As of	Additions	Derecognition	Transfers between stages	Other changes in credit risk (net)	As of
	<b>January 2024</b>					<b>June 2024</b>
Stage 1	(6)	-	-	-	2	(4)
Stage 2	(151)	-	3	(10)	(14)	(172)
<b>Total</b>	<b>(156)</b>	<b>-</b>	<b>3</b>	<b>(10)</b>	<b>(12)</b>	<b>(176)</b>
	<b>January 2023</b>					<b>June 2023</b>
Stage 1	(8)	-	1	3	-	(6)
Stage 2	(145)	-	2	-	(9)	(152)
<b>Total</b>	<b>(153)</b>	<b>-</b>	<b>3</b>	<b>3</b>	<b>(10)</b>	<b>(158)</b>

## Development of credit loss allowances - finance lease receivables

in CZK million	As of	Additions	Derecognition	Transfers between stages	Other changes in credit risk (net)	As of
	<b>January 2024</b>					<b>June 2024</b>
Stage 1	(40)	(1)	-	-	(1)	(42)
Stage 2	(2)	-	-	-	-	(2)
Stage 3	(22)	-	1	(1)	-	(23)
<b>Total</b>	<b>(65)</b>	<b>(1)</b>	<b>1</b>	<b>(1)</b>	<b>(1)</b>	<b>(67)</b>
	<b>January 2023</b>					<b>June 2023</b>
Stage 1	(32)	-	-	1	5	(26)
Stage 2	(13)	-	-	-	5	(8)
Stage 3	(36)	-	3	(4)	3	(34)
<b>Total</b>	<b>(81)</b>	<b>-</b>	<b>2</b>	<b>(2)</b>	<b>13</b>	<b>(68)</b>

## Development of credit loss allowances - loan commitment and financial guarantees

in CZK million	As of	Additions	Derecognition	Transfers between stages	Other changes in credit risk (net)	Other	As of
	<b>January 2024</b>						<b>June 2024</b>
Stage 1	272	74	(75)	(87)	67	1	252
Stage 2	298	-	(110)	86	55	1	330
Stage 3	522	-	(28)	3	(98)	1	400
POCI	3	-	(1)	-	-	-	2
<b>Total</b>	<b>1,094</b>	<b>74</b>	<b>(213)</b>	<b>1</b>	<b>24</b>	<b>3</b>	<b>983</b>
	<b>January 2023</b>						<b>June 2023</b>
Stage 1	395	605	(257)	(177)	(268)	(2)	296
Stage 2	460	-	(121)	118	63	(3)	518
Stage 3	258	-	(194)	3	301	(2)	366
POCI	1	-	(1)	-	1	-	1
<b>Total</b>	<b>1,114</b>	<b>605</b>	<b>(573)</b>	<b>(56)</b>	<b>98</b>	<b>(7)</b>	<b>1,180</b>

## 30 Scenarios used in forward looking information

## Overview on Scenarios used in forward-looking information

## Incorporation of forward-looking information

Parameters are determined to reflect the risk as a 'point-in-time' measure and with consideration of forward-looking information (FLI). This results in using a baseline forecast and a several alternative scenarios for selected macroeconomic variables. The alternative scenarios are derived, together with their probabilities of occurrence, as a deviation from baseline forecasts, where the baseline forecasts are, with a few exceptions, internally determined by the Group's research department. Given multiple scenarios, the "neutral" PDs (and partly included in LGDs) are adjusted using macro models that link relevant macroeconomic variables with risk drivers. The same macro-shift models as for external and internal stress test are used. Forward-looking information is incorporated for first three years of ECL measurement. Measurement of the parameters for the remaining lifetime returns back to through- the-cycle observations immediately in year four.

For more details please refer to Group's annual report 2023, group consolidated financial statements, risk and capital management notes.

In the second quarter of 2024, the FLI was reviewed according to the disclosed forecasts for baseline, downside, and upside scenarios. Moreover, based on the assessment of conditions (exit triggers) for applying in-model adjustments in FLI models (incorporation of comprehensive stress test (CST) scenario into the downside scenario and expertly set up weights for downside and upside scenarios), Group decided:

- to keep unchanged the approach of including the CST scenario into the downside scenario (however, the CST scenario was updated according to the assumptions considered in comprehensive stress test 2024); and
- to apply the modelled weights for downside and upside scenarios, instead of expertly set weights, in case of local models used and Group (Large) Corporate models, the modelled weights are applied since December 2023.

Below, the expected development of the GDP are summarized, all scenarios and scenario weights, as main indicator of the macro-economic situation. In case of Group (Large) Corporate clients, the applied weights are 25%, 50%, and 25% (2023: 23%, 50%, and 27%) assigned to upside, baseline, and downside scenarios respectively.

Additionally, we are disclosing the most relevant variables for the macro-shift model.

Macro-shift models are calibrated for the three main sub-portfolios: private individuals, micro enterprises, and another corporate business. Models' calibration and variables disclosed below are incorporated into expected credit loss measurement as of 30 June 2024. The baseline and weighted scenario outcome for the major variables is disclosed in the tabular format for the years 2024-2026.

#### Baseline, upside and downside scenarios of GDP growth

		Probability weights	GDP growth in %			
		Scenario	2024-2026	2024	2025	2026
June 2024						
		Upside	19%	4.4	5.3	5.0
Czech Republic		Baseline	50%	2.4	3.2	2.9
		Downside	31%	(4.0)	(1.8)	0.2
December 2023			2024-2026	2024	2025	2026
		Upside	21%	3.8	5.3	4.8
Czech Republic		Baseline	50%	1.8	3.3	2.8
		Downside	29%	(2.5)	(0.9)	0.3
Baseline scenario			Scenario weighted outcome			
	2024	2025	2026	2024	2025	2026
June 2024						
Unemployment rate	3.7	4.0	4.0	4.0	4.5	4.5
Inflation (PPI)	147.4	151.7	155.1	148.3	152.5	155.9
December 2023						
Unemployment rate	3.7	4.0	4.0	3.7	4.3	4.4
Inflation (PPI)	141.8	144.3	147.2	142.2	144.7	147.6

### Collective assessment

In addition to standard SICR assessment, the Group applied collective SICR assessment, i.e., transfer into Stage 2 based on pre-defined portfolio characteristics, due to emerging risks not covered by standard models. This approach is aligned with all affected entities and business lines and approved by the respective governance bodies of the Group. It requires, after the assessment of the outliers from the common portfolio characteristics, to have exemptions from the collective SICR assessment, if properly documented why they would behave differently than the rest of the portfolio.

In December 2023, Group applied collective staging assessment in case of cyclical industries, identified based on the correlation to economic downturn and in case of selected industries from energy sector (production & distribution of energy and heating), including energy intensive industries (Metals and Chemicals). For more details, please refer to the annual report 2023, group consolidated financial statements, risk and capital management, Note 36 Measurement of expected credit loss.

Based on the regular evaluation of the conditions (exit triggers) for applying of collective SICR assessment, performed on quarterly basis, it was concluded that the risk was mitigated in case of energy sector/energy intensive industries (sufficient gas reserves in Europe, stabilized energy prices) and therefore these industries were excluded from collective SICR assessment in June 2024. The rules for collective SICR assessment applied in case of cyclical industries were kept the same as in December 2023.

In 2022, Group assessed that the recalibration of private individuals' macro shift FLI model did not bring feasible results and does not sufficiently address the current situation. Therefore, the additional SICR collective assessment on the Private individual side was introduced and is still in place. It triggers additional Stage 2 exposure of CZK 11 billion (2023: CZK 30 billion) and an increase of allocated ECL by CZK 158 million (2023: CZK 349 million).

### Effect on Expected Credit Loss

The analysis tables below present the effects of the collective SICR assessment and FLI on both exposure migration to Stage 2 and the resulting increase of ECL. Additional sensitivities to the baseline, upside and downside scenarios are simulated.

In June 2024, the exposure in Stage 2 due to the application of the rules for collective SICR assessment for cyclical industries stood at CZK 37,008 million (2023: CZK 34,357 million), with additional ECL allocated in the amount of CZK 1,028 million (2023: CZK 979 million).

As described above, FLI were reassessed in the second quarter of 2024. The Stage 2 exposure triggered by FLI increased to CZK 19,849 million as of June 2024 (2023: CZK 15,348 million). The overall level of ECL allocated in Stage 2 due to FLI decreased to CZK 2,067 million as of June 2024 (2023: CZK 2,109 million).

In 2022 the Group decided to override the FLI shifts produced by macroeconomic model for retail portfolio. Technically the adjustment of the beta\_0 (intercept) and beta\_1 (dummy variable distinguishes secured / unsecured part of PI portfolio and WBMEG - bytová družstva for MSE) coefficients for the average PD predicted for the year 2022 was done.

The reasons for override were:

- Macroeconomic model for forecasting of PDs for retail does not include inflation, strongly increasing energy prices and increased interest rates and hence the produced forecasted PDs from the model were deemed as unrealistically low and do not reflect all future risks.
- Generally the Group is not able to closely monitor single clients in retail, hence due to economic uncertainty the decrease of PD was not justifiable

Because the reasons still persist, override has been applied also in 2024. However, the amount of the override has been reduced by in connection with the decline of inflation.

Scenario simulation presents sensitivity analyses taking into consideration only changes due to the different values of PDs, if baseline, upside or downside FLI scenarios had 100% weight. Sensitivities of these scenarios are calculated in comparison to current production - weighted scenarios FLI shifted - PDs (weights and scenarios are disclosed in the "Incorporation of forward-looking information" section above). Both staging and resulting ECL were simulated with the scenario PDs.

The incorporation of 100% baseline scenario instead of the currently applied weighted scenario outcome would lead to a decrease of Stage 2 exposure by CZK 1,907 million (2023: CZK 884 million), resulting in an ECL drop by CZK 181 million (2023: CZK 72 million).

The downside scenario would lead to additional CZK 22,574 million of exposure migration to Stage 2 in comparison with scenario weighted FLI (2023: CZK 11,990 million), resulting in ECL increase of CZK 1,121 million (2023: CZK 738 million).

For the ECL change a positive sign (+) equals a release while a negative sign (-) equals an allocation. Values presented sensitivities are results of internal simulations.

#### Impact on credit risk exposure

Current status - parameters (FLI shifted)								Simulations - difference to FLI shifts effect		
in CZK million	Stage 2 impacted by							Scenarios		
	Collective assessment						FLI shifts	Upside	Baseline	Downside
	Stage 1	Stage 2	Total	Cyclical	Energy	PI				
<b>June 2024</b>										
CRE	2,005,078	141,814	2,146,892	37,008	-	11,241	19,849	(8,320)	(1,907)	22,574
<b>December 2023</b>										
CRE	1,715,653	173,449	1,889,101	34,357	28,579	30,263	15,348	(8,553)	(884)	11,990

#### Impact on credit loss allowance

Current status - parameters (FLI shifted)								Simulations - difference to FLI shifts effect		
in CZK million	Stage 2 impacted by							Scenarios		
	Collective assessment						FLI shifts	Upside	Baseline	Downside
	Stage 1	Stage 2	Total	Cyclical	Energy	PI				
<b>June 2024</b>										
CLA	(2,571)	(7,599)	(10,170)	(1,028)	-	(158)	(2,067)	758	181	(1,121)
<b>December 2023</b>										
CLA	(2,668)	(7,822)	(10,490)	(979)	(207)	(349)	(2,469)	704	72	(738)

### 31 Detailed analysis of loans and advances to customers

#### Loans and advances to customers

The tables on the following pages present the structure of the customer loan book, excluding loans to central banks and credit institutions broken-down by different categories. Loans and advances to customers comprise

- loans to customers at FVPL;
- loans and advances to customers at AC;
- finance lease receivables;
- trade and other receivables.

On the next pages loans and advances to customers are presented by:

- business segment and risk category;
- business segment and coverage of non-performing loans to customers by loan loss allowances;
- business segment and coverage by loan loss allowances and IFRS 9 treatment.

The presentation is by gross carrying amount excluding loan loss allowances and collateral.

## Loans and advances to customers by business segment and risk category

in CZK million	Low risk	Management attention	Substandard	Non-performing	Total
<b>June 2024</b>					
Retail	545,401	92,287	16,641	10,437	664,766
Corporates	294,447	74,674	16,595	9,143	394,858
Group Markets	6,174	177	-	-	6,351
ALM&LCC	695	162	433	93	1,383
<b>Total</b>	<b>846,718</b>	<b>167,299</b>	<b>33,669</b>	<b>19,674</b>	<b>1,067,359</b>
<b>December 2023</b>					
Retail	527,543	92,128	18,089	9,861	647,621
Corporates	291,854	62,281	13,715	9,120	376,970
Group Markets	5,139	1	-	-	5,141
ALM&LCC	964	229	763	88	2,045
<b>Total</b>	<b>825,500</b>	<b>154,639</b>	<b>32,567</b>	<b>19,069</b>	<b>1,031,776</b>

## Non-performing loans and advances to customers by business segment and coverage by loan loss allowances

	Non-performing		Gross customer loans		Loan loss allowances	Collateral for NPL		NPL ratio		NPL coverage (exc collateral)	NPL collateralisation ratio	
in CZK million	Total	AC	Total	AC	AC	Total	AC	Total	AC	AC	Total	AC
<b>June 2024</b>												
Retail	10,437	10,437	664,766	664,756	(12,213)	2,176	2,176	1.6%	1.6%	117.0%	20.8%	20.8%
Corporates	9,143	9,143	394,858	394,858	(8,659)	4,409	4,409	2.3%	2.3%	94.7%	48.2%	48.2%
Group Markets	-	-	6,351	6,351	(4)	-	-	0.0%	0.0%	13854.9%	0.0%	0.0%
ALM&LCC	93	93	1,383	1,383	(203)	-	-	6.8%	6.8%	216.7%	0.0%	0.0%
<b>Total</b>	<b>19,674</b>	<b>19,674</b>	<b>1,067,359</b>	<b>1,067,349</b>	<b>(21,079)</b>	<b>6,585</b>	<b>6,585</b>	<b>1.8%</b>	<b>1.8%</b>	<b>107.1%</b>	<b>33.5%</b>	<b>33.5%</b>
<b>December 2023</b>												
Retail	9,861	9,861	647,621	647,606	(12,303)	2,364	2,364	1.5%	1.5%	124.8%	24.0%	24.0%
Corporates	9,120	9,120	376,970	376,970	(8,676)	4,007	4,007	2.4%	2.4%	95.1%	43.9%	43.9%
Group Markets	-	-	5,141	5,141	(4)	-	-	0.0%	0.0%	10850.1%	0.0%	0.0%
ALM&LCC	88	88	2,045	2,045	(201)	-	-	4.3%	4.3%	226.9%	0.0%	0.0%
<b>Total</b>	<b>19,069</b>	<b>19,069</b>	<b>1,031,776</b>	<b>1,031,761</b>	<b>(21,184)</b>	<b>6,371</b>	<b>6,371</b>	<b>1.8%</b>	<b>1.8%</b>	<b>111.1%</b>	<b>33.4%</b>	<b>33.4%</b>



## Loans and advances to customers at AC and coverage by loan loss allowances by business segment and IFRS 9 treatment

in CZK million	Loans to customers					Loan loss allowances						
	Stage 1	Stage 2	Stage 3	POCI	Not IFRS 9 impairment relevant	Stage 1	Stage 2	Stage 3	POCI	Stage 2 coverage ratio	Stage 3 coverage ratio	POCI coverage ratio
<b>June 2024</b>												
Retail	585,578	68,456	9,705	1,018	10	(1,306)	(4,257)	(6,444)	(206)	6.2%	66.4%	20.2%
Corporates	332,267	53,218	8,040	1,333	-	(964)	(2,724)	(4,637)	(335)	5.1%	57.7%	25.1%
Group Markets	6,351	-	-	-	-	(4)	-	-	-	6.7%	100.0%	100.0%
ALM&LCC	1,189	100	83	10	-	(16)	(96)	(81)	(9)	96.0%	97.6%	91.7%
<b>Total</b>	<b>925,385</b>	<b>121,775</b>	<b>17,828</b>	<b>2,361</b>	<b>10</b>	<b>(2,289)</b>	<b>(7,078)</b>	<b>(11,162)</b>	<b>(550)</b>	<b>5.8%</b>	<b>62.6%</b>	<b>23.3%</b>
<b>December 2023</b>												
Retail	557,527	80,011	9,174	894	14	1,418	4,828	5,847	209	6.0%	63.7%	23.4%
Corporates	297,990	69,583	8,116	1,281	-	928	2,441	4,964	343	3.5%	61.2%	26.8%
Group Markets	5,141	-	-	-	-	4	-	-	-	6.7%	86.8%	100.0%
ALM&LCC	1,854	102	81	8	-	17	97	79	7	95.5%	98.5%	94.2%
<b>Total</b>	<b>862,512</b>	<b>149,695</b>	<b>17,371</b>	<b>2,183</b>	<b>14</b>	<b>2,367</b>	<b>7,367</b>	<b>10,891</b>	<b>560</b>	<b>4.9%</b>	<b>62.7%</b>	<b>25.6%</b>

### 32 Market Risk

The following table summarizes the VaR values as of 30 June 2024 and 31 December 2023 assuming 1 day holding period and confidence level of 99%.

in CZK million	Market risk total	Interest rate risk	Credit spread risk	Currency risk	Equity risk	Commodity risk	Volatility risk
<b>June 2024</b>							
<b>ČS Total</b>	<b>1,245</b>	<b>1,238</b>	<b>131</b>	-	-	-	-
Banking book	1,239	1,232	131	-	-	-	-
Trading book	6	6	-	-	-	-	-
<b>December 2023</b>							
<b>ČS Total</b>	<b>980</b>	<b>970</b>	<b>139</b>	-	-	-	-
Banking book	971	961	138	-	-	-	-
Trading book	9	9	1	-	-	-	-

### 33 Liquidity Risk

The liquidity risk is defined in the Group in line with the principles set out by the Basel Committee on Banking Supervision and the Czech National Bank. Accordingly, a distinction is made between market liquidity risk, which is the risk that the Group cannot easily offset or close a position at the market price because of inadequate market depth or market disruption, and funding liquidity risk, which is the risk that the Group will not be able to meet efficiently both expected and unexpected current and future cash flow and collateral needs without affecting either daily operations or the financial condition of the Group.

Funding liquidity risk is further divided into insolvency risk and structural liquidity risk. The former is the short-term risk that current or future payment obligations cannot be met in full and on time in an economically justified manner, while structural liquidity risk is the long-term risk of losses due to a change in the Group's own refinancing cost or spread.

#### Liquidity risk measures

Regulatory indicators Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) are regularly monitored as a part of comprehensive liquidity risk limit system. In addition, various internal metrics and stress tests are implemented to ensure sufficient levels of liquidity which are calculated at both total currency level and for significant currencies. Regulatory and internal liquidity indicators are monitored and limited for relevant members of the Group on individual levels.

The LCR is part of the internal Risk Appetite Statement (RAS) and monitored daily. The LCR limits are defined in the RAS and targeted to be well above the regulatory minimum. The LCR is reported on a monthly basis to the regulatory authority.

Same as the LCR, the NSFR is part of the internal RAS and limits are defined in the RAS sufficiently above the regulatory minimum. The NSFR is monitored monthly and reported on a quarterly basis to the regulatory authority.

Short-term insolvency risk is internally monitored by internal stress measure the Survival Period Analysis (SPA). The SPA determines the maximum period during which the entity can survive a set of defined scenarios lasting up to 12 months, including a severe market and idiosyncratic crisis while relying on its pool of liquidity enhancing actions, mainly the liquidity buffer. The monitored worst-case scenario simulates very limited money market and capital market access and at the same time significant client deposit outflows. The simulation also assumes increased drawdown on guarantees and loan commitments dependent on the type of customer, as well as the potential outflows from collateralized derivative transactions estimating the effect of collateral outflows in the case of adverse market movements.

Long-term structural liquidity is internally monitored by the Structural Liquidity Ratio (STRL). The STRL is measuring the structural funding gap ensuring an appropriate balance between assets and liabilities in the medium- and long-term

time horizons avoiding excessive maturities transformation and consequently avoiding increased pressure on the short-term liquidity position.

The Group also reports Additional Liquidity Monitoring Metrics (ALMM) to its regulator, which complement regulatory liquidity risk ratios in the form of several detailed liquidity risk reports.

#### **Methods and instruments of risk mitigation**

General standards of liquidity risk management have been thoroughly defined and are continuously reviewed and improved within internal liquidity adequacy assessment process (ILAAP).

All liquidity indicators and liquidity situation are regularly reported to and monitored by the Operational Liquidity Committee (OLC). On a monthly basis the management board is informed during the Asset Liability Committee (ALCO).

The Contingency Funding Plan ensures the necessary coordination of all parties involved in the liquidity management process in case of crisis and is reviewed on a regular basis.

#### **Analysis of liquidity risk**

At the end as well throughout whole year, both LCR and NSFR for the Bank were significantly above the regulatory and internal limits and confirm a sound liquidity situation of the bank. A comfortable liquidity situation was also confirmed by other short-term and long-term internal liquidity measures.

#### **Counterbalancing capacity**

The Group regularly monitors its liquid assets, which consists of cash, excess minimum reserve at the central banks, and unencumbered central bank eligible assets. These assets can be mobilized in short term to offset potential cash outflows in a crisis situation.

### **34 Leverage ratio**

The leverage ratio represents the relationship between core capital (tier 1) and the leverage exposure according to Article 429 Capital Requirements Regulation (CRR). Essentially, the leverage exposure represents the sum of unweighted on- and off-balance-sheet positions considering valuation and risk adjustments as defined within the CRR.

As of 30 June 2024, the leverage ratio for Česká spořitelna, a.s. at consolidated level amounted to 5.8%, comfortably above the 3.0% minimum requirement defined in Article 92 Capital Requirements Regulation (CRR). Tier 1 capital amounted to CZK 124.6 billion at the reference date, while total leverage exposure stood at CZK 2,133.7 billion.

The calculation and disclosure of the leverage ratio are based on the European Commission's Delegated Regulation (EU) 2015/62 of 10 October 2014 and on the Regulation (EU) 2019/876 (CRR2) of the European Parliament and of the Council of 20 May 2019.

### **35 Related party transactions and principal shareholders**

Related parties involve connected entities or parties that have a special relationship to the Group.

Parties are considered to be related if one party has the ability to control the other or exercise significant influence over the other in making financial or operational decisions. The Group is controlled by Erste Group Bank AG.

The parties that have a special relationship to the Group are considered to be members of the Group's statutory and supervisory bodies and management, legal entities exercising control over the Group (including entities with a qualified interest in these entities and management of these entities), persons closely related to the members of the Group's statutory and supervisory bodies, management, and entities exercising control over the Group, legal entities in which any of the parties listed above holds a qualified interest, entities with a qualified interest in the Group and any other legal entity under their control, members of the ČNB's Banking Board, and legal entities which the Group controls.

Pursuant to the definitions outlined above, the categories of the Group's related parties principally comprise Erste Group Bank, members of its Board of Directors and Supervisory Board, and other related parties, which include companies directly or indirectly controlled by Erste Group Bank.

A number of banking transactions are entered into with related parties in the normal course of business. These principally include loans, deposits and other transactions. These transactions were carried out on an arm's length basis and were settled exclusively in cash. The interest rates charged to and by related parties are at standard commercial rates. Outstanding balances at the year-end are unsecured except for loans to finance investment property and property under construction.

There was no impairment related to the outstanding balances with related parties reported by the Group.

## Loans and advances to and amounts owed to related parties

	Erste Group Bank AG	Other related parties	Members of the Board of Directors and Supervisory Board	Erste Group Bank AG	Other related parties	Members of the Board of Directors and Supervisory Board
	June 2024			December 2023		
<b>Assets</b>						
Cash and cash equivalents	1,074	69	-	1,207	224	-
Financial assets - held for trading	8,876	-	-	10,012	-	-
Financial assets - FVPL	307	-	-	856	-	-
Financial assets – amortised costs	4,205	244	43	81	266	46
Derivatives Hedge Accounting	2,957	-	-	3,050	-	-
Deferred tax assets	6	-	-	-	-	-
Other assets	-	1	-	-	1	-
<b>Liabilities</b>	-	-	-			
Financial liabilities held for trading	6,984	-	-	8,098	-	-
Financial liabilities measured at amortised costs	249,136	692	111	84,570	620	115
Debt securities in issue	542	57	-	60,196	17	-
Derivatives Hedge Accounting	2,974	-	-	3,531	-	-
Other Liabilities	0	(3)	-	-	(2)	-
<b>Profit&amp;Loss statement</b>	<b>01-06 2024</b>			<b>01-06 2023</b>		
Net interest income	(4,360)	2	2	(5,083)	3	2
Net fee and commission income	31	794	-	15	625	-
Dividend income	-	-	-	-	-	-
Net trading result and fair value result	210	-	-	5,602	-	-
Other administrative expenses	(87)	(659)	-	(76)	(592)	-
Other operating result	52	9	-	49	11	-
<b>Loans commitments, financial guarantees and other commitments given</b>	7,221	459	-	7,201	677	-
<b>Loan commitments, financial guarantees and other commitments received</b>	-	-	-	-	-	-

## 36 Contingent liabilities – legal proceedings

There have not been any material changes since year-end 2023 in the assessment of the influence of the outcome of the litigation cases in which the Česká spořitelna, a.s. and some of its subsidiaries are involved with respect of the financial and/or earnings situation of the Group.

### 37 Fair value of financial instruments

The measurement of fair value at the Group is based primarily on external sources of data (stock market prices or broker quotes in highly liquid market segments). Financial instruments for which the fair value is determined on the basis of quoted market prices are mainly listed securities and derivatives as well as liquid OTC bonds.

All financial instruments at fair value are measured at fair value on recurring basis. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

#### Financial instruments carried at fair value

##### Description of valuation models and parameters

The Group uses valuation models that have been tested internally and for which the valuation parameters (such as interest rates, exchange rates, volatilities and credit spreads) have been determined independently.

**Loans.** Not SPPI (solely payments of principal and interest) compliant loans are to be valued at fair value. The methodology to compute fair value of these assets corresponds to the basic present value technique. The credit risk is recognized by adjusting contractual cash flows to come to expected cash flows accounting for customer's probability of default and loss given default. These adjusted cash flows are then discounted by a yield curve which consists of a risk free rate and a funding spread for senior unsecured issues. For a limited number of profit-participating loans, the expected cash flows are discounted using a risk-adjusted discount rate. This risk-adjusted rate is determined applying the Capital Assets Pricing Model (CAPM) on the basis of comparable listed entities.

**Debt securities.** For plain vanilla (fixed and floating) debt securities the fair value is calculated by discounting the future cash-flows using a discounting curve depending on the interest rate for the respective issuance currency and a spread adjustment. The spread adjustment is usually derived from the credit spread curve of the issuer. If no issuer curve is available the spread is derived from a proxy instrument and adjusted for differences in the risk profile of the instruments. If no close proxy is available, the spread adjustment is estimated using other information, including estimation of the credit spread based on internal ratings and PDs or management judgment. For more complex debt securities (e.g. including option-like features such as callable, cap/floor, index-linked) the fair value is determined using combinations of discounted cash flow models and more sophisticated modelling techniques including methods described for OTC-derivatives.

**Equity instruments.** Non-trading equity instruments which have quoted market prices in an active market are valued by using the quoted market price. For other investments in non-trading equity instruments the fair value is determined by standard valuation models using also unobservable input parameters. These models include the adjusted net asset value method, the simplified income approach, the dividend discount model and the comparable company multiple method.

The adjusted net asset method requires an investor to measure the fair value of the individual assets and liabilities recognized in an investee's statement of financial position as well as the fair value of any unrecognized assets and liabilities at the measurement date. The resulting fair values of the recognized and unrecognized assets and liabilities should therefore represent the fair value of the investee's equity.

The dividend discount model assumes that the price of equity instruments issued by an entity equals the present value of all its expected future dividends in perpetuity. Similar to the dividend discount model, the simplified income approach estimates the fair value based on the future income. However, it can be used also when only one year planned income is available. The simplified income approach and the dividend discount model discount future income and dividends using the cost of equity. The cost of equity is dependent on the risk-free rate, the market risk premium, the levered beta and the country risk premium. The levered beta is derived from the industry classification which is published and maintained by Damodaran.

In rare cases, techniques for non-trading equity instruments may also include comparable company multiple methods. These are valuation techniques that use prices and other relevant information generated by market transactions involving

comparable company peers of an investee to derive a valuation multiple from which the indicated fair value of the investee's equity or enterprise value can be inferred.

**Liabilities.** The fair value of financial liabilities designated at fair value through profit or loss under the fair value option is determined based on quoted prices in active markets, if available. For issued securities where the fair value cannot be retrieved from quoted market prices, the fair value is calculated by discounting the future cash flows. Significant input factors for the spread adjustment of Erste Group's own credit risk for the respective seniority class are credit spreads derived from liquid benchmark bonds and additional indications from external investments banks, which are provided on a regular basis. The applied spreads are validated on a regular basis from an independent Risk Management unit. In case of issued securities with structured features, optionality is taken into account as well when calculating the fair value.

Non-trading equity instruments which have quoted market prices in an active market are valued by using the quoted market price (bid for long position, ask for short position). For other investments in non-trading equity instruments the fair value is determined by standard valuation models using also unobservable input parameters.

**OTC-derivative financial instruments.** Derivative instruments traded in OTC markets (e.g. interest rate swaps and options, foreign exchange forward and options, options on listed securities and indices) are valued by using standard valuation models. These models include discounting cash flow models, option models of the Black-Scholes. Models are calibrated on quoted market data (including implied volatilities). Valuation models for more complex instruments also use Monte-Carlo-techniques. For instruments in less liquid markets, data obtained from less frequent transactions or extrapolation techniques are used.

The Group values derivatives at mid-market levels. The derivatives position value is adjusted of close-out adjustment to take into account impact of bid/ask spread to the valuation. Parameters are reviewed on a regular basis or in case of significant market moves.

Credit valuation adjustments (CVA) for counterparty risk and debt valuation adjustments (DVA) for the own default credit risk are applied to OTC derivatives. For the CVA, the adjustment is driven by the expected positive exposure of all derivatives and the credit quality of the counterparty. DVA is driven by the expected negative exposure and the Group's credit quality. Modelling of the expected exposure is based on option replication strategies for most of the counterparties and the products. For Ministry of Finance of the Czech Republic and for counterparties with Credit Support Annex ('CSA') agreements in place with higher threshold amounts Monte Carlo approach is applied, netting is considered. For CSA counterparties with small threshold amounts no CVA/DVA was taken into account. The methodology for the remaining entities and products is determined by market value plus add-on considerations. The probability of default of counterparties which are not traded in an active market is determined from internal PDs mapped to a basket of liquid titles being present in the central European market. Thereby market based valuation concepts have been incorporated. Counterparties with liquid bond or CDS markets are valued by the respective single-name market based PD derived from the prices.

According to the described methodology the accumulated CVA-adjustments amounted to CZK 67 million (2023: CZK 96 million) and the total DVA-adjustment amounted to CZK 48 million (2023: CZK 64 million).

Based on an analysis carried out by the Group it was decided that for the valuation of OTC derivatives no Funding Value Adjustment (FVA) would be considered.

#### **Validation and control**

The responsibility for valuation of financial instruments measured at fair value is independent from the trading units. In addition, The Group has implemented an independent validation function in order to ensure separation between units responsible for model development, fair value measurement and validation. The aim of independent model validation is to evaluate model risks arising from the models' theoretical foundation, the appropriateness of input data (market data) and model calibration.

## Fair value hierarchy

Financial assets and financial liabilities measured at fair value are categorized under the three levels of the IFRS fair value hierarchy.

### Level 1 of the fair value hierarchy

The fair value of financial instruments assigned to Level 1 of the fair value hierarchy is determined based on quoted prices in active markets for identical financial assets and liabilities. The evaluated fair value can qualify as Level 1 if transactions occur with sufficient frequency, volume and pricing consistency on an ongoing basis.

Level 1 measurements include exchange traded derivatives (options), shares, government bonds as well as other bonds and funds, which are traded in highly liquid and active markets.

### Level 2 of the fair value hierarchy

In case a market quote is used for valuation but due to restricted liquidity the market does not qualify as active (derived from available market liquidity indicators) the instrument is classified as Level 2. If no market prices are available the fair value is measured by using valuation models which are based on observable market data. If all the significant inputs in the valuation model are observable the instrument is classified as Level 2 of the fair value hierarchy. For Level 2 valuations typically yield curves, credit spreads and implied volatilities are used as observable market parameters.

Level 2 measurements include OTC derivatives, less liquid shares, bonds and funds as well as own issues.

### Level 3 of the fair value hierarchy

In some cases, the fair value can be determined neither on the basis of sufficiently frequent quoted market prices nor on the basis of valuation models that rely entirely on observable market data. In these cases individual valuation parameters which are not observable in the market are estimated on the basis of reasonable assumptions. If any unobservable input in the valuation model is significant or the price quote used is updated infrequently the instrument is classified as Level 3 of the fair value hierarchy. Typically credit spreads derived from internally calculated historical probability of default (PD) and loss given default (LGD) measures are used as unobservable parameters. Furthermore, internally calculated cost of equity and adjustments made on the equity (in the adjusted net asset value method) are unobservable parameters for the valuation of non-trading equity instruments.

The volume of Level 3 financial assets can be allocated to the following categories:

- Derivatives where the credit value adjustment (CVA) has a material impact and is calculated based on unobservable parameters (i.e. internal estimates of PDs and LGDs).
- Illiquid bonds, shares, participations and funds not quoted in an active market where either valuation models with non-observable parameters have been used (e.g. credit spreads) or broker quotes have been used that cannot be allocated to Level 1 or Level 2.
- Loans which do not comply with the contractual cash flow criteria.
- Fund units issued by investment funds fully consolidated by Erste Group as well as own issues, if price updates are not provided on a regular basis
- Collateralized mortgage obligation (CMO)

The allocation of the appropriate level of positions is determined at the end of the reporting period.

A reclassification from Level 1 into Level 2 or Level 3 as well as vice versa will be performed if the financial instrument does no longer meet the criteria described above for the respective level.



### Classification of financial instruments carried at fair value by levels of the fair value hierarchy

in CZK million	June 2024				December 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>ASSETS</b>								
Financial assets - held for trading	7	14,636	2	14,645	7	16,653	2	16,662
Derivatives	-	14,635	2	14,637	-	16,641	2	16,643
Other trading assets	7	1	-	8	7	13	-	20
Non-trading financial assets - FVPL	83	-	3,639	3,722	85	-	3,713	3,798
Equity instruments	-	-	2,619	2,619	-	-	2,109	2,109
Debt securities	83	-	703	786	85	-	734	819
Loans and advances	-	-	317	317	-	-	870	870
Financial assets - FVOCI	44,710	6,678	267	51,655	45,439	5,623	2,370	53,432
Debt securities	44,710	6,678	267	51,655	45,439	5,623	2,348	53,410
Derivatives	-	3,045	-	3,045	-	3,241	-	3,241
Hedge Accounting	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>44,800</b>	<b>24,359</b>	<b>3,908</b>	<b>73,067</b>	<b>45,531</b>	<b>25,517</b>	<b>6,086</b>	<b>77,134</b>
<b>LIABILITIES</b>								
Financial liabilities held for trading	-	14,525	-	14,525	-	16,716	-	16,716
Derivatives	-	14,525	-	14,525	-	16,716	-	16,716
Financial liabilities designated at fair value through profit or loss	-	1,240	-	1,240	-	13,283	-	13,283
Deposits from customers	-	1,240	-	1,240	-	13,283	-	13,283
Derivatives	-	3,270	-	3,270	-	4,534	-	4,534
Hedge Accounting	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>19,035</b>	<b>-</b>	<b>19,035</b>	<b>-</b>	<b>34,534</b>	<b>-</b>	<b>34,534</b>

### Changes in volumes of Level 1 and Level 2

This paragraph describes the changes in Volumes of Level 1 and Level 2 of financial instruments measured at fair value in the statement of financial position.

### Reclassification between Level 1 and Level 2 based on balance sheet positions and instruments

In CZK million	June 2024		December 2023	
	Level 1	Level 2	Level 1	Level 2
Securities				
Net transfer from Level 1	-	88	-	-
Purchases/sales/expiries	(731)	956	5,524	191
Changes in derivatives	-	(2,202)	-	(10,902)
<b>Total year-to-date change</b>	<b>(731)</b>	<b>(1,158)</b>	<b>5,524</b>	<b>(10,711)</b>

The relevant unquoted bonds were reclassified from Level 2 to Level 1 due to higher market activity.

### Movements in Level 3

#### Development of fair value of financial instruments in Level 3

The following tables show the development of fair value of securities for which valuation models are based on non-observable inputs:

in CZK million		Gains/ losses profit or loss	Gains/ losses OCI	Purchases	Sales/ Settlements	Transfer into Level 3	Transfer out of Level 3	
	January 2024							June 2024
<b>Assets</b>								
Financial assets HfT	2	-	-	-	-	-	-	2
Derivatives	2	-	-	-	-	-	-	2
Non-trading financial assets at FVPL	3,713	318	-	579	(966)	5	(5)	3,640
Equity instruments	2,109	(53)	-	559	-	5	-	2,619
Debt securities	734	64	-	20	(110)	-	-	703
Loans and advances	870	307	-	-	(856)	-	(5)	317
Financial assets at FVOCI	2,370	-	-	-	(32)	10	(2,081)	267
Debt securities	2,348	-	-	-	(10)	10	(2,081)	267
<b>Total assets</b>	<b>6,086</b>	<b>318</b>	<b>-</b>	<b>579</b>	<b>(999)</b>	<b>15</b>	<b>(2,086)</b>	<b>3,909</b>
	<b>January 2023</b>							<b>June 2023</b>
<b>Assets</b>								
Financial assets HfT	329	-	-	-	(1)	-	(328)	1
Derivatives	329	-	-	-	-	-	(328)	1
Other financial assets held for trading	1	-	-	-	(1)	-	-	-
Non-trading financial assets at FVPL	3,235	503	-	835	(1,444)	-	-	3,127
Equity instruments	1,003	-	-	742	-	-	-	1,745
Debt securities	830	2	-	77	(61)	-	-	846
Loans and advances	1,402	501	-	16	(1,383)	-	-	536
Financial assets at FVOCI	3,126	(15)	87	-	(35)	57	(976)	2,245
Debt securities	3,126	(15)	87	-	(35)	57	(976)	2,245
Hedge accounting derivatives	84	-	-	-	-	-	(84)	-
<b>Total assets</b>	<b>6,774</b>	<b>488</b>	<b>87</b>	<b>835</b>	<b>(1,481)</b>	<b>57</b>	<b>(1,388)</b>	<b>5,372</b>

Transfers into and out of Level 3 mainly result from changes in valuation models with observable or non-observable parameters.

### Gains or losses on Level 3 instruments held at the end of the reporting period

	01-06 2024	01-06 2023
	Unrealized gain/loss in profit or loss	Unrealized gain/loss in profit or loss
<b>in CZK million</b>		
<b>ASSETS</b>		
Non-trading financial assets at fair value through profit or loss	318	503
Equity instruments	(53)	-
Debt securities	64	2
Loans and advances	307	501
Financial assets at fair value through other comprehensive income	-	(15)
Debt securities	-	(15)
<b>Total</b>	<b>318</b>	<b>488</b>

### Unobservable inputs and sensitivity analysis for Level 3 measurement

#### Sensitivity analysis for Level 3 measurements

The following table shows the sensitivity analysis using reasonably possible alternatives per product type:

	Positive fair value changes when applying alternative valuation parameters		Negative fair value changes when applying alternative valuation parameters	
<b>in CZK million</b>	<b>June 2024</b>	<b>December 2023</b>	<b>June 2024</b>	<b>December 2023</b>
Derivatives	2	-	-	-
Income statement	2	-	-	-
Debt securities	4	29	(5)	(38)
Other comprehensive income	4	29	(5)	(38)
Equity instruments	64	68	(128)	(136)
Income statement	64	68	(128)	(136)
<b>Total</b>	<b>70</b>	<b>96</b>	<b>(133)</b>	<b>(174)</b>
<b>Income statement</b>	<b>66</b>	<b>68</b>	<b>(128)</b>	<b>(136)</b>
<b>Other comprehensive income</b>	<b>4</b>	<b>29</b>	<b>(5)</b>	<b>(38)</b>

In estimating these impacts, mainly changes in credit spreads (for bonds), PDs, LGDs (for CVA of derivatives) and market values of comparable equities were considered. An increase (decrease) of spreads, PDs and LGDs result in a decrease (increase) of the corresponding market values.

Following ranges of reasonably possible alternatives of the unobservable inputs were considered in the sensitivity analysis table:

- for debt securities range of credit spreads between +100 basis points and – 75 basis points;
- for equity related instruments the price range between -10% and +5%;
- for CVA on derivatives PDs rating upgrade/downgrade by one notch, the range for LGD between -5% and +10%.

#### Fair value of financial instruments not recognised at fair value

The following table shows fair values and fair value hierarchy of financial instruments whose fair value is disclosed in the notes for 30 June 2024 and for the year-end 2023. For assets without contractual maturities (e.g. cash and cash equivalents), the carrying amount approximates their fair value.

in CZK million	Carrying amount (balance sheet)	Fair value	Quoted market prices in active markets Level 1	Marked to model based on observable market data Level 2	Marked to model based on non- observable inputs Level 3
<b>June 2024</b>					
<b>ASSETS</b>					
Cash and cash equivalents	23,256	23,256	12,609	10,647	-
Financial assets at amortised costs	1,915,613	1,861,199	321,260	6,058	1,533,882
Loans and advances to banks	528,828	528,841	-	-	528,841
Loans and advances to customers	1,031,477	1,005,041	-	-	1,005,041
Debt securities	355,308	327,317	321,260	6,058	-
Finance lease receivables	1,520	1,520	-	-	1,520
Trade and other receivables	13,274	13,215	-	-	13,215
<b>LIABILITIES</b>					
Financial liabilities measured at amortised costs	1,878,255	1,870,516	-	65,999	1,804,517
Deposits from banks	297,630	296,750	-	-	296,750
Deposits from customers	1,494,724	1,486,605	-	-	1,486,605
Debt securities issued	77,880	79,140	-	65,999	13,141
Other financial liabilities	8,021	8,021	-	-	8,021
<b>FINANCIAL GUARANTEES AND COMMITMENTS</b>					
Financial guarantees	n/a	16	-	-	16
Loan commitments	n/a	923	-	-	923
<b>December 2023</b>					
<b>ASSETS</b>					
Cash and cash equivalents	27,918	27,918	14,134	13,784	-
Financial assets at amortised costs	1,653,123	1,588,647	320,041	5,629	1,262,977
Loans and advances to banks	304,007	303,970	-	-	303,970
Loans and advances to customers	996,818	958,392	-	-	958,392
Debt securities	352,299	326,285	320,041	5,629	615
Finance lease receivables	1,467	1,467	-	-	1,467
Trade and other receivables	12,292	12,269	-	-	12,269
<b>LIABILITIES</b>					
Financial liabilities measured at amortised costs	1,604,624	1,595,581	-	109,650	1,485,931
Deposits from banks	122,287	121,530	-	-	121,530
Deposits from customers	1,352,754	1,343,212	-	-	1,343,212
Debt securities issued	121,451	122,704	-	109,650	13,054
Other financial liabilities	8,131	8,135	-	-	8,135
<b>FINANCIAL GUARANTEES AND COMMITMENTS</b>					
Financial guarantees	n/a	74	-	-	74
Loan commitments	n/a	1,763	-	-	1,763

In the table above, positive fair values of financial guarantees and commitments are shown with a positive sign whereas negative fair values are shown with a negative sign. The calculation of fair values of financial guarantees and commitments is based on the coefficient, which is calculated by the Market risk using the Erste Group Bank algorithms.

The fair value of loans and advances to customers and credit institutions, finance lease receivables and trade and other receivables has been calculated by discounting future cash flows while taking into consideration interest and credit spread effects. The interest rate impact is based on the movements of market rates, while credit spread changes are derived from PDs and LGDs used for internal risk calculations. For the calculation of fair value loans and advances were grouped into homogeneous portfolios based on rating method, rating grade, maturity and the country where they were granted.

The fair values of financial assets at amortised cost – debt securities are either taken directly from the market or they are determined by directly observable input parameters (i.e. yield curves).

The fair value of deposits and other liabilities, measured at amortised cost, is estimated by taking into account the current interest rate environment, as well as the own credit spreads. These positions are assigned to the Level 3 category. For liabilities without contractual maturities (e.g. demand deposits), the carrying amount represents the minimum of their fair value.

The fair value of issued securities and subordinated liabilities measured at amortised cost is based on market prices or on observable market parameters, if these are available. For issued securities where the fair value cannot be retrieved from quoted market prices, the fair value is calculated by discounting the future cash flows.

### **38 Events after the balance sheet date**

No significant events occurred after the balance sheet date.

# Definitions of Alternative Performance Indicators

in line with the General Directive issued by ESMA (European Securities and Markets Authority) are Alternative Performance Indicators defined as financial indicators of historical or future financial performance, financial position or cash flow

## Alternative Performance Indicators that Can Be Determined Directly from the Consolidated Financial Statement

Alternative Performance Indicator		Financial Statement
Net interest income	A	Consolidated income statement
Net fee and commission income	B	Consolidated income statement
Dividend income	C	Consolidated income statement
Net trading result	D	Consolidated income statement
Gains/losses from financial instruments measured at fair value through profit or loss	E	Consolidated income statement
Net result from equity method investments	F	Consolidated income statement
Rental income from investment properties and other operating leases	G	Consolidated income statement
<b>Operating income</b>	<b>H=A+B+C+D+E+F+G</b>	<b>Consolidated income statement</b>
Personnel expenses	I	Consolidated income statement
Other administrative expenses	J	Consolidated income statement
Depreciation and amortisation	K	Consolidated income statement
<b>Operating expenses</b>	<b>L=I+J+K</b>	<b>Consolidated income statement</b>
<b>Operating result</b>	<b>H+L</b>	<b>Consolidated income statement</b>
<b>Cost/Income ratio</b>	<b>-L/H</b>	<b>Consolidated income statement</b>
<b>Non-interest operating income/Operating income</b>	<b>(B+C+D+E+F+G)/H</b>	<b>Consolidated income statement</b>
Non-trading financial assets at fair value through profit or loss - loans and advances to customers	M	Consolidated statement of financial position
Financial assets at amortised costs - loans and advances to customers	N	Consolidated statement of financial position
Finance lease receivables	O	Consolidated statement of financial position
Trade and other receivables	P	Consolidated statement of financial position
Financial liabilities at fair value through profit or loss - deposits from customers	Q	Consolidated statement of financial position
Financial liabilities at amortised cost - deposits from customers	R	Consolidated statement of financial position

Alternative Performance Indicator		Financial Statement
Loans and advances to customers	$S=M+N+O+P$	Consolidated statement of financial position
Deposits from customers	$T=Q+R$	Consolidated statement of financial position
Loans and advances to customers/Deposits from customers	$U=S/T$	Consolidated statement of financial position

## The Purpose of the Alternative Performance Indicators

### Operating Income

Operating income shows the amount of bank income from common business activities.

### Operating Expenses

Operating expenses express the volume of bank costs used for common business activities.

### Operating Result

Operating result gives information about the bank's success rate of common business activity. It shows the amount of financial resources that was earned from common business activity.

### Cost/Income Ratio

This indicator expresses the volume of operating expenses consumed to achieve the operating income. The ratio gives a clear view of how efficiently the bank is being run – the lower it is, the more profitable the bank is.

### Non-interest Operating Income/Operating Income

The indicator shows the share of income other than interest income on total operating income.

### Loans to Customers/Deposits from Customers

The indicator shows the share of customer deposits used for funding of customer loans.

## Alternative Performance Indicators that Cannot Be Determined Directly from the Consolidated Financial Statements

### ROA

The ROA (Return on Assets) indicator shows how efficient a Bank's management is at using its assets to generate earnings. It is calculated as a ratio of consolidated net profit in the accounting period attributable to the owners of the parent company (Consolidated income statement) to the average monthly volume of total assets (internal

figure for 13 periods – considers balances as at 1 January of the respective year and the last days of all months of the respective year).

### ROE

The ROE (Return on Equity) indicator measures the efficiency of equity utilization, and its final value expresses the share of the net profit attributed to one Czech koruna of the equity. It is calculated as a ratio of the consolidated net profit in the accounting period attributable to the owners of the parent company (Consolidated income statement) net of the Additional Tier 1 (AT1) coupons to the average monthly volume of equity attributable to the owners of the parent (internal figure for 13 periods – considers balances as at 1 January of the respective year and the last days of all months of the respective year) net of the Additional Tier 1 (AT1) capital.

### Net Interest Margin

Česká spořitelna uses this indicator as the representative of the profitability of interest-bearing assets. It is calculated as a ratio where the numerator is the sum of the consolidated Net Interest Income, Dividend Income, Net Result from Equity Method Investments and Rental Income from Investment Properties and Other Operating Leases decreased by the Depreciation of these assets (Consolidated income statement), and the denominator is the average monthly volume (internal figure for 13 periods – considers balances as at 1 January of the respective year and the last days of all months of the respective year) of the sum of Non-trading Financial Assets at Fair Value through Profit or Loss, Financial Assets at Fair Value through Profit or Loss, Financial Assets at Fair Value through Other Comprehensive Income, Financial Assets at Amortised Costs, Loans and Receivables to Credit Institutions, Loans and Receivables to Customers, Finance Lease Receivables to Customers, Trade and Other Receivables, Investments in Associates and Investment Properties.

### Ratio of Defaulted Receivables from Clients to Total Volume of Receivables from Clients

The indicator is the basic indicator of the quality of bank loan portfolio. It is calculated as a ratio of consolidated

gross loans and advances to defaulted customers to consolidated gross loans and advances to customers.

**Ratio of Loss Allowances to NPL Coverage**

The indicator expresses the volume of provisions relative to non-performing loans and is used as one of the basic indicators for monitoring of the credit risk coverage. It is calculated as a ratio of consolidated impairment loss allowances to customers to consolidated gross loans and advances to defaulted customers.

**Ratio of Loss Allowances and Collateral to NPL Coverage**

This indicator shows the volume of loss allowances and collateral relative to non-performing loans. It is used as

one of the basic indicators for the monitoring of the credit risk coverage. The indicator is calculated as a ratio of consolidated impairment loss allowances for loans and advances to customers and consolidated volume of eligible collateral received for loans and advances to defaulted customers to consolidated gross loans and advances to defaulted customers.





# Contacts

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