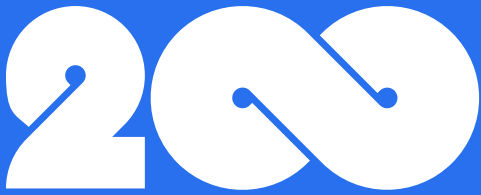


Half-Year Report 2025



In 2025, Česká spořitelna celebrates 200 years since its founding. While few Czech companies—if any—can claim a mission unchanged for two centuries, our purpose has always been timeless.

When a group of industrialists, merchants, and noblemen established Bohemia's first savings bank in 1825, they pursued both a noble and pragmatic goal: to empower people from all walks of life to secure their own future while strengthening society as a whole through savings.

Though the symbol of saving has evolved from passbooks to personalized financial advice and mobile apps, our core mission remains unchanged: to support the financial well-being of individuals and the prosperity of society.

At Česká spořitelna, we believe a stronger future begins with financially secure individuals and a thriving economy. We are committed to helping our clients build financial reserves and prepare for retirement while fostering a Czech economy defined by entrepreneurship, innovation, and global ambition. Through our initiatives, we inspire Czechs to embrace self-confidence—the key to both personal and societal prosperity.

We believe a stronger future is not built on leadership alone or the concentration of capital. Instead, it emerges from communities and regions, growing from the foundation of an open and inclusive society. After all, Česká spořitelna was not born in Prague—it naturally took root in dozens of towns and villages across Bohemia and Moravia. Today, we remain deeply connected to local communities, and this year, we are further strengthening our presence.

We are making significant investments in transforming Czech education. In collaboration with leading education experts, we have developed an innovative financial literacy program, which we will offer to all schools across the country. But we also recognize that even the best innovations alone cannot guarantee a stronger future for education. That's why we are inspiring ten thousand of our employees to continue learning—because leading by example is the most powerful way to foster an educated and prosperous society.

Two hundred years ago, the founders of Česká spořitelna understood that their business could only thrive if society and its people prospered. Today, we hold the same belief.

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Consolidated Financial Results of Česká spořitelna for the First Half of 2025

As of 30 June 2025, Česká spořitelna reported an unaudited consolidated net profit of CZK 12.8 bn, according to the International Financial Reporting Standards (IFRS). Operating result reached CZK 16.1 bn.

"Česká spořitelna is playing an active role in the gradual recovery of the domestic economy - an effort reflected in our strong business and financial results for the first half of the year.

We have further increased the volume of financing provided to both households and businesses while maintaining a robust and healthy loan portfolio. This success has been recognized with several prestigious awards, most notably the Euromoney Award for the Best Bank in the Czech Republic.

Our excellent performance and strong capital position provide a solid foundation for continued support of the Czech economy, even amid the uncertainty caused by unpredictable global economic developments." said Ivan Vondra, Česká spořitelna's CFO in his reaction to the Bank's H1 2025 financial results.

HIGHLIGHTS

P&L: H1 2025 COMPARED WITH H1 2024

BALANCE SHEET: 30 JUNE 2025 COMPARED WITH 30 JUNE 2024

Operating result of Česká spořitelna increased by 5.8% to CZK 16.1 bn as operating income went up by 5.8% attributed to higher net interest income and net fee and commission income partly offset by trading result; operating expenses grew by 5.9% reflecting higher other administrative expenses and personnel expenses.

Net interest income grew by 8.3% and reached CZK 20.6 bn. The development was affected mainly by volume growth of loans supported by positive impact of higher volume of deposits and favourable balance sheet structure. In contrast, there was negative impact of increased minimum reserve requirement. **Net interest margin related to interest bearing assets rose to 2.07% (from 1.95 %) reflecting development of balance sheet structure.**

Net fee and commission income increased by 2.5% to CZK 6.3 bn which was caused by securities transactions, especially due to higher sales of mutual funds. The decline in payment transfers reflected extraordinarily high card fees in 2024; rise in insurance fees was attributed to both life and non-life insurance products and insurance related to current accounts.

Net trading result decreased by 14.3% to CZK 1.5 bn which was driven mainly by revaluation of both economic and hedge accounting derivatives.

Total operating expenses rose by 5.9% to CZK 12.6 bn, mainly influenced by growth of other administrative expenses and personnel expenses. Other administrative expenses (+9.0%) mainly reflected higher costs of IT and growth in marketing. Higher salaries and benefits led to rise in **Personnel expenses of 5.2%. Depreciation went slightly down.** As the consequence of the above-mentioned development, **Cost/Income ratio remained unchanged at 43.8%.**

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 202 m.**

Gains/losses from derecognition of financial assets measured by amortised costs recorded **negative result of CZK 326 m** due to sale of bonds. **Other operating result of CZK -468 m**, consisting mainly of other income and costs not directly related to main operating activities of the Group, was influenced by negative impact of deconsolidation of subsidiary and included contribution to the Resolution Fund.

As of 30 June 2025, total consolidated ČS Group assets amounted to CZK 2,081.2 bn, which meant a 1.3% increase. On the assets side, the development was driven mainly by growth of cash & cash balances and loans to customers partly compensated by loans to banks. The liability side of the balance sheet increased mainly thanks to customer deposits partly offset by deposits from banks.

The gross volume of ČS Group customer loans increased by 7.7% to CZK 1,150.0 bn. The portfolio of **retail loans amounted to CZK 717.7 bn**, representing **increase of 7.9%**, driven by **private mortgages (+9.7%)**, **consumer lending (+4.4%)** and **Building Society (+7.7%)**. **The volume of corporate loans grew by 7.7% to CZK 427.3 bn** attributed to **increase in SME (+9.5%)**, **Real Estate (+10.8%)**, **Public Sector (+7.7%)** and **corporate subsidiaries (+19.4%)**.

Group deposits from customers grew by 8.8% to CZK 1,627.3 bn attributed to **increase in retail deposits (+4.1% to CZK 1,040.3 bn)**, **corporate deposits (+5.2% to CZK 353.2 bn)** and **non-core deposits (+45.1% to CZK 233.8 bn)**. Retail mutual funds increased by CZK 69.0 bn (+24.6%) to CZK 349.7 bn influenced by rise in net sales accompanied by positive performance effect.

Total accounting equity declined by 4.5% to CZK 135.3 bn, which was affected by repayment of AT1 instrument. **The total capital ratio for Česká spořitelna Group reached 18.8%**, well above minimum regulatory capital requirement (16.25%).

As of 30 June 2025, the **total number of the ČS Group customers was 4.6 m**, of which more than 2.5 m used digital banking. **The overall number of active payment cards issued by ČS increased by 10.3% and reached 4.2 m.** Thereof **credit cards** represented 233.7 thousand. **The number of Česká spořitelna's ATMs and transaction terminals** decreased by 78 y/y to 1,581.

Selected Financial Indicators¹

Key Ratios

	30 June 2025	30 June 2024
ROE	16.8%	17.6%
ROA	1.2%	1.2%
Cost/Income ratio	43.8%	43.8%
Non-interest operating income/operating income	28.1%	29.7%
Net interest margin on interest-bearing assets	2.07%	1.95%
Loan/Deposit ratio	69.5%	69.9%
Consolidated capital adequacy (BASEL III, Tier I and II)	18.8%	19.0%

Selected Operating Figures

Number of:	30 June 2025	30 June 2024
staff (end of period) ²	9,629	9,574
branches ³	336	356
clients	4,557,487	4,601,962
active cards	4,236,014	3,839,348
of which: credit cards	233,696	234,776
ATMs and payment machines	1,581	1,659

Net Profit of Selected Subsidiaries of Česká spořitelna⁴

CZK million	H1 2025	H1 2024
Stavební spořitelna České spořitelny, a.s.	618	580
Česká spořitelna - penzijní společnost, a.s.	394	793
Leasing České spořitelny, a.s.	172	158
Factoring České spořitelny, a.s.	68	79
REICO investiční společnost České spořitelny, a.s. ⁵	0	46

(1) Definitions of the below mentioned alternative performance indicators are stated in the chapter Definitions of Alternative Performance Indicators, on the page 59

(2) 2025 data including temporary part-timers

(3) Number of physical branches

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

(5) In December 2024, REICO was sold to the company Erste Asset Management

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



Karel Mourek
Vice-Chairman of the
Board of Directors



Financial section

Interim consolidated financial statements

Consolidated statement of income

in CZK million	Notes	1-6 2025	1-6 2024
Net interest income	1	20,601	19,030
Interest income		39,904	47,939
Other similar income		3,367	5,523
Interest expenses		(19,437)	(28,272)
Other similar expenses		(3,233)	(6,160)
Net fee and commission income	2	6,277	6,124
Fee and commission income		7,293	6,790
Fee and commission expense		(1,016)	(666)
Dividend income		37	48
Net trading result	3	1,528	1,782
Gains/losses from financial instruments measured at fair value through profit or loss		(21)	(111)
Net result from equity method investments		92	71
Rental income from investment properties and other operating leases		128	116
Personnel expenses	4	(6,683)	(6,350)
Other administrative expenses	4	(4,509)	(4,136)
Depreciation and amortisation	4	(1,362)	(1,371)
Gains/losses from derecognition of financial assets measured at amortised cost	5	(326)	(5)
Gains/losses from derecognition of financial instruments not measured at fair value through profit or loss		(10)	(2)
Impairment result from financial instruments	6	202	234
Other operating result	7	(468)	(262)
Pre-tax result from continuing operations		15,486	15,168
Taxes on income	8	(2,645)	(2,735)
Net result for the period		12,841	12,433
Net result attributable to non-controlling interests		32	23
Net result attributable to owners of the parent		12,809	12,410

Consolidated statement of comprehensive income

in CZK million	1-6 2025	1-6 2024
Net result for the period	12,841	12,433
Other comprehensive income		
Items that may not be reclassified to profit or loss	(1)	(6)
Own credit risk reserve	(1)	(6)
Items that may be reclassified to profit or loss	239	462
Fair value reserve of debt instruments	(247)	(221)
Gain/(loss) during the period	(90)	(240)
Reclassification adjustments	(157)	19
Cash flow hedge reserve	271	804
Gain/(loss) during the period	(542)	1,888
Reclassification adjustments	813	(1,084)
Currency reserve	220	(1)
Gain/(loss) during the period	220	(1)
Deferred taxes relating to items that may be reclassified	(5)	(120)
Gain/(loss) during the period	133	(344)
Reclassification adjustments	(138)	224
Total other comprehensive income	238	456
Total comprehensive income	13,079	12,889
Total comprehensive income attributable to non-controlling interests	32	23
Total comprehensive income attributable to owners of the parent	13,047	12,866

Consolidated statement of financial position

in CZK million	Notes	June 2025	December 2024
Assets			
Cash and cash equivalents	9	96,466	22,958
Financial assets held for trading		12,759	12,911
Derivatives	15	12,685	12,852
Other financial assets held for trading		74	59
Non-trading financial assets at fair value through profit or loss	16	1,868	2,895
Equity instruments		696	1,422
Debt securities		810	773
Loans and advances to banks		353	691
Loans and advances to customers		9	9
Financial assets at fair value through other comprehensive income	13	50,769	52,258
thereof pledged as collateral		1,229	-
Debt securities		50,769	52,258
Financial assets at amortised cost		1,866,671	1,892,087
thereof pledged as collateral		101,246	117,657
Debt securities	10	403,575	372,456
Loans and advances to banks	10	349,624	443,389
Loans and advances to customers	10	1,113,472	1,076,242
Finance lease receivables	14	1,422	1,501
Hedge accounting derivatives	17	3,479	2,930
Fair value changes of the hedged items in portfolio hedge of interest rate risk		(7)	(8)
Property, equipment and right-of-use asset		13,230	13,153
Investment property		3,485	1,449
Intangible assets		6,506	6,600
Investments in associates		1,988	1,895
Current tax assets		150	5
Deferred tax assets		1,390	1,296
Assets held for sale		3,627	3,587
Trade and other receivables	11	15,442	13,206
Other assets	18	1,913	1,353
Total assets		2,081,158	2,030,076

in CZK million	Notes	June 2025	December 2024
Liabilities and equity			
Financial liabilities held for trading	15	12,836	12,034
Derivatives		12,836	12,034
Financial liabilities at fair value through profit or loss	19	2,385	1,309
Deposits from customers		2,385	1,309
Financial liabilities at amortised cost		1,909,316	1,844,773
Deposits from banks	12	189,693	275,456
Deposits from customers	12	1,624,894	1,481,865
Debt securities issued	12	86,321	81,509
Other financial liabilities		8,408	5,943
Lease liabilities		3,361	3,363
Hedge accounting derivatives	17	2,871	3,693
Provisions	20	3,812	3,465
Current tax liabilities		610	713
Deferred tax liabilities		6	6
Liabilities associated with assets held for sale		149	167
Other liabilities	21	10,562	5,787
Total equity		135,250	154,766
Equity attributable to non-controlling interests		654	622
Equity attributable to owners of the parent		134,596	154,144
Share capital		15,200	15,200
Additional paid-in capital		12	12
Additional equity instruments		-	9,040
Retained earnings and other reserves		119,384	129,892
Total liabilities and equity		2,081,158	2,030,076

These interim condensed consolidated financial statements were prepared by the Group and authorized for issue by the Board of Directors on 2 September 2025.



Tomáš Salomon
Chairman of the
Board of Directors



Karel Mourek
Vice-Chairman of the
Board of Directors

Consolidated 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 reserve	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
As of 1 January 2024	15,200	12	119,538	9,040	387	(380)	293	8	(143)	143,955	546	144,501
Dividends paid/AT1 distribution	-	-	(15,731)	-	-	-	-	-	-	(15,731)	-	(15,731)
Other changes	-	-	5	-	-	-	-	-	-	5	-	5
Total comprehensive income	-	-	12,410	-	-	645	(182)	(6)	(1)	12,866	23	12,889
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 reserve	-	-	-	-	-	-	-	-	(1)	(1)	-	(1)
Change in own credit risk reserve	-	-	-	-	-	-	-	(6)	-	(6)	-	(6)
As of 30 June 2024	15,200	12	116,222	9,040	387	265	111	2	(144)	141,095	569	141,664

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 reserve	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total equity
As of 1 January 2025	15,200	12	129,690	9,040	387	(245)	199	2	(141)	154,144	622	154,766
Dividends paid/AT1 distribution	-	-	(23,890)	-	-	-	-	-	-	(23,890)	-	(23,890)
Changes in scope of consolidation and ownership interest	-	-	-	(9,040)	-	-	-	-	-	(9,040)	-	(9,040)
Other changes	-	-	336	-	-	-	-	-	(1)	335	-	335
Total comprehensive income	-	-	12,809	-	-	214	(195)	(1)	220	13,047	32	13,079
Net result for the period	-	-	12,809	-	-	-	-	-	-	12,809	32	12,841
Other comprehensive income	-	-	-	-	-	214	(195)	(1)	220	238	-	238
Change in fair value reserve	-	-	-	-	-	-	(247)	-	-	(247)	-	(247)
Changes in tax	-	-	-	-	-	(57)	52	-	-	(5)	-	(5)
Change in cash flow hedge reserve	-	-	-	-	-	271	-	-	-	271	-	271
Change in currency reserve	-	-	-	-	-	-	-	-	220	220	-	220
Change in own credit risk reserve	-	-	-	-	-	-	-	(1)	-	(1)	-	(1)
As of 30 June 2025	15,200	12	118,945	-	387	(31)	4	1	78	134,596	654	135,250

Consolidated statement of cash flows

in CZK million	Notes	1-6 2025	1-6 2024
Pre-tax result from continuing operations		15,486	15,168
Non-cash adjustments for items in net profit/loss for the year			
Depreciation, amortisation and net impairment of non-financial assets		1,202	1,391
Net allocation to provisions (including risk provisions)		(76)	(377)
Gains/(losses) from the measurement and derecognition of financial assets and financial liabilities		(334)	145
Gains/(losses) from the sale of non-financial assets		(25)	(26)
Change in fair values of derivatives		984	(214)
Interest income	1	(39,904)	(47,939)
Interest expense	1	19,437	28,272
Other adjustments		370	2,648
Changes in assets and liabilities from operating activities after adjustment for non-cash components			
Financial assets held for trading		(20)	2
Non-trading financial assets at fair value through profit or loss			
Equity instruments		726	(510)
Debt securities		(37)	33
Loans and advances to customers		338	553
Financial assets - at fair value through other comprehensive income: debt instruments		1,301	1,603
Financial assets at amortised cost			
Debt securities		(31,680)	(2,557)
Loans and advances to banks		93,634	(224,748)
Loans and advances to customers		(40,941)	(32,725)
Finance lease receivables		60	(57)
Hedge accounting derivatives		(1,100)	(647)
Other assets from operating activities		(5,175)	(3,256)
Financial liabilities at amortised cost			
Deposits from banks		(84,963)	174,731
Deposits from customers		146,948	140,511
Financial liabilities at fair value through profit or loss		1,201	(12,228)
Other liabilities from operating activities		7,333	1,004
Other operating cash flows			
Interest paid		(23,238)	(33,429)
Interest received		42,017	51,637
Payments for taxes on income		(2,878)	(2,287)
Cash flow from operating activities		100,666	56,698
Financial assets - at fair value through other comprehensive income: equity instruments		-	22
Proceeds of disposal of property, equipment and intangible assets		184	119
Acquisition of property and equipment, intangible assets and investment properties		(2,519)	(706)
Acquisition of joint ventures and associates		(93)	(71)
Cash flow from investing activities		(2,428)	(636)
AT1 call		(9,040)	-
Dividends paid/AT1 distribution		(23,890)	(15,731)
Dividends received		37	48
Other financing activities		(1)	-
Payments of lease liability		(461)	(480)
Repayments of bonds in issue		-	(44,337)
Proceeds from bonds issued		6,045	-
Changes in non-controlling interest		32	23
Cash flow from financing activities		(27,278)	(60,477)

in CZK million	Notes	1-6 2025	1-6 2024
Cash and cash equivalents at beginning of period	9	22,958	27,918
Cash flow from operating activities		100,666	56,698
Cash flow from investing activities		(2,428)	(636)
Cash flow from financing activities		(27,278)	(60,477)
Effect of currency translation		860	(247)
Cash and cash equivalents at end of period	9	94,778	23,256

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 2025

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 subsidiaries 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.

MATERIAL ACCOUNTING POLICY INFORMATION

Basis of preparation

The condensed consolidated interim financial statements ('interim financial statements') of the Group for the period from 1 January to 30 June 2025 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 2025

On 7 January 2025 the company CPP Lux S.à r.l. was deleted from the Commercial Register.

On 6 February 2025 the company CEE Property Development Portfolio B.V. was deleted from the Commercial Register.

Dostupné bydlení České spořitelny, a.s. acquired 50% of the company Bydlení Opatov s.r.o. that was merged with the company DBČS Opatov, s.r.o. as of June 1, 2025.

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.

On 28 March 2024 CPP Lux S.à r.l. entered into liquidation.

On 3 October 2024 the company BP Antal, s. r. o. was established. The company is 100% owned by Budějovická Development, s. r. o.

On 8 November 2024 the subsidiary Dostupné bydlení České spořitelny, a.s. acquired the whole share in the company DBČS Prosek, s.r.o.

During the year, the Group completed planned liquidation of the company DINESIA a.s., v likvidaci. On 11 July 2024 DINESIA a.s., v likvidaci paid the liquidation balance of CZK 10,188 thousand to Leasing České spořitelny, a.s. The company was deleted from the Commercial Register on 2 December 2024.

On 13 December 2024 the company DBČS Opatov, s.r.o. was established. The company is 100% owned by Dostupné bydlení České spořitelny, a.s.

On 20 December 2024 the Bank's 100% investment in REICO investiční společnost České spořitelny, a.s. was sold to Erste Asset Management GmbH.

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 2024.

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 2024, 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	1-6 2025	1-6 2024
Interest and other similar income		
Financial assets at fair value through other comprehensive income	1,049	1,385
Financial assets at amortised costs	38,855	46,554
Interest income	39,904	47,939
Financial assets held for trading	3,541	6,108
Hedge derivatives, interest rate risk	(201)	(620)
Other assets	27	35
Other similar income	3,367	5,523
Total interest and other similar income	43,271	53,462
Interest and other similar expense		
Financial liabilities measured at amortised cost	(19,437)	(28,272)
Interest expenses	(19,437)	(28,272)
Financial liabilities at fair value through profit or loss	(111)	(105)
Financial liabilities held for trading	(2,899)	(5,645)
Hedge derivatives, interest rate risk	(173)	(361)
Other liabilities	(49)	(47)
Negative interest from financial assets	(1)	(2)
Other similar expenses	(3,233)	(6,160)
Total interest and other similar expense	(22,670)	(34,432)
Net interest income	20,601	19,030

2 Net fee and commission income

in CZK million	1-6 2025		1-6 2024	
	Income	Expenses	Income	Expenses
Securities	747	(71)	613	(58)
Clearing and settlement	-	(2)	-	(3)
Asset management	806	(13)	1,129	(17)
Custody	67	(33)	65	(29)
Payment services	2,126	(499)	2,159	(240)
Customer resources distributed but not managed	2,323	-	1,795	-
Collective investment	1,213	-	838	-
Insurance products	1,110	-	957	-
Servicing fees from securitization activities	-	(26)	-	-
Lending business	768	(163)	716	(137)
Other	456	(209)	313	(182)
Total fee and commission income and expenses	7,293	(1,016)	6,790	(666)
Net fee and commission income	6,277		6,124	

3 Net trading result

in CZK million	1-6 2025	1-6 2024
Securities and derivatives trading	180	210
Foreign exchange transactions	1,371	1,471
Ineffectiveness of hedge accounting	(23)	101
Net trading result	1,528	1,782

4 General administrative expenses

in CZK million	1-6 2025	1-6 2024
Personnel expenses	(6,683)	(6,350)
Wages and salaries	(4,717)	(4,478)
Compulsory social security	(1,517)	(1,456)
Other personnel expenses	(449)	(416)
Other administrative expenses	(4,509)	(4,136)
Deposit insurance contribution	(394)	(407)
IT expenses	(2,175)	(1,988)
Expenses for office space	(440)	(441)
Office operating expenses	(420)	(359)
Advertising / marketing	(708)	(568)
Legal and consulting costs	(85)	(99)
Sundry administrative expenses	(287)	(274)
Depreciation and amortisation	(1,362)	(1,371)
Software and other intangible assets	(525)	(505)
Owner occupied real estate	(292)	(298)
Investment property	-	(25)
Office furniture and equipment and sundry property and equipment	(225)	(216)
Right of use asset	(320)	(327)
General administrative expenses	(12,554)	(11,857)

5 Gains/losses from derecognition of financial assets measured at amortised cost

in CZK million	1-6 2025	1-6 2024
Losses from sale of financial assets at amortised cost	(326)	(5)
Gains/(losses) from derecognition of financial assets measured at amortised cost	(326)	(5)

6 Impairment result from financial instruments

in CZK million	1-6 2025	1-6 2024
Financial assets at fair value through other comprehensive income	159	(19)
Financial assets at amortised cost	443	139
Net allocation to risk provisions	282	(1)
Recoveries recorded directly to the income statement	161	140
Finance lease receivables	(19)	(4)
Net allocation to credit loss allowances	(19)	(4)
Net allocation of provisions for commitments and guarantees given	(381)	118
Impairment result from financial instruments	202	234

7 Other operating result

in CZK million	1-6 2025	1-6 2024
Other operating expenses	(193)	(513)
Allocation to other provision	(50)	(9)
Other taxes	(3)	(4)
Recovery and resolution fund contributions	(140)	(500)
Other operating income	28	1
Release of other provision	28	1
Result from properties/movables/other intangible assets other than goodwill	25	330
Result from other operating expenses/income	(328)	(80)
Other operating result	(468)	(262)

8 Taxes

Group's consolidated net tax expense for the first six months of 2025 amounted to CZK 2,645 million (June 2024: CZK 2,735 million), thereof CZK 95 million net deferred tax income (June 2024: expense CZK 238 million).

9 Cash and cash equivalents

in CZK million	June 2025	December 2024
Cash on hand	11,193	14,411
Cash balances at central banks	83,838	7,953
Other deposits on demand	1,435	594
Cash and cash equivalents	96,466	22,958

10 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	
June 2025									
General governments	378,589	-	-	378,589	(17)	-	-	(17)	378,572
Credit institutions	20,944	-	-	20,944	(5)	-	-	(5)	20,939
Other financial corporations	268	-	-	268	-	-	-	-	268
Non-financial corporations	3,693	106	-	3,799	(1)	(2)	-	(3)	3,796
Total	403,494	106	-	403,600	(23)	(2)	-	(25)	403,575
December 2024									
General governments	348,451	-	-	348,451	(16)	-	-	(16)	348,435
Credit institutions	20,923	-	-	20,923	(5)	-	-	(5)	20,918
Other financial corporations	100	166	-	266	-	(4)	-	(4)	262
Non-financial corporations	2,737	106	-	2,843	(1)	(1)	-	(2)	2,841
Total	372,211	272	-	372,483	(22)	(5)	-	(27)	372,456

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	
June 2025									
Central banks	346,771	-	-	346,771	(2)	-	-	(2)	346,769
Credit institutions	2,856	-	-	2,856	(1)	-	-	(1)	2,855
Total	349,627	-	-	349,627	(3)	-	-	(3)	349,624
December 2024									
Central banks	440,098	-	-	440,098	(2)	-	-	(2)	440,096
Credit institutions	3,294	-	-	3,294	(1)	-	-	(1)	3,293
Total	443,392	-	-	443,392	(3)	-	-	(3)	443,389

Loans and advances to customers

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

in CZK million	GCA				Total	CLA				Total	Carrying amount
	Stage 1	Stage 2	Stage 3	POCI		Stage 1	Stage 2	Stage 3	POCI		
June 2025											
General governments	16,745	9,725	386	395	27,251	(6)	(135)	(46)	(25)	(212)	27,039
Other financial corporations	39,288	2,335	256	-	41,879	(44)	(67)	(244)	-	(355)	41,524
Non-financial corporations	321,150	49,218	8,371	1,163	379,902	(928)	(2,891)	(4,793)	(497)	(9,109)	370,793
Households	628,832	45,012	9,197	643	683,684	(1,079)	(2,416)	(5,974)	(99)	(9,568)	674,116
Total	1,006,015	106,290	18,210	2,201	1,132,716	(2,057)	(5,509)	(11,057)	(621)	(19,244)	1,113,472
December 2024											
General governments	17,519	9,584	439	368	27,910	(8)	(167)	(64)	(3)	(242)	27,668
Other financial corporations	33,033	5,925	238	-	39,196	(50)	(133)	(237)	-	(420)	38,776
Non-financial corporations	292,876	66,897	8,619	1,249	369,641	(851)	(3,106)	(5,015)	(518)	(9,490)	360,151
Households	581,883	68,133	8,668	720	659,404	(1,048)	(2,754)	(5,831)	(124)	(9,757)	649,647
Total	925,311	150,539	17,964	2,337	1,096,151	(1,957)	(6,160)	(11,147)	(645)	(19,909)	1,076,242

11 Trade and other receivables

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

in CZK million	GCA				Total	CLA			Total	Carrying amount
	Stage 1	Stage 2	Stage 3			Stage 1	Stage 2	Stage 3		
June 2025										
General governments	182	-	-	182	-	-	-	-	-	182
Credit institutions	446	-	-	446	-	-	-	-	-	446
Other financial corporations	840	1	-	841	(1)	(1)	-	(2)		839
Non-financial corporations	12,734	1,110	83	13,927	(154)	(15)	(23)	(192)		13,735
Households	230	95	70	395	(3)	(86)	(66)	(155)		240
Total	14,432	1,206	153	15,791	(158)	(102)	(89)	(349)		15,442
December 2024										
General governments	241	-	-	241	(1)	-	-	(1)		240
Credit institutions	453	-	-	453	-	-	-	-		453
Other financial corporations	850	1	-	851	(1)	(1)	-	(2)		849
Non-financial corporations	11,150	505	111	11,766	(149)	(22)	(32)	(203)		11,563
Households	93	97	82	272	(3)	(89)	(79)	(171)		101
Total	12,787	603	193	13,583	(154)	(112)	(111)	(377)		13,206

12 Financial liabilities at amortised cost

Deposits from banks

in CZK million	June 2025	December 2024
Overnight deposits	7,537	2,936
Term deposits	28,686	30,165
Repurchase agreements	153,470	242,355
Deposits from banks	189,693	275,456

Deposits from customers

in CZK million	June 2025	December 2024
Deposits from customers	1,624,894	1,481,865
Current accounts/Overnight deposits	1,127,137	1,067,931
General governments	127,510	113,127
Other financial corporations	32,658	23,894
Non-financial corporations	156,899	147,483
Households	810,070	783,427
Term deposits	294,071	325,517
General governments	21,940	18,059
Other financial corporations	25,954	36,269
Non-financial corporations	63,416	77,256
Households	182,761	193,933
Repurchase agreements	203,686	88,417
General governments	107,303	34,240
Other financial corporations	69,860	54,177
Non-financial corporations	26,523	-
Deposits from customers	1,624,894	1,481,865
General governments	256,753	165,426
Other financial corporations	128,472	114,340
Non-financial corporations	246,838	224,739
Households	992,831	977,360

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

Debt securities issued – bonds

in CZK million	ISIN	Date of issue	Maturity	Call Redemption Date	Interest rate	June 2025	December 2024
SNP	AT0000A2STV4	September 2021	September 2028	September 2027	0.5%	11,813	11,784
SNP	CZ0003707291	July 2022	July 2027	July 2026	7.41%	6,431	6,209
Bonds-subordinated	CZ0003708315	June 2023	June 2029	June 2028	6.75%	6,058	6,252
SNP	XS2638560156	June 2023	June 2027	June 2026	5.943%	12,364	12,956
SNP	XS2676413235	September 2023	March 2028	March 2027	5.737%	12,578	13,160
SNP	XS2746647036	January 2024	January 2030	January 2029	4.824%	12,619	13,144
Bonds-subordinated	CZ0003708679	March 2024	March 2034	March 2029	5.55%	2,066	2,044
Bonds-subordinated	CZ0003708687	March 2024	March 2034	March 2029	5.55%	2,064	1,816
SNP	XS2852933329	July 2024	July 2031	July 2030	4.57%	13,196	13,169
SNP	XS2930541698	November 2024	November 2027	November 2026	5.45%	874	975
Bonds-subordinated	CZ0003709701	February 2025	February 2035	February 2030	5.05%	2,546	-
Bonds-subordinated	CZ0003710188	June 2025	June 2035	June 2030	3.99%	3,713	-
Bonds issued						86,321	81,509

13 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				Accumulated		Fair value
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Amortised cost	fair value changes	
June 2025											
Debt securities											
General governments	37,817	-	-	37,817	(2)	-	-	(2)	37,815	49	37,864
Credit institutions	3,304	-	-	3,304	(1)	-	-	(1)	3,303	(21)	3,282
Other financial corporations	1,568	-	-	1,568	-	-	-	-	1,568	13	1,581
Non-financial corporations	4,599	3,508	-	8,107	(2)	(28)	-	(30)	8,077	(35)	8,042
Total	47,288	3,508	-	50,796	(5)	(28)	-	(33)	50,763	6	50,769
December 2024											
Debt securities											
General governments	38,300	-	-	38,300	(2)	-	-	(2)	38,298	243	38,541
Credit institutions	3,733	-	-	3,733	(1)	-	-	(1)	3,732	(58)	3,674
Other financial corporations	968	820	-	1,788	-	(6)	-	(6)	1,782	5	1,787
Non-financial corporations	4,882	3,495	-	8,377	(2)	(181)	-	(183)	8,194	62	8,256
Total	47,883	4,315	-	52,198	(5)	(187)	-	(192)	52,006	252	52,258

14 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	
June 2025									
General governments	20	-	-	20	(1)	-	-	(1)	19
Other financial corporations	15	-	-	15	-	-	-	-	15
Non-financial corporations	1,352	36	9	1,397	(16)	(1)	(9)	(26)	1,371
Households	15	2	-	17	-	-	-	-	17
Total	1,402	38	9	1,449	(17)	(1)	(9)	(27)	1,422
December 2024									
General governments	27	-	-	27	(2)	-	-	(2)	25
Other financial corporations	23	-	-	23	-	-	-	-	23
Non-financial corporations	1,425	24	27	1,476	(26)	(2)	(18)	(46)	1,430
Households	23	1	-	24	(1)	-	-	(1)	23
Total	1,498	25	27	1,550	(29)	(2)	(18)	(49)	1,501

15 Derivative financial instruments

in CZK million	June 2025			December 2024		
	Notional value	Positive fair value	Negative fair value	Notional value	Positive fair value	Negative fair value
Derivatives held in the trading book	799,164	12,522	(11,853)	782,333	12,066	(11,486)
Interest rate	390,079	7,116	(6,616)	367,832	8,091	(7,608)
Foreign exchange	409,085	5,406	(5,237)	414,501	3,975	(3,878)
Derivatives held in the banking book	44,844	163	(982)	49,776	786	(548)
Interest rate	14,621	30	(39)	24,828	1	(313)
Foreign exchange	30,223	133	(943)	24,948	785	(235)
Total	844,008	12,685	(12,836)	832,109	12,852	(12,034)

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

in CZK million	June 2025		December 2024	
	Designated	Mandatorily	Designated	Mandatorily
Equity instruments	-	696	-	1,422
Debt securities	-	810	-	773
Other financial corporations	-	810	-	773
Loans and advances to banks	-	353	-	691
Credit institutions	-	353	-	-
Loans and advances to customers	-	9	-	9
Non-financial corporations	-	9	-	9
Financial assets designated and mandatorily at fair value through profit or loss	-	1,868	-	2,895
Non-trading financial assets at fair value through profit or loss	1,868		2,895	

17 Hedge accounting

in CZK million	June 2025			December 2024		
	Notional value	Positive fair value	Negative fair value	Notional value	Positive fair value	Negative fair value
Fair value hedges	73,845	785	(2,252)	74,419	626	(2,553)
Interest rate	73,845	785	(2,252)	74,419	626	(2,553)
Cash flow hedge	128,915	2,694	(619)	100,461	2,304	(1,140)
Interest rate	84,825	1,343	(144)	54,700	1,169	(298)
Foreign exchange	44,090	1,351	(475)	45,761	1,135	(842)
Total	202,760	3,479	(2,871)	174,880	2,930	(3,693)

18 Other assets

in CZK million	June 2025	December 2024
Prepayments	727	660
Assets under construction/unfinished goods/inventory	112	89
Sundry assets	1,074	604
Other assets	1,913	1,353

19 Financial liabilities at fair value through profit or loss

in CZK million	Carrying amount		Amount repayable		Delta between carrying amount and amount repayable	
	June 2025	December 2024	June 2025	December 2024	June 2025	December 2024
Deposits	2,385	1,309	2,378	1,305	7	4
Financial liabilities at FVPL	2,385	1,309	2,378	1,305	7	4

20 Provisions

in CZK million	June 2025	December 2024
Restructuring	132	168
Pending legal issues	1,754	1,716
Loan commitments and financial guarantees given	1,624	1,245
CLA for loan commitments and financial guarantees in Stage 1	276	265
CLA for loan commitments and financial guarantees in Stage 2	1,032	727
CLA for loan commitments and financial guarantees in Stage 3	315	252
CLA for loan commitments and financial guarantees POCI	1	1
Loan commitments and financial guarantees given out of scope of IFRS 9	112	78
Provision for onerous contracts	182	184
Other provisions	8	74
Provisions	3,812	3,465

21 Other liabilities

in CZK million	June 2025	December 2024
Deferred income	589	645
Sundry liabilities	9,973	5,142
Other liabilities	10,562	5,787

22 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.

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 including activities provided via subsidiaries.

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 (including activities of subsidiaries) 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.

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 short-term 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

in CZK million	Retail		Corporates		ALM&LCC		Group Markets		Total Group	
	1-6 2025	1-6 2024	1-6 2025	1-6 2024	1-6 2025	1-6 2024	1-6 2025	1-6 2024	1-6 2025	1-6 2024
Net interest income	12,468	11,900	5,632	5,596	1,814	802	687	732	20,601	19,030
Net fee and commission income	4,394	4,369	909	830	(117)	(70)	1,090	995	6,277	6,124
Dividend income	-	-	-	-	37	48	-	-	37	48
Net trading result	997	947	440	454	(190)	175	280	206	1,528	1,782
Gains/losses from financial instruments at FVPL	-	-	(1)	20	(21)	(131)	-	-	(21)	(111)
Net result from equity method investments	42	-	25	2	23	69	2	-	92	71
Rental income from investment properties and other operating leases	-	-	11	-	117	116	-	-	128	116
General administrative expenses	(9,522)	(9,148)	(1,877)	(1,687)	(800)	(665)	(355)	(357)	(12,554)	(11,857)
Gains/losses from derecognition of financial assets at AC	-	-	-	-	(326)	(5)	-	-	(326)	(5)
Other gains/losses from derecognition of financial instruments not at FVPL	-	-	(2)	-	(8)	(2)	-	-	(10)	(2)
Impairment result from financial instruments	(142)	177	367	47	(22)	(4)	-	14	202	234
Other operating result	(58)	(20)	(106)	(101)	(256)	(66)	(48)	(75)	(468)	(262)
Pre-tax result from continuing operations	8,179	8,225	5,399	5,160	251	268	1,656	1,515	15,486	15,168
Taxes on income	(1,718)	(1,728)	(1,141)	(1,085)	561	396	(348)	(318)	(2,645)	(2,735)
Net result for the period	6,461	6,498	4,259	4,074	813	664	1,308	1,197	12,841	12,433
Net result attributable to non-controlling interests	-	-	-	-	32	23	-	-	32	23
Net result attributable to owners of the parent	6,461	6,498	4,259	4,074	780	641	1,308	1,197	12,809	12,410
Operating income	17,901	17,217	7,017	6,900	1,663	1,011	2,060	1,933	28,642	27,061
Operating expenses	(9,522)	(9,148)	(1,877)	(1,687)	(800)	(665)	(355)	(357)	(12,554)	(11,857)
Operating result	8,379	8,069	5,141	5,213	864	346	1,705	1,576	16,088	15,204

in CZK million	Retail		Corporates		ALM&LCC		Group Markets		Total Group	
	1-6 2025	1-6 2024	1-6 2025	1-6 2024	1-6 2025	1-6 2024	1-6 2025	1-6 2024	1-6 2025	1-6 2024
Risk-weighted assets (credit risk, pillar 1, eop)	220,842	230,369	331,093	360,849	31,181	46,683	9,985	8,322	593,102	646,223
Average allocated capital	29,087	30,473	32,819	33,670	93,023	81,963	1,853	2,157	156,782	148,263
Cost/income ratio	53.2%	53.1%	26.7%	24.4%	48.1%	65.8%	17.2%	18.5%	43.8%	43.8%
Return on allocated capital	44.4%	42.6%	26.0%	24.2%	1.7%	1.6%	141.2%	111.0%	16.3%	16.7%
Total assets (eop)	738,032	684,650	418,830	386,359	898,400	954,178	25,896	29,225	2,081,158	2,054,412
Total liabilities excluding equity (eop)	1,040,850	1,000,206	423,797	362,549	174,726	156,135	306,536	393,858	1,945,908	1,912,748

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 2024.

23 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.

24 Credit risk exposure

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

- cash and cash equivalents – 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 decreased in the reporting period from CZK 2,280 billion to CZK 2,264 billion. This is an decrease of -0.7% or CZK 16 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
June 2025				
Cash and cash equivalents - demand deposits to credit institutions	1,436	(1)	-	1,435
Debt instruments held for trading	12,759	-	-	12,759
Non-trading debt instruments at FVPL	1,172	-	-	1,172
Debt securities	810	-	-	810
Loans and advances to banks	353	-	-	353
Loans and advances to customers	9	-	-	9
Debt instruments at FVOCI	50,796	(33)	6	50,769
Debt securities	50,796	(33)	6	50,769
Debt instruments at AC	1,885,943	(19,272)	-	1,866,671
Debt securities	403,600	(25)	-	403,575
Loans and advances to banks	349,627	(3)	-	349,624
Loans and advances to customers	1,132,716	(19,244)	-	1,113,472
Trade and other receivables	15,792	(350)	-	15,442
Finance lease receivables	1,449	(27)	-	1,422
Positive fair value of hedge derivatives	3,479	-	-	3,479
Off-balance sheet exposures	290,840	(1,736)	-	-
Total	2,263,666	(21,419)	6	1,953,149
December 2024				
Cash and cash equivalents - demand deposits to credit institutions	594	-	-	594
Debt instruments held for trading	12,911	-	-	12,911
Non-trading debt instruments at FVPL	1,473	-	-	1,473
Debt securities	773	-	-	773
Loans and advances to banks	691	-	-	691
Loans and advances to customers	9	-	-	9
Debt instruments at FVOCI	52,198	(192)	252	52,258
Debt securities	52,198	(192)	252	52,258
Debt instruments at AC	1,912,025	(19,938)	-	1,892,087
Debt securities	372,482	(26)	-	372,456
Loans and advances to banks	443,392	(3)	-	443,389
Loans and advances to customers	1,096,151	(19,909)	-	1,076,242
Trade and other receivables	13,583	(377)	-	13,206
Finance lease receivables	1,550	(49)	-	1,501
Positive fair value of hedge derivatives	2,930	-	-	2,930
Off-balance sheet exposures	283,008	(1,323)	-	-
Total	2,280,272	(21,879)	252	1,976,960

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
June 2025					
Natural Resources & Commodities	42,418	24,367	5,651	2,475	74,911
Energy	55,901	7,333	2,013	429	65,676
Construction and building materials	43,103	25,088	3,365	1,333	72,889
Automotive	30,368	11,240	1,423	313	43,344
Cyclical Consumer Products	19,942	17,719	3,890	1,723	43,274
Non-Cyclical Consumer Products	31,996	12,833	1,750	522	47,101
Machinery	20,407	12,278	1,317	1,360	35,362
Transportation	32,792	10,879	1,936	187	45,794
TMT; Telecommunications, Media, Technology and Paper & Packaging	17,880	9,566	1,044	181	28,671
Healthcare & Services	19,390	8,554	2,010	475	30,429
Hotels & Leisure Industry	20,344	4,516	1,402	682	26,944
Real Estate	118,325	9,785	3,652	1,598	133,360
Public Sector	801,514	1,841	23	780	804,158
Financial Institutions	77,338	4,493	933	59	82,823
Private Households	618,096	93,008	8,865	8,960	728,929
Other	1	-	-	-	1
Total	1,949,815	253,500	39,274	21,077	2,263,666
December 2024					
Natural Resources & Commodities	45,167	22,067	5,281	2,538	75,053
Energy	48,143	9,884	5,577	428	64,032
Construction and building materials	42,862	24,179	2,328	1,202	70,571
Automotive	27,873	11,431	1,340	363	41,008
Cyclical Consumer Products	23,162	14,768	3,559	1,589	43,077
Non-Cyclical Consumer Products	27,698	16,829	1,280	450	46,258
Machinery	18,122	11,690	920	1,565	32,297
Transportation	30,329	11,480	1,674	280	43,763
TMT; Telecommunications, Media, Technology and Paper & Packaging	19,122	6,031	451	190	25,793
Healthcare & Services	17,350	6,778	1,424	576	26,127
Hotels & Leisure Industry	19,486	4,244	1,319	674	25,723
Real Estate	118,598	5,058	3,784	1,831	129,271
Public Sector	863,982	3,089	38	806	867,916
Financial Institutions	83,240	5,229	856	35	89,360
Private Households	579,414	103,005	9,035	8,568	700,022
Other	1	-	-	-	1
Total	1,964,549	255,762	38,866	21,095	2,280,272

Credit risk exposure by business segment and risk category

The segment reporting is based on the business segments as described in Note 22.

in CZK million	Low risk	Management attention	Substandard	Non-performing	Total
June 2025					
Retail	656,139	109,767	18,646	11,711	796,263
Corporates	457,392	141,436	18,264	9,285	626,377
Group Markets	47,901	1,112	66	-	49,079
ALM & LCC	788,383	1,185	2,298	81	791,947
Total	1,949,815	253,500	39,274	21,077	2,263,666
December 2024					
Retail	617,487	119,337	18,914	11,158	766,896
Corporates	448,351	134,197	18,724	9,849	611,121
Group Markets	45,300	1,645	102	-	47,047
ALM & LCC	853,411	583	1,126	88	855,208
Total	1,964,549	255,762	38,866	21,095	2,280,272

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	
June 2025													
Retail	724,297	59,864	11,223	786	92	(1,354)	(3,304)	(6,948)	(122)	5.5%	61.9%	15.5%	
Corporates	464,318	68,418	7,596	1,440	84,606	(986)	(3,278)	(4,450)	(500)	4.8%	58.6%	34.7%	
Group Markets	17,570	1	-	-	31,509	(8)	-	-	-	9.9%	100.0%		
ALM & LCC	786,118	121	81	-	5,626	(192)	(92)	(72)	-	76.3%	89.2%	70.7%	
Total	1,992,303	128,404	18,900	2,226	121,833	(2,540)	(6,674)	(11,471)	(622)	5.2%	60.7%	27.9%	
December 2024													
Retail	668,162	87,144	10,601	879	110	(1,311)	(3,674)	(6,816)	(149)	4.2%	64.3%	16.9%	
Corporates	421,361	94,430	7,953	1,488	85,889	(970)	(3,428)	(4,626)	(497)	3.6%	58.2%	33.4%	
Group Markets	15,399	41	-	-	31,607	(7)	-	-	-	1.1%	100.0%		
ALM & LCC	849,549	98	88	-	5,473	(147)	(91)	(86)	-	92.9%	97.2%		
Total	1,954,471	181,713	18,642	2,367	123,079	(2,435)	(7,193)	(11,528)	(646)	4.0%	61.8%	27.3%	

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.

25 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 2024, group consolidated financial statements, risk and capital management notes.

26 Development of credit loss allowances

Development of credit loss allowances - debt securities

in CZK million	As of	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Other	As of	
								January 2025
Stage 1	(22)	(1)	-	4	(4)	-	(23)	
Stage 2	(5)	-	-	-	3	-	(2)	
Total	(27)	(1)	-	4	(1)	-	(25)	
							January 2024	June 2024
Stage 1	(21)	(1)	1	-	-	-	(21)	
Stage 2	(7)	-	-	(10)	(3)	-	(20)	
Total	(28)	(1)	1	(10)	(3)	-	(41)	

Development of credit loss allowances - loans and advances to banks

in CZK million	As of	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	As of		
							January 2025	June 2025
Stage 1	(3)	(39)	38	-	1	(3)		
Total	(3)	(39)	38	-	1	(3)		
							January 2024	June 2024
Stage 1	(2)	(47)	40	-	5	(4)		
Total	(2)	(47)	40	-	5	(4)		

Development of credit loss allowances - loans and advances to customers

in CZK million	As of	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Write-offs	Other	As of
Stage 1	(1,957)	(689)	251	1,411	(1,064)	1	(10)	(2,057)
General governments	(8)	-	-	1	2	-	-	(5)
Other financial corporations	(50)	(43)	44	41	(35)	-	(1)	(44)
Non-financial corporations	(851)	(328)	87	570	(398)	1	(9)	(928)
Households	(1,048)	(318)	120	799	(633)	-	-	(1,080)
Stage 2	(6,160)	(104)	230	(1,261)	1,809	1	(24)	(5,509)
General governments	(167)	-	-	(2)	35	-	(2)	(136)
Other financial corporations	(133)	(1)	6	-	63	-	(2)	(67)
Non-financial corporations	(3,106)	(73)	82	(424)	651	-	(20)	(2,890)
Households	(2,754)	(30)	142	(835)	1,060	1	-	(2,416)
Stage 3	(11,147)	(66)	677	(470)	(497)	478	(32)	(11,057)
General governments	(64)	-	-	-	19	-	(1)	(46)
Other financial corporations	(237)	-	-	-	(4)	-	(4)	(245)

in CZK million	As of	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Write-offs	Other	As of
Non-financial corporations	(5,015)	(24)	424	(167)	(4)	20	(27)	(4,793)
Households	(5,831)	(42)	253	(303)	(508)	458	-	(5,973)
POCI	(645)	-	23	-	(104)	85	20	(621)
General governments	(3)	-	-	-	(21)	-	-	(24)
Non-financial corporations	(518)	-	16	-	(53)	38	20	(497)
Households	(124)	-	7	-	(30)	47	-	(100)
Total	(19,909)	(859)	1,181	(320)	144	565	(46)	(19,244)

	January 2024							June 2024
Stage 1	(2,175)	(997)	244	1,635	(787)	-	(4)	(2,084)
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)
Stage 2	(7,246)	(198)	424	(1,712)	1,795	1	(17)	(6,954)
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)
Stage 3	(10,506)	(99)	512	(329)	(772)	167	(22)	(11,049)
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)
POCI	(560)	-	37	-	(59)	34	(2)	(550)
General governments	(5)	-	-	-	(4)	-	-	(9)
Non-financial corporations	(364)	-	11	-	(5)	-	(2)	(359)
Households	(191)	-	26	-	(50)	33	-	(182)
Total	(20,487)	(1,295)	1,218	(406)	177	202	(45)	(20,637)

Development of credit loss allowances - trade and other receivables

in CZK million	As of	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Write-offs	Other	As of
	January 2025							June 2025
Stage 1	(154)	(20)	9	-	7	-	-	(158)
Stage 2	(112)	-	4	-	2	4	-	(102)
Stage 3	(111)	-	6	-	(2)	17	1	(89)
Total	(377)	(20)	19	-	7	21	1	(349)
	January 2024							June 2024
Stage 1	(151)	(44)	18	-	17	-	(3)	(163)
Stage 2	(118)	-	4	(4)	(5)	1	-	(122)
Stage 3	(363)	-	18	-	257	1	(3)	(90)
Total	(632)	(44)	40	(4)	269	2	(6)	(375)

Development of credit loss allowances - debt instrument financial assets FVOCI

in CZK million	As of	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	As of
	January 2025					June 2025
Stage 1	(5)	-	-	6	(6)	(5)
Stage 2	(187)	-	-	-	159	(28)
Total	(192)	-	-	6	153	(33)
	January 2024					June 2024
Stage 1	(6)	-	-	-	2	(4)
Stage 2	(151)	-	3	(10)	(14)	(172)
Total	(156)	-	3	(10)	(12)	(176)

Development of credit loss allowances - finance lease receivables

in CZK million	As of	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	As of
	January 2025					June 2025
Stage 1	(29)	(1)	-	-	13	(17)
Stage 2	(2)	-	-	-	1	(1)
Stage 3	(18)	-	15	-	(6)	(9)
Total	(49)	(1)	15	-	8	(27)
	January 2024					June 2024
Stage 1	(40)	(1)	-	-	(1)	(42)
Stage 2	(2)	-	-	-	-	(2)
Stage 3	(22)	-	1	(1)	-	(23)
Total	(65)	(1)	1	(1)	(1)	(67)

Development of credit loss allowances - loan commitment and financial guarantees

in CZK million	As of	Additions	Derecognitions	Transfers between stages	Other changes in credit risk (net)	Other	As of
	January 2025						June 2025
Stage 1	265	61	(40)	(82)	71	1	276
Stage 2	727	-	(79)	19	364	1	1,032
Stage 3	252	-	(2)	3	62	-	315
POCI	1	-	-	-	-	-	1
Total	1,245	61	(121)	(60)	497	2	1,624
	January 2024						June 2024
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
Total	1,094	74	(213)	1	24	3	983

27 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 2024, group consolidated financial statements, risk and capital management notes.

In the second quarter of 2025, the FLI was reviewed according to the disclosed forecasts for baseline, downside, and upside scenarios. 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), the Group decided:

- to keep unchanged the approach of including the CST scenario, updated according to the assumptions considered in comprehensive stress test 2024, into the downside scenario modelling;
- to apply the modelled weights for downside and upside scenarios instead of expertly set weights. Model 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 24%, 50% and 26% (December 2024: 22%, 50% and 28%) 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 2025. The baseline and weighted scenario outcome for the major variables is disclosed in the tabular format for the years 2025-2027.

Baseline, upside and downside scenarios of GDP growth

	Scenario	Probability weights	GDP growth in %			
		2025-2027	2025	2026	2027	
June 2025						
Czech Republic	Upside	24%	3.5	4.7	4.7	
	Baseline	50%	1.4	2.6	2.6	
	Downside	26%	(4.5)	(2.1)	0.1	
December 2024						
Czech Republic		2025-2027	2025	2026	2027	
	Upside	22%	4.6	4.7	4.6	
	Baseline	50%	2.6	2.7	2.6	
	Downside	28%	(3.9)	(2.1)	0.1	
June 2025						
		Baseline scenario			Scenario weighted outcome	
		2025	2026	2027	2025	2026
Unemployment rate		3.3	3.5	3.5	3.6	3.9
Inflation (PPI)		147.3	150.3	154.0	147.5	150.4
December 2024						
		2025	2026	2027	2025	2026
Unemployment rate		3.4	3.5	3.5	3.7	4.0
Inflation (PPI)		147.8	151.0	154.1	148.2	151.5

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 2024, the Group applied collective staging assessment for specific industries. Persistent high inflation and dilution of disposable income continue to dampen private consumption, while the high global uncertainty and high refinancing conditions have adverse effects on investment and industrial activity. While some industries developed better in 2023, confirmed by rating reviewed in 2024, others are still facing high inventories, continuing supply chain issues and cost inflation and additionally lower demand. The latter is not yet reflected in clients' financials, and still ratings' downshifts are expected. Therefore, in November 2024, the cyclical Stage overlays were transformed/re-assessed to ensure the better connection of overlays with internal risk management processes. The new overlays (industry Stage overlays) connect collective SICR assessment with industry strategy, that reflects risks and changes in the risk assessment to which the Group's portfolio is exposed to, instead of general definition of cyclical industries used before. The industry strategy framework covers all twelve corporate industries and their subsegments. Industries are systematically assessed in line with the Group risk management framework (industry strategies and main risks); however, potential risks might not yet be spread or crystallized at client level, translated into client financials or rating. Therefore, PD threshold (250 bp), defined by one-year IFRS PD, differentiate between clients who could be potentially impacted, reflecting that better rating (consequently PD) reflects credit strength on the customer level.

Moreover, from September 2022 the additional Stage overlay was introduced also for Retail. Increasing interest rates together with unprecedented increase of inflation posed a threat to clients in segment private individuals. Analysis of mortgages and unsecured portfolio indicated that some clients may be at risk due to inflation affecting their expenses and increased interest rates affecting their debt payments. If a client is identified as having expenses, together with repayments, in excess of household income, the client's accounts are transferred to Stage 2.

The SICR collective assessment rule introduced in September 2024 and driven by the Floods in Czech Republic reached its exit trigger (no days-past-due in payments in 6 months after the deployment) and therefore it was decommissioned in April 2025.

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 2025, the exposure in Stage 2 due to the application of the rules for collective SICR assessment (industry stage overlays) stood at CZK 13,828 million (December 2024: CZK 15,395 million), with additional ECL allocated in the amount of CZK 427 million (December 2024: CZK 413 million).

The exposure in Stage 2 due to high inflation rate and increased interest rates collective SICR assessment stood for private individuals at CZK 19,842 million (December 2024: CZK 24,885 million), with additional ECL allocated in the amount of CZK 255 million (December 2024: CZK 359 million).

As described above, FLI were reassessed in the second quarter of 2025. The Stage 2 exposure triggered by FLI decreased to CZK 13,310 million as of June 2025 (December 2024: CZK 14,664 million). The overall level of ECL allocated in Stage 2 due to FLI decreased to CZK 1,137 million as of June 2025 (December 2024: CZK 1,296 million).

In 2024 two post-model adjustments were valid in the FLI macro-shift models to update and reflect the expected effects of the number of external factors in 2024:

- In 2022 the Group decided to adjust the FLI shifts produced by the macroeconomic model for the retail portfolio. The reason for this was the fact that the macroeconomic model for forecasting PDs for retail did not include inflation, strongly increasing energy prices and increased interest rates at that time and hence the produced forecasted PDs from the model were deemed as unrealistically low and did not reflect all future risks. 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. However, this post-model adjustment has been reduced during 2024 in connection with the decline of inflation.
- As the current macroeconomic PD model was calibrated on macroeconomic data 2008 – 2019, the Group concluded in 2024, that the considered time series may not fully reflect the impact of the recent rapidly changing macroeconomic environment and overall heightened volatility. There is a lagged effect of the deterioration in the macroeconomic environment on the estimated PD shifts in the current model. This time lag may no longer accurately reflect the current economic dynamics. The assumptions underpinning these shifts may have been valid in a more stable economic context but require reassessment to ensure they align with present conditions. As a result, the Group has introduced post-model adjustment which prevents high volatility and unjustified release of FLI portfolio provisions.

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 2,822 million (December 2024: CZK 3,835 million), resulting in an ECL drop by CZK 156 million (December 2024: CZK 194 million).

The downside scenario would lead to additional CZK 23,601 million of exposure migration to Stage 2 in comparison with FLI weighted scenario (December 2024: CZK 22,211 million), resulting in ECL increase of CZK 1,158 million (December 2024: CZK 1,177 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

in CZK million	Current status - parameters (FLI shifted)		Stage 2 impacted by				Simulated impact on Stage 2		
	Stage 1	Stage 2	Collective assessment			FLI shifts	Upside scenario	Baseline scenario	Downside scenario
			Cyclical	Floods	Private individual				
June 2025									
CRE	1,992,303	128,404	13,828	-	19,842	13,310	(13,251)	(2,822)	23,601
December 2024									
CRE	1,954,471	181,713	34,357	39,964	24,885	14,664	12,819	3,835	22,211

Impact on credit loss allowance

in CZK million	Current status - parameters (FLI shifted)		Out of which				Simulated impact on CLA		
	Stage 1	Stage 2	Collective assessment			FLI shifts	Upside scenario	Baseline scenario	Downside scenario
			Cyclical	Floods	Private individual				
June 2025									
CLA	(2,540)	(6,674)	(427)	-	(255)	(1,137)	745	156	(1,158)
December 2024									
CLA	(2,435)	(7,193)	(413)	(375)	(359)	(1,296)	764	194	(1,177)

28 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
June 2025					
Retail	603,883	102,620	17,833	11,614	735,950
Corporates	281,453	99,887	14,879	8,352	404,571
Group Markets	6,912	47	-	-	6,959
ALM&LCC	422	918	1,065	81	2,486
Total	892,670	203,472	33,777	20,047	1,149,966
December 2024					
Retail	572,032	110,388	18,097	11,041	711,558
Corporates	279,391	91,140	12,956	8,819	392,306
Group Markets	6,176	32	13	-	6,221
ALM&LCC	341	84	694	88	1,207
Total	857,940	201,644	31,760	19,948	1,111,292

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

in CZK million	Non-performing		Gross customer loans		Loan loss allowances	Collateral for NPL		NPL ratio		NPL coverage (excl. collateral)	NPL collateralisation ratio	
	Total	AC	Total	AC	AC	Total	AC	Total	AC	AC	Total	AC
June 2025												
Retail	11,614	11,614	735,950	735,941	(11,586)	2,206	2,206	1.6%	1.6%	99.8%	19.0%	19.0%
Corporates	8,352	8,352	404,571	404,571	(7,818)	4,090	4,090	2.1%	2.1%	93.6%	49.0%	49.0%
Group Markets	-	-	6,959	6,959	(4)	-	-	0.0%	0.0%	30484.8%	0.0%	0.0%
ALM&LCC	81	81	2,486	2,486	(213)	-	-	3.3%	3.3%	262.8%	0.0%	0.0%
Total	20,047	20,047	1,149,966	1,149,957	(19,621)	6,296	6,296	1.7%	1.7%	97.9%	31.4%	31.4%
December 2024												
Retail	11,041	11,041	711,558	711,549	(11,803)	2,119	2,119	1.6%	1.6%	106.9%	19.2%	19.2%
Corporates	8,819	8,819	392,306	392,306	(8,349)	4,491	4,491	2.2%	2.2%	94.7%	50.9%	50.9%
Group Markets	-	-	6,221	6,221	(4)	-	-	0.0%	0.0%	31715.4%	0.0%	0.0%
ALM&LCC	88	88	1,207	1,207	(178)	-	-	7.3%	7.3%	203.4%	0.0%	0.0%
Total	19,948	19,948	1,111,292	1,111,283	(20,334)	6,610	6,610	1.8%	1.8%	101.9%	33.1%	33.1%

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				Coverage ratio		
	Stage 1	Stage 2	Stage 3	POCI	Not IFRS 9 impairment relevant	Stage 1	Stage 2	Stage 3	POCI	Stage 2	Stage 3	POCI
June 2025												
Retail	666,734	57,311	11,135	761	9	(1,295)	(3,250)	(6,921)	(121)	5.7%	62.1%	15.9%
Corporates	345,871	50,104	7,156	1,440	-	(884)	(2,271)	(4,163)	(500)	4.5%	58.2%	34.7%
Group Markets	6,958	1	-	-	-	(4)	-	-	-	9.9%	100.0%	
ALM&LCC	2,287	118	81	-	-	(48)	(92)	(72)	-	78.0%	89.2%	70.7%
Total	1,021,850	107,534	18,372	2,201	9	(2,231)	(5,613)	(11,156)	(621)	5.2%	60.7%	28.2%
December 2024												
Retail	618,152	82,048	10,500	848	9	1,254	3,616	6,784	148	4.4%	64.6%	17.4%
Corporates	314,215	69,007	7,595	1,489	-	879	2,566	4,407	497	3.7%	58.0%	33.4%
Group Markets	6,204	18	-	-	-	4	-	-	-	1.6%	100.0%	
ALM&LCC	1,025	94	88	-	-	3	91	85	-	95.9%	97.2%	
Total	939,596	151,167	18,183	2,337	9	2,140	6,273	11,276	645	4.1%	62.0%	27.6%

29 Market risk

The following table summarizes the VaR values as of 30 June 2025 and 31 December 2024 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
June 2025							
CS total	1,237	1,233	97	-	-	-	-
Banking book	1,232	1,228	97	-	-	-	-
Trading book	5	5	-	-	-	-	-
December 2024							
CS total	1,067	1,061	120	-	-	-	-
Banking book	1,062	1,055	120	-	-	-	-
Trading book	5	6	-	-	-	-	-

30 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

Starting 2025 a liquidity subgroup has been established following the approval of the regulatory authority. Both LCR and NSFR of the liquidity subgroup remain significantly above the regulatory and internal limits and confirm a sound liquidity situation. Sufficient liquidity is also supported by internal liquidity risk 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.

31 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 2025, the leverage ratio for Česká spořitelna, a.s. at consolidated level amounted to 5.5%, comfortably above the 3.0% minimum requirement defined in Article 92 Capital Requirements Regulation (CRR). Tier 1 capital amounted to CZK 117.5 billion at the reference date, while total leverage exposure stood at CZK 2,156.2 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.

32 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

in CZK million	June 2025			December 2024		
	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
Assets						
Cash and cash equivalents	721	101	-	267	44	-
Financial assets - held for trading	7,253	-	-	6,792	-	-
Financial assets - FVPL	353	-	-	691	-	-
Financial assets - amortised costs	179	75	56	1,727	90	54
Derivatives Hedge Accounting	3,387	-	-	2,864	-	-
Trade receivables	6	194	-	25	170	-
Other assets	79	1	-	92	1	-
Liabilities						
Financial liabilities held for trading	7,283	-	-	7,384	-	-
Financial liabilities measured at amortised costs	145,545	894	114	229,122	457	90
Debt securities in issue	4,293	-	-	18	-	-
Derivatives Hedge Accounting	2,828	-	-	3,607	-	-
Other Liabilities	-	(3)	-	-	(6)	-
Profit&Loss statement		1-6 2025			1-6 2024	
Net interest income	(3,363)	(2)	-	(7,864)	(3)	3
Net fee and commission income	24	1,163	-	86	1,682	-
Dividend income	-	-	-	-	17	-
Net trading result and fair value result	3,289	14	-	(1,339)	5	-
Other administrative expenses	(101)	(773)	-	(178)	(1,357)	-
Other operating result	4	10	-	14	29	-
Loans commitments, financial guarantees and other commitments given	7,331	357	-	7,337	344	-

33 Contingent liabilities – legal proceedings

There have not been any material changes since year-end 2024 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.

34 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 recognised 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 recognised in an investee's statement of financial position as well as the fair value of any unrecognised assets and liabilities at the measurement date. The resulting fair values of the recognised and unrecognised 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 value adjustments (CVA) for counterparty risk and debit value adjustments (DVA) for own default credit risk are applied to OTC derivatives. For the CVA the adjustment is driven by the expected positive exposure of the derivative and the probability of default of the counterparty. The DVA is driven by the expected negative exposure of the derivative and the Group's probability of default. The modeling of the expected exposure is based on option replication strategies or Monte-Carlo simulation techniques.

According to the described methodology the accumulated CVA-adjustments amounted to CZK 95 million (2024: CZK 115 million) and the total DVA-adjustment amounted to CZK 37 million (2024: CZK 43 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

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

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, given that one fund constituent was assigned to Level 3.
- Own issues, if price updates are not provided on a regular basis.

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 2025				December 2024			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
ASSETS								
Financial assets - held for trading	69	12,685	5	12,759	57	12,852	2	12,911
Derivatives	-	12,685	-	12,685	-	12,850	2	12,852
Other trading assets	69	-	5	74	57	2	-	59
Non-trading financial assets - FVPL	74	-	1,794	1,868	74	-	2,821	2,895
Equity instruments	-	-	696	696	-	-	1,422	1,422
Debt securities	74	-	736	810	74	-	699	773
Loans and advances	-	-	362	362	-	-	700	700
Financial assets - FVOCI	44,027	3,930	2,812	50,769	45,151	4,358	2,749	52,258
Debt securities	44,027	3,930	2,812	50,769	45,151	4,358	2,749	52,258
Derivatives	-	3,479	-	3,479	-	2,930	-	2,930
Hedge Accounting	-	-	-	-	-	-	-	-
Total assets	44,170	20,094	4,611	68,875	45,282	20,140	5,572	70,994
LIABILITIES								
Financial liabilities held for trading	-	12,836	-	12,836	-	11,903	131	12,034
Derivatives	-	12,836	-	12,836	-	11,903	131	12,034
Financial liabilities designated at fair value through profit or loss	-	2,385	-	2,385	-	1,309	-	1,309
Deposits from customers	-	2,385	-	2,385	-	1,309	-	1,309
Derivatives	-	2,871	-	2,871	-	3,693	-	3,693
Hedge Accounting	-	-	-	-	-	-	-	-
Total liabilities	-	18,092	-	18,092	-	16,905	131	17,036

Changes and reclassifications 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 2025		December 2024	
	Level 1	Level 2	Level 1	Level 2
Securities				
Net transfer from Level 2	-	-	93	-
Purchases/sales/expiries	(1,112)	(430)	(342)	(1,275)
Changes in derivatives	-	384	-	(4,102)
Total year-to-date change	(1,112)	(46)	(249)	(5,377)

Movements in Level 3

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

Development of fair value of financial instruments in Level 3

in CZK million	Gains/losses profit or loss		Gains/losses OCI		Purchases	Sales/Settlements	Transfer into Level 3	Transfer out of Level 3	
	January 2025								
Assets									
Financial assets HfT	2	-	-	5	(1)	-	(1)	5	
Derivatives	2	-	-	-	(1)	-	(1)	-	
Other financial assets held for trading	-	-	-	5	-	-	-	5	
Non-trading financial assets at FVPL	2,821	333	-	110	(1,470)	-	-	1,794	
Equity instruments	1,422	5	-	34	(765)	-	-	696	
Debt securities	699	(25)	-	76	(14)	-	-	736	
Loans and advances	700	353	-	-	(691)	-	-	362	
Financial assets at FVOCI	2,749	154	(105)	-	(31)	45	-	2,812	
Debt securities	2,749	154	(105)	-	(31)	45	-	2,812	
Total assets	5,572	487	(105)	115	(1,502)	45	(1)	4,611	
Liabilities									
Financial liabilities - held for trading	131	(131)	-	-	-	-	-	-	
Derivatives	131	(131)	-	-	-	-	-	-	
Total liabilities	131	(131)	-	-	-	-	-	-	
January 2024									
Assets									
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	
Hedge accounting derivatives	-	-	-	-	-	-	-	-	
Total assets	6,086	318	-	579	(999)	15	(2,086)	3,909	

Gains or losses in profit or loss on Level 3 instruments held at the end of the reporting period

in CZK million	1-6 2025	1-6 2024
Assets		
Non-trading financial assets at fair value through profit or loss	333	762
Equity instruments	4	(151)
Debt securities	(24)	222
Loans and advances	353	691
Financial assets at fair value through other comprehensive income	154	(31)
Debt securities	154	(31)
Total	487	731

Unobservable inputs and sensitivity analysis for Level 3 measurements

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

Sensitivity analysis for Level 3 measurements

in CZK million	June 2025		December 2024	
	Fair value changes		Fair value changes	
	Positive	Negative	Positive	Negative
Derivatives	-	-	5	(6)
Income statement	-	-	5	(6)
Debt securities	20	(26)	28	(37)
Other comprehensive income	20	(26)	28	(37)
Equity instruments	69	(139)	64	(127)
Income statement	69	(139)	64	(127)
Total	89	(165)	97	(170)
Income statement	69	(139)	69	(133)
Other comprehensive income	20	(26)	28	(37)

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 2025 and for the year-end 2024. For assets without contractual maturities (e.g. cash and cash equivalents), the carrying amount approximates their fair value.

in CZK million	Carrying amount	Fair value	Level 1	Level 2	Level 3
June 2025					
ASSETS					
Cash and cash equivalents	96,466	96,466	11,193	85,273	-
Financial assets at amortised costs	1,866,671	1,846,672	378,718	6,482	1,461,472
Loans and advances to banks	349,624	349,926	-	-	349,926
Loans and advances to customers	1,113,472	1,111,547	-	-	1,111,547
Debt securities	403,575	385,199	378,718	6,482	-
Finance lease receivables	1,422	1,423	-	-	1,423
Trade and other receivables	15,442	15,449	-	-	15,449
LIABILITIES					
Financial liabilities measured at amortised costs	1,909,316	1,905,371	30,522	44,258	1,830,590
Deposits from banks	189,693	189,617	-	-	189,617
Deposits from customers	1,624,894	1,618,378	-	-	1,618,378
Debt securities issued	86,321	88,971	30,522	44,258	14,190
Other financial liabilities	8,408	8,405	-	-	8,405
FINANCIAL GUARANTEES AND COMMITMENTS					
Financial guarantees	n/a	6	-	-	6
Loan commitments	n/a	167	-	-	167
December 2024					
ASSETS					
Cash and cash equivalents	22,958	22,958	14,411	8,547	-
Financial assets at amortised costs	1,892,087	1,863,899	344,244	6,288	1,513,367
Loans and advances to banks	443,389	443,935	-	-	443,935
Loans and advances to customers	1,076,242	1,069,432	-	-	1,069,432
Debt securities	372,456	350,532	344,244	6,288	-
Finance lease receivables	1,501	1,507	-	-	1,507
Trade and other receivables	13,206	13,211	-	-	13,211
LIABILITIES					
Financial liabilities measured at amortised costs	1,844,773	1,841,361	-	73,381	1,767,980
Deposits from banks	275,456	275,332	-	-	275,332
Deposits from customers	1,481,865	1,475,977	-	-	1,475,977
Debt securities issued	81,509	84,109	-	73,381	10,728
Other financial liabilities	5,943	5,943	-	-	5,943
FINANCIAL GUARANTEES AND COMMITMENTS					
Financial guarantees	n/a	16	-	-	16
Loan commitments	n/a	2,835	-	-	2,835

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. 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.

Regarding off-balance sheet liabilities (i.e. financial guarantees and unused loan commitments) the fair value of unused loan commitments is estimated using regulatory credit conversion factors. The resulting loan equivalents are treated like other on-balance sheet assets. The difference between the calculated total fair value and the notional amount of the hypothetical loan equivalents represents the fair value of the unused loan commitments. In case of the total fair value being higher than the notional amount of the hypothetical loan equivalents the unused loan commitments have a positive fair value. The fair value of financial guarantees is estimated in analogy to credit default swaps. The fair value of the guarantee is the sum of the present value of the protection leg and the present value of the premium leg. The value of the protection leg is estimated using the PDs and LGDs of the respective customers, whereas the value of the premium leg is estimated by the present value of the future fee payments to be received. If the protection leg is higher than the premium leg, financial guarantees have a negative fair value.

35 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
Operating income	H=A+B+C+D+E+F+G	Consolidated income statement
Personnel expenses	I	Consolidated income statement
Other administrative expenses	J	Consolidated income statement
Depreciation and amortisation	K	Consolidated income statement
Operating expenses	L=I+J+K	Consolidated income statement
Operating result	H+L	Consolidated income statement
Cost/Income ratio	-L/H	Consolidated income statement
Non-interest operating income/Operating income	(B+C+D+E+F+G)/H	Consolidated income statement
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.

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