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ING Bank N.V. Annual report 2024

Translated from the Czech original

Translation note

This version of the financial statements is a translation from the original, which was prepared in the Czech language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the Czech version of the financial statements takes precedence over this translation.

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Introductory words by Eva Bučová

Ladies and gentlemen,

Last year, I had the honour of taking over the role of CEO and leading the Czech branch of ING Bank into another successful era. I greatly appreciate this trust and together with my team am delighted to continue to deepen our long-standing relationships with domestic and international companies and financial institutions in the Czech Republic.

In every respect, 2024 was a successful year for us. Our achievements were underpinned by client confidence, a strong corporate loan portfolio, and strong performance in lending, transaction banking and financial markets. Our close cooperation with ING's global network allows our corporate clients to benefit from the international experience and know-how of our experts in more than 35 countries. In 2024, we again supported numerous our clients in their activities in the Czech Republic and abroad through our international network.

Last year, we continued to invest in a substantial upgrade of our digital infrastructure and switched to a new central payment system. This move is part of a broader digital transformation at ING that will enable us to optimise and unify our key internal IT systems globally and deliver more innovative

products, enhanced product offerings and more efficient services to our clients over time.

At ING, we remain committed to our sustainability goals. Climate change is real, and as a bank we must play our part in the transition to a low-carbon economy. Our local experts with expertise in different sectors work intensively with our clients on their transition plan to a low carbon economy, and this will be no different this year and in those to come. We are actively continuing in spreading awareness by sharing examples of good practice in sustainable transformation and financing. ING Terra's approach actively steers our loan portfolio towards carbon neutrality, and we are pleased that the climate targets of ING (as the first systemic bank) have been verified by the Science Based Targets Initiative, which has confirmed their alignment with the latest science.

In 2024, we helped mobilise nearly EUR 1.4 billion of resources for sustainable purposes for clients in the Czech Republic. By 2027, ING aims to globally mobilise EUR 150 billion per year for sustainable finance.

Along with offering sustainable finance products that support climate change mitigation, we are also committed to reducing our own carbon footprint. We evaluate our commitment every year, be it energy-, water- or waste-related. For example, we strive to use the most environmentally friendly mode of transport, including business travel. From 2025 onwards, we will only use clean green energy in our offices in the Czech Republic.

Last year, we also continued to support our CSR projects. Through the ING Bank Fund, we donated CZK 1,250,000 to our long-term partner, the Tereza Maxová Foundation, for the development and education of disadvantaged children in children's homes and foster care and to support the studies of selected students at universities. We also supported our other joint project, Lighthouse, which aims to provide career counselling and financial literacy education to single parents and socially disadvantaged families, with CZK 1,250,000. We are proud to have won the European Good Company Circle Award for this project.

We shall continue in our commitment to our diversity goals. We have always believed and sincerely advocate that diversity of opinion enriches decision-making and is a strategic priority.

None of our activities would be possible without our colleagues, whose talents and professional skills we develop through various programmes. These programmes include one-on-one training, mentoring, coaching or internships at ING offices abroad, or bestowing additional responsibility for selected activities and projects for multiple countries within ING. We greatly emphasize the promotion of a healthy working environment and therefore offer flexible working hours, support for part-time work, the possibility to work from home up to 3 days a week, and a wide range of other benefits. Annually, we collect and analyse employee satisfaction data, which also includes information on diversity and inclusion in our work environment. We carefully evaluate this data to continuously improve our employees' working conditions.

Finally, I would like to thank our clients and partners for their trust, continued support and valuable feedback. I would also like to thank all my colleagues at ING in the Czech Republic for their dedication, energy and great work over the past year.

I am looking forward to our shared future and its opportunities.

Eva Bučová

Country Manager,
ING Bank in the Czech Republic



General information

Annual report:
ING Bank N.V., branch
For the year ended 31 December 2024

The bank will continue in its activity. The bank has no branch and acquired no own shares in 2024.

Average number of employees, changes in average number of employees and related expenses are included within the notes to the financial statements which are an integral part of the annual report.

Human resources policy of ING Bank is in line with the strategy of the bank leading to effectiveness of provided services.

The bank did not incur expenses related to research, development and environment protection in 2024.

Subsequent events are disclosed in the notes to the financial statements which are an integral part of this annual report.



Financial statements



Company name: ING Bank N.V., organizační složka

Registered office: Českomoravská 2420/15, Libeň, 190 00 Praha 9

Identification number: 49279866

Business activity: Bank

Bank code: 3500

Date of preparation of the financial statements: 3rd June 2025

**BALANCE SHEET
as at 31 December 2024**

(Translated from the Czech original)

in million of CZK		Note	31/12/2024	31/12/2023
ASSETS				
1	Cash in hand and balances with central banks		401	126
2	State zero coupon bonds and other securities eligible for refinancing with the central bank	12	12,622	12,450
	<i>of which: a) securities issued by government institutions</i>		12,622	12,450
3	Receivables from banks and credit unions	13	29,317	27,789
	<i>of which: a) repayable on demand</i>		289	929
	<i>b) other receivables</i>		29,028	26,860
4	Receivables from customers – credit union members	14	49,605	48,429
	<i>of which: a) repayable on demand</i>		1,784	1,775
	<i>b) other receivables</i>		47,821	46,654
9	Intangible fixed assets	17	9	11
10	Tangible fixed assets	18	33	44
11	Other assets	19	985	1,111
13	Prepaid expenses and accrued income		15	11
Total assets			92,987	89,971
in million of CZK		Note	31/12/2024	31/12/2023
LIABILITIES & EQUITY				
1	Payables to banks and credit unions	20	69,276	64,157
	<i>of which: a) repayable on demand</i>		1,741	1,895
	<i>b) other payables</i>		67,535	62,262
2	Payables to customers – credit union members	21	18,753	20,057
	<i>of which: a) repayable on demand</i>		12,970	13,827
	<i>b) other payables</i>		5,783	6,230
4	Other liabilities	23	1,516	2,377
5	Deferred income and accrued expenses		167	117
6	Provisions	26	29	30
	<i>c) other</i>		29	30
Total liabilities			89,741	86,738
12	Capital funds		2	2
13	Revaluation gains (losses)	28	(40)	14
	<i>of which: a) on assets and liabilities</i>		(40)	14
14	Retained profits (or accumulated losses)	27	2,583	2,545
15	Profit (loss) for the accounting period		701	672
Total equity			3,246	3,233
Total liabilities and equity			92,987	89,971

in million of CZK		Note	31/12/2024	31/12/2023
OFF-BALANCE SHEET ITEMS				
Off-balance sheet assets				
1	Commitments and guarantees provided	30	23,467	16,531
3	Receivables from spot transactions	30	98	182
4	Receivables from fixed term transactions	30	48,352	65,538
Off-balance sheet liabilities				
9	Commitments and guarantees received	30	15,312	18,488
10	Collaterals and pledges received	30	72,721	56,948
11	Liabilities from spot transactions	30	98	182
12	Liabilities from fixed term transactions	30	48,248	65,875
14	Values taken into custody, administration and deposit	31	-	-

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Date of preparation of the financial statements: 3rd June 2025

INCOME STATEMENT
for the year ended 31 December 2024

(Translated from the Czech original)

in million of CZK	Note	2024	2023
1 Interest income and similar income	4	4,963	5,807
of which: interest on debt securities		635	690
2 Interest expense and similar expense	4	(3,579)	(4,150)
of which: interest on debt securities		-	-
4 Fee and commission income	5	459	434
5 Fee and commission expense	5	(14)	(10)
6 Gain or loss from financial operations	6	79	(233)
7 Other operating income	7	4	2
8 Other operating expenses	7	(5)	(19)
9 Administrative expenses	8	(998)	(980)
of which: a) employee expenses		(303)	(312)
ab) social and health insurance		(67)	(71)
b) other administrative expenses		(695)	(668)
11 Depreciation, additions and utilisation of provisions and adjustments to tangible and intangible fixed assets	1/, 18	(17)	(19)
12 Release of loss allowances and provisions for receivables and guarantees, income from written-off receivables	26	41	28
13 Write-offs, additions and use of loss allowances and provisions for receivables and guarantees	26	(38)	(29)
16 Release of other provisions	26	4	2
17 Additions and use of other provisions	26	(1)	-
19 Current year profit (loss) from ordinary activities before tax		898	833
23 Income tax	29	(197)	(161)
24 Net profit (loss) for the period		701	672

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Date of preparation of the financial statements: 3rd June 2025

**STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2024**

(Translated from the Czech original)

in million of CZK	Registered capital	Own shares	Share premium	Reserve funds	Capital funds	Revaluation gains(losses)	Profit (loss)	Total
Balance at 1/1/2023	-	-	-	-	2	(70)	3,260	3,192
Net profit (loss) for the period	-	-	-	-	-	-	672	672
Profit repatriation	-	-	-	-	-	-	(715)	(715)
Other changes	-	-	-	-	-	84	-	(631)
Balance at 31/12/2023	-	-	-	-	2	14	3,217	3,233
Balance at 1/1/2024	-	-	-	-	2	14	3,217	3,233
Net profit (loss) for the period	-	-	-	-	-	-	701	701
Profit repatriation	-	-	-	-	-	-	(634)	(634)
Other changes	-	-	-	-	-	(54)	-	(54)
Balance at 31/12/2024	-	-	-	-	2	(40)	3,284	3,246

1. GENERAL INFORMATION

(a) Description of the Bank

ING Bank N.V., organizační složka (the “Bank“, the “Entity“, or the “Branch“) was registered on 30 March 1993. The Bank is a branch of ING Bank N.V. with its registered address in Amsterdam, the Netherlands.

Company name and registered office

ING Bank N.V., organizační složka
Českomoravská 2420/15
190 00 Prague 9 - Libeň
Czech Republic

Identification number

49279866

Activities of the Bank

- credits and lending
- structured financing
- investment banking products (debt and equity markets)
- financial markets and treasury products
- transaction services

Statutory body

The statutory body of the Bank is the head of the branch appointed through the decision of the board of directors of ING Bank N.V.

From 1 January 2022 to 30 June 2024, Mr Erik Eduard Fortgens was the head of the branch. With effect from 1 July 2024, Eva Bučová was appointed head of the branch.

(b) Basis of preparation

The financial statements have been prepared on the basis of accounts maintained in accordance with:

- Act No. 563/1991, on Accounting, as amended
- Decree No. 501/2002 issued by the Ministry of Finance of the Czech Republic, effective from 1 January 2018
- Czech accounting standards for financial institutions, issued by the Ministry of Finance.

These financial statements have been prepared in accordance with Decree No. 501/2002, effective from 1 January 2018, which regulates the layout, designation and definition of the captions of the financial statements (the “Decree”). In Section 4a (1), the Decree stipulates that for purposes of recognition, measurement and disclosure of financial instruments in the notes to the financial statements, the Entity shall proceed in accordance with the International Financial Reporting Standards stipulated by directly applicable regulations of the European Union on applying the international accounting standards (“International Accounting Standards” or “IFRS”).

The financial statements have been prepared under the historical cost convention on the basis of full accrual accounting, except for selected financial instruments that are stated at fair value.

The financial statements are based on the assumption that the Entity will continue as a going concern and that there is no circumstance that would restrict or prevent the Entity's ability to continue as a going concern in the foreseeable future.

The reporting date of the financial statements is 31 December 2024. The current period is the period from 1 January 2024 to 31 December 2024. The prior period is the period from 1 January 2023 to 31 December 2023.

Unless otherwise indicated, all amounts are shown in millions of Czech crowns (CZK million).

These financial statements are non-consolidated financial statements. The Bank is included in the consolidated group of its parent company (ING Bank N.V., 1102CT Amsterdam, Bijlmerdreef 106, NL). Link to the consolidated annual report: <https://www.ing.com/investor-relations/Annual-Reports.htm>.

The accompanying balance sheet, income statement and statement of changes in equity are an integral part of the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

The Bank's financial statements have been prepared in accordance with the following significant accounting policies:

(a) Transaction date

Depending on the type of transaction, the transaction date is defined as the date of payment or collection of cash; the date of purchase or sale of foreign currency or securities; the date of payment or collection from a customer's account; the date of order to a correspondent to make a payment, the settlement date of the Bank's payment orders with the Czech National Bank's ("CNB") clearing centre, the value date according to a statement received from a correspondent bank (statement means SWIFT statement, bank notice, received media, bank statement or other documents); the trade date and settlement date of transactions with securities, foreign currency, options or other derivatives; the date of issue or receipt of a guarantee or opening credit commitment; the date of acceptance of assets into custody.

Accounting transactions involving the purchase or sale of financial assets with a usual term of delivery (spot transactions), as well as fixed term and option contracts, are recorded in off-balance sheet accounts from the trade date until the settlement date, except for accounting transactions involving the purchase or sale of debt securities with a usual term of delivery (spot transactions) that are recorded directly in an appropriate asset or liability account on the trade date.

A financial asset or its part is derecognised from the balance sheet if the Bank loses control over the contractual rights to the asset in whole or in part. The Bank loses this control if it exercises the rights to the benefits defined in the contract, if these rights expire, or if these rights are waived by the Bank.

(b) Foreign currency translations

Transactions denominated in foreign currencies are recorded in the local currency at the actual exchange rates prevailing on the date of the transaction. Assets and liabilities denominated in foreign currencies, together with unsettled foreign exchange spot transactions, are translated into the local currency at the CNB foreign exchange rate prevailing on the financial statements' date. Foreign exchange gains or losses arising from the translation of foreign currency assets and liabilities and items that hedge currency risk resulting from agreements not yet recorded in the Bank's balance sheet or as a result of expected future transactions are recognised in the income statement as a "Gain or loss from financial operations".

(c) Financial assets and financial liabilities

(i) Recognition and initial measurement

The Entity initially recognises selected financial assets and financial liabilities (e.g. receivables from clients, liabilities to clients, subordinated liabilities, etc.) on the date on which they are originated. All other financial instruments (including spot purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Entity becomes a party to the contractual provisions of the financial instruments.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. Transaction costs are incremental costs that are directly attributable to acquisition or issue.

(ii) Classification

Financial assets

Upon initial recognition, a financial asset is classified as measured at:

- amortised cost (AC),
- fair value through other comprehensive income (FVOCI),
- fair value through profit or loss (FVTPL).

A financial asset is measured at amortised cost (AC) if it meets both of the following conditions and is not designated as at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (the so-called SPPI test).

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

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI test).

Upon the initial recognition of an equity investment that is not held for trading, the Entity may irrevocably elect to present subsequent changes in fair value in FVOCI – see Note 2(f) below. This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL and subsequent changes in fair value are recognised in profit or loss (FVTPL).

In addition, upon initial recognition, the Entity may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

An entity's business model is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. Accordingly, this condition is not an instrument-by-instrument approach to classification and should be determined on a higher level of aggregation. The Entity considers all relevant information and evidence which is available at the assessment date. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio and the financial assets held within this business model is evaluated and reported to the Entity's key management personnel;
- the risks that affect the performance of the business model and financial assets held within this business model, and how those risks are managed;
- how managers of the Entity are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected;
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation but as part of an overall assessment of how the Entity's stated objective for managing the financial assets is achieved and how cash flows are realised.

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

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

For the purposes of this assessment, principal is defined as the fair value of the financial asset upon initial recognition, interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

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

- contingent events that would change the amount and timing of cash flows
- leverage features
- prepayment and extension terms
- terms that limit the Entity's claim to cash flows from specified assets
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

Reclassification

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Entity changes its business model for managing financial assets.

Financial liabilities

The Entity classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at either:

- amortised cost
- fair value through profit or loss FVTPL.

(iii) Derecognition

Financial assets

The Entity derecognises a financial asset when either:

- the contractual rights to the cash flows from the financial asset expire
- it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Entity neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of a financial asset, the difference between

- the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised)
- the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in equity

is recognised in profit or loss.

Any cumulative gain/loss recognised in equity in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities.

In some cases, the Entity enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

Financial liabilities

The Entity derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

(iv) Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Entity evaluates whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised (see Note 2c (iii)) and a new financial asset is recognised at fair value.

If the cash flows of the modified asset at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the Entity recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower (see Note 2c (vii)), then the gain or loss is presented in the income statement together with addition, release or utilisation of loss allowances. In other cases, the gain or loss is presented in the income statement together with interest income.

Financial liabilities

The Entity derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the income statement.

(v) Offsetting and presentation in the net amount

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Entity currently has a legally enforceable right to set off the amounts and intends either to settle them on a net basis or to realise the asset and to settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a group of similar transactions such as in the Entity's trading activity.

(vi) Fair value measurement

An assets fair value is the price that would be received to sell the asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Entity has access at that date. The fair value of a liability reflects its non-performance risk. Non-performance risk includes, but may not be limited to, the Entity's own credit risk.

When one is available, the Entity measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Entity uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument upon initial recognition is normally the transaction price (i.e. the fair value of the consideration given or received).

If the Entity determines that the fair value upon initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the

difference between the fair value upon initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or liability measured at fair value has a bid price and an ask price, the Entity measures

- assets and long positions at a bid price
- liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Entity on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for the particular risk exposure. Portfolio-level adjustments (e.g. bid-ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure) are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

Fair value hierarchy

The Entity measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Entity can access at the measurement date.

Level 2: Level 2 inputs are inputs other than quoted prices included within level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices) for the asset or liability. This category includes instruments valued using:

- quoted market prices in active markets for similar instruments
- quoted prices for identical or similar instruments in markets that are considered less than active
- other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3: Level 3 inputs are unobservable inputs. This category includes all instruments for which the valuation technique includes inputs that are not observable and having a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

(vii) Impairment of financial assets

The Entity recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments
- loan commitments issued
- financial guarantee contracts issued.

No impairment loss is recognised on equity investments.

The Entity measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date
- other financial instruments (other than lease receivables) on which credit risk has not increased significantly since their initial recognition.

The Entity considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of investment grade.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit-impaired at the reporting date are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Entity in accordance with the contract and the cash flows that the Entity expects to receive).
- Financial assets that are credit-impaired at the reporting date are measured as the difference between the gross carrying amount of the financial asset and the present value of estimated future cash flows.
- Undrawn loan commitments are measured as the present value of the difference between the contractual cash flows that are due to the Entity if the commitment is drawn down and the cash flows that the Entity expects to receive.
- financial guarantee contracts are measured as the expected payments to reimburse the holder less any amounts that the Entity expects to recover.

The ING Group builds on existing regulatory capital models using advanced internal rating-based (AIRB) models for regulatory purposes. See also Note 34.

Restructured financial assets

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to the borrower's financial difficulties, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the expected restructuring does not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset.
- If the expected restructuring results in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is included in calculating the cash shortfalls from the existing financial asset that are discounted from the expected date of derecognition to the reporting date using the original effective interest rate of the existing financial asset.

Credit-impaired financial assets

At each reporting date, the Entity assesses whether financial assets measured at amortised cost and debt financial assets measured at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer
- a breach of contract such as a default or past due event
- restructuring of a loan made by the borrower on terms that the borrower would not consider otherwise
- heightened probability that the borrower will enter bankruptcy or other financial reorganisation
- the disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment. In addition, a retail loan that is overdue for 90 days or more is considered impaired.

In making an assessment of whether an investment in bonds is credit-impaired, the Entity considers the following factors:

- the market's assessment of creditworthiness as reflected in the bond yields
- the rating agencies' assessments of creditworthiness
- the country's ability to access the capital markets for new debt issuance
- the probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness
- the international support mechanisms in place to provide the necessary support as "lender of last resort" to that country, as well as the intention reflected in public statements, of governments and agencies to use those mechanisms. This includes an assessment of the depth of those mechanisms and, irrespective of the political intent, whether there is the capacity to fulfil the required criteria.

Presentation of loss allowance for ECL in the balance sheet

Loss allowances for ECL are presented in the balance sheet as follows:

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets
- loan commitments and financial guarantee contracts: generally as a provision, except for the exception stated in the bullet point below
- where a financial instrument includes both a drawn component (a financial asset) and an undrawn component (a loan commitment), and the Entity cannot separately identify the expected credit losses on the loan commitment component from those on the financial asset component, the expected credit losses on the loan commitment should be recognised together with the loss allowance for the financial asset. To the extent that the combined expected credit losses exceed the gross carrying amount of the financial asset, the expected credit losses should be recognised as a provision
- debt instruments measured at FVOCI: no loss allowance is recognised in assets in the balance sheet because these instruments are presented at their fair value in assets. However, the loss allowance is disclosed in the notes to the financial statements and is recognised in "Revaluation gains (losses)" in equity.

Loss allowances and provisions for ECL established by debiting expenses are recognised in "Write-offs, additions and use of loss allowances and provisions for receivables and guarantees" in the income statement. This item also includes any subsequent use of loss allowances.

The release of loss allowances no longer considered necessary is recognised in "Release of loss allowances and provisions for receivables and guarantees, income from written-off receivables" in the income statement.

Tax loss allowances

The tax-deductible portion of total loss allowances established in the accounting period for credit losses is calculated in accordance with Section 5 (banking reserves and loss allowances) and Section 8 (loss allowances for receivables from borrowers) of Act No. 593/1992 Coll., on Reserves, as amended. Loss allowances are recorded in sub-ledger accounts for the purpose of determining the tax liability.

Write-offs

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Entity determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities to comply with the Entity's procedures for recovery of amounts due.

The write-off of receivables is recognised in "Write-offs, additions and use of loss allowances and provisions for receivables and guarantees" in the income statement. If a fully-provisioned receivable is written off, the loss allowance relating to the same item of the income statement is reduced by the identical amount.

Income from loans previously written off is included in "Release of loss allowances and provisions for receivables and guarantees, income from written-off receivables" in the income statement.

(d) Receivables from banks and clients

Receivables are recognised in purchase prices less impairment losses. Accrued interest income is part of the carrying amount of these receivables.

Accounting loss allowances

Receivables are monitored for recoverability, which is the basis for determining the impairment loss in respect of individual receivables. Unless the Entity directly writes off the portion of receivables corresponding to the impairment loss, a loss allowance is established for that portion of receivables. The method of calculating loss allowances is described in Note 34 (a), (b) and (c). Loss allowances established by debiting expenses are reported in "Write-offs, additions and use of loss allowances and provisions for receivables and guarantees".

Tax loss allowances

The tax-deductible portion of total loss allowances established in the accounting period for credit losses is calculated in accordance with Section 5 ("banking reserves and loss allowances") and Section 8 ("loss allowances for receivables from borrowers") of Act No. 593/1992 Coll., on Reserves, as amended. Loss allowances are recorded in sub-ledger accounts for the purpose of determining the tax liability.

Debt write-off is subject to approval by global credit restructuring (part of group credit risk) in Amsterdam.

The Entity also accrues interest income on non-performing receivables. The Bank subsequently creates provisions against such accruals in accordance with the group credit risk procedures in Amsterdam.

The write-off of unrecoverable receivables is recorded in "Write-offs, additions and use of loss allowances and provisions for receivables and guarantees" in the income statement. If a fully-provisioned receivable is written off, the loss allowance relating to the same item of the income statement is reduced by an identical amount. Income from loans previously written off is included in the income statement under "Release of loss allowances and provisions for receivables and guarantees, income from written-off receivables".

When the Entity purchases a financial asset and simultaneously enters into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date (reverse repo or stock borrowing), then this transaction is accounted for as a loan or advance, and the underlying asset is not recognised in the Entity's balance sheet.

(e) Financial guarantees and loan commitments

Financial guarantees are contracts that require the Entity to make specified payments to reimburse the holder for a loss it incurs because a specified borrower failed to make payment when due in accordance with the terms of a debt instrument.

Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.

The Entity has issued no loan commitments that are measured at FVTPL.

Financial guarantees and loan commitments issued are recognised in the subledger items in "Commitments and guarantees provided".

(f) Debt securities

Debt securities recognised in the balance sheet items "State zero coupon bonds and other securities eligible for refinancing with the central bank" and "Debt securities" include the following measurement categories:

- debt securities measured at amortised cost; upon initial recognition, they are measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest rate method

- debt securities measured at fair value through other comprehensive income (FVOCI)
- debt securities mandatorily measured at FVTPL or designated as at FVTPL; these are measured at fair value with changes recognised immediately in profit or loss.

For debt securities measured at FVOCI, gains and losses are recognised in “Revaluation gains (losses)” in equity, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- interest income using the effective interest rate method
- creation, release or use of loss allowances for ECL
- foreign exchange gains and losses.

When a debt security measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in “Revaluation gains (losses)” in equity is reclassified from equity to the income statement.

Gains and losses which are presented in the income statement are recognised in “Gain or loss from financial operations”.

The fair value used for the valuation of debt securities is determined in accordance with ING Group policy (see fair value measurement).

Derecognition of securities

When debt securities measured at FVOCI or at amortised cost are sold, the Entity uses the first-in, first-out method to measure the disposal of the securities.

(g) Securities transactions for customers

Securities received by the Bank into custody, administration or deposit are recognised at their market prices and recorded in the off-balance sheet account “Values taken into custody, administration and deposit”. In the balance sheet, liabilities of the Bank are accounted for by the Bank in respect of clients, mainly due to cash received for the purchase of securities, cash to be returned to the client, etc.

(h) Ownership interests with controlling or significant influence

The Bank has no ownership interests with a controlling or significant influence.

(i) Financial derivatives

A derivative is a financial instrument that meets the following conditions:

- a) Its fair value changes in response to the change in a specified interest rate, price of a security, commodity price, foreign exchange rate, price index, credit rating or credit index, or other variable (an underlying asset).
- b) Compared with other types of contracts based on a similar response to changes in market factors, it requires a small or no initial net investment.
- c) It is settled at a future date, with the period from the trade date to the settlement date exceeding that of a spot transaction.

Derivatives are recognised in the balance sheet at fair value. Positive fair values of derivatives are recognised in assets under “Other assets”. Negative fair values of derivatives are recognised in liabilities under “Other liabilities”.

The fair value of financial derivatives is the present value of expected cash flows from these transactions, determined using parameters ascertained on the active market, such as the Black-Scholes model for certain types of options. Parameters found in the active market such as exchange rates, yield curves, volatility of the relevant financial instruments, etc. are then entered into these valuation models.

In the off-balance sheet, derivatives are recorded at the non-discounted contractual value of the underlying instrument under "Receivables from fixed term transactions", "Receivables from options", "Liabilities from fixed term transactions", and "Liabilities from options".

Trading derivatives

Financial derivatives held for trading are recognised in the balance sheet at fair value. Gains and losses from changes in fair value are recorded in the income statement under "Gain or loss from financial operations". Interest income and expense from derivative financial instruments are recognised in the income statement under "Interest income and similar income" or "Interest expense and similar expense".

Hedging derivatives

The Bank uses the fair value hedge method to manage interest rate risk.

Hedging derivatives are recognised at fair value and gains and losses on this measurement are included in the income statement in "Interest income and similar income" or "Interest and similar expense" and "Profit or loss on financial operations".

(j) Hedge accounting

Fair value hedges of state zero coupon bonds and other securities eligible for refinancing with the Czech National Bank

The Bank has been using the fair value hedges method to minimise the variability of the fair value of state zero coupon bonds and other securities eligible for refinancing with the Czech National Bank due to a change in interest rates (the hedged instrument) that influences the profit or loss. The interest rate swaps (IRS) have been opted for as the hedging instrument.

The individual state zero coupon bonds and other securities eligible for refinancing with the Czech National Bank are the hedged instruments.

In respect of state zero coupon bonds and other securities held-to-maturity, the gain or loss on changes in fair value of the hedged instrument, corresponding to the hedged risk, adjusts the carrying amount of the hedged instrument and is recognised in the income statement in the "Gain or loss from financial operations" category. In the balance sheet, such changes in the fair value of the hedged instrument reduce / increase the directly hedged instrument "State zero coupon bonds and other securities held-to-maturity".

In respect of state zero coupon bonds and other securities at FVOCI, the gain or loss on changes in fair value of the hedged instrument, corresponding to the hedged risk, adjusts the carrying amount of the hedged instrument and is recognised in the income statement in the "Gain or loss from financial operations" category. In the balance sheet, such changes in the fair value of the hedged instrument reduce / increase the equity in "Revaluation gains and losses".

The reporting of hedging derivatives is described in Note 2 (i).

Hedge accounting is applied only if:

- the hedge is in line with the Entity's risk management strategy
- the hedge relationship is formally documented at the inception of the hedge
- it is expected that the hedging relationship will be highly effective during the period for which the hedging relationship is designated (i.e. if the changes in fair value of hedging instruments attributable to the hedged risk are within a range of 80 - 125% of changes in the fair values of hedged instruments attributable to the hedged risk),
- the effectiveness of the hedge relationship can be objectively measured
- the hedge relationship is effective throughout the accounting period.

The Bank tests the effectiveness of the hedging relationship periodically, at a minimum on the last day of each calendar month.

The hedging relationship is discontinued if the hedging instrument expires or is sold, terminated or exercised, or if the hedge is no longer effective. In this case, the unamortised fair value adjustment for the hedged instrument is amortised in the income statement in "Gain or loss from financial operations" over the remaining term of the original hedging relationship using the EIR method. If the hedged instrument is derecognised, the unamortised fair value adjustment for the hedged instrument is recognised immediately in the income statement in "Gain or loss from financial operations".

(k) Repo transactions, reverse repo transactions and short sales

Repo transactions

Repo transactions are transactions where securities are sold under a repurchase agreement at a predetermined price and accounted for as borrowings collateralised by the securities that are being sold and repurchased.

These borrowings are recognised in the balance sheet under "Payables to banks and credit unions" or "Payables to customers – credit union members".

The legal title to the respective securities is transferred to the lender. However, securities transferred under a repo transaction continue to be recognised either:

- in the balance sheet, provided that the repo transaction involves securities held and recognised in the balance sheet
- in the off-balance sheet under "Collaterals and pledges received", provided that the repo transaction involves securities acquired in a reverse repo transaction as collateral received.

Expenses arising from repo transactions as the difference between the selling and purchase price are accrued over the period of the transaction and recognised in the income statement in "Interest expense and similar expense".

Interest on debt securities transferred under a repo transaction is accrued.

Reverse repo transactions

Transactions where securities are purchased under a resale agreement (reverse repo transaction) at a predetermined price are accounted for as loans collateralised by the securities that are being purchased and resold.

These loans are recognised in the balance sheet under "Receivables from banks and credit unions" or "Receivables from customers – credit union members".

Securities received under reverse repo transactions are only recorded in the off-balance sheet under "Collaterals and pledges received".

Income arising from reverse repo transactions as the difference between the selling and purchase price is accrued over the period of the transaction and recognised in the income statement as "Interest income and similar income".

Interest on debt securities that serve as collateral in reverse repo transactions is not accrued.

Short sale liabilities

A short sale liability is a liability representing a debt which has arisen from the sale of a security that has been received in a repo transaction or that the Entity has borrowed. Such a liability is measured at fair value. Liabilities arising from the short sale of debt securities are recognised under "Payables from debt securities". Liabilities arising from the short sale of equity securities are recognised under "Other liabilities".

Securities received in a reverse repo transaction that are sold short are derecognised from the off-balance sheet.

Changes in fair values are recognised in the income statement under "Gain or loss from financial operations".

(l) Deposits, debt securities issued and subordinated liabilities

Deposits, debt securities issued and subordinated liabilities are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest rate method, except where the Entity designates liabilities at FVTPL (see Note 2a(viii)).

Deposits received from customers are recognised in the balance sheet under "Payables to customers – credit union members".

Debt securities issues are recognised in "Payables from debt securities".

Subordinated liabilities are recognised in "Subordinated liabilities".

(m) Interest

Effective interest rate

Interest income and interest expense are recognised in the income statement under "Interest income and similar income", or, if appropriate, under "Interest expense and similar expense" using the effective interest rate method.

The effective interest rate is the interest rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to either:

- the gross carrying amount of the financial asset
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Entity estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Amortised cost and gross carrying amount

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured upon initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and interest expense

In calculating interest income and interest expense, the effective interest rate is applied to either:

- to the gross carrying amount of the asset (when the asset is not credit-impaired)
- to the amortised cost of the liability.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired upon initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

Presentation

Interest income and interest expense presented in the income statement under "Interest income and similar income", or, if appropriate, under "Interest expense and similar expense", include:

- interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest rate basis
- interest on debt instruments measured at FVOCI calculated on an effective interest rate basis.

Interest income and interest expense on all assets and liabilities held for trading and other financial assets and financial liabilities at FVTPL are presented together with all changes in the fair value of these financial assets and financial liabilities in the income statement under "Gain or loss from financial operations".

(n) Commission and fee income

Fees and commissions are recognised on an accrual basis at the date of service in the income statement in "Fee and commission income" and "Fee and commission expense".

(o) Provisions

A provision represents a probable cash outflow of uncertain timing or amount. A provision is recognised if the following criteria are met:

- a present obligation (legal or constructive) exists as a result of a past event
- it is probable or certain that an outflow of economic benefits will be required to settle the obligation (probable means a probability exceeding 50%)
- the amount of the obligation can be reliably estimated.

Provisioning is recognised in the relevant income statement. The use of the provision is recognised jointly with the costs or losses for which the reserves were created in the relevant income statement. The reversal of the provision for uselessness is recognised in the relevant income statement.

(p) Tangible and intangible fixed assets

Tangible and intangible fixed assets are stated at the purchase price less accumulated depreciation/amortisation and are depreciated/amortised using the straight-line method over their estimated useful lives.

The estimated useful economic lives for each category of intangible and tangible fixed asset are as follows:

- | | |
|--|-------------|
| ▪ inventory and technical improvement of buildings | 5 -10 years |
| ▪ machinery and equipment | 3 - 5 years |
| ▪ software | 3 years. |

Intangible assets with a cost of less than CZK 250 thousand and tangible assets with a cost of less than CZK 250 thousand, except for PC sets (personal computers) are charged to the income statement in the period in which they are acquired. All PC sets are classified as tangible assets and are depreciated over a period of three years.

Leases - the Entity acting as a lessee

The Entity applies the international financial reporting standard IFRS 16 – Leases. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange of consideration.

The Entity acting as a lessee recognises a right-of-use asset and the related lease liability in the balance sheet with exceptions where:

- the lease term does not exceed 12 months
- the underlying asset is of low value.

Right-of-use asset

At the commencement date, a right-of-use asset is measured at cost which comprises:

- the amount of the initial measurement of the lease liability
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs incurred by the lessee
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset.

A right-of-use asset is recognised in the balance sheet in the line "Tangible fixed assets" and is depreciated on a straight-line basis for the shorter of the economic useful life of the underlying asset or the lease term. The related depreciation is recognised in the income statement in the line "Depreciation, additions and utilisation of provisions and adjustments to tangible and intangible fixed assets".

Lease liability

At the commencement date, a lease liability is initially measured at the present value of the lease payments which that are not paid at that date. The lease payments are discounted using an interest rate which a lessee would have to pay, if they borrowed cash to acquire the underlying asset, taking into consideration the terms relating to a lease (i.e. lease/loan term, amount of loans, etc.).

Subsequently, the lease liability is remeasured when there is change in future lease payments (e.g. due to a change in an assessment of whether and when extension or termination options will be exercised). When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or recorded in the income statement if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is recognised in the balance sheet and presented in the line "Other liabilities".

Interest expense on lease liability are recognised in the income statement and presented in the line "Interest expense and similar expense" using the effective interest rate.

(q) Recognition of revenues and expenses

The interest income and expense on interest bearing financial instruments are recognised in the income statement in "Interest income and similar income" or "Interest expense or similar expense" using the accrual principle.

Fees and commissions are recognised in the income statement in "Income on fees and commissions" and "Expense from fees and commissions" using the accrual principle as at the date when the services have been rendered.

(r) Taxation

Tax non-deductible expenses are added to and non-taxable income is deducted from the profit for the period to arrive at the taxable income, which is further adjusted by tax allowances and relevant credits.

In the course of the year, the Bank creates a provision for income tax that is released when the current tax expense is confirmed in the tax return. At the date of release of the provision the Bank accounts for the actual tax expense. In the course of the year, the Bank accounts for obligatory advances for corporate income tax that are offset against the provision for corporate income tax.

The deferred tax position reflects all temporary differences between the carrying amounts of assets and liabilities for accounting and tax purposes, using a statutory tax rate that is expected to apply in the period when the temporary differences are realised.

A deferred tax asset is recognised only to the extent that there are no doubts that there will be future taxable profits available against which this asset can be utilised.

(s) Prior period items and changes in accounting policies

Prior period items are reported as income or expenses in the current period income statement, with the exception of corrections of significant errors in the recording of the income and expenses of prior periods and the effects of changes in the accounting policies, which are reported in "Retained earnings from previous years" in the Bank's equity.

3. CHANGES IN ACCOUNTING POLICIES

a) Impact of changes in accounting methods

The accounting unit did not make any changes to accounting methods in 2024.

b) Impact of corrections of fundamental errors

In 2024, the accounting entity did not make any corrections of fundamental errors.

4. NET INTEREST INCOME

CZK million	2024	2023
Interest income and similar income		
from deposits	1 323	2 258
from loans	2 765	2 392
from financial assets for trading	207	381
from available-for-sale financial assets/FVOCI	635	690
from hedging interest rate derivatives	33	86
Total	4 963	5 807
Interest expense and similar expense		
on deposits	3 173	3 191
on financial liabilities for trading	381	943
other	25	16
Total	3 579	4 150
Net interest income	1 384	1 657

5. COMMISSION AND FEE INCOME AND EXPENSE

CZK million	2024	2023
Income from fees and commissions		
lending activities	167	128
payment processing	40	38
guarantees issued	31	38
sale of financial instruments	214	208
other	7	22
Total	459	434
Commission and fee expense		
management, administration, deposits and custody	5	5
payment processing	6	4
other	3	1
Total	14	10

6. GAIN OR (LOSS) FROM FINANCIAL OPERATIONS

CZK million	2024	2023
Gain/(loss) from derivative transactions	-413	-860
of which gain/(loss) from interest tools (incl. interest rate derivatives)	-7	-258
of which gain/(loss) from currency tools (incl. currency derivatives)	-406	-602
Gain/(loss) from hedge accounting	-	-11
Gain/(loss) from foreign exchange transactions	128	126
Foreign exchange gain/ (loss)	364	512
Total	79	-233

Breakdown of profit/(loss) from hedge accounting by category of hedging instruments and hedged items, see point 19 and section Hedging derivatives.

7. OTHER OPERATING INCOME AND EXPENSES

CZK million	2024	2023
Other operating income		
proceeds on transfer of tangible and intangible assets	-	1
penalties	-	-
provided services within a group	3	-
other	1	1
Total	4	2

CZK million	2024	2023
Other operating expenses		
deposit insurance fund (DGS in the Netherlands)	-	7
losses from errors	-	6
other	5	6
Total	5	19

8. ADMINISTRATIVE EXPENSES

CZK million	2024	2023
Personnel and related expenses		
wages and salaries paid to employees	236	241
of which wages and salaries paid to management	25	32
social security and health insurance	67	71
	303	312
Intercompany services	454	446
Other administrative expenses	241	222
of which expense for audit, legal and tax advisory	3	3
of which remuneration of the statutory auditor – statutory audit	3	3
	695	668
Total	998	980

The average number of the Bank's employees was as follows:

	2024	2023
Employees	122	134
Management	4	4

Rent and other leases

In 2024 and 2023, the Bank reported no short-term leases or leases with low acquisition costs.

9. EXTRAORDINARY INCOME AND EXPENSES

In 2024 and 2023, the Bank had no extraordinary income or extraordinary costs.

10. INCOME AND EXPENSE ACCORDING TO SEGMENTS

Geographical segments

CZK million	Czech Republic		European Union		Other		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
Interest income and similar income	3 501	4 632	1 407	1 119	55	56	4 963	5 807
Interest expense and similar expense	-763	-1 376	-2 815	-2 771	-1	-3	-3 579	-4 150
Income from fees and commissions	402	419	57	14	-	1	459	434
Commission and fee expense	-11	-8	-1	-1	-2	-1	-14	-10
Gain/(loss) from financial operations	1 305	1 427	-1 645	-2 255	419	595	79	-233
Other operational income	3	1	1	1	-	-	4	2
Other operational expense	-5	-19	-	-	-	-	-5	-19

Geographical segments are divided based on the counterparty's registered office.

11. TRANSACTIONS WITH RELATED PARTIES

CZK million	2024	2023
Receivables – total	7 754	10 987
Receivables from banks and credit unions	6 915	10 012
<i>due on demand</i>	241	911
<i>other receivables</i>	6 674	9 101
Other assets	840	975
Payables – total	71 892	64 680
Payables to banks and credit unions	70 736	62 811
<i>due on demand</i>	3 201	1 590
<i>other liabilities</i>	67 535	61 220
Payables to clients – members of credit unions	35	90
<i>due on demand</i>	35	90
Other liabilities	1 120	1 780
Net interest income	-2 048	-1 523
Net income from commissions and fees	-6	1
Gain/(loss) from financial operations	-17	-744
Administrative expenses and other operating expenses	-454	-446

The above schedule includes all transactions with related parties.

As at 31 December 2024, the Entity had provided no credit facilities, advances, earnest money deposits or loans to members of management and supervisory bodies (as at 31 December 2023, the Entity had provided no credit facilities, advances, earnest money deposits or loans to members of management and supervisory bodies).

12. STATE ZERO COUPON BONDS AND OTHER SECURITIES ELIGIBLE FOR RE-FINANCING WITH THE CENTRAL BANK

(a) Net book value of state zero coupon bonds and other securities eligible for re-financing with the CNB

CZK million	2024	2023
State bonds (rating 1-10)	12 622	12 450
Net book value	12 622	12 450

(b) Classification of state zero coupon bonds and other securities eligible for re-financing with the CNB into individual portfolios based on the Bank's intention

CZK million	2024	2023
State zero coupon bonds and other securities at FVOCI	12 622	12 450
Net book value	12 622	12 450

(c) **Repo and reverse repo transactions**

As at 31 December 2024, under reverse repo transactions, the Bank has acquired state zero coupon bonds and other securities with a market value of CZK 15 589 million (31 December 2023: CZK 17 640 million), which are recorded off-balance sheet in "Collaterals and pledges received. The Bank hasn't provided any zero-coupon government bonds and any other securities under repurchase agreements as at 31 December 2024 (2023: CZK 2 393 million).

(d) **Change in fair value of hedged state zero coupon bonds and other securities eligible for refinancing with the Czech National Bank**

In 2024, the Bank recognised a loss of CZK 111 million (2023: a gains of CZK 341 million) relating to a change in the fair value of the hedged state zero coupon bonds and other securities eligible for refinancing with the CNB and creation of loss allowances to state zero coupon bonds and other securities at FVOCI in „Gain or loss from financial operations“.

Breakdown of profit/(loss) from hedge accounting by category of hedging instruments and hedged items from point 6, see point 19 and the Hedging derivatives section.

13. RECEIVABLES FROM BANKS AND COOPERATIVE SAVINGS ASSOCIATIONS

(a) **Receivables from banks and credit unions by type**

CZK million	2024	2023
Current accounts (nostro accounts)	289	929
Term deposits	13 112	9 101
Of which term deposits at the CNB	2 900	-
Reverse repos with CNB	15 917	17 759
Reverse repos with other banks	-	-
Total	29 318	27 789
Loss allowances for potential losses from receivables	-1	-
Net receivables from banks	29 317	27 789

In 2024 and 2023, the Bank did not restructure any receivables from banks.

All receivables from banks as at 31 December 2024 and 31 December 2023 are measured at amortised cost under IFRS 9. All receivables are classified into Stage 1.

(b) **Analysis of receivables from banks by type of collateral received**

CZK million	2024	2023
Securities	15 589	17 640
Unsecured	13 728	10 149
Total	29 317	27 789

(c) **Subordinated receivables from banks**

In 2024 and 2023, the Bank did not provide subordinated loans to other banks.

(d) **Receivables from banks written-off and recovered**

In 2024 and 2023, the Bank did not write-off any receivables from banks.

14. Receivables from customers – members of credit unions

(a) **Receivables from customers by type**

CZK million	2024	2023
Receivables from loans	49 631	48 459
Total	49 631	48 459
Loss allowances for potential losses from receivables	-26	-30
Net receivables from customers	49 605	48 429

In 2024, the Bank did not restructure any receivables from customers (as well as in 2023).

(b) **Receivables from customers by measurement categories**

All receivables from customers as at 31 December 2024 (as well as in 2023) are measured at amortised cost.

(c) **Receivables from customers by credit risk rating grades**

CZK million	2024			
	Stage 1	Stage 2	Stage 3	Total
Grades 1-10	39 583	-	-	39 583
Grades 11-17	7 923	1 617	-	9 540
Grades 18-19	-	508	-	508
Grades 20-22	-	-	-	-
Total	47 506	2 125	-	49 631
Loss allowances for potential losses from receivables	-25	-1	-	-26
Net receivables from customers	47 481	2 124	-	49 605

CZK million	2023			
	Stage 1	Stage 2	Stage 3	Total
Grades 1-10	38 311	-	-	38 311
Grades 11-17	8 551	1 496	-	10 047
Grades 18-19	-	101	-	101
Grades 20-22	-	-	-	-
Total	46 862	1 597	-	48 459
Loss allowances for potential losses from receivables	-30	-	-	-30
Net receivables from customers	46 832	1 597	-	48 429

(d) Receivables from customers by type

In millions of CZK	2024	2023
Residents, of which:		
financial institutions	10 167	6 138
non-financial institutions	30 595	31 386
Non-residents	8 869	10 935
Total	49 631	48 459

Receivables from customers by type are stated in gross value, i.e. without loss allowances for potential losses from receivables.

(e) Subordinated receivables from banks

In 2024 and 2023, the Bank did not provide subordinated loans to other banks.

(f) Net receivables from customers written-off

In 2024 and 2023, the Bank did not provide written-off receivables.

(g) Syndicated loans

As at 31 December 2024 (as well as in 2023), the Bank did not serve as the principal agent of any syndicated loan.

(h) Receivables from persons with a special relationship to the Bank

In 2024 and 2023, the Bank had no commitments to employees.

In 2024 and 2023, the Bank did not provide any loans to members of managerial bodies.

15. DEBT SECURITIES

As at 31 December 2024 (as well as in 2023), the Bank did not hold any debt securities except for those described in Note 12. (State zero coupon bonds and other securities eligible for refinancing with the central bank).

16. SHARES, UNITS AND OTHER INVESTMENTS

As at 31 December 2024 and 2023, the Bank did not hold any shares, units and other investments.

The Bank did not acquire any shares, units and other investments under resale commitments in 2024 and 2023.

17. INTANGIBLE FIXED ASSETS

Movements in intangible fixed assets

CZK million	Software	Acquisition of software	Other	Total
Cost				
As at 1 January 2023	177	2	-	179
Additions	8	1	-	9
Disposals	-	-2	-	-2
As at 31 December 2023	185	1	-	186
As at 1 January 2024	185	1	-	186
Additions	4	-	-	4
Disposals	-5	-1	-	-6
As at 31 December 2024	184	-	-	184
Accumulated amortisation and allowances				
As at 1 January 2023	172	-	-	172
Charge for the year	3	-	-	3
Impairment	-	-	-	-
Disposals	-	-	-	-
As at 31 December 2023	175	-	-	175
As at 1 January 2024	175	-	-	175
Charge for the year	5	-	-	5
Impairment	-	-	-	-
Disposal	-5	-	-	-5
As at 31 December 2024	175	-	-	175
Net book value				
As at 31 December 2023	10	1	-	11
As at 31 December 2024	9	-	-	9

18. TANGIBLE FIXED ASSETS

Movements in tangible fixed assets (not including right of use)

CZK million	Technical improvement of buildings	Fixtures and fittings	Equipment	Total
Cost				
As at 1 January 2023	4	20	71	95
Additions	-	-	7	7
Disposals	-	-2	-23	-25
As at 31 December 2023	4	18	55	77
As at 1 January 2024	4	18	55	77
Additions	-	-	1	1
Disposals	-	-1	-10	-11
As at 31 December 2024	4	17	46	67
Accumulated depreciation and allowances				
As at 1 January 2023	4	19	66	89
Charge for the year	-	1	5	13
Disposals	-	-2	-23	-25
As at 31 December 2023	4	18	48	70
As at 1 January 2024	4	18	48	70
Charge for the year	-	-	3	3
Disposals	-	-1	-10	-11
As at 31 December 2024	4	17	41	62
Net book value				
As at 31 December 2023	-	-	7	7
As at 31 December 2024	-	-	5	5

Leases

From 1 January 2019 new standard IFRS 16 was applied, and the previous standard IAS 17 was abolished. Therefore, the Bank as a lessee started to recognise right-of-use assets (i.e. with exception where the lease term does not exceed 12 months or the underlying asset has a low value) in the line "Tangible fixed assets" and the related lease liabilities in the line "Other liabilities" in the balance sheet. See details in the following notes of the financial statements: Note 2(p) (Significant accounting policies) and Note 8 (Administrative expenses).

From 1 January 2019, the Bank as a lessee no longer distinguishes between finance leases and operating leases for purposes of booking and presentation.

Tangible fixed assets acquired under lease

CZK million	Land and buildings	Vehicles	Total
Cost			
As at 1 January 2023	57	4	61
Additions	-	2	2
Other adjustments	-	-	-
Disposals	-9	-1	-10
As at 31 December 2023	48	5	53
As at 1 January 2024	48	5	53
Additions	-	-	-
Other adjustments	-	-	-
Disposals	-	-	-
As at 31 December 2024	48	5	53
Accumulated depreciation and allowances			
As at 1 January 2023	15	1	16
Charge for the year	9	1	10
Impairment	-	-	-
Disposals	-9	-2	-11
Allowances	-	-	-
As at 31 December 2023	15	-	15
As at 1 January 2024	15	0	15
Charge for the year	8	2	10
Impairment	-	-	-
Disposals	-	-	-
Allowances	-	-	-
As at 31 December 2024	23	2	25
Net book value			
As at 31 December 2023	33	5	38
As at 31 December 2024	25	3	28

Land and buildings

The bank leases land and buildings for its headquarter and branches. These leases typically run for a period of 3-6 years.

Some leases provide for additional rent payments that are based on inflation rate developments in the following years.

Some leases contain extension options exercisable by the lessee within up to 12 months before the end of lease term. At lease commencement, the bank assesses whether it is reasonably certain to exercise such options and subsequently, if a significant event or significant changes in circumstances occur.

19. OTHER ASSETS

CZK million	2024	2023
Positive fair value of derivatives	864	985
Receivables from unsettled payment transactions	28	-
Estimated receivables	22	12
Deferred tax asset (see Note 29)	41	31
Corporate income tax prepayments	-	53
Other debtors	30	30
Total	985	1 111

Income and expenses from hedging interest rate derivatives are noted in Note 4; losses on hedge accounting are disclosed in Note 6 to the financial statements. Contractual and fair values of hedging derivatives are disclosed in Note 30 to these financial statements.

In 2024, the bank created a provision for corporate income tax of CZK 193 million (2023: CZK 168 million) and paid CZK 171 million in advance payments (2023: CZK 221 million). As a result, there was a payable for corporate income tax in the total amount of CZK 22 million (2023: receivable of CZK 53 million).

In 2024 and 2023, the Bank did not write off any other assets.

In 2024 and 2023, the Bank did not create any allowances for receivables from other debtors.

Hedging derivatives

a) Hedging instruments

CZK million	2024		
	Nominal value	Positive fair value	Negative fair value
Interest rate swaps - bond fair value hedge	5 650	15	297
Total	5 650	15	297

CZK million	2023		
	Nominal value	Positive fair value	Negative fair value
Interest rate swaps - bond fair value hedge	5 250	17	381
Total	5 250	17	381

CZK million	2024		
The item in the financial statements where the hedging instrument is presented	Change in the fair value of the hedging instrument entering into the calculation of hedge effectiveness	Hedge accounting ineffectiveness recognised in the profit and loss account	An item in the statements where the ineffectiveness of hedge accounting is presented
Other assets - fair value of derivatives	15	-	Gain or loss from financial operations
Other liabilities - fair value of derivatives	-297	-	Gain or loss from financial operations
Total	-282	-	

CZK million	2023		
The item in the financial statements where the hedging instrument is presented	Change in the fair value of the hedging instrument entering into the calculation of hedge effectiveness	Hedge accounting ineffectiveness recognised in the profit and loss account	An item in the statements where the ineffectiveness of hedge accounting is presented
Other assets - fair value of derivatives	17	11	Gain or loss from financial operations
Other liabilities - fair value of derivatives	-381	-	Gain or loss from financial operations
Total	-364	11	

b) Hedging items

CZK million	2024	
	Residual value	
	Assets	Liabilities
Bonds - fair value hedge	5 650	-
Total	5 650	-

CZK million	2023	
		Residual value
		Assets Assets
Bonds - fair value hedge	5 571	-
Total	5 571	-

CZK million	2024			
				Accumulated change in fair value of hedged instruments from discontinued hedge accounting
Assets	Liabilities	The item in the statements where the hedged instrument is presented	Change in the fair value of the hedged instrument entering into the calculation of hedge effectiveness	
241	-	Debt securities	-111	-

CZK million	2023			
				Accumulated change in fair value of hedged instruments from discontinued hedge accounting
Assets	Liabilities	The item in the statements where the hedged instrument is presented	Change in the fair value of the hedged instrument entering into the calculation of hedge effectiveness	
352	-	Debt securities	341	-

20. PAYABLES TO BANKS AND CREDIT UNIONS

Analysis of due to banks and credit unions by residual maturity

CZK million	2024	2023
Repayable on demand	1 741	1 895
Up to 3 months	18 245	18 027
3 months to 1 year	6 072	4 679
1 year to 5 years	39 613	36 387
More than 5 years	3 605	3 169
Total	69 276	64 157

21. PAYABLES TO CUSTOMERS AND COOPERATIVE SAVINGS ASSOCIATION'S MEMBERS

(a) Analysis of due to customers and credit union members by sectors

CZK million	Repayable on demand	Term deposits with fixed maturity	Repo operations	Other	Total
As at 31 December 2024					
Residents, of which					
financial institutions	918	2 000	-	-	2 918
non-financial institutions	10 871	1 567	-	-	12 438
insurance institutions	137	-	-	-	137
government sector	7	-	-	-	7
non-profit organisations	-	-	-	-	-
resident individuals	-	-	-	266	266
Non-residents	1 037	1 950	-	-	2 987
Total	12 970	5 517	-	266	18 753

CZK million	Repayable on demand	Term deposits with fixed maturity	Repo operations	Other	Total
As at 31 December 2023					
Residents, of which					
financial institutions	1 065	1 000	-	-	2 065
non-financial institutions	11 293	2 553	-	-	13 846
insurance institutions	179	-	-	-	179
government sector	-	-	2 396	-	2 396
non-profit organisations	-	-	-	-	-
resident individuals	-	-	-	278	278
Non-residents	1 290	3	-	-	1 293
Total	13 827	3 556	2 396	278	20 057

(b) **Due to persons with a special relationship to the Bank**

In 2024, the Bank had no commitments to persons with a special relationship to it (as well as in 2023).

22. SUBORDINATED LIABILITIES

As at 31 December 2024 and as at 31 December 2023, the Bank did not report any subordinated liabilities.

23. OTHER LIABILITIES

CZK million	2024	2023
Negative fair values of derivatives	1 066	1 721
Clearing accounts – settlement of transactions with securities	-	-
Clearing accounts – settlement of payment transactions	266	489
Other payables including tax liability	43	18
Lease and Rent liabilities	30	39
Estimated payables	111	111
Total	1 516	2 377

24. REGISTERED CAPITAL

The Bank was founded as a branch of ING Bank N.V., a public limited company with its registered office at Bijlmerplein 106, 1102 MG, Amsterdam, the Netherlands; listed in the Commercial Register of the Amsterdam Chamber of Commerce and Industry, file number 33031431. In accordance with the Act on Banks the Bank is not obligated to maintain registered capital.

25. EQUITY-BASED REMUNERATION

The Bank is incorporated as a branch and therefore does not have a bonus programme tied to equity.

26. PROVISIONS AND ALLOWANCES

(a) **Allowances for credit losses**

CZK million	
Balance as at 1 January 2023	33
Additions during the year	23
Release of allowances no longer considered necessary	-26
Foreign exchange gain/(loss)	-
Total allowances for credit losses as at 31 December 2023	30
Balance as at 1 January 2024	30
Additions during the year	32
Release of allowances no longer considered necessary	-35
Foreign exchange gain/(loss)	-
Total allowances for credit losses as at 31 December 2024	27

(b) Provisions for possible guarantee/credit limit losses

CZK million	
Balance as at 1 January 2023	-
Additions during the year	4
Release of allowances no longer considered necessary	-1
Foreign exchange gain/(loss)	-
Total provisions for possible guarantee/credit limit losses as at 31 December 2023	3
Balance as at 1 January 2024	3
Additions during the year	5
Release of allowances no longer considered necessary	-4
Foreign exchange gain/(loss)	-
Total provisions for possible guarantee/credit limit losses as at 31 December 2024	4

(c) Other provisions

CZK million	Restructuring	Legal disputes	Other	Total
Balance as at 1 January 2023	17	5	7	29
Additions during the year	3	-	1	4
Utilisation during the year	-2	-	-	-2
Release of excess provisions	-	-4	-	-4
Balance of other provisions as at 31 December 2023	18	1	8	27
Balance as at 1 January 2024	18	1	8	27
Additions during the year	-	-	2	2
Utilisation during the year	-3	-	-	-3
Release of excess provisions	-1	-	-	-1
Balance of other provisions as at 31 December 2024	14	1	10	25

In 2024, the Bank created a provision for corporate income tax of CZK 193 million (31 December 2023: CZK 168 million) and paid CZK 171 million in advances (31 December 2023: CZK 221 million). The result was a payable for corporate income tax totalling CZK 22 million (31 December 2023: receivable of CZK 53 million), described in Note 23 Other liabilities line Other payables including tax liability.

27. RETAINED EARNINGS OR ACCUMULATED LOSSES FROM PREVIOUS YEARS, RESERVE FUNDS AND OTHER FUNDS CREATED FROM PROFIT

As at 3 June 2025, the Bank has not decided on the distribution of profit for 2024. In 2024, the Bank transferred CZK 634 million of retained earnings to the parent company ING Bank N.V.

28. REVALUATION GAINS AND LOSSES

CZK million	FVOCI	Total
Balance as at 1 January 2023	-70	-70
Increase	84	84
Decrease	-	-
Balance as at 31 December 2023	14	14
of which Loss allowances for state zero coupon bonds and other securities at FVOCI	2	2
Balance as at 1 January 2024	14	14
Increase	-	-
Decrease	-54	-54
Balance as at 31 December 2024		
of which Loss allowances for state zero coupon bonds and other securities at FVOCI	-40	-40

29. INCOME TAX AND DEFERRED TAX ASSET / LIABILITY

(a) Income tax

CZK million	2024	2023
Current year profit before tax	898	833
Income not liable to tax	-2	-10
Tax non-deductible expenses	23	61
Sub-total	919	884
Income tax calculated using a tax rate of 21%/19%	193	168
Adjustment of tax from previous years	-1	1
Total income tax expense	192	169

Based on Council Directive (EU) 2022/2523 on ensuring a global minimum level of effective taxation for multinational enterprise groups and large-scale domestic groups, Act No. 416/2023 Coll., on top-up taxes for large multinational groups and large domestic groups, was adopted. The purpose of the top-up taxes is to halt the competition between individual countries regarding different corporate income tax rates by introducing a uniform minimum tax rate. This aims to ensure a level playing field for entities worldwide and to enable individual countries to better protect their tax bases. Top-up taxes will be levied in cases where the calculated effective tax rate in a given country is lower than 15%. The taxpayer of the top-up tax is a company within a group whose consolidated annual revenues reported in the consolidated financial statements of the ultimate parent entity amount to at least EUR 750 million in at least 2 out of the 4 reporting periods immediately preceding the relevant tax period.

Given the Bank's effective tax rate, no direct impact of the top-up tax on the Bank is expected, and no provision has been recognized in this regard.

(b) Deferred tax liability/asset

Deferred income tax is calculated on all temporary differences using the tax rates valid for the periods in which the tax asset/liability is expected to be utilised, i.e., 21 % for 2023 and further.

Deferred income tax assets and liabilities are attributable to the following items:

CZK million	2024		2023	
	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Allowances and provisions for loan losses	7	-	7	-
Other provisions	10	-	12	-
Estimates for bonuses and social security and health insurance from bonuses	14	-	14	-
Tangible and intangible fixed assets	-	1	2	-
Other items related to prior years	-	-	-	-
Net deferred tax asset recorded in the Income statement	30	-	35	-
Valuation of securities	11	-	-	4

Net deferred tax asset recorded in Equity	11	-	-	4
Total deferred tax asset/liability (see Notes 25 and 19)	41	-	31	-

In 2024, the Bank reported expense as a result of deferred tax totalling CZK 5 million in the income statement. In 2023 the Bank reported income of CZK 8 million as a result of deferred tax.

30. OFF-BALANCE SHEET ITEMS

(a) **Irrevocable contingent liabilities arising from acceptances and endorsements, other written contingent liabilities and assets pledged as collateral**

CZK million	2024	2023
Banks		
Payables resulting from guarantees	1 913	1 521
Total	1 913	1 521

CZK million	2024	2023
Customers		
Payables resulting from guarantees	5 666	4 583
Letters of credit and financial guarantees	225	394
Commitments provided	15 663	10 033
Total	21 554	15 010

(b) **Collaterals and pledges received**

CZK million	2024	2023
Collaterals received under resale commitments	15 589	17 640
Other securities received as pledges	-	171
Real estate received as collaterals	15 309	10 985
Received monetary collaterals	6 380	113
Other collaterals received	35 443	27 914
Total	72 721	56 823

Fair value of collateral and pledges received is not significantly different from the book value of collateral and pledges received.

(c) Off-balance sheet financial instruments

CZK million	Contractual amounts		Fair value	
	2024	2023	2024	2023
Hedging instruments				
Interest rate swap contracts (IRS)			-282	-364
Interest rate swap contracts (purchase)	5 650	5 250	-	-
Interest rate swap contracts (sale)	-5 650	-5 250		
Trading instruments				
Spot currency transactions			-	-
Spot currency transactions (purchases)	98	182	-	-
Spot currency transactions (sales)	-98	-182	-	-
Forward foreign exchange contracts (FX)			17	2
Forward FX purchase contracts	6 011	867	-	-
Forward FX sale contracts	-5 996	-865	-	-
Interest rate cross currency swap contracts (IRCS)			-7	129
IRCS purchase contracts	14 804	16 834	-	-
IRCS sale contracts	-14 804	-16 834	-	-
Interest rate swaps (IRS)			70	-485
Interest rate swaps (purchases)	21 887	22 587	-	-
Interest rate swaps (sales)	-21 798	-22 926	-	-
Interest rate forwards (FRA)			-	-18
Interest rate forwards (purchases)	-	20 000	-	-
Interest rate forwards (sales)	-	-20 000	-	-

All of the above transactions were concluded on the over-the-counter (OTC) interbank market.

(d) Residual maturity of financial derivatives

The nominal values of the individual types of financial derivatives according to their residual maturity are as follows:

CZK million	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total
As at 31 December 2024					
Hedging instruments					
Interest rate swap contracts (purchases)	-	-	1 250	4 400	5 650
Interest rate swap contracts (sales)	-	-	-1 250	-4 400	-5 650
Trading instruments					
Forward FX purchase contracts	6 011	-	-	-	6 011
Forward FX sale contracts	-5 996	-	-	-	-5 996
Interest rate swaps (purchases)	200	4 200	9 929	475	14 804
Interest rate swaps (sales)	-200	-4 200	-9 929	-475	-14 804
IRCS purchase contracts	3 508	1 561	14 538	2 280	21 887
IRCS sale contracts	-3 591	-1 500	-14 437	-2 270	-21 798
Interest rate forwards (purchases)	-	-	-	-	-
Interest rate forwards (sales)	-	-	-	-	-
As at 31 December 2023					
Hedging instruments					
Interest rate swap contracts (purchases)	-	-	1 250	4 000	5 250
Interest rate swap contracts (sales)	-	-	-1 250	-4 000	-5 250
Trading instruments					
Forward FX purchase contracts	867	-	-	-	867
Forward FX sale contracts	-865	-	-	-	-865
Interest rate swaps (purchases)	150	1 700	13 709	1 275	16 834
Interest rate swaps (sales)	-150	-1 700	-13 709	-1 275	-16 834
IRCS purchase contracts	774	1 741	17 833	2 239	22 587
IRCS sale contracts	-799	-1 772	-18 085	-2 270	-22 926
Interest rate forwards (purchases)	-	20 000	-	-	20 000
Interest rate forwards (sales)	-	-20 000	-	-	-20 000

31. ASSETS HELD IN CUSTODY

In 2024 and 2023, the Bank did not hold any assets into custody.

32. ASSETS PLACED INTO ADMINISTRATION AND MANAGEMENT

In 2024 and 2023, the Bank did not place any assets into custody.

33. CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The following table provides a reconciliation between balance sheet items and the valuation categories of financial instruments:

31 December 2024		Mandatory		FVOCI - debt instruments	FVOCI - equity instruments	Accrued value	Total
CZK million		in FVTPL	Dedicated in FVTPL				
1	Cash in hand and deposits with central banks	-	-	-	-	401	401
2	Government zero-coupon bonds and other securities accepted by the central bank for refinancing	-	-	12 622	-	-	12 622
3	Claims on banks and credit unions	-	-	-	-	29 317	29 317
4	Receivables from credit union members	-	-	-	-	48 429	48 429
11	Other assets	864	-	-	-	58	922
Total financial assets		864	-	12 622	-	78 205	91 691

31 December 2024		Mandatory		FVOCI - debt instruments	FVOCI - equity instruments	Accrued value	Total
CZK million		in FVTPL	Dedicated in FVTPL				
1	Liabilities to banks and credit unions	-	-	-	-	69 276	69 276
2	Liabilities to credit union members accepted by the central bank for refinancing	-	-	-	-	18 753	18 753
4	Other liabilities	1 066	-	-	-	296	1 362
Total financial liabilities		1 066	-	-	-	88 325	89 391

31 December 2023		Mandatory		FVOCI - debt instruments	FVOCI - equity instruments	Accrued value	Total
CZK million		in FVTPL	Dedicated in FVTPL				
1	Cash in hand and deposits with central banks	-	-	-	-	126	126
2	Government zero-coupon bonds and other securities accepted by the central bank for refinancing	-	-	12 450	-	-	12 450
3	Claims on banks and credit unions	-	-	-	-	27 791	27 791
4	Receivables from credit union members	-	-	-	-	48 429	48 429
11	Other assets	985	-	-	-	30	1 015
Total financial assets		985	-	12 450	-	76 376	89 811

31 December 2023 CZK million	Mandator y in FVTPL	Dedicated in FVTPL	FVOCI - debt instrument s	FVOCI - equity instrument s	Accrued value	Total
1 Liabilities to banks and credit unions	-	-	-	-	64 157	64 157
2 Liabilities to credit union members accepted by the central bank for refinancing	-	-	-	-	20 057	20 057
4 Other liabilities	1 721	-	-	-	528	2 249
Total financial liabilities	1 721	-	-	-	84 742	86 463

34. FINANCIAL INSTRUMENTS – MARKET RISK

The Bank is exposed to market risks arising from open transaction positions with interest rate and currency instruments that are sensitive to changes in financial market conditions.

(a) Trading

The Bank holds trading positions in certain financial instruments, including financial derivatives. The majority of the Bank's business activities are conducted according to the requirements of the Bank's customers. According to the estimated demand of its customers the Bank holds a certain supply of financial instruments.

The Bank manages the risks associated with its trading activities at the level of individual risks and individual types of financial instruments. The main risk management tools are Basis Point Value (BPV) limits and limits for other Treasury metrics (Revaluation Reserve at Risk, Basis risk per Tenor and Currency Pair, currency positions). The quantitative methods applied to risk management are included in "Risk management methods" in Note 34 (c).

The majority of derivatives are contracted in the OTC market due to the absence of a public market for financial derivatives in the Czech Republic.

(b) Risk management

The selected risks to which the Bank is exposed as a result of its activities, the management of the positions arising as a result of these activities, and the Bank's approach to the management of these risks are described below. More details on the procedures used by the Bank to measure and manage these risks are included in "Risk management methods" in Note 34 (c).

Liquidity risk

Liquidity risk arises from the type of financing of the Bank's activities and management of its positions, e.g. when the Bank is unable to finance its assets using instruments with appropriate maturity or to dispose of its assets for the appropriate price within the appropriate time period.

The Bank has access to diversified sources of funds, which comprise deposits and other savings, securities issued, loans accepted including subordinated loans and equity. This diversification makes the Bank flexible and limits its dependency on one financing source. The Bank regularly evaluates the liquidity risk, in particular by monitoring changes in the structure of its financing and comparing these changes with the Bank's liquidity risk management strategy, which is approved by the Bank's management. The Bank also holds a portion of its assets in highly liquid funds, such as state treasury bills and similar bonds, as part of its liquidity risk management strategy.

The below tables show the residual maturity of the book value of the individual financial instruments, not the total cash flows resulting from the instruments.

Residual maturity of the Bank's assets and liabilities

CZK million	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Not specified	Total
As at 31 December 2024						
Cash and balances with CB	401	-	-	-	-	401
State zero coupon bonds and other securities	12 622	-	-	-	-	12 622
Receivables from banks	23 546	2 061	3 710	-	-	29 317
Receivables from customers	12 798	2 976	31 952	1 879	-	49 605
Tangible and intangible fixed assets	-	-	-	-	42	42
Other assets	146	153	581	105	-	985
Prepaid expenses and accrued income	14	-	1	-	-	15
Total	49 527	5 190	36 244	1 984	42	92 987
Due to banks	19 986	6 072	39 613	3 605	-	69 276
Due to customers	18 753	-	-	-	-	18 753
Other liabilities	599	89	516	312	-	1 516
Deferred income and accrued expenses	7	1	150	9	-	167
Provisions	-	-	-	-	29	29
Equity	-	-	-	-	3 246	3 246
Total	39 344	6 162	40 279	3 926	3 278	92 987
Gap	10 182	-972	-4 035	-1 942	-3 233	-
Cumulative gap	10 182	9 210	5 175	3 233	-	

CZK million	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Not specified	Total
As at 31 December 2023						
Cash and balances with CB	126	-	-	-	-	126
State zero coupon bonds and other securities	12 450	-	-	-	-	12 450
Receivables from banks	25 795	-	1 994	-	-	27 789
Receivables from customers	13 061	6 091	27 785	1 492	-	48 429
Tangible and intangible fixed assets	-	-	-	-	55	55
Other assets	63	125	824	99	-	1 111
Prepaid expenses and accrued income	11	-	-	-	-	11
Total	51 506	6 216	30 603	1 591	55	89 971
Due to banks	19 922	4 679	36 387	3 169	-	64 157
Due to customers	20 057	-	-	-	-	20 057
Other liabilities	748	92	1 112	425	-	2 377
Deferred income and accrued expenses	7	1	108	1	-	117
Provisions	-	-	-	-	30	30
Equity	-	-	-	-	3 233	3 233
Total	40 734	4 772	37 607	3 595	3 263	89 971
Gap	10 772	1 444	-7 004	-2 004	-3 208	-
Cumulative gap	10 772	12 216	5 212	3 208	-	-

The table below shows the residual maturity of contractual non-discounted cash flows arising from financial liabilities and off-balance sheet items (commitments and guarantees provided):

CZK million	Carrying amount	Contractual cash flows	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years
As at 31 December 2024						
Payables to banks*	69 276	69 277	20 537	7 617	38 237	2 886
Payables to clients	18 753	18 754	18 754	-	-	-
Other financial liabilities	1 362	1 363	439	77	535	312
Commitments and guarantees provided	23 467	23 467	23 467	-	-	-
Total	112 858	112 861	63 197	7 694	38 772	3 198

CZK million	Carrying amount	Contractual cash flows	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years
As at December 2023						
Payables to banks*	64 157	64 157	20 343	4 990	36 329	2 495
Payables to clients	20 057	20 057	20 057	-	-	-
Other financial liabilities	2 249	2 253	873	245	755	380
Commitments and guarantees provided	16 531	16 531	16 531	-	-	-

Total	102 994	102 998	57 804	5 235	37 084	2 875
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*Payables to banks for variable-rate term deposits include contractual interest flows only for the period when the interest rate is already fixed according to the applicable benchmark interest rate.

The residual contractual maturity of financial derivatives is specified in Note 30 (d).

The amounts in the tables above have been calculated and recognised as follows:

Type of financial instrument	Basis on which remaining contractual maturity is compiled
Non-derivative financial instruments	Undiscounted cash flows, which include estimated interest payments.
Issued financial guarantees and unrecognised loan commitments	Earliest possible contractual maturity. For issued financial guarantees, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.
Derivative financial instruments held for risk management purposes	Contractual undiscounted cash flows. The amounts shown are the gross nominal inflows and outflows for derivatives that have simultaneous gross settlement (e.g. forward exchange contracts, currency swaps, etc.) and the net nominal cash flows that are net settled.
Trading derivatives forming part of the portfolio that are expected to be closed out before contractual maturity	Fair values at the reporting date. This is because contractual maturities do not reflect the liquidity risk exposure arising from these positions, as there is the presumption that these derivatives will be closed out before contractual maturity. These fair values are disclosed in the 'Less than one month' column.
Trading derivatives that have been entered into by the Bank with its customers	Contractual undiscounted cash flows. This is because these derivatives are not usually closed out before contractual maturity, and so the Bank believes that contractual maturities are essential for understanding the timing of cash flows associated with these derivative positions.

The expected cash flows on some financial instruments may vary significantly from the contractual cash flows. The principal differences are as follows:

- Deposits repayable on demand are expected to remain stable or increase based on the Bank's historical data.
- Based on historical experience of the Bank, loan commitments are not expected to be drawn down immediately.

In managing its liquidity risk, the Bank monitors the liquidity coverage ratio (LCR). The LCR measures a bank's resilience to sudden liquidity stress, specifically whether the bank can continue for at least 30 days in the event of a liquidity crisis. The ratio is defined as the ratio of highly liquid assets to total expected cash outflows over the next 30 days under stressed conditions. The minimum value of this ratio should be no lower than 100%.

The table below shows the LCR values:

CZK million	As at 31 December 2024	As at 31 December 2023
LCR (%)	215	217

Liquidity provision

As part of the management of liquidity risk arising from financial liabilities, the Entity holds a portion of assets in highly liquid instruments, such as:

- cash in hand
- balances with the Czech National Bank
- government bonds issued by the Ministry of Finance of the Czech Republic

Apart from the above, the Entity holds open loan commitments with the central bank and other banks.

In its liquidity provision, the Entity includes only financial assets that are not provided as collateral at the given moment, e.g. in a repo transaction, etc.

As at 31 December 2024 CZK million	Carrying amount	Fair value
Cash in hand and balances with CB	19 219	19 219
State zero coupon bonds and other securities eligible for refinancing with the central bank that are not provided as collateral as at the reporting date	12 622	12 622
Total liquidity provision	31 841	31 841

As at 31 December 2023 CZK million	Carrying amount	Fair value
Cash in hand and balances with CB	17 885	17 885
State zero coupon bonds and other securities eligible for refinancing with the central bank that are not provided as collateral as at the reporting date	12 450	12 450
Total liquidity provision	30 355	30 355

Interest rate risk

The Bank is exposed to interest rate risk as its interest-bearing assets and liabilities have different maturity dates, periods of interest rate changes and volumes during these periods. In the case of variable interest rates, the Bank is exposed to basic risk due to the different mechanisms of setting the interest rate, such as PRIBOR, announced interest on deposits, etc. The Bank's interest rate risk management activities are aimed at optimising net interest income in accordance with the Bank's strategy, approved by management.

On average, the Bank's interest rate sensitive assets have a longer duration or interest rate adjusting period than its liabilities, and the net interest income decreases as the interest rate rises. The Bank's most important interest rate positions are in CZK and EUR. Part of the interest rate position is due to the basis point spread between income from interest rate swaps in EUR and interest rate swaps in CZK.

Interest rate derivatives are generally used to manage the mismatch between interest rate sensitive assets and liabilities. These transactions are carried out in accordance with the Bank's strategy for the management of assets and liabilities as approved by management.

Currency risk

Assets and liabilities denominated in foreign currency including off-balance sheet exposures represent the Bank's exposure to currency risks. Both realised and unrealised foreign exchange gains and losses are reported directly in the income statement.

(c) **Risk management methods**

The Bank's risk management concentrates on the total net exposure resulting from the Bank's structure of assets and liabilities. The Bank monitors interest rate risks by monitoring the excess of interest rate sensitive assets or liabilities in individual time periods.

Interest rate risk

The Bank uses a basic point value (BPV) analysis (based on the duration) to measure the interest rate sensitivity of assets and liabilities that are not traded on a public market. The duration represents the average period during which the Bank collects the present value of cash flows from individual instruments; this represents the instrument sensitivity to interest rate risk. The BPV analysis is an approximation of the instrument's fair value when the relevant yield curve is shifted by one basis point and the sensitivity parameter of the shift is the duration.

The simulation and forecast of net interest income is a supporting tool used by the Bank to monitor the interest rate risk. The Bank measures the sensitivity of the net interest income in relation to a change in the interest rate of 0.01% on a daily basis. The Bank sets the interest rate limits in order to limit the variation of net interest income due to interest rate changes.

The limits comprise BPV limits, limits for other Treasury metrics (Revaluation Reserve at Risk, Basis risk per Tenor and Currency Pair, currency positions), NII at Risk limits and NPV at Risk limits.

The table below shows NII at risk:

CZK million	As at 31 December 2024	As at 31 December 2023
IR stress scenario +100bp (1 year)	-2,5	+42,3
IR stress scenario -100bp (1 year)	+2,5	-42,3

Interest rate risk sensitivity analysis

Part of the Entity's income is generated by the intentional mismatch between its interest-rate sensitive assets and liabilities, which is summarised in the table below. The carrying amounts of these assets and liabilities and the nominal (notional) values of interest rate derivatives are included in the earlier of the period in which they are due or the period in which the interest rate changes. Due to their expected premature repayment or non-defined maturity dates, certain assets or liabilities are allocated to individual periods on the basis of an expert estimate.

Compared to the prior period, no changes were made to the methods and assumptions used in the preparation of sensitivity analysis.

The table below includes only interest-rate sensitive assets and liabilities and is therefore not identical to the balances presented in the Entity's balance sheet.

CZK million	Up to 1 year	1-5 years	Over 5 years	Total
At 31 December 2024				
Cash in hand and balances with central banks	19 219	-	-	19 219
State zero coupon bonds and other securities	6 755	1 342	4 525	12 622
Receivables from banks	10 326	173	-	10 499
Receivables from customers	47 583	2 021	-	49 604
Total	83 883	3 536	4 525	91 944

Payables to banks	67 094	1 241	942	69 277
Payables to customers	18 754	-	-	18 754
Total	85 848	1 241	942	88 031
Long positions of interest-rate derivatives	15 579	25 716	7 155	48 450
Short positions of interest-rate derivatives	15 585	25 616	7 145	48 346
Gap	-1 971	2 395	3 593	4 017
Cumulative gap	-1 971	424	4 017	

CZK million	Up to 1 year	1-5 years	Over 5 years	Total
At 31 December 2023				
Cash in hand and balances with central banks	17 885	-	-	17 885
State zero coupon bonds and other securities	6 879	1 359	4 212	12 450
Receivables from banks	9 860	170	-	10 030
Receivables from customers	46 408	2 021	-	48 429
Total	81 032	3 550	4 212	88 794
Payables to banks	62 697	1 459	-	64 156
Payables to customers	20 057	-	-	20 057
Total	82 754	1 459	966	84 213
Long positions of interest-rate derivatives	25 413	32 793	7 514	65 720
Short positions of interest-rate derivatives	25 469	33 044	7 545	66 058
Gap	-1 778	1 840	4 181	4 243
Cumulative gap	-1 778	62	4 243	

Currency risk

The Bank has set limits on currency risk based on the net currency position in each currency.

Currency risk sensitivity analysis

The Entity's foreign currency position in the most significant currencies is as follows:

CZK million	EUR	USD	CZK	Other	Total
As at 31 December 2024					
Cash in hand and balances with central banks	-	-	401	-	401
State zero coupon bonds	-	-	12 622	-	12 622
Receivables from banks	8 390	1 456	18 971	500	29 317
Receivables from customers	34 274	22	14 621	688	49 605
Tangible and intangible fixed assets	-	-	42	-	42
Other assets	213	-	759	13	985

Prepaid expenses and accrued income	7	1	7	-	15
Total	42 884	1 479	47 423	1 201	92 987
Payables to banks	65 001	1 351	2 013	911	69 276
Payables to customers	4 120	158	14 060	415	18 753
Other liabilities	48	5	1 368	94	1 516
Deferred income and accrued expenses	145	-	22	-	167
Provisions	-	-	29	-	29
Equity	-	-	3 246	-	3 246
Total	69 314	1 514	20 739	1 420	92 987
Long positions of off-balance sheet instruments	38 267	207	26 362	7 081	71 917
Short positions of off-balance sheet instruments	6 454	153	55 943	1 108	63 658
Net foreign currency position	5 383	19	-2 897	5 754	8 259

CZK million	EUR	USD	CZK	Other	Total
As at 31 December 2023					
Cash in hand and balances with central banks	-	-	126	-	126
State zero coupon bonds	-	-	12 450	-	12 450
Receivables from banks	8 139	912	18 142	596	27 789
Receivables from customers	33 243	722	13 709	755	48 429
Tangible and intangible fixed assets	-	-	55	-	55
Other assets	237	-	866	8	1 111
Prepaid expenses and accrued income	7	1	3	-	11
Total	41 622	1 635	45 351	1 359	89 971
Payables to banks	58 600	1 839	2 904	814	64 157
Payables to customers	5 908	445	13 199	505	20 057
Other liabilities	161	110	2 097	-	2 377
Deferred income and accrued expenses	97	-	20	-	117
Provisions	-	-	30	-	30
Equity	-	-	3 233	-	3 233
Total	64 766	2 394	21 483	1 328	89 971
Long positions of off-balance sheet instruments	30 651	881	49 063	1 656	82 251
Short positions of off-balance sheet instruments	8 807	1	74 981	756	84 545
Net foreign currency position	-1 296	121	-2 050	931	-2 294

35. FINANCIAL INSTRUMENTS – CREDIT RISK

The Bank is exposed to credit risk as a result of its trading activities, providing loans, hedging transactions, investment and intermediation activities.

Credit risks associated with trading and investment activities are managed using the methods and instruments used to manage the Bank's credit and market risks.

(i) Risk of settlement

The Entity's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of a counterparty to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For certain types of transactions, the Entity mitigates this risk by conducting settlements through a settlement/clearing agent to ensure that a transaction is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval process and subsequent credit risk monitoring and assessment.

(ii) Management of credit risk

A separate credit risk management department, reporting to the CRO (chief risk officer) of the Bank, is responsible for managing the credit risk, including the following:

- formulating credit policies and implementation of group credit principles in consultation with individual departments, covering collateral requirements, creditworthiness assessment, credit ratings and reporting and compliance with regulatory and statutory requirements;
- Approving new loans and borrowings and their periodic revisions as part of the approval mandates delegated by the board of directors of ING Bank N.V.;
- assessing credit risk by evaluating all credit exposures in excess of designated limits, before facilities are approved and committed to customers; each receivable is subject to a periodic review, focusing on assessing the debtor's ability to repay the claim and monitoring the quality of collateral;
- limiting concentrations of exposure to counterparties, geographies and industries (for receivables, guarantees and similar exposures) and depending on issuers, credit rating, market liquidity and geography (for debt securities, shares, etc.) in accordance with the rules set at ING Bank N.V.;
- approving credit ratings of clients used to allocate exposures according to default risk. The current credit rating framework includes 22 categories reflecting different degrees of default risk. The final reconciliation of internal credit ratings and relevant rating models is centralised at ING Bank N.V.;
- reviewing compliance with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports on the credit quality of local portfolio are provided to the credit risk management department, which may require appropriate corrective action to be taken. These include reports containing estimates of expected credit losses;
- providing advice to and sharing specific skills with individual departments within the Entity.

The development and maintenance of ECL measuring processes and models are provided centrally at ING Bank N.V.

Stress test

Stress testing of loan portfolio is done centrally by ING Bank N.V. based on requirements from European Central Bank (ECB) and the central bank of the Netherlands (DNB) and also based on the request of management of ING Bank N.V. Stress testing of loan portfolio is not applied on the local level of the Branch. Information about the stress testing done by ING Bank N.V. can be found in consolidated annual report of ING Bank N.V.

(iii) Collateral

Before granting a loan, the Bank generally requires collateral of the provided loans from certain borrowers. For the purposes of calculating loss allowances, the Entity considers the following types of assets to be acceptable collateral reducing gross credit exposure:

- real estate
- cash
- securities
- first-class receivables
- bank guarantees
- guarantees provided by a reputable third party
- machinery and equipment
- inventory.

The Bank's assessment of the net realisable value of the collateral is based mainly on an expert appraisal. The net realisable value of the collateral is determined using this evaluation and a correction coefficient for individual types of collaterals, which reflects the Bank's ability to realise the collateral if it becomes necessary. The Bank updates the value of the collateral and the correction coefficients in accordance with regulatory requirements.

(iv) Debt recovery

The ING Bank N.V. Group has established a global credit restructuring department that manages receivables whose recovery is uncertain. This department takes legal steps and restructures receivables to ensure maximum recovery, including realisation of the collateral and representing the Bank on creditors' committees should bankruptcy be imposed on a borrower.

(v) Expected credit losses

IFRS 9 models

The IFRS 9 models determine expected credit loss (ECL) based on which provisions are determined. The IFRS 9 models leverage on the AIRB models (PD, LGD, EAD).

For this purpose, regulatory conservatism is removed from the ECL parameters (PD, LGD and EAD). The IFRS 9 models apply two types of adjustments to ECL parameters, namely 1) adjustment for economic outlook and 2) adjustment for lifetime horizon, the latter which is only applicable for Stage 2 and 3 assets. The IFRS 9 model parameters are estimated based on statistical technique and supported by expert judgement.

Inputs, assumptions and techniques used for estimating impairment

Significant increase in credit risk

ING has developed a framework that takes into account both quantitative and qualitative indicators to identify and assess a significant increase in credit risk (SICR). This is used to determine the stage to determine the expected loss calculation for each financial asset.

The main determinant of the SICR is a quantitative test in which the counterparty's lifetime risk is assessed at each balance sheet date against the risk of default at the date of the financial assets' initial recognition. If the difference is higher than the predefined absolute or relative default risk thresholds, the financial asset will move from Stage 1 to Stage 2. In these cases, the 12-month expected credit losses will cease to be reported for the assets, and lifetime credit losses are reported. Assets are returned to Stage 1 if there is sufficient evidence that a significant credit risk reduction has occurred.

The ING Group monitors a number of qualitative indicators to identify and assess the SICR. These include, but are not limited to:

- exposure with relief; forbearance status
- watch list status; monitored loans individually assessed for inclusion in Stage 2
- internal rating
- days past due.

Credit risk assessment process

Ratings for all types and segments of borrowers are based on the risk rating model (PD), which meets the minimum requirements set out in CRR/CRDIV, ECB supervisory rules and EBA guidelines.

The ING internal rating model (1 = highest rating; 22 = lowest rating) roughly corresponds to rating categories assigned by ECAs such as Standard & Poor's, Moody's and Fitch. For example, ING rating 1 corresponds to the AAA rating of S&P/Fitch and Moody's Aaa rating; ING rating 2 corresponds to S&P/Fitch AA + and Moody's rating of Aa1, and so on.

The 22 individual degrees have been grouped into the following categories:

- investment grade (internal rating 1-10)
- non-investment grade (internal rating 11-17)
- doubtful (internal rating 18-19)
- failure (internal rating 20-22).

The first three categories (1-19) are ratings for executive loans. Risk ratings for default exposures (20-22) are set by the global or regional credit restructuring department.

Clients' ratings are reviewed at least annually.

Credit impaired financial assets (Stage 3)

Financial assets are assessed for impairment at each balance sheet date or more often when required by circumstances. Evidence of impairment of a financial asset includes:

- any significant portion of the client's credit exposure is 90 days or more overdue
- financial difficulties of the customer
- breach of contractual terms by the customer
- bankruptcy or restructuring.

The asset returns to Stage 2 if the reasons for joining Stage 3 are no longer present at the balance sheet date. A financial asset returns to Stage 1 if credit risk is no longer significantly increased compared to initial recognition. The definition of default coincides with the definition of default for risk management purposes and is consistent with the definition of a credit impaired asset.

Macroeconomic scenarios

ING updates the forward-looking macroeconomic scenarios and their weighted probabilities on a quarterly basis for ECL calculation purposes. The ING Group uses data predominantly from a leading data provider, enriched with an ING internal view.

The Bank considers three different macroeconomic scenarios designed to reflect the undistorted and probability-weighted amount of expected credit losses.

The baseline scenario combines consensus forecasts for economic variables such as unemployment rates, GDP growth, home prices, commodity prices, and short-term interest rates. Applying market consensus in the baseline scenario provides objective estimates of expected credit losses.

Alternative scenarios are based on observed past forecast errors, adjusted for the risks that affect the economy today and in the future. Assigned probabilities are based on the probabilities of observing three scenarios and are derived from confidence intervals on probability distributions. Forecasts of economic

variables are adjusted quarterly.

Alternative scenarios are based on forecast errors in Oxford Economics' global economic model (OEGEM). To understand the level of uncertainty of any forecast, Oxford Economics has been monitoring all its erroneous forecasts for the last 20 years. The allocation of errors distribution for GDP, unemployment, real estate prices and stock prices is applied to the primary forecast, which produces a wide range of alternative results.

ECL measurement

The Bank uses a collective assessment for executive assets without a sign of a significant credit risk increase (Stage 1), and with a sign of a significant increase in credit risk (Stage 2). By default, for Stage 3 assets, the Bank uses individual assessments and, in exceptional cases, collective assessments.

Collectively assessed assets (Stage 1 to 3)

A model-based approach calculates the ECL in a formula that is simply expressed as $PD \times EAD \times LGD$, adjusted for the time value of money. Assets that are collectively assessed are grouped on the basis of similar credit risk characteristics, taking into account the type of credit, sector, geographical location, type of collateral, days past due and other relevant factors. These characteristics are relevant to estimates of the future cash flows of the group of assets by indicating the ability of borrowers to repay all amounts due under the contractual terms of the assets under consideration.

For assets in Stage 3, PD is 100% and LGD and EAD are lifetime views of losses based on non-performing asset characteristics.

The Bank uses already developed prudential models that have been adapted to IFRS 9 to calculate IFRS 9 provisions:

- eliminating the conservatism required in regulatory models
- adjusting macroeconomic parameters so models reflect point-in-time estimates instead of through-the-cycle.

Models compute ECL based on forward-looking macroeconomic forecasts and other inputs. For most financial assets, the expected life equals the remaining maturity. For overdraft facilities and some revolving credit facilities, maturity is estimated on the basis of historical data because they do not have a fixed maturity or repayment schedule.

Individually assessed assets (Stage 3)

The Bank estimates provisions on an individual basis for individually significant impaired financial assets in Stage 3. Individual provisions are calculated using the discounted expected future cash flows method. One or more scenarios are used to determine the expected future cash flows and each scenario is analysed based on the probability of occurrence and including prospective information.

When determining scenarios, all relevant factors affecting future cash flows are taken into account. These include expected credit quality developments, sectoral and economic forecasts and estimates of whether/when to be recovered as well as ING's restructuring strategy.

The ECL is calculated as the weighted average balance (gross carrying amount minus discounted expected future cash flows using the original effective interest rate) for each scenario, based on best estimates of expected future cash flows.

Reimbursements may be from a variety of sources, including loan repayments, reinsurance recoveries, asset sales, etc. Collateral cash flows and other credit risk reductions are included in the valuation of expected credit losses on related financial assets if they are part of the contractual terms and other credit risk mitigation is not recognised separately. In individual assessment, with scenarios at entity or transaction level, specific factors may have a greater impact on future cash flows than macroeconomic factors.

If a financial asset is impaired, interest income is calculated by applying the effective interest rate to its net value, i.e. amortised cost less ECL.

During 2024 and 2023, there were no significant movements between the stages for any of the categories of financial instruments. The Bank recognised most of its financial instruments in Stage 1 both at the beginning and at the end of 2024 and 2023. During 2024 and 2023, there were no significant changes in the amount of ECL due to newly provided financial assets, derecognition of financial assets or changes in risk parameters in the models.

Modification

In certain circumstances, ING grants debtors a deferral and/or a reduction in the principal of the loan and/or interest payment for a temporary period in order to maximise revenue and, if possible, avoid default, forced administration or collateral.

If such postponement and/or reduction of the loan principal and/or interest payment is based on credit concerns, it is also referred to as relief. In such cases, the net present value of deferrals and/or reductions in principal and/or interest payments shall be taken into account when determining the appropriate amount of the impairment loss. If the relief results in a substantial change in the terms of the loan, the original loan is derecognised and the new loan is recognised at fair value at the date of the change. The Bank determines whether there has been a material change using both quantitative and qualitative factors.

As at 31 December 2024 the Bank recognised a modification of CZK 167 million (2023: CZK 101 million).

As at 31 December 2024 and 31 December 2023, the Bank recognised no loans with a relief.

(vi) Monitoring of receivables from debtors

The Bank has a credit risk management department. Each receivable is subject to periodic review focusing on assessing the debtor's ability to repay the claim and monitoring the quality of the collateral. The Bank follows the rules issued by ING Bank N.V.

(vii) Securitisation and use of credit derivatives

The Bank did not carry out any securitisation of its receivables at the balance sheet date. The Bank does not actively trade credit derivatives.

(viii) Quality of the credit portfolio

The quality of the credit portfolio is of a high level with only a small number of classified receivables. This results from the conservative strategy and unified risk management guidelines followed by all ING Bank N.V. branches.

(ix) Maximum exposure to credit risk

CZK million	Balance sheet	Off-balance sheet	Total exposure to credit risk	Collateral received *	Main type of collateral
31 December 2024					
Loans and receivables from banks	29 317	-	29 317	19 115	Securities
Loans and receivables from customers	49 605	-	49 605	20 847	Guarantees, real estate, other

Total	78 922	-	78 922	39 962	
Issued guarantees and credit limits for guarantees	-	23 242	-	16 555	other
Total	-	23 242	-	16 555	

CZK million	Balance sheet	Off-balance sheet	Total exposure to credit risk	Collateral received *	Main type of collateral
31 December 2023					
Loans and receivables from banks	27 789	-	27 789	17 640	Securities
Loans and receivables from customers	48 429	-	48 429	20 890	Guarantees, real estate, other
Total	76 218		76 218	38 530	
Issued guarantees and credit limits for guarantees	-	16 531	16 531	8 832	other
Total	-	16 531	16 531	8 832	

* Collateral provided means the realisable value of the collateral valid for each credit exposure. For the purposes of this overview, the realisable value of the collateral for receivables from customers is limited by the gross value of the receivable from customers in respect of individual receivables to which the relevant collateral relates. The realisable value of the collateral for guarantees and letters of credit is limited by the exposure amount reported in the "Off-balance sheet" column to which the relevant collateral relates.

(x) Concentration of credit risk

The concentration of credit risk arises as a result of the existence of loans with similar economic characteristics affecting the debtor's ability to meet his obligations.

The Bank sets limits towards a debtor or a group of connected debtors at the level of the ING Bank N.V. head office and depending on the internal customer rating or rating of a group of related debtors. The Bank has created a system of internal limits for individual countries, industries and debtors to prevent significant concentrations of credit risk.

(xi) Reconciliation of opening and closing balances for ECL allowances

The following table shows reconciliation of allowances for loans provided.

CZK million	31/12/2024				
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Purchased or originated credit-impaired (POCI)	Total
	(stage 1)	(stage 2)	(stage 3)		
Balance at 1 January 2024	32	1	-	-	33
Transfer to 12-month ECL (Stage 1)	-	-	-	-	-
Transfer to lifetime ECL not credit-impaired (Stage 2)	-1	1	-	-	-
Transfer to lifetime ECL credit-impaired (Stage 3)	-	-	-	-	-

New financial assets originated or purchased	21	-	-	-	21
Financial assets that have been derecognised	-12	-			-12
Write-offs	-	-	-	-	-
Recoveries of amounts previously written off	-	-	-	-	-
Revaluation and changes in models/risk parameters	-12	1	-	-	-11
Foreign exchange and other movements	-1	-	-	-	-1
Balance at 31 December 2024	27	3	-	-	30

CZK million	31/12/2023				
	12-month ECL (stage 1)	Lifetime ECL not credit-impaired (stage 2)	Lifetime ECL credit-impaired (stage 3)	Purchased or originated credit-impaired (POCI)	Total
Balance at 1 January 2023	32	1	-	-	33
Transfer to 12-month ECL (Stage 1)	-	-	-	-	-
Transfer to lifetime ECL not credit-impaired (Stage 2)	-	-	-	-	-
Transfer to lifetime ECL credit-impaired (Stage 3)	-	-	-	-	-
New financial assets originated or purchased	10	-	-	-	10
Financial assets that have been derecognised	-3	-	-	-	-3
Write-offs	-	-	-	-	-
Recoveries of amounts previously written off	-	-	-	-	-
Revaluation and changes in models/risk parameters	-4	1	-	-	-3
Foreign exchange and other movements	-3	-1	-	-	-4
Balance at 31 December 2023	32	1	-	-	33

The Bank does not disclose reconciliation of opening and closing balances of allowances for other financial instruments due to their insignificance.

Sector analysis

An analysis of the concentration of credit risk according to individual industries/sectors is included in Note 14 (d).

Analysis by geographical segments

CZK million	2024	2023
Czech Republic	40 750	37 507
Slovakia	59	86
Poland	538	588
Germany	3 820	3 248
Hungary	83	89
Netherlands	3 771	5 577
Luxembourg	301	359
Other	283	975
Total	49 605	48 429

36. FAIR VALUE

Fair value valuation method is found in Note 2 (c(vi)).

a) Financial instruments not measured at fair value

The following table sets out carrying amounts and fair values of financial assets and financial liabilities not recognised at fair value in the Bank's balance sheet:

In millions of CZK	31 December 2024	31 December 2024
	Carrying amount	Fair value
FINANCIAL ASSETS		
Cash in hand and balances with central banks	401	401
State zero coupon bonds and other securities held-to-maturity	-	-
Receivables from banks and credit unions	29 317	29 284
Receivables from customers	49 606	49 316
Other financial assets	58	58
FINANCIAL LIABILITIES		
Payables to banks and credit unions	69 276	69 303
Payables to customers	18 753	18 750
Other financial liabilities	296	296

In millions of CZK	31 December 2023 Carrying amount	31 December 2023 Fair value
FINANCIAL ASSETS		
Cash in hand and balances with central banks	126	126
State zero coupon bonds and other securities held-to-maturity	-	-
Receivables from banks and credit unions	27 789	27 769
Receivables from customers	48 429	48 024
Other financial assets	30	30
FINANCIAL LIABILITIES		
Payables to banks and credit unions	64 157	64 119
Payables to customers	20 057	20 055
Other financial liabilities	528	528

Inputs and techniques for fair value determination are mentioned in Note 2.

To determine the fair value estimate, the Entity uses the following inputs and techniques:

Cash in hand and balances with central banks

The carrying amount equals the fair value due to short-term (up to 3 months) maturity. These financial assets have been categorised as Level 2 in the fair value hierarchy.

Receivables due from banks and credit unions

Due to the short maturity of these receivables, the carrying amount approximates their fair value. These financial assets have been categorised as Level 2 in the fair value hierarchy.

Term deposits due in more than 1 year bear a variable interest rate which is linked to the benchmark interest rate. As a result, the estimated fair value of term deposits with banks and credit unions does not differ significantly from the carrying amount. These financial assets have been categorised as Level 2 in the fair value hierarchy.

Receivables from customers – credit union members

The estimated fair value of credits is based on discounted expected future cash flows, using an interest rate valid for credits connected with similar credit risk, interest rate risk, and similar maturity. In respect of impaired credits, the estimated fair value is based on the present value of expected future cash flows, including the expected income from the potential realisation of the collateral.

In determining the estimated cash flows used for discounting, assumptions are used and the expected repayment course of a particular product or product group is considered. The discount rates used in discounting are based on the rates of the main competitors or other comparable rates for similar asset types.

Due to the fact that almost all loans are tied to a variable interest rate and to the fact that the credit risk of vast majority of loans has not materially changed, the fair value of loans does not differ significantly from the carrying amount.

These financial assets have been categorised as Level 3 in the fair value hierarchy.

Other assets

The Bank measures financial derivatives at fair value. The fair value of financial derivatives is determined as the present value of the expected cash flows arising from these transactions. Parameters observed in an active market such as foreign exchange rates, interest rates for given maturities based on the yield curve, etc. are used to determine the present value. These financial assets have been categorised as Level 2 in the fair value hierarchy. Other items of other assets have been categorised as Level 3 in the fair value hierarchy.

Payables to banks and credit unions

Due to the short maturity of these liabilities, the carrying amount approximates their fair value. These financial liabilities have been categorised as Level 2 in the fair value hierarchy.

Term deposits due in more than 1 year bear a variable interest rate which is linked to the benchmark interest rate. As a result, the estimated fair value of term deposits received from banks and credit unions does not differ significantly from the carrying amount. These financial liabilities have been categorised as Level 2 in the fair value hierarchy.

Payables to customers – credit union members

The fair value of deposits repayable on demand and term deposits that bear a variable interest rate equals the carrying amount of these deposits as at the reporting date. These financial liabilities have been categorised as Level 3 in the fair value hierarchy.

Other liabilities

The Bank measures financial derivatives at fair value. The fair value of financial derivatives is determined as the present value of the expected cash flows arising from these transactions. Parameters observed in an active market such as foreign exchange rates, interest rates for given maturities based on the yield curve, etc. are used to determine the present value. These financial liabilities have been categorised as Level 2 in the fair value hierarchy. Other items of other liabilities have been categorised as Level 3 in the fair value hierarchy.

b) Financial instruments measured at fair value

The following table sets out individual fair value levels of financial assets and financial liabilities recognised at fair value in the Bank's balance sheet:

In millions of CZK	31 December 2024		
	Level 1	Level 2	Level 3
FINANCIAL ASSETS			
State zero coupon bonds and other securities	12 622	-	-
Other assets – positive fair value of derivatives	-	864	-
FINANCIAL LIABILITIES			
Other liabilities – negative fair value of derivatives	-	1 066	-
In millions of CZK	31 December 2023		
	Level 1	Level 2	Level 3
FINANCIAL ASSETS			
State zero coupon bonds and other securities	12 450	-	-
Other assets – positive fair value of derivatives	-	985	-
FINANCIAL LIABILITIES			
Other liabilities – negative fair value of derivatives	-	1 721	-

Transfers between Level 1 and Level 2

No transfers were carried out between Level 1 and Level 2 in 2024 and 2023.

Valuation techniques and inputs used for Level 2

To determine the fair value in Level 2, the Bank uses the following inputs and techniques:

Level 2 includes mostly financial derivatives.

In respect of derivatives, the fair value is determined based on the present value of cash flows arising from transactions with regard to market inputs, such as spot and forward exchange rates, reference interest rates, swap rates, etc.



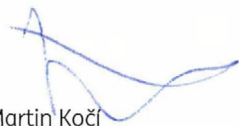
There was no change in valuation technique in the current period.

37. FINANCIAL INSTRUMENTS – OPERATIONAL, LEGAL AND OTHER RISKS

The Bank has established an operational risk management department. The Bank has also implemented guidelines for the monitoring, management and quantification of operational risks. The Bank's legal department monitors and manages legal risks. The compliance department identifies, assesses and monitors compliance risks the Bank faces and ensures their mitigation until a satisfactory solution dealing with the risks is implemented. The compliance department further assists, supports and advises the Bank's management with carrying out their compliance-related responsibilities, investigates dubious transactions from the perspective of money-laundering attempts, and counsels the Bank's employees regarding their (personal) compliance duties.

38. MATERIAL SUBSEQUENT EVENTS

The Bank's management is not aware of any events that have occurred since the reporting date that would require adjustments to the Bank's financial statements.

Prepared on:	Signature of statutory body:	Person responsible for accounting (name and signature):	Person responsible for financial statements (name and signature):
3 June 2025	 Eva Bučová	 Radim Čmíel	 Martin Kočí

**KPMG Česká republika Audit, s.r.o.**

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*This document is an unsigned English translation of the Czech auditor's report.
Only the Czech version of the report is legally binding.*

Independent Auditor's Report

to the founder of the branch ING Bank N.V.

Opinion

We have audited the accompanying financial statements of branch ING Bank N.V. ("the Branch"), prepared in accordance with Czech accounting legislation, which comprise the balance sheet as at 31 December 2024, the income statement, the statement of changes in equity for the year then ended, and notes to the financial statements, comprising material accounting policies. Information about the Branch is set out in Note 1 to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Branch as at 31 December 2024, and of its financial performance for the year then ended in accordance with Czech accounting legislation.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors, and Auditing Standards of the Chamber of Auditors of the Czech Republic, consisting of International Standards on Auditing (ISAs), which may be supplemented and amended by relevant application guidelines. Our responsibilities under those regulations are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Branch in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

In accordance with Section 2(b) of the Act on Auditors, other information is defined as information included in the annual report other than the financial statements and our auditor's report. The manager of the Branch is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable laws and regulations, in particular, whether the other information complies with laws and regulations in terms of formal requirements and the procedure for preparing the other information in the context of materiality,



i.e. whether any non-compliance with those requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- the other information describing matters that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- the other information has been prepared in accordance with applicable laws and regulations.

In addition, our responsibility is to report, based on the knowledge and understanding of the Branch obtained in the audit, on whether the other information contains any material misstatement. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

Responsibilities of the manager of the Branch for the Financial Statements

The manager of the Branch is responsible for the preparation and fair presentation of the financial statements in accordance with Czech accounting legislation, and for such internal control as the manager of the Branch determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the manager of the Branch is responsible for assessing the Branch's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the statutory body of the founder either intends to liquidate the Branch or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the above regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the above regulations, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Branch's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the manager of the Branch.
- Conclude on the appropriateness of the manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Branch's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to



modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Branch to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statutory Auditor Responsible for the Engagement

Lukáš Svoboda is the statutory auditor responsible for the audit of the financial statements of the branch ING Bank N.V. as at 31 December 2024, based on which this independent auditor's report has been prepared.

Prague, 3 June 2025

KPMG Česká republika Audit, s.r.o.
Registration number 71

Signed by

Lukáš Svoboda
Director
Registration number 2516