

# 1Q 2020 Results ČSOB Group

Business Unit Czech Republic



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# ČSOB Group: Key Figures

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# Impact of the COVID-19 pandemic on ČSOB services and operations

The growth of the Czech economy was interrupted at the end of the first quarter of 2020 by the COVID-19 pandemic. Public health crisis adversely influences environment in which ČSOB operates.

## Serving and supporting customers smoothly

- **ČSOB digital channels operate smoothly. ČSOB services remained physically accessible in nearly all branches.**
- **ČSOB serviced inbound calls increase by 20% Y/Y** while communication via chats has more than doubled.
- ČSOB offered clients voluntary loan repayment relief program and subsequently implemented loan deferrals under state moratorium. **ČSOB received over 60ths requests for postponing instalments** at the beginning of May 2020.

## Digital becomes New Normal

- At peaks over 60% of **staff worked remotely ensuring uninterrupted business continuity of ČSOB services.**
- **Share of digital sales and remote services rapidly increased**, e.g., online initiated consumer loans sales increased +75% Y/Y in 1Q. **Digital sales of investments more than tripled in March** compared to an average week of 2019.
- **Mortgage approval in principle shortened time to yes for customers to 15 minutes.** Customer provides only basic information and decision engine immediately gives answer if the mortgage can be provided.
- Biometric signature implemented in **ČMSS enabling digital client on-boarding and remote service.**
- March was **the best month for securities trading in history for Patria Finance.** Patria acquired a record number of new clients, supported by successful launch of Indigo - robo-advisory investment service.
- **5 new robotic processes developed to handle increased workload of COVID-19.**

## ČSOB helps those in need

- As the only bank in the Czech Republic, ČSOB introduced **online speech transcription service for people with hearing impairments at all branches and in the call center.**
- **“Youngsters help Seniors” social media campaign** launched, where children encourage their parents or grandparents to use electronic banking channels.
- ČSOB provided capacity for **the state information line** for COVID-19.

# Impact of the COVID-19 pandemic on ČSOB results

## Financial results impacted by Market Value Adjustment

- The pandemic has triggered a chain of events in the markets that **adversely affected Net gains/losses from financial instruments at FVPL**. Significant negative booking of market value adjustments<sup>1</sup> occurred in 1Q 2020 as a result of namely drop in interest rates and increased credit spreads. The negative impact of market value adjustments is expected to be gradually reversed if the market returns to its pre-pandemic state and or when the hedging contracts reach maturity.
- 1Q 2020 collective **Expected Credit Losses (ECL) calculations are based on pre-COVID-19 macroeconomics**. An expert-based calculation on portfolio level has been performed via a management overlay. The management overlay amounts to EUR 6m recognized in Business Unit Czech Republic<sup>2</sup> and does not show in ČSOB Group 1Q 2020 figures.

## Robust capital and liquidity

- ČSOB implemented CNB's recommendation to withhold dividend payments.
- Robust liquidity and capital buffers allow ČSOB to face today's challenges with high confidence.

## Net profit decrease driven by higher base in 1Q 2019 and market value adjustments. Robust capital and liquidity.

ČSOB group key indicators		2017	2018	2019	1Q 2019	1Q 2020
<b>Profitability</b>	Net profit (CZK bn)	17.5	15.8	19.7	4.8	2.1
	Return on equity	19.3%	17.5%	20.7%	20.8%	8.6%
<b>Liquidity</b>	Loan to deposit ratio	77.7%	76.3%	79.1%	72.1%	77.6%
	Net stable funding ratio	146.0%	161.4%	161.5%	174.1%	161.3%
<b>Capital</b>	Tier 1 (CET1) ratio	17.2%	18.0%	19.2%	19.0%	19.9%
<b>Impairments</b>	Credit cost ratio	0.02%	0.03%	0.04%	-0.02%	0.02%
<b>Cost efficiency</b>	Cost / income ratio	43.7%	47.9%	44.9%	47.7%	67.4%

# Net profit decrease driven by higher base in 1Q 2019 and market value adjustments. Robust capital and liquidity.

## Business indicators

**Loan portfolio** increased to **CZK 798bn** (+6% Y/Y) driven by all segments. **Group deposits** increased to **CZK 1,023bn** (+3% Y/Y). **Assets under management** increased to **CZK 233bn** (+4% Y/Y). The number of **active clients** increased **+53ths** Y/Y.

## Operating income

**Operating income** reached **CZK 8.1bn** in 1Q 2020 (-23% Y/Y). The Y/Y decrease was driven by lower other operating income, higher base in 2019 due to one-off gain from sale of ČSOB Asset Management and lower NFCI partly offset by increasing net interest income and full consolidation of ČMSS. Adjusted for the impact of ČMSS consolidation and one-off gain from the sale of ČSOB Asset Management, operating income would also decrease -23% Y/Y.

## Operating expenses

**Operating expenses** increased to **CZK 5.5bn** in 1Q 2020 (+9% Y/Y) due to higher banking tax, higher staff expenses and consolidation of ČMSS. Adjusted for the impact of ČMSS consolidation and excluding banking taxes operating expenses would remain stable.

## Impairments

**Credit cost ratio** for 1Q 2020 stood at **2 bps** (Ytd. annualized, +5 bps Y/Y) thanks to the ongoing excellent loan quality. **Other impairments** increased Y/Y to **CZK 75m (net creation)**.

## Net profit

As a result of the above mentioned factors, ČSOB's **net profit** came in at **CZK 2.1bn** (-56% Y/Y) in 1Q 2020. Adjusted for the impact of full consolidation of ČMSS and one off-gain on ČSOB Asset Management the 1Q net profit would decrease -50% Y/Y.

## Liquidity & Capital

ČSOB maintains strong capital position and excellent liquidity ratios. **CET1 ratio** reached **19.9%**. **Loan to deposit ratio** increased Y/Y to **77.6%**. The **short-term liquidity ratio LCR** was **128.1%** and the **long-term liquidity ratio NSFR** was **161.3%**.

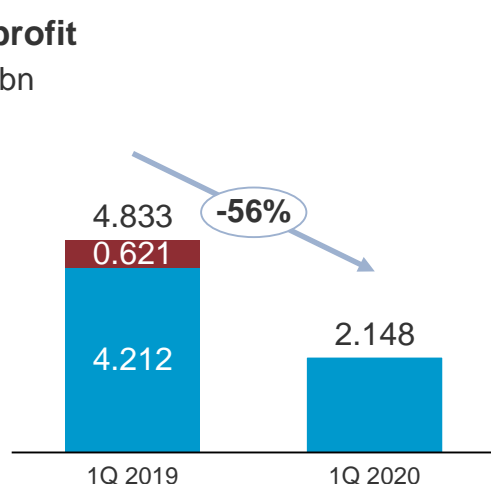
## Achievements & Highlights

**The Global Finance** magazine awarded ČSOB as **the Best Bank in Czech Republic for 2020**. ČSOB was awarded by **EMEA Finance** magazine as **the Best bank in Czech Republic for 2019**. Significant growth in **online initiated consumer loans +75% Y/Y**. Positive development is also in **mobile banking** where number of transactions grew **+39% Y/Y** and number of active users **+32% Y/Y**.

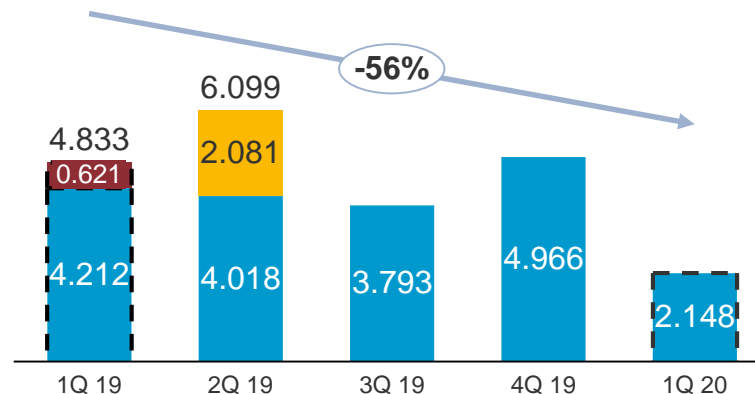
# The Y/Y net profit decline impact of market value adjustment and higher base in 1Q 2019

## Net profit

CZK bn



- Sale of ČSOB AM
- ČMSS acquisition (revaluation of 55% share, net)
- ČSOB Group's net profit



1Q 2020 **net profit** decreased to **CZK 2.1bn** (-56% Y/Y). The Y/Y decline is driven mainly by significantly lower other operating income related to market value adjustments and higher base in 1Q 2019 due to the sale of ČSOB Asset Management.

Adjusted for the impact of full consolidation of ČMSS and one off-gain on ČSOB Asset Management the 1Q net profit would decrease -50% Y/Y.

**The return on equity (ROE)** reached **8.6%**, down from 20.8% driven by lower net profit.

Notes (gross impact):

1Q 2019 one-off items: gain from historical legal case (CZK +0.2bn), sale of ČSOB AM (CZK +0.6bn)

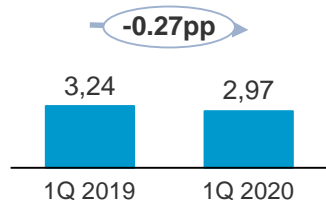
2Q 2019 one-off item: gain from revaluation of ČSOB's 55% share in ČMSS triggered by acquisition of remaining 45% share, in conformity with IFRS 3 (CZK +2.1bn)



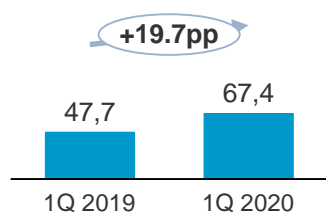
# Robust capital position and excellent liquidity ratios

## Profitability

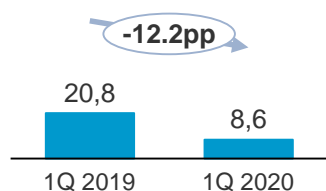
Net interest margin (%)



Cost / income ratio (%)

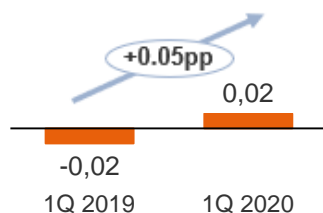


ROE (%)

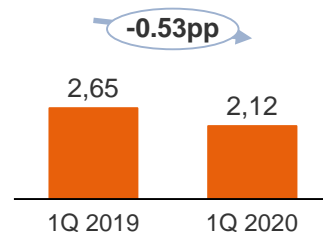


## Loan portfolio quality

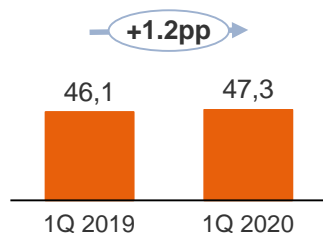
CCR, Ytd. annualized (%)



NPL ratio<sup>1</sup> (%)

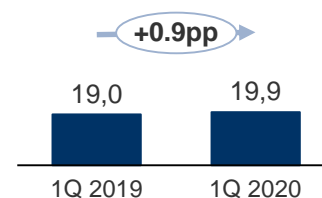


NPL coverage ratio<sup>1</sup> (%)

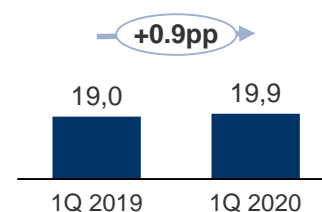


## Capital

Tier 1 (CET 1) ratio (%)

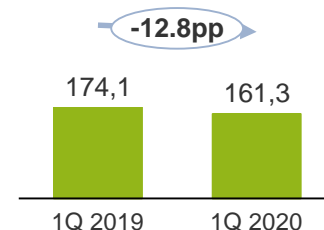


Total capital ratio (%)

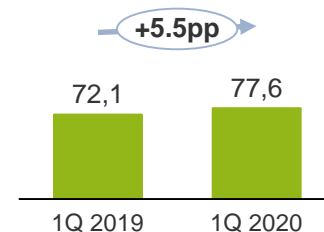


## Liquidity

Net stable funding ratio (%)



Loan to deposit ratio (%)



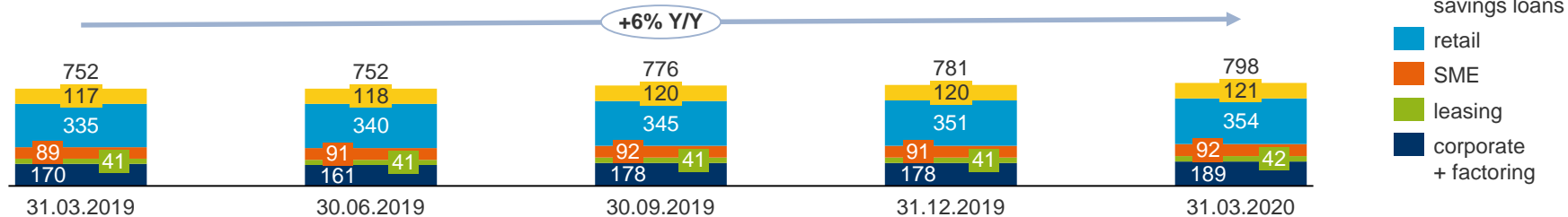
<sup>1</sup> Loan portfolio quality ratios as of 31.3.2019 were retrospectively recounted reflecting 100% consolidation of ČMSS.

# Loans, deposits and assets under management

## Continued growth of loan portfolio

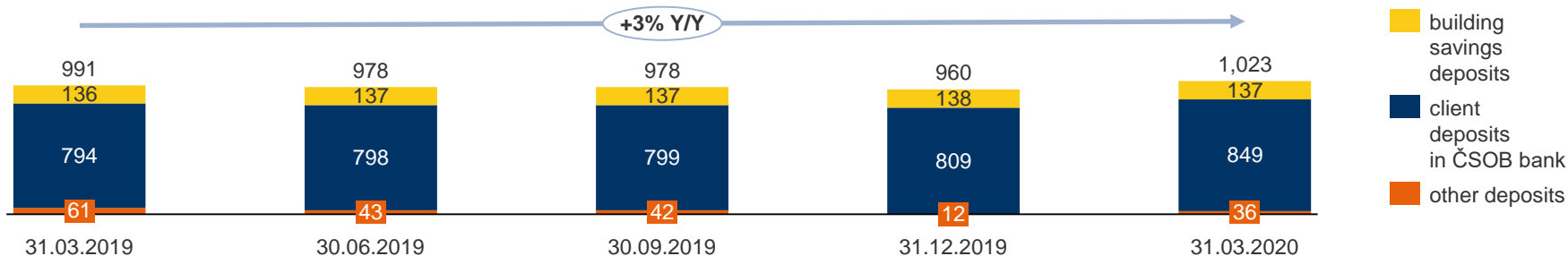
### Loan portfolio<sup>1,3</sup>

CZK bn



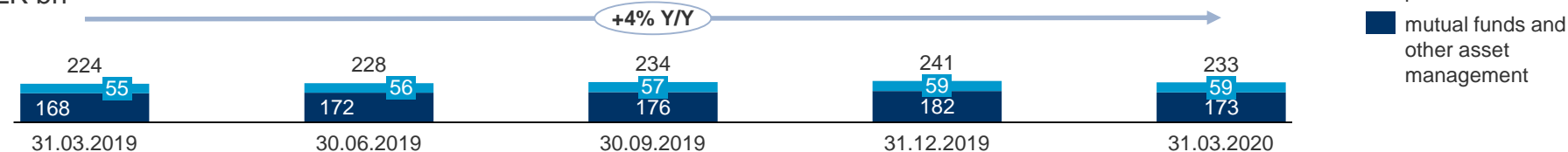
### Group deposits<sup>2,3</sup>

CZK bn



### Total assets under management

CZK bn



<sup>1</sup> Item Loans and receivables minus exposure to banks from inter-bank transactions and reverse repo operations with ČNB plus credit replacing bonds.

<sup>2</sup> Item Deposits received from other than credit institutions from the consolidated balance sheet.

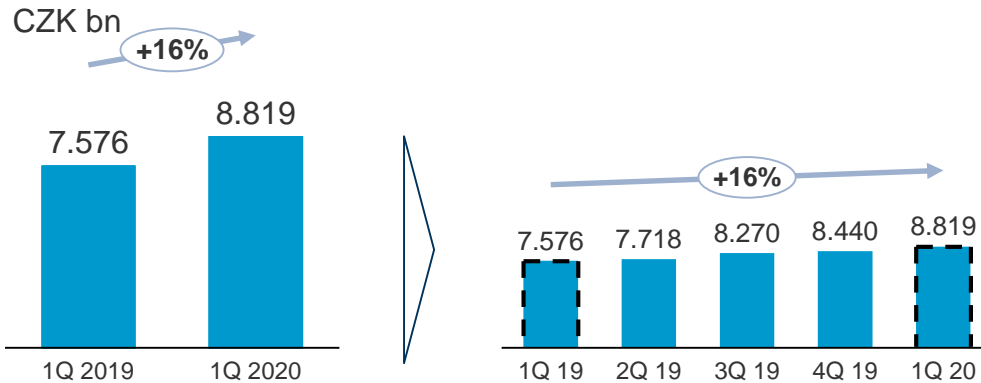
<sup>3</sup> Volumes of building savings loans and deposits were retrospectively recounted to 100% amounts reflecting the full consolidation of ČMSS.

# ČSOB Group: Financial Overview

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# Increasing net interest income due to higher loan volumes and ČMSS consolidation

## Net interest income (NII)

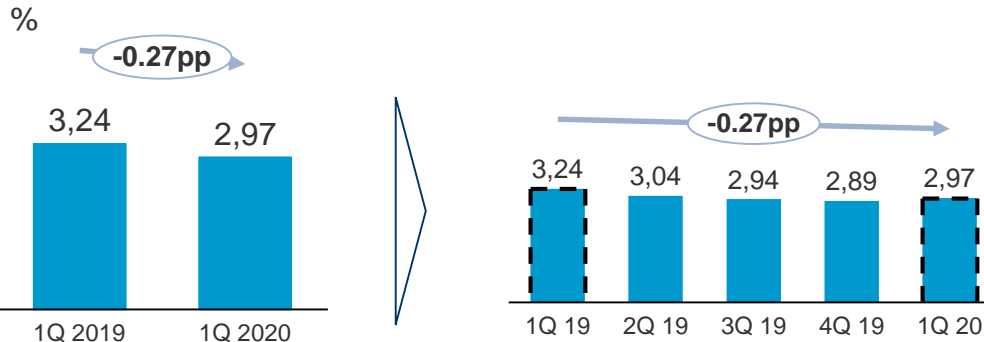


1Q 2020 **net interest income** increased **+16% Y/Y** and as a result of:

- (+) NII from loans
- (+) other NII, influenced by short-term operations at financial markets
- (+) consolidation of ČMSS
- (-) NII from deposits

Adjusted for the impact of ČMSS consolidation, NII would increase **+9% Y/Y** in 1Q.

## Net interest margin (NIM)\*



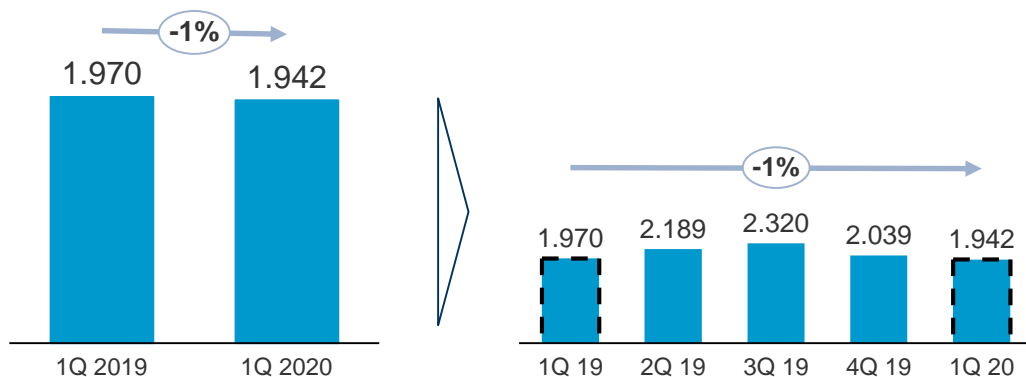
In 1Q 2020, **net interest margin** reached **2.97%** (-0.27pp Y/Y) due to the pressure on both lending and deposit margins, the former negatively influenced by pressure on external rates, while the latter negatively impacted by increase of external deposit rates in 1Q 2020. Limited impact of CNB repo rate cuts in the second half of March.

	2017	2018	2019	1Q 2020
Net interest margin (Ytd., %)*	2.90 (2.98)	3.07 n/a	3.02 n/a	2.97 n/a

# Higher base in 2019 and lower net gains from financial instruments at fair value.

## Net fee and commission income (NFCI)

CZK bn



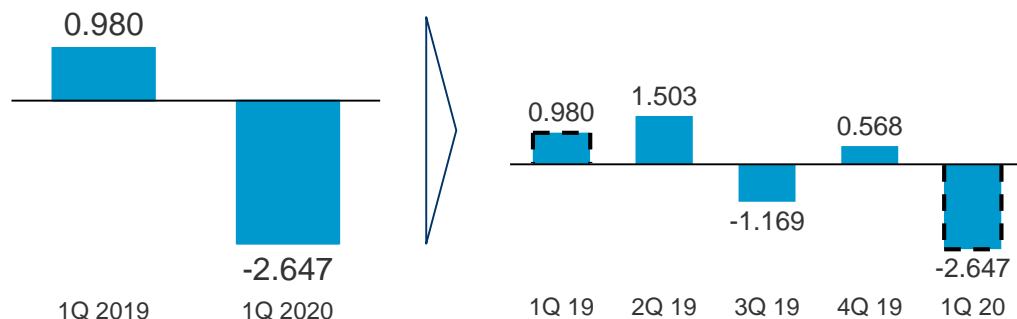
1Q 2020 **net fee and commission income** decreased **-1% Y/Y** as a result of:

- (+) higher asset management fees,
- (+) decreased distribution fees,
- (-) lower fees on foreign payments due to SEPA regulation and lower fees from payment cards.

Adjusted for the impact of ČMSS consolidation, NFCI would decrease **-8% Y/Y** in 1Q.

## Other<sup>1</sup>

CZK bn



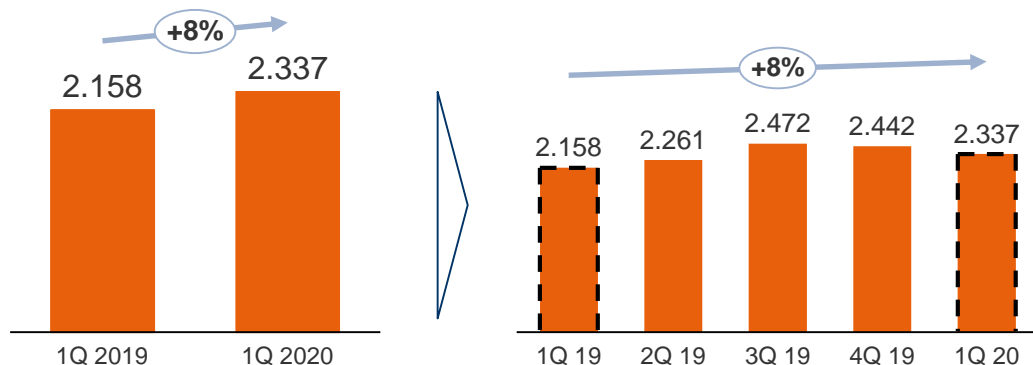
Decrease of item “**Other**” (Y/Y) was influenced by following factors:

- (+) sale of bonds
- (-) one-off gain from sale of ČSOB AM in 1Q 2019,
- (-) one-off gain from historical legal case in 1Q 2019,
- (-) valuation adjustments,
- (-) short-term operations at financial markets.

# Operating expenses growth below inflation (adjusted for ČMSS consolidation)

## Staff expenses

CZK bn

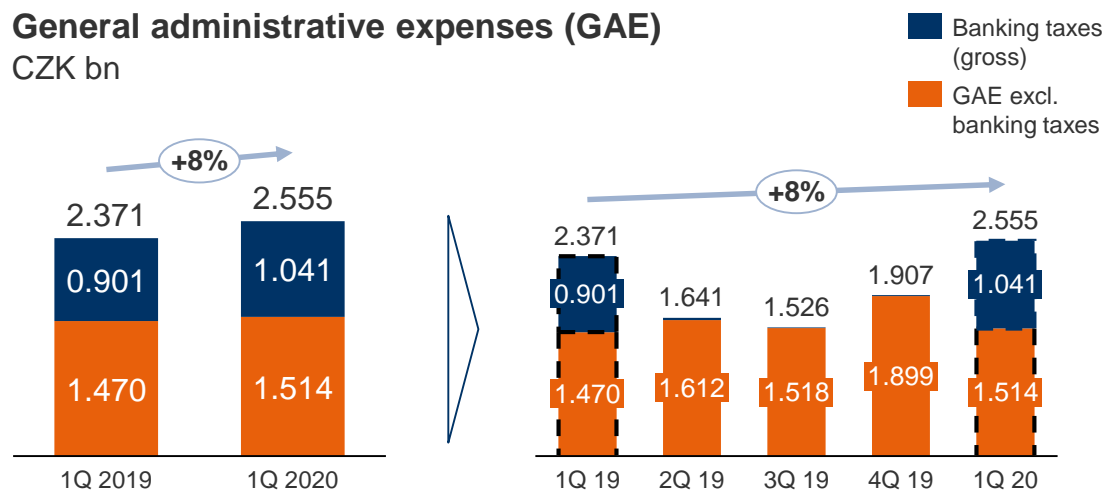


1Q 2020 **staff expenses** increased **+8 % Y/Y** due to wage adjustments and consolidation of ČMSS while the lower average number of FTEs and higher capitalization had a positive impact.

Adjusted for the impact of ČMSS consolidation, staff expenses would increase **+2% Y/Y** in 1Q.

## General administrative expenses (GAE)

CZK bn



1Q 2020 **general administrative expenses** increased **+8% Y/Y** driven mainly by ČMSS consolidation while marketing and ICT level of costs had a positive impact.

Adjusted for the impact of ČMSS consolidation and excluding banking taxes, GAE would decrease **-5% Y/Y** in 1Q.

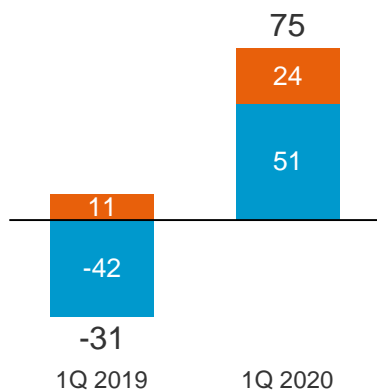
**Cost/income ratio** increased to **67.4%** (+19.7pp Y/Y) driven by lower operating income.

# Impairments and NPL

## Excellent loan quality

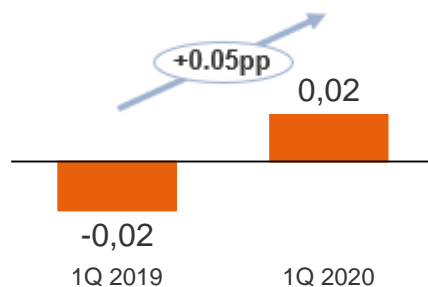
### Total impairments

CZK m



### CCR, Ytd. annualized

%



In 1Q 2020, **loan loss provisions** increased to **CZK 51m (net creation)** driven mainly by higher creation in Retail and Corporate segments partly offset by net releases in SME and Hypoteční banka.

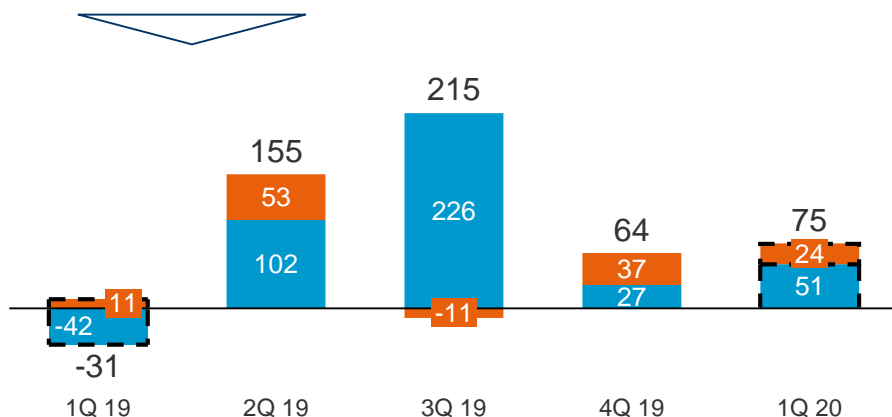
1Q 2020 collective Expected Credit Losses (ECL) calculations are based on pre-COVID-19 macroeconomics. An expert-based calculation on portfolio level has been performed via a management overlay. The management overlay is recognized in Business Unit Czech Republic (see slide 35) and does not show in ČSOB Group 1Q 2020 figures.

**Other impairments** increased Y/Y to **CZK 24m**.

**Credit cost ratio** for 1Q 2020 reached **2 bps** (Ytd., annualized; +5 bps Y/Y). The Y/Y increase was influenced by the consolidation of ČMSS.

### Risk view on structure of the loan portfolio

	31.3.2020	
IFRS 9 distribution	Amount (CZK bn)	Share on total loans
Loan portfolio (incl. ČMSS)	797.7	100%
Stage 1 - performing	733.8	92%
Stage 2 - underperforming	46.8	6%
Stage 3 - non-performing loans	17.1	2%



- other impairments (see note)
- loan loss provisions (impairments on financial assets at amortised cost)

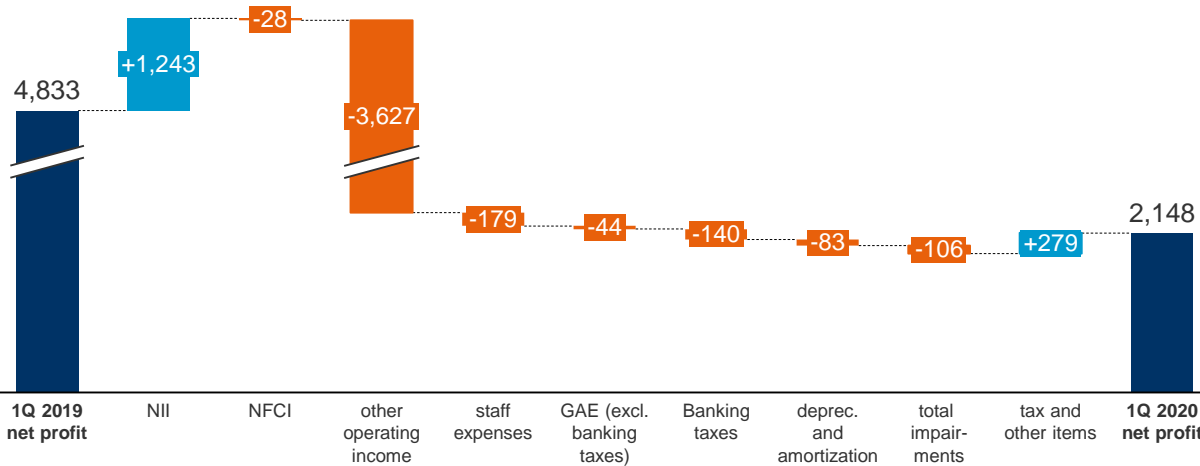
#### Notes:

Figures in graphs: (+) net creation/cost and (-) net release/revenue.  
Other impairments include impairments on tangible and intangible assets.

# Wrap up of net profit drivers

## Net profit (Y/Y)

CZK m



The main difference between 1Q 2020 and 1Q 2019 net profit was caused by the following drivers:

On the **positive side**:

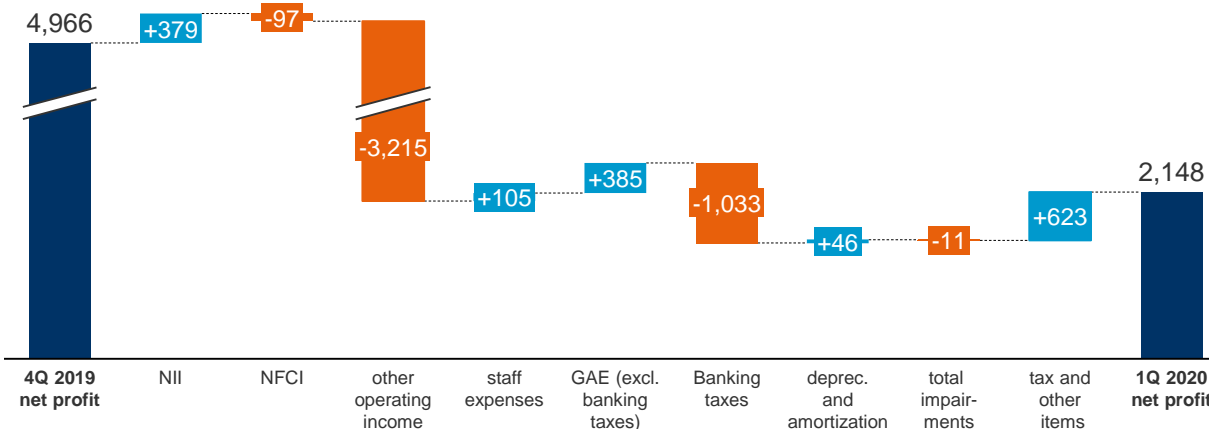
- higher NII thanks to NII from loans and other NII and consolidation of ČMSS

On the **negative side**:

- lower NFCI due to decreasing fees from foreign payments, payment cards and other fees, partially offset by impact of ČMSS consolidation
- lower other operating income due to lower trading income, valuation adjustments and higher base in 1Q 2019 due to sale of ČSOB AM and historical legal case
- higher staff expenses linked to wage adjustments and consolidation of ČMSS with partial offset by higher capitalization and lower number of FTEs
- higher GAE was influenced mainly by ČMSS, Y/Y savings traced in ICT and marketing costs
- higher banking taxes due to higher regulatory requirement
- higher total impairments driven mainly by higher creation in Retail and Corporate segments partly offset by net releases in SME and Hypoteční banka.

## Net profit (Q/Q)

CZK m



The main difference between 1Q 2020 and 4Q 2019 net profit was caused by the following drivers:

On the **positive side**:

- higher NII driven by NII from loans and other NII
- lower GAE thanks to 4Q 2019 peak in marketing costs and lower costs for ICT, building and trainings
- Lower staff expenses linked to revision of annual reserve and lower number of FTEs

On the **negative side**:

- lower NFCI driven by lower fees from foreign payments and other fees partially offset by higher fees from payment cards and lower distribution fees
- lower other operating income due to valuation adjustments and trading income
- higher banking taxes as a usual seasonal effect
- higher total impairments driven by higher creation in Hypoteční banka and Retail



# Capital

## Solid capital position

Consolidated, CZK m	31.3.2019	31.12.2019	31.3.2020
<b>Total regulatory capital</b>	<b>72,483</b>	<b>75,117</b>	<b>84,562</b>
- (Common Equity) Tier 1 Capital	72,483	75,117	84,562
- Tier 2 Capital	0	0	0
<b>Total RWA</b>	<b>382,211</b>	<b>391,461</b>	<b>424,385</b>
- Credit risk	309,733	321,481	354,801
- Market risk	9,262	633	238
- Operational risk	63,216	69,347	69,347
<b>(Common Equity) Tier 1 ratio</b>	<b>19.0%</b>	<b>19.2%</b>	<b>19.9%</b>
<b>Total capital ratio</b>	<b>19.0%</b>	<b>19.2%</b>	<b>19.9%</b>

The Y/Y increase of **(Common Equity) Tier 1 capital** due to inclusion of YE 2019 profit.

**Total RWA** increased Y/Y due to increase of credit risk (changes in methodology), increase in counterparty credit risk (derivates) and delays in collateral registration process.

### Notes:

Total RWA (risk weighted assets) = credit risk RWA + market risk RWA + operational risk RWA

Tier 1 capital = share capital + share premium + legal reserve funds + retained earnings + other comprehensive income – goodwill – intangible assets

Tier 2 capital = subordinated debt weighted by regulatory coefficient + surplus in expected credit losses

Total regulatory capital = (Common Equity) Tier 1 + Tier 2

# ČSOB Group: Business Overview

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# Gaining market share in SME/corporate loans, investments, insurance and consumer finance.

1st

<b>Total Loans<sup>1</sup></b>	<b>20,7%</b>	↓
Mortgages <sup>1,6</sup>	26.9%	↓
Building savings loans <sup>1</sup>	40.2%	↓
Building savings deposits <sup>1</sup>	39.5%	↓

2nd

<b>Total Deposits<sup>1</sup></b>	<b>20.1%</b>	↓
Mutual funds <sup>1</sup>	23.7%	↑
Factoring <sup>2</sup>	21.6%	↓
Leasing <sup>1</sup>	17.4%	↓

3rd

Pension funds <sup>3</sup>	14.6%	↑
SME/corporate loans <sup>1</sup>	14.7%	↑
Consumer lending <sup>1,4,6</sup>	13.1%	↑

4th

Insurance <sup>5</sup> - combined	8.2%	↑
Non-life insurance <sup>5</sup>	8.2%	↑
Life insurance <sup>5</sup>	8.1%	→

Arrows show Y/Y change. Market shares as of 31 March 2020, except for mutual funds, pension funds, leasing and factoring which are as of 31 December 2019. The ranking is ČSOB's estimate. Market position in the insurance reflects combined position of the insurers belonging to the same business group.

<sup>1</sup> Outstanding at the given date (including ČMSS); <sup>2</sup> New business in the year to the given date; <sup>3</sup> Number of total clients at the given date; <sup>4</sup> Retail loans excluding mortgages and building savings loans. <sup>5</sup> New business in the year according to gross written premium. <sup>6</sup> Since 1Q 2019, market shares in mortgages and consumer lending are influenced by methodological change in CNB reporting.

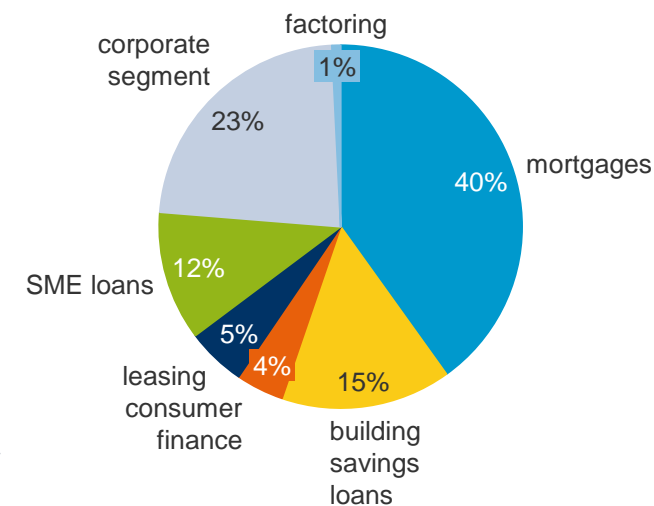
Sources and detailed definitions are provided in Appendix.

## Loan growth recorded in all segments

Gross outstanding volumes, CZK bn	31.3.2019	31.3.2020	Y/Y
<b>Loan portfolio</b>	<b>752.4</b>	<b>797.7</b>	<b>+6%</b>
<b>Retail Segment</b>			
Mortgages <sup>1</sup>	303.3	319.9	+5%
Consumer finance	31.8	34.0	+7%
Building savings loans <sup>2</sup>	117.0	120.8	+3%
<b>SME/Corporate Segment</b>			
Corporate loans <sup>3</sup>	164.1	183.1	+12%
SME loans	89.5	91.8	+3%
Leasing	40.8	42.0	+3%
Factoring	6.0	6.1	+2%
Other <sup>4</sup>	41.8	47.9	+14%
<b>Credit risk: loan portfolio</b>	<b>794.1</b>	<b>845.6</b>	<b>+6%</b>

31.3.2020

More than 60% of the total loan portfolio is in retail, out of which majority in financing housing needs.



<sup>1</sup> The ČSOB group mortgages are booked in the balance sheet of ČSOB's subsidiary Hypoteční banka.

<sup>2</sup> The ČSOB group building savings loans are in the balance sheet of ČMSS building savings company.

Volumes in the table above are reported in 100% and beginning 2Q 2019 included in the ČSOB's consolidated balance sheet.

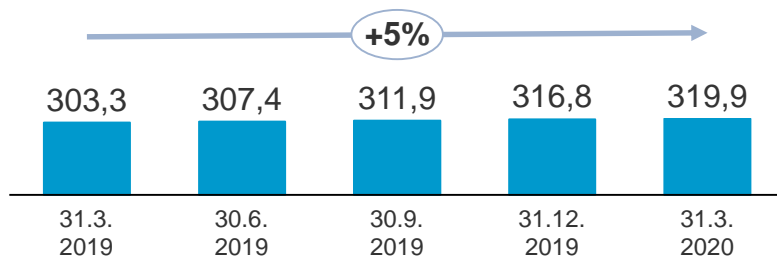
<sup>3</sup> Including credit-replacing bonds.

<sup>4</sup> Including off-balance sheet items and ALM/financial markets exposures.

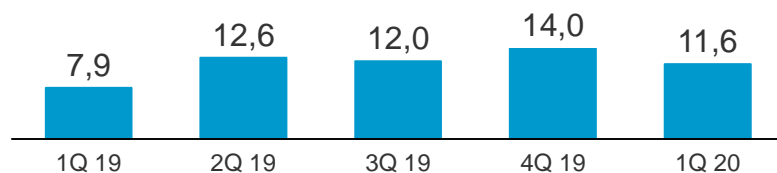
# Growth of mortgage as well as building savings loans volumes

## Mortgages

Outstanding, CZK bn



New sales\*, CZK bn

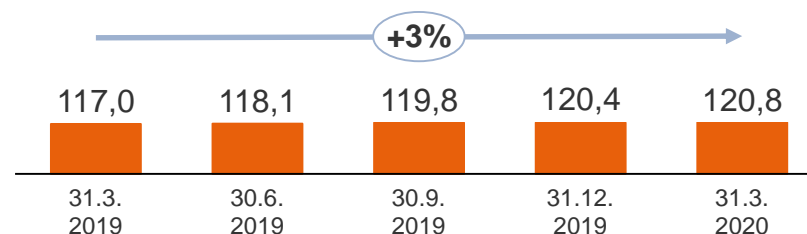


The **outstanding volume of mortgages** increased **+5% Y/Y**. The demand was positively influenced by decreasing interest rates partially offset by the negative impact of the outbreak of COVID-19 crisis.

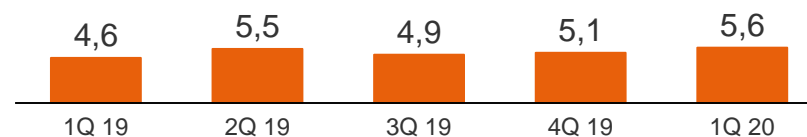
In 1Q 2020, ČSOB provided over **4 thousand new mortgages** (+23% Y/Y) in the total amount of **CZK 11.6bn** (+47% Y/Y). The market increased +35% Y/Y in the number and 50% Y/Y in the total amount of new mortgages.

## Building savings loans

Outstanding (ČMSS 100%), CZK bn



New sales (ČMSS 100%)\*, CZK bn



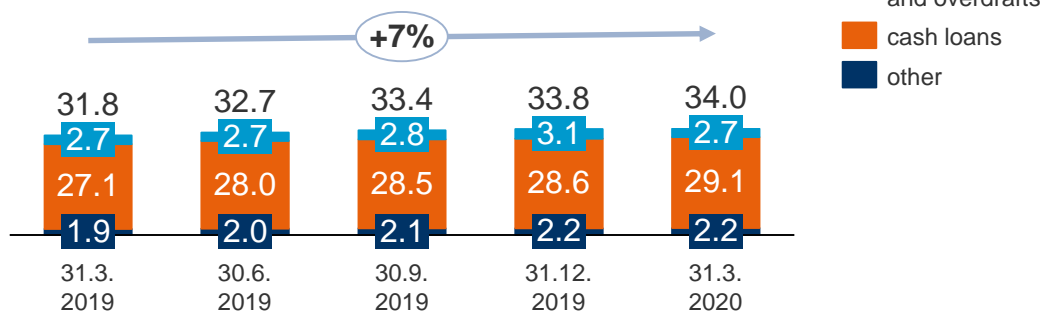
The outstanding **building savings loan portfolio** increased **+3% Y/Y**, while the market increased +6% Y/Y.

In 1Q 2020, **new sales** increased **+22% Y/Y**. The increase was influenced mainly by the continuing impact of ČNB regulations and higher property prices.

# Consumer finance, SME loans, Leasing

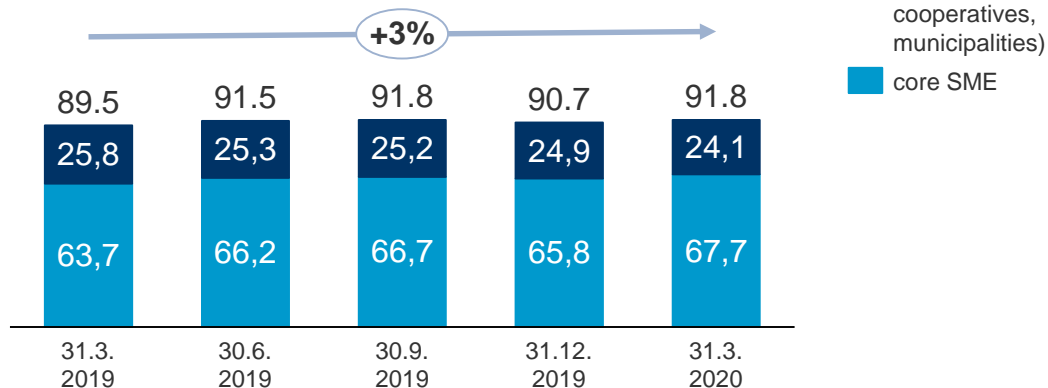
## Growth in consumer finance, core SME and leasing

### Consumer finance, outstanding, CZK bn



**Consumer finance** grew **+7% Y/Y** driven by cash loans (+7% Y/Y) thanks to continued attractiveness of ČSOB's product offer for both existing and new clients.

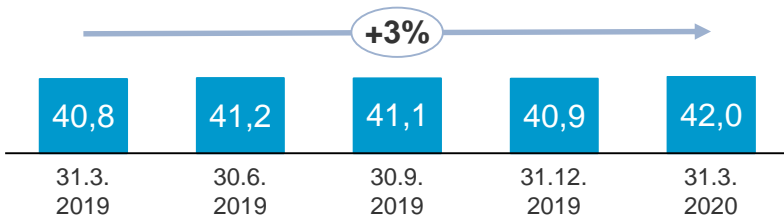
### SME loans, outstanding, CZK bn



**SME loans** increased **+3% Y/Y** driven by expansion in core SME lending (micro, small and mid-sized companies, +6% Y/Y).

The loan volume provided to housing cooperatives decreased Y/Y, however ČSOB remains market leader in housing cooperatives segment.

### Leasing, outstanding\*, CZK bn



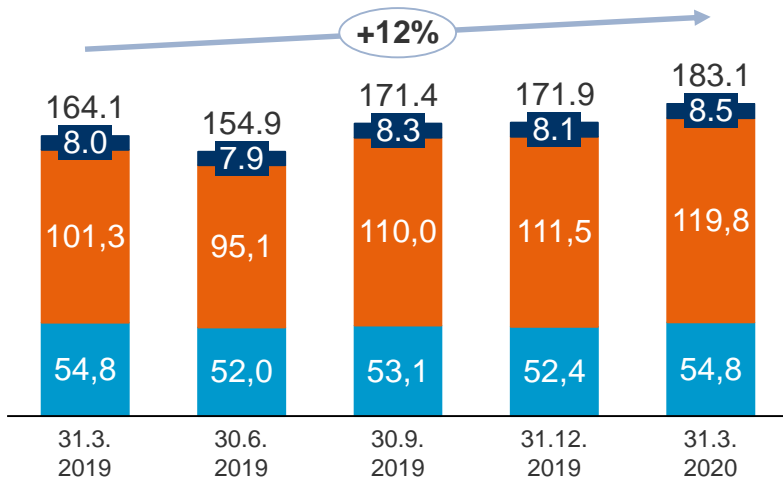
Outstanding volumes in **ČSOB Leasing** increased **+3% Y/Y**.

# Increase of outstanding volumes of corporate loans

## Corporate loans

Outstanding, CZK bn

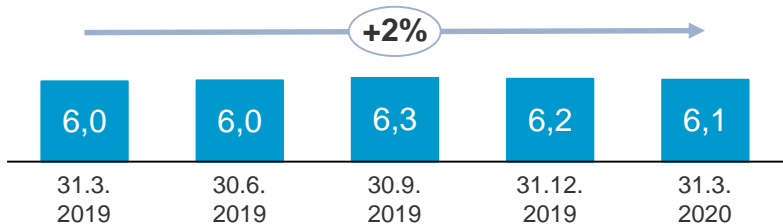
- credit-replacing bonds
- specialized finance
- plain vanilla financing



Outstanding volumes of **corporate loans** increased **+12% Y/Y** due to new drawing in sectors of real estate, oil, gas & other fuels, and distribution.

## Factoring

Outstanding, CZK bn

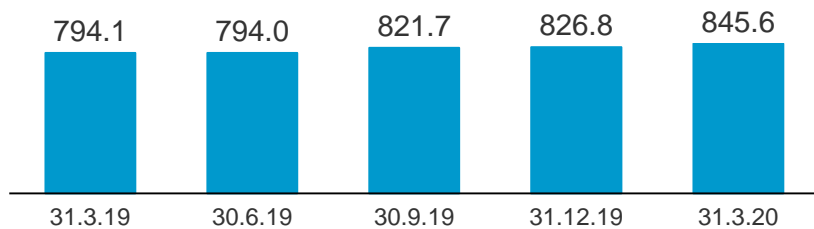


**Factoring** outstanding volumes increased **+2% Y/Y** thanks to growing demand for alternative financing.

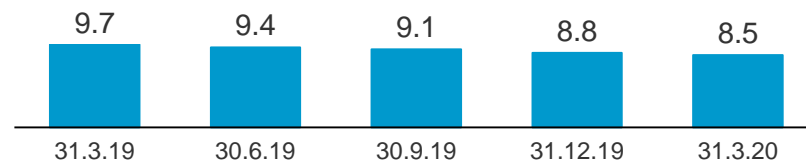
*Note: The corporate segment comprises mid-cap corporate customers with an annual turnover above CZK 300m, local subsidiaries of international groups and selected institutional clients.*

# Excellent loan quality, decreasing non-performing loans

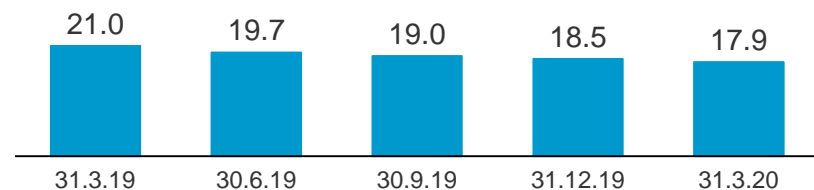
Credit risk: loan portfolio (CZK bn)



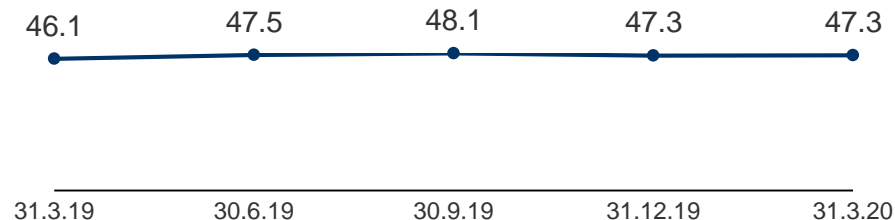
Allowances for loans and leases <sup>1</sup> (CZK bn)



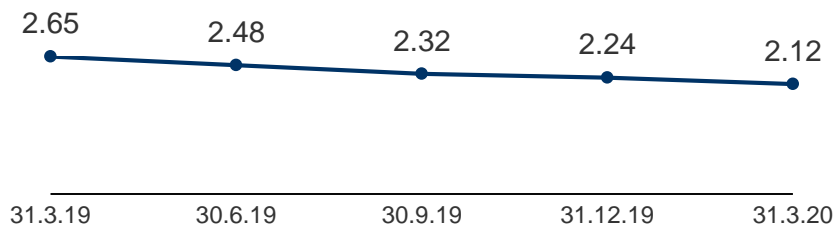
Non-performing loans (CZK bn)



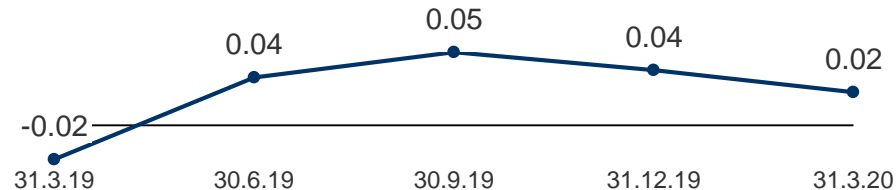
NPL coverage ratio (%)



NPL ratio (%)



Credit cost ratio (% , Ytd. annualized)

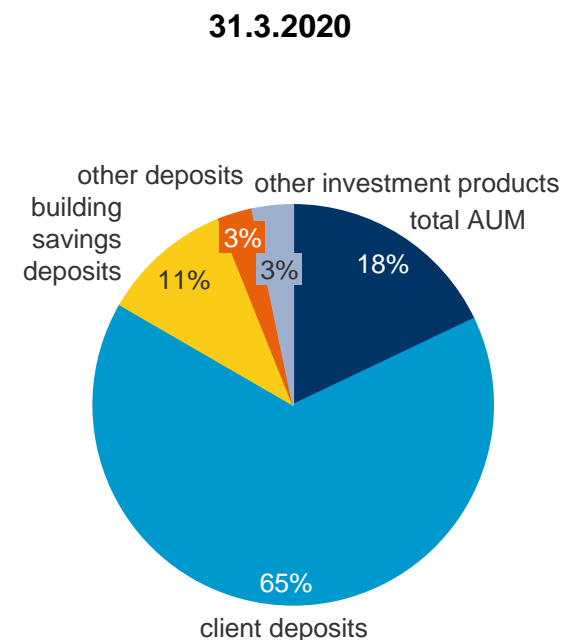




# Group deposits and Total assets under management

## Growth of deposits and assets under management

Outstanding volumes, CZK bn	31.3.2019	31.3.2020	Y/Y
<b>Group deposits</b>	<b>991.1</b>	<b>1,022.6</b>	<b>+3%</b>
Client deposits	794.0	849.1	+7%
<i>Current accounts</i>	<i>547.7</i>	<i>579.4</i>	<i>+6%</i>
<i>Savings deposits</i>	<i>208.2</i>	<i>207.9</i>	<i>+1%</i>
<i>Term deposits</i>	<i>38.2</i>	<i>61.9</i>	<i>+62%</i>
Other deposits <sup>1</sup>	60.7	36.1	-41%
Building savings deposits <sup>2</sup>	136.4	137.4	+1%
<b>Total AUM</b>	<b>223.5</b>	<b>232.7</b>	<b>+4%</b>
Pension funds <sup>3</sup>	55.2	59.2	+7%
Mutual funds and other AM <sup>4</sup>	168.3	173.5	+3%
<b>Other investment products<sup>5</sup></b>	<b>37.6</b>	<b>42.6</b>	<b>+13%</b>



<sup>1</sup> The other deposits predominantly consist of repo operations with institutional clients.

<sup>2</sup> ČSOB group building savings deposits are included in the ČSOB's consolidated balance sheet in 100% since 30.6.2019.

<sup>3</sup> Liabilities to pension fund policy holders.

<sup>4</sup> Item "Mutual funds and other AM" includes AUM in structured/capital protected funds, AUM in other mutual funds, other asset management and AUM of Slovak local funds managed in Czech Republic.

<sup>5</sup> Including bonds, investment certificates and mortgage covered bonds. See definition in appendix.

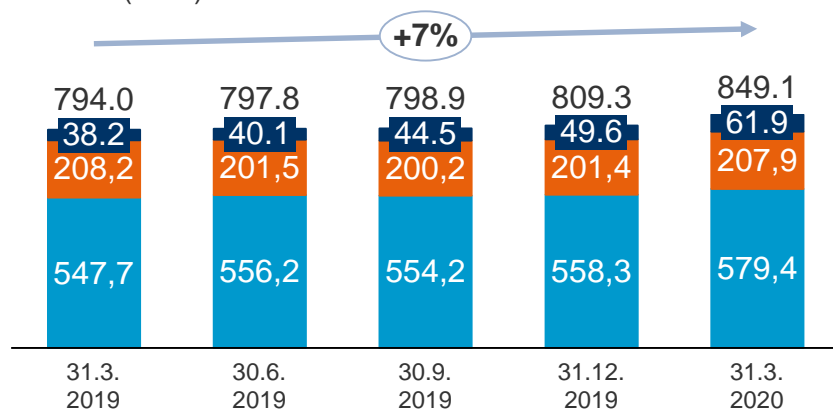
# Client deposits, Building savings deposits and Pension funds

## Strong growth of client deposits and pension funds

### Client deposits (CZK bn)

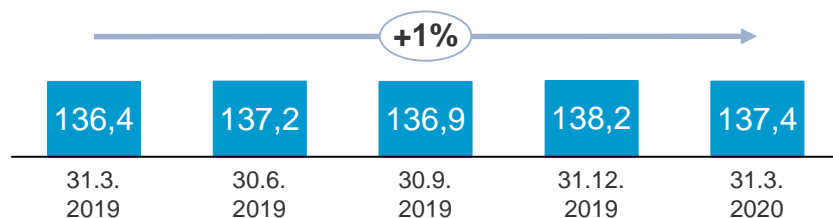
ČSOB (bank)

- term deposits
- savings deposits
- current accounts



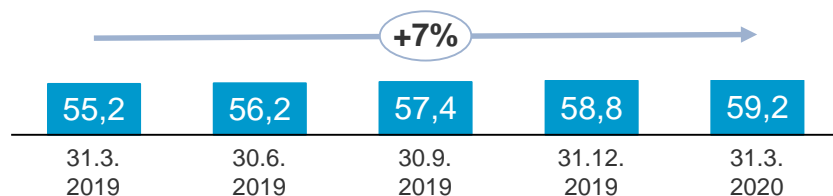
**Client deposits** increased **+7% Y/Y** driven by the growth of **current accounts** (+6% Y/Y) and **term deposits** (+62% Y/Y) while **savings deposits** slightly decreased.

### Building savings deposits (CZK bn)



**Building savings deposits** increased **+1% Y/Y**.

### Pension funds (CZK bn)



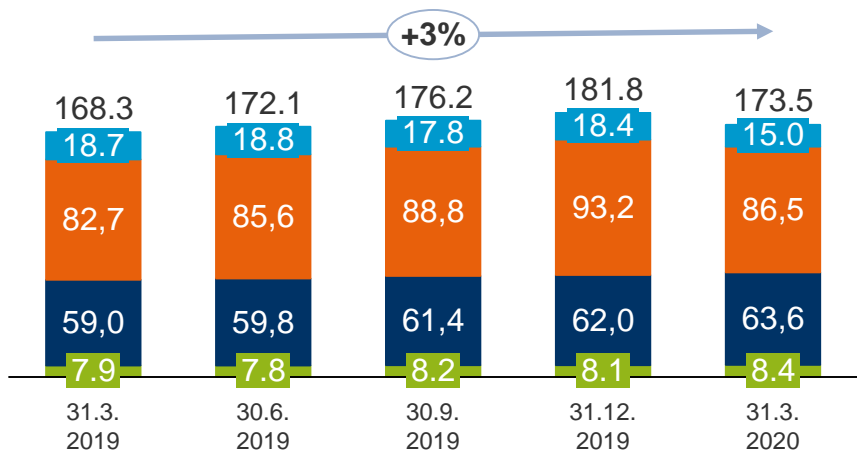
The volume of savings in **pension funds** increased **+7% Y/Y** driven mainly by higher average pension savings per client.

# Mutual funds increased +3% Y/Y driven by new sales

## Mutual funds and other AM

Outstanding volumes, CZK bn

- AUM in structured/capital protected mutual funds
- AUM in other mutual funds
- other asset management
- AUM of Slovak local funds managed in Czech Rep.

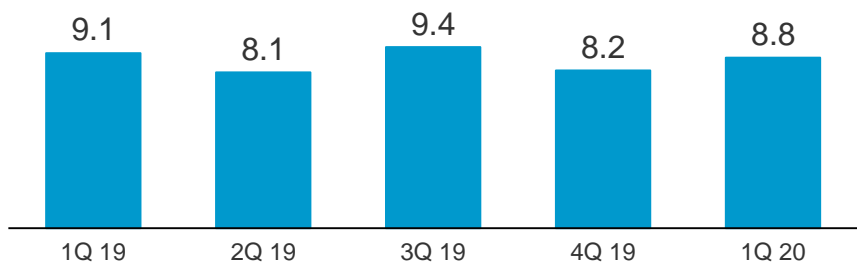


**Mutual funds and other AM** increased **+3% Y/Y** to **CZK 173.5bn** due to increase in both the mutual funds and other AM driven by the higher new sales. Decrease Q/Q was driven by the negative performance effect.

**1Q 2020 new sales of mutual funds** decreased **-3% Y/Y** mainly due to extraordinarily good sales of bond fund ČSOB Premiéra in 1Q 2019.

## Mutual funds

New sales (gross), CZK bn



Notes:

Mutual funds include funds managed by ČSOB AM as well as those distributed by the ČSOB group but managed by the KBC AM. Only direct positions are included (the funds bought directly by clients).

Other asset management: Discretionary mandates and Qualified Investors Funds. AUM of Pension Funds managed by ČSOB AM are excluded and are shown separately in Pension funds section.

## Growing active client base supported by ongoing transformation to omni-channel distribution model

	31.3.2019	31.12.2019	31.3.2020
<b>Clients of ČSOB's group (mil.)</b> <sup>1</sup>	<b>4.265</b>	<b>4.240</b>	<b>4.239</b>
<b>Clients of Ušetřeno.cz and Top-Pojištění.cz (ths.; YtD.)</b> <sup>2</sup>	<b>52</b>	<b>173</b>	<b>47</b>
<b>ČSOB branches (bank only)</b>	<b>234</b>	<b>225</b>	<b>225</b>
ČSOB Retail/SME branches incl. dual branded (ČSOB + PSB)	212	203	203
ČSOB Private Banking branches	11	11	11
ČSOB Corporate branches	11	11	11
<b>ČSOB Pojišťovna branches</b>	<b>98</b>	<b>97</b>	<b>97</b>
<b>Hypoteční banka centers</b>	<b>30</b>	<b>29</b>	<b>29</b>
<b>ČMSS advisory centers</b>	<b>292</b>	<b>273</b>	<b>268</b>
<b>Leasing branches</b>	<b>7</b>	<b>7</b>	<b>7</b>
<b>PSB outlets of the Czech Post network</b>	<b>ca. 2,600</b>	<b>ca. 2,600</b>	<b>ca. 2,600</b>
- of which specialized banking counters	206	226	229
<b>Czech Post franchise outlets</b>	<b>ca. 600</b>	<b>ca. 600</b>	<b>ca. 600</b>
<b>ATMs</b> <sup>3</sup>	<b>1,067</b>	<b>1,068</b>	<b>1,069</b>
- of which contactless	423	492	517

The **number of clients** decreased -26ths Y/Y, but the **number of active clients** increased **+53ths Y/Y**.

At the end of March 2020, clients could use **1,069 ATMs** (+2 Y/Y), of which 517 were contactless (+94 Y/Y), 243 enabled cash deposits (+28 Y/Y) and **1,007** are customized for visually impaired clients.

Due to the ongoing optimization of the branch network and strengthening of the self-service platforms, some branches were closed or merged as dual branded. The number of **ČSOB branches** reached 225 (-9 Y/Y).

Extended portfolio of bank-insurance services at Czech Post is provided at **229 specialized banking counters** (+23 Y/Y).

Note:

The multi-channel distribution platform of the ČSOB group includes also a wide **agent network** of over 5,000 agents, incl. ČMSS tied agents, intermediaries and individual brokers for Hypoteční banka, ČSOB Leasing's dealers and ČSOB Pojišťovna's tied agents, multi-agents and individual brokers.

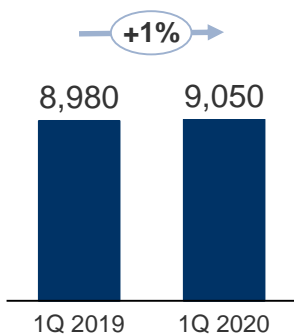
<sup>1</sup> Since 2Q 2019 all clients of ČMSS are included. Figures for previous periods were restated.

<sup>2</sup> Clients who have bought at least one product from the beginning of the year.

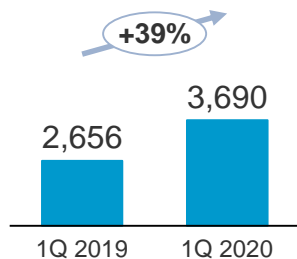
<sup>3</sup> Including ATMs of cooperating banks.

# Number of mobile banking active users and transactions rapidly increasing

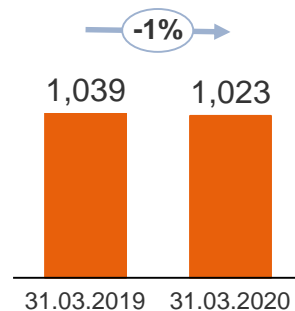
Internet banking transactions\* (ths)



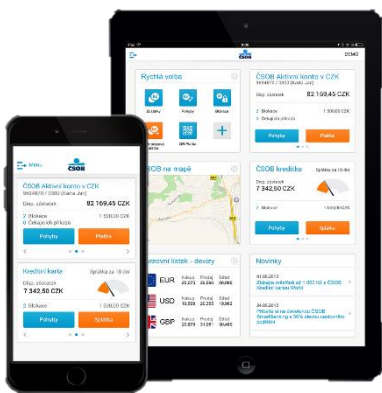
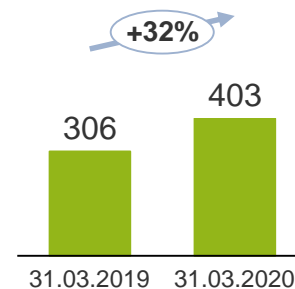
Mobile banking transactions\* (ths)



Internet banking active users\*\* (ths)



Mobile banking active users\*\*\* (ths)



As of 31 March 2020, the number of **mobile banking** active users increased +32% Y/Y, the number of **internet banking** active users decreased -1% Y/Y.

In 1Q 2020, number of transactions entered via **mobile banking** increased +39% Y/Y and number of transactions via **internet banking** increased +1% Y/Y.

\* Only transactions of retail and private banking clients are included. Transactions from standing payment orders are excluded.

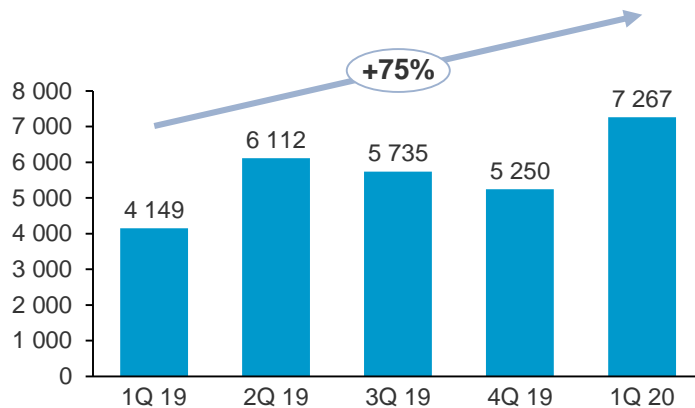
\*\* Internet banking active users are clients who at least once during the last 3 months used internet banking.

\*\*\* Mobile banking active users are clients who at least once during the last 3 months used mobile banking.

## Online initiated sales are strongly increasing

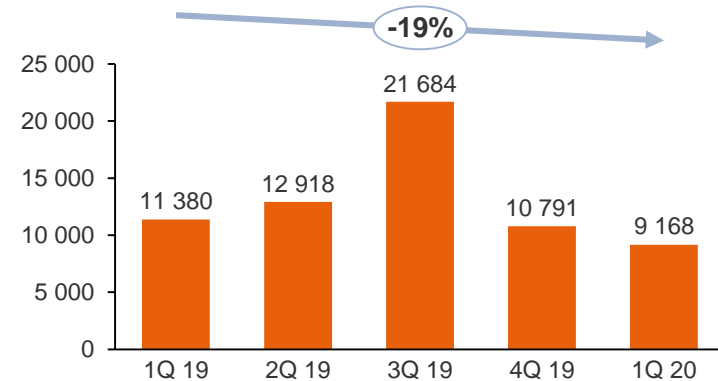
### Consumer finance

(pcs)

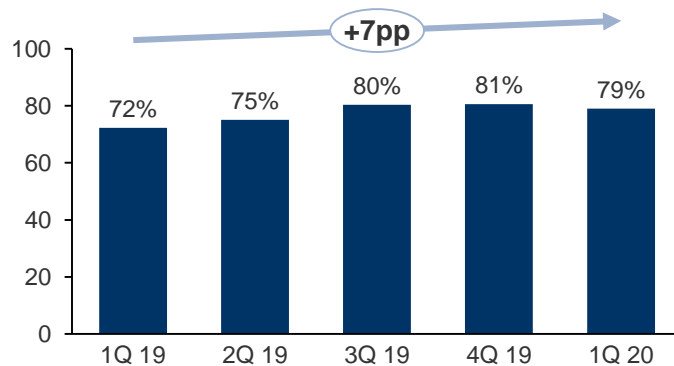


### Travel insurance

(pcs)



### Share of digitally-signed documents at the branches



In 1Q 2020 more than 7 thousand **consumer loans** were initiated online, up +75% Y/Y. Online sales of **travel insurance** decreased by -19% Y/Y. The Q/Q decrease can be attributed to seasonal effects and outbreak of COVID-19 crisis.

From 2016, ČSOB offers paperless operations at all branches. The share of **digitally-signed documents** at the branches reached 79% in 1Q 2019, up +7pp Y/Y.

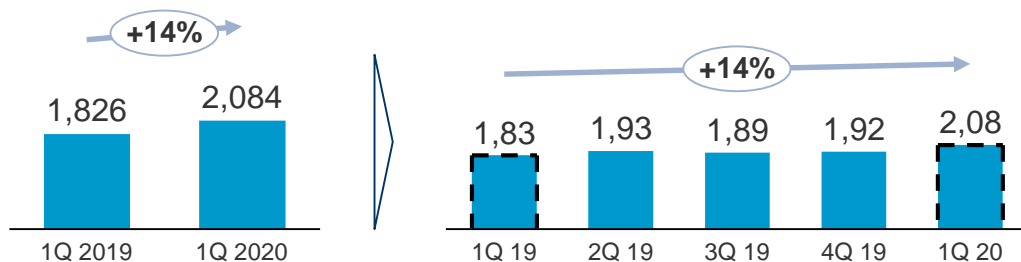
# ČSOB Pojišťovna: Key figures

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# Growth in non-life as well as in regular life gross written premium

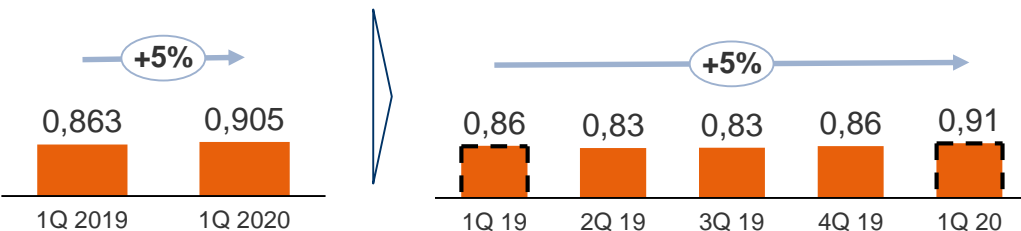
## Non-life insurance - gross written premium (GWP)

CZK bn



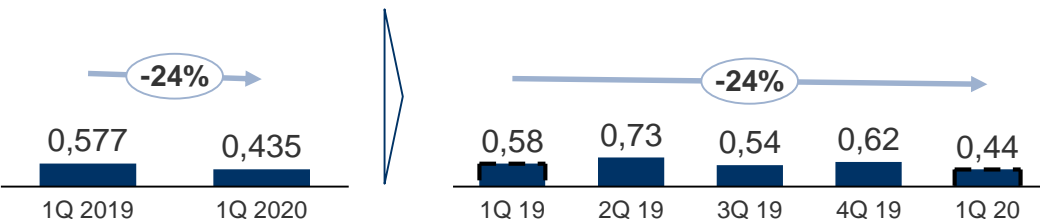
## Life insurance – regular paid gross written premium

CZK bn



## Life insurance - single paid gross written premium

CZK bn



Market shares	1Q 2020	Market position
Non-life insurance	↑ 8.2%	4th
Life insurance	➔ 8.1%	4th

Arrows show Y/Y change.

### Non-life insurance

1Q 2020 non-life gross written premium increased **+14% Y/Y** thanks to growth in all product lines, mainly in Industrial Risk, House & Household and Motor insurance, while the market increased +7% Y/Y.

### Life insurance

1Q 2020 **regular paid** gross written premium increased **+5% Y/Y** as a result of portfolio stabilization and better profile in lapses of the life contracts, while the market increased 3% Y/Y.

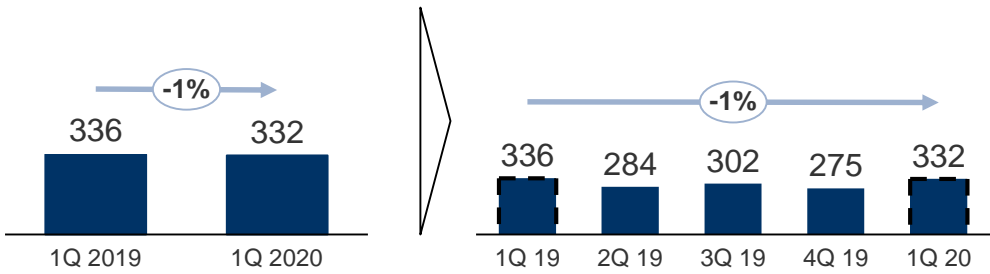
1Q 2020 **single paid** gross written premium decreased by **-24% Y/Y** due to lower amount of tranches Y/Y. The market decreased -10% Y/Y.



# Profitability improved in case of excluding positive one-off effect in 2019

## Net profit

CZK m



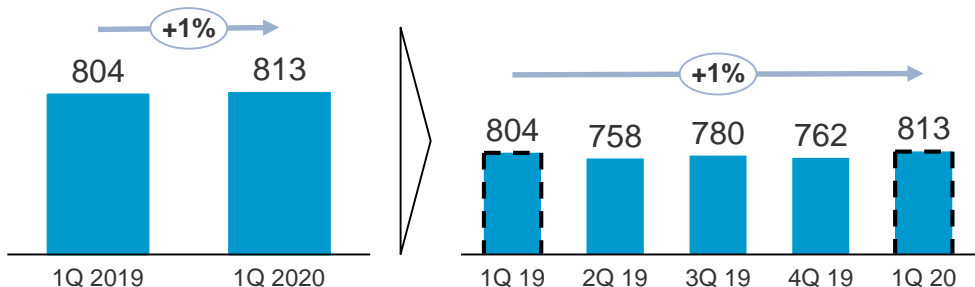
1Q 2020 **net profit** stood at **CZK 332m** (-1% Y/Y). Last year reality was influenced by positive one-off effect coming from sale of buildings. Excl. this effect Net profit would increase by +8% driven by Non-life and supported by Life.

1Q 2020 **operating income** increased to **CZK 813m** (+1% Y/Y) influenced by the following drivers:

- life: growth in regular paid GWP and bottom line showed stable profit contribution in Y/Y comparison.
- non-life: improved profitability Y/Y despite impact of several windstorms and bigger claims in 2020.

## Operating income

CZK m

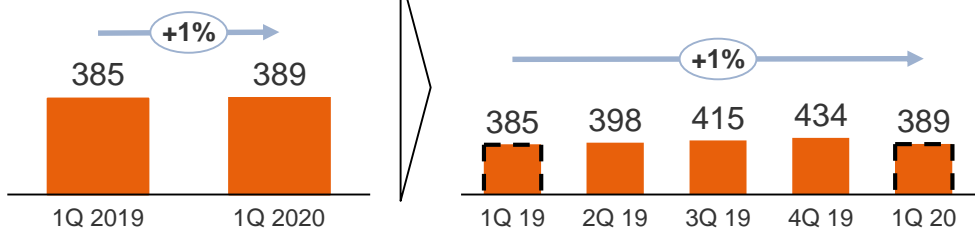


1Q 2020 **operating expenses** increased +1% Y/Y to **CZK 389m** driven by higher staff expenses due to wage adjustments and higher depreciation.

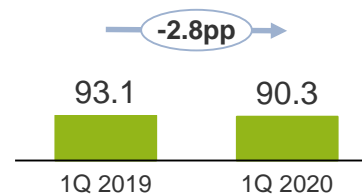
**Non-life combined ratio** reached 90.3% decreased Y/Y thanks to improvement in loss ratio and cost ratio as well (impact of higher GWP).

## Operating expenses

CZK m



## Non-life combined ratio (%)



# Business Unit Czech Republic

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# Business Unit Czech Republic

## Lower net profit driven by ČSOB group



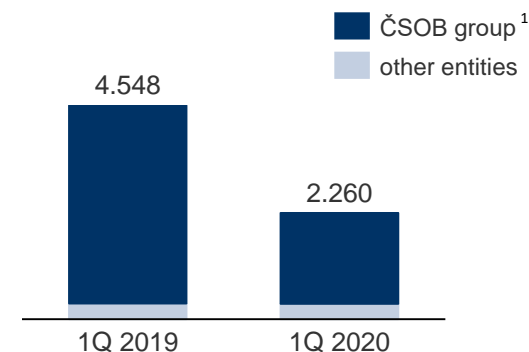
Effective as of 1 January 2013, KBC has organized its core markets activities into three business units. As a result, KBC's business in the Czech Republic have been included into Business Unit Czech Republic.

**The 1Q 2020 net profit of the Business Unit Czech Republic reached CZK 2.3bn (-48% Y/Y).** The Business Unit Czech Republic contains all KBC's operations in the Czech Republic, namely the ČSOB group, and full ownership of ČSOB Pojišťovna and until 4Q2018 also ČSOB Asset Management (ČSOB AM).<sup>1</sup>

The ČSOB group consists of ČSOB bank (including Postal Savings Bank), Hypoteční banka, ČMSS, ČSOB Penzijní společnost, ČSOB Leasing, ČSOB Factoring and Patria.

### Net profit of the Business Unit Czech Republic

CZK bn



Net profit (CZK bn)	1Q 2019	2Q 2019	3Q 2019	4Q 2019	1Q 2020	1Q/1Q	1Q 2019	1Q 2020	1Q/1Q
ČSOB BU Czech Republic	4.548	6.383	4.094	5.240	2.260	-50%	4.548	2.260	-50%
o/w ČSOB Pojišťovna	0.336	0.284	0.302	0.275	0.332	-1%	0.336	0.332	-1%

<sup>1</sup>Differences between the ČSOB group results within the Business Unit Czech Republic (BU CZ) and the stand-alone ČSOB group consolidated results are stemming from elimination of intragroup transactions with ČSOB Pojišťovna, management overlay as an additional impairment recognized by KBC Group in 1Q 2020 and other.

Since February 13, 2019 Belgium based company KBC Asset Management NV has become the sole shareholder of ČSOB AM through acquiring 100% of its shares from the previous owners – ČSOB and Luxemburg based company KBC Asset Management Participations. ČSOB AM is thus not a part of BU CZ anymore.

# Appendix

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## Ratios and other indicators

Ratio / Indicator	31.12.2017	31.12.2018	31.12.2019	31.3.2019	31.3.2020
<b>Net interest margin</b> (Ytd., annualized, %) <sup>1</sup>	2.90 (2.98)	3.07 n/a	3.02 n/a	3.24 n/a	2.97 n/a
<b>Cost / income ratio</b> (%)	43.7	47.9	44.9	47.7	67.4
<b>RoE</b> (Ytd., %)	19.3	17.5	20.7	20.8	8.6
<b>RoA</b> (Ytd., %)	1.26	1.07	1.20	1.32	0.5
<b>RoAC, BU Czech Republic</b> (Ytd., %) <sup>2</sup>	43.0	39.1	46.7	42.5	42.0
<b>Credit cost ratio</b> (Ytd., annualized, %) <sup>3</sup>	0.02	0.03	0.04	-0.02	0.02
<b>NPL ratio</b> (%) <sup>3</sup>	n/a (2.33)	2.73 (2.43)	2.24 n/a	2.65 n/a	2.12 n/a
<b>NPL coverage ratio</b> (%) <sup>3</sup>	n/a (58.5)	45.7 (46.9)	47.3 n/a	46.1 n/a	47.3 n/a
<b>(Common Equity) Tier 1 ratio</b> (%)	17.2	18.0	19.2	19.0	19,9
<b>Total capital ratio</b> (%)	17.2	18.0	19.2	19.0	19,9
<b>Leverage ratio</b> (Basel III, %)	4.48	4.26	4.04	3.97	4.34
<b>Net stable funding ratio</b> <sup>4</sup> (Basel III, %)	146.0	161.4	161.5	174.1	161.3
<b>Liquidity coverage ratio</b> (Basel III, %)	146.4	136.5	130.9	128.6	128.1
<b>Loan to deposit ratio</b> (%)	77.7	76.3	79.1	72.1	77.6

<sup>1</sup> As of 1Q 2018, calculation of Net interest margin has been changed. Year 2017 has been restated. Previous values are in brackets.

<sup>2</sup> Fully-loaded

<sup>3</sup> The loan quality ratios have been restated to reflect inclusion of 100% of ČMSS loans in Credit risk: loan portfolio. The originally reported ratios are in brackets.

<sup>4</sup> As of 3Q 2018 net stable funding ratio has been influenced by change of weight of exposures to CNB.

# Profit and loss statement

(CZK m)	1Q 2019	4Q 2019	1Q 2020	Y/Y	Q/Q
Net interest income	7 576	8 440	8 819	+16%	+4%
<i>Interest income</i>	10 498	12 568	12 737	+21%	+1%
<i>Interest expense</i>	-2 922	-4 128	-3 918	+34%	-5%
Net fee and commission income	1 970	2 039	1 942	-1%	-5%
Net gains from financial instruments at FVPL <sup>1</sup>	-89	203	-3 051	>+100%	+/-
Other operating income <sup>2</sup>	1 069	365	404	-62%	+11%
<b>Operating income</b>	<b>10 526</b>	<b>11 047</b>	<b>8 114</b>	<b>-23%</b>	<b>-27%</b>
Staff expenses	-2 158	-2 442	-2 337	+8%	-4%
General administrative expenses	-2 371	-1 907	-2 555	+8%	+34%
<i>General administrative expenses (excl. banking taxes)</i>	-1 470	-1 899	-1 514	+3%	-20%
<i>Banking taxes</i>	-901	-8	-1 041	+16%	>+100%
Depreciation and amortisation	-490	-619	-573	+17%	-7%
<b>Operating expenses</b>	<b>-5 019</b>	<b>-4 968</b>	<b>-5 465</b>	<b>+9%</b>	<b>+10%</b>
Impairment losses	31	-64	-75	+/-	+17%
<i>Impairment on financial assets at amortised cost</i>	42	-27	-51	+/-	+89%
<i>Impairment on financial assets at fair value through OCI</i>	0	0	0	n/a	n/a
<i>Impairment on other assets</i>	-11	-37	-24	>+100%	-35%
Share of profit of associates	107	-4	-8	+/-	+100%
<b>Profit before tax</b>	<b>5 645</b>	<b>6 011</b>	<b>2 566</b>	<b>-55%</b>	<b>-57%</b>
Income tax expense	-812	-1 045	-418	-49%	-60%
<b>Profit for the period</b>	<b>4 833</b>	<b>4 966</b>	<b>2 148</b>	<b>-56%</b>	<b>-57%</b>
Attributable to:	0	0	0%		
<b>Owners of the parent</b>	<b>4 833</b>	<b>4 966</b>	<b>2 148</b>	<b>-56%</b>	<b>-57%</b>
Non-controlling interests	0	0	0	n/a	n/a

<sup>1</sup> FVPL = fair value through profit and loss.

<sup>2</sup> Other operating income = Net realised gains from financial instruments at fair value through other comprehensive income (OCI), dividend income, income and expense from operating lease, other net income.

## Balance sheet - assets

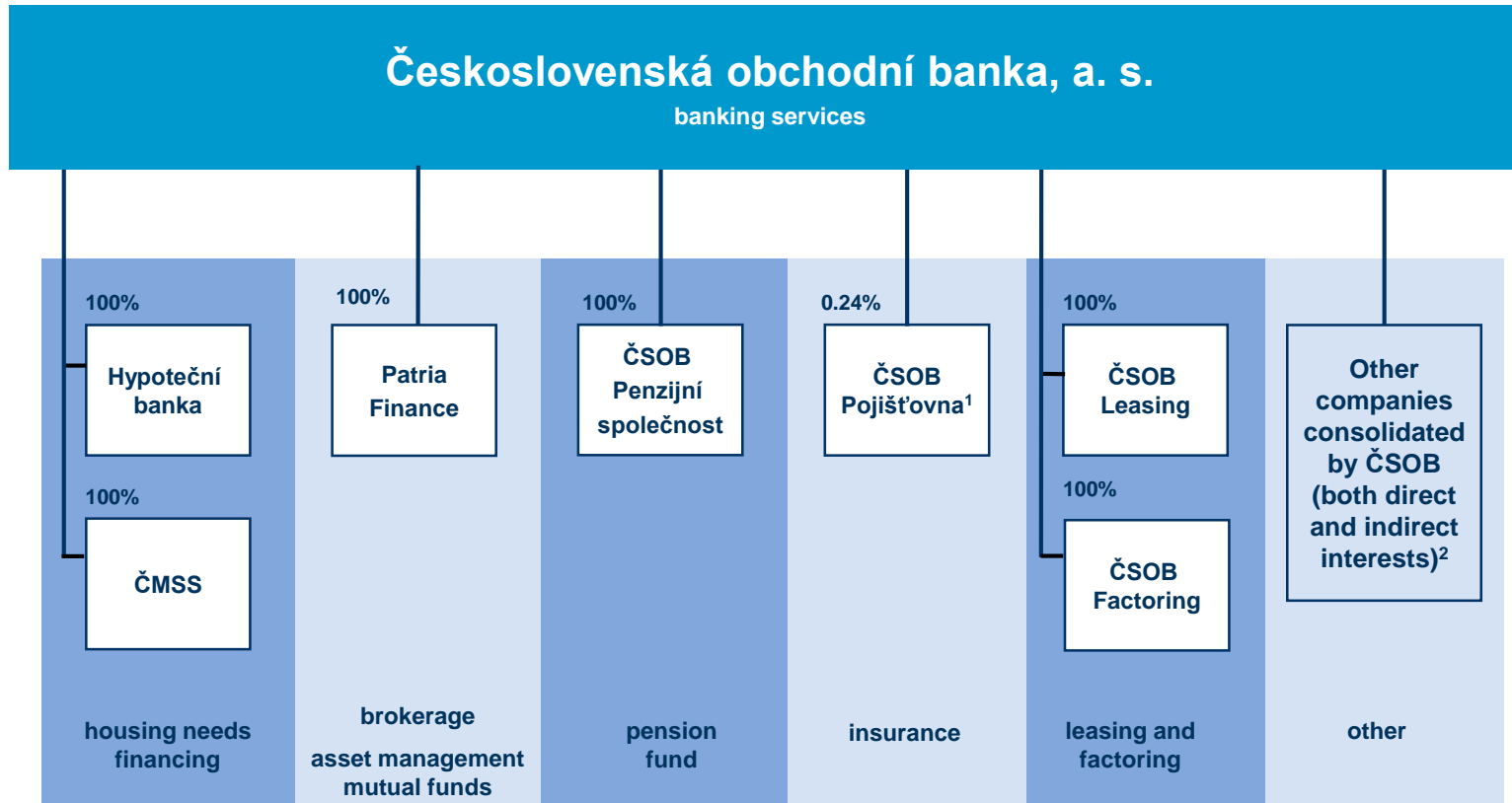
(CZK m)	31/3 2019	31/12 2019	31/3 2020	Ytd.
Cash and balances with central banks and other demand deposits	27 028	47 725	21 495	-55%
Financial assets held for trading	45 965	29 017	63 572	>+100%
Financial assets held for trading pledged as collateral	85	0	0	n/a
Financial assets designated at fair value through P/L	0	0	0	n/a
Non-trading financial assets mandatorily at fair value through profit or loss	248	948	0	-100%
Financial assets at fair value through other comprehensive income (OCI)	15 006	10 007	7 192	-28%
Financial assets at fair value through OCI pledged as collateral	3 743	6 465	8 758	+35%
Financial assets at amortised cost - net	1 415 978	1 459 211	1 597 435	+9%
<i>Financial assets at amortised cost to credit institutions - gross</i>	707 356	621 195	733 855	+18%
<i>Financial assets at amortised cost to other than credit institutions - gross</i>	717 962	849 091	874 574	+3%
<i>Financial assets at amortised cost - provisions</i>	-9 340	-11 075	-10 994	-1%
Financial assets at amortised cost pledged as collateral	39 450	43 007	43 072	0%
Fair value adjustments of the hedged items in portfolio hedge	-3 207	-4 177	8 862	-/+
Derivatives used for hedging	9 185	9 226	11 372	+23%
Current tax assets	197	194	163	-16%
Deferred tax assets	570	367	742	>+100%
Investments in associates and joint ventures	4 300	86	119	+38%
Property and equipment	12 755	14 417	13 462	-7%
Goodwill and other intangible assets	6 244	11 498	11 435	-1%
Non-current assets held-for-sale	74	23	471	>+100%
Other assets	2 823	3 053	4 653	+52%
<b>Total assets</b>	<b>1 580 444</b>	<b>1 631 067</b>	<b>1 792 803</b>	<b>+10%</b>

## Balance sheet – liabilities and equity

(CZK m)	31/3 2019	31/12 2019	31/3 2020	Ytd.
Financial liabilities held for trading	39 291	51 458	84 238	+64%
Financial liabilities at fair value through P/L	30 431	42 231	39 410	-7%
Financial liabilities at amortised cost	1 396 890	1 423 115	1 535 221	+8%
<i>of which Deposits received from central banks</i>	0	0	0	n/a
<i>of which Deposits received from credit institutions</i>	128 351	47 346	145 116	>+100%
<i>of which Deposits received from other than credit institut.</i>	852 226	959 951	1 025 348	+7%
<i>of which Debt securities in issue</i>	416 313	415 818	364 757	-12%
<i>of which Subordinated liabilities</i>	0	0	0	n/a
Fair value adjustments of the hedged items in portfolio hedge	-2 789	-3 564	6 965	-/+
Derivatives used for hedging	10 904	10 967	16 328	+49%
Current tax liabilities	1 122	180	122	-32%
Deferred tax liabilities	1 002	940	990	+5%
Provisions	612	722	581	-20%
Other liabilities	6 160	6 340	7 747	+22%
<b>Total liabilities</b>	<b>1 483 623</b>	<b>1 532 389</b>	<b>1 691 602</b>	<b>+10%</b>
Share capital	5 855	5 855	5 855	0%
Share premium	20 929	20 929	20 929	0%
Statutory reserve	18 687	18 687	18 687	0%
Retained earnings	50 968	52 870	55 018	+4%
Financial assets at fair value through OCI - revaluation reserve	418	561	199	-65%
Cash flow hedge reserve	-36	-224	513	-/+
<b>Parent shareholders' equity</b>	<b>96 821</b>	<b>98 678</b>	<b>101 201</b>	<b>+3%</b>
Minority interest	0	0	0	n/a
<b>Total equity</b>	<b>96 821</b>	<b>98 678</b>	<b>101 201</b>	<b>+3%</b>
<b>Total liabilities and equity</b>	<b>1 580 444</b>	<b>1 631 067</b>	<b>1 792 803</b>	<b>+10%</b>



# The ČSOB group in the Czech Republic

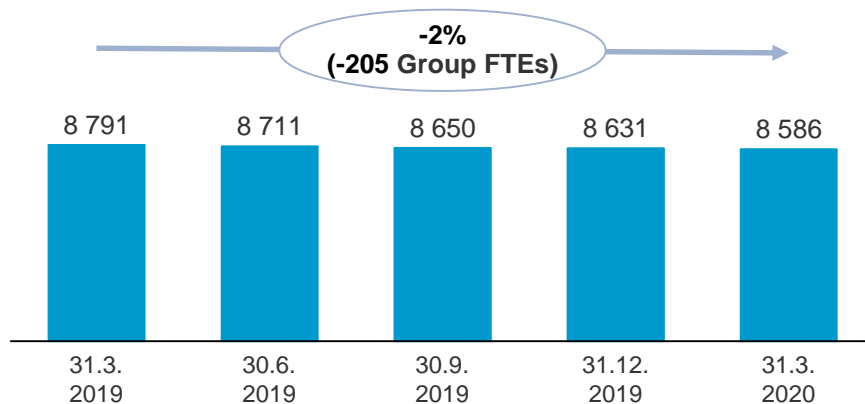


Percentages show ČSOB's ownership interests on company's equity as at 31 March 2020.

<sup>1</sup> 99.76% of shares owned by KBC Insurance; by the equity method consolidation.

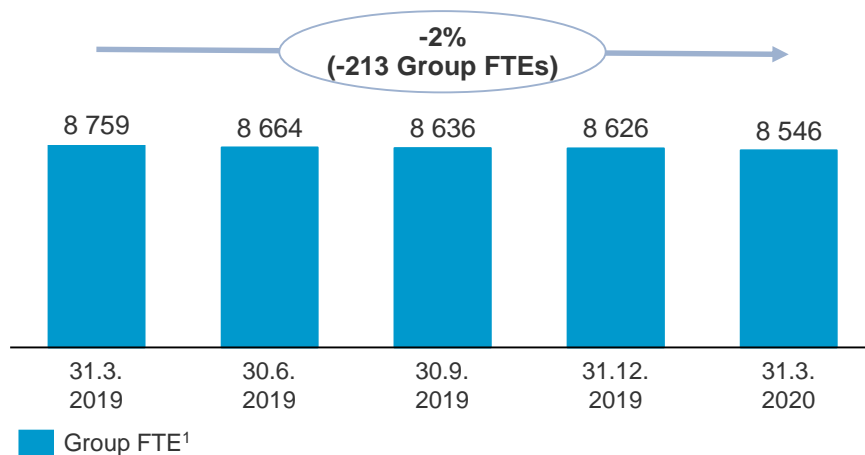
<sup>2</sup> A complete list of companies consolidated by ČSOB is stated in ČSOB Annual Report.

## Number of FTEs – average



The average number of Group FTE decreased -205 Y/Y driven mainly by lower number of Bank FTEs.

## Number of FTEs – end of the period



The number of Group FTE at the end of the period decreased -213 Y/Y driven mainly by lower number of Bank FTEs.

## 1. Full consolidation of ČMSS

Beginning 1 June 2019 ČMSS is consolidated in the ČSOB's financial statements using the method of full consolidation. The beginning of consolidation positively influenced net interest income and net fee and commission income and negatively the operating expenses.

For comparison restated balance sheet as of 31 December 2018 with ČMSS consolidated using the full consolidation method is reported. The reported volumes of building savings loans and deposits were retrospectively restated to 100% (previously reported as 55%). Credit risk: loan portfolio has been extended of 100% amounts of loans in ČMSS (previously not included), figures were restated retrospectively. Loan quality ratios were retrospectively restated in line with restatement of Credit risk: loan portfolio.

## 2. Revaluation of the 55% share in ČMSS

In conformity with IFRS 3, ČSOB revaluated 55% share in ČMSS triggered by acquisition of the remaining 45% share. One-off gain from this revaluation in the amount of CZK 2.1bn was reported in other operating income.

## 3. Explanatory note on recognition of market value adjustments

Market value adjustments are recognized on all positions that are measured at fair value. They relate to close-out costs, adjustments for less-liquid positions or markets, mark-to-model-related valuation adjustments, counterparty risk and funding costs.

Credit value adjustments (CVAs) are used when measuring derivatives to ensure that their market value is adjusted to reflect the credit risk of the counterparty. A debt value adjustment (DVA) is made for contracts where the counterparty is exposed to ČSOB. A funding value adjustment (FVA) is a correction made to the fair value of uncollateralised derivatives in order to ensure that the (future) funding costs or income attached to entering into and hedging such instruments are factored in when measuring their value.

## Market shares definitions and sources

Item	Definition	Source
Building savings deposits	Deposits of buildings savings clients, ČMSS 100%.	ČNB, Data Series System (ARAD); ČMSS
Building savings loans	Outstanding volumes of building savings loans, ČMSS 100%.	ČNB, Data Series System (ARAD); ČMSS
Consumer loans	Outstanding volume of cash loans, credit cards, overdrafts, consumer loans on real estate and American mortgages.	ČNB, Data Series System (ARAD); ČSOB
Factoring	Volume of new business.	Association of Leasing and Factoring Companies ČR (ČLFA)
Insurance	New business in the year according to gross written premium. Market position reflects combined position of the insurers belonging to the same business group.	Czech Association of Insurance Companies (ČAP)
Leasing	Outstanding volume (leasing of movables, commercial loans and consumer loans); related to the relevant market comprising both banks and non-banking institutions.	Association of Leasing and Factoring Companies ČR (ČLFA)
Mortgages	Outstanding volumes; mortgages for private individuals excl. American mortgages and mortgages for non-housing real estate purposes, consumer loans for house purchase, according to ČNB definition.	ČNB, Data Series System (ARAD); ČSOB; HB
Mutual funds	AUM in both Czech and foreign funds at the given date, including institutional funds and third parties funds; according to AKAT methodology.	Association for Capital Market (AKAT)
Pension funds	Total number of clients at the given date.	The Association of Pension Funds of the Czech Republic (APS)
SME/corporate loans	Remaining loans that are not reported in any of the retail loans categories (loans to other than households).	ČNB, Data Series System (ARAD); ČSOB
Total deposits	Total bank deposits including building savings deposits (ČMSS), excluding repo and including unmarketable bills of exchange.	ČNB, Data Series System (ARAD); ČSOB
Total loans	Outstanding volumes of consumer loans and other retail loans + mortgages for private individuals + building savings loans (ČMSS) + SME/corporate loans (gross).	ČNB, Data Series System (ARAD); ČSOB; ČMSS

## Glossary - ratios

(Common Equity) Tier 1 ratio	Tier 1 capital (CET1) / Total RWA (according to CRR)
C/I (cost/income ratio)	Operating expenses / operating income, Ytd.
CCR (credit-cost ratio)	Total credit costs / average Credit risk: loan portfolio in the year (simple average of previous year end and reported period end balances); Ytd., annualized
Leverage ratio	Tier 1 capital / On-balance + Off-balance sheet items + Counterparty exposure for Derivatives and SFT + Add-ons (according to CRR)
Liquidity coverage ratio	High quality liquid assets (unencumbered and convertible into cash) to liquidity needs (outflow – inflow) for a 30 calendar days time horizon under specified significant stress scenario (according to CRR)
Loan to deposit ratio	IAS 39: Loans and receivables to other than credit institutions (net) / Deposits received from other than credit institutions at amortised cost minus repo operations with non-banking financial institutions IFRS 9: Financial assets at amortised cost to other than credit institutions minus bonds (net) / Deposits received from other than credit institutions at amortised cost minus repo operations with non-banking financial institutions
Net stable funding ratio (NSFR)	Available amount of stable funding / required amount of stable funding (according to CRR)
NIM (net interest margin)	Net interest income excl. volatile short-term assets used for liquidity management / average interest earnings assets excl. volatile short-term assets used for liquidity management ; Qtd./Ytd., annualized
Non-life combined ratio	(Technical insurance charges, incl. the internal cost of settling claims / earned insurance premiums) + (operating expenses / written insurance premiums) (after reinsurance in each case, according to KBC group methodology)
NPL (non-performing loans) ratio	Outstanding amount of non-performing loans (incl. off-balance sheet items) / Credit risk: loan portfolio
NPL coverage ratio	Specific allowances for loans and leases (incl. off-balance sheet items) / non-performing loans (incl. off-balance sheet items)
ROA (return on assets)	Net profit for the year / average of total assets; Ytd., annualized
ROAC, BU Czech Republic (return on allocated capital)	Result after tax (including minority interests) of the ČSOB group, adjusted to take account of allocated capital instead of actual capital / average allocated capital of the ČSOB group (KBC group methodology)
ROE (return on equity)	Net profit for the year / average of total shareholders' equity; Ytd., annualized
Total capital ratio	Total regulatory capital / Total RWA (according to CRR)

## Glossary - other definitions

Assets under management	Including pension funds, mutual funds (assets under management in structured/capital protected funds and other mutual funds), other asset management and assets under management products and assets under management of Slovak local funds managed in the Czech Republic.
Banking taxes	Including contribution to the Resolution Fund, Deposit insurance premium and Securities Traders Guarantee Fund.
Building savings deposits	All ČMSS financial liabilities at amortized cost minus deposits received from other than credit institutions.
Building savings loans	All customer lending granted by ČMSS in book values. Gross.
Consumer finance	Loan portfolio granted by ČSOB's retail network (ČSOB and PSB brand) in book values. Gross.
Corporate loans	Loan portfolio granted by ČSOB's corporate banking network in book values, including credit-replacing bonds. Gross.
Credit risk: loan portfolio	Including all payment credit, guarantee credit, standby credit and credit derivatives, granted by ČSOB to private persons, companies, governments and banks. Bonds held in the investment portfolio are included if they are corporate- or bank-issued, hence government bonds and trading book exposure are not included.
Group deposits	Item Deposits received from other than credit institutions from the consolidated balance sheet (incl. ČMSS/building savings deposits).
Loan portfolio	Loans and receivables to other than credit institutions (incl. ČMSS/building savings loans) plus loans and receivables to credit institutions minus exposure to banks from inter-bank transactions plus credit replacing bonds (in FVOCI portfolio).
Mortgages	All loans booked in Hypoteční banka, including home equity loans and mortgage loans to legal entities, excluding intra-group loans. Gross.
Other investment products	Including bonds, mortgage covered bonds and investment certificates issued by ČSOB or Hypoteční banka held by clients of Retail and Private banking which are reported either as Financial liabilities at fair value through P/L or as Financial liabilities at amortised cost - Debt securities in issue.
SME loans	Loan portfolio granted by ČSOB's SME network in book values. Gross.

# Contacts

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**Member of the KBC Group**