

# 1H/2Q 2020 Results ČSOB Group

Business Unit Czech Republic

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# ČSOB Group: Key Figures

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# Update on the impact of the COVID-19 pandemic

- **ČSOB obtained over 65ths requests for instalment payment deferral and approved over 60ths** as of the end of June 2020.
- ČSOB has been actively involved in the COVID loan guarantee programs supporting the government's anti-crisis measures, including the **COVID II and COVID Prague** programs. From the beginning of June, ČSOB started providing **financing to companies and self-employed clients in the COVID III program**, as well as in the **COVID PLUS program for exporters and their suppliers**.
- In 1H 2020, **loan loss impairments** increased to **CZK 4,691m**, largely driven by **full collective COVID-19 expected credit losses already booked in the first half of the year**. **Non-performing loans amounted to low 2.20% of the loan book** at the end of the 2Q 2020.
- **The increased volatility in financial markets** related to the COVID-19 crisis **subdued** in the 2Q.
- **Clients continue to use more digital tools and for a much wider range of services than before**. The number of mobile banking active users increased +31% Y/Y and the number of transactions entered via mobile banking increased +42% Y/Y. Digital sales of investments more than doubled in June compared to an average week of 2019.
- **Robust liquidity and capital buffers allow ČSOB to face today's challenges with high confidence**.

**Net profit decrease due to loan impairments and higher base in 2019.****Robust capital and liquidity.**

ČSOB group key indicators		2017	2018	2019	1H 2019	1H 2020
<b>Profitability</b>	Net profit (CZK bn)	17.5	15.8	19.7	10.9	3.5
	Return on equity	19.3%	17.5%	20.7%	23.7%	6.9%
<b>Liquidity</b>	Loan to deposit ratio	77.7%	76.3%	79.4%	77.3%	73.8%
	Net stable funding ratio	146.0%	161.4%	161.5%	165.3%	168.9%
<b>Capital</b>	Tier 1 (CET1) ratio	17.2%	18.0%	19.2%	18.7%	21.1%
<b>Impairments</b>	Credit cost ratio <sup>1</sup>	0.02%	0.03%	0.04%	0.02%	0.62%
<b>Cost efficiency</b>	Cost / income ratio	43.7%	47.9%	44.9%	43.1%	52.2%

# Net profit decrease due to loan impairments and higher base in 2019.

## Robust capital and liquidity.

### Business indicators

**Loan portfolio** increased to **CZK 791bn** (+5% Y/Y) driven by both retail and SME/Corporate loans. **Group deposits** increased to **CZK 1,064bn** (+9% Y/Y). **Assets under management** increased to **CZK 244bn** (+7% Y/Y). The number of **active clients** increased **+52ths** Y/Y.

### Operating income

**Operating income** reached **CZK 18.7bn** in 1H 2020 (-15% Y/Y). The Y/Y decrease was driven by lower net interest income and non-interest income, the latter also impacted by higher base in 2019 due to one-off gains from revaluation of 55% share in CMSS and the sale of ČSOB Asset Management. The decline was partly offset by full consolidation of CMSS. Adjusted for the impact one-off gains in 2019 and full consolidation of ČMSS, the 1H 2020 operating income would decrease **-8% Y/Y**.

### Operating expenses

**Operating expenses** increased to **CZK 9.7bn** in 1H 2020 (+3% Y/Y) due to consolidation of ČMSS and higher banking tax. Adjusted for the impact of ČMSS consolidation and excluding banking taxes, operating expenses would decrease **-4% Y/Y**.

### Impairments

**Credit cost ratio** in 1H 2020 increased to **62 bps** (+60 bps Y/Y) or to **10 bps** (+ 8bps Y/Y) without collective COVID-19 expected credit losses. The full collective COVID-19 expected credit losses have already been booked in 1H 2020.

### Net profit

As a result of the above mentioned factors, ČSOB's **net profit** came in at **CZK 3.5bn** (-68% Y/Y) in 1H 2020 and CZK 1.3bn (-78% Y/Y) in 2Q 2020.

### Liquidity & Capital

ČSOB maintains strong capital position and excellent liquidity ratios. **CET1 ratio** reached **21.1%**. **Loan to deposit ratio** decreased Y/Y to **73.8%**. The **short-term liquidity ratio LCR** increased to **136.0%** and the **long-term liquidity ratio NSFR** was **168.9%**.

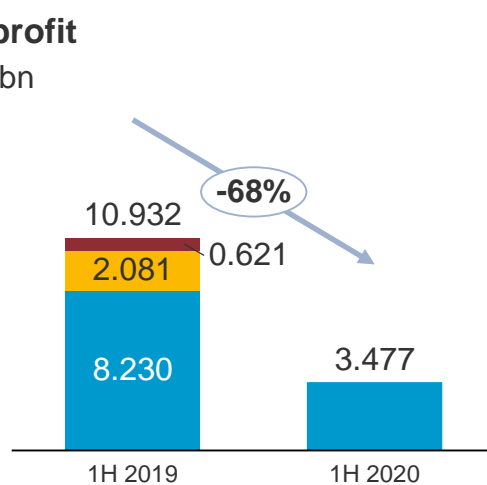
### Achievements & Highlights

In June 2020, KBC and ČSOB introduced the new AI powered personal digital assistant Kate. The Euromoney magazine awarded ČSOB as the **Best Bank in Czech Republic for 2020**. The Global Finance magazine awarded ČSOB as the **Best Bank of 2020** and the **Best Sub-Custodian** in Czech Republic. ČSOB was awarded by EMEA Finance magazine as the **Best bank in Czech Republic for 2019**.

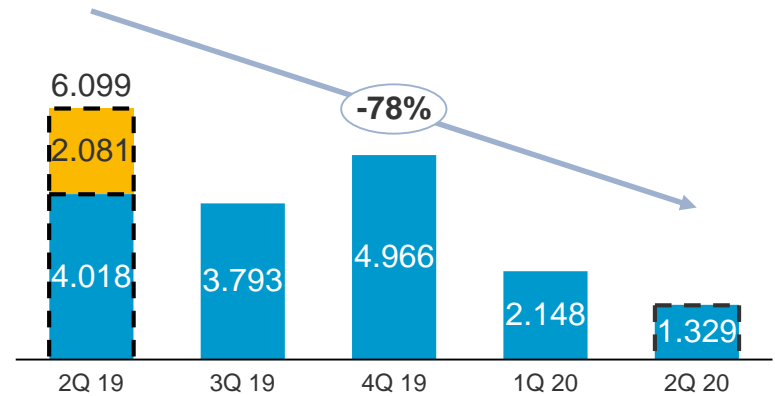
# Net profit decrease due to loan impairments and higher base in 2019.

## Net profit

CZK bn



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



1H/2Q 2020 **net profit** decreased to **CZK 3.5bn** (-68% Y/Y) and CZK 1.3bn (-78% Y/Y) respectively. The Y/Y decline is driven mainly by sharp increase in impairments and lower operating income, impacted by higher base in 1H 2019 due to one-off gains from revaluation of 55% share in CMSS and the sale of ČSOB Asset Management.

Adjusted for the impact of full consolidation of ČMSS and one off-gains in 2019, the 1H/2Q net profit would decrease -59% Y/Y and -68% Y/Y respectively.

**The return on equity (ROE)** reached **6.9%**, down from 23.7% 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)

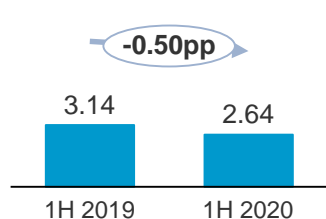
2Q 2019 one-off item: gain from revaluation of ČSOB's 55% share in ČMSS triggered by acquisition of remaining 45% share, in conformity with IFRS 3 (CZK +2.1bn)

2Q 2020 one-off item: modification loss (-0.1bn CZK)

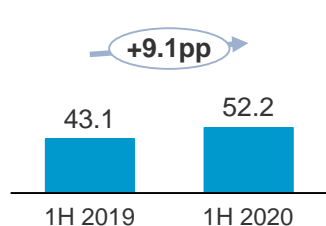
# Robust capital position and excellent liquidity ratios

## Profitability

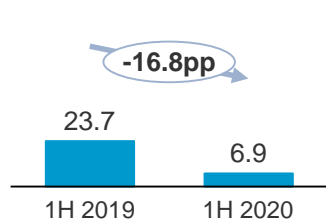
Net interest margin (%)



Cost / income ratio (%)

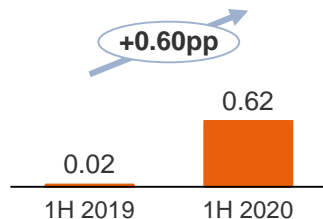


ROE (%)

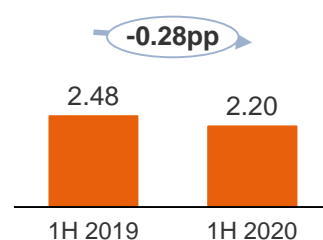


## Loan portfolio quality

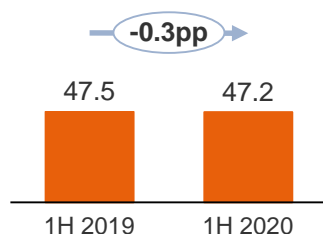
CCR, Ytd. annualized<sup>1</sup> (%)



NPL ratio<sup>2</sup> (%)

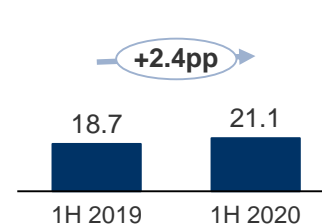


NPL coverage ratio<sup>2</sup> (%)

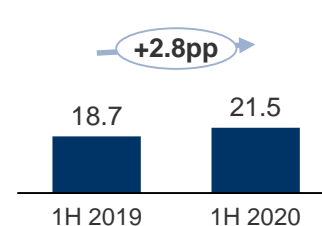


## Capital

Tier 1 (CET 1) ratio (%)

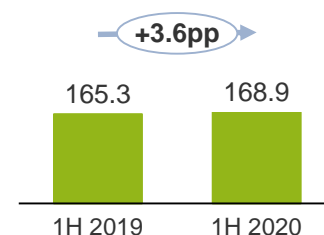


Total capital ratio (%)

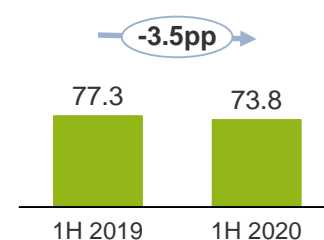


## Liquidity

Net stable funding ratio (%)



Loan to deposit ratio (%)



<sup>1</sup> Collective COVID-19 ECL excluded from annualization.

<sup>2</sup> Loan portfolio quality ratios as of 31.3.2019 were retrospectively recounted reflecting 100% consolidation of ČMSS.

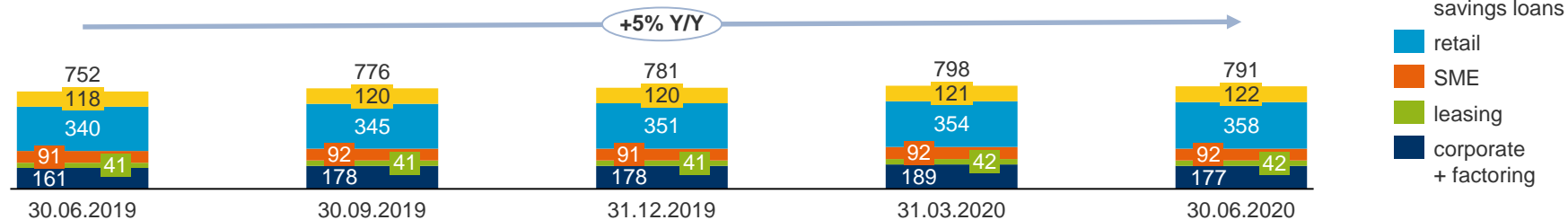


# Loans, deposits and assets under management

## Continued growth of loans, deposits and assets under management

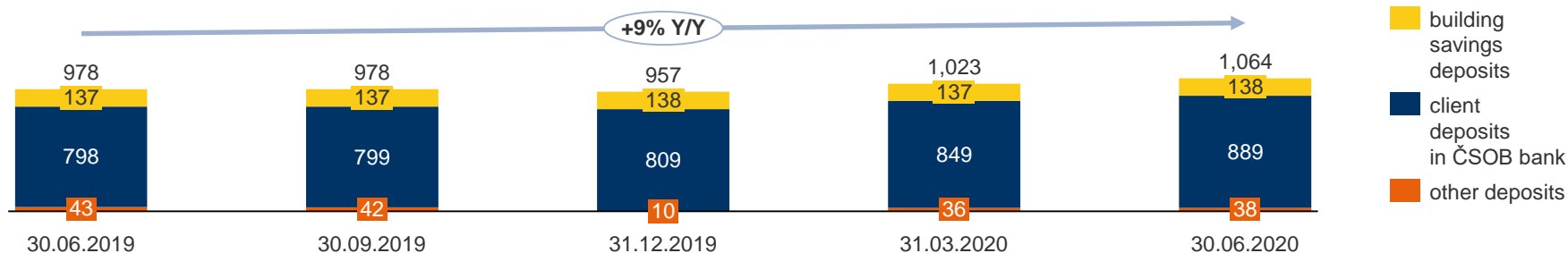
### Loan portfolio<sup>1</sup>

CZK bn



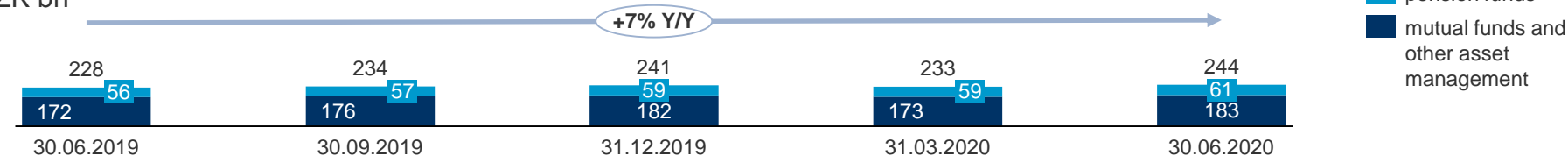
### Group deposits<sup>2</sup>

CZK bn



### Total assets under management

CZK bn

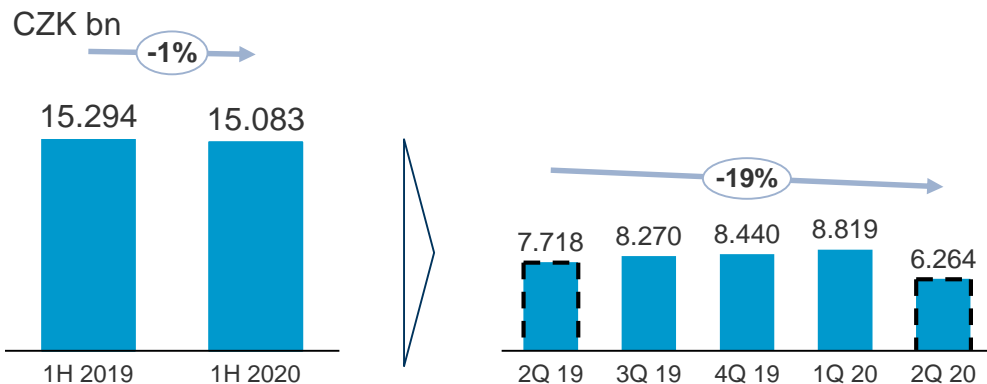


# ČSOB Group: Financial Overview

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## Decreasing net interest income and lower net interest margin

### Net interest income (NII)

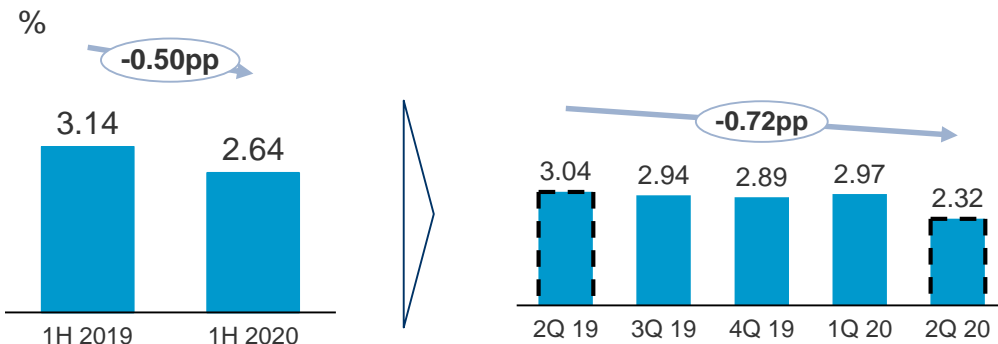


1H/2Q 2020 **net interest income** decreased **-1% Y/Y** and **-19% Y/Y** respectively as a result of:

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

Adjusted for the impact of full consolidation of ČMSS, NII would decrease **-7% Y/Y** in 1H and **-22% Y/Y** in 2Q.

### Net interest margin (NIM)\*



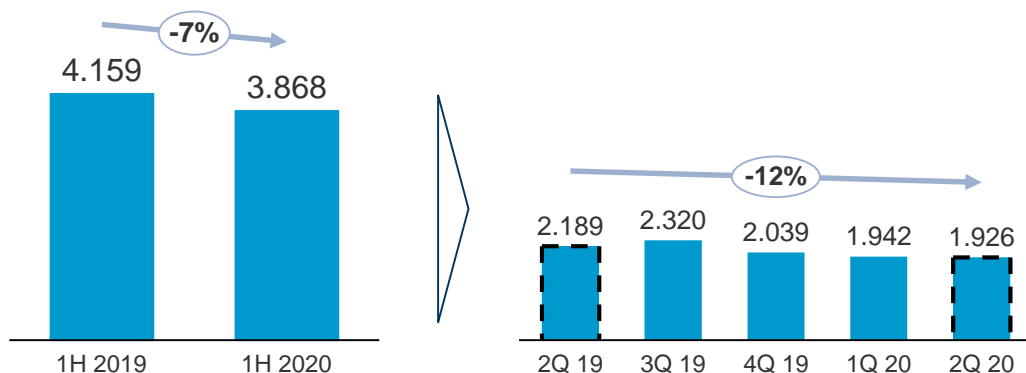
In 1H 2020, **net interest margin** reached **2.64%** (-0.50pp Y/Y) mainly due to the pressure on deposit margins.

	2017	2018	2019	1H 2020
Net interest margin (Ytd., %)*	2.90 (2.98)	3.07 n/a	3.02 n/a	2.64 n/a

# Net fee and commission income and Other Lower non-interest income

## Net fee and commission income (NFCI)

CZK bn

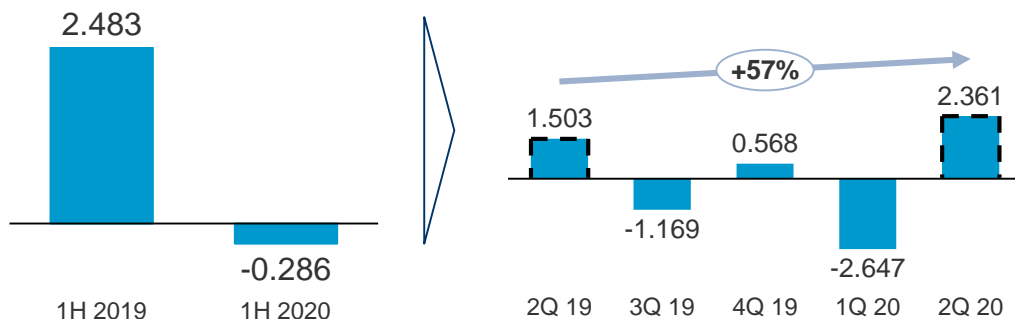


1H/2Q 2020 **net fee and commission income** decreased **-7% Y/Y** and **-12% Y/Y** respectively mainly as a result of lower fees on foreign payments due to SEPA regulation and lower fees from payment cards affected by the lockdown, partly offset by higher asset management fees.

Adjusted for the impact of ČMSS consolidation, NFCI would decrease **-9% Y/Y** in 1H and **-16% Y/Y** in 2Q.

## Other<sup>1</sup>

CZK bn



Y/Y decrease of item **“Other”** was influenced by following factors:

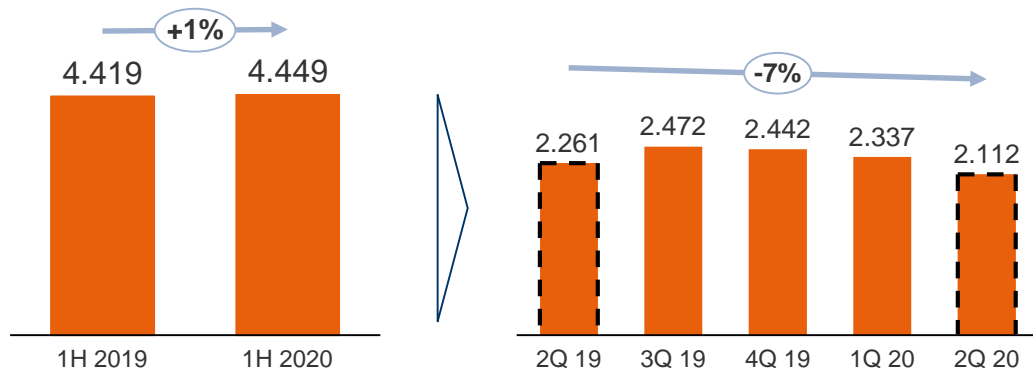
- (+) short-term operations at financial markets
- (+) sale of bonds
- (-) one-off gain from CMSS revaluation in 2Q 2019
- (-) one-off gain from sale of ČSOB AM in 1Q 2019,
- (-) one-off gain from historical legal case in 1Q 2019,
- (-) valuation adjustments.

# Staff and General administrative expenses

## Operating expenses under control

### Staff expenses

CZK bn

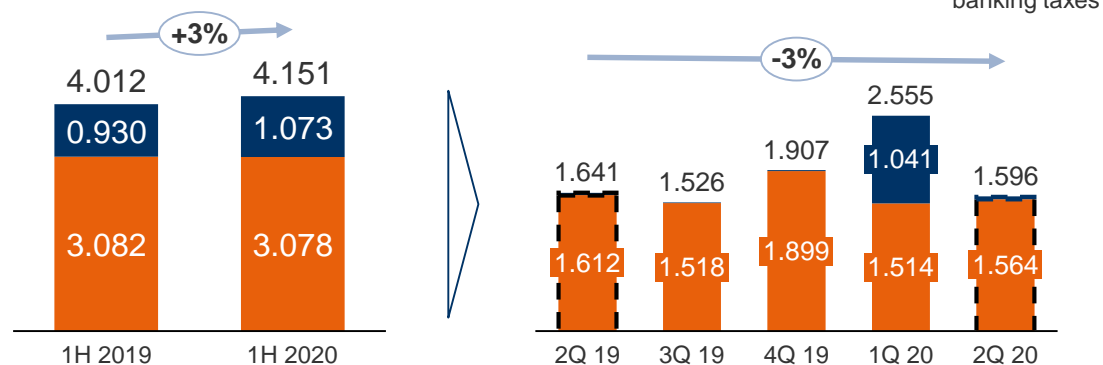


1H/2Q 2020 **staff expenses** increased **+1% Y/Y** and decreased **-7% Y/Y** respectively. Increased costs attributable to consolidation of ČMSS were mostly compensated by lower accruals for bonuses.

Adjusted for the impact of ČMSS consolidation, staff expenses would decrease **-4% Y/Y** in 1H and **-10% Y/Y** in 2Q.

### General administrative expenses (GAE)

CZK bn



In 1H 2020 **general administrative expenses** increased **+3% Y/Y** driven mainly by ČMSS consolidation and COVID-19 related costs, partly compensated by lower marketing and other costs.

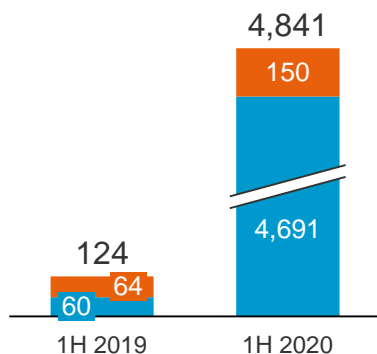
Adjusted for the impact of ČMSS consolidation and excluding banking taxes, GAE would decrease **-6% Y/Y** in 1H and **-14% Y/Y** in 2Q.

**Cost/income ratio** increased to **52.2%** (+9.1pp Y/Y) driven by lower operating income.

# Loan quality expected to be impacted by COVID-19

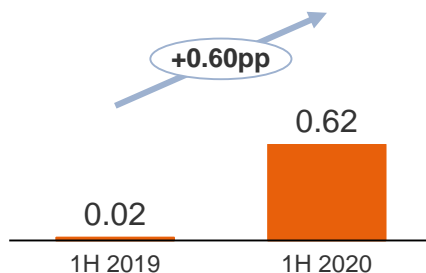
## Total impairments

CZK m



## CCR, Ytd. annualized<sup>1</sup>

%

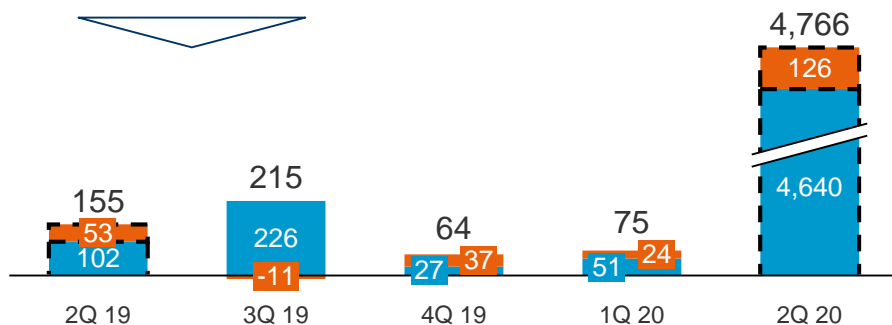


In 1H 2020, **loan loss provisions** increased to **CZK 4,691m** attributable to collective COVID-19 expected credit losses (of which CZK 3.8bn management overlay in accordance with IFRS 9 and CZK 0.5bn impairments captured by the ECL models through the updated macroeconomic variables) and higher impairments in corporate segment.

The full collective COVID-19 expected credit losses have already been booked in 1H 2020.

**Other impairments** increased Y/Y to **CZK 150m** impacted by modification loss related to deferred installments under loan moratorium.

**Credit cost ratio** for 1H 2020 reached **0.62%** (Ytd., annualized; +60 bps Y/Y) or **0.10%** without collective COVID-19 ECL (+8 bps Y/Y).



■ 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.

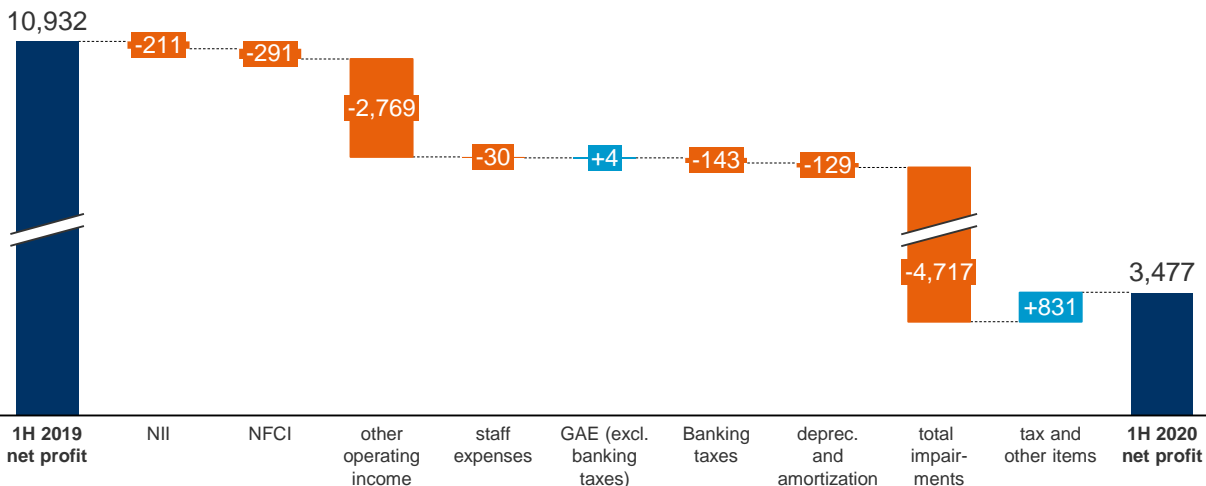
## Risk view on structure of the loan portfolio

	30.6.2020	
IFRS 9 distribution	Amount (CZK bn)	Share on total loans
Loan portfolio (incl. ČMSS)	791.2	100%
Stage 1 - performing	718.7	91%
Stage 2 - underperforming	54.7	7%
Stage 3 - non-performing loans	17.8	2%

# Wrap up of net profit drivers

## Net profit (Y/Y)

CZK m



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

On the **positive side**:

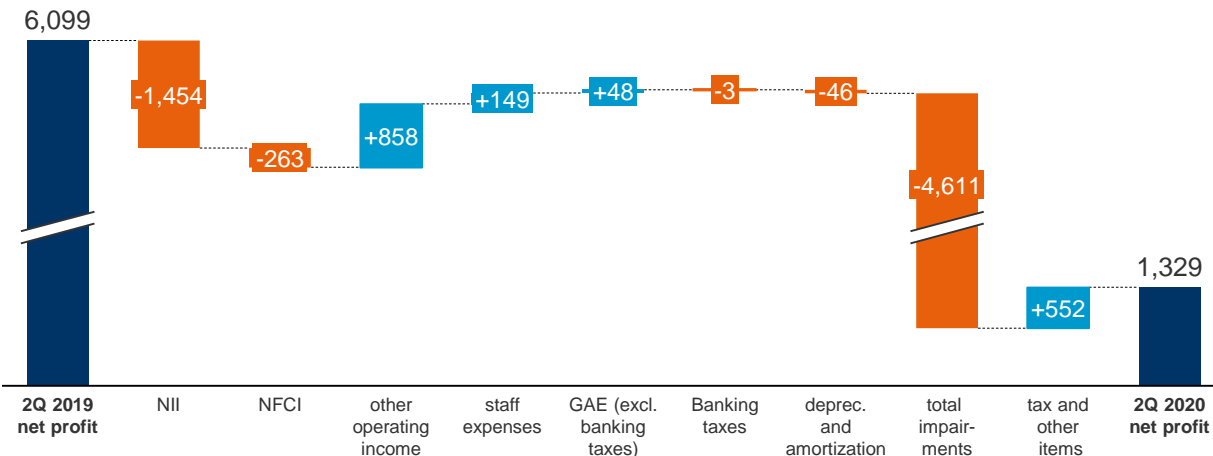
- lower GAE was influenced mainly by savings in marketing and other expenses, partly offset by CMSS consolidation and COVID related costs
- tax and other items

On the **negative side**:

- higher total impairments
- lower other operating income due to valuation adjustments and higher base in 1H 2019 due to one-off gain from revaluation of CMSS, sale of ČSOB AM and historical legal case
- lower NFCI mainly due to decreasing fees from foreign payments, partially offset by fees from asset management
- lower NII due to NII from deposits and other NII, partly offset by NII from Loans and consolidation of ČMSS
- higher banking taxes due to higher regulatory requirement
- higher staff expenses attributable mainly to consolidation of ČMSS

## Net profit (Y/Y)

CZK m



The main difference between 2Q 2020 and 2Q 2019 net profit was caused by the following drivers:

On the **positive side**:

- higher other operating income thanks to valuation adjustments and trading income, partly offset by higher base in 2Q 2019 due to one-off gain from revaluation of CMSS
- lower GAE was influenced mainly by savings in marketing and other expenses, partly offset by CMSS consolidation and COVID related costs
- Lower staff expenses despite negative impact of CMSS consolidation

On the **negative side**:

- higher total impairments
- lower NII driven by other NII and NII from deposits, partly offset by NII from loans
- lower NFCI driven by lower fees from foreign payments, network FX income, loans and other fees

# Capital

## Solid capital position

Consolidated, CZK m	30.6.2019	31.12.2019	30.6.2020
<b>Total regulatory capital</b>	<b>71,105</b>	<b>75,117</b>	<b>89,738</b>
- (Common Equity) Tier 1 Capital	71,105	75,117	87,835
- Tier 2 Capital	0	0	1,903
<b>Total RWA</b>	<b>379,230</b>	<b>391,461</b>	<b>416,772</b>
- Credit risk	312,378	321,481	347,000
- Market risk	3,636	633	425
- Operational risk	63,216	69,347	69,347
<b>(Common Equity) Tier 1 ratio</b>	<b>18.7%</b>	<b>19.2%</b>	<b>21.1%</b>
<b>Total capital ratio</b>	<b>18.7%</b>	<b>19.2%</b>	<b>21.5%</b>

The Y/Y increase of Total regulatory capital due to inclusion of full 2019 profit (Common Equity Tier 1 capital) and due to increase in Tier 2 capital (inclusion of provision due to COVID).

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

*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>	26.7%	⬇
Building savings loans <sup>1</sup>	39.9%	⬇
Building savings deposits <sup>1</sup>	39.4%	⬇

2nd

<b>Total Deposits<sup>1</sup></b>	<b>20.7%</b>	➔
Mutual funds <sup>1</sup>	24.0%	⬆
Factoring <sup>2</sup>	21.1%	⬇
Leasing <sup>1</sup>	18.6%	⬆

3rd

Pension funds <sup>3</sup>	14.7%	⬆
SME/corporate loans <sup>1</sup>	14.6%	⬆
Consumer lending <sup>1,4,6</sup>	13.3%	⬆

4th

Insurance <sup>5</sup> - combined	8.3%	⬆
Non-life insurance <sup>5</sup>	8.5%	⬆
Life insurance <sup>5</sup>	7.9%	⬇

Arrows show Y/Y change. Market shares as of 30 June 2020, except for mutual funds, pension funds, leasing and factoring which are as of 31 March 2020.

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.

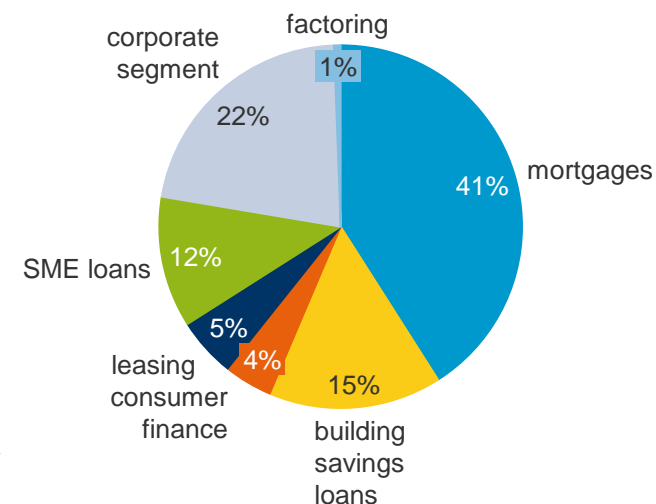
Sources and detailed definitions are provided in Appendix.

## Loan growth recorded in most segments

Gross outstanding volumes, CZK bn	30.6.2019	30.6.2020	Y/Y
<b>Loan portfolio</b>	<b>751.8</b>	<b>791.2</b>	<b>+5%</b>
<b>Retail Segment</b>			
Mortgages <sup>1</sup>	307.4	324.2	+5%
Consumer finance	32.7	34.1	+4%
Building savings loans <sup>2</sup>	118.1	122.0	+3%
<b>SME/Corporate Segment</b>			
Corporate loans <sup>3</sup>	154.9	172.2	+11%
SME loans	91.5	92.2	+1%
Leasing	41.2	41.8	+1%
Factoring	6.0	4.6	-23%
Other <sup>4</sup>	42.3	46.0	+9%
<b>Credit risk: loan portfolio</b>	<b>794.0</b>	<b>837.1</b>	<b>+5%</b>

30.6.2020

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.

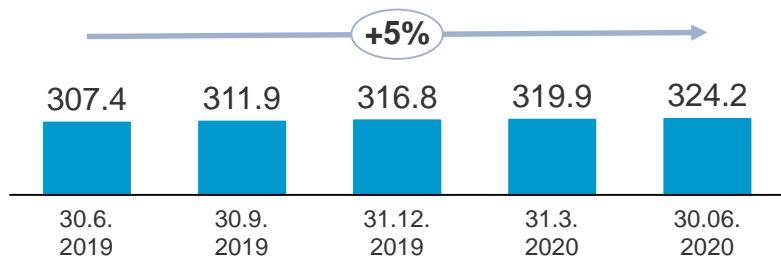
<sup>3</sup> Including credit-replacing bonds.

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

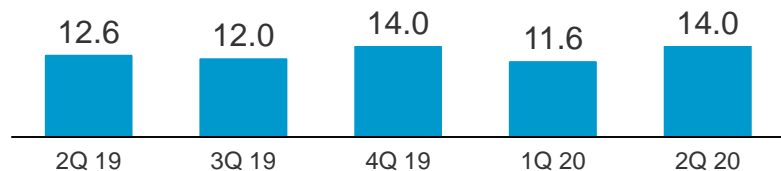
# Growth of mortgage as well as building savings loans volumes

## Mortgages

Outstanding, CZK bn



New sales\*, CZK bn

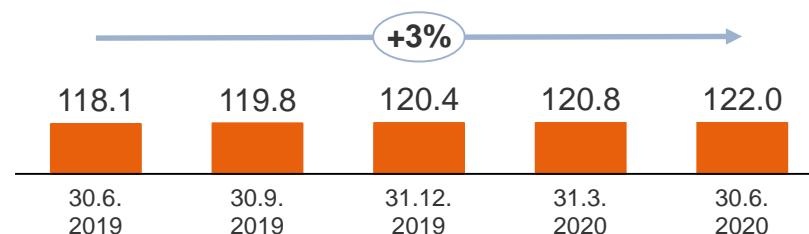


The **outstanding volume of mortgages** increased **+5% Y/Y** as the mortgage market remained resilient in the 1H of 2020 despite the outbreak of COVID-19 crisis.

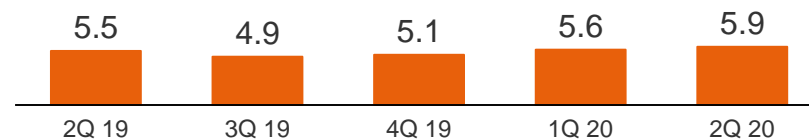
In 2Q 2020, ČSOB provided nearly **5 thousand new mortgages** (-5% Y/Y) in the total amount of **CZK 14.0bn** (+12% Y/Y). The market slightly decreased -4% Y/Y in the number and increased +18% Y/Y in the total amount of new mortgages.

## Building savings loans

Outstanding (ČMSS 100%), CZK bn



New sales (ČMSS 100%)\*, CZK bn



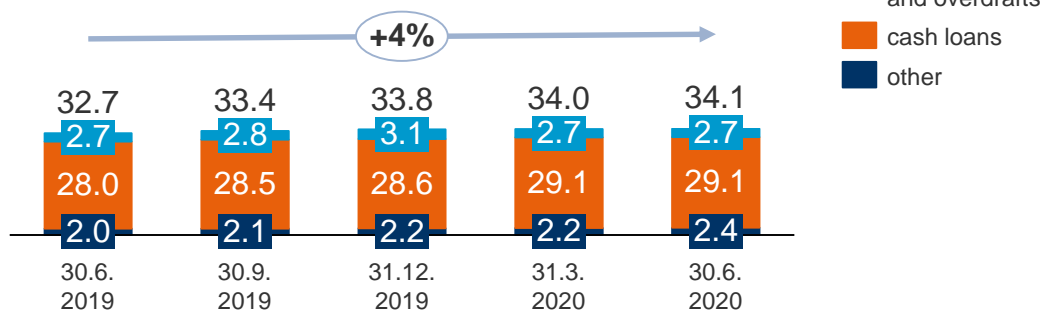
The outstanding **building savings loan portfolio** increased **+3% Y/Y**, while the market increased **+6% Y/Y**.

In 2Q 2020, **new sales** increased **+7% Y/Y**. The increase was influenced by the continuing growth of property prices and construction work prices.

# Consumer finance, SME loans, Leasing

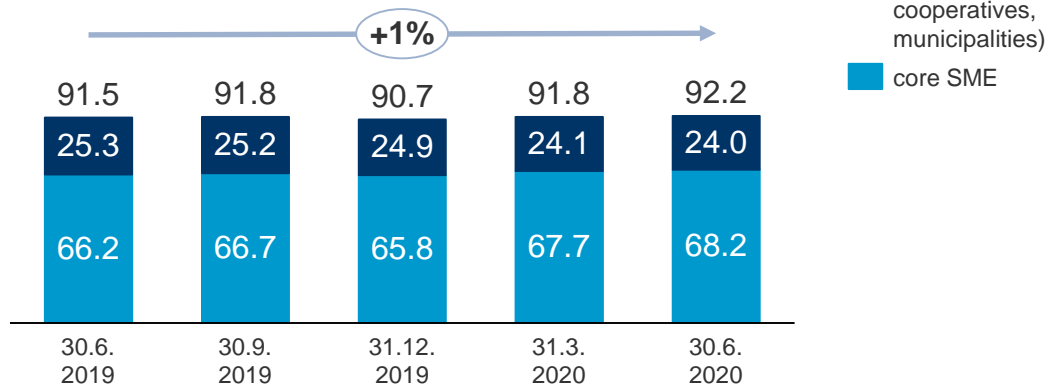
## Growth in consumer finance, core SME and leasing

### Consumer finance, outstanding, CZK bn



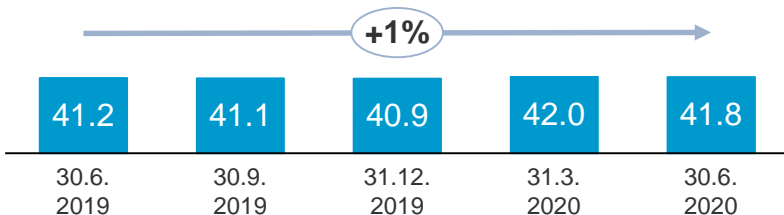
**Consumer finance** grew **+4% Y/Y** driven by cash loans (+4% Y/Y) thanks to improved attractiveness of ČSOB's product offer supported by online initiated loans, which are gradually increasing.

### SME loans, outstanding, CZK bn



**SME loans** increased **+1% Y/Y** driven by expansion in core SME lending (micro, small and mid-sized companies, +3% Y/Y).

### Leasing, outstanding\*, CZK bn



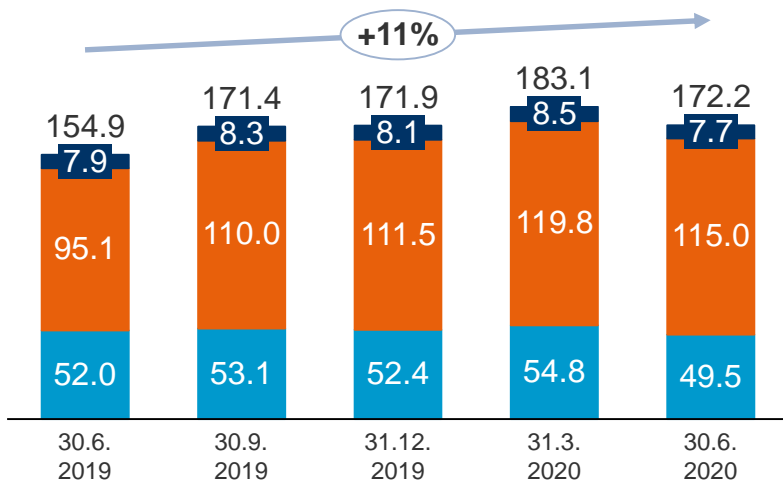
Outstanding volumes in **ČSOB Leasing** increased **+1% Y/Y** attributable to revaluation of FX loans.

# Increase of outstanding volumes of corporate loans

## Corporate loans

Outstanding, CZK bn

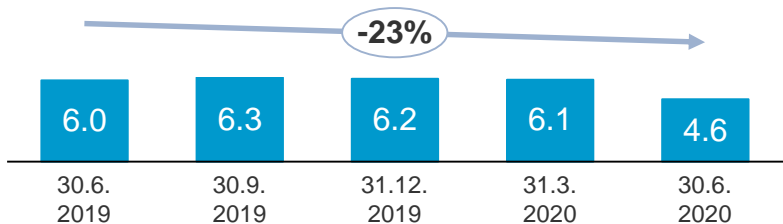
- credit-replacing bonds
- specialized finance
- plain vanilla financing



Outstanding volumes of **corporate loans** increased **+11% Y/Y** due to new drawing in sectors of real estate, oil, gas & other fuels, and authorities.

## Factoring

Outstanding, CZK bn

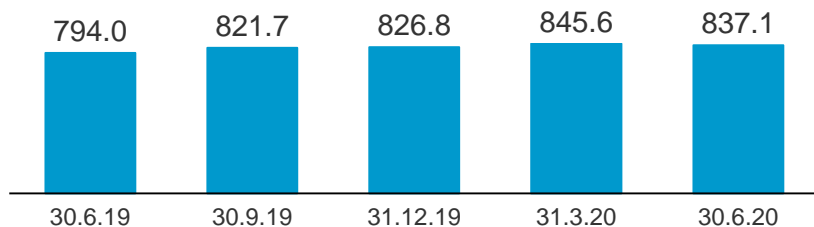


**Factoring** outstanding volumes decreased **-23% Y/Y** due to COVID-19 impact on drawing of credit limits.

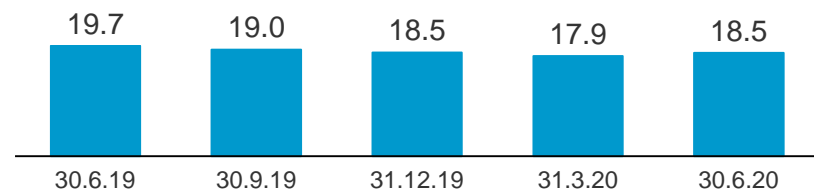
# Credit risk

## Increasing credit costs

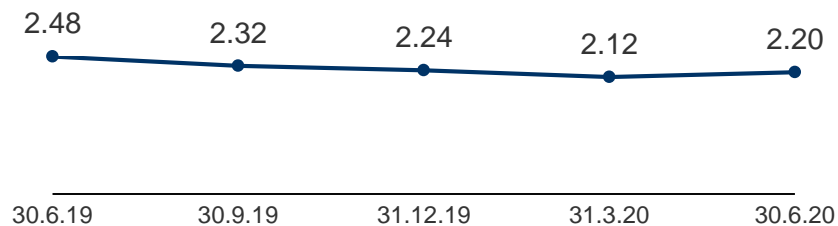
### Credit risk: loan portfolio (CZK bn)



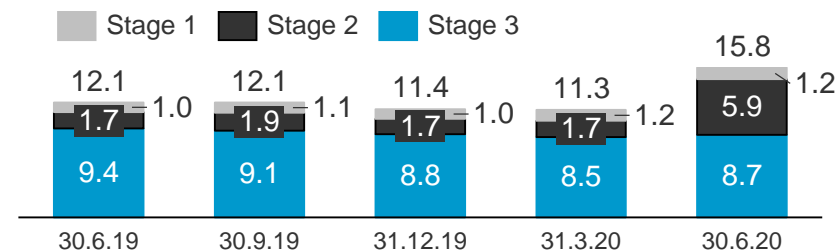
### Non-performing loans (CZK bn)



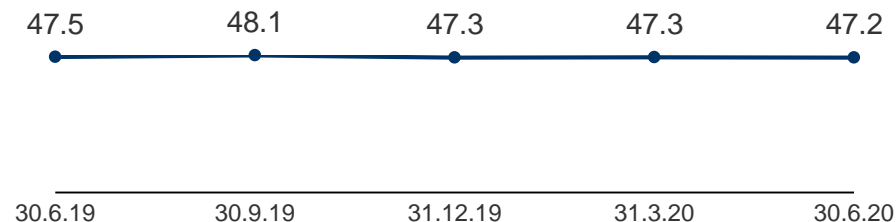
### NPL ratio (%)



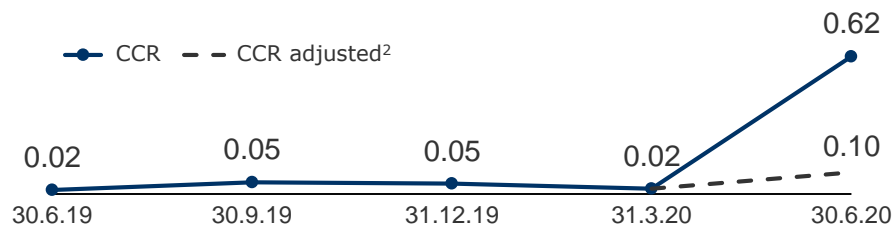
### Allowances for loans and leases <sup>1</sup> (CZK bn)



### NPL coverage ratio (%)



### Credit cost ratio (% , Ytd. annualized)



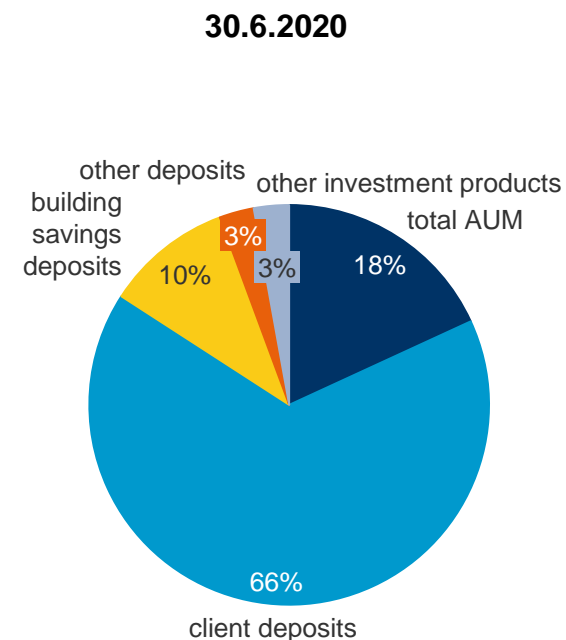
<sup>1</sup> Significant increase in Stage 2 in 2Q 2020 attributable to management overlay.

<sup>2</sup> CCR adjusted: without collective COVID-19 ECL.

# Group deposits and Total assets under management

## Growth of deposits and assets under management

Outstanding volumes, CZK bn	30.6.2019	30.6.2020	Y/Y
<b>Group deposits</b>	<b>978.4</b>	<b>1,064.2</b>	<b>+9%</b>
Client deposits	797.8	888.8	+11%
<i>Current accounts</i>	556.2	627.9	+13%
<i>Savings deposits</i>	201.5	233.7	+16%
<i>Term deposits</i>	40.1	27.3	-32%
Other deposits <sup>1</sup>	43.4	37.6	-13%
Building savings deposits	136.9	137.7	+0%
<b>Total AUM</b>	<b>228.2</b>	<b>244.3</b>	<b>+7%</b>
Pension funds <sup>2</sup>	56.2	61.2	+9%
Mutual funds and other AM <sup>3</sup>	172.1	183.0	+6%
<b>Other investment products<sup>4</sup></b>	<b>41.0</b>	<b>38.3</b>	<b>-7%</b>



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

<sup>2</sup> Liabilities to pension fund policy holders.

<sup>3</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>4</sup> Including bonds, investment certificates and mortgage covered bonds. See definition in appendix.

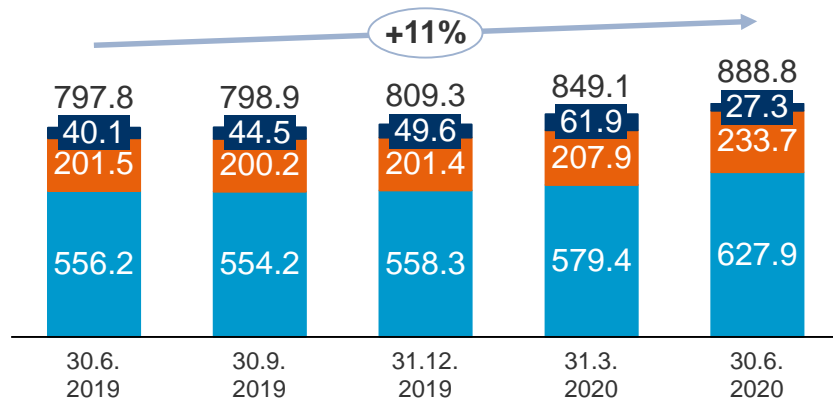
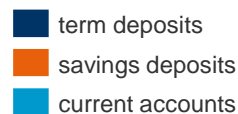


# Client deposits, Building savings deposits and Pension funds

## Strong growth of client deposits and pension funds

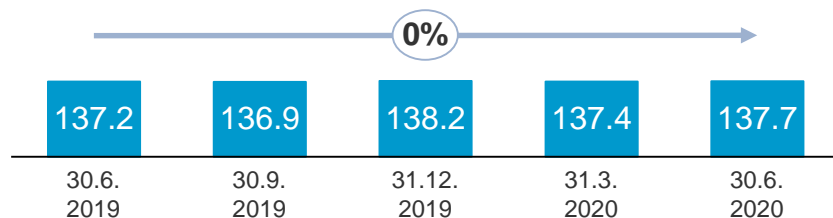
### Client deposits (CZK bn)

ČSOB (bank)



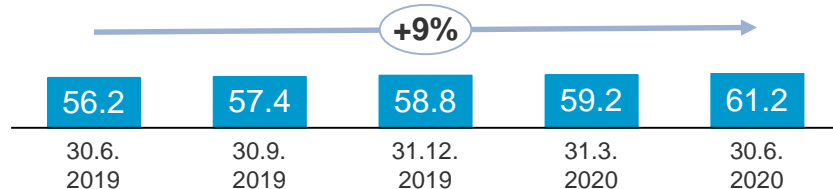
**Client deposits** increased **+11% Y/Y** driven by the growth of **current accounts** (+13% Y/Y) and **savings deposits** (+16% Y/Y) while **term deposits** decreased.

### Building savings deposits (CZK bn)



**Building savings deposits** remained stable.

### Pension funds (CZK bn)



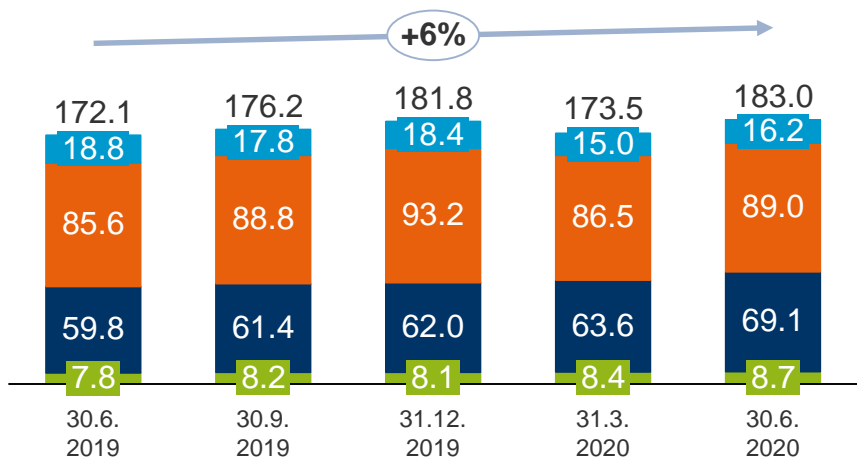
The volume of savings in **pension funds** increased **+9% Y/Y** driven mainly by higher average pension savings per client.

# Mutual funds increased +6% Y/Y driven by new sales

## Mutual funds and other AM

Outstanding volumes, CZK bn

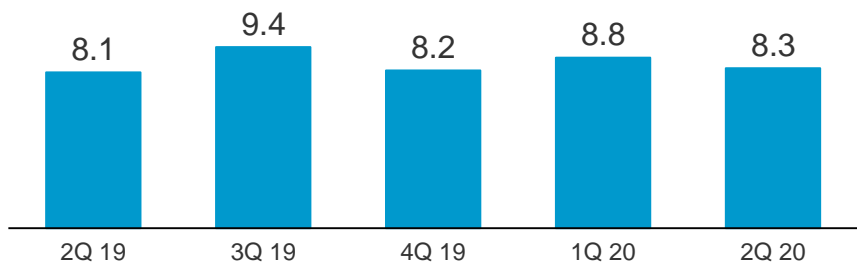
- AUM in structured/capital protected mutual funds
- AUM in other mutual funds
- other asset management
- AUM of Slovak local funds managed in Czech Rep.



**Mutual funds and other AM** increased **+6% Y/Y** to **CZK 183.0bn** due to increase in both the mutual funds and other AM driven by the higher new sales. Increase Q/Q was driven by the positive performance effect.

## Mutual funds

New sales (gross), CZK bn



**2Q 2020 new sales of mutual funds** increased **+3% Y/Y** mainly due to good sales of equity funds and mixed funds.

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

	30.6.2019	31.3.2020	30.6.2020
<b>Clients of ČSOB's group (mil.)</b>	<b>4.249</b>	<b>4.239</b>	<b>4.238</b>
<b>Clients of Ušetřeno.cz and Top-Pojištění.cz (ths.; YtD.)<sup>1</sup></b>	<b>97</b>	<b>47</b>	<b>70</b>
<b>ČSOB branches (bank only)</b>	<b>228</b>	<b>225</b>	<b>221</b>
ČSOB Retail/SME branches incl. dual branded (ČSOB + PSB)	206	203	199
ČSOB Private Banking branches	11	11	11
ČSOB Corporate branches	11	11	11
<b>ČSOB Pojišťovna branches</b>	<b>97</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>290</b>	<b>268</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	213	229	230
<b>Czech Post franchise outlets</b>	<b>ca. 600</b>	<b>ca. 600</b>	<b>ca. 600</b>
<b>ATMs<sup>2</sup></b>	<b>1,067</b>	<b>1,069</b>	<b>1,070</b>
- of which contactless	454	517	538

The **number of clients** decreased -10ths Y/Y, but the **number of active clients increased +52ths Y/Y**.

At the end of June 2020, clients could use **1,070 ATMs** (+3 Y/Y), of which 538 were contactless (+84 Y/Y), 251 enabled cash deposits (+25 Y/Y) and **1,013** 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 221 (-7 Y/Y) by the end of June.

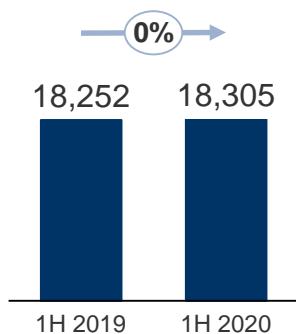
Extended portfolio of bank-insurance services at Czech Post is provided at **230 specialized banking counters** (+17 Y/Y).

Note:

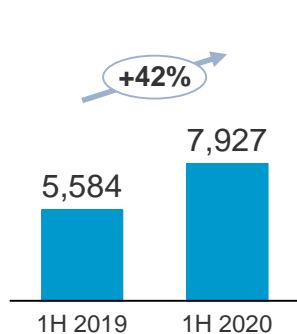
The multi-channel distribution platform of the ČSOB group includes also a wide **agent network** of over 5,000 agents, incl. ČMSS tied agents, intermediaries and individual brokers for Hypoteční banka, ČSOB Leasing's dealers and ČSOB Pojišťovna's tied agents, multi-agents and individual brokers.

# Number of mobile banking active users and transactions rapidly increasing

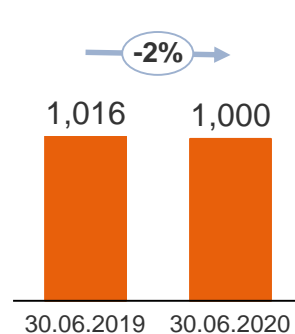
Internet banking transactions\* (ths)



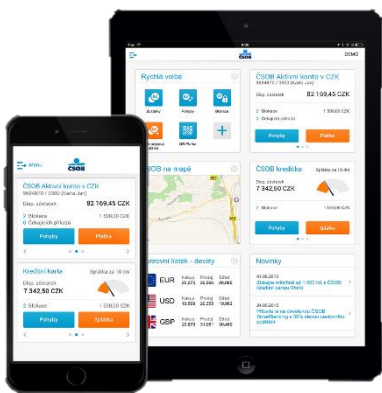
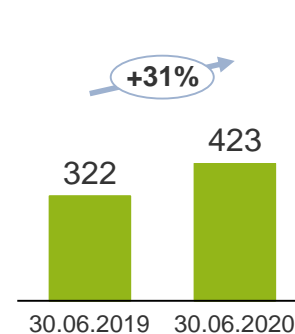
Mobile banking transactions\* (ths)



Internet banking active users\*\* (ths)



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



As of 30 June 2020, the number of **mobile banking** active users increased +31% Y/Y, the number of **internet banking** active users decreased -2% Y/Y.

In 2H 2020, number of transactions entered via **mobile banking** increased +42% Y/Y and number of transactions via **internet banking** remained stable.

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

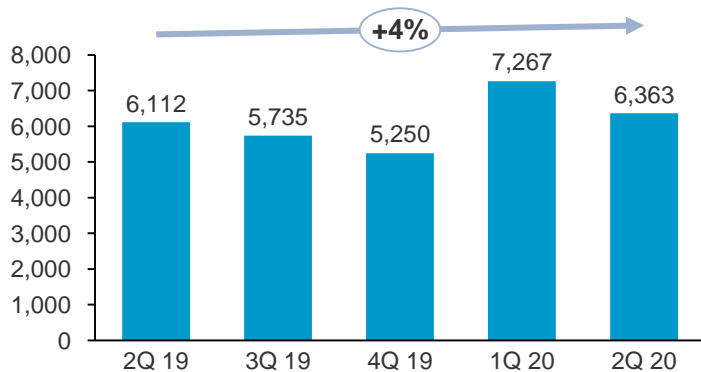
\*\* Internet banking active users are clients who at least once during the last 3 months used internet banking.

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

# Online initiated sales are increasing, sales of travel insurance impacted by COVID-19

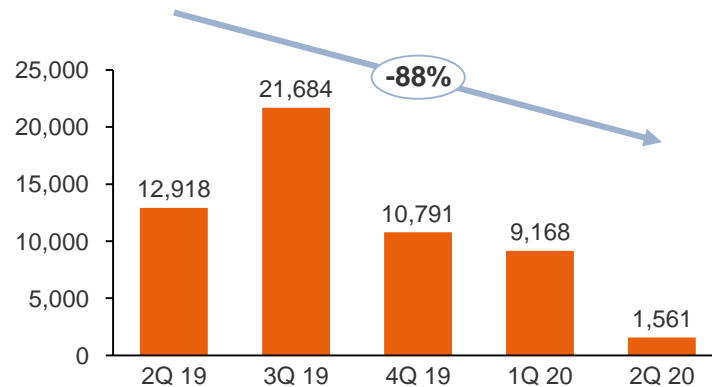
## Consumer finance

(pcs)

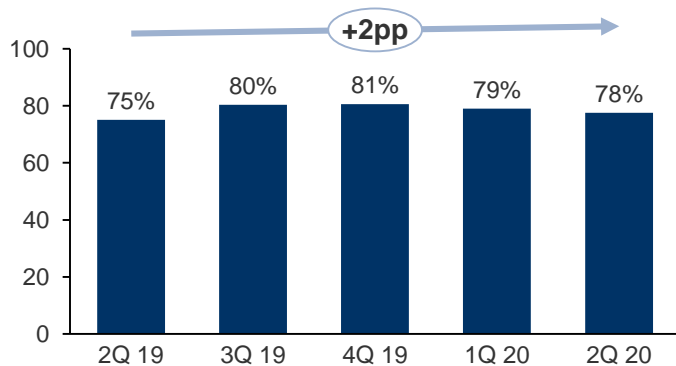


## Travel insurance

(pcs)



## Share of digitally-signed documents at the branches



In 2Q 2020 more than 6 thousand **consumer loans** were initiated online, up +4% Y/Y. Online sales of **travel insurance** decreased by -88% 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 78% in 2Q 2020, up +2pp Y/Y.

## ČSOB awarded as the Best Bank in the Czech Republic by Euromoney and Global Finance

### Euromoney: Best Bank

The magazine **Euromoney** awarded ČSOB as **the Best Bank** in the Czech Republic for 2020. ČSOB received this award for the 11th time.

### Global Finance: Best Bank & Best Sub-Custodian

The US-based magazine **Global Finance** awarded ČSOB as **the Best Bank** of 2020 in the Czech Republic and also **the Best Sub-Custodian** of 2020 in Czech Republic.

### EMEA Finance: Best Bank

ČSOB was awarded by **EMEA Finance** magazine as **the Best Bank** in Czech Republic for 2019.

### Zlatá koruna award

In the 18th Zlatá koruna award, ČSOB ranked 2<sup>nd</sup> in the **Payment cards** category with the product **Premium Karta**, Patria Finance 2<sup>nd</sup> in **the Trading securities** category with the product **WebTrader**, and ČSOB Leasing 3<sup>rd</sup> in **the Leasing** category with the product **Autopůjčka**.

### Offices of the Year: Financial institutions

ČSOB's **new headquarter building "SHQ"** won first place in the fourth year of the **Office of the Year competition** in the Financial Institutions category. It has also obtained an internationally recognized **certificate LEED Platinum** in the field of design and construction of environmentally friendly and sustainable buildings

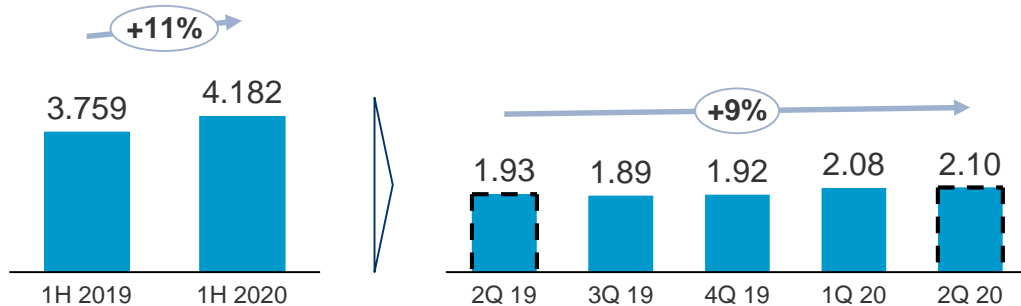
# ČSOB Pojišťovna: Key figures

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

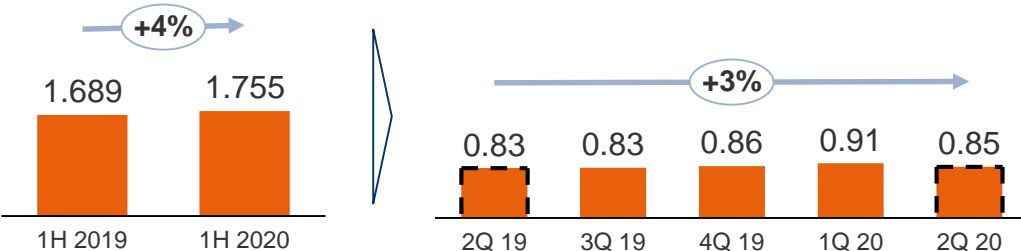
## Non-life insurance - gross written premium (GWP)

CZK bn



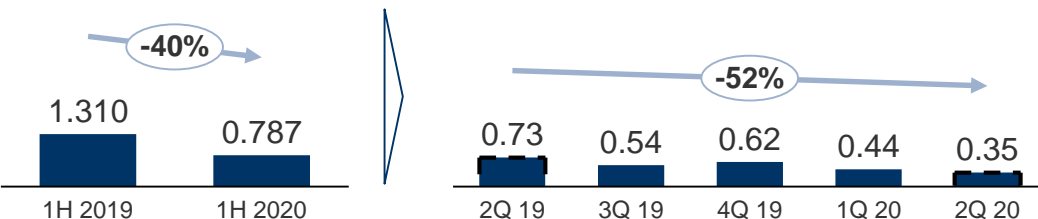
## Life insurance – regular paid gross written premium

CZK bn



## Life insurance - single paid gross written premium

CZK bn



Market shares	1H 2020	Market position
Non-life insurance	↑ 8.5%	4th
Life insurance	➡ 7.9%	4th

Arrows show Y/Y change.

### Non-life insurance

1H/2Q 2020 non-life gross written premium increased **+11% Y/Y** and **+9% Y/Y** respectively thanks to growth in all product lines, mainly in Industrial Risk, House & Household and Motor insurance, while the market increased **+5% Y/Y**.

### Life insurance

1H/2Q 2020 **regular paid** gross written premium increased **+4% Y/Y** and **3% Y/Y** respectively as a result of portfolio stabilization and better profile in lapses of the life contracts, while the market increased **3% Y/Y**.

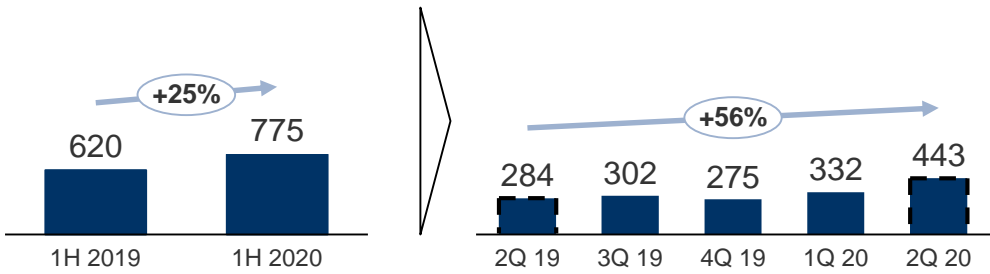
1H 2020 **single paid** gross written premium decreased by **-40% Y/Y** due to lower amount of tranches Y/Y. The market decreased **-16% Y/Y**.



# Net profit improved thanks to GWP growth and lower claims

## Net profit

CZK m



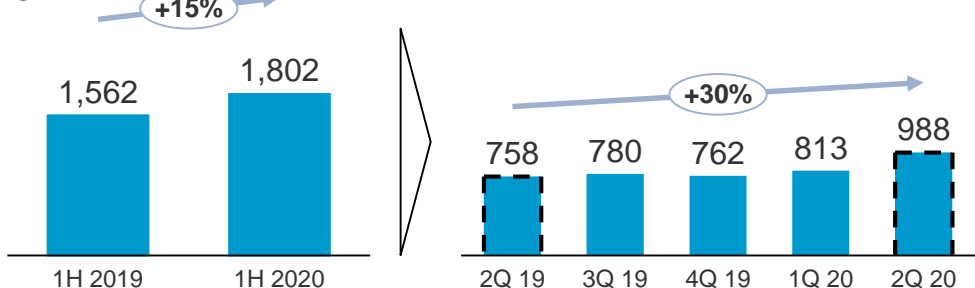
1H/2Q 2020 **net profit** increased to **CZK 775m** (+25% Y/Y) and **CZK 443m** (+56% Y/Y) respectively, thanks to continuous GWP growth, lower claims, strict cost control and life profit contribution.

1H/2Q 2020 **operating income** increased to **CZK 1,802m** (+15% Y/Y) and **CZK 988m** (+30% Y/Y) respectively, influenced by the following drivers:

- life: growth in regular paid GWP and stable profit contribution in Y/Y comparison.
- non-life: favorable GWP Y/Y growth, profitability influenced by COVID-19 impacts as less claims in Motor, House & Household and others were reported.

## Operating income

CZK m

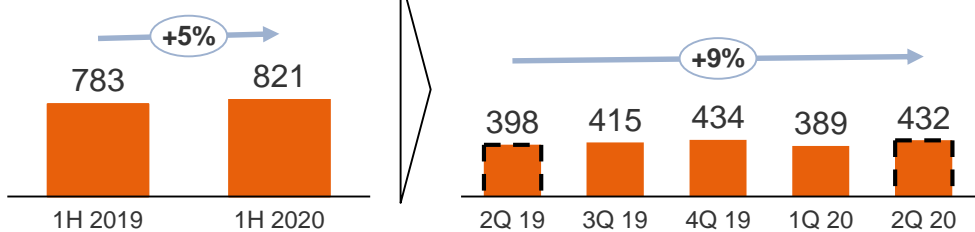


1H 2020 **operating expenses** increased +5% Y/Y to CZK 821m and in 2Q +9% to CZK 432m, driven by higher FTEs to support the growth, and higher depreciation.

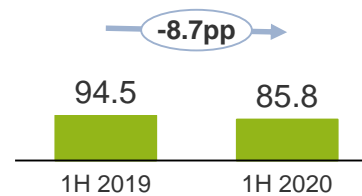
**Non-life combined ratio** reached 85.8%, decreased Y/Y thanks to improvement in loss ratio and cost ratio and low number of claims.

## 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



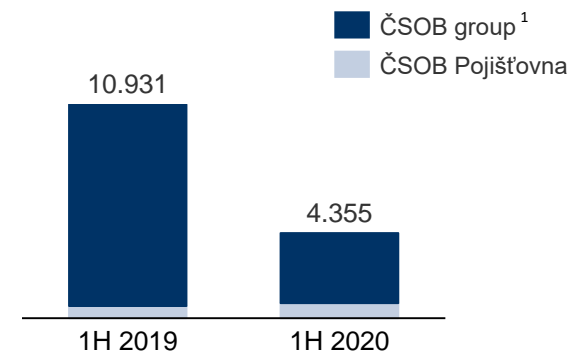
Effective as of 1 January 2013, KBC has organized its core markets activities into three business units. As a result, KBC's business in the Czech Republic have been included into Business Unit Czech Republic.

The 1H/2Q 2020 net profit of the Business Unit Czech Republic reached **CZK 4.4bn** (-60% Y/Y) and **CZK 2.1bn** (-68% Y/Y) respectively. 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)	2Q 2019	3Q 2019	4Q 2019	1Q 2020	2Q 2020	2Q/2Q	1H 2019	1H 2020	1H/1H
BU Czech Republic	6.383	4.094	5.240	2.260	2.095	-68%	10.931	4.355	-60%
o/w ČSOB Pojišťovna	0.284	0.302	0.275	0.332	0.443	+56%	0.620	0.775	+25%

<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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### For Education

We launched a campaign that warns parents of **risk to children from online predators**. The campaign included 10 internet safety tips for parents and the accompanying **viral videos reached over 1 million unique viewers**.

Our Instagram **financial and digital literacy competition** reached 1,500 interactions per day and taught children and young people how to for example create a strong password or how to protect sensitive personal information.

### For Longevity

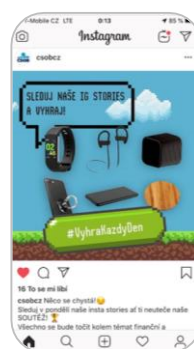
#### Extraordinary donations:

- Donations for hospitals U Apolináře and FN Královské Vinohrady;
- 504 laptops and tablets to children from socially disadvantaged families to enable them online education;
- CZK 500ths to the Seniors Support Fund, which is managed by our long-term non-profit partner, the Committee of Good Will - Olga Havel Foundation.

### For Business

Together with social enterprises, we ensured the production of almost **3,000 pieces of face masks** for the needs of our colleagues and also some of our NGOs partners in order to help them to maintain their own activities.

In addition, with our orders, we have **secured work** worth approximately CZK ~175ths for **handicapped employees of several sheltered workshops**.



## Ratios and other indicators

Ratio / Indicator	31.12.2017	31.12.2018	31.12.2019	30.6.2019	30.6.2020
<b>Net interest margin</b> (Ytd., annualized, %) <sup>1</sup>	2.90 (2.98)	3.07 n/a	3.02 n/a	3.14 n/a	2.64 n/a
<b>Cost / income ratio</b> (%)	43.7	47.9	44.9	43.1	52.2
<b>RoE</b> (Ytd., %)	19.3	17.5	20.7	23.7	6.9
<b>RoA</b> (Ytd., %)	1.26	1.07	1.20	1.42	0.4
<b>RoAC, BU Czech Republic</b> (Ytd., %) <sup>2</sup>	43.0	39.1	46.7	51.0	19.0
<b>Credit cost ratio</b> (Ytd., annualized, %) <sup>3,5</sup>	0.02	0.03	0.04	0.02	0.62
<b>NPL ratio</b> (%) <sup>3</sup>	n/a (2.33)	2.73 (2.43)	2.24 n/a	2.48 n/a	2.20 n/a
<b>NPL coverage ratio</b> (%) <sup>3</sup>	n/a (58.5)	45.7 (46.9)	47.3 n/a	47.5 n/a	47.2 n/a
<b>(Common Equity) Tier 1 ratio</b> (%)	17.2	18.0	19.2	18.7	21.1
<b>Total capital ratio</b> (%)	17.2	18.0	19.2	18.7	21.5
<b>Leverage ratio</b> (Basel III, %)	4.48	4.26	4.04	3.88	4.61
<b>Net stable funding ratio</b> <sup>4</sup> (Basel III, %)	146.0	161.4	161.5	165.3	168.9
<b>Liquidity coverage ratio</b> (Basel III, %)	146.4	136.5	130.9	127.4	136.0
<b>Loan to deposit ratio</b> (%)	77.7	76.3	79.4	77.3	73.8

<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.

<sup>5</sup> Collective COVID-19 ECL excluded from annualization.

# Profit and loss statement

(CZK m)	2Q 2019	1Q 2020	2Q 2020	Y/Y	Q/Q	1H 2019	1H 2020	Y/Y
Net interest income	7,718	8,819	6,264	-19%	-29%	15,294	15,083	-1%
<i>Interest income</i>	11,296	12,737	8,316	-26%	-35%	21,794	21,053	-3%
<i>Interest expense</i>	-3,578	-3,918	-2,052	-43%	-48%	-6,500	-5,970	-8%
Net fee and commission income	2,189	1,942	1,926	-12%	-1%	4,159	3,868	-7%
Net gains from financial instruments at FVPL <sup>1</sup>	-882	-3,051	2,003	-/+	-/+	-971	-1,048	+8%
Other operating income <sup>2</sup>	2,385	404	358	-85%	-11%	3,454	762	-78%
<b>Operating income</b>	<b>11,410</b>	<b>8,114</b>	<b>10,551</b>	<b>-8%</b>	<b>+30%</b>	<b>21,936</b>	<b>18,665</b>	<b>-15%</b>
Staff expenses	-2,261	-2,337	-2,112	-7%	-10%	-4,419	-4,449	+1%
General administrative expenses	-1,641	-2,555	-1,596	-3%	-38%	-4,012	-4,151	+3%
<i>General administrative expenses (excl. banking taxes)</i>	-1,612	-1,514	-1,564	-3%	+3%	-3,082	-3,078	+0%
<i>Banking taxes</i>	-29	-1,041	-32	+10%	-97%	-930	-1,073	+15%
Depreciation and amortisation	-523	-573	-569	+9%	-1%	-1,013	-1,142	+13%
<b>Operating expenses</b>	<b>-4,425</b>	<b>-5,465</b>	<b>-4,277</b>	<b>-3%</b>	<b>-22%</b>	<b>-9,444</b>	<b>-9,742</b>	<b>+3%</b>
Impairment losses	-155	-75	-4,766	>+100%	>+100%	-124	-4,841	>+100%
<i>Impairment on financial assets at amortised cost</i>	-102	-51	-4,640	>+100%	>+100%	-60	-4,691	>+100%
<i>Impairment on financial assets at fair value through OCI</i>	0	0	-1	n/a	n/a	0	-1	n/a
<i>Impairment on other assets</i>	-53	-24	-125	>+100%	>+100%	-64	-149	>+100%
Share of profit of associates	113	-8	-9	+/-	+13%	220	-17	+/-
<b>Profit before tax</b>	<b>6,943</b>	<b>2,566</b>	<b>1,499</b>	<b>-78%</b>	<b>-42%</b>	<b>12,588</b>	<b>4,065</b>	<b>-68%</b>
Income tax expense	-844	-418	-170	-80%	-59%	-1,656	-588	-64%
<b>Profit for the period</b>	<b>6,099</b>	<b>2,148</b>	<b>1,329</b>	<b>-78%</b>	<b>-38%</b>	<b>10,932</b>	<b>3,477</b>	<b>-68%</b>
Attributable to:		0	0%					
<b>Owners of the parent</b>	<b>6,099</b>	<b>2,148</b>	<b>1,329</b>	<b>-78%</b>	<b>-38%</b>	<b>10,932</b>	<b>3,477</b>	<b>-68%</b>
Non-controlling interests	0	0	0	n/a	n/a	0	0	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

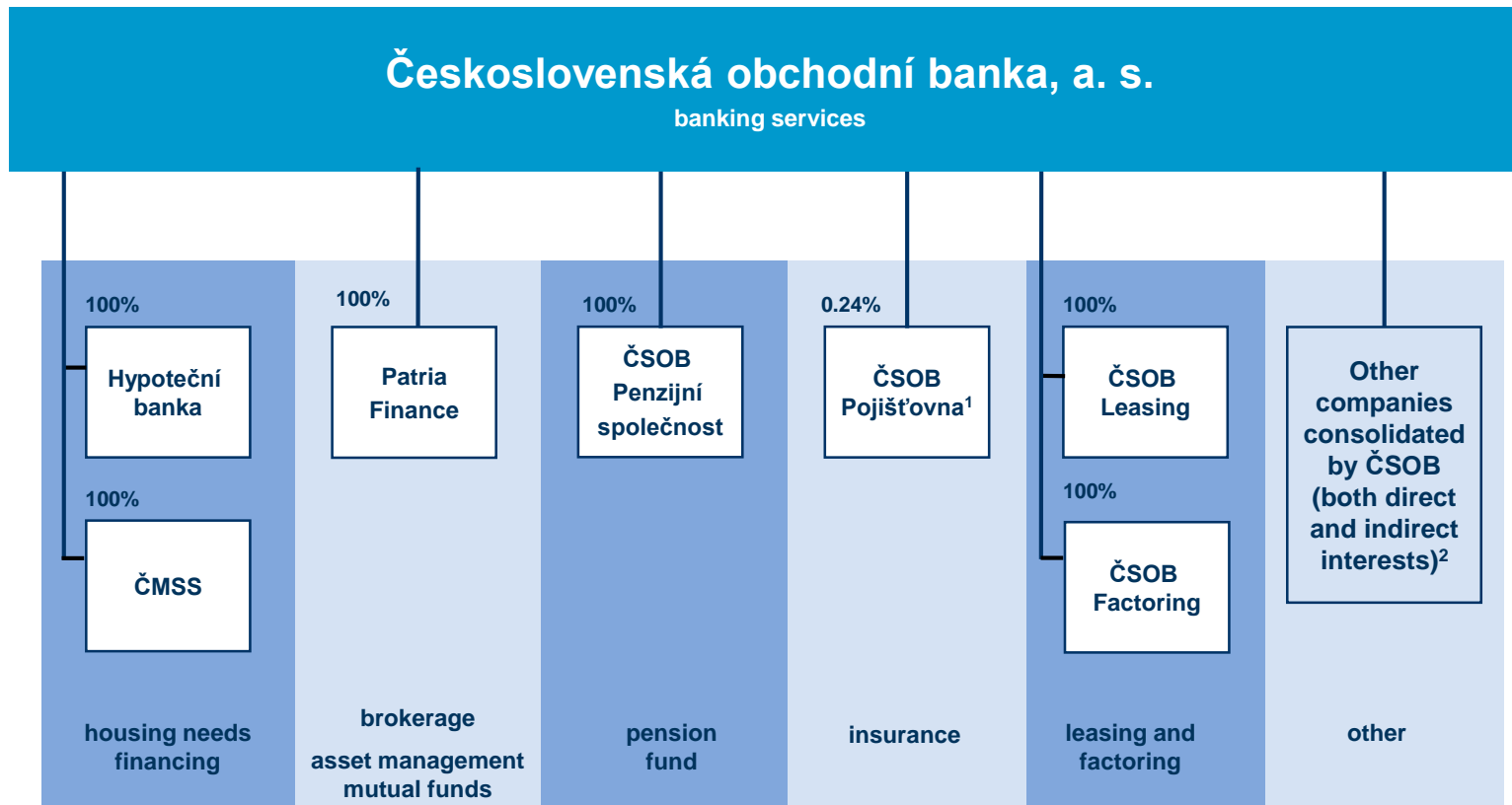
(CZK m)	30/6 2019	31/12 2019	30/6 2020	Ytd.
Cash and balances with central banks and other demand deposits	47,310	47,725	31,939	-33%
Financial assets held for trading	45,549	29,017	62,059	>+100%
Financial assets held for trading pledged as collateral	52	0	0	n/a
Financial assets designated at fair value through P/L	0	0	0	n/a
Non-trading financial assets mandatorily at fair value through profit or loss	666	948	1,153	+22%
Financial assets at fair value through other comprehensive income (OCI)	13,456	10,007	29,100	>+100%
Financial assets at fair value through OCI pledged as collateral	3,256	6,465	8,396	+30%
Financial assets at amortised cost - net	1,496,859	1,459,211	1,528,410	+5%
<i>Financial assets at amortised cost to credit institutions - gross</i>	683,119	621,195	605,644	-3%
<i>Financial assets at amortised cost to other than credit institutions - gross</i>	825,532	849,091	938,196	+10%
<i>Financial assets at amortised cost - provisions</i>	-11,792	-11,075	-15,430	+39%
Financial assets at amortised cost pledged as collateral	39,242	43,007	34,890	-19%
Fair value adjustments of the hedged items in portfolio hedge	-1,251	-4,177	11,818	-/+
Derivatives used for hedging	9,126	9,226	12,839	+39%
Current tax assets	251	194	562	>+100%
Deferred tax assets	361	367	1,059	>+100%
Investments in associates and joint ventures	11	86	109	+27%
Property and equipment	13,766	14,417	13,530	-6%
Goodwill and other intangible assets	11,389	11,498	11,428	-1%
Non-current assets held-for-sale	26	23	464	>+100%
Other assets	2,578	3,053	2,713	-11%
<b>Total assets</b>	<b>1,682,647</b>	<b>1,631,067</b>	<b>1,750,469</b>	<b>+7%</b>



## Balance sheet – liabilities and equity

(CZK m)	30/6 2019	31/12 2019	30/6 2020	Ytd.
Financial liabilities held for trading	52,209	51,458	69,869	+36%
Financial liabilities at fair value through P/L	35,408	42,231	32,472	-23%
Financial liabilities at amortised cost	1,488,020	1,423,115	1,509,907	+6%
<i>of which Deposits received from central banks</i>	0	0	0	n/a
<i>of which Deposits received from credit institutions</i>	94,267	47,346	107,841	>+100%
<i>of which Deposits received from other than credit institut.</i>	978,413	959,951	1,066,867	+11%
<i>of which Debt securities in issue</i>	415,340	415,818	335,199	-19%
<i>of which Subordinated liabilities</i>	0	0	0	n/a
Fair value adjustments of the hedged items in portfolio hedge	-1,068	-3,564	8,688	-/+
Derivatives used for hedging	10,512	10,967	18,996	+73%
Current tax liabilities	119	180	32	-82%
Deferred tax liabilities	1,009	940	1,008	+7%
Provisions	624	722	575	-20%
Other liabilities	5,713	6,340	6,152	-3%
<b>Total liabilities</b>	<b>1,592,546</b>	<b>1,532,389</b>	<b>1,647,699</b>	<b>+8%</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	44,111	52,870	56,347	+7%
Financial assets at fair value through OCI - revaluation reserve	499	561	482	-14%
Cash flow hedge reserve	20	-224	470	-/+
<b>Parent shareholders' equity</b>	<b>90,101</b>	<b>98,678</b>	<b>102,770</b>	<b>+4%</b>
Minority interest	0	0	0	n/a
<b>Total equity</b>	<b>90,101</b>	<b>98,678</b>	<b>102 770</b>	<b>+4%</b>
<b>Total liabilities and equity</b>	<b>1,682,647</b>	<b>1,631,067</b>	<b>1,750,469</b>	<b>+7%</b>

# The ČSOB group in the Czech Republic



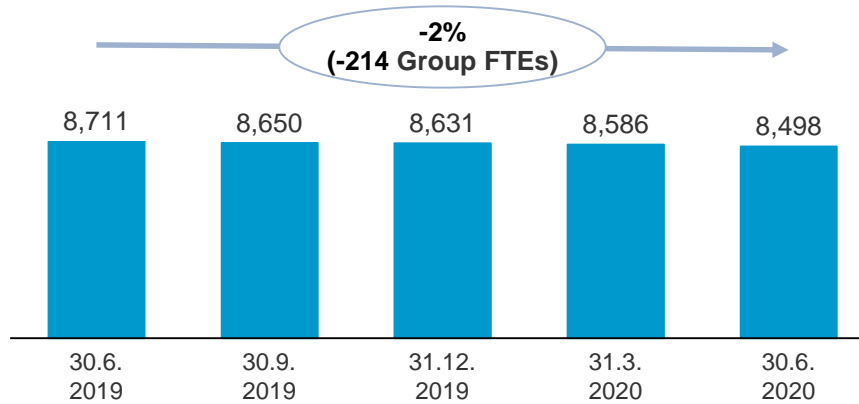
Percentages show ČSOB's ownership interests on company's equity as at 30 June 2020.

<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.

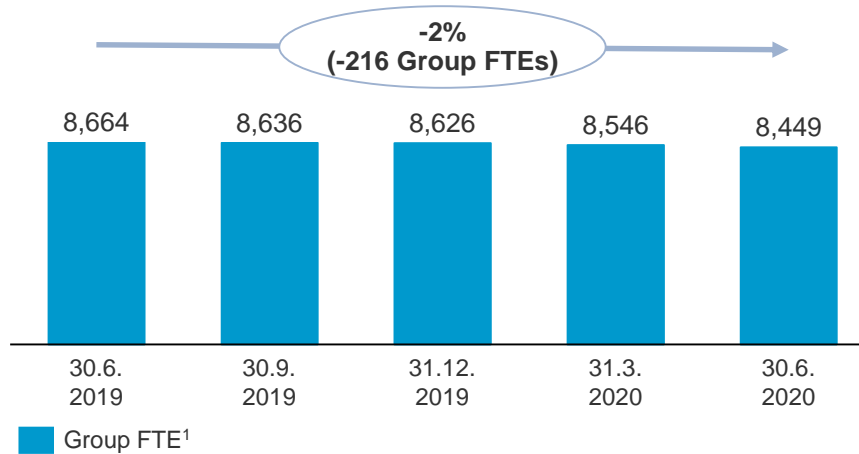
# Employees

## Number of FTEs – average



The average number of Group FTE decreased **-214 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 **-216 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.

## 4. Management overlay in accordance with IFRS 9

The loan loss provisions in 1H 2020 include additional impairment as a management overlay to address the economic impacts from the COVID-19 pandemic via an expert based calculation in accordance with IFRS 9. The management overlay was fully assigned to stage 2.

## 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 (collective COVID-19 ECL excluded from annualization)
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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**ČSOB group Czech Republic**

**Member of the KBC Group**