

# 1H/2Q 2023 Results

## ČSOB group

Business Unit Czech Republic

EU IFRS unaudited consolidated  
10 August 2023



# Contents

- **ČSOB group**
  - Key Figures
  - Financial Overview
  - Business Overview
- **ČSOB Pojišťovna**
- **Business Unit Czech Republic**
- **Appendix**

# ČSOB group: Key Figures

## 2Q 2023 at a glance

### ČSOB becomes first Czech financial institution to issue green bonds for retail investors

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The **one billion CZK green bond issue** bolsters ČSOB offering of sustainability products for private banking clients. The bonds **meet the most demanding criteria of the EU Taxonomy** and will help ČSOB finance and support green projects that aim to improve the environment.



### ČSOB and Budapest launch innovative digital solution

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Visitors of the Hungarian capital can purchase **public transport tickets** using the Budapest **Pay&GO digital solution**. This innovative solution is the first of its kind in Hungary and is a joint project between ČSOB's subsidiary, **K&H Payment Services**, and the city of Budapest. The solution is already working in several Czech cities including Prague.

### ČSOB Akciový mutual fund assets surpassed CZK 10bn

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The assets under management of **ČSOB Akciový** mutual fund have now surpassed **CZK 10 billion**.

The fund is managed by ČSOB Asset Management, one of the leading asset managers in the Czech Republic. In addition to ČSOB Akciový, its funds include the two largest funds on the Czech market - ČSOB Premiéra and ČSOB Bohatství.

### One million users in contact with Kate

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Over **one million of our clients** are using our personalized virtual assistant Kate that is able to solve hundreds of situations and is available to retail as well as corporate and SME clients.



### KBC Bank and Czech startup Green0meter enter a joint venture

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**KBC Bank**, the parent company of ČSOB, and the Czech **Green0meter** enter into **joint venture** to advise entrepreneurs and companies on their journey to becoming more sustainable. **Green0meter** focuses on **sustainability services and providing CO<sub>2</sub> footprint calculation** and ESG services to SMEs.

### Virtual branch in CEB Mobile

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ČSOB virtual branch for corporate and SME clients offers secure communication with the bank, including **fully electronic signing of contracts** and similar documents. Our clients can use the virtual branch **directly in the mobile application**.

In the CEB Mobile virtual branch, 23 types of products or services can be purchased and serviced online.

## Resilient performance, excellent loan quality, robust capital and liquidity

ČSOB group key indicators		2020	2021	2022	1H 2022	1H 2023
Profitability	Net profit (CZK bn)	8.5	16.2	14.6	10.1	9.5
	Return on equity	8.2%	14.3%	13.6%	18.2%	18.3%
Liquidity	Loan to deposit ratio	71.6%	71.1%	70.6%	71.3%	68.8%
	Net stable funding ratio	169.9%	171.3%	171.8%	184.1%	184.5%
Capital	CET1 ratio	23.7%	22.4%	19.8%	18.0%	20.1%
Impairments	Credit cost ratio	0.67%	-0.42%	0.12%	-0.04%	-0.30%
Cost efficiency	Cost / income ratio	54.6%	55.5%	54.3%	48.3%	56.3%
	Cost / income ratio (excl. banking taxes)	51.5%	51.8%	50.6%	42.0%	49.4%

# Resilient performance supported by growth of business volumes and excellent loan quality

## Net profit

ČSOB's **net profit** came in at **CZK 9.5bn** (-6% Y/Y) in 1H 2023. 2Q 2023 **net profit** increased to **CZK 5.8bn** (+7% Y/Y).

## Business indicators

**Loan portfolio** reached **CZK 891bn** (+2% Y/Y). **Total client deposits** rose to **1,264bn** (+7% Y/Y) and **total deposits** amounted to **CZK 1,457bn** (+4% Y/Y). **Assets under management** grew to **CZK 341bn** (+19% Y/Y). Number of **active clients** increased **+67ths** Y/Y. Number of **mobile banking active users** increased **+25%** Y/Y.

## Operating income

**Operating income** decreased to **CZK 20.6bn** in 1H 2023 (-12% Y/Y). The decrease resulted from lower net interest income, lower trading and fair value income, offset in part by higher net fee and commission income.

## Liquidity & Capital

ČSOB maintains strong capital position and excellent liquidity ratios. **CET1 ratio** reached **20.1%**. **Loan to deposit ratio** decreased Y/Y to **68.8%**. The **short-term liquidity ratio LCR** increased to **148.5%** and the **long-term liquidity ratio NSFR** was **184.5%**.

## Operating expenses

**Operating expenses** amounted to **CZK 11.6bn** in 1H 2023 (+3% Y/Y). Staff expenses increased +3% Y/Y impacted by wage inflation. General administrative expenses excluding banking taxes rose +3% Y/Y driven by higher ICT costs. Average number of **FTEs** stayed **flat** Y/Y.

## Sustainability

The volume of **Responsible investment funds** assets under management increased +30% Q/Q. Financing of **low energy housing** increased by 15% Q/Q and financing of **clean energy cars** rose +22% Q/Q. Corporate and SME segment provided **loans supporting transition to low emission economy** in the amount of **CZK 4.3bn**.

## Impairments

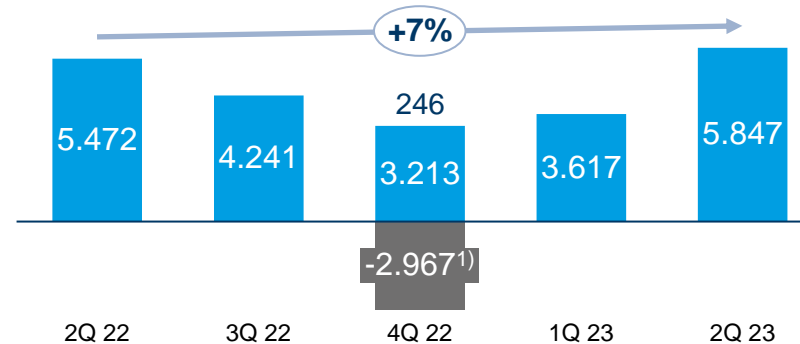
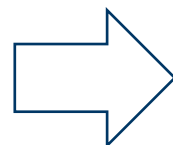
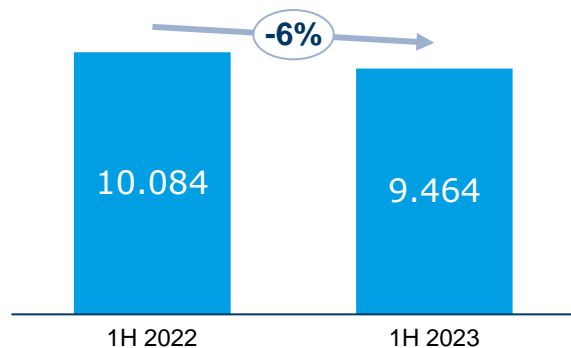
**Credit cost ratio** in 1H 2023 reached **-30bps** (-26 bps Y/Y, negative figure indicates a net release of loan loss provisions). **Total impairments** amounted to **CZK -1,411m** (net release). **NPL ratio** declined to **1.44%**.

## Awards

The US-based magazine Global Finance selected ČSOB as the **Best Bank** and the **Best Trade Finance Provider** of 2023 in the Czech Republic. ČSOB was also awarded as the **Best Bank for Sustainable Finance** in the Czech Republic by Global Finance magazine.

## Lower 1H net profit due to lower operating income. 2Q net profit increased

**Net profit**  
CZK bn



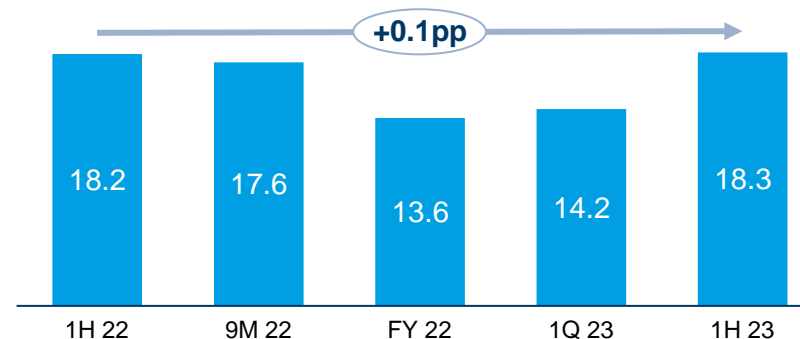
1H 2023 **net profit** declined to **CZK 9.5bn** (-6% Y/Y). The Y/Y decrease was driven by lower net interest income, trading and fair value income and higher expenses, offset in part by higher net fee and commission income and net release of impairments.

2Q 2023 **net profit** grew to **CZK 5.8bn** (+7% Y/Y and +62% Q/Q). The Q/Q growth was attributable to higher net interest income, net fee and commission income, lower operating expenses due to seasonally lower bank taxes and higher net impairment release.

The **return on equity (ROE)** reached **18.3%** (+0.1pp Y/Y).

**Return on equity (ROE)**

Ytd., %

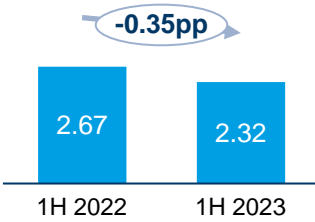


<sup>1)</sup> one-off increase of the provisions for legal issues as a result of arbitration proceedings against ICEC-Holding

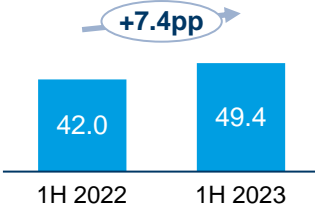
**Excellent loan quality and robust capital and liquidity. Lower net interest margin**

**Profitability**

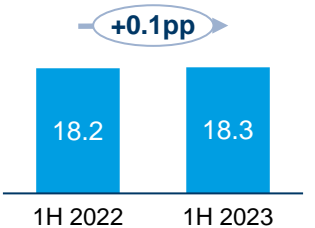
Net interest margin (%)



Cost / income ratio excl. banking taxes (%)

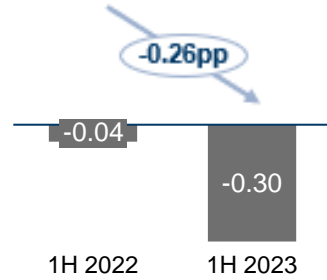


ROE (%)

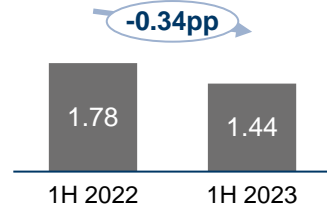


**Loan portfolio quality**

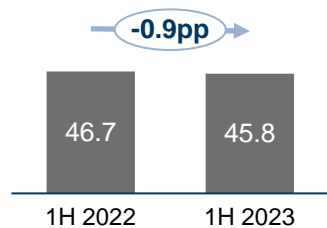
CCR. Ytd. annualized (%)



NPL ratio (%)

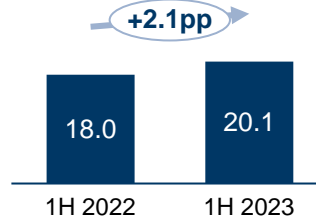


NPL coverage ratio (%)

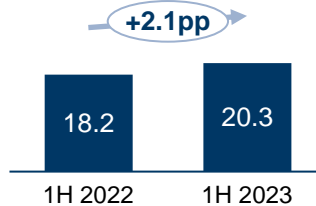


**Capital**

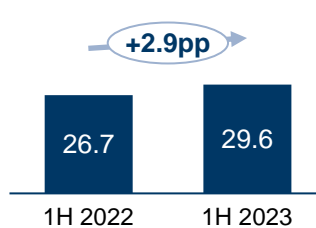
CET 1 ratio (%)



Total capital ratio (%)

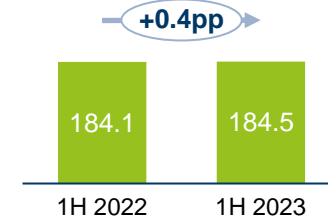


MREL ratio (% of RWA)

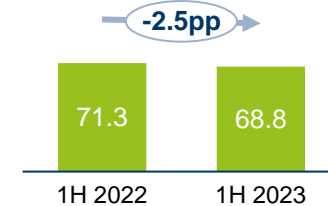


**Liquidity**

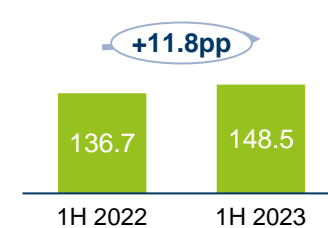
Net stable funding ratio (%)



Loan to deposit ratio (%)



Liquidity coverage ratio (%)



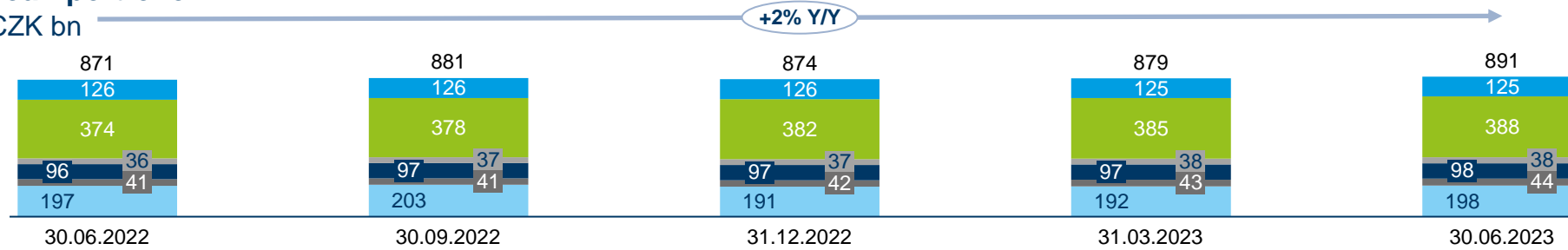


# Loans, deposits and assets under management

## Sharp growth of assets under management

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

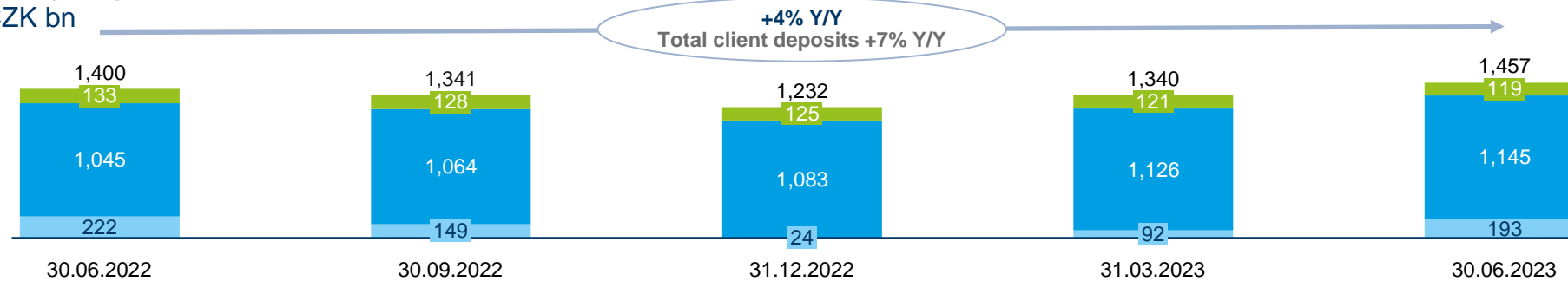
CZK bn



- building savings loans
- mortgages
- consumer finance
- SME
- leasing
- corporate + factoring

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

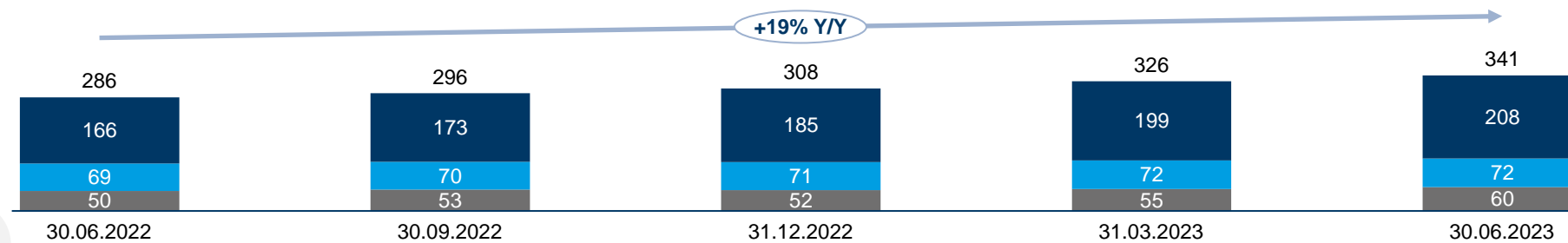
CZK bn



- building savings deposits
- ČSOB bank client deposits
- other deposits

### Total assets under management

CZK bn



- mutual funds
- pension funds
- other asset management

<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.

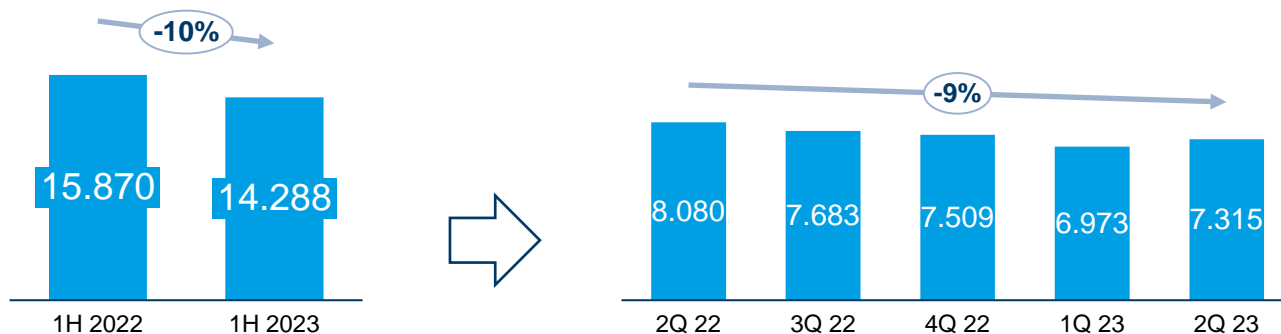
<sup>2</sup> Item Deposits received from other than credit institutions from the consolidated balance sheet.

# ČSOB group: Financial Overview

## Net interest income and NIM decreasing Y/Y but improving Q/Q

### Net interest income (NII)

CZK bn



1H/2Q 2023 **net interest income** decreased **-10% Y/Y** and **-9 % Y/Y** respectively as a result of:

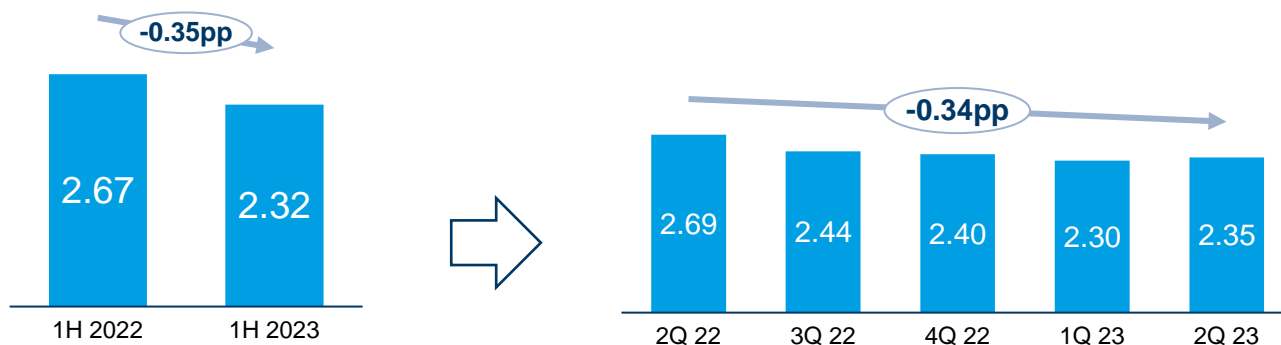
- (-) lower NII from deposits due to lower margins driven by Retail segment
- (-) lower NII from loans due to lower margins from building saving loans, mortgages and consumer finance
- (-) other NII

2Q 2023 **net interest income** increased **+5% Q/Q** as a result of:

- (+) higher NII from deposits driven by Retail and SME segments
- (+) higher NII from loans driven by Corporate segment
- (-) other NII

### Net interest margin (NIM)

%



In 1H 2023, **net interest margin** reached **2.32%** (-35bps Y/Y) due to lower margins from deposits and loans.

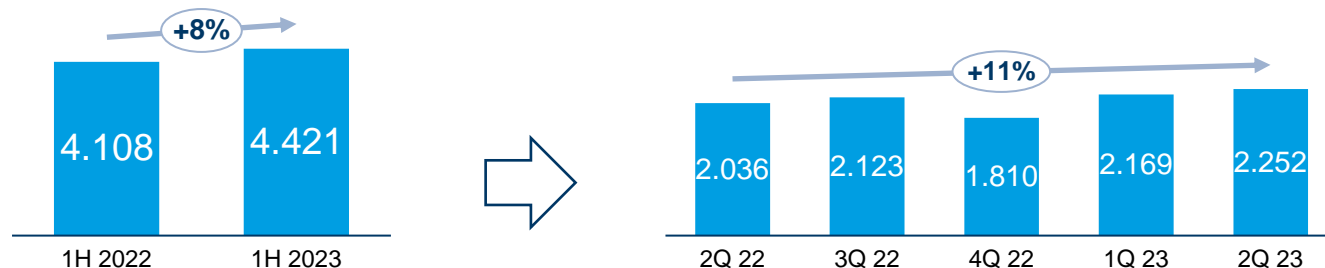
Q/Q increase of net interest margin was thanks to higher margins from deposits.

# Net fee and commission income, Trading and fair value income and Other

## Growing NFCI, lower trading and fair value income

### Net fee and commission income (NFCI)

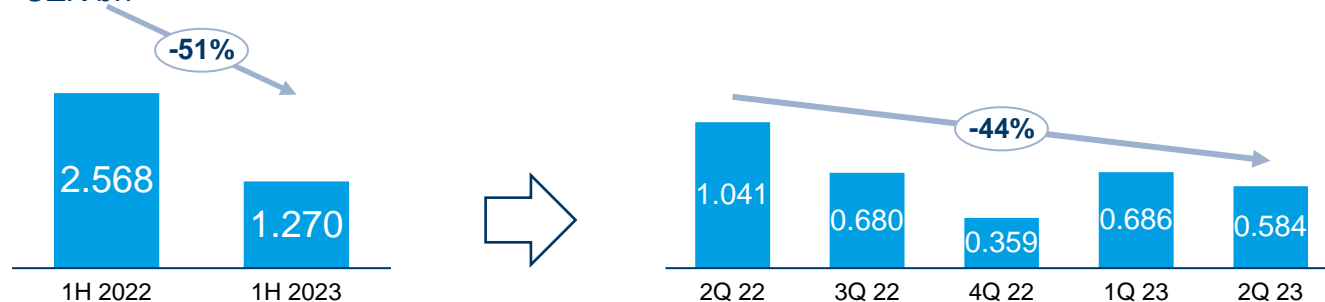
CZK bn



1H/2Q 2023 **net fee and commission income** increased **+8% Y/Y** and **+11% Y/Y** respectively driven by higher expense base in 2Q 2022 due to acquisition of Ukrainian clients, supported by higher network income and asset management fees, offset in part by higher distribution fee expenses.

### Trading and fair value income

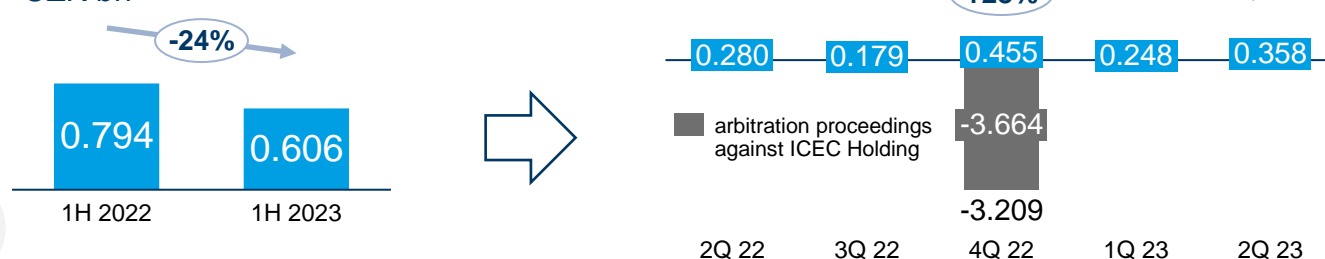
CZK bn



1H/2Q 2023 **trading and fair value income** decreased **-51% Y/Y** and **-44% Y/Y** respectively mainly driven by valuation adjustments and performance of financial markets.

### Other operating income

CZK bn



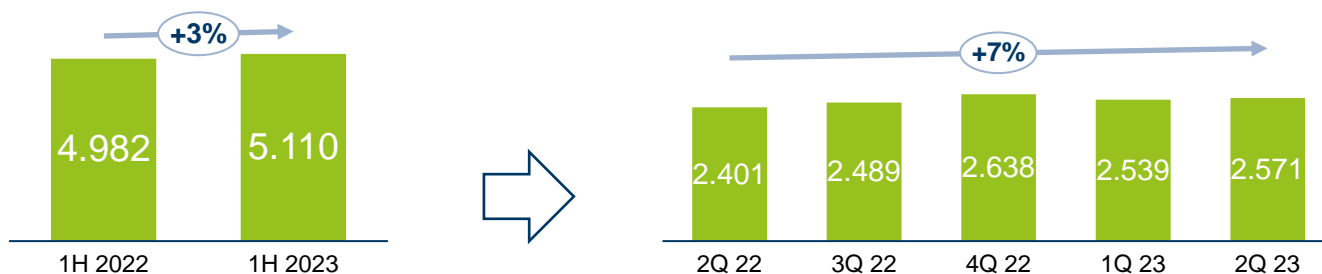
1H 2023 **other operating income** decreased **-24% Y/Y** and 2Q 2023 **other operating income** increased **+28% Y/Y**. The Y/Y decrease was impacted by higher base in 1H 2022 due to historical legal case in 1Q 2022.

## Staff and General administrative expenses

# Slightly higher staff expenses and general administrative expenses

### Staff expenses

CZK bn

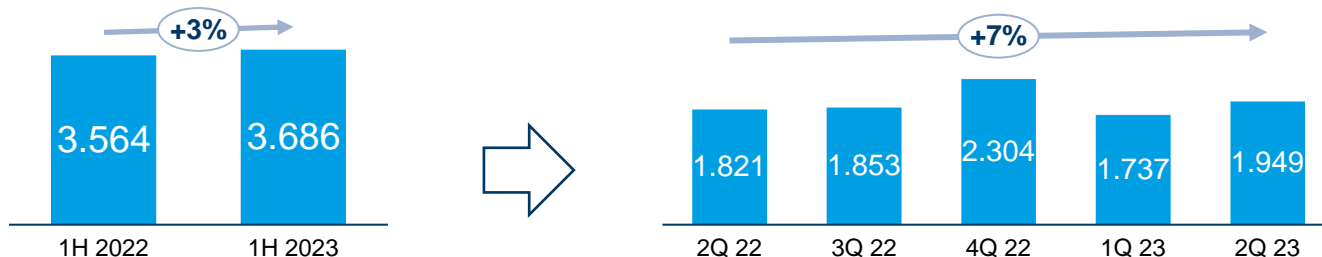


1H 2023 **total operating expenses excluding banking taxes** grew **+4% Y/Y**. **Total operating expenses including banking taxes** increased **+3% Y/Y**.

1H/2Q 2023 **staff expenses** increased **+3% Y/Y** and **+7% Y/Y** respectively impacted by wage inflation, offset in part by exceptional bonus in 1Q 2022.

### General administrative expenses – excl. banking taxes

CZK bn

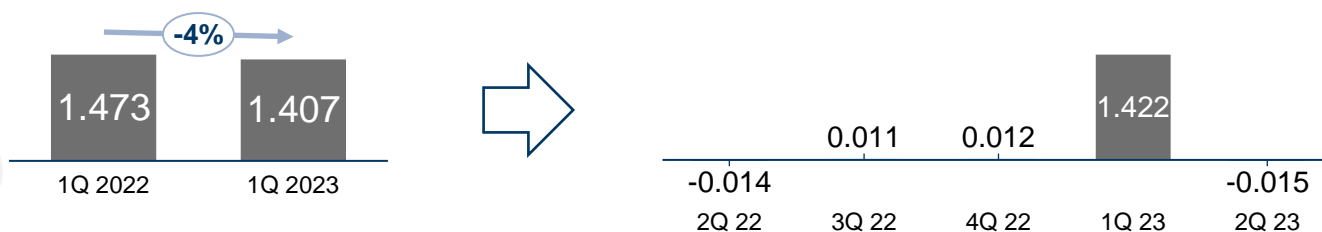


1H/2Q 2023 **general administrative expenses** grew **+3% Y/Y** and **+7% Y/Y** respectively as higher ICT costs were partly compensated by lower marketing costs.

Depreciation and amortization increased **+10% Y/Y**.

### Banking taxes

CZK bn

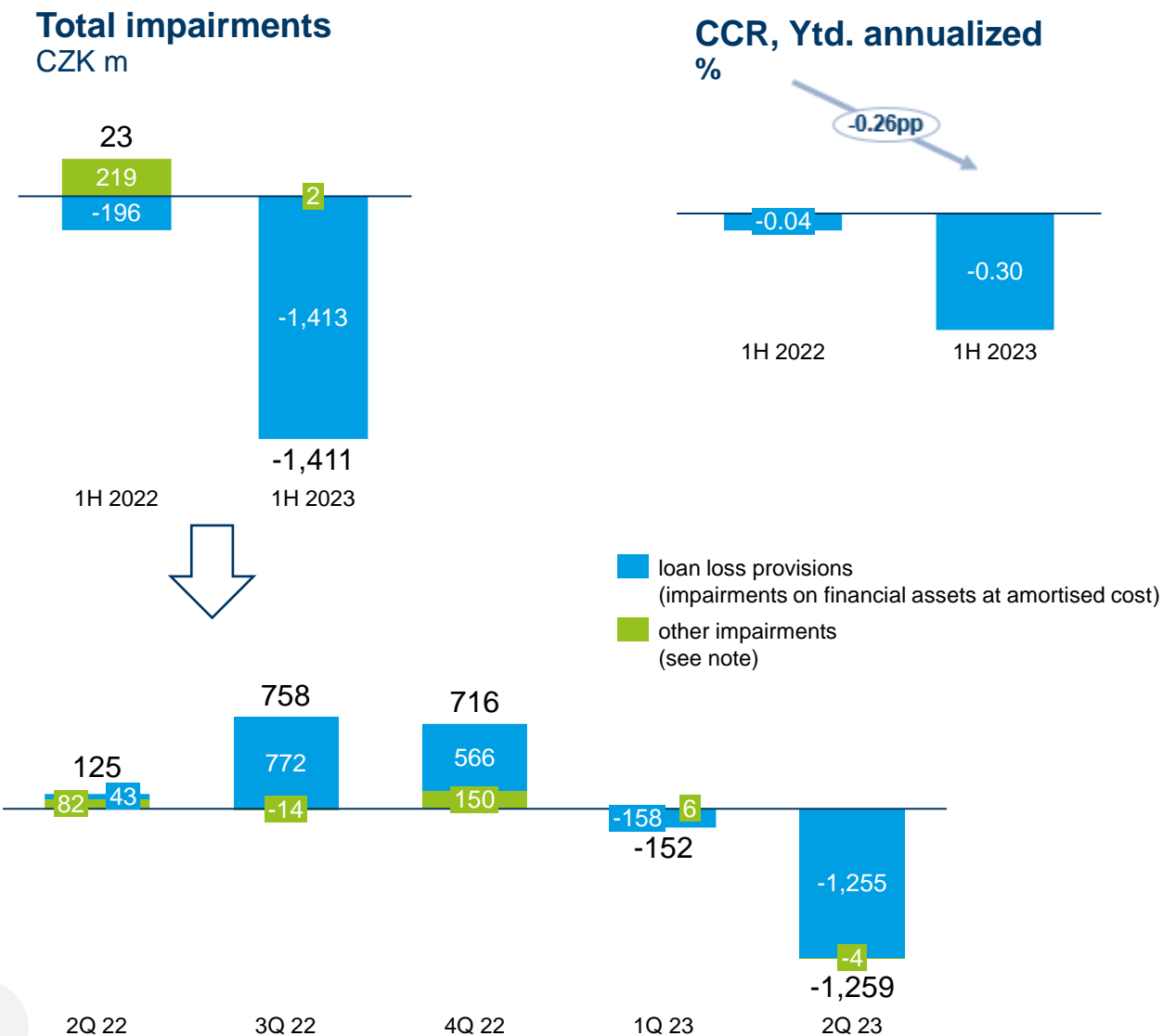


1H 2023 **banking taxes** decreased **-4% Y/Y**.

**Cost/income ratio** increased Y/Y to **56.3%** and **cost/income ratio excluding banking taxes** rose Y/Y to **49.4%**.

# Impairments and NPL

## Consistent high quality of loan portfolio



In 1H 2023, **loan loss provisions** amounted to net release of **CZK -1,413m** driven by releases mainly in Corporate and SME segments, offset in part by impairment creation in consumer finance. The release of credit impairments was supported by the release of impairments created to cover credit risk from impact of the military conflict in Ukraine and exposure vulnerable to emerging risks.

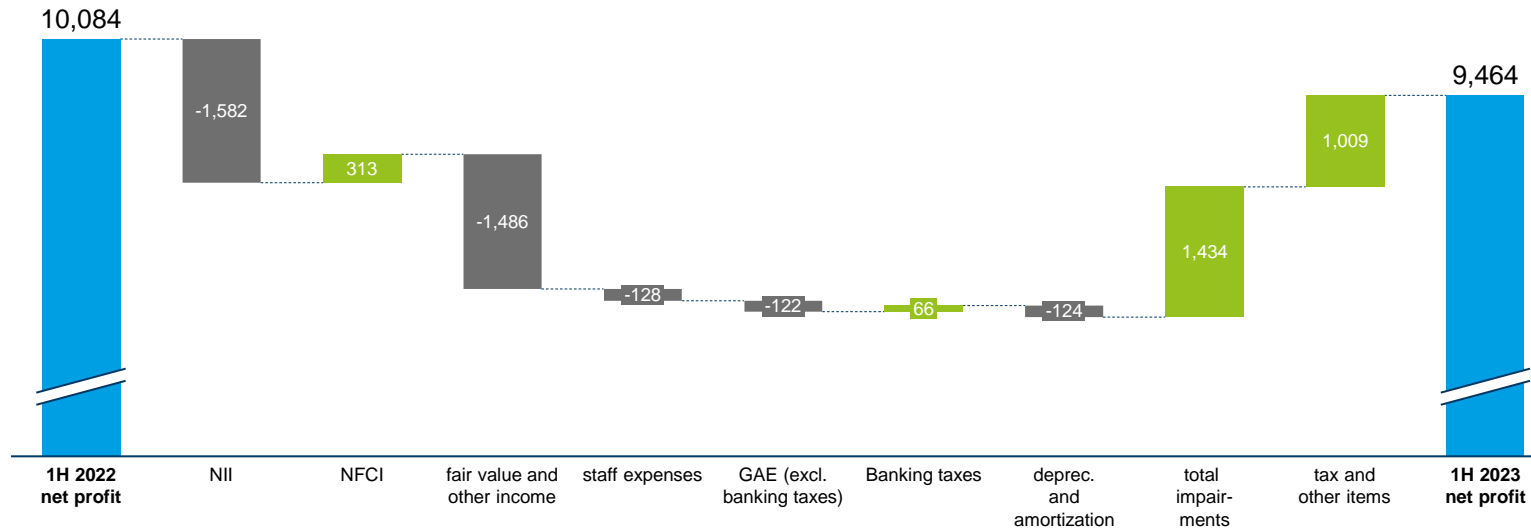
**Credit cost ratio** for 1H 2023 reached **-0.30%** (Ytd., annualized; -26bps Y/Y).

30.6.2023		
IFRS 9 Distribution	Amount (CZK bn)	Share on total loans
Loan portfolio	890.7	100%
Stage 1 - performing	744.6	84%
Stage 2 - underperforming	133.1	15%
Stage 3 - non-performing loans	13.1	1%

# Wrap up of net profit drivers

## Net profit (Y/Y)

CZK m



The main difference between 1H 2023 and 1H 2022 net profit was caused by the following drivers:

On the **positive side**:

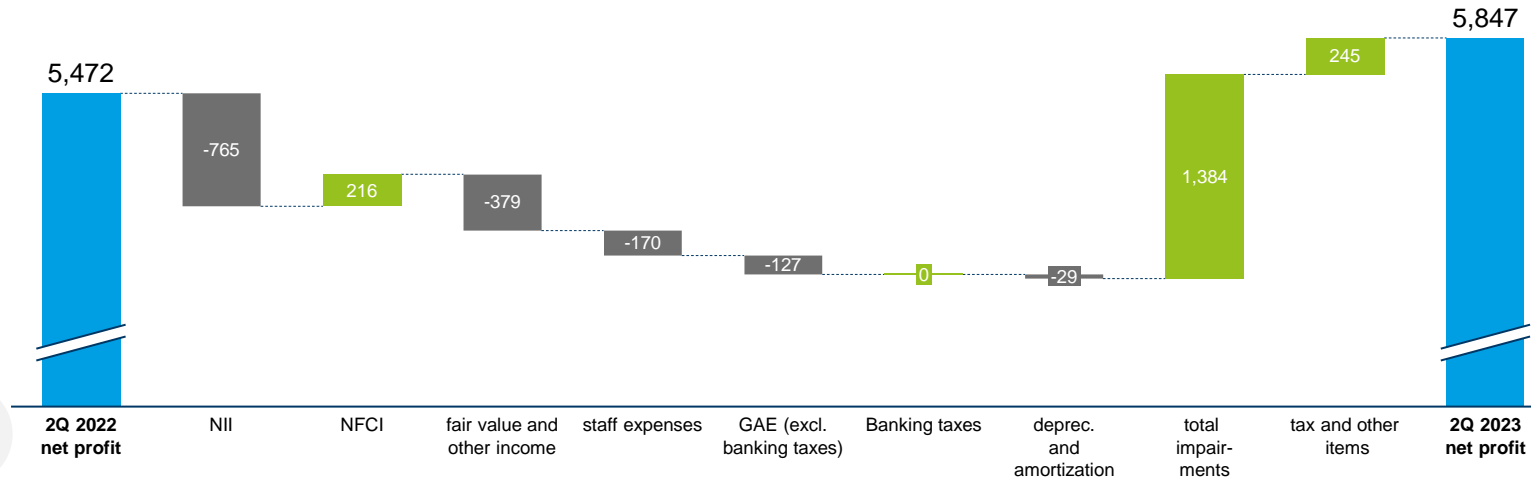
- net impairment release in contrast with net impairment creation in 1H 2022
- higher NFCI driven by higher expense base in 2Q 2022, supported by higher network income and asset management fees
- lower tax
- lower banking taxes

On the **negative side**:

- lower NII
- lower fair value and other income due to valuation adjustments and performance of financial markets
- higher staff expenses impacted by wage inflation
- higher depreciation and amortization
- higher GAE driven by ICT costs

## Net profit (Y/Y)

CZK m



The main difference between 2Q 2023 and 2Q 2022 net profit was caused by the following drivers:

On the **positive side**:

- net impairment release in contrast with net impairment creation in 2Q 2022
- higher NFCI thanks to higher expense base in 2Q 2022 and higher asset management fees
- lower tax

On the **negative side**:

- lower NII
- lower fair value and other income due to valuation adjustments and performance of financial markets
- higher staff expenses impacted by wage inflation
- higher GAE driven by ICT costs
- higher depreciation and amortization

## Capital Strong capital position

Consolidated, CZK m	30.6.2022	31.12.2022	30.6.2023
<b>Total regulatory capital</b>	<b>79,049</b>	<b>87,439</b>	<b>87,656</b>
- Common Equity Tier 1 (CET1) Capital	78,327	85,793	86,817
- Tier 2 Capital	722	1,646	839
<b>MREL eligible debt</b>	<b>37,258</b>	<b>40,592</b>	<b>39,954</b>
<b>Total RWA</b>	<b>435,033</b>	<b>432,893</b>	<b>430,981</b>
- Credit risk	369,866	366,892	365,054
- Market risk	337	481	408
- Operational risk	64,830	65,519	65,519
<b>Common Equity Tier 1 (CET1) ratio</b>	<b>18.0%</b>	<b>19.8%</b>	<b>20.1%</b>
<b>Total capital ratio</b>	<b>18.2%</b>	<b>20.2%</b>	<b>20.3%</b>
<b>Leverage ratio</b>	<b>3.40%</b>	<b>4.48%</b>	<b>4.05%</b>
<b>Available MREL as a % of RWA</b>	<b>26.7%</b>	<b>29.6%</b>	<b>29.6%</b>
<b>Available MREL as a % of LRE</b>	<b>5.05%</b>	<b>6.69%</b>	<b>5.95%</b>

**MREL ratio** increased Y/Y to **29.6%** of RWA and **5.95%** of LRE as of year-end due to issuance of MREL eligible debt.

Intermediate MREL targets as of 1 January 2023 reached 22.2% of RWA and 5.18% of LRE.

As of 1 January 2024, ČSOB will be required to comply with a MREL equal to 27.7% of RWA and 5.91% of LRE.

*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 (CET1) + Tier 2*

*LRE = leverage ratio exposure = On-balance + Off-balance sheet items + Counterparty exposure for Derivatives and SFT + Add-ons*

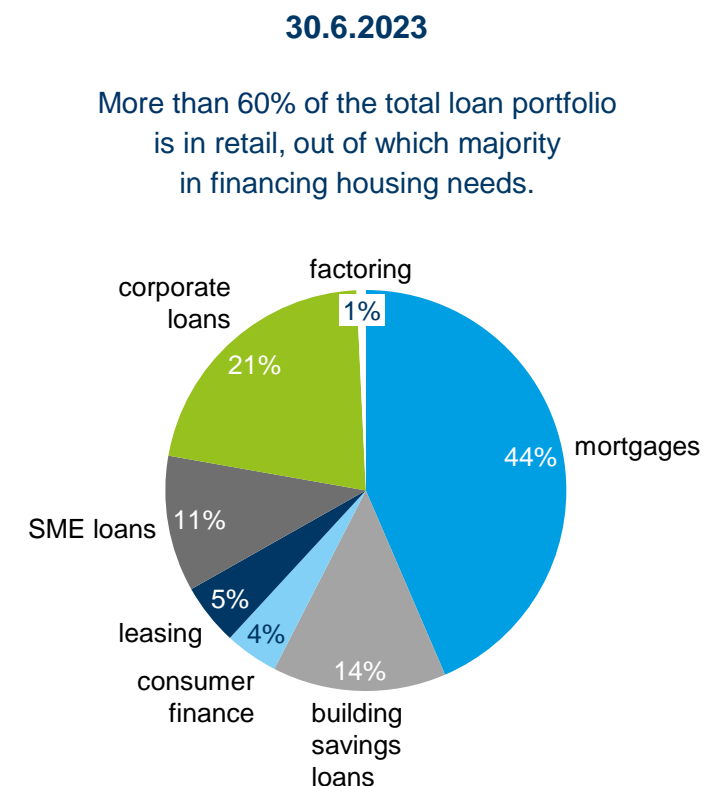


# ČSOB group: Business Overview



## Growth of mortgages and consumer finance

Gross outstanding volumes, CZK bn	30.6.2022	30.6.2023	Y/Y
<b>Loan portfolio</b>	<b>870.8</b>	<b>890.7</b>	<b>+2%</b>
<b>Retail Segment</b>			
Mortgages	374.0	387.8	+4%
Consumer finance	36.3	38.5	+6%
Building savings loans	126.1	124.8	-1%
<b>SME/Corporate Segment</b>			
Corporate loans <sup>1</sup>	191.4	191.3	0%
SME loans	96.2	97.7	+1%
Leasing	40.8	44.2	+8%
Factoring	5.9	6.6	+11%
Other <sup>2</sup>	50.9	48.4	-5%
<b>Credit risk: loan portfolio</b>	<b>921.7</b>	<b>939.2</b>	<b>+2%</b>



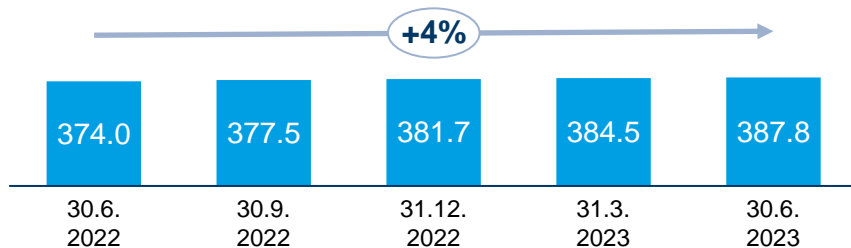
<sup>1</sup> Including credit-replacing bonds.

<sup>2</sup> Including off-balance sheet items and ALM/financial markets exposures.

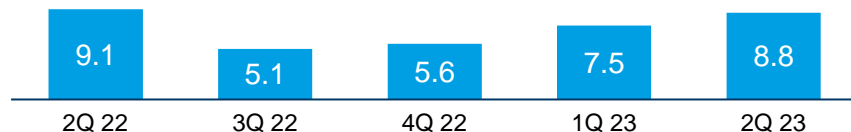
# Mortgage portfolio increases moderately. New sales of home loans down Y/Y but are on the growing trajectory in 2023

## Mortgages

Outstanding, CZK bn



New sales\*, CZK bn

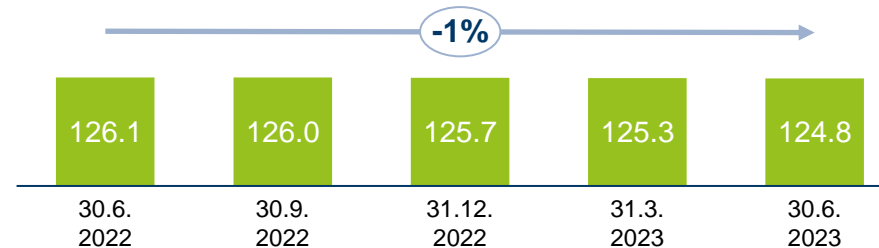


The **outstanding volume of mortgages** increased **+4% Y/Y**, while the market grew **+5% Y/Y**.

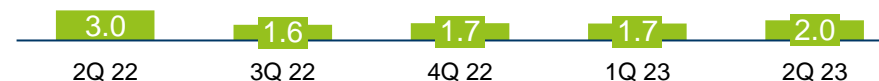
In 2Q 2023, ČSOB provided more than **2.8 thousand new mortgages** (-10% Y/Y) in the total amount of **CZK 8.8bn** (-4% Y/Y). The market of new mortgages decreased -31% Y/Y in the number and -32% Y/Y in the total amount of new mortgages.

## Building saving loans

Outstanding, CZK bn



New sales\*, CZK bn



The outstanding **building savings loan portfolio** decreased **-1% Y/Y**, while the market increased **+4% Y/Y**.

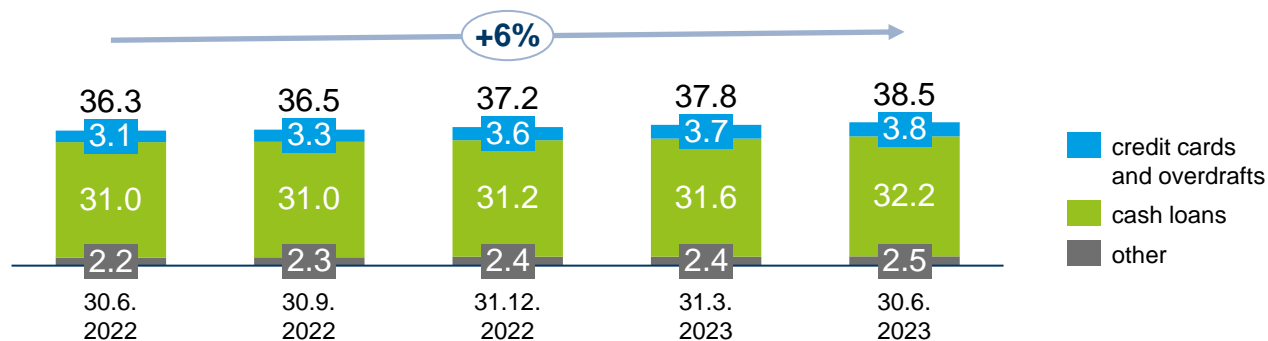
In 2Q 2023, ČSOB provided more than **2.9 thousand new building saving loans** (-10% Y/Y) in the total amount of **CZK 2.0bn** (-33% Y/Y). The market of new building saving loans decreased -18% Y/Y in the number and -40% Y/Y in the total amount of new building saving loans.

\* Mortgages: signed contracts. Market figures according to MMR.  
Building savings loans: granted loan limits. Market figures are ČSOB's estimate.

# Consumer finance, SME loans, Leasing

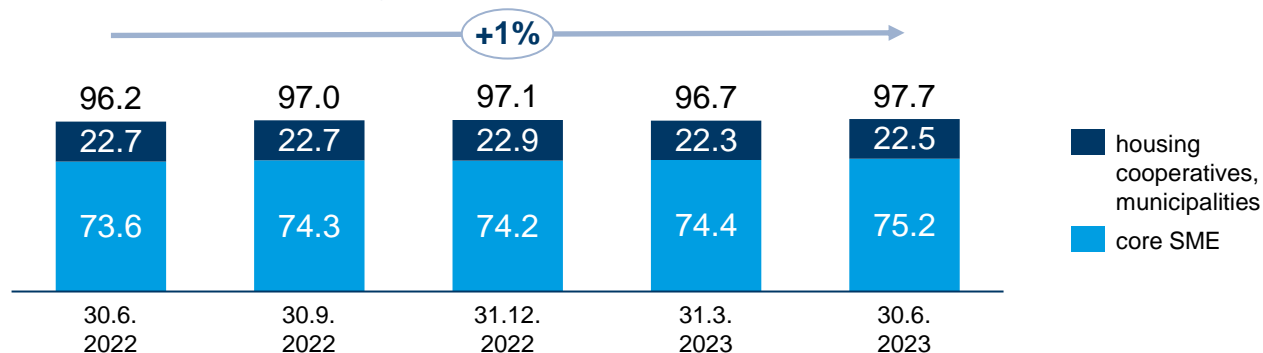
## Increase of outstanding volumes

Consumer finance, outstanding, CZK bn



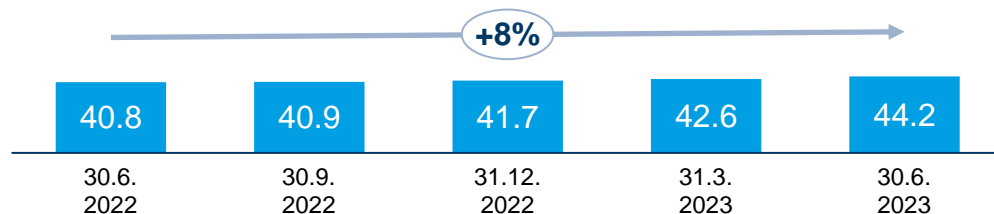
Consumer finance grew **+6% Y/Y** due to significant decrease of early repayments.

SME loans, outstanding, CZK bn



SME loans increased **+1% Y/Y** driven by growing core SME lending (micro, small and mid-sized companies) while housing cooperatives and municipalities decreased Y/Y.

Leasing, outstanding\*, CZK bn



Outstanding volumes in **ČSOB Leasing** rose **+8% Y/Y** as a result of increase in SME segment.

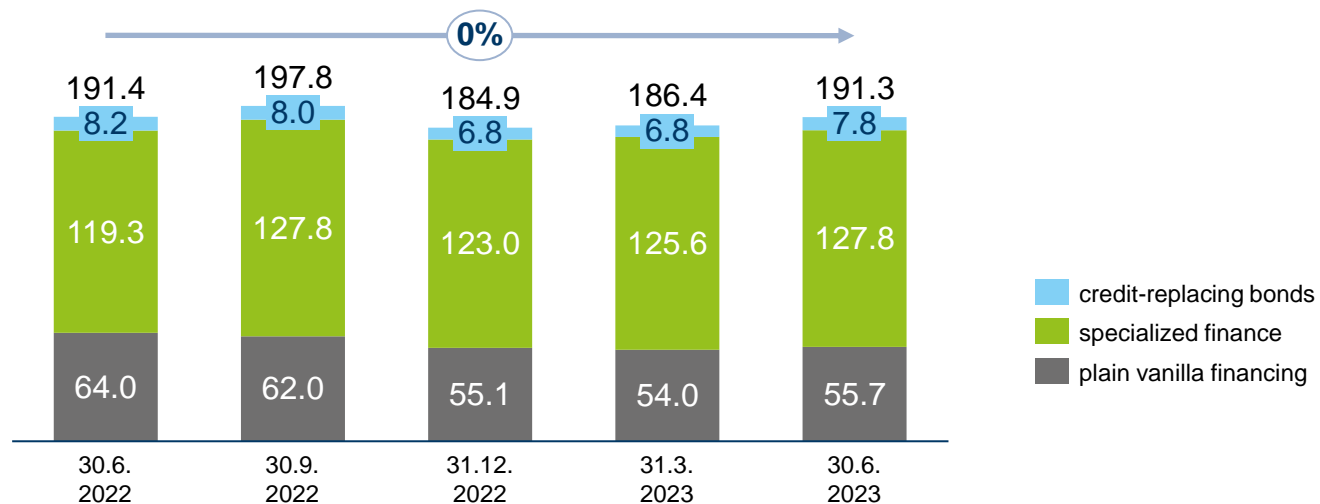
\* Total exposure of ČSOB Leasing, excluding operational leasing.

## Corporate segment

# Stable corporate loans and growth of factoring

### Corporate loans

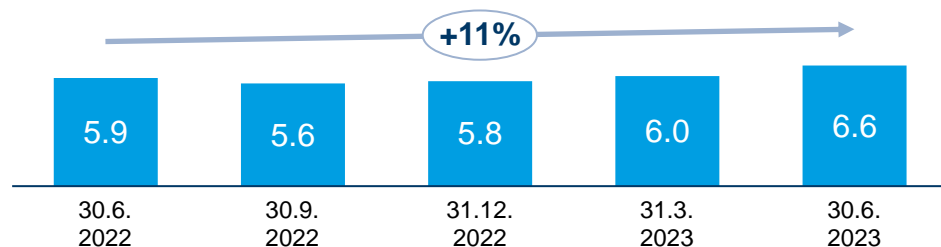
Outstanding, CZK bn



Outstanding volumes of **corporate loans** stayed **flat Y/Y** as the growth of specialized finance was compensated by decline of plain vanilla loans.

### Factoring

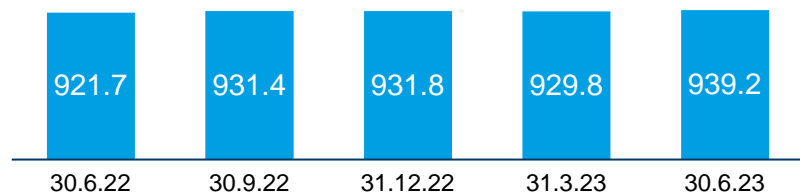
Outstanding, CZK bn



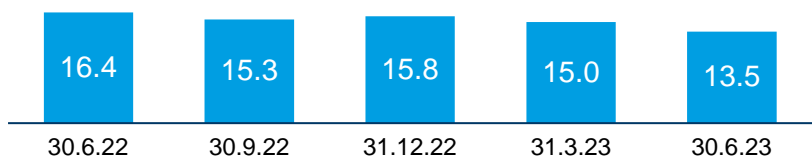
**Factoring** outstanding volumes increased **+11% Y/Y** driven by growing interest in factoring designed for large corporate clients.

## Excellent loan portfolio quality

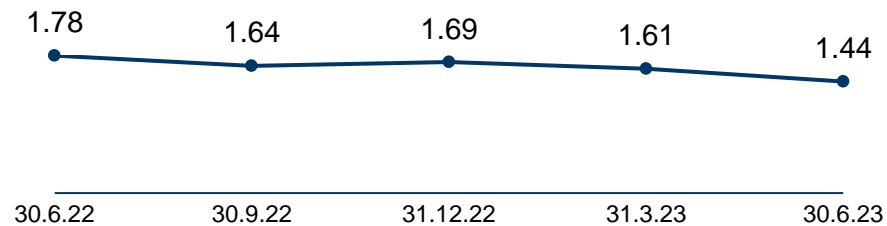
Credit risk: loan portfolio (CZK bn)



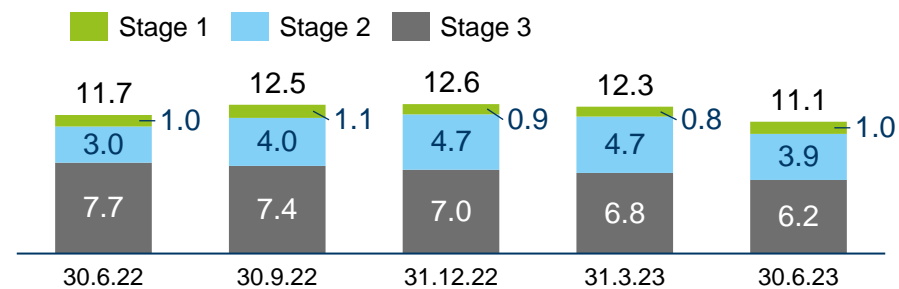
Non-performing loans (CZK bn)



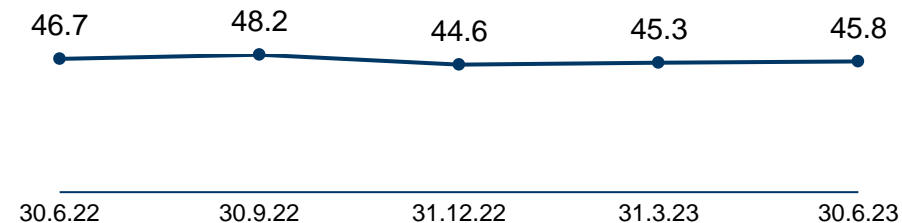
NPL ratio (%)



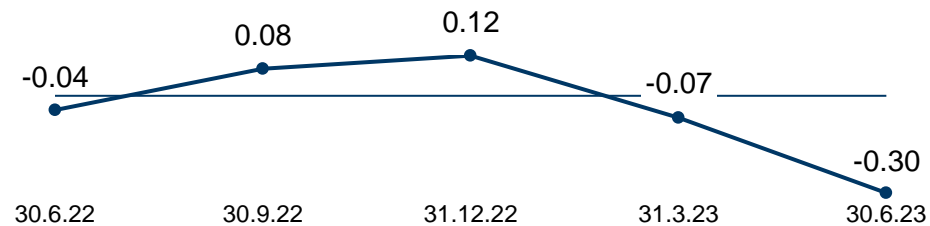
Allowances for loans and leases (CZK bn)



NPL coverage ratio (%)



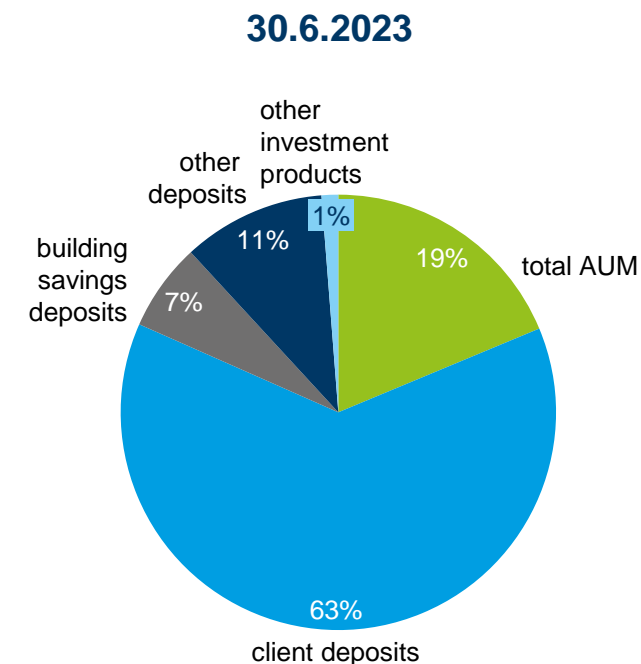
Credit cost ratio (% , Ytd. annualized)



## Group deposits and Total assets under management

### Growth of client deposits, strong increase of mutual funds

Outstanding volumes, CZK bn	30.6.2022	30.6.2023	Y/Y
<b>Group deposits</b>	<b>1,399.6</b>	<b>1,456.7</b>	<b>+4%</b>
<b>Total client deposits</b>	<b>1,177.2</b>	<b>1,263.6</b>	<b>+7%</b>
<b>ČSOB bank client deposits</b>	<b>1,044.6</b>	<b>1,144.8</b>	<b>+10%</b>
<i>Current accounts</i>	672.9	589.6	-12%
<i>Savings deposits</i>	227.7	253.8	+11%
<i>Term deposits</i>	144.0	301.5	>+100%
<b>Building savings deposits</b>	<b>132.6</b>	<b>118.7</b>	<b>-10%</b>
Other deposits <sup>1</sup>	222.4	193.2	-13%
<b>Total AUM</b>	<b>285.7</b>	<b>340.6</b>	<b>+19%</b>
Pension funds	69.5	72.0	+4%
Mutual funds	166.3	208.4	+25%
Other AM <sup>2</sup>	49.9	60.2	+21%
<b>Other investment products <sup>3</sup></b>	<b>20.8</b>	<b>22.5</b>	<b>+8%</b>



<sup>1</sup> Other deposits predominantly consist of repo operations with institutional clients

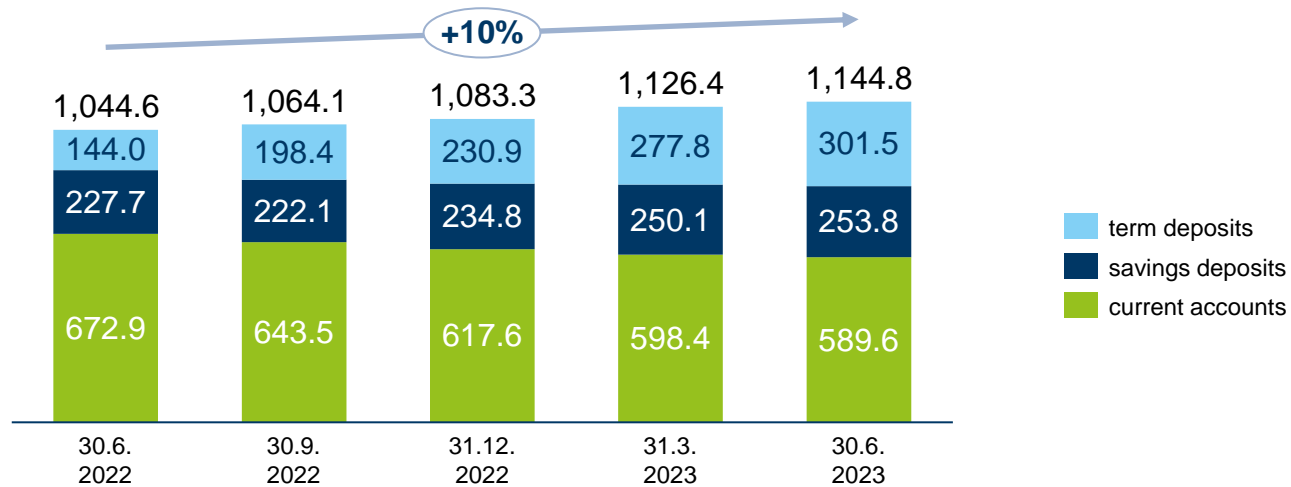
<sup>2</sup> Other AM includes discretionary asset management, qualified investors funds and other group assets

<sup>3</sup> Including bonds, investment certificates and mortgage covered bonds. Not counted in total AUM. See definition in appendix.

# Client deposits and building saving deposits

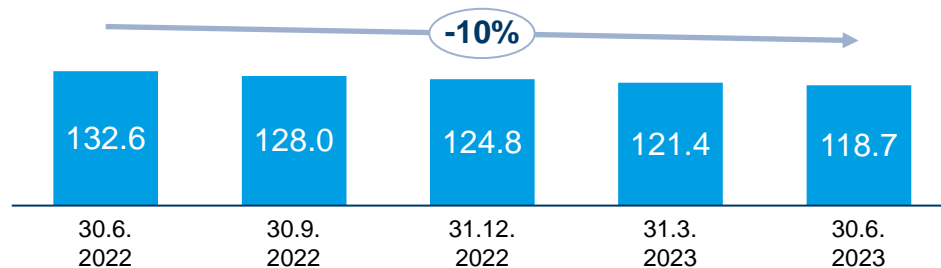
## Sharp growth of term deposits continues

ČSOB bank client deposits (CZK bn)



ČSOB bank client deposits increased **+10% Y/Y** driven by the growth of **term deposits (>100%)** while **current accounts** decreased **-12% Y/Y**. **Saving deposits** up **+11% Y/Y**.

Building savings deposits (CZK bn)



**Building savings deposits** decreased **-10% Y/Y** due to termination of existing contracts.

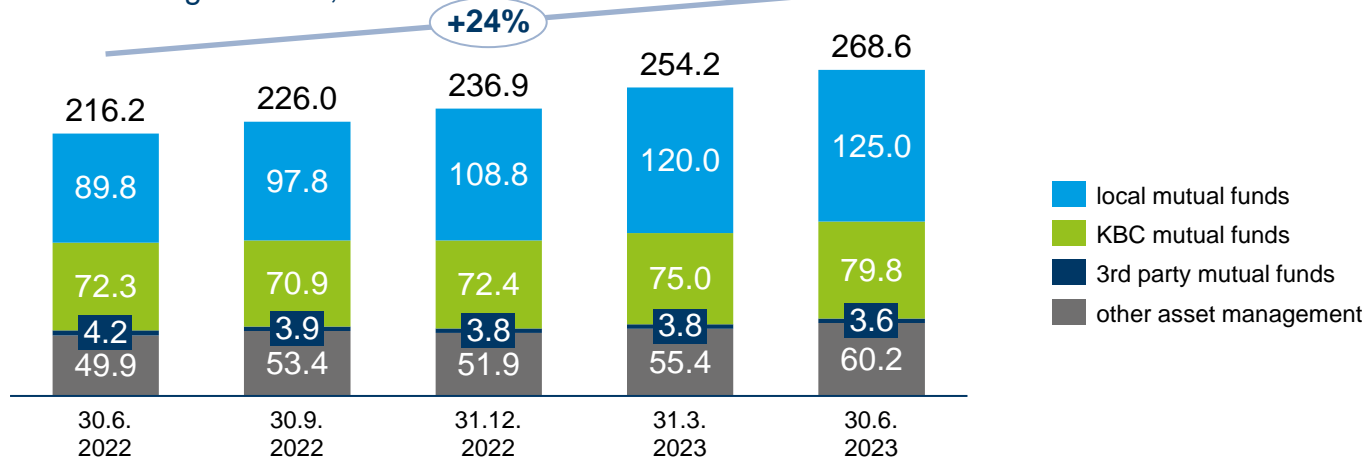


# Mutual funds, other asset management and pension funds

## Mutual funds increasing significantly

### Mutual funds and other AM

Outstanding volumes, CZK bn

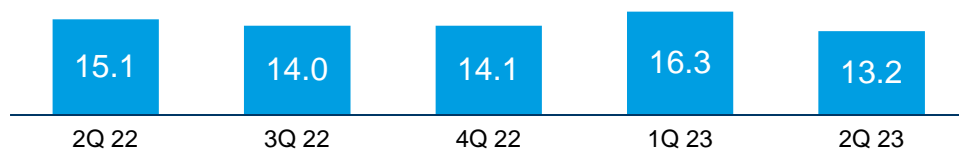


Mutual funds and other AM in total rose +24% Y/Y to CZK 268.6 bn.

Mutual funds grew +25% Y/Y thanks to significant inflows into the short-term bond funds and a positive performance effect.

### Mutual funds

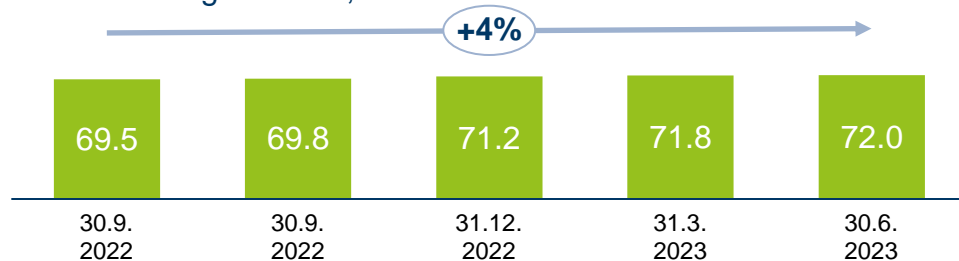
New sales (gross), CZK bn



New sales of mutual funds in 2Q 2023 reached CZK 13.2 bn (-13% Y/Y). The share of investment into responsible funds increased +22% Y/Y.

### Pension funds

Outstanding volumes, CZK bn



The volume of savings in pension funds increased +4% Y/Y.

## ČSOB group's distribution platform

### Growing active client base

	30.6.2022	31.12.2022	30.6.2023
<b>Clients of ČSOB's group (mil.)</b>	<b>4.331</b>	<b>4.340</b>	<b>4.324</b>
<b>ČSOB branches (bank only)</b>	<b>203</b>	<b>201</b>	<b>200</b>
ČSOB Retail/SME branches	183	181	180
ČSOB Private Banking branches	11	11	11
ČSOB Corporate branches	9	9	9
<b>ČSOB Pojišťovna branches</b>	<b>97</b>	<b>95</b>	<b>95</b>
<b>Housing finance branches</b>	<b>18</b>	<b>18</b>	<b>16</b>
<b>ČSOBS advisory centers</b>	<b>235</b>	<b>215</b>	<b>214</b>
<b>ČSOB Leasing branches</b>	<b>5</b>	<b>5</b>	<b>5</b>
<b>ČSOB PSB outlets of the Czech Post network</b>	<b>ca. 2,400</b>	<b>ca. 2,400</b>	<b>ca. 2,400</b>
- of which specialized banking counters	234	235	235
<b>Czech Post franchise outlets</b>	<b>ca. 800</b>	<b>ca. 800</b>	<b>ca. 800</b>
<b>ATMs<sup>1</sup></b>	<b>1,018</b>	<b>1,022</b>	<b>1,013</b>
- of which contactless	785	861	870
- of which deposit	297	307	315

The **number of clients** decreased -7ths Y/Y. The **number of active clients** increased **+67ths Y/Y**.

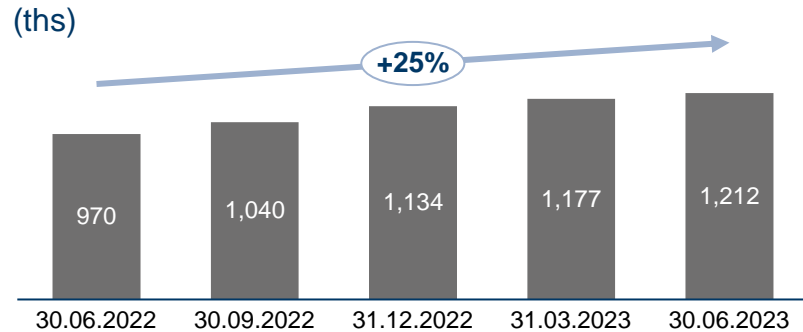
At the end of June 2023, clients could use **1,013 ATMs** (-5 Y/Y) of which 870 were contactless (+85 Y/Y), 315 enabled cash deposits (+18 Y/Y) and **997** were customized for visually impaired clients.

Due to ongoing optimization of the branch network and strengthening of the self-service platforms, the number of **ČSOB branches** reached 200 (-3 Y/Y) by the end of June.

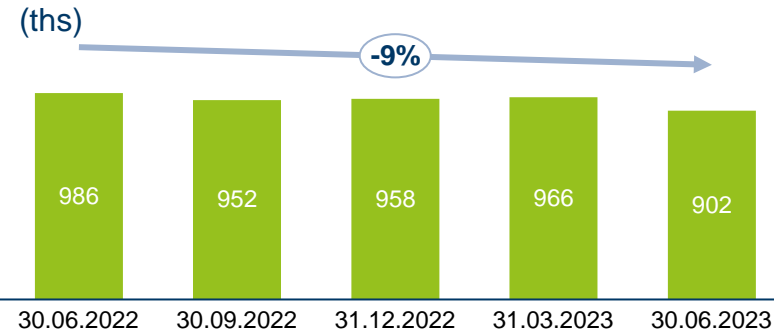
Extended portfolio of bank-insurance services at Czech Post is provided at **235 specialized banking counters**. Clients can use our services at **16 housing finance branches, 214 ČSOBS advisory centers** and **5 ČSOB Leasing branches**.

## Number of mobile banking active users and transactions rapidly increasing

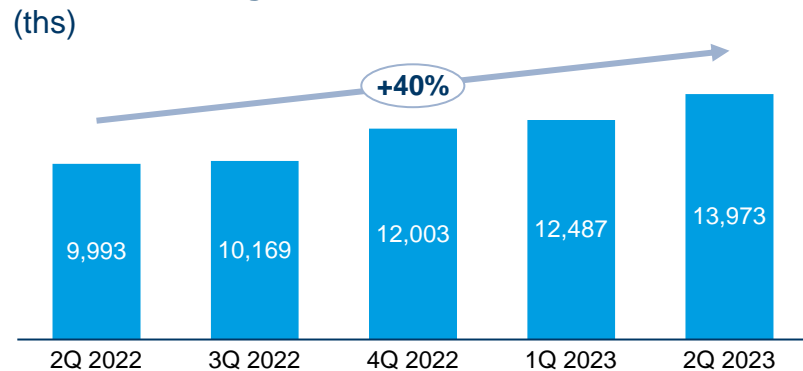
### Mobile banking active users<sup>1</sup>



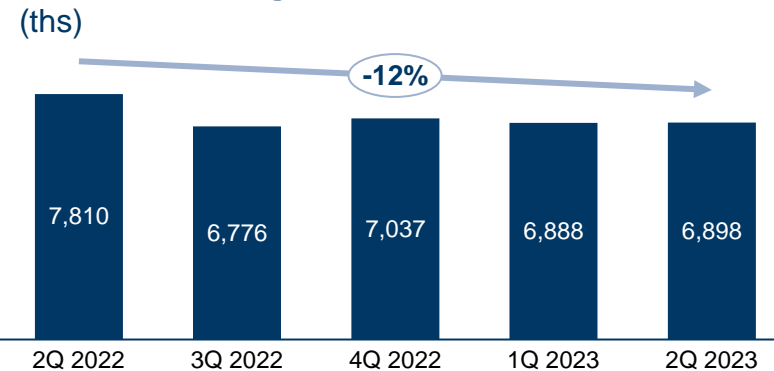
### Internet banking active users<sup>2</sup>



### Mobile banking transactions<sup>3</sup>



### Internet banking transactions<sup>3</sup>



As of 30 June 2023, the number of mobile banking **active users** increased +25% Y/Y. In 2Q 2023, the number of **transactions** via mobile banking rose +40% Y/Y.

As of 30 June 2023, the number of internet banking **active users** decreased -9% Y/Y. In 2Q 2023, the number of **transactions** via internet banking declined -12% Y/Y.

<sup>1</sup> Mobile banking active users are clients who at least once during the last 3 months used mobile banking.

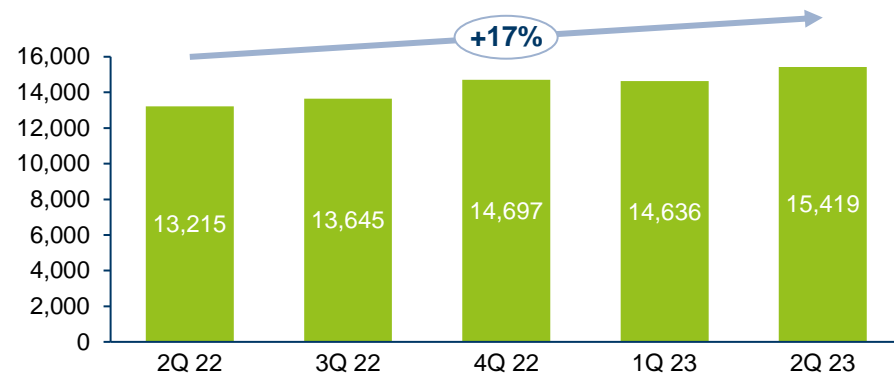
<sup>2</sup> Internet banking active users are clients who at least once during the last 3 months used internet banking

<sup>3</sup> Only transactions of retail and private banking clients are included. Transactions from standing payment orders are excluded.

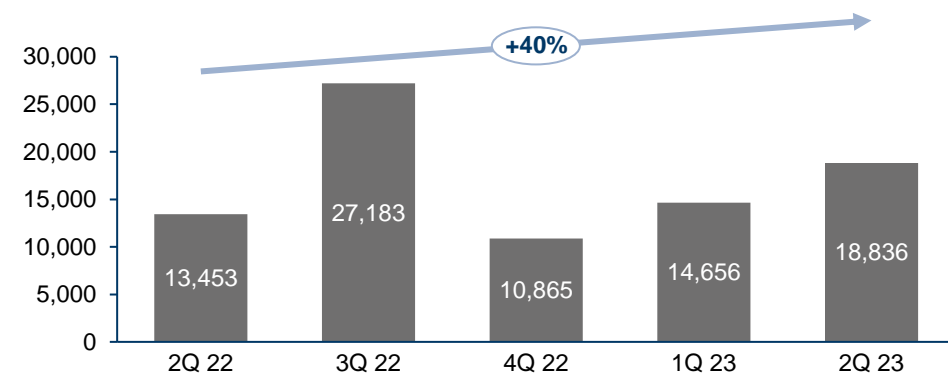
# ČSOB group's distribution platform

## Online initiated sales continue increasing

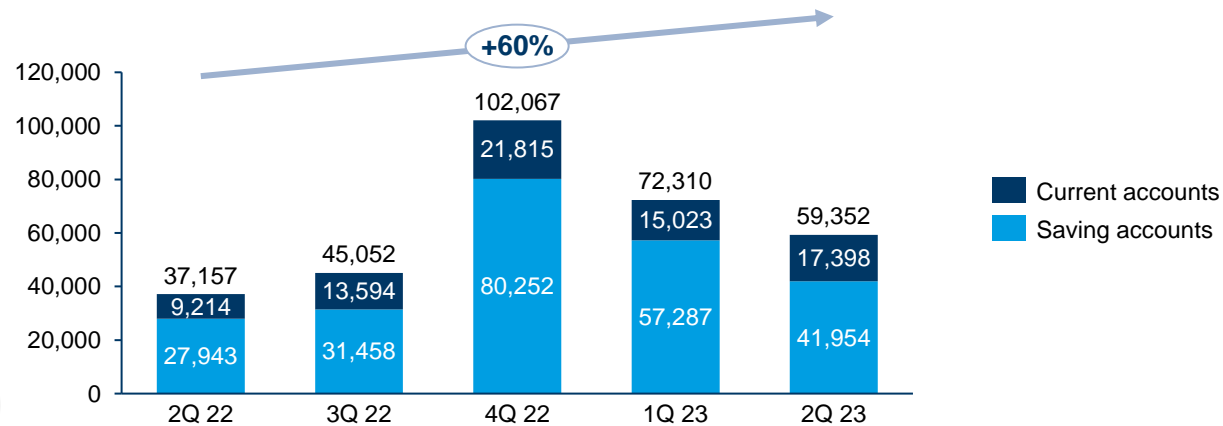
### Consumer finance (pcs)



### Travel insurance (pcs)



### Current and saving accounts (pcs)



Number of online initiated **current and saving accounts** increased **+60% Y/Y**.

In 2Q 2023, more than 15 thousand **consumer finance products** were initiated online, up **+17% Y/Y**.

Online sales of **travel insurance** grew **+40% Y/Y**.

*IFRS17 is the international standard for measurement, accounting and reporting of insurance contracts. It cuts through the entire accounting closure and reporting processes in the company and changes the way insurers operate, calculate and report on their business. IFRS17 has no impact on reporting of sales volumes, market shares, clients reporting.*

*IFRS17 was published in 2017 with effective date as of 1 January 2023. For comparison purposes, 2022 figures were restated according to IFRS17.*

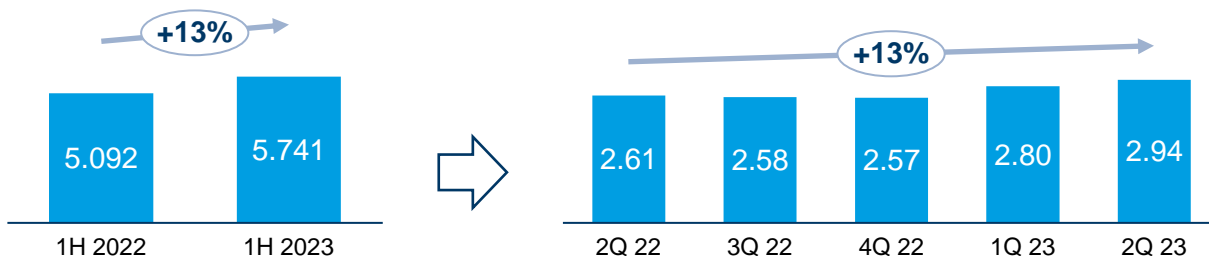
# ČSOB Pojišťovna: Key Figures



# Growth in non-life and life gross written premium

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

CZK bn

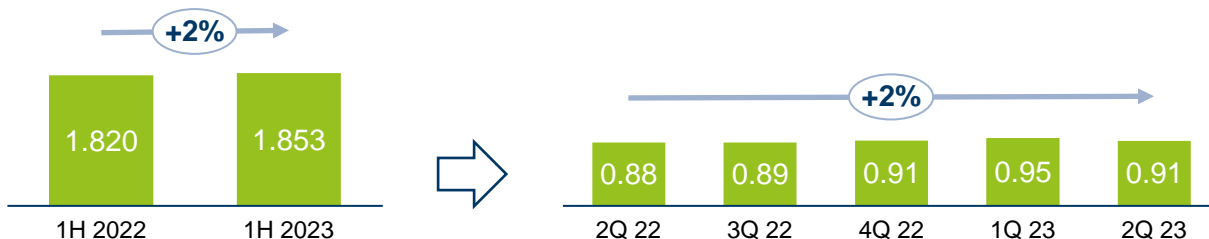


### Non-life insurance

1H/2Q 2023 **non-life gross written premium** increased **+13% Y/Y** thanks to all classes of non-life insurance.

## Life insurance – regular paid gross written premium

CZK bn

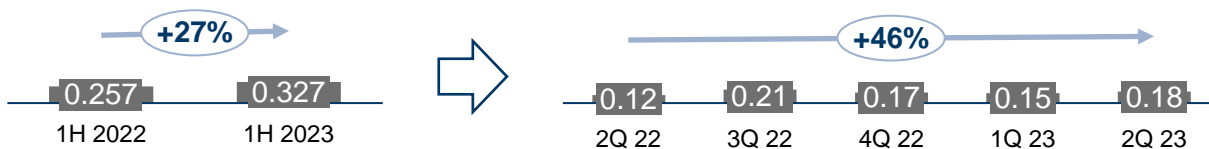


### Life insurance

1H/2Q 2023 **regular paid gross written premium** increased **+2% Y/Y** thanks to higher new business.

## Life insurance – single paid gross written premium

CZK bn

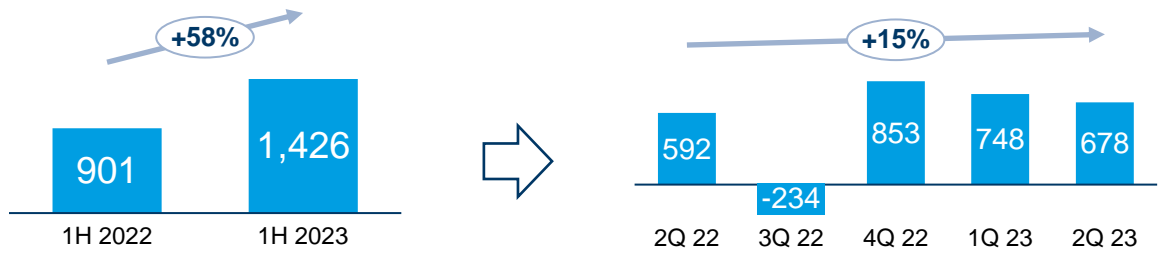


1H/2Q 2023 **single paid gross written premium** increased **+27% Y/Y** and **+46% Y/Y** respectively.

# Insurance

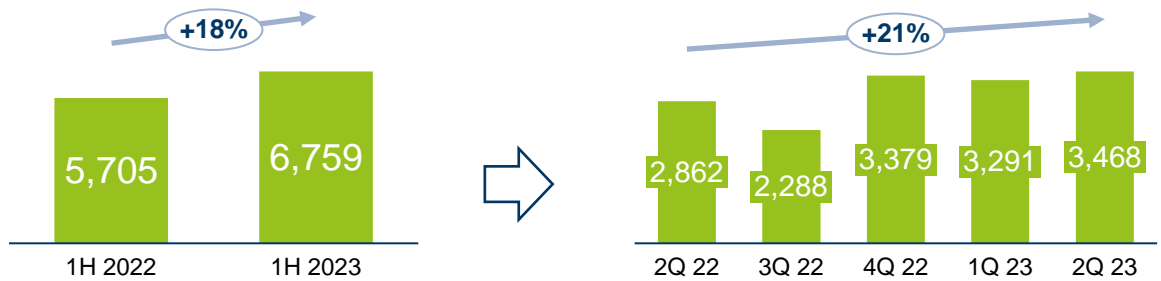
## Sharply higher net profit

**Net profit**  
CZK m



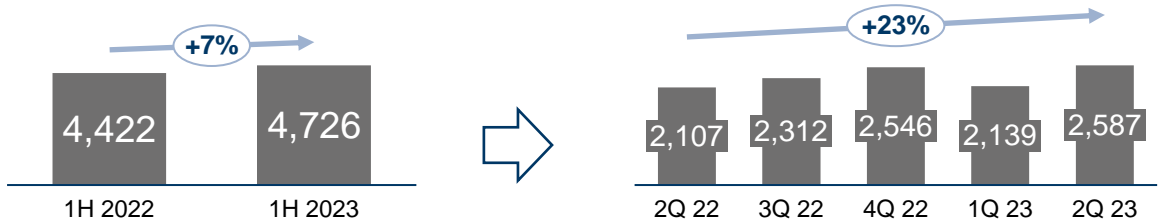
1H/2Q 2023 **net profit** increased to **CZK 1,426m** (+58% Y/Y) and **CZK 678m** (+15% Y/Y) respectively as a result of higher income, small occurrence of major claims and limited increase in operating expenses.

**Operating income**  
CZK m



1H/2Q 2023 **operating income** grew to **CZK 6,759m** (+18% Y/Y) and **CZK 3,468m** (+21% Y/Y) respectively thanks to higher net interest income and growing volumes.

**Insurance service expenses**  
CZK m

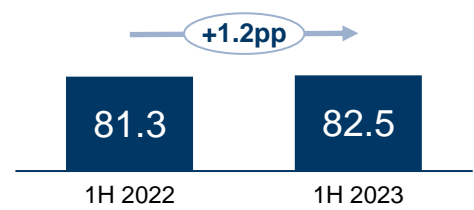


1H/2Q 2023 **insurance service expenses** increased to **CZK 4,726m** (+7% Y/Y) and **CZK 2,587m** (+23% Y/Y) respectively driven by portfolio growth and occurred claims.

**Non-life combined ratio** reached **82.5%**.

In 3Q 2022, ČSOB Pojišťovna realized losses resulting from the sale of bonds.

**Non-life combined ratio (%)**

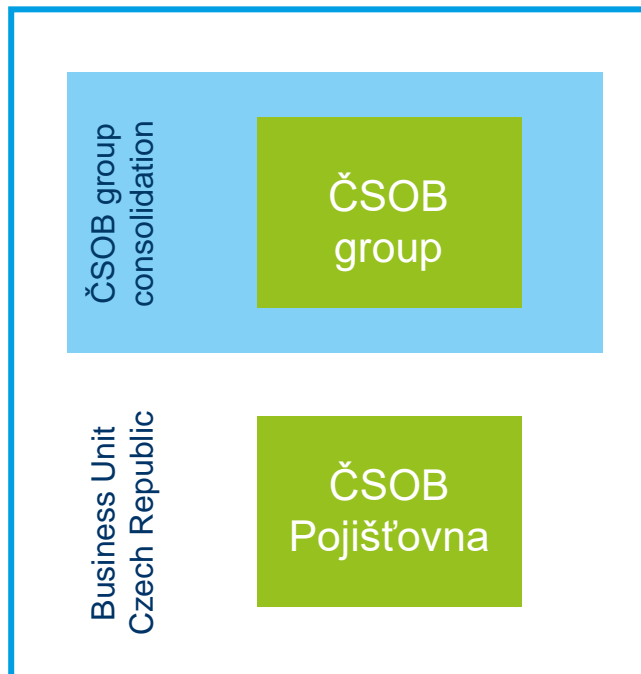


# Business Unit Czech Republic



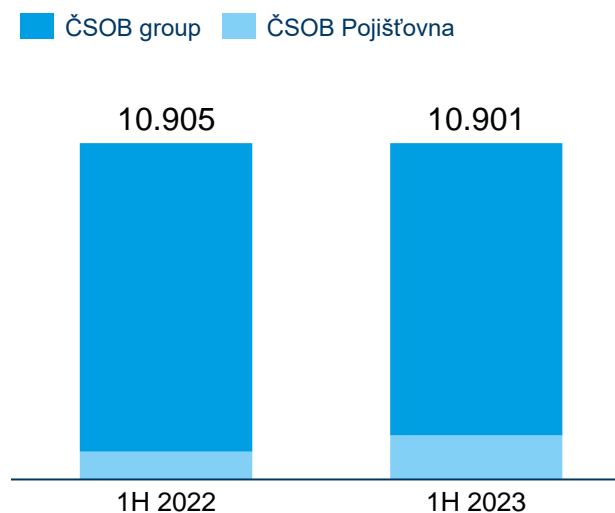


# Business Unit Czech Republic 1H 2023 net profit



## Net profit of the Business Unit Czech Republic

CZK bn



The 1H 2023 net profit of the Business Unit Czech Republic reached **CZK 10.9bn** (0% 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.

Net profit (CZK bn)	2Q 2022	3Q 2022	4Q 2022	1Q 2023	2Q 2023	2Q/2Q	1H 2022	1H 2023	1H/1H
BU Czech Republic	6.008	4.175	0.971	4.367	6.534	+9%	10.905	10.901	0%
o/w ČSOB Pojišťovna	0.592	-0.234	0.853	0.748	0.678	+15%	0.901	1.426	+58%

# Appendix

## Ratios and other indicators

Ratio / Indicator	31.12.2020	31.12.2021	31.12.2022	30.6.2022	30.6.2023
<b>Net interest margin</b> (Ytd., annualized, %)	2.31	2.08	2.54	2.67	2.32
<b>Cost / income ratio</b> (%)	54.6	55.5	54.3	48.3	56.3
<b>Cost / income ratio excl. bank. taxes</b> (%)	51.5	51.8	50.6	42.0	49.4
<b>RoE</b> (Ytd., %)	8.2	14.3	13.6	18.2	18.3
<b>RoA</b> (Ytd., %)	0.49	0.88	0.73	0.99	0.98
<b>RoAC, BU Czech Republic</b> (Ytd., %) <sup>1</sup>	21.7	39.2	32.7	42.8	42.3
<b>Credit cost ratio</b> (Ytd., annualized, %)	0.67	-0.42	0.12	-0.04	-0.30
<b>NPL ratio</b> (%)	2.26	1.83	1.69	1.78	1.44
<b>NPL coverage ratio</b> (%)	48.7	49.4	44.6	46.7	45.8
<b>Common Equity Tier 1 (CET1) ratio</b> (%)	23.7	22.4	19.8	18.0	20.1
<b>Total capital ratio</b> (%)	24.2	22.7	20.2	18.2	20.3
<b>Leverage ratio</b> (Basel III, %)	5.02	4.65	4.48	3.40	4.05
<b>Available MREL of RWA</b> (%)	n.a.	27.4	29.6	26.7	29.6
<b>Available MREL of LRE</b> (%)	n.a.	5.67	6.69	5.05	5.95
<b>Net stable funding ratio</b> (Basel III, %) <sup>2</sup>	169.9	171.3	171.8	184.1	184.5
<b>Liquidity coverage ratio</b> (Basel III, %)	137.7	143.5	156.2	136.7	148.5
<b>Loan to deposit ratio</b> (%)	71.6	71.1	70.6	71.3	68.8

<sup>1</sup> Fully-loaded.

<sup>2</sup> As of 1Q 2021 change in methodology, previous periods were not restated.

# Profit and loss statement

(CZK m)	2Q 2022	1Q 2023	2Q 2023	Y/Y	Q/Q	1H 2022	1H 2023	Y/Y
Net interest income	8,080	6,973	7,315	-9%	+5%	15,870	14,288	-10%
<i>Interest income</i>	25,864	31,311	31,406	+21%	0%	46,703	62,717	+34%
<i>Interest expense</i>	-17,784	-24,338	-24,091	+35%	-1%	-30,833	-48,429	+57%
Net fee and commission income	2,036	2,169	2,252	+11%	+4%	4,108	4,421	+8%
Net gains from financial instruments at FVPL <sup>1</sup>	1,041	686	584	-44%	-15%	2,568	1,270	-51%
Other operating income <sup>2</sup>	280	248	358	+28%	+/-	794	606	-24%
<b>Operating income</b>	<b>11,437</b>	<b>10,076</b>	<b>10,509</b>	<b>-8%</b>	<b>+4%</b>	<b>23,340</b>	<b>20,585</b>	<b>-12%</b>
Staff expenses	-2,401	-2,539	-2,571	+7%	+1%	-4,982	-5,110	+3%
General administrative expenses	-1,807	-3,159	-1,934	+7%	-39%	-5,037	-5,093	+1%
<i>General administrative expenses (excl. banking taxes)</i>	-1,821	-1,737	-1,949	+7%	+12%	-3,564	-3,686	+3%
<i>Banking taxes</i>	14	-1,422	15	+2%	+/-	-1,473	-1,407	-4%
Depreciation and amortisation	-639	-711	-668	+5%	-6%	-1,255	-1,379	+10%
<b>Operating expenses</b>	<b>-4,847</b>	<b>-6,409</b>	<b>-5,173</b>	<b>+7%</b>	<b>-19%</b>	<b>-11,274</b>	<b>-11,582</b>	<b>+3%</b>
Impairment losses	-125	152	1,259	+/- > +100%		-23	1,411	+/-
<i>Impairment on financial assets at amortised cost</i>	-43	158	1,255	+/- > +100%		196	1,413	> +100%
<i>Impairment on goodwill</i>	0	0	0	n/a	n/a	0	0	n/a
<i>Impairment on other assets</i>	-82	-6	4	+/-	+/-	-219	-2	-99%
Share of profit of associates	1	-7	-1	-/+	-86%	-23	-8	-65%
<b>Profit before tax</b>	<b>6,466</b>	<b>3,812</b>	<b>6,594</b>	<b>+2%</b>	<b>+73%</b>	<b>12,020</b>	<b>10,406</b>	<b>-13%</b>
Income tax expense	-994	-195	-747	-25% > +100%		-1,936	-942	-51%
<b>Profit for the period</b>	<b>5,472</b>	<b>3,617</b>	<b>5,847</b>	<b>+7%</b>	<b>+62%</b>	<b>10,084</b>	<b>9,464</b>	<b>-6%</b>
Attributable to:								
<b>Owners of the parent</b>	<b>5,472</b>	<b>3,617</b>	<b>5,847</b>	<b>+7%</b>	<b>+62%</b>	<b>10,084</b>	<b>9,464</b>	<b>-6%</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

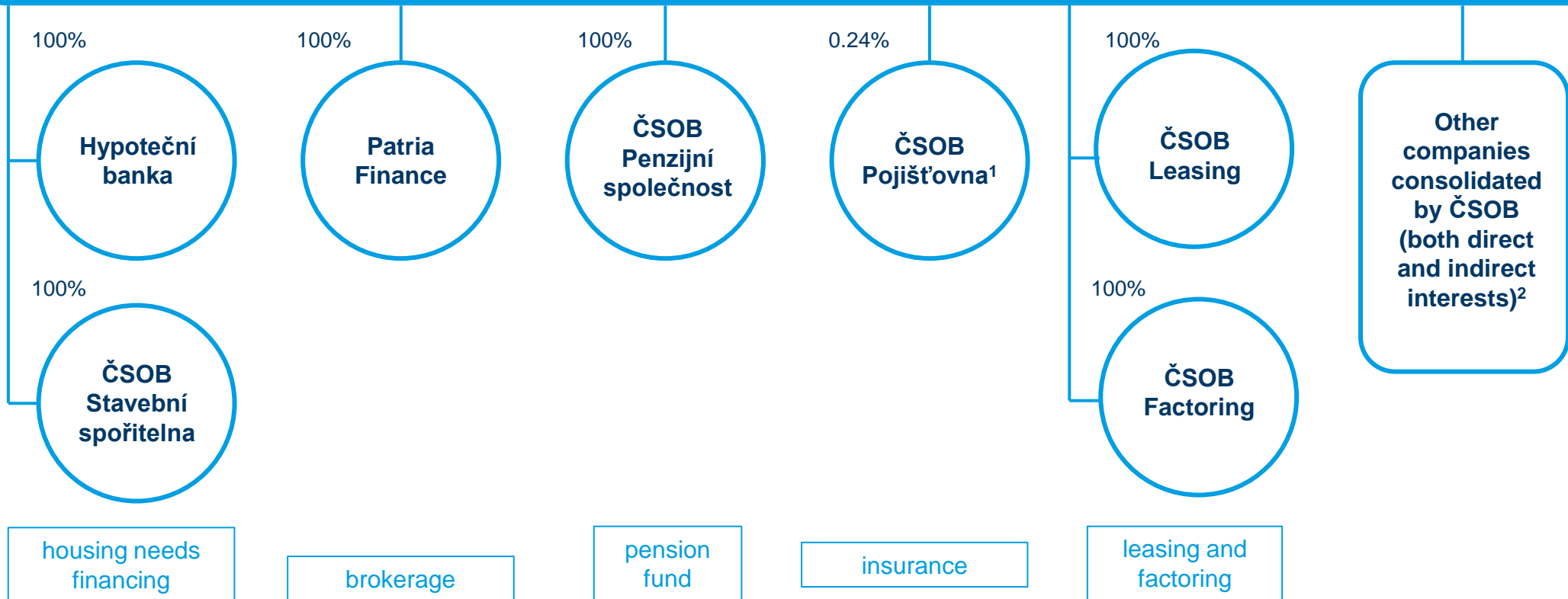
(CZK m)	30/6 2022	31/12 2022	30/6 2023	Y/Y
Cash and balances with central banks and other demand deposits	26,274	62,121	32,215	+23%
Financial assets held for trading	98,239	71,746	79,903	-19%
Financial assets held for trading pledged as collateral	0	0	33	n/a
Financial assets designated at fair value through P/L	0	0	0	n/a
Non-trading financial assets mandatorily at fair value through profit or loss	977	1,322	778	-20%
Financial assets at fair value through other comprehensive income (OCI)	16,395	15,585	15,483	-6%
Financial assets at fair value through OCI pledged as collateral	520	72	232	-55%
Financial assets at amortised cost - net	1,947,996	1,574,761	1,861,805	-4%
<i>Financial assets at amortised cost - debt securities (gross)</i>	227,334	249,225	278,343	+22%
<i>Financial assets at amortised cost - loans to credit institutions (gross)</i>	870,483	465,010	706,003	-19%
<i>Financial assets at amortised cost - loans to other than credit institutions (gross)</i>	861,236	872,429	888,005	+3%
<i>Financial assets at amortised cost - provisions</i>	-11,057	-11,903	-10,546	-5%
Financial assets at amortised cost pledged as collateral	32,661	24,721	21,206	-35%
Fair value adjustments of the hedged items in portfolio hedge	-29,930	-25,639	-18,667	-38%
Derivatives used for hedging	52,648	48,425	38,914	-26%
Current tax assets	486	70	916	+88%
Deferred tax assets	1,611	2,514	1,934	+20%
Investments in associates and joint ventures	64	66	70	+9%
Property and equipment	12,988	12,917	12,500	-4%
Goodwill and other intangible assets	11,384	11,659	11,679	+3%
Non-current assets held-for-sale	15	41	61	>+100%
Other assets	4,912	5,236	3,905	-21%
<b>Total assets</b>	<b>2,177,240</b>	<b>1,805,617</b>	<b>2,062,967</b>	<b>-5%</b>

## Balance sheet – liabilities and equity

(CZK m)	30/6 2022	31/12 2022	30/6 2023	Y/Y
Financial liabilities held for trading	100,310	73,506	79,474	-21%
Financial liabilities at fair value through P/L	23,683	23,839	24,595	+4%
Financial liabilities at amortised cost	1,940,184	1,583,056	1,835,219	-5%
<i>of which Deposits received from central banks</i>	0	0	0	n/a
<i>of which Deposits received from credit institutions</i>	309,470	43,708	129,700	-58%
<i>of which Deposits received from other than credit institut.</i>	1,399,568	1,231,800	1,456,747	+4%
<i>of which Debt securities in issue</i>	191,672	264,915	206,713	+8%
<i>of which Subordinated liabilities</i>	37,403	40,592	39,954	+7%
<i>of which Lease liabilities</i>	2,071	2,041	2,105	+2%
Fair value adjustments of the hedged items in portfolio hedge	-38,118	-32,441	-23,576	-38%
Derivatives used for hedging	46,871	42,039	32,063	-32%
Current tax liabilities	94	659	258	>+100%
Deferred tax liabilities	970	1,035	1,171	+21%
Provisions	752	4,542	691	-8%
Other liabilities	6,219	8,404	6,749	+9%
<b>Total liabilities</b>	<b>2,080,965</b>	<b>1,704,639</b>	<b>1,956,644</b>	<b>-6%</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	53,193	57,773	61,990	+17%
Financial assets at fair value through OCI - revaluation reserve	-606	-663	-492	-19%
Cash flow hedge reserve	-1,756	-1,578	-631	-64%
Foreign currency translation reserve	-27	-25	-15	-44%
<b>Parent shareholders' equity</b>	<b>96,275</b>	<b>100,978</b>	<b>106,323</b>	<b>+10%</b>
Minority interest	0	0	0	n/a
<b>Total equity</b>	<b>96,275</b>	<b>100,978</b>	<b>106 323</b>	<b>+10%</b>
<b>Total liabilities and equity</b>	<b>2,177,240</b>	<b>1,805,617</b>	<b>2,062,967</b>	<b>-5%</b>

# The ČSOB group in the Czech Republic

## Československá obchodní banka, a. s. banking services



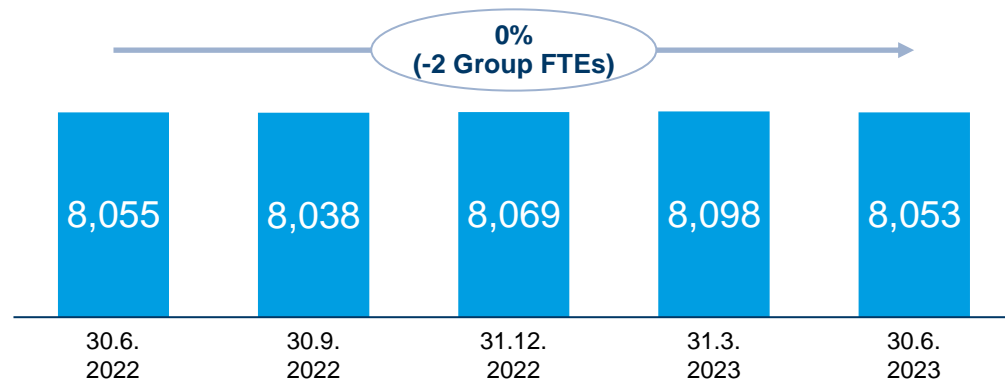
Percentages show ČSOB's ownership interests on company's equity as of 30 June 2023.

<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.

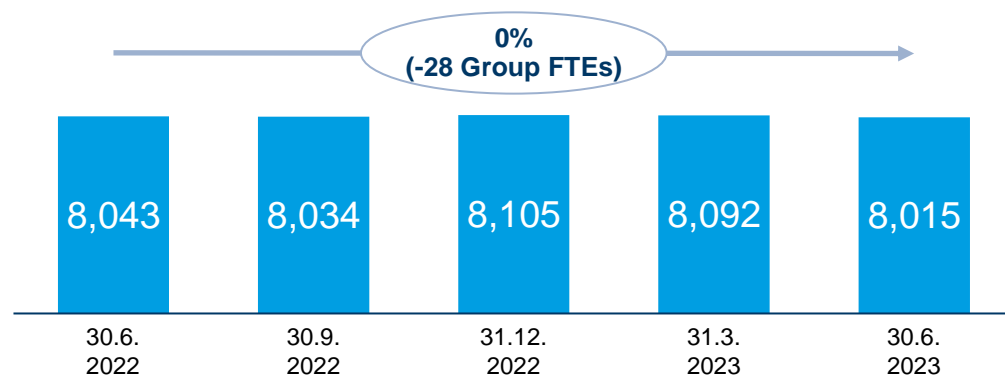
# Employees

## Number of FTEs – average



The average number of **Group FTEs** stayed flat (-2 FTEs Y/Y) as the internalization in IT and digital was compensated by the decrease in Retail branches.

## Number of FTEs – end of the period



■ Group FTE<sup>1</sup>

The number of **Group FTEs** at the end of the period decreased -28 Y/Y.



# Glossary - ratios

Available MREL as a % of LRE (MREL leverage ratio)	$(\text{Total regulatory capital} + \text{Eligible liabilities}) / (\text{On-balance} + \text{Off-balance sheet items} + \text{Counterparty exposure for Derivatives and SFT} + \text{Add-ons})$ (according to CRR)
Available MREL as a % of RWA (MREL ratio)	$(\text{Total regulatory capital} + \text{Eligible liabilities}) / \text{Total RWA}$ (according to CRR)
Common Equity Tier 1 (CET1) ratio	$\text{Tier 1 capital (CET1)} / \text{Total RWA}$ (according to CRR)
C/I (cost/income ratio)	$\text{Operating expenses} / \text{operating income, Ytd.}$
CCR (credit-cost ratio)	$\text{Total credit costs} / \text{average Credit risk: loan portfolio in the year (simple average of previous year end and reported period end balances)}$ ; Ytd.
Leverage ratio	$\text{Tier 1 capital} / (\text{On-balance} + \text{Off-balance sheet items} + \text{Counterparty exposure for Derivatives and SFT} + \text{Add-ons})$ (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	IFRS 9: Financial assets at amortised cost - loans to other than credit institutions (net) / Deposits received from other than credit institutions at amortised cost minus repo operations with non-banking financial institutions
Net stable funding ratio (NSFR)	$\text{Available amount of stable funding} / \text{required amount of stable funding}$ (according to CRR)
NIM (net interest margin)	$\text{Net interest income excl. volatile short-term assets used for liquidity management} / \text{average interest earnings assets excl. volatile short-term assets used for liquidity management}$ ; Qtd./Ytd., annualized
Non-life combined ratio	$(\text{Technical insurance charges, incl. the internal cost of settling claims} / \text{earned insurance premiums}) + (\text{operating expenses} / \text{written insurance premiums})$ (after reinsurance in each case, according to KBC group methodology)
NPL (non-performing loans) ratio	$\text{Outstanding amount of non-performing loans (incl. off-balance sheet items)} / \text{Credit risk: loan portfolio}$
NPL coverage ratio	$\text{Specific allowances for loans and leases (incl. off-balance sheet items)} / \text{non-performing loans (incl. off-balance sheet items)}$
ROA (return on assets)	$\text{Net profit for the year} / \text{average of total assets}$ ; Ytd., annualized
ROAC, BU Czech Republic (return on allocated capital)	$\text{Result after tax (including minority interests) of the } \check{C}\text{SOB group, adjusted to take account of allocated capital instead of actual capital} / \text{average allocated capital of the } \check{C}\text{SOB group}$ (KBC group methodology)
ROE (return on equity)	$\text{Net profit for the year} / \text{average of total shareholders' equity}$ ; Ytd., annualized
Total capital ratio	$\text{Total regulatory capital} / \text{Total RWA}$ (according to CRR)

# Glossary – other definitions

Active clients	Include clients with current account and active income.
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 ČSOBS financial liabilities at amortized cost minus deposits received from credit institutions.
Building savings loans	All customer lending granted by ČSOBS in book values. Gross.
Clean energy cars	Cars and light commercial vehicles with tail pipe emissions below 50g CO2/km.
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. ČSOBS/building savings deposits).
Leverage ratio exposure (LRE)	On-balance + Off-balance sheet items + Counterparty exposure for Derivatives and SFT + Add-ons (denominator of leverage ratio; according to CRR)
Loan portfolio	Loans and receivables to other than credit institutions (incl. ČSOBS/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).
Loans for economical housing	Mortgage with EPC label A / B for construction, purchase, reconstruction or refinancing of family house or flat with EPC label A / B. This product can have a part which can be used for a different purpose (up to 30% of granted amount); Secured bridge-loan for economical housing finances property with EPC label A / B (purchase, refinancing, construction). For reconstruction and construction, a different purpose can be up to 20% of the granted amount.
Mortgages	All loans booked in Hypoteční banka, including home equity loans and mortgage loans to legal entities, excluding intra-group loans. Gross.
MREL	Minimum requirement for own funds and eligible liabilities.
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.
Other operating income	Net realized gains from financial instruments at fair value through other comprehensive income (OCI) + dividend income + income and expense from operating lease + other net income
Responsible investments	Responsible investment funds (RI F) are collective investment instruments that choose the assets that make up the portfolio based on environmental, social and governance (ESG) criteria.
SME loans	Loan portfolio granted by ČSOB's SME network in book values. Gross.
Total risk weighted assets (RWA)	Credit risk RWA + Market risk RWA + Operational risk RWA (according to CRR)
Trading and fair value income	Net gains from financial instruments at fair value through profit and loss.

# Contacts

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**ČSOB group Czech Republic**

**Member of the KBC Group**





**ČSOB**

*jdeme vám  
naproti*