

**INVESTOR
PRESENTATION
2024**



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01

**SLOVAKIA
AND ČSOB AT
A GLANCE**

SLOVAKIA AND ČSOB AT A GLANCE

SLOVAK REPUBLIC

- Member of the European Union since 2004 and European Monetary Union since 2009
- Sovereign ratings: A2 (negative) by Moody's, A+ (stable) by S&P and A- (stable) by Fitch
- Slovak economy expects positive growth in 2024, the period of high inflation is fading, however the public debt continues to increase

KBC GROUP

- Integrated bank-insurance group, catering mainly for retail, private banking SME and mid-cap clients. Core markets are Belgium, Czech Republic, Slovakia, Hungary and Bulgaria.
- High profitability – net result in 2023: 3,402m EUR
- Serving approximately 13 million clients

SLOVAK BANKING SECTOR

- Well capitalized and profitable banking sector with good asset quality
- Mortgage and corporate loan originations have stabilized at a slightly reduced level in 2023
- Households and firms have been able to service their loans even at higher interest rates.
- The banking sector remains resilient with sufficient levels of capital and liquidity.

ČSOB

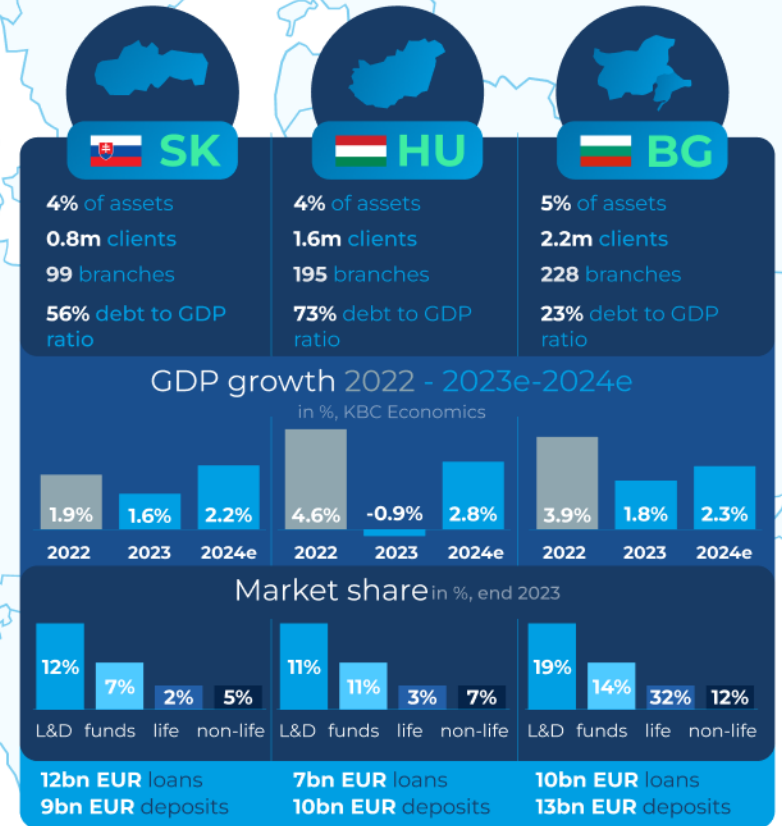
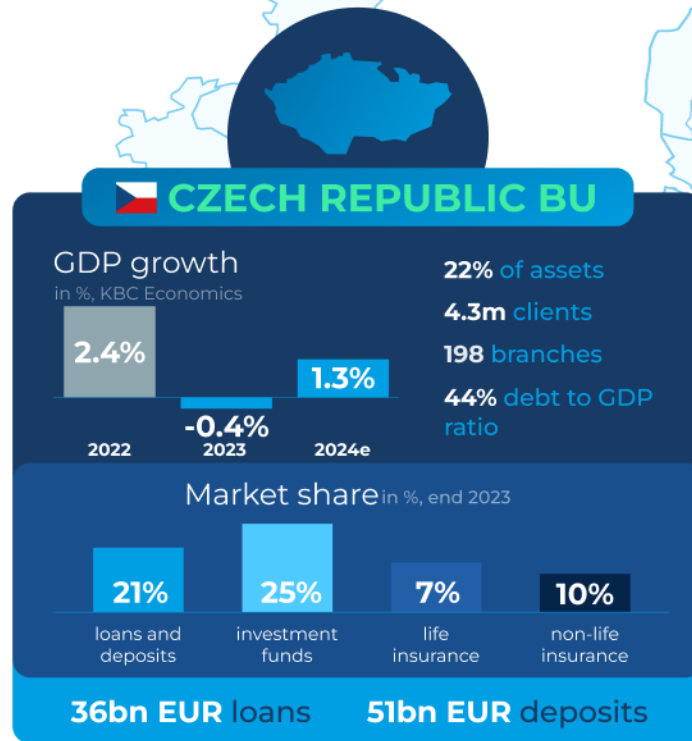
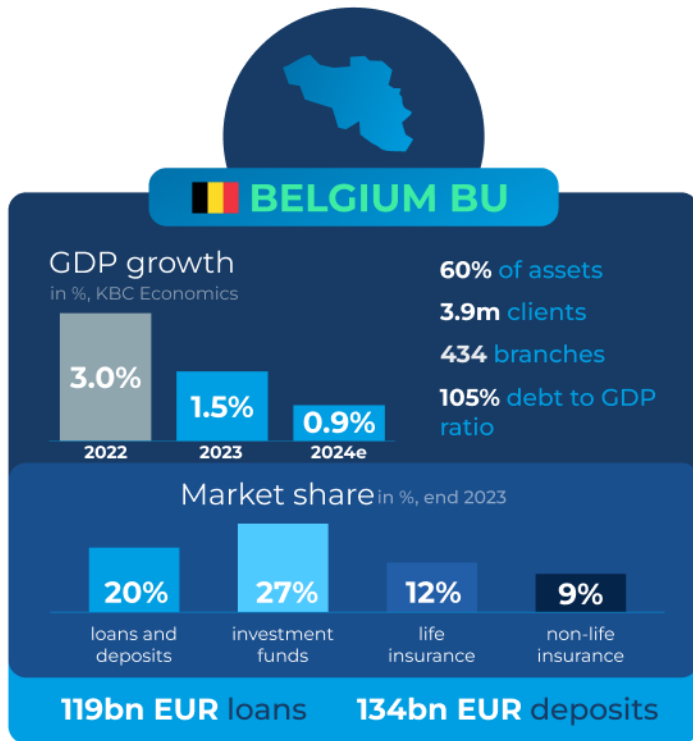
- Top #4 largest bank in Slovakia
- 800 ths clients; 99 branches; 12bn EUR loans; 9bn EUR deposits
- Current rating from Moody's is at A2 with stable outlook; covered bonds rating at Aaa

02

KBC GROUP
ČSOB GROUP

KBC Group passport – well defined core markets

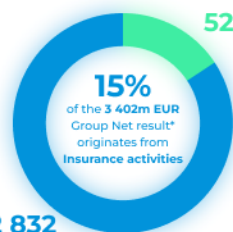
- KBC was formed in 1998 after the merger of two Belgian banks (Kredietbank and CERA Bank) and a Belgian insurance company (ABB insurance)
- Core markets: Belgium, Czech Republic, Slovakia, Hungary, Bulgaria
- Also present to a limited extent in several other countries
- Principal activity: integrated bank-insurance group, catering mainly for retail, private banking, SME and mid-cap clients



WHAT DIFFERENTIATES US FROM PEERS

Unique integrated bank-insurance+ model

- We offer an **integrated response** to our clients' banking and insurance needs. Our **organization** is similarly integrated, operating as a single business and a **digital-first, lead-driven and AI-led bank-insurer**
- The benefit of a **one-stop**, relevant and personalized financial service that allows our clients to choose from a wider and complementary range of products and services, which go beyond pure bank-insurance
- **Benefits in terms of income and risk diversification**, additional sales potential through intensive co-operation between the bank and insurance distribution channels, significant cost-savings and synergies



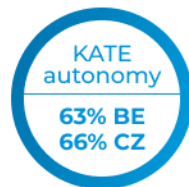
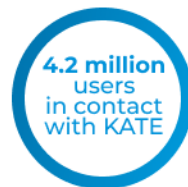
527 Insurance activities

Difference between the net result of KBC Group and the sum of the banking and insurance contributions is accounted for by the holding-company/group items

2 832 Banking activities
As at end FY 2023

Successful digital-first approach through KATE

- **Our Digital interaction with clients** forms the basis of our business model in our strategy, not only in terms of sales and advice, but also in E2E digital process and product development
- **Artificial intelligence** and data analysis will play an important part in digital sales and advice. **Kate, our personal digital assistant**, will featured prominently in this regard
- The **independent international consulting firm Sia Partners named KBC Mobile one of the top performing mobile banking app worldwide (N°1 in 2021 and N°3 in 2022 and 2023)**: a clear recognition of a decade of innovation, development and listening closely to our clients



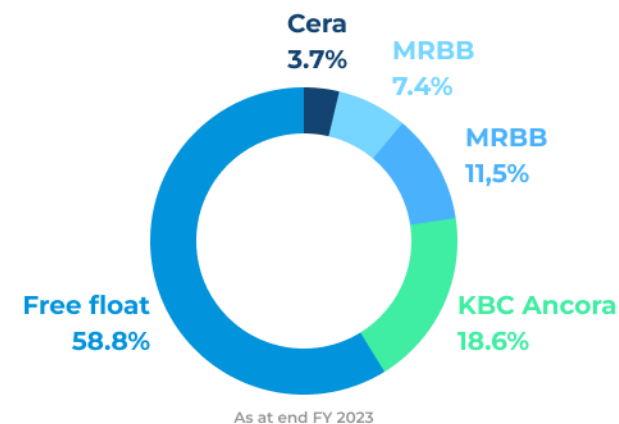
Firmly embedded sustainability strategy

- As a company that aims to support the transition to a more sustainable and climate-proof society, **we have made sustainability integral to our overall business strategy** and integrated it into our day-to-day business operations and the products and services we provide
- Our sustainability strategy consists of three cornerstones: **encouraging responsible behaviour on the part of all our employees, increasing our positive impact on society and limiting any adverse impact we might have**



Core shareholder structure

- A special feature of our shareholder structure is the **core shareholder syndicate** consisting of Cera, KBC Ancora, MRBB and the other core shareholders, which together held **roughly 41% of our shares**
- These shareholders act in concert, thereby ensuring shareholder stability in our group
- The free float is held mainly by a large variety of international investors



ČSOB GROUP'S LEGAL STRUCTURE

- ČSOB Bank is one of the leading banks on the Slovak markets
- It was established in 2008 when it became legally independent from ČSOB Prague
- Bank-insurance business model that provides a wide portfolio of products and services to retail clients, SME, corporate segment, and private clients



ČSOB HIGHLIGHTS

RATING BY MOODY'S

LONG-TERM
DEPOSITS

A2 STABLE

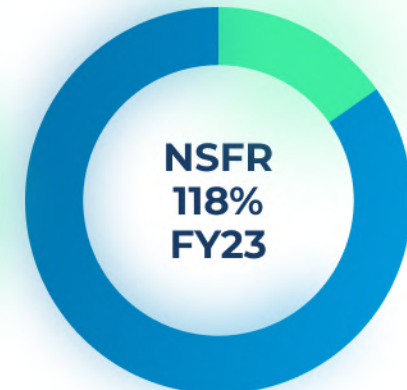
LONG-TERM
ISSUER

A3 STABLE

COVERED
BONDS

Aaa

ROBUST LIQUIDITY




TOTAL ASSETS

15 bn


NET PROFIT

98 mn


CAPITAL
RATIO

19.13%


NPL RATIO

1.42%


BRANCHES

99


CUSTOMERS

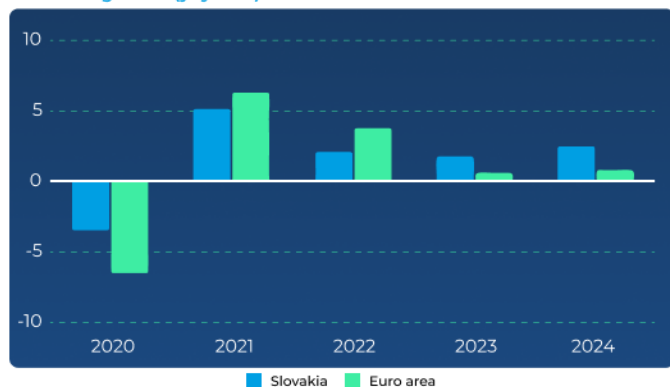
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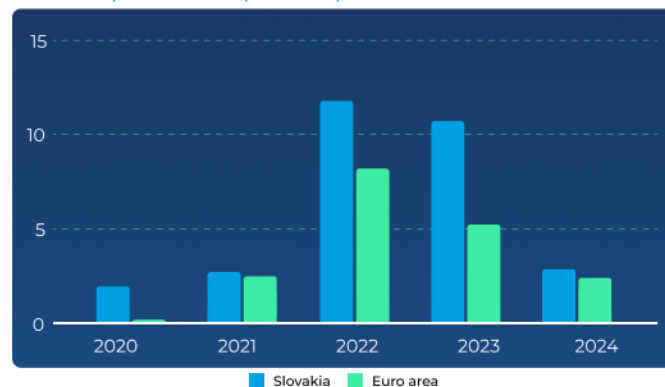
**SLOVAKIA
MACRO
ECONOMIC
OVERVIEW**

SLOVAK ECONOMY

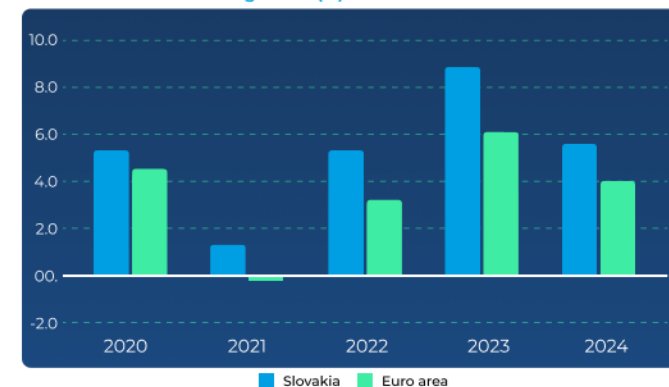
Real GDP growth (yoy in %)



Consumer price inflation (HICP in %)

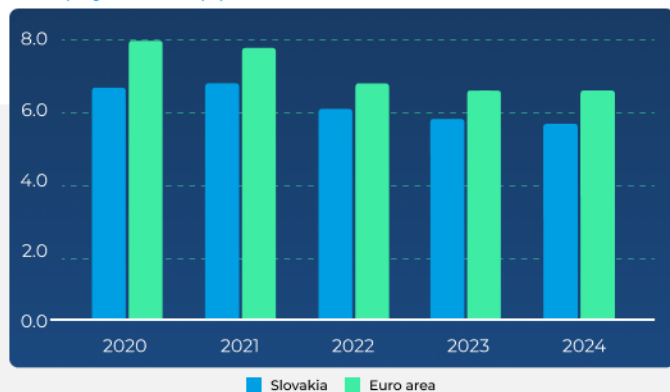


Nominal unit labor cost growth (%)

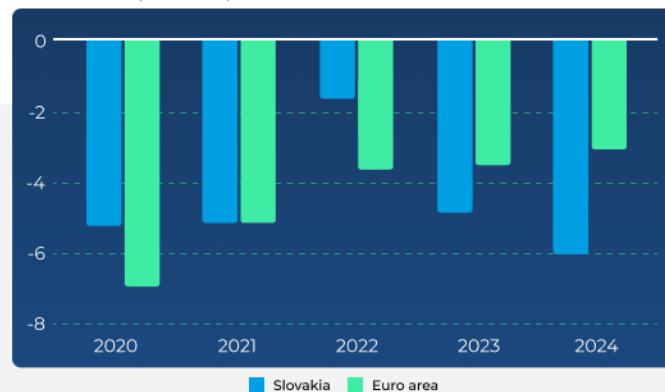


Slovak GDP growth dynamics decelerated in recent years due to high inflation that dampened purchasing power of households. However, it should again accelerate in 2024. Economic growth was driven by external demand and investments in last year. The inflation outlook is more favorable, and household consumption might recover as real wages already returned to growth. External demand can also support the exports.

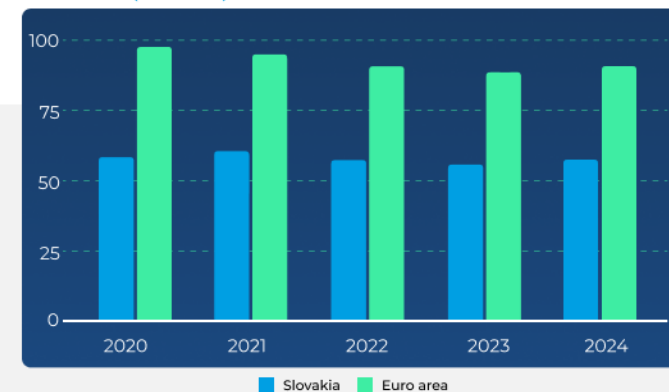
Unemployment rate (%)



Public deficit (% of GDP)



Public debt (% of GDP)

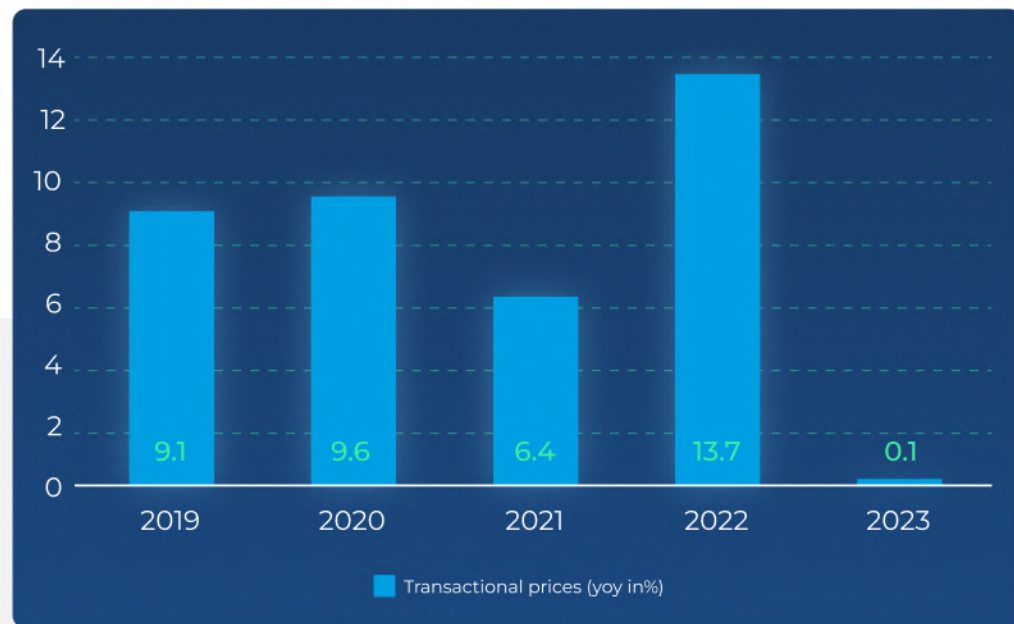


Public deficit deteriorated in 2023. Fiscal consolidation is needed in the years ahead and already announced by the MoF. Public debt remains at acceptable levels so far and below the EMU average.

HOUSING MARKET

The housing market is going through a healthy correction trajectory. The turnaround in the housing loan rates led to a rebalancing between a supply and demand. Therefore, housing prices declined during the major part of the year 2023. However, there are signs of stabilization now. The low unemployment rate, insufficient supply and gradually rising wages should help market to gradually recover. There are also wide regional differences in market prices linked to the purchasing power of the regions with the highest prices in the two major cities Bratislava and Košice.

Housing prices (transactional, yoy in%)



Housing prices in the regions (EUR per sqm)



04

**SLOVAK
BANKING
MARKET**

SLOVAK BANKING MARKET

SK MARKET - Y2023

SLOVENSKÁ
sporiteľňa

Balance sheet: **26.5bn**

VÚB BANKA
Intesa Sanpaolo Group

Balance sheet: **24.3bn**

TB
TATRA BANKA

Balance sheet: **22.1bn**

ČSOB

Balance sheet: **13.7bn**

4th
POSITION

PrimaBanka

Balance sheet: **6.2bn**

365
bank

Balance sheet: **4.6bn**

Source: financial statements of banks

ČSOB SK with 15.5% market share in Housing loans. Corporate & SME loans with almost 11%. Overall bank deposits (including mutual funds) with 11.29%

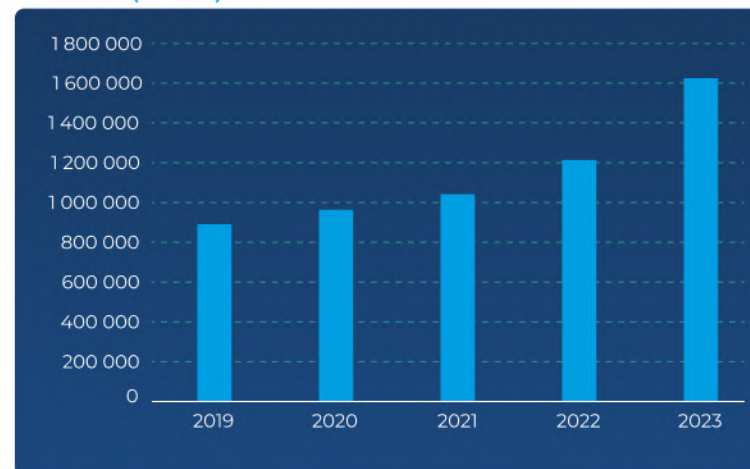
ČSOB SK market share - DEC23

Market share Loans	202212	202312	Y/Y
Total bank Loans	12.53%	13.04%	0.52%
Household Loans	14.10%	14.35%	0.25%
Housing type loans	15.24%	15.52%	0.28%
Consumer loans	5.89%	6.04%	0.14%
Corporate & SME Loans	10.15%	10.97%	0.82%
Entrepreneurs	6.61%	6.26%	-0.34%
Non-financial institutions	9.90%	10.98%	1.08%
Financial institutions	12.89%	11.72%	-1.17%
Market share Deposits	202212	202312	Y/Y
Total Deposits & MF	10.93%	11.29%	0.36%
Total primary deposits bank	11.60%	11.96%	0.36%
Household Deposits & MF	8.95%	8.98%	0.03%
Mutal Funds (MF)	6.89%	7.56%	0.67%
Corporate & SME Deposits	14.26%	15.31%	1.05%
Entrepreneurs	11.91%	17.34%	5.43%
Non-financial institutions	12.55%	11.98%	-0.57%
Financial institutions (Incl. ARDAL)	18.91%	26.44%	7.52%

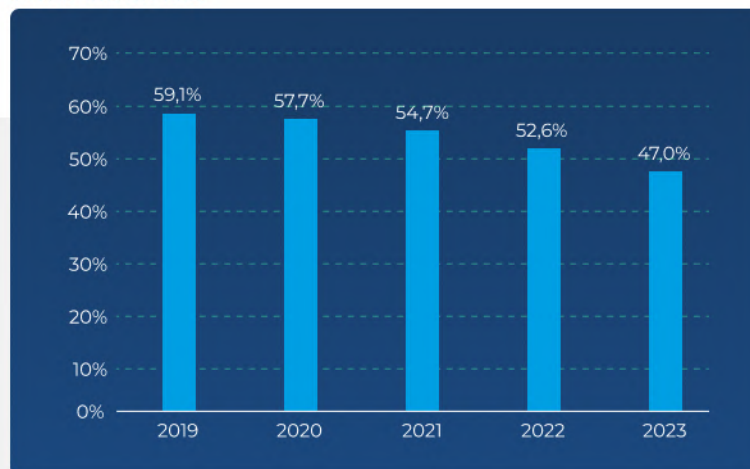
PROFITABILITY & EFFICIENCY

- The Slovak financial sector is well capitalized, stable and profitable
- Slovak banks are profitable - in 2023 they achieved record net profit in nominal terms due to the reversal in interest rates
- Banks' resilience is confirmed by sufficient levels of capital and liquidity
- Profitability growth has also contributed to the sector's stability
- Interest margins have returned to sustainable levels
- Prudent cost and risk management in the sector is also reflected in the cost-to-income and rentability ratios
- The re-introducing of the extra bank tax will influence the profits, but underlying profitability is improving

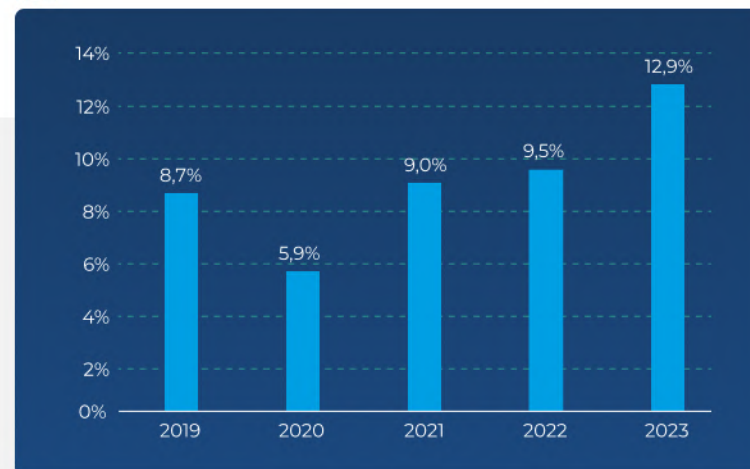
Net income (EUR ths)



Cost-to-income ratio



ROE



ASSET QUALITY

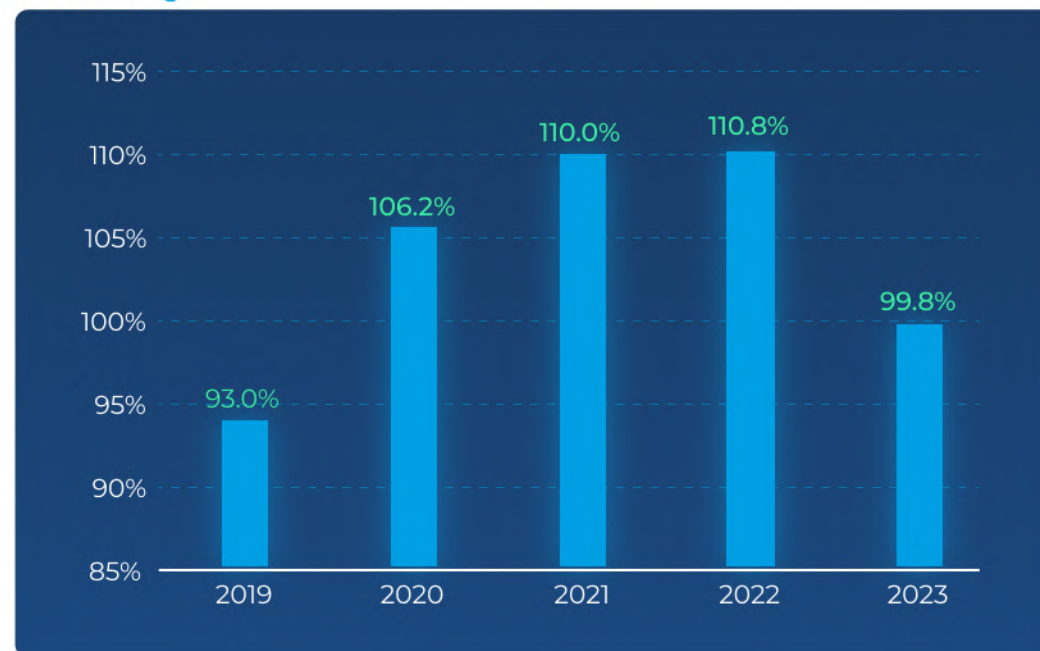
- The financial sector is stable and ready to handle new challenges
- Strong capital position of banks and historically one of the highest levels of profitability

- Asset quality is still solid – non-performing loans remain low on the whole market
- The risk of credit losses in the next few years is relatively low – economic development will be important

NPL ratio

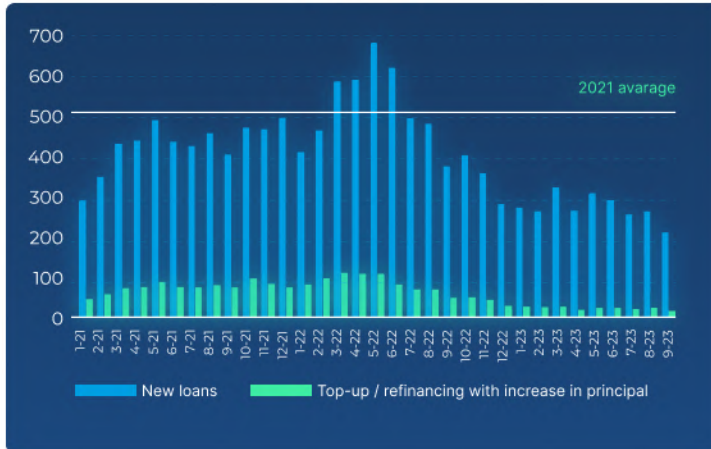


NPL coverage

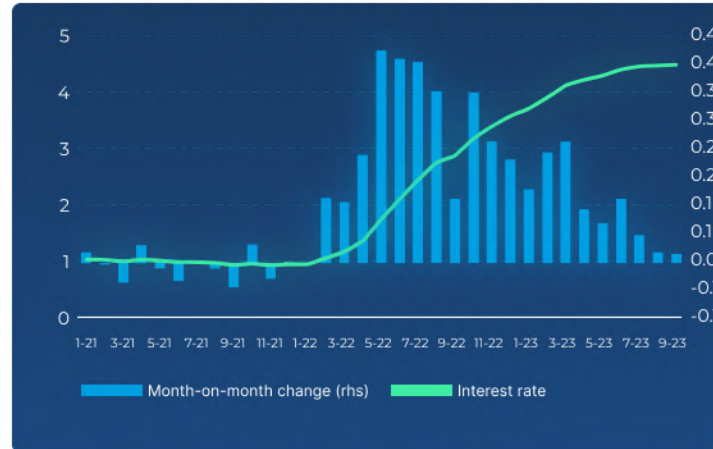


MORTGAGES & RESIDENTIAL PROPERTY PRICES

Mortgage origination
(EUR m)



Mortgage rates on new mortgages only (%)



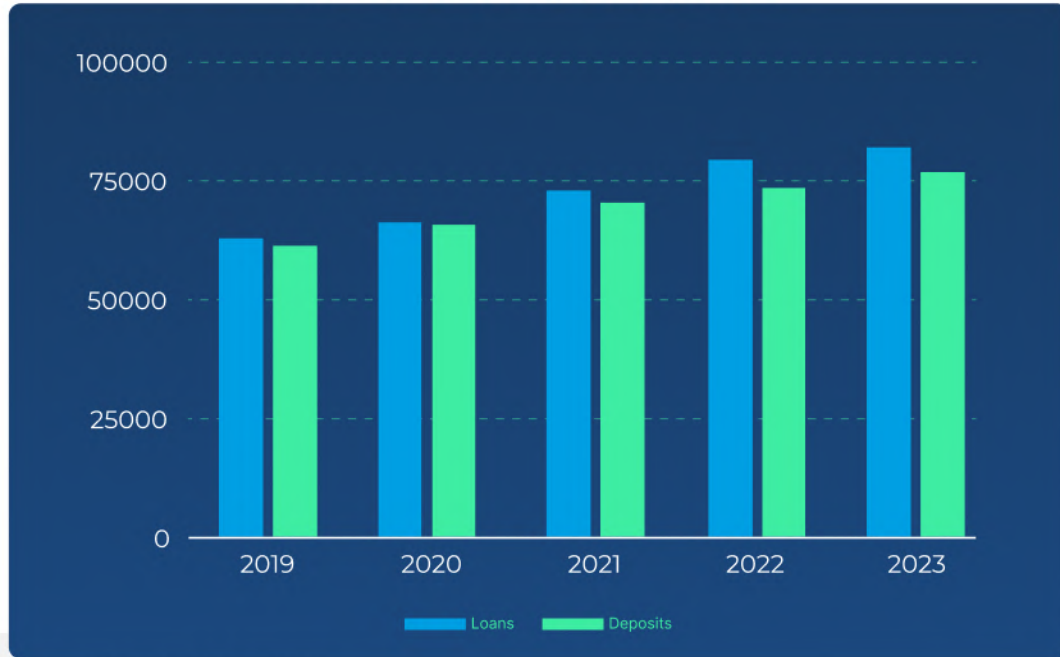
Development of residential property prices



- Slovak property prices grew in line with the trend in other EU markets pulled by the strong demand stipulated by the low mortgage interest rates, demography, strong labor market and traditionally high home ownership
- After slowing down in the second half of 2022, mortgage origination has stabilized in 2023
- The upturn in mortgages rates has eased
- The offer prices of real estate in the first quarter fell by 0.4 percent quarter-on-quarter
- Housing prices in Slovakia have been falling since the end of summer 2022, when the demand for mortgages weakened after a sharp increase in interest rates

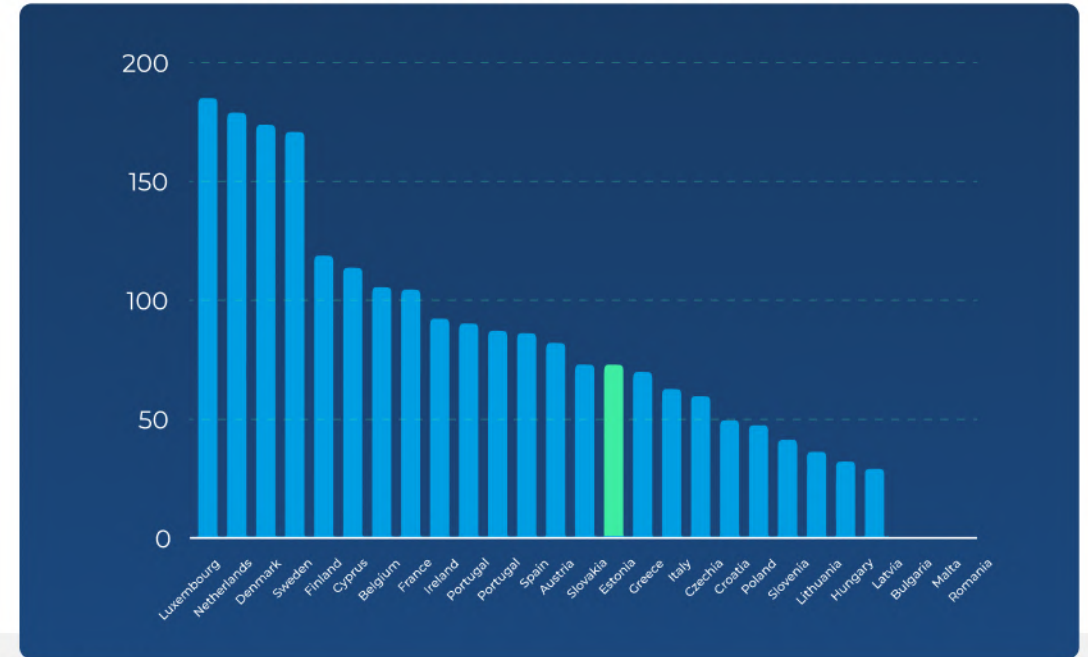
DEPOSITS & LOANS DEVELOPMENT

Deposits & Loans development (EUR mn)



Source: NBS, Slovak banking association

Gross debt to income ratio of households (in %, 2022)

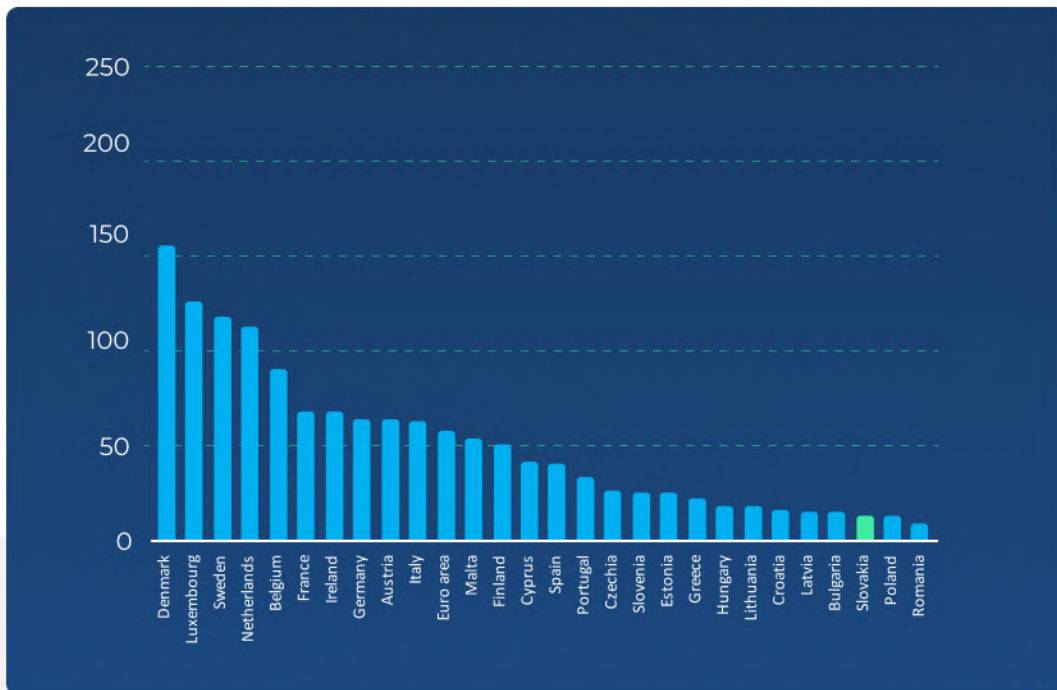


Source: Eurostat

- The Slovak market went through the interesting path in the area of loan growth over the last decade. The financial sector focused mainly on the retail side reflecting the strong domestic purchasing power and demand for financial intermediation
- However, loan growth dynamics decelerated in recent past affected by the high inflation and consequently impacted household savings
- The banks also started to focus on attracting the new deposits as the higher interest rates are also an important element for households
- The debt-to-income ratio of households remains below the western European standard

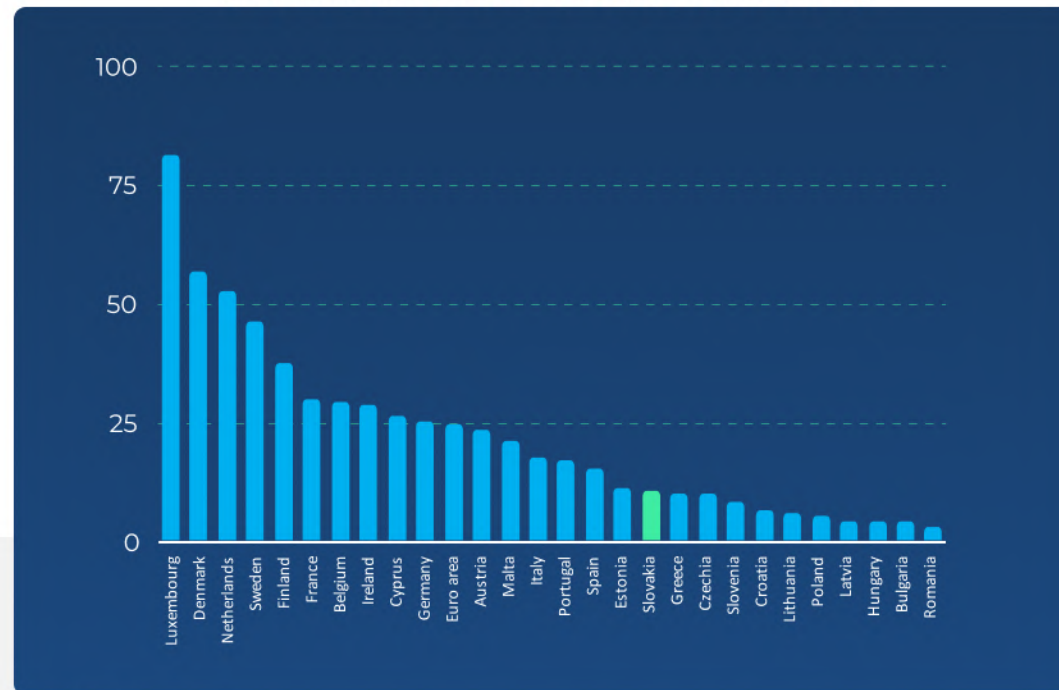
SLOVAK BANKING MARKET: STILL SPACE TO LEND MORE

Financial assets of households (in EUR ths per head)



Source: Eurostat

Financial liabilities of households (in EUR ths per head)



Source: Eurostat

- The debt-to-income ratio is below EU average, but it went above the regional standard. On the other hand, debt per capita is relatively small compared to many EU countries which implies space for further convergence
- Nevertheless, there is also space for personal assets growth, including deposits, hand in hand with the strengthening of purchasing power after the return of more favorable inflation
- This will become the priority for many banks as a source of further lending and may temporarily slow-down the return to strong loan growth and with probably more balanced mortgage loans market as well

05
ČSOB
FINANCIAL
FIGURES

KEY INDICATORS OVERVIEW



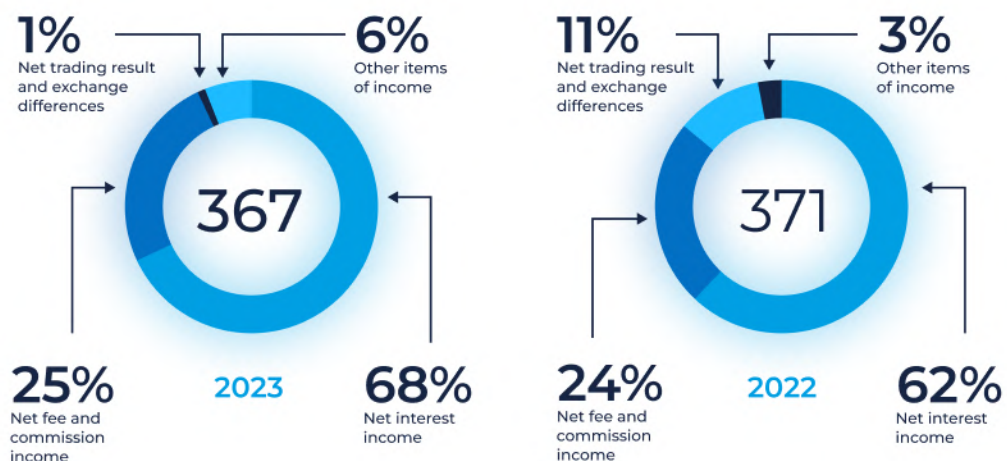
ČSOB Financial Group with y/y improvement of almost all financial indicators

BALANCE SHEET (EUR mn)	2023	2022	% change
Balance sheet total	15 044	15 083	0%
Loans and receivables to customers	11 594	10 809	7%
Amounts owed to customers	8 897	8 449	5%
Equity	1 239	1 073	15%
INCOME STATEMENT (EUR mn)	2023	2022	% change
Net interest income	249	231	8%
Net fee and commission income	90	88	2%
Net trading result and exchange differences	2	40	-96%
Total income	367	371	-1%
Operating expenses	-248	-253	-2%
Impairment losses, provisions for off-balance sheet risks and other impairment losses	7	-21	-132%
Net profit for year	98	74	32%
PERFORMANCE	2023	2022	% change
Cost/Income ratio	66.29%	66.84%	-0.55%
ROE	8.44%	6.92%	22%
ROA	0.65%	0.53%	23%
MARKET SHARES (ČSOB Bank)	2023	2022	% change
Total loans	13.04%	12.53%	0.51%
Total deposits	11.29%	10.93%	0.36%

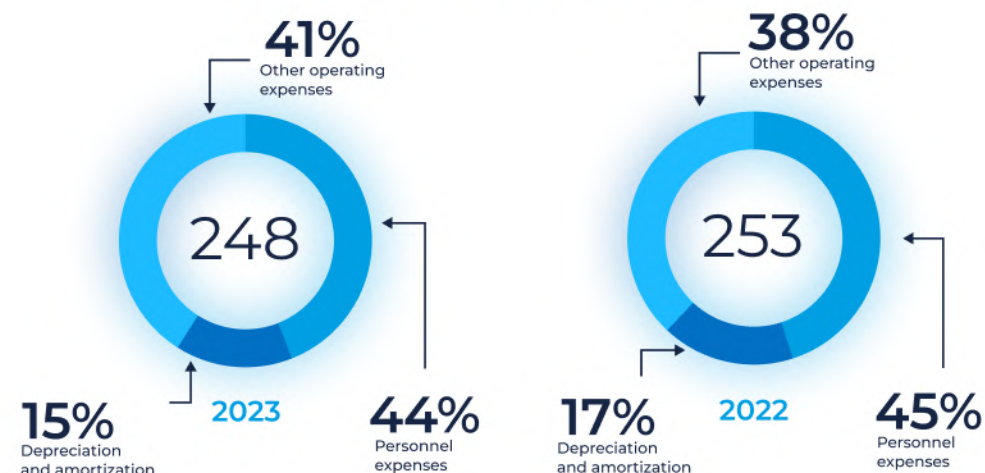
Figures are aligned with the annual report of ČSOB SK

P&L AND BALANCE SHEET

Income development (EUR mn)



Expenses development (EUR mm)



Total income for the year 2023 reached the amount of EUR 367 million. Y/y increase of Net interest income, Net fee and commission income offset by decreased income from Net gains from financial instruments at FV due to IRS curves evolution.

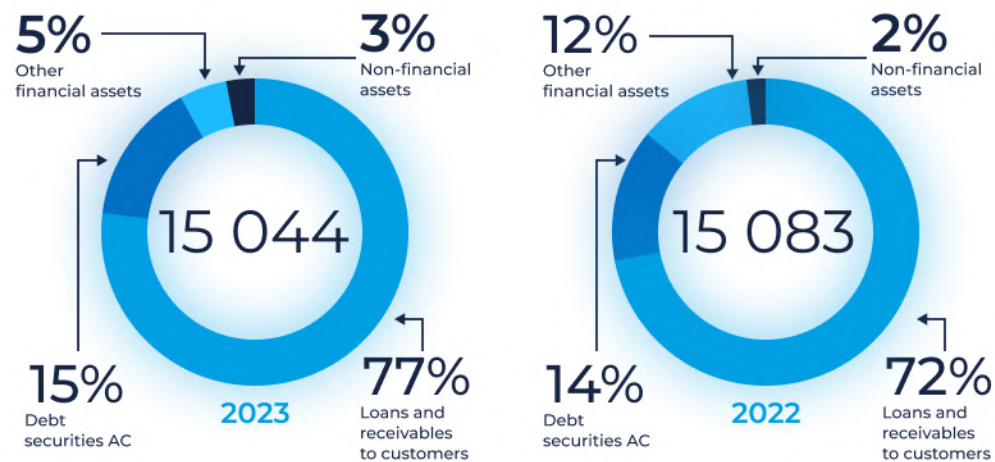
Increase of market interest rates contributed to growth of interest income as well as interest expense. Y/y increase of Net interest income was driven by continuous growth of Loans portfolio (especially of Housing and Corporate & SME Investment loans) supported by Managing of deposits and liabilities structure.

Net fee and commission income positively impacted by growing income from Payment services, Custody services and Insurance products. Growth of market interest rates was reflected in the decrease in demand for investment products and mutual funds in favor of term deposits causing decrease of related fee income (especially of Entry fees).

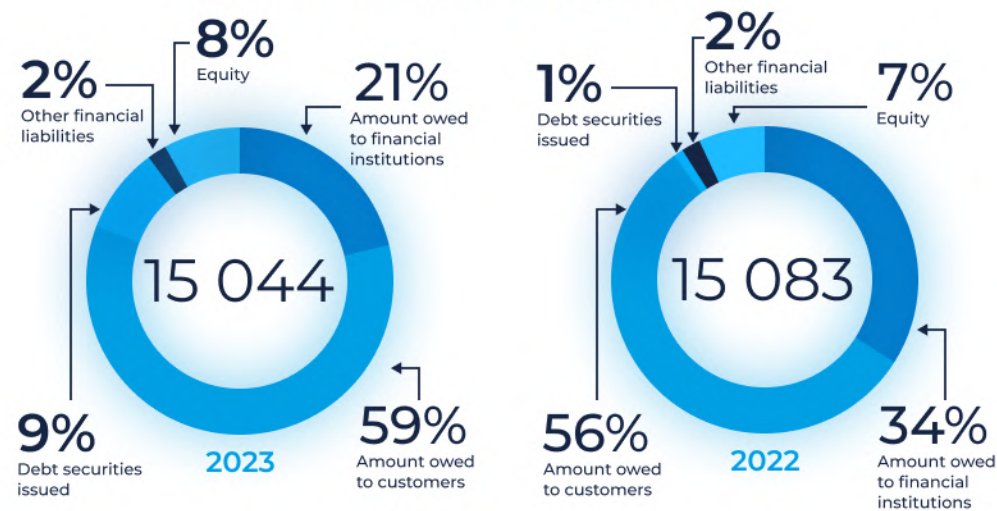
Operating expenses reached EUR 248 million for the year 2023. Y/y decrease due to the inclusion of OTP after the merge and synergies effect. Increasing expenses on digitalization, personal expenses caused by higher inflation and other administrative expenses (driven by higher energy prices and inflation).

P&L AND BALANCE SHEET

Asset structure (EUR mn)



Liabilities structure (EUR mn)

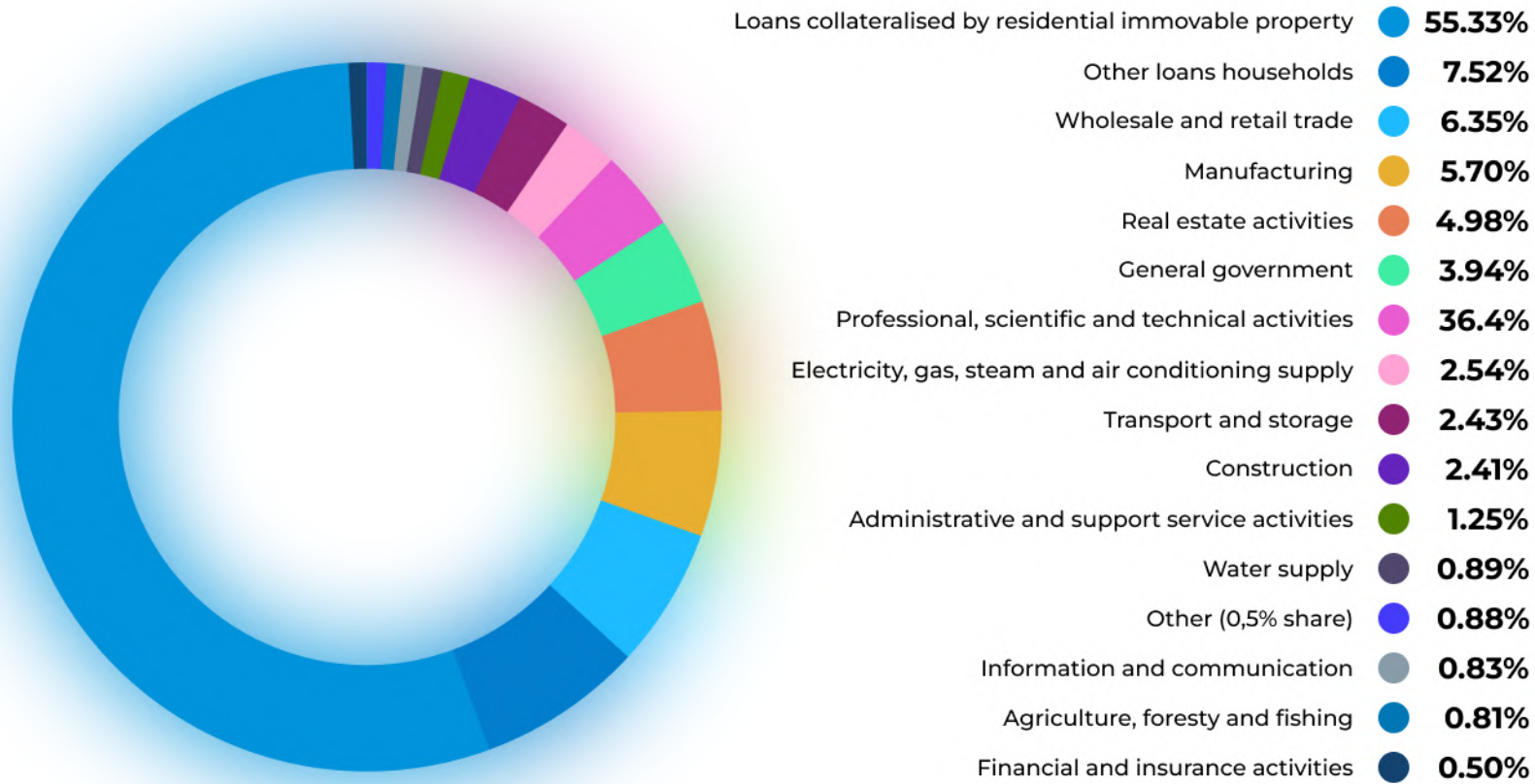


Loans and receivables from customers reached the amount of EUR 11.6 billion as at 31 December 2023. This growth is mainly driven by continuous growth of Housing loans (+13%) and Corporate loans (+14%).

Amounts owed to customers reached the level of EUR 8.9 billion as at 31 December 2023. Strong YoY increase of Financial institution deposits. Decrease of Current accounts in favor of term deposits with higher external rates for clients.

LOANS AND RECEIVABLES BY SECTOR

LOANS AND RECEIVABLES TO HOUSEHOLDS AND NON FINANCIAL CORPORATIONS BY SECTOR:



Approximately 7.4 bn EUR allocated within Households representing almost 63% of the whole portfolio.

DEVELOPMENT OF LOANS AND DEPOSITS

Mortgage loans (EUR mn)



Continuous growth of Mortgage portfolio and improving ČSOB SK market share. After increase of market rates and decreased affordability from client's point of view, cooldown of SK market should be observed.

Consumer loans (EUR mn)



Increased internal focus on **Consumer loans** from Y23 brought increase of overall consumer loans portfolio.

Loans to non-financial corporations (EUR mn)



From 2023 successful **change in strategy from selective approach to strengthening market position** (without significant compression of margin).

Household deposits (EUR mn)



Post covid crisis and increased inflation had negative impact on whole **household deposit** sector, on ČSOB SK as well. For Y24 strong **acquisition activities are planned** to organically increase number of clients and related deposits.

Non financial corporation deposit (EUR mn)

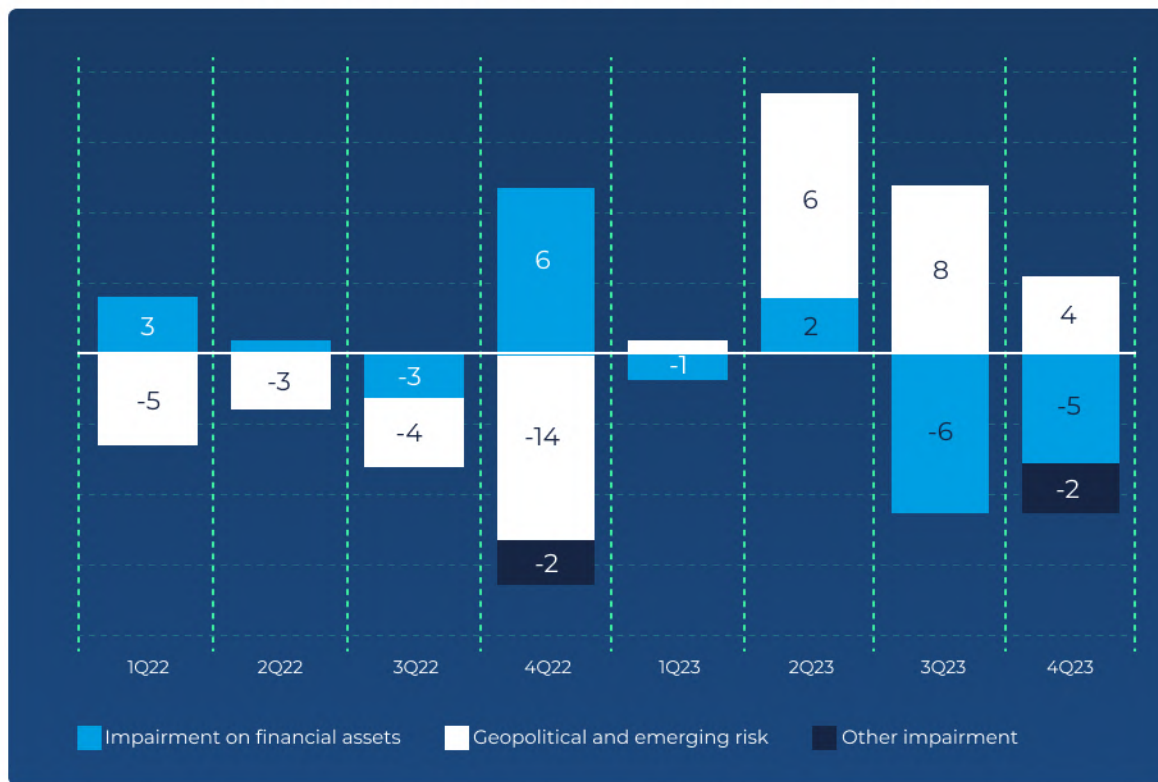


Continuous increase of Non-financial corporate deposits in order to keep pace of growth corporate loans portfolio.

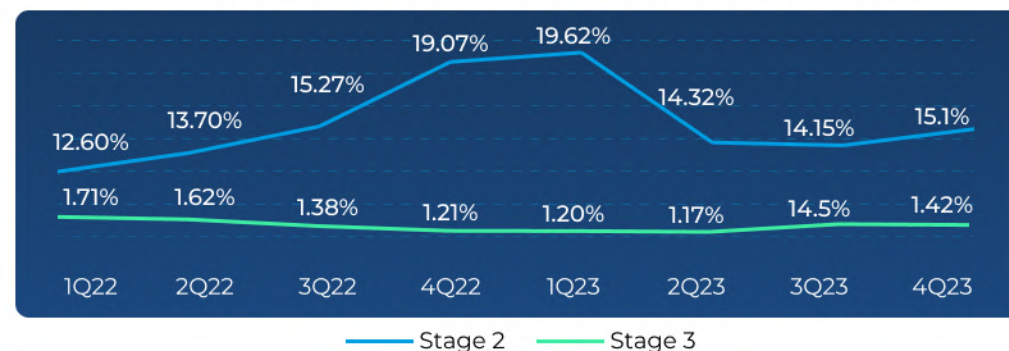
CREDIT QUALITY AND IMPAIRMENT LOSSES

PRUDENT CREDIT POLICY VISIBLE IN VERY GOOD IMPAIRED LOANS RATIO (CREDIT INSTITUTIONS INCLUDED). Y23 AND Y22 WERE AFFECTED BY UNCERTAIN MACROECONOMIC ENVIRONMENT (POST COVID CRISIS, ENERGY CRISIS AND UA/RU CONFLICT)

Impairment losses and provisions (EUR mn)

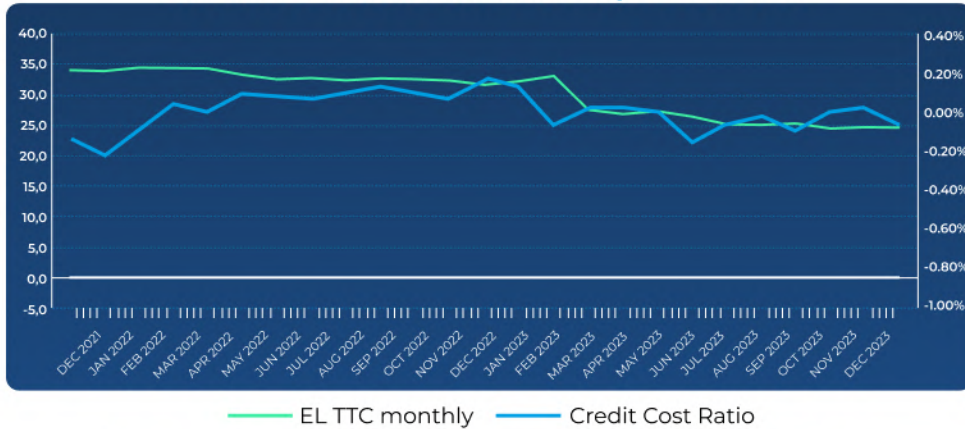


Total loan portfolio outstanding by IFRS 9 ECL stage

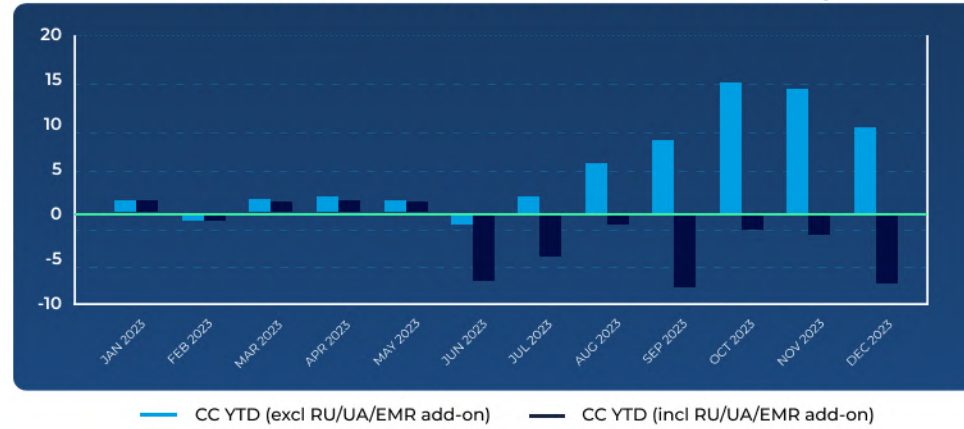


CREDIT COSTS & NPL

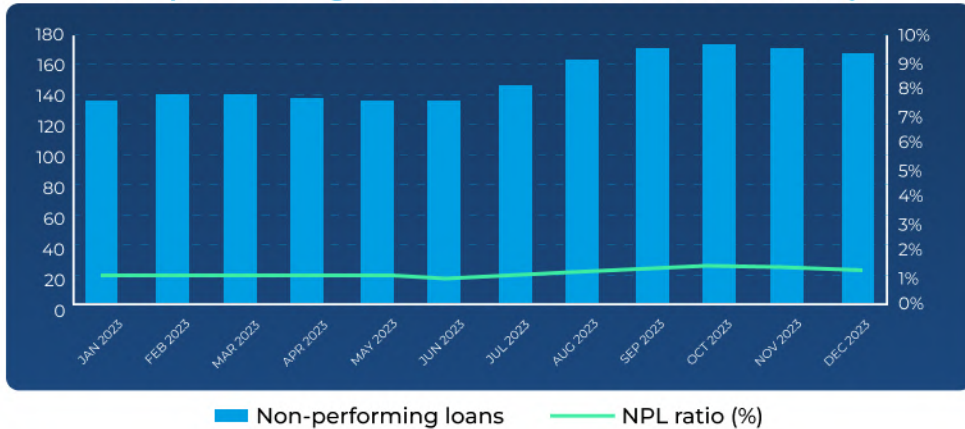
Credit Cost Ratio and TTC Expected Loss



Cumulative Credit Costs YTD ČSOB Group

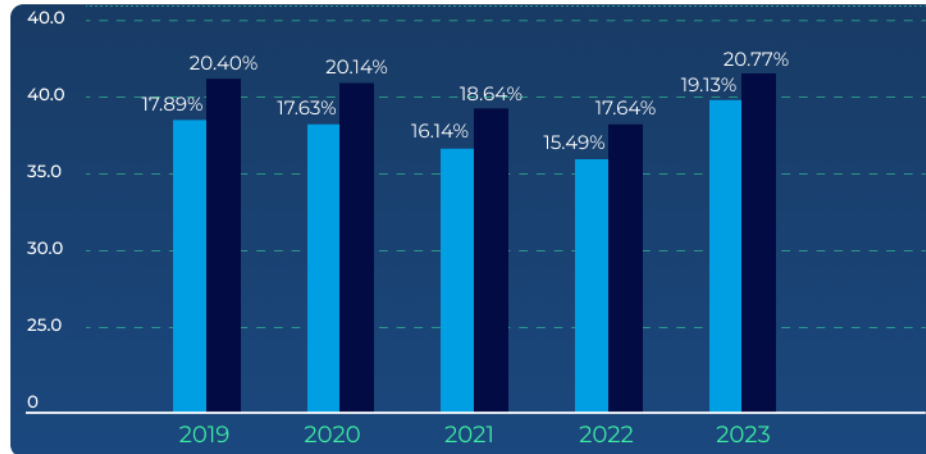


Non-performing loans and NPL ratio ČSOB Group



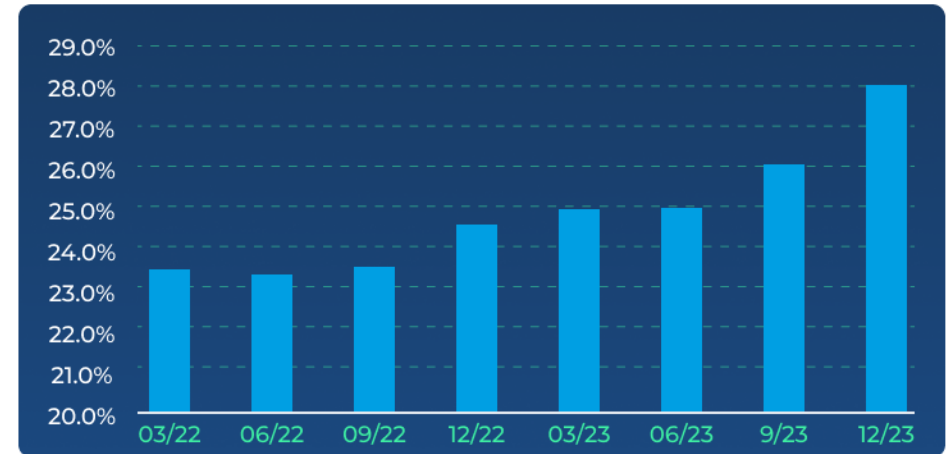
- Credit Costs Ratio (including RU/UA/emerging risk add-ons) at very low level in the past 2 years, oscillating around 0% and finished at -0.06% (ČSOB Bank)
- Credit costs excluding release of RU/UA and emerging risk add-ons in 2023 reached only 10.1 mil. at ČSOB Group level and overall release of -8.3 mil was booked due to release of the add-ons
- Through-the-cycle expected loss of ČSOB Bank with decreasing trend at 24.6 mil. as of EOY2023
- NPL Ratio is kept stable at low level of 1.36% as of EOY 2023 with expected stable trend also within the next year

CAPITAL ADEQUACY & MREL



■ CET 1 ratio ■ Total capital ratio

In December 2023, the total capital ratio of ČSOB BANK reached 20.77%, which is above internal and regulatory targets



In December 2023, the MREL ratio of ČSOB BANK reached 28.04%, which is above internal and regulatory targets, EUR 255 mil. buffer above the limit 23.46%.

ČSOB belongs under the SPE which is applied in whole KBC GROUP together with other local entities where the crisis is solved on the level of resolution entity = parent company = KBC. Resolution is integrated into KBC's Enterprise Risk Management Framework (ERMF) that is approved by the Board of Directors and sets the standards for risk management throughout the KBC group, not only in business as usual but also in crisis, recovery, and resolution. ČSOB is following KBC ERMF and has own strategy Risk Management in ČSOB supplemented by local ICAAP Strategy and internal instruction describing resolution topics.

RESULTS FOR THE FIRST QUARTER OF 2024 (CONSO LEVEL)

Financial highlights as of 31 March 2024 (y/y comparison)

EUR mn	1Q 24	1Q 23	%
Net interest income	66.2	63.3	4.5%
Net fee and commission income	22.9	21.9	4.8%
Net trading result and exchange differences	3.5	0.8	349.0%
Total income	95.6	87.9	8.8%
Operating expenses	(57.1)	(59.1)	-3.3%
Impairment losses and Provisions for off-balance sheet risks	11.1	(1.2)	-996.0%
Net profit after tax	32.9	22.2	48.2%
EUR bn	1Q 24	1Q 23	%
Balance sheet total	15.2	15.4	-1.0%
Loans and receivables from customers at amortised cost	11.6	11.2	4.1%
Amounts owed to customers at amortised cost	8.9	8.2	8.9%

- The Capital Adequacy Ratio of the ČSOB Group's core own funds was 17.4% as at 31 March 2024
- On May 2024, an increase of the ČSOB Bank share capital by EUR 310.021.600 was completed. All of the new shares, amounting to 9,338 shares with a nominal value of EUR 33,200 per share, were subscribed for by the bank's existing sole shareholder, KBC Bank NV. A share capital increase has been implemented to cover the impact of the planned change in methodology for calculating credit risk RWA

06
**COVERED
BOND
PROGRAMME**

KEY FEATURES OF COVER POOL PROGRAMM

- Governing Law: **Slovak**
- Covered Bond Directive implemented into Slovak law effective since **8 July 2022**
- Standard regulatory treatment: **CRR RW of 10%, LCR category of 1B, ECB repo eligible**
- Programme size: **5 000 000 000 €**
- Total covered bonds outstanding (nominal): **650 000 000 EUR***
- Regular issuance planned
- Rating: **Aaa** (Moody´s)
- All mortgages in the cover pool are located in Slovakia
- ČSOB SK uses only residential mortgages in its cover pool
- Maximum **LTV 70 %**
- Minimum legal over-collateralisation is set at the level of **5 %**
- Current overcollateralization: **21 %**
- Liquidity **buffer of 180 days**
- Maturity type: **soft bullet feature** based on legal triggers only
- Up to 2 years of maturity extension on covered bonds
- ČSOB SK covered bonds considered as **European Covered Bonds** (Premium)

COVER BONDS AND COVER POOL – KEY STATISTICS

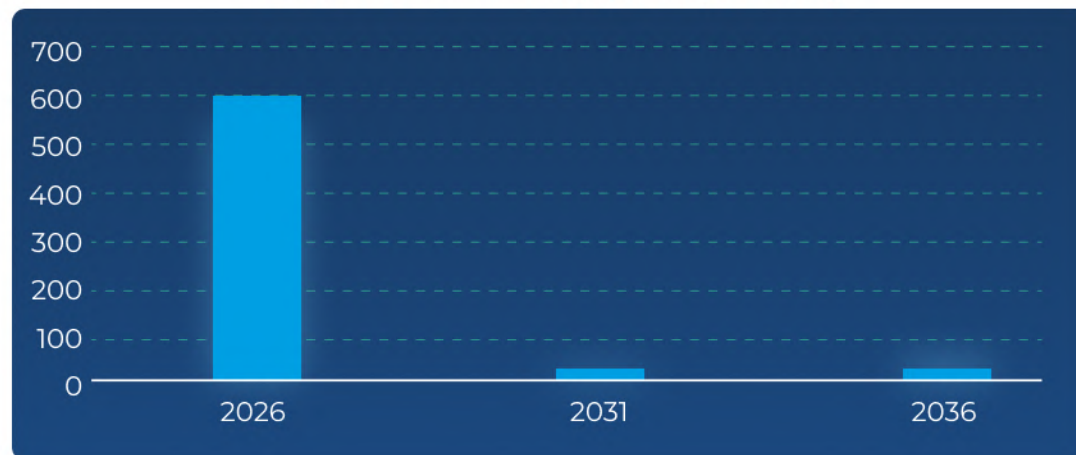
COVERED BONDS

Outstanding bonds (nominal)	EUR 650 000 000
Covered bond rating	Aaa (Moody's)
Average residual maturity	3.26 years
Number of issues	3
Maturity type	Soft bullet
Minimum legal OC	5%
Current OC	21%
Fixed rate CB outstanding	100%
Currency	EUR

PRIMARY ASSETS STRUCTURE

Type of primary assets	residential mortgage loans
Outstanding volume of loans*	1 397 764 714 €
Number of loans	23 941
Average loan balance	58 383 €
Number of borrowers	22 737
WA indexed LTV	52.56%
WA seasoning (months)	47.57
WA remaining term (months)	247.6
WA interest rate	1.91%
Rate type	100% fixed rate
Principal repayment	100% annuity
Loans more than 90 days past due	0.0%
Loans currency	100% EUR
Property type	100% residential

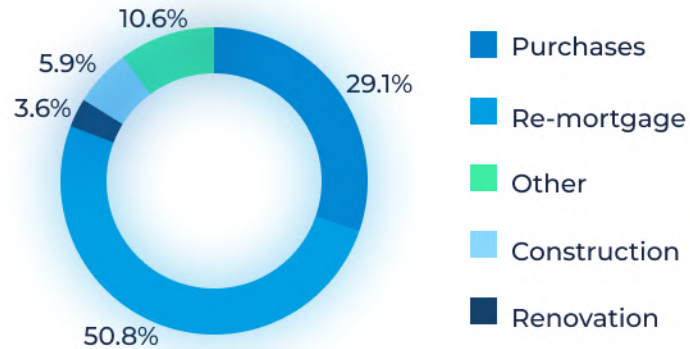
Covered bonds maturity profile (EUR mn)



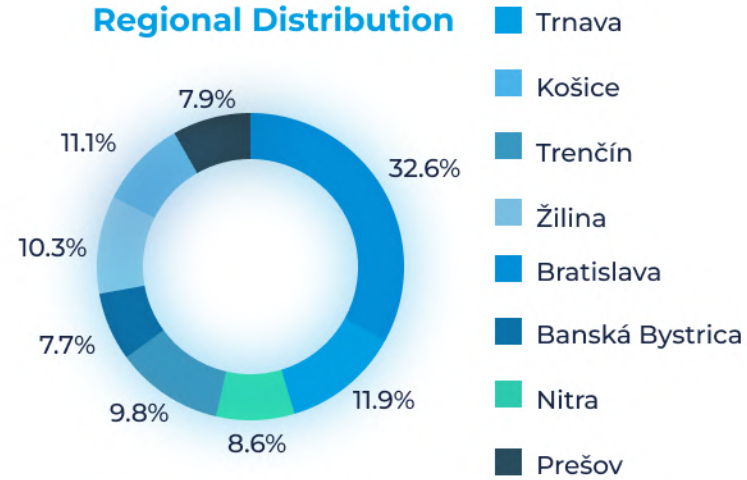
*the amount of mortgage loans is increased to cover the new issue with overcollateralization of 21%

COVER POOL BREAK-DOWN

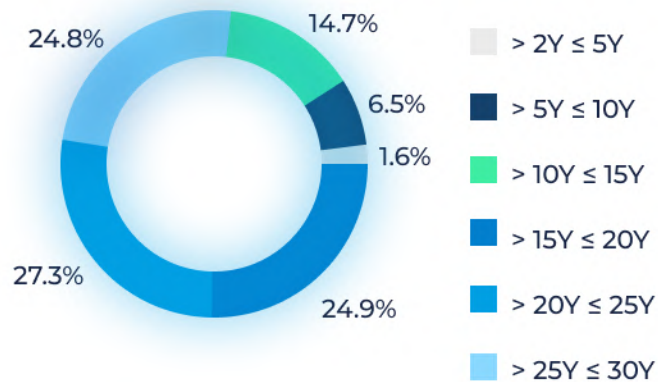
Loan Purpose Distribution



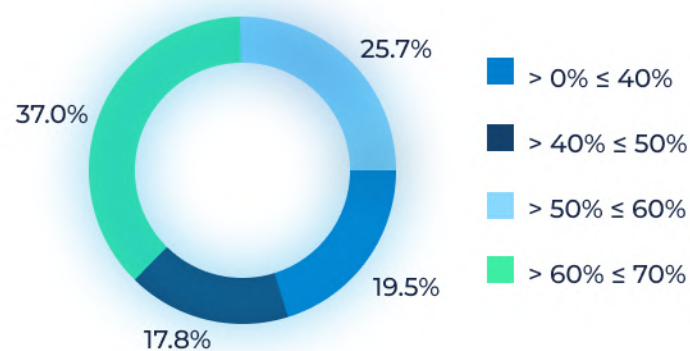
Regional Distribution



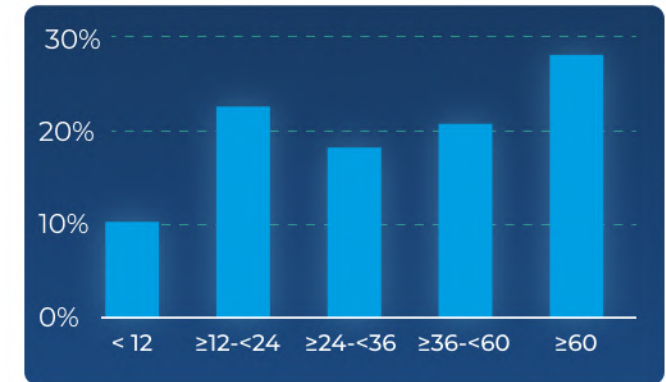
Residual Maturity Distribution



LTV Distribution



Seasoning (months)



07

**MORTGAGE
BUSINESS &
COLLATERAL
MANAGEMENT**

MORTGAGE BUSINESS

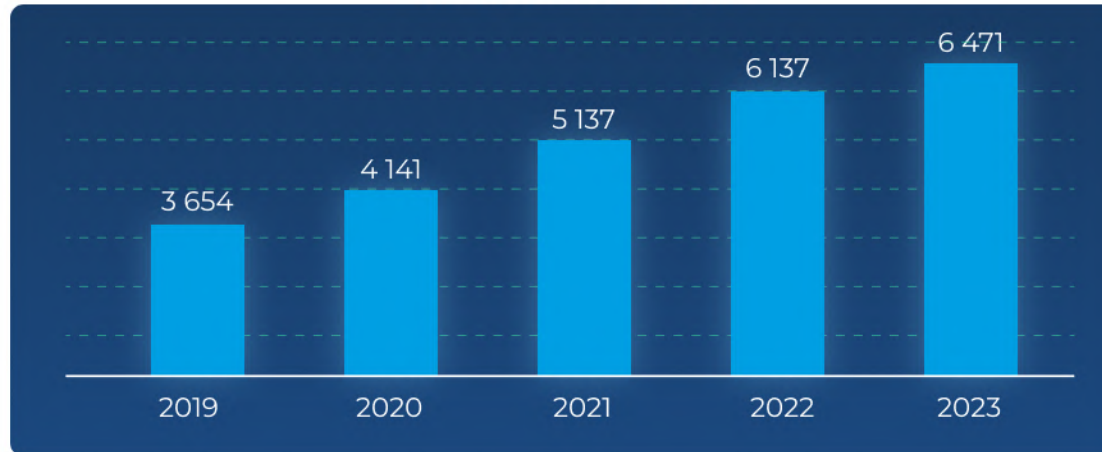
- In recent years, ČSOB has experienced robust growth of mortgages supported by favourable economic development and strong demand from customers.
- In 2023, demand for mortgage borrowing was significantly lower than in 2022 due to the fact that a large number of clients refinanced their mortgage back in 2022, when interest rates started to rise gradually and clients wanted to lock in the interest rate on their mortgages before interest rates rose even further.

National bank of Slovakia has following macro prudential rules:

- Loan-to-value should not exceed 80%, only 20% of new bookings within LTV 80-90% is allowed
- DSTI (debt-service-to-income) should not exceed 60% of net income reduced by the subsistence minimum. Exceptions are allowed (5% of new loans + additional 5% for loans with maturity ≤ 5), but with maximum DSTI equal to 70%.

- DTI (debt-to-income) should not exceed 8. The maximum share of new loans with DTI above 8 is set to 5% (+5% if additional conditions related to young applicants are met).
- In addition, from 01/2023, the maximum DTI is reduced by 0.25x for each year of client above the age of 40, but only for clients who exceed the age of 65 at the time of loan maturity.

Mortgage loans (EUR mn)



MORTGAGE BUSINESS

IN THE LATTER HALF OF 2024, A GRADUAL DECLINE OF THE INTEREST RATES MARKET IS FORESEEN, CREATING INCREASED PRESSURE ON MORTGAGE RETENTION.

Advantages over the competition:

- Our portfolio is predominantly composed of mortgages, with FIX5 accounting for 38%, FIX3 at 28%, and FIX10 making up 27% of the total.

Following trends in 2024:

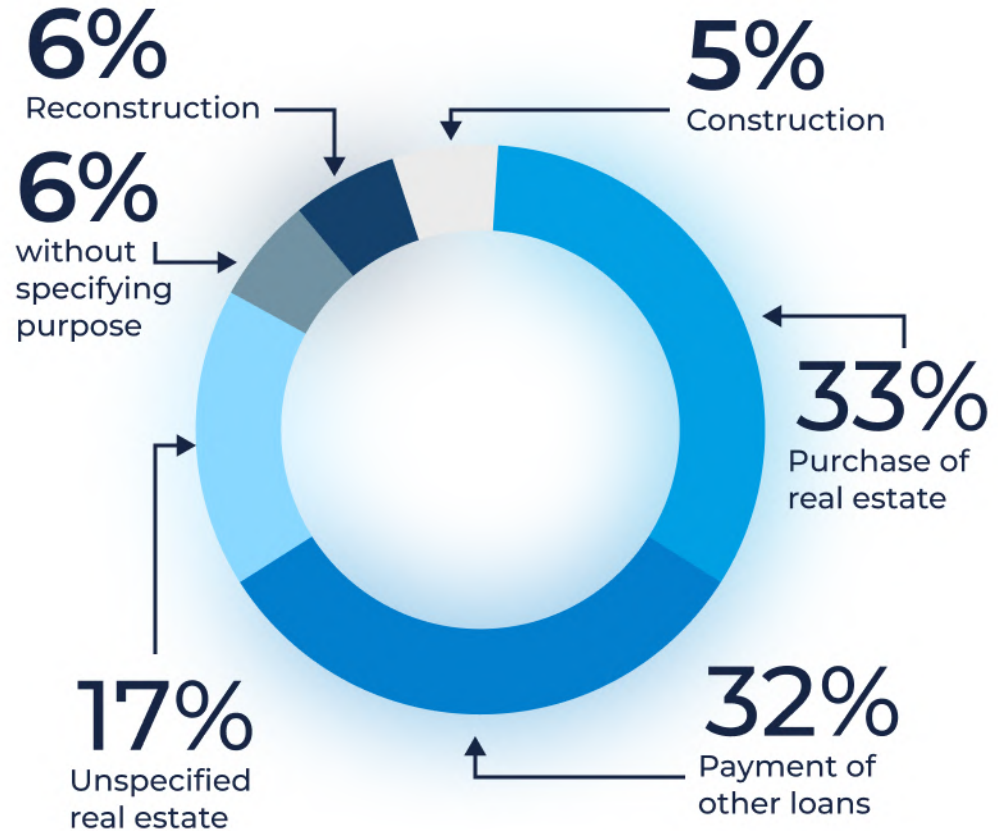
- A reduced exit rate is expected due to our substantial 27% share in portfolio with FIX10.
- We have factored in an influx of production from other banks where clients predominantly hold shorter fixations. Our strategic advantage lies in the absence of retention burdens.

Loan Purpose Distribution	VOLUME	NUMBER
PURPOSE / TOTAL	6 430 166 748 €	96 379 pcs
Purchases	40%	40%
Refinancing	43%	43%
Construction	9%	8%
Reconstruction	2%	6%
Without specifying the purpose	2%	3%

PORTFOLIO OVERVIEW 2024

Refinancing

- Clients' priorities prominently align with the strategic concept of refinancing during renewal period, typically within 12 M of their current fixed rate period ending
- In response to this market dynamic, our proactive retention initiative takes center stage
- This activity is designed to maintain clients within the renewal framework presenting them with more favorable IR options



COLLATERAL MANAGEMENT

Description of appraisal process (initial valuation)

- Valuations are done based on market value
- Accepted as collateral are only residential types of real estates located the in Slovak republic
- The external expert opinion is always requested. External experts have the obligation to provide also on-site inspection
- In the majority of cases also a supervision of external expert opinion by internal qualified experts is performed. In case of any doubts, also internal valuers have the possibility to do at least drive- by inspection
- In case of changes in collateral of the loan, the real estate is valued in the majority of cases by internal qualified expert based on relevant documents

Approach to encumbrance

- Legal easements are accepted
- If the property is restricted by another easement - such property is not accepted as collateral for the loan

Periodical valuation

- Every real estate used as collateral is re-valuated at least once in 3 years cycle (regulatory requirement). Re-valuation is performed by statistical model (flats, family houses) or manually by internal qualified experts (other types of real estates- eg. plots....)

Property insurance

Required types of insurance in case of collateral:

- insurance against damage to or destruction of the property by a natural event (fire, explosion, storm, flood, etc.)
- insurance against damage to or destruction of property by water leaking from a water supply system
- minimal payment periodicity quarterly
- property insurance is required as a mandatory condition for disbursement of a loan and is required for the entire duration of the loan relationship

COLLATERAL MANAGEMENT

Management of payment delinquencies

ČSOB bank handles the overdue payments based on the following principles:

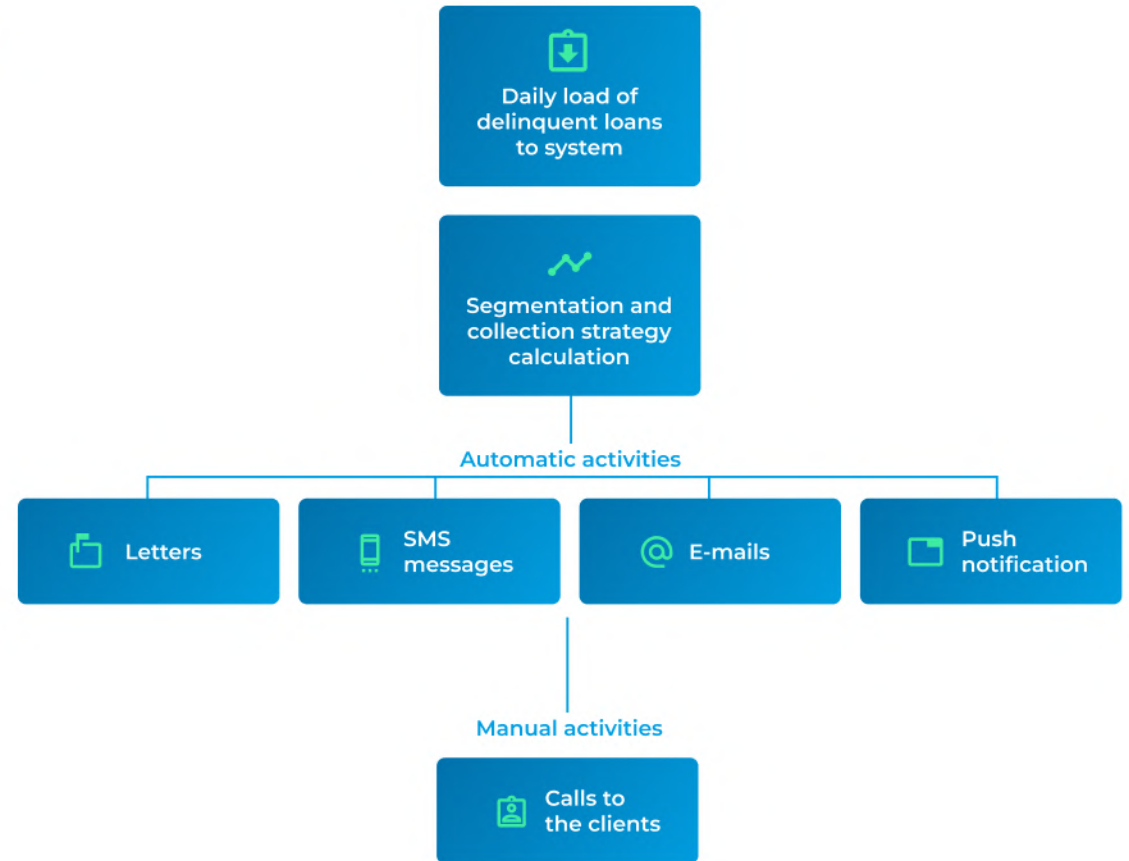
there is a **separate department** dedicated to collection of overdue payments for retail loans. The department is accountable for end-to-end collection processes (i.e. from first day of delinquency to the final solving of client's debt including legal activities)

the process is divided into two major phases:

1. Soft collection process – the bank splits clients into groups (segments) and for each segment the bank applies a different collection strategy. A strategy defines the treatment, i.e. when (based on days-past-due) and how the client is approached by bank (letter, SMS, call etc.). The strategies are easily modifiable by the bank via configuration setting in the system. The strategies include fully automated activities and manual activities.

Simplified soft collection phase can be shown on the picture on right side.

2. Hard collection process – includes legal activities in order to recover defaulted loans. Typically, this phase includes activities like selling of collateral by client, selling of collateral by bank in forced auction (based on Slovak law), handling court process (either by internal layers or by external solicitor's offices), bailiff process, bankruptcy proceedings, inheritance proceedings.



08

**ANNEXES
& CONTACTS**

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THANK YOU