

9M/3Q 2023 Results

ČSOB group

Business Unit Czech Republic

EU IFRS unaudited consolidated
9 November 2023



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ČSOB group: Key Figures

9M/3Q 2023 at a glance

More than 1.2 million clients benefit from new look of Smart mobile app

ČSOB has launched a new dashboard in Smart mobile banking app. The new look in Smart features a more streamlined home page, a more convenient menu layout and a few new beyond banking features, for example clients can compare energy prices from different providers, learn how to use state subsidies, or calculate the costs of a home renovation and secure financing. Using lead management tools, the app can be tailored to each customer's needs, including personalized offers.

Kate, ČSOB's Virtual Assistant, Serves Over 1 Million Customers

More than 400 thousand clients contacted our Virtual Assistant Kate in 3Q 2023. Over one million users contacted Kate since its launch. Kate is able to solve hundreds of situations for our clients and is available to retail as well as business customers.



ČSOB Private Banking to Manage Škoda Auto Foundation Assets

ČSOB Private Banking has signed an exclusive agreement to manage the assets of the Škoda Auto Foundation. The foundation was founded by Škoda Auto in 2018 to support the growth of the regions in which the automaker operates and to improve the lives of employees and local communities. ČSOB has a long track record of managing the assets of foundations and is committed to helping the Škoda Auto Foundation to improve the lives of employees and local communities.

ČSOB launches new video chat service for customers

Building on our existing video chat service with our call center specialists, ČSOB has launched a new video chat service that allows customers to connect with their banker from anywhere using MS Teams. The service is available to all ČSOB customers, meets regulatory requirements and significantly simplifies customers communication with the bank.

ČSOB delivers strong financial results for 9M 2023, excellent loan quality, robust capital and liquidity

ČSOB group key indicators		2020	2021	2022	9M 2022	9M 2023
Profitability	Net profit (CZK bn)	8.5	16.2	14.6	14.3	13.6
	Return on equity	8.2%	14.3%	13.6%	17.6%	17.2%
Liquidity	Loan to deposit ratio	71.6%	71.1%	70.6%	71.7%	68.6%
	Net stable funding ratio	169.9%	171.3%	171.8%	175.9%	183.2%
Capital	CET1 ratio	23.7%	22.4%	19.8%	19.6%	19.7%
Impairments	Credit cost ratio	0.67%	-0.42%	0.12%	0.08%	-0.19%
Cost efficiency	Cost / income ratio	54.6%	55.5%	54.3%	48.0%	55.2%
	Cost / income ratio (excl. banking taxes)	51.5%	51.8%	50.6%	43.6%	50.5%

Financial performance benefits from solid business volume growth, disciplined cost control and excellent loan quality

Net profit

ČSOB's **net profit** came in at **CZK 13.6bn** (-5% Y/Y) in 9M 2023. 3Q 2023 **net profit** decreased to **CZK 4.1bn** (-2% Y/Y).

Operating income

Operating income decreased to **CZK 30.7bn** in 9M 2023 (-10% 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.

Operating expenses

Operating expenses amounted to **CZK 16.9bn** in 9M 2023 (+4% Y/Y). Staff expenses increased +6% Y/Y impacted by wage inflation. General administrative expenses excluding banking taxes rose +1% Y/Y driven by higher ICT costs. Average number of **FTEs** stayed **flat** Y/Y.

Impairments

Credit cost ratio in 9M 2023 reached **-19bps** (vs 8bps in 9M'22, negative figure indicates a net release of loan loss provisions). **Total impairments** amounted to **CZK -1,336m** (net release). **NPL ratio** reached **1.44%**.

Business indicators

Loan portfolio reached **CZK 908bn** (+3% Y/Y). **Total client deposits** rose to **1,288bn** (+8% Y/Y) and **total deposits** amounted to **CZK 1,495bn** (+11% Y/Y). **Assets under management** grew to **CZK 345bn** (+17% Y/Y). Number of **active clients** increased **+44ths** Y/Y. Number of **mobile banking active users** increased **+22%** Y/Y / **+225ths** clients.

Liquidity & Capital

ČSOB maintains strong capital position and excellent liquidity ratios. **CET1 ratio** reached **19.7%**. **Loan to deposit ratio** decreased Y/Y to **68.6%**. The **short-term liquidity ratio LCR** amounted to **145.3%** and the **long-term liquidity ratio NSFR** was **183.2%**.

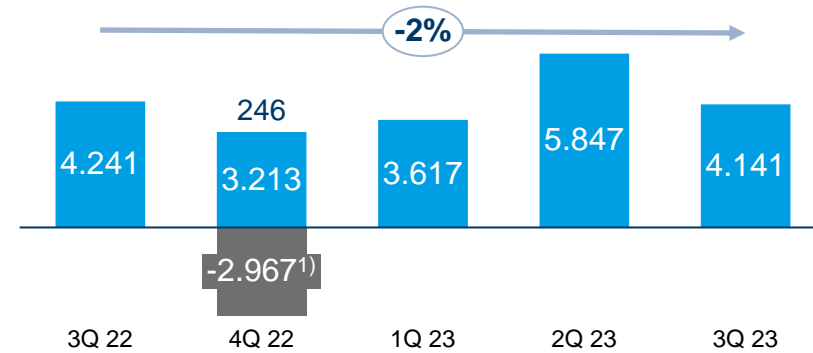
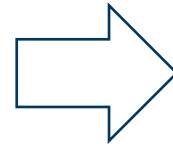
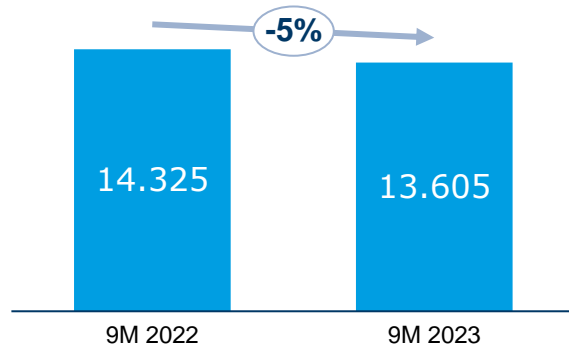
Sustainability

Gross sales of **Responsible investment funds** reached **CZK 10.7bn** in 9M 2023. The volume of Responsible investment funds assets under management increased **+205%** Y/Y. **Financing of low energy housing** increased by **164%** Y/Y and **financing of clean energy cars** rose **+92%** Y/Y.

ČSOB group net profit

Lower 9M net profit mainly due to lower net interest and trading income, offset in part by net release of impairments

Net profit CZK bn



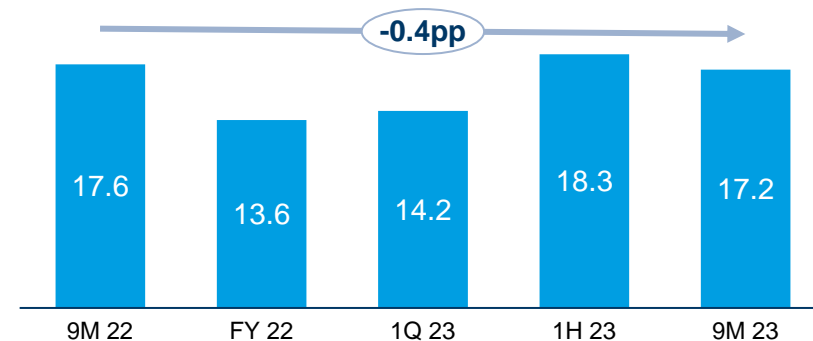
9M 2023 **net profit** declined to **CZK 13.6bn** (-5% Y/Y). The Y/Y decrease was driven by lower net interest income, trading and fair value income and higher expenses, offset in part by net release of impairments, lower effective tax rate and higher net fee and commission income.

3Q 2023 **net profit amounted** to **CZK 4.1bn** (-2% Y/Y, -29% Q/Q). The Q/Q decrease is a result of net impairment creation in 3Q 2023 vs. release in 2Q 2023.

The **return on equity (ROE)** reached **17.2%** (-0.4pp Y/Y).

Return on equity (ROE)

Ytd., %

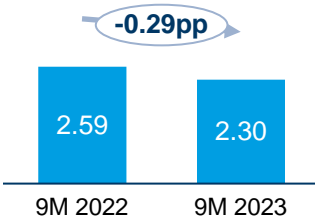


¹⁾ one-off increase of the provisions for legal issues as a result of arbitration proceedings against ICEC-Holding

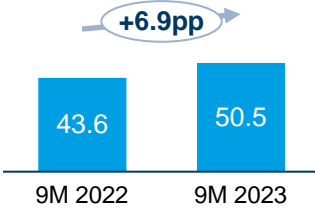
Excellent loan quality and resilient capital and liquidity. Lower net interest margin

Profitability

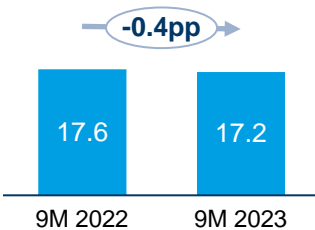
Net interest margin (%)



Cost / income ratio excl. banking taxes (%)

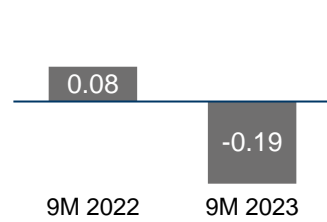


ROE (%)

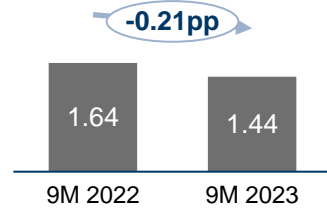


Loan portfolio quality

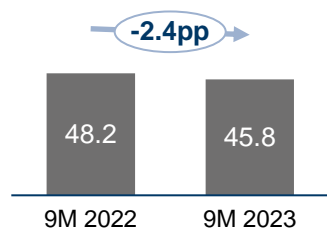
CCR, Ytd. annualized (%)



NPL ratio (%)

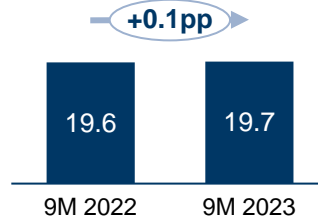


NPL coverage ratio (%)

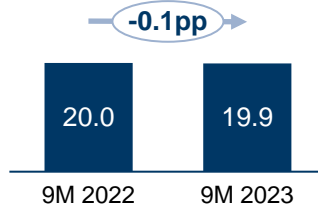


Capital

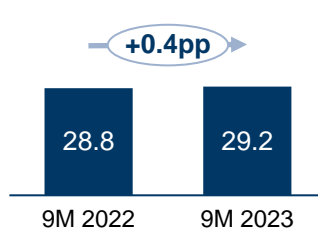
CET 1 ratio (%)



Total capital ratio (%)

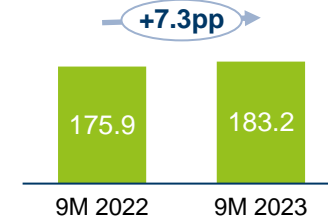


MREL ratio (% of RWA)

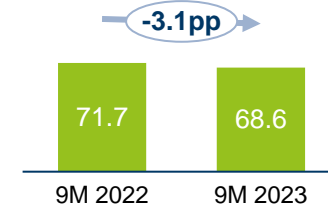


Liquidity

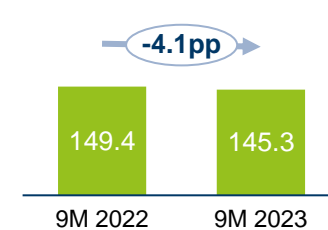
Net stable funding ratio (%)



Loan to deposit ratio (%)



Liquidity coverage ratio (%)

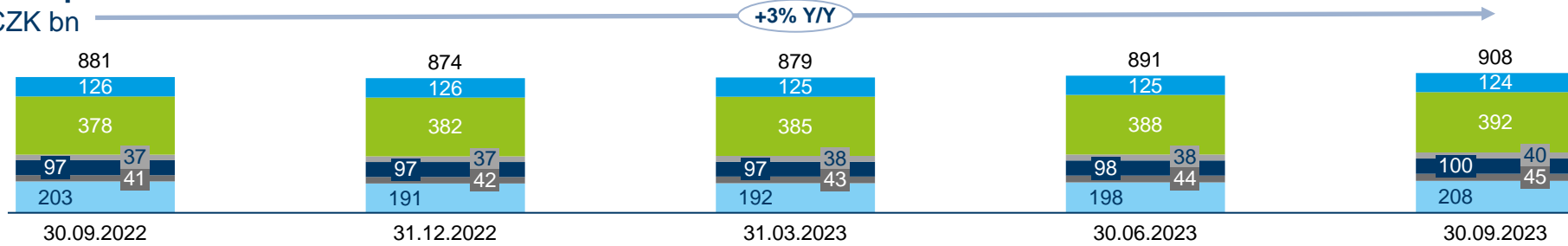


Loans, deposits and assets under management

Strong growth of assets under management and deposits

Loan portfolio¹

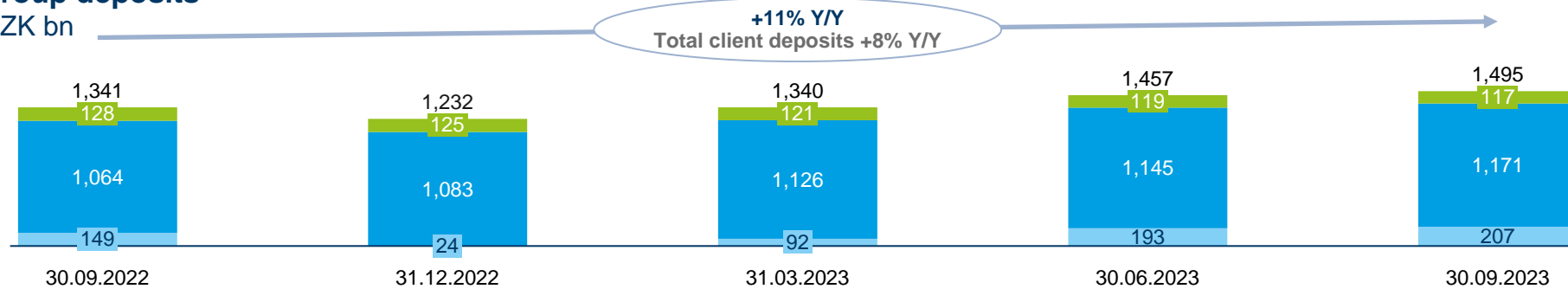
CZK bn



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

Group deposits²

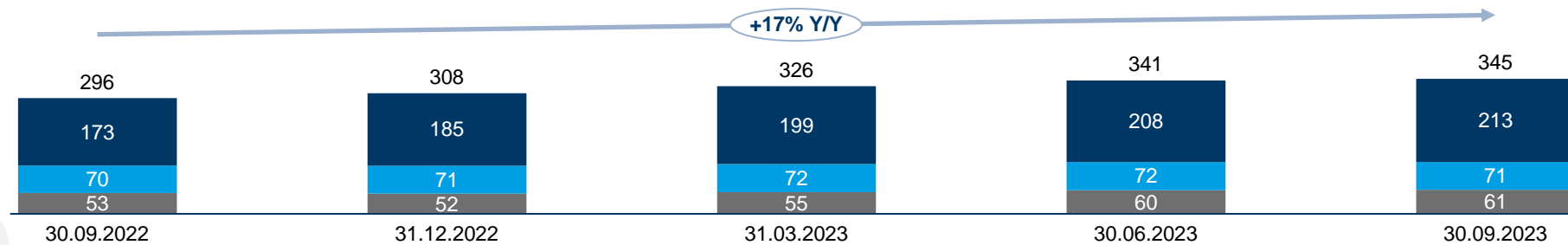
CZK bn



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

Total assets under management

CZK bn



- mutual funds
- pension funds
- other asset management

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

² Item Deposits received from other than credit institutions from the consolidated balance sheet.

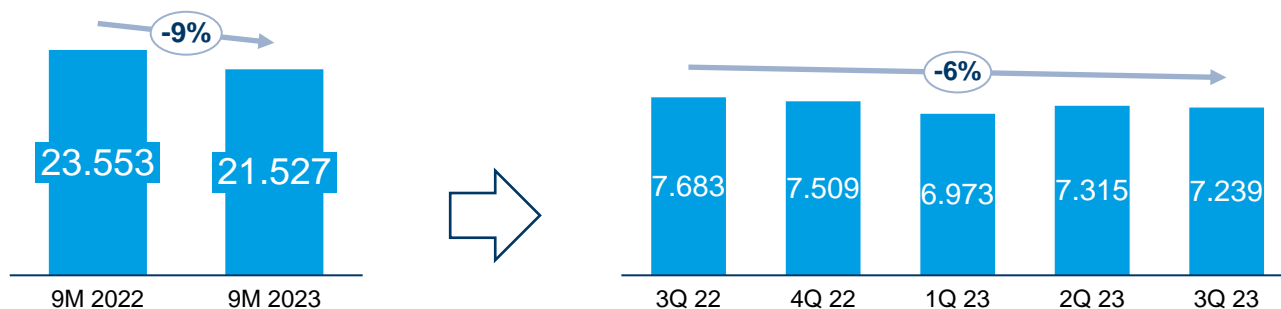
ČSOB group: Financial Overview

Net interest income and Net interest margin

Net interest income and NIM decreasing Y/Y

Net interest income (NII)

CZK bn



9M 2023 **net interest income** decreased **-9% Y/Y** as a result of:

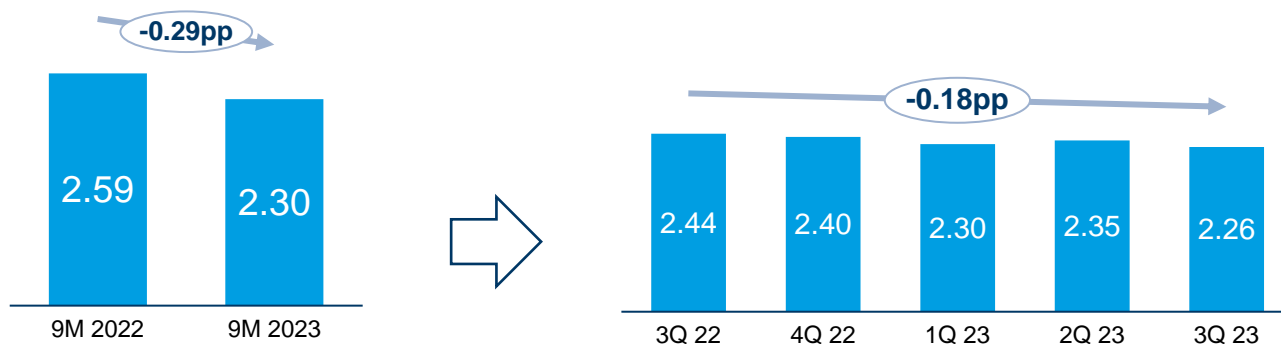
- (-) lower NII from deposits due to lower margins driven by Retail segment
- (-) lower NII from loans mainly due to lower margins from building saving loans and mortgages
- (-) other NII

3Q 2023 **net interest income** decreased **-1% Q/Q** (and **-6% Y/Y**) as a result of:

- (+) higher NII from deposits driven by higher margins from Retail and building savings
- (+) higher NII from loans driven by higher margins from Corporate and Retail segments
- (-) other NII

Net interest margin (NIM)

%



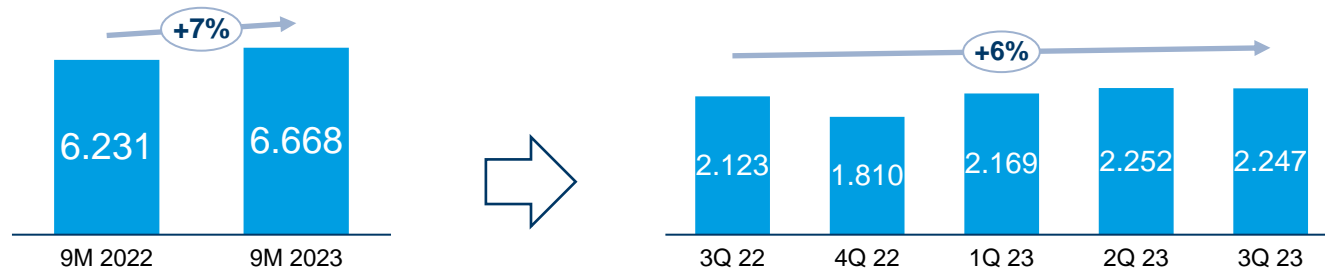
In 9M 2023, **net interest margin** reached **2.30%** (-29bps Y/Y) due to lower margins from deposits and loans.

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

NFCI continues growing, lower trading and fair value income

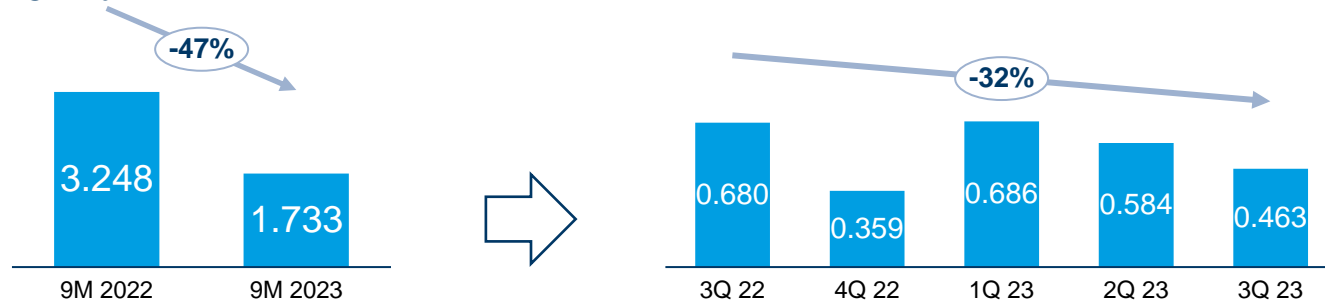
Net fee and commission income (NFCI)

CZK bn



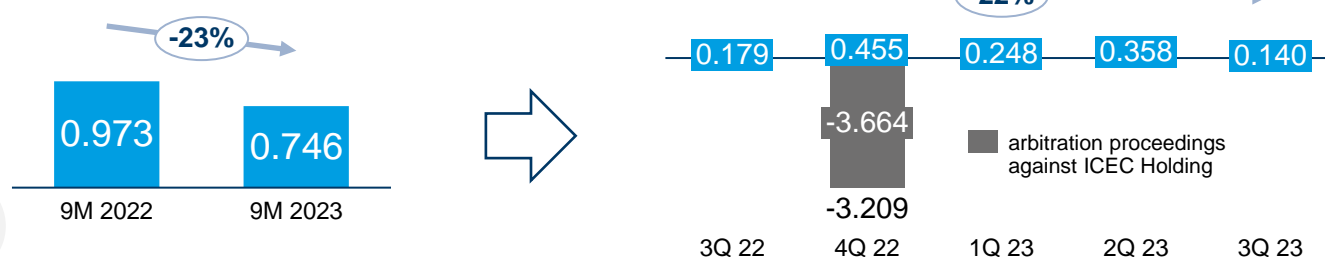
Trading and fair value income

CZK bn



Other operating income

CZK bn

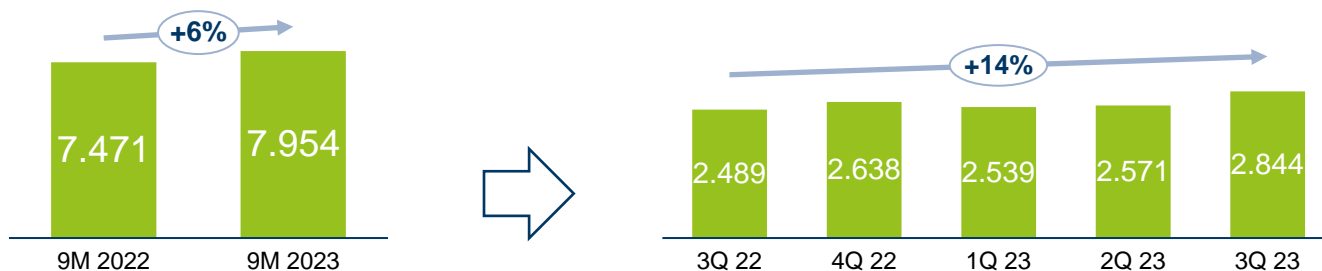


Staff and General administrative expenses

Higher staff expenses impacted by restructuring reserve

Staff expenses

CZK bn

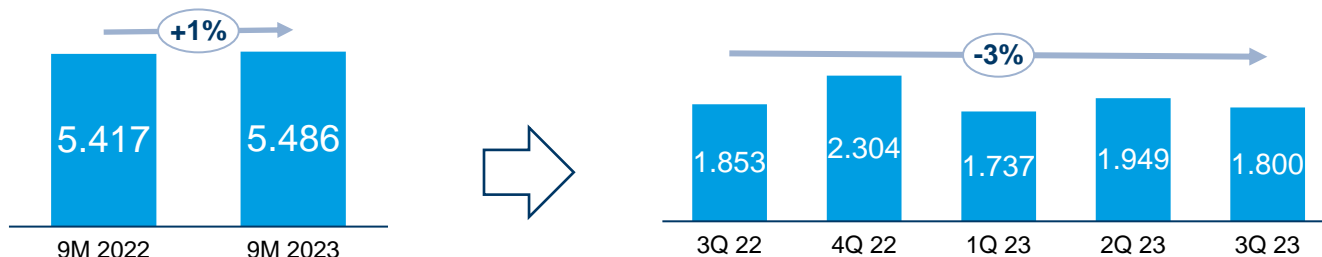


9M 2023 total operating expenses excluding banking taxes grew +5% Y/Y. Total operating expenses including banking taxes increased +4% Y/Y.

9M/3Q 2023 staff expenses increased +6% Y/Y and +14% Y/Y respectively impacted by wage inflation and restructuring reserve, partly compensated by exceptional bonus in 1Q 2022.

General administrative expenses – excl. banking taxes

CZK bn

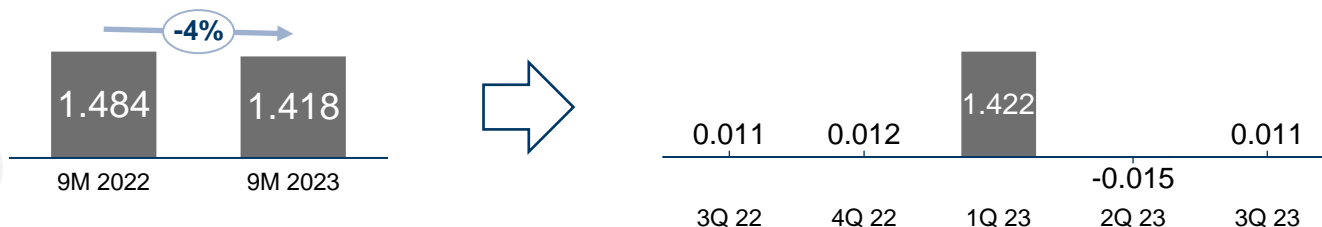


9M 2023 general administrative expenses grew +1% Y/Y (and decreased in 3Q 2023 -3% Y/Y) as higher ICT expenses were partly compensated by lower marketing costs.

Depreciation and amortization increased +6% Y/Y.

Banking taxes

CZK bn



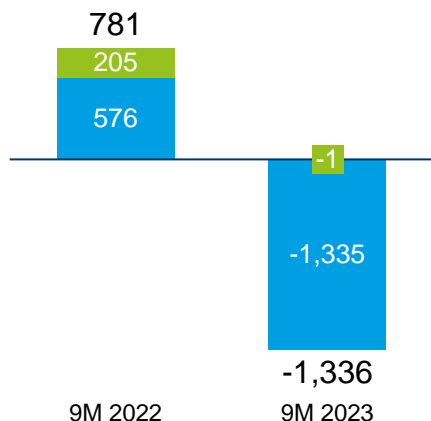
9M 2023 banking taxes decreased -4% Y/Y.

Cost/income ratio increased Y/Y to 55.2% and cost/income ratio excluding banking taxes rose Y/Y to 50.5%.

Consistent high quality of loan portfolio

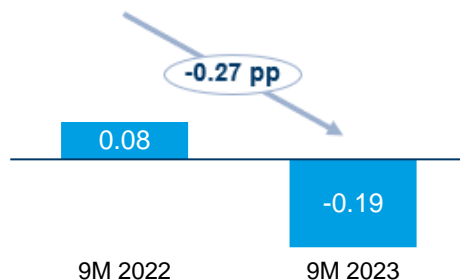
Total impairments

CZK m



CCR, Ytd. annualized

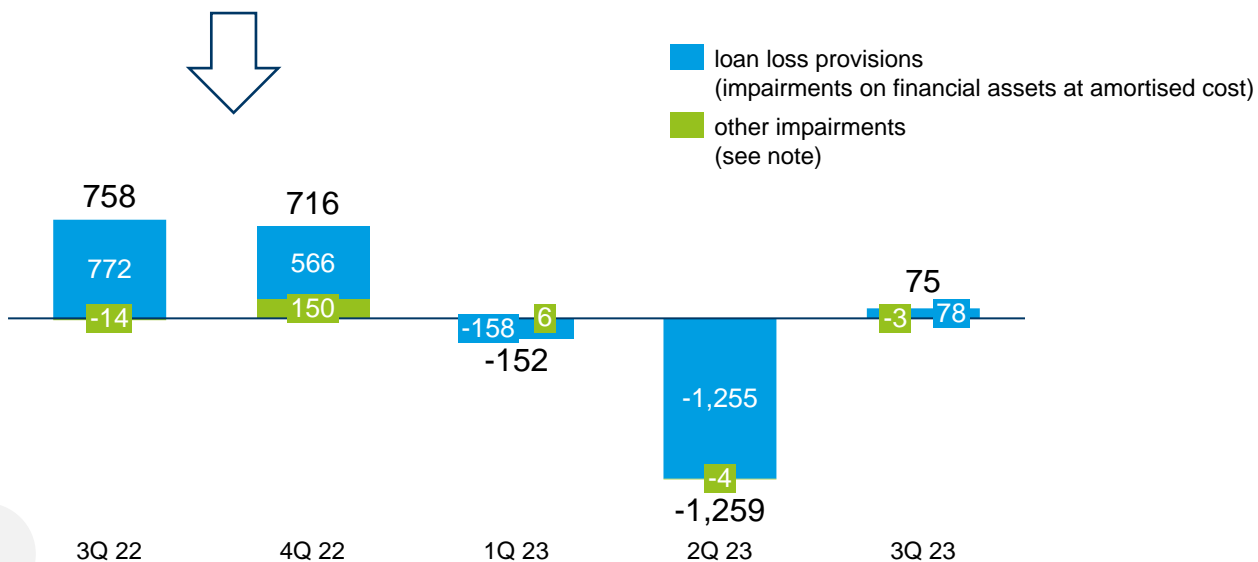
%



In 9M 2023, **loan loss provisions** amounted to a net release of **CZK -1,335m** 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 9M 2023 reached **-0.19%** (Ytd., annualized; 0.08% in 9M 2022).

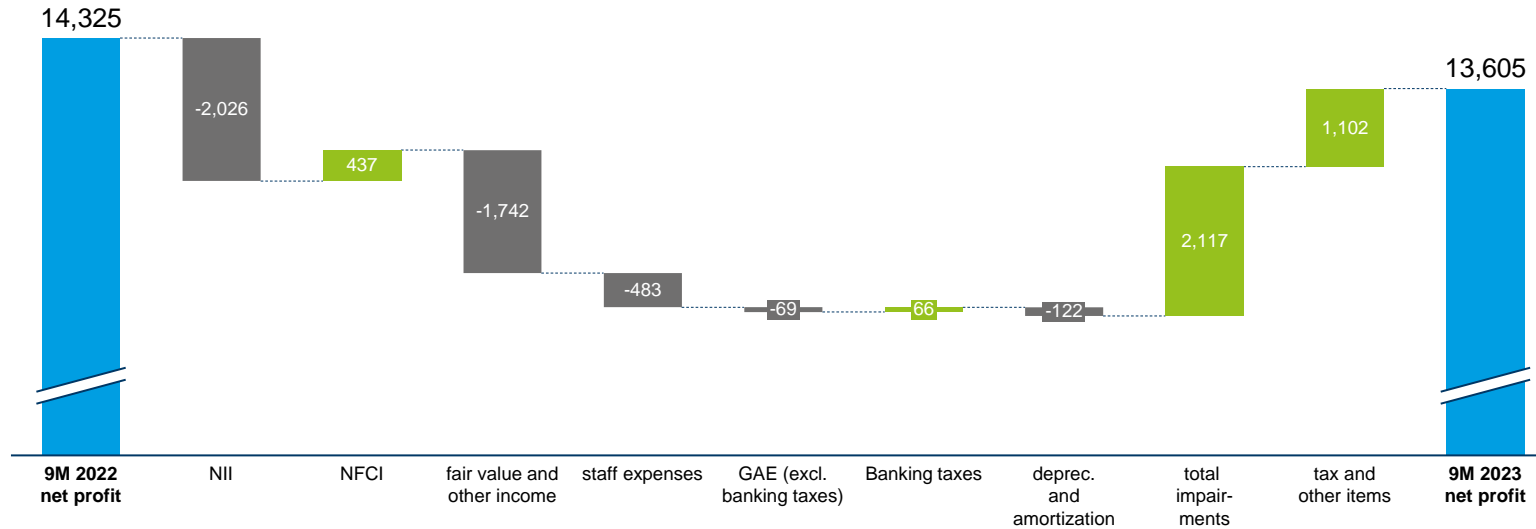


30.9.2023		
IFRS 9 Distribution	Amount (CZK bn)	Share on total loans
Loan portfolio	907.7	100%
Stage 1 - performing	759.7	84%
Stage 2 - underperforming	134.8	15%
Stage 3 - non-performing loans	13.3	1%

Wrap up of net profit drivers

Net profit (Y/Y)

CZK m



The main difference between 9M 2023 and 9M 2022 net profit was caused by the following drivers:

On the **positive side**:

- net impairment release
- higher NFCI driven by higher asset management fees and network income, supported by higher expense base in 2022, offset in part by higher distribution fee expenses
- lower tax
- lower banking taxes

On the **negative side**:

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

Net profit (Y/Y)

CZK m



The main difference between 3Q 2023 and 3Q 2022 net profit was caused by the following drivers:

On the **positive side**:

- net impairment release
- higher NFCI thanks to higher asset management fees supported by higher expense base in 2022
- lower tax
- lower GAE driven by lower marketing costs
- lower depreciation and amortization
- lower banking taxes

On the **negative side**:

- lower NII in all categories
- higher staff expenses impacted by wage inflation and restructuring reserve
- lower fair value and other income due to negative valuation adjustments and lower performance of financial markets

Capital Strong capital position

Consolidated, CZK m	30.9.2022	31.12.2022	30.9.2023
Total regulatory capital	84,408	87,439	87,519
- Common Equity Tier 1 (CET1) Capital	82,985	85,793	86,875
- Tier 2 Capital	1,423	1,646	644
MREL eligible debt	37,130	40,592	40,794
Total RWA	422,560	432,893	439,896
- Credit risk	357,318	366,892	373,974
- Market risk	413	481	403
- Operational risk	64,830	65,519	65,519
Common Equity Tier 1 (CET1) ratio	19.6%	19.8%	19.7%
Total capital ratio	20.0%	20.2%	19.9%
Leverage ratio	4.08%	4.48%	3.96%
Available MREL as a % of RWA	28.8%	29.6%	29.2%
Available MREL as a % of LRE	5.98%	6.69%	5.85%

MREL ratio reached Y/Y to **29.2%** of RWA and **5.85%** of LRE at the end of September.

Transitional non-binding MREL targets as of 1 January 2023 reached 24.15% of RWA and 5.18% of LRE.
As of 1 January 2024, ČSOB will be required to comply with MREL equal to 27.2% 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

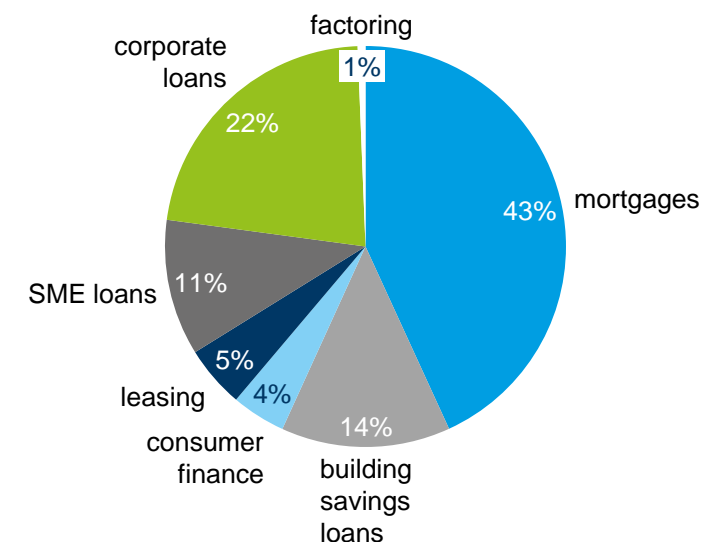


Solid growth in most segments

Gross outstanding volumes, CZK bn	30.9.2022	30.9.2023	Y/Y
Loan portfolio	881.4	907.7	+3%
Retail Segment			
Mortgages	377.5	391.8	+4%
Consumer finance	36.5	39.6	+8%
Building savings loans	126.0	123.9	-2%
SME/Corporate Segment			
Corporate loans ¹	197.8	201.9	+2%
SME loans	97.0	99.6	+3%
Leasing	40.9	45.3	+11%
Factoring	5.7	5.7	+1%
Other ²	50.0	49.5	-1%
Credit risk: loan portfolio	931.4	957.2	+3%

30.9.2023

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



¹ Including credit-replacing bonds.

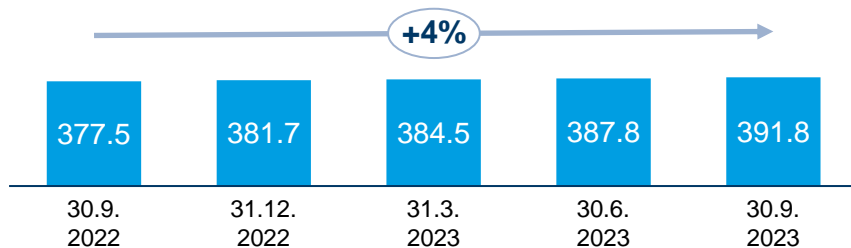
² Including off-balance sheet items and ALM/financial markets exposures.

Housing loans

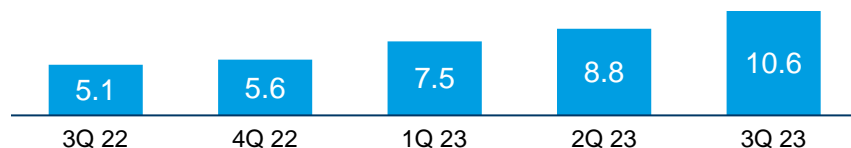
Mortgage sales show steady growth in 2023. Building saving loans remain subdued.

Mortgages

Outstanding, CZK bn



New sales*, CZK bn

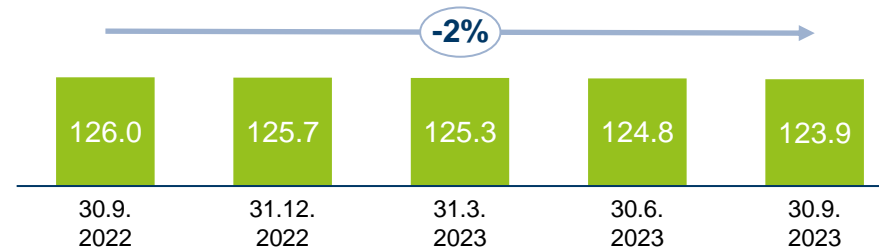


The **outstanding volume of mortgages** increased **+4% Y/Y**, while the market grew **+5% Y/Y**.

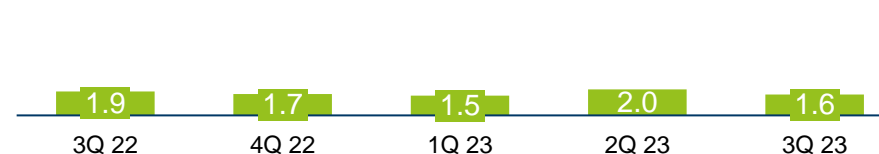
In 3Q 2023, ČSOB provided **3.2 thousand new mortgages** (+78% Y/Y) in the total amount of **CZK 10.6bn** (+106% Y/Y). The market of new mortgages increased **+40% Y/Y** in the number and **+51% Y/Y** in the total amount of new mortgages.

Building saving loans

Outstanding, CZK bn



New sales*, CZK bn

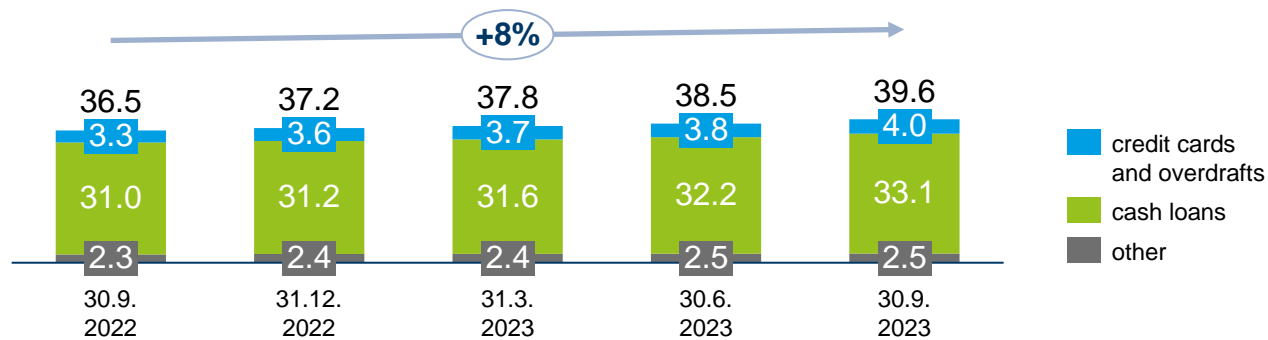


The outstanding **building savings loan portfolio** decreased **-2% Y/Y**, while the market increased **+3% Y/Y**.

In 3Q 2023, ČSOB provided **2.2 thousand new building saving loans** (-5% Y/Y) in the total amount of **CZK 1.6bn** (-13% Y/Y). The market of new building saving loans decreased **-1% Y/Y** in the number and **-11% Y/Y** in the total amount of new building saving loans.

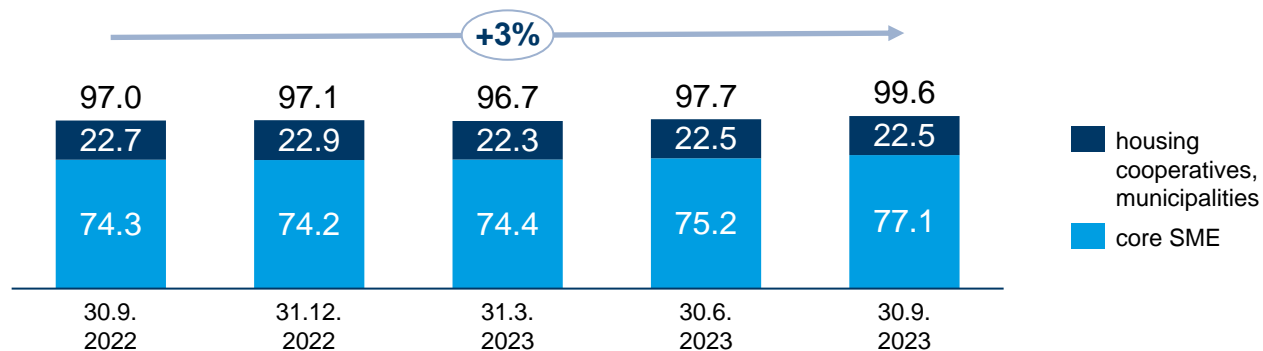
Consumer finance, SME loans, Leasing

Consumer finance, outstanding, CZK bn



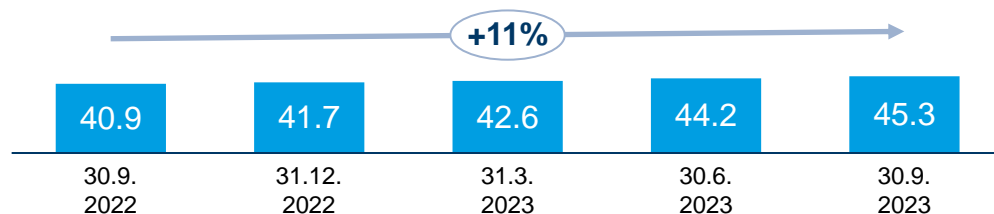
Consumer finance grew **+8% Y/Y** thanks to significant increase of new sales.

SME loans, outstanding, CZK bn



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

Leasing, outstanding*, CZK bn

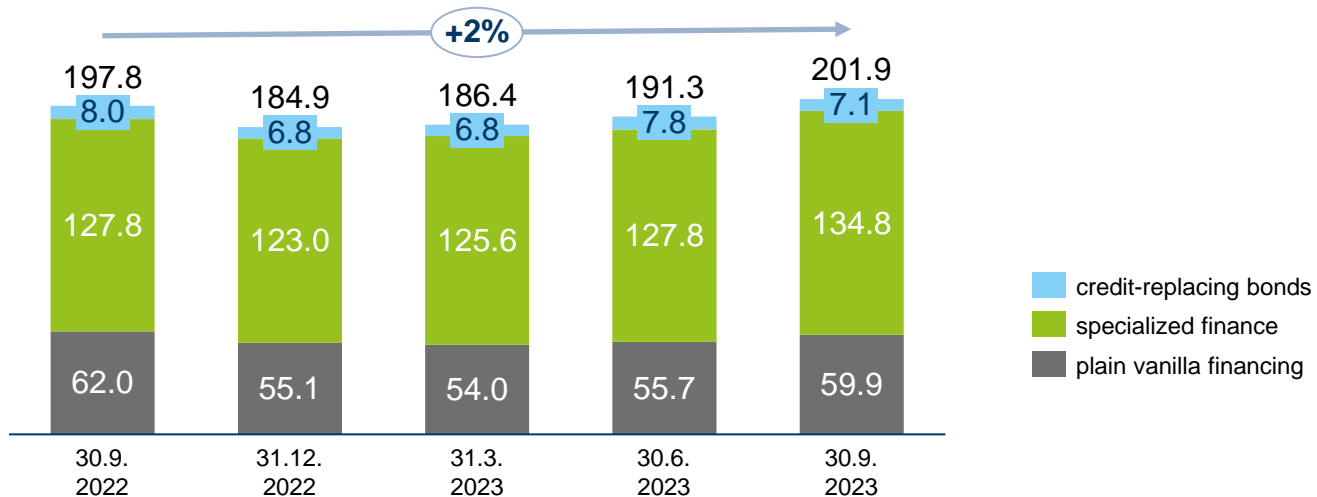


Outstanding volumes in **ČSOB Leasing** rose **+11% Y/Y** as a result of increase mainly in SME segment.

* Total exposure of ČSOB Leasing, excluding operational leasing.

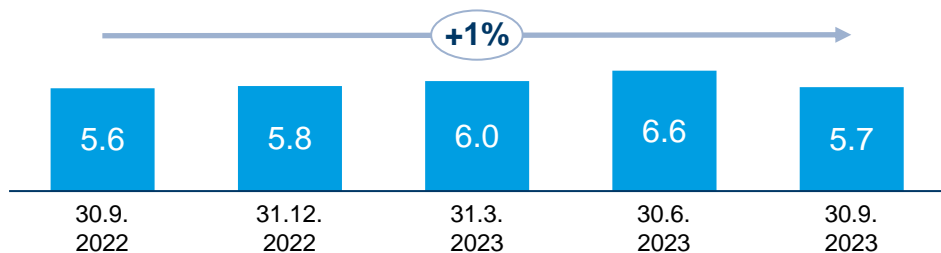
Growth of corporate loans driven by specialized finance

Corporate loans
Outstanding, CZK bn



Outstanding volumes of **corporate loans** increased **+2% Y/Y** as the growth of specialized finance was compensated by decline of plain vanilla loans.

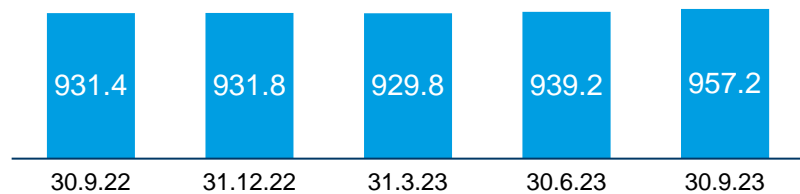
Factoring
Outstanding, CZK bn



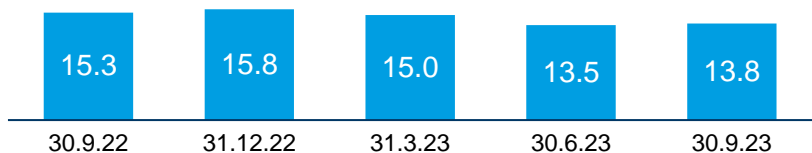
Factoring outstanding volumes increased **+1% Y/Y**.

Excellent loan portfolio quality

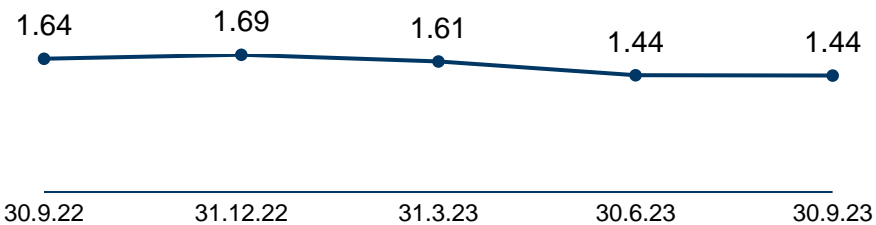
Credit risk: loan portfolio (CZK bn)



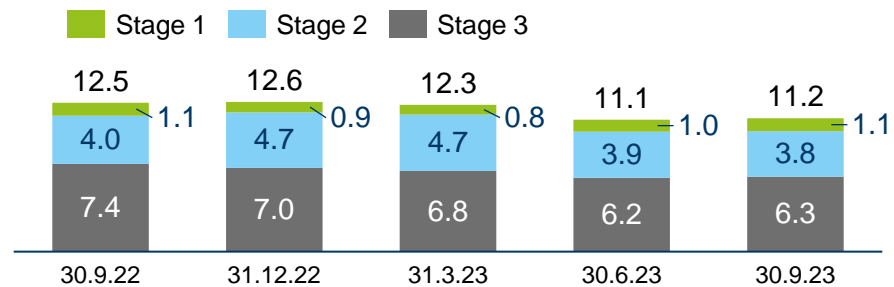
Non-performing loans (CZK bn)



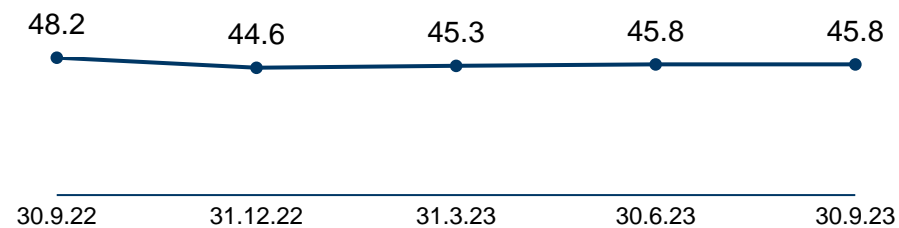
NPL ratio (%)



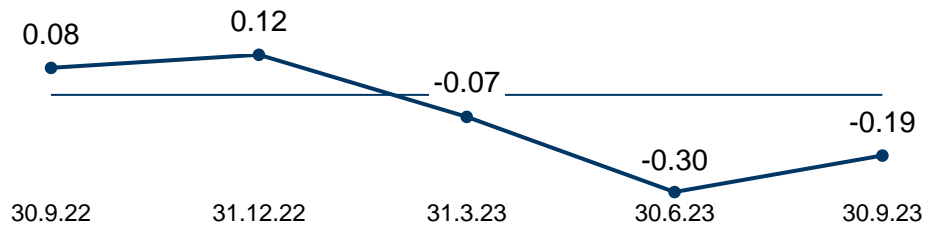
Allowances for loans and leases (CZK bn)



NPL coverage ratio (%)



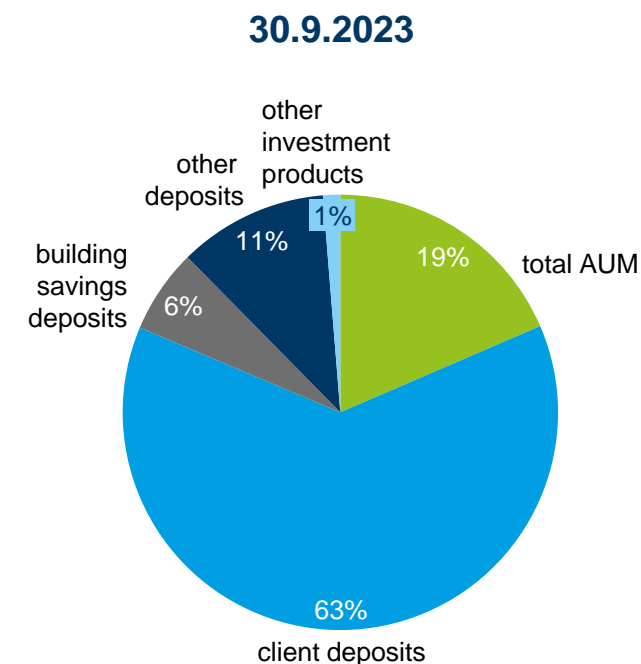
Credit cost ratio (% , Ytd. annualized)



Group deposits and Total assets under management

Continuous growth of client deposits, sharp increase of mutual funds

Outstanding volumes, CZK bn	30.9.2022	30.9.2023	Y/Y
Group deposits	1,340.9	1,494.6	+11%
Total client deposits	1,192.1	1,287.7	+8%
ČSOB bank client deposits	1,064.1	1,171.1	+10%
<i>Current accounts</i>	643.5	594.3	-8%
<i>Savings deposits</i>	222.1	264.0	+19%
<i>Term deposits</i>	198.4	312.9	+58%
Building savings deposits	128.0	116.6	-9%
Other deposits ¹	148.7	206.8	+39%
Total AUM	295.8	345.1	+17%
Pension funds	69.8	71.0	+2%
Mutual funds	172.6	212.7	+23%
Other AM ²	53.4	61.4	+15%
Other investment products ³	20.5	23.9	+16%



¹ Other deposits predominantly consist of repo operations with institutional clients

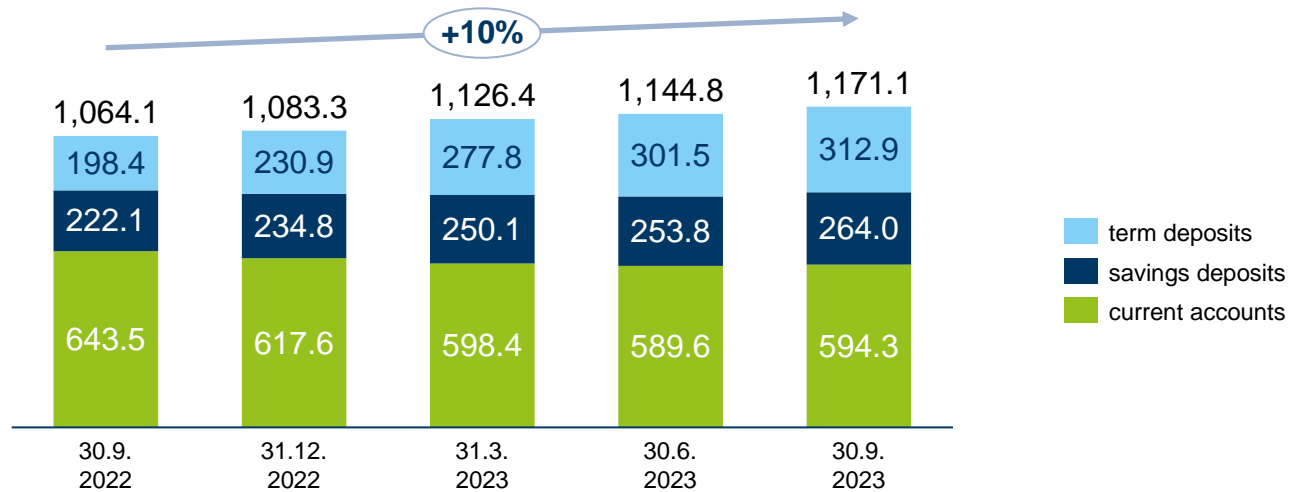
² Other AM includes discretionary asset management, qualified investors funds and other group assets

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

Client deposits and building saving deposits

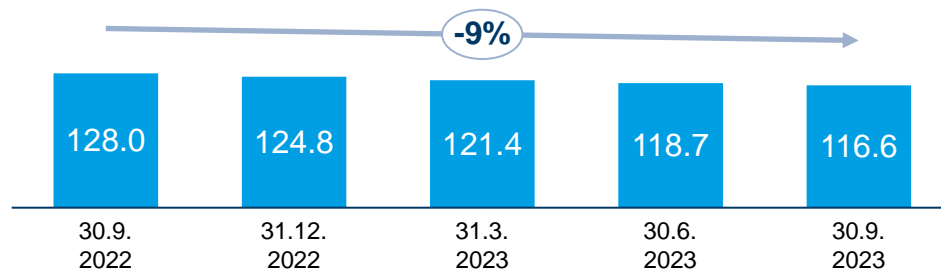
Strong growth of term deposits continues

ČSOB bank client deposits (CZK bn)



ČSOB bank client deposits increased **+10% Y/Y** driven by the growth of **term deposits (+58%)** while **current accounts** decreased **-8% Y/Y**. **Saving deposits** up **+19% Y/Y**.

Building savings deposits (CZK bn)



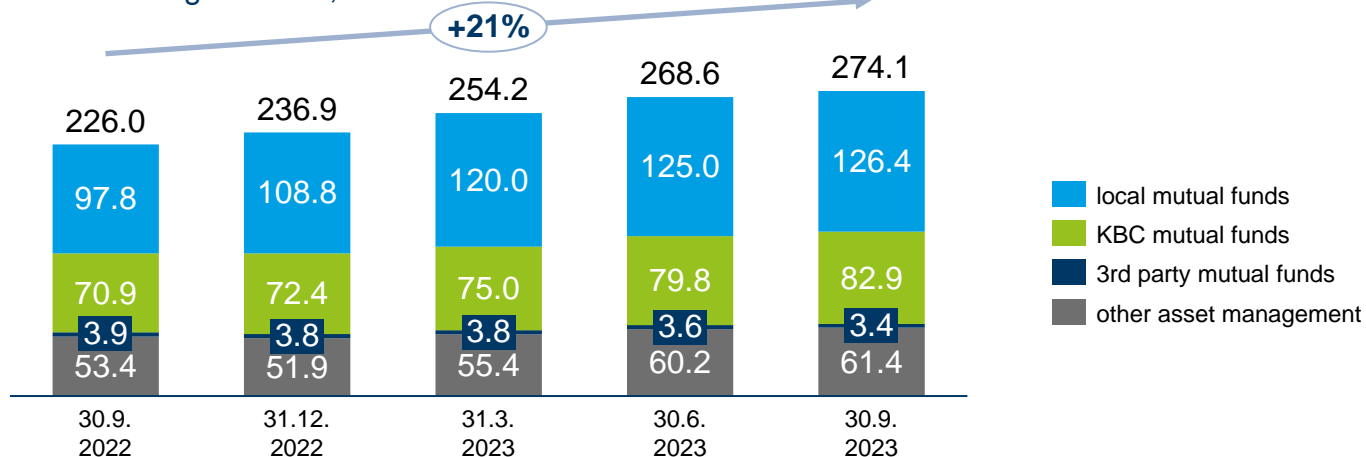
Building savings deposits decreased **-9% Y/Y** mainly due to termination of existing contracts related to uncertainty in government support after 2023.

Mutual funds, other asset management and pension funds

Mutual funds increasing significantly

Mutual funds and other AM

Outstanding volumes, CZK bn

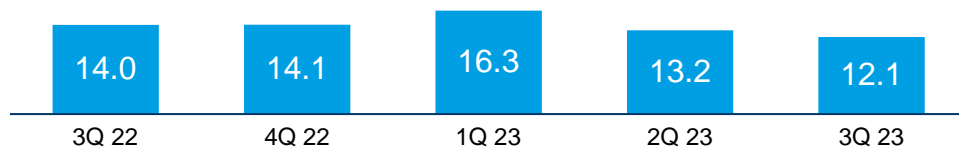


Mutual funds and other AM in total rose **+21% Y/Y** to **CZK 274.1 bn**.

Mutual funds grew **+23% Y/Y** mainly thanks to inflows into the short-term bond and mixed funds and positive performance effect.

Mutual funds

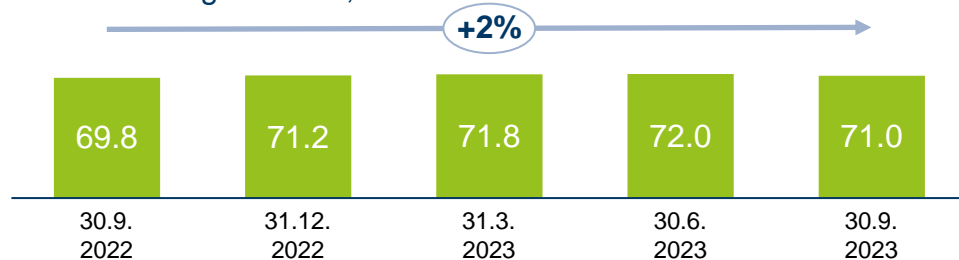
New sales (gross), CZK bn



New sales of mutual funds in 3Q 2023 reached **CZK 12.1 bn** (-14% Y/Y). The share of investment into responsible funds increased to 34% in 3Q.

Pension funds

Outstanding volumes, CZK bn



The volume of savings in **pension funds** increased **+2% Y/Y**. The slowdown in growth was driven mainly by higher volumes of outflows, which slowed growth of the entire pension market.

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 includes discretionary asset management, qualified investors funds and other group assets. AUM of Pension Funds managed by ČSOB AM are excluded and are shown separately in Pension funds section.

ČSOB group's distribution platform

Growing active client base

	30.9.2022	31.12.2022	30.9.2023
Clients of ČSOB's group (mil.)	4.337	4.340	4.322
ČSOB branches (bank only)	202	201	200
ČSOB Retail/SME branches	182	181	180
ČSOB Private Banking branches	11	11	11
ČSOB Corporate branches	9	9	9
ČSOB Pojišťovna branches	97	95	94
Housing finance branches	18	18	9
ČSOBS advisory centers	218	215	223
ČSOB Leasing branches	5	5	5
ČSOB PSB outlets of the Czech Post network	ca. 2,400	ca. 2,400	ca. 2,100
- of which specialized banking counters	234	235	227
Czech Post franchise outlets	ca. 800	ca. 800	ca. 900
ATMs¹	1,023	1,022	1,016
- of which contactless	847	861	881
- of which deposit	306	307	317

The **number of clients** decreased -14ths Y/Y. The **number of active clients increased +44ths Y/Y**.

At the end of September 2023, clients could use **1,016 ATMs** (-7 Y/Y) of which 881 were contactless (+34 Y/Y), 317 enabled cash deposits (+11 Y/Y) and 1,000 were customized for visually impaired clients.

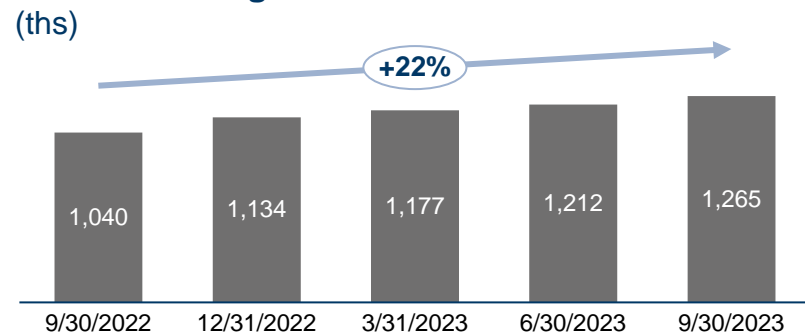
Due to ongoing optimization of the branch network and strengthening of the self-service platforms, the number of **ČSOB branches** reached 200 (-2 Y/Y) by the end of September.

Extended portfolio of bank-insurance services at Czech Post is provided at **227 specialized banking counters**. The decrease in total number of ČSOB PSB outlets was affected by cancellation of 300 branches of the Czech Post as a result of the government's decision in July 2023.

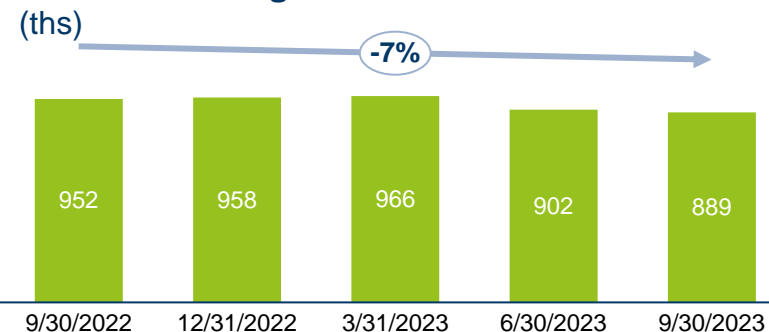
Clients can use our services at **9 housing finance branches, 223 ČSOBS advisory centers** and **5 ČSOB Leasing branches**.

Number of mobile banking active users and transactions rapidly increasing

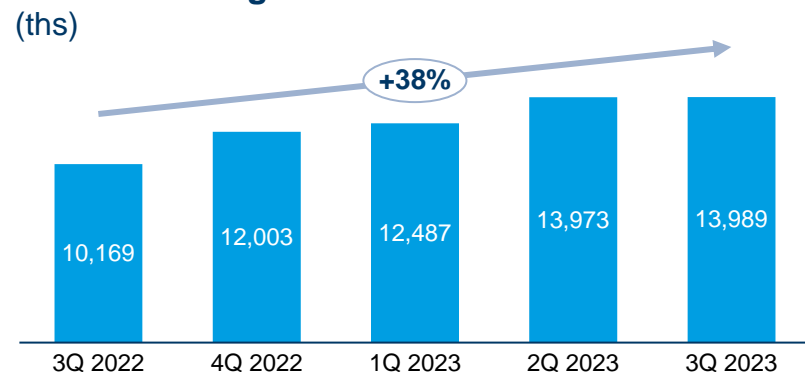
Mobile banking active users¹



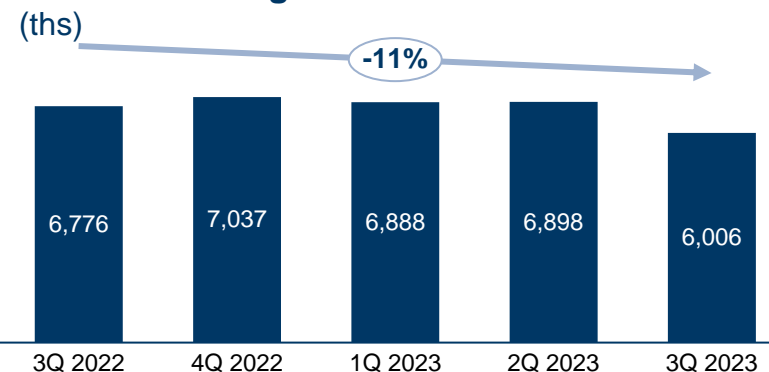
Internet banking active users²



Mobile banking transactions³



Internet banking transactions³



As of 30 September 2023, the number of mobile banking **active users** increased +22% Y/Y. In 3Q 2023, the number of **transactions** via mobile banking rose +38% Y/Y.

As of 30 September 2023, the number of internet banking **active users** decreased -7% Y/Y. In 3Q 2023, the number of **transactions** via internet banking declined -11% Y/Y.

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

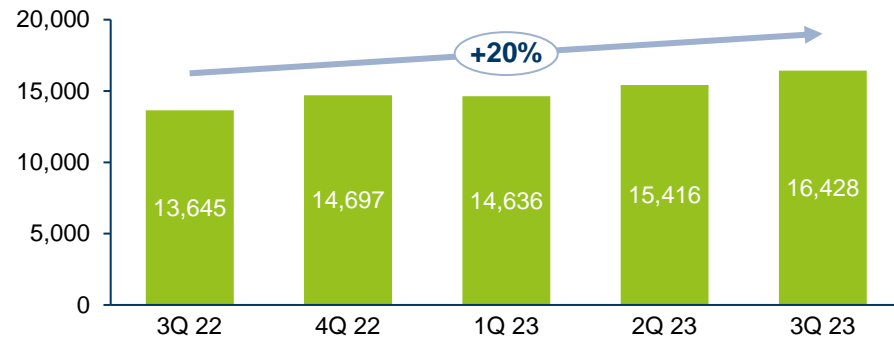
² Internet banking active users are clients who at least once during the last 3 months used internet banking

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

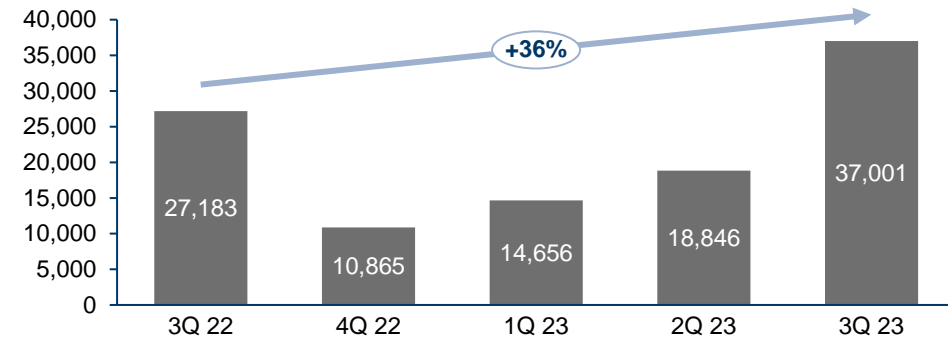
ČSOB group's distribution platform

Online initiated sales continue increasing

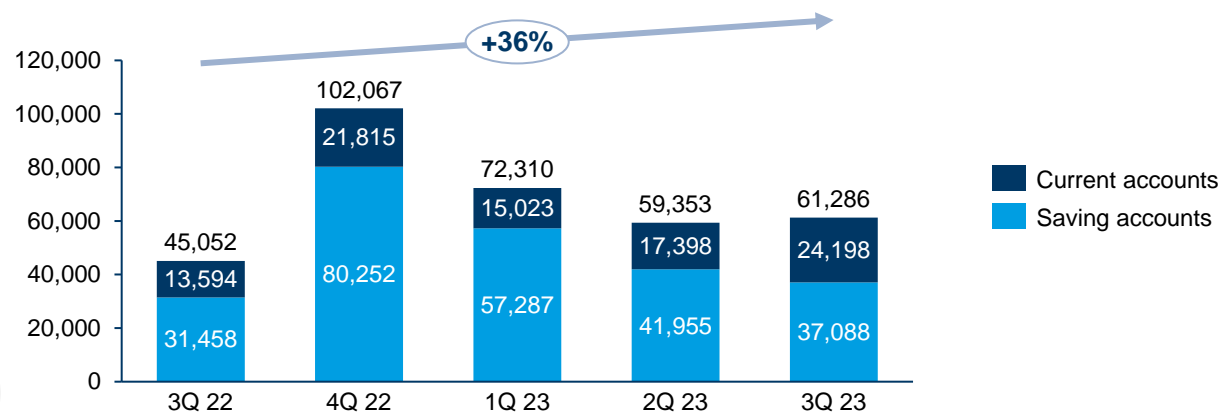
Consumer finance
(pcs)



Travel insurance
(pcs)



Current and saving accounts
(pcs)



Number of online initiated **current and saving accounts** increased **+36% Y/Y**.

In 3Q 2023, more than 16 thousand **consumer finance products** were initiated online, up **+20% Y/Y**.

Online sales of **travel insurance** grew **+36% 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.

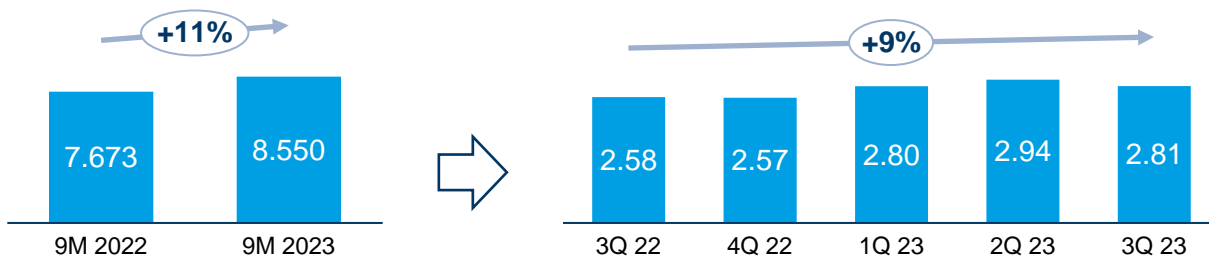
IFRS17 was published in 2017 with effective date as of 1 January 2023. For comparison purposes, 2022 figures were restated according to IFRS17.

ČSOB Pojišťovna: Key Figures

Strong growth in non-life gross written premium

Non-life insurance - gross written premium (GWP)

CZK bn

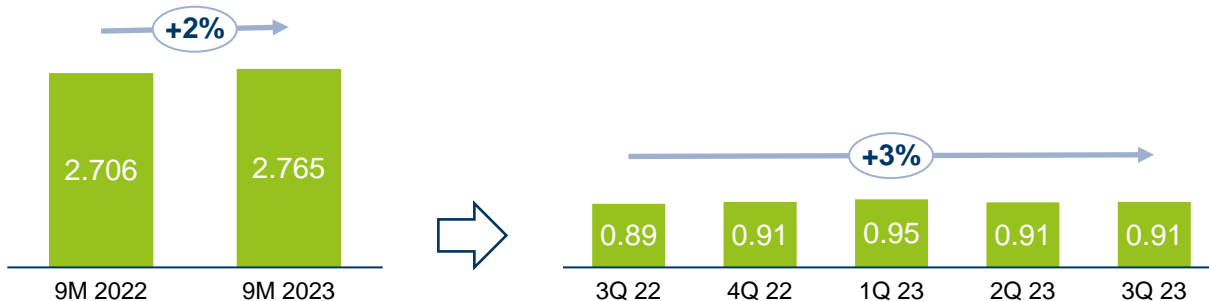


Non-life insurance

9M/3Q 2023 **non-life gross written premium** increased **+11% Y/Y** and **+9% Y/Y** respectively thanks to all main products of non-life insurance, mainly motor, industrial risk and house & households.

Life insurance – regular paid gross written premium

CZK bn

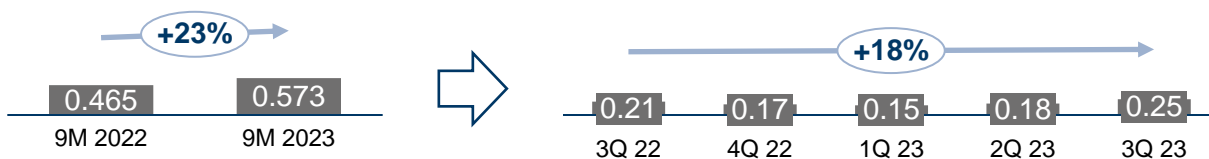


Life insurance

9M/3Q 2023 **regular paid gross written premium** increased **+2% Y/Y** and **+3% Y/Y** respectively thanks to higher new business and better lapses.

Life insurance – single paid gross written premium

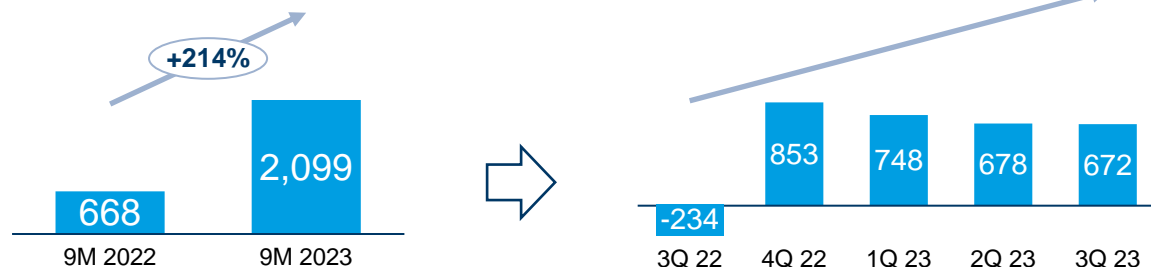
CZK bn



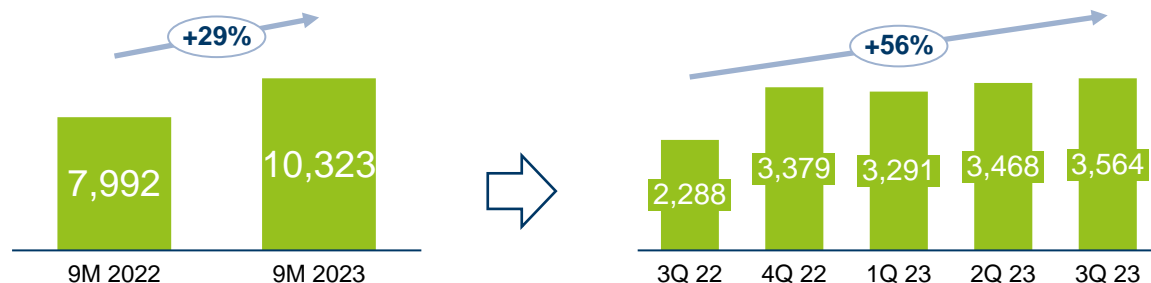
9M/3Q 2023 **single paid gross written premium** increased **+23% Y/Y** and **+18% Y/Y** respectively.

Insurance net profit sharply increases due to lower base in 2022

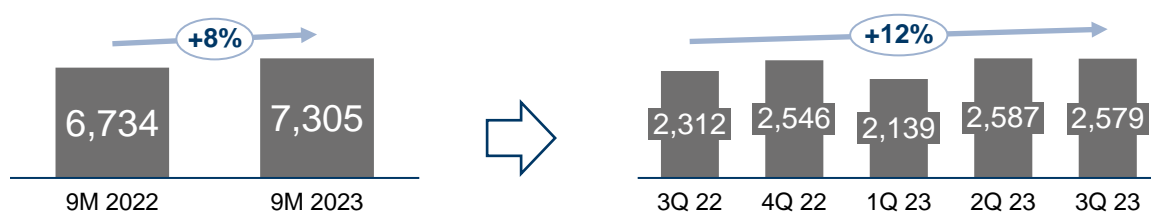
Net profit
CZK m



Operating income
CZK m



Insurance service expenses
CZK m



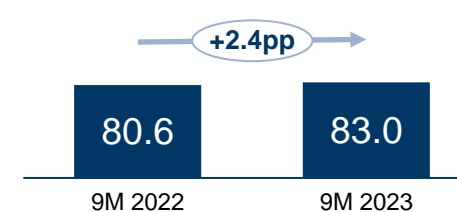
9M/3Q 2023 **net profit** increased to **CZK 2,099m** (+214% Y/Y) and **CZK 672m** respectively as a result of lower base in 2022, higher income, smaller occurrence of major claims and limited increase in operating expenses.

9M/3Q 2023 **operating income** grew to **CZK 10,323m** (+29% Y/Y) and **CZK 3,564m** (+56% Y/Y) respectively thanks to growing sales and higher net interest income (3Q 2022 negatively affected by sale of bonds).

9M/3Q 2023 **insurance service expenses** increased to **CZK 7,305m** (+8% Y/Y) and **CZK 2,579m** (+12% Y/Y) respectively driven by portfolio growth and connected occurred claims.

Non-life combined ratio reached **83.0%**.

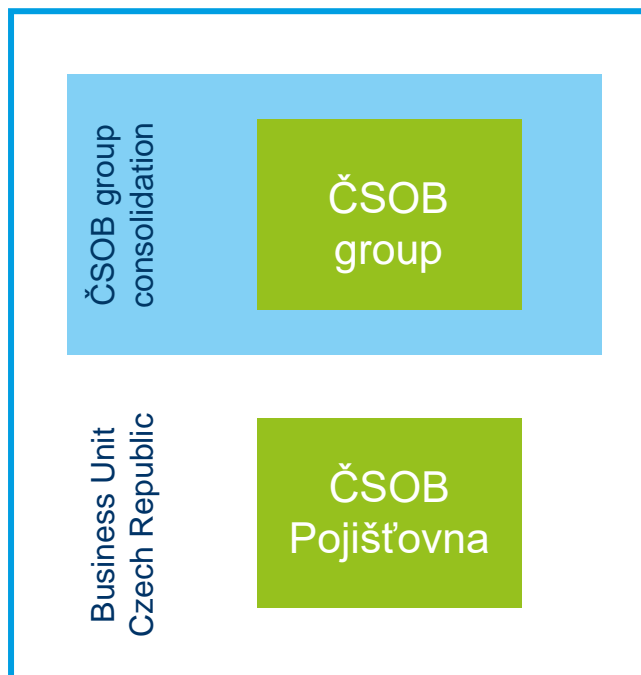
Non-life combined ratio (%)



Business Unit Czech Republic

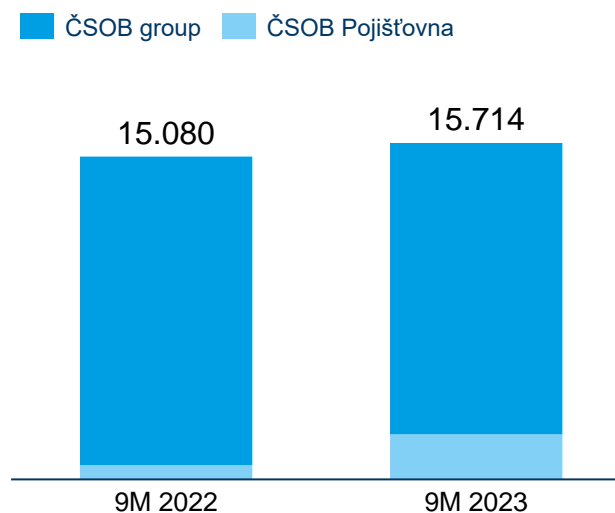


Business Unit Czech Republic 9M 2023 net profit



Net profit of the Business Unit Czech Republic

CZK bn



The 9M 2023 net profit of the Business Unit Czech Republic reached **CZK 15.7bn** (+4% 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)	3Q 2022	4Q 2022	1Q 2023	2Q 2023	3Q 2023	3Q/3Q	9M 2022	9M 2023	9M/9M
BU Czech Republic	4.175	0.971	4.367	6.534	4.813	+15%	15.080	15.714	+4%
o/w ČSOB Pojišťovna	-0.234	0.853	0.748	0.678	0.672	+/-	0.668	2.099	+214%

Appendix

Ratios and other indicators

Ratio / Indicator	31.12.2020	31.12.2021	31.12.2022	30.9.2022	30.9.2023
Net interest margin (Ytd., annualized, %)	2.31	2.08	2.54	2.59	2.30
Cost / income ratio (%)	54.6	55.5	54.3	48.0	55.2
Cost / income ratio excl. bank. taxes (%)	51.5	51.8	50.6	43.6	50.5
RoE (Ytd., %)	8.2	14.3	13.6	17.6	17.2
RoA (Ytd., %)	0.49	0.88	0.73	0.94	0.92
RoAC, BU Czech Republic (Ytd., %) ¹	21.7	39.2	32.7	41.3	40.4
Credit cost ratio (Ytd., annualized, %)	0.67	-0.42	0.12	0.08	-0.19
NPL ratio (%)	2.26	1.83	1.69	1.64	1.44
NPL coverage ratio (%)	48.7	49.4	44.6	48.2	45.8
Common Equity Tier 1 (CET1) ratio (%)	23.7	22.4	19.8	19.6	19.7
Total capital ratio (%)	24.2	22.7	20.2	20.0	19.9
Leverage ratio (Basel III, %)	5.02	4.65	4.48	4.08	3.96
Available MREL of RWA (%)	n.a.	27.4	29.6	28.8	29.2
Available MREL of LRE (%)	n.a.	5.67	6.69	5.97	5.85
Net stable funding ratio (Basel III, %) ²	169.9	171.3	171.8	175.9	183.2
Liquidity coverage ratio (Basel III, %)	137.7	143.5	156.2	149.4	145.3
Loan to deposit ratio (%)	71.6	71.1	70.6	71.7	68.6

¹ Fully-loaded.

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

Profit and loss statement

(CZK m)

	3Q 2022	2Q 2023	3Q 2023	Y/Y	Q/Q	9M 2022	9M 2023	Y/Y
Net interest income	7,683	7,315	7,239	-6%	-1%	23,553	21,527	-9%
<i>Interest income</i>	29,731	31,406	33,112	+11%	+5%	76,434	95,829	+25%
<i>Interest expense</i>	-22,048	-24,091	-25,873	+17%	+7%	-52,881	-74,302	+41%
Net fee and commission income	2,123	2,252	2,247	+6%	0%	6,231	6,668	+7%
Net gains from financial instruments at FVPL ¹	680	584	463	-32%	-21%	3,248	1,733	-47%
Other operating income ²	179	358	140	-22%	-61%	973	746	-23%
Operating income	10,665	10,509	10,089	-5%	-4%	34,005	30,674	-10%
Staff expenses	-2,489	-2,571	-2,844	+14%	+11%	-7,471	-7,954	+6%
General administrative expenses	-1,864	-1,934	-1,811	-3%	-6%	-6,901	-6,904	0%
<i>General administrative expenses (excl. banking taxes)</i>	-1,853	-1,949	-1,800	-3%	-8%	-5,417	-5,486	+1%
<i>Banking taxes</i>	-11	15	-11	-5%	+/-	-1,484	-1,418	-4%
Depreciation and amortisation	-687	-668	-685	0%	+3%	-1,942	-2,064	+6%
Operating expenses	-5,040	-5,173	-5,340	+6%	+3%	-16,314	-16,922	+4%
Impairment losses	-758	1,259	-75	-90%	+/-	-781	1,336	+/-
<i>Impairment on financial assets at amortised cost</i>	-772	1,255	-78	-90%	+/-	-576	1,335	+/-
<i>Impairment on goodwill</i>	0	0	0	n/a	n/a	0	0	n/a
<i>Impairment on other assets</i>	14	4	3	-79%	-25%	-205	1	+/-
Share of profit of associates	-1	-1	-1	+0%	+0%	-24	-9	-63%
Profit before tax	4,866	6,594	4,673	-4%	-29%	16,886	15,079	-11%
Income tax expense	-625	-747	-532	-15%	-29%	-2,561	-1,474	-42%
Profit for the period	4,241	5,847	4,141	-2%	-29%	14,325	13,605	-5%
Attributable to:								
Owners of the parent	4,241	5,847	4,141	-2%	-29%	14,325	13,605	-5%
Non-controlling interests	0	0	0	n/a	n/a	0	0	n/a

¹ FVPL = fair value through profit and loss

² 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

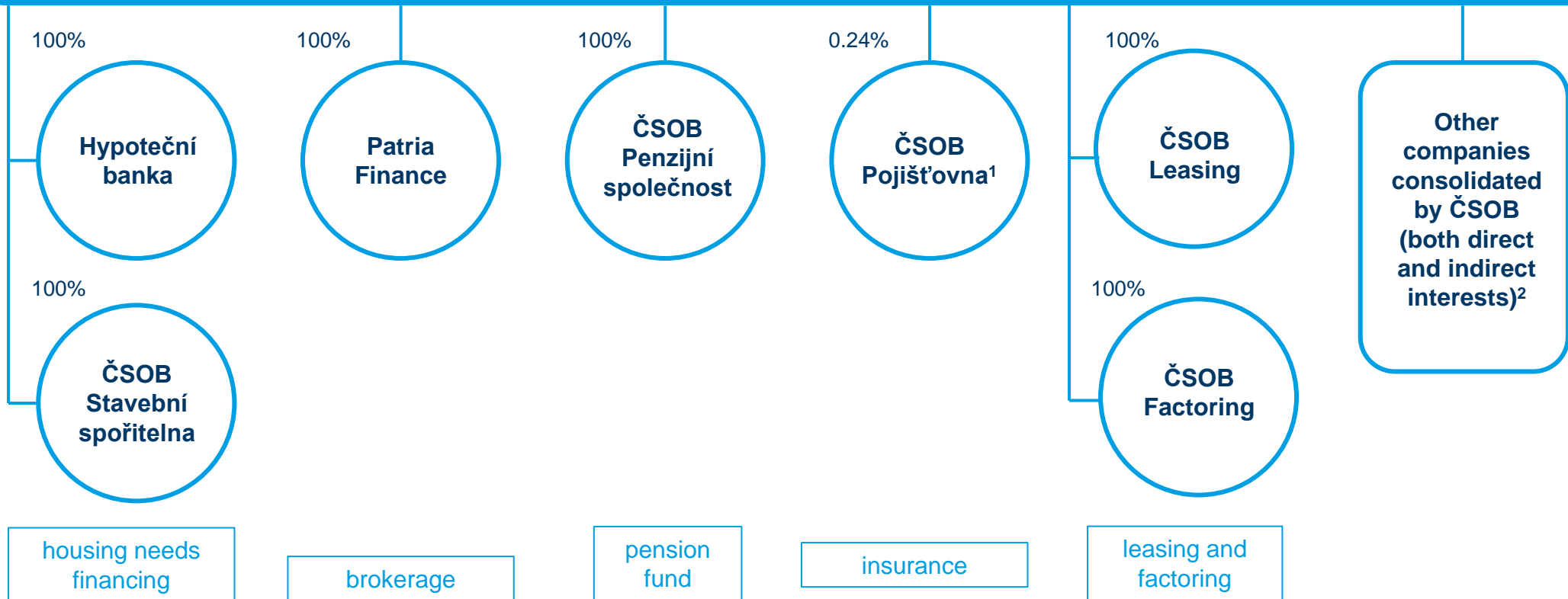
(CZK m)	30/9 2022	31/12 2022	30/9 2023	Y/Y
Cash and balances with central banks and other demand deposits	46,168	62,121	65,738	+42%
Financial assets held for trading	93,272	71,746	80,669	-14%
Financial assets held for trading pledged as collateral	0	0	47	n/a
Financial assets designated at fair value through P/L	0	0	0	n/a
Non-trading financial assets mandatorily at fair value through profit or loss	1,159	1,322	828	-29%
Financial assets at fair value through other comprehensive income (OCI)	12,415	15,585	12,224	-2%
Financial assets at fair value through OCI pledged as collateral	3,598	72	2,802	-22%
Financial assets at amortised cost - net	1,701,335	1,574,761	1,877,946	+10%
<i>Financial assets at amortised cost - debt securities (gross)</i>	251,764	249,225	284,475	+13%
<i>Financial assets at amortised cost - loans to credit institutions (gross)</i>	586,177	465,010	701,387	+20%
<i>Financial assets at amortised cost - loans to other than credit institutions (gross)</i>	875,269	872,429	902,776	+3%
<i>Financial assets at amortised cost - provisions</i>	-11,875	-11,903	-10,692	-10%
Financial assets at amortised cost pledged as collateral	13,646	24,721	18,322	+34%
Fair value adjustments of the hedged items in portfolio hedge	-29,232	-25,639	-17,068	-42%
Derivatives used for hedging	52,296	48,425	36,517	-30%
Current tax assets	63	70	950	>+100%
Deferred tax assets	1,878	2,514	1,795	-4%
Investments in associates and joint ventures	60	66	64	+7%
Property and equipment	12,977	12,917	12,253	-6%
Goodwill and other intangible assets	11,505	11,659	11,683	+2%
Non-current assets held-for-sale	40	41	54	+35%
Other assets	5,328	5,236	4,143	-22%
Total assets	1,926,508	1,805,617	2,108,967	+9%

Balance sheet – liabilities and equity

(CZK m)	30/9 2022	31/12 2022	30/9 2023	Y/Y
Financial liabilities held for trading	93,386	73,506	80,144	-14%
Financial liabilities at fair value through P/L	22,687	23,839	25,293	+11%
Financial liabilities at amortised cost	1,690,288	1,583,056	1,875,942	+11%
<i>of which Deposits received from central banks</i>	0	0	0	n/a
<i>of which Deposits received from credit institutions</i>	105,166	43,708	136,556	+30%
<i>of which Deposits received from other than credit institut.</i>	1,340,878	1,231,800	1,494,567	+11%
<i>of which Debt securities in issue</i>	204,966	264,915	201,773	-2%
<i>of which Subordinated liabilities</i>	37,130	40,592	40,980	+10%
<i>of which Lease liabilities</i>	2,148	2,041	2,066	-4%
Fair value adjustments of the hedged items in portfolio hedge	-37,412	-32,441	-23,076	-38%
Derivatives used for hedging	47,354	42,039	31,167	-34%
Current tax liabilities	750	659	256	-66%
Deferred tax liabilities	970	1,035	1,196	+23%
Provisions	789	4,542	802	+2%
Other liabilities	7,379	8,404	7,227	-2%
Total liabilities	1,826,191	1,704,639	1,998,951	9%
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	57,518	57,773	66,131	+15%
Financial assets at fair value through OCI - revaluation reserve	-709	-663	-459	-35%
Cash flow hedge reserve	-1,935	-1,578	-1,108	-43%
Foreign currency translation reserve	-28	-25	-19	-32%
Parent shareholders' equity	100,317	100,978	110,016	+10%
Minority interest	0	0	0	n/a
Total equity	100,317	100,978	110 016	+10%
Total liabilities and equity	1,926,508	1,805,617	2,108,967	+9%

The ČSOB group in the Czech Republic

Československá obchodní banka, a. s. banking services



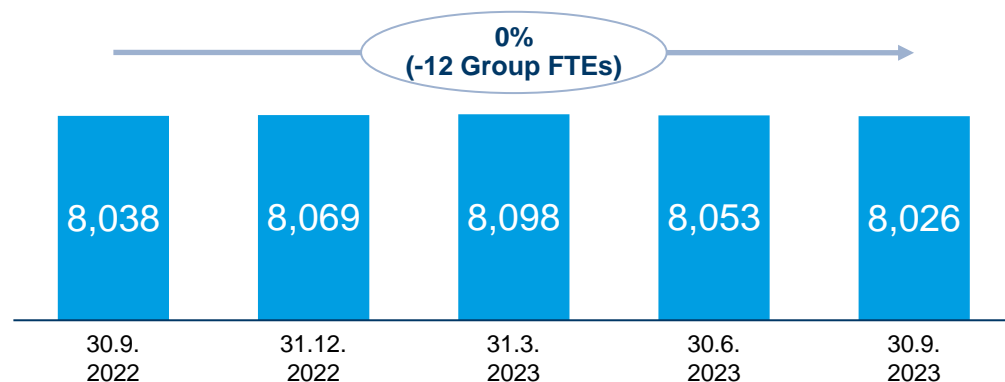
Percentages show ČSOB's ownership interests on company's equity as of 30 September 2023.

¹ 99.76% of shares owned by KBC Insurance; by the equity method consolidation.

² A complete list of companies consolidated by ČSOB is stated in ČSOB Annual Report.

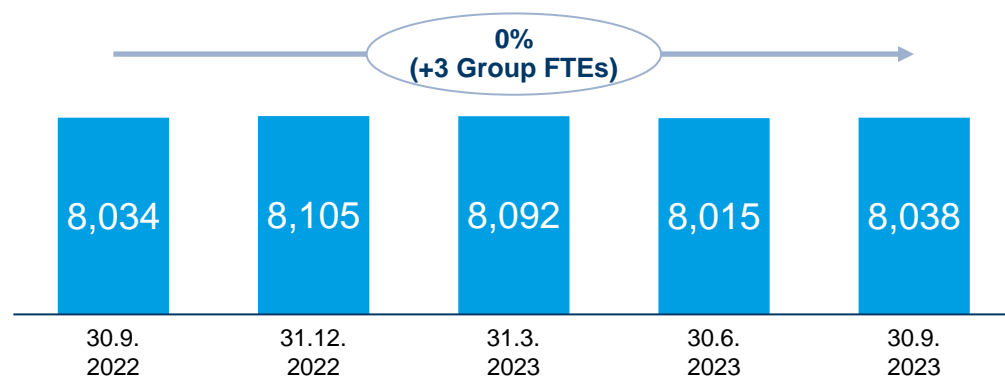
Employees

Number of FTEs – average



The average number of **Group FTEs** stayed flat (-12 FTEs Y/Y) as the internalization in IT and digital was compensated by the decrease in Backoffice.

Number of FTEs – end of the period



■ Group FTE¹

The number of **Group FTEs** at the end of the period stayed flat (+3 FTEs Y/Y).

¹ Above mentioned figures include ČSOB Group. ČSOB Pojišťovna is not included.

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)	$\text{Result after tax (including minority interests) of the ČSOB group, adjusted to take account of allocated capital instead of actual capital} / \text{average allocated capital of the ČSOB group}$ (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.

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ČSOB

*jdeme vám
naproti*