

1Q 2022 Results

ČSOB group

Business Unit Czech Republic

EU IFRS unaudited consolidated
12 May 2022



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ČSOB group: Key Figures

1Q 2022 at a glance

ČSOB supports Ukraine

Immediately after the outbreak of the war in Ukraine, ČSOB Group announced **SOS Ukraine** fundraiser in cooperation with People in Need. In just **12 days**, the target amount of CZK 25 million was reached and subsequently doubled by ČSOB to **CZK 50 million**. Thanks to the fundraiser, we donated CZK 58 million in total to People in Need.

ČSOB is now offering Ukrainian citizens a current account with several benefits, including an **initial deposit of CZK 2,500**. **More than 100ths current accounts** were already opened for Ukrainian refugees.

There is also a special client line in Ukrainian language: 800 200 290 and ČSOB operates mobile branches in Prague, Karlovy Vary and Ostrava. In addition, hundreds of pieces of IT equipment were donated to Ukrainian pupils, students and other refugees.

We were **the first bank to launch a banking identity for Ukrainian refugees**, who can apply for humanitarian benefits online.



Virtual assistant Kate



Over **550ths clients** were already in contact with personalized virtual assistant Kate. New use cases include for example possibility to split the payment among more people and send a QR code or to change the payment limit on the card.

Opening account for companies online

We are the first bank in the Czech Republic with whom **companies can open an account quickly, easily and conveniently online**. The service is available for clients since February. By the end of March, **344 company accounts** had already been opened online

Digital accelerates

In 1Q 2022, the number of **mobile banking active users** increased +53% Y/Y and the number of **transactions entered via mobile banking** grew +46% Y/Y. Furthermore, the number of **online initiated current and saving accounts** increased +231% Y/Y

LEED Platinum certificate

ČSOB's **regional headquarters in Hradec Králové** received the internationally recognized **LEED Platinum certificate** in the New Construction category in the field of design and construction of environmentally friendly and sustainable buildings.

DoKapsy



The multifunctional application DoKapsy has been activated by over **74ths** people who can read articles from various titles, such as the E15 daily, Blesk, iSport.cz and more. All content in the **News tab** is free, including premium content, thanks to partnership with the Czech News Center.

Users can now buy tickets for the **Prague Integrated Transport (PID)** in the app. Prague and Brno are therefore two cities to have urban mobility supported by the app, including parking and public transport.

NaDobrouVěc

Thanks to **ČSOB NaDobrouVěc**, clients can make a small **contribution to charity** with each card payment and support non-profit charities. The service can be opened in ČSOB Smart or easily arranged by our virtual assistant Kate.

NaDobrouVěc is a unique service on the Czech market, each client can decide how much he wants to contribute from each debit and credit card payment, namely 0.1%, 0.5% or 0.8%. The amount is then donated to one of nine charities, according to client's choice.



Higher net profit thanks to higher income, robust capital and liquidity

ČSOB group key indicators		2019	2020	2021	1Q 2021	1Q 2022
Profitability	Net profit (CZK bn)	19.7	8.5	16.2	2.7	4.6
	Return on equity	20.7%	8.2%	14.3%	10.3%	15.7%
Liquidity	Loan to deposit ratio	79.4%	71.6%	71.1%	75.7%	69.8%
	Net stable funding ratio	161.5%	169.9%	171.3%	164.0%	184.7%
Capital	CET1 ratio	19.2%	23.7%	22.4%	24.3%	21.6%
Impairments	Credit cost ratio	0.04%	0.67%	-0.42%	-0.16%	-0.11%
Cost efficiency	Cost / income ratio	44.9%	54.6%	55.5%	66.6%	54.0%
	Cost / income ratio (excl. banking taxes)	42.7%	51.5%	51.8%	51.1%	41.5%

Higher net profit thanks to higher income. Robust capital and liquidity. Strong growth of business volumes and mobile banking users.

Net profit

ČSOB's **net profit** increased to **CZK 4.6bn** (+68% Y/Y) in 1Q 2022.

Business indicators

Loan portfolio reached **CZK 851bn** (+7% Y/Y). **Total client deposits** rose to **1,179bn** (+7% Y/Y). **Assets under management** grew to **CZK 290bn** (+14% Y/Y). Number of **active clients** increased **+78ths** Y/Y. Number of **mobile banking active users** increased **+53%** Y/Y.

Operating income

Operating income increased to **CZK 11.9bn** in 1Q 2022 (+41% Y/Y). The increase resulted from higher net interest income driven by NII from deposits, higher other income and higher net fee and commission income.

Liquidity & Capital

ČSOB maintains strong capital position and excellent liquidity ratios. **CET1 ratio** reached **21.6%**. **Loan to deposit ratio** decreased Y/Y to **69.8%**. The **short-term liquidity ratio LCR** decreased to **133.6%** and the **long-term liquidity ratio NSFR** was **184.7%**.

Operating expenses

Operating expenses excl. banking taxes grew to **CZK 4.9bn** in 1Q 2022 (+14% Y/Y). Staff expenses increased +17% Y/Y due to one-off employee bonus and general administrative expenses excluding banking taxes grew +12% Y/Y. Average number of **FTEs** decreased **-201** Y/Y.

Sustainability

The volume of **RI funds** increased +3% Q/Q. Financing of **low energy housing** increased +39% Q/Q and **eco-friendly vehicles** +9% Q/Q. In 1Q 2022, COR/SME segment provided **green loans** in line with the **EU Taxonomy** guidelines in the amount of CZK 0.4bn.

Impairments

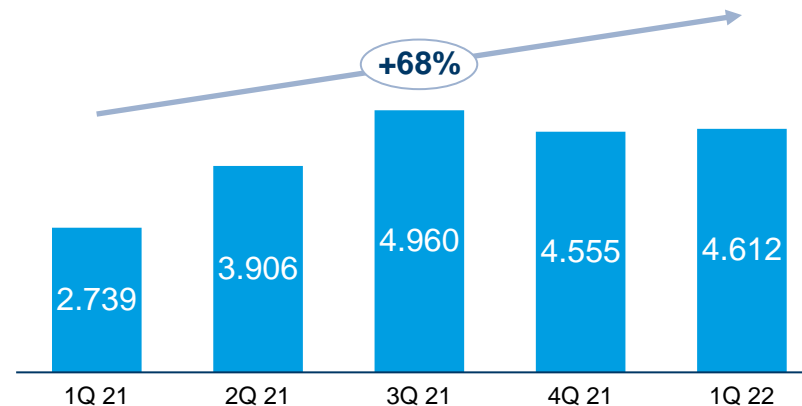
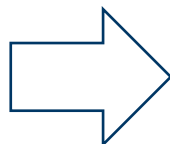
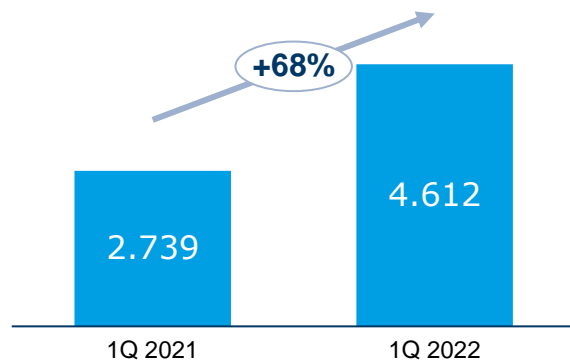
Credit cost ratio in 1Q 2022 reached **-11bps** (+5 bps Y/Y). Total impairments amounted to **CZK -102m** (net release). **NPL ratio** declined to **1.88%**.

Awards

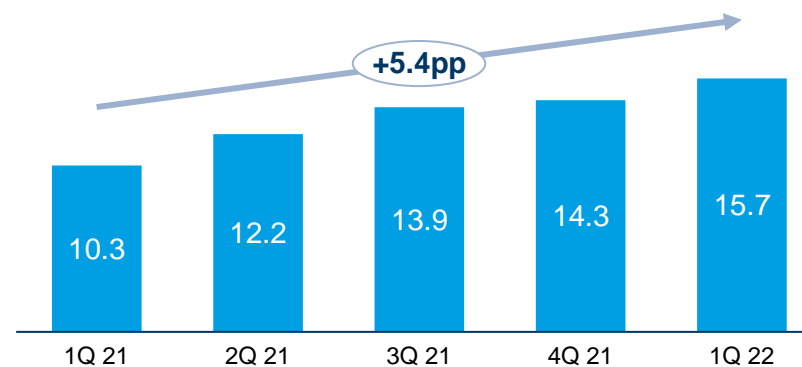
ČSOB was named the **Best Bank** in the Czech Republic for 2022 by **Global Finance** magazine.

Higher net profit thanks to higher income

Net profit
CZK bn



Return on equity (ROE)
%



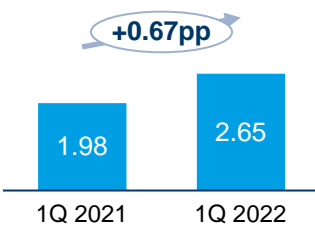
1Q 2022 **net profit** increased to **CZK 4.6bn** (+68% Y/Y). The Y/Y increase was a result of higher net interest income driven by NII from deposits, higher other income and higher net fee and commission income, partly offset by higher expenses and net impairment release.

The **return on equity (ROE)** rose to **15.7%** (+5.4pp Y/Y) thanks to higher net profit.

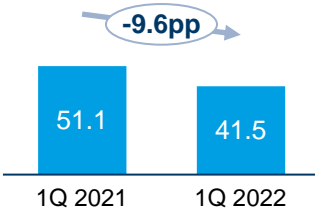
Increasing net interest margin, excellent loan quality and robust capital position

Profitability

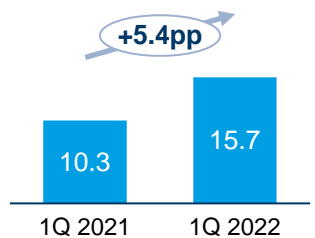
Net interest margin (%)



Cost / income ratio excl. banking taxes (%)

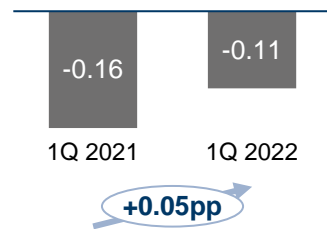


ROE (%)

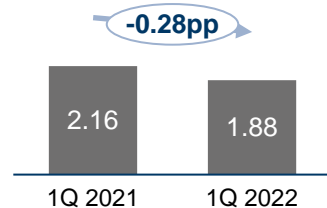


Loan portfolio quality

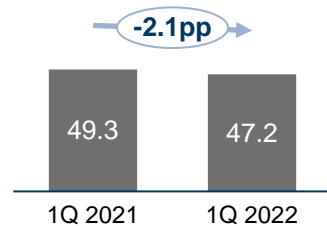
CCR, Ytd. annualized (%)



NPL ratio (%)

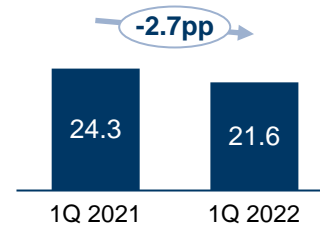


NPL coverage ratio (%)

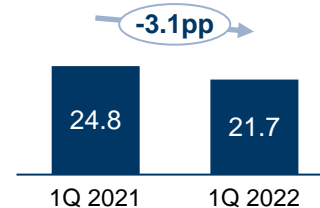


Capital

CET 1 ratio (%)

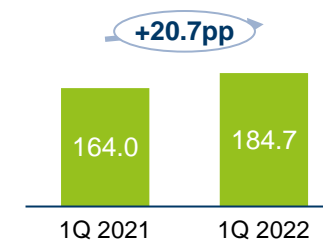


Total capital ratio (%)

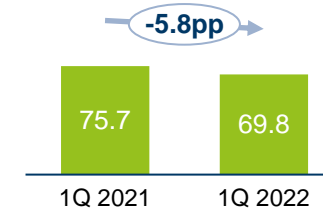


Liquidity

Net stable funding ratio (%)



Loan to deposit ratio (%)

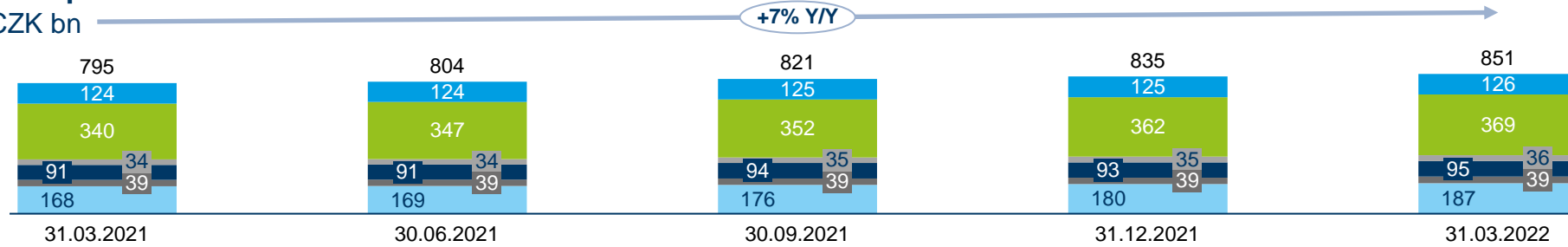


Loans, deposits and assets under management

Strong growth of assets under management

Loan portfolio¹

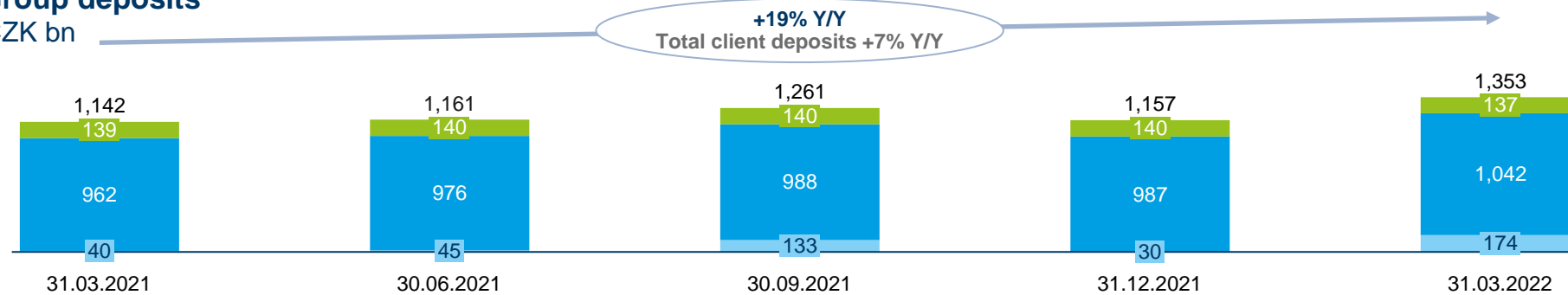
CZK bn



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

Group deposits²

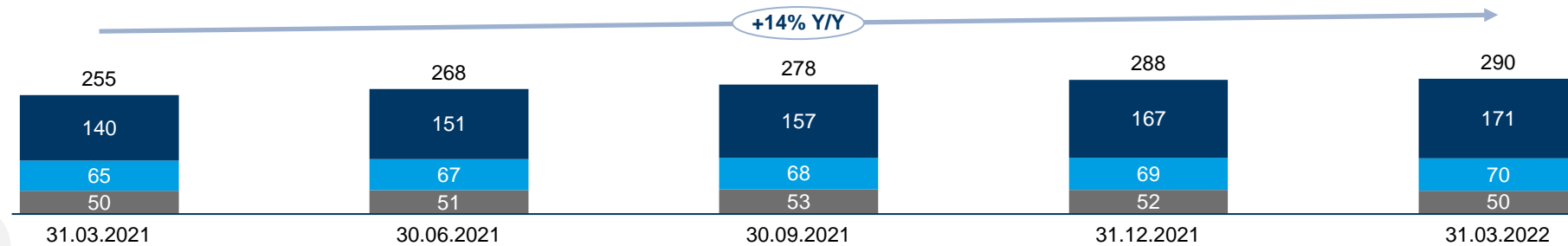
CZK bn



- 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.

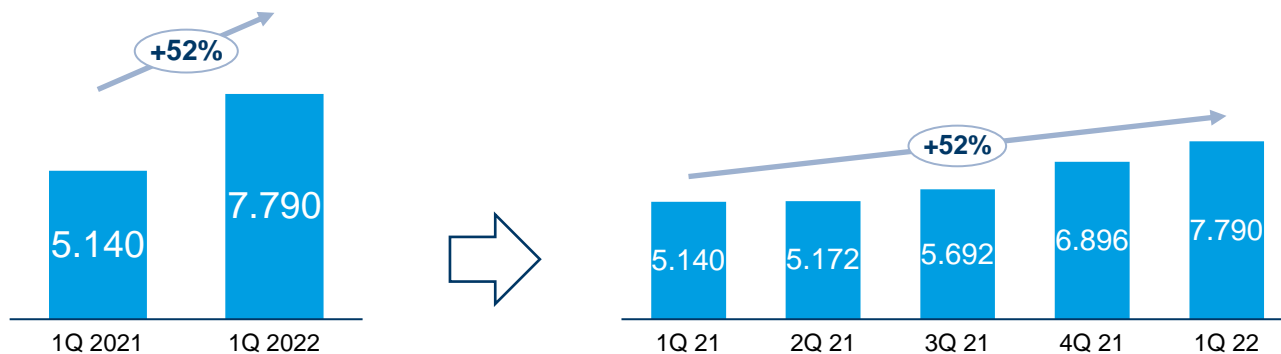
ČSOB group: Financial Overview

Net interest income and Net interest margin

Net interest income increasing thanks to NII from deposits

Net interest income¹ (NII)

CZK bn

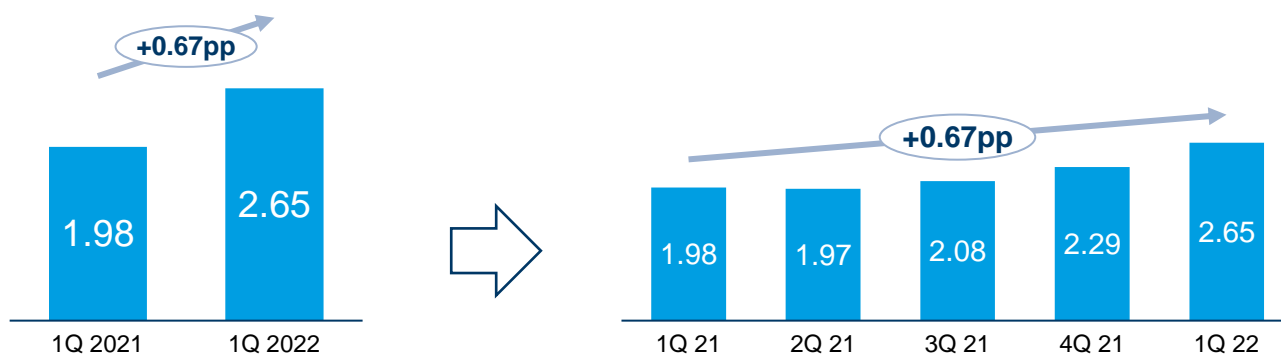


1Q 2022 **net interest income** increased **+52% Y/Y** as a result of:

- (+) higher NII from deposits driven by retail and SME segments
- (+) other NII
- (-) lower NII from loans driven by building saving loans, mortgages and consumer finance

Net interest margin (NIM)

%

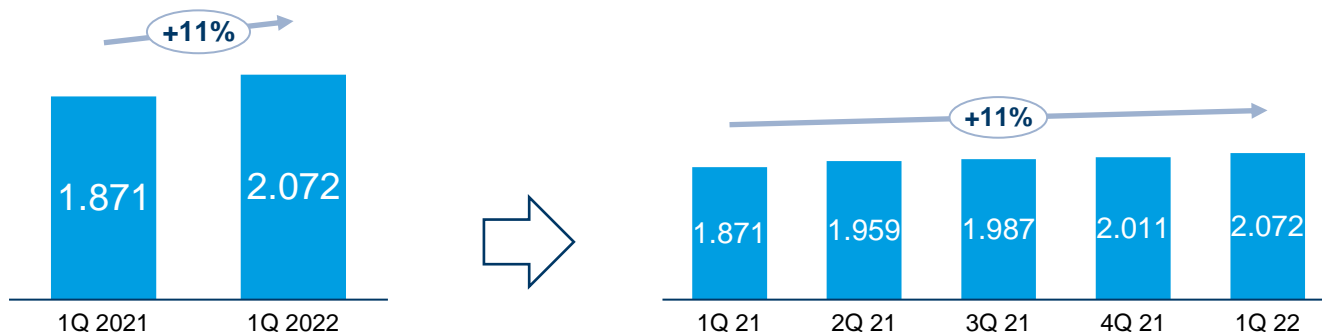


In 1Q 2022, **net interest margin** reached **2.65%** (+67bps Y/Y) driven mainly by the NII from deposits.

Net fee and commission income and Other NFCI and other income growing

Net fee and commission income (NFCI)

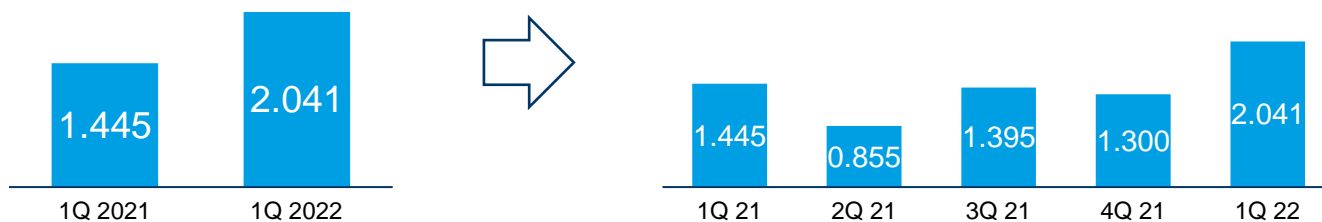
CZK bn



1Q 2022 net fee and commission income increased **+11% Y/Y**. The Y/Y increase was a result of higher payment cards and asset management fees, offset in part by costs related to the accounts for Ukrainian citizens and lower account fees.

Other¹

CZK bn



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

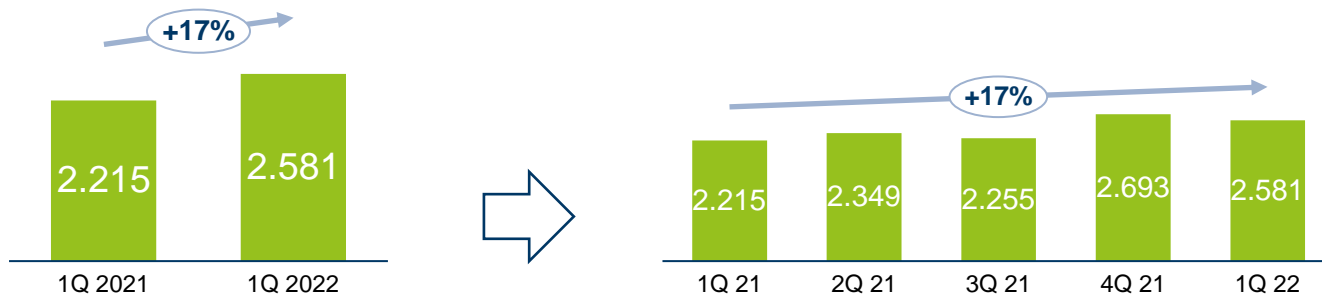
- (+) valuation adjustments
- (+) short term operations at financial markets
- (+) one-off gain from a historical legal case

Staff and General administrative expenses

Higher expenses due to higher staff expenses and marketing costs

Staff expenses

CZK bn

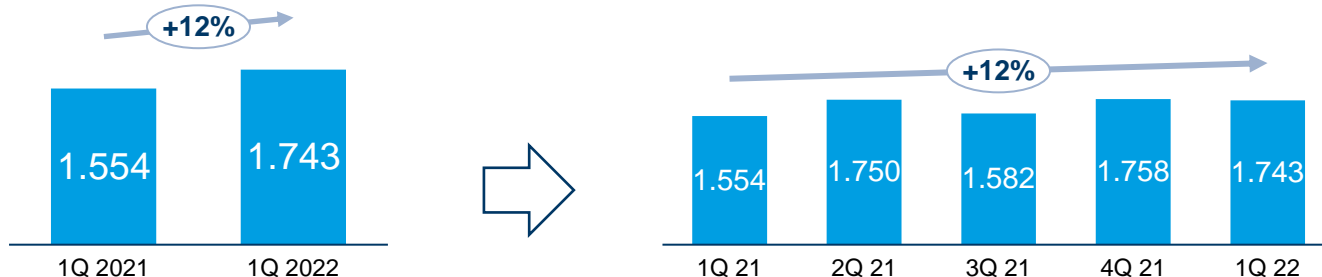


1Q 2022 **total operating expenses excluding banking taxes** increased **+14% Y/Y**. **Total operating expenses including banking taxes** also grew **+14% Y/Y**.

1Q 2022 **staff expenses** grew **+17% Y/Y** due to employee bonus in the amount of EUR 1ths for each employee of the KBC Group.

General administrative expenses – excl. banking taxes

CZK bn



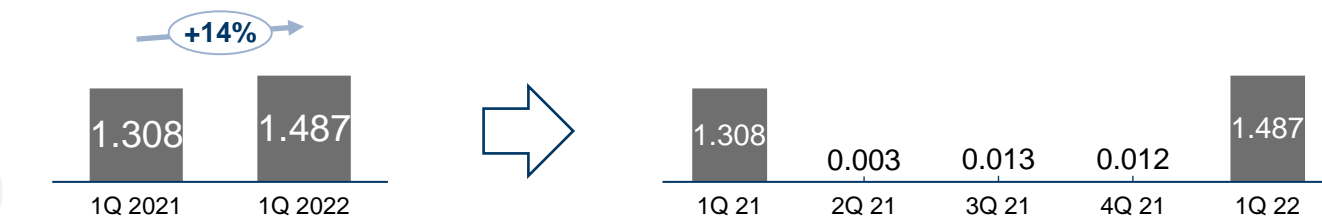
1Q 2022 **general administrative expenses** increased **+12% Y/Y** mainly driven by higher marketing costs.

Depreciation and amortization increased **+11% Y/Y**.

1Q 2022 **banking taxes** increased **+14% Y/Y**.

Banking taxes (gross)

CZK bn



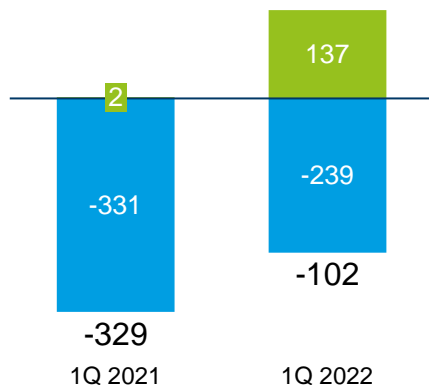
Cost/income ratio declined to **54.0%** and **cost/income ratio without banking taxes** was **41.5%**.

Impairments and NPL

Consistent high quality of loan portfolio

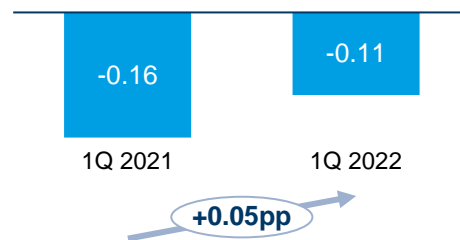
Total impairments

CZK m



CCR, Ytd. annualized

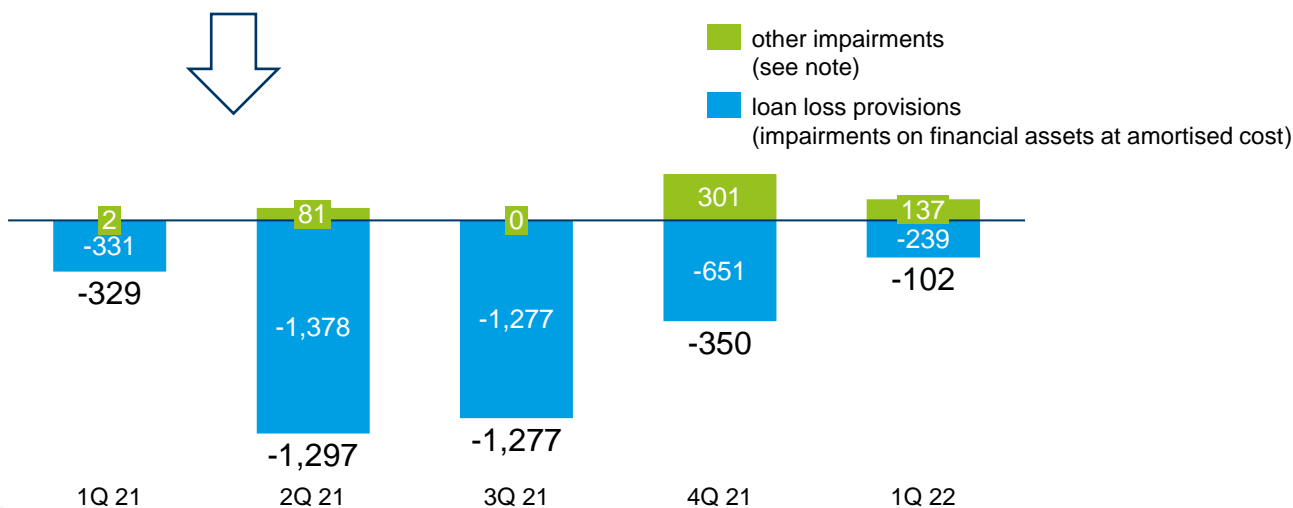
%



In 1Q 2022, **loan loss provisions** amounted to net release of **CZK -239m** due to release of COVID-19 management overlay, offset in part by impairment charge to cover credit risk from direct and indirect impact of the military conflict in Ukraine and exposure vulnerable to emerging risks.

Other impairments increased Y/Y to **CZK 137m** due to modification loss related to ČSOB guarantee for pension fund Stabilita.

Credit cost ratio for 1Q 2022 reached **-0.11%** (Ytd., annualized; +5 bps Y/Y), negative figure indicates net impairment release.



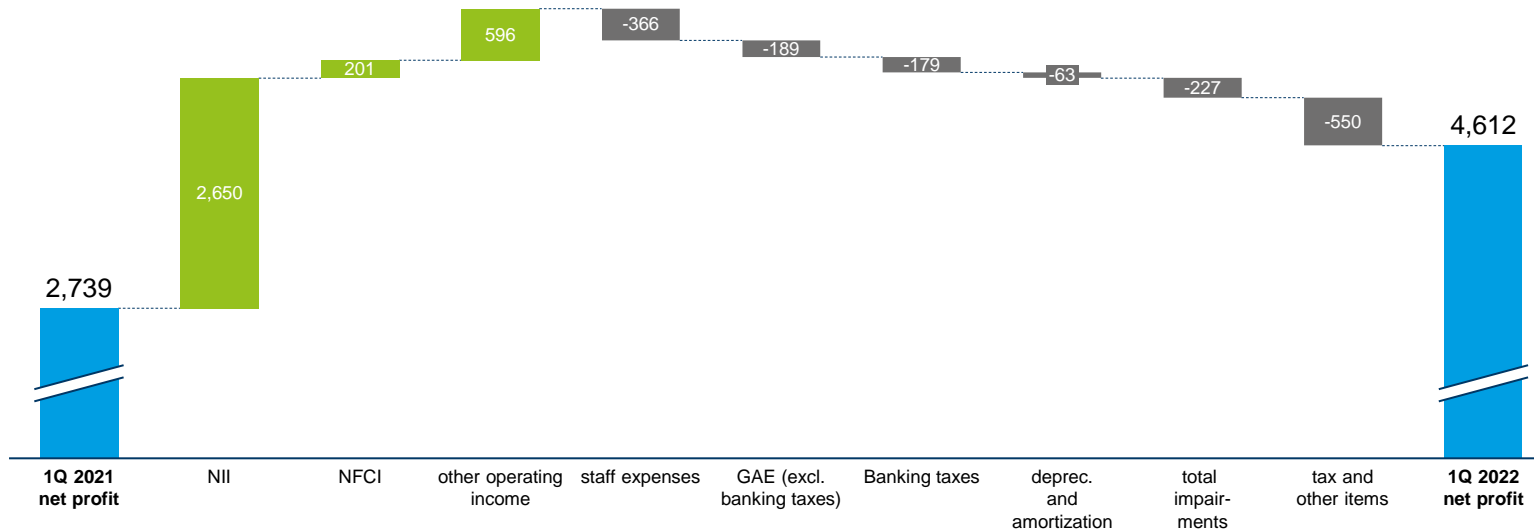
31.3.2022		
IFRS 9 Distribution	Amount (CZK bn)	Share on total loans
Loan portfolio	851.0	100%
Stage 1 - performing	724.1	85%
Stage 2 - underperforming	110.5	13%
Stage 3 - non-performing loans	16.4	2%

Notes:

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

Wrap up of net profit drivers

Net profit (Y/Y) CZK m



The main difference between 1Q 2022 and 1Q 2021 net profit was caused by the following drivers:

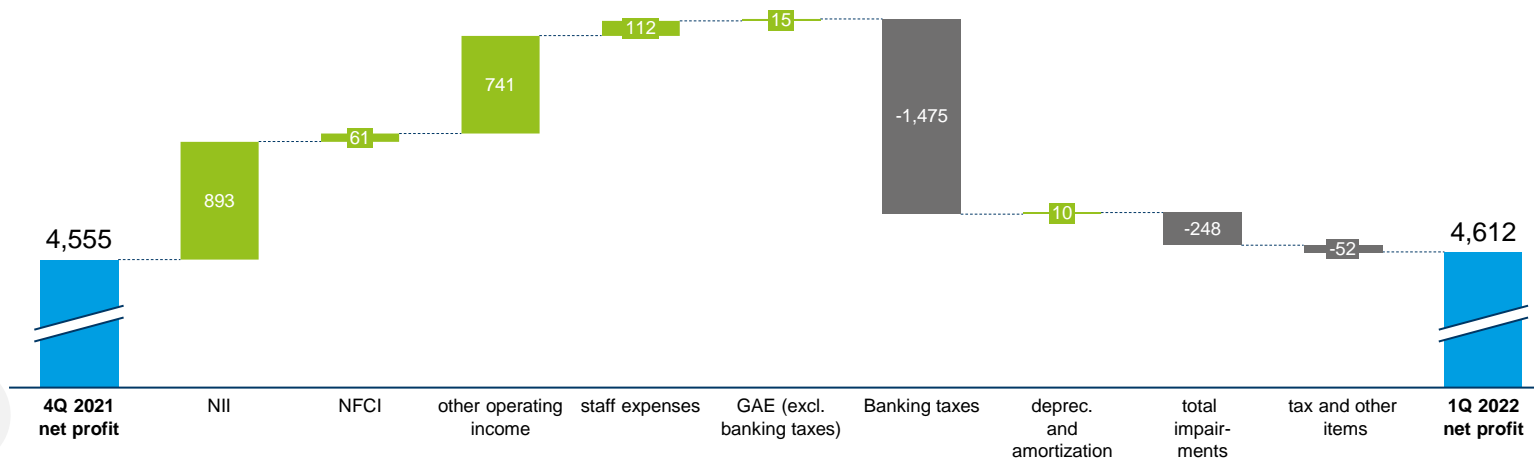
On the **positive side**:

- higher NII driven by NII from deposits
- improved result from financial instruments at FVPL
- higher NFCI driven by payment cards and asset management fees

On the **negative side**:

- higher staff expenses due to one-off employee bonus and higher accruals for bonuses
- lower net impairment release
- higher GAE driven by marketing costs
- higher banking taxes

Net profit (Q/Q) CZK m



The main difference between 1Q 2022 and 4Q 2021 net profit was caused by the following drivers:

On the **positive side**:

- higher NII driven by NII from deposits
- higher other income due to better performance of financial markets and a historical legal case
- lower staff expenses thanks to lower accruals for bonuses
- higher NFCI driven by distribution fees

On the **negative side**:

- higher banking taxes
- lower net impairment release

Capital Strong capital position

Consolidated, CZK m	31.3.2021	31.12.2021	31.3.2021
Total regulatory capital	98,304	93,555	92,867
- Common Equity Tier 1 (CET1) Capital	96,503	92,585	92,421
- Tier 2 Capital	1,801	970	446
Total RWA	396,649	412,628	428,055
- Credit risk	329,280	347,370	362,885
- Market risk	569	427	340
- Operational risk	66,799	64,830	64,830
Common Equity Tier 1 (CET1) ratio	24.3%	22.4%	21.6%
Total capital ratio	24.8%	22.7%	21.7%

The Y/Y decrease of Common Equity **Tier 1** (CET1) capital is due to partial profit distribution from retained earnings of previous years.

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

ČSOB group: Business Overview

Increasing market share in total deposits and total loans



Total Deposits¹	21.1%	↑
Mortgages¹	24.9%	↓
Building savings loans ¹	36.1%	↓
Building savings deposits ¹	39.0%	↓



Total Loans¹	20.3%	↑
Mutual funds ¹	24.3%	↑
Leasing ¹	15.8%	↑



Pension funds ²	14.8%	→
SME/corporate loans ¹	14.5%	↑
Consumer lending ^{1,3}	13.8%	↑
Factoring ⁴	16.7%	↓



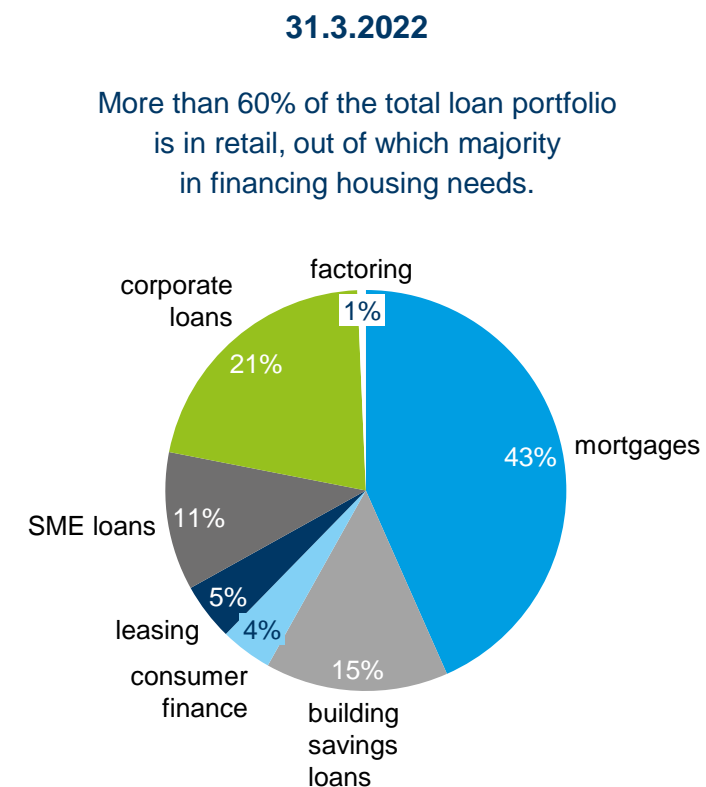
Insurance ⁵ - combined	8.4%	↑
Non-life insurance ⁵	8.8%	↑
Life insurance ⁵	7.4%	↓

Arrows show Y/Y change. Market shares as of 31 March 2022, except for pension funds and factoring which are as of 31 December 2021. The ranking is ČSOB's estimate. Market position in the insurance reflects combined position of the insurers belonging to the same business group.

¹ Outstanding at the given date (including ČSOBS); ² Number of total clients at the given date; ³ Retail loans excluding mortgages and building savings loans. ⁴ New business in the year to the given date; ⁵ New business in the year according to gross written premium;. Sources and detailed definitions are provided in Appendix.

Loan growth driven by mortgages and corporate segment

Gross outstanding volumes, CZK bn	31.3.2021	31.3.2022	Y/Y
Loan portfolio	794.7	851.0	+7%
Retail Segment			
Mortgages	339.6	369.1	+9%
Consumer finance	33.6	35.6	+6%
Building savings loans	123.5	125.6	+2%
SME/Corporate Segment			
Corporate loans ¹	163.1	180.8	+11%
SME loans	91.2	94.9	+4%
Leasing	38.6	39.3	+2%
Factoring	5.1	5.7	+13%
Other ²	43.5	47.1	+8%
Credit risk: loan portfolio	838.3	898.1	+7%



¹ Including credit-replacing bonds.

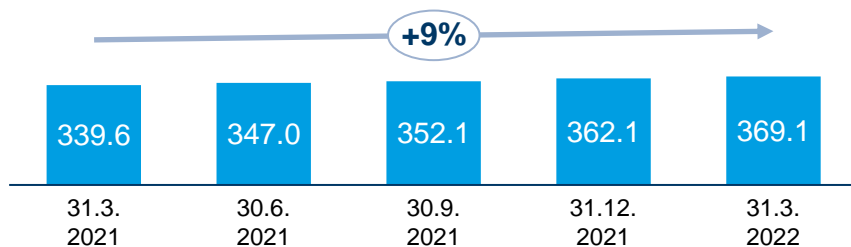
² Including off-balance sheet items and ALM/financial markets exposures.

Housing loans

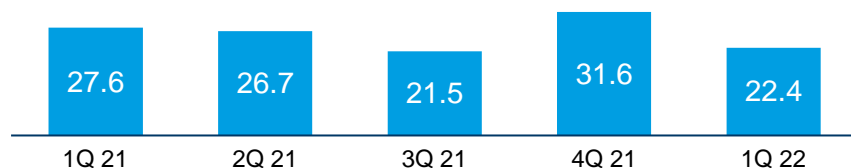
Growth of mortgages and building saving loans

Mortgages

Outstanding, CZK bn



New sales*, CZK bn

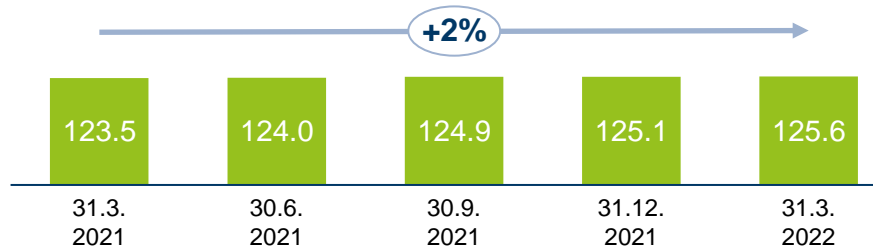


The **outstanding volume of mortgages** increased **+9% Y/Y** supported by strong new volume production in the previous year.

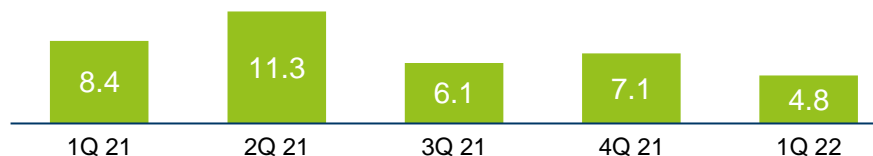
In 1Q 2022, ČSOB provided more than **6.4 thousand new mortgages** (-25% Y/Y) in the total amount of **CZK 22.4bn** (-19% Y/Y). The market of new mortgages decreased -35% Y/Y in the number and -31% Y/Y in the total amount of new mortgages.

Building saving loans

Outstanding, CZK bn



New sales*, CZK bn



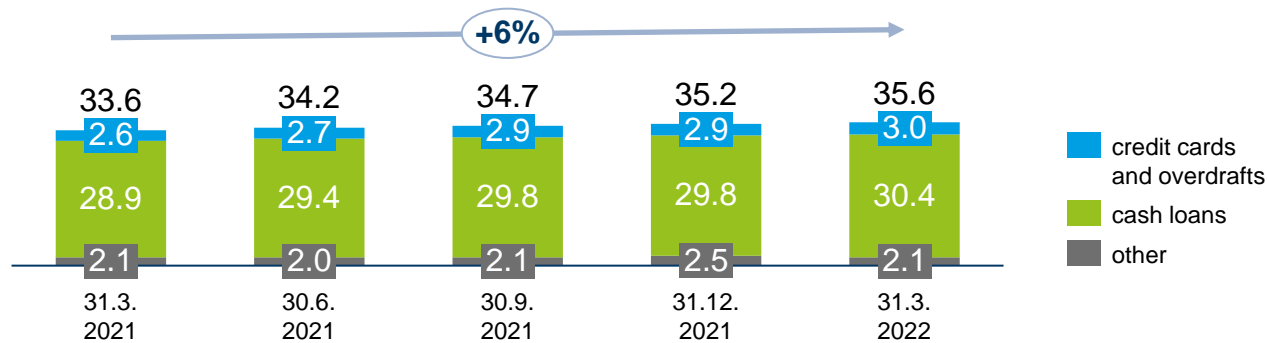
The outstanding **building savings loan portfolio** increased **+2% Y/Y**, while the market increased **+10% Y/Y**.

In 1Q 2022, **new sales** decreased **-42% Y/Y**.

Consumer finance, SME loans, Leasing

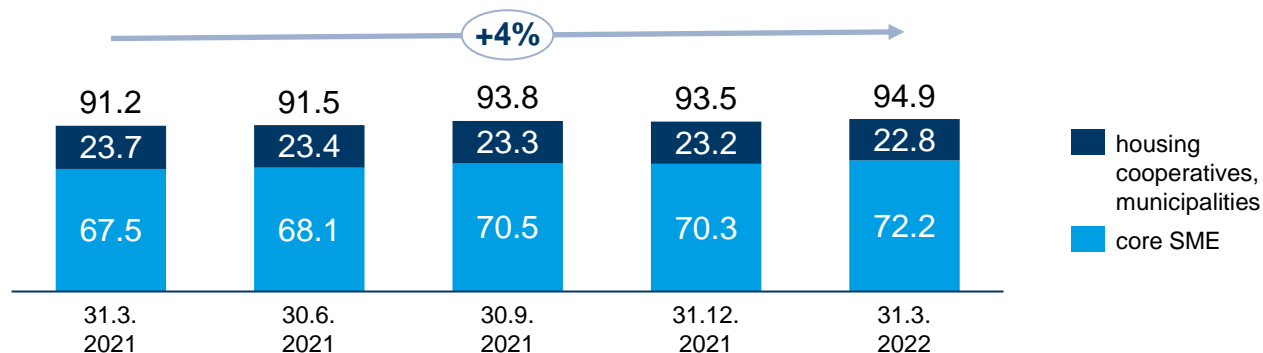
Increase of outstanding volumes

Consumer finance, outstanding, CZK bn



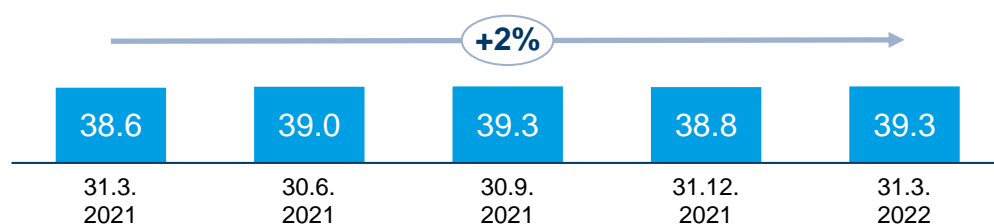
Consumer finance grew **+6% Y/Y** due to growing client demand and thanks to our special offers.

SME loans, outstanding, CZK bn



SME loans increased **+4% Y/Y** thanks to growing core SME lending (micro, small and mid-sized companies).

Leasing, outstanding*, CZK bn



Outstanding volumes in **ČSOB Leasing** rose **+2% Y/Y** as a result of increase in SME and Retail segment.

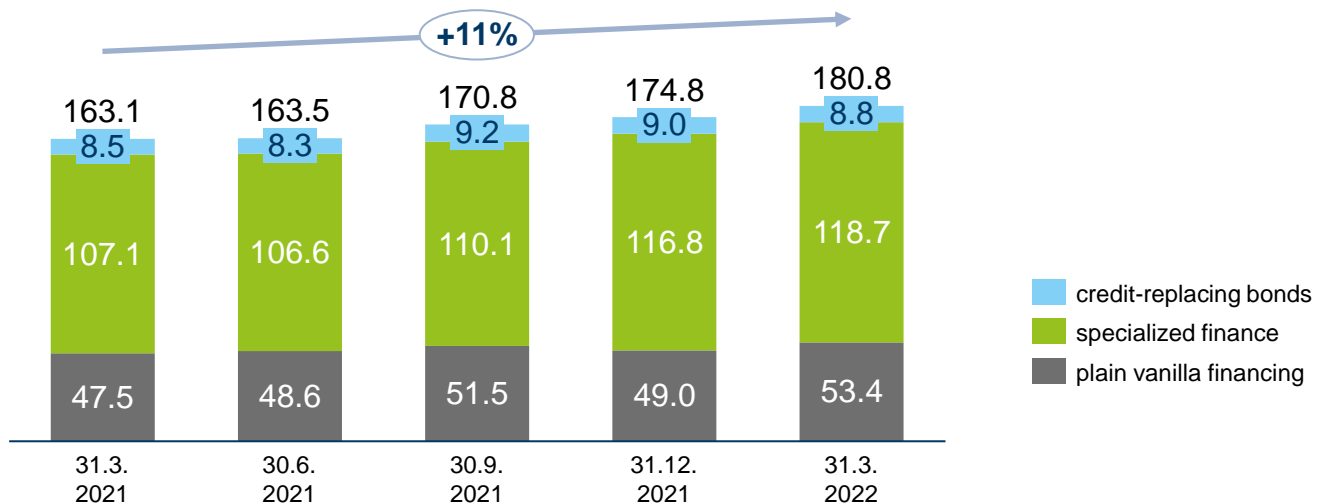
* Total exposure of ČSOB Leasing, excluding operational leasing.

Corporate segment

Double-digit growth of corporate loans and factoring

Corporate loans

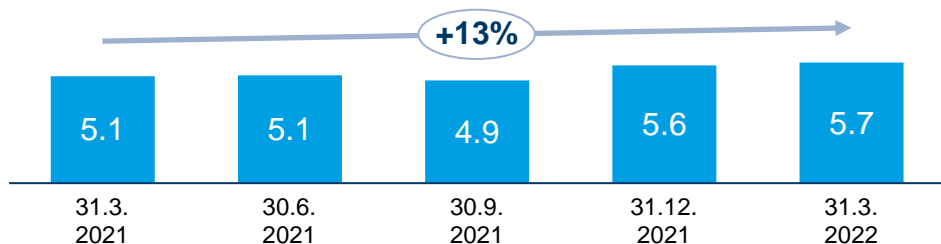
Outstanding, CZK bn



Outstanding volumes of **corporate loans** grew **+11% Y/Y** thanks to growing investment demand of corporate customers and increased drawing of working capital loans.

Factoring

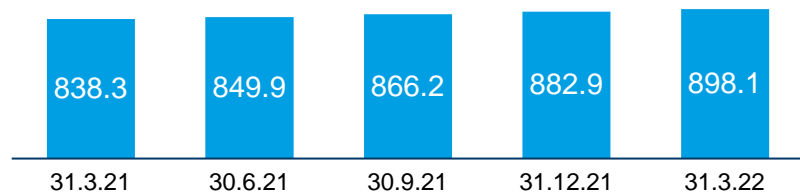
Outstanding, CZK bn



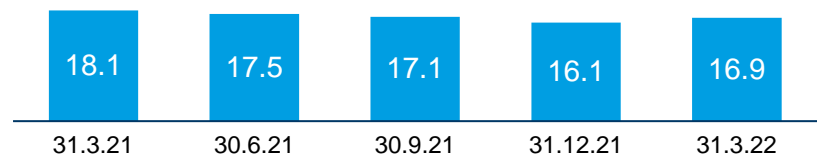
Factoring outstanding volumes increased **+13% Y/Y** driven mainly by growing prices of raw materials, energies and services which increased the need of external financial sources of our clients.

Excellent loan portfolio quality

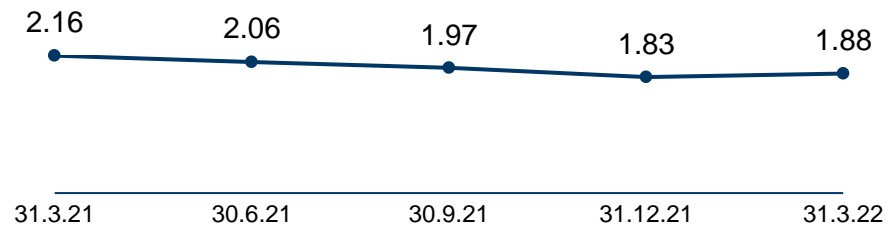
Credit risk: loan portfolio (CZK bn)



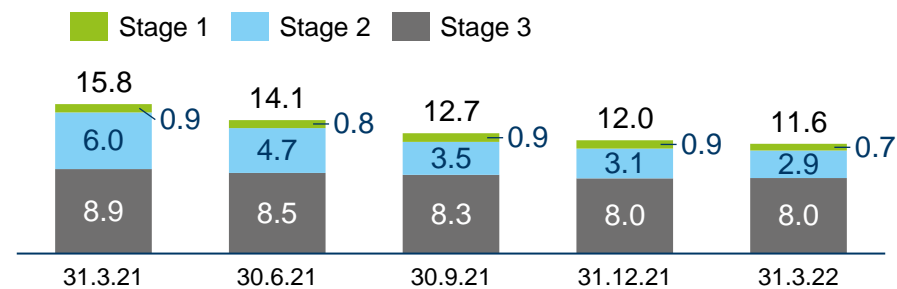
Non-performing loans (CZK bn)



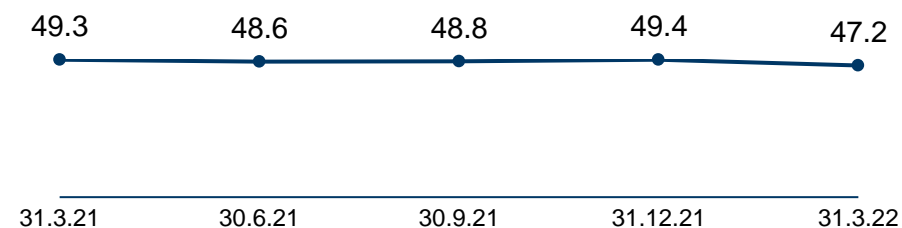
NPL ratio (%)



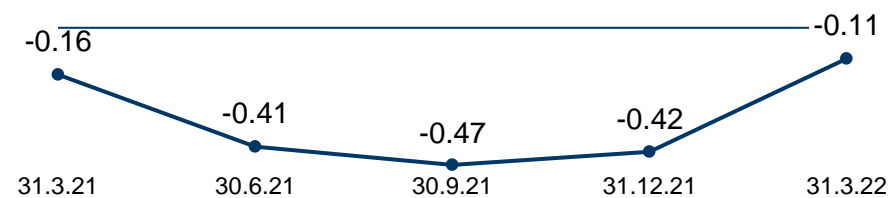
Allowances for loans and leases (CZK bn)



NPL coverage ratio (%)



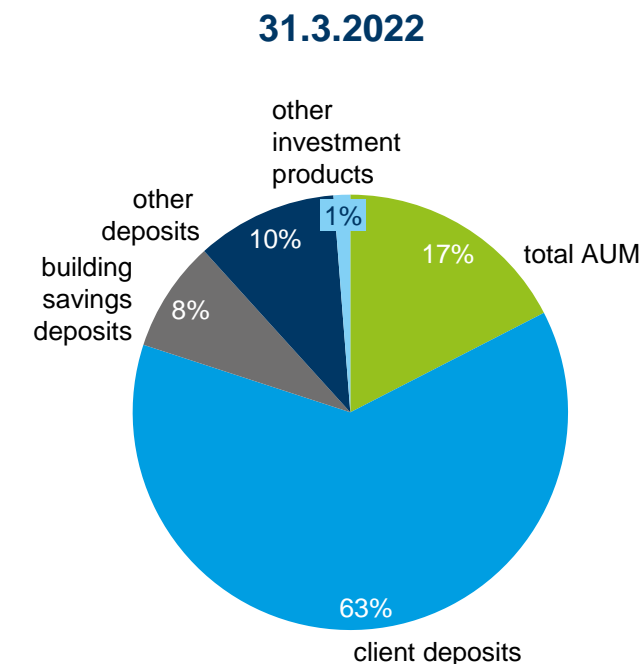
Credit cost ratio (% , Ytd. annualized)



Group deposits and Total assets under management

Increase of assets under management

Outstanding volumes, CZK bn	31.3.2021	31.3.2022	Y/Y
Group deposits	1,141.6	1,353.5	+19%
Total client deposits	1,101.1	1,179.0	+7%
ČSOB bank client deposits	961.7	1,041.6	+8%
<i>Current accounts</i>	685.5	710.7	+4%
<i>Savings deposits</i>	256.1	228.0	-11%
<i>Term deposits</i>	20.1	102.9	>+100%
Building savings deposits	139.4	137.4	-1%
Other deposits ¹	40.4	174.4	>+100%
Total AUM ²	255.3	290.4	+14%
Pension funds ³	65.3	69.7	+7%
Mutual funds	140.3	170.5	+22%
Other AM ⁴	49.7	50.1	+1%
Other investment products ⁵	25.4	20.6	-19%



¹ Other deposits predominantly consist of repo operations with institutional clients. Unseasoned growth in 1Q 2022 due to higher volumes of repos (mainly from Ministry of Finance) related to market conditions.

² As of 1Q 2021 assets under management are reported in new structure, previous periods were restated.

³ Liabilities to pension fund policy holders.

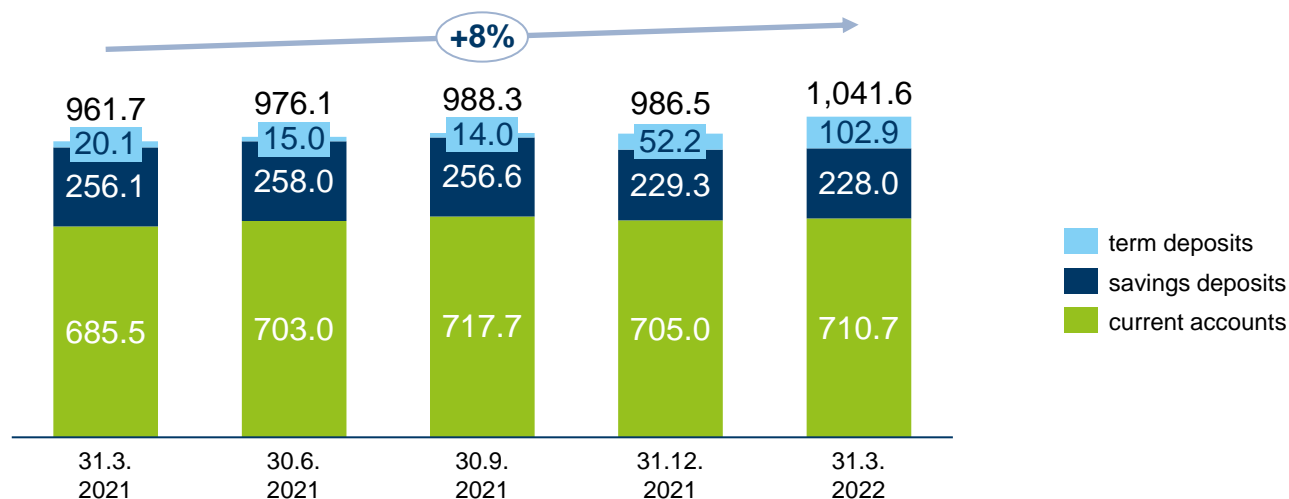
⁴ Other AM includes discretionary asset management, qualified investors funds and other group assets

⁵ Including bonds, investment certificates and mortgage covered bonds. See definition in appendix.

Client deposits and building saving deposits

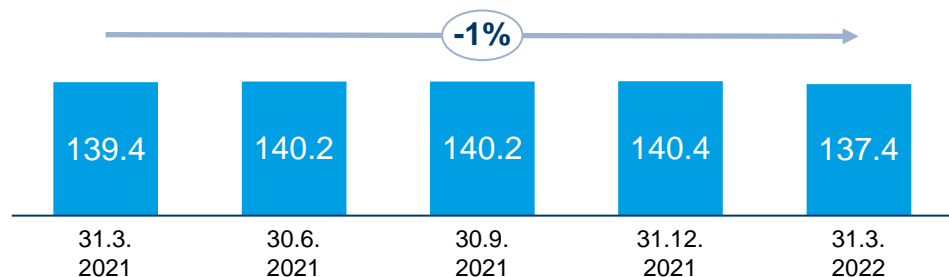
Significant growth of term deposits

ČSOB bank client deposits (CZK bn)



ČSOB bank client deposits increased **+8% Y/Y** driven by the growth of **term deposits** (+411% Y/Y) and **current accounts** (+4% Y/Y), while **savings deposits** decreased (-11% Y/Y). The decrease of savings deposits in favor of term deposits was given by increasing interest rates on term deposits.

Building savings deposits (CZK bn)



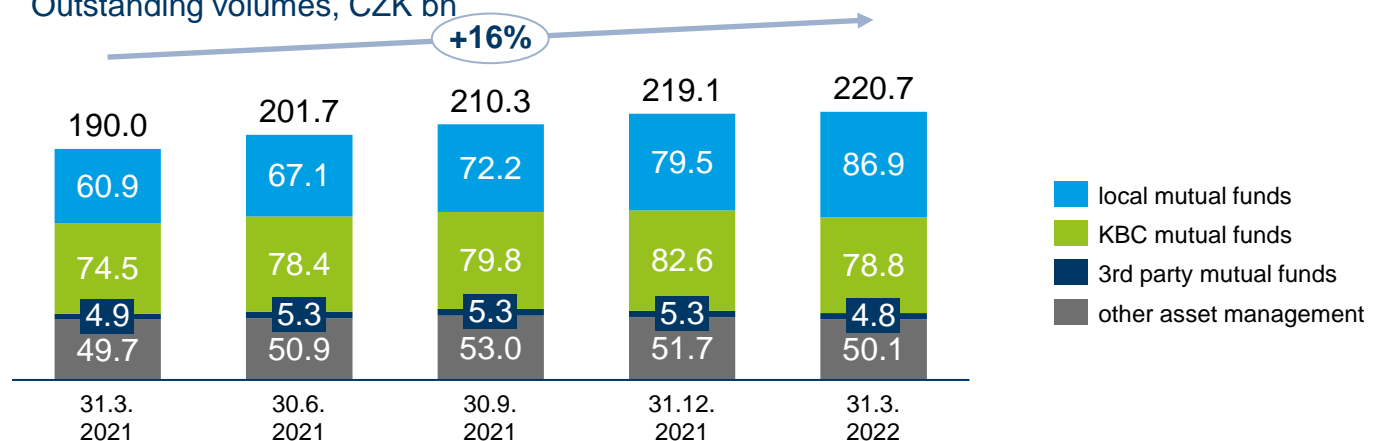
Building savings deposits decreased **-1% Y/Y**.

Mutual funds, other asset management and pension funds

Growth of new sales of mutual funds

Mutual funds and other AM

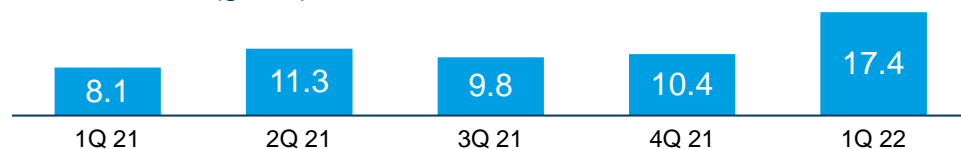
Outstanding volumes, CZK bn



Mutual funds grew +22% Y/Y and other AM increased +1% Y/Y. Mutual funds and other AM in total rose +16% Y/Y to CZK 220.7 bn. The increase was mainly influenced by strong net sales.

Mutual funds

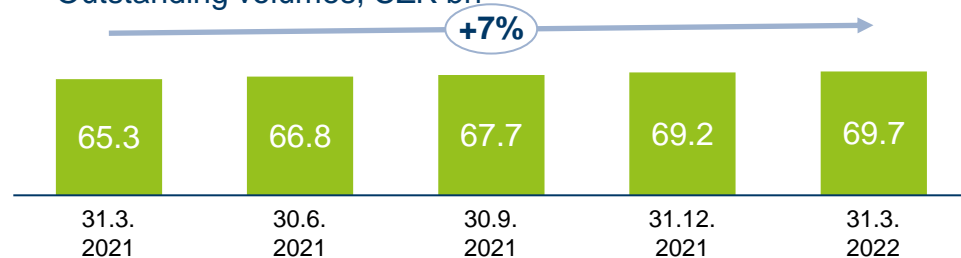
New sales (gross), CZK bn



1Q 2022 new sales of mutual funds increased +114% Y/Y.

Pension funds

Outstanding volumes, CZK bn



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

Notes:

Mutual funds include funds managed by ČSOB AM as well as those distributed by the ČSOB group but managed by the KBC AM. Only direct positions are included (the funds bought directly by clients). Other asset management: Discretionary mandates and Qualified Investors Funds. AUM of Pension Funds managed by ČSOB AM are excluded and are shown separately in Pension funds section. As of 1Q 2021 assets under management are reported in new structure, previous periods were restated.

ČSOB group's distribution platform

Increasing number of clients and growing active client base

	31.3.2021	31.12.2021	31.3.2022
Clients of ČSOB's group (mil.)	4.230	4.225	4.284
ČSOB branches (bank only)	214	208¹	204¹
ČSOB Retail/SME branches	192	186	184
ČSOB Private Banking branches	11	11	11
ČSOB Corporate branches	11	11	9
ČSOB Pojišťovna branches	97	95	96
Hypoteční banka centers / housing finance branches¹	28	16	14
ČSOBS advisory centers	249	246	239
Leasing branches	6	6	6
PSB outlets of the Czech Post network	ca. 2,500	ca. 2,500	ca. 2,500
- of which specialized banking counters	233	234	234
Czech Post franchise outlets	ca. 700	ca. 700	ca. 800
ATMs²	1,014	1,017	1,012
- of which contactless	636	737	763
- of which deposit	269	288	291

The **number of clients** increased +54ths Y/Y and the **number of active clients** increased **+78ths Y/Y**.

At the end of March 2022, clients could use **1,012 ATMs** (-2 Y/Y) of which 763 were contactless (+127 Y/Y), 291 enabled cash deposits (+22 Y/Y) and **992** 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 204 (-10 Y/Y) by the end of March.

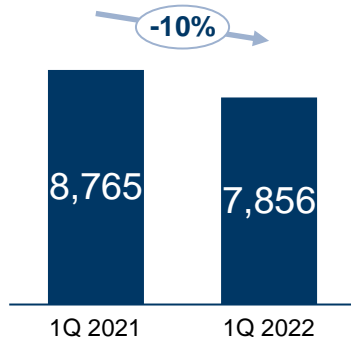
Extended portfolio of bank-insurance services at Czech Post is provided at **234 specialized banking counters** (+1 Y/Y).

Note:

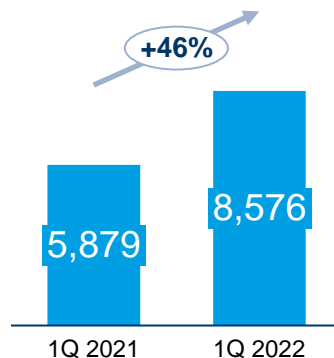
The multi-channel distribution platform of the ČSOB group includes also a wide agent network of over 5,000 agents, incl. ČSOBS tied agents, intermediaries and individual brokers for Hypoteční banka, ČSOB Leasing's dealers and ČSOB Pojišťovna's tied agents, multi-agents and individual brokers.

Number of mobile banking active users and transactions rapidly increasing

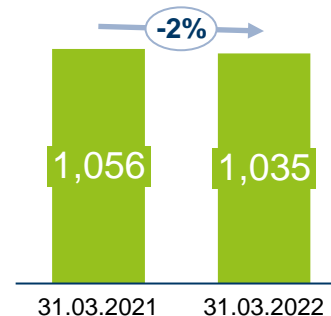
Internet banking transactions¹
(ths)



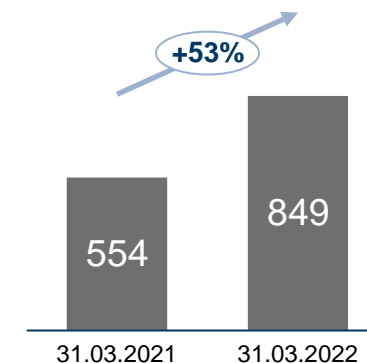
Mobile banking transactions¹
(ths)



Internet banking active users²
(ths)



Mobile banking active users³
(ths)



In 1Q 2022, number of transactions entered via **mobile banking** grew +46% Y/Y and number of transactions via **internet banking** decreased -10% Y/Y.

As of 31 March 2022, the number of **mobile banking** active users increased +53% Y/Y, the number of **internet banking** active users decreased -2% Y/Y.

¹ Only transactions of retail and private banking clients are included. Transactions from standing payment orders are excluded.

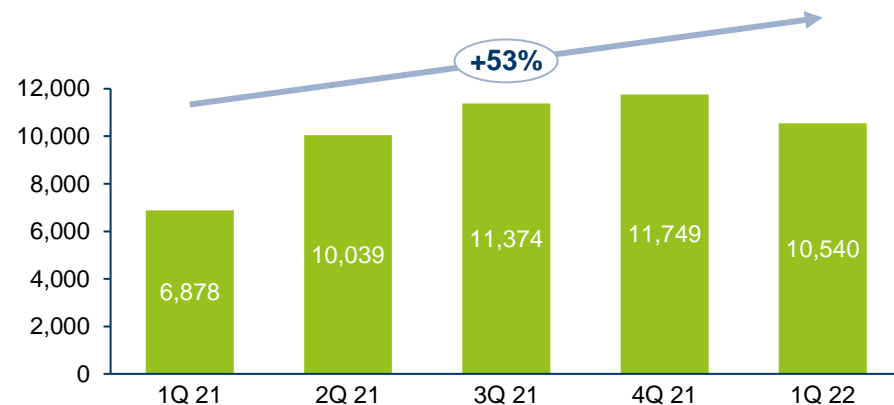
² Internet banking active users are clients who at least once during the last 3 months used internet banking.

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

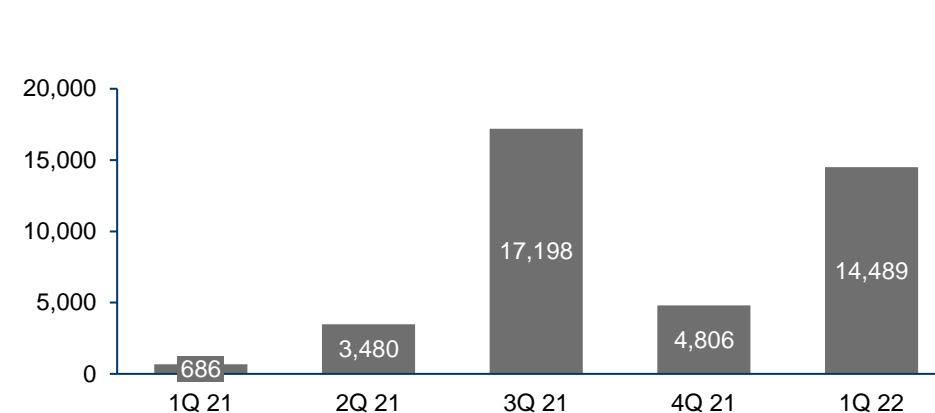
ČSOB group's distribution platform

Online initiated sales rising significantly

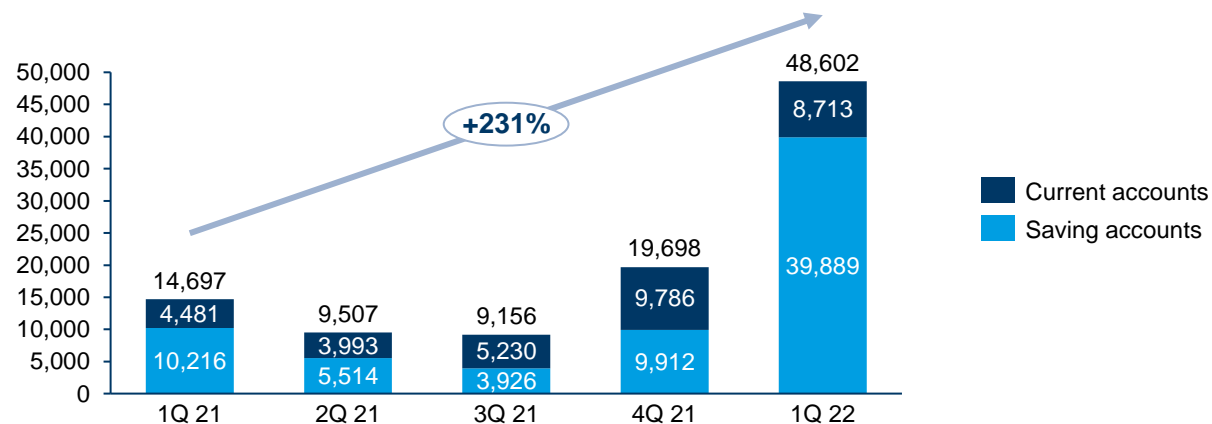
Consumer finance (pcs)



Travel insurance (pcs)



Current and saving accounts (pcs)



In 1Q 2022 more than 10 thousand **consumer finance products** were initiated online, up **+53% Y/Y** as more clients prefer online account opening.

Online sales of **travel insurance** grew thanks to the rebound in international travel.

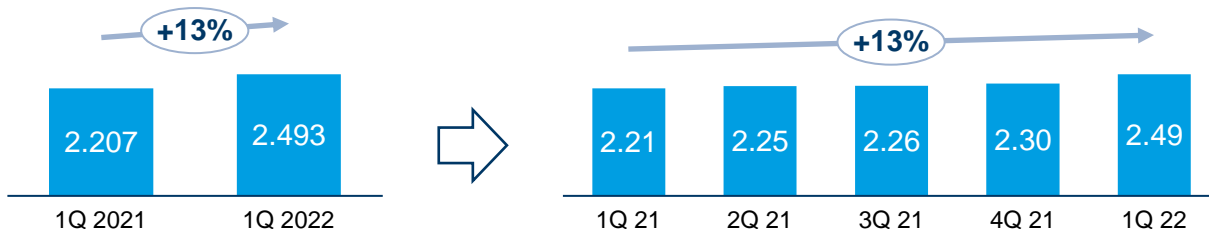
Number of online initiated **current and saving accounts** increased **+231% Y/Y** thanks to the new sales capabilities, a successful campaign and higher interest rates on saving accounts.

ČSOB Pojišťovna: Key Figures

Growth in non-life gross written premium

Non-life insurance - gross written premium (GWP)

CZK bn



Market shares	1Q 2022	Market position
Non-life insurance	↑ 8.8%	4 th
Life insurance	↓ 7.4%	4 th

Arrows show Y/Y change.

Non-life insurance

1Q 2022 non-life gross written premium increased **+13% Y/Y** thanks to industrial risk, motor segment, travel and house & households insurance products.

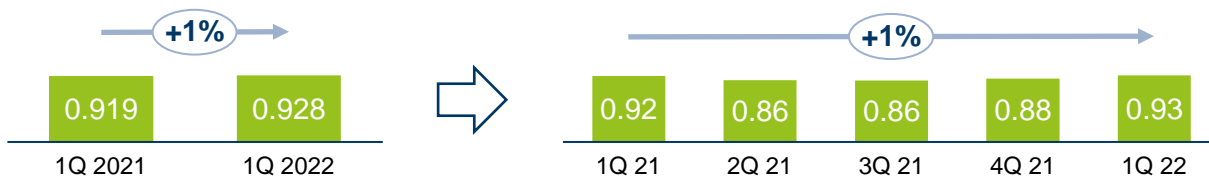
Life insurance

1Q 2022 **regular paid** gross written premium increased **+1% Y/Y** due to new business increase.

1Q 2022 **single paid** gross written premium decreased **-29% Y/Y**.

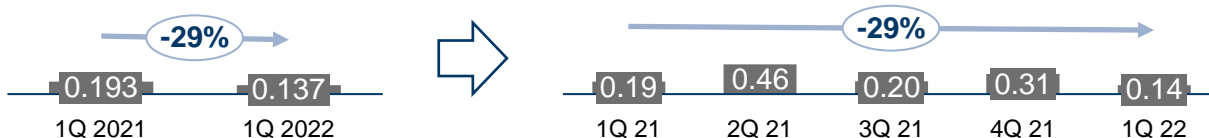
Life insurance – regular paid gross written premium

CZK bn



Life insurance – single paid gross written premium

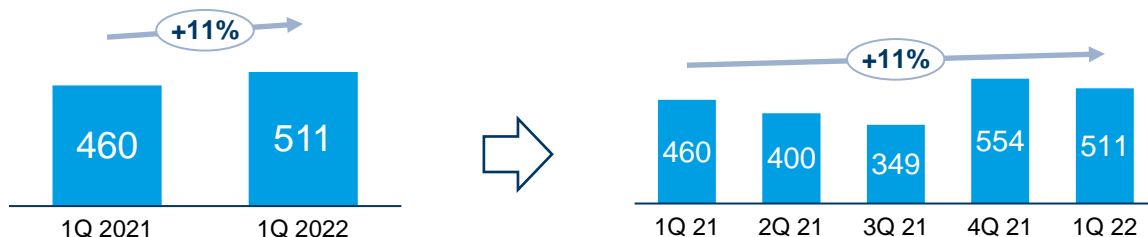
CZK bn



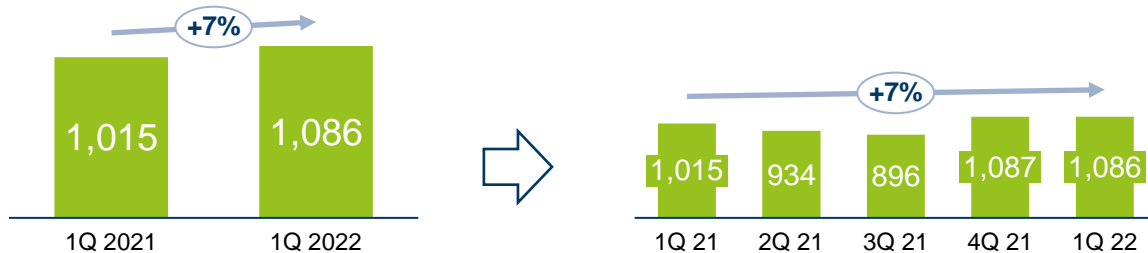
Note: Market position reflects combined position of the insurers belonging to the same business group.

Higher net profit thanks to higher operating income

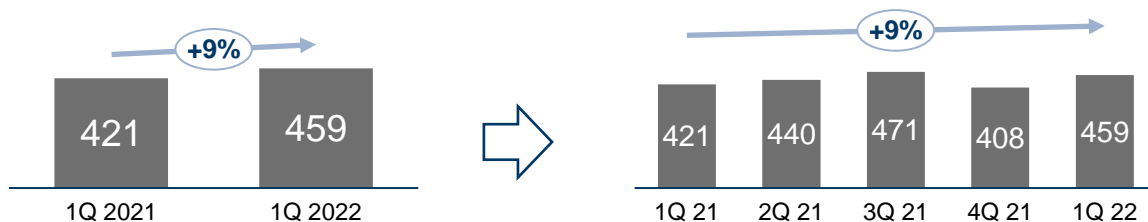
Net profit
CZK m



Operating income
CZK m



Operating expenses
CZK m



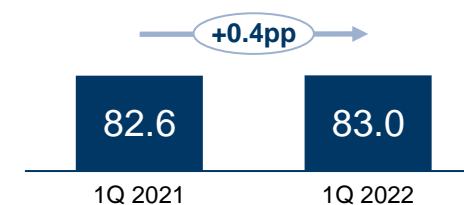
1Q 2022 **net profit** increased to **CZK 511m** (+11% Y/Y) thanks to improvement in non-life and supported by life.

1Q 2022 **operating income** grew to **CZK 1,086m** (+7% Y/Y) thanks to higher premium, better non-life profitability and higher interest income.

1Q 2022 **operating expenses** increased to **CZK 459m** (+9% Y/Y) driven by higher FTEs to support insurance growth.

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

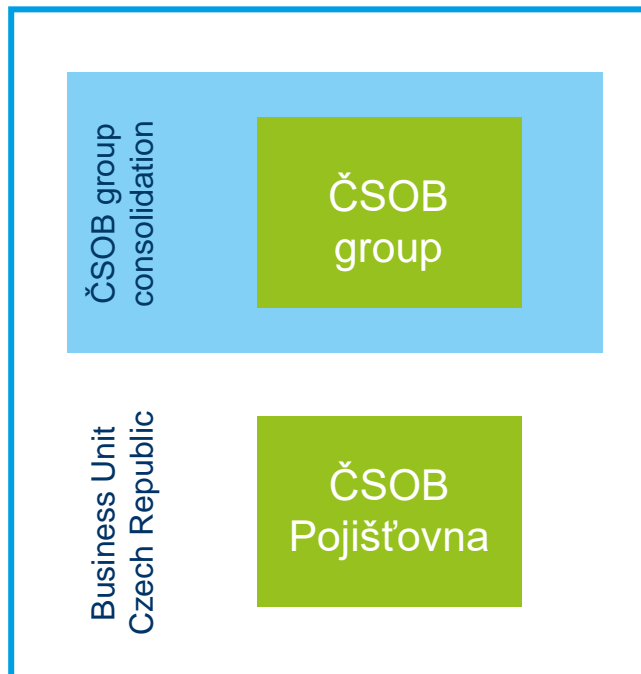
Non-life combined ratio (%)



Business Unit Czech Republic

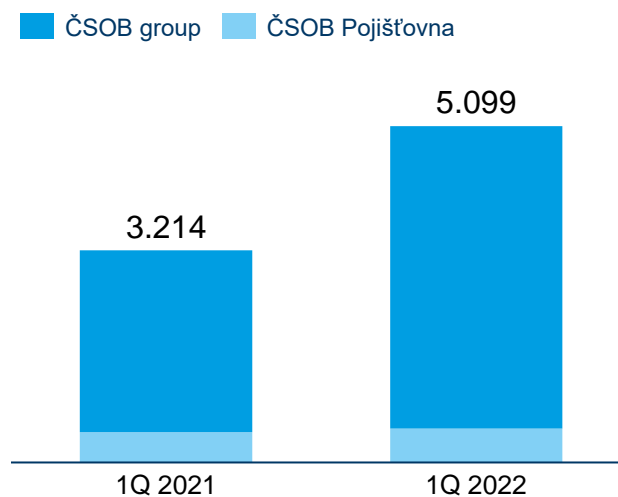


Business Unit Czech Republic 1Q 2022 net profit



Net profit of the Business Unit Czech Republic

CZK bn



The FY 2021 net profit of the Business Unit Czech Republic reached **CZK 5.1bn** (+57% 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)	1Q 2021	2Q 2021	3Q 2021	4Q 2021	1Q 2022	1Q/1Q
BU Czech Republic	3.214	4.318	5.349	5.043	5.099	+57%
o/w ČSOB Pojišťovna	0.460	0.400	0.349	0.554	0.511	+11%

Appendix

Ratios and other indicators

Ratio / Indicator	31.12.2019	31.12.2020	31.12.2021	31.3.2021	31.3.2022
Net interest margin (Ytd., annualized, %)	3.02	2.31	2.08	1.98	2.65
Cost / income ratio (%)	44.9	54.6	55.5	66.6	54.0
Cost / income ratio excl. bank. taxes (%)	42.7	51.5	51.8	51.1	41.5
RoE (Ytd., %)	20.7	8.2	14.3	10.3	15.7
RoA (Ytd., %)	1.20	0.49	0.88	0.62	0.93
RoAC , BU Czech Republic (Ytd., %) ¹	46.7	21.7	39.2	28.3	42.4
Credit cost ratio (Ytd., annualized, %) ²	0.04	0.67	-0.42	-0.16	-0.11
NPL ratio (%) ²	2.24	2.26	1.83	2.16	1.88
NPL coverage ratio (%) ²	47.3	48.7	49.4	49.3	47.2
Common Equity Tier 1 (CET1) ratio (%)	19.2	23.7	22.4	24.3	21.6
Total capital ratio (%)	19.2	24.2	22.7	24.8	21.7
Leverage ratio (Basel III, %)	4.04	5.02	4.65	4.69	3.94
Net stable funding ratio (Basel III, %) ³	161.5	169.9	171.3	164.0	184.7
Liquidity coverage ratio (Basel III, %)	130.9	137.7	143.5	148.7	133.6
Loan to deposit ratio (%)	79.4	71.6	71.1	75.7	69.8

¹ Fully-loaded

² The loan quality ratios have been restated to reflect inclusion of 100% of ČSOBS loans in Credit risk: loan portfolio. The originally reported ratios are in brackets.

³ As of 1Q 2021 change in methodology, previous periods were not restated

Profit and loss statement

(CZK m)	1Q 2021	4Q 2021	1Q 2022	Y/Y	Q/Q
Net interest income	5,140	6,896	7,790	+52%	+13%
<i>Interest income</i>	7,862	12,109	20,839	>+100%	+72%
<i>Interest expense</i>	-2,722	-5,213	-13,049	>+100%	>+100%
Net fee and commission income	1,871	2,011	2,072	+11%	+3%
Net gains from financial instruments at FVPL ¹	1,070	1,190	1,527	+43%	+28%
Other operating income ²	375	110	514	+37%	>+100%
Operating income	8,456	10,208	11,903	+41%	+17%
Staff expenses	-2,215	-2,693	-2,581	+17%	-4%
General administrative expenses	-2,862	-1,770	-3,230	+13%	+82%
<i>General administrative expenses (excl. banking taxes)</i>	-1,554	-1,758	-1,743	+12%	-1%
<i>Banking taxes</i>	-1,308	-12	-1,487	+14%	>+100%
Depreciation and amortisation	-553	-626	-616	+11%	-2%
Operating expenses	-5,630	-5,089	-6,427	+14%	+26%
Impairment losses	329	350	102	-69%	-71%
<i>Impairment on financial assets at amortised cost</i>	331	651	239	-28%	-63%
<i>Impairment on goodwill</i>	0	-181	0	n/a	n/a
<i>Impairment on other assets</i>	-2	-120	-137	>+100%	+14%
Share of profit of associates	-12	-28	-24	+100%	-14%
Profit before tax	3,143	5,441	5,554	+77%	+2%
Income tax expense	-404	-886	-942	>+100%	+6%
Profit for the period	2,739	4,555	4,612	+68%	+1%
Attributable to:					
Owners of the parent	2,739	4,555	4,612	+68%	+1%
Non-controlling interests	0	0	0	n/a	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

In 2022, ČSOB made a change in reporting policy that affected 'Net interest income' and 'Net gains from financial instruments at FVPL' in Profit and loss statement. The change did not affect total Operating income. The change has been applied retrospectively and consequently ČSOB restated 2021 consolidated Profit and loss statement.

Balance sheet - assets

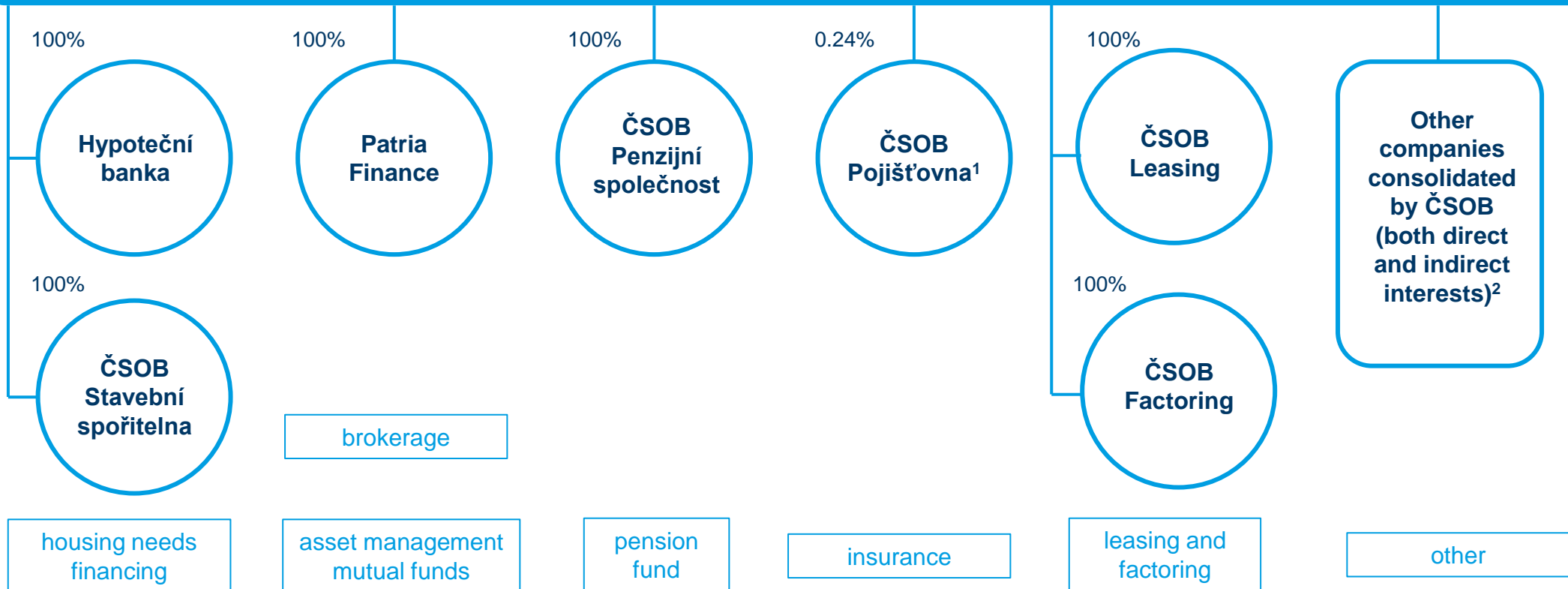
(CZK m)	31/3 2021	31/12 2021	31/3 2022	Ytd.
Cash and balances with central banks and other demand deposits	22,553	39,762	380,369	>+100%
Financial assets held for trading	45,695	44,087	88,717	+94%
Financial assets held for trading pledged as collateral	0	0	0	n/a
Financial assets designated at fair value through P/L	0	0	0	n/a
Non-trading financial assets mandatorily at fair value through profit or loss	602	1,410	639	+6%
Financial assets at fair value through other comprehensive income (OCI)	15,588	18,566	18,242	+17%
Financial assets at fair value through OCI pledged as collateral	6,188	221	111	-98%
Financial assets at amortised cost - net	1,649,153	1,624,653	1,637,929	-1%
<i>Financial assets at amortised cost to credit institutions - gross</i>	628,540	609,800	585,375	-7%
<i>Financial assets at amortised cost to other than credit institutions - gross</i>	1,036,039	1,026,496	1,063,645	+3%
<i>Financial assets at amortised cost - provisions</i>	-15,426	-11,643	-11,091	-28%
Financial assets at amortised cost pledged as collateral	39,007	33,904	27,701	-29%
Fair value adjustments of the hedged items in portfolio hedge	927	-18,223	-23,160	+/-
Derivatives used for hedging	10,514	30,276	39,015	>+100%
Current tax assets	543	1,020	636	+17%
Deferred tax assets	1,841	1,324	1,622	-12%
Investments in associates and joint ventures	144	97	140	-3%
Property and equipment	14,676	13,643	13,226	-10%
Goodwill and other intangible assets	10,871	11,164	11,129	+2%
Non-current assets held-for-sale	22	20	23	+5%
Other assets	4,728	3,555	5,981	+27%
Total assets	1,823,052	1,805,479	2,202,320	+21%

Balance sheet – liabilities and equity

(CZK m)	31/3 2021	31/12 2021	31/3 2022	Ytd.
Financial liabilities held for trading	54,882	44,686	94,621	+72%
Financial liabilities at fair value through P/L	25,400	24,544	24,411	-4%
Financial liabilities at amortised cost	1,611,764	1,605,831	1,944,821	+21%
<i>of which Deposits received from central banks</i>	0	0	0	n/a
<i>of which Deposits received from credit institutions</i>	94,215	25,057	178,087	+89%
<i>of which Deposits received from other than credit institut.</i>	1,141,563	1,156,902	1,353,505	+19%
<i>of which Debt securities in issue</i>	373,579	402,164	392,021	+5%
<i>of which Subordinated liabilities</i>	0	19,439	19,063	n/a
<i>of which Lease liabilities</i>	2,407	2,269	2,145	-11%
Fair value adjustments of the hedged items in portfolio hedge	-2,048	-23,280	-29,863	+/-
Derivatives used for hedging	13,141	28,346	35,686	>+100%
Current tax liabilities	71	80	122	+72%
Deferred tax liabilities	821	943	905	+10%
Provisions	740	540	675	-9%
Other liabilities	9,089	6,411	9,500	+5%
Total liabilities	1,713,860	1,688,101	2,080,878	+21%
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	63,865	73,091	77,704	+22%
Financial assets at fair value through OCI - revaluation reserve	176	-22	-237	>-100%
Cash flow hedge reserve	-320	-1,140	-1,472	+/-
Parent shareholders' equity	109,192	117,378	121,442	+11%
Minority interest	0	0	0	n/a
Total equity	109,192	117,378	121 442	+11%
Total liabilities and equity	1,823,052	1,805,479	2,202,320	+21%

The ČSOB group in the Czech Republic

Československá obchodní banka, a. s. banking services



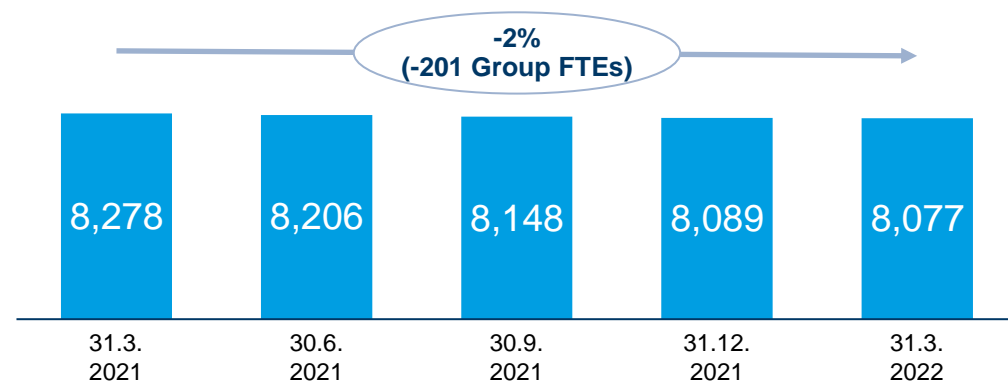
Percentages show ČSOB's ownership interests on company's equity as of 31 March 2022.

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.

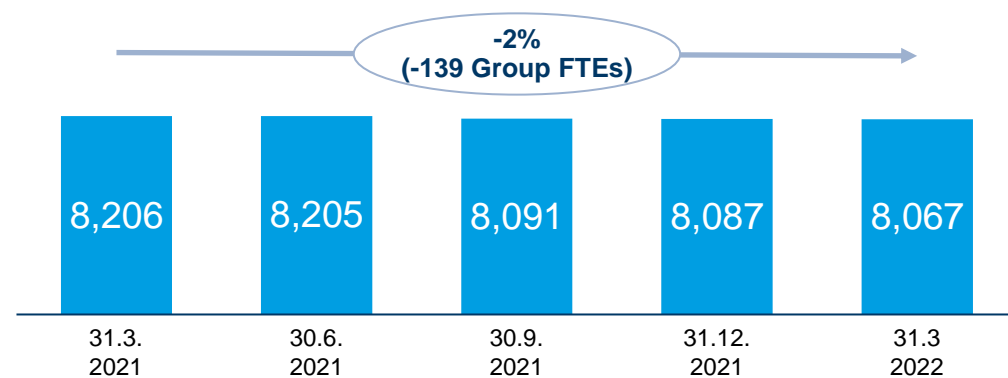
Employees

Number of FTEs – average



The average number of Group FTEs decreased **-201 Y/Y** driven by retail integration, digitalization and robotization.

Number of FTEs – end of the period



■ Group FTE¹

The number of Group FTEs at the end of the period decreased **-139 Y/Y**.

Market shares definitions and sources

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

Glossary - ratios

Common Equity Tier 1 (CET1) ratio	Tier 1 capital (CET1) / Total RWA (according to CRR)
C/I (cost/income ratio)	Operating expenses / operating income, Ytd.
CCR (credit-cost ratio)	Total credit costs / average Credit risk: loan portfolio in the year (simple average of previous year end and reported period end balances); Ytd., annualized (management overlay was excluded from annualization of CCR in 1H and 9M 2020 in order to avoid an overestimation of CCR).
Leverage ratio	Tier 1 capital / On-balance + Off-balance sheet items + Counterparty exposure for Derivatives and SFT + Add-ons (according to CRR)
Liquidity coverage ratio	High quality liquid assets (unencumbered and convertible into cash) to liquidity needs (outflow – inflow) for a 30 calendar days time horizon under specified significant stress scenario (according to CRR)
Loan to deposit ratio	IFRS 9: Financial assets at amortised cost to other than credit institutions minus bonds (net) / Deposits received from other than credit institutions at amortised cost minus repo operations with non-banking financial institutions
Net stable funding ratio (NSFR)	Available amount of stable funding / required amount of stable funding (according to CRR)
NIM (net interest margin)	Net interest income excl. volatile short-term assets used for liquidity management / average interest earnings assets excl. volatile short-term assets used for liquidity management ; Qtd./Ytd., annualized
Non-life combined ratio	(Technical insurance charges, incl. the internal cost of settling claims / earned insurance premiums) + (operating expenses / written insurance premiums) (after reinsurance in each case, according to KBC group methodology)
NPL (non-performing loans) ratio	Outstanding amount of non-performing loans (incl. off-balance sheet items) / Credit risk: loan portfolio
NPL coverage ratio	Specific allowances for loans and leases (incl. off-balance sheet items) / non-performing loans (incl. off-balance sheet items)
ROA (return on assets)	Net profit for the year / average of total assets; Ytd., annualized
ROAC, BU Czech Republic (return on allocated capital)	Result after tax (including minority interests) of the ČSOB group, adjusted to take account of allocated capital instead of actual capital / average allocated capital of the ČSOB group (KBC group methodology)
ROE (return on equity)	Net profit for the year / average of total shareholders' equity; Ytd., annualized
Total capital ratio	Total regulatory capital / Total RWA (according to CRR)

Glossary – other definitions

Assets under management	Including pension funds, mutual funds (assets under management in structured/capital protected funds and other mutual funds), other asset management and assets under management products and assets under management of Slovak local funds managed in the Czech Republic.
Banking taxes	Including contribution to the Resolution Fund, Deposit insurance premium and Securities Traders Guarantee Fund.
Building savings deposits	All ČSOBS financial liabilities at amortized cost minus deposits received from other than credit institutions.
Building savings loans	All customer lending granted by ČSOBS in book values. Gross.
Consumer finance	Loan portfolio granted by ČSOB's retail network (ČSOB and PSB brand) in book values. Gross.
Corporate loans	Loan portfolio granted by ČSOB's corporate banking network in book values, including credit-replacing bonds. Gross.
Credit risk: loan portfolio	Including all payment credit, guarantee credit, standby credit and credit derivatives, granted by ČSOB to private persons, companies, governments and banks. Bonds held in the investment portfolio are included if they are corporate- or bank-issued, hence government bonds and trading book exposure are not included.
Group deposits	Item Deposits received from other than credit institutions from the consolidated balance sheet (incl. ČSOBS/building savings deposits).
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).
Mortgages	All loans booked in Hypoteční banka, including home equity loans and mortgage loans to legal entities, excluding intra-group loans. Gross.
Other investment products	Including bonds, mortgage covered bonds and investment certificates issued by ČSOB or Hypoteční banka held by clients of Retail and Private banking which are reported either as Financial liabilities at fair value through P/L or as Financial liabilities at amortised cost - Debt securities in issue.
SME loans	Loan portfolio granted by ČSOB's SME network in book values. Gross.
COR/SME green loans	Loans to our COR/SME customers in line with EU Taxonomy.
Loans for economical housing	Mortgages, bridging loans with Energy Performance Certificate A or B submitted by client.
Own GHG emissions	The total amount of CO ₂ production (in tons) covering all legal entities in ČSOB Group. Direct emissions arising from activities that fall under our control. Indirect emissions are associated with the consumption of purchased energy which do not arise directly from our business but are the result of the company's activities.
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.

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