

1H/2Q 2022 Results **ČSOB group**

Business Unit Czech Republic

EU IFRS unaudited consolidated
11 August 2022



Contents

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

ČSOB group: Key Figures

1H/2Q 2022 at a glance

Rebranding of Poštovní spořitelna

Since June, Poštovní spořitelna was renamed to **ČSOB Poštovní spořitelna** and started using the blue logo. Clients of Poštovní spořitelna now have better access to all services offered by the ČSOB group, including the most modern digital environment.

Thanks to the unrivalled extensive branch network, ČSOB Poštovní spořitelna is **currently the most accessible bank** on the Czech market and after the rebranding, it applies for the entire ČSOB as we now serve all ČSOB clients at all branches and post offices.

ČSOB responds to summer storms

During June, several summer storms hit the Czech Republic and caused noticeable damage. ČSOB Pojišťovna registered around **2.5ths claims** of which more than **50% is already resolved and completely paid-off**. ČSOB Pojišťovna has **accelerated processes** for minor claims therefore clients can receive money within a few days after reporting the claim.



Virtual assistant Kate

Our virtual assistant can already handle more than **130 situations**. In 2Q, **335ths unique users** initiated Kate. The most popular cases include the change of payment limit on the credit card, discount for petrol and loyalty program offer.

Kate already ranked second after Siri in a survey of most popular voice assistants in the Czech Republic and ranked first among ČSOB clients.



Digital accelerates

In 1H 2022, the number of **mobile banking active users** increased +61% Y/Y and the number of **transactions entered via mobile banking** grew +46% Y/Y. The number of **online initiated current and saving accounts** increased +291% Y/Y.

ČSOB supports Ukraine

In May, we began **accepting hryvnias** from Ukrainian clients at our branches. Until the program was stopped following the decision of Ukrainian central bank on foreign exchange regulations, more than 2,600 hryvnia deposits were made. Nevertheless, we continue providing financial products and assistance to Ukrainians living in the Czech Republic.

More than **110ths Ukrainians**, of which 80% are women, have so far opened a current account with ČSOB. Ukrainian citizens can find all the information on our website in Ukrainian language, use banking identity service and a customer call service. In addition, we became the most generous corporate donor to **SOS Ukraine** fundraiser in cooperation with People in Need.



MallPay acquisition

In April 2022, ČSOB became the sole owner of fintech **MallPay**, after acquiring the 50% stake held by Mall Group.

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

ČSOB group key indicators		2019	2020	2021	1H 2021	1H 2022
Profitability	Net profit (CZK bn)	19.7	8.5	16.2	6.6	10.1
	Return on equity	20.7%	8.2%	14.3%	12.2%	18.2%
Liquidity	Loan to deposit ratio	79.4%	71.6%	71.1%	70.7%	71.3%
	Net stable funding ratio	161.5%	169.9%	171.3%	171.1%	184.1%
Capital	CET1 ratio	19.2%	23.7%	22.4%	23.7%	18.0%
Impairments	Credit cost ratio	0.04%	0.67%	-0.42%	-0.41%	-0.04%
Cost efficiency	Cost / income ratio	44.9%	54.6%	55.5%	62.7%	48.3%
	Cost / income ratio (excl. banking taxes)	42.7%	51.5%	51.8%	54.7%	42.0%

Higher net profit thanks to higher income compared to lower base in 1H 2021. Robust capital and liquidity. Strong growth of loans and mobile banking users.

Net profit

ČSOB's **net profit** increased to **CZK 10.1bn** (+52% Y/Y) in 1H 2022.

Business indicators

Loan portfolio reached **CZK 871bn** (+8% Y/Y). **Total client deposits** rose to **1,177bn** (+5% Y/Y). **Assets under management** grew to **CZK 286bn** (+6% Y/Y). Number of **active clients** increased **+86ths** Y/Y. Number of **mobile banking active users** increased **+61%** Y/Y.

Operating income

Operating income increased to **CZK 23.3bn** in 1H 2022 (+42% Y/Y). The increase was influenced by lower base in 1H 2021 and 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 **18.0%**. **Loan to deposit ratio** increased Y/Y to **71.3%**. The **short-term liquidity ratio LCR** decreased to **136.7%** and the **long-term liquidity ratio NSFR** was **184.1%**.

Operating expenses

Operating expenses excl. banking taxes grew to **CZK 9.8bn** in 1H 2022 (+9% Y/Y). Staff expenses increased +9% Y/Y mainly due to one-off employee bonus. General administrative expenses excluding banking taxes grew +8% Y/Y driven by marketing costs. Average number of **FTEs** decreased **-151** Y/Y.

Sustainability

Financing of **low energy housing** increased **+43%** Q/Q and **eco-friendly vehicles** **+30%** Q/Q. The volume of **RI funds** increased **+1%** Q/Q. In 2Q 2022, COR/SME segment provided **green loans** in line with the **EU Taxonomy** guidelines in the amount of CZK 0.8bn.

Impairments

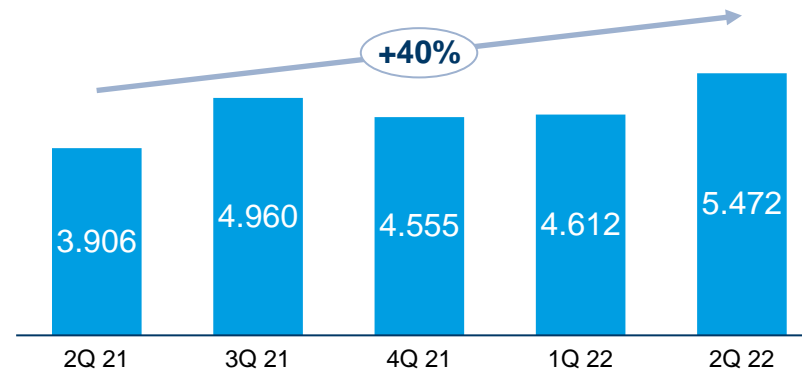
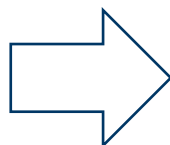
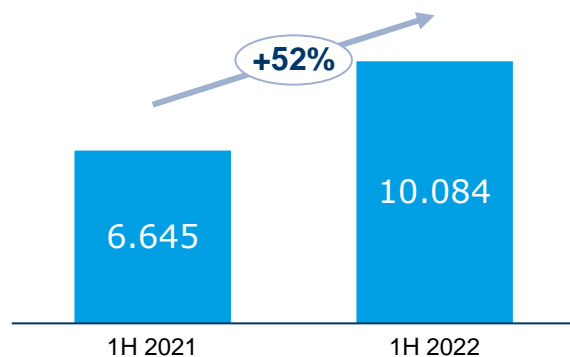
Credit cost ratio in 1H 2022 reached **-4bps** (+37 bps Y/Y, negative figure indicates net release of loan loss provisions). Total impairments amounted to **CZK +23m** (net creation). **NPL ratio** declined to **1.78%**.

Awards

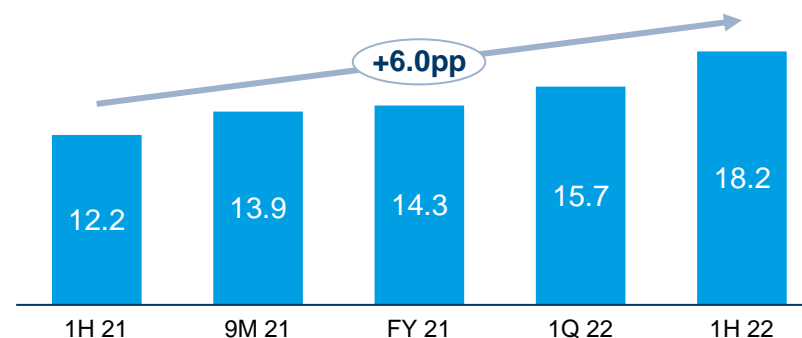
ČSOB won in **4 categories** in **Sustainable Finance Awards** by Global Finance and was named the **Best Bank** in the Czech Republic for 2022 by **Euromoney** magazine.

Higher net profit thanks to higher income compared to lower base in 1H 2021

Net profit
CZK bn



Return on equity (ROE)
%



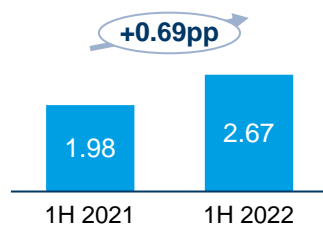
1H/2Q 2022 **net profit** increased to **CZK 10.1bn** (+52% Y/Y) and **CZK 5.5bn** (+40% Y/Y) respectively. The Y/Y increase was a result of higher net interest income driven by NII from deposits, higher other income and higher net fee and commission income, partly offset by lower net release of loan loss provisions and higher expenses.

The **return on equity (ROE)** rose to **18.2%** (+6.0pp Y/Y) thanks to higher net profit and lower equity due to the payment of dividend.

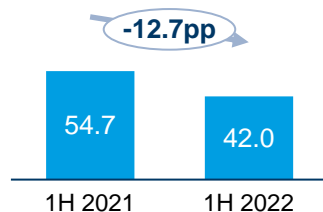
Increasing net interest margin, excellent loan quality and robust capital position

Profitability

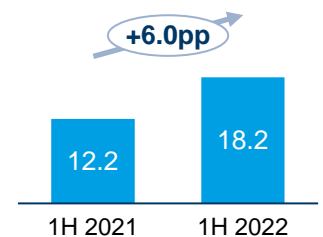
Net interest margin (%)



Cost / income ratio excl. banking taxes (%)

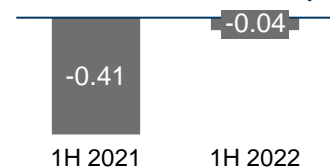


ROE (%)

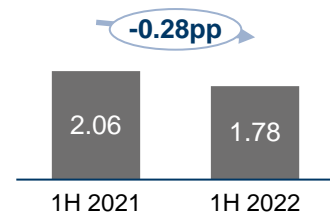


Loan portfolio quality

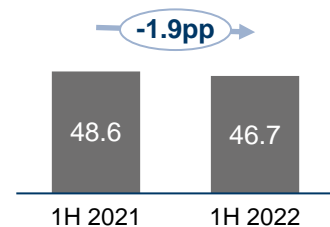
CCR, Ytd. annualized (%)



NPL ratio (%)

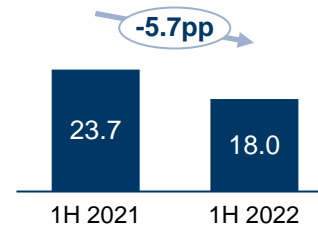


NPL coverage ratio (%)

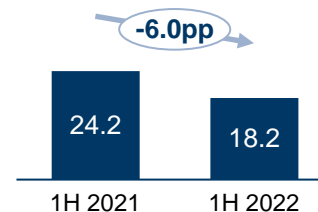


Capital

CET 1 ratio (%)

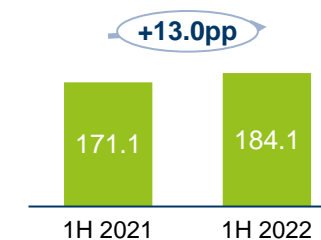


Total capital ratio (%)

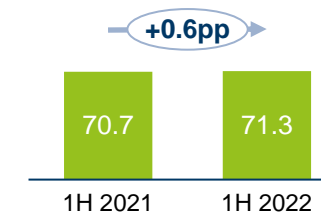


Liquidity

Net stable funding ratio (%)



Loan to deposit ratio (%)

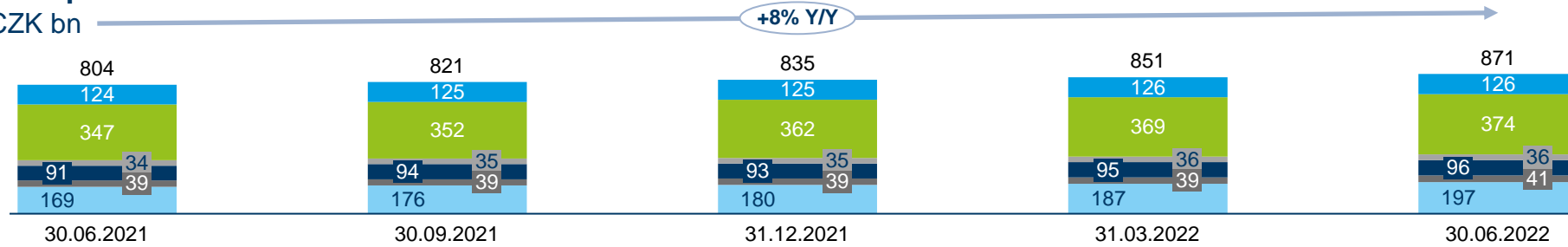


Loans, deposits and assets under management

Strong growth of loan portfolio

Loan portfolio¹

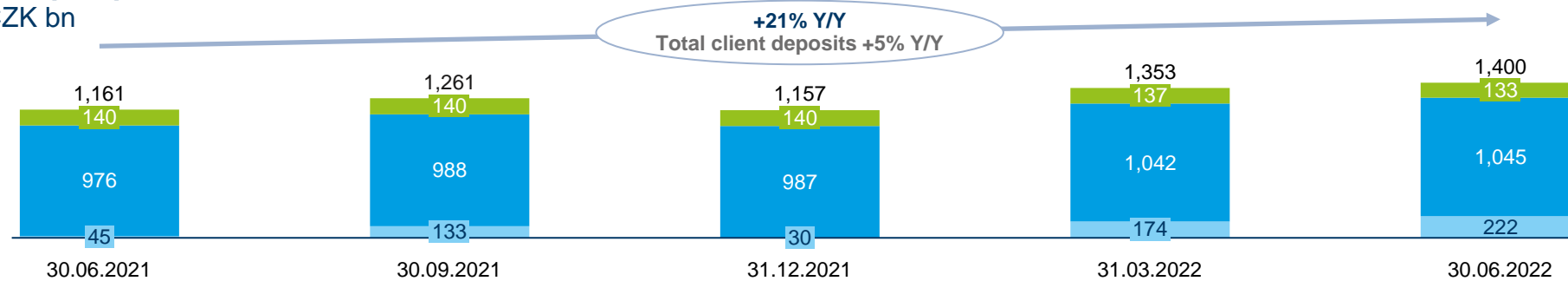
CZK bn



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

Group deposits²

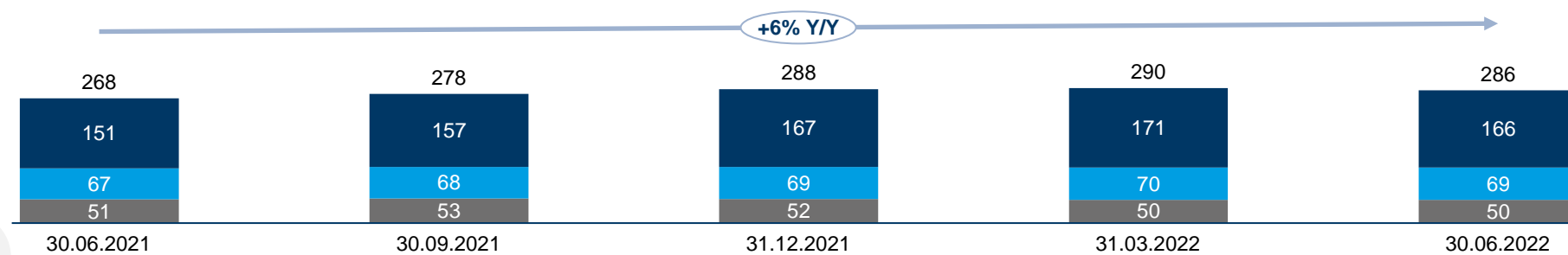
CZK bn



- 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.

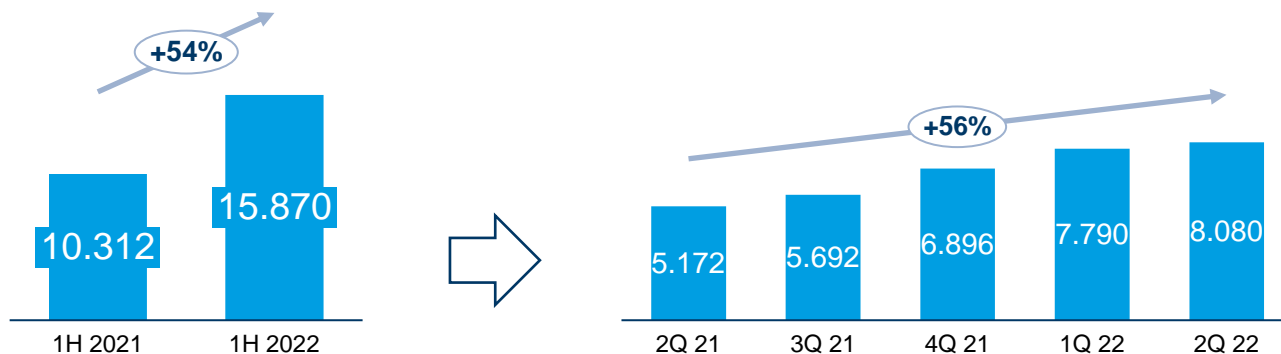
ČSOB group: Financial Overview

Net interest income and Net interest margin

Net interest income increasing thanks to NII from deposits

Net interest income (NII)

CZK bn



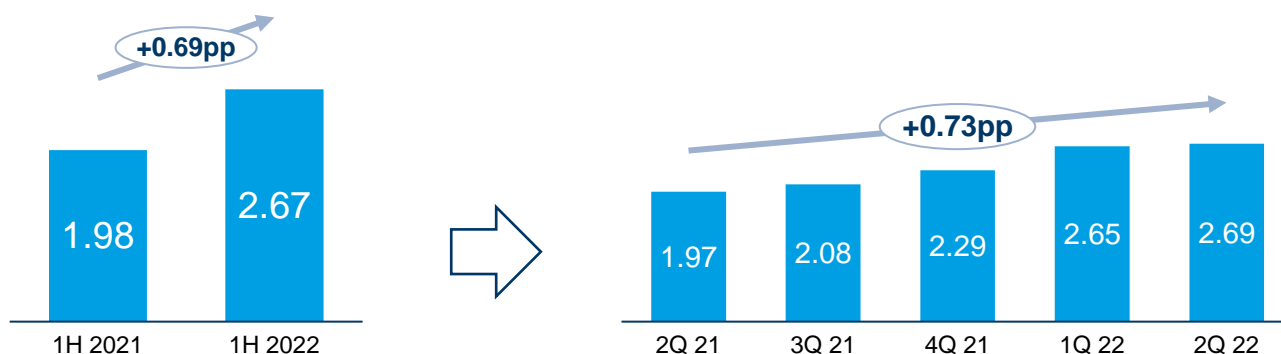
1H/2Q 2022 **net interest income** increased **+54% Y/Y** and **+56% Y/Y** respectively as a result of:

- (+) 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

The Y/Y increase was influenced by lower base in 1H 2021.

Net interest margin (NIM)

%

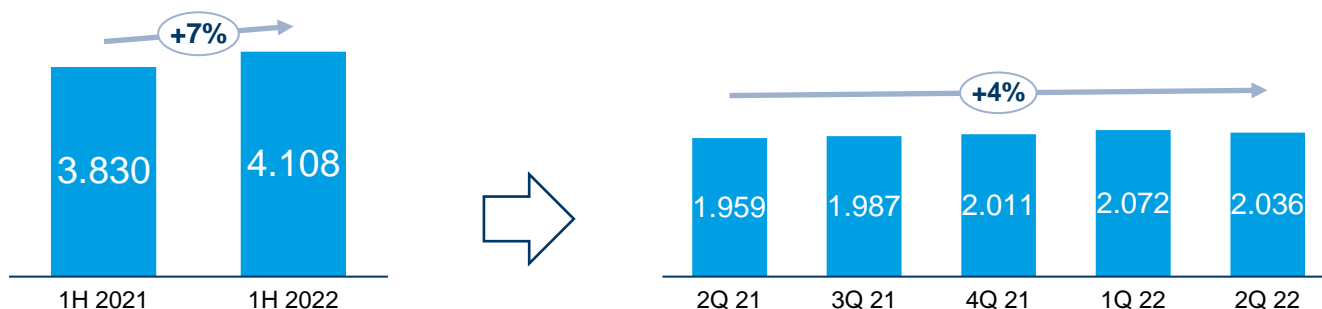


In 1H 2022, **net interest margin** reached **2.67%** (+69bps Y/Y) driven mainly by the NII from deposits.

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

Net fee and commission income (NFCI)

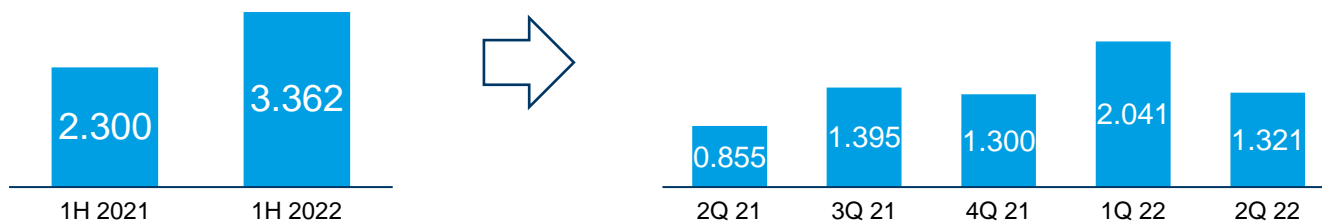
CZK bn



1H/2Q 2022 **net fee and commission income** increased **+7% Y/Y** and **+4% Y/Y** respectively. The Y/Y increase was a result of higher payment cards fees, network income and asset management fees.

Other¹

CZK bn



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

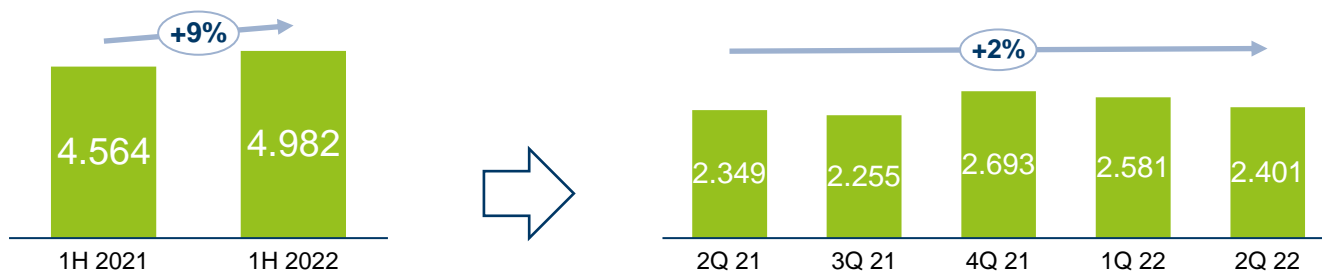
- (+) valuation adjustments
- (+) short term operations at financial markets

Staff and General administrative expenses

Higher expenses due to higher staff expenses and marketing costs

Staff expenses

CZK bn

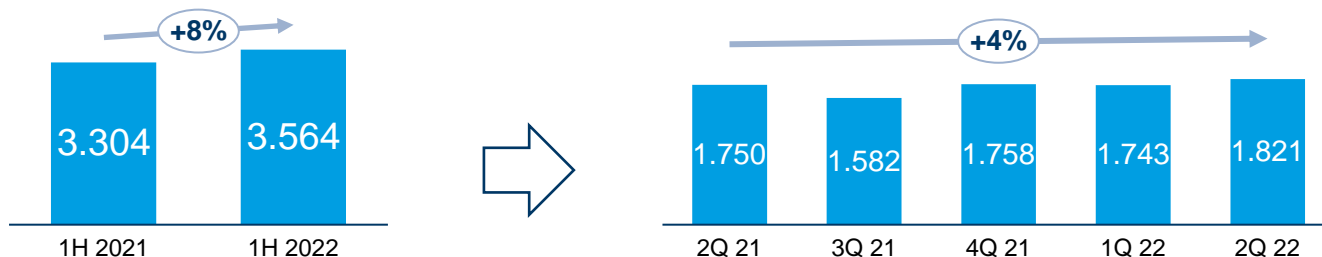


1H 2022 **total operating expenses excluding banking taxes** increased **+9% Y/Y**. **Total operating expenses including banking taxes** also grew **+9% Y/Y**.

1H/2Q 2022 **staff expenses** grew **+9% Y/Y** and **+2% Y/Y** respectively due to exceptional profit bonus and higher bonus accruals. Average number of **FTEs** decreased **-151 Y/Y**.

General administrative expenses – excl. banking taxes

CZK bn

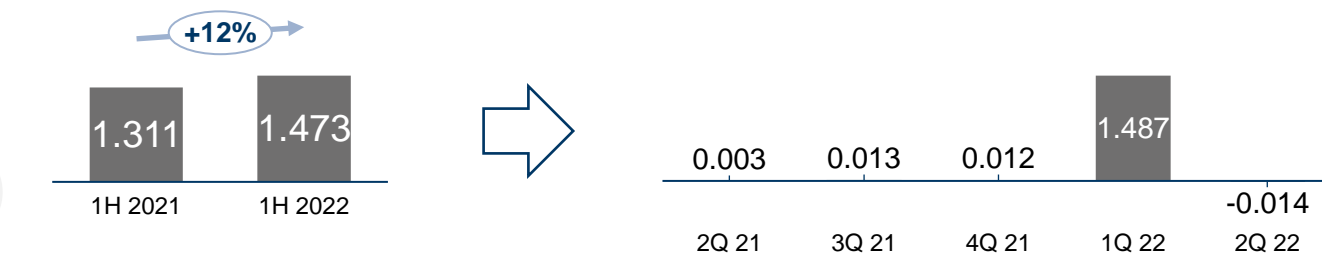


1H/2Q 2022 **general administrative expenses** increased **+8% Y/Y** and **+4% Y/Y** respectively driven by marketing costs, offset in part by lower ICT expenses.

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

Banking taxes (gross)

CZK bn



1H 2022 **banking taxes** increased **+12% Y/Y**.

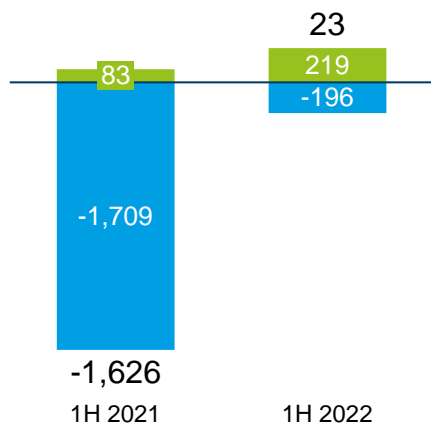
Cost/income ratio declined to **48.3%** and **cost/income ratio without banking taxes** decreased to **42.0%**.

Impairments and NPL

Consistent high quality of loan portfolio

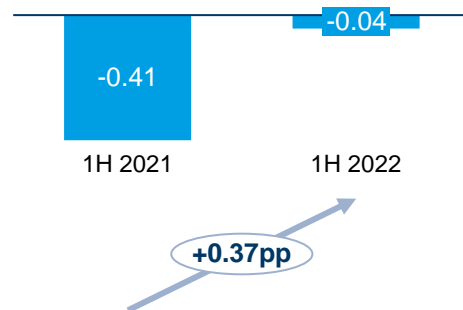
Total impairments

CZK m

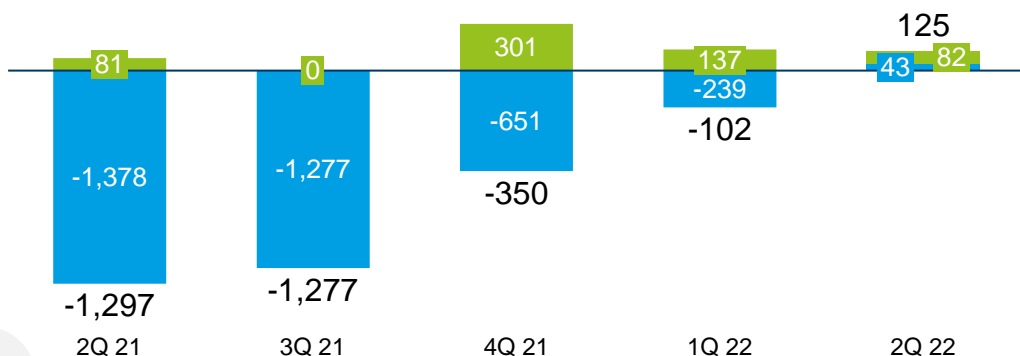


CCR, Ytd. annualized

%



■ other impairments (see note)
■ loan loss provisions (impairments on financial assets at amortised cost)



In 1H 2022, **loan loss provisions** amounted to net release of **CZK -196m** 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 and by credit impairment creation mainly in corporate segment.

Other impairments increased Y/Y to **CZK 219m** due to modification loss related to ČSOB guarantee for pension fund Stabilita.

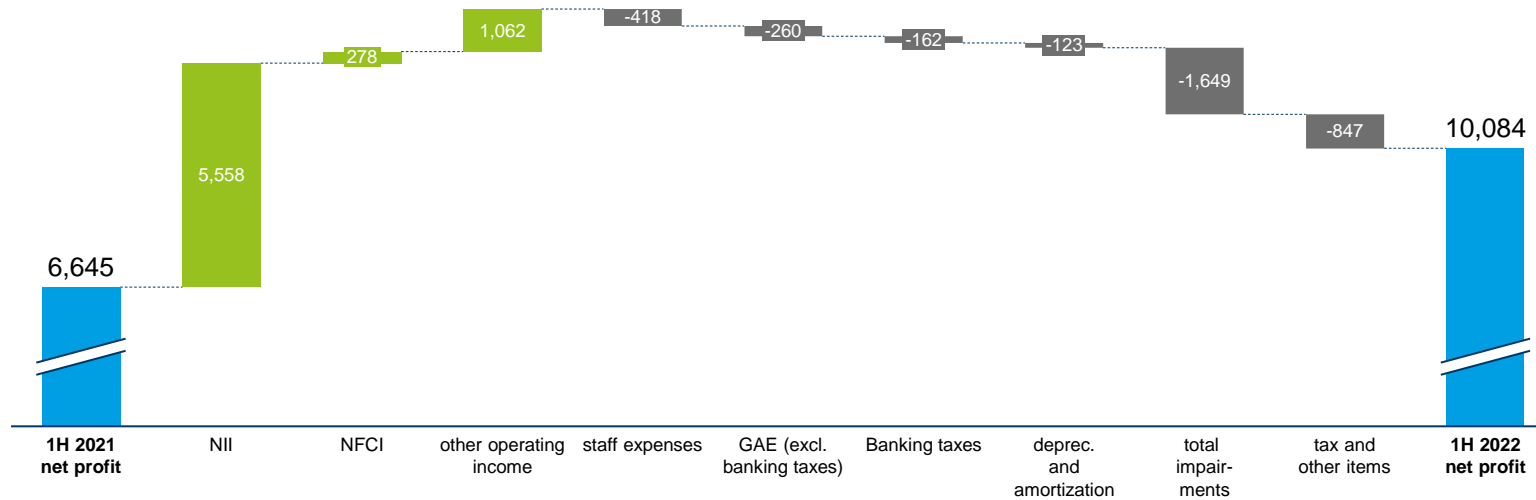
Credit cost ratio for 1H 2022 reached **-0.04%** (Ytd., annualized; +37 bps Y/Y), negative figure indicates net impairment release.

30.6.2022		
IFRS 9 Distribution	Amount (CZK bn)	Share on total loans
Loan portfolio	870.8	100%
Stage 1 - performing	745.3	85%
Stage 2 - underperforming	109.7	13%
Stage 3 - non-performing loans	15.9	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 1H 2022 and 1H 2021 net profit was caused by the following drivers:

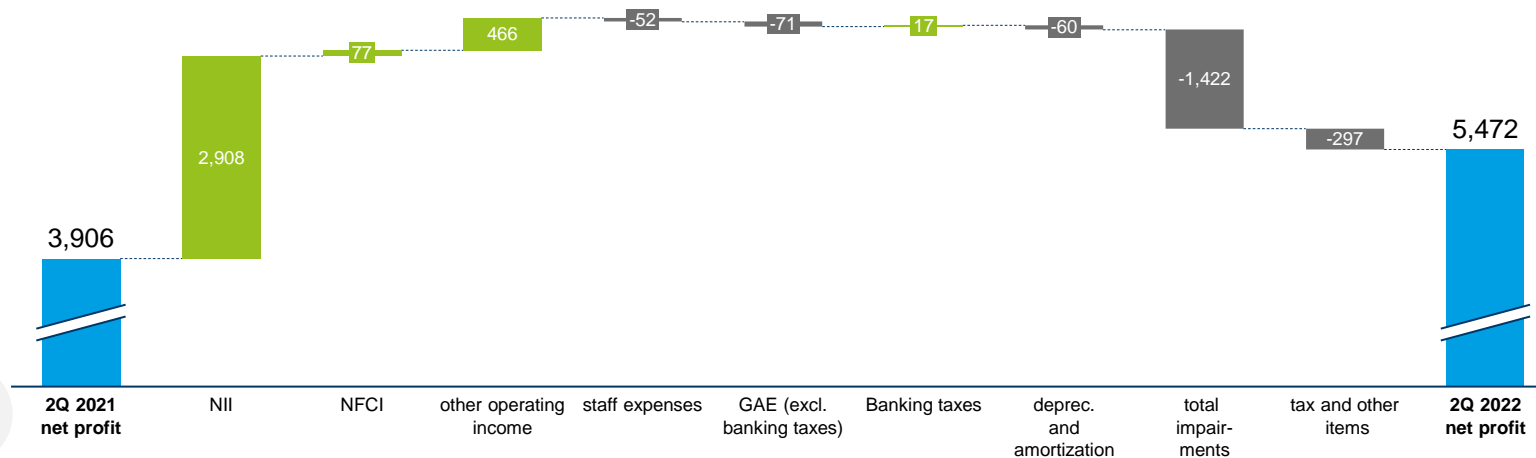
On the **positive side**:

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

On the **negative side**:

- lower loan loss provisions release
- higher staff expenses driven by employee bonuses
- higher GAE driven by marketing costs
- higher banking taxes

Net profit (Q/Q) CZK m



The main difference between 2Q 2022 and 2Q 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 network income, payments cards and asset management fees

On the **negative side**:

- lower loan loss provisions release
- tax and other items
- depreciation and amortization
- higher GAE driven by marketing costs
- slightly higher staff expenses due to higher bonus accruals

Capital Strong capital position

Consolidated, CZK m	30.6.2021	31.12.2021	30.6.2022
Total regulatory capital	97,921	93,555	79,049
- Common Equity Tier 1 (CET1) Capital	96,064	92,585	78,327
- Tier 2 Capital	1,858	970	722
Total RWA	405,226	412,628	435,033
- Credit risk	338,010	347,370	369,866
- Market risk	417	427	337
- Operational risk	66,799	64,830	64,830
Common Equity Tier 1 (CET1) ratio	23.7%	22.4%	18.0%
Total capital ratio	24.2%	22.7%	18.2%

The Y/Y decrease of Common Equity **Tier 1 (CET1)** capital is due to the payout of dividend.

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	20.8%	↑
Building savings loans ¹	35.5%	↓
Building savings deposits ¹	38.6%	↓

Total Loans¹	20.8%	↑
Mortgages¹	25.2%	↓
Mutual funds ¹	24.3%	↑
Leasing ¹	15.8%	↑

Pension funds ²	14.8%	→
SME/corporate loans ¹	15.5%	↑
Consumer lending ^{1,3}	14.0%	↑
Factoring ⁴	16.2%	↓

Insurance ⁵ - combined	8.6%	↑
Non-life insurance ⁵	9.1%	↑
Life insurance ⁵	7.3%	↓

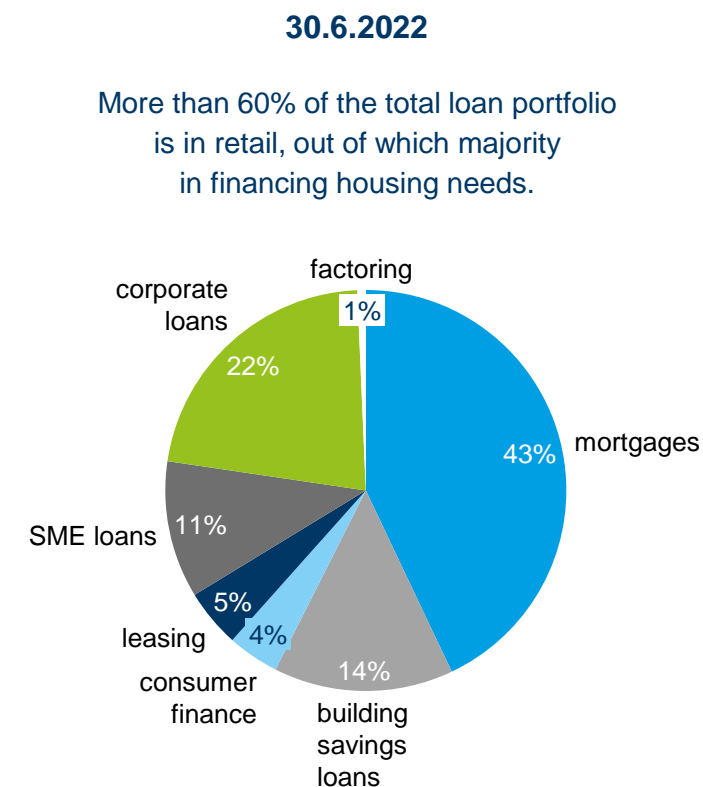
Arrows show Y/Y change. Market shares as of 30 June 2022, except for mutual funds, pension funds, leasing and factoring which are as of 31 March 2022. The ranking is ČSOB's estimate. Market position in the insurance reflects combined position of the insurers belonging to the same business group.

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 corporate loans and mortgages

Gross outstanding volumes, CZK bn	30.6.2021	30.6.2022	Y/Y
Loan portfolio	804.3	870.8	+8%
Retail Segment			
Mortgages	347.0	374.0	+8%
Consumer finance	34.2	36.3	+6%
Building savings loans	124.0	126.1	+2%
SME/Corporate Segment			
Corporate loans ¹	163.5	191.4	+17%
SME loans	91.5	96.2	+5%
Leasing	39.0	40.8	+5%
Factoring	5.1	5.9	+16%
Other ²	45.6	50.9	+12%
Credit risk: loan portfolio	849.9	921.7	+8%



¹ Including credit-replacing bonds.

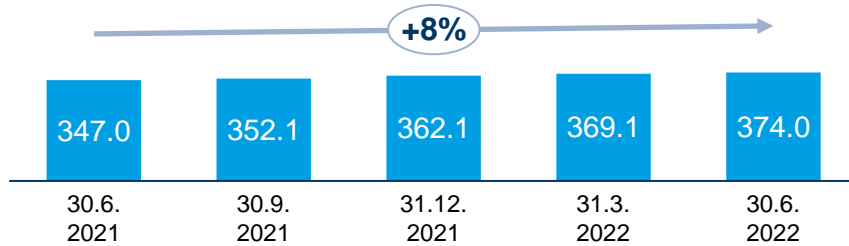
² Including off-balance sheet items and ALM/financial markets exposures.

Housing loans

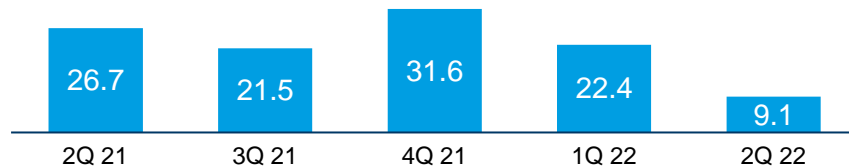
Growth of mortgage portfolio continues, however new sales of mortgages and building saving loans declined in 2Q

Mortgages

Outstanding, CZK bn



New sales*, CZK bn

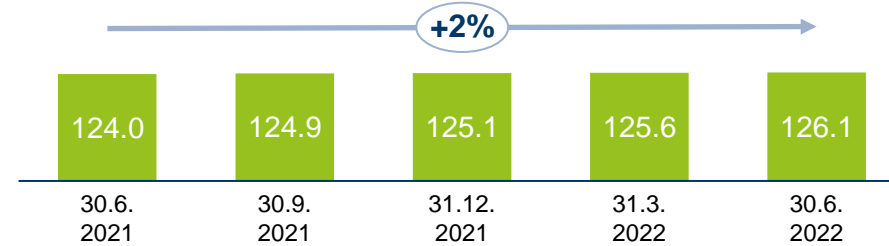


The **outstanding volume of mortgages** increased **+8% Y/Y** thanks to the drawing of new mortgages and limited extraordinary repayments.

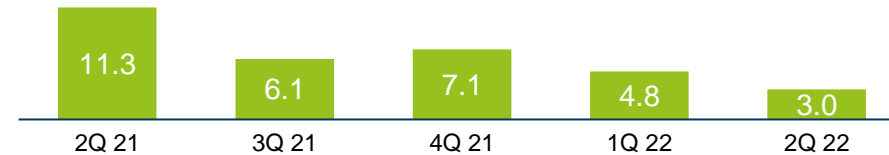
In 2Q 2022, ČSOB provided more than **3.1 thousand new mortgages** (-63% Y/Y) in the total amount of **CZK 9.1bn** (-66% Y/Y). The market of new mortgages decreased -59% Y/Y in the number and -62% Y/Y in the total amount of new mortgages.

Building saving loans

Outstanding, CZK bn



New sales*, CZK bn



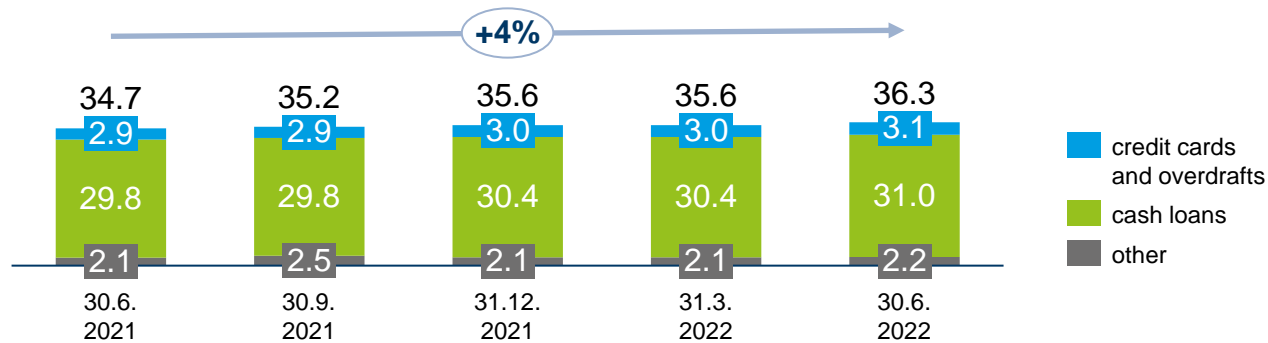
The outstanding **building savings loan portfolio** increased **+2% Y/Y**, while the market increased **+2% Y/Y**.

In 2Q 2022, **new sales** decreased **-73% Y/Y**.

Consumer finance, SME loans, Leasing

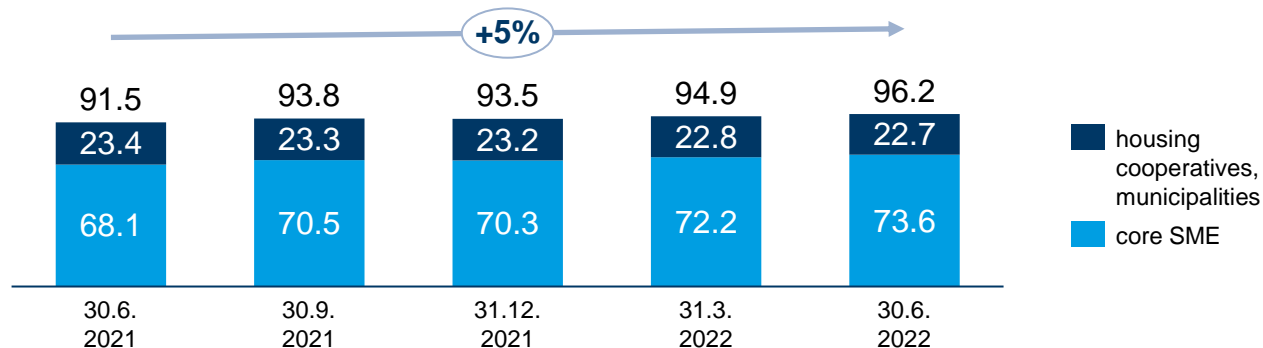
Increase of outstanding volumes

Consumer finance, outstanding, CZK bn



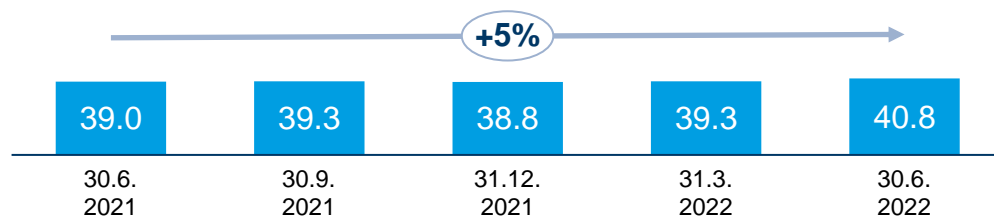
Consumer finance grew **+4% Y/Y** due to growing client demand and thanks to our special offers.

SME loans, outstanding, CZK bn



SME loans increased **+5% Y/Y** thanks to growing core SME lending (micro, small and mid-sized companies).

Leasing, outstanding*, CZK bn



Outstanding volumes in **ČSOB Leasing** rose **+5% Y/Y** as a result of increase in SME and Retail segment.

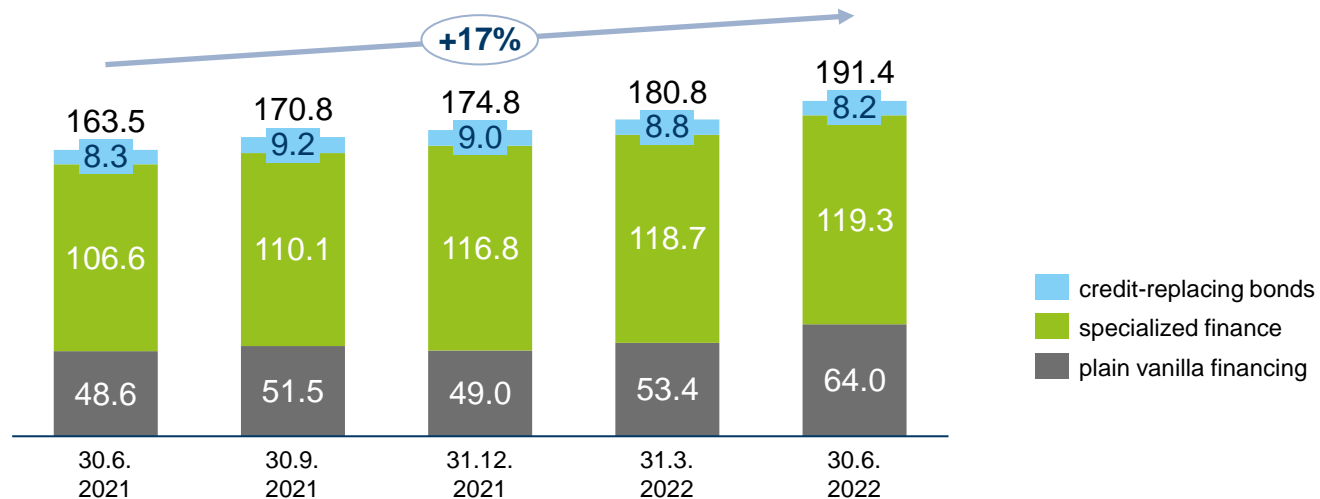
* Total exposure of ČSOB Leasing, excluding operational leasing.

Corporate segment

Double-digit growth of corporate loans

Corporate loans

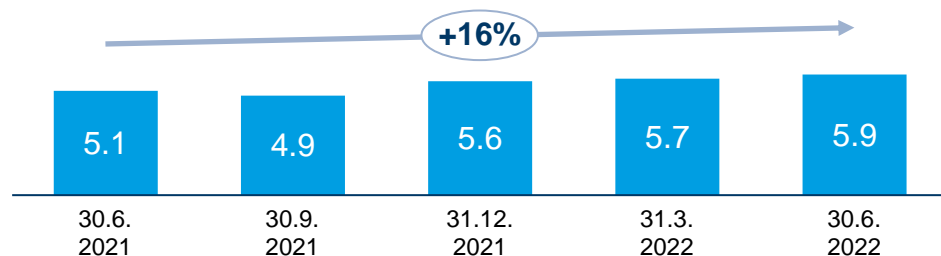
Outstanding, CZK bn



Outstanding volumes of **corporate loans** grew **+17% Y/Y** thanks to growing investment demand of corporate customers and increased drawing of working capital loans.

Factoring

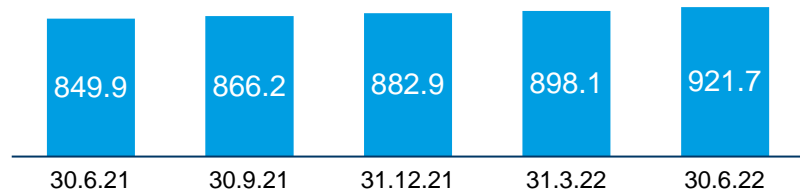
Outstanding, CZK bn



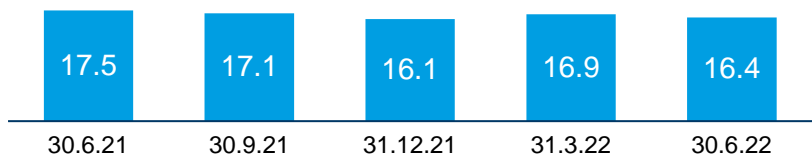
Factoring outstanding volumes increased **+16% Y/Y** driven mainly by high inflation and growing demand for factoring services connected with receivables insurance.

Excellent loan portfolio quality

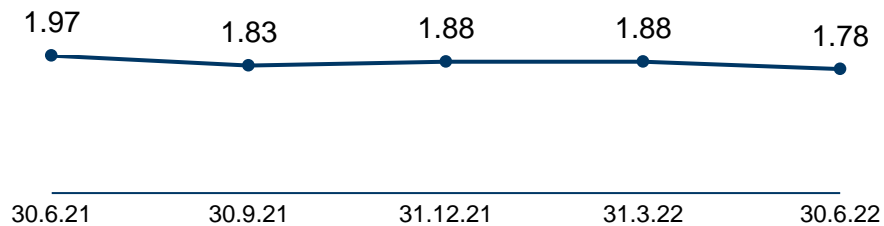
Credit risk: loan portfolio (CZK bn)



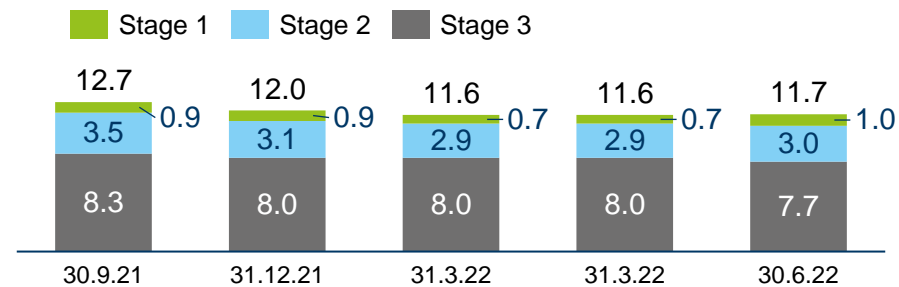
Non-performing loans (CZK bn)



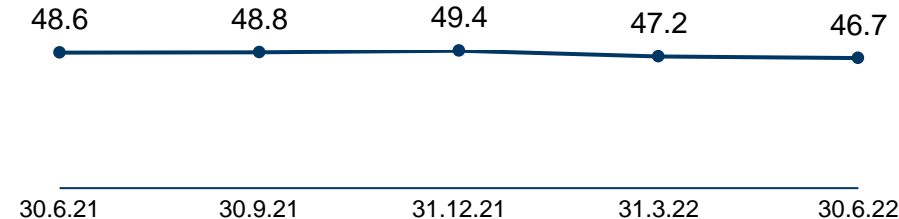
NPL ratio (%)



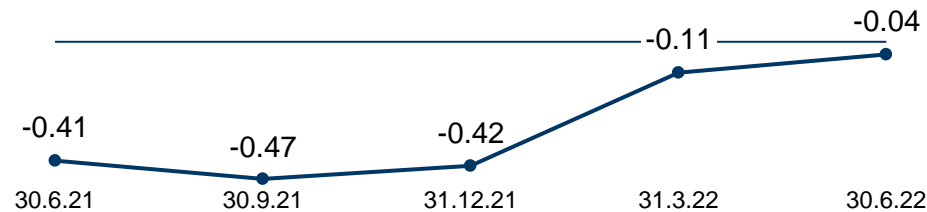
Allowances for loans and leases (CZK bn)



NPL coverage ratio (%)



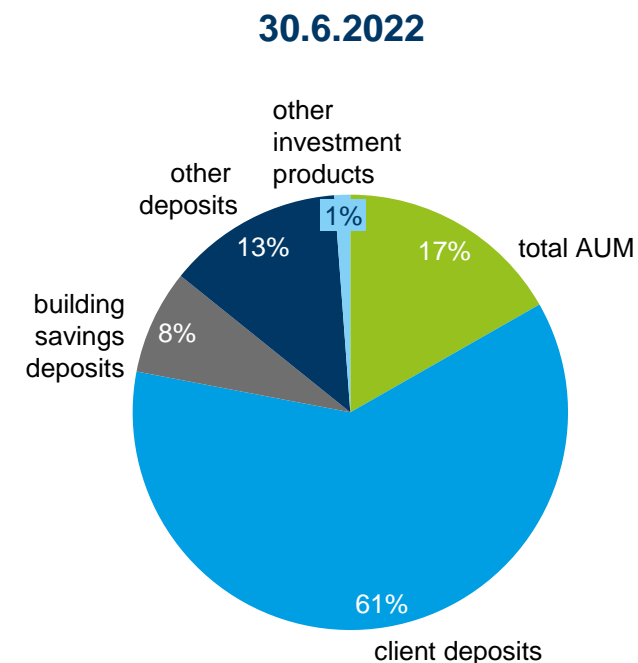
Credit cost ratio (% , Ytd. annualized)



Group deposits and Total assets under management

Increase of assets under management and term deposits

Outstanding volumes, CZK bn	30.6.2021	30.6.2022	Y/Y
Group deposits	1,161.4	1,399.6	+21%
Total client deposits	1,116.3	1,177.2	+5%
ČSOB bank client deposits	976.1	1,044.6	+7%
<i>Current accounts</i>	703.0	672.9	-4%
<i>Savings deposits</i>	258.0	227.7	-12%
<i>Term deposits</i>	15.0	144.0	>+100%
Building savings deposits	140.2	132.6	-5%
Other deposits ¹	45.0	222.4	>+100%
Total AUM	268.4	285.7	+6%
Pension funds ²	66.8	69.5	+4%
Mutual funds	150.8	166.3	+10%
Other AM ³	50.9	49.9	-2%
Other investment products ⁴	22.1	20.1	-9%



¹ Other deposits predominantly consist of repo operations with institutional clients. Unseasoned growth in 2Q 2022 due to higher volumes of repos (mainly from Ministry of Finance) related to market conditions.

² Liabilities to pension fund policy holders.

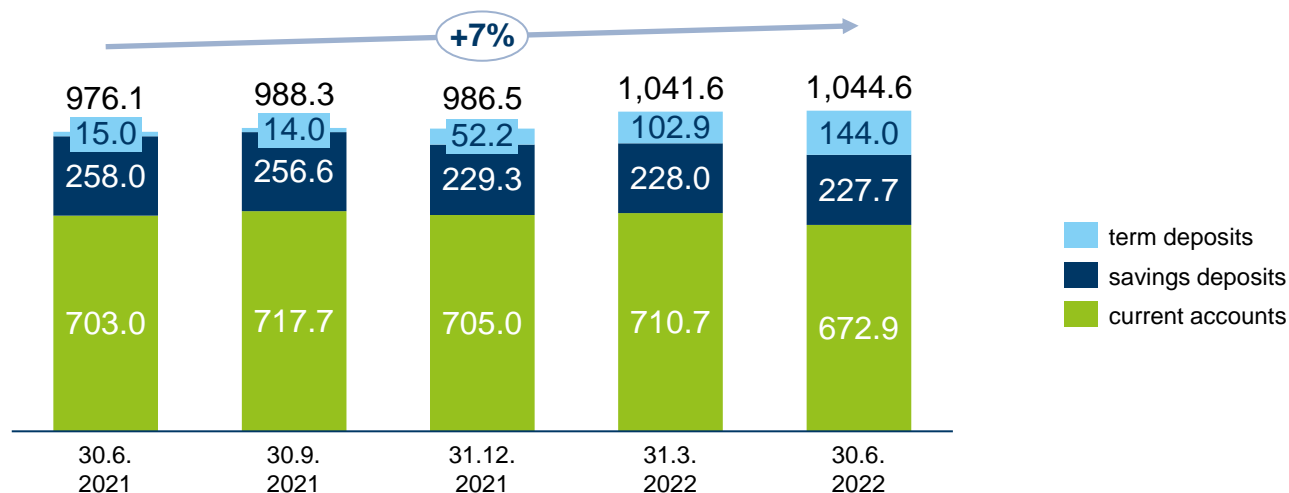
³ Other AM includes discretionary asset management, qualified investors funds and other group assets

⁴ Including bonds, investment certificates and mortgage covered bonds. See definition in appendix.

Client deposits and building saving deposits

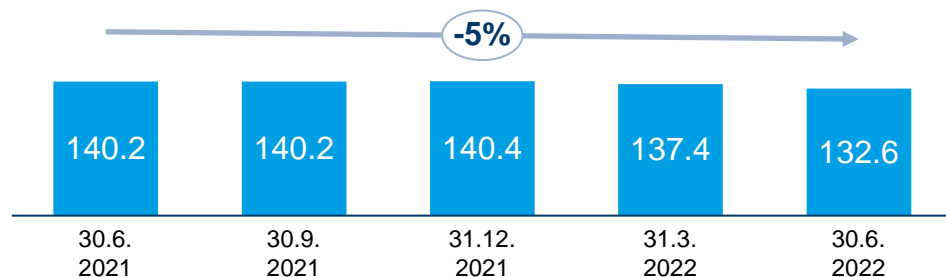
Significant growth of term deposits

ČSOB bank client deposits (CZK bn)



ČSOB bank client deposits increased **+7% Y/Y** driven by the growth of **term deposits** (+859% Y/Y), while **current accounts** decreased **-4% Y/Y** and **savings deposits** declined **-5% Y/Y**. The decrease of current and savings deposits in favor of term deposits was given by increasing interest rates on term deposits.

Building savings deposits (CZK bn)



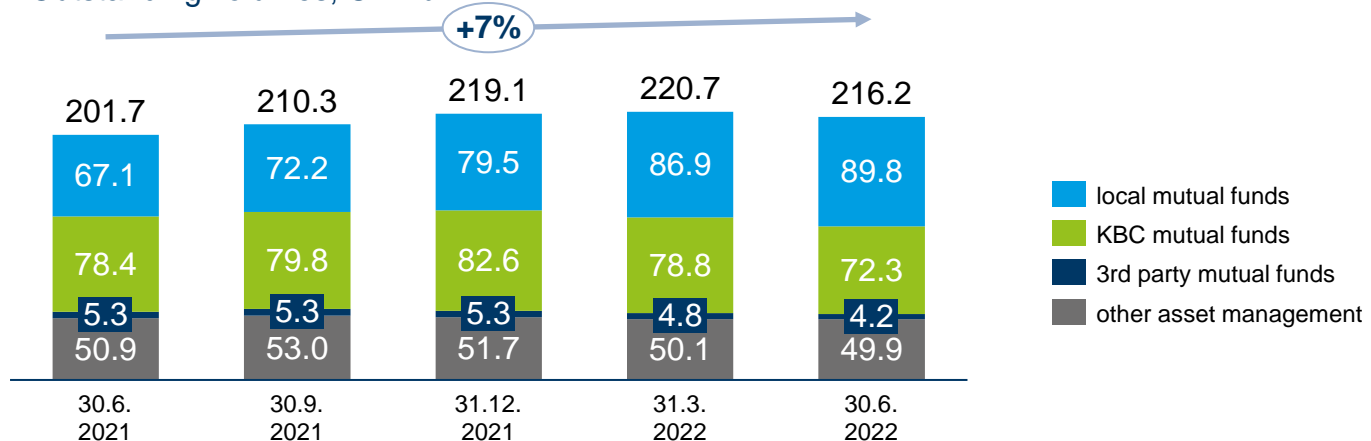
Building savings deposits decreased **-5% Y/Y**.

Mutual funds, other asset management and pension funds

Mutual and pension funds increasing

Mutual funds and other AM

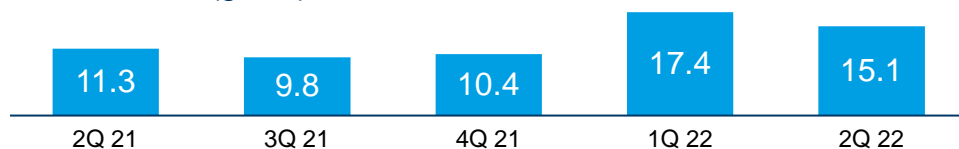
Outstanding volumes, CZK bn



Mutual funds grew **+10% Y/Y** and **other AM** decreased **-2% Y/Y**. **Mutual funds and other AM** in total rose **+7% Y/Y** to **CZK 216.2 bn**. The increase was mainly influenced by strong gross and net sales, especially by the sales of ČSOB Premiéra fund. Q/Q outstanding volume decline due to negative performance effect.

Mutual funds

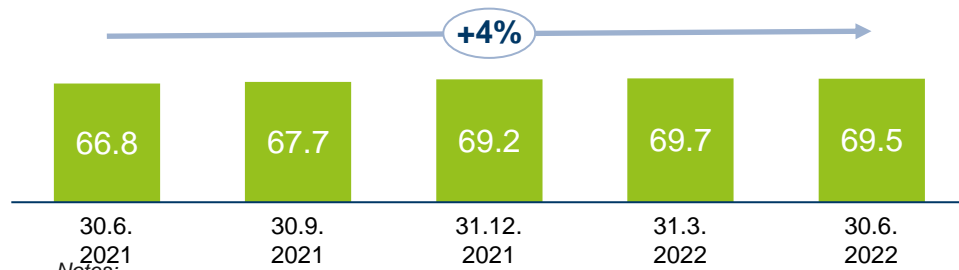
New sales (gross), CZK bn



2Q 2022 new sales of mutual funds increased **+33% Y/Y**.

Pension funds

Outstanding volumes, CZK bn



The volume of savings in **pension funds** increased **+4% Y/Y** driven mainly by higher average pension savings per client. Q/Q outstanding volume decline due to negative performance effect.

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.

Increasing number of clients and growing active client base

	30.6.2021	31.12.2021	30.6.2022
Clients of ČSOB's group (mil.)	4.223	4.225	4.334
ČSOB branches (bank only)	213	208	203
ČSOB Retail/SME branches	191	186	183
ČSOB Private Banking branches	11	11	11
ČSOB Corporate branches	11	11	9
ČSOB Pojišťovna branches	98	95	97
Hypoteční banka centers / housing finance branches¹	20	16	12
ČSOBS advisory centers	248	246	235
Leasing branches	6	6	5
ČSOB PSB outlets of the Czech Post network	ca. 2,500	ca. 2,500	ca. 2,400
- of which specialized banking counters	233	234	234
Czech Post franchise outlets	ca. 700	ca. 700	ca. 800
ATMs¹	1,011	1,017	1,018
- of which contactless	679	737	785
- of which deposit	274	288	297

The **number of clients** increased +111ths Y/Y and the **number of active clients** increased **+86ths Y/Y**.

At the end of June 2022, clients could use **1,018 ATMs** (+7 Y/Y) of which 785 were contactless (+106 Y/Y), 297 enabled cash deposits (+23 Y/Y) and **1,002** 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 203 (-10 Y/Y) by the end of June.

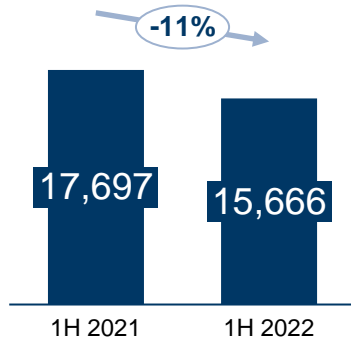
Since June, Poštovní spořitelna was renamed to **ČSOB Poštovní spořitelna**. Extended portfolio of bank-insurance services at Czech Post is provided at **234 specialized banking counters**.

Note:

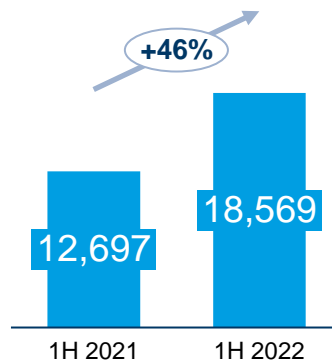
The multi-channel distribution platform of the ČSOB group includes also a wide agent network of over 5,000 agents, incl. ČSOBS tied agents, intermediaries and individual brokers for Hypoteční banka, ČSOB Leasing's dealers and ČSOB Pojišťovna's tied agents, multi-agents and individual brokers.

Number of mobile banking active users and transactions rapidly increasing

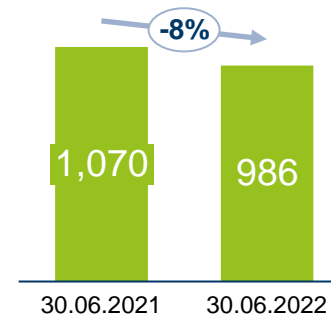
Internet banking transactions¹
(ths)



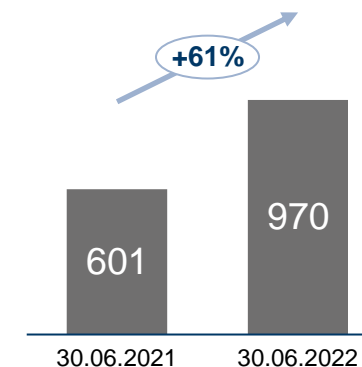
Mobile banking transactions¹
(ths)



Internet banking active users²
(ths)



Mobile banking active users³
(ths)



In 1H 2022, number of transactions entered via **mobile banking** grew +46% Y/Y and number of transactions via **internet banking** decreased -11% Y/Y.

As of 30 June 2022, the number of **mobile banking** active users increased +61% Y/Y, the number of **internet banking** active users decreased -8% Y/Y.

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

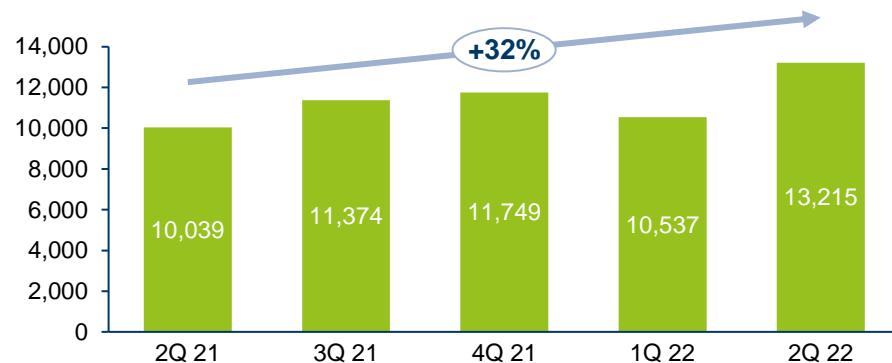
² Internet banking active users are clients who at least once during the last 3 months used internet banking.

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

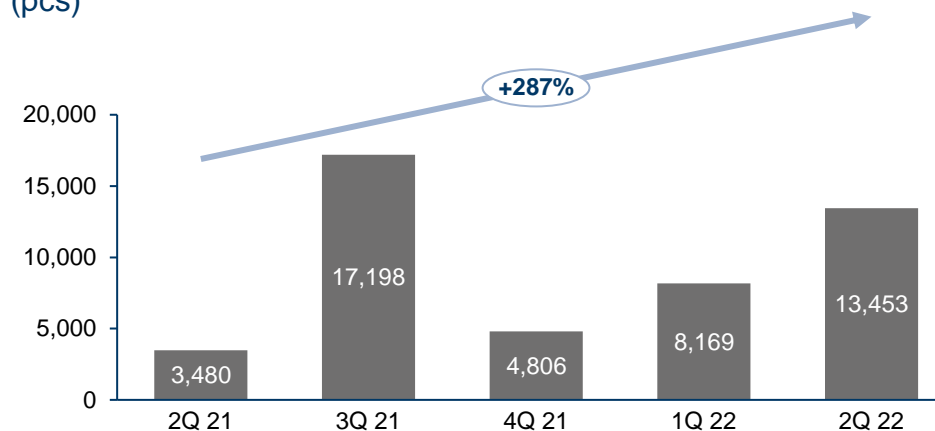
ČSOB group's distribution platform

Online initiated sales rising significantly

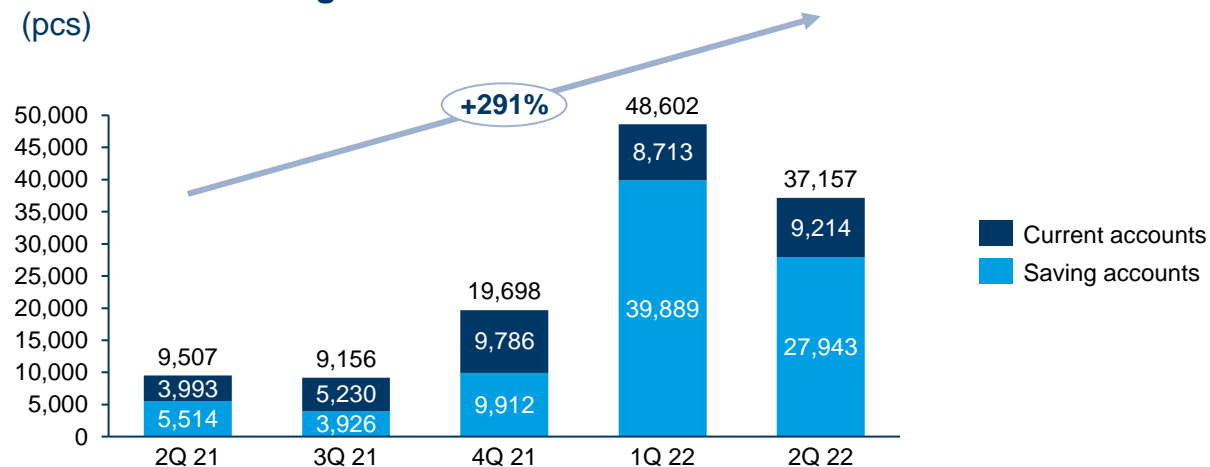
Consumer finance
(pcs)



Travel insurance
(pcs)



Current and saving accounts
(pcs)



In 2Q 2022 more than 13 thousand **consumer finance products** were initiated online, up **+32% 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 **+291% Y/Y** thanks to the new sales capabilities, a successful campaign and higher interest rates on saving accounts.

ČSOB won 4 prizes in Sustainable Finance Awards

Global Finance: Best Bank

The US-based magazine **Global Finance** selected ČSOB as **the Best Bank** of 2022 in the Czech Republic.

Zlatá koruna Awards

In the annual **Zlatá koruna** Awards, the ČSOB Group managed to be awarded eight times in seven categories. ČSOB won the **1st place** in the **Leasing for entrepreneurs category** and was ranked **2nd in 5 categories** including credit cards and mortgages. We reached the 3rd place twice and really appreciate the bronze medal that was received in **the Public Award category** for **ČSOB Smart** using virtual assistant Kate.

Euromoney: Best Bank

The **Euromoney** magazine awarded ČSOB **the Best Bank** in the Czech Republic for 2022. ČSOB received the award for the **12th time**.

Global Finance: Sustainable Finance Awards

ČSOB was awarded in **4 categories** in prestigious **Sustainable Finance Awards** by **Global Finance** magazine. ČSOB received the titles of an **Outstanding Leader in ESG-Related Loans**, a **Financial Leader in Sustaining Communities**, an **Outstanding Leader in Sustainability Transparency in CEE** and **The Best Bank for Sustainable Finance** in the Czech Republic for 2022.

Lemur Awards

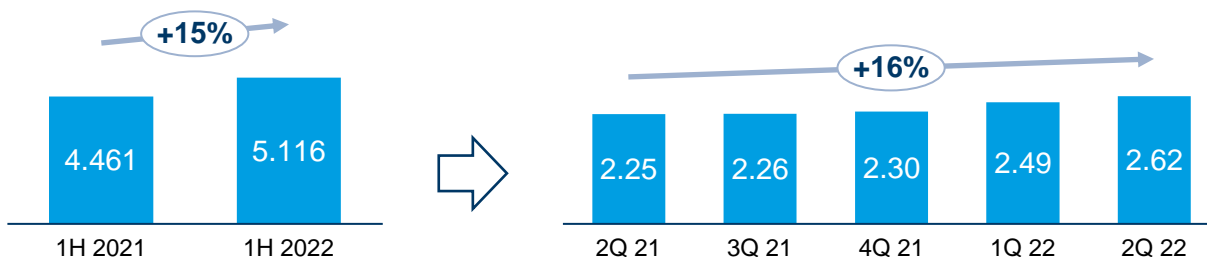
ČSOB won **1st place in the Internal communication category for the Green challenge** in the employee application Zapka, 2nd place thanks to the CSR Annual report and 3rd place in the Company communication category thanks to the Innovation index.

ČSOB Pojišťovna: Key Figures

Growth in non-life gross written premium

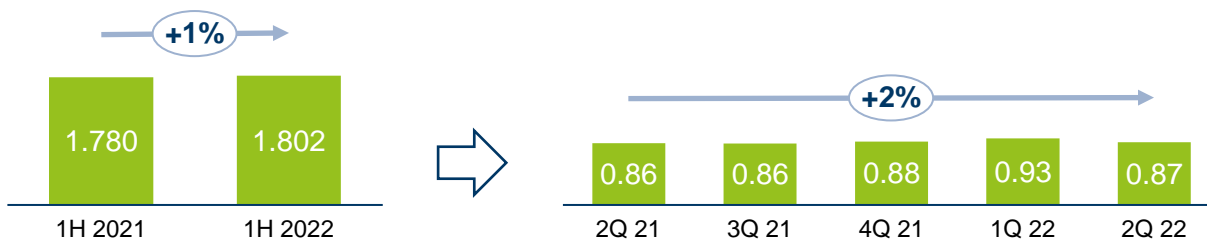
Non-life insurance - gross written premium (GWP)

CZK bn



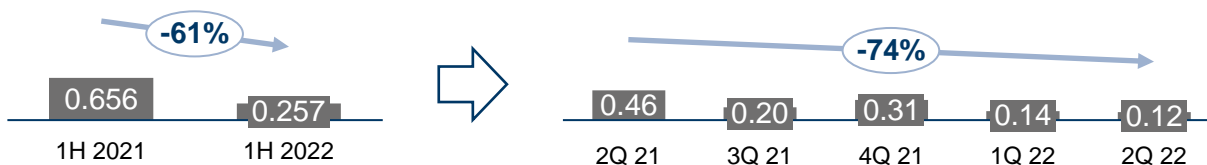
Life insurance – regular paid gross written premium

CZK bn



Life insurance – single paid gross written premium

CZK bn



Market shares	1H 2022	Market position
Non-life insurance	↑ 9.1%	4 th
Life insurance	↓ 7.3%	4 th

Arrows show Y/Y change.

Non-life insurance

1H/2Q 2022 non-life gross written premium increased **+15% Y/Y** and **+16% Y/Y** respectively thanks to industrial risk, motor segment, house & households and travel insurance.

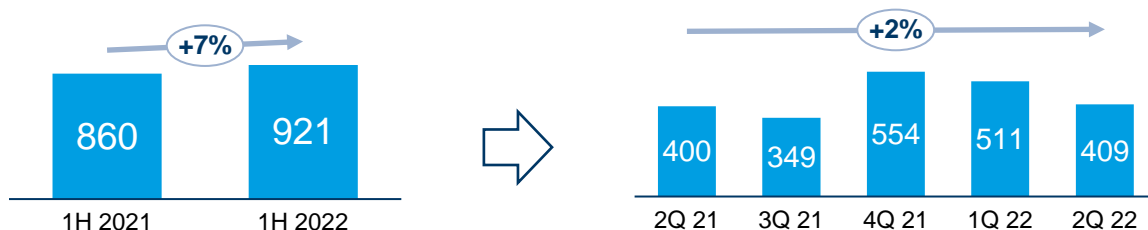
Life insurance

1H/2Q 2022 **regular paid** gross written premium increased **+1% Y/Y** and **+2% Y/Y** respectively.

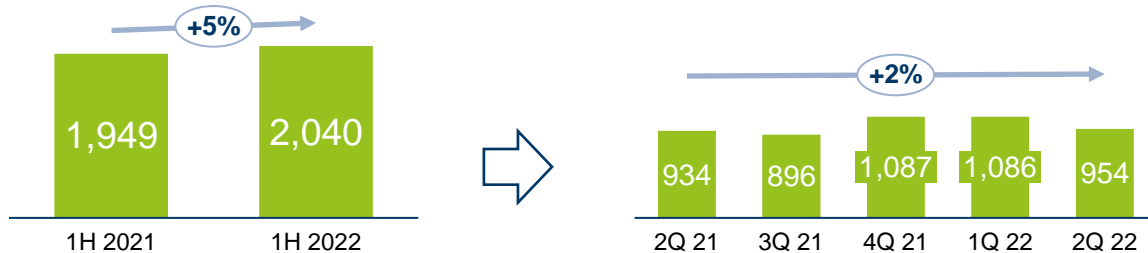
1H/2Q 2022 **single paid** gross written premium decreased **-61% Y/Y** and **-74% Y/Y** respectively.

Higher net profit thanks to higher operating income

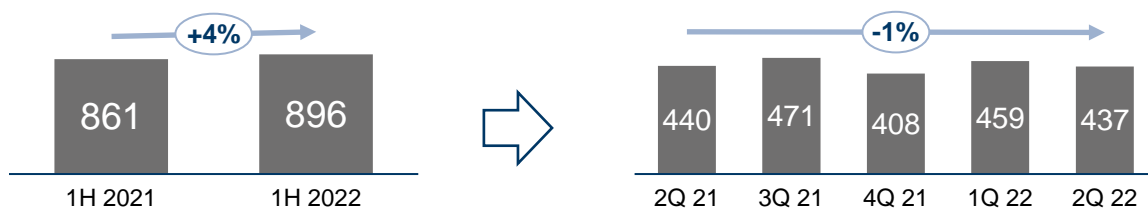
Net profit
CZK m



Operating income
CZK m



Operating expenses
CZK m



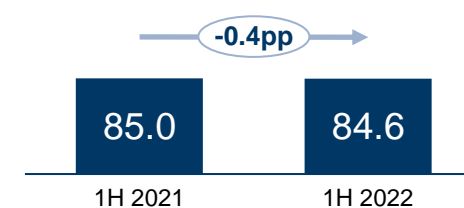
1H/2Q 2022 **net profit** increased to **CZK 921m** (+7% Y/Y) and **CZK 409m** (+2% Y/Y) respectively as a result of total income increase and cost control.

1H/2Q 2022 **operating income** grew to **CZK 2,040m** (+5% Y/Y) and **CZK 954m** (+2% Y/Y) respectively thanks to better non-life profitability and interest rate development.

1H 2022 **operating expenses** increased to **CZK 896m** (+4% Y/Y) and 2Q 2022 **operating expenses** remained stable. The Y/Y increase was driven by higher FTEs to support insurance growth, wage growth and inflation pressure.

Non-life combined ratio reached **84.6%**.

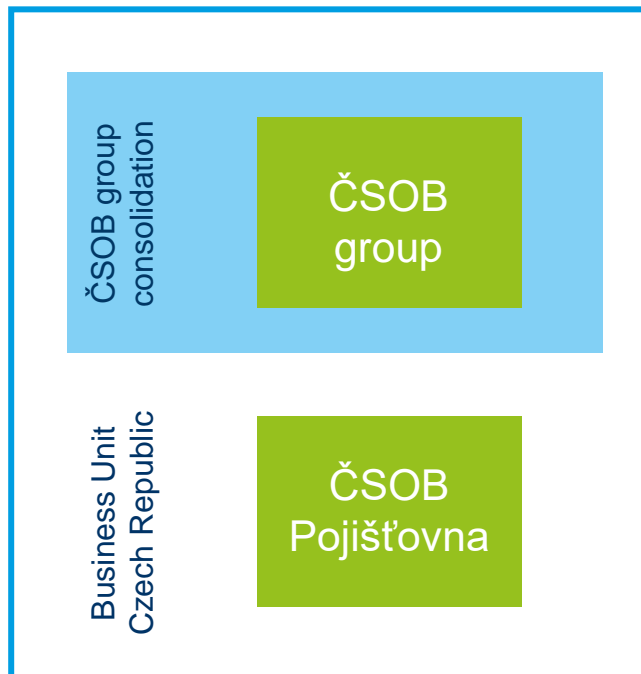
Non-life combined ratio (%)



Business Unit Czech Republic

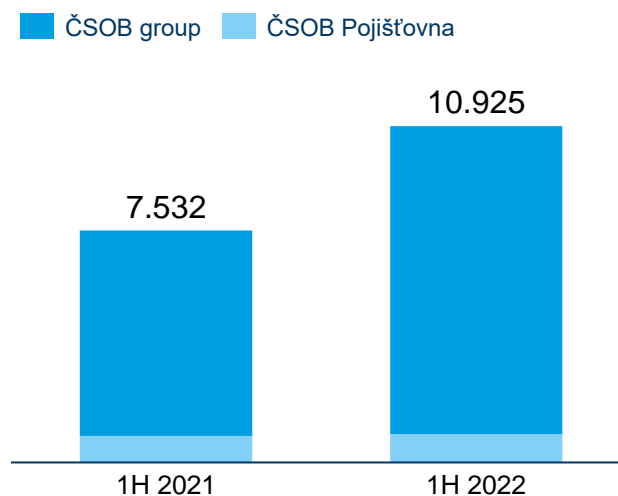


Business Unit Czech Republic 1H 2022 net profit



Net profit of the Business Unit Czech Republic

CZK bn



The 1H 2022 net profit of the Business Unit Czech Republic reached **CZK 10.9bn** (+45% Y/Y).

The Business Unit Czech Republic contains all KBC's operations in the Czech Republic, namely the ČSOB group, and full ownership of ČSOB Pojišťovna.

Net profit (CZK bn)	2Q 2021	3Q 2021	4Q 2021	1Q 2022	2Q 2022	2Q/2Q	1H 2021	1H 2022	1H/1H
BU Czech Republic	4.318	5.349	5.043	5.099	5.826	+35%	7.532	10.925	+45%
o/w ČSOB Pojišťovna	0.400	0.349	0.554	0.511	0.409	+2%	0.860	0.921	+7%

Appendix

Ratios and other indicators

Ratio / Indicator	31.12.2019	31.12.2020	31.12.2021	30.6.2021	30.6.2022
Net interest margin (Ytd., annualized, %)	3.02	2.31	2.08	1.98	2.67
Cost / income ratio (%)	44.9	54.6	55.5	62.7	48.3
Cost / income ratio excl. bank. taxes (%)	42.7	51.5	51.8	54.7	42.0
RoE (Ytd., %)	20.7	8.2	14.3	12.2	18.2
RoA (Ytd., %)	1.20	0.49	0.88	0.73	0.99
RoAC , BU Czech Republic (Ytd., %) ¹	46.7	21.7	39.2	33.2	42.8
Credit cost ratio (Ytd., annualized, %) ²	0.04	0.67	-0.42	-0.41	-0.04
NPL ratio (%) ²	2.24	2.26	1.83	2.06	1.78
NPL coverage ratio (%) ²	47.3	48.7	49.4	48.6	46.7
Common Equity Tier 1 (CET1) ratio (%)	19.2	23.7	22.4	23.7	18.0
Total capital ratio (%)	19.2	24.2	22.7	24.2	18.2
Leverage ratio (Basel III, %)	4.04	5.02	4.65	4.56	3.40
Net stable funding ratio (Basel III, %) ³	161.5	169.9	171.3	171.1	184.1
Liquidity coverage ratio (Basel III, %)	130.9	137.7	143.5	144.6	136.7
Loan to deposit ratio (%)	79.4	71.6	71.1	70.7	71.3

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)	2Q 2021	1Q 2022	2Q 2022	Y/Y	Q/Q	1H 2021	1H 2022	Y/Y
Net interest income	5,172	7,790	8,080	+56%	+4%	10,312	15,870	+54%
<i>Interest income</i>	8,092	20,839	25,864	>+100%	+24%	15,954	46,703	>+100%
<i>Interest expense</i>	-2,920	-13,049	-17,784	>+100%	+36%	-5,642	-30,833	>+100%
Net fee and commission income	1,959	2,072	2,036	+4%	-2%	3,830	4,108	+7%
Net gains from financial instruments at FVPL ¹	421	1,527	1,041	>+100%	-32%	1,491	2,568	+72%
Other operating income ²	434	514	280	-35%	-46%	809	794	-2%
Operating income	7,986	11,903	11,437	+43%	-4%	16,442	23,340	+42%
Staff expenses	-2,349	-2,581	-2,401	+2%	-7%	-4,564	-4,982	+9%
General administrative expenses	-1,753	-3,230	-1,807	+3%	-44%	-4,615	-5,037	+9%
<i>General administrative expenses (excl. banking taxes)</i>	-1,750	-1,743	-1,821	+4%	+4%	-3,304	-3,564	+8%
<i>Banking taxes</i>	-3	-1,487	14	-/+	-/+	-1,311	-1,473	+12%
Depreciation and amortisation	-579	-616	-639	+10%	+4%	-1,132	-1,255	+11%
Operating expenses	-4,681	-6,427	-4,847	+4%	-25%	-10,311	-11,274	+9%
Impairment losses	1,297	102	-125	+/-	+/-	1,626	-23	+/-
<i>Impairment on financial assets at amortised cost</i>	1,378	239	-43	+/-	+/-	1,709	196	-/+
<i>Impairment on other assets</i>	-81	-137	-82	+1%	-40%	-83	-219	>+100%
Share of profit of associates	-12	-24	1	-/+	-/+	-24	-23	-4%
Profit before tax	4,590	5,554	6,466	+41%	+16%	7,733	12,020	+55%
Income tax expense	-684	-942	-994	+45%	+6%	-1,088	-1,936	+78%
Profit for the period	3,906	4,612	5,472	+40%	+19%	6,645	10,084	+52%
Attributable to:								n/a
Owners of the parent	3,906	4,612	5,472	+40%	+19%	6,645	10,084	+52%
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.

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

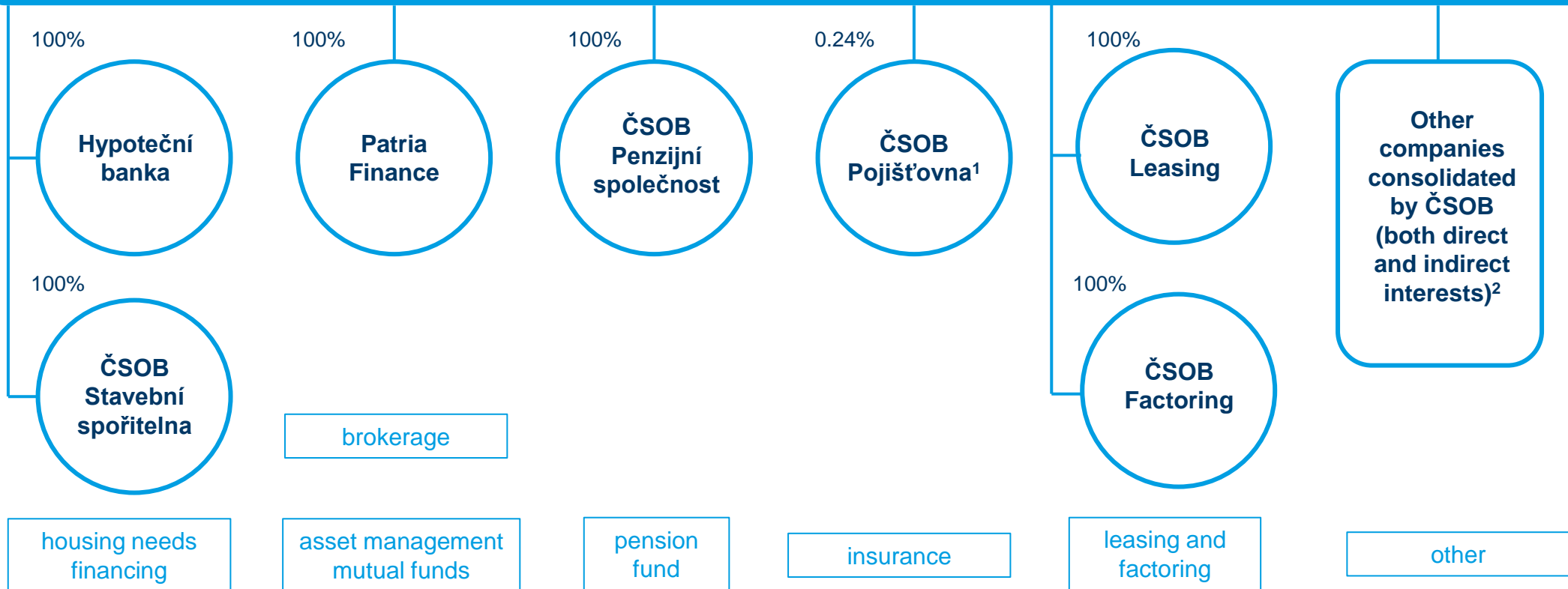
(CZK m)	30/6 2021	31/12 2021	30/6 2022	Ytd.
Cash and balances with central banks and other demand deposits	28,524	39,762	26,274	-8%
Financial assets held for trading	63,440	44,087	98,239	+55%
Financial assets held for trading pledged as collateral	0	0	0	n/a
Financial assets designated at fair value through P/L	0	0	0	n/a
Non-trading financial assets mandatorily at fair value through profit or loss	519	1,410	977	+88%
Financial assets at fair value through other comprehensive income (OCI)	14,595	18,566	16,395	+12%
Financial assets at fair value through OCI pledged as collateral	6,167	221	520	-92%
Financial assets at amortised cost - net	1,685,717	1,624,653	1,947,996	+16%
<i>Financial assets at amortised cost to credit institutions - gross</i>	722,288	609,800	873,704	+21%
<i>Financial assets at amortised cost to other than credit institutions - gross</i>	977,331	1,026,496	1,085,349	+11%
<i>Financial assets at amortised cost - provisions</i>	-13,902	-11,643	-11,057	-20%
Financial assets at amortised cost pledged as collateral	53,881	33,904	32,661	-39%
Fair value adjustments of the hedged items in portfolio hedge	-1,849	-18,223	-29,930	+/-
Derivatives used for hedging	10,745	30,276	52,648	>+100%
Current tax assets	1,225	1,020	486	-60%
Deferred tax assets	1,348	1,324	1,611	+20%
Investments in associates and joint ventures	128	97	64	-50%
Property and equipment	14,352	13,643	12,988	-10%
Goodwill and other intangible assets	10,984	11,164	11,384	+4%
Non-current assets held-for-sale	13	20	15	+15%
Other assets	3,291	3,555	4,912	+49%
Total assets	1,893,080	1,805,479	2,177,240	+15%

Balance sheet – liabilities and equity

(CZK m)	30/6 2021	31/12 2021	30/6 2022	Ytd.
Financial liabilities held for trading	68,251	44,686	100,310	+47%
Financial liabilities at fair value through P/L	23,785	24,544	23,683	0%
Financial liabilities at amortised cost	1,671,305	1,605,831	1,940,184	+16%
<i>of which Deposits received from central banks</i>	33,181	0	0	-100%
<i>of which Deposits received from credit institutions</i>	108,903	25,057	309,470	>+100%
<i>of which Deposits received from other than credit institut.</i>	1,161,369	1,156,902	1,399,568	+21%
<i>of which Debt securities in issue</i>	365,473	402,164	191,672	-48%
<i>of which Subordinated liabilities</i>	0	19,439	37,403	n/a
<i>of which Lease liabilities</i>	2,379	2,269	2,071	-13%
Fair value adjustments of the hedged items in portfolio hedge	-4,159	-23,280	-38,118	+/-
Derivatives used for hedging	12,029	28,346	46,871	>+100%
Current tax liabilities	42	80	94	>+100%
Deferred tax liabilities	835	943	970	+16%
Provisions	532	540	752	+41%
Other liabilities	7,391	6,411	6,219	-16%
Total liabilities	1,780,011	1,688,101	2,080,965	+17%
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	67,758	73,091	53,193	-21%
Financial assets at fair value through OCI - revaluation reserve	231	-22	-606	>-100%
Cash flow hedge reserve	-391	-1,140	-1,756	+/-
Parent shareholders' equity	113,069	117,378	96,275	-15%
Minority interest	0	0	0	n/a
Total equity	113,069	117,378	96 275	-15%
Total liabilities and equity	1,893,080	1,805,479	2,177,240	+15%

The ČSOB group in the Czech Republic

Československá obchodní banka, a. s. banking services



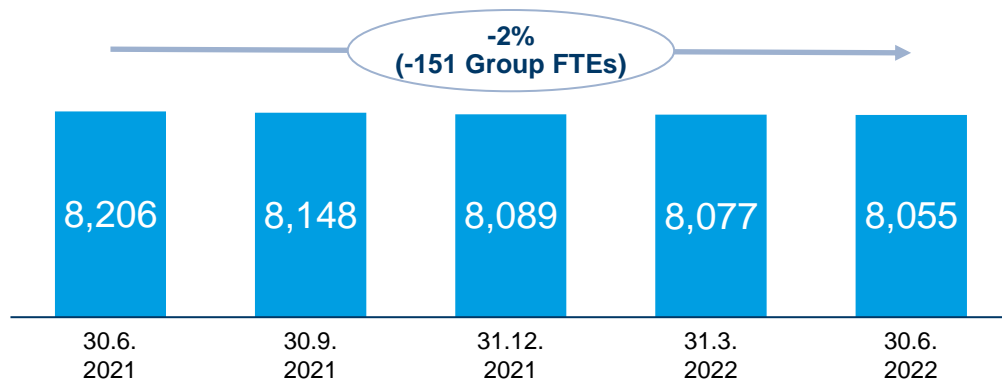
Percentages show ČSOB's ownership interests on company's equity as of 30 June 2022.

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.

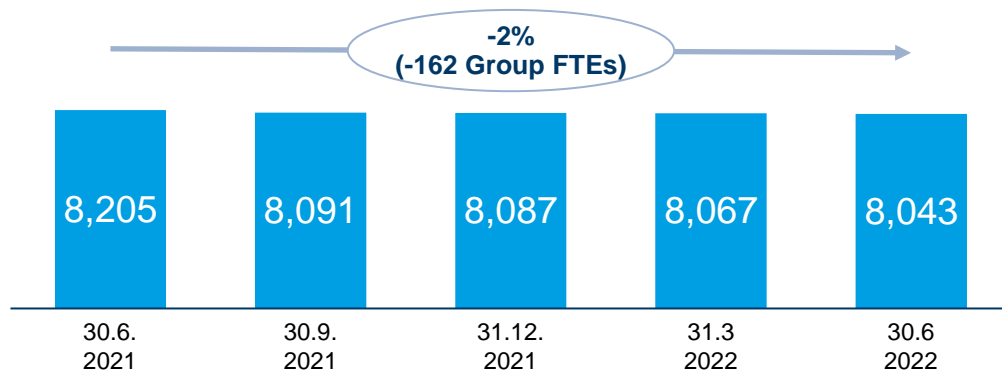
Employees

Number of FTEs – average



The average number of Group FTEs decreased -151 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 -162 Y/Y.

¹ Above mentioned figures include: ČSOB banka, Hypoteční banka, ČSOB Stavební spořitelna, ČSOB Leasing, ČSOB Factoring, ČSOB Penzijní společnost, ČSOB Advisory, Banit, Patria, Ušetřeno.cz, K&H Payment Services. Since 2Q 2022, above mentioned figures include MallPay. As of 3Q 2021 Ušetřeno.cz does not include Ušetřeno.cz Financial Services entity.

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.

Contacts

ČSOB Investor Relations Team

Irena Židová
Přemysl Němeček
Petr Hanzlík
Jana Lehotská

Tel: +420 224 114 106

Tel: +420 224 114 110

investor.relations@csob.cz

www.csob.cz/ir

Československá obchodní banka, a. s.
Radlická 333/150, Praha 5
Czech Republic

ČSOB group Czech Republic
Member of the KBC Group



