

9M/3Q 2021 Results **ČSOB group**

Business Unit Czech Republic

EU IFRS unaudited consolidated
12 November 2021



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ČSOB group: Key Figures

9M/3Q 2021 at a glance

New headquarters in Hradec Králové

ČSOB has completed construction of the **regional headquarters** in Hradec Králové and approximately **one thousand employees** moved into the new building. Thanks to relocation, ČSOB achieved annual **saving of 191t CO₂**.

The new Hradec Králové building (HHQ) meets the **strictest ecological standards** and is characterized by extraordinary consideration for the environment. The building offers modern space for flexible work including nursery. The roof terrace of the building serves to retain rainwater and improve the microclimate. Moreover, the canteen and the café can be used by general public.



Virtual assistant Kate

ČSOB has launched a **media campaign** for its virtual assistant **Kate**. The campaign presents several skills that Kate already masters. Through short stories from daily life, it is shown how easy it is to pay with Kate, call for assistance service or borrow in the form of a pre-approved loan. Kate also monitors the payment of insurance premiums and is able to send payments based on the pre-set form in ČSOB Smart.



Digi news

We continue to build a **unified digital environment for the ČSOB Group customers**. For example, when redirecting from Internet banking to Mortgage zone, client login is fully automatic without filling in any data.

ČSOB meets the **legal requirement** to add the second factor for internet payments in addition to SMS. Clients can now set an **e-pin** for their card in internet banking.

Clients will be able to sign documents with the **SIGN service** via **BankID**. The SIGN service is used to sign documents in PDF format at the level of a guaranteed signature.

Sustainability

COR/SME segment provided **green loans** in line with the EU Taxonomy guidelines in the amount of **CZK 3.2bn**.

Furthermore, ČSOB Group has recently expanded its portfolio of special products with a new bridge loan that can be used for the purchase, construction, reconstruction or refinancing of real estate meeting the conditions of modern energy-efficient housing.

Green challenge

The ČSOB Group is serious about sustainability and challenged Česká spořitelna for a **friendly duel in green kilometers**. Throughout October, both banks collected mileage in a more sustainable way of commuting to work. Thanks to responsible and ecological behavior, everyone who got involved won.

ZELENÁ VÝZVA 
ZÁVOD, VE KTERÉM
VYHRÁVÁ KAŽDÝ

Measures of sustainable performance

Higher net profit thanks to strong portfolio quality, robust capital and liquidity

ČSOB group key indicators		2018	2019	2020	9M 2020	9M 2021
Profitability	Net profit (CZK bn)	15.8	19.7	8.5	6.3	11.6
	Return on equity	17.5%	20.7%	8.2%	8.2%	13.9%
Liquidity	Loan to deposit ratio	76.3%	79.4%	71.6%	72.9%	69.9%
	Net stable funding ratio	161.4%	161.5%	170.6%	169.9%	177.2%
Capital	Tier 1 (CET1) ratio	18.0%	19.2%	23.7%	22.8%	23.0%
Impairments	Credit cost ratio	0.03%	0.04%	0.67%	0.64%	-0.47%
Cost efficiency	Cost / income ratio	47.9%	44.9%	54.6%	52.8%	57.8%
	Cost / income ratio (excl. banking taxes)	45.8%	42.7%	51.5%	48.8%	52.6%

9M/3Q 2021 highlights

Higher net profit thanks to strong portfolio quality, robust capital and liquidity

Net profit

ČSOB's **net profit** was **CZK 11.6bn** (+84% Y/Y) in 9M 2021 and **CZK 5.0bn** (+75% Y/Y) in 3Q 2021.

Business indicators

Loan portfolio reached **CZK 821bn** (+3% Y/Y). **Total client deposits** rose to **1,128bn** (+8% Y/Y) and **group deposits** increased to **CZK 1,261bn** (+17% Y/Y). **Assets under management** grew to **CZK 278bn** (+16% Y/Y). Number of **active clients** increased **+90ths** Y/Y. Number of **mobile banking active users** increased **+43%** Y/Y.

Operating income

Operating income decreased to **CZK 25.5bn** in 9M 2021 (-6% Y/Y). The decrease resulted from lower net interest income driven by lower net interest income from deposits, offset in part by Y/Y better net results from financial instruments at fair value.

Liquidity & Capital

ČSOB maintains strong capital position and excellent liquidity ratios. **CET1 ratio** reached **23.0%**. **Loan to deposit ratio** decreased Y/Y to **69.9%**. The **short-term liquidity ratio LCR** increased to **145.6%** and the **long-term liquidity ratio NSFR** was **177.2%**.

Operating expenses

Operating expenses excl. banking taxes amounted to **CZK 13.4bn** in 9M 2021 (+1% Y/Y). Staff expenses increased **+2%** Y/Y and general administrative expenses rose **+2%** Y/Y. Average number of **FTEs** decreased **-281** Y/Y.

Sustainability

The volume of **SRI funds** increased **+39%** Q/Q. Financing of **low energy housing** increased **+26%** Q/Q and **eco-friendly vehicles** **+9%** Q/Q.

Impairments

Credit cost ratio in 9M 2021 declined to **-47bps** (-111 bps Y/Y). Total impairments amounted to **CZK -2,903m** (net release). **NPL ratio** decreased to **1.97%**.

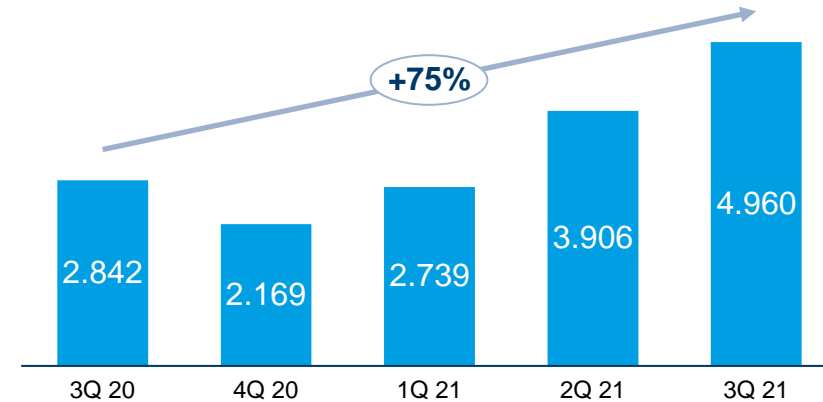
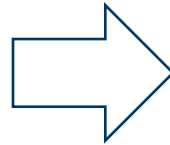
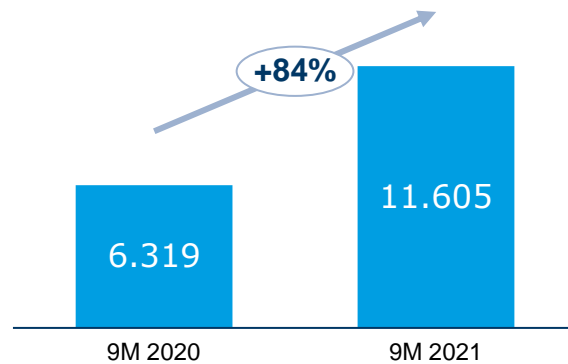
Awards

ČSOB won three awards in **Sustainable Finance Awards 2021** by **Global Finance** magazine. ČSOB was also named the **Best SME Bank** in the Czech republic for 2022 by **Global Finance** magazine.

ČSOB group net profit

Higher net profit thanks to strong portfolio quality, net impairment release

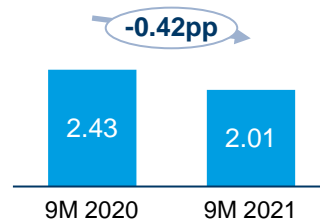
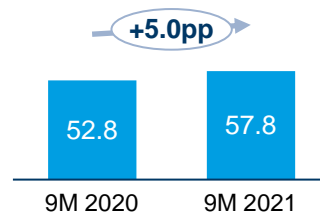
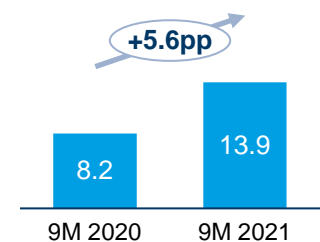
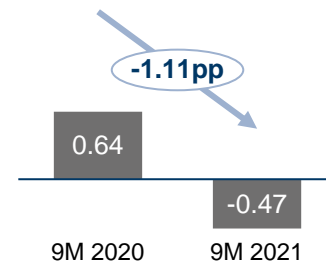
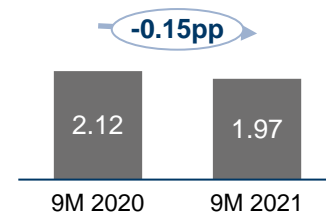
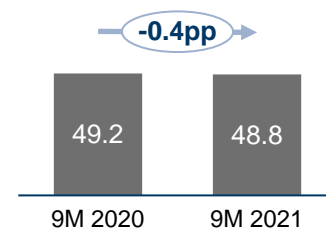
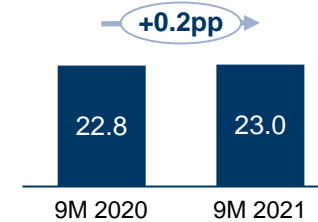
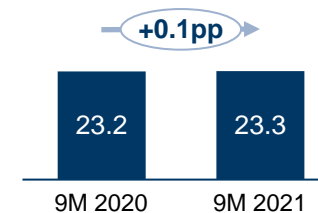
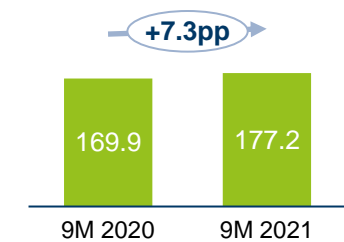
Net profit
CZK bn



9M/3Q 2021 **net profit** increased to **CZK 11.6bn** (+84% Y/Y) and **CZK 5.0bn** (+75% Y/Y) respectively. The Y/Y increase was a result of net impairment release and higher net results from financial instruments at fair value, partly offset by lower net interest income and higher expenses.

The **return on equity (ROE)** increased to **13.9%** (+5.6pp Y/Y) thanks to higher net profit.

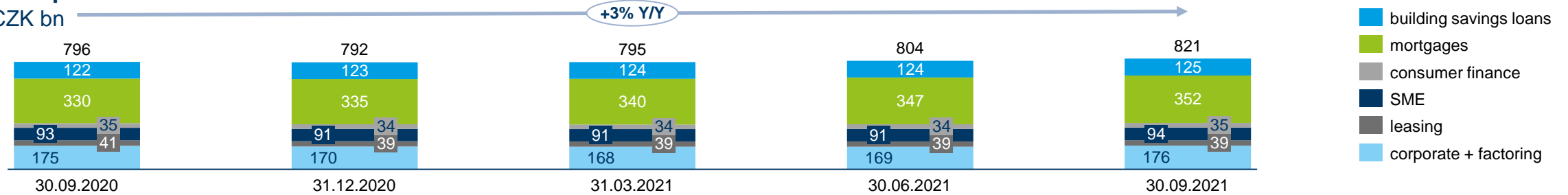
Key ratios

Decreasing net interest margin, excellent loan quality and robust capital position**Profitability****Net interest margin (%)****Cost / income ratio (%)****ROE (%)****Loan portfolio quality****CCR, Ytd. annualized (%)****NPL ratio (%)****NPL coverage ratio (%)****Capital****TIER 1 (CET 1) ratio (%)****Total capital ratio (%)****Liquidity****Net stable funding ratio¹ (%)****Loan to deposit ratio (%)**¹As of 1Q 2021 change in methodology, previous periods were not restated.

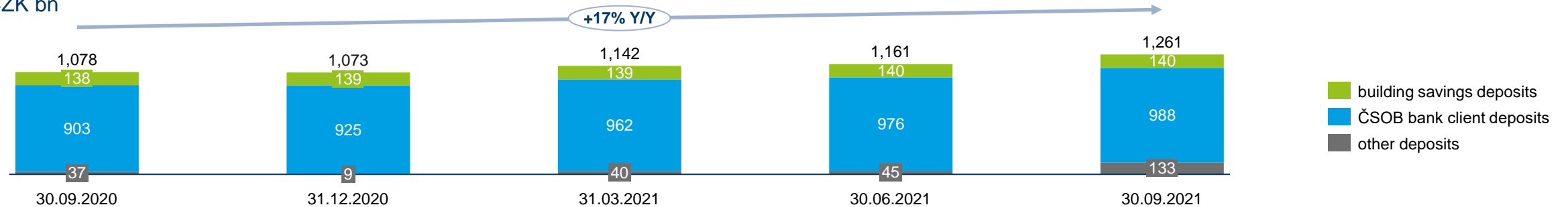
Loans, deposits and assets under management

Strong growth of deposits and assets under management**Loan portfolio¹**

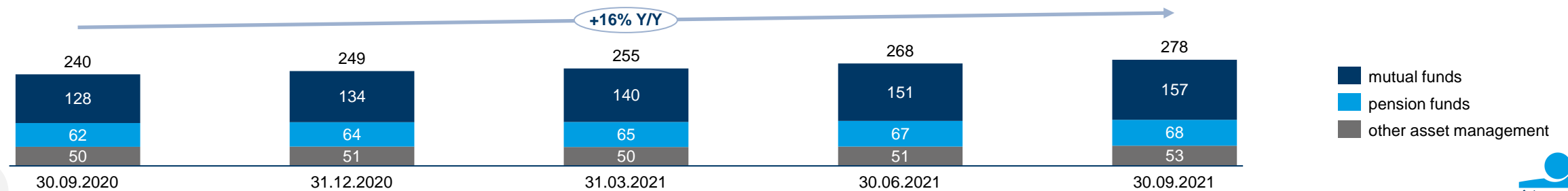
CZK bn

**Group deposits²**

CZK bn

**Total assets under management³**

CZK bn



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.

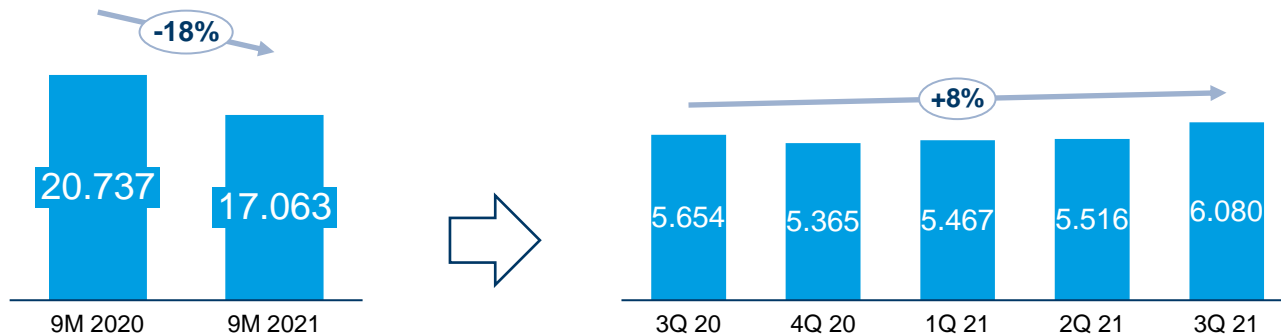
³ As of 1Q 2021 assets under management are reported in new structure, previous periods were restated.

ČSOB group: Financial Overview

Net interest income and Net interest margin

Net interest income down in 9M 2021 but rebounded in 3Q**Net interest income (NII)**

CZK bn



9M 2021 **net interest income** decreased **-18% Y/Y** as a result of:

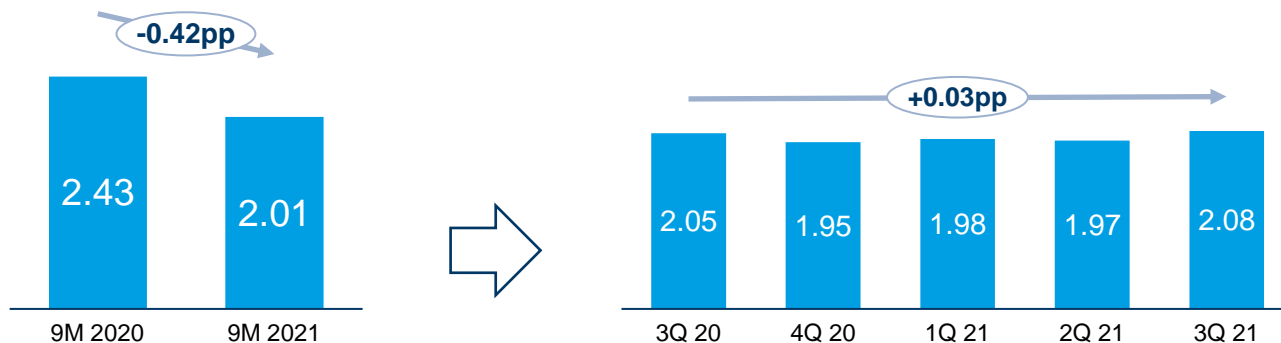
- (-) lower NII from deposits due to lower margins only partially compensated by higher volumes
- (-) other NII influenced by short-term operations at financial markets
- (-) lower NII from loans driven by mortgages and building saving loans

3Q 2021 **net interest income** increased **+8% Y/Y** as a result of:

- (+) higher NII from deposits
- (+) other NII
- (-) lower NII from loans driven by mortgages, building saving loans and corporate

Net interest margin (NIM)

%

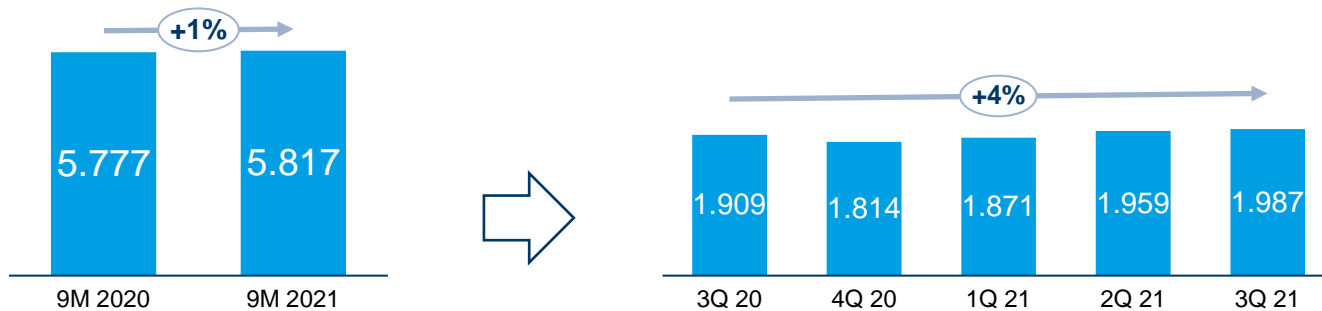


In 9M 2021, **net interest margin** reached **2.01%** (-42bps Y/Y), however improved in 3Q. The Y/Y decline was driven mainly by the NII from deposits.

Net fee and commission income and Other NFCI moderately improving

Net fee and commission income (NFCI)

CZK bn

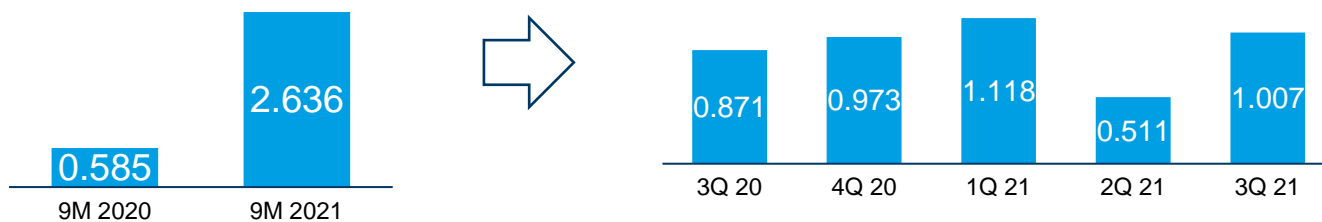


9M/3Q 2021 **net fee and commission income** increased **+1% Y/Y** and **+4% Y/Y** respectively.

The Y/Y increase was a result of higher asset management fees as well as network income, offset by lower other fees, payment cards fees and account fees.

Other¹

CZK bn



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

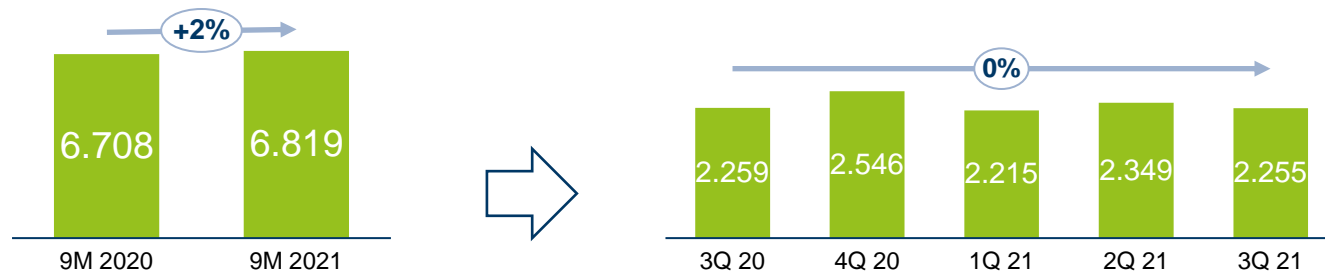
- (+) markedly improved result from financial instruments at FVPL (as the previous year was impacted by negative booking of market value adjustments)
- (+) short term operations at financial markets
- (-) sale of bonds in 2020

Staff and General administrative expenses

Expenses up Y/Y but decreasing Q/Q

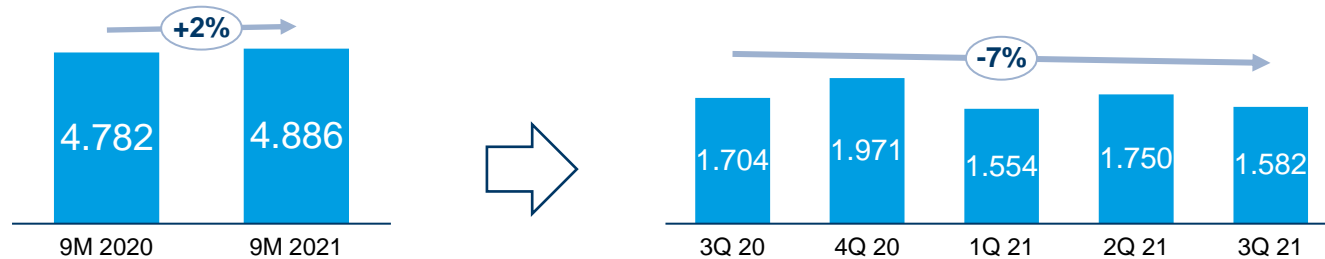
Staff expenses

CZK bn



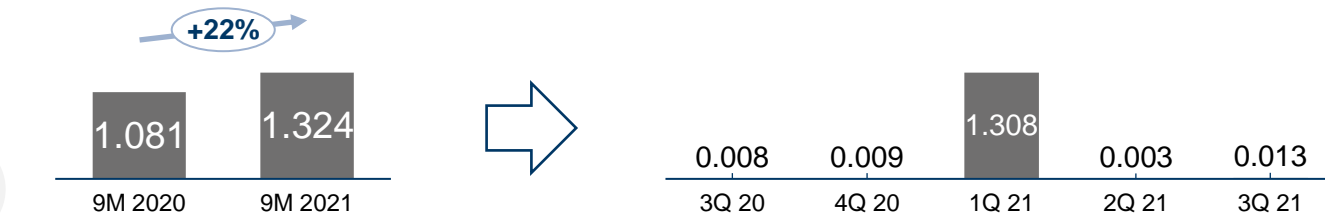
General administrative expenses – excl. banking taxes

CZK bn



Banking taxes (gross)

CZK bn



9M 2021 **total operating expenses excluding banking taxes** increased **+1% Y/Y**. **Total operating expenses including banking taxes** grew **+3% Y/Y**.

Depreciation and amortization decreased **-2% Y/Y**.

9M 2021 **staff expenses** increased **+2% Y/Y** and 3Q 2021 staff expenses stayed flat Y/Y. 9M costs increased due to higher accruals for bonuses partly compensated by lower average number of FTE (-281 Y/Y).

In 9M 2021 **general administrative expenses** increased **+2% Y/Y** and in 3Q decreased **-7% Y/Y**. Increased costs were driven by higher ICT investments.

9M 2021 **banking taxes** increased **+22% Y/Y**.

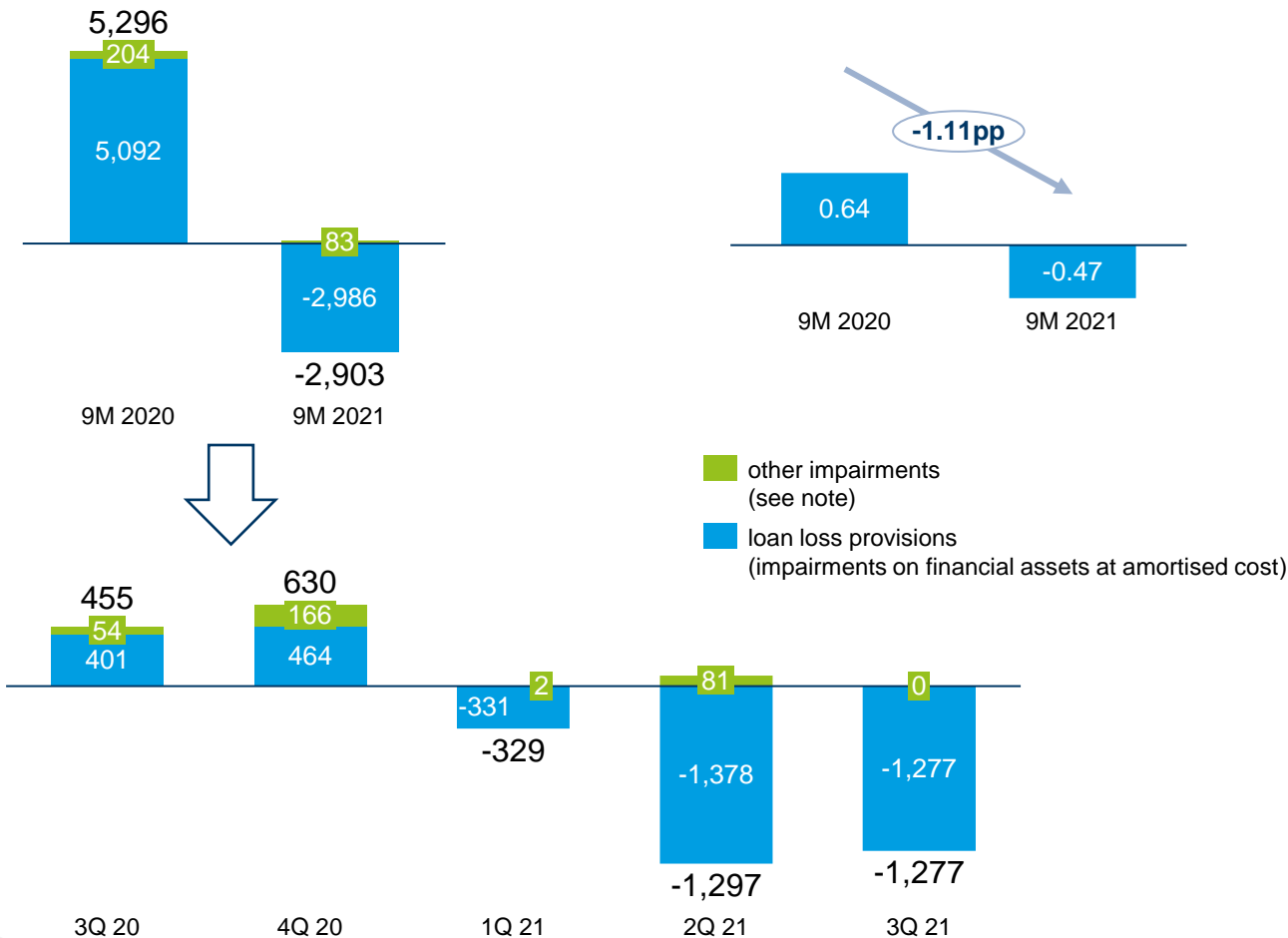
Cost/income ratio reached **57.8%** and **cost/income ratio without banking taxes** was **52.6%**.

Impairments and NPL

Consistent high quality of loan portfolio

Total impairments

CZK m



In 9M 2021, **loan loss provisions** amounted to net release of **CZK -2,986m** due to partial release of management overlay (CZK 2.3bn) and releases in most segments.

Other impairments decreased Y/Y to **CZK 83m**.

Credit cost ratio for 9M 2021 reached **-0.47%** (Ytd., annualized; -111 bps Y/Y).

	30.9.2021	
IFRS 9 Distribution	Amount (CZK bn)	Share on total loans
Loan portfolio	820.5	100%
Stage 1 - performing	753.1	92%
Stage 2 - underperforming	50.6	6%
Stage 3 - non-performing loans	16.7	2%

Notes:

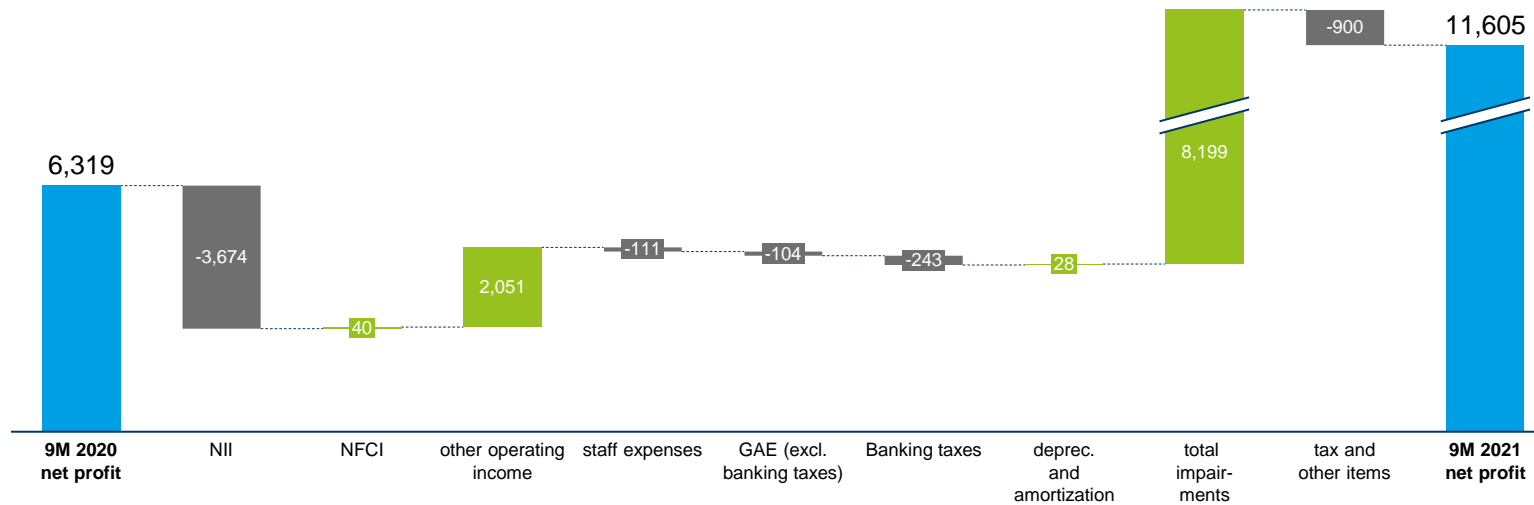
Figures in graphs: (+) net creation/cost and (-) net release/revenue.

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 9M 2021 and 9M 2020 net profit was caused by the following drivers:

On the **positive side**:

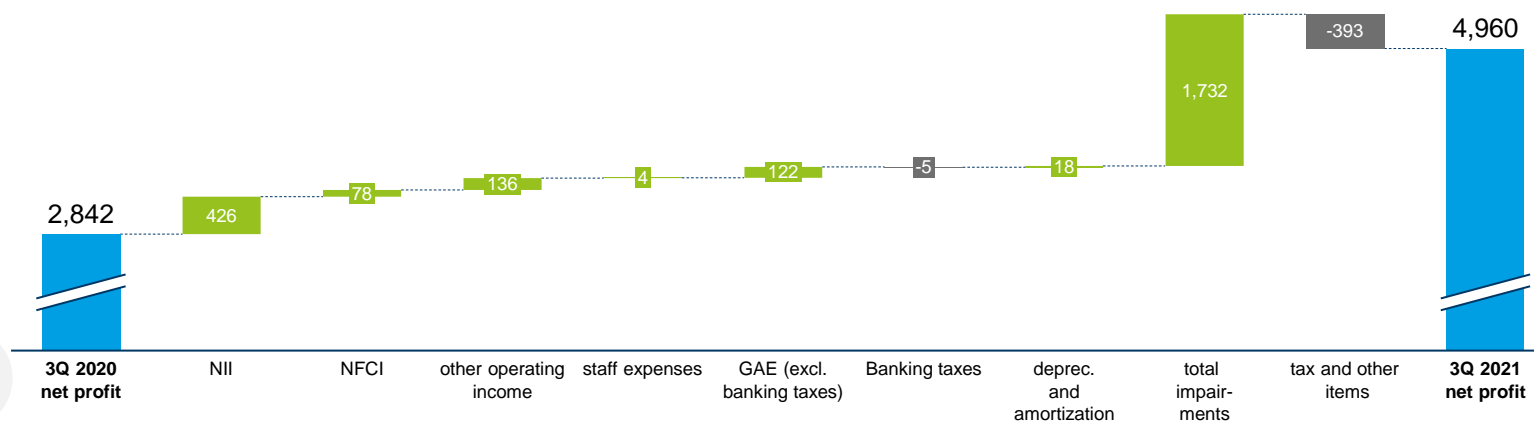
- lower total impairments driven mainly by releases of management overlay
- improved result from financial instruments at FVPL

On the **negative side**:

- lower NII mainly due NII from deposits, other NII and NII from loans
- tax and other items
- higher banking taxes
- higher staff expenses due to higher accruals for bonuses
- higher GAE influenced by ICT investments

Net profit (Q/Q)

CZK m



The main difference between 3Q 2021 and 3Q 2020 net profit was caused by the following drivers:

On the **positive side**:

- lower total impairments driven mainly by releases of management overlay
- higher NII driven by NII from deposits
- better performance of financial markets
- lower GAE thanks to lower fees and facilities savings

On the **negative side**:

- tax and other items

Capital Strong capital position

Consolidated, CZK m	30.9.2020	31.12.2020	30.9.2021
Total regulatory capital	96,020	99,075	97,938
- (Common Equity) Tier 1 Capital	94,123	97,171	96,652
- Tier 2 Capital	1,897	1,884	1,285
Total RWA	413,210	410,027	420,831
- Credit risk	343,478	342,805	353,642
- Market risk	385	423	390
- Operational risk	69,347	66,799	66,799
(Common Equity) Tier 1 ratio	22.8%	23.7%	23.0%
Total capital ratio	23.2%	24.2%	23.3%

The Y/Y increase of (Common Equity) **Tier 1** capital due to inclusion of full 2019 and 2020 profit.

Total RWA increased Y/Y. Increase of credit risk is mainly driven by segment Corporates specialized lending.

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

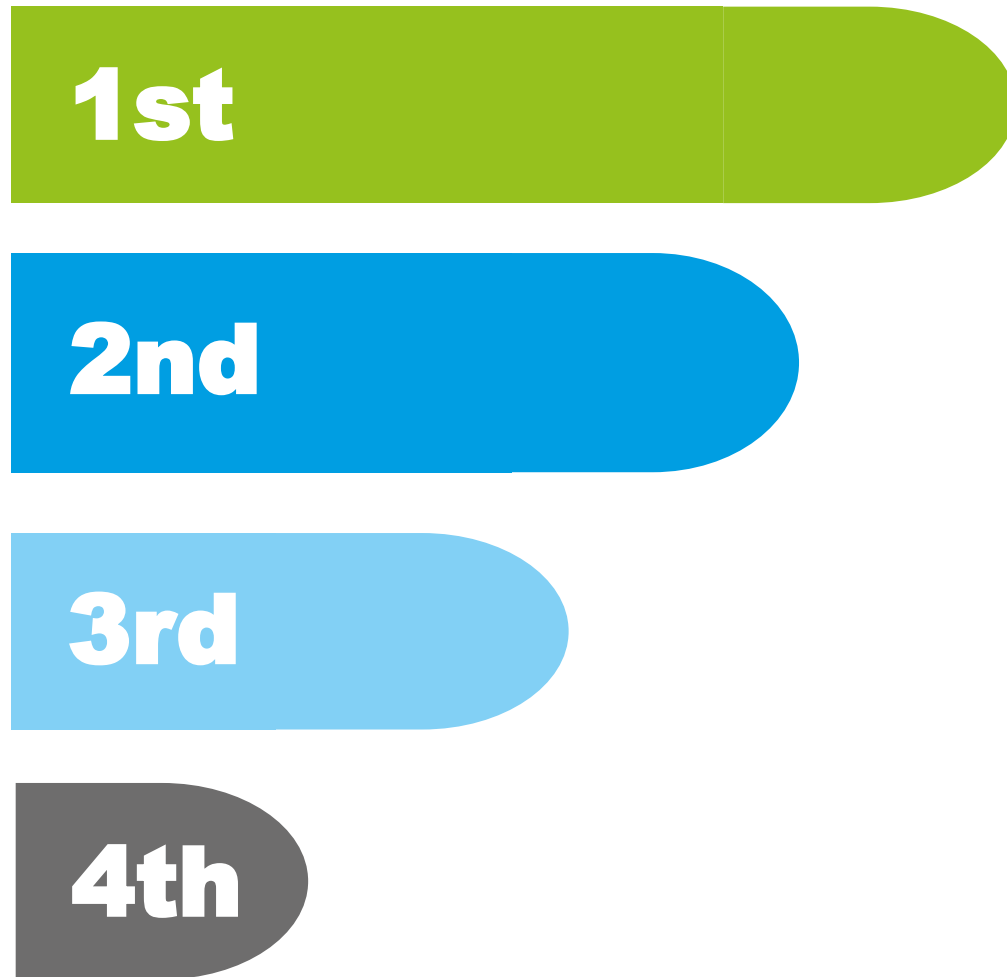
Tier 2 capital = subordinated debt weighted by regulatory coefficient + surplus in expected credit losses

Total regulatory capital = (Common Equity) Tier 1 + Tier 2

ČSOB group: Business Overview

ČSOB group market shares

Increasing market share in total deposits, consumer finance and non-life insurance



Mortgages¹	25.1%	↓
Building savings loans ¹	37.6%	↓
Building savings deposits ¹	39.5%	→
Total Loans¹	20.3%	↓
Total Deposits¹	20.5%	↑
Mutual funds ¹	23.2%	↓
Factoring ²	16.9%	↓
Leasing ^{1,6}	18.2%	↑
Pension funds ³	14.8%	↑
SME/corporate loans ¹	14.2%	↓
Consumer lending ^{1,4}	13.8%	↑
Insurance ⁵ - combined	8.4%	↑
Non-life insurance ⁵	8.9%	↑
Life insurance ⁵	7.5%	↓

Arrows show Y/Y change. Market shares as of 30 September 2021, except for mutual funds and pension funds which are as of 30 June 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 New business in the year to the given date; ³ Number of total clients at the given date; ⁴ Retail loans excluding mortgages and building savings loans. ⁵ New business in the year according to gross written premium. ⁶ According to ČLFA. Sources and detailed definitions are provided in Appendix.

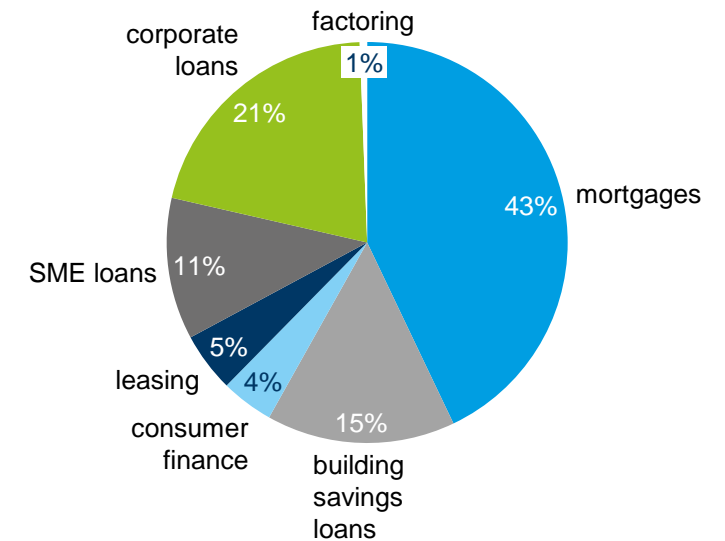
Loan portfolio

Loan growth driven by mortgages

Gross outstanding volumes, CZK bn	30.9.2020	30.9.2021	Y/Y
Loan portfolio	795.5	820.5	+3%
Retail Segment			
Mortgages ¹	330.5	352.1	+7%
Consumer finance	34.5	34.7	+1%
Building savings loans ²	122.4	124.9	+2%
SME/Corporate Segment			
Corporate loans ³	170.5	170.8	0%
SME loans	92.7	93.8	+1%
Leasing	40.6	39.3	-3%
Factoring	4.3	4.9	+15%
Other ⁴	44.7	45.6	+2%
Credit risk: loan portfolio	840.3	866.4	+3%

30.9.2021

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



¹ The ČSOB group mortgages are booked in the balance sheet of ČSOB's subsidiary Hypoteční banka.

² The ČSOB group building savings loans are in the balance sheet of ČSOBS building savings company.

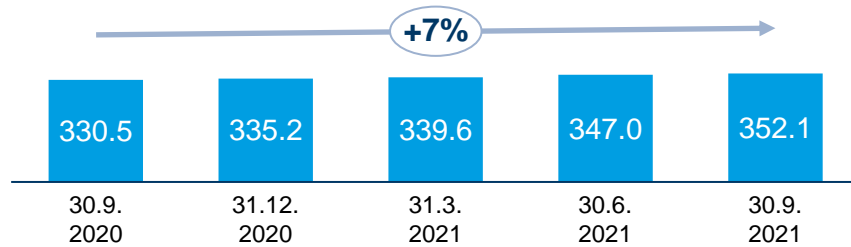
³ Including credit-replacing bonds.

⁴ Including off-balance sheet items and ALM/financial markets exposures.

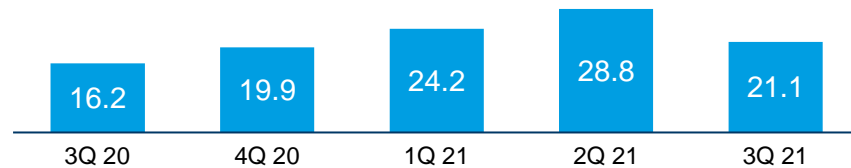
Housing loans

Growth of mortgages and building saving loans**Mortgages**

Outstanding, CZK bn



New sales*, CZK bn

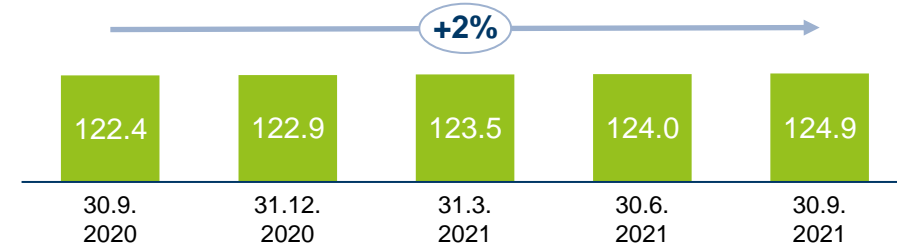


The **outstanding volume of mortgages** increased **+7% Y/Y** supported by strong new volume production.

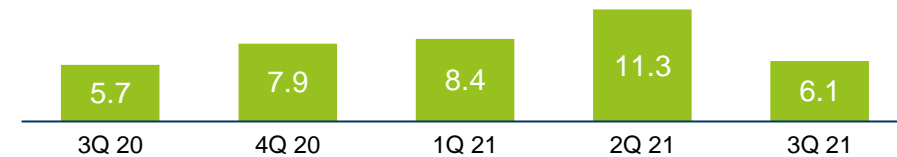
In 3Q 2021, ČSOB provided nearly **6.4 thousand new mortgages** (+14% Y/Y) in the total amount of **CZK 21.1bn** (+31% Y/Y). The market of new mortgages increased +40% Y/Y in the number and +62% Y/Y in the total amount of new mortgages.

Building saving loans

Outstanding, CZK bn



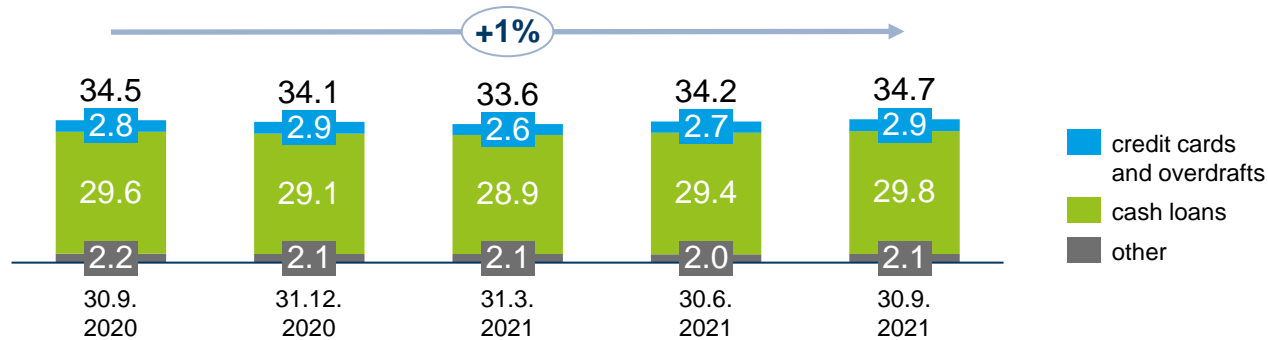
New sales*, CZK bn



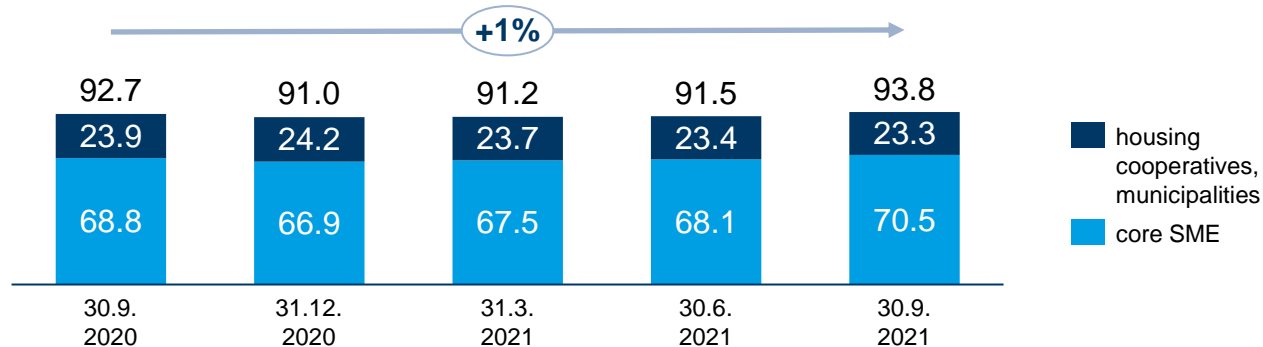
The outstanding **building savings loan portfolio** increased **+2% Y/Y**, while the market increased +7% Y/Y.

In 3Q 2021, **new sales** increased **+7% Y/Y** supported by strong loan demand despite rising interest rates.

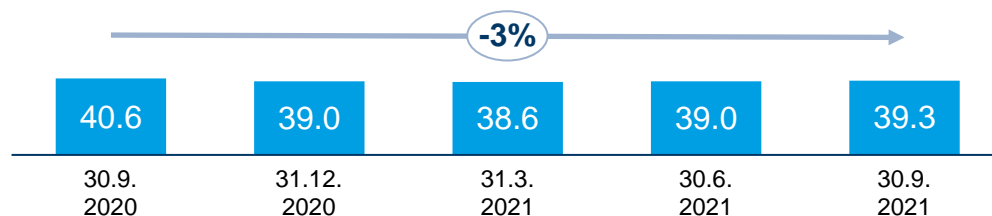
Consumer finance, SME loans, Leasing

Consumer finance and SME slightly increasing, decrease of leasing**Consumer finance**, outstanding, CZK bn

Consumer finance grew **+1% Y/Y** due to better market conditions after COVID-19 recovery.

SME loans, outstanding, CZK bn

SME loans increased **+1% Y/Y** thanks to increasing core SME lending (micro, small and mid-sized companies).

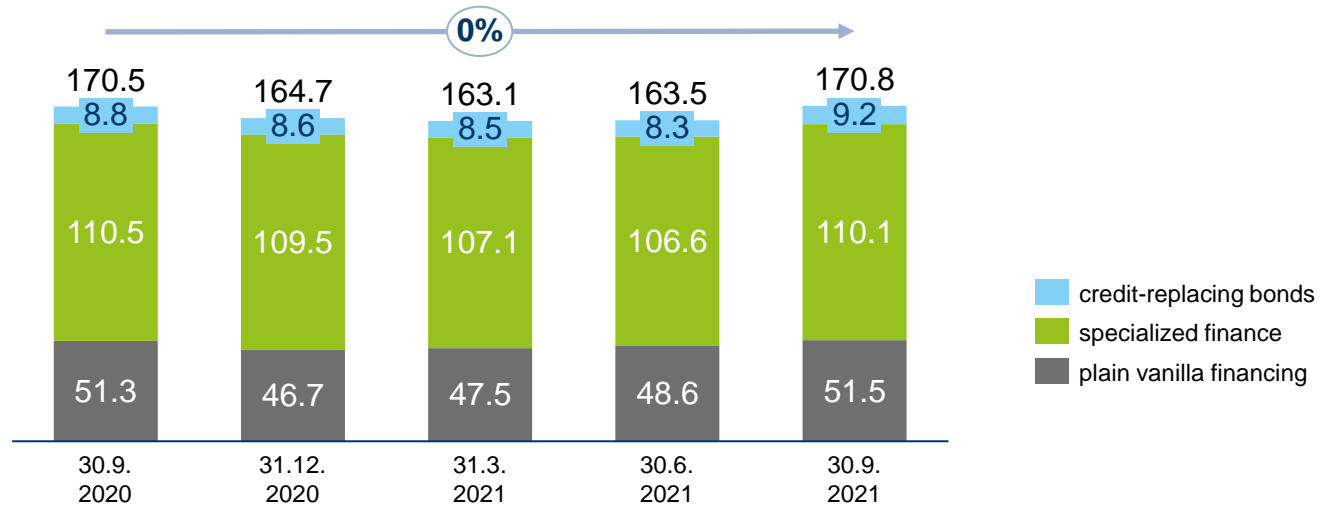
Leasing, outstanding*, CZK bn

Outstanding volumes in **ČSOB Leasing** decreased **-3% Y/Y** mainly due to lower investment appetite of corporate clients.

Corporate segment

Stable corporate loans and growth of factoring**Corporate loans**

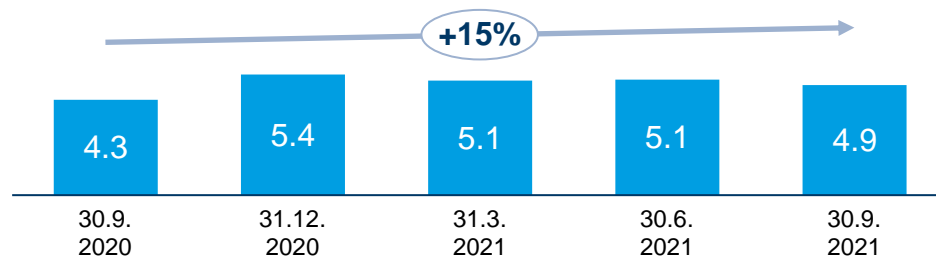
Outstanding, CZK bn



Outstanding volumes of **corporate loans** stayed flat Y/Y but increased Q/Q thanks to market recovery and growing investment demand of corporate customers.

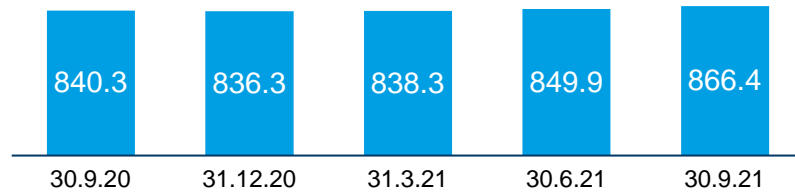
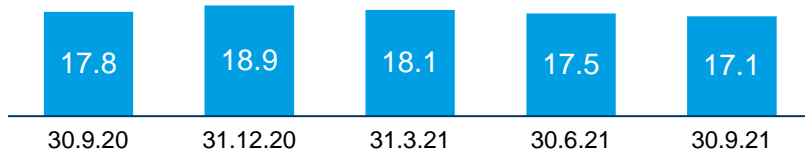
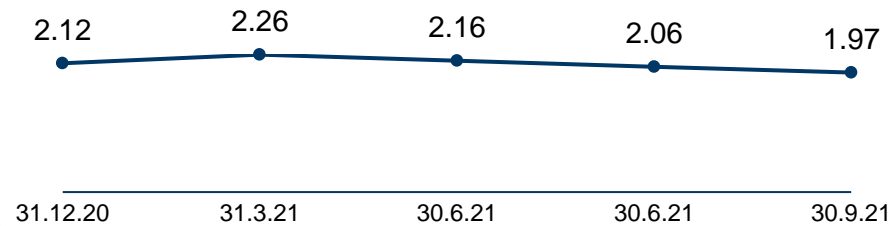
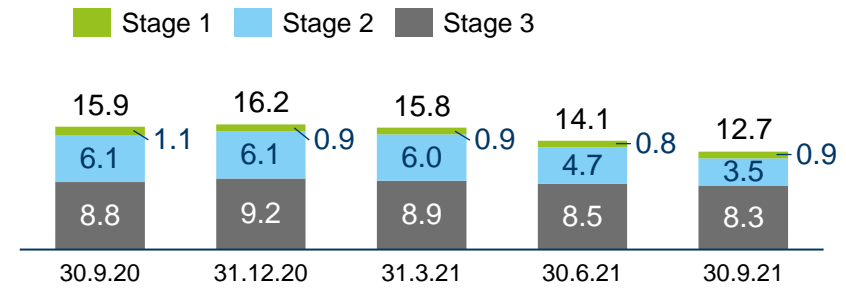
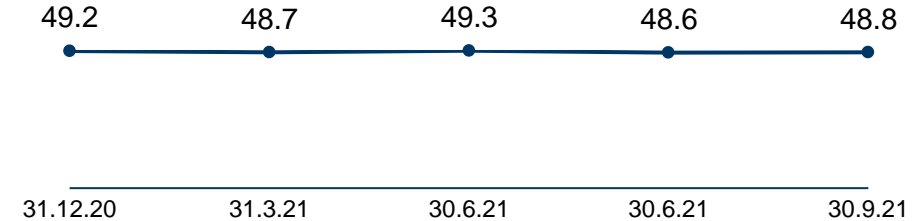
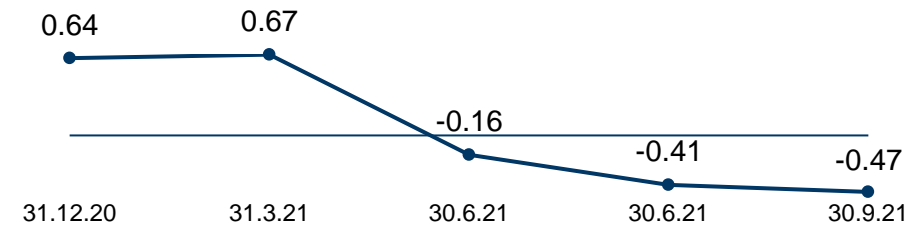
Factoring

Outstanding, CZK bn



Factoring outstanding volumes increased **+15%** Y/Y.

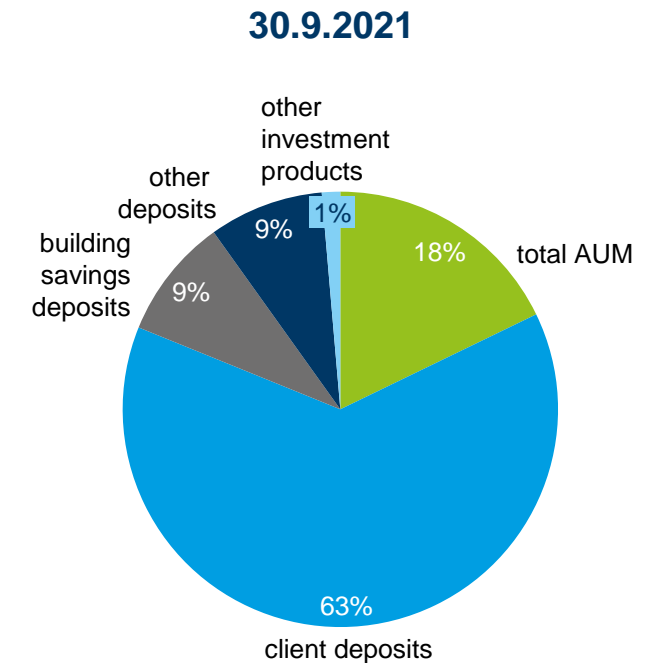
Credit risk

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

Strong growth of deposits and assets under management

Outstanding volumes, CZK bn	30.9.2020	30.9.2021	Y/Y
Group deposits	1,078.0	1,261.4	+17%
Total client deposits	1,041.1	1,128.5	+8%
ČSOB bank client deposits	903.2	988.3	+9%
<i>Current accounts</i>	637.2	717.7	+13%
<i>Savings deposits</i>	245.7	256.6	+4%
<i>Term deposits</i>	20.3	14.0	-31%
Building savings deposits	137.9	140.2	+2%
Other deposits ¹	37.0	132.9	>+100%
Total AUM ²	239.7	278.0	+16%
Pension funds ³	62.3	67.7	+9%
Mutual funds	127.5	157.3	+23%
Other AM ⁴	49.9	53.0	+6%
Other investment products ⁵	29.5	21.3	-28%



¹ Other deposits predominantly consist of repo operations with institutional clients. Unseasoned growth in 3Q 2021 related to CNB repo rate hikes.

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

³ Liabilities to pension fund policy holders.

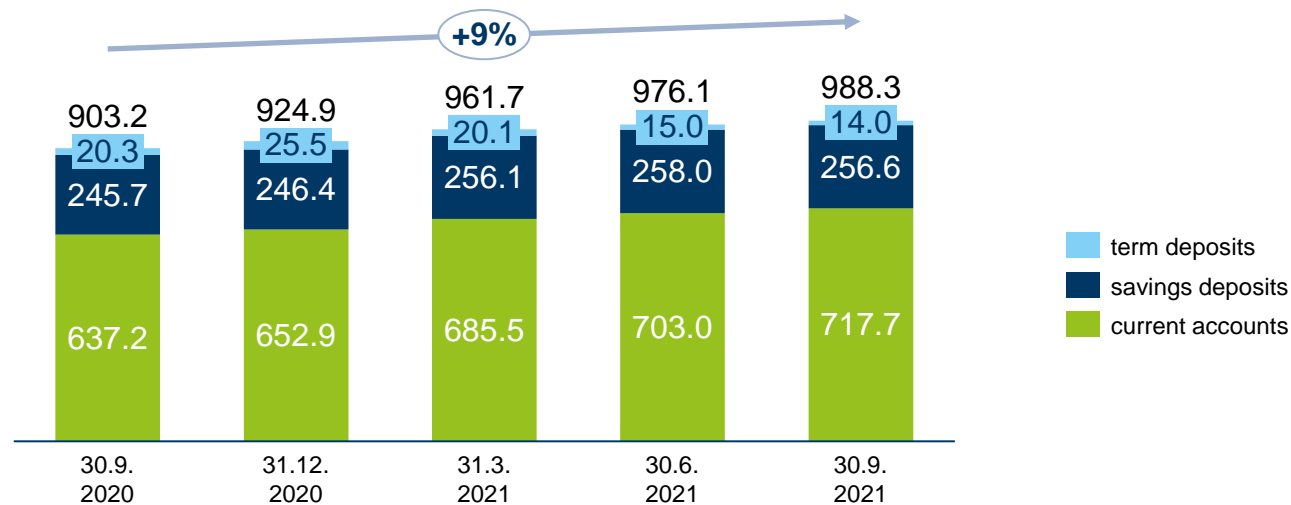
⁴ Other AM includes discretionary asset management, qualified investors funds and other group assets

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

Client deposits, building saving deposits and pension funds

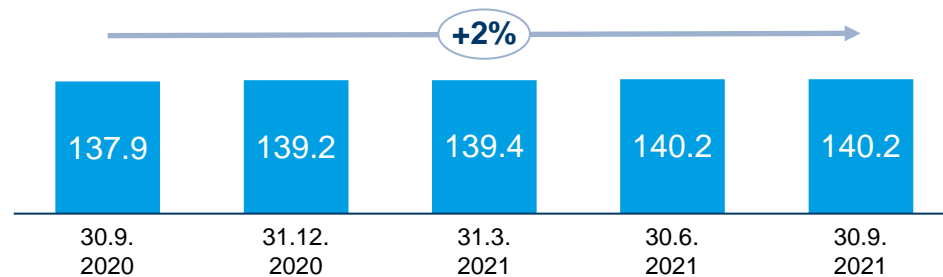
Significant growth of client deposits

ČSOB bank client deposits (CZK bn)



ČSOB bank client deposits increased **+9%** Y/Y driven by the growth of **current accounts** (+13% Y/Y) and **savings deposits** (+4% Y/Y) while **term deposits** decreased.

Building savings deposits (CZK bn)

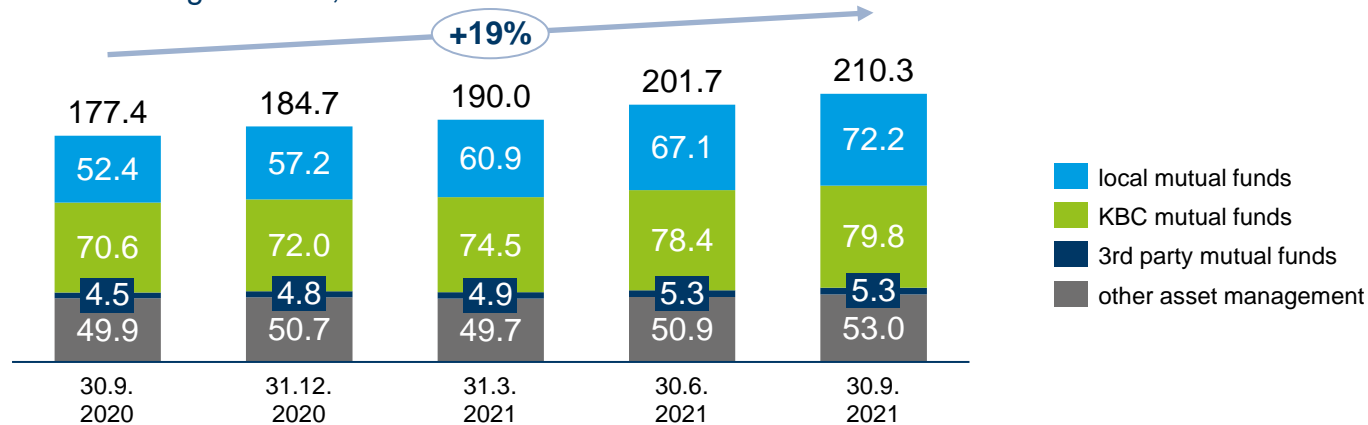


Building savings deposits increased **+2%** Y/Y.

Mutual funds and other asset management

Mutual funds and other AM up +19% Y/Y, growth of pension funds**Mutual funds and other AM**

Outstanding volumes, CZK bn

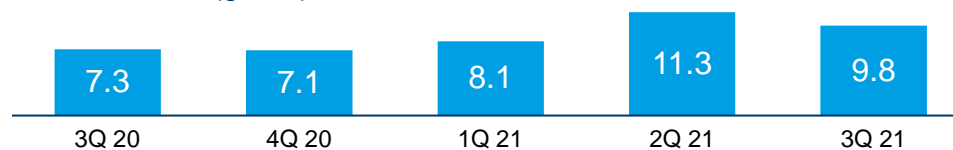


Mutual funds and other AM increased **+19% Y/Y** to **CZK 210.3bn**.

Mutual funds separately grew **+23% Y/Y**. The increase was influenced by strong net sales and positive performance effect.

Mutual funds

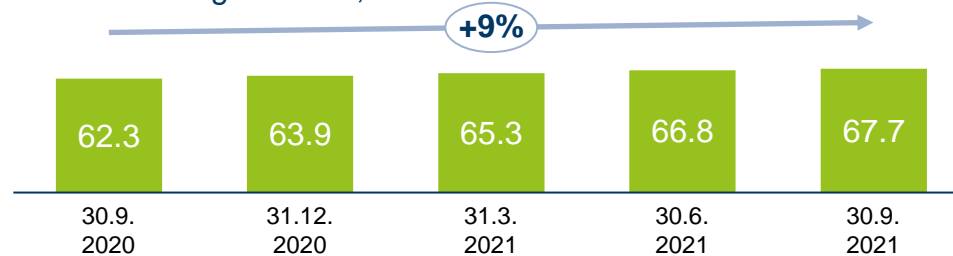
New sales (gross), CZK bn



3Q 2021 new sales of mutual funds increased **+36% Y/Y**.

Pension funds

Outstanding volumes, CZK bn



The volume of savings in **pension funds** increased **+9% 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

Growing active client base

	30.9.2020	30.6.2021	30.9.2021
Clients of ČSOB's group (mil.)	4.241	4.223	4.224
ČSOB branches (bank only)	222	213¹	212¹
ČSOB Retail/SME branches	200	191	190
ČSOB Private Banking branches	11	11	11
ČSOB Corporate branches	11	11	11
ČSOB Pojišťovna branches	97	98	96
Hypoteční banka centers¹	29	0	0
ČSOBS advisory centers	272	248	245
Leasing branches	7	6	6
PSB outlets of the Czech Post network	ca. 2,500	ca. 2,500	ca. 2,500
- of which specialized banking counters	229	233	233
Czech Post franchise outlets	ca. 700	ca. 700	ca. 700
ATMs²	1,041	1,011	1,011
- of which contactless	562	679	710
- of which deposit	262	274	275

Figure as of September 2021 reflects the **integration of Hypoteční banka centers**, as well as ongoing optimization of the branch network and strengthening of the self-service platforms.

The **number of clients** decreased -17ths Y/Y, but the **number of active clients** increased +90ths Y/Y.

At the end of September 2021, clients could use **1,011 ATMs** (-30 Y/Y, decrease mainly in 3rd party network), of which 710 were contactless (+148 Y/Y), 275 enabled cash deposits (+13 Y/Y) and **991** were customized for visually impaired clients.

Extended portfolio of bank-insurance services at Czech Post is provided at **233 specialized banking counters** (+4 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.

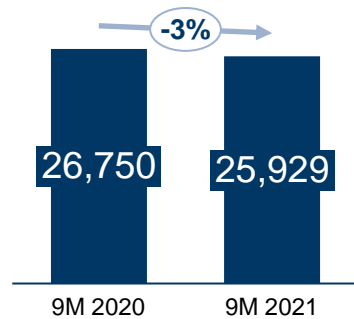
¹ As of 1 April 2021 Hypoteční banka centers were integrated into Retail branch network.

² Including ATMs of cooperating banks.

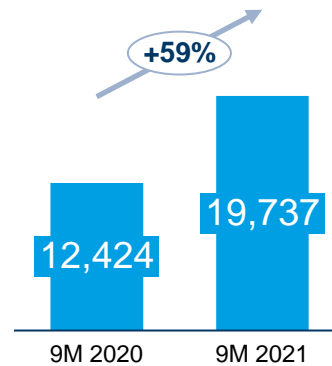
ČSOB group's distribution platform

Number of mobile banking active users and transactions rapidly increasing

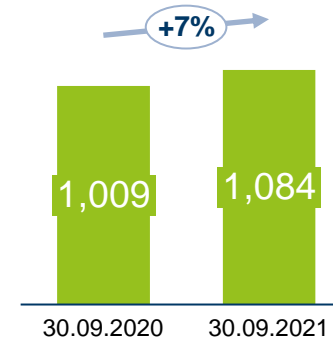
Internet banking transactions¹
(ths)



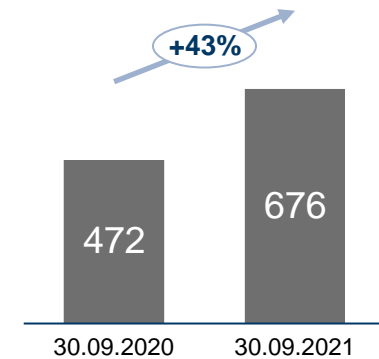
Mobile banking transactions¹
(ths)



Internet banking active users²
(ths)



Mobile banking active users³
(ths)



In 9M 2021, number of transactions entered via **mobile banking** increased +59% Y/Y and number of transactions via **internet banking** decreased -3% Y/Y.

As of 30 September 2021, the number of **mobile banking** active users increased +43 Y/Y, the number of **internet banking** active users increased +7% Y/Y.

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

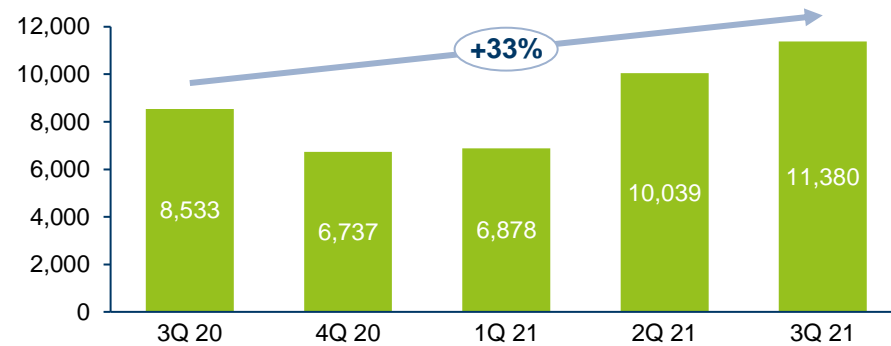
² Internet banking active users are clients who at least once during the last 3 months used internet banking.

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

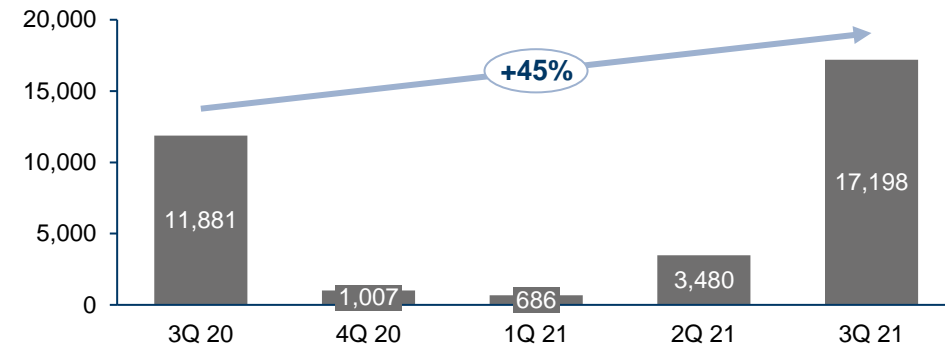
ČSOB group's distribution platform

Online initiated sales rising

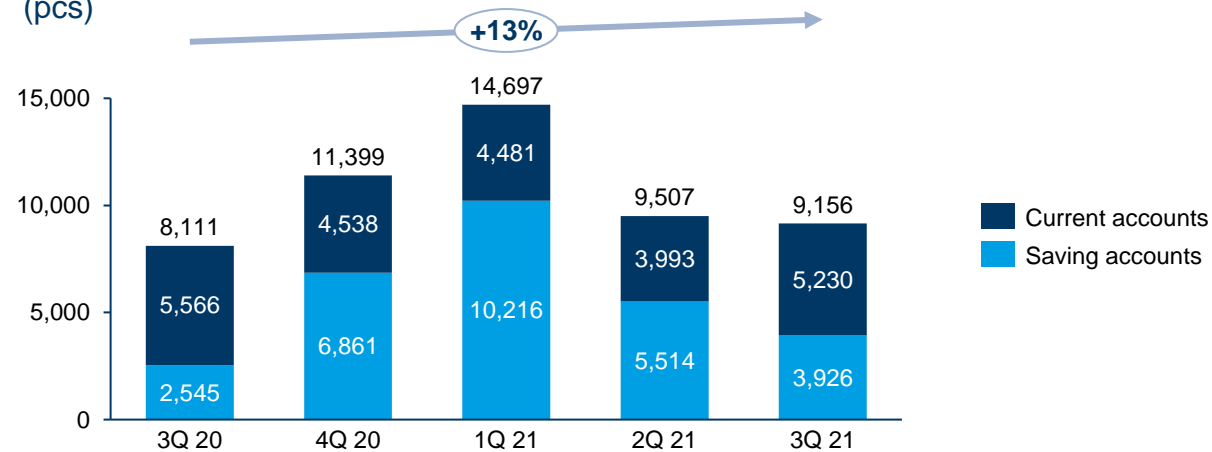
Consumer finance (pcs)



Travel insurance (pcs)



Current and saving accounts (pcs)



In 3Q 2021 more than 11 thousand **consumer loans** were initiated online, up **+33% Y/Y**.

Online sales of **travel insurance** grew **+45% Y/Y** thanks to the rebound in international travel in 3Q 2021.

Number of online initiated **current and saving accounts** increased **+13% Y/Y**.

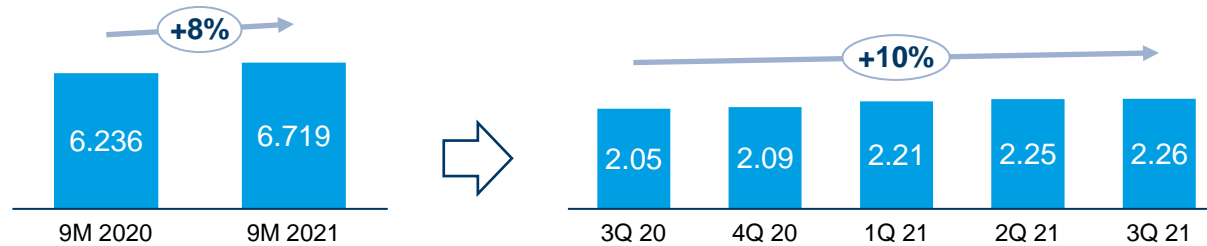
ČSOB Pojišťovna: Key Figures

Insurance

Growth in non-life gross written premium

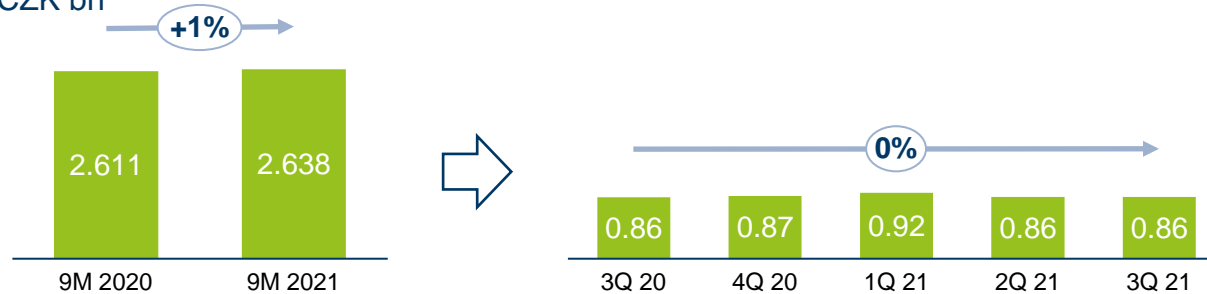
Non-life insurance - gross written premium (GWP)

CZK bn



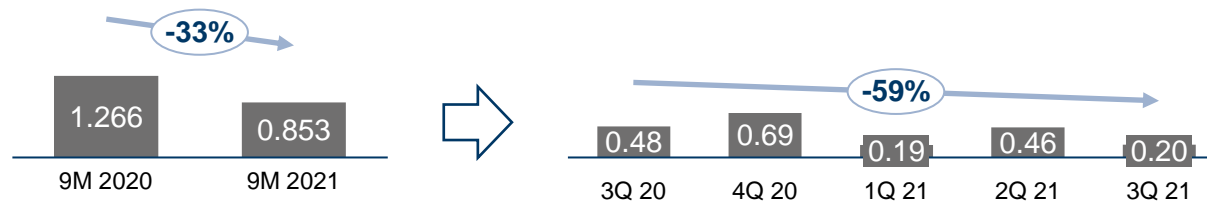
Life insurance – regular paid gross written premium

CZK bn



Life insurance – single paid gross written premium

CZK bn



Market shares	9M 2021	Market position
Non-life insurance	↑ 8.9%	4 th
Life insurance	↓ 7.5%	4 th

Arrows show Y/Y change.

Non-life insurance

9M/3Q 2021 non-life gross written premium increased **+8% Y/Y** and **+10% Y/Y** respectively thanks to industrial risk, house & households and motor insurance products.

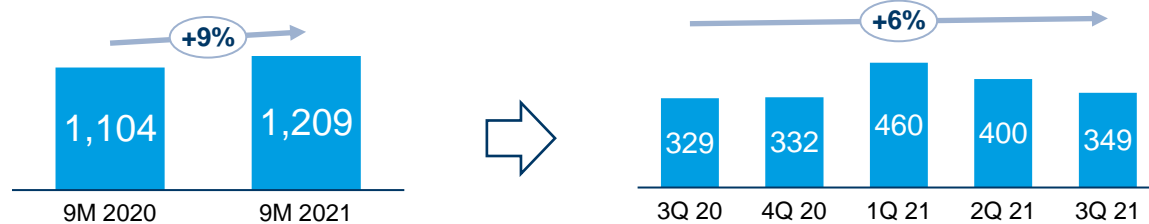
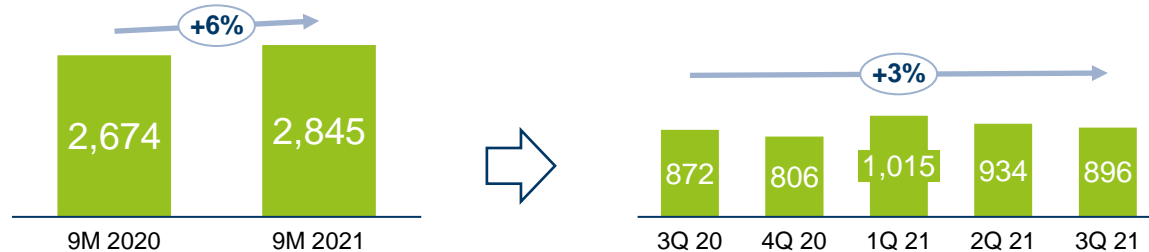
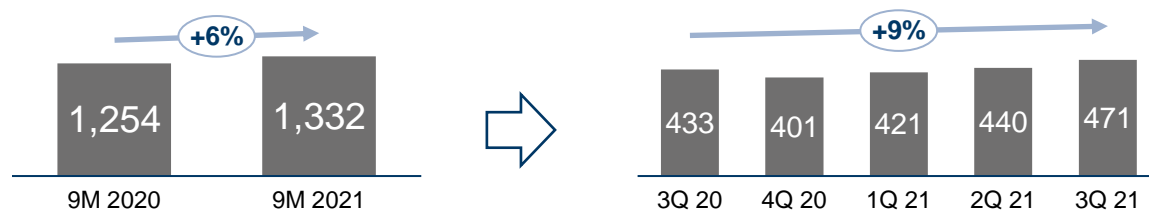
Life insurance

9M 2021 **regular paid** gross written premium increased **+1% Y/Y** due to better lapses profile. 3Q 2021 **regular paid** gross written premium stayed flat.

9M/3Q 2021 **single paid** gross written premium decreased **-33% Y/Y** and **-59% Y/Y** respectively.

Insurance

Higher net profit thanks to higher operating income

Net profit
CZK mOperating income
CZK mOperating expenses
CZK m

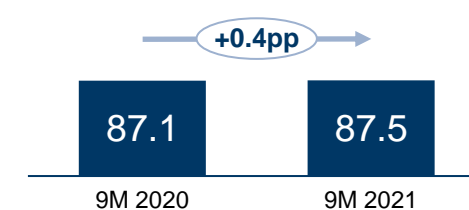
9M/3Q 2021 **net profit** increased to **CZK 1,209m** (+9% Y/Y) **CZK 349m** (+6% Y/Y) respectively thanks to both non-life and life.

9M/3Q 2021 **operating income** grew to **CZK 2,845m** (+6% Y/Y) and **CZK 896m** (+3% Y/Y) respectively due to stable life profit contribution supported by non-life, influenced positively by COVID-19 lockdown, partially offset by summer storms and tornado.

9M/3Q 2021 **operating expenses** increased to **CZK 1,332m** (+6% Y/Y) and **CZK 471m** (+9% Y/Y) respectively driven by higher FTEs to support insurance growth, and higher depreciation.

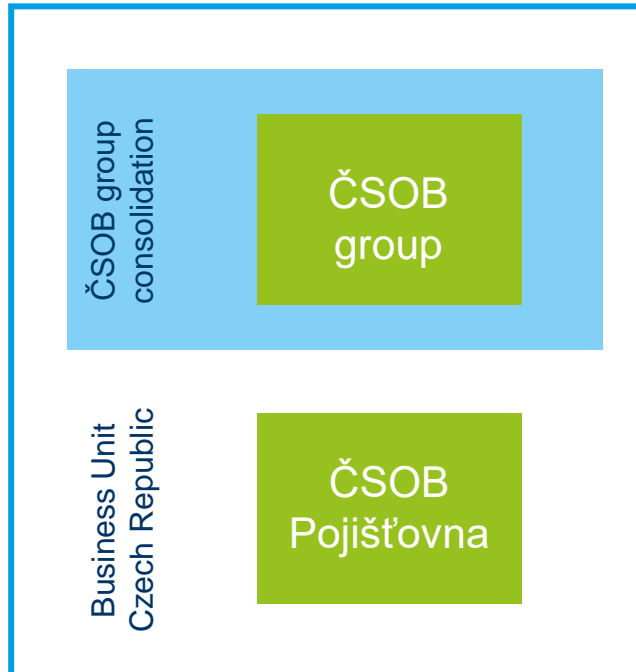
Non-life combined ratio reached **87.5%**.

Non-life combined ratio (%)



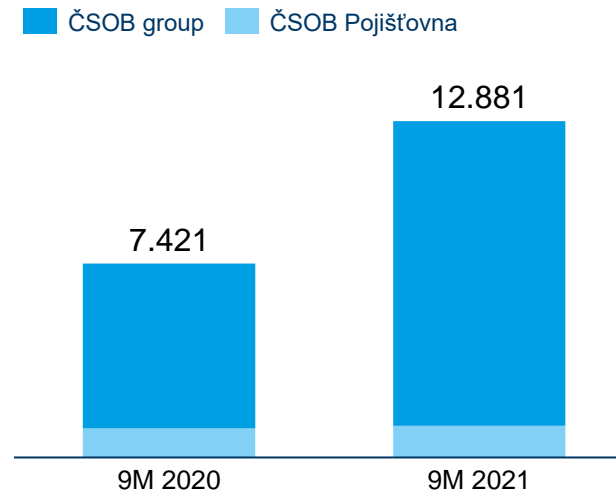
Business Unit Czech Republic

Business Unit Czech Republic 9M 2021 net profit



Net profit of the Business Unit Czech Republic

CZK bn



The 9M 2021 net profit of the Business Unit Czech Republic reached **CZK 12.9bn** (+74% Y/Y).

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

Net profit (CZK bn)	3Q 2020	4Q 2020	1Q 2021	2Q 2021	3Q 2021	3Q/3Q	9M 2020	9M 2021	9M/9M
BU Czech Republic	3.066	2.500	3.214	4.318	5.349	+74%	7.421	12.881	+74%
o/w ČSOB Pojišťovna	0.329	0.332	0.460	0.400	0.349	+6%	1.104	1.209	+9%

Appendix

Ratios and other indicators

Ratio / Indicator	31.12.2018	31.12.2019	31.12.2020	30.9.2020	30.9.2021
Net interest margin (Ytd., annualized, %)	3.07	3.02	2.31	2.43	2.01
Cost / income ratio (%)	47.9	44.9	54.6	52.8	57.8
Cost / income ratio excl. bank. taxes (%)	45.8	42.7	51.5	48.8	52.6
RoE (Ytd., %)	17.5	20.7	8.2	8.2	13.9
RoA (Ytd., %)	1.07	1.20	0.49	0.48	0.84
RoAC, BU Czech Republic (Ytd., %) ¹	39.1	46.7	21.7	21.7	37.6
Credit cost ratio (Ytd., annualized, %) ²	0.03	0.04	0.67	0.64	-0.47
NPL ratio (%) ²	2.73 (2.43)	2.24 n/a	2.26 n/a	2.12 n/a	1.97 n/a
NPL coverage ratio (%) ²	45.7 (46.9)	47.3 n/a	48.7 n/a	49.2 n/a	48.8 n/a
(Common Equity) Tier 1 ratio (%)	18.0	19.2	23.7	22.8	23.0
Total capital ratio (%)	18.0	19.2	24.2	23.2	23.3
Leverage ratio (Basel III, %)	4.26	4.04	5.02	4.87	4.73
Net stable funding ratio (Basel III, %) ³	161.4	161.5	170.6	169.9	177.2
Liquidity coverage ratio (Basel III, %)	136.5	130.9	137.5	137.1	145.6
Loan to deposit ratio (%)	76.3	79.4	71.6	72.9	69.9

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)	3Q 2020	2Q 2021	3Q 2021	Y/Y	Q/Q	9M 2020	9M 2021	Y/Y
Net interest income	5,654	5,516	6,080	+8%	+10%	20,737	17,063	-18%
<i>Interest income</i>	6,828	8,092	8,912	+31%	+10%	27,881	24,866	-11%
<i>Interest expense</i>	-1,174	-2,576	-2,832	>+100%	+10%	-7,144	-7,803	+9%
Net fee and commission income	1,909	1,959	1,987	+4%	+1%	5,777	5,817	+1%
Net gains from financial instruments at FVPL ¹	530	77	629	+19%	>+100%	-518	1,449	-/+
Other operating income ²	341	434	378	+11%	-13%	1,103	1,187	+8%
Operating income	8,434	7,986	9,074	+8%	+14%	27,099	25,516	-6%
Staff expenses	-2,259	-2,349	-2,255	0%	-4%	-6,708	-6,819	+2%
General administrative expenses	-1,712	-1,753	-1,595	-7%	-9%	-5,863	-6,210	+6%
<i>General administrative expenses (excl. banking taxes)</i>	-1,704	-1,750	-1,582	-7%	-10%	-4,782	-4,886	+2%
<i>Banking taxes</i>	-8	-3	-13	+63%	>-100%	-1,081	-1,324	+22%
Depreciation and amortisation	-602	-579	-584	-3%	+1%	-1,744	-1,716	-2%
Operating expenses	-4,573	-4,681	-4,434	-3%	-5%	-14,315	-14,745	+3%
Impairment losses	-455	1,297	1,277	-/+	-2%	-5,296	2,903	-/+
<i>Impairment on financial assets at amortised cost</i>	-401	1,378	1,277	-/+	-7%	-5,092	2,986	-/+
<i>Impairment on financial assets at fair value through OCI</i>	0	0	0	n/a	n/a	0	0	n/a
<i>Impairment on other assets</i>	-55	-81	0	-100%	-100%	-204	-83	-59%
Share of profit of associates	-10	-12	-12	+20%	+0%	-27	-36	+33%
Profit before tax	3,396	4,590	5,905	+74%	+29%	7,461	13,638	+83%
Income tax expense	-554	-684	-945	+71%	+38%	-1,142	-2,033	+78%
Profit for the period	2,842	3,906	4,960	+75%	+27%	6,319	11,605	+84%
Attributable to:	0	0	0					n/a
Owners of the parent	2,842	3,906	4,960	+75%	+27%	6,319	11,605	+84%
Non-controlling interests	0	0	0	n/a	n/a	0	0	n/a

¹ FVPL = fair value through profit and loss.

² Other operating income = Net realised gains from financial instruments at fair value through other comprehensive income (OCI), dividend income, income and expense from operating lease, other net income.

Balance sheet - assets

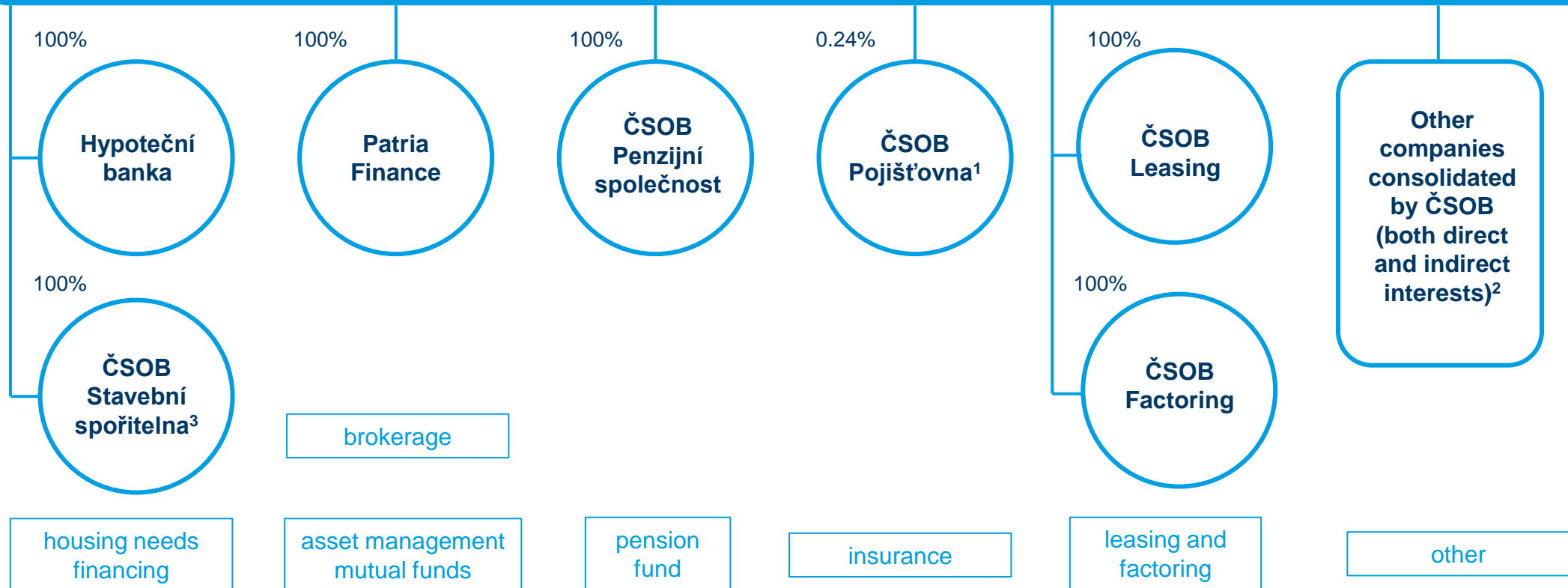
(CZK m)	30/9 2020	31/12 2020	30/9 2021	Ytd.
Cash and balances with central banks and other demand deposits	32,640	29,595	81,408	>+100%
Financial assets held for trading	60,766	36,131	58,720	+63%
Financial assets held for trading pledged as collateral	0	0	0	n/a
Financial assets designated at fair value through P/L	0	0	0	n/a
Non-trading financial assets mandatorily at fair value through profit or loss	1,494	1,792	1,015	-43%
Financial assets at fair value through other comprehensive income (OCI)	24,493	16,016	13,507	-16%
Financial assets at fair value through OCI pledged as collateral	8,328	6,328	6,148	-3%
Financial assets at amortised cost - net	1,548,365	1,579,942	1,665,789	+5%
<i>Financial assets at amortised cost to credit institutions - gross</i>	628,018	645,750	694,450	+8%
<i>Financial assets at amortised cost to other than credit institutions - gross</i>	935,955	949,972	983,713	+4%
<i>Financial assets at amortised cost - provisions</i>	-15,608	-15,780	-12,374	-22%
Financial assets at amortised cost pledged as collateral	43,214	40,588	55,082	+36%
Fair value adjustments of the hedged items in portfolio hedge	10,343	5,413	-8,102	+/-
Derivatives used for hedging	12,114	9,969	16,720	+68%
Current tax assets	722	239	1,168	>+100%
Deferred tax assets	1,322	1,612	1,205	-25%
Investments in associates and joint ventures	111	139	115	-17%
Property and equipment	13,470	14,690	13,440	-9%
Goodwill and other intangible assets	10,792	10,767	11,123	+3%
Non-current assets held-for-sale	17	15	20	+33%
Other assets	3,030	2,862	3,264	+14%
Total assets	1,771,221	1,756,440	1,920,622	+9%

Balance sheet – liabilities and equity

(CZK m)	30/9 2020	31/12 2020	30/9 2021	Ytd.
Financial liabilities held for trading	69,036	39,692	62,528	+58%
Financial liabilities at fair value through P/L	27,257	25,575	23,431	-8%
Financial liabilities at amortised cost	1,535,186	1,557,853	1,703,265	+9%
<i>of which Deposits received from central banks</i>	0	0	0	n/a
<i>of which Deposits received from credit institutions</i>	98,200	57,422	107,954	+88%
<i>of which Deposits received from other than credit institut.</i>	1,078,051	1,072,770	1,261,416	+18%
<i>of which Debt securities in issue</i>	356,416	425,293	331,561	-22%
<i>of which Subordinated liabilities</i>	0	0	0	n/a
<i>of which Lease liabilities</i>	2,519	2,368	2,334	-1%
Fair value adjustments of the hedged items in portfolio hedge	7,389	2,759	-11,765	+/-
Derivatives used for hedging	19,847	14,885	17,165	+15%
Current tax liabilities	55	53	40	-25%
Deferred tax liabilities	1,001	962	886	-8%
Provisions	552	837	498	-41%
Other liabilities	5,724	6,832	6,776	-1%
Total liabilities	1,666,047	1,649,448	1,802,824	+9%
Share capital	5,855	5,855	5,855	0%
Share premium	20,929	20,929	20,929	0%
Statutory reserve	18,687	18,687	18,687	0%
Retained earnings	58,958	61,126	72,727	+19%
Financial assets at fair value through OCI - revaluation reserve	380	369	329	-11%
Cash flow hedge reserve	365	26	-716	+/-
Parent shareholders' equity	105,174	106,992	117,798	+10%
Minority interest	0	0	0	n/a
Total equity	105,174	106,992	117 798	+10%
Total liabilities and equity	1,771,221	1,756,440	1,920,622	+9%

The ČSOB group in the Czech Republic

Československá obchodní banka, a. s. banking services



Percentages show ČSOB's ownership interests on company's equity as of 30 September 2021.

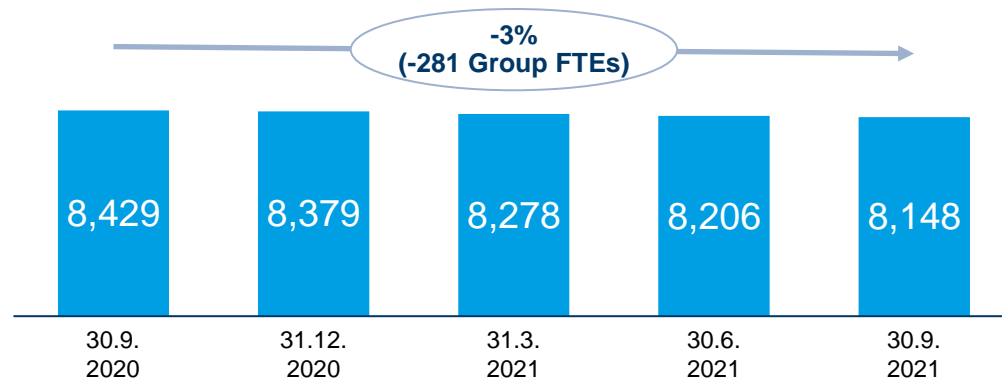
¹ 99.76% of shares owned by KBC Insurance; by the equity method consolidation.

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

³ With effect from 12 March 2021 Českomoravská Stavební spořitelna, a.s. (ČMSS) changed its name to ČSOB Stavební spořitelna, a.s. (ČSOBS).

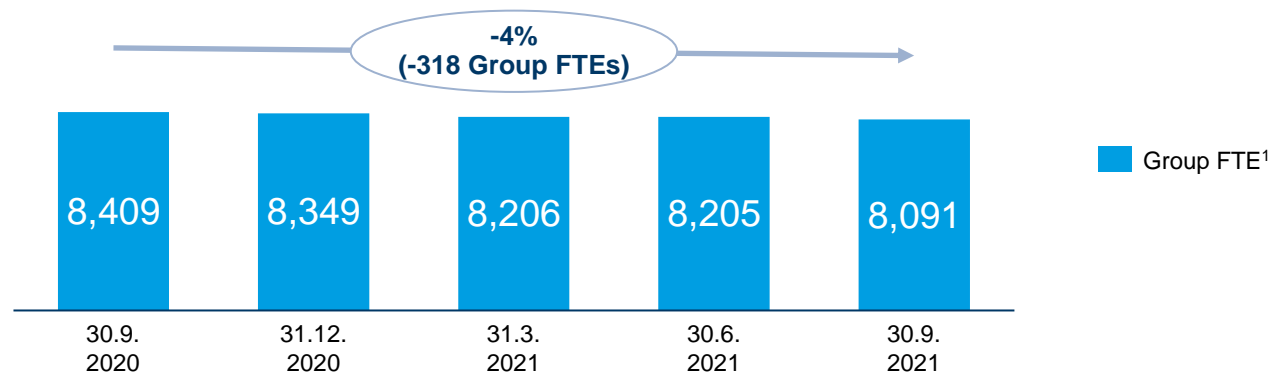
Employees

Number of FTEs – average



The average number of Group FTEs decreased **-281 Y/Y** driven by retail integration, digitalization and robotization.

Number of FTEs – end of the period



The number of Group FTEs at the end of the period decreased **-318 Y/Y**.

Explanatory notes to financial statements

1. Explanatory note on recognition of market value adjustments

Market value adjustments are recognized on all positions that are measured at fair value. They relate to close-out costs, adjustments for less-liquid positions or markets, mark-to-model-related valuation adjustments, counterparty risk and funding costs.

Credit value adjustments (CVAs) are used when measuring derivatives to ensure that their market value is adjusted to reflect the credit risk of the counterparty. A debt value adjustment (DVA) is made for contracts where the counterparty is exposed to CSOB. A funding value adjustment (FVA) is a correction made to the fair value of uncollateralized derivatives in order to ensure that the (future) funding costs or income attached to entering into and hedging such instruments are factored in when measuring their value.

2. Management overlay in accordance with IFRS 9

The loan loss provisions in FY 2020 include additional impairment as a management overlay to address the economic impacts from the COVID-19 pandemic via an expert based calculation in accordance with IFRS 9. The management overlay was fully assigned to stage 2. Management overlay was excluded from annualization of CCR in 1H and 9M 2020 in order to avoid an overestimation of CCR.

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 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	IAS 39: Loans and receivables to other than credit institutions (net) / Deposits received from other than credit institutions at amortised cost minus repo operations with non-banking financial institutions 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.
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.
Paper consumption	The total amount of paper purchased (in tons), consumption covers all legal entities in ČSOB Group. All types of paper considered: A4 for copy, envelopes, paper with logo, forms, writing pads, continuous paper, paper on a roll, paper used for prints by external firms.
Electricity consumption	The total amount of electricity consumed (in GJ) within our own facilities produced inhouse or by external supplier.
Waste production	The total amount of waste production (in tons) covering all legal entities in ČSOB Group.
Green finance	Loan portfolio of specific products for eco-friendly financing (green mortgage, green car loan, corporate green lending for renewables).
Social finance	Loan portfolio in Healthcare and Education sectors, sorted by NACE codes of the borrower.
Socially responsible investments	Socially responsible investment funds (SRI 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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