

9M/3Q 2022 Results **ČSOB group**

Business Unit Czech Republic

EU IFRS unaudited consolidated
9 November 2022



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ČSOB group: Key Figures

9M/3Q 2022 at a glance

One million ČSOB customers actively use Smart mobile application

The ČSOB Smart mobile application reached the milestone of one million active clients. Mobile banking users outnumbered internet banking clients for the first time.

In 9M 2022, the number of **mobile banking active users** rose +54% Y/Y and the number of **transactions entered via mobile banking** grew +46% Y/Y. The number of **online initiated sales of current and saving accounts** increased nearly 4 times.

ČSOB manages two largest mutual funds in the Czech Republic

The volume of assets in the ČSOB Premiéra mutual fund exceeded the threshold of **CZK 30 billion**. ČSOB Premiéra became the second largest mutual fund on the Czech market after ČSOB Bohatství which is the market leader in assets under management.

ČSOB Premiéra invests in high-quality and safe instruments, mainly money market instruments and bonds. The fund is primarily intended for very cautious investors, and this makes it a suitable choice for new and beginning investors.

Virtual assistant Kate

Our personalized virtual assistant can already handle **144 situations**. The most popular cases include **Smart Key activation** and the change of payment limit on the credit card. Kate is available for clients in our mobile banking **ČSOB Smart, DoKapsy** application and **CEB Mobile** for entrepreneurs, SME and Corporate clients. In 3Q, **380ths unique users** initiated Kate.



ČSOB helps the regions

The **ČSOB helps regions** program celebrated its tenth year of existence and increased the number of supported projects. The summer round of the program distributed **almost CZK 5 million** among 75 projects in 15 regions.

ČSOB Asset Management became number one on the Czech market

As of the end of June, ČSOB Asset Management became the **largest asset manager** in the Czech Republic as the volume of assets under management reached **CZK 339.5bn** based on data from the Association for the Capital Market (AKAT). ČSOB Asset Management is one of the leading companies on the market providing clients with services in the field of collective investment.

ČSOB continues to save energy in its buildings

Our headquarters meet the **highest ecological standards** and we continue reducing the energy demand of our buildings. The ČSOB group only purchases **electricity from renewable sources**. LED lighting with presence sensors has been installed within the buildings for the past ten years and resulted in saving of 50% of the electricity consumption for lighting. Based on the recommendations of the authorities, the ČSOB Group undertook to reduce gas consumption by 15% and will focus more on the use of air conditioning systems for cooling and heating. During the heating season, the internal temperature in the buildings will decrease.



Higher net profit thanks to higher income. Robust capital and liquidity

ČSOB group key indicators		2019	2020	2021	9M 2021	9M 2022
Profitability	Net profit (CZK bn)	19.7	8.5	16.2	11.6	14.3
	Return on equity	20.7%	8.2%	14.3%	13.9%	17.6%
Liquidity	Loan to deposit ratio	79.4%	71.6%	71.1%	69.9%	71.7%
	Net stable funding ratio	161.5%	169.9%	171.3%	177.2%	175.9%
Capital	CET1 ratio	19.2%	23.7%	22.4%	23.0%	19.6%
Impairments	Credit cost ratio	0.04%	0.67%	-0.42%	-0.47%	0.08%
Cost efficiency	Cost / income ratio	44.9%	54.6%	55.5%	57.8%	48.0%
	Cost / income ratio (excl. banking taxes)	42.7%	51.5%	51.8%	52.6%	43.6%

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

Net profit

9M 2022 ČSOB's **net profit** increased to **CZK 14.3bn** (+23% Y/Y) and 3Q 2022 **net profit** declined to **CZK 4.2bn** (-14% Y/Y).

Business indicators

Loan portfolio reached **CZK 881bn** (+7% Y/Y). **Total client deposits** rose to **1,192bn** (+6% Y/Y) and **total deposits** grew to **CZK 1,341bn** (+6% Y/Y). **Assets under management** grew to **CZK 296bn** (+6% Y/Y). Number of **active clients** increased **+97ths** Y/Y. Number of **mobile banking active users** increased **+54%** Y/Y.

Operating income

Operating income increased to **CZK 34.0bn** in 9M 2022 (+33% Y/Y). The increase resulted from higher net interest income driven by NII from deposits, higher other income and higher net fee and commission income.

Liquidity & Capital

ČSOB maintains strong capital position and excellent liquidity ratios. **CET1 ratio** reached **19.6%**. **Loan to deposit ratio** increased Y/Y to **71.7%**. The **short-term liquidity ratio LCR** increased to **149.4%** and the **long-term liquidity ratio NSFR** was **175.9%**.

Operating expenses

Operating expenses excl. banking taxes grew to **CZK 14.8bn** in 9M 2022 (+10% Y/Y). Staff expenses increased +10% Y/Y mainly due to employee bonuses. General administrative expenses excluding banking taxes grew +11% Y/Y driven by marketing costs. Average number of **FTEs** decreased **-110** Y/Y.

Sustainability

Financing of **low energy housing** increased +29% Q/Q and **eco-friendly vehicles** +19% Q/Q. The volume of **RI funds** increased +3% Q/Q.

Impairments

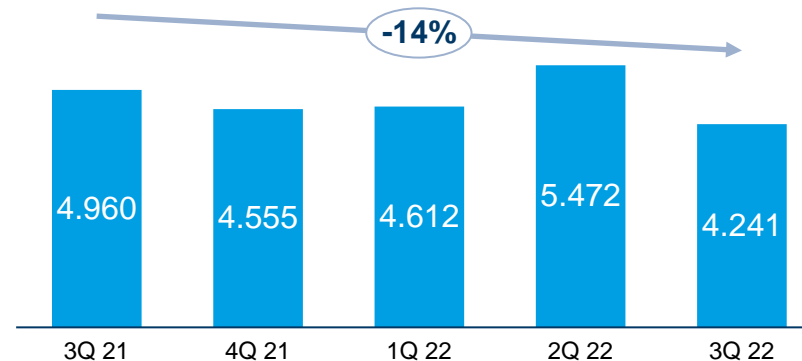
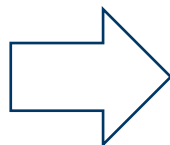
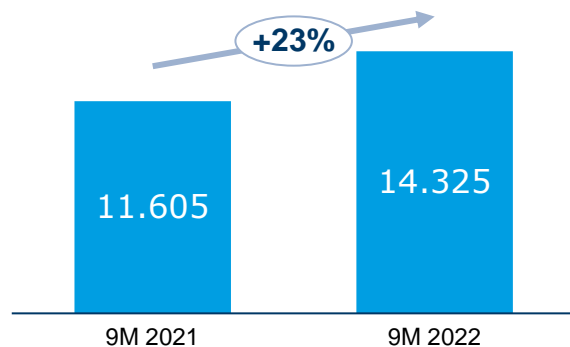
Credit cost ratio in 9M 2022 reached **8bps** (+55 bps Y/Y). Total impairments amounted to **CZK +781m** (net creation). **NPL ratio** declined to **1.64%**.

Awards

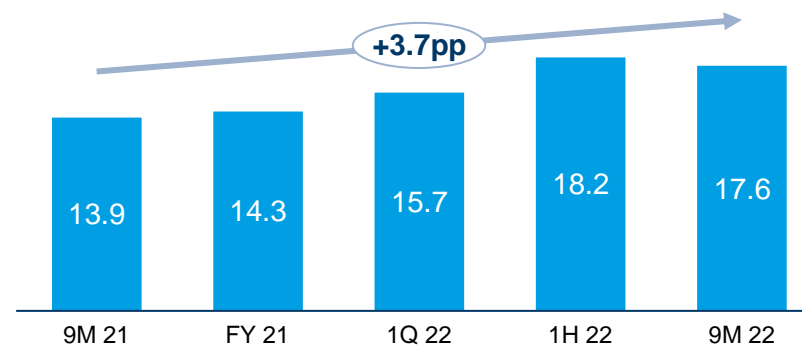
ČSOB Pojišťovna was awarded as the **Best Non-life Insurance Company** and the **Most Client-Friendly non-life insurance company** in **Hospodářské noviny awards**. ČSOB Bank ranked 2nd in the Best bank and the Most Client-Friendly Bank categories. The Banker magazine awarded ČSOB Private Banking the **Best Private Bank** in the Czech Republic for 2022.

Higher net profit thanks to higher income

Net profit
CZK bn



Return on equity (ROE)
%



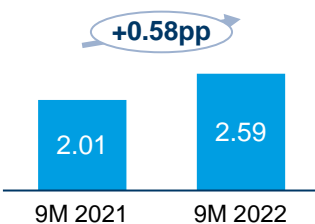
9M 2022 net profit increased to **CZK 14.3bn** (+23% Y/Y) and 3Q 2022 net profit declined to **CZK 4.2bn** (-14% Y/Y). The Y/Y increase was a result of higher net interest income driven by NII from deposits, higher other income and higher net fee and commission income, partly offset by impairment creation and higher expenses.

The **return on equity (ROE)** rose to **17.6%** (+3.7pp Y/Y) thanks to higher net profit and lower equity due to the payout of dividend.

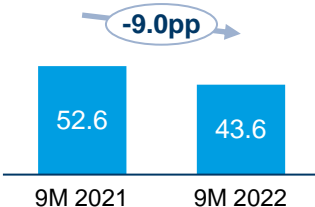
Increasing net interest margin, excellent loan quality and robust capital position

Profitability

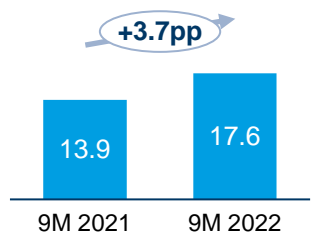
Net interest margin (%)



Cost / income ratio excl. banking taxes (%)

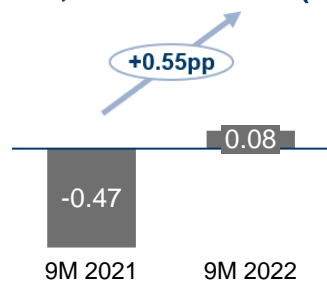


ROE (%)

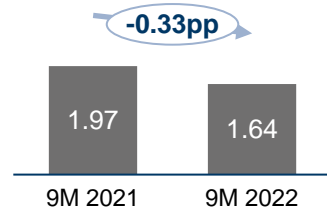


Loan portfolio quality

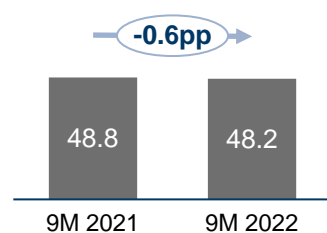
CCR, Ytd. annualized (%)



NPL ratio (%)

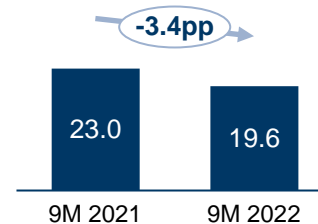


NPL coverage ratio (%)

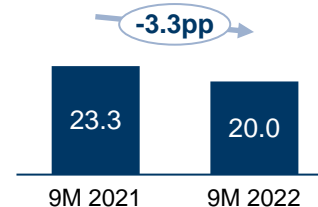


Capital

CET 1 ratio (%)

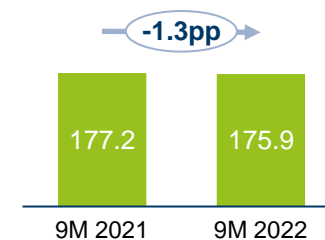


Total capital ratio (%)

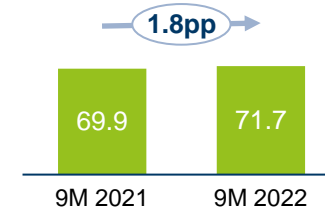


Liquidity

Net stable funding ratio (%)



Loan to deposit ratio (%)

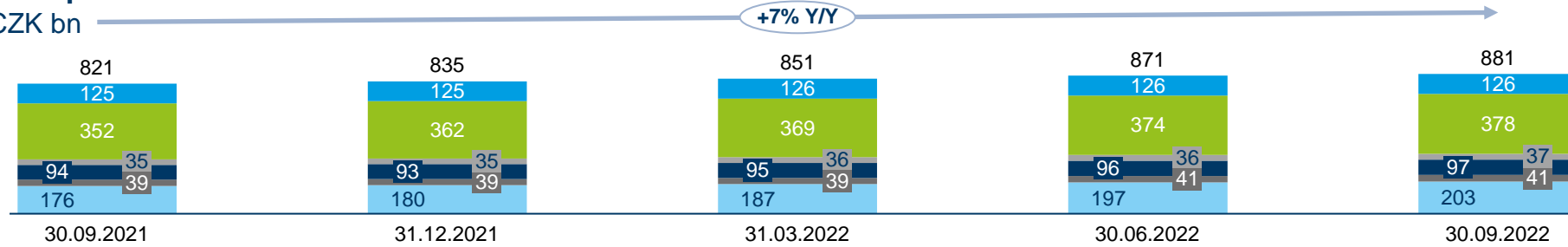


Loans, deposits and assets under management

Strong growth of loan portfolio

Loan portfolio¹

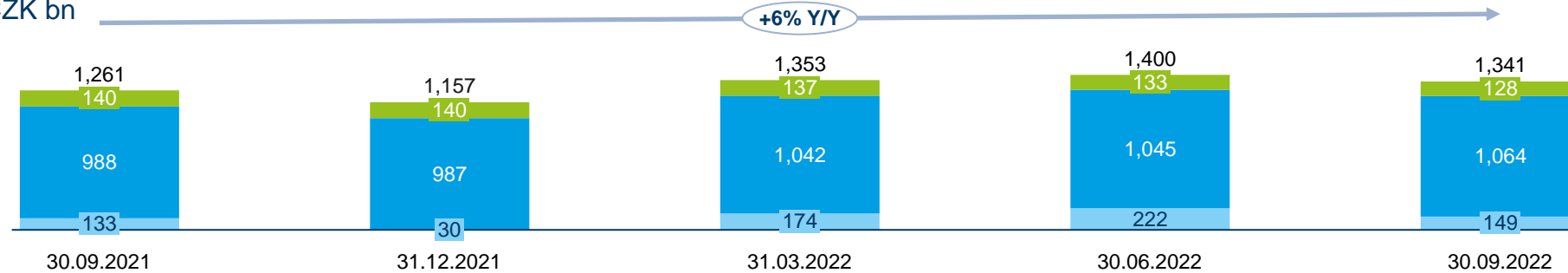
CZK bn



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

Group deposits²

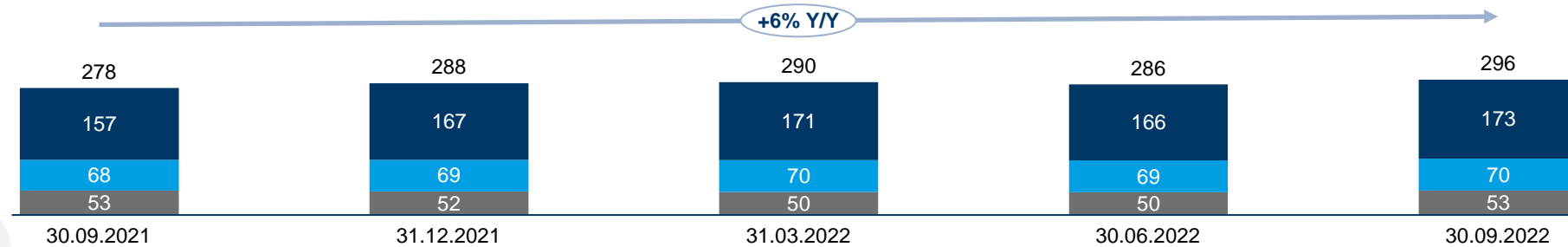
CZK bn



- 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.

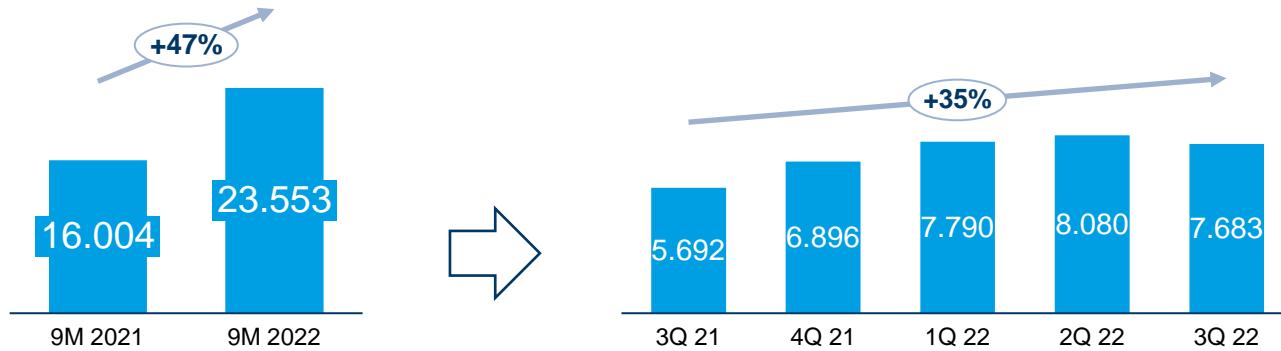
² Item Deposits received from other than credit institutions from the consolidated balance sheet.

ČSOB group: Financial Overview

NII increasing compared to lower base in 9M 2021 thanks to NII from deposits. NIM declining Q/Q.

Net interest income (NII)

CZK bn

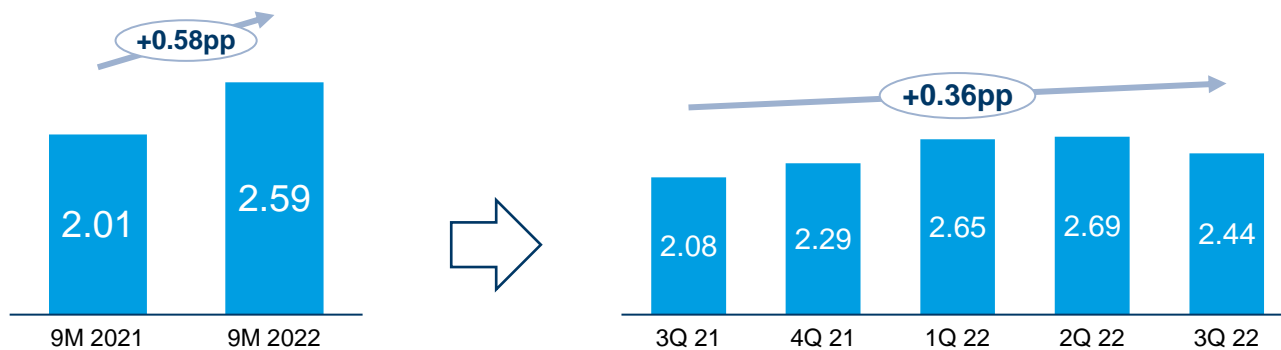


9M/3Q 2022 **net interest income** increased **+47% Y/Y** and **+35% Y/Y** respectively as a result of:

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

Net interest margin (NIM)

%



In 9M 2022, **net interest margin** reached **2.59%** (+58bps Y/Y) driven mainly by the NII from deposits.

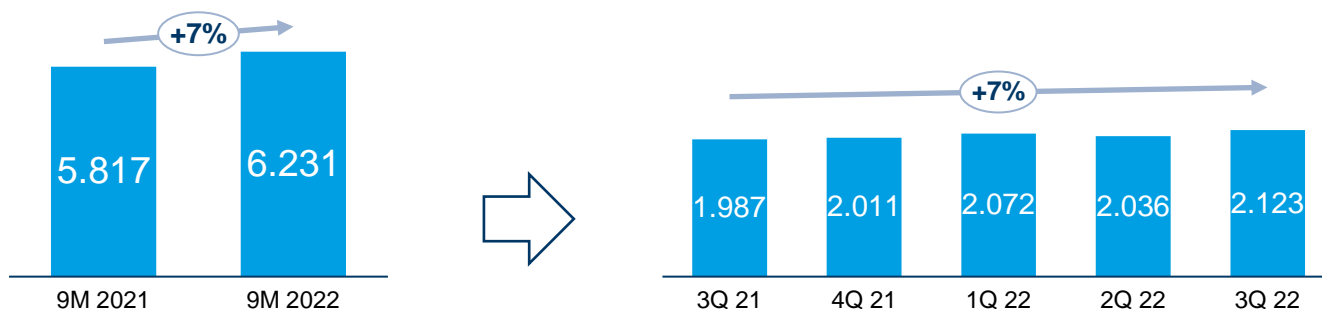
Q/Q decrease of NIM was due to the decrease of margins and the dividend payout.

Net fee and commission income and Other

NFCI growing thanks to transactional business

Net fee and commission income (NFCI)

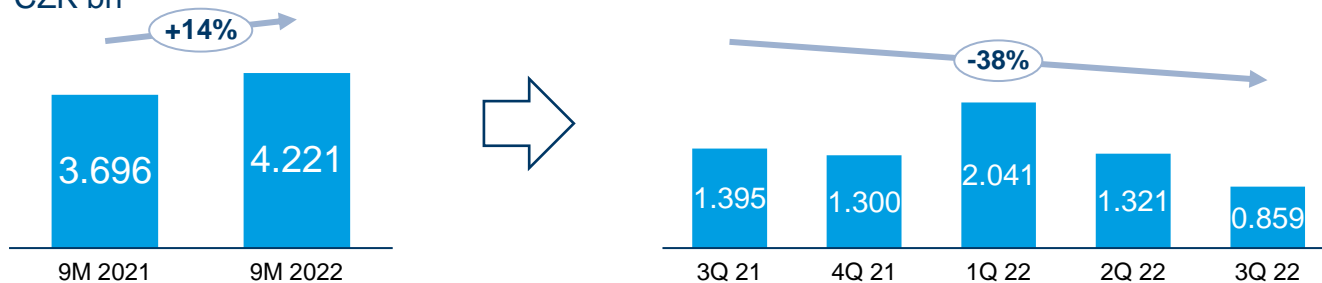
CZK bn



9M/3Q 2022 **net fee and commission income** increased **+7% Y/Y**. 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:

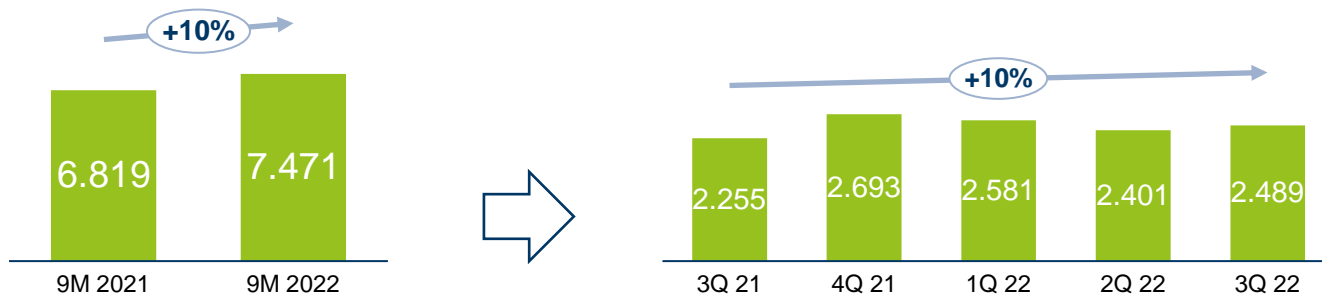
- (+) valuation adjustments
- (+) performance of financial markets
- (-) sale of bonds

Staff and General administrative expenses

Higher expenses due to higher staff expenses and marketing costs

Staff expenses

CZK bn

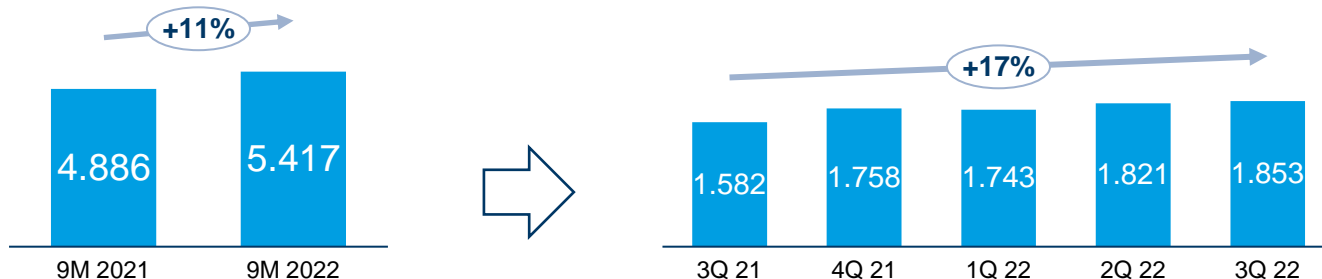


9M 2022 **total operating expenses excluding banking taxes** increased **+10% Y/Y**. **Total operating expenses including banking taxes** grew **+11% Y/Y**.

9M/3Q 2022 **staff expenses** grew **+10% Y/Y** due to exceptional bonus in 1Q 2022 and higher bonus accruals. Average number of **FTEs** decreased **-110 Y/Y**.

General administrative expenses – excl. banking taxes

CZK bn

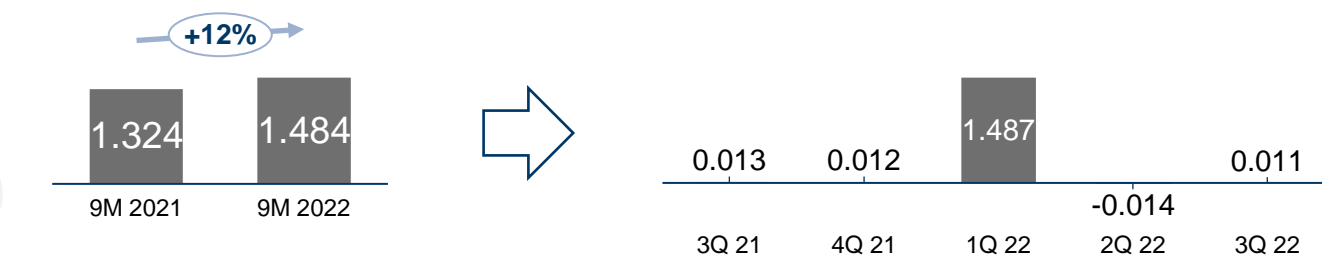


9M/3Q 2022 **general administrative expenses** increased **+11% Y/Y** and **+17% Y/Y** respectively driven by marketing costs.

Depreciation and amortization increased **+13% Y/Y**.

Banking taxes (gross)

CZK bn



9M 2022 **banking taxes** increased **+12% Y/Y**.

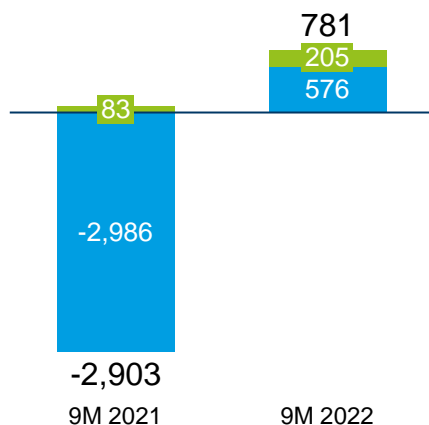
Cost/income ratio declined to **48.0%** and **cost/income ratio excluding banking taxes** decreased to **43.6%**.

Impairments and NPL

Consistent high quality of loan portfolio

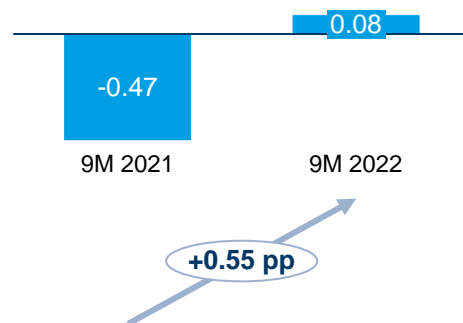
Total impairments

CZK m

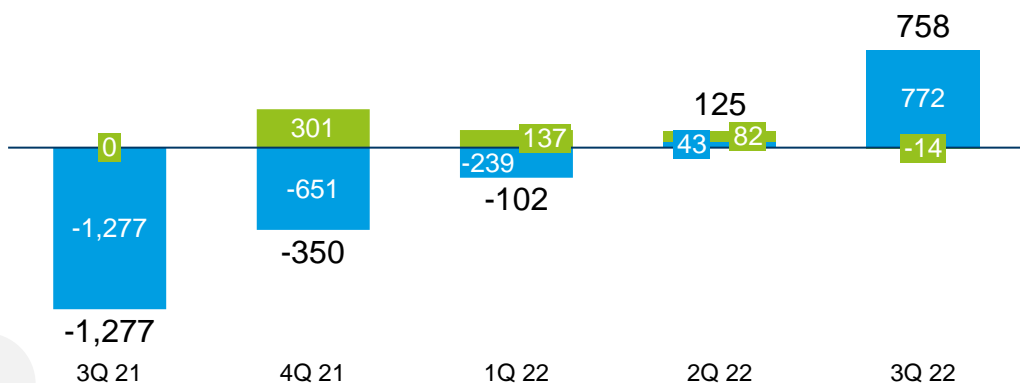


CCR, Ytd. annualized

%



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



Notes:

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

In 9M 2022, **loan loss provisions** amounted to net creation of **CZK +576m** due to impairment charge to cover credit risk from direct and indirect impact of the military conflict in Ukraine and exposure vulnerable to emerging risks. The increase was supported by credit impairment creation mainly in corporate segment and partly offset by release of COVID-19 management overlay.

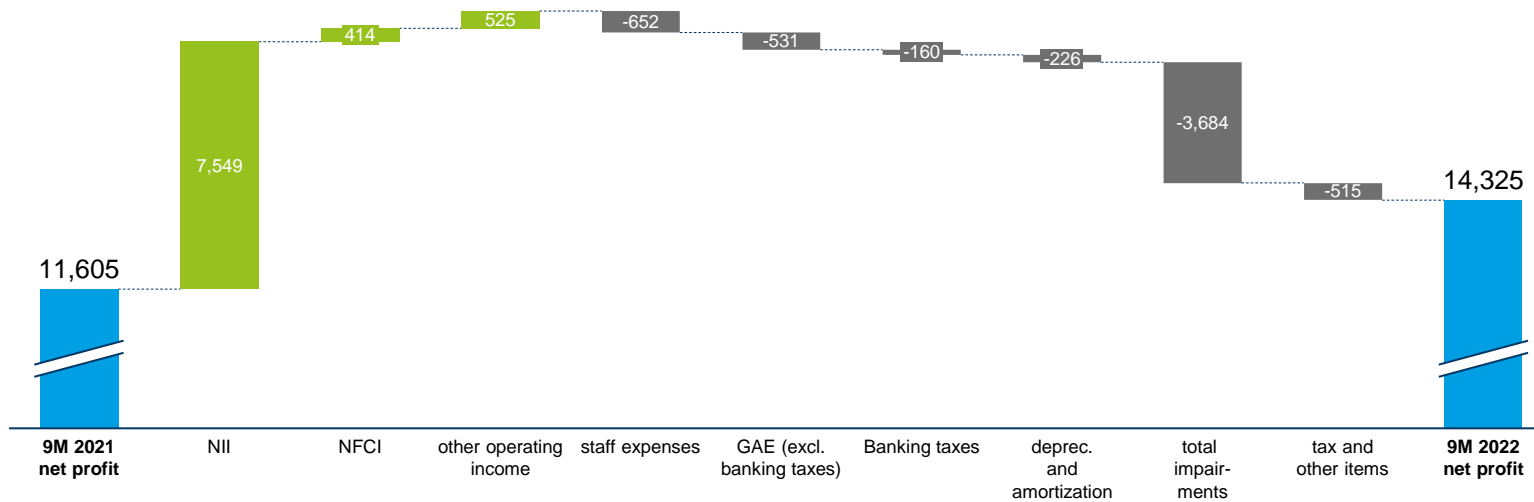
Other impairments increased Y/Y to **CZK 205m** due to modification loss related to ČSOB guarantee for pension fund Stabilita.

Credit cost ratio for 9M 2022 reached **0.08%** (Ytd., annualized; +55 bps Y/Y).

30.9.2022		
IFRS 9 Distribution	Amount (CZK bn)	Share on total loans
Loan portfolio	881.4	100%
Stage 1 - performing	735.5	83%
Stage 2 - underperforming	131.1	15%
Stage 3 - non-performing loans	14.9	2%

Wrap up of net profit drivers

Net profit (Y/Y) CZK m



The main difference between 9M 2022 and 9M 2021 net profit was caused by the following drivers:

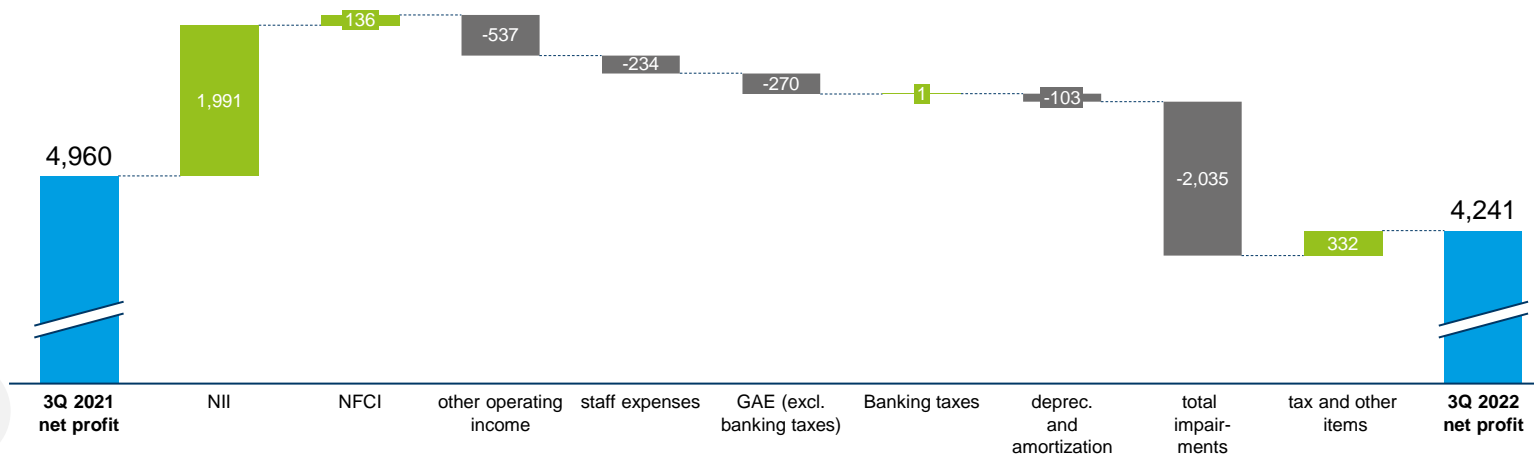
On the **positive side**:

- 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**:

- loan loss provisions creation in contrast with net impairment release in 9M 2021
- higher staff expenses driven by employee bonuses
- higher GAE driven by marketing costs
- depreciation and amortization
- higher banking taxes

Net profit (Y/Y) CZK m



The main difference between 3Q 2022 and 3Q 2021 net profit was caused by the following drivers:

On the **positive side**:

- higher NII driven by NII from deposits
- higher NFCI driven by payment cards and network income

On the **negative side**:

- loan loss provisions creation in contrast with net impairment release in 3Q 2021
- lower other income due to performance of financial markets
- higher GAE driven by ICT costs
- higher staff expenses due to wage drift
- depreciation and amortization

Capital Strong capital position

Consolidated, CZK m	30.9.2021	31.12.2021	30.9.2022
Total regulatory capital	97,938	93,555	84,408
- Common Equity Tier 1 (CET1) Capital	96,652	92,585	82,985
- Tier 2 Capital	1,285	970	1,423
MREL eligible debt	-	19,439	37,130
Total RWA	420,831	412,628	422,560
- Credit risk	353,642	347,370	357,318
- Market risk	390	427	413
- Operational risk	66,799	64,830	64,830
Common Equity Tier 1 (CET1) ratio	23.0%	22.4%	19.6%
Total capital ratio	23.3%	22.7%	20.0%
Leverage ratio	4.73%	4.65%	4.08%
Available MREL as a % of RWA	-	27.4%	28.8%
Available MREL as a % of LRE	-	5.67%	5.97%

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

As of 1 January 2022, ČSOB is required to comply with a MREL equal to **20.2% of RWA** and **4.46% of LRE**.

Notes:

Total RWA (risk weighted assets) = credit risk RWA + market risk RWA + operational risk RWA

Tier 1 capital = share capital + share premium + legal reserve funds + retained earnings + other comprehensive income – goodwill – intangible assets

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

Total regulatory capital = Common Equity Tier 1 (CET1) + Tier 2

LRE = leverage ratio exposure

ČSOB group: Business Overview

Increasing market share in total deposits and insurance



Building savings loans ¹	34.9%	↓
Building savings deposits ¹	38.4%	↓

Total Loans¹	20.3%	→
Total Deposits¹	20.9%	↑
Mortgages ¹	25.2%	→
Mutual funds ¹	24.2%	↑
Leasing ¹	15.5%	→

Pension funds ²	14.8%	→
SME/corporate loans ¹	14.7 %	↑
Consumer lending ^{1,3}	13.9%	↑
Factoring ⁴	15.5%	↓

Insurance ⁵ - combined	8.7%	↑
Non-life insurance ⁵	9.3%	↑
Life insurance ⁵	7.3%	↓

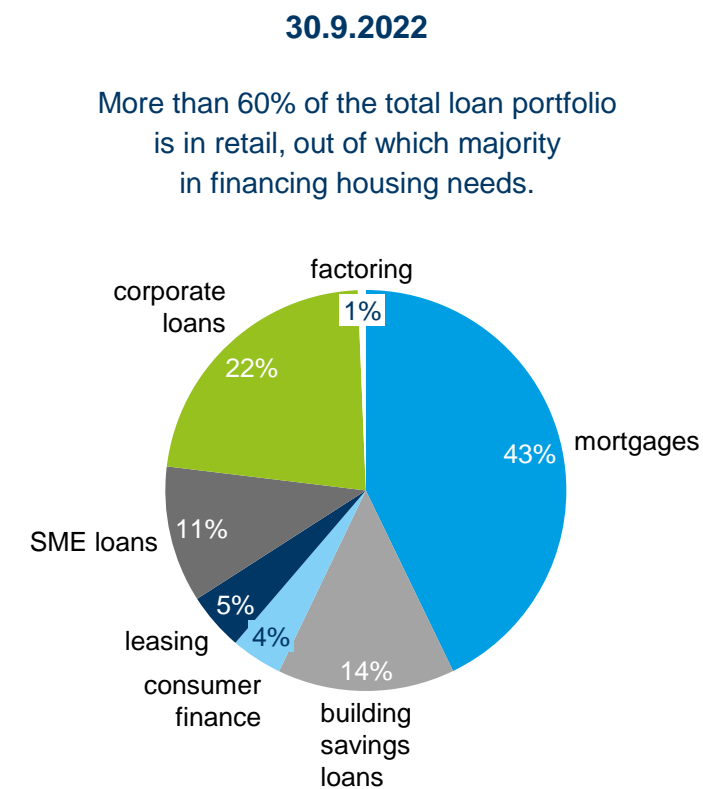
Arrows show Y/Y change. Market shares as of 30 September, except for mutual funds, pension funds and leasing and factoring which are as of 30 June 2022. The ranking is ČSOB's estimate. Market position in the insurance reflects combined position of the insurers belonging to the same business group.

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	30.9.2021	30.9.2022	Y/Y
Loan portfolio	820.5	881.4	+7%
Retail Segment			
Mortgages	352.1	377.5	+7%
Consumer finance	34.7	36.5	+5%
Building savings loans	124.9	126.0	+1%
SME/Corporate Segment			
Corporate loans ¹	170.8	197.8	+16%
SME loans	93.8	97.0	+3%
Leasing	39.3	40.9	+4%
Factoring	4.9	5.7	+15%
Other ²	45.6	50.0	+9%
Credit risk: loan portfolio	866.2	931.4	+6%



¹ Including credit-replacing bonds.

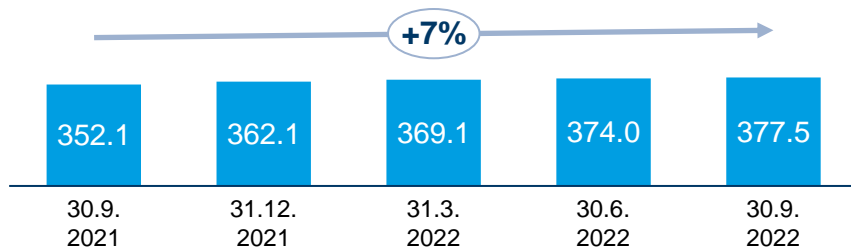
² Including off-balance sheet items and ALM/financial markets exposures.

Housing loans

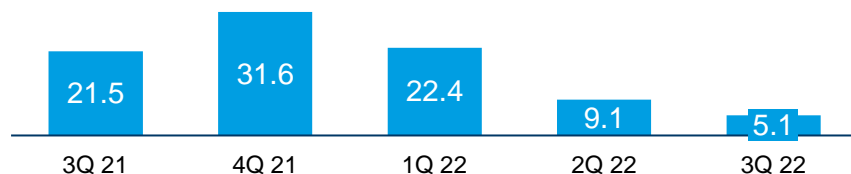
Growth of mortgage portfolio continues, however new sales of mortgages and building saving loans declined sharply

Mortgages

Outstanding, CZK bn



New sales*, CZK bn

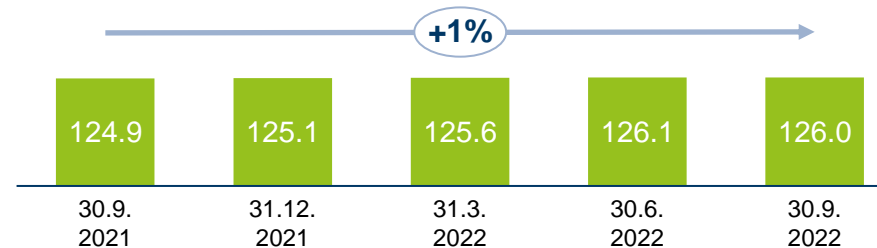


The **outstanding volume of mortgages** increased **+7% Y/Y** thanks to the progressive drawing of loans approved in 2021, while the market grew **+6% Y/Y**.

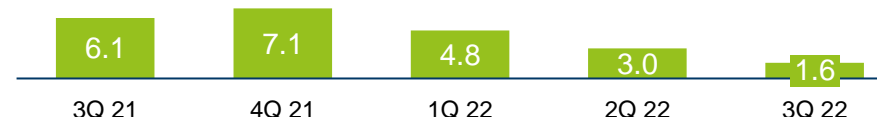
In 3Q 2022, ČSOB provided more than **1.7 thousand new mortgages** (-73% Y/Y) in the total amount of **CZK 5.1bn** (-76% Y/Y). The market of new mortgages decreased -74% Y/Y in the number and -77% Y/Y in the total amount of new mortgages.

Building saving loans

Outstanding, CZK bn



New sales*, CZK bn



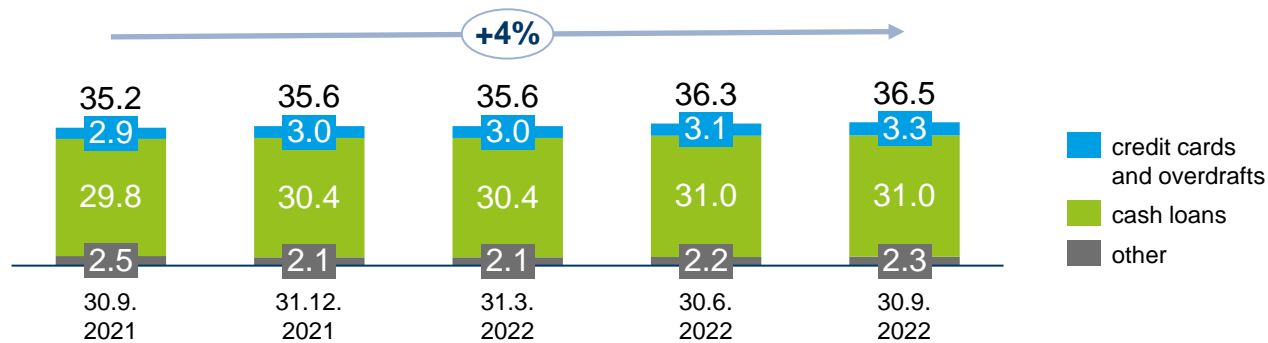
The outstanding **building savings loan portfolio** increased **+1% Y/Y**, while the market increased **+9% Y/Y**.

In 3Q 2022, ČSOB provided more than **2.0 thousand new building saving loans** (-42% Y/Y) in the total amount of **CZK 1.6bn** (-74% Y/Y). The market of new building saving loans decreased -35% Y/Y in the number and -70% Y/Y in the total amount of new mortgages.

Consumer finance, SME loans, Leasing

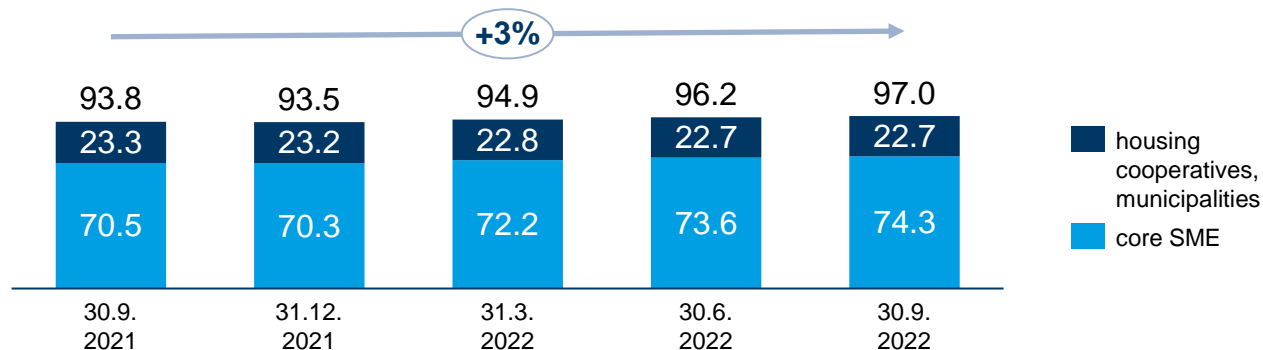
Increase of outstanding volumes

Consumer finance, outstanding, CZK bn



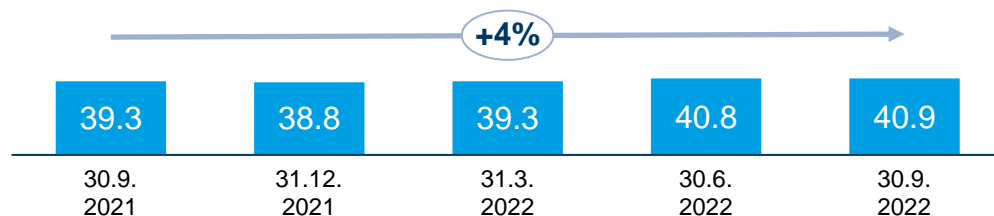
Consumer finance grew **+4% Y/Y** due to significant decrease of early repayments.

SME loans, outstanding, CZK bn



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

Leasing, outstanding*, CZK bn



Outstanding volumes in **ČSOB Leasing** rose **+4% Y/Y** as a result of increase in SME segment.

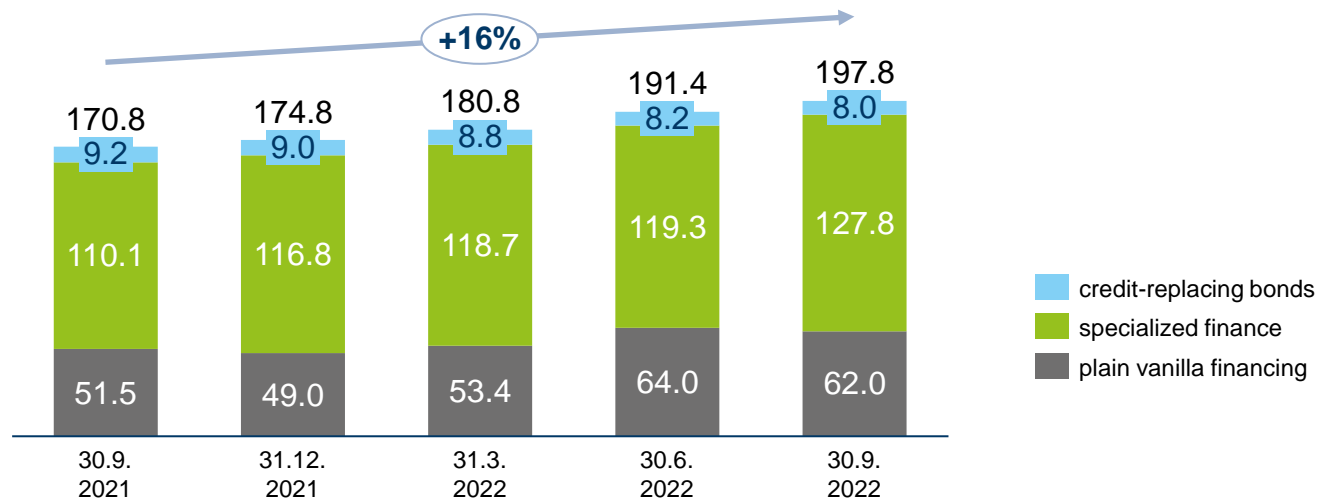
* Total exposure of ČSOB Leasing, excluding operational leasing.

Corporate segment

Double-digit growth of corporate loans

Corporate loans

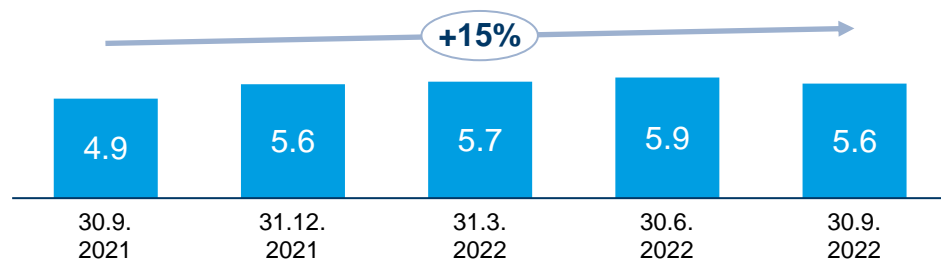
Outstanding, CZK bn



Outstanding volumes of **corporate loans** grew **+16% Y/Y** thanks to increased drawing of working capital loans and new investment loans mainly in sectors of real estate and energy.

Factoring

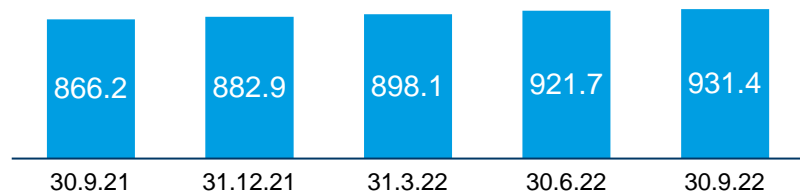
Outstanding, CZK bn



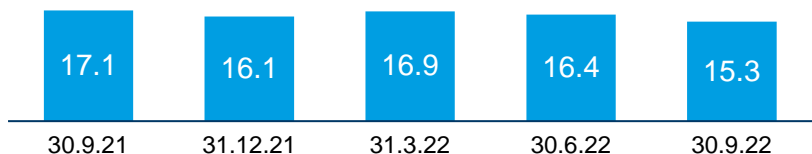
Factoring outstanding volumes increased **+15% Y/Y** driven by high inflation and growing demand for factoring services connected with receivables insurance.

Excellent loan portfolio quality

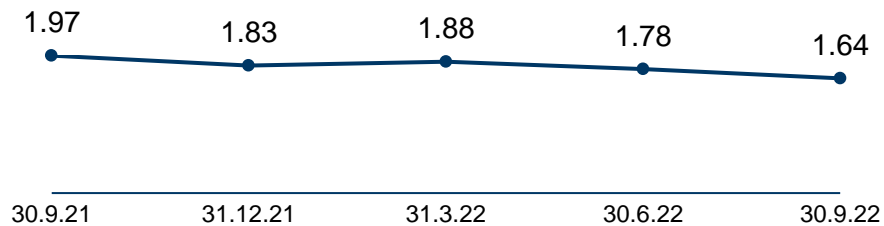
Credit risk: loan portfolio (CZK bn)



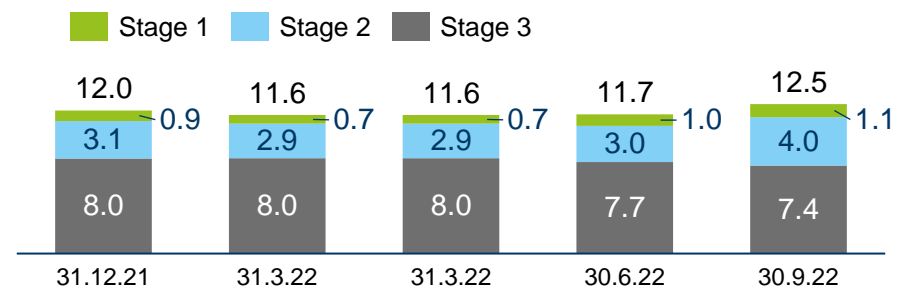
Non-performing loans (CZK bn)



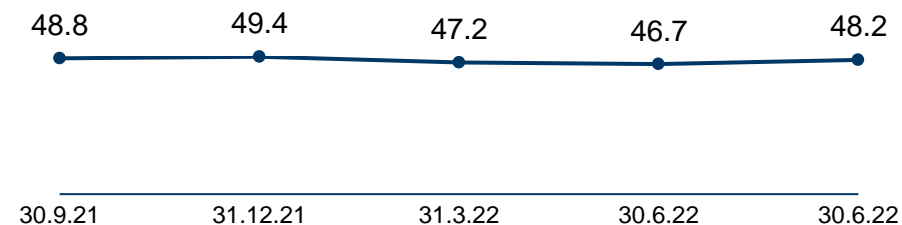
NPL ratio (%)



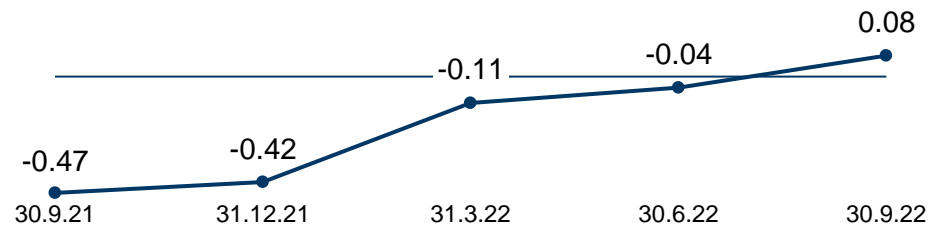
Allowances for loans and leases (CZK bn)



NPL coverage ratio (%)



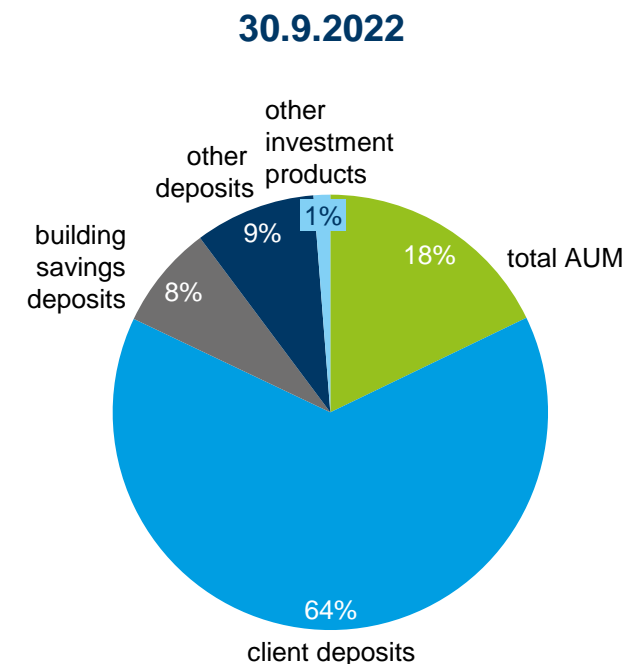
Credit cost ratio (% , Ytd. annualized)



Group deposits and Total assets under management

Increase of assets under management and term deposits

Outstanding volumes, CZK bn	30.9.2021	30.9.2022	Y/Y
Group deposits	1,261.4	1,340.9	+6%
Total client deposits	1,128.5	1,192.1	+6%
ČSOB bank client deposits	988.3	1,064.1	+8%
<i>Current accounts</i>	717.7	643.5	-10%
<i>Savings deposits</i>	256.6	222.1	-13%
<i>Term deposits</i>	14.0	198.4	>+100%
Building savings deposits	140.2	128.0	-9%
Other deposits ¹	132.9	148.7	+12%
Total AUM	278.0	295.8	+6%
Pension funds ²	67.7	69.8	+3%
Mutual funds	157.3	172.6	+10%
Other AM ³	53.0	53.4	+1%
Other investment products ⁴	21.3	20.5	-4%



¹ Other deposits predominantly consist of repo operations with institutional clients

² Liabilities to pension fund policy holders.

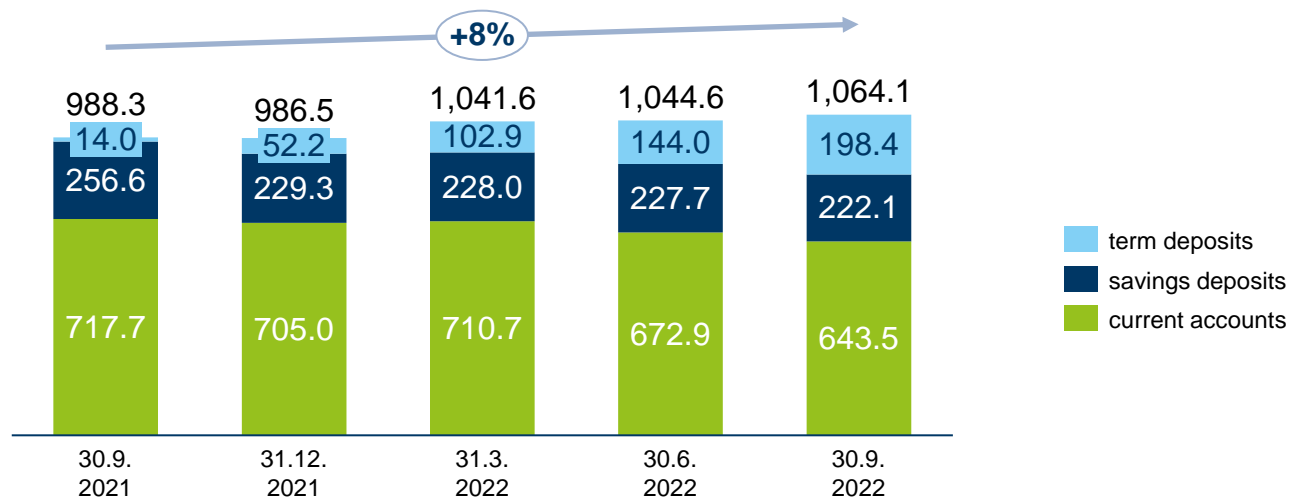
³ Other AM includes discretionary asset management, qualified investors funds and other group assets

⁴ Including bonds, investment certificates and mortgage covered bonds. Not counted in total AUM. See definition in appendix.

Client deposits and building saving deposits

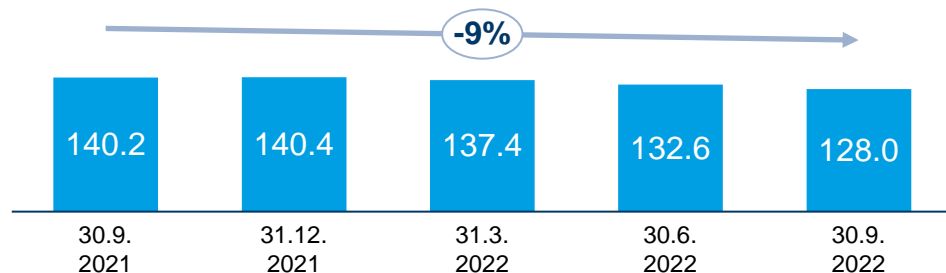
Significant growth of term deposits

ČSOB bank client deposits (CZK bn)



ČSOB bank client deposits increased **+8% Y/Y** driven by the growth of **term deposits** (>+100% Y/Y) due to increasing interest rates, while **current accounts** decreased **-10% Y/Y** and **savings deposits** declined **-13% Y/Y**.

Building savings deposits (CZK bn)



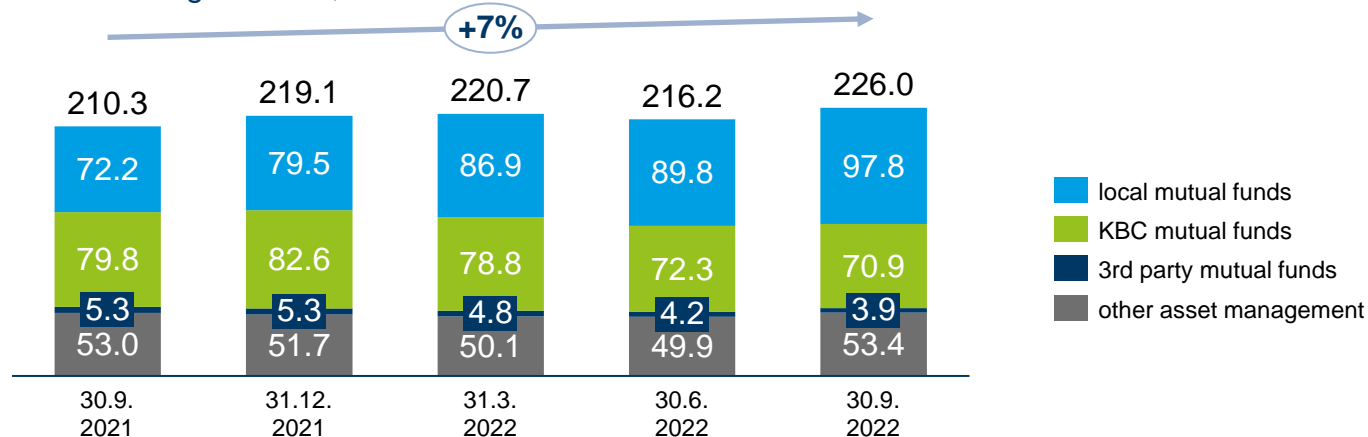
Building savings deposits decreased **-9% Y/Y**.

Mutual funds, other asset management and pension funds

Mutual funds increasing thanks to strong gross sales

Mutual funds and other AM

Outstanding volumes, CZK bn

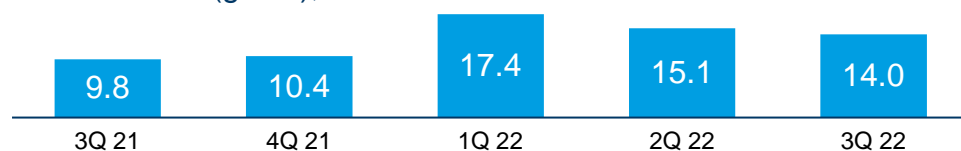


Mutual funds grew **+10% Y/Y** thanks to strong new sales.

Mutual funds and other AM in total rose **+7% Y/Y** to **CZK 226.0 bn**.

Mutual funds

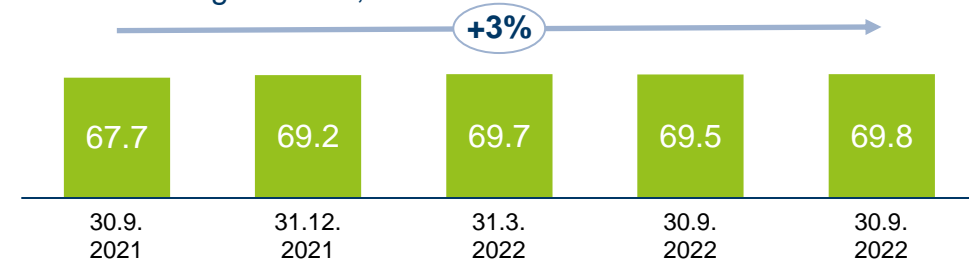
New sales (gross), CZK bn



3Q 2022 new sales of mutual funds increased **+43% Y/Y** mainly thanks to ČSOB Premiéra.

Pension funds

Outstanding volumes, CZK bn



The volume of savings in pension funds increased **+3% Y/Y**.

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.

Increasing number of clients and growing active client base

	30.9.2021	31.12.2021	30.9.2022
Clients of ČSOB's group (mil.)	4.224	4.225	4.337
ČSOB branches (bank only)	211	208	202
ČSOB Retail/SME branches	189	186	182
ČSOB Private Banking branches	11	11	11
ČSOB Corporate branches	11	11	9
ČSOB Pojišťovna branches	96	95	97
Hypoteční banka centers / housing finance branches¹	20	19	18
ČSOBS advisory centers	245	246	218
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	1,023
- of which contactless	710	737	847
- of which deposit	275	288	306

The **number of clients** increased +113ths Y/Y and the **number of active clients** increased **+97ths Y/Y**.

At the end of September 2022, clients could use **1,023 ATMs** (+12 Y/Y) of which 847 were contactless (+137 Y/Y), 306 enabled cash deposits (+31 Y/Y) and **1,007** 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 202 (-9 Y/Y) by the end of September.

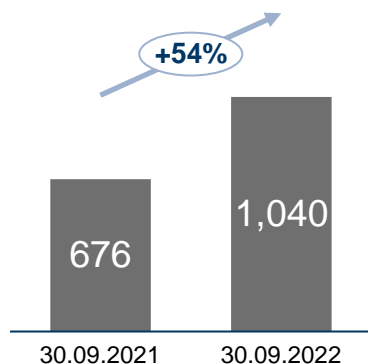
Extended portfolio of bank-insurance services at Czech Post is provided at **234 specialized banking counters**.

Note:

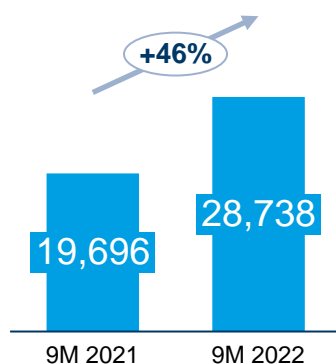
The multi-channel distribution platform of the ČSOB group includes also a wide agent network of over 5,000 agents, incl. ČSOBS tied agents, intermediaries and individual brokers for Hypoteční banka, ČSOB Leasing's dealers and ČSOB Pojišťovna's tied agents, multi-agents and individual brokers.

Number of mobile banking active users and transactions rapidly increasing

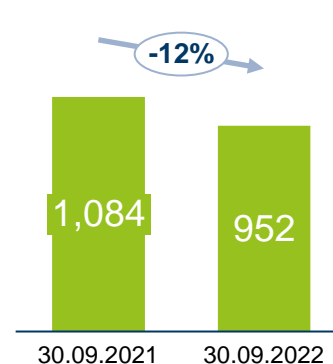
Mobile banking active users¹
(ths)



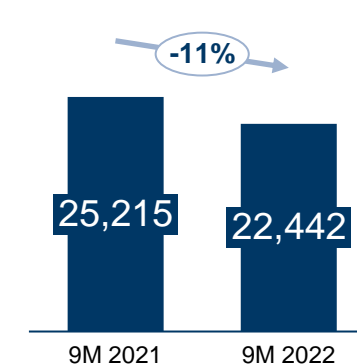
Mobile banking transactions²
(ths)



Internet banking active users³
(ths)



Internet banking transactions²
(ths)



As of 30 September 2022, the number of mobile banking **active users** increased +54% Y/Y. In 9M 2022, the number of **transactions** via mobile banking rose +46% Y/Y.

As of 30 September 2022, the number of internet banking **active users** decreased -12% Y/Y. In 9M 2022, the number of **transactions** via internet banking declined -11% Y/Y.

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

² Only transactions of retail and private banking clients are included. Transactions from standing payment orders are excluded.

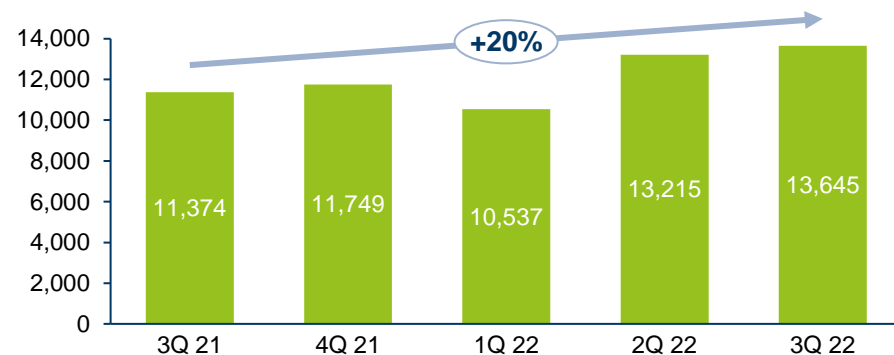
³ Internet banking active users are clients who at least once during the last 3 months used internet banking.

ČSOB group's distribution platform

Online initiated sales rising significantly

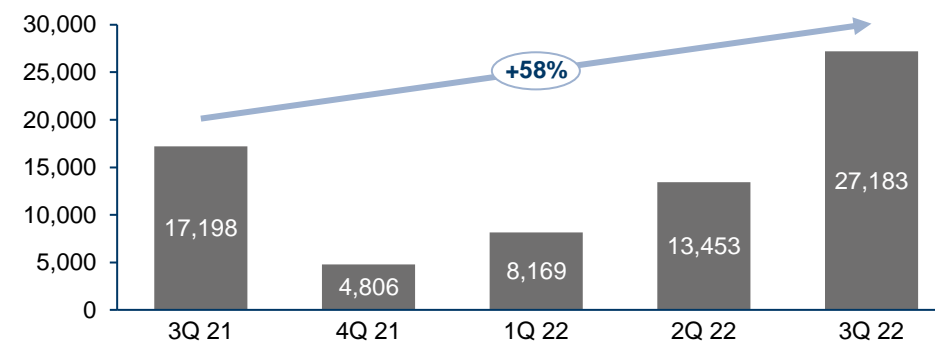
Consumer finance

(pcs)



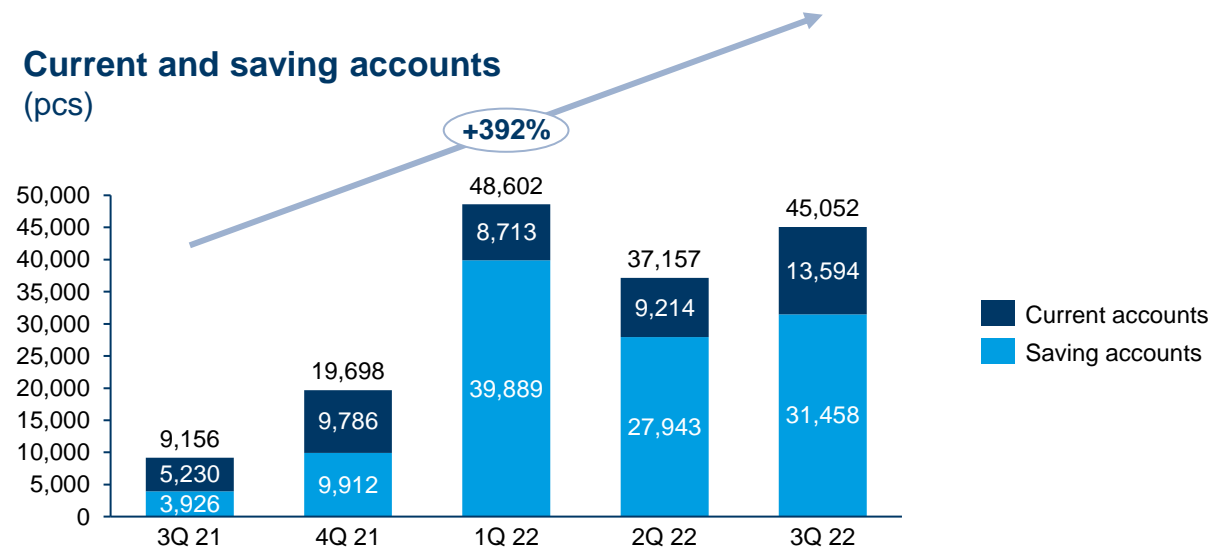
Travel insurance

(pcs)



Current and saving accounts

(pcs)



In 3Q 2022 more than 13 thousand **consumer finance products** were initiated online, up **+20% Y/Y**.

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

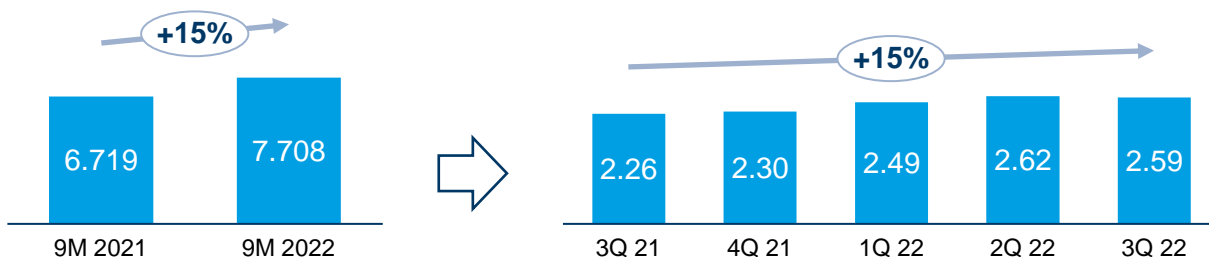
Number of online initiated **current and saving accounts** increased **nearly 4 times** thanks to the successful campaigns and favourable interest rates on saving accounts.

ČSOB Pojišťovna: Key Figures

Growth in non-life gross written premium in all major business lines

Non-life insurance - gross written premium (GWP)

CZK bn



Market shares	9M 2022	Market position
Non-life insurance	↑ 9.3%	4 th
Life insurance	↓ 7.3%	4 th

Arrows show Y/Y change.

Non-life insurance

9M/3Q 2022 non-life gross written premium increased **+15% Y/Y** thanks to motor segment, industrial risk, house & households and travel insurance.

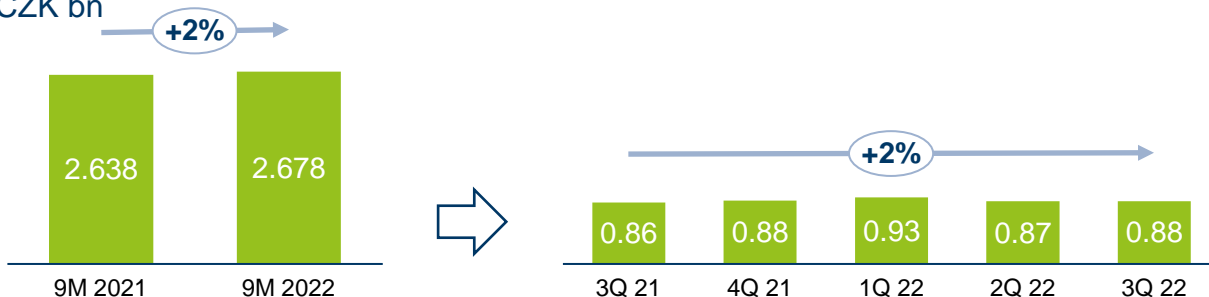
Life insurance

9M/3Q 2022 **regular paid** gross written premium increased **+2% Y/Y** due to new business increase.

9M/3Q 2022 **single paid** gross written premium decreased **-46% Y/Y** and increased **+5% Y/Y** respectively.

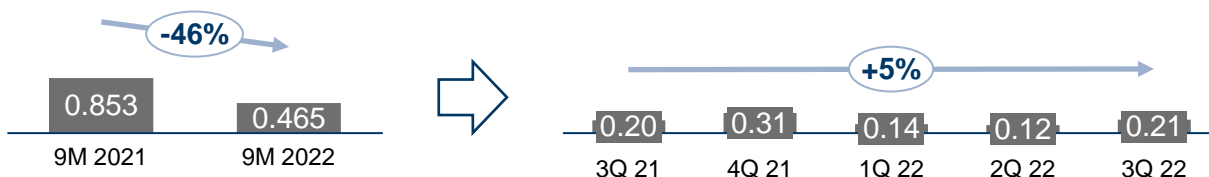
Life insurance – regular paid gross written premium

CZK bn



Life insurance – single paid gross written premium

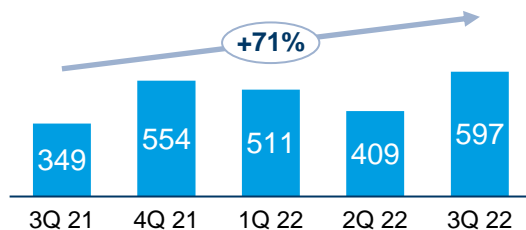
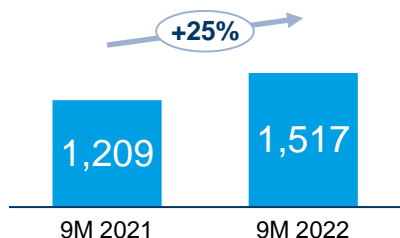
CZK bn



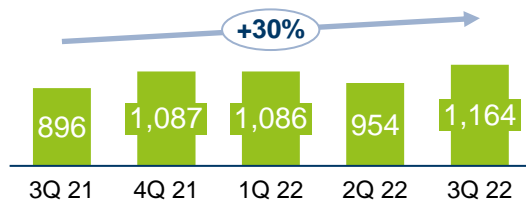
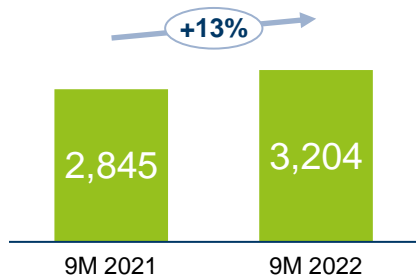
Note: Market position reflects combined position of the insurers belonging to the same business group.

Higher net profit thanks to higher operating income

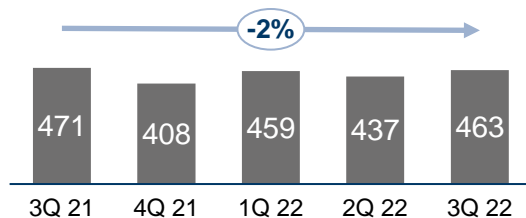
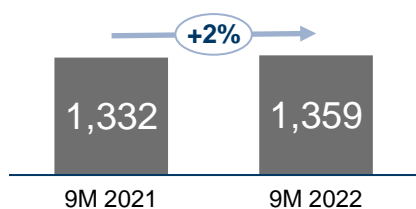
Net profit
CZK m



Operating income
CZK m



Operating expenses
CZK m



9M/3Q 2022 **net profit** increased to **CZK 1,517m** (+25% Y/Y) and **CZK 597m** (+71% Y/Y) respectively as a result of total income increase and cost control.

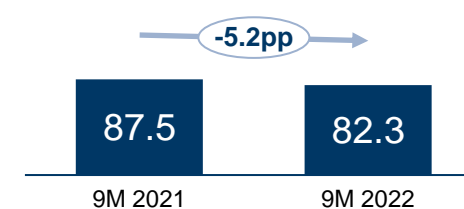
9M/3Q 2022 **operating income** grew to **CZK 3,204m** (+13% Y/Y) and **CZK 1,164m** (+30%Y/Y) respectively thanks to better non-life profitability and supported by life contribution.

9M 2022 **operating expenses** increased to **CZK 1,359m** (+2% Y/Y) and 3Q 2022 **operating expenses** decreased -2% Y/Y. The Y/Y increase was driven by higher number of FTEs (to support insurance growth), wage growth and inflation pressure.

Non-life combined ratio reached **82.3%**.

Note that the technical charges Life and Non-life in 3Q 2022 include a release of technical provisions as a result of reassessing the confidence level of the technical provisions.

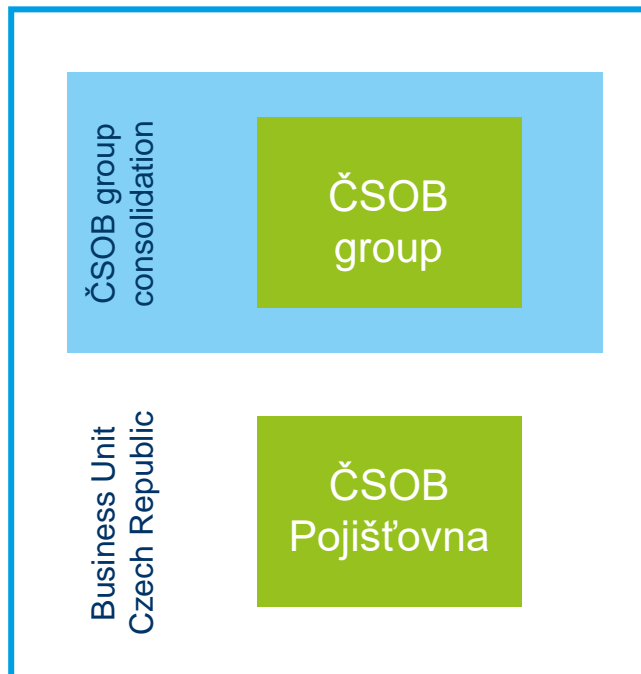
Non-life combined ratio (%)



Business Unit Czech Republic

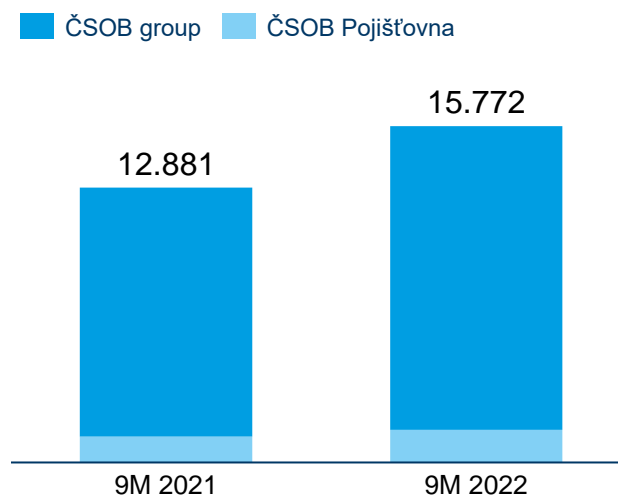


Business Unit Czech Republic 9M 2022 net profit



Net profit of the Business Unit Czech Republic

CZK bn



The 9M 2022 net profit of the Business Unit Czech Republic reached **CZK 15.8bn** (+22% 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 2021	4Q 2021	1Q 2022	2Q 2022	3Q 2022	3Q/3Q	9M 2021	9M 2022	9M/9M
BU Czech Republic	5.349	5.043	5.099	5.826	4.847	-9%	12.881	15.772	+22%
o/w ČSOB Pojišťovna	0.349	0.554	0.511	0.409	0.597	+71%	1.209	1.517	+25%

Appendix

Ratios and other indicators

Ratio / Indicator	31.12.2019	31.12.2020	31.12.2021	30.9.2021	30.9.2022
Net interest margin (Ytd., annualized, %)	3.02	2.31	2.08	2.01	2.59
Cost / income ratio (%)	44.9	54.6	55.5	57.8	48.0
Cost / income ratio excl. bank. taxes (%)	42.7	51.5	51.8	52.6	43.6
RoE (Ytd., %)	20.7	8.2	14.3	13.9	17.6
RoA (Ytd., %)	1.20	0.49	0.88	0.84	0.94
RoAC , BU Czech Republic (Ytd., %) ¹	46.7	21.7	39.2	37.6	41.3
Credit cost ratio (Ytd., annualized, %) ²	0.04	0.67	-0.42	-0.47	0.08
NPL ratio (%) ²	2.24	2.26	1.83	1.97	1.64
NPL coverage ratio (%) ²	47.3	48.7	49.4	48.8	48.2
Common Equity Tier 1 (CET1) ratio (%)	19.2	23.7	22.4	23.0	19.6
Total capital ratio (%)	19.2	24.2	22.7	23.3	20.0
Leverage ratio (Basel III, %)	4.04	5.02	4.65	4.73	4.08
Net stable funding ratio (Basel III, %) ³	161.5	169.9	171.3	177.2	175.9
Liquidity coverage ratio (Basel III, %)	130.9	137.7	143.5	145.6	149.4
Loan to deposit ratio (%)	79.4	71.6	71.1	69.9	71.7

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 2021	2Q 2022	3Q 2022	Y/Y	Q/Q	9M 2021	9M 2022	Y/Y
Net interest income	5,692	8,080	7,683	+35%	-5%	16,004	23,553	+47%
<i>Interest income</i>	8,912	25,864	29,731	>+100%	+15%	24,866	76,434	>+100%
<i>Interest expense</i>	-3,220	-17,784	-22,048	>+100%	+24%	-8,862	-52,881	>+100%
Net fee and commission income	1,987	2,036	2,123	+7%	+4%	5,817	6,231	+7%
Net gains from financial instruments at FVPL ¹	1,018	1,041	680	-33%	-35%	2,509	3,248	+29%
Other operating income ²	378	280	179	-53%	-36%	1,187	973	-18%
Operating income	9,074	11,437	10,665	+18%	-7%	25,516	34,005	+33%
Staff expenses	-2,255	-2,401	-2,489	+10%	+4%	-6,819	-7,471	+10%
General administrative expenses	-1,595	-1,807	-1,864	+17%	+3%	-6,210	-6,901	+11%
<i>General administrative expenses (excl. banking taxes)</i>	-1,582	-1,821	-1,853	+17%	+2%	-4,886	-5,417	+11%
<i>Banking taxes</i>	-13	14	-11	-10%	+/-	-1,324	-1,484	+12%
Depreciation and amortisation	-584	-639	-687	+18%	+8%	-1,716	-1,942	+13%
Operating expenses	-4,434	-4,847	-5,040	+14%	+4%	-14,745	-16,314	+11%
Impairment losses	1,277	-125	-758	-/+	>+100%	2,903	-781	-/+
<i>Impairment on financial assets at amortised cost</i>	1,277	-43	-772	-/+	>+100%	2,986	-576	-/+
<i>Impairment on other assets</i>	0	-82	14	n/a	+/-	-83	-205	>+100%
Share of profit of associates	-12	1	-1	-92%	-/+	-36	-24	-33%
Profit before tax	5,905	6,466	4,866	-18%	-25%	13,638	16,886	+24%
Income tax expense	-945	-994	-625	-34%	-37%	-2,033	-2,561	+26%
Profit for the period	4,960	5,472	4,241	-15%	-23%	11,605	14,325	+23%
Attributable to:								
Owners of the parent	4,960	5,472	4,241	-15%	-23%	11,605	14,325	+23%
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

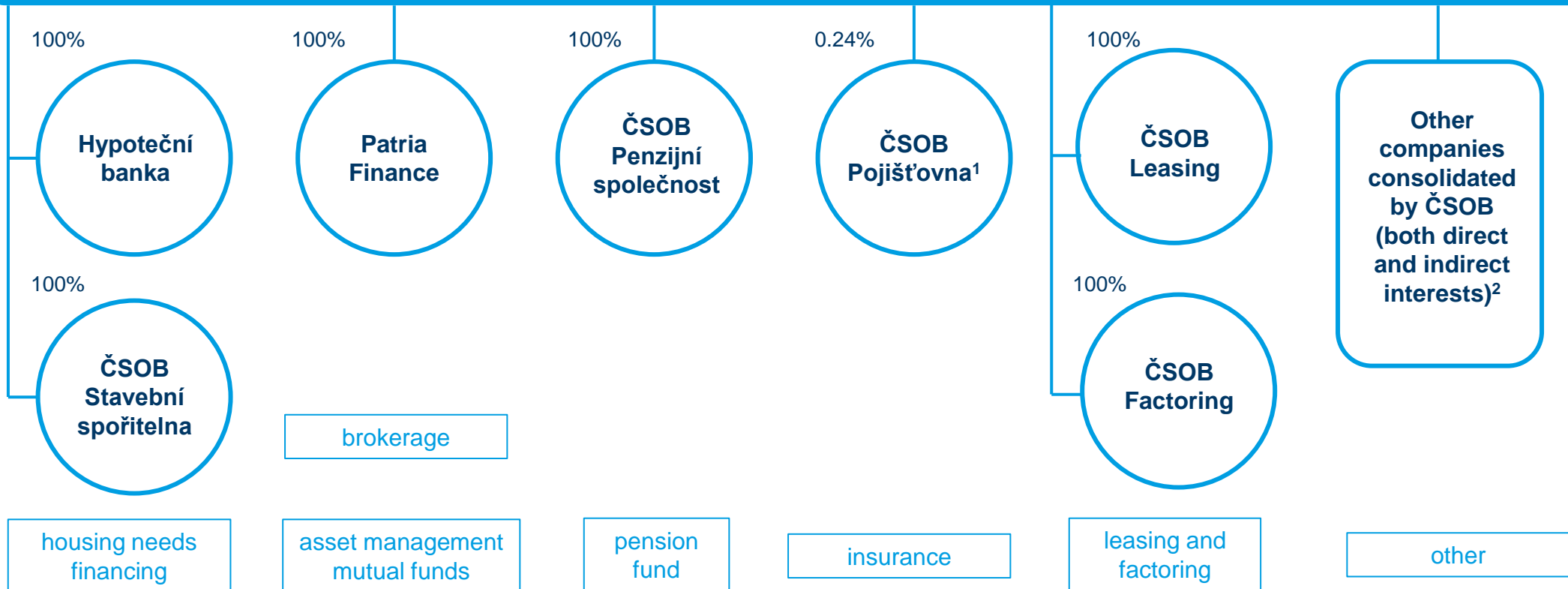
(CZK m)	30/9 2021	31/12 2021	30/9 2022	Y/Y
Cash and balances with central banks and other demand deposits	81,408	39,762	46,168	-43%
Financial assets held for trading	58,720	44,087	93,272	+59%
Financial assets held for trading pledged as collateral	0	0	0	n/a
Financial assets designated at fair value through P/L	0	0	0	n/a
Non-trading financial assets mandatorily at fair value through profit or loss	1,015	1,410	1,159	+14%
Financial assets at fair value through other comprehensive income (OCI)	13,507	18,566	12,415	-8%
Financial assets at fair value through OCI pledged as collateral	6,148	221	3,598	-41%
Financial assets at amortised cost - net	1,665,789	1,624,653	1,701,335	+2%
<i>Financial assets at amortised cost to credit institutions - gross</i>	694,450	609,800	589,279	-15%
<i>Financial assets at amortised cost to other than credit institutions - gross</i>	983,713	1,026,496	1,123,931	+14%
<i>Financial assets at amortised cost - provisions</i>	-12,374	-11,643	-11,875	-4%
Financial assets at amortised cost pledged as collateral	55,082	33,904	13,646	-75%
Fair value adjustments of the hedged items in portfolio hedge	-8,102	-18,223	-29,232	>+100%
Derivatives used for hedging	16,720	30,276	52,296	>+100%
Current tax assets	1,168	1,020	63	-95%
Deferred tax assets	1,205	1,324	1,878	+56%
Investments in associates and joint ventures	115	97	60	-48%
Property and equipment	13,440	13,643	12,977	-3%
Goodwill and other intangible assets	11,123	11,164	11,505	+3%
Non-current assets held-for-sale	20	20	40	+100%
Other assets	3,264	3,555	5,328	+63%
Total assets	1,920,622	1,805,479	1,926,508	0%

Balance sheet – liabilities and equity

(CZK m)	30/9 2021	31/12 2021	30/9 2022	Y/Y
Financial liabilities held for trading	62,528	44,686	93,386	+49%
Financial liabilities at fair value through P/L	23,431	24,544	22,687	-3%
Financial liabilities at amortised cost	1,703,265	1,605,831	1,690,288	-1%
<i>of which Deposits received from central banks</i>	0	0	0	n/a
<i>of which Deposits received from credit institutions</i>	107,954	25,057	105,166	-3%
<i>of which Deposits received from other than credit institut.</i>	1,261,416	1,156,902	1,340,878	+6%
<i>of which Debt securities in issue</i>	331,561	402,164	204,966	-38%
<i>of which Subordinated liabilities</i>	0	19,439	37,130	n/a
<i>of which Lease liabilities</i>	2,334	2,269	2,148	-8%
Fair value adjustments of the hedged items in portfolio hedge	-11,765	-23,280	-37,412	>+100%
Derivatives used for hedging	17,165	28,346	47,354	>+100%
Current tax liabilities	40	80	750	>+100%
Deferred tax liabilities	886	943	970	+9%
Provisions	498	540	789	+58%
Other liabilities	6,776	6,411	7,379	+9%
Total liabilities	1,802,824	1,688,101	1,826,191	+1%
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	72,727	73,091	57,518	-21%
Financial assets at fair value through OCI - revaluation reserve	329	-22	-709	-/+
Cash flow hedge reserve	-716	-1,140	-1,935	>+100%
Parent shareholders' equity	117,798	117,378	100,317	-15%
Minority interest	0	0	0	n/a
Total equity	117,798	117,378	100 317	-15%
Total liabilities and equity	1,920,622	1,805,479	1,926,508	0%

The ČSOB group in the Czech Republic

Československá obchodní banka, a. s. banking services



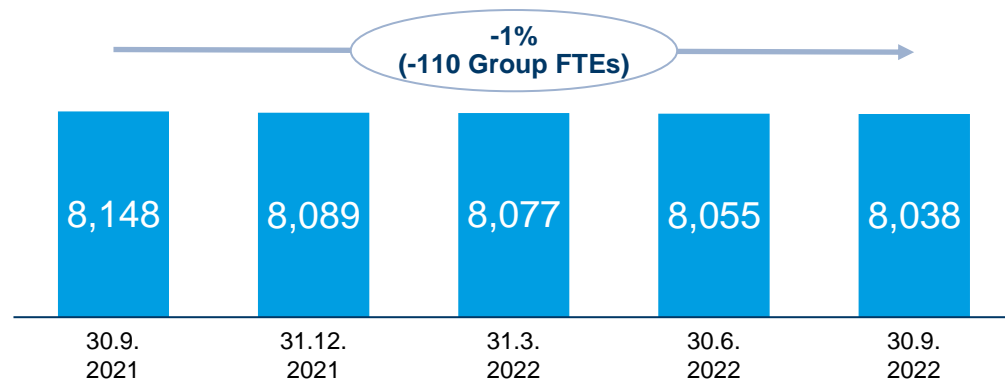
Percentages show ČSOB's ownership interests on company's equity as of 30 September 2022.

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.

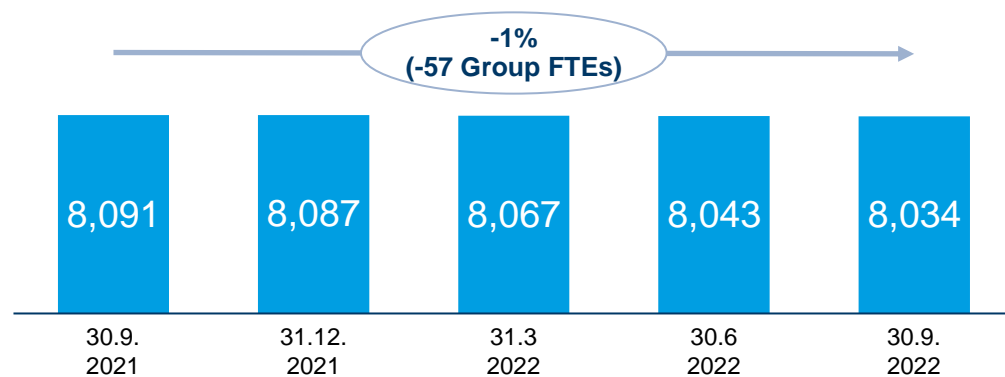
Employees

Number of FTEs – average



The average number of Group FTEs decreased -110 Y/Y driven by retail integration, digitalization and robotization offset in part by internalization in IT and digital.

Number of FTEs – end of the period



■ Group FTE¹

The number of Group FTEs at the end of the period decreased -57 Y/Y.

Market shares definitions and sources

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

Glossary - ratios

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

Glossary – other definitions

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

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