



ČESKÁ  
SPORITELNA

**Financial Results FY 2021**

# Content

Summary & Business Highlights.....	7
Financial Performance.....	14
Business Performance.....	21
Risk & Capital Position.....	31
Appendix.....	35

# Disclaimer

*This document was prepared by members of the Financial Group of Česká spořitelna ("FSČS") exclusively for presentation purposes.*

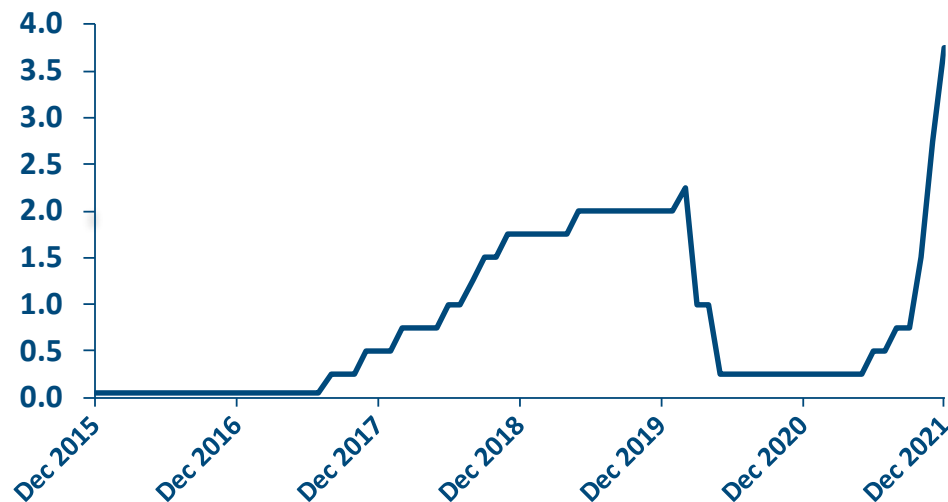
*The document is based on predictions and other forward-looking statements that are based on assumptions (whether general or specific), whose actual development may materially differ from actual results, performance or events that were expressed or implied in such statements. If such situation occurs, any member of FSČS is not obliged to update data in particular document. Users / recipients of this presentation are advised not to rely on these forecasts and estimates to an unreasonable extent.*

*This document does not constitute an offer or invitation to purchase or subscribe for any shares and neither it nor any part of it shall form the basis of or be relied upon in connection with any contract or commitment whatsoever.*

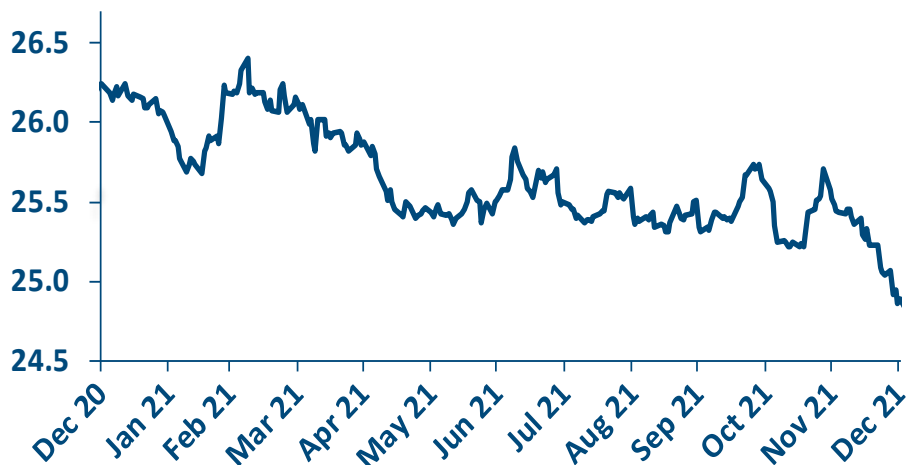
*Members of FSČS exclude any responsibility for inaccurate, erroneous or incorrect information contained in this document as well as any decision made by the user of this document in connection with the information contained in this document.*

# Czech Economy

## ČNB Repo (eop)



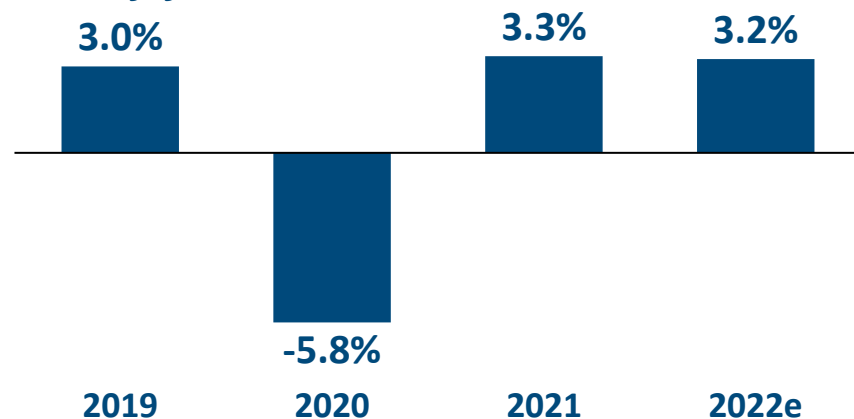
## EUR/CZK



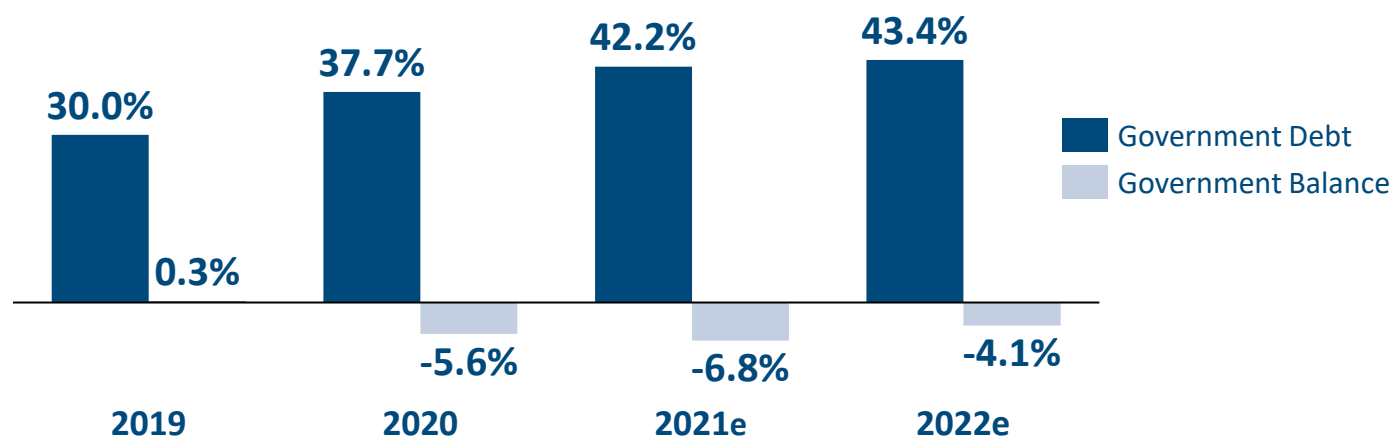
- According to the preliminary estimate, the Czech economy grew by 3.3% in 2021. GDP growth was driven mainly by sound household consumption. On the contrary, low semiconductor supplies negatively affected a volume of exports
- Developments in the labour market remained favourable in 2021, as economic recovery quickly increased labour demand. In December, the unemployment rate reached only 2.2%
- Headline inflation arrived at 6.6% in December, which implied an average inflation for 2021 at 3.8%. Inflation was driven by both supply and demand factors
- Given sound pro-inflationary pressures, the key rate of the ČNB arrived at 3.75% in December
- Although the koruna was affected by monetary policy tightening, its development was also influenced by the negative sentiment on the markets, mainly related to the pandemic, problems with car production and rising energy prices. Thus, the koruna remained at a weaker level during most of 2021 than what the rising interest rate differential would imply.

# Macroeconomic Developments

## Real GDP Growth y/y



## General Government Debt and Government Balance (share of GDP)

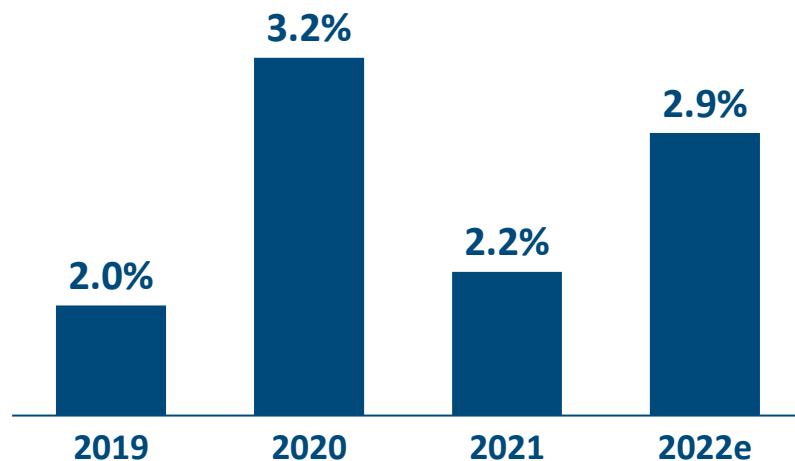


- GDP growth was driven mainly by sound household consumption, which reflected tight labour market and high savings from 2020. On the contrary, foreign trade was affected by problems in the automotive industry associated with a lack of semiconductors
- ČS expects GDP growth in 2022 to reach a similar value as in 2021. Foreign demand is expected to improve; however, a situation in the world trade and logistics still poses a significant risk
- On the other hand, domestic demand will slow down, mainly as a result of a negative impact of high energy prices on household consumption and high CNB rates on private investments
- The new government plans to improve public finances. As no important tax increase is expected, this will only happen gradually

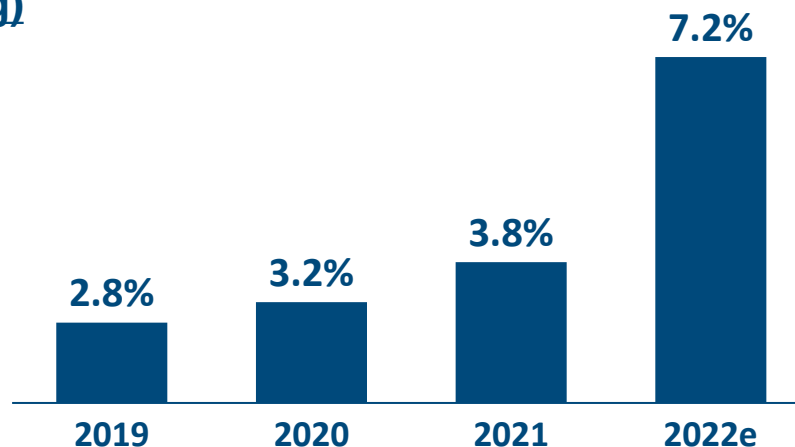
Note: Source for historic figures is the Czech statistical office (ČSÚ). Figures for forthcoming years are ČS forecasts

# Macroeconomic Developments

## Unemployment Rate (eop)



## Consumer Price Inflation (avg)



- The general unemployment rate (ILO) came in at 2.2% in December. During 2022, ČS expects unemployment to be slightly increasing, as it will be affected by high policy rates of the ČNB and a weakening of households' consumption growth
- Average CPI arrived at 6.6% in December 2021, due to both supply-side (energy and food prices) as well as demand-side (tight labour market and solid domestic demand, expansionary fiscal policy) factors
- After its peak in Q1 2022, ČS expects CPI inflation to be gradually weakening during the rest of the year, mainly due the base effect and negative impacts of high energy prices and tight monetary policy on the economy

Note: Source for historic figures is the Czech statistical office (ČSÚ). Figures for forthcoming years are ČS forecasts



# Summary & Business Highlights

# Key Indicators

## Summary & Highlights

Financial Performance  
Business Performance  
Risk & Capital Position  
Appendix

**Net profit** | **CZK 14.2 bn**  
(+41.7% y/y)

**Total capital ratio** | **23.8%**  
(-1.8 pp y/y)

**Return on equity** | **9.8%**  
(+2.8 pp y/y)

**Cost/income ratio** | **48.2%**  
(+0.6 pp y/y)

**Operating result** | **CZK 22.0 bn**  
(+4.4% y/y)

**Loan/deposit ratio** | **70.7%**  
(+1.9 pp y/y)



*“2021 was a turbulent year marked with gradual macroeconomic recovery and improving pandemic situation. I am very happy that our continuing strategic transformation to financial health company was reflected in our growing customer base and slightly improving market shares in main product lines. Strong deposit growth driven by households was followed by double-digit growth of mutual funds. We confirmed our position as the market leader in new mortgage financing with the record new volumes provided and our mortgage portfolio reached over CZK 350 billion. ČS has also strengthened its leadership as the largest corporate bank on the market as the volume of corporate loans provided surpassed the CZK 300 billion milestone. Additionally, to our strong capital and liquidity position, our financial resilience was supported by the issue of green bonds worth of EUR 500 million, proceeds of which will be used to further support our commitment to stronger and sustainable society.”*

Ivan Vondra, CFO



# Česká spořitelna Supports Stronger and Sustainable Society

## Summary & Highlights

Financial Performance  
Business Performance  
Risk & Capital Position  
Appendix

Česká spořitelna has formulated a purpose-driven strategy based on Erste 2030 vision – To transform itself from a traditional bank to a “financial health company” guiding Czech individuals and companies to financial health through a differentiating personalized advisory concept scaled to millions of clients. Major focus is placed on sustainability, seen as a noble purpose as well as substantial growth opportunity

Personalized services and advisory will further substantially spread in retail banking and also in corporate banking, with the support of digital solutions.

### Advisory for Retail Clients:

Česká spořitelna will further improve financial health of its clients via:

- Deepening its understanding of customers' needs
- Personalised advisory and high-value adding solutions
- Increasing affordability of housing

### Advisory for Corporate Clients:

Česká spořitelna aims to increase competitiveness, sustainability and prosperity of the country's economy (focus on ESG, Transformation 2.0 and entrepreneurship support) via:

- Active monitoring and improvement of financial health of its clients, thus creating stable business environment supporting companies on their way to prosperity
- Guiding Czech companies through the “green transformation” by inspiring, advising, financing and connecting them
- Guiding Czech companies towards a higher added value products and services
- Support of establishment of new prosperous entrepreneurs and businesses in the Czech Republic

### To Scale-up Prosperity Advisory to Millions of Clients Česká spořitelna Plans to Strengthen:

- Engagement with its clients through solidifying #1 position on the Czech market in number of active mobile banking users
- Digital advisory
- Digital onboarding for new clients as well as for majority of existing products and services
- Digital servicing



Since its establishment in 1825, Česká spořitelna has played a significant role in shaping Czech society and strengthening the country's prosperity. The Bank perceives this role as a key priority. It is also clear that future growth and prosperity must be based on sustainability. Česká spořitelna wants to lead by example and also assist clients in transforming their own activities for long-term sustainability

### From Words to Deeds:

- In Q4 2021 Česká spořitelna introduced three new ESG mixed mutual funds (ESG Mix 10, ESG Mix 30, ESG Mix 50) and so made ESG investing accessible also to mass market and mass affluent investors
- In September 2021, Česká spořitelna carried out the largest issue of green bonds to date among financial institutions operating on the Czech market. It offered senior non-preferred green bonds with a maturity of seven years (revocable after six years) worth of EUR 500 million. The interest of foreign investors was high and reached up to EUR 1.3 billion. The proceeds will be used to finance and refinance renewable energy sources, green residential and commercial buildings
- Earlier in 2021, together with nine other banks, Česká spořitelna initiated the establishment of the Commission for Sustainable Finance at the Czech Banking Association (CBA). The banks also signed a Memorandum for Sustainable Finance
- Česká spořitelna appointed the Chief Sustainability Officer. He leads and coordinates activities in the area of sustainability
- Česká spořitelna defined an Environmental, Social and Governance (ESG) risk policy as its basic framework for identifying and managing sustainability related goals and risks
- Česká spořitelna updated its responsible investment and remuneration policies to reflect sustainability
- Česká spořitelna implemented assessment of ESG risk for new loan origination according to EBA Guidelines on loan origination and monitoring



## Retail Banking

### Mortgages

The mortgage market in 2021 broke all previous records as the total volume of mortgages exceeded CZK 450 bn and thus exceeded the record year 2020. In 2021, Česká spořitelna became the number one in the market of newly provided mortgages. Spořitelna concluded 38,493 new mortgages in the total amount of CZK 124 bn. The volume of the mortgage portfolio exceeded CZK 350 bn, which meant an increase of CZK 50 bn compared to 2020

### Relief for Debtors

In November, Česká spořitelna joined the so-called Merciful Summer campaign that enabled people in execution to quickly get rid of their debt. The volume of overall debt payments (further interest, late fees and recovery costs related to debts at mortgages, building savings loans or credit card loans) that Česká spořitelna agreed to forgive by the end of 2021 reached CZK 35.5 million

### Investments

In Q4 2021, Česká spořitelna further expanded its offer to retail investors. Newly, mass market and mass affluent clients can make investments into sustainable ESG portfolios through new mixed mutual funds - ESG Mix 10, ESG Mix 30, ESG Mix 50

In mid-November, Česká spořitelna also launched a new stock fund Erste Stock Value

## Corporate Banking

### Lending

For the first time ever, the overall volume of Česká spořitelna's corporate loans grew over CZK 300 billion. The Bank reached the milestone mainly thanks to the continuous rise of financing provided to large corporations and also to SMEs

### Record Loan

Česká spořitelna arranged a syndicated loan of CZK 22 billion for Czech Gas Network Investments (CGNI) corporation. Spořitelna had a CZK 5.5 billion share on the loan, making it one of the largest credit exposures in Spořitelna's corporate banking

### ESG Financing

In Q4 2021, Česká spořitelna helped finance engineering company Škoda Transportation the export of 20 trams to Riga, Latvia.

In the meantime, financing provided by Česká spořitelna helped logistics company HOPI invest in energy saving technologies that will reduce their annual CO<sub>2</sub> footprint by 2,000 tonnes

### Financing Football

Česká spořitelna is set to become the main bank for the Czech Republic's Football Association. On top of that, the Bank provided the Czech FA a loan of CZK 169 million that will help the association achieve property settlement with other sports associations

### George

George mobile banking has become an everyday financial tool for households, individuals, and entrepreneurs. Among the new functionalities introduced by George in 2021 was a complete online process of starting and managing supplementary pension insurance, investing via mobile George and also the introduction of pension savings to mobile George

### BUSINESS 24

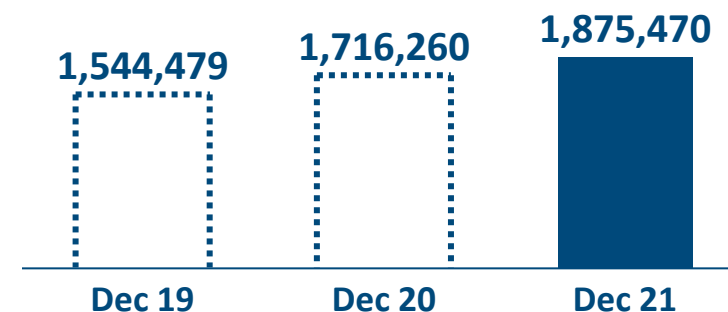
Česká spořitelna continued in digitization of corporate banking. Since October 2021, the Bank's corporate clients have been able to sign documents electronically in their BUSINESS 24 internet banking

### Bank ID

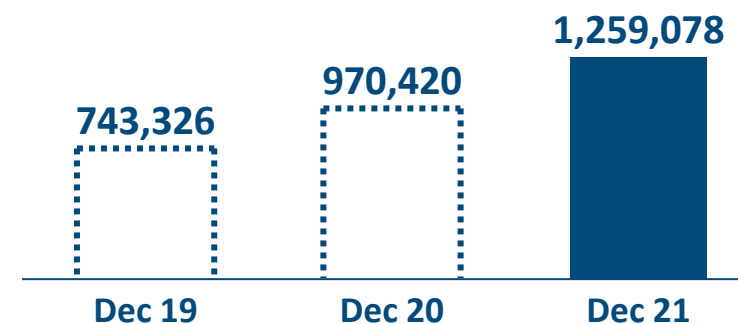
Česká spořitelna is the leading bank in extending the use of a bank identity as a universal “key” to the digital world. Česká spořitelna's Bank IDentity has grown into the most popular method of login in eGovernment services. At the end of 2021, Česká spořitelna registered 276,000 unique users. In online communication with the state, Česká spořitelna's Bank IDentity has almost a 30-percent share of all verifications using any type of e-identities.

In Q4 2021, the Bank further extended the use of its Bank IDentity for private companies after launching the Bank ID Sign functionality, enabling companies to sign documents with their clients online upon their verification via Bank IDentity

### Number of Active Unique Users of George



### Number of Active Unique Users of Mobile George



### Bank of the Year 2021

- Česká spořitelna won for the second time in a row in the main category “Bank of the Year”
- The Banker of the Year award was presented to Tomáš Salomon, Chairman of the Board of Directors of Česká spořitelna
- Erste Private Banking won the 1st prize, ČS Corporate Banking ranked 3rd. Spořitelna also ranked 3rd in Sustainability
- Česká spořitelna was also awarded a Special Prize for the help provided to towns and municipalities during COVID-19 pandemic

### Golden Crown 2021 (Zlatá koruna)

- Mortgages - Česká spořitelna's mortgage triumphed for the fourth year in a row
- Pension savings - the winner in this category was Česká spořitelna – penzijní společnost
- Building savings - The building savings from Buřinka in George won the Golden Crown
- CSR - educational programme Money Alphabet by Česká spořitelna



mastercard  
banka roku 2021

1. místo



bankéř roku  
2021



### Top Employer

Česká spořitelna was selected 2nd best employer in the banking and investment sector and, furthermore, it became the first career choice in the field of economics for university students

### Top Taxpayer

The Ministry of Finance honoured Česká spořitelna as the largest corporate taxpayer in the Czech Republic in 2020 (CZK 4.38 bn paid in income tax)

### Finparáda

The first place in the Financial Product of 2020 category went to Supplementary Pension Savings from Česká spořitelna – penzijní společnost

### Euromoney Awards

Erste Private Banking (EPB) was named the best private banking in the Czech Republic. In addition, the EPB service also took first place in the category of High Net-worth Clients, Data Management, and Data Security

### European Customer Experience Awards

Česká spořitelna's Customer Care won the main prize – Overall Winner 2021 in the competition in which 210 projects from 86 companies from 26 countries were considered

**ČESKÁ**  
SPORITELNA

**VÝBĚRY**

S úsporou až 80 Kč.

Co všechno umím:

- Výběry
- Platby
- Dobíjení
- Zůstatek
- Změna PIN
- Limity karty
- IBOD

**VÝBĚRY A VKLADY**

S úsporou až 80 Kč.

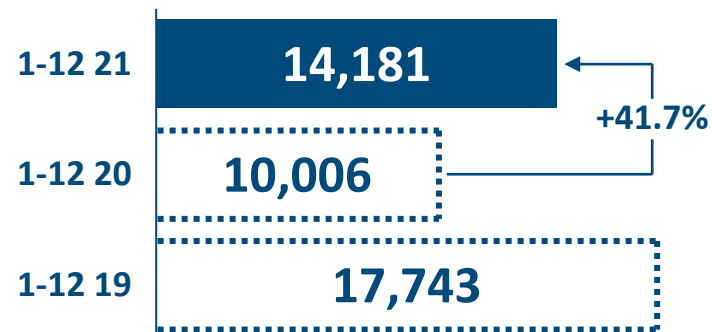
Co všechno umím:

- Výběry a vklady
- Platby
- Dobíjení
- Zůstatek
- Změna PIN
- IBOD

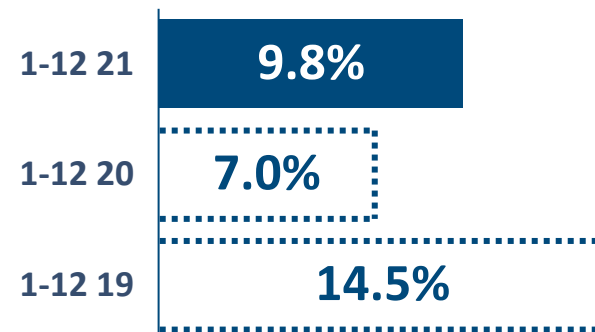
# Financial Performance

# Main Indicators

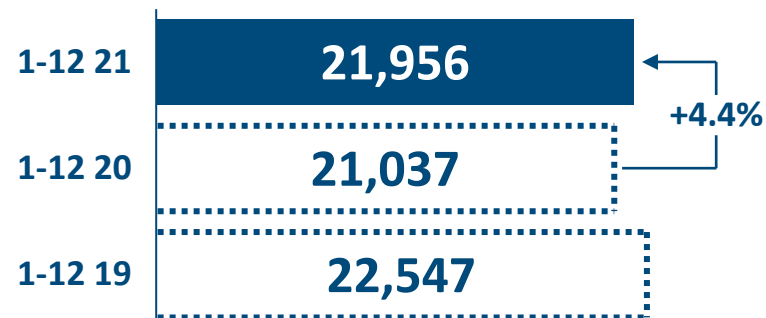
### Net profit (CZK m)



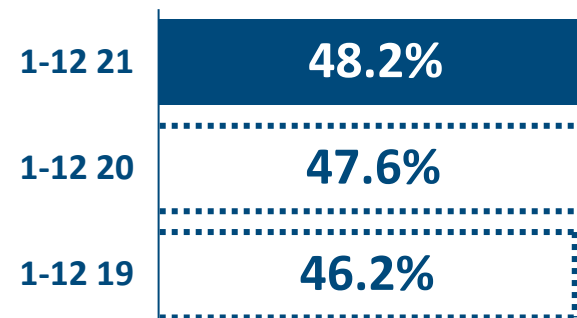
### ROE



### Operating result (CZK m)

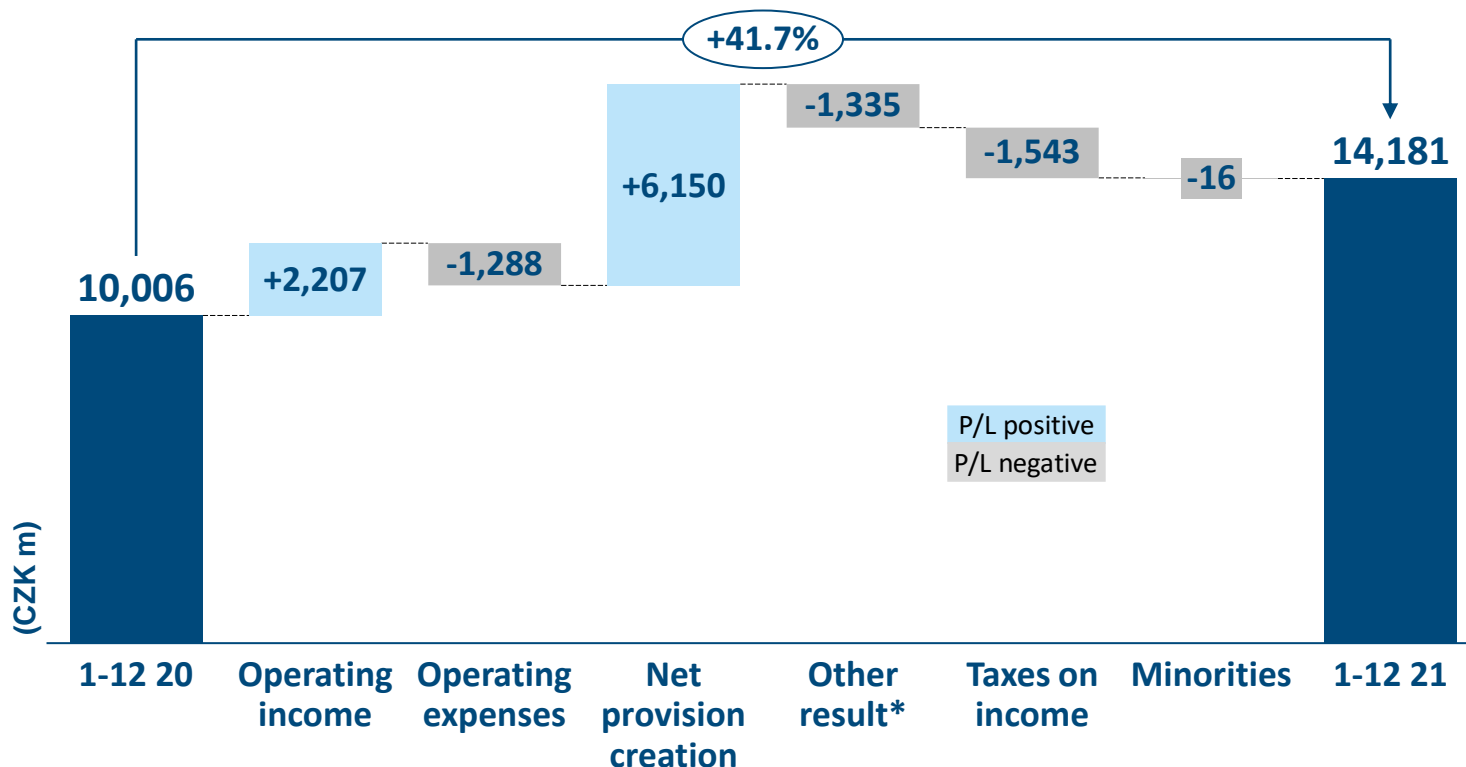


### Cost/income ratio



- Net profit increased by 41.7% y/y to CZK 14.2 bn, reflecting considerably lower risk provision creation in FY 2021 and overall post-COVID recovery
- ROE grew to 9.8% (+2.8 pp y/y)
- Operating result rose by 4.4% y/y (or CZK 0.9 bn)
  - Operating income was up by 5.5% y/y, attributed to increase in net interest income (+6.8% y/y) and net fee and commission income (+11.4% y/y)
  - Operating expenses were higher by 6.7% y/y driven mainly by personnel expenses
- Cost/income ratio increased to 48.2% (+0.6 pp y/y)

# Net Profit – Y/Y

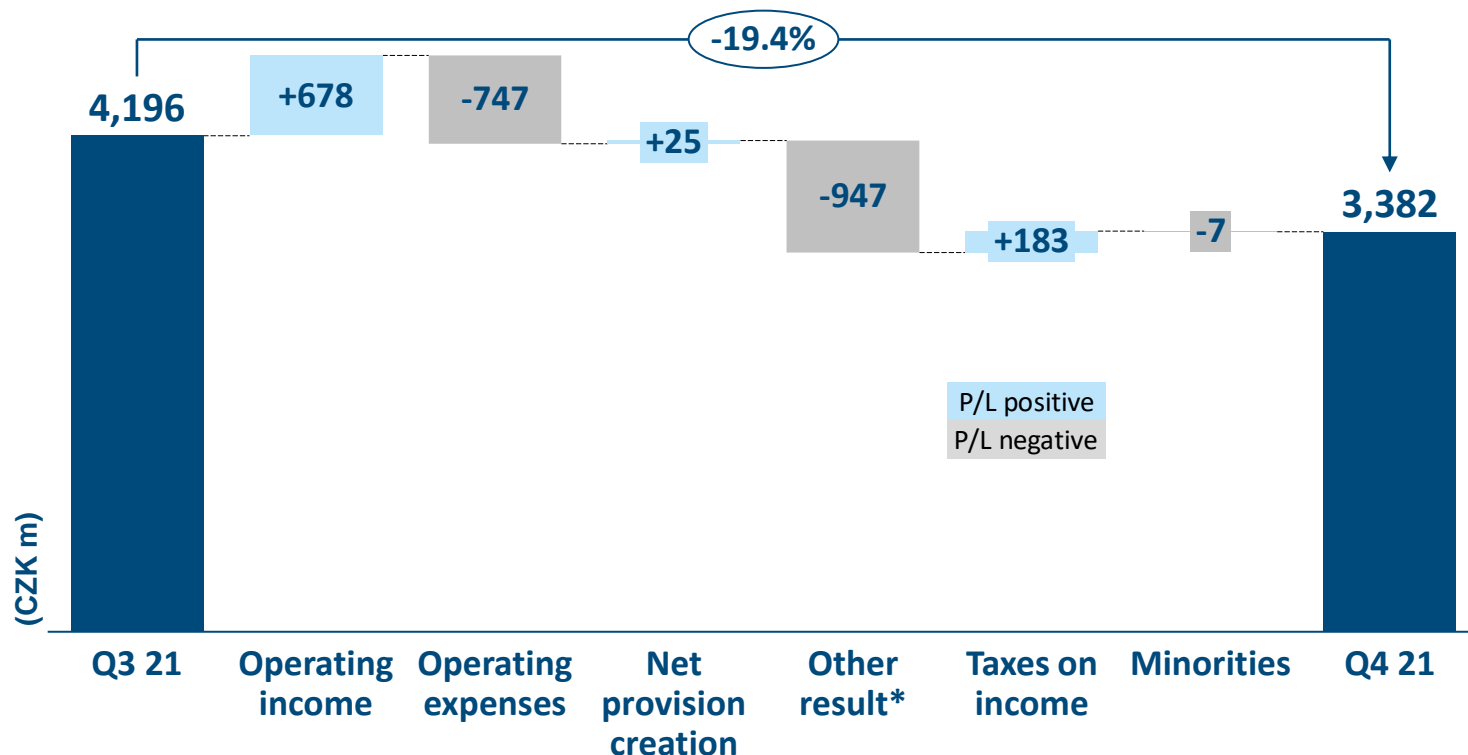


- Operating income went up by 5.5% y/y mainly due to increase in net interest income (+6.8%) and net fee and commission income (+11.4%) partly offset by lower result from financial instruments measured at FVTPL
- Operating expenses rose by 6.7% y/y attributed mainly to increase in personnel expenses
- Development of risk provision driven by considerably lower creation in FY 2021 in comparison with FY 2020. Impact of COVID-19 on loan portfolio of retail as well as corporate is gradually fading away, bringing risk costs back to standard level
- Decrease in other result\* attributed mainly to non-recurring one-offs in 2020, booking of impairment on buildings and loss from sale of financial instruments in 2021

\* Includes Gains/losses from derecognition of financial instruments not measured at FV through profit or loss and Other operating result



# Net Profit – Q/Q

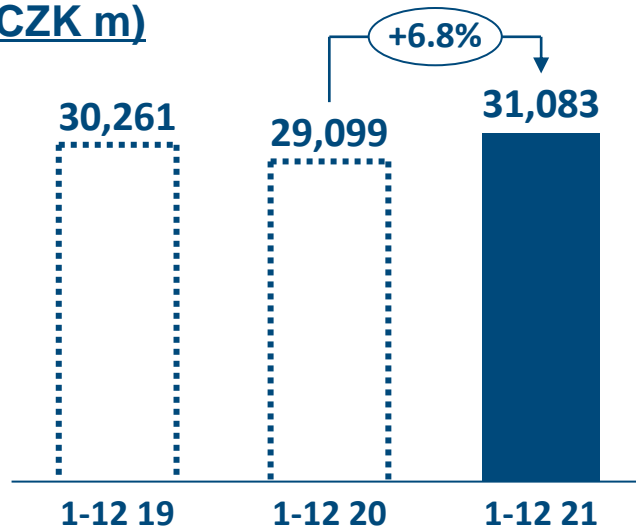


- Operating income in Q4 2021 increased by 6.3% q/q attributed to growth of net interest income (+14.1% q/q), partly offset by lower net trading result
- Operating expenses grew by 15.4% q/q driven by
  - Personnel expenses affected by booking of accrual for newly introduced employee share programme
  - Other administrative expenses influenced by seasonality
- Other result\* affected by booking of impairment of buildings in Q4 and loss from sale of financial instruments

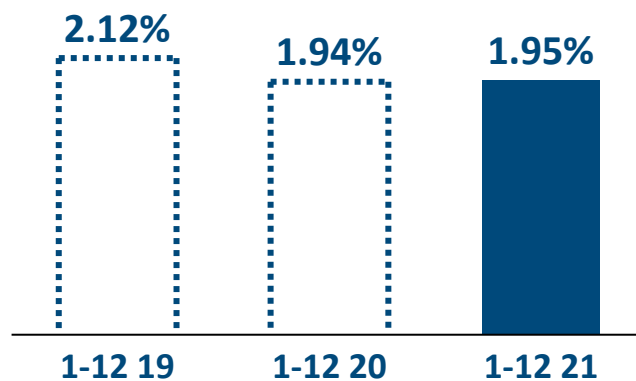
\* Includes Gains/losses from derecognition of financial instruments not measured at FV through profit or loss and Other operating result

# Net Interest Income & Net Interest Margin

## Net Interest Income (CZK m)

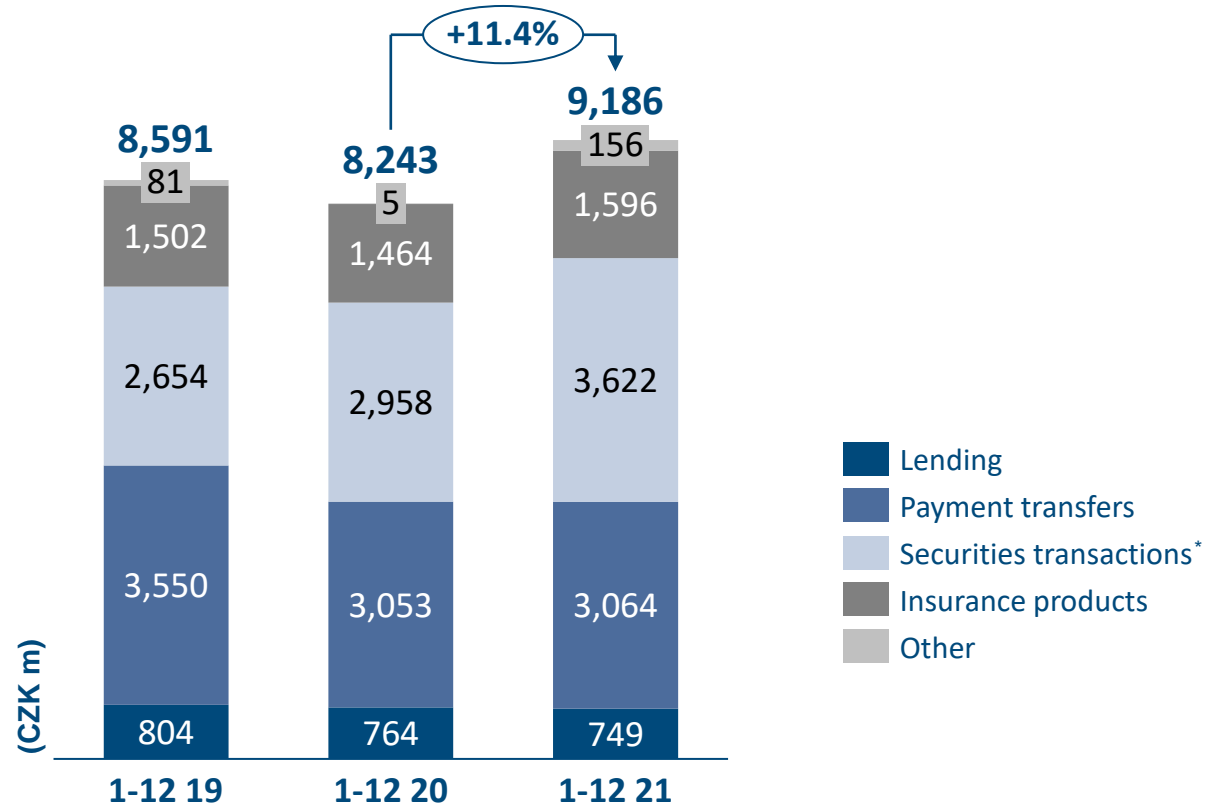


## Net Interest Margin



- Net interest income increased by 6.8% (or CZK 2.0 bn) in comparison with FY 2020, exceeding pre-COVID levels, which was mainly affected by
  - Growth of customer loans and deposits
  - Investments into government bonds
  - Interest rate hikes by ČNB (5 hikes during 2021 to 3.75%)
  
- Net interest margin reached 1.95% in FY 2021 and will be supported by rising interest rates in upcoming quarters

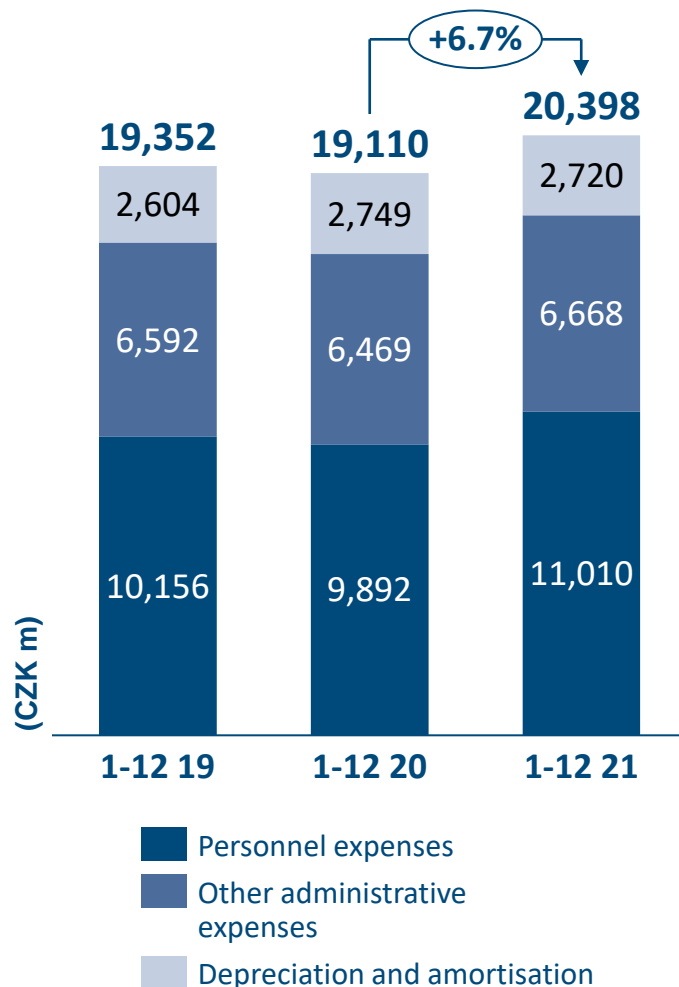
# Net Fee and Commission Income



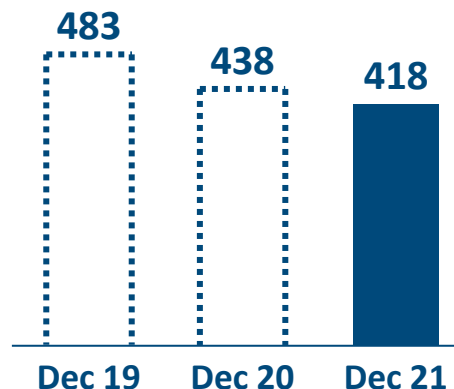
- Solid y/y growth to above pre-COVID levels caused by both retail and corporate
  - Securities transactions supported by positive development of pension funds and double-digit growth of mutual funds volumes driven by substantial new sales
  - Insurance products up by 9.0% y/y
  - Stabilization of payment fees: ongoing drop in maintenance fees from current accounts offset by higher fees from card transactions

\* Since FY 2021 securities transactions include securities, asset management, custody and collective investments; previous data restated

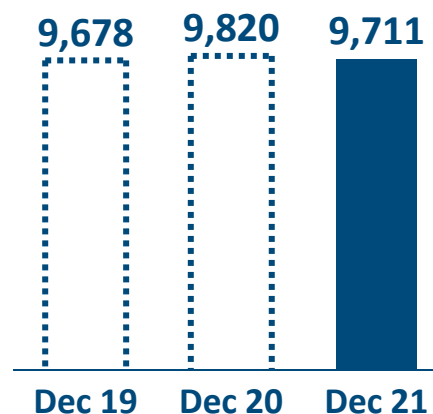
# Operating Expenses



## Number of branches



## Number of employees



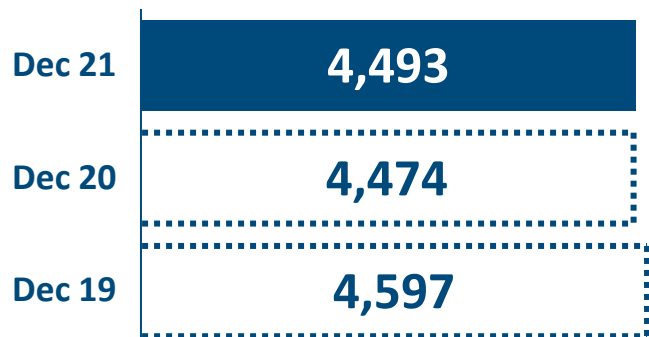
- Operating expenses rose by 6.7% y/y attributed mainly to increase in personnel expenses and other administrative expenses
- Personnel expenses grew by 11.3% y/y driven mainly by bonus reduction in 2020, booking of accrual for newly introduced employee share programme in Q4 2021 and impact of salary increase
- Other administrative expenses rose by 3.1% y/y (well below the inflation rate) due to higher costs for IT, marketing and property management
- Depreciation slightly declined by 1.1% y/y

A modern office interior featuring a curved desk, circular pendant lights, and a large living wall. The scene is brightly lit with a clean, professional aesthetic.

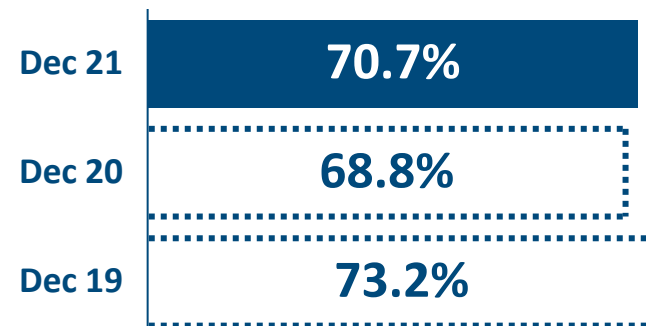
# Business Performance

# Main Indicators

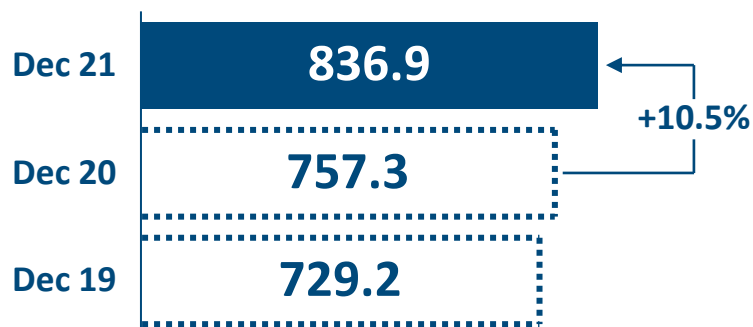
## Number of clients (ths)



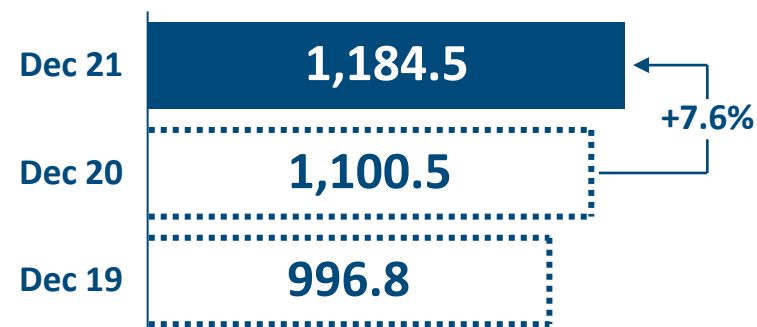
## Loan\*/deposit\*\* ratio



## Loans\* (CZK bn)



## Deposits\*\* (CZK bn)

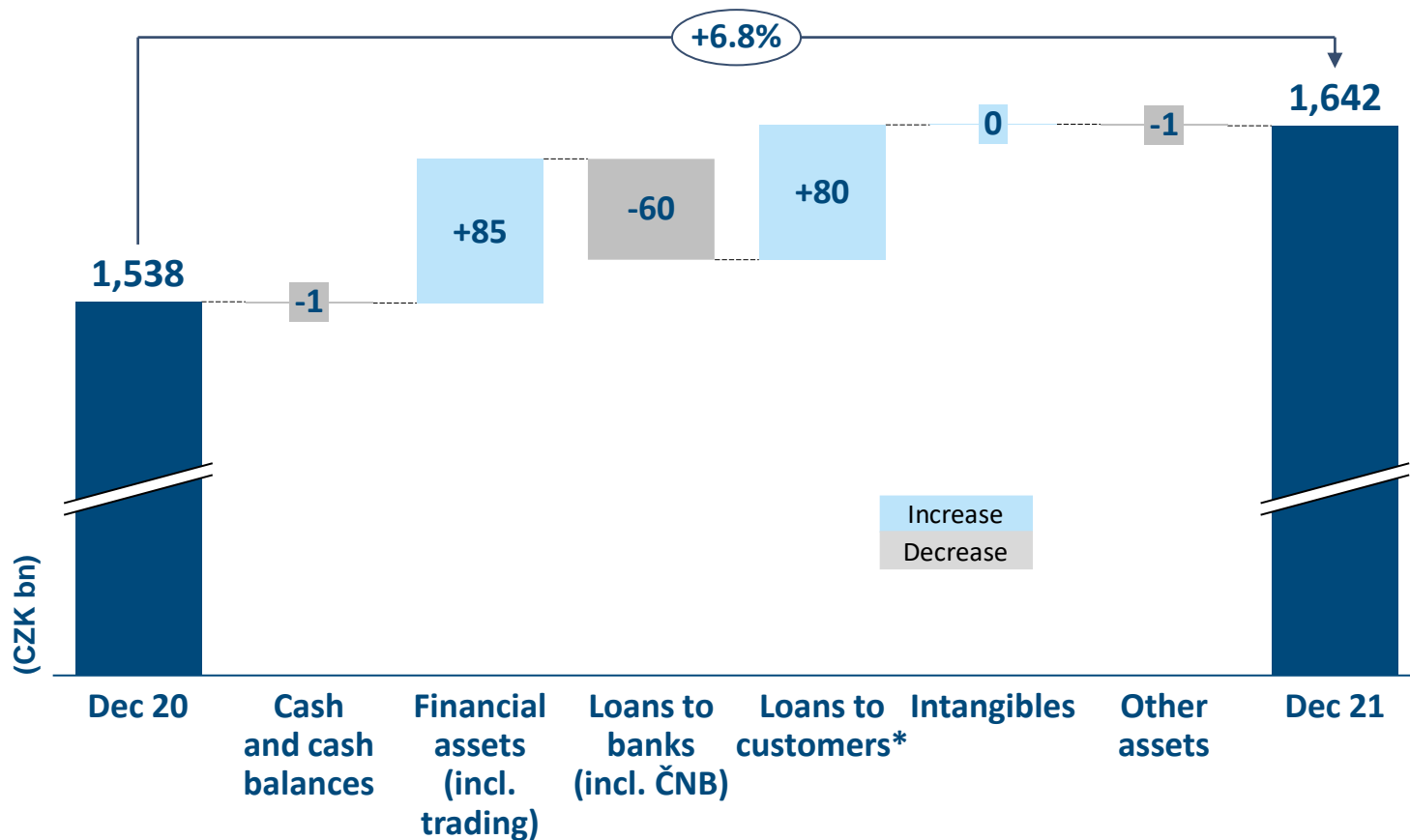


- Number of clients increased by 19 ths in comparison with December 2020
- Group net customer loans increased by 10.5% y/y, driven mainly by private mortgages
- Total group customer deposits grew by 7.6% y/y due to lower household consumption related to COVID-19 and expectations of macroeconomic development
- Loan/deposit ratio grew to 70.7% (from 68.8% in December 2020)

\* Includes loans and advances at amortised cost, loans and advances at FV through profit or loss, finance lease receivables and trade and other receivables

\*\* Since H1 2021 includes deposits from customers at amortised cost and deposits from customers at FV through profit or loss; previous figures restated

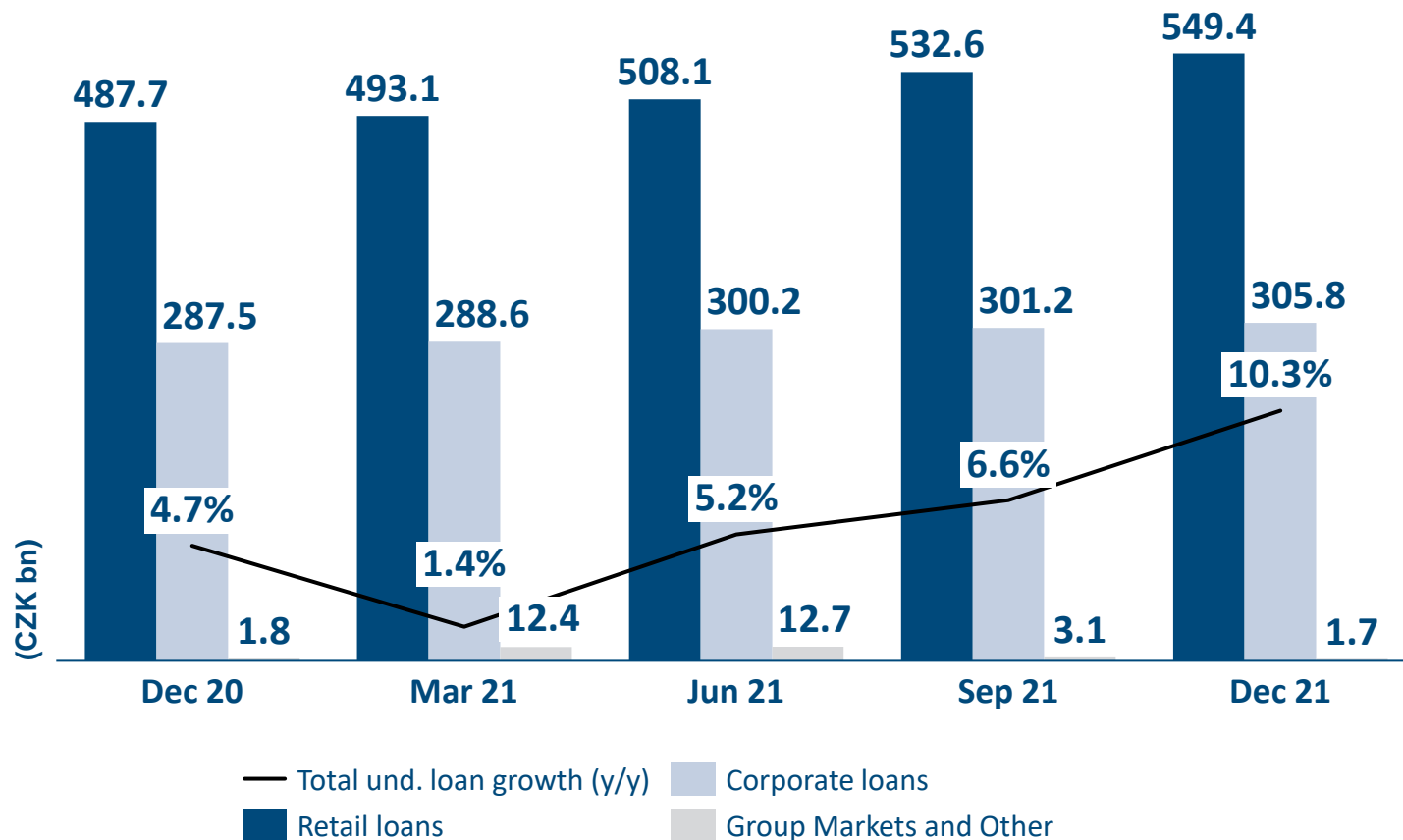
# Balance Sheet – Assets YTD



- The assets development driven mainly by growth of loans to customers
- Net customer loans\* increased by 10.5% in FY 2021 attributed to both retail and corporate lending
- Growth of financial assets caused by higher investments into Czech government bonds which was partly compensated by decrease in loans to banks

\* Includes loans and advances at amortised cost, loans and advances at FV through profit or loss, finance lease receivables and trade and other receivables

# ČS Group Gross Loan Portfolio

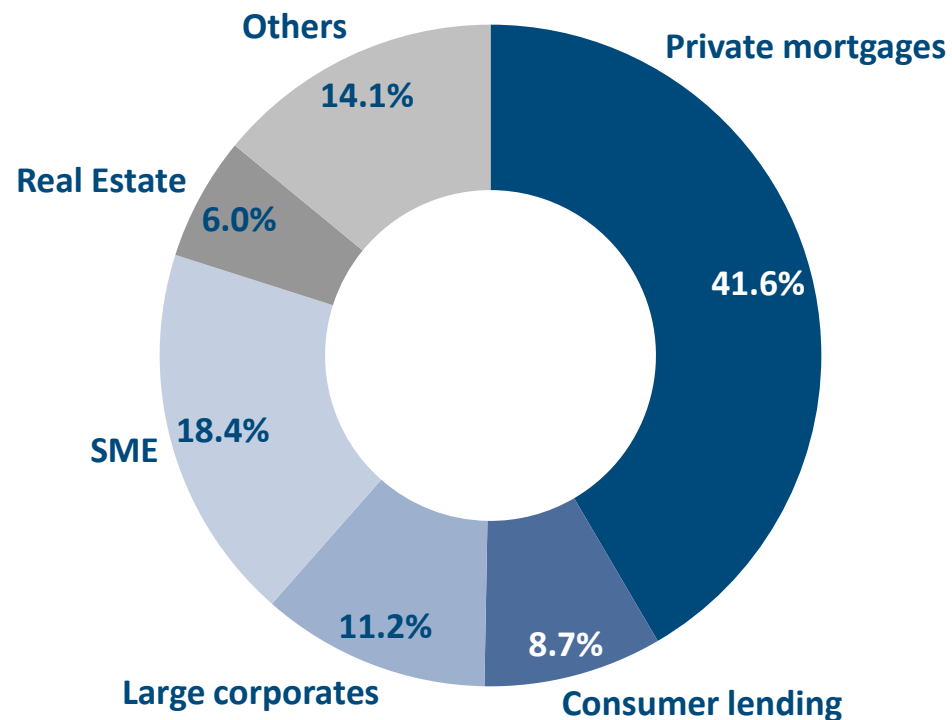


- ČS Group gross loan portfolio increased by 10.3% y/y driven by both retail and corporate loans
- Loans to retail clients rose by 12.7% y/y
  - Private mortgages +16.5%
  - Building Society (SSČS) +12.8%
  - Small Business +6.0%
  - Consumer lending +1.6%
- Loans to Corporate added 6.4% y/y (+8.6% y/y excluding FX impact)
  - Increase in Large Corporate +11.6%
  - Subsidiaries grew by +13.4%
  - SME +3.2%

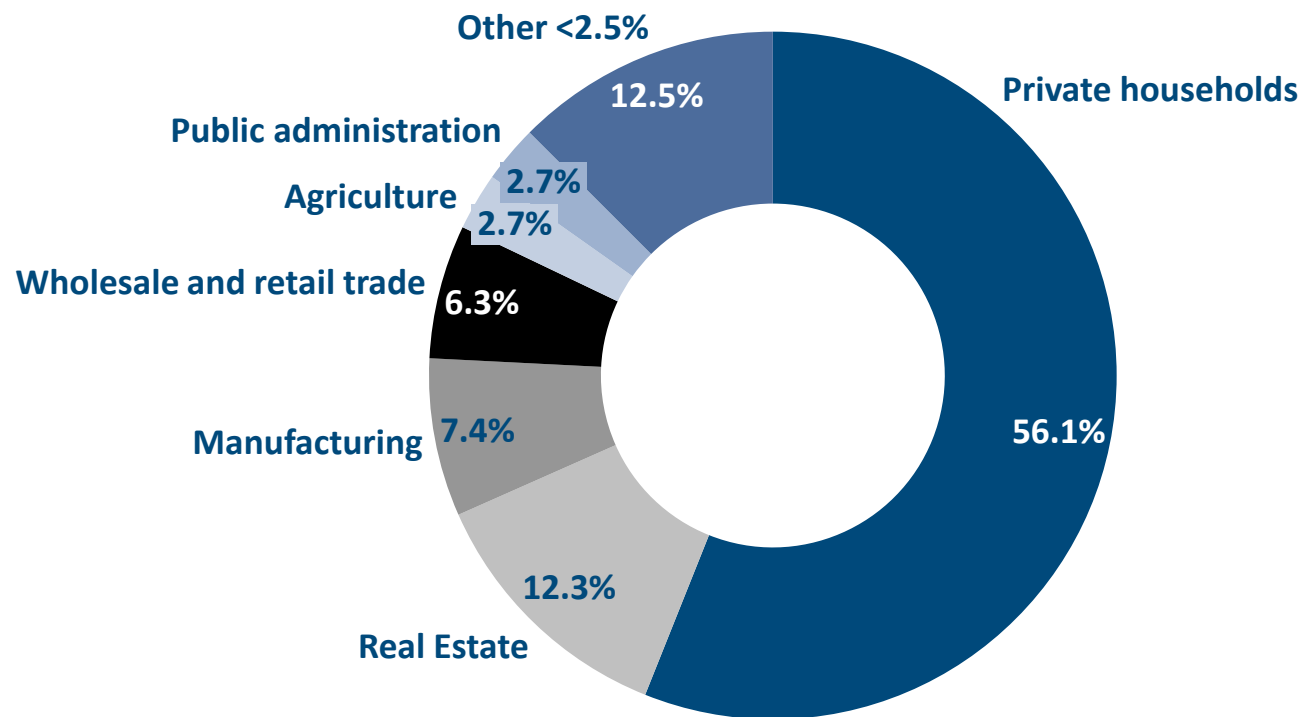


# ČS Group Gross Loan Portfolio

### Loan Portfolio by Customer Segment

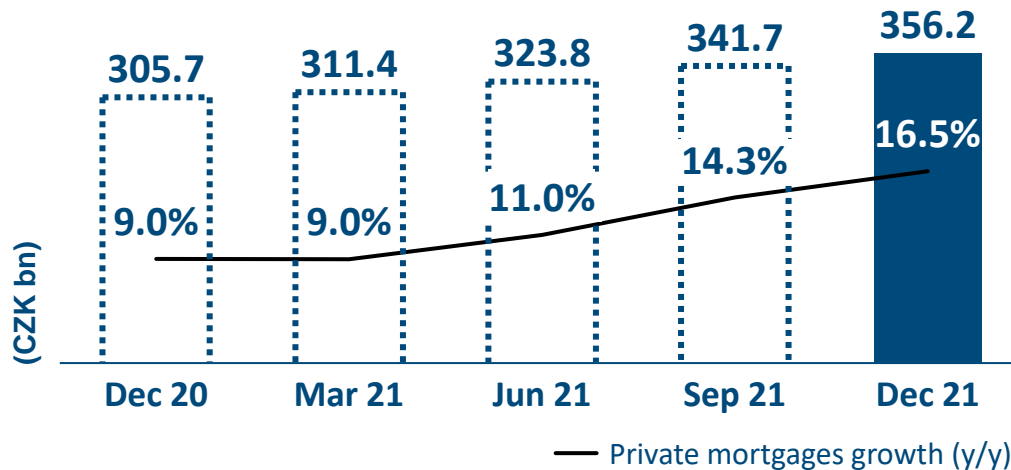


### Industry Split of Gross Loan Portfolio



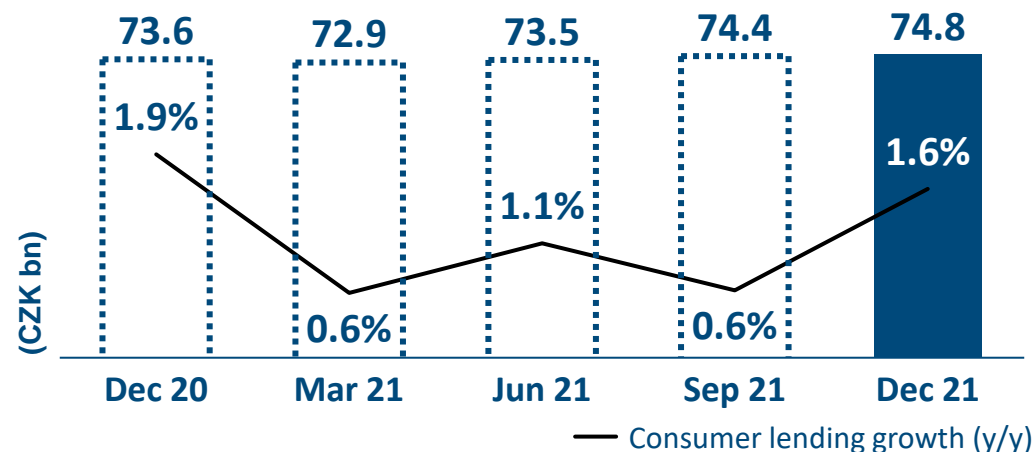
# Mortgages and Consumer Lending

## Mortgages



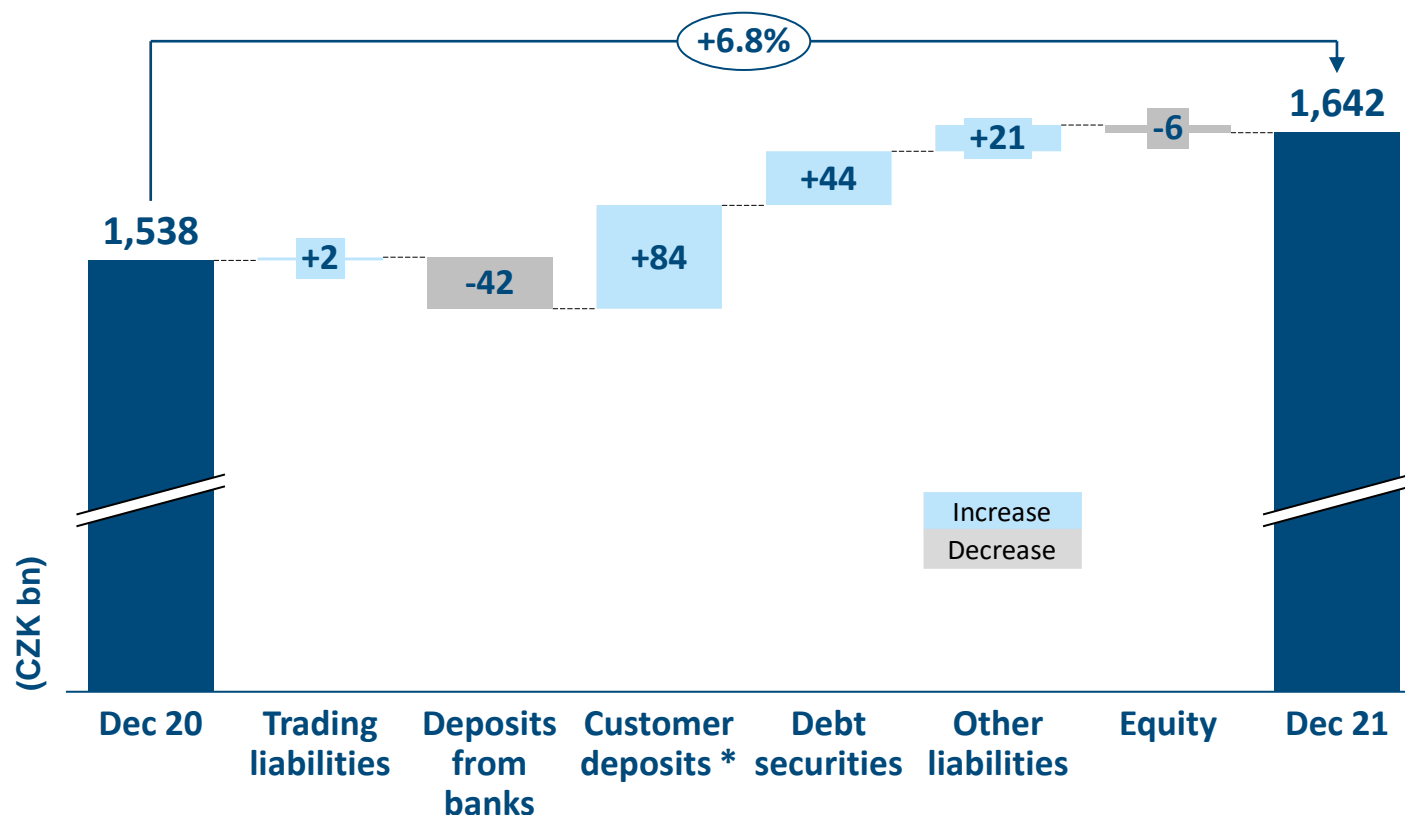
- Growth of private mortgages further accelerated to 16.5% y/y
  - Extraordinary strong sales pushed by anticipation of interest rate hikes by ČNB
  - Average maturity of new loans stable at 27.5 years, average volume at 3.19 m
  - Underwriting policy unchanged, LTV stable (whole portfolio at 55.8%, new loans at 66.3%)

## Consumer Lending\*



- Consumer lending\* added 1.6%
  - Growing volume since Q1 2021
  - Higher sales on home equity loans continued

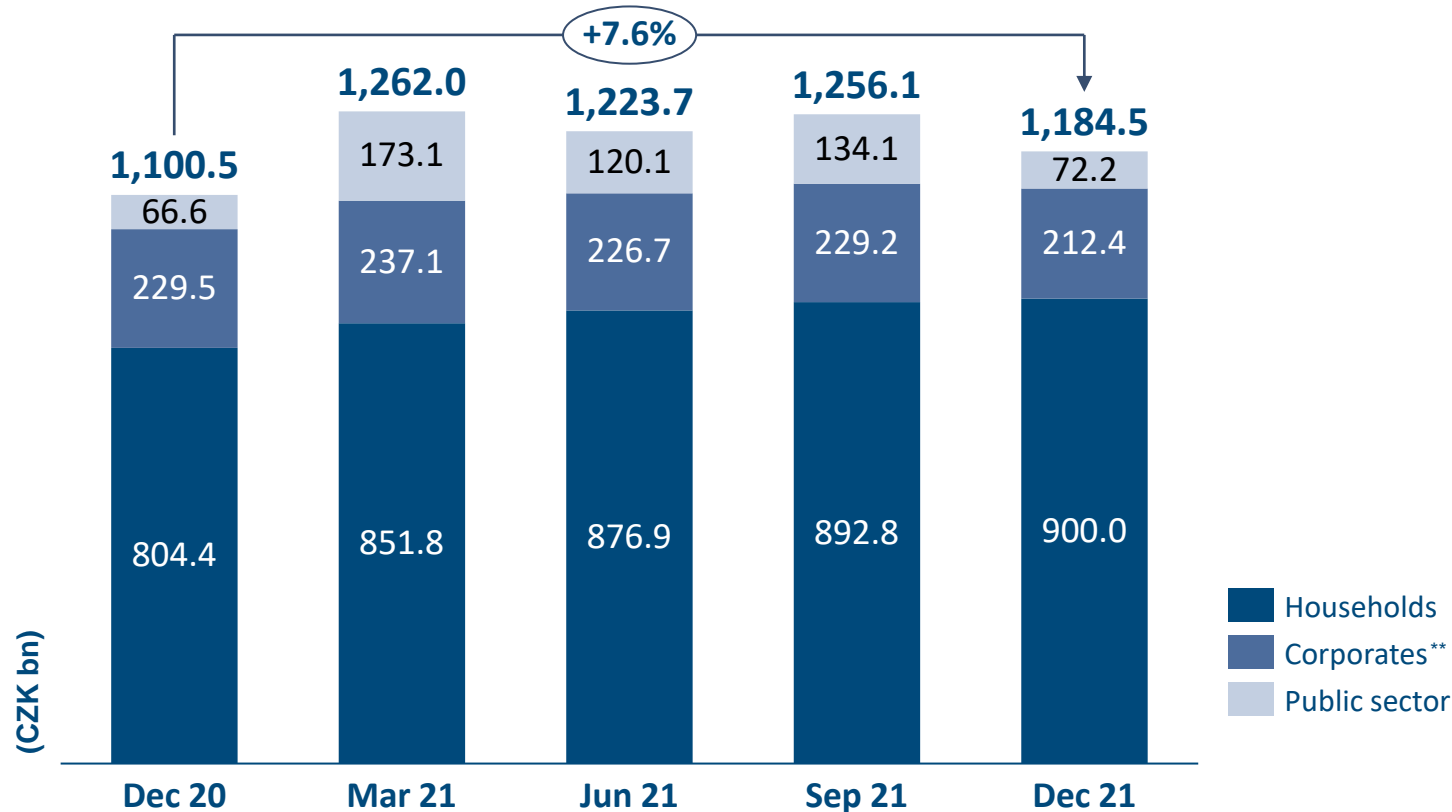
# Balance Sheet – Liabilities YTD



- The main driver of growth on liability side of balance sheet were customer deposits
- Group customer deposits\* grew by 7.6% y/y due to lower household consumption related to COVID-19 and expectations of macroeconomic development
- Decrease in deposits from banks (credit institutions) was compensated by increase in debt securities

\* Since H1 2021 includes deposits from customers at amortised cost and deposits from customers at FV through profit or loss; previous figures restated

# ČS Group Customer Deposits

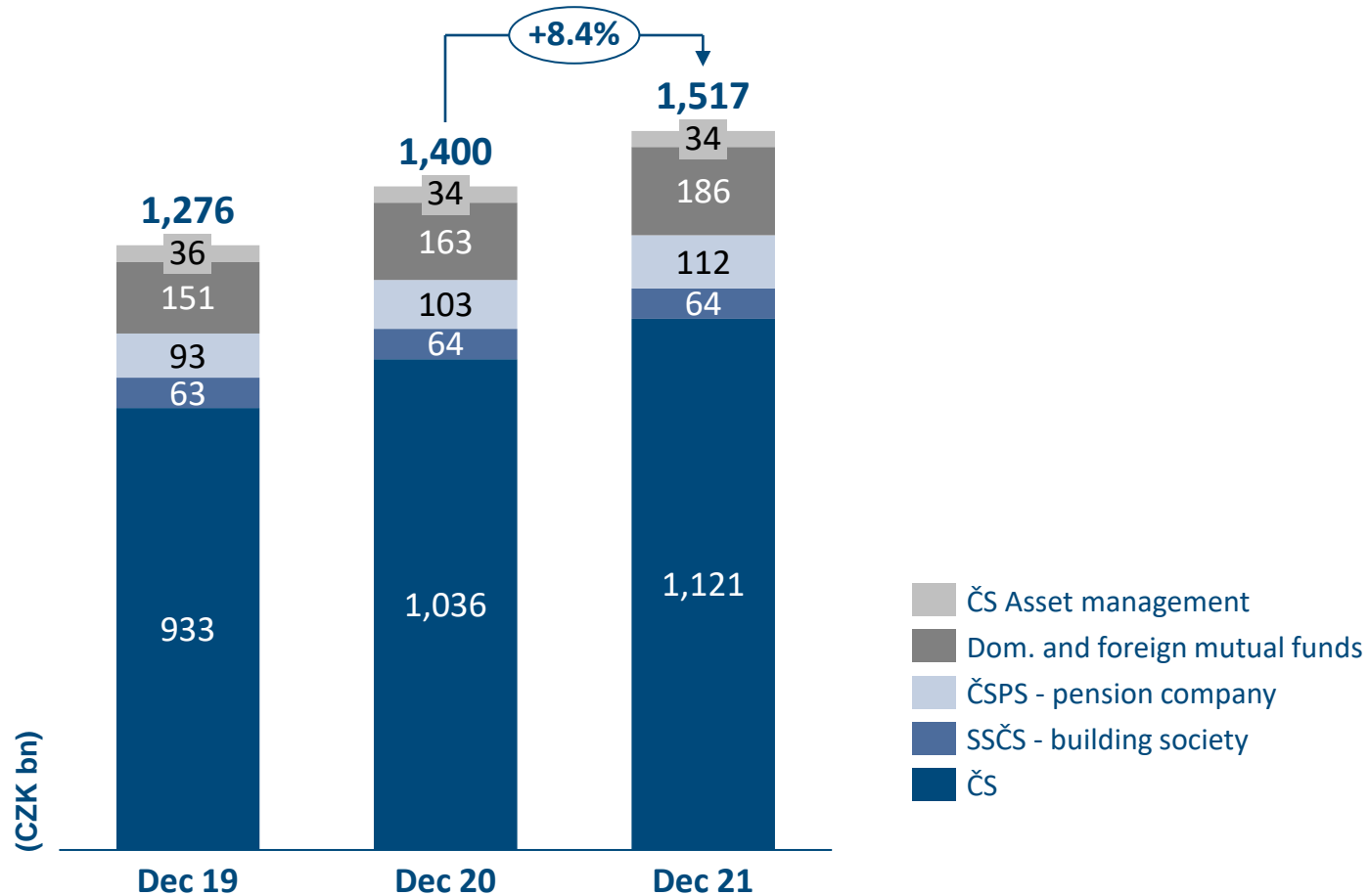


- Customer deposits continued in growth y/y in household and public sector; total group customer deposits\* increased by 7.6% compared to December 2020 due to lower household consumption related to COVID-19 and expectation of macroeconomic development
  - Households deposits grew by 11.9%
  - Corporates\*\* declined by 7.5% (caused by decrease in deposits of other financial corporations; deposits of non-financial corporations up by 5.8% y/y)
  - Public sector deposits up by 8.5%

\* Since H1 2021 includes deposits from customers at amortised cost and deposits from customers at FV through profit or loss; previous figures restated

\*\* Includes deposits of non-financial corporations and deposits of other financial corporations

# Clients' Funds Under Management



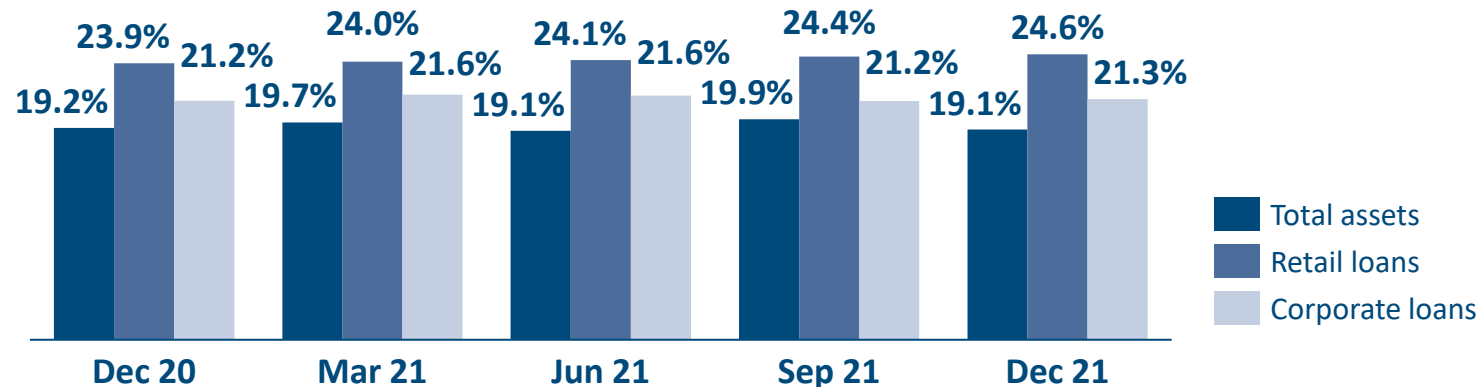
- ČS parent bank customer deposits grew by 8.2% y/y, excl. repo operations by 10.6% y/y
  - Rise driven mainly by deposits of households
- Assets in ČS pension company continued in growth, in December 2021 they rose by 8.5% y/y
- Domestic and foreign mutual funds increased by 14.5% y/y

IFRS, in CZK bn	Dec 19	Dec 20	Dec 21	Change (y/y)
ČS - customer deposits	933	1,036	1,121	8.2%
SSČS - building society	63	64	64	0.6%
ČSPS - pension company	93	103	112	8.5%
Dom. and foreign mutual funds	151	163	186	14.5%
thereof REICO - investment company	24	26	28	5.7%
Asset management	36	34	34	-2.5%
<b>Total</b>	<b>1,276</b>	<b>1,400</b>	<b>1,517</b>	<b>8.4%</b>

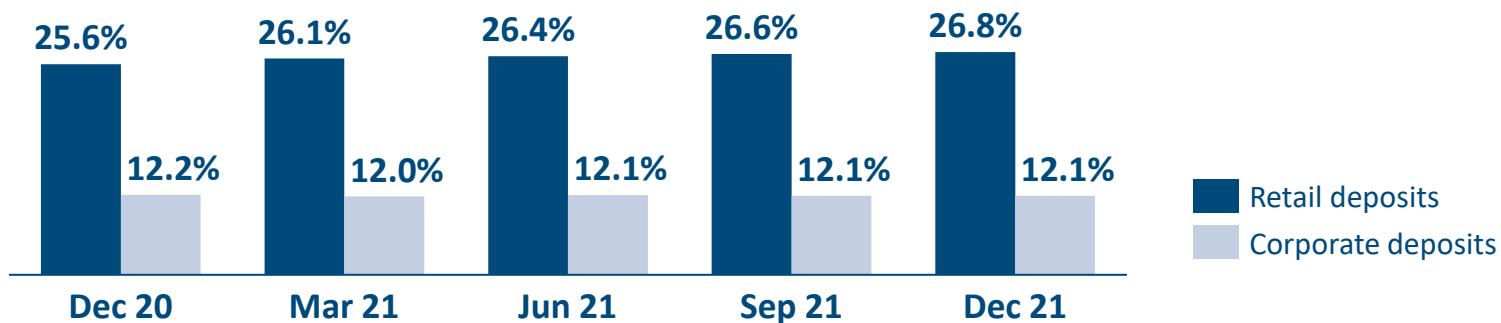
Note: New reporting methodology applied since FY 2021; previous data restated

# ČS's Market Shares

## Assets



## Liabilities

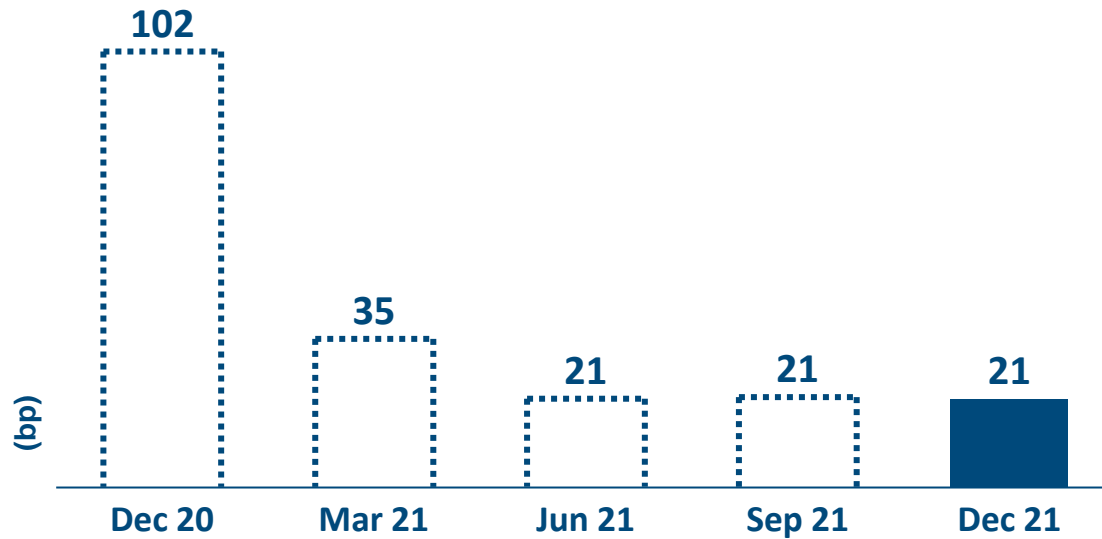


- ČS improved its market position in both retail and corporate loans while growing in retail deposits
- Market leadership in:
  - Number of customers (4.5 m)
  - Private mortgages – new business (market share of 30%)
  - Consumer loans incl. credit cards (market share of 26%)
  - Total deposits (market share of 22%)
    - 27% in retail deposits
    - 12% in corporate deposits
  - Mutual funds with market share of 26%
- No. 2 in:
  - Private mortgages – outstanding portfolio (market share of 27%)
  - Total assets (market share of 19%)
  - Total loans (market share of 22%)



# Risk & Capital Position

## Risk Costs Development (YTD)

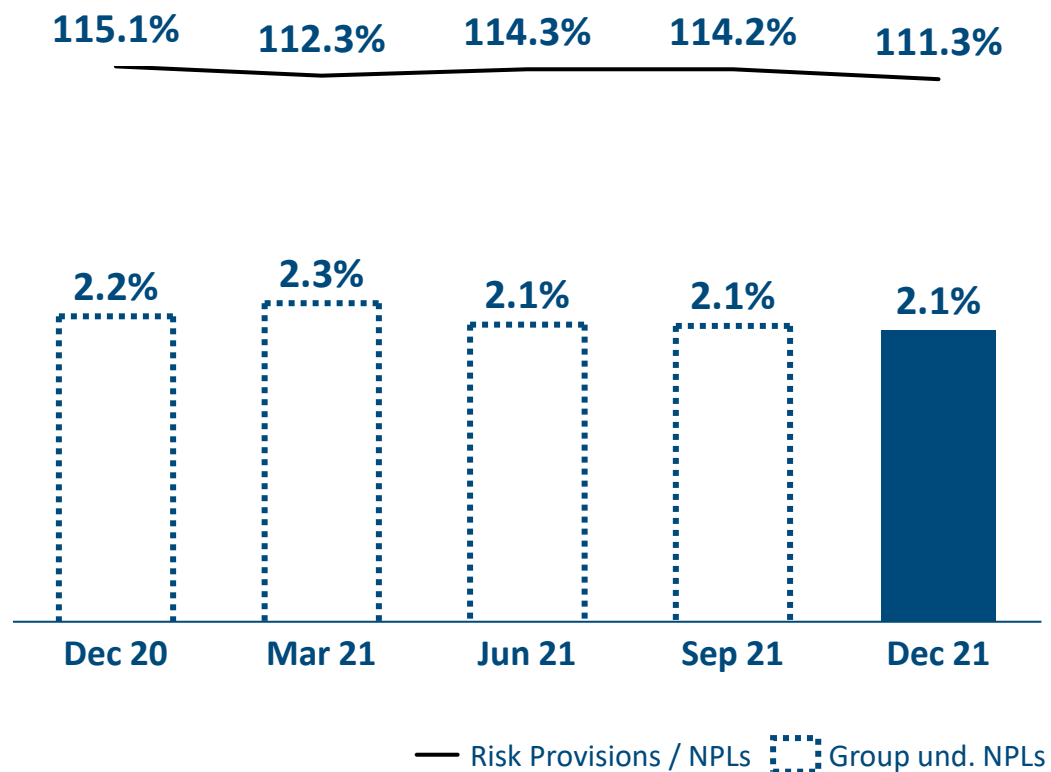


- Prudent approach of ČS reflected in stable development through whole 2021
- Y/Y development driven by improving pandemic situation

\* Risk costs calculated as annualized credit risk provision creation YTD to customer loans



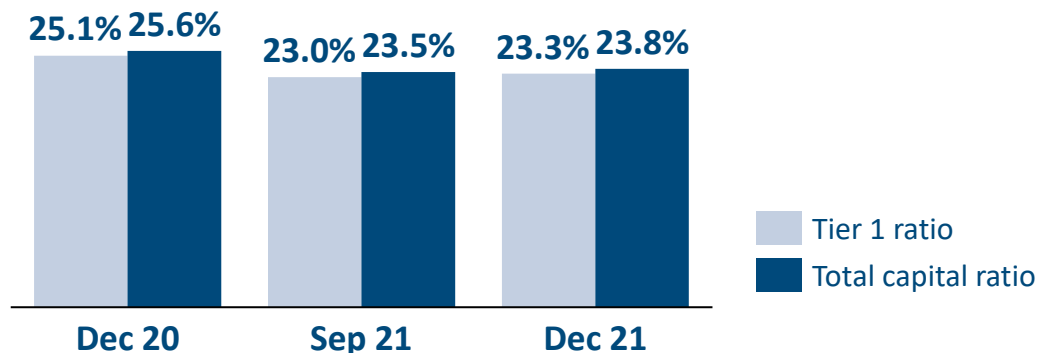
## NPL Ratio and NPL Coverage



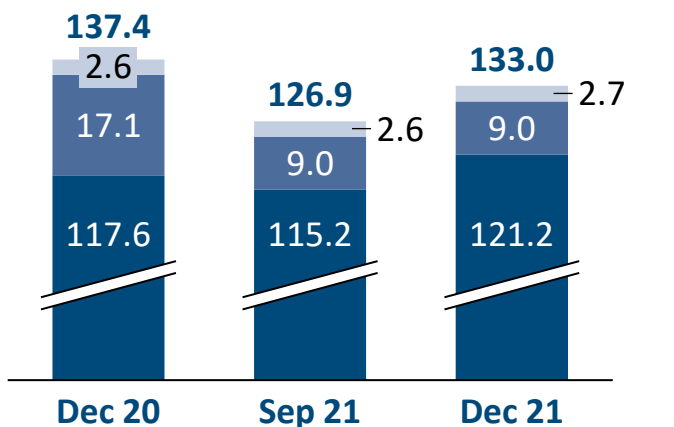
- Group NPL share stable at 2.1%
  - Improving NPL share in retail combined with flattish corporate
  - Provision coverage lowered to 111% while total coverage (provisions+collateral to NPL) remained stable at 140%, reflecting minor changes in NPL portfolio structure towards loans with higher collateral

# ČS Group Capital Position

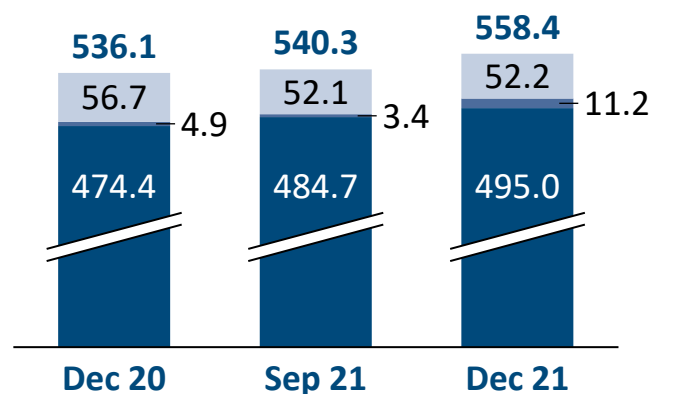
## Capital Ratios



## Regulatory Capital (CZK bn)



## Risk Exposure (CZK bn)



- Total capital ratio at 23.8% well above minimum regulatory capital requirement of 14.4%. Tier 1 ratio at 23.3%
- Most of the y/y decrease is due to the redemption of an AT1 instrument (-1.5 pp)
- ČS has paid a dividend of CZK 5.4 bn in Q3, in line with ČNB recommendation
- Expected dividend from 2021 profit already deducted from YE regulatory capital

- Total risk exposure increased by 4.2% y/y driven by growth of credit risk (+4.3%)
- Credit RWA growth rate well below loan book growth due to increase in mortgage portfolio with relatively low risk weights

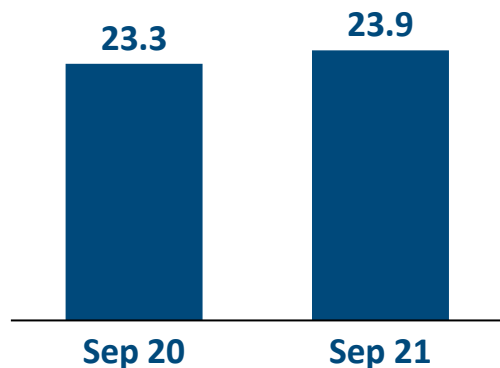


# Appendix

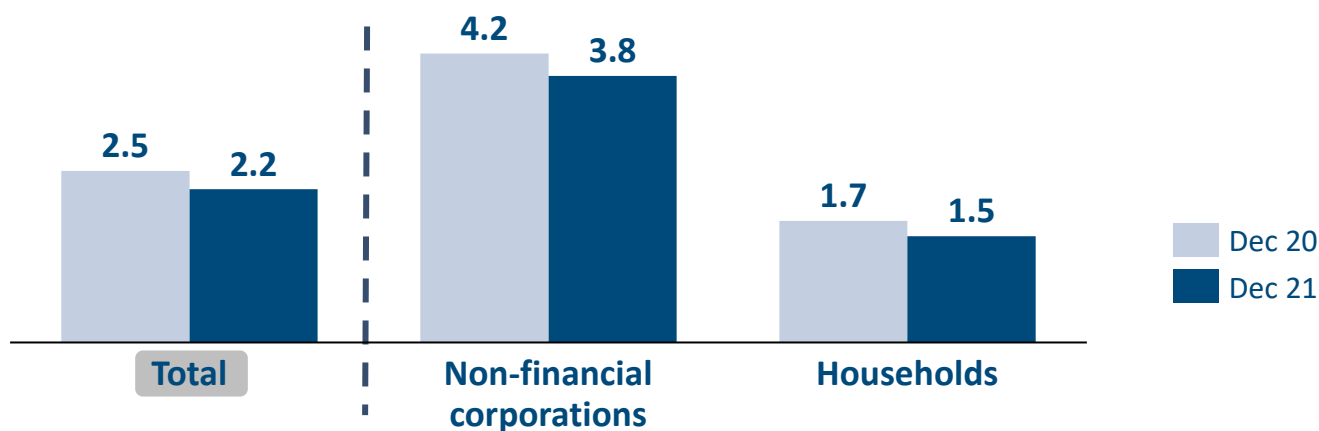
# Czech Banking Market I.

## Appendix

### Total Capital Ratio of Czech Banks (%)



### Non-performing Loan Ratios (%)

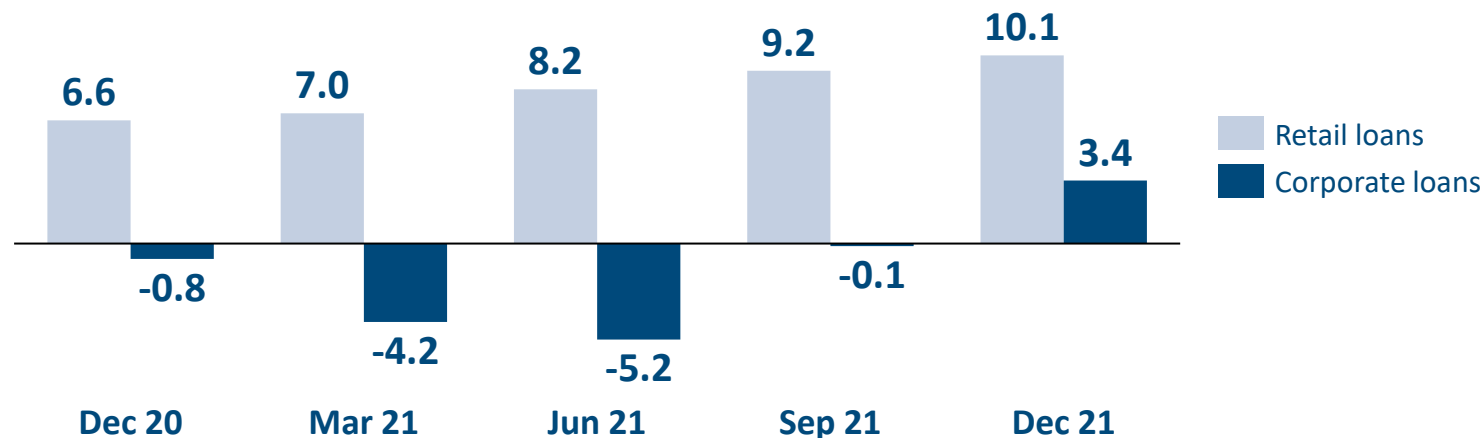


- The Czech banking sector is resilient against the coronacrisis and its complicated aftermath thanks to its high capital adequacy (23.9% at end of Q3 2021) and robust profitability over the previous several years
- Latest ČNB stress tests (October 2021) confirmed resilience of the banking sector against even strongly negative shocks thanks to its strong capital position
- The counter-cyclical capital buffer rate for exposures of Czech banks will rise from the current 0.5% to 1.0% effective from 1<sup>st</sup> July 2022, to 1.5% effective from 1<sup>st</sup> October 2022 and to 2.0% effective from 1<sup>st</sup> January 2023
- Over H2 2021, the share of non-performing loans (NPL ratio) started to fall in both the household and corporate sector, probably thanks to a quick recovery of most of the economy
- The NPL ratio for the corporate sector was 3.8% in December, which is well below the average (5.5%) since 2005. For the household sector, the figure (1.5%) is back at the historical minimum of 1.5%
- NPL figures are unlikely to further worsen significantly as the economic recovery is likely to continue

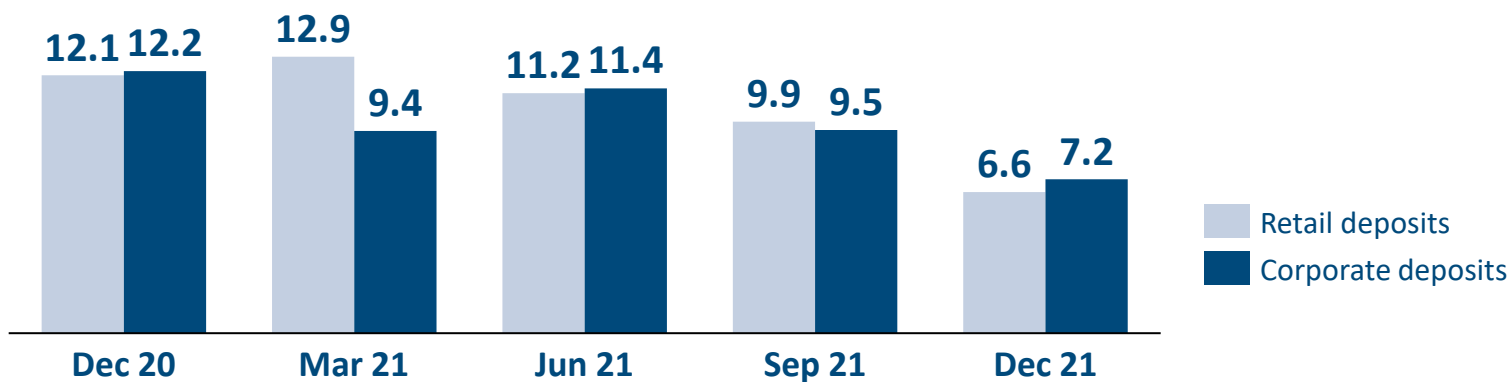
# Czech Banking Market II.

## Appendix

### Retail and Corporate Loans (y/y growth %)



### Retail and Corporate Deposits (y/y growth %)



- Total client loans rose by 7% y/y in December 2021. The main source remained the growth of retail loans at 10.1% while corporate loans rose by 3.4%, revealing a growing effort of firms to invest
- In 2022, ČS expects client loans to rise by 7% y/y. Demand for housing loans is likely to ease and consumer credit may suffer from pressure on households' spending due to high energy prices. Conversely, ČS expects a mild revival of loans to corporates on the back of after-pandemic macroeconomic boom
- However, the return of infection (and all sorts of hindrances to international trade or energy supplies) remains a major risk for forecasts on this slide
- In December 2021, y/y growth in client deposits reached 6.6%. Growth of retail and corporate deposits eased to 6.6% and 7.2% respectively. Deposits of the public sector rose at a similar tempo, while those of financial institutions grew by 5%
- For 2022, ČS expects total client deposits to rise by 4.7% y/y as both firms and households will face high energy costs while the fiscal policy will follow a path of gradual restriction

# Income Statement (CZK m)

	2020	2021	Change	Change
Net interest income	29,099	31,083	6.8%	1,984
Net fee and commission income	8,243	9,186	11.4%	943
Dividend income	57	167	>100%	110
Net trading result	1,906	1,732	-9.1%	-174
Gains/losses from financial instruments measured at FV through profit or loss	598	-103	-	-701
Rental and other income	244	289	18.4%	45
General administrative expenses	-19,110	-20,398	6.7%	-1,288
Gains/losses from derecognition of financial instruments not measured at FV through profit or loss	-1	-242	>100%	-241
Impairment result from financial instruments	-7,930	-1,780	-77.6%	6,150
Other operating result	-611	-1,705	>100%	-1,094
Pre-tax result from continuing operations	12,495	18,229	45.9%	5,734
Taxes on income	-2,478	-4,021	62.3%	-1,543
Net result attributable to non-controlling interests	11	27	>100%	16
<b>Net result attributable to owners of the parent</b>	<b>10,006</b>	<b>14,181</b>	<b>41.7%</b>	<b>4,175</b>
Operating income	40,147	42,354	5.5%	2,207
Operating expenses	-19,110	-20,398	6.7%	-1,288
<b>Operating result</b>	<b>21,037</b>	<b>21,956</b>	<b>4.4%</b>	<b>919</b>

# Income Statement – Quarterly Development (CZK m)

Summary & Highlights  
Financial Performance  
Business Performance  
Risk & Capital Position  
**Appendix**

	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21	Change	Change
Net interest income	7,302	7,266	7,265	7,732	8,819	14.1%	1,087
Net fee and commission income	2,181	2,284	2,256	2,352	2,295	-2.4%	-57
Dividend income	43	0	164	2	0	>100%	-2
Net trading result	505	506	617	499	109	-78.2%	-391
Gains/losses from financial instruments measured at FV through profit or loss	-12	8	-159	11	37	>100%	27
Rental and other income	50	31	60	91	108	18.7%	17
General administrative expenses	-4,608	-5,144	-4,835	-4,836	-5,583	15.4%	-747
Gains/losses from derecognition of financial instruments not measured at FV through profit or loss	0	0	0	6	-248	-	-254
Impairment result from financial instruments	-3,256	-692	-160	-477	-452	-5.2%	25
Other operating result	320	-886	-63	-32	-725	>100%	-693
Pre-tax result from continuing operations	2,524	3,373	5,147	5,350	4,360	-18.5%	-990
Taxes on income	-440	-685	-1,240	-1,140	-957	-16.1%	183
Net result attributable to non-controlling interests	2	-5	-3	14	21	50.0%	7
<b>Net result attributable to owners of the parent</b>	<b>2,083</b>	<b>2,693</b>	<b>3,910</b>	<b>4,196</b>	<b>3,382</b>	<b>-19.4%</b>	<b>-814</b>
Operating income	10,069	10,095	10,204	10,689	11,367	6.3%	678
Operating expenses	-4,608	-5,144	-4,835	-4,836	-5,583	15.4%	-747
<b>Operating result</b>	<b>5,461</b>	<b>4,951</b>	<b>5,369</b>	<b>5,853</b>	<b>5,784</b>	<b>-1.2%</b>	<b>-69</b>

# Balance Sheet (CZK m)

Assets	Dec 20	Dec 21	Change	Change
Cash and cash balances	38,075	37,472	-1.6%	-603
Financial assets held for trading	11,382	15,561	36.7%	4,179
Non-trading financial assets at FV through profit or loss	2,490	2,511	0.8%	21
thereof Loans and advances to banks	443	744	67.9%	301
thereof Loans and advances to customers	40	0	-100.0%	-40
Financial assets at FV through other comprehensive income	20,838	31,132	49.4%	10,294
Financial assets at amortised cost	1,428,953	1,512,348	5.8%	83,395
Debt securities	254,700	325,514	27.8%	70,814
Loans and advances to banks	424,838	364,994	-14.1%	-59,844
Loans and advances to customers	749,415	821,840	9.7%	72,425
Finance lease receivables	1,411	1,083	-23.2%	-328
Hedge accounting derivatives	2,666	597	-77.6%	-2,069
Property, equipment and right-of-use assets	12,735	12,201	-4.2%	-534
Investment property	2,282	2,221	-2.7%	-61
Intangible assets	6,083	6,301	3.6%	218
Trade and other receivables	6,458	14,025	>100%	7,567
Other assets	4,407	6,288	42.7%	1,881
<b>Total assets</b>	<b>1,537,780</b>	<b>1,641,741</b>	<b>6.8%</b>	<b>103,961</b>



# Balance Sheet (CZK m)

Liabilities and equity	Dec 20	Dec 21	Change	Change
Financial liabilities held for trading	12,895	15,392	19.4%	2,497
Financial liabilities at fair value through profit or loss	3,784	10,653	>100%	6,869
thereof Deposits from customers	3,784	10,653	>100%	6,869
Financial liabilities at amortised cost	1,360,570	1,455,056	6.9%	94,486
Deposits from banks	91,335	49,695	-45.6%	-41,640
Deposits from customers	1,096,666	1,173,890	7.0%	77,224
Debt securities issued	169,498	213,357	25.9%	43,859
Other financial liabilities	3,071	18,114	>100%	15,043
Lease liabilities	3,361	3,121	-7.1%	-240
Hedge accounting derivatives	269	4,718	>100%	4,449
Provisions	3,120	3,655	17.1%	535
Other liabilities	4,435	5,950	34.2%	1,515
<b>Total equity</b>	<b>149,346</b>	<b>143,196</b>	<b>-4.1%</b>	<b>-6,150</b>
Equity attributable to non-controlling interests	221	452	>100%	231
Equity attributable to owners of the parent	149,125	142,744	-4.3%	-6,381
<b>Total liabilities and equity</b>	<b>1,537,780</b>	<b>1,641,741</b>	<b>6.8%</b>	<b>103,961</b>

# Group Customer Loans

in CZK m, IFRS	31/12/2020		31/12/2021		Y/Y change	
	Outstand.	Share	Outstand.	Share	Outstand.	Rate
<b>RETAIL</b>	<b>487,700</b>	<b>62.8%</b>	<b>549,402</b>	<b>64.1%</b>	<b>61,702</b>	<b>12.7%</b>
Mortgages	305,650	39.3%	356,159	41.6%	50,509	16.5%
Consumer lending	73,635	9.5%	74,784	8.7%	1,149	1.6%
Small business	57,979	7.5%	61,441	7.2%	3,462	6.0%
Retail subsidiaries	50,435	6.5%	57,017	6.7%	6,582	13.1%
<b>CORPORATE</b>	<b>287,489</b>	<b>37.0%</b>	<b>305,829</b>	<b>35.7%</b>	<b>18,340</b>	<b>6.4%</b>
Large corporates	85,970	11.1%	95,950	11.2%	9,980	11.6%
SME	93,464	12.0%	96,485	11.3%	3,022	3.2%
Real estate	51,570	6.6%	51,671	6.0%	102	0.2%
Public sector	26,876	3.5%	28,145	3.3%	1,269	4.7%
Corporate subsidiaries	29,610	3.8%	33,577	3.9%	3,967	13.4%
<b>GROUP MARKETS</b>	<b>2,778</b>	<b>0.4%</b>	<b>3,677</b>	<b>0.4%</b>	<b>898</b>	<b>32.3%</b>
<b>OTHER</b>	<b>-980</b>	<b>-0.1%</b>	<b>-2,017</b>	<b>-0.2%</b>	<b>-1,038</b>	<b>&gt;100%</b>
<b>CS GROUP GROSS LOANS TO CUSTOMERS</b>	<b>776,987</b>	<b>100.0%</b>	<b>856,889</b>	<b>100.0%</b>	<b>79,902</b>	<b>10.3%</b>

Note: Retail subsidiaries include mainly SSČS (Building Society) and Corporate subsidiaries include mainly Leasing ČS and Factoring ČS

### ČS - Status as at 23<sup>rd</sup> February 2022

Rating Agency	Long-term	Short-term	Viability	Support	Outlook	Latest actions
Fitch	A	F1	a	2	stable	01/11/2021
Moody's	A1	Prime - 1			stable	21/11/2018
Standard & Poor's	A	A-1			positive	29/09/2021

### Erste Group Bank - Status as at 23<sup>rd</sup> February 2022

Rating Agency	Long-term	Short-term	Viability	Support	Outlook	Latest actions
Fitch	A	F1	a	5	stable	27/10/2021
Moody's	A2	Prime - 1			stable	29/10/2020
Standard & Poor's	A+	A-1			stable	16/12/2021

- Latest rating actions - ČS:

- **Fitch** upgraded long-term rating to A (from A-) and viability rating to a (from a-) on 22<sup>nd</sup> January 2019, outlook was changed to stable from negative on 1<sup>st</sup> November 2021
- **Moody's** improved long-term rating of ČS to A1 (from A2) on 21<sup>st</sup> November 2018 and simultaneously revised the outlook from positive to stable
- Rating agency **Standard & Poor's** upgraded all ČS ratings on 16<sup>th</sup> March 2017, outlook was revised from stable to positive on 29<sup>th</sup> September 2021

# Macroeconomic Figures

	2016	2017	2018	2019	2020	2021	2022e	2023e
Population (avg, m)	10.6	10.6	10.6	10.7	10.7	10.7*	10.7	10.7
GDP/capita (EUR thsd)	16.8	18.4	19.9	21.2	20.1	22.3*	25.7	27.6
Real GDP growth	2.4	5.4	3.2	3.0	-5.8	3.3	3.2	4.2
Consumer price inflation (avg)	0.7	2.4	2.2	2.8	3.2	3.8	7.2	2.3
Unemployment rate (eop)	3.6	2.3	2.3	2.0	3.2	2.2	2.9	3.1
Current account balance (share of GDP)	1.8	1.5	0.4	0.3	3.6	0.3*	1.1	1.2
General government balance (share of GDP)	0.7	1.5	0.9	0.3	-5.6	-6.8*	-4.1	-2.5
Public debt (share of GDP)	36.6	34.2	32.1	30.0	37.7	42.2*	43.4	45.1
Short term interest rate (3 months, eop)	0.3	0.8	2.0	2.2	0.4	4.1	3.9	2.6
EUR FX rate (eop)	27.0	25.5	25.7	25.4	26.2	24.9	24.2	23.8

\* Figures for 2021 are not available yet. Stated data are ČS estimates

# Investor Relations Contacts

## Česká spořitelna

**Pavel Marek**

Tel: +420 956 712 422

E-mail: [pmarek@csas.cz](mailto:pmarek@csas.cz)

**Juraj Garaj**

Tel: +420 956 712 419

E-mail: [jgaraj@csas.cz](mailto:jgaraj@csas.cz)

**Vlasta Antošová**

Tel: +420 956 714 386

E-mail: [vlantosova@csas.cz](mailto:vlantosova@csas.cz)

## Erste Group

**Thomas Sommerauer**, Head of Group Investor Relations

Tel: +43 50100 17326

E-mail: [thomas.sommerauer@erstegroup.com](mailto:thomas.sommerauer@erstegroup.com)

**Peter Makray**, Investor Relations Manager

Tel: +43 50100 16878

E-mail: [peter.makray@erstegroup.com](mailto:peter.makray@erstegroup.com)

