



# **9M/3Q 2015 Results**

## **ČSOB Group**

### **Business Unit Czech Republic**

EU IFRS Unaudited Consolidated  
16 November 2015

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# ČSOB Group: Key Figures

| ČSOB group key indicators |                          | 2012               | 2013               | 2014               | 9M 2014            | 9M 2015            |
|---------------------------|--------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Profitability</b>      | Net profit (CZK bn)      | 15.3               | 13.7               | 13.6               | 10.5               | 11.0               |
|                           | Return on equity         | 22.8%              | 18.2%              | 16.4%              | 17.2%              | 17.5%              |
| <b>Liquidity</b>          | Loan / deposit ratio     | 75.2%              | 75.9%              | 76.4%              | 76.5%              | 77.0%              |
|                           | Net stable funding ratio | 133.2%             | 135.7%             | 135.9%             | 137.6%             | 131.8%             |
| <b>Capital</b>            | Tier 1 ratio             | 13.0% <sup>1</sup> | 15.6% <sup>1</sup> | 17.2% <sup>2</sup> | 17.7% <sup>2</sup> | 18.3% <sup>2</sup> |
| <b>Impairments</b>        | Credit cost ratio        | 0.31%              | 0.25%              | 0.18%              | 0.13%              | 0.15%              |
| <b>Cost efficiency</b>    | Cost / income ratio      | 45.9%              | 47.5%              | 47.6%              | 47.1%              | 46.9%              |

<sup>1</sup> According to Basel II

<sup>2</sup> According to Basel III

# Strong business volumes growth across key segments combined with sustained good loan quality

## Business volumes

The **loan portfolio** (incl. ČMSS) increased to **CZK 575bn** (+9% Y/Y), mainly thanks to SME/corporate loans, mortgages and leasing. **Group deposits** (incl. ČMSS) grew to **CZK 699bn** (+7% Y/Y) fully driven by current accounts. In addition, total **assets under management** increased to **CZK 181bn** (+10% Y/Y).

## Operating income

Despite ongoing low interest rate environment **operating income** grew to **CZK 24.5bn** in 9M 2015 (+4% Y/Y) and to **CZK 8.1bn** in 3Q 2015 (+4% Y/Y). Main drivers were ongoing growth in business volumes, higher asset management fees and strong performance of financial markets.

## Operating expenses

**Operating expenses** reached **CZK 11.5bn** in 9M 2015 (+4% Y/Y) and **CZK 3.5bn** in 3Q 2015 (-4% Y/Y). Y/Y increase in 9M was driven mainly by ICT investments linked to digital services. Y/Y decline in 3Q primarily due to release of accruals for contribution to the Resolution Fund as the legislation is expected to be effective only in 2016. **C/I ratio** decreased to 46.9% (-0.2pp Y/Y).

## Impairments

**Credit cost ratio** reached low **15bps** (Ytd. annualized, +2bps Y/Y).

## Net profit

As a result of above mentioned factors, the ČSOB **net profit** came in at **CZK 11.0bn** for 9M 2015 (+4% Y/Y) and **CZK 3.9bn** for 3Q 2015 (+18% Y/Y).

## Liquidity & Capital

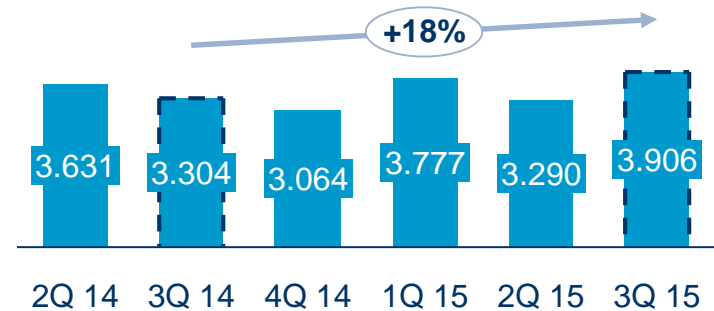
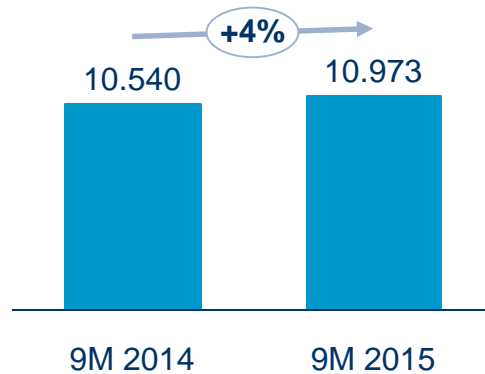
**Loan / deposit ratio** increased to **77.0%**. **Tier 1 ratio** (Basel III) increased to **18.3%**.

## Innovations & Awards

ČSOB **upgraded website** [www.csob.cz](http://www.csob.cz) to easily navigate clients' financial needs in different life situations and launched mobile application **Smart key** for more comfortable use of Internet Banking. Hospodářské noviny named ČSOB the **Best Bank of the Year 2015** and The Banker/PWM named ČSOB Private Banking the **Best Private Bank of the Year 2015** in the Czech Republic.

### Net profit

CZK bn



### 9M 2015 net profit increased to CZK 11.0bn (+4% Y/Y)

as a result of growth in business volumes, higher asset management fees and strong performance of financial markets partially offset by declining NIM, increased impairments and higher operating expenses.

### 3Q 2015 net profit reached CZK 3.9bn (+18% Y/Y) and CZK 3.6bn (+10% Y/Y) adjusted for the release of accruals for contribution to the Resolution Fund. The main drivers were improved loan quality, higher fees, other operating income and lower staff expenses.

The return on equity (ROE) slightly increased to 17.5% fully driven by higher net profit.

#### Notes:

2Q 2014 one-off items (total of CZK 0.3bn): recovery of already impaired historical file (CZK 0.1bn), sale of ICT system to KBC ICT branch (CZK 0.2bn).

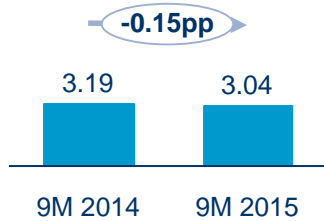
3Q 2014 one-off items (total of CZK -0.1bn): Forbearance impact linked to implementation of EBA's updated definition (CZK -0.1bn).

4Q 2014 one-off item (total of CZK 0.1bn): recovery of already impaired historical file (CZK 0.1bn).

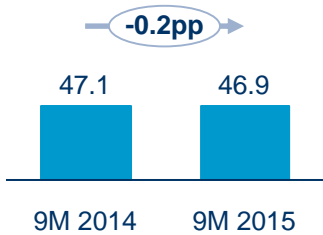
2Q 2015 one-off item (total of CZK -0.3bn): IBNR parameter changes (CZK -0.3bn).

## Profitability

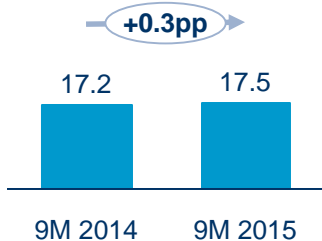
Net interest margin (%)



Cost / income ratio (%)

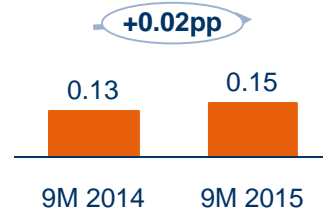


ROE (%)

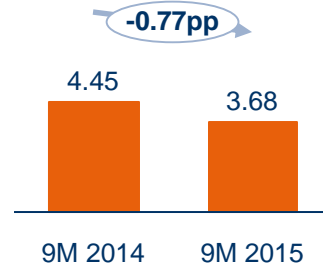


## Loan portfolio quality

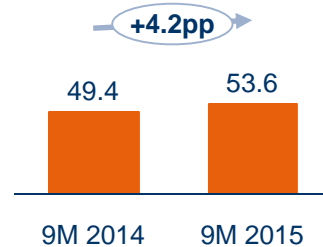
CCR, Ytd. annualized (%)



NPL ratio (%)

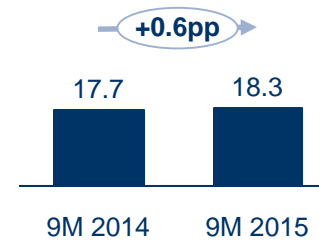


NPL coverage ratio (%)

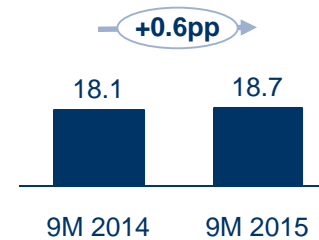


## Capital

(Core) Tier 1 ratio (%)

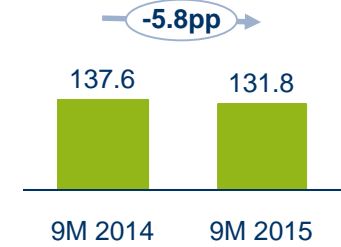


Total capital ratio (%)

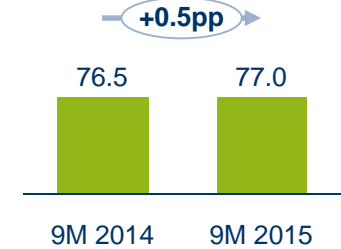


## Liquidity

Net stable funding ratio (%)



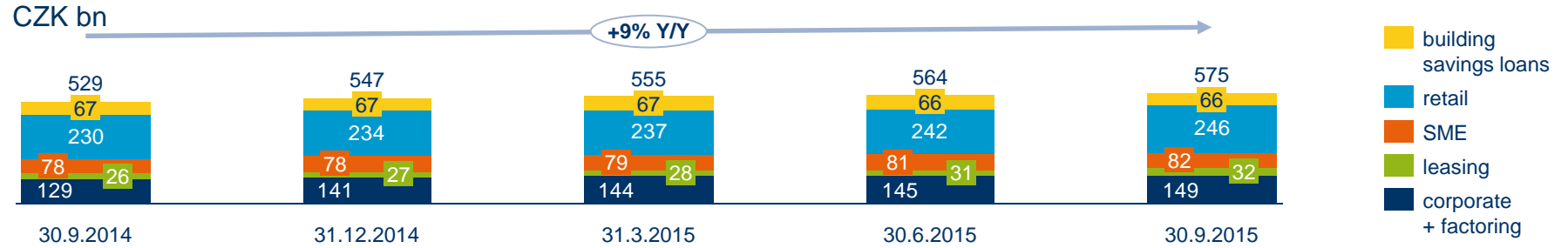
Loan / deposit ratio (%)



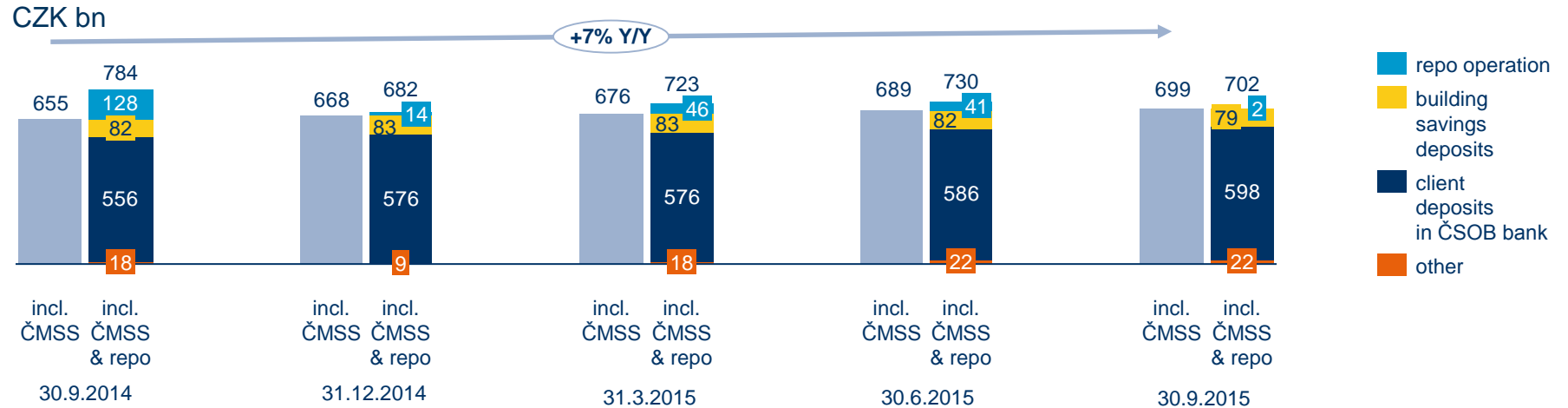
# Loans, deposits and assets under management

## Strong growth continued across key segments

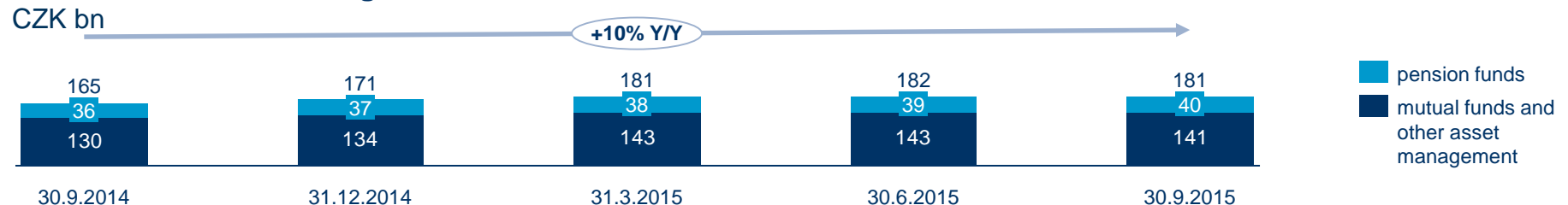
### Loan portfolio<sup>1</sup>



### Group deposits<sup>2</sup>



### Total assets under management



<sup>1</sup> Item Loans and receivables (ČMSS included) minus exposure to banks from inter-bank transactions and reverse repo operations with CNB plus credit replacing bonds.

<sup>2</sup> Item Deposits received from other than credit institutions from the consolidated balance sheet (ČMSS included) minus repo operations with institutional clients and pension fund.



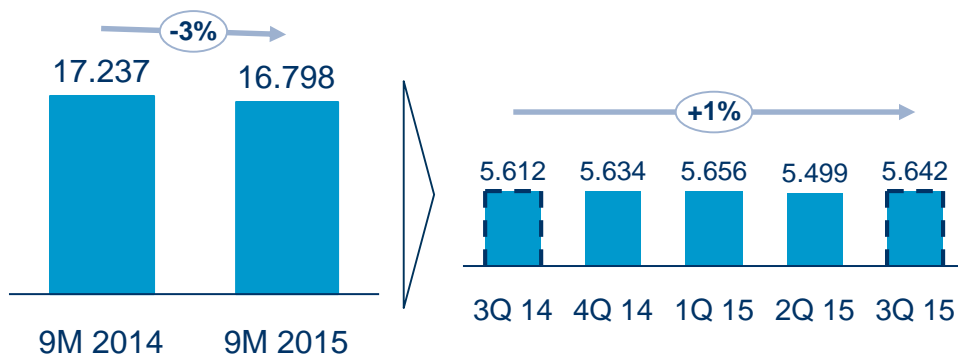


# ČSOB Group: Financial Overview

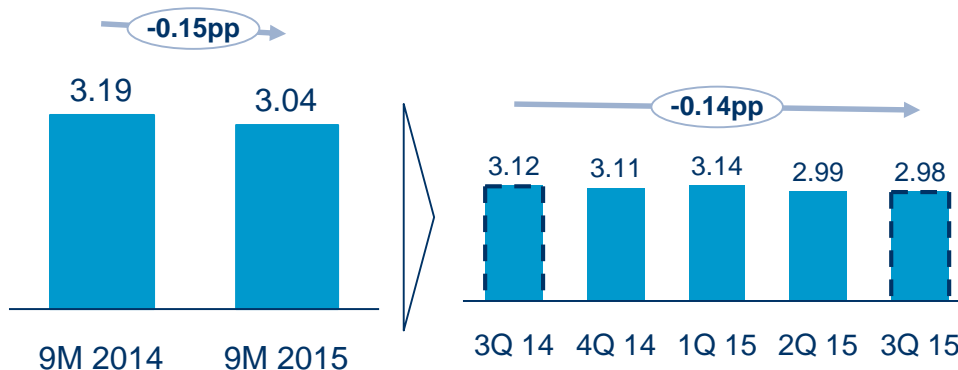
## On comparable basis, NII remains flat driven by growth of business volumes across all segments partially offset by declining margin

### Net interest income (NII)

CZK bn



### Net interest margin (%)



|                                | 2011   | 2012   | 2013        | 2014 | 9M 15 |
|--------------------------------|--------|--------|-------------|------|-------|
| Net interest margin (Ytd., %)* | (3.39) | (3.21) | 3.20 (3.00) | 3.17 | 3.04  |

\* 2011, 2012 have not been restated for methodological changes (ČMSS consolidation method & NIM calculation), 2013 has been restated.

9M/3Q 2015 **net interest income** declined by **3% Y/Y** and increased by **1% Y/Y**, respectively.

Adjusted for deconsolidation of Transformed Pension Fund (TPF) and inclusion of Patria, NII would on comparable basis remain flat Y/Y in both periods under review.

Adjusted **NII** was favourably influenced by **NII from loans** in SME/corporate segment (mainly thanks to volume growth) and by **NII from deposits** in SME and retail segment (mainly current accounts) fully compensated by **other NII** (capital reinvestment and NII from financial markets).

9M 2015 **net interest margin** reached **3.04%** (-0.15pp Y/Y). Adjusted for the deconsolidation of TPF, NIM would **decrease** on comparable basis by **0.16pp Y/Y**.

Declining trend in NIM development over last four quarters is a result of:

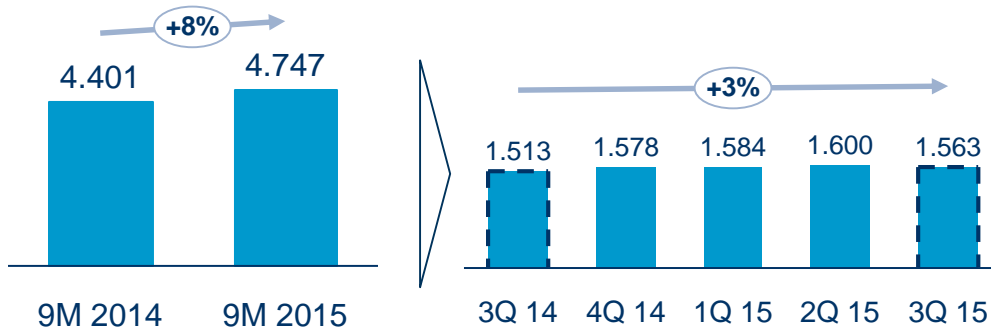
- (-) reinvestments at lower yields
- (-) lower margin on mortgages
- (+) active management of funding costs

Note:

As of 1Q 2014, calculation of NIM has been changed in line with adjusted KBC methodology. As a result depo facility with Czech National Bank, cash collateral and statutory minimal reserves with Czech National Bank have been excluded from calculation. As ČMSS consolidation method changed as of 1Q 2014, it is no more included in NIM calculation either. In order to provide fully comparable figures, 2013 NIM has been restated.

## Net fee and commission income (NFCI)

CZK bn



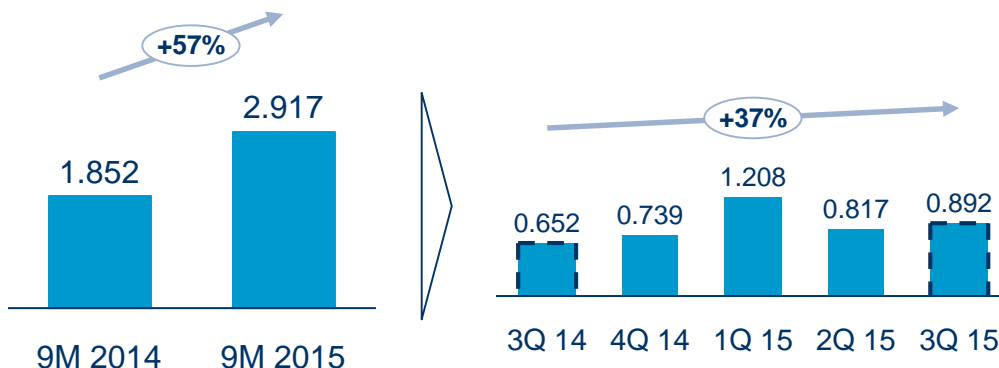
9M/3Q 2015 **net fee and commission income** increased by **8% Y/Y** and **3% Y/Y** respectively. Adjusted for deconsolidation of TPF and inclusion of Patria, NFCI would on comparable basis remain stable and increase by 1% Y/Y respectively.

9M 2015 performance was influenced by higher asset management fees and domestic payment fees which were fully offset by lower loan and account fees.

3Q 2015 Y/Y increase was mainly thanks to higher domestic payment fees, while asset management fees were lower.

## Other\*

CZK bn

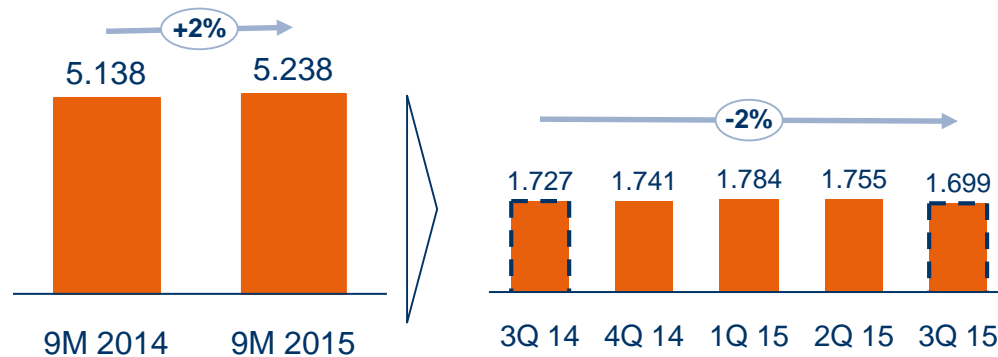


Item „**Other**“ increased by **57% Y/Y** mainly as a result of strong performance of financial markets mainly in 1Q 2015, positive revaluation of ALM derivatives and slightly higher FX sales.

\* Other = Net gains from financial instruments at FVPL + net realized gains on available-for-sale financial assets + dividend income + other net income.

### Staff expenses

CZK bn

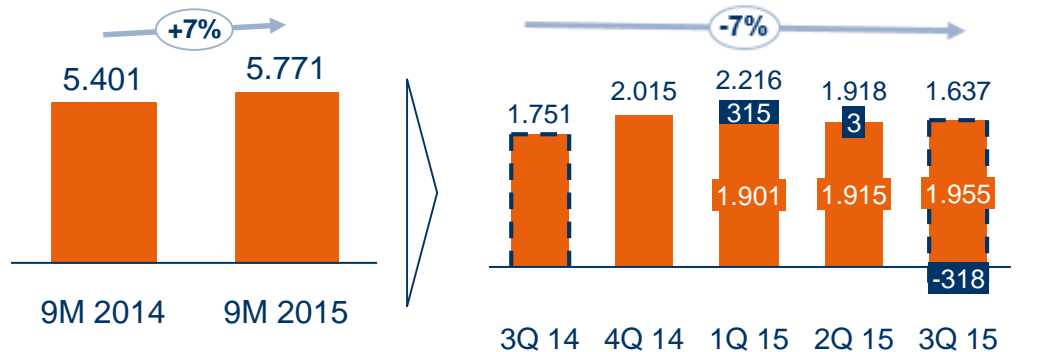


9M/3Q 2015 **staff expenses** increased by **2% Y/Y** and declined by **2% Y/Y** respectively. Adjusted for the deconsolidation of TPF and inclusion of Patria, staff expenses would on comparable basis **remain flat Y/Y** and **decrease by 3% Y/Y** respectively.

9M 2015 staff expenses were flat as savings from lower average number of FTE were fully offset by severance payment. 3Q 2015 Y/Y decline was among other mainly thanks to savings from lower average number of FTE.

### General administrative expenses

CZK bn



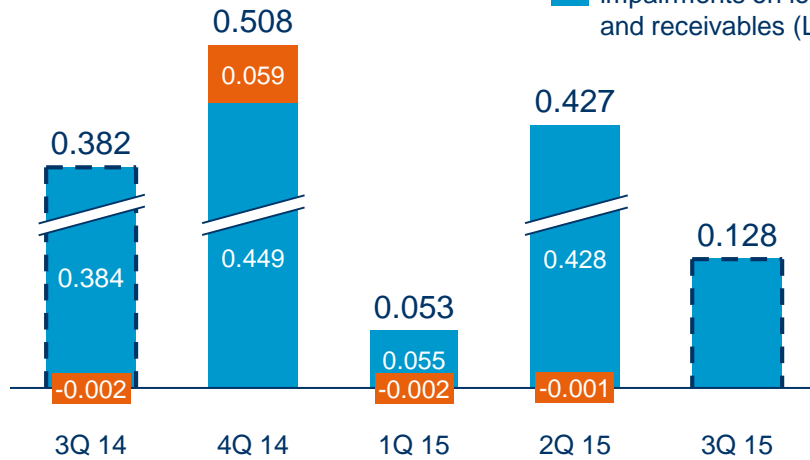
9M/3Q 2015 **general administrative expenses** increased by **7% Y/Y** and decreased by **7% Y/Y**, respectively. Adjusted for the deconsolidation of TPF and inclusion of Patria, GAE would increase by 6% Y/Y and decline by 8% Y/Y respectively.

9M 2015 performance was driven by ICT investments linked to digital services. 3Q 2015 GAE declined due to release of accruals for contribution to the Resolution Fund (CZK 318m) as the legislation is expected to be effective only in 2016. Adjusted for the release of accruals GAE would increase by 12% Y/Y driven to a large extent by ICT investments and higher deposit insurance premium.

### Total impairments

CZK bn

■ other impairments (see note)  
■ impairments on loans and receivables (LaR)

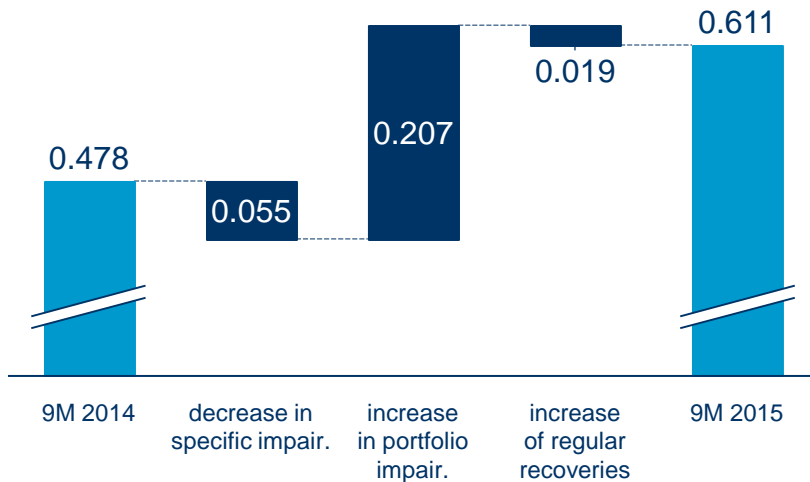


In 9M 2015, **impairments on loans and receivables increased** to CZK 611m implying credit cost ratio of 15bps (Ytd., annualized). Y/Y higher impairments were booked on mortgages linked to one-off collateral revaluation in 1Q 2015 and increase of portfolio impairments due to IBNR parameter changes in 2Q 2015. These were partially offset by lower impairments in SME segment and consumer finance, both influenced also by improved measurement, and leasing.

Adjusting for impact of one-off IBNR parameter changes, the credit cost ratio would reach 8bps (Ytd., annualized).

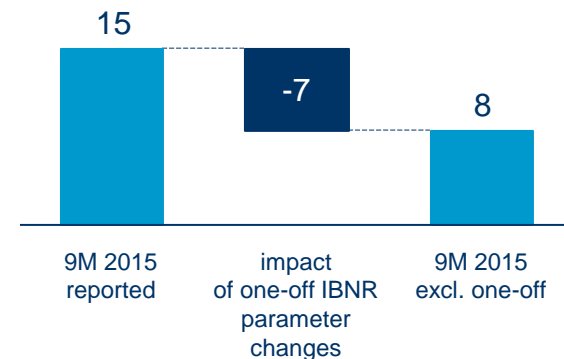
### Impairments on LaR

CZK bn



### Credit cost ratio

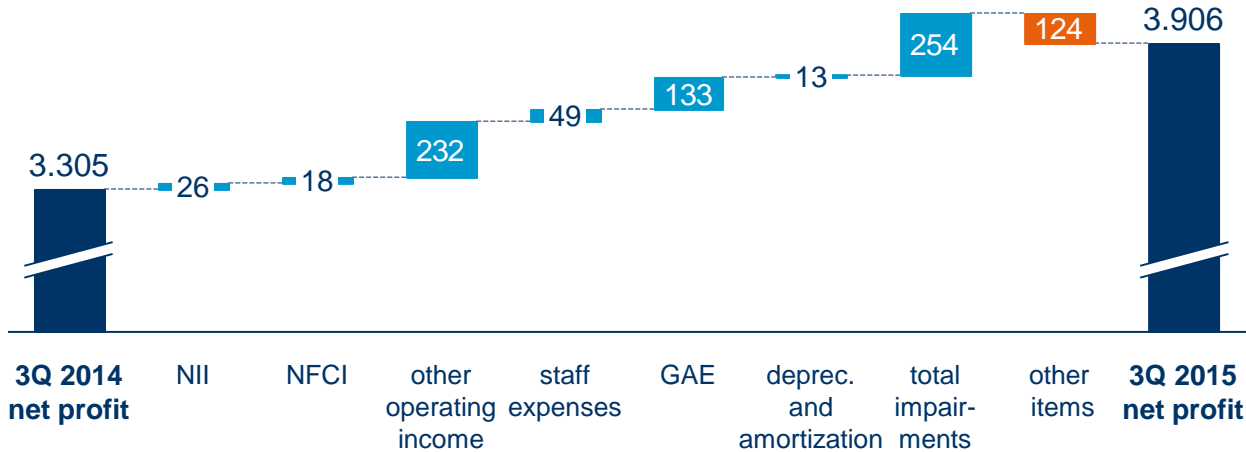
bps (Ytd., annualized)



Note: In 4Q 2014, impairment on tangible assets were booked in other impairments.

## Quarterly net profit (Y/Y)

CZK bn



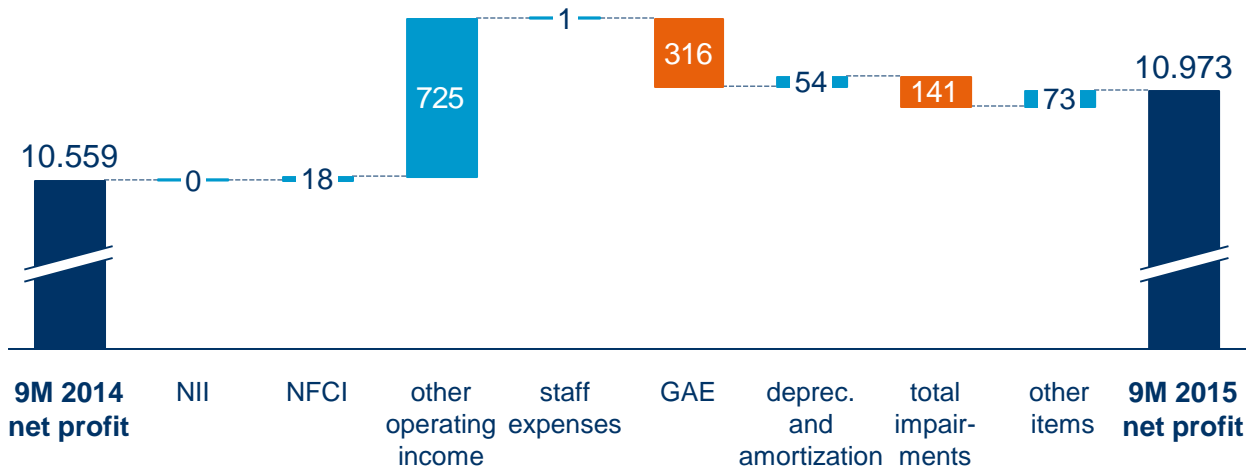
The main difference between 3Q 2015 and 3Q 2014 net profit was caused by the following drivers:

On the **positive side**:

- higher other net operating income thanks to positive funding value adjustment (FVA) and revaluation of ALM derivatives
- lower staff expenses thanks to lower average number of FTE
- lower general administrative expenses influenced by release of accruals for contribution to Resolution Fund
- decreased total impairments mainly in mortgages and consumer finance

## Ytd. net profit (Y/Y)

CZK bn



The main difference between 9M 2015 and 9M 2014 net profit was caused by the following drivers:

On the **positive side**:

- higher other net operating income driven by strong performance of financial markets mainly in 1Q 2015, positive revaluation of ALM derivatives and FX sales

On the **negative side**:

- GAE were higher mainly due to ICT investments linked to digital services
- total impairments increased mainly due to higher portfolio impairments due to one-off IBNR parameter changes in 2Q 2015

| Consolidated, CZK m                     | 30.9.2014      | 31.12.2014     | 30.9.2015      |
|-----------------------------------------|----------------|----------------|----------------|
| <b>Total regulatory capital</b>         | <b>61,390</b>  | <b>60,853</b>  | <b>64,897</b>  |
| - Tier 1 Capital                        | 60,050         | 60,104         | 63,634         |
| - Tier 2 Capital                        | 1,340          | 749            | 1,263          |
| - Deductions from Tier 1 and Tier 2     | -              | -              | -              |
| <b>Total capital requirement</b>        | <b>27,089</b>  | <b>27,894</b>  | <b>27,786</b>  |
| - Credit risk                           | 21,072         | 21,959         | 21,969         |
| - Market risk                           | 1,446          | 1,364          | 1,293          |
| - Operational risk                      | 4,571          | 4,571          | 4,523          |
| <b>Total RWA</b>                        | <b>338,608</b> | <b>348,670</b> | <b>347,326</b> |
| <b>Core Tier 1 ratio = Tier 1 ratio</b> | <b>17.7%</b>   | <b>17.2%</b>   | <b>18.3%</b>   |
| <b>Total capital ratio</b>              | <b>18.1%</b>   | <b>17.5%</b>   | <b>18.7%</b>   |

Tier 1 capital increased Y/Y thanks to included AFS reserve as of 2015.

*Notes:*

*RWA (risk weighted assets) = total capital requirement / 0.08*

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

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

*Total regulatory capital = Tier 1 + Tier 2 – deductions*

*Tier 1 ratio = (Tier 1 capital – 0.5\*deductions) / (total capital requirement / 0.08)*



# ČSOB Group: Business Overview



# 1st

|                                        |         |
|----------------------------------------|---------|
| <b>Total Loans<sup>1</sup></b>         | ↗ 19.7% |
| Building savings loans <sup>1</sup>    | ↗ 47.0% |
| Building savings deposits <sup>1</sup> | ↗ 37.5% |
| Mortgages <sup>1</sup>                 | ↘ 29.0% |
| Mutual funds <sup>1</sup>              | ↘ 26.4% |
| Leasing <sup>2</sup>                   | ↗ 17.2% |

# 2nd

|                                      |         |
|--------------------------------------|---------|
| <b>Total Deposits<sup>1</sup></b>    | ↘ 18.6% |
| Equity trading (Patria) <sup>5</sup> | ↗ 20.3% |

# 3rd

|                                   |         |
|-----------------------------------|---------|
| Pension funds <sup>3</sup>        | ↘ 13.9% |
| SME/corporate loans <sup>1</sup>  | ↗ 15.6% |
| Consumer lending <sup>1,4,7</sup> | ↗ 9.6%  |
| Factoring <sup>2</sup>            | ↗ 22.4% |

# Other

|                                         |        |
|-----------------------------------------|--------|
| Insurance <sup>6</sup> - combined (5th) | ↗ 6.6% |
| Non-life insurance <sup>6</sup> (6th)   | ↗ 6.7% |
| Life insurance <sup>6</sup> (6th)       | ↗ 6.6% |

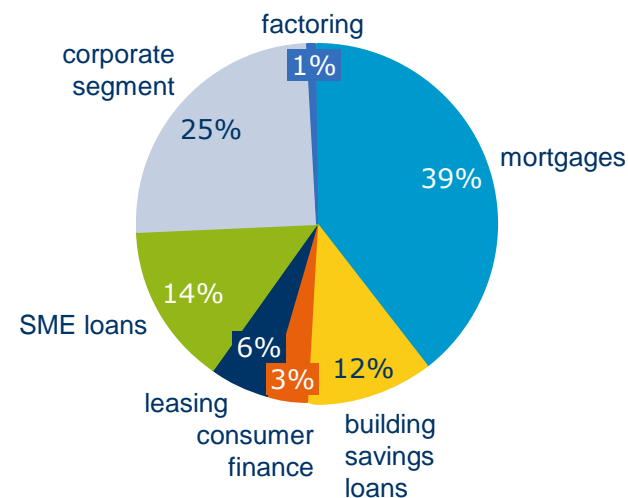
Arrows show Y/Y change. Market shares as of 30 September 2015, except for pension funds, which are as of 30 June 2015. The ranking is ČSOB's estimate.

<sup>1</sup> Outstanding at the given date (including ČMSS); <sup>2</sup> New business in the year to the given date; <sup>3</sup> Number of clients at the given date; <sup>4</sup> Retail loans excluding mortgages and building savings loans. <sup>5</sup> Equity trading volumes. <sup>6</sup> New business in the year according to gross written premium. <sup>7</sup> Due to change in market data, ČSOB market share declined by ca 1.8pp (non-purpose part of mortgage loans is as of March 2015 reported within mortgages and new market participant has been included into market statistics as of June 2015). Split of the decline between above mentioned effects is ca 60:40. Sources and detailed definitions are provided in Appendix.

| Gross outstanding volumes, CZK bn   | 30.9.2014    | 30.9.2015    | Y/Y        |
|-------------------------------------|--------------|--------------|------------|
| <b>Loan portfolio (incl. ČMSS)</b>  | <b>529.2</b> | <b>575.4</b> | <b>9%</b>  |
| <b>Retail Segment</b>               |              |              |            |
| Mortgages <sup>1</sup>              | 210.4        | 226.2        | 8%         |
| Consumer finance                    | 19.4         | 20.1         | 4%         |
| Building savings loans <sup>2</sup> | 67.1         | 66.2         | -1%        |
| <b>SME/Corporate Segment</b>        |              |              |            |
| Corporate loans <sup>3</sup>        | 124.5        | 144.8        | 16%        |
| SME loans                           | 77.8         | 82.4         | 6%         |
| Leasing                             | 25.9         | 31.7         | 22%        |
| Factoring                           | 4.1          | 4.0          | -2%        |
| <b>Loan portfolio (excl. ČMSS)</b>  | <b>462.2</b> | <b>509.2</b> | <b>10%</b> |

**30.9.2015**  
(incl. ČMSS)

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



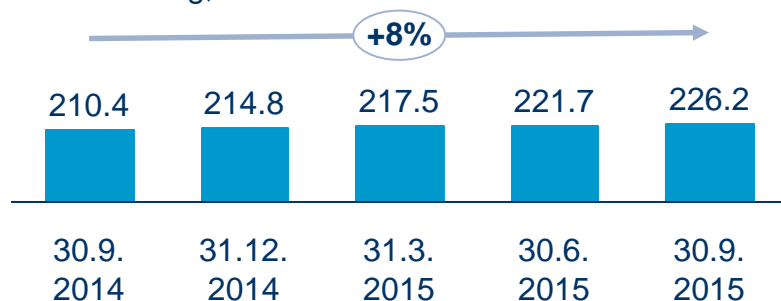
<sup>1</sup> The ČSOB group mortgages are booked in the balance sheet of ČSOB's subsidiary Hypoteční banka.

<sup>2</sup> The ČSOB group building savings loans are in the balance sheet of ČMSS building savings company, 55%-owned by ČSOB. Volumes reported in 55% but not included in the ČSOB's consolidated balance sheet.

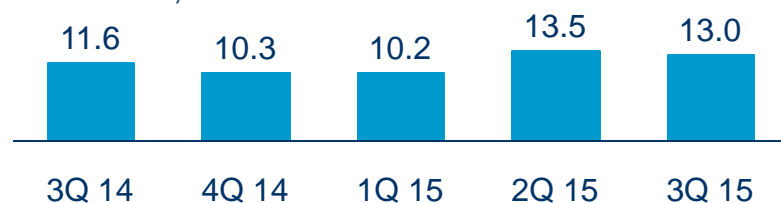
<sup>3</sup> Including credit-replacing bonds.

### Mortgages

Outstanding, CZK bn



New sales\*, CZK bn

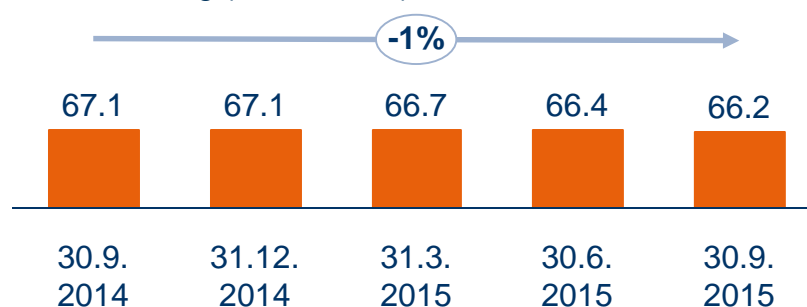


In 9M 2015, **outstanding mortgages volumes** increased by **8% Y/Y** as a result of continuously low interest rates and ongoing slight increase of real estate prices, which have reached pre-2010 levels.

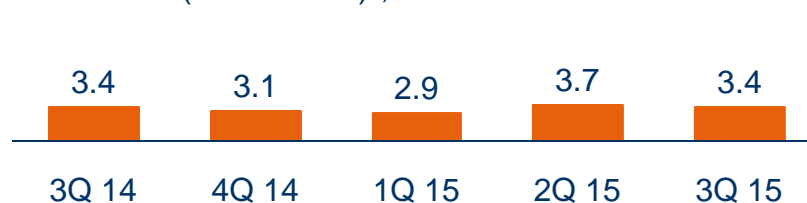
In 9M 2015, ČSOB provided almost **20 thousand new mortgages** (+12% Y/Y) in the total amount of almost **CZK 37bn** (+17% Y/Y), while total market increased by 19% Y/Y in number of new mortgages and increased 29% Y/Y in total amount.

### Building savings loans

Outstanding (ČMSS 55%), CZK bn



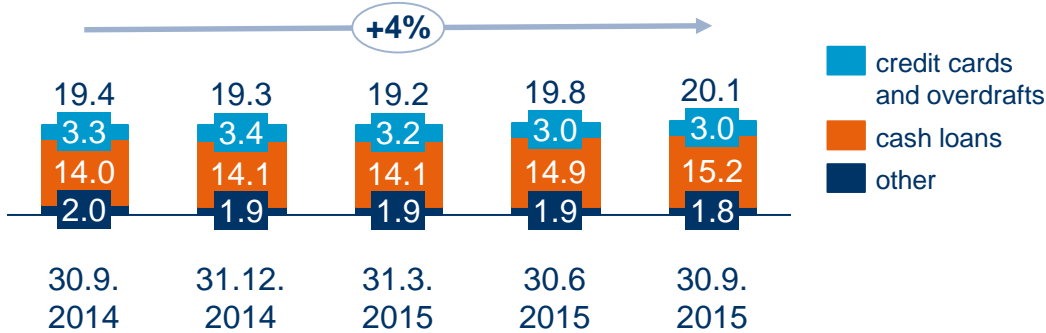
New sales (ČMSS 55%)\*, CZK bn



Outstanding loan portfolio declined 1% Y/Y, while market 3% Y/Y. **New sales are not enough to match maturing loans**, despite the fact that new sales of building saving loans increased by 6% Y/Y in 9M 2015.

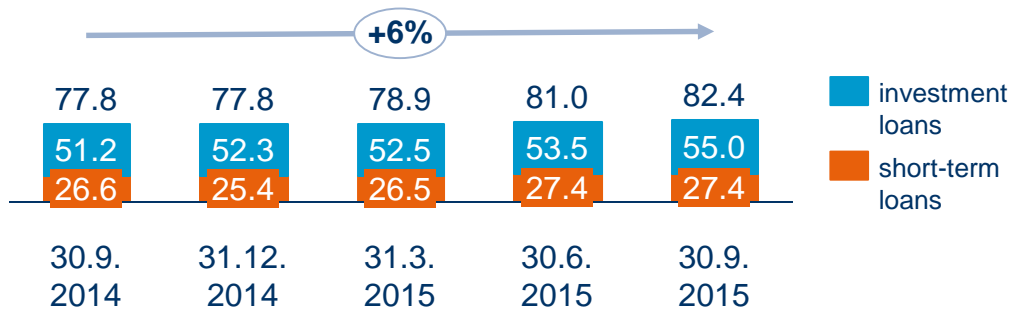
\* Mortgages: signed contracts, in line with MMR statistics.  
Building savings loans: granted loan limits.

### Consumer finance, outstanding, CZK bn



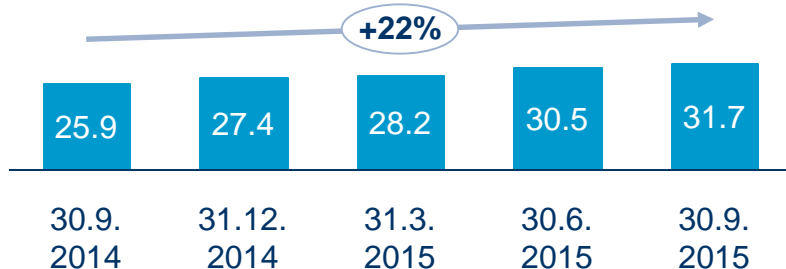
In 9M 2015 ČSOB **consumer finance** lending accelerated with 4% Y/Y growth of portfolio as cash loans growth was supported also by marketing campaigns.

### SME loans, outstanding, CZK bn



In 9M 2015, **SME loans** increased by 6% Y/Y driven mainly by higher volume of investment loans granted to micro and mid-sized companies. In the area of housing cooperatives, ČSOB confirms its leading market position.

### Leasing, outstanding\*, CZK bn



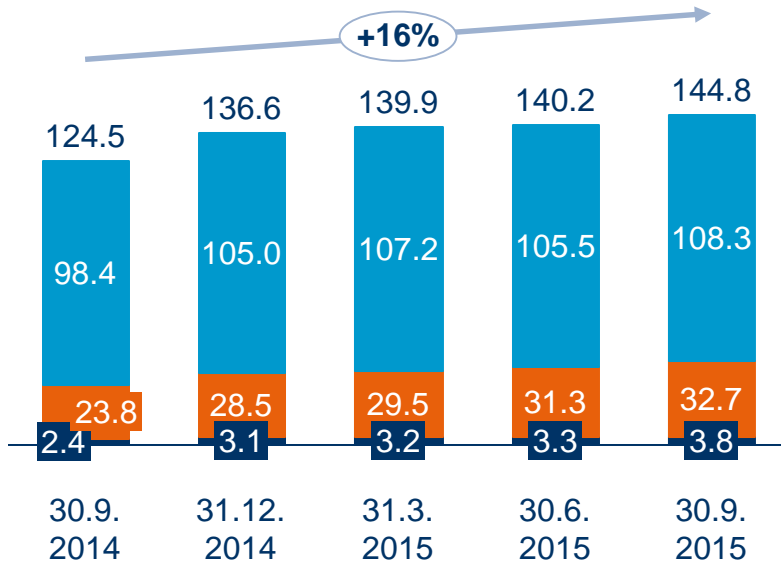
**ČSOB Leasing**, further strengthened its market leading position with very strong new sales. **Outstanding volumes** increased by 22% Y/Y driven mainly by machinery & equipment financing in cooperation with SME/corporate segment.

\* Total exposure of ČSOB Leasing, excluding operational leasing.

## Corporate loans

Outstanding, CZK bn

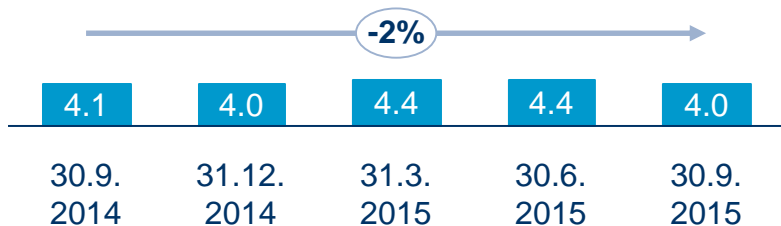
- plain vanilla financing
- specialized finance
- credit-replacing bonds



**Corporate loans** accelerated to **16% Y/Y** driven by all categories including plain vanilla (+10% Y/Y) and specialized finance (+38% Y/Y). The major Y/Y loan growth was recorded in sectors: telecommunications, real estate and automotive.

## Factoring

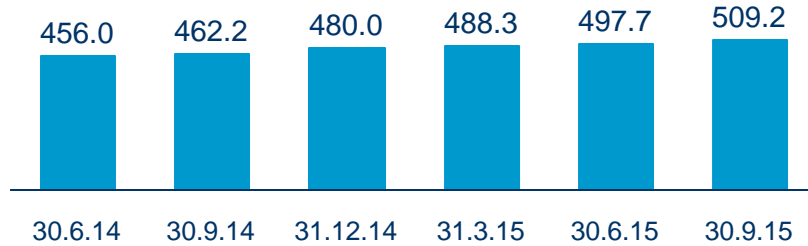
Outstanding, CZK bn



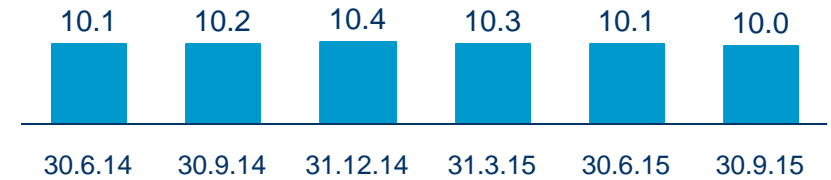
**Factoring volumes declined 2% Y/Y** also due to declining commodity prices affecting clients' receivables (e.g. in metallurgy).

*Note: The corporate segment comprises mid-cap corporate customers with an annual turnover above CZK 300m, local subsidiaries of international groups and selected institutional clients.*

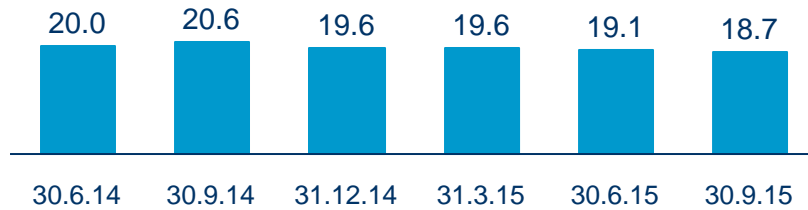
## Loan portfolio (excl. ČMSS) (CZK bn)



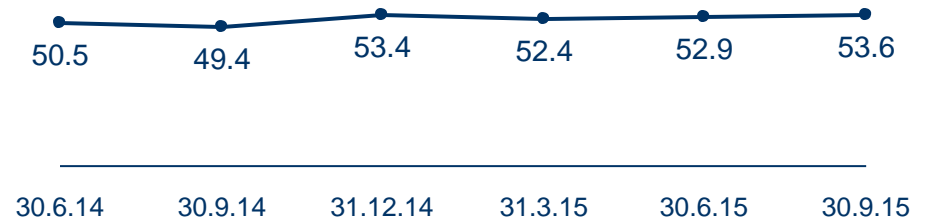
## Allowances for loans and leases <sup>1</sup> (CZK bn)



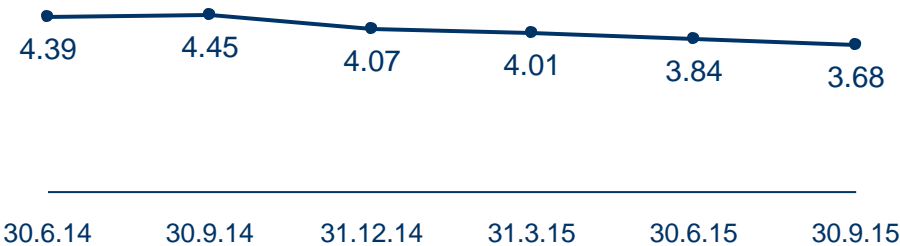
## Non-performing loans (CZK bn)



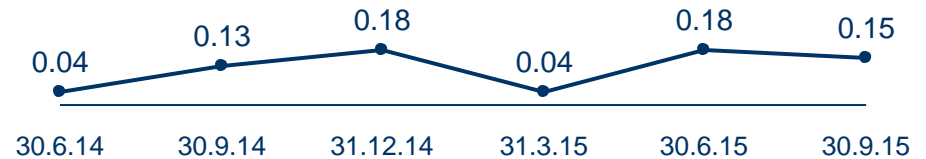
## NPL coverage ratio (%)



## NPL ratio (%)



## Credit cost ratio <sup>2</sup> (%)



<sup>1</sup> Allowances for on-balance sheet items (PD10, PD11 and PD12 only). <sup>2</sup> Ytd. annualized, including off-balance sheet items.

## Impairments

- In 9M 2015, impairments on loans and receivables increased to CZK 611m implying credit cost ratio of 15bps (Ytd., annualized).
- Y/Y higher impairments were booked on mortgages linked to one-off collateral revaluation in 1Q 2015 and increase of portfolio impairments due to IBNR parameter changes in 2Q 2015. These were partially offset by lower impairments in SME segment and consumer finance, both influenced by improved measurement, and leasing.
- Adjusting for impact of one-off IBNR parameter changes, the credit cost ratio would reach 8bps (Ytd., annualized).

## Non-performing loans

- **The NPL ratio decreased by 77bps Y/Y to 3.68% at the end of 3Q 2015** with lower Y/Y NPL ratio being reported in all segments.
- In comparison with 2Q 2015, the NPL ratio was lower in all segments.

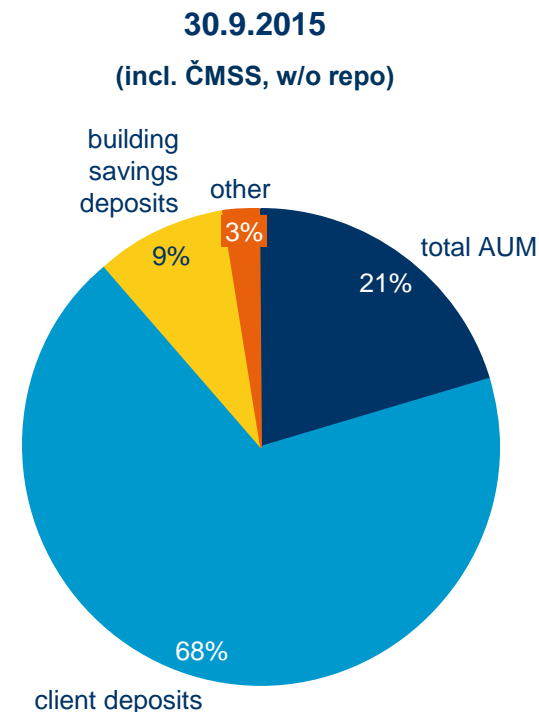
## Coverage of non-performing loans

- Coverage of NPLs increased by 4.2pp Y/Y to 53.6%, thanks to slightly higher coverage of NPL across all segment except for consumer finance and leasing.
- Mortgages representing almost half of the ČSOB group's loan portfolio (excl. ČMSS), require less provisioning given the fact they are largely secured by collateral. Structure of the ČSOB group's loan portfolio explains lower coverage ratio in comparison with the market.

# Group deposits and Total assets under management

## Strong growth of both group deposits and total assets under management

| Outstanding volumes, CZK bn                         | 30.9.2014    | 30.9.2015    | Y/Y        |
|-----------------------------------------------------|--------------|--------------|------------|
| <b>Group deposits<br/>(incl. ČMSS and w/o repo)</b> | <b>655.3</b> | <b>699.4</b> | <b>7%</b>  |
| Client deposits                                     | 555.5        | 598.3        | 8%         |
| <i>Current accounts</i>                             | 320.2        | 374.0        | 17%        |
| <i>Savings deposits</i>                             | 223.6        | 213.0        | -5%        |
| <i>Term deposits</i>                                | 11.8         | 11.3         | -4%        |
| Other <sup>1</sup>                                  | 17.5         | 22.2         | 27%        |
| Building savings deposits <sup>2</sup>              | 82.3         | 78.9         | -4%        |
| Repo operations <sup>3</sup>                        | 128.3        | 2.4          | -98%       |
| <b>Total AUM</b>                                    | <b>165.5</b> | <b>181.4</b> | <b>10%</b> |
| Pension funds <sup>4</sup>                          | 35.8         | 40.2         | 12%        |
| Mutual funds and other AM <sup>5</sup>              | 129.6        | 141.1        | 9%         |



<sup>1</sup> Other deposits and repo operations with non-banking financial institutions.

<sup>2</sup> ČSOB group building savings deposits are in the balance sheet of ČMSS building savings company, 55%-owned by ČSOB. Volumes are reported in 55% but not included in the ČSOB's consolidated balance sheet.

<sup>3</sup> Repo operations with institutional clients.

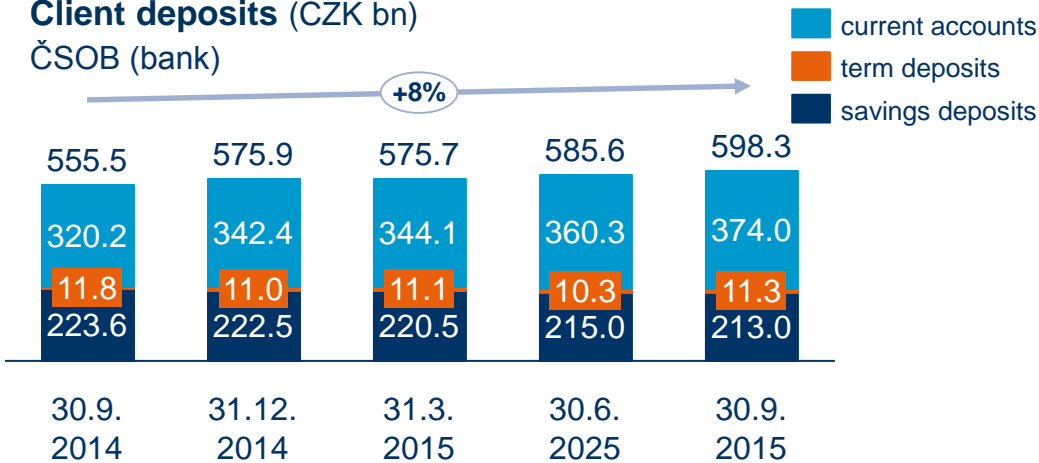
<sup>4</sup> Liabilities to pension fund policy holders.

<sup>5</sup> AUM includes AUM in structured/capital protected funds, AUM in other mutual funds, other asset management and AUM of Slovak AM.



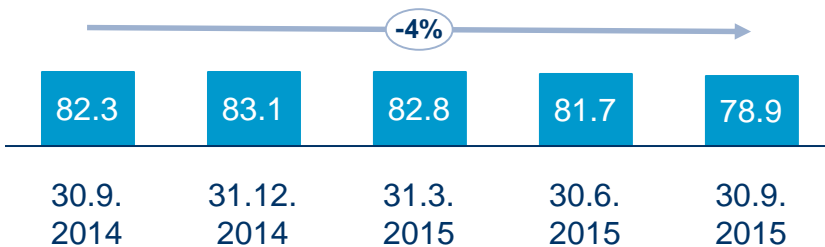
### Client deposits (CZK bn)

ČSOB (bank)



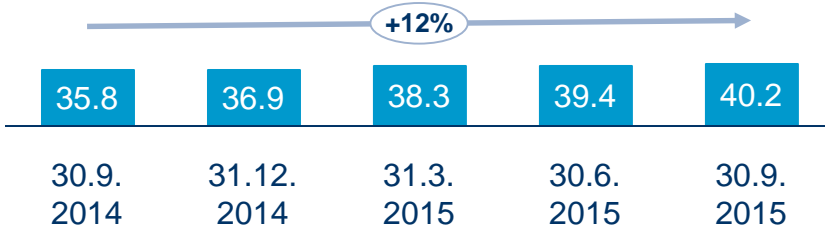
The 8% Y/Y increase of client deposits was fully driven by **current accounts with 17% Y/Y growth**. Saving deposits and term deposits decreased combined by 5% Y/Y due to continuously low interest rate environment.

### Building savings deposits (CZK bn)



The volume of **building savings deposits** continued to have downward trend showing decline of 4% Y/Y. This was affected also by pricing adjustment in previous quarters.

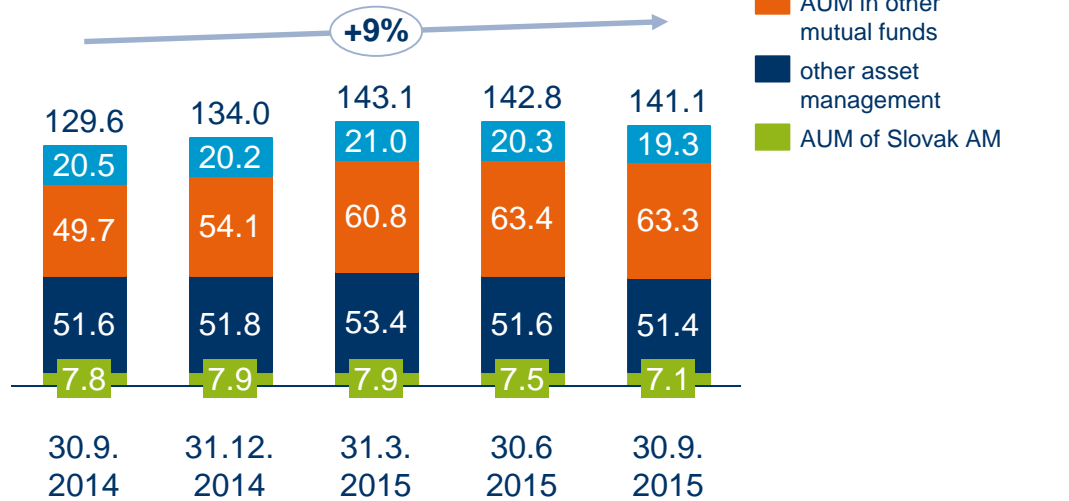
### Pension funds (CZK bn)



The **12% Y/Y increase** of the **pension fund** was driven mainly by increased average monthly contribution (+10% Y/Y).

### Assets under management

Outstanding volumes, CZK bn

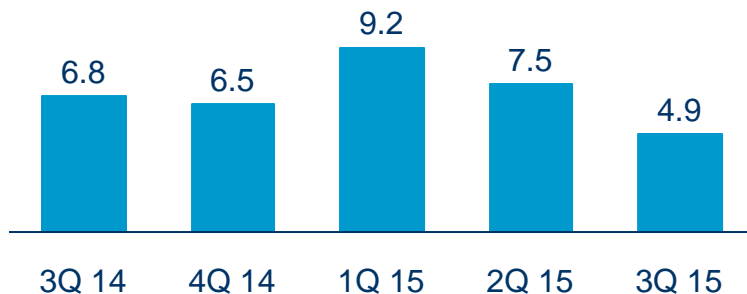


Ongoing very low interest rates on savings products confirm that investing into mutual funds with variety of risk profiles is for clients viable alternative how to effectively increase the value of their savings. Despite market uncertainty related to potential increase of interest rates in USA and Chinese economy in 3Q 2015, **AUM increased by 9% Y/Y**. Structured/capital protected and other mutual funds improved in total by 18% Y/Y, fully driven by the latter.

Based on the current market environment and behavior of clients the most important part of ČSOB product offer is build around partial risk protection (e.g. structured products, Portfolio Pro funds). In 3Q 2015 ČSOB prepared unit-linked product which invest to four different Portfolio Pro funds with 95% annual protection.

### Mutual funds

New sales, CZK bn



3Q 2015 new sales declined Q/Q due to market uncertainty and turbulences as well as increased sales of unit-link products.

Notes:

AUM definition: funds managed by ČSOB AM as well as those distributed by the ČSOB group but managed by the KBC AM.

AUM in funds: 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.

|                                                 | 30.9.2014        | 30.9.2015        |
|-------------------------------------------------|------------------|------------------|
| <b>Retail/SME branches and advisory centers</b> | <b>760</b>       | <b>759</b>       |
| ČSOB Retail/SME branches                        | 234              | 230              |
| PSB branches ("Era Financial Centers")          | 73               | 76               |
| ČMSS advisory centers <sup>1</sup>              | 337              | 334              |
| Hypoteční banka centers                         | 28               | 28               |
| ČSOB Pojišťovna branches                        | 88               | 91               |
| <b>Leasing branches</b>                         | <b>12</b>        | <b>10</b>        |
| <b>ČSOB corporate branches</b>                  | <b>11</b>        | <b>11</b>        |
| <b>PSB outlets of the Czech Post network</b>    | <b>ca. 3,100</b> | <b>ca. 3,100</b> |
| <b>ATMs<sup>2</sup></b>                         | <b>1,023</b>     | <b>1,060</b>     |
| <b>ČSOB's clients (bank only, mil.)</b>         | <b>2.863</b>     | <b>2.841</b>     |
| <b>Internet banking - users (mil.)</b>          | <b>1.507</b>     | <b>1.533</b>     |
| <b>- transactions (mil.)</b>                    | <b>35.053</b>    | <b>36.785</b>    |

ČSOB further **enlarged its ATM network**.

During the last twelve months, clients could use 37 new ATMs. Number of deposit ATMs reached 147 at the end of September 2015.

Due to ongoing optimization of the branch network, some branches were closed and few new ones were opened reflecting customers' changing needs for branch services. Number of ČSOB retail/SME branches decreased by 4 over the last twelve months.

The **number of ČSOB's clients** (bank only) slightly declined by 1% Y/Y.

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

<sup>1</sup> As of 30.6.2015 ČMSS advisory centers include also ČMSS advisory touch-points

<sup>2</sup> Including ATMs of cooperating banks

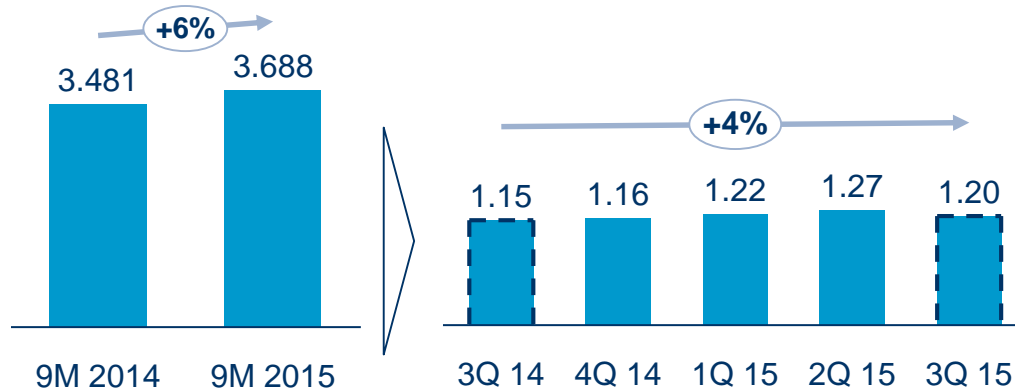


# ČSOB Pojišťovna: Key Figures

# Non-life business growth continues, life is recovering mainly thanks to several Unit-link tranches

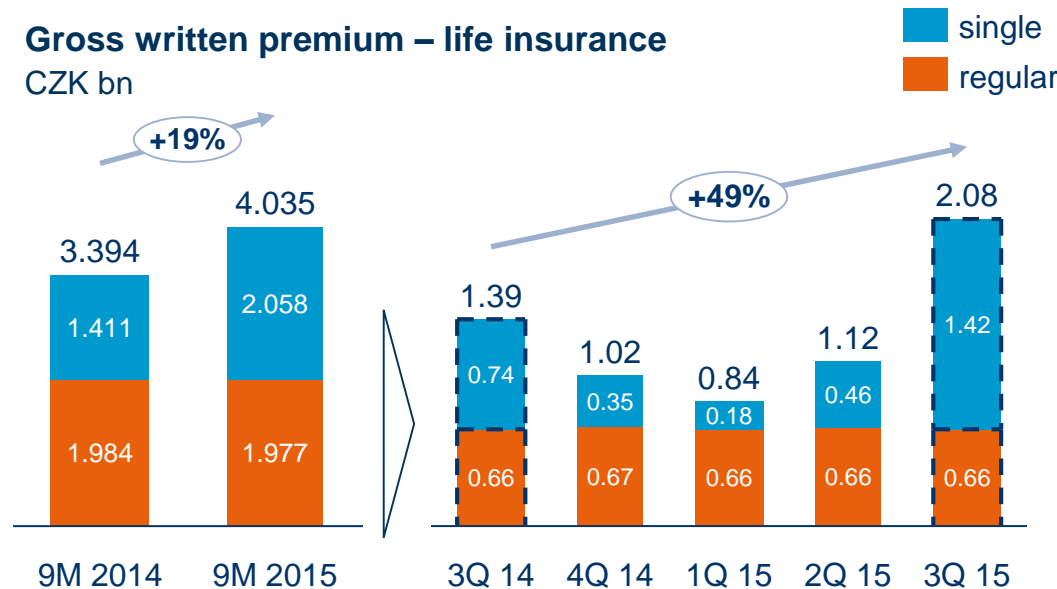
## Gross written premium – non-life insurance

CZK bn



## Gross written premium – life insurance

CZK bn



| Market shares  | 3Q 2015 | Market position |
|----------------|---------|-----------------|
| Non-life       | ↗ 6.7%  | 6 <sup>th</sup> |
| Life insurance | ↗ 6.6%  | 6 <sup>th</sup> |

Arrows show Y/Y change.

### Non-life insurance

9M/3Q 2015 gross written premium in **non-life insurance** segment **increased by 6% Y/Y** and **4% Y/Y** respectively, mainly thanks to a successful sales of property, car insurance (especially MTPL retail) and supported by sales of Accident & Travel insurance.

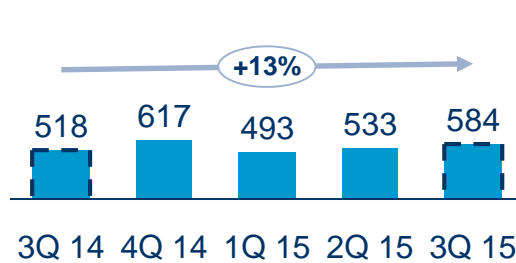
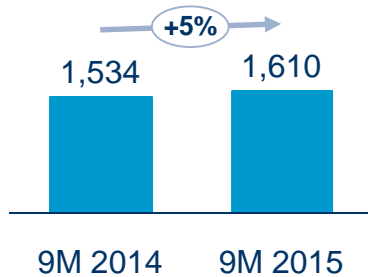
### Life insurance

9M/3Q 2015 **regular paid** gross written premium remained flat. New sales of regular life insurance increased by 39% Y/Y which will bring positive growth effect into gross written premium volumes in the next months.

9M/3Q 2015 **single paid** gross written premium increased by 46% Y/Y and 93% Y/Y respectively mainly thanks to successful introduction of four new Maximal Invest and PBA-life tranches.

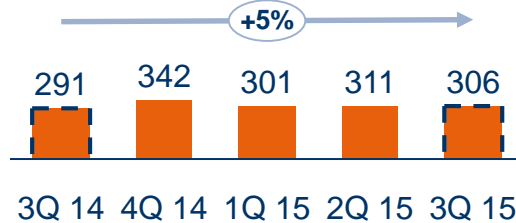
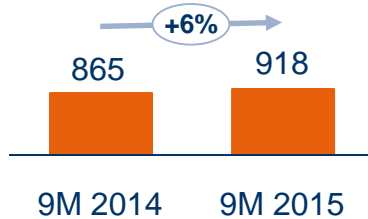
## Operating income

CZK m

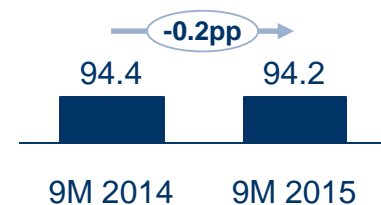


## Operating expenses

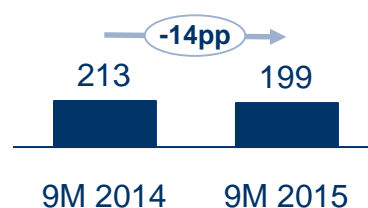
CZK m



## Non-life combined ratio\* (%)



## Solvency ratio (%)



9M/3Q 2015 **net profit** increased to **CZK 556m** (+4% Y/Y) and **CZK 229m** (+22% Y/Y) respectively:

- 9M/3Q 2015 **operating income** increased to **CZK 1,610m** (+5% Y/Y) and **CZK 584m** (+13% Y/Y) respectively
- 9M/3Q 2015 **operating expenses** reached **CZK 918m** (+6% Y/Y) and **CZK 306m** (+5% Y/Y) respectively, driven by enlargement of internal distribution, support of bank-insurance and digitalization projects.

9M/3Q 2015 **technical result in non-life segment** increased to **CZK 283m** (+4% Y/Y) and to **CZK 130m** (+41% Y/Y) respectively, mainly thanks to favorable claims performance (no natural events or extraordinary big claims during 3Q 2015). As a result, non-life combined ratio improved by 0.2pp Y/Y.

9M/3Q 2015 **technical result in life segment reached CZK 442m** (+2% Y/Y) and **CZK 159m** (+8% Y/Y) respectively. Life segment net profit contribution remained stable due to slight fluctuation in financial result. Lapses of life contracts are carefully watched and well under control.

**Capital position** of ČSOB Pojišťovna based on net solvency ratio slightly decreased, but remains very strong.

*\*As a result of methodological change (based on KBC guidelines, building depreciation costs are allocated from non-technical to technical accounts) in 4Q 2014, non-life combined ratio for 9M 2014 has been restated.*



# Business Unit Czech Republic



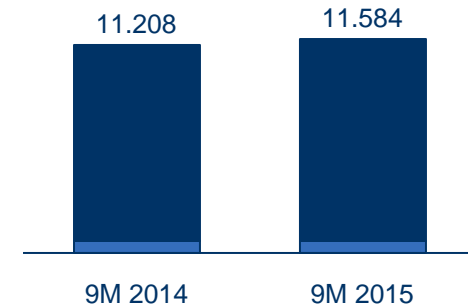
Effective as of 1 January 2013, KBC has organized its core markets activities into three business units. As a result, all KBC's business in the Czech Republic have been included into Business Unit Czech Republic.

**The 9M/3Q 2015 net profit of the Business Unit Czech Republic** reached CZK 11.6bn (+3% Y/Y) and CZK 4.1bn (+15% Y/Y). The Business Unit Czech Republic contains all KBC's operations in the Czech Republic, namely the ČSOB group, and full ownership in ČSOB Pojišťovna and ČSOB Asset Management (ČSOB AM).

The ČSOB group consists of ČSOB bank (including Era and Postal Savings Bank), Hypoteční banka, ČMSS, ČSOB Penzijní společnost, ČSOB Leasing and ČSOB Factoring and effective as of 1 January 2015 also Patria.

### Net profit of the Business Unit Czech Republic

CZK bn



| Net profit (CZK bn)       | 3Q 2014      | 4Q 2014      | 1Q 2015      | 2Q 2015      | 3Q 2015      | 3Q/3Q      | 9M 2014       | 9M 2015       | 9M/9M     |
|---------------------------|--------------|--------------|--------------|--------------|--------------|------------|---------------|---------------|-----------|
| ČSOB group <sup>1,2</sup> | 3.382        | 3.084        | 3.759        | 3.270        | 3.871        | 14%        | 10.579        | 10.900        | 3%        |
| ČSOB Pojišťovna           | 0.187        | 0.219        | 0.154        | 0.173        | 0.229        | 23%        | 0.533         | 0.556         | 4%        |
| ČSOB AM                   | 0.026        | 0.035        | 0.048        | 0.045        | 0.036        | 41%        | 0.096         | 0.128         | 34%       |
| <b>Total</b>              | <b>3.594</b> | <b>3.338</b> | <b>3.960</b> | <b>3.488</b> | <b>4.136</b> | <b>15%</b> | <b>11.208</b> | <b>11.584</b> | <b>3%</b> |

<sup>1</sup>Differences between the ČSOB group results within the Business Unit Czech Republic (BU CZ) and the stand-alone ČSOB group consolidated results are stemming from the fact that BU CZ results includes ČSOB AM result with 100% share, while the ČSOB group results include ČSOB AM only with 40% share (in line with ownership interest).

<sup>2</sup> As of 1 January 2015 Patria is a part of ČSOB group, figures for 2014 have been restated.





# Appendix

| Ratio / Indicator                                | 31. 12. 2012      | 31.12.2013        | 31.12.2014        | 30.9.2014         | 30.9.2015         |
|--------------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Net interest margin</b> (Ytd., annualized, %) | (3.21)            | 3.20 (3.00)       | 3.17              | 3.19              | 3.04              |
| <b>Cost / income ratio</b> (%)                   | 45.9              | 47.5 (47.1)       | 47.6              | 47.1              | 46.9              |
| <b>RoE</b> (Ytd., %)                             | 22.8              | 18.2              | 16.4              | 17.2              | 17.5              |
| <b>RoA</b> (Ytd., %)                             | 1.63              | 1.42              | 1.40              | 1.41              | 1.57              |
| <b>RoAC, BU Czech Republic</b> (Ytd., %)         | 35.1              | 40.0 (35.2)       | 36.7              | 37.6              | 38.4              |
| <b>Credit cost ratio</b> (% , annualized)        | 0.31              | 0.25              | 0.18              | 0.13              | 0.15              |
| <b>NPL ratio</b> (%)                             | (4.79)            | 4.65 (4.39)       | 4.07              | 4.45              | 3.68              |
| <b>NPL coverage ratio</b> (%)                    | (50.5)            | 50.4 (49.7)       | 53.4              | 49.4              | 53.6              |
| <b>Core Tier 1 ratio</b> (%)                     | 13.0 <sup>1</sup> | 15.6 <sup>1</sup> | 17.2 <sup>2</sup> | 17.7 <sup>2</sup> | 18.3 <sup>2</sup> |
| <b>Total capital ratio</b> (%)                   | 15.2 <sup>1</sup> | 15.6 <sup>1</sup> | 17.5 <sup>2</sup> | 18.1 <sup>2</sup> | 18.7 <sup>2</sup> |
| <b>Solvency</b> (Solvency I, %)                  | 224               | 217               | 213               | 213               | 199               |
| <b>Leverage ratio</b> (Basel III, %)             | 4.73              | 5.46              | 5.15              | 4.60              | 4.84              |
| <b>Net stable funding ratio</b> (Basel III, %)   | 133.2             | 135.7             | 135.9             | 137.6             | 131.8             |
| <b>Liquidity coverage ratio</b> (Basel III, %)   | 336.1             | 225.6             | 348.4             | 241.0             | 210.9             |
| <b>Loan to deposit ratio</b> (%)                 | (75.2)            | 75.9 (77.0)       | 76.4              | 76.5              | 77.0              |

2012 has not been restated for methodological changes (ČMSS & NIM calculation), 2013 has been restated. Figures in brackets are before restatement. NPL coverage ratio has been restated from 2012 to reflect change in classification of NPL.

<sup>1</sup> According to Basel II, <sup>2</sup> According to Basel III

| (CZK m)                                                   | 3Q<br>2014    | 2Q<br>2015    | 3Q<br>2015    | Y/Y         | Q/Q         | 9M<br>2014     | 9M<br>2015     | Y/Y        |
|-----------------------------------------------------------|---------------|---------------|---------------|-------------|-------------|----------------|----------------|------------|
| <i>Interest income</i>                                    | 6,603         | 6,568         | 6,245         | -5%         | -5%         | 20,304         | 19,322         | -5%        |
| <i>Interest expense</i>                                   | -991          | -1,068        | -603          | -39%        | -44%        | -3,067         | -2,524         | -18%       |
| Net interest income                                       | 5,612         | 5,500         | 5,642         | +1%         | +3%         | 17,237         | 16,798         | -3%        |
| Net fee and commission income                             | 1,512         | 1,600         | 1,563         | +3%         | -2%         | 4,401          | 4,747          | +8%        |
| Net gains from financial instruments at FVPL <sup>1</sup> | 550           | 560           | 695           | +26%        | +24%        | 1,173          | 1,959          | +67%       |
| Other operating income <sup>2</sup>                       | 103           | 257           | 197           | +91%        | -23%        | 680            | 958            | +41%       |
| <b>Operating income</b>                                   | <b>7,777</b>  | <b>7,917</b>  | <b>8,097</b>  | <b>+4%</b>  | <b>+2%</b>  | <b>23,491</b>  | <b>24,462</b>  | <b>+4%</b> |
| Staff expenses                                            | -1,726        | -1,755        | -1,699        | -2%         | -3%         | -5,138         | -5,238         | +2%        |
| General administrative expenses                           | -1,752        | -1,918        | -1,637        | -7%         | -15%        | -5,401         | -5,771         | +7%        |
| Depreciation and amortisation                             | -169          | -154          | -157          | -7%         | +2%         | -514           | -463           | -10%       |
| <b>Operating expenses</b>                                 | <b>-3,647</b> | <b>-3,827</b> | <b>-3,493</b> | <b>-4%</b>  | <b>-9%</b>  | <b>-11,053</b> | <b>-11,472</b> | <b>+4%</b> |
| Impairment losses                                         | -382          | -427          | -128          | -66%        | -70%        | -467           | -608           | +30%       |
| <i>Impairment on loans and receivables</i>                | -384          | -428          | -128          | -67%        | -70%        | -478           | -611           | +28%       |
| <i>Impairment on other assets</i>                         | 2             | 1             | 0             | -100%       | -100%       | 11             | 3              | -73%       |
| Share of profit of associates                             | 162           | 210           | 163           | +1%         | -22%        | 536            | 560            | +4%        |
| <b>Profit before tax</b>                                  | <b>3,910</b>  | <b>3,872</b>  | <b>4,639</b>  | <b>+19%</b> | <b>+20%</b> | <b>12,507</b>  | <b>12,942</b>  | <b>+3%</b> |
| Income tax expense                                        | -609          | -584          | -752          | +23%        | +29%        | -1,964         | -1,989         | +1%        |
| <b>Profit for the period</b>                              | <b>3,301</b>  | <b>3,288</b>  | <b>3,887</b>  | <b>+18%</b> | <b>+18%</b> | <b>10,543</b>  | <b>10,953</b>  | <b>+4%</b> |
| Attributable to:                                          |               |               |               |             |             |                |                |            |
| <b>Owners of the parent</b>                               | <b>3,304</b>  | <b>3,290</b>  | <b>3,906</b>  | <b>+18%</b> | <b>+19%</b> | <b>10,540</b>  | <b>10,973</b>  | <b>+4%</b> |
| Non-controlling interests                                 | -3            | -2            | -19           | >+100%      | >+100%      | 3              | -20            | n/a        |

<sup>1</sup> FVPL = fair value through profit and loss.

<sup>2</sup> Other operating income = Net realised gains on available-for-sale fin. assets, dividend income, other net income.

# Profit and loss statement (on comparable basis)

| (CZK m)                                                   | 3Q<br>2014    | 2Q<br>2015    | 3Q<br>2015    | Y/Y         | Q/Q         | 9M<br>2014     | 9M<br>2015     | Y/Y        |
|-----------------------------------------------------------|---------------|---------------|---------------|-------------|-------------|----------------|----------------|------------|
| Interest income                                           | 6,608         | 6,568         | 6,245         | -5%         | -5%         | 19,912         | 19,322         | -3%        |
| Interest expense                                          | -992          | -1,068        | -603          | -39%        | -44%        | -3,113         | -2,524         | -19%       |
| Net interest income                                       | 5,616         | 5,500         | 5,642         | 0%          | +3%         | 16,798         | 16,798         | 0%         |
| Net fee and commission income                             | 1,545         | 1,600         | 1,563         | +1%         | -2%         | 4,729          | 4,747          | 0%         |
| Net gains from financial instruments at FVPL <sup>1</sup> | 555           | 560           | 695           | +25%        | +24%        | 1,281          | 1,959          | +53%       |
| Other operating income <sup>2</sup>                       | 105           | 257           | 197           | +88%        | -23%        | 912            | 958            | +5%        |
| <b>Operating income</b>                                   | <b>7,822</b>  | <b>7,917</b>  | <b>8,097</b>  | <b>+4%</b>  | <b>+2%</b>  | <b>23,720</b>  | <b>24,462</b>  | <b>+3%</b> |
| Staff expenses                                            | -1,748        | -1,755        | -1,699        | -3%         | -3%         | -5,239         | -5,238         | 0%         |
| General administrative expenses                           | -1,770        | -1,918        | -1,637        | -8%         | -15%        | -5,455         | -5,771         | +6%        |
| Depreciation and amortisation                             | -170          | -154          | -157          | -8%         | +2%         | -517           | -463           | -10%       |
| <b>Operating expenses</b>                                 | <b>-3,688</b> | <b>-3,827</b> | <b>-3,493</b> | <b>-5%</b>  | <b>-9%</b>  | <b>-11,211</b> | <b>-11,472</b> | <b>+2%</b> |
| Impairment losses                                         | -382          | -427          | -128          | -66%        | -70%        | -467           | -608           | +30%       |
| <i>Impairment on loans and receivables</i>                | -384          | -428          | -128          | -67%        | -70%        | -478           | -611           | +28%       |
| <i>Impairment on other assets</i>                         | 2             | 1             | 0             | -100%       | -100%       | 11             | 3              | -73%       |
| Share of profit of associates                             | 162           | 210           | 163           | +1%         | -22%        | 536            | 560            | +5%        |
| <b>Profit before tax</b>                                  | <b>3,913</b>  | <b>3,872</b>  | <b>4,639</b>  | <b>+19%</b> | <b>+20%</b> | <b>12,577</b>  | <b>12,942</b>  | <b>+3%</b> |
| Income tax expense                                        | -611          | -584          | -752          | +23%        | +29%        | -2,015         | -1,989         | -1%        |
| <b>Profit for the period</b>                              | <b>3,302</b>  | <b>3,288</b>  | <b>3,887</b>  | <b>+18%</b> | <b>+18%</b> | <b>10,562</b>  | <b>10,953</b>  | <b>+4%</b> |
| Attributable to:                                          |               |               |               |             |             |                |                |            |
| <b>Owners of the parent</b>                               | <b>3,305</b>  | <b>3,290</b>  | <b>3,906</b>  | <b>+18%</b> | <b>+19%</b> | <b>10,559</b>  | <b>10,973</b>  | <b>+4%</b> |
| Non-controlling interests                                 | -3            | -2            | -19           | >+100%      | >+100%      | 3              | -20            | n/a        |

<sup>1</sup> FVPL = fair value through profit and loss.

<sup>2</sup> Other operating income = Net realised gains on available-for-sale fin. assets, dividend income, other net income.

Comparable basis: Following the change in statutes of Transformed Pension Fund and in line with IFRS, ČSOB deconsolidated Transformed Pension Fund as of 1 July 2014. This has mainly reclassification effect on Y/Y comparison of income lines in profit and loss statement and decline of corresponding amounts in balance sheet. As both approaches are IFRS compliant, neither profit and loss statement nor balance sheet has been restated. Pro-forma profit and loss statement is provided for comparison purposes only. Effective as of 1 January 2015 Patria has become a part of ČSOB Group.

| (CZK m)                                                                | 30/9<br>2014   | 31/12<br>2014  | 30/9<br>2015   | Ytd.        |
|------------------------------------------------------------------------|----------------|----------------|----------------|-------------|
| Cash and balances with central banks                                   | 30,483         | 72,076         | 68,763         | -5%         |
| Financial assets held for trading                                      | 64,678         | 50,626         | 67,633         | +34%        |
| Financial assets designated at fair value through P/L                  | 3,501          | 3,327          | 3,344          | +1%         |
| Available-for-sale financial assets                                    | 58,638         | 56,121         | 63,666         | +13%        |
| Loans and receivables - net                                            | 653,707        | 506,635        | 611,252        | +21%        |
| <i>Loans and receivables to credit institutions - gross</i>            | 211,965        | 49,779         | 123,503        | >+100%      |
| <i>Loans and receivables to other than credit institutions - gross</i> | 452,632        | 468,054        | 498,720        | +7%         |
| <i>Allowance for impairment losses</i>                                 | -10,890        | -11,198        | -10,971        | -2%         |
| Held-to-maturity investments                                           | 144,350        | 144,074        | 135,086        | -6%         |
| Fair value adjustments of the hedged items in portfolio hedge          | 1,700          | 1,654          | 1,731          | +5%         |
| Derivatives used for hedging                                           | 12,645         | 13,967         | 13,266         | -5%         |
| Current tax assets                                                     | 16             | 69             | 66             | -4%         |
| Deferred tax assets                                                    | 100            | 100            | 117            | +17%        |
| Investments in associate                                               | 4,779          | 4,992          | 4,837          | -3%         |
| Investment property                                                    | 291            | 284            | 0              | -100%       |
| Property and equipment                                                 | 6,581          | 6,796          | 6,901          | +2%         |
| Goodwill and other intangible assets                                   | 2,888          | 2,913          | 2,988          | +3%         |
| Non-current assets held-for-sale                                       | 698            | 515            | 325            | -37%        |
| Other assets                                                           | 1,275          | 1,490          | 2,072          | +39%        |
| <b>Total assets</b>                                                    | <b>986,330</b> | <b>865,639</b> | <b>982,047</b> | <b>+13%</b> |

Increase thanks  
to reverse repo  
operations with  
CNB.

| (CZK m)                                                            | 30/9<br>2014   | 31/12<br>2014  | 30/9<br>2015   | Ytd.        |
|--------------------------------------------------------------------|----------------|----------------|----------------|-------------|
| Financial liabilities held for trading                             | 96,208         | 69,624         | 44,408         | -36%        |
| Financial liabilities at amortised cost                            | 784,455        | 686,136        | 830,679        | +21%        |
| <i>of which Deposits received from central banks</i>               | 0              | 0              | 0              | 0%          |
| <i>of which Deposits received from credit institutions</i>         | 55,680         | 59,065         | 176,948        | >+100%      |
| <i>of which Deposits received from other than credit institut.</i> | 701,423        | 599,142        | 623,001        | +4%         |
| <i>of which Debt securities in issue</i>                           | 27,352         | 27,929         | 30,730         | +10%        |
| <i>of which Subordinated liabilities</i>                           | 0              | 0              | 0              | 0%          |
| Fair value adjustments of the hedged items in portfolio hedge      | 3,732          | 5,145          | 4,959          | -4%         |
| Derivatives used for hedging                                       | 12,014         | 11,987         | 12,081         | +1%         |
| Current tax liabilities                                            | 297            | 196            | 186            | -5%         |
| Deferred tax liabilities                                           | 2,188          | 2,280          | 2,234          | -2%         |
| Provisions                                                         | 712            | 736            | 412            | -44%        |
| Other liabilities                                                  | 4,066          | 3,955          | 4,523          | +14%        |
| <b>Total liabilities</b>                                           | <b>903,672</b> | <b>780,059</b> | <b>899,482</b> | <b>+15%</b> |
| Share capital                                                      | 5,855          | 5,855          | 5,855          | 0%          |
| Share premium account                                              | 15,509         | 15,509         | 15,509         | 0%          |
| Statutory reserve                                                  | 18,687         | 18,687         | 18,687         | 0%          |
| Retained earnings                                                  | 35,334         | 38,397         | 36,092         | -6%         |
| Available-for-sale reserve                                         | 3,914          | 3,732          | 3,248          | -13%        |
| Cash flow hedge reserve                                            | 3,158          | 3,192          | 2,995          | -6%         |
| Foreign currency translation reserve                               | 2              | 0              | 0              | 0%          |
| <b>Parent shareholders' equity</b>                                 | <b>82,459</b>  | <b>85,372</b>  | <b>82,386</b>  | <b>-3%</b>  |
| Minority interest                                                  | 199            | 208            | 179            | -14%        |
| <b>Total equity</b>                                                | <b>82,658</b>  | <b>85,580</b>  | <b>82,565</b>  | <b>-4%</b>  |
| <b>Total liabilities and equity</b>                                | <b>986,330</b> | <b>865,639</b> | <b>982,047</b> | <b>+13%</b> |

Decrease due to reclassification of repo and money market transactions to Deposits (see note).

Increase due to reclassification of repo and money market transactions from Financial liabilities held for trading.

Note: ČSOB reconsidered management of some liabilities. As a result, repo and money market transactions, which were reported in "Financial liabilities held for trading" until 4Q 2014, are included as of 1Q 2015 in "Financial liabilities at amortized cost" (deposits received from credit institutions). No restatements of 2014 balance sheet have been made.

## ČSOB's credit ratings

As at 16 November 2015

| Rating agency | Long-term | Outlook  | Short-term | LT rating valid since | Last confirmation |
|---------------|-----------|----------|------------|-----------------------|-------------------|
| Moody's       | A2        | stable   | P-1        | 20 June 2012          | 17 March 2015     |
| S&P           | A         | negative | A-1        | 1 October 2014        | 2 November 2015   |

## Shareholder structure

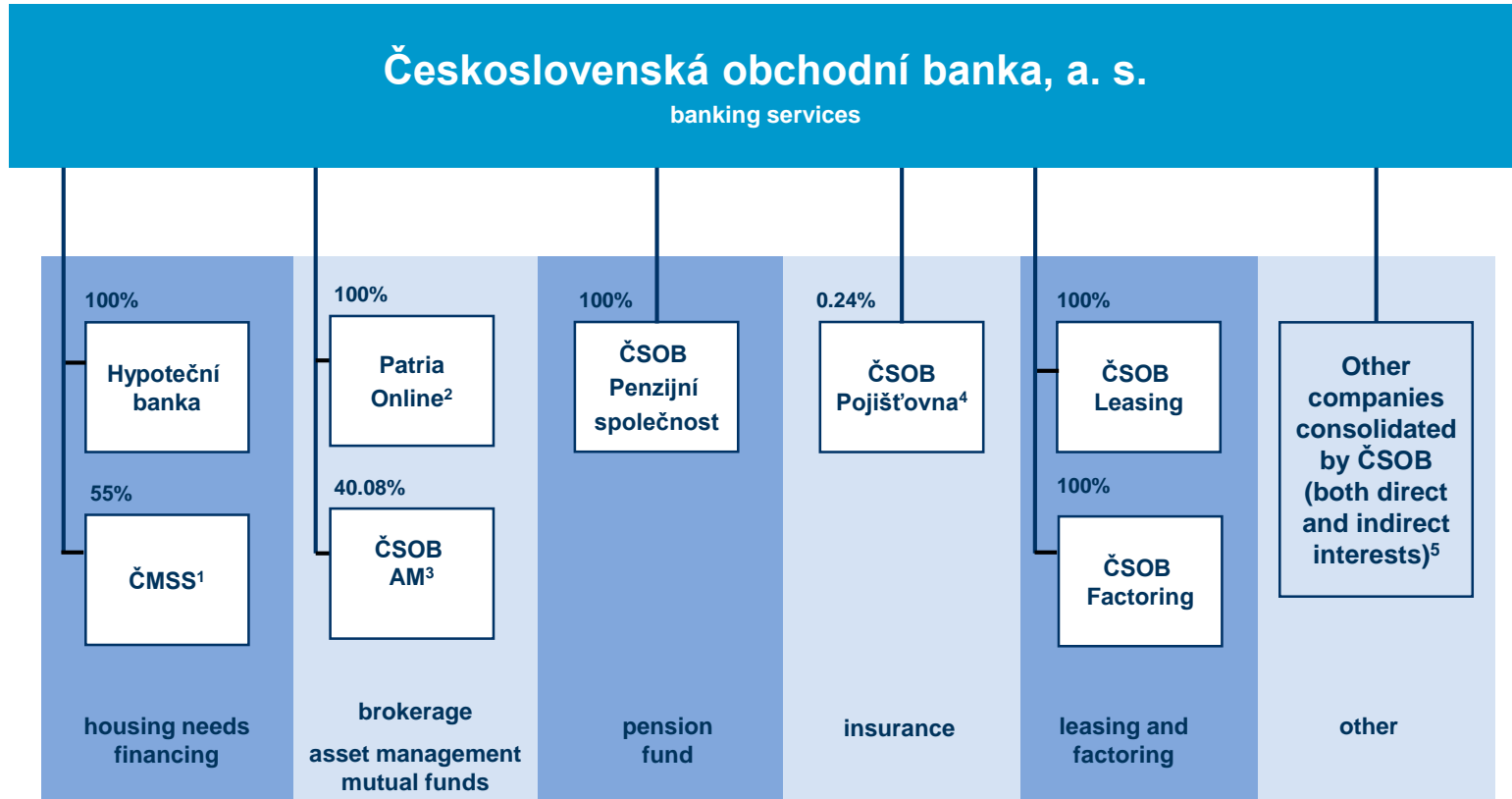
As at 30 September 2015, ČSOB's share capital was CZK 5,855,000,020 and comprised of 292,750,001 ordinary bearer shares with a nominal value of CZK 20 each.

ČSOB is directly controlled by KBC Bank NV whose ownership interest in ČSOB is 100%.

## Non-performing loans<sup>1</sup>

| PD rating distribution           | 30.9.2014       |                      | 30.9.2015       |                      |
|----------------------------------|-----------------|----------------------|-----------------|----------------------|
|                                  | Amount (CZK bn) | Share on total loans | Amount (CZK bn) | Share on total loans |
| Total loans                      | 462.2           | 100%                 | 509.2           | 100%                 |
| Normal (PD 1-7)                  | 433.4           | 94%                  | 480.9           | 94%                  |
| Asset quality review (PD 8-9)    | 8.2             | 2%                   | 9.5             | 2%                   |
| Uncertain performing (PD 10)     | 5.6             | 1%                   | 4.3             | 1%                   |
| Uncertain non-performing (PD 11) | 2.3             | 0%                   | 2.5             | 0%                   |
| Irrecoverable (PD 12)            | 12.7            | 3%                   | 11.9            | 2%                   |

<sup>1</sup> Uncertain performing (PD 10) classified as non-performing loans according to EBA definition.



Percentages show ownership interests on company's equity as at 30 September 2015.

<sup>1</sup> 45% of shares owned by Bausparkasse Schwäbisch Hall; by the equity method consolidation.

<sup>2</sup> Effective as of 1 January 2015 Patria Online (includes Patria Finance and Patria Corporate Finance) has become a part of ČSOB Group.

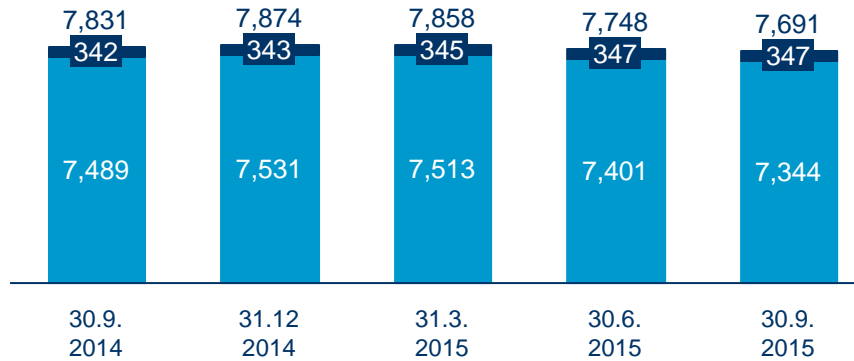
<sup>3</sup> 59.92% of shares owned by KBC Participations Renta C; subsidiary consolidated in ČSOB by an equity method.

<sup>4</sup> 99.76% of shares owned by KBC Insurance; subsidiary consolidated in ČSOB by an equity method.

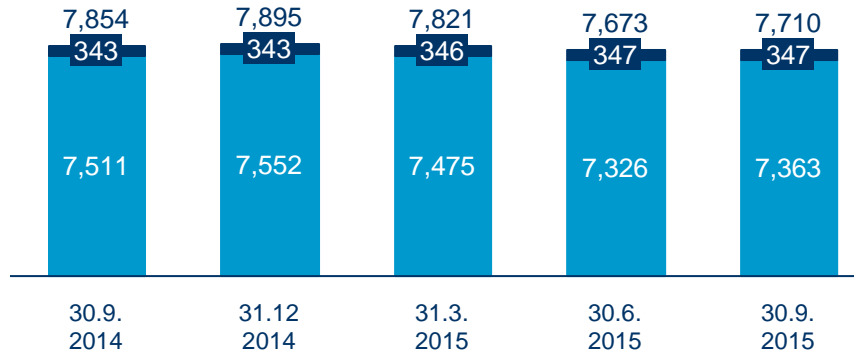
<sup>5</sup> A complete list of companies consolidated by ČSOB is stated in ČSOB Annual Report.



## Number of FTE – average



## Number of FTE – end of the period



FTE based on the share on registered capital <sup>1</sup>
 Group FTE <sup>2</sup>

<sup>1</sup> FTE is included based on the share on registered capital: ČMSS (55%), ČSOB Asset management (40.08%) and ČSOB Pojišťovna (0.24%).

<sup>2</sup> W/o all companies jointly controlled by the Bank (joint ventures) and all companies over which the Bank has significant influence (associates). Patria FTE (average / end of period no.: 1H14 – 80/80, 9M14: 80/79, and FY14:79/79) before full consolidation as of 1Q 2015 were included in Group employees. As of 1Q 2015, FTE methodology has been modified and employees in program for mothers are newly included, figures for 2014 has been restated.

| Item                      | Definition                                                                                                                                                                                                 | Source                                                   |
|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|
| Total deposits            | Total bank deposits excl. repo including unmarketable bills of exchange + ČMSS 55% and AUM Pension fund                                                                                                    | ČNB (Time series ARAD), ČSOB                             |
| Building savings loans    | Outstanding volumes of building savings loans, ČMSS 100%                                                                                                                                                   | ČNB (ARAD), ČMSS                                         |
| Building savings deposits | Deposits of buildings savings clients, ČMSS 100%                                                                                                                                                           | ČNB (ARAD), ČMSS                                         |
| 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)                    |
| Total Loans               | Outstanding volumes of consumer loans and other retail loans + mortgages for private individuals + CORP/SME loans                                                                                          | ČNB (ARAD), Ministry for Regional Development, HB, ČSOB  |
| Leasing                   | Volume of newly granted loans (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. home-equity consumer loans and mortgages for non-housing real estate purposes, consumer loans for house purchase, according to ČNB definition | ČNB (ARAD), HB, ČSOB                                     |
| Factoring                 | Volume of new business                                                                                                                                                                                     | ČLFA                                                     |
| Pension funds             | Number of clients at the given date                                                                                                                                                                        | Association of Pension Funds, ČSOB PF                    |
| CORP/SME loans            | Remaining loans that are not reported in any of the retail loans categories (loans to other than households)                                                                                               | ČNB (ARAD), ČSOB                                         |
| Consumer loans            | Outstanding volume of cash loans, credits cards, overdrafts, consumer loans on real estate and American mortgages                                                                                          | ČNB (ARAD), ČSOB                                         |
| Equity trading (Patria)   | Volumes of equity trading processed by Prague Stock Exchange on monthly basis as of first calendar day of a month                                                                                          | Stock Exchange Prague                                    |
| Insurance                 | New business in the year according to gross written premium.                                                                                                                                               | Czech Association of Insurance Companies                 |

|                                          |                                                                                                                                                                                                                                                                                                                        |
|------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| NIM (net interest margin)                | Net interest income / average interest earnings assets excluding repo operations; Qtd./Ytd., annualized                                                                                                                                                                                                                |
| C/I (cost/income ratio)                  | Operating expenses / operating income, Ytd.                                                                                                                                                                                                                                                                            |
| RoA (return on assets)                   | Net profit for the year / average of total assets; Ytd., annualized                                                                                                                                                                                                                                                    |
| RoE (return on equity)                   | Net profit for the year / average of total shareholders' equity; Ytd., annualized                                                                                                                                                                                                                                      |
| RoAC (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)                                                                                                       |
| Combined ratio                           | According to KBC methodology.                                                                                                                                                                                                                                                                                          |
| CCR (credit-cost ratio)                  | Total credit costs / average outstanding credit portfolio (loans, loans replacements and drawn credit commitments - e.g. guarantees) and non-sovereign bonds in credit book; Ytd., annualized                                                                                                                          |
| NPL (non-performing loans) ratio         | Outstanding amount of non-performing loans (ČNB methodology) / loan portfolio                                                                                                                                                                                                                                          |
| NPL coverage ratio                       | Allowances for loans and leases / non-performing loans (ČNB methodology)                                                                                                                                                                                                                                               |
| Core tier 1 ratio<br>Total capital ratio | According to prudential reports of ČNB – Basel II (since 1 July 2007 till 31 December 2013), Basel III (since 1 January 2014)                                                                                                                                                                                          |
| Solvency (insurance)                     | According to prudential reports of ČNB – Solvency I, after expected dividend payment                                                                                                                                                                                                                                   |
| Loan to deposit ratio                    | Loan portfolio / primary deposits                                                                                                                                                                                                                                                                                      |
| Net stable funding ratio (NSFR)          | Available amount of stable funding (equity and liability which are expected to be reliable sources of funds over a one-year time horizon under extended stress) to stable funding required by an institution based on types of its assets, off-balance sheet exposures and activities pursued (according to Basel III) |
| Leverage ratio                           | Tier 1 capital / non-risk value of assets (According to Basel III)                                                                                                                                                                                                                                                     |
| 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 Basel III)                                                                                                     |

|                           |                                                                                                                                                                                                                                                                                              |
|---------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Loan portfolio            | Loans and receivables to other than credit institutions (incl. ČMSS) plus loans and receivables to credit institutions minus exposure to banks from inter-bank transactions plus credit replacing bonds (in HTM, AFS and FVPL portfolios).                                                   |
| Mortgages                 | All loans booked in Hypoteční banka, including home equity loans and mortgage loans to legal entities, excluding intra-group loans. Gross.                                                                                                                                                   |
| Building savings loans    | All customer lending granted by ČMSS in book values. Gross.                                                                                                                                                                                                                                  |
| Consumer finance          | Loan portfolio granted by ČSOB's retail network (ČSOB, ERA and PSB brand) in book values. Gross.                                                                                                                                                                                             |
| SME loans                 | Loan portfolio granted by ČSOB's SME network in book values. Gross.                                                                                                                                                                                                                          |
| Corporate loans           | Loan portfolio granted by ČSOB's corporate banking network in book values, including credit-replacing bonds. Gross.                                                                                                                                                                          |
| Group deposits            | Item Deposits received from other than credit institutions from the consolidated balance sheet minus repo operations with institutional client.                                                                                                                                              |
| Building savings deposits | All ČMSS financial liabilities at amortized cost minus deposits received from other than credit institutions.                                                                                                                                                                                |
| Primary deposits          | Group deposits minus pension funds minus repo operations with non-banking financial institutions (part of "other group deposits") plus deposits to credit institutions (excl. repo operations with credit institutions). Consistent with the internal liquidity management reporting system. |

# Contacts

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