

# 9M/3Q 2019 Results ČSOB Group

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Business Unit Czech Republic

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# ČSOB Group: Key Figures

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# Higher net profit driven by net interest income and one-off gains (mainly ČMSS)

## Excellent loan quality

ČSOB group key indicators		2016	2017	2018	9M 2018	9M 2019
<b>Profitability</b>	Net profit (CZK bn)	15.1	17.5	15.8	11.5	14.7
	Return on equity	17.3%	19.3%	17.5%	17.1%	21.1%
<b>Liquidity</b>	Loan to deposit ratio	79.4%	77.7%	76.3%	72.7%	79.0%
	Net stable funding ratio	150.9%	146.0%	161.4%	166.7%	158.0%
<b>Capital</b>	Tier 1 (CET1) ratio	18.2%	17.2%	18.0%	17.3%	18.7%
<b>Impairments</b>	Credit cost ratio	0.11%	0.02%	0.05%	0.05%	0.05%
<b>Cost efficiency</b>	Cost / income ratio	46.0%	43.7%	47.9%	48.2%	44.9%

Note:

As of 2017, calculation of Loan to deposit ratio has been changed, see new definition in Appendix.

In order to provide fully comparable figures, Loan to deposit ratio has been restated retrospectively for year 2016.

# Higher net profit driven by net interest income and one-off gains (mainly ČMSS)

## Excellent loan quality, business volumes growth

### Business indicators

The **loan portfolio** increased to **CZK 776bn** (+5% Y/Y) driven by all segments. **Group deposits** decreased to **CZK 978bn** (-6% Y/Y) due to lower repo operations with institutional clients. Decrease of client deposits was compensated by the increase of **assets under management** to **CZK 234bn** (+11% Y/Y). The number of **active clients** increased **+53ths** Y/Y.

### Operating income

**Operating income** reached **CZK 31.4bn** in 9M 2019 (+15% Y/Y). The Y/Y growth was driven by increasing net interest income (+26% Y/Y), higher net fee and commission income, one-off gains from revaluation of 55% share in ČMSS, sale of ČSOB Asset Management and historical legal case, and consolidation of ČMSS, while lower trading income had negative impact.

### Operating expenses

**Operating expenses** increased to **CZK 14.1bn** in 9M 2019 (+7% Y/Y) due to higher banking tax (+23% Y/Y), higher staff expenses (+7 % Y/Y), and consolidation of ČMSS.

### Impairments

**Credit cost ratio** for 9M 2019 stood at **5 bps** (Ytd. annualized, flat Y/Y) thanks to the ongoing excellent loan quality. **Other impairments** decreased Y/Y to **CZK 53m (net creation)** due to lower creation in ČSOB Leasing.

### Net profit

As a result of the above mentioned factors, ČSOB's **net profit** came in at **CZK 14.7bn** (+28% Y/Y) in 9M 2019 and at **CZK 3.8bn** (-5% Y/Y) in 3Q 2019. Adjusted for the impact of ČMSS consolidation and one off-gains on ČMSS and ČSOB Asset Management the 9M net profit would increase +3% Y/Y.

### Liquidity & Capital

**Loan to deposit ratio** increased Y/Y to **79.0%**.  
**Tier 1 ratio** stood at **18.7%** and **net stable funding ratio** (NSFR) reached **158.0%**.

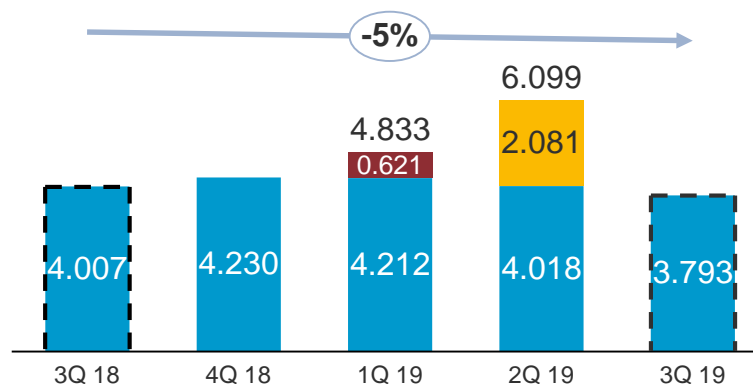
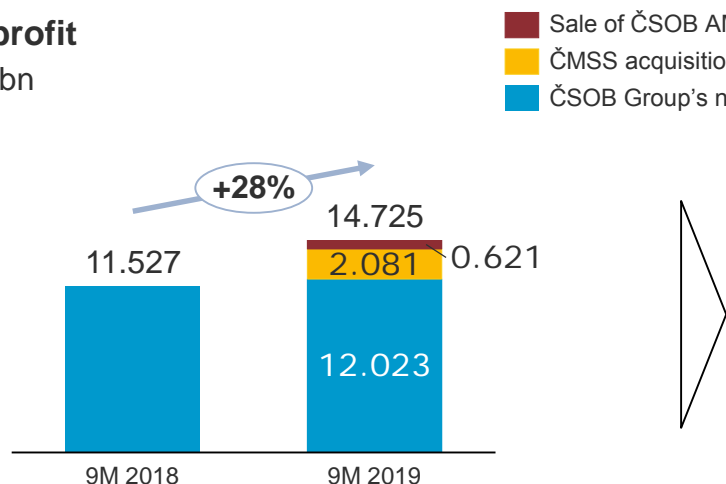
### Achievements & Highlights

ČSOB finished second in **Hospodářské noviny** competition for the **best bank in the Czech Republic in 2019**. In this competition ČSOB and ČSOB Pojišťovna also attained 2<sup>nd</sup> or 3<sup>rd</sup> place in five other categories. The magazine **Euromoney** awarded ČSOB as **the Best Bank** in the Czech Republic for 2019. ČSOB received this award for the 10th time. ČSOB was successful in The Customer Insight & Growth Banking Innovation Awards with the team robot Ró (3<sup>rd</sup> place in category "Workforce Experience"), which allows for faster processing of the operations and saves time for both the employees and clients.

# The Y/Y net profit increase influenced by higher NII and acquisition of ČMSS

## Net profit

CZK bn



9M/3Q 2019 **net profit** reached **CZK 14.7bn** (+28% Y/Y) and **CZK 3.8bn** (-5% Y/Y) respectively. The results reflect higher net interest income, higher net fee and commission income, one-off gains from revaluation of 55% share in ČMSS, sale of ČSOB Asset Management and historical legal case, and impact of ČMSS consolidation (100%), while lower trading income and higher staff expenses had negative impact.

Adjusted for the impact of ČMSS consolidation and one off-gains on ČMSS and ČSOB Asset Management the 9M net profit would increase +3% Y/Y.

**The return on equity (ROE)** reached **21.1%**, up from 17.1% driven by higher net profit.

Notes (gross impact):

4Q 2018 one-off item: gain from historical legal case (CZK +0.2bn)

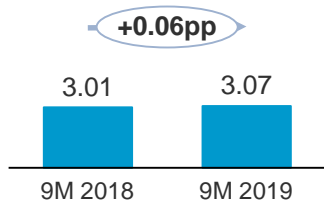
1Q 2019 one-off items: gain from historical legal case (CZK +0.2bn), sale of ČSOB AM (CZK +0.6bn)

2Q 2019 one-off item: gain from revaluation of ČSOB's 55% share in ČMSS triggered by acquisition of remaining 45% share, in conformity with IFRS 3 (CZK +2.1bn)

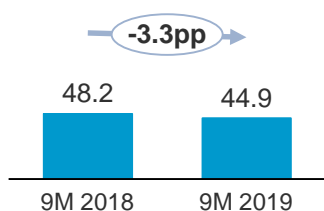
# Increasing net interest margin and excellent loan quality

## Profitability

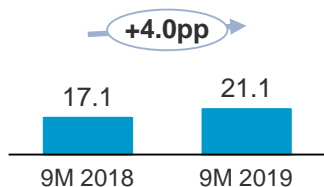
Net interest margin (%)



Cost / income ratio (%)

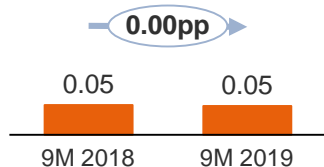


ROE (%)

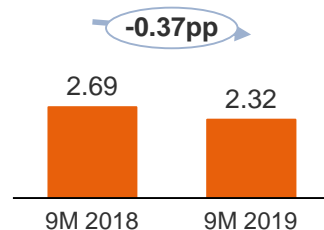


## Loan portfolio quality

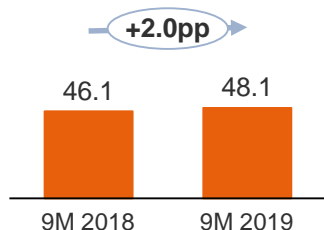
CCR, Ytd. annualized<sup>1</sup> (%)



NPL ratio<sup>1</sup> (%)

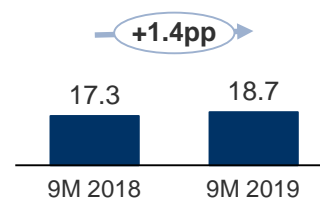


NPL coverage ratio<sup>1</sup> (%)

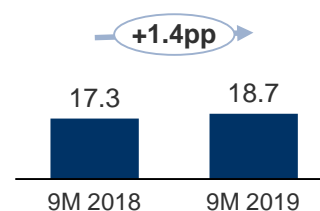


## Capital

Tier 1 (CET 1) ratio (%)

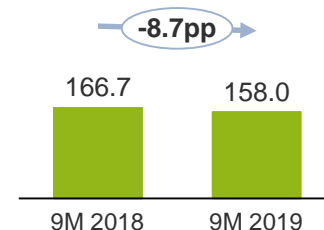


Total capital ratio (%)

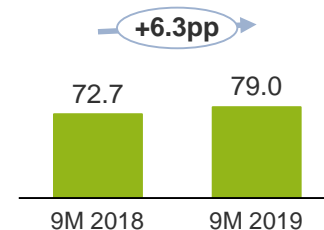


## Liquidity

Net stable funding ratio (%)



Loan to deposit ratio (%)

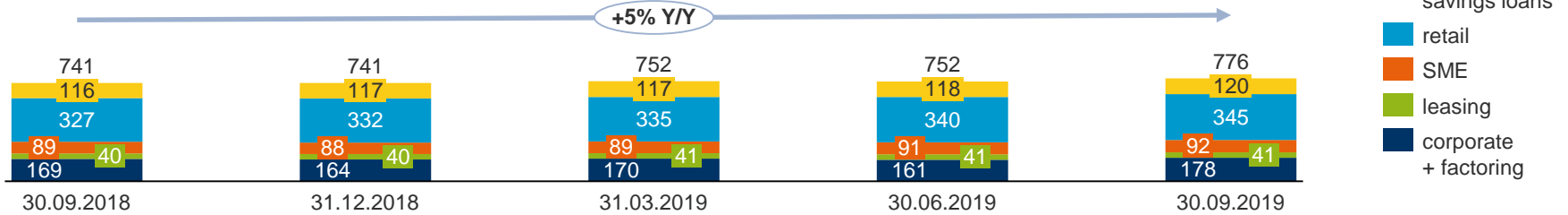


<sup>1</sup> Loan portfolio quality ratios as of 30.9.2018 were retrospectively recounted reflecting 100% consolidation of ČMSS.

# Strong growth of assets under management, loan portfolio increased

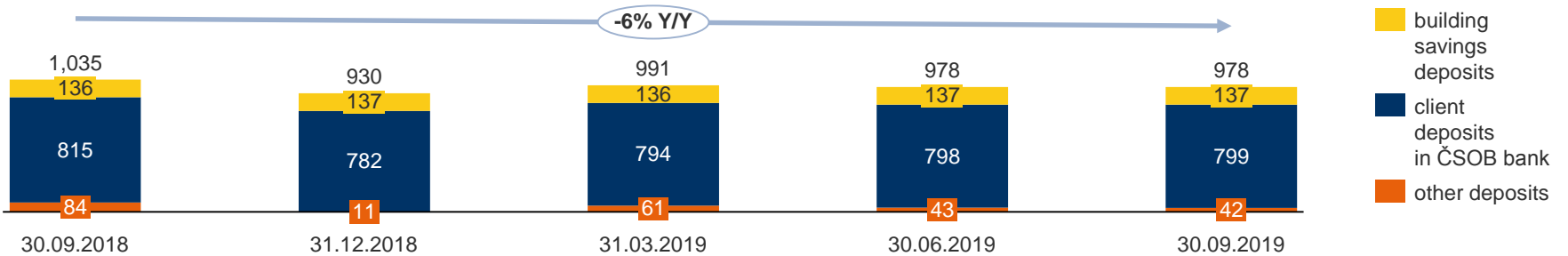
## Loan portfolio<sup>1,3</sup>

CZK bn



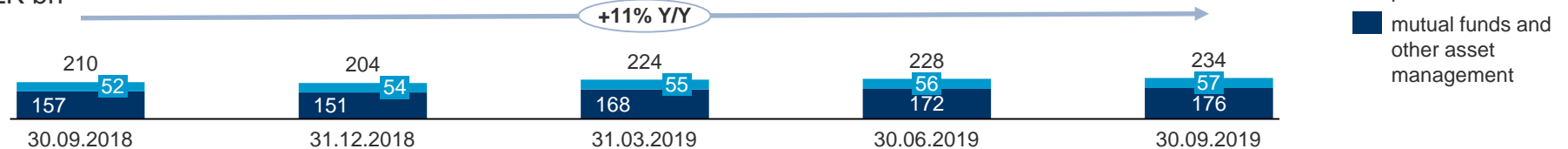
## Group deposits<sup>2,3</sup>

CZK bn



## Total assets under management

CZK bn



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

<sup>2</sup> Item Deposits received from other than credit institutions from the consolidated balance sheet (incl. ČMSS/building savings deposits).

<sup>3</sup> Volumes of building savings loans and deposits were retrospectively recounted to 100% amounts reflecting the full consolidation of ČMSS.



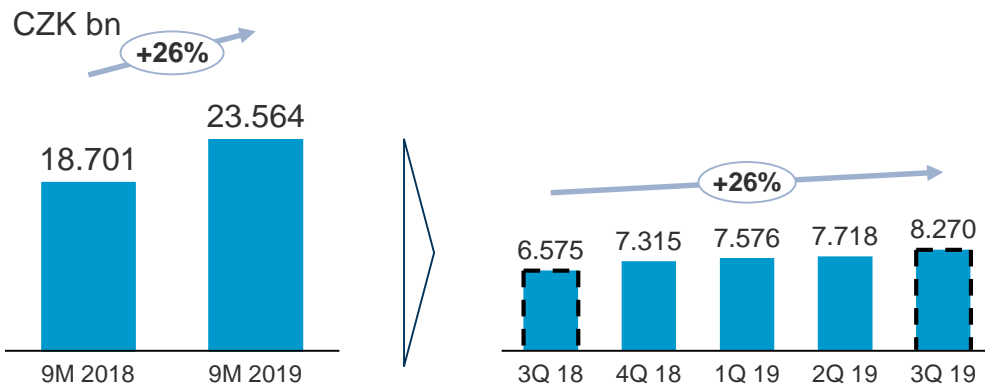
# ČSOB Group: Financial Overview

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# Net interest income and Net interest margin

## Increasing net interest income as well as improved margin

### Net interest income (NII)



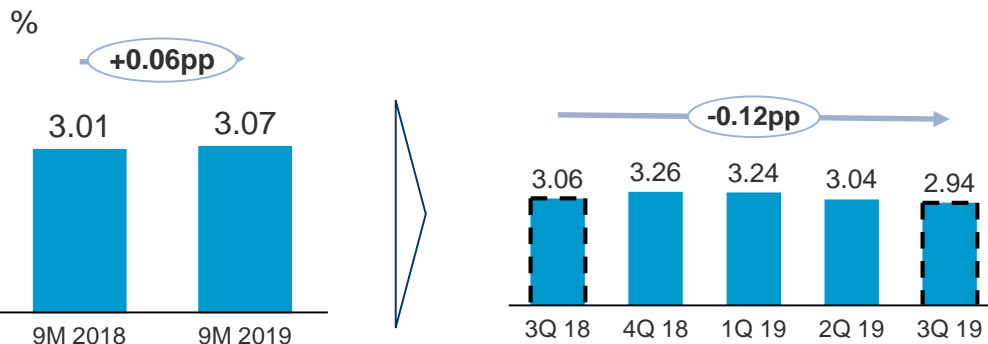
9M/3Q 2019 **net interest income** increased **+26% Y/Y** and **+26% Y/Y** respectively as a result of:

- (+) NII from deposits
- (+) other NII
- (+) consolidation of ČMSS
- (-) NII from loans

Adjusted for the impact of ČMSS consolidation, NII would increase **+21% Y/Y** in 9M and **+17% Y/Y** in 3Q.

The increase of NII was partially influenced by short-term operations at financial markets, which had negative effect in trading income.

### Net interest margin (NIM)\*



In 9M 2019, **net interest margin** reached **3.07%** (+0.06pp Y/Y) thanks to higher reinvestment yields, partly offset by ongoing pressure on lending margins.

The Y/Y decline of NIM in 3Q was influenced by lower lending margins and consolidation of ČMSS.

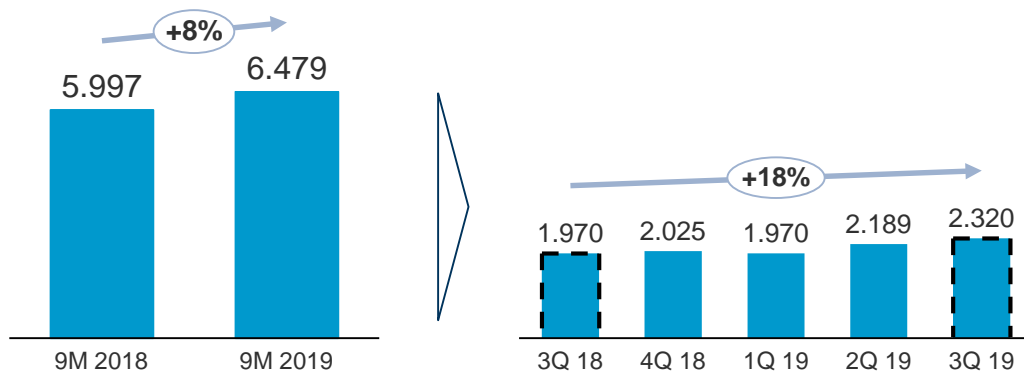
	2016	2017	2018	9M 2019
Net interest margin (Ytd., %)*	3.00 (2.93)	2.90 (2.98)	3.07 n/a	3.07 n/a

# Net fee and commission income and Other

## Net fee and commission income increase

### Net fee and commission income (NFCI)

CZK bn



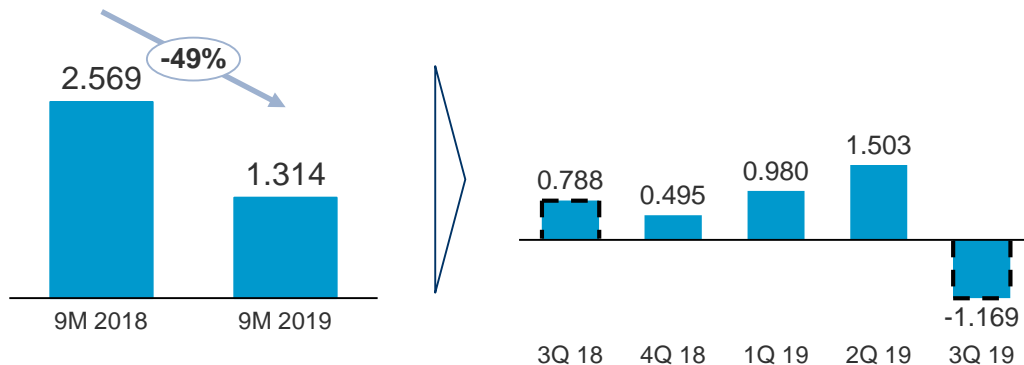
9M/3Q 2019 net fee and commission income increased **+8% Y/Y** and **+18% Y/Y** respectively as a result of:

- (+) consolidation of ČMSS and “Ušetřeno.cz”,
- (+) higher fees on payment cards, asset management fees, account and loan fees and decreased distribution fees,
- (-) lower fees on payments.

Adjusted for the impact of ČMSS consolidation, NFCI would increase **+4% Y/Y** in 9M and **+10% Y/Y** in 3Q.

### Other<sup>1</sup>

CZK bn



The **-49% Y/Y** decrease of item “Other” was influenced by following factors:

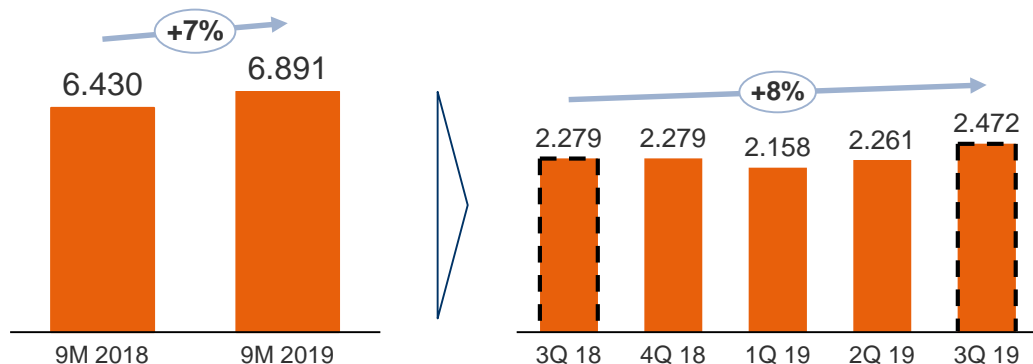
- (+) one-off gain from revaluation of 55% share in ČMSS,
- (+) one-off gain from sale of ČSOB AM,
- (+) one-off gain from historical legal case,
- (-) short-term operations at financial markets, which had positive effect on NII,
- (-) valuation adjustments.

<sup>1</sup> Other = Net gains from financial instruments at fair value through profit and loss + net realized gains from financial instruments at fair value through other comprehensive income (OCI) + dividend income + income and expense from operating lease + other net income

# Higher staff expenses driven by wage adjustments and ČMSS consolidation

## Staff expenses

CZK bn

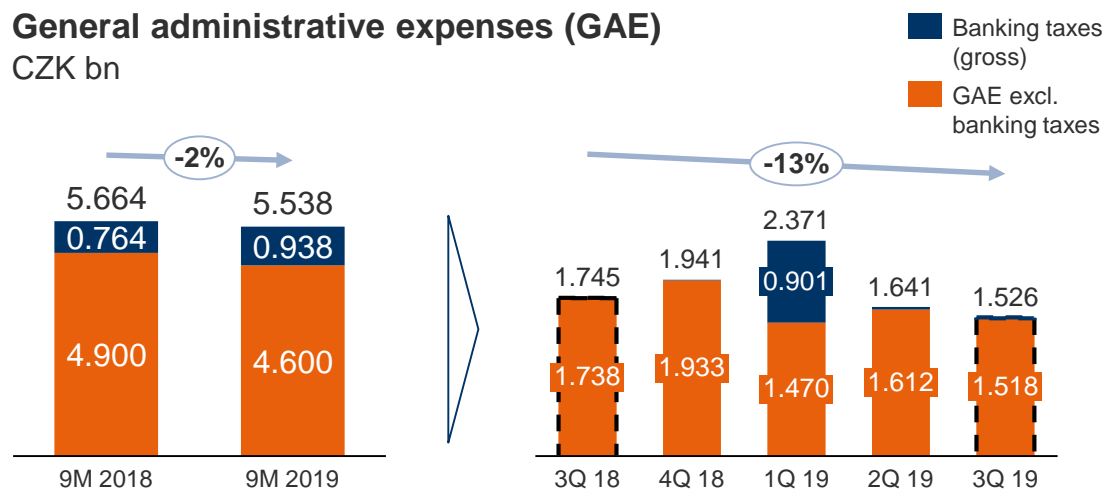


9M/3Q 2019 **staff expenses** increased **+7% Y/Y** and **+8% Y/Y** due to wage adjustments, creation of restructuring reserve, lower capitalization and consolidation of ČMSS while the lower average number of FTE (-4% Y/Y) had a positive impact.

Adjusted for the impact of ČMSS consolidation, staff expenses would increase **+4% Y/Y** in 9M and **+3% Y/Y** in 3Q.

## General administrative expenses (GAE)

CZK bn



9M 2019 **general administrative expenses** decreased **-2% Y/Y** driven mainly by methodological shift due to implementation of IFRS 16 and release of provision for legal dispute, while higher banking tax had a negative impact.

Adjusted for the impact of ČMSS consolidation, GAE (incl. banking taxes) would decrease **-4% Y/Y** in 9M and **-17% Y/Y** in 3Q.

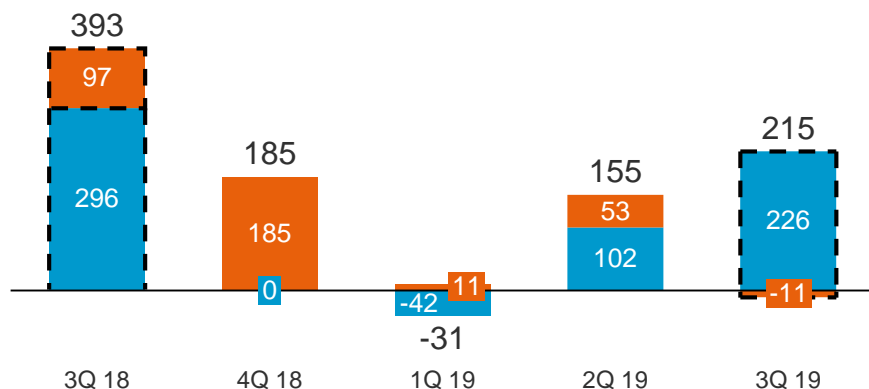
**Cost/income ratio** decreased to **44.9%** (-3.3pp Y/Y).

# Impairments and NPL

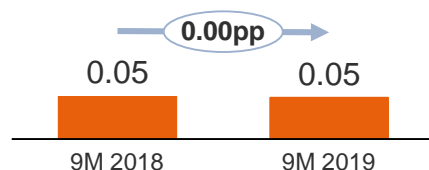
## Excellent loan quality

### Total impairments CZK m

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



### CCR, Ytd. annualized %



In 9M 2019, **loan loss provisions** increased to **CZK 286m (net creation)** driven mainly by higher creation in SME and corporate segment and in ČMSS (new consolidation).

**Other impairments** decreased Y/Y to **CZK 53m**, due to the effect of revaluation of leased cars (operating leasing) in 2018.

**Credit cost ratio\*** for 9M 2019 reached **5 bps** (Ytd., annualized; flat Y/Y).

### Risk view on structure of the loan portfolio

	30.9.2019	
IFRS 9 distribution	Amount (CZK bn)	Share on total loans
Loan portfolio (incl. ČMSS)	775.9	100%
Stage 1 - performing	712.4	92%
Stage 2 - underperforming	45.4	6%
Stage 3 - non-performing loans	18.1	2%

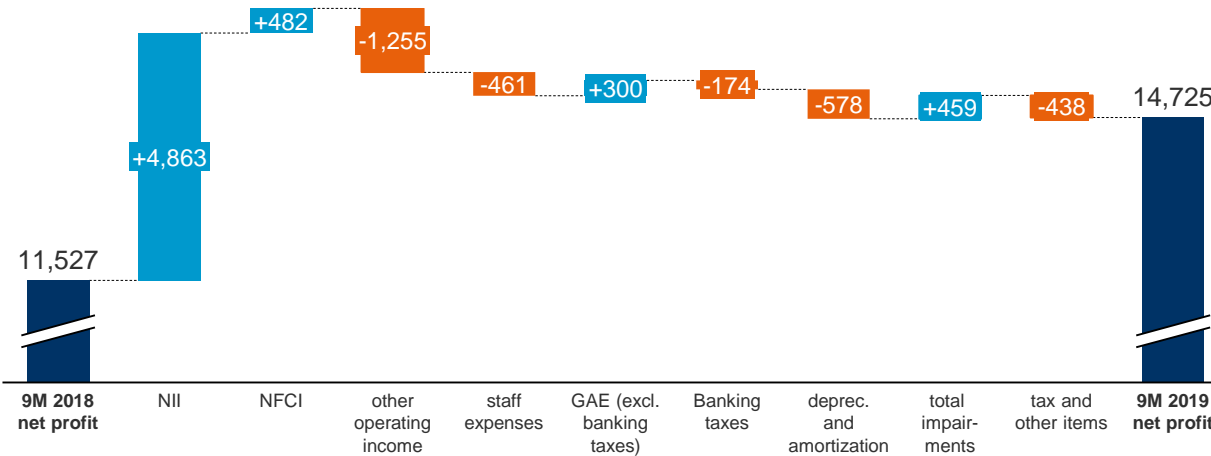
**Notes:**

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

# Wrap up of net profit drivers

## Ytd. net profit (Y/Y)

CZK m



The main difference between 9M 2019 and 9M 2018 net profit was caused by the following drivers:

On the **positive side**:

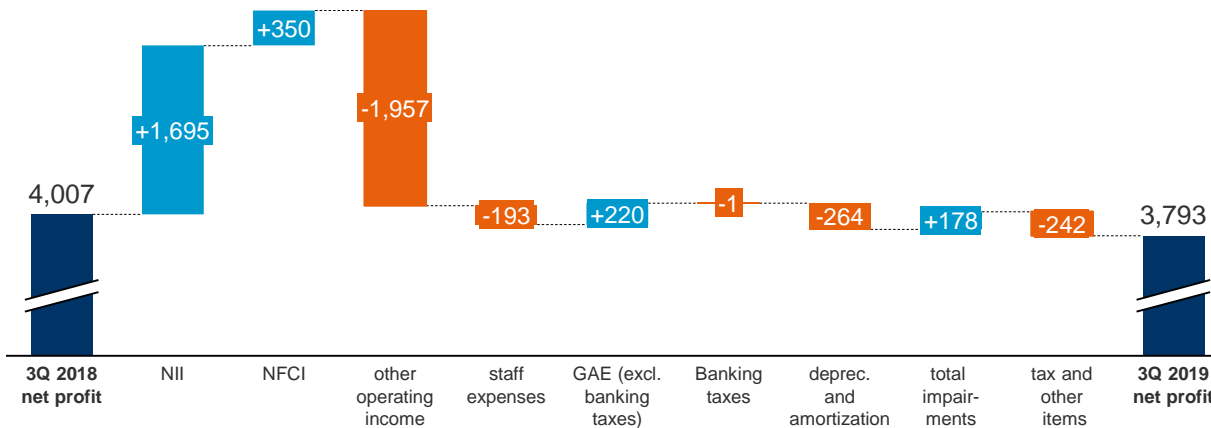
- higher NII thanks to NII from deposits and other NII and consolidation of ČMSS
- higher NFCI thanks to consolidation of ČMSS, higher fees on payment cards, asset management, loan and account fees, and lower distribution fees
- lower total impairments driven by lower creation in ČSOB Leasing partially offset by higher creation in SME and corporate segment and consolidation of ČMSS
- lower GAE due to implementation of IFRS 16 and release of provision for legal dispute

On the **negative side**:

- lower other operating income due to lower trading income and valuation adjustments partially offset by one-off gains from revaluation of the 55% share in ČMSS, sale of ČSOB AM and historical legal case
- higher staff expenses linked to wage adjustments, consolidation of ČMSS, creation of restructuring reserve, and lower capitalization compared to 2018
- higher banking taxes due to higher regulatory requirement

## Quarterly net profit (Y/Y)

CZK m



The main difference between 3Q 2019 and 3Q 2018 net profit was caused by the following drivers:

On the **positive side**:

- higher NII driven by NII from deposits and other NII and consolidation of ČMSS
- higher NFCI thanks to consolidation of ČMSS, higher fees on payment cards, asset management and loan fees, and lower distribution fees
- lower GAE due to implementation of IFRS 16 and release of provision for legal dispute
- lower total impairments driven by lower creation in ČSOB Leasing partially offset by consolidation of ČMSS

On the **negative side**:

- lower other operating income due to lower trading income and valuation adjustments
- higher staff expenses linked to wage adjustments, consolidation of ČMSS and creation of restructuring reserve

# Capital

## Solid capital position

Consolidated, CZK m	30.9.2018	31.12.2018	30.9.2019
<b>Total regulatory capital</b>	<b>69,744</b>	<b>69,148</b>	<b>73,115</b>
- (Common Equity) Tier 1 Capital	69,744	69,148	73,115
- Tier 2 Capital	0	0	0
<b>Total RWA</b>	<b>403,149</b>	<b>383,254</b>	<b>391,066</b>
- Credit risk	318,843	312,054	326,993
- Market risk	23,726	10,620	857
- Operational risk	60,580	60,580	63,216
<b>(Common Equity) Tier 1 ratio</b>	<b>17.3%</b>	<b>18.0%</b>	<b>18.7%</b>
<b>Total capital ratio</b>	<b>17.3%</b>	<b>18.0%</b>	<b>18.7%</b>

The Y/Y increase of **(Common Equity) Tier 1 capital** due to interim profit retention which was partly compensated by the increase in deductible items (goodwill and intangible assets) due to full ČMSS acquisition.

**Total RWA** decreased Y/Y due to optimization of market risk position within KBC Group.

### Notes:

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

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

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

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

# ČSOB Group: Business Overview

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## Gaining market share in lending, insurance and mutual funds

1st

2nd

3rd

4th

<b>Total Loans<sup>1</sup></b>	<b>20.9%</b>	↑
Building savings loans <sup>1</sup>	40.8%	↓
Building savings deposits <sup>1</sup>	39.7%	↓
Mortgages <sup>1,6</sup>	27.3%	↓

<b>Total Deposits<sup>1</sup></b>	<b>20.3%</b>	↓
Mutual funds <sup>1</sup>	23.7%	↑
Factoring <sup>2</sup>	21.9%	↓
Leasing <sup>1</sup>	16.0%	↓

Pension funds <sup>3</sup>	14.6%	↑
SME/corporate loans <sup>1</sup>	14.7%	↑
Consumer lending <sup>1,4,6</sup>	12.9%	↑

Insurance <sup>5</sup> - combined	8.0%	↑
Non-life insurance <sup>5</sup>	8.0%	↑
Life insurance <sup>5</sup>	8.0%	→

Arrows show Y/Y change. Market shares as of 30 September 2019, except for mutual funds and leasing which are as of 30 June 2019. The ranking is ČSOB's estimate. Market position in the insurance reflects combined position of the insurers belonging to the same business group.

<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 total clients at the given date; <sup>4</sup> Retail loans excluding mortgages and building savings loans. <sup>5</sup> New business in the year according to gross written premium. <sup>6</sup> Since 1Q 2019, market shares in mortgages and consumer lending are influenced by methodological change in CNB reporting.

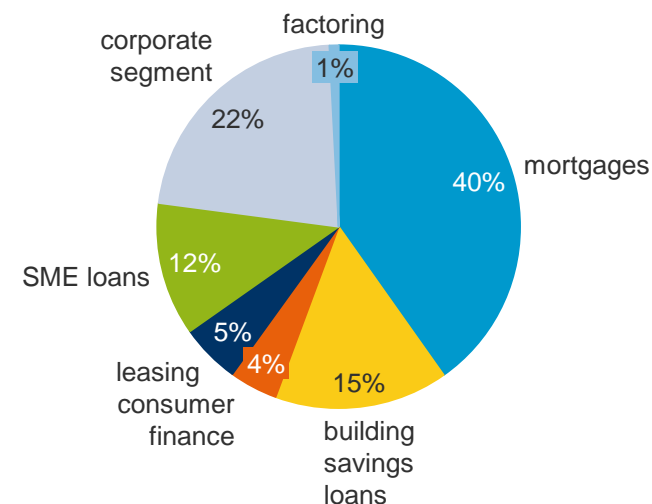
Sources and detailed definitions are provided in Appendix.

# The Y/Y growth driven by all segments

Gross outstanding volumes, CZK bn	30.9.2018	30.9.2019	Y/Y
<b>Loan portfolio (incl. ČMSS/building savings loans)</b>	<b>740.8</b>	<b>775.9</b>	<b>+5%</b>
<b>Retail Segment</b>			
Mortgages <sup>1</sup>	295.8	311.9	+5%
Consumer finance	31.1	33.4	+7%
Building savings loans <sup>2</sup>	115.9	119.8	+3%
<b>SME/Corporate Segment</b>			
Corporate loans <sup>3</sup>	162.7	171.4	+5%
SME loans	89.4	91.8	+3%
Leasing <sup>3</sup>	39.7	41.1	+3%
Factoring	6.1	6.3	+3%
Other <sup>4</sup>	44.4	45.9	+3%
<b>Credit risk: loan portfolio (incl. ČMSS/building savings loans)</b>	<b>785.2</b>	<b>821.7</b>	<b>+5%</b>

**30.9.2019**  
(incl. ČMSS/building savings loans)

More than 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.

Volumes are reported in 100% and beginning 2Q 2019 included in the ČSOB's consolidated balance sheet.

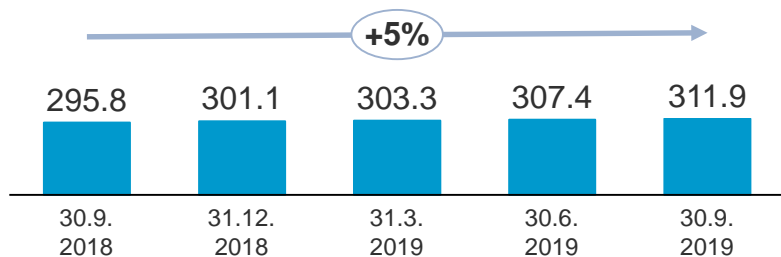
<sup>3</sup> Including credit-replacing bonds.

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

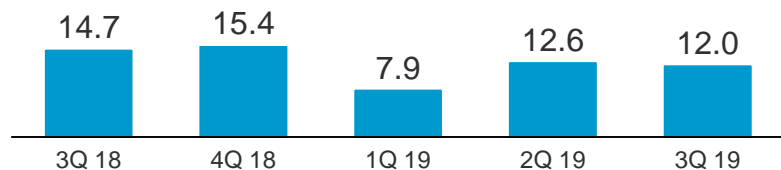
# Solid growth of mortgage as well as building savings loans volumes

## Mortgages

Outstanding, CZK bn



New sales\*, CZK bn

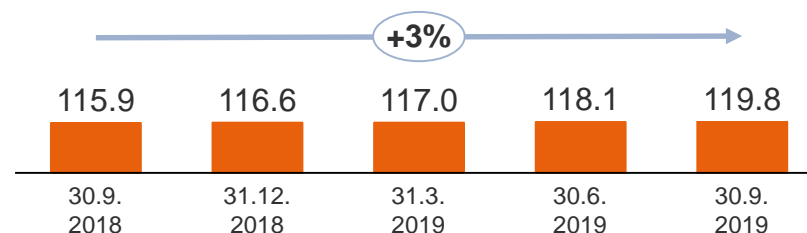


The **outstanding volume of mortgages** increased **+5% Y/Y**. The demand was positively influenced by decreasing interest rates offset by negative impact of increasing real estate prices and by CNB measures on loan-to-value, debt-to-income and debt service-to-income ratios.

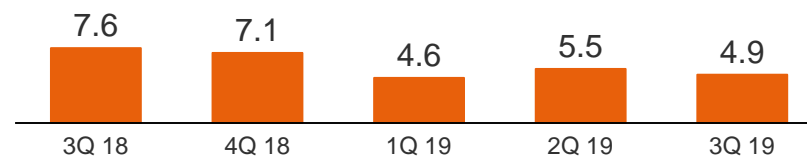
In 3Q 2019, ČSOB provided almost **5 thousand new mortgages** (-24% Y/Y) in the total amount of **CZK 12.0bn** (-18% Y/Y). The market decreased -23% Y/Y in the number and -20% Y/Y in the total amount of new mortgages.

## Building savings loans

Outstanding (ČMSS 100%), CZK bn



New sales (ČMSS 100%)\*, CZK bn



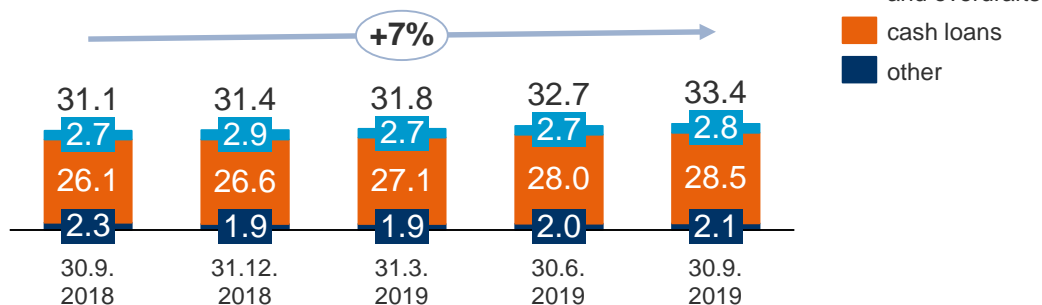
The outstanding **building savings loan portfolio** increased **+3% Y/Y**, while the market increased **+8% Y/Y**.

In 3Q 2019, **new sales** decreased **-35% Y/Y**. The decrease was influenced mainly by the continuing impact of ČNB regulations and the overall decline in the demand for housing loans. In addition, the sales in the reference quarter were above average.

# Consumer finance, SME loans, Leasing

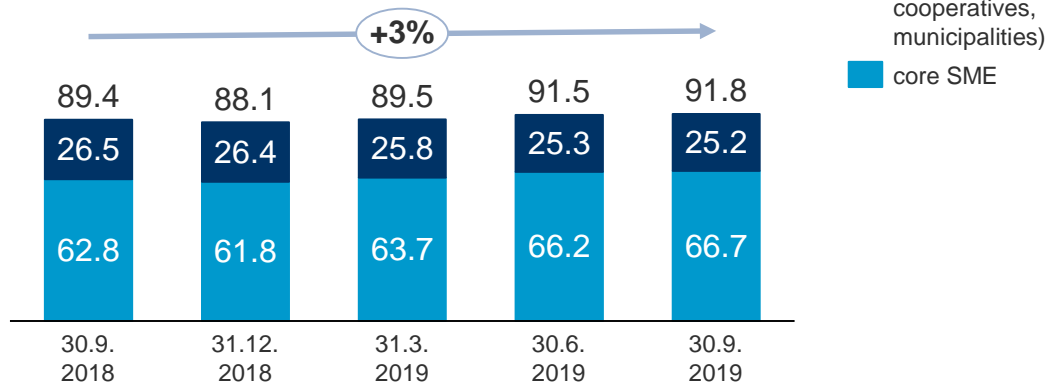
## Growth in consumer finance, core SME and leasing

### Consumer finance, outstanding, CZK bn



**Consumer finance** grew **+7% Y/Y** driven by cash loans (+9% Y/Y) thanks to continued attractiveness of ČSOB's product offer for both existing and new clients.

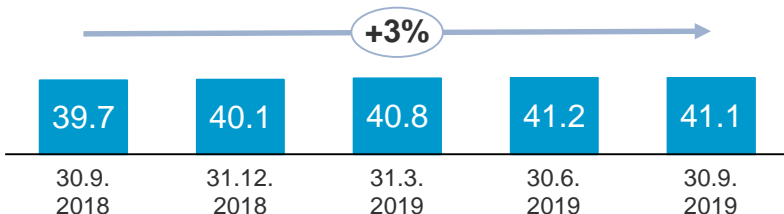
### SME loans, outstanding, CZK bn



**SME loans** increased **+3% Y/Y** driven by expansion in core SME lending (micro, small and mid-sized companies, +6% Y/Y).

The loan volume provided to housing cooperatives decreased Y/Y, however ČSOB remains market leader in housing cooperatives segment.

### Leasing, outstanding\*, CZK bn



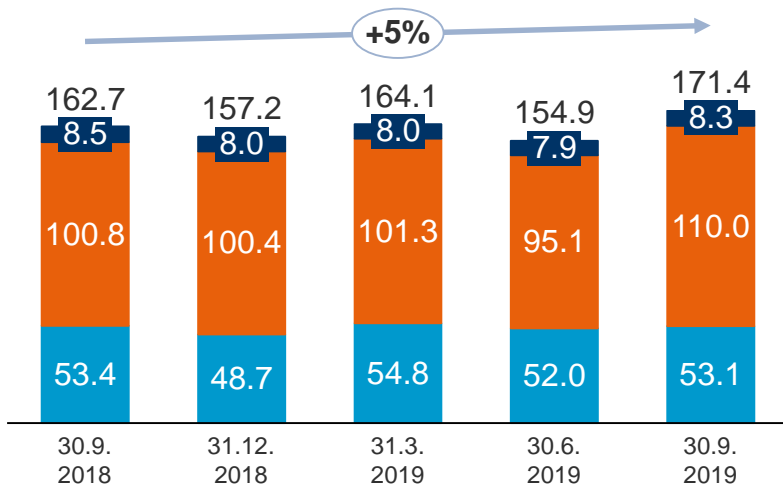
Outstanding volumes in **ČSOB Leasing** increased **+3% Y/Y** thanks to machinery & equipment and heavy transportation, partially offset by weaker car financing.

# Increase of outstanding volumes of corporate loans

## Corporate loans

Outstanding, CZK bn

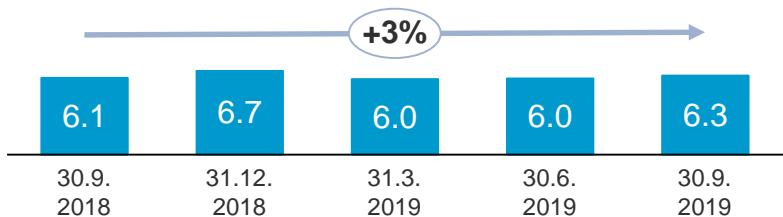
- credit-replacing bonds
- specialized finance\*
- plain vanilla financing



Outstanding volumes of **corporate loans** increased **+5% Y/Y** due to new drawing in sectors of oil, gas & other fuels, beverages and services.

## Factoring

Outstanding, CZK bn



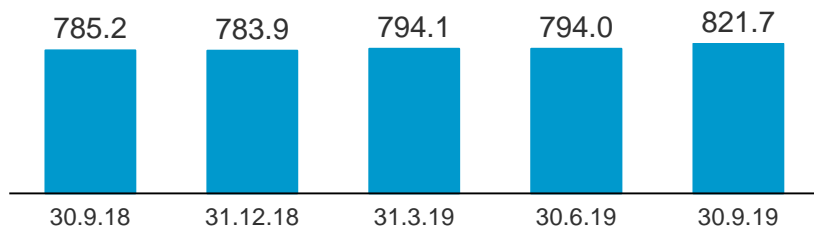
**Factoring** outstanding volumes increased **+3% Y/Y** thanks to stable client base and slightly increased demand for external financing.

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.

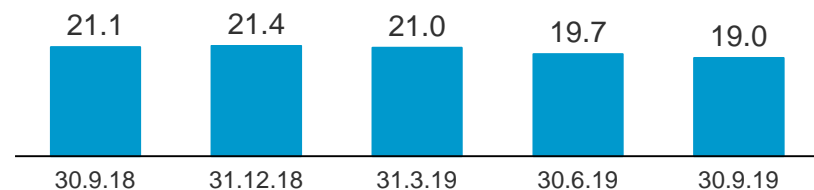
\* Beginning 31.12.2018 specialized finance is reported instead of structured finance.

Credit risk under control  
**Excellent loan quality**

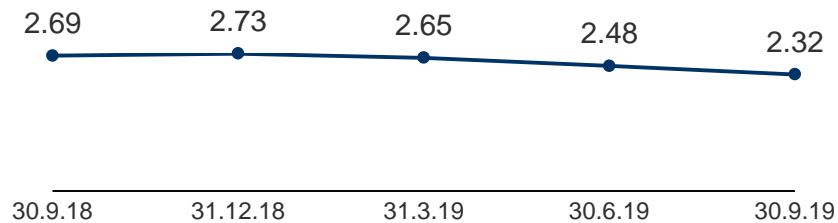
**Credit risk: loan portfolio (incl. ČMSS) (CZK bn)**



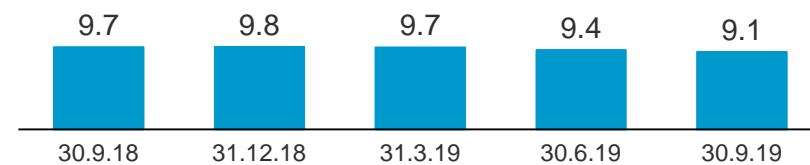
**Non-performing loans (CZK bn)**



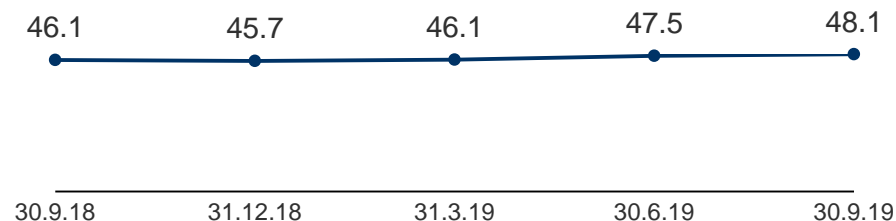
**NPL ratio (%)**



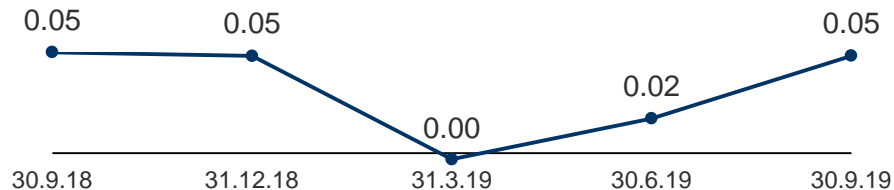
**Allowances for loans and leases <sup>1</sup> (CZK bn)**



**NPL coverage ratio (%)**



**Credit cost ratio (% , Ytd. annualized)**



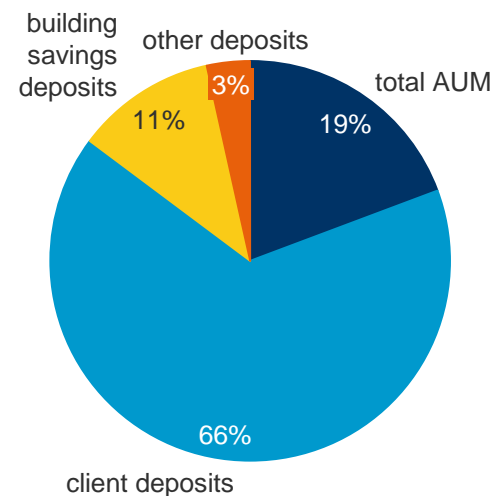
# Group deposits and Total assets under management

## Strong growth of assets under management

Outstanding volumes, CZK bn	30.9.2018	30.9.2019	Y/Y
<b>Group deposits (incl. ČMSS/building savings deposits)</b>	<b>1,035.0</b>	<b>978.0</b>	<b>-6%</b>
Client deposits	815.4	798.9	-2%
<i>Current accounts</i>	537.1	554.2	+3%
<i>Savings deposits</i>	215.7	200.2	-7%
<i>Term deposits</i>	62.6	44.5	-29%
Other deposits	83.9	42.2	-50%
Building savings deposits <sup>1</sup>	135.6	136.9	+1%
<b>Total AUM</b>	<b>209.7</b>	<b>233.6</b>	<b>+11%</b>
Pension funds <sup>2</sup>	52.5	57.4	+9%
Mutual funds and other AM <sup>3</sup>	157.2	176.2	+12%

**30.9.2019**  
(incl. ČMSS/building savings deposits)

The other deposits predominantly consist of repo operations with institutional clients which show -50% Y/Y decline.



<sup>1</sup> ČSOB group building savings deposits are included in the ČSOB's consolidated balance sheet in 100% since 30.6.2019. Figures for 30.9.2018 were restated retrospectively.

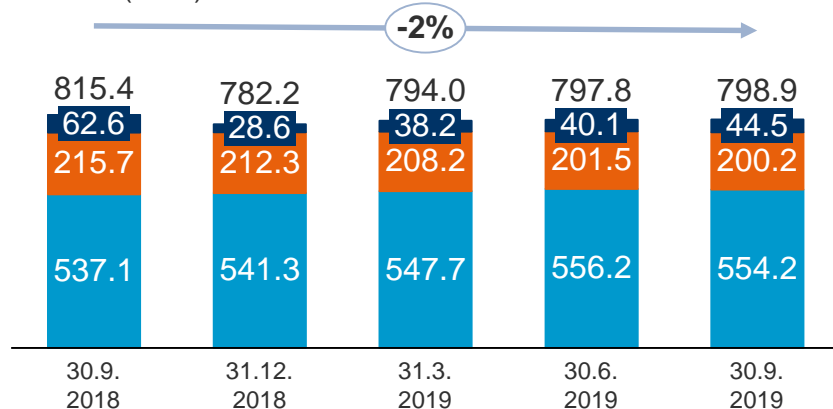
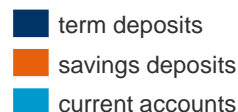
<sup>2</sup> Liabilities to pension fund policy holders.

<sup>3</sup> Item "Mutual funds and other AM" includes AUM in structured/capital protected funds, AUM in other mutual funds, other asset management and AUM of Slovak local funds managed in Czech Republic.

# Strong growth in pension funds, Y/Y lower savings and term deposits

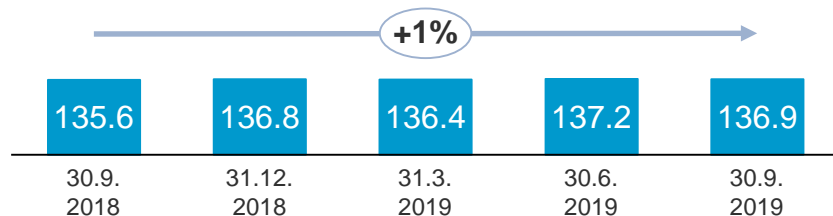
## Client deposits (CZK bn)

ČSOB (bank)



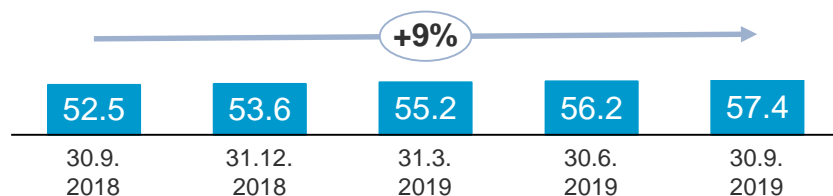
**Client deposits** decreased **-2% Y/Y** when the growth of **current accounts** (+3% Y/Y) was more than offset by decrease in **savings** and **term deposits** (-7% Y/Y and -29% Y/Y respectively).

## Building savings deposits (CZK bn)



**Building savings deposits** increased **+1% Y/Y**.

## Pension funds (CZK bn)



The volume of savings in **pension funds** increased **+9% Y/Y** driven mainly by higher average pension savings per client.

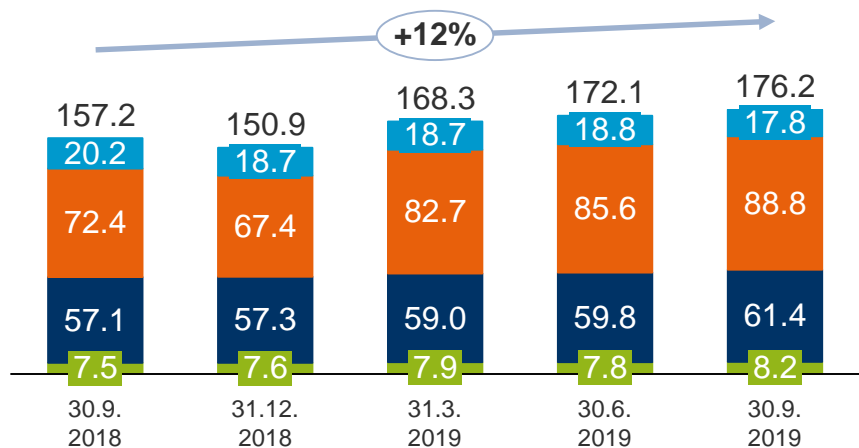


# Mutual funds increased +12% Y/Y driven by new sales and performance effect

## Mutual funds and other AM

Outstanding volumes, CZK bn

- AUM in structured/capital protected mutual funds
- AUM in other mutual funds
- other asset management
- AUM of Slovak local funds managed in Czech Rep.

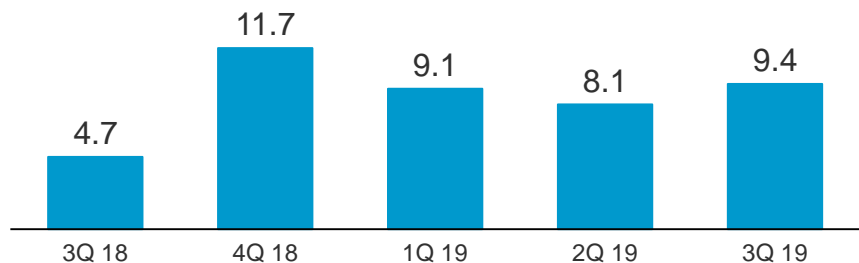


**Mutual funds and other AM** increased **+12% Y/Y** to **CZK 176.2bn** due to increase in both the mutual funds and other AM driven mainly by the higher new sales supported by the positive performance effect.

**3Q 2019 new sales of mutual funds** increased **+100% Y/Y** mainly due to continuing good sales of a new bond fund ČSOB Premiéra.

## Mutual funds

New sales (gross), CZK bn



Notes:

Mutual funds include funds managed by ČSOB AM as well as those distributed by the ČSOB group but managed by the KBC AM. Only direct positions are included (the funds bought directly by clients).

Other asset management: Discretionary mandates and Qualified Investors Funds. AUM of Pension Funds managed by ČSOB AM are excluded and are shown separately in Pension funds section.

## Growing active client base supported by ongoing transformation to omni-channel distribution model

	30.9.2018	30.6.2019	30.9.2019
<b>Clients of ČSOB's group (mil.)<sup>1</sup></b>	<b>4.302</b>	<b>4.250</b>	<b>4.246</b>
<b>Clients of Ušetřeno.cz and Top-Pojištění.cz (ths.; YtD.)<sup>2</sup></b>	<b>163</b>	<b>97</b>	<b>145</b>
<b>ČSOB branches (bank only)</b>	<b>263</b>	<b>228</b>	<b>227</b>
ČSOB Retail/SME branches incl. dual branded (ČSOB + PSB)	241	206	205
ČSOB Private Banking branches	11	11	11
ČSOB Corporate branches	11	11	11
<b>ČSOB Pojišťovna branches</b>	<b>98</b>	<b>97</b>	<b>97</b>
<b>Hypoteční banka centers</b>	<b>30</b>	<b>30</b>	<b>29</b>
<b>ČMSS advisory centers</b>	<b>299</b>	<b>290</b>	<b>287</b>
<b>Leasing branches</b>	<b>7</b>	<b>7</b>	<b>7</b>
<b>PSB outlets of the Czech Post network</b>	<b>ca. 2,700</b>	<b>ca. 2,600</b>	<b>ca. 2,600</b>
- of which specialized banking counters	180	213	223
<b>Czech Post franchise outlets</b>	<b>ca. 500</b>	<b>ca. 600</b>	<b>ca. 600</b>
<b>ATMs<sup>3</sup></b>	<b>1,063</b>	<b>1,067</b>	<b>1,064</b>
- of which contactless	380	454	482

The **number of clients** decreased -56ths Y/Y mainly driven by closing of inactive accounts in October 2018, but the **number of active clients increased +53ths Y/Y**.

At the end of September 2019, clients could use 1,064 **ATMs** (+1 Y/Y), of which 482 were contactless (+102 Y/Y), 240 enabled cash deposits (+56 Y/Y) and over 90% are customized for visually impaired clients.

Due to the ongoing optimization of the branch network and strengthening of the self-service platforms, some branches were closed or merged as dual branded. The number of **ČSOB branches** reached 227 (-36 Y/Y), of which 204 were dual branded (ČSOB + PSB) at the end of September 2019.

Extended portfolio of bank-insurance services at Czech Post is provided at **223 specialized banking counters** (+43 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.

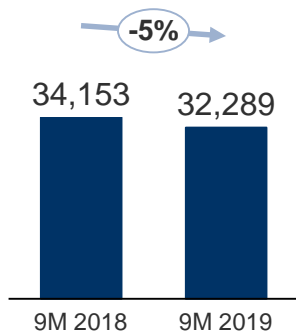
<sup>1</sup> Since 2Q 2019 all clients of ČMSS are included. Figures for previous periods were restated.

<sup>2</sup> Clients who have bought at least one product from the beginning of the year.

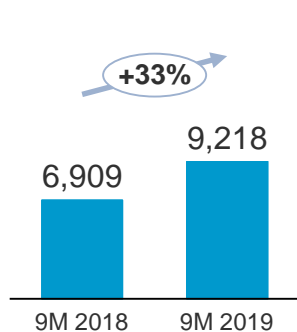
<sup>3</sup> Including ATMs of cooperating banks.

# Number of mobile banking active users and transactions rapidly increasing

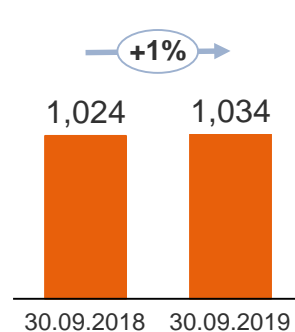
Internet banking transactions\* (ths)



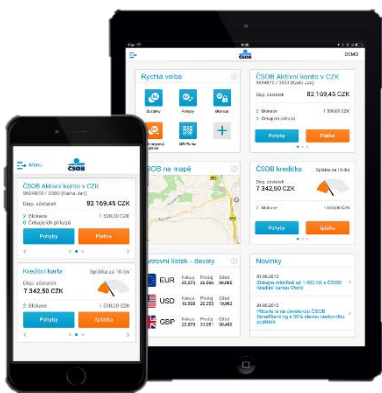
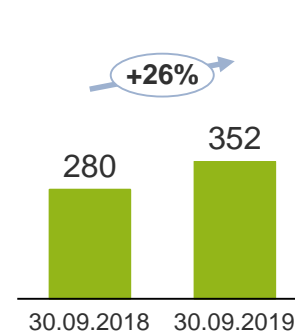
Mobile banking transactions\* (ths)



Internet banking active users\*\* (ths)



Mobile banking active users\*\*\* (ths)



As of 30 September 2019, the number of **mobile banking** active users increased +26% Y/Y, the number of **internet banking** active users increased +1% Y/Y.

In 9M 2019, number of transactions entered via **mobile banking** increased +33% Y/Y, while number of transactions via **internet banking** decreased -5% Y/Y.

\* The definition for transactions counted has been modified. New definition does not include transactions from standing payment orders.

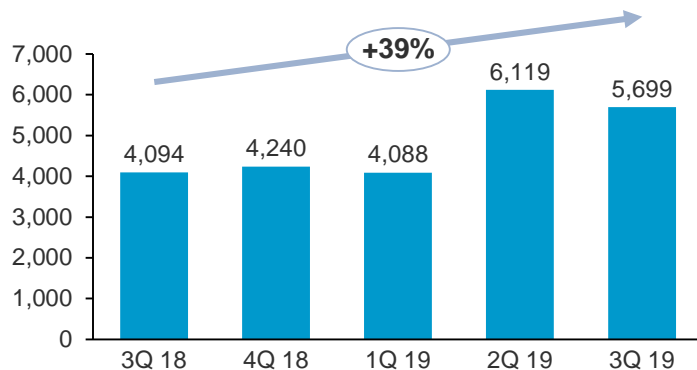
\*\* Internet banking active users are clients who at least once during the last 3 months used internet banking.

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

## Online initiated sales are strongly increasing

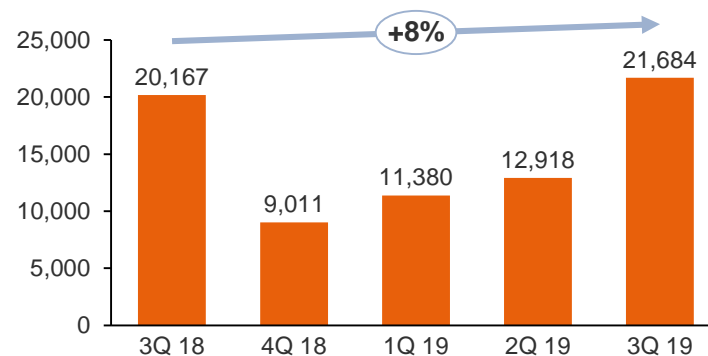
### Consumer finance

(pcs)

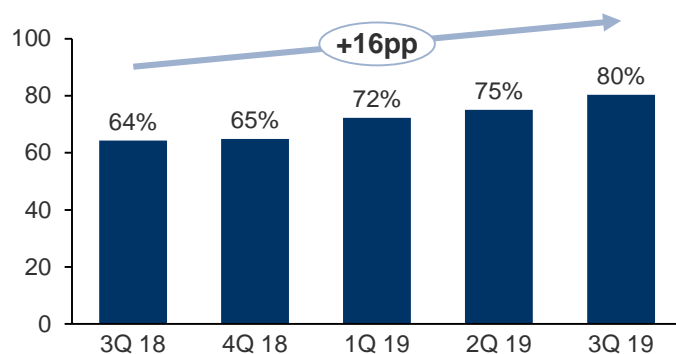


### Travel insurance

(pcs)



### Share of digitally-signed documents at the branches



In 3Q 2019 almost 6 thousand **consumer loans** were initiated online, up +39% Y/Y. Online sales of **travel insurance** increased by +8% Y/Y supported by seasonal effects.

From 2016, ČSOB offers paperless operations at all branches. The share of **digitally-signed documents** at the branches reached 80% in 3Q 2019, up +16pp Y/Y.

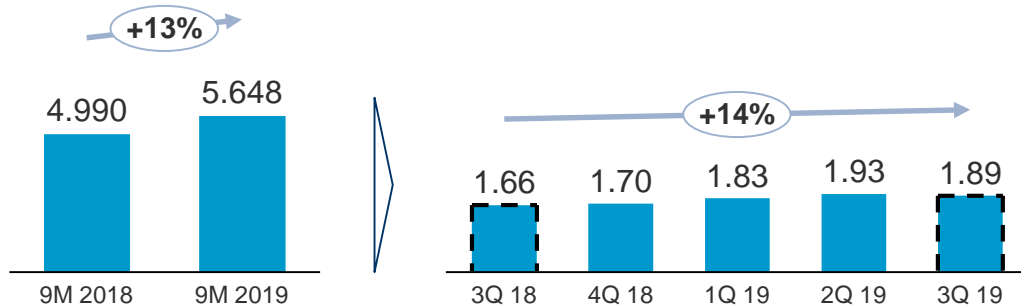
# ČSOB Pojišťovna: Key figures

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# Strong growth in non-life as well as in regular life gross written premium

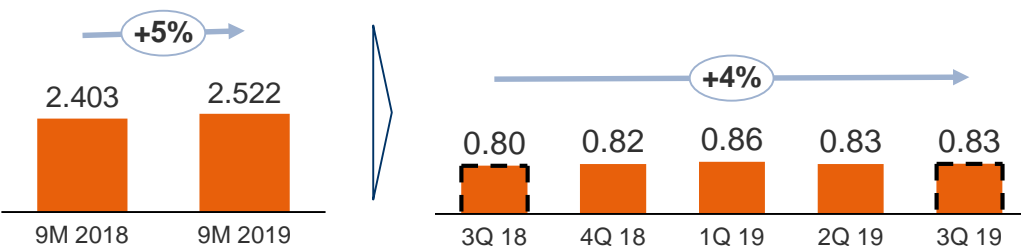
## Non-life insurance - gross written premium (GWP)

CZK bn



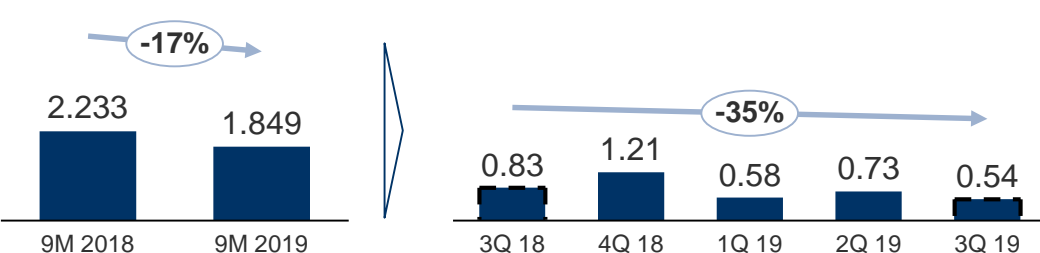
## Life insurance – regular paid gross written premium

CZK bn



## Life insurance - single paid gross written premium

CZK bn



Market shares	9M 2019	Market position
Non-life insurance	↑ 8.0%	4th
Life insurance	↑ 8.0%	4th

Arrows show Y/Y change.

### Non-life insurance

9M/3Q 2019 non-life gross written premium increased **+13% Y/Y** and **+14% Y/Y** respectively thanks to growth in all product lines, mainly in Industrial Risk, House & Household and Motor insurance, while the market increased **+7% Y/Y**.

### Life insurance

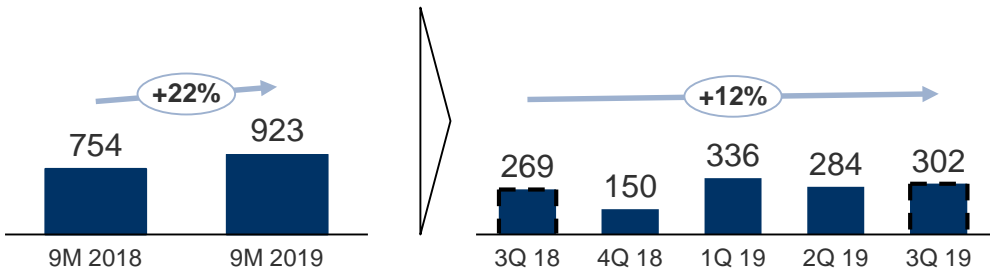
9M/3Q 2019 **regular paid** gross written premium increased **+5% Y/Y** and **+4% Y/Y** respectively as a result of portfolio stabilization and better profile in lapses of the life contracts, while the market increased **+3% Y/Y**.

9M 2019 **single paid** gross written premium decreased by **-17% Y/Y** and **-35% Y/Y** respectively due to lower amount of tranches Y/Y. The market increased **+28% Y/Y**.

# Increasing profitability supported by growing gross written premium

## Net profit

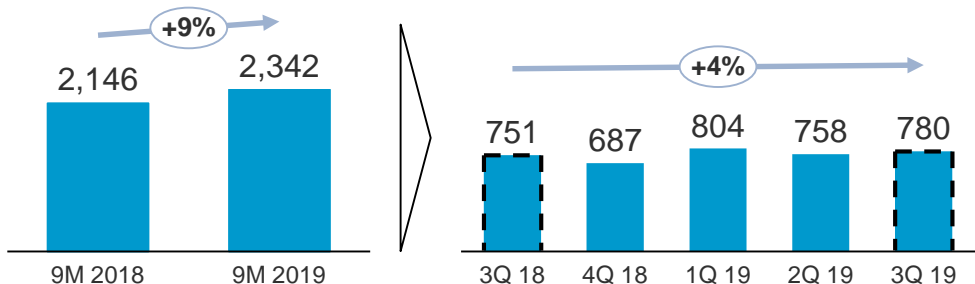
CZK m



9M/3Q 2019 **net profit** increased to **CZK 923m** (+22% Y/Y) and **CZK 302m** (+12% Y/Y) respectively driven by non-life result and supported by life contribution.

## Operating income

CZK m

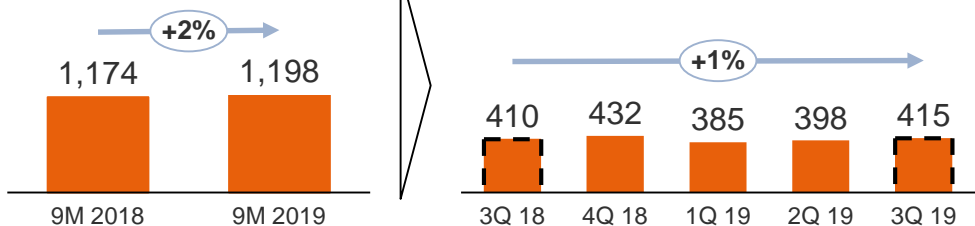


9M/3Q 2019 **operating income** increased to **CZK 2,342m** (+9% Y/Y) and **CZK 780m** (+4% Y/Y) respectively influenced by the following drivers:

- life: growth in regular paid GWP and bottom line showed stable profit contribution in Y/Y comparison.
- non-life: non-life result improved its profitability Y/Y despite 2019 reality was affected several bigger claims.

## Operating expenses

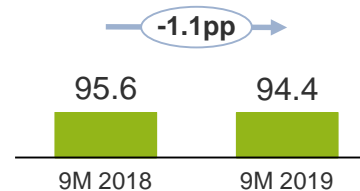
CZK m



9M/3Q 2019 **operating expenses** increased +2% Y/Y to **CZK 1,198m** and +1% Y/Y to **CZK 415m** respectively driven by higher staff expenses due to wage adjustments and higher depreciation.

**Non-life combined ratio** reached 94.4% and decreased Y/Y thanks to improvement in cost ratio (impact of higher GWP).

## Non-life combined ratio (%)



# Business Unit Czech Republic

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## Higher net profit driven by both ČSOB group and ČSOB Pojišťovna



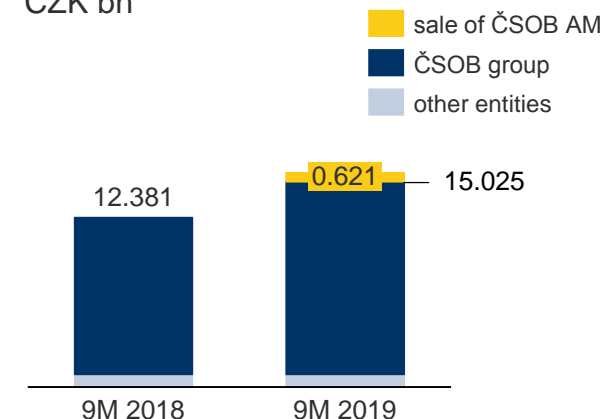
Effective as of 1 January 2013, KBC has organized its core markets activities into three business units. As a result, KBC's business in the Czech Republic have been included into Business Unit Czech Republic.

The 9M/3Q 2019 net profit of the Business Unit Czech Republic reached **CZK 15.0bn** (+21% Y/Y) and **CZK 4.1bn** (-5% Y/Y) respectively. The Business Unit Czech Republic contains all KBC's operations in the Czech Republic, namely the ČSOB group, and full ownership of ČSOB Pojišťovna and until 4Q2018 also ČSOB Asset Management (ČSOB AM).<sup>2</sup>

The ČSOB group consists of ČSOB bank (including Postal Savings Bank), Hypoteční banka, ČMSS, ČSOB Penzijní společnost, ČSOB Leasing, ČSOB Factoring and Patria.

## Net profit of the Business Unit Czech Republic

CZK bn



Net profit (CZK bn)	3Q 2018	4Q 2018	1Q 2019	2Q 2019	3Q 2019	3Q/3Q	1H 2018	9M 2019	9M/9M
ČSOB group <sup>1</sup>	3.983	4.214	4.833	6.099	3.791	-5%	11.457	14.723	+29%
of which impact of ČSOB AM sale	-	-	0.621	-	-	-	-	0.621	-
ČSOB group w/o AM sale <sup>1</sup>	3.983	4.214	4.212	6.099	3.791	-5%	11.457	14.102	+23%
ČSOB Pojišťovna	0.269	0.150	0.336	0.284	0.302	+12%	0.754	0.923	+22%
ČSOB AM <sup>2</sup>	0.059	0.039	-	-	-	-	0.169	-	-
<b>Total</b>	<b>4.310</b>	<b>4.402</b>	<b>4.548</b>	<b>6.383</b>	<b>4.094</b>	<b>-5%</b>	<b>12.381</b>	<b>15.025</b>	<b>+21%</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 included until 4Q 2018 ČSOB AM result with 100% share, while the ČSOB group results included ČSOB AM only with 40.08% share (in line with ownership interest), and from elimination of intragroup transactions with ČSOB Pojišťovna.

<sup>2</sup>Since February 13, 2019 Belgium based company KBC Asset Management NV has become the sole shareholder of ČSOB AM through acquiring 100% of its shares from the previous owners – ČSOB and Luxemburg based company KBC Asset Management Participations. ČSOB AM is thus not a part of BU CZ anymore.

# Appendix

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## Ratios and other indicators

Ratio / Indicator	31.12.2016	31.12.2017	31.12.2018	30.9.2018	30.9.2019
<b>Net interest margin</b> (Ytd., annualized, %) <sup>1</sup>	3.00 (2.93)	2.90 (2.98)	3.07 n/a	3.01 n/a	3.07 n/a
<b>Cost / income ratio</b> (%)	46.0	43.7	47.9	48.2	44.9
<b>RoE</b> (Ytd., %)	17.3	19.3	17.5	17.1	21.1
<b>RoA</b> (Ytd., %)	1.42	1.26	1.07	1.06	1.24
<b>RoAC, BU Czech Republic</b> (Ytd., %) <sup>2</sup>	37.0	43.0	39.1	37.6	46.3
<b>Credit cost ratio</b> (Ytd., annualized, %) <sup>3</sup>	n/a (0.11)	n/a (0.02)	0.05 (0.03)	0.05 (0.04)	0.05 n/a
<b>NPL ratio</b> (%) <sup>3</sup>	n/a (2.99)	n/a (2.33)	2.73 (2.43)	2.69 (2.35)	2.32 n/a
<b>NPL coverage ratio</b> (%) <sup>3</sup>	n/a (54.4)	n/a (58.5)	45.7 (46.9)	46.1 (48.4)	48.1 n/a
<b>(Common Equity) Tier 1 ratio</b> (%)	18.2	17.2	18.0	17.3	18.7
<b>Total capital ratio</b> (%)	18.5	17.2	18.0	17.3	18.7
<b>Leverage ratio</b> (Basel III, %)	5.18	4.48	4.26	3.94	3.96
<b>Net stable funding ratio</b> <sup>4</sup> (Basel III, %)	150.9	146.0	161.4	166.7	158.0
<b>Liquidity coverage ratio</b> (Basel III, %)	155.7	146.4	136.5	137.5	128.4
<b>Loan to deposit ratio</b> (%)	79.4	77.7	76.3	72.7	79.0

<sup>1</sup> As of 1Q 2018, calculation of Net interest margin has been changed. Years 2016 and 2017 have been restated. Previous values are in brackets.

<sup>2</sup> Fully-loaded

<sup>3</sup> The loan quality ratios have been restated to reflect inclusion of 100% of ČMSS loans in Credit risk: loan portfolio. The originally reported ratios are in brackets.

<sup>4</sup> As of 3Q 2018 net stable funding ratio has been influenced by change of weight of exposures to CNB.

# Profit and loss statement

(CZK m)	3Q 2018	2Q 2019	3Q 2019	Y/Y	Q/Q	9M 2018	9M 2019	Y/Y
Net interest income	6,575	7,718	8,270	+26%	+7%	18,701	23,564	+26%
<i>Interest income</i>	8,753	11,296	12,458	+42%	+10%	23,683	34,252	+45%
<i>Interest expense</i>	-2,178	-3,578	-4,188	+92%	+17%	-4,982	-10,688	>+100%
Net fee and commission income	1,970	2,189	2,320	+18%	+6%	5,997	6,479	+8%
Net gains from financial instruments at FVPL <sup>1</sup>	512	-882	-1,445	>-100%	+64%	1,734	-2,416	>-100%
Other operating income <sup>2</sup>	276	2,385	276	+0%	-88%	835	3,730	>+100%
<b>Operating income</b>	<b>9,333</b>	<b>11,410</b>	<b>9,421</b>	<b>+1%</b>	<b>-17%</b>	<b>27,267</b>	<b>31,357</b>	<b>15%</b>
Staff expenses	-2,279	-2,261	-2,472	+8%	+9%	-6,430	-6,891	+7%
General administrative expenses	-1,745	-1,641	-1,526	-13%	-7%	-5,664	-5,538	-2%
<i>General administrative expenses (excl. banking taxes)</i>	-1,738	-1,612	-1,518	-13%	-6%	-4,900	-4,600	-6%
<i>Banking taxes</i>	-7	-29	-8	+14%	-72%	-764	-938	+23%
Depreciation and amortisation	-360	-523	-624	+73%	+19%	-1,059	-1,637	+55%
<b>Operating expenses</b>	<b>-4,384</b>	<b>-4,425</b>	<b>-4,622</b>	<b>+5%</b>	<b>+4%</b>	<b>-13,153</b>	<b>-14,066</b>	<b>+7%</b>
Impairment losses	-393	-155	-215	-45%	+39%	-798	-339	-58%
<i>Impairment on financial assets at amortised cost</i>	-296	-102	-226	-24%	>+100%	-214	-286	+34%
<i>Impairment on financial assets at fair value through OCI</i>	1	0	0	-100%	n/a	2	0	-100%
<i>Impairment on other assets</i>	-98	-53	11	>-100%	>-100%	-586	-53	-91%
Share of profit of associates	123	113	2	-98%	-98%	475	222	-53%
<b>Profit before tax</b>	<b>4,679</b>	<b>6,943</b>	<b>4,586</b>	<b>-2%</b>	<b>-34%</b>	<b>13,791</b>	<b>17,174</b>	<b>+25%</b>
Income tax expense	-672	-844	-793	+18%	-+6%	-2,264	-2,449	+8%
<b>Profit for the period</b>	<b>4,007</b>	<b>6,099</b>	<b>3,793</b>	<b>-5%</b>	<b>-38%</b>	<b>11,527</b>	<b>14,725</b>	<b>+28%</b>
Attributable to:								
<b>Owners of the parent</b>	<b>4,007</b>	<b>6,099</b>	<b>3,793</b>	<b>-5%</b>	<b>-38%</b>	<b>11,527</b>	<b>14,725</b>	<b>+28%</b>
Non-controlling interests	0	0	0	n/a	n/a	0	0	n/a

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

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

## Balance sheet - assets

(CZK m)	31/12 2018	31/12 2018*	30/9 2019	Ytd.
Cash and balances with central banks and other demand deposits	38,610	33,953	24,944	-27%
Financial assets held for trading	19,869	19,458	48,907	>+100%
Financial assets held for trading pledged as collateral	1,676	1,676	0	-100%
Financial assets designated at fair value through P/L	0	0	0	n/a
Non-trading financial assets mandatorily at fair value through profit or loss	643	643	752	+17%
Financial assets at fair value through other comprehensive income (OCI)	15,367	18,019	9,258	-49%
Financial assets at fair value through OCI pledged as collateral	3,286	3,286	7,556	>+100%
Financial assets at amortised cost - net	1,223,433	1,360,939	1,509,149	+11%
<i>Financial assets at amortised cost to credit institutions - gross</i>	532,831	551,754	684,153	+24%
<i>Financial assets at amortised cost to other than credit institutions - gross</i>	700,025	821,151	836,794	+2%
<i>Financial assets at amortised cost - provisions</i>	-9,423	-11,966	-11,798	-1%
Financial assets at amortised cost pledged as collateral	45,281	45,281	52,353	+16%
Fair value adjustments of the hedged items in portfolio hedge	-3,905	-3,564	-1,555	-56%
Derivatives used for hedging	9,376	9,304	10,214	+10%
Current tax assets	149	149	276	+85%
Deferred tax assets	365	498	227	-54%
Investments in associates and joint ventures	4,482	300	11	-96%
Property and equipment	10,355	10,713	14,049	+31%
Goodwill and other intangible assets	6,350	11,622	11,377	-2%
Non-current assets held-for-sale	85	85	25	-71%
Other assets	2,616	2,691	2,655	-1%
<b>Total assets</b>	<b>1,378,038</b>	<b>1,515,053</b>	<b>1,690,198</b>	<b>+12%</b>

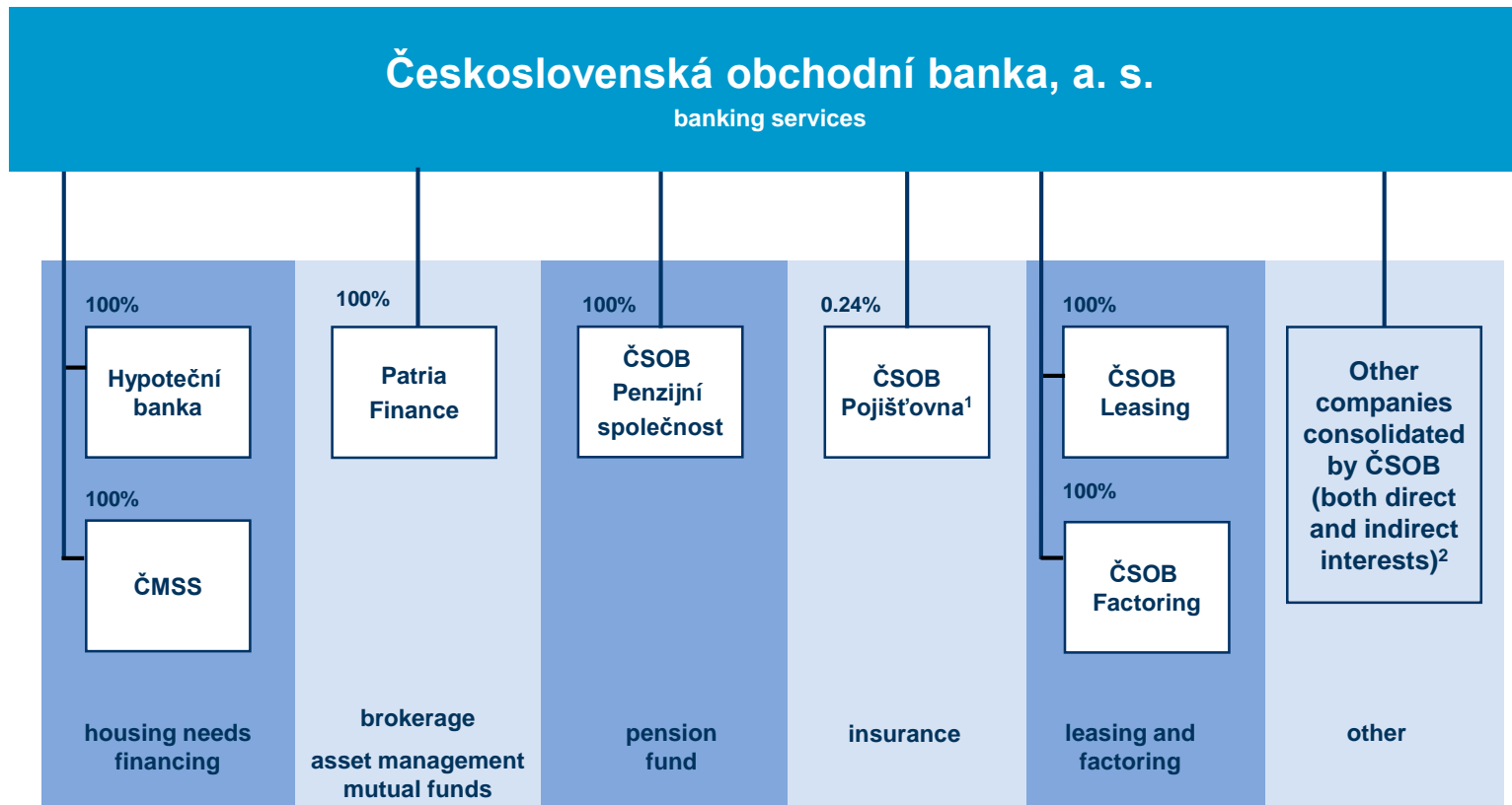
\* Restated balance sheet as of 31 December 2018 (full consolidation of ČMSS).

## Balance sheet – liabilities and equity

(CZK m)	31/12 2018	31/12 2018*	30/9 2019	Ytd.
Financial liabilities held for trading	33,177	33,177	50,576	+52%
Financial liabilities at fair value through P/L	26,065	26,065	39,032	+50%
Financial liabilities at amortised cost	1,212,589	1,346,407	1,488,070	+11%
<i>of which Deposits received from central banks</i>	0	0	0	n/a
<i>of which Deposits received from credit institutions</i>	54,653	50,610	91,484	+81%
<i>of which Deposits received from other than credit institut.</i>	792,625	930,486	977,965	+5%
<i>of which Debt securities in issue</i>	365,311	365,311	418,621	+15%
<i>of which Subordinated liabilities</i>	0	0	0	n/a
Fair value adjustments of the hedged items in portfolio hedge	-3,062	-3,062	142	>-100%
Derivatives used for hedging	10,125	10,109	10,556	+4%
Current tax liabilities	818	1,034	36	-97%
Deferred tax liabilities	984	984	954	-3%
Provisions	657	692	679	-2%
Other liabilities	4,669	5,550	6,003	+8%
<b>Total liabilities</b>	<b>1,286,022</b>	<b>1,420,956</b>	<b>1,596,048</b>	<b>+12%</b>
Share capital	5,855	5,855	5,855	0%
Share premium	20,929	20,929	20,929	0%
Statutory reserve	18,687	18,687	18,687	0%
Retained earnings	46,136	48,217	47,904	-1%
Financial assets at fair value through OCI - revaluation reserve	384	384	638	+66%
Cash flow hedge reserve	25	25	137	>+100%
<b>Parent shareholders' equity</b>	<b>92,016</b>	<b>94,097</b>	<b>94,150</b>	<b>0%</b>
Minority interest	0	0	0	n/a
<b>Total equity</b>	<b>92,016</b>	<b>94,097</b>	<b>94 150</b>	<b>0%</b>
<b>Total liabilities and equity</b>	<b>1,378,038</b>	<b>1,515,053</b>	<b>1,690,198</b>	<b>+12%</b>

\* Restated balance sheet as of 31 December 2018 (full consolidation of ČMSS).

# The ČSOB group in the Czech Republic

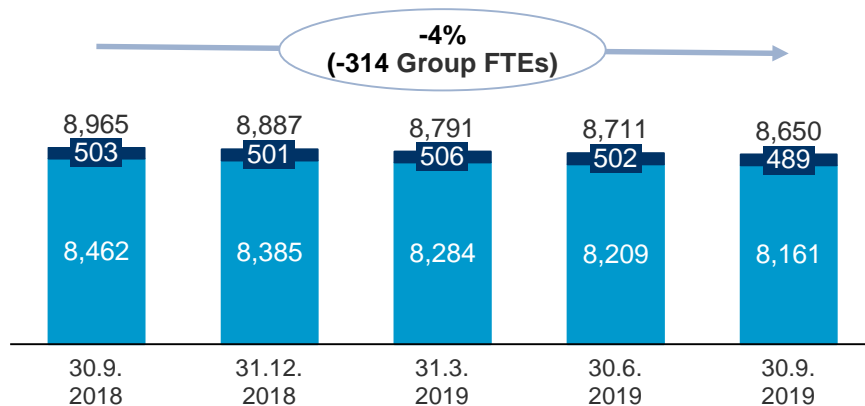


Percentages show ČSOB's ownership interests on company's equity as at 30 September 2019.

<sup>1</sup> 99.76% of shares owned by KBC Insurance; by the equity method consolidation.

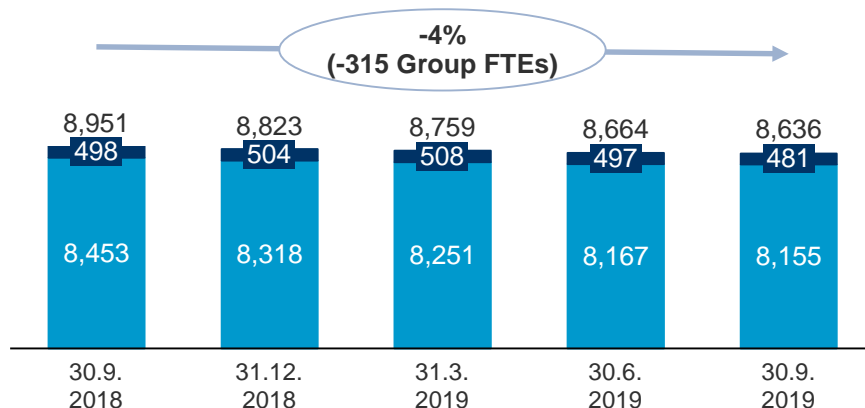
<sup>2</sup> A complete list of companies consolidated by ČSOB is stated in ČSOB Annual Report.

## Number of FTEs – average



The average number of Group FTE decreased **-314 Y/Y** driven by lower number of bank FTEs.

## Number of FTEs – end of the period



The number of Group FTE at the end of the period decreased **-315 Y/Y** driven by lower number of bank FTEs.

ČMSS  
 Group FTE (excl. ČMSS) <sup>1</sup>

<sup>1</sup> W/o all companies jointly controlled by the Bank (joint ventures) and all companies over which the Bank has significant influence (associates).



## 1. The implementation of IFRS 9 Financial Instruments standard

„IFRS 9 Financial Instruments“ is effective for periods beginning on 1 January 2018. The profit and loss statement and balance sheet beginning 31 March 2018 are reported in line with the standard.

## 2. Full consolidation of ČMSS

Beginning 1 June 2019 ČMSS is consolidated in the ČSOB's financial statements using the method of full consolidation. The beginning of consolidation positively influenced net interest income and net fee and commission income and negatively the operating expenses.

For comparison restated balance sheet as of 31 December 2018 with ČMSS consolidated using the full consolidation method is reported. The reported volumes of building savings loans and deposits were retrospectively restated to 100% (previously reported as 55%). Credit risk: loan portfolio has been extended of 100% amounts of loans in ČMSS (previously not included), figures were restated retrospectively. Loan quality ratios were retrospectively restated in line with restatement of Credit risk: loan portfolio.

## 3. Revaluation of the 55% share in ČMSS

In conformity with IFRS 3, ČSOB revaluated 55% share in ČMSS triggered by acquisition of the remaining 45% share. One-off gain from this revaluation in the amount of CZK 2.1bn was reported in other operating income.

## Market shares definitions and sources

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

## Glossary - ratios

(Common Equity) Tier 1 ratio	Tier 1 capital (CET1) / Total RWA (according to CRR)
C/I (cost/income ratio)	Operating expenses / operating income, Ytd.
CCR (credit-cost ratio)	Total credit costs / average Credit risk: loan portfolio in the year (simple average of previous year end and reported period end balances); Ytd., annualized
Leverage ratio	Tier 1 capital / On-balance + Off-balance sheet items + Counterparty exposure for Derivatives and SFT + Add-ons (according to CRR)
Liquidity coverage ratio	High quality liquid assets (unencumbered and convertible into cash) to liquidity needs (outflow – inflow) for a 30 calendar days time horizon under specified significant stress scenario (according to CRR)
Loan to deposit ratio	IAS 39: Loans and receivables to other than credit institutions (net) / Deposits received from other than credit institutions at amortised cost minus repo operations with non-banking financial institutions IFRS 9: Financial assets at amortised cost to other than credit institutions minus bonds (net) / Deposits received from other than credit institutions at amortised cost minus repo operations with non-banking financial institutions
Net stable funding ratio (NSFR)	Available amount of stable funding / required amount of stable funding (according to CRR)
NIM (net interest margin)	Net interest income excl. volatile short-term assets used for liquidity management / average interest earnings assets excl. volatile short-term assets used for liquidity management ; Qtd./Ytd., annualized
Non-life combined ratio	(Technical insurance charges, incl. the internal cost of settling claims / earned insurance premiums) + (operating expenses / written insurance premiums) (after reinsurance in each case, according to KBC group methodology)
NPL (non-performing loans) ratio	Outstanding amount of non-performing loans (incl. off-balance sheet items) / Credit risk: loan portfolio
NPL coverage ratio	Specific allowances for loans and leases (incl. off-balance sheet items) / non-performing loans (incl. off-balance sheet items)
ROA (return on assets)	Net profit for the year / average of total assets; Ytd., annualized
ROAC, BU Czech Republic (return on allocated capital)	Result after tax (including minority interests) of the ČSOB group, adjusted to take account of allocated capital instead of actual capital / average allocated capital of the ČSOB group (KBC group methodology)
ROE (return on equity)	Net profit for the year / average of total shareholders' equity; Ytd., annualized
Total capital ratio	Total regulatory capital / Total RWA (according to CRR)

## Glossary - other definitions

Assets under management	Including pension funds, mutual funds (assets under management in structured/capital protected funds and other mutual funds), other asset management and assets under management products and assets under management of Slovak AM.
Banking taxes	Including contribution to the Resolution Fund, Deposit insurance premium and Securities Traders Guarantee Fund.
Building savings deposits	All ČMSS financial liabilities at amortized cost minus deposits received from other than credit institutions.
Building savings loans	All customer lending granted by ČMSS in book values. Gross.
Consumer finance	Loan portfolio granted by ČSOB's retail network (ČSOB and PSB brand) in book values. Gross.
Corporate loans	Loan portfolio granted by ČSOB's corporate banking network in book values, including credit-replacing bonds. Gross.
Credit risk: loan portfolio	Including all payment credit, guarantee credit, standby credit and credit derivatives, granted by ČSOB to private persons, companies, governments and banks. Bonds held in the investment portfolio are included if they are corporate- or bank-issued, hence government bonds and trading book exposure are not included.
Group deposits	Item Deposits received from other than credit institutions from the consolidated balance sheet (incl. ČMSS/building savings deposits).
Loan portfolio	Loans and receivables to other than credit institutions (incl. ČMSS/building savings loans) plus loans and receivables to credit institutions minus exposure to banks from inter-bank transactions plus credit replacing bonds (in FVOCI portfolio).
Mortgages	All loans booked in Hypoteční banka, including home equity loans and mortgage loans to legal entities, excluding intra-group loans. Gross.
SME loans	Loan portfolio granted by ČSOB's SME network in book values. Gross.

# Contacts

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**ČSOB group Czech Republic**

**Member of the KBC Group**