

# FY/4Q 2016 Results

## ČSOB Group

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Business Unit Czech Republic

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# ČSOB Group: Key Figures

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## 2016: innovations ensuring client comfort and flexibility

Modern and hassle free services for clients at all branches thanks to **paperless** operations, allowing most documents to be signed digitally and saved in Internet Banking.

Clients enjoy payments in stores without their wallet thanks to application **ČSOB NaNákupy**, unique on the market in its support of both VISA and MasterCard.

Comfortable and secure cash withdrawals in 80 **contactless ATMs**



**Redesigned branches** provide new concept of client services in a pleasant environment with timeless design and modern technologies.

Clients can manage and monitor their investment products from smartphone, tablet or desktop in a one-stop shop digital environment – new investment portal **ČSOB Investice**.



Face-to-face advisory for clients to insure their risks thanks to 140 dedicated **insurance advisors** at the bank branches.



Individual care and advantageous products and services for affluent clients with **ČSOB Premium**.

**Online payments** within ČSOB 7 days a week from early morning till late evening.

# Priorities for 2017: innovations, integration and simplification

Safe and easy communication with bank via brand new **Electronic Banking for corporate and SME clients**.

Easy access to all ČSOB mobile applications listed at one place in ČSOB Store **“Our apps”**.



Mobile user to benefit from **finger print sign-in and other new features** in improved mobile applications ČSOB NaNákupy, Smart Key and Smart Banking.

Comprehensive mortgage overview in digital **client zone**.

Clients' financial needs served in a redesigned **Retail Internet Banking**.

New and more sophisticated investment options in investment portal **ČSOB Investice**.

More favourable insurance conditions thanks to progressive enlargement of unique **bank scoring concept** into more insurance products.

Bonuses for all clients as well as a new mobile application with the loyalty program **“Svět odměň”**.



## Solid growth in business volumes and excellent loan quality

ČSOB group key indicators		2013	2014	2015	2016
<b>Profitability</b>	Net profit (CZK bn)	13.7	13.6	14.0	15.1
	Return on equity	18.2%	16.4%	16.4%	17.3%
<b>Liquidity</b>	Loan / deposit ratio	75.9%	76.4%	79.9%	79.3%
	Net stable funding ratio	135.7%	135.9%	134.9%	151.9%
<b>Capital</b>	Tier 1 ratio	15.6% <sup>1</sup>	17.2% <sup>2</sup>	19.1% <sup>2</sup>	18.2% <sup>2</sup>
<b>Impairments</b>	Credit cost ratio	0.25%	0.18%	0.18%	0.11%
<b>Cost efficiency</b>	Cost / income ratio	47.5%	47.6%	48.2%	46.0%

## Solid growth in business volumes and excellent loan quality

### Business volumes

The **loan portfolio** (incl. ČMSS) increased to **CZK 618bn** (+6% Y/Y), mainly thanks to mortgages and consumer finance. **Group deposits** (incl. ČMSS) grew to **CZK 752bn** (+7% Y/Y). In addition, total **assets under management** increased to **CZK 191bn** (+4% Y/Y).

### Operating income

**Operating income** reached **CZK 34.0bn** in FY 2016 (+5% Y/Y) and **CZK 8.2bn** in 4Q 2016 (+1% Y/Y). Y/Y increase in FY 2016 was driven by ongoing growth in business volumes, however offset by margin decline, one-off gain from VISA Europe sale and revenues linked to ICT insourcing.

### Operating expenses

**Operating expenses** reached **CZK 15.7bn** in FY 2016 (flat Y/Y) and **CZK 3.9bn** in 4Q 2016 (-6% Y/Y). Adjusted for ICT insourcing and banking taxes, FY 2016 operating expenses would remain flat as a result of lower staff expenses which were fully offset by higher ICT investments linked to digital services and marketing expenses while in 4Q 2016 operating expenses would decrease by 3% fully driven by lower staff expenses.

### Impairments

**Credit cost ratio** decreased to **11 bps** (Ytd. annualized, -7bps Y/Y) thanks to excellent loan quality and despite one-off IBNR parameter changes (already in 2Q 2016).

### Net profit

As a result of above mentioned factors, the ČSOB **net profit** for 2016 came in at **CZK 15.1bn** (+8% Y/Y) and **CZK 3.2bn** for 4Q 2016 (+4% Y/Y).

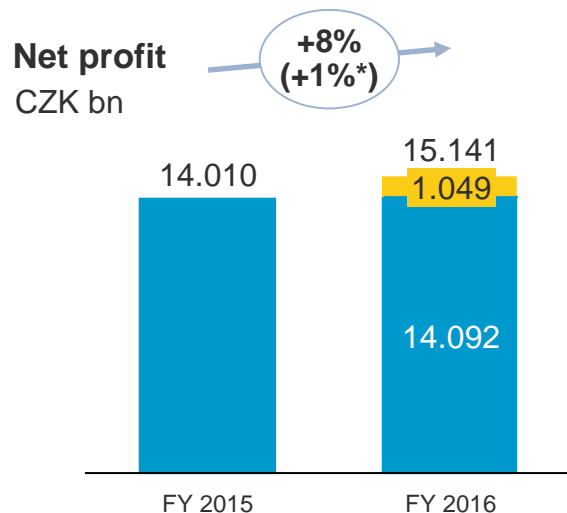
### Liquidity & Capital

**Loan / deposit ratio** decreased Y/Y to **79.3%**. **Tier 1 ratio** (Basel III) decreased Y/Y to **18.2%**. **Net stable funding ratio** (NSFR) increased Y/Y to **151.9%** due to parameter changes related to implemented European legislation.

### Innovations & Awards

In 2016, ČSOB launched many **innovations ensuring client comfort and flexibility** and was acknowledged as **the Best Bank Innovator** in the Czech Republic by Visa Europe, MasterCard and Czech business daily Hospodářské noviny. ČSOB Private Banking was awarded as **the Best Private Bank** in the Czech Republic by magazine Euromoney and The Banker in cooperation with the Private Wealth Management magazine.

# Net profit increased Y/Y thanks to growth in business volumes, excellent loan quality and flat operating expenses

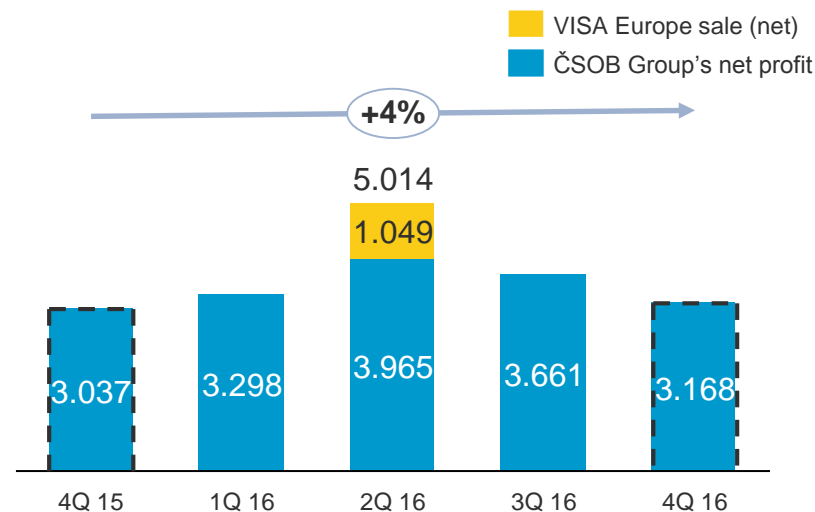


**Net profit for FY 2016 reached CZK 15.1bn** (+8% Y/Y) supported by one-off gain from VISA Europe sale in 2Q 2016. Adjusted for the latter, net profit would increase by +1% Y/Y thanks to growth in business volumes and excellent loan quality. Operating expenses remained flat Y/Y as higher general administrative expenses were fully offset by lower staff expenses.

**4Q 2016 net profit increased to CZK 3.2bn** (+4% Y/Y) as a result of higher NII driven by business volumes, lower expenses linked to ICT insourcing and lower impairments.

**The return on equity (ROE) reached 17.3%** in FY 2016, up from 16.4% fully driven by higher net profit. Adjusted for VISA Europe sale, ROE would reach 16.1%.

\* Y/Y change adjusted for VISA Europe sale (net).



Notes (gross impact):

4Q 2015 one-off items (total of CZK -0.2bn): restructuring reserve (CZK -0.1bn), IBNR parameter changes (CZK -0.1bn).

2Q 2016 one-off items (total of CZK +1.1bn): gain from VISA Europe sale (CZK +1.3bn), IBNR parameter changes (CZK -0.2bn)

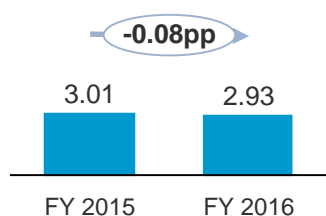
4Q 2016 one-off item: income tax provision (CZK -0.2bn)



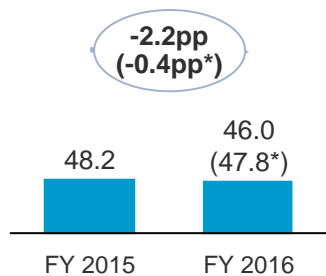
# Excellent loan quality, comfortable liquidity and capital position

## Profitability

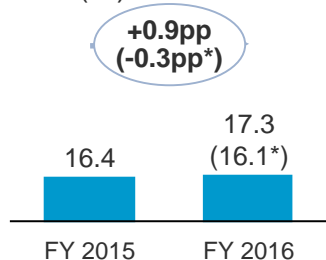
Net interest margin (%)



Cost / income ratio (%)

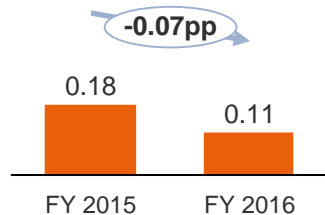


ROE (%)

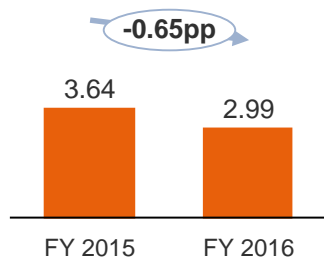


## Loan portfolio quality

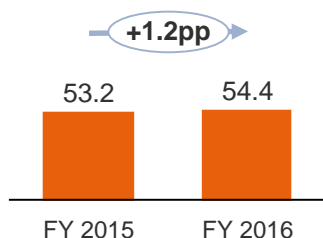
CCR, Ytd. annualized (%)



NPL ratio (%)

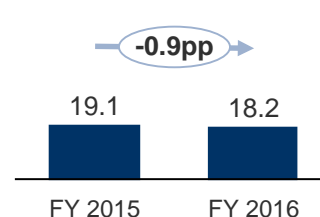


NPL coverage ratio (%)

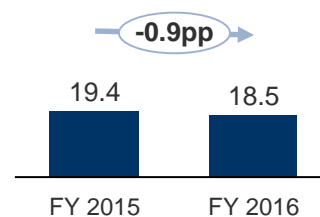


## Capital

(Core) Tier 1 ratio (%)

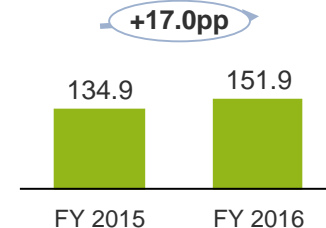


Total capital ratio (%)

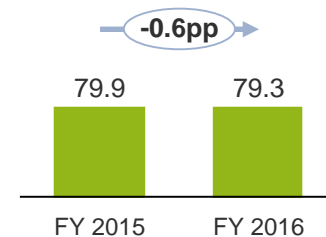


## Liquidity

Net stable funding ratio (%)



Loan / deposit ratio (%)



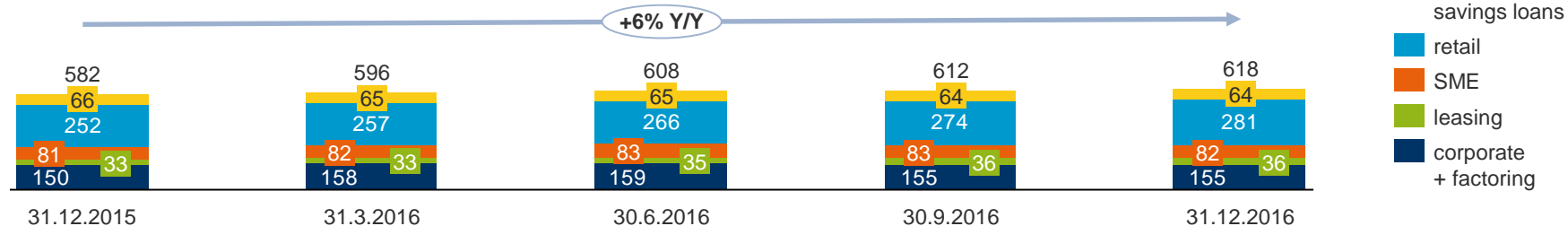
\* Adjusted for VISA Europe sale.

# Loans, deposits and assets under management

## Balanced growth of loans, deposits and assets under management

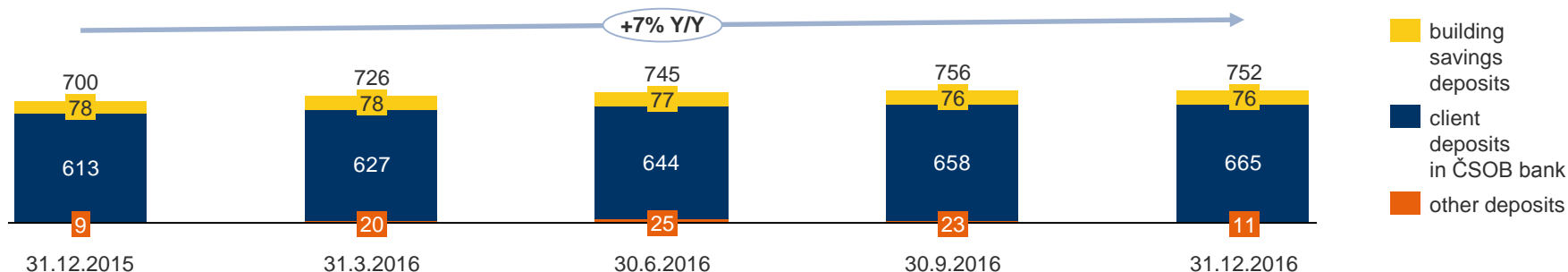
### Loan portfolio<sup>1</sup>

CZK bn



### Group deposits<sup>2</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 CNB 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).

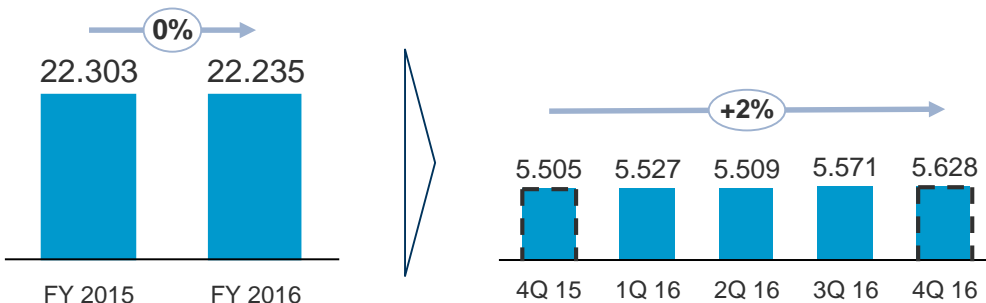
# ČSOB Group: Financial Overview

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# Ongoing growth in business volumes offsets declining margin

## Net interest income (NII)

CZK bn



FY/4Q 2016 **net interest income** remained stable Y/Y and increased by 2% Y/Y respectively. Ongoing growth in business volumes offsets declining margin.

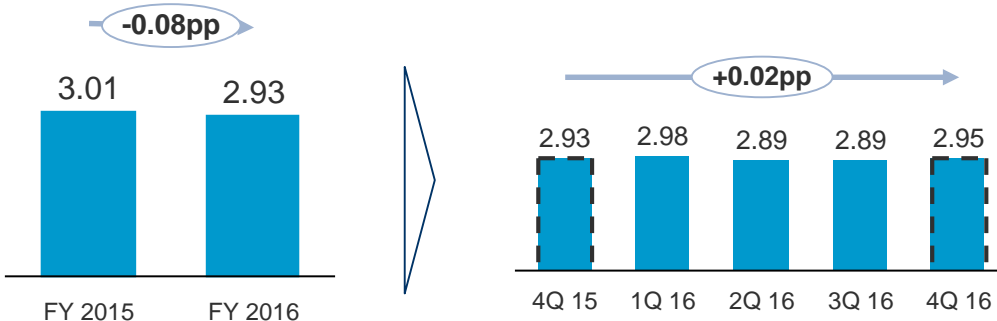
Stable Y/Y development in FY 2016 was a result of:

- (+) NII from loans in all segments
- (-) NII from deposits mainly in retail
- (-) other NII (mainly capital reinvestments)

The 2% Y/Y increase in 4Q 2016 was fully driven by higher NII from loans and other NII.

## Net interest margin (NIM)

%



In FY 2016, **net interest margin** reached **2.93%** (-0.08pp Y/Y).

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

- (-) continuing lower reinvestment yields
- (-) pressure on lending margins (on mortgages and consumer finance)
- (+) active management of funding costs

NIM increased Q/Q thanks to ALM management and reduction of interest bearing assets with lower yields.

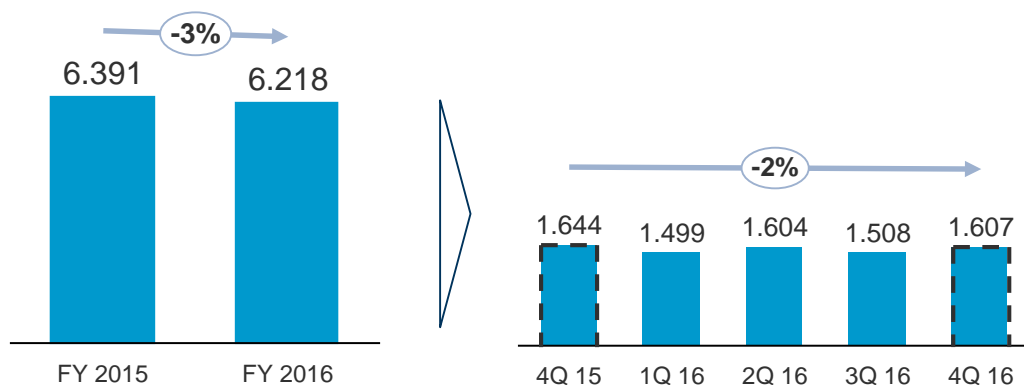
	2013	2014	2015	2016
Net interest margin (Ytd., %)*	3.20 (3.00)	3.17	3.01	2.93

\* 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. Figure in brackets is before restatement.

## Lower fees driven by asset management and domestic payments

### Net fee and commission income (NFCI)

CZK bn



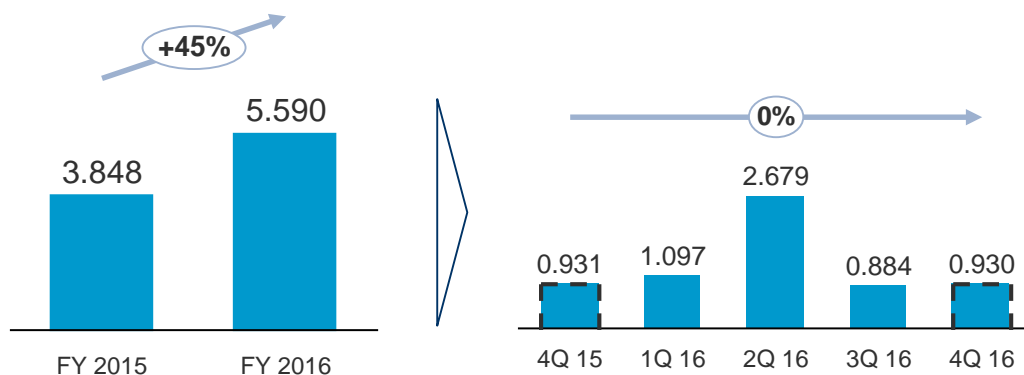
FY/4Q 2016 **net fee and commission income** declined by **3% Y/Y** and **2% Y/Y** respectively.

FY 2016 performance was driven by lower fees from asset management, domestic payments, payment cards and higher distribution fees.

Y/Y decrease in 4Q 2016 was mainly due to lower domestic payment and higher distribution fees, while asset management and payment card fees increased Y/Y.

### Other\*

CZK bn

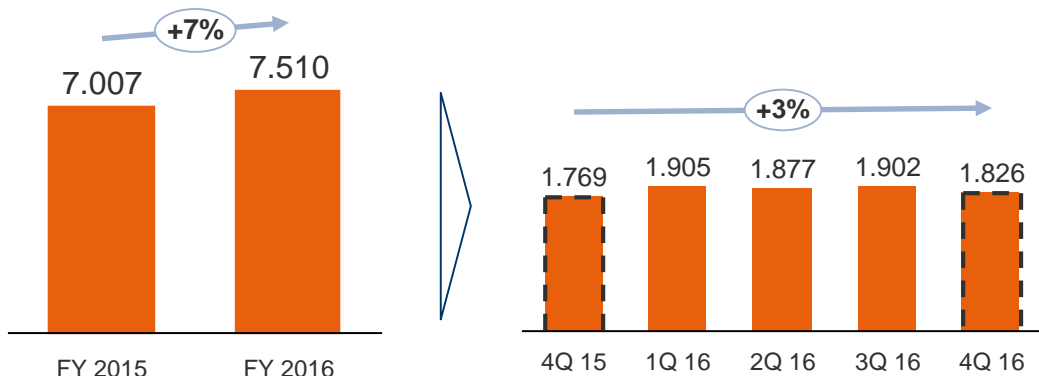


The **45% Y/Y** increase of item “**Other**” in FY 2016 was driven by VISA Europe sale (CZK 1,295m gross) and revenues linked to ICT insourcing. Adjusted for these impacts, “**Other**” would decrease by 1% Y/Y mainly due to lower realized gains on available-for-sale financial assets and settlement of several historical cases.

# On comparable basis, FY 2016 staff expenses declined Y/Y

## Staff expenses

CZK bn



FY/4Q 2016 **staff expenses** increased by 7% Y/Y and 3% Y/Y respectively. Adjusted for ICT insourcing (transfer of ca 750 FTEs), FY/4Q 2016 staff expenses would **on comparable basis declined by 3% Y/Y and 6% Y/Y** respectively.

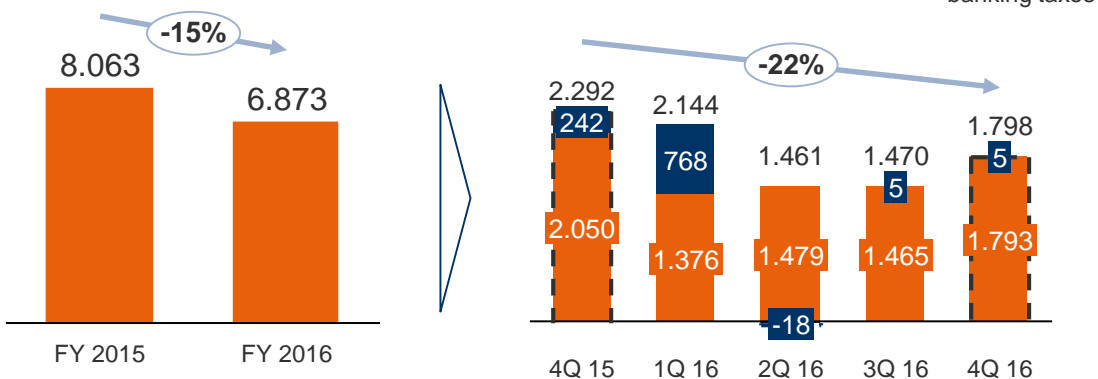
FY 2016 declined as a result of:

- (+) wage adjustments
- (-) lower severance payments
- (-) higher base (restructuring reserve in 2015)
- (-) higher share of IT projects with capitalized staff expenses

The decrease in 4Q 2016 was mainly due to higher base (restructuring reserve in 4Q 2015).

## General administrative expenses (GAE)

CZK bn



FY/4Q 2016 **general administrative expenses** decreased by 15% Y/Y and 22% Y/Y respectively. Adjusted for ICT insourcing and banking taxes (contribution to the Resolution Fund and Deposit Guarantee Scheme), FY/4Q 2016 GAE would **on comparable basis increase by 4% Y/Y and 1% Y/Y** respectively. FY 2016 main drivers were higher ICT investments linked to digital services and marketing expenses.

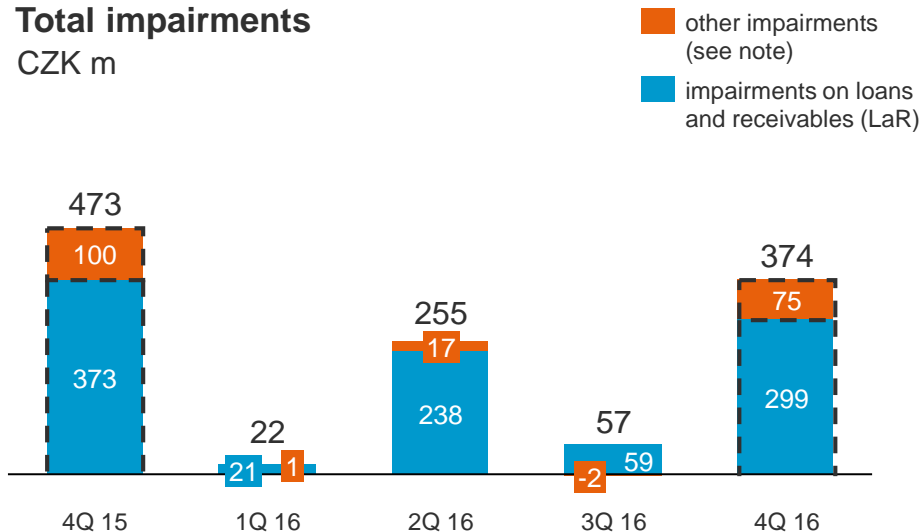
**Cost/income ratio** decreased to **46.0%** (-2.2pp Y/Y) mainly thanks to gain from VISA Europe sale in 2Q 2016. Adjusted cost/income ratio would reach 47.8%.

# Impairments

## Excellent loan quality

### Total impairments

CZK m

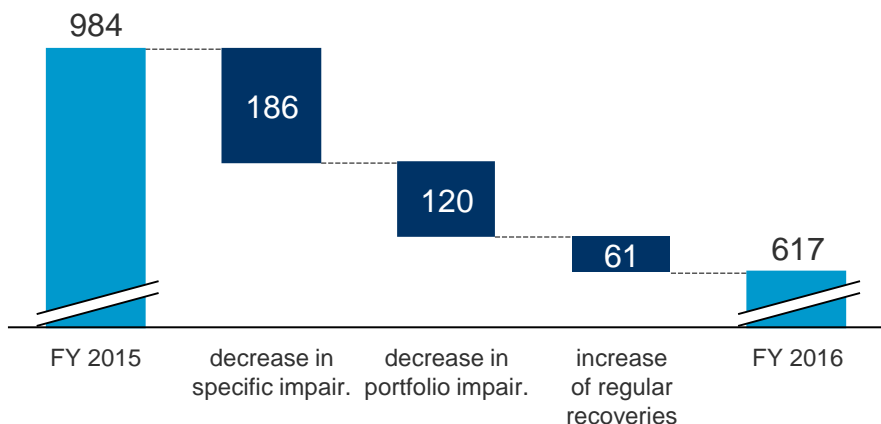


In FY 2016, **impairments on loans and receivables** decreased Y/Y to **CZK 617m** implying **credit cost ratio of 11 bps** (Ytd., annualized, -7bps Y/Y). Net creation in SME/corporate segment was more than offset by net releases in retail segment.

Adjusted for impact of one-off IBNR parameter changes in 2Q 2016, **FY 2016 impairments would decline by a quarter and the credit cost ratio would reach 8 bps** (Ytd., annualized).

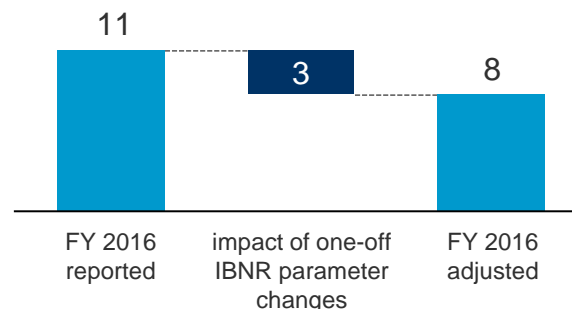
### Impairments on loans and receivables

CZK m



### CCR adjusted, Ytd. annualized

bps

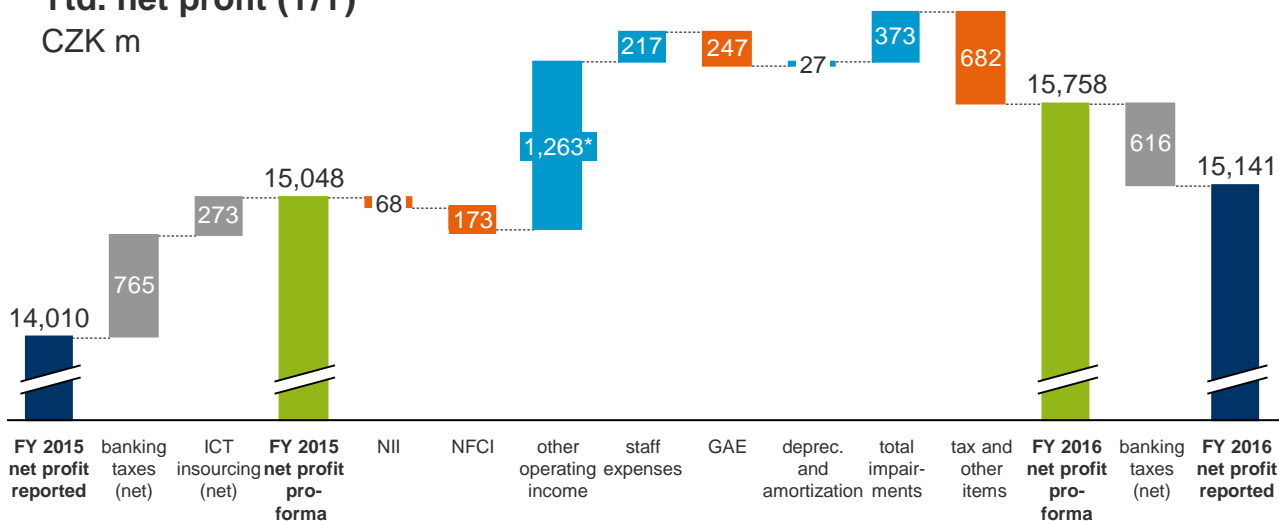


# Wrap up of net profit drivers

(on comparable basis – adjusted for ICT insourcing and banking taxes)

## Ytd. net profit (Y/Y)

CZK m



The main difference between FY 2016 and FY 2015 net profit was caused by the following drivers:

On the **positive side**:

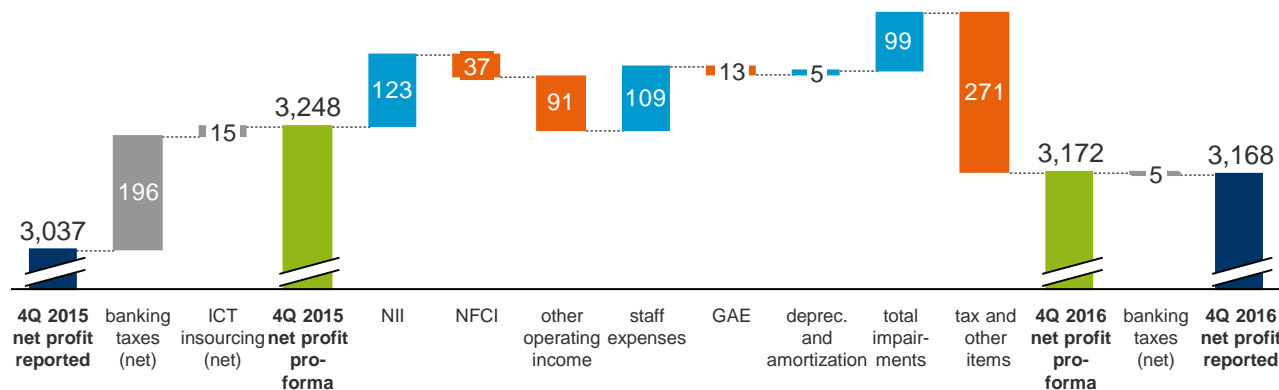
- higher other operating income mainly thanks to VISA Europe sale
- lower staff expenses thanks to lower severance payments, higher base and higher share of IT projects with capitalized staff expenses
- lower total impairments thanks to net releases in retail segment

On the **negative side**:

- lower NFCI driven by lower fees from asset management, domestic payments, payment cards and higher distribution fees
- higher GAE driven by ICT investments linked to digital services and marketing expenses
- higher tax mainly due to higher profit and provision booked in 4Q 2016

## Quarterly net profit (Y/Y)

CZK m



The main difference between 4Q 2016 and 4Q 2015 net profit was caused by the following drivers:

On the **positive side**:

- higher NII fully driven by NII from loans and other NII
- lower staff expenses mainly due to higher base (restructuring reserve in 4Q 2015)
- lower total impairments thanks to net releases in retail segment

On the **negative side**:

- lower other operating income due to weaker performance of financial markets and settlement of several historical cases
- higher tax due to provision booked in 4Q 2016



# Capital

## Strong capital position

Consolidated, CZK m	31.12.2015	31.12.2016
<b>Total regulatory capital</b>	<b>68,138</b>	<b>70,292</b>
- Tier 1 Capital	67,036	68,980
- Tier 2 Capital	1,102	1,311
- Regulatory adjustments of CET1 capital	-	-
<b>Total capital requirement</b>	<b>28,137</b>	<b>30,318</b>
- Credit risk	22,394	24,699
- Market risk	1,220	1,126
- Operational risk	4,523	4,492
<b>Total RWA</b>	<b>351,718</b>	<b>378,970</b>
<b>(Core) Tier 1 ratio</b>	<b>19.1%</b>	<b>18.2%</b>
<b>Total capital ratio</b>	<b>19.4%</b>	<b>18.5%</b>

**Tier 1** capital increased Y/Y as a result of:  
 (+) increase of retained earnings  
 (-) decrease in AFS reserve

**Total RWA** increased Y/Y mainly as a result of **higher credit risk** requirements driven by:  
 (+) abandoning sovereign carve-out approach, i.e. zero weight on sovereign exposure  
 (+) loan volumes (mainly mortgages)

*Notes:*

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

*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 = Tier 1 + Tier 2 – regulatory adjustments*

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

# ČSOB Group: Business Overview

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1st

2nd

3rd

4th

<b>Total Loans<sup>1</sup></b>	<b>19.7%</b>	↓
Building savings loans <sup>1</sup>	46.0%	↓
Building savings deposits <sup>1</sup>	39.2%	↑
Mortgages <sup>1</sup>	28.4%	→
Leasing <sup>2</sup>	15.5%	↓

<b>Total Deposits<sup>1</sup></b>	<b>19.9%</b>	↑
Mutual funds <sup>1</sup>	23.4%	↓
Factoring <sup>2</sup>	25.4%	↑

Pension funds <sup>3</sup>	14.0%	↑
SME/corporate loans <sup>1</sup>	15.2%	↓
Consumer lending <sup>1,4</sup>	10.5%	↑

Insurance <sup>5</sup> - combined	7.1%	↑
Non-life insurance <sup>5</sup>	6.9%	↑
Life insurance <sup>5</sup>	7.3%	↑

Arrows show Y/Y change. Market shares as of 31 December 2016, except for leasing, mutual and pension funds which are as of 30 September 2016. 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 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. Sources and detailed definitions are provided in Appendix.

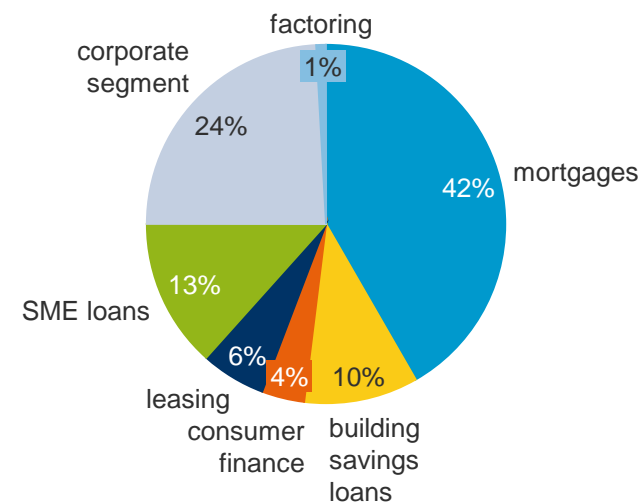


# Loan growth driven by mortgages and consumer finance

Gross outstanding volumes, CZK bn	31.12.2015	31.12.2016	Y/Y
<b>Loan portfolio (incl. ČMSS/building saving loans)</b>	<b>581.7</b>	<b>618.3</b>	<b>+6%</b>
<b>Retail Segment</b>			
Mortgages <sup>1</sup>	231.5	256.7	+11%
Consumer finance	20.3	24.2	+19%
Building savings loans <sup>2</sup>	66.0	64.3	-3%
<b>SME/Corporate Segment</b>			
Corporate loans <sup>3</sup>	145.1	149.1	+3%
SME loans	81.1	82.3	+1%
Leasing	33.1	36.2	+9%
Factoring	4.5	5.6	+24%
<b>Loan portfolio (excl. ČMSS/building savings loans)</b>	<b>515.7</b>	<b>554.0</b>	<b>+7%</b>

**31.12.2016**  
(incl. ČMSS/building saving loans)

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.

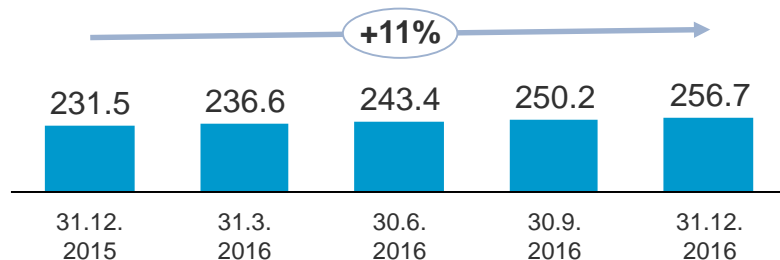
<sup>2</sup> The ČSOB group building savings loans are in the balance sheet of ČMSS building savings company, 55%-owned by ČSOB. Volumes are reported in 55% but not included in the ČSOB's consolidated balance sheet.

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

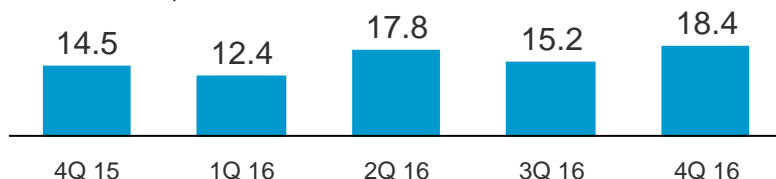
# The record high year for mortgages in new sales

## Mortgages

Outstanding, CZK bn



New sales\*, CZK bn

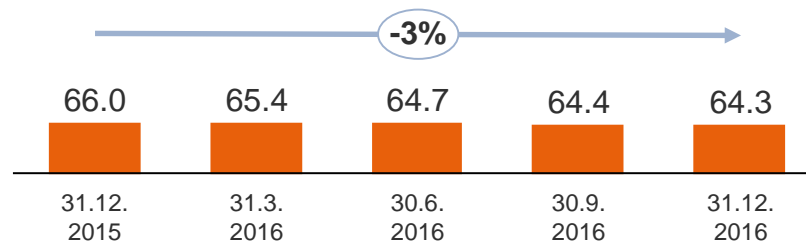


In FY 2016, **outstanding mortgage volumes** increased by **11% Y/Y** as a result of favourable economic conditions including record low interest rates, ongoing increase of real estate prices and introduction of consumer credit regulation.

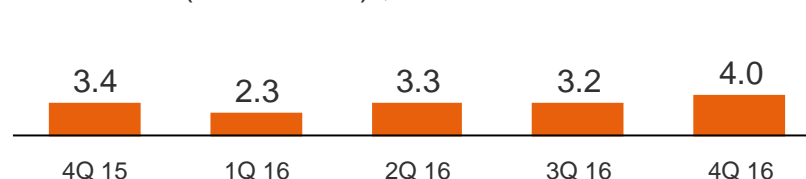
FY 2016 was **the record high year** - ČSOB provided more than **31 thousand new mortgages** (+15% Y/Y) in the total amount of **CZK 64bn** (+24% Y/Y), while total market increased by 9% Y/Y in number of new mortgages and increased 18% Y/Y in the total amount.

## Building savings loans

Outstanding (ČMSS 55%), CZK bn



New sales (ČMSS 55%)\*, CZK bn

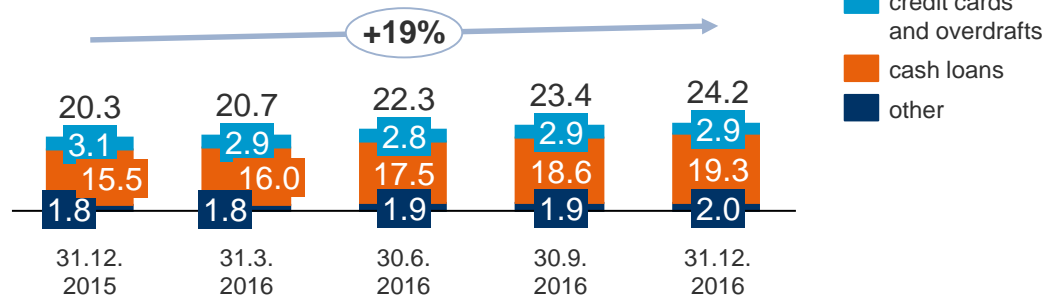


Outstanding **building savings loan portfolio** declined by **3% Y/Y** in FY 2016, while market decreased by 1% Y/Y.

In FY 2016, **new sales** declined by 4% Y/Y despite the record high quarter 4Q 2016 (+20% Y/Y) supported by new offer of unsecured loans introduced earlier this year.

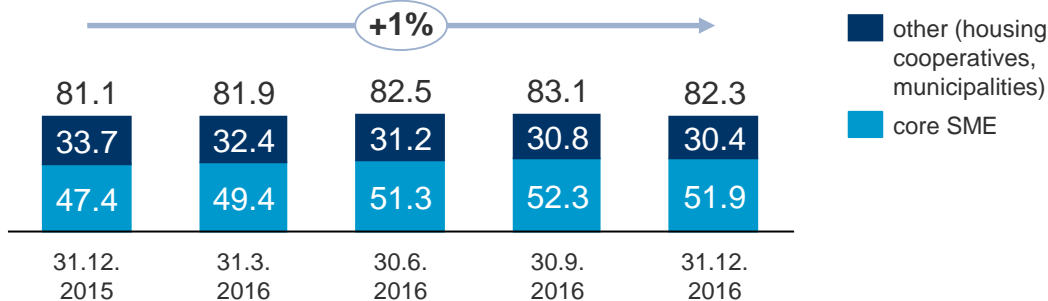
# Consumer finance growth accelerated to 19% Y/Y

## Consumer finance, outstanding, CZK bn



In FY 2016, **consumer finance** lending accelerated to **19% Y/Y** thanks to successful marketing campaigns targeted on loan refinancing, together with adjusted pricing, distribution focus and supported by revived market.

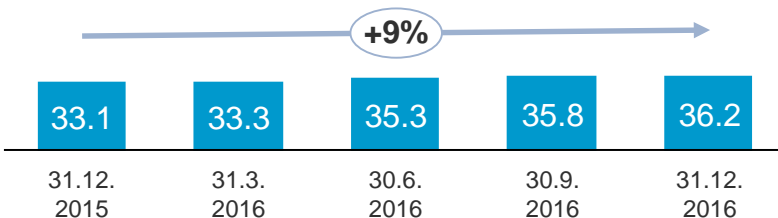
## SME loans, outstanding, CZK bn



In FY 2016, **SME loans** increased by **1% Y/Y** driven by higher loans granted to core SME (micro, small and mid-sized companies, +9% Y/Y), which was partially offset by decline in other (-10% Y/Y).

The loan volume to housing cooperatives decreased Y/Y, however ČSOB maintains leading market position in this segment.

## Leasing, outstanding\*, CZK bn

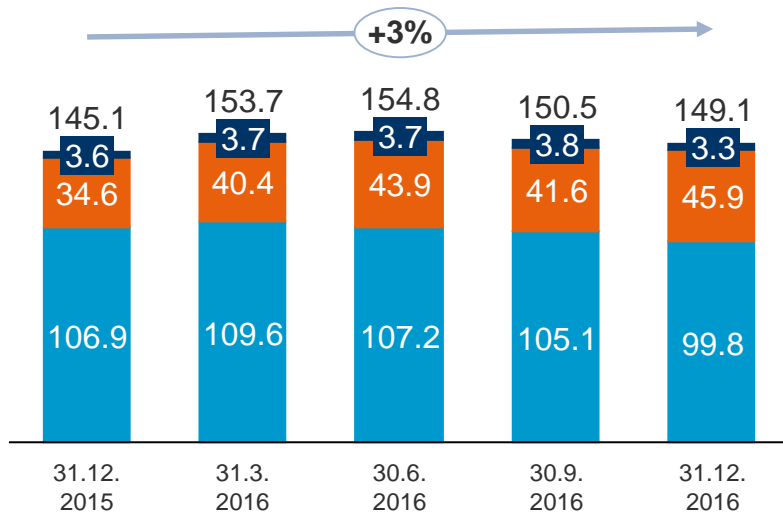


**ČSOB Leasing** kept its market leading position with good new sales performance. **Outstanding volumes** increased by **9% Y/Y** driven by overall increase of new sales mainly in car financing supported by market improvement.

# Corporate loans growth driven by specialized finance

**Corporate loans**  
Outstanding, CZK bn

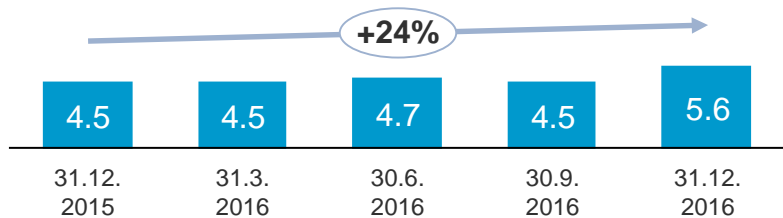
- credit-replacing bonds
- specialized finance
- plain vanilla financing



**Corporate loans** increased by **3% Y/Y** fully driven by specialized finance. The major Y/Y loan growth was recorded in sectors: real estate, distribution & services and chemicals.

The Q/Q decline is linked to extraordinary repayments.

**Factoring**  
Outstanding, CZK bn

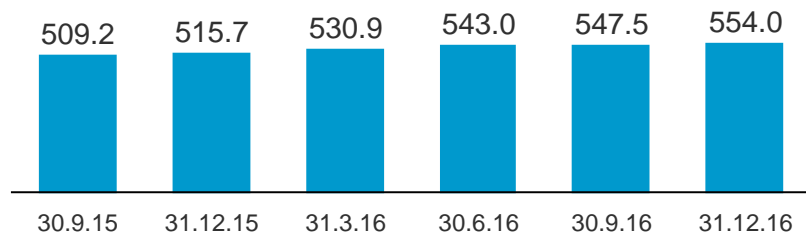


**Factoring** outstanding accelerated to **24% Y/Y** thanks to transaction with large corporate client and gradually growing client base.

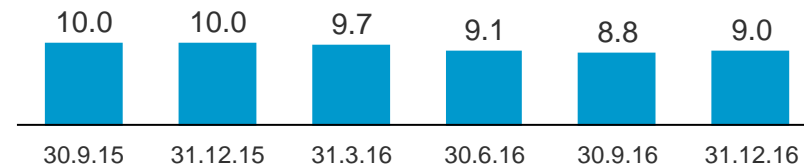
# NPL ratio below 3% thanks to excellent loan quality

## Improvement reported in all key segments

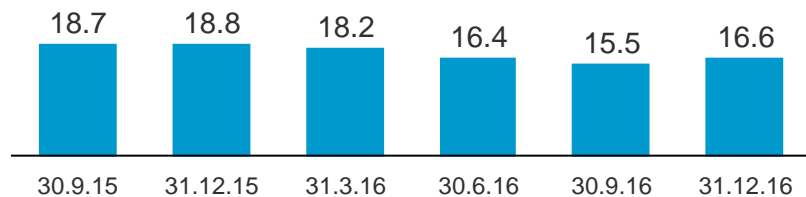
Loan portfolio (excl. ČMSS) (CZK bn)



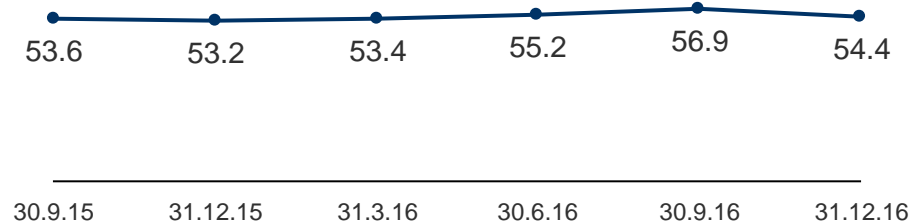
Allowances for loans and leases<sup>1</sup> (CZK bn)



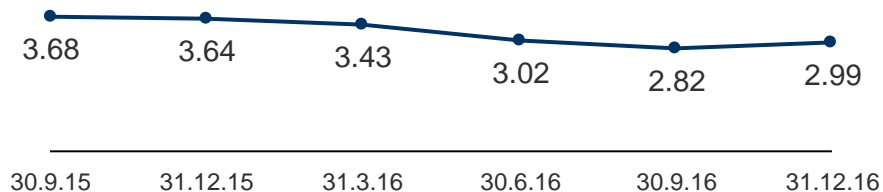
Non-performing loans (CZK bn)



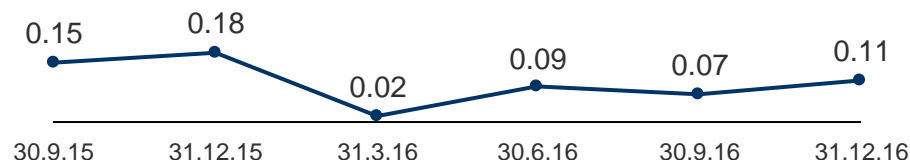
NPL coverage ratio (%)



NPL ratio (%)



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



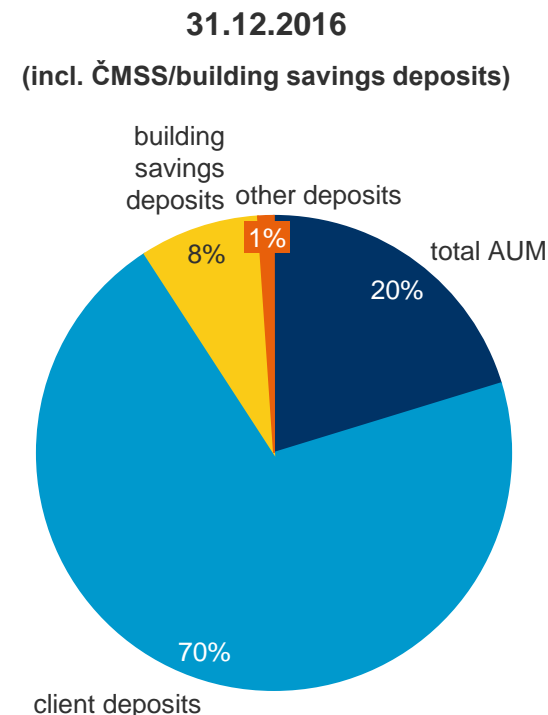
<sup>1</sup> Allowances for on-balance sheet items (PD10, PD11 and PD12 only).

<sup>2</sup> Ytd. annualized, including off-balance sheet items.



## Solid growth of deposits and improving growth of total AUM

Outstanding volumes, CZK bn	31.12.2015	31.12.2016	Y/Y
<b>Group deposits (incl. ČMSS/building savings deposits)</b>	<b>700.0</b>	<b>752.3</b>	<b>+7%</b>
Client deposits	613.3	664.9	+8%
<i>Current accounts</i>	389.2	441.9	+14%
<i>Savings deposits</i>	213.4	214.7	+1%
<i>Term deposits</i>	10.8	8.3	-23%
Other deposits	8.6	11.2	+30%
Building savings deposits <sup>1</sup>	78.1	76.2	-2%
<b>Total AUM</b>	<b>184.2</b>	<b>190.9</b>	<b>+4%</b>
Pension funds <sup>2</sup>	41.1	45.3	+10%
Mutual funds and other AM <sup>3</sup>	143.1	145.5	+2%



<sup>1</sup> ČSOB group building savings deposits are in the balance sheet of ČMSS building savings company, 55%-owned by ČSOB.

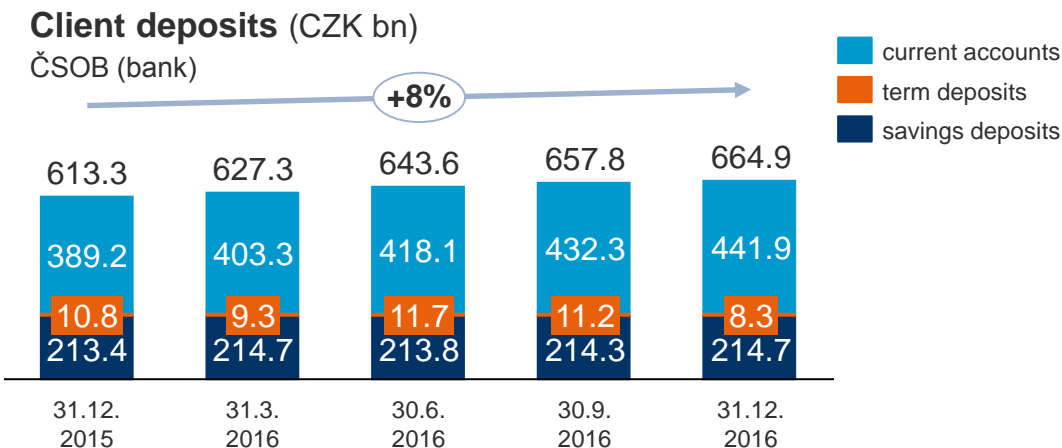
Volumes are reported in 55% but not included in the ČSOB's consolidated balance sheet.

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

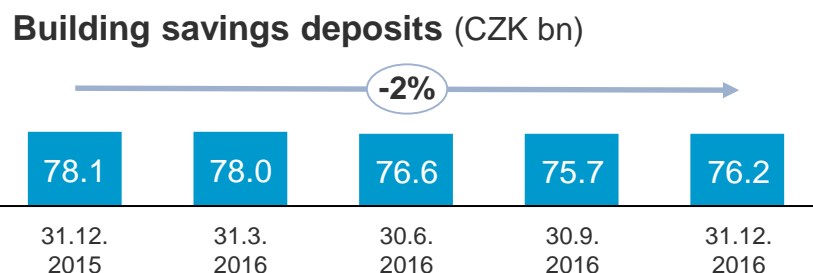
<sup>3</sup> AUM includes AUM in structured/capital protected funds, AUM in other mutual funds, other asset management and AUM of Slovak AM.

# Client deposits, Building savings deposits and Pension funds

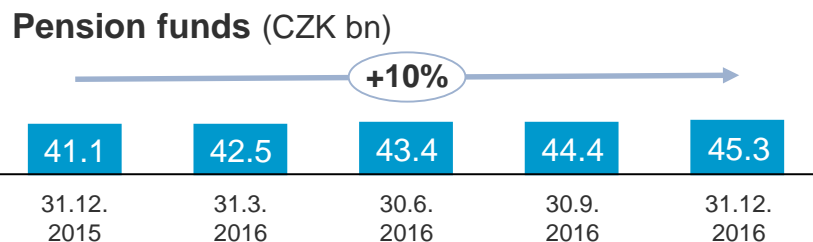
## Growth of client deposits driven by current accounts



The **8% Y/Y** growth of **client deposits** was driven by **current accounts** (+14% Y/Y). **Savings deposits** increased by 1% Y/Y, while **term deposits** decreased by 23% Y/Y.



The decline of **building savings deposits** decelerated to 2% Y/Y. The performance was influenced by pricing adjustment earlier this year.



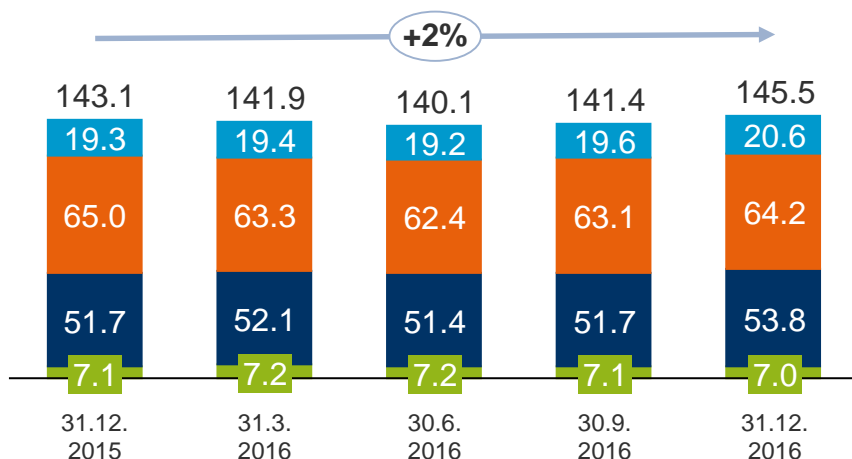
The volume of **pension funds** increased by 10% Y/Y driven mainly by increase of new sales and improving retention.

# Stronger new sales supported by new product offering and improved advisory

## Mutual funds and other AM

Outstanding volumes, CZK bn

- AUM in structured/capital protected funds
- AUM in other mutual funds
- other asset management
- AUM of Slovak AM



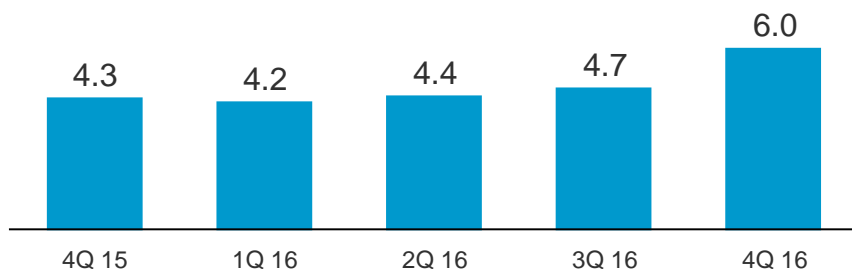
**Mutual funds and other AM** increased by **2% Y/Y** to CZK 145.5bn driven by structured/capital protected funds and other asset management products. Mutual funds increased by 1% Y/Y as decrease in mutual funds net sales was more than offset by positive performance effect.

In November, ČSOB launched **new investment portal** “ČSOB Investice” providing clients with complete overview of their savings and investment portfolios. Clients can manage their investment products from smartphone, tablet or desktop.

**4Q 2016 stronger new sales of mutual funds** (+38% Y/Y) were driven mainly by structured/capital protected products. New sales were supported by successful marketing campaigns, new product offering, improved advisory as well as penetration of “ČSOB Premium” service.

## Mutual funds

New sales, 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.

## Brick-and-mortar distribution reduced, while self-service platform strengthened reflecting clients' changing needs

	31.12.2015	31.12.2016
<b>Retail/SME branches and advisory centers</b>	<b>756</b>	<b>694</b>
ČSOB Retail/SME branches incl. dual branded (ČSOB + Era)	225	216
PSB/Era Financial Centers	73	49
ČMSS advisory centers	338	308
Hypoteční banka centers	29	29
ČSOB Pojišťovna branches	91	92
<b>ČSOB Private Banking branches</b>	<b>12</b>	<b>11</b>
<b>Leasing branches</b>	<b>10</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. 3,000</b>
- of which specialized banking counters	150	150
<b>ATMs<sup>1</sup></b>	<b>1,062</b>	<b>1,066</b>
<b>ČSOB's clients (bank only, mil.)</b>	<b>2.831</b>	<b>2.803</b>
<b>Internet Banking - users (mil.)</b>	<b>1.538</b>	<b>1.566</b>
- transactions (mil.)	49.718	51.694

<sup>1</sup> Including ATMs of cooperating banks.

ČSOB further **enlarged its ATM network** and introduced **contactless ATMs**. At the end of December 2016, clients could use 80 contactless ATMs and 158 deposit ATMs (+10 ATMs Y/Y).

Due to ongoing optimization of the branch network and strengthening of self-service platform, some branches were closed or merged as dual branded. The number of **ČSOB branches** (see note) reached 287, of which 27 were dual branded (ČSOB + Era) at the end of December 2016.

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

The number of **digital users** increased by 2% Y/Y and **electronic channel transactions** by 4% Y/Y.

Note:

ČSOB branches include ČSOB Retail/SME branches incl. dual branded (ČSOB + Era), PSB/Era Financial Centers, ČSOB Private Banking branches and ČSOB corporate branches.

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.

## ČSOB awarded as the Best Bank Innovator

### Global Finance: Best Bank 2016 Czech Republic

The US-based magazine **Global Finance** awarded ČSOB as the **Best Bank** of 2016 in the Czech Republic. ČSOB received this award for the 15th time.

### Euromoney: Private Banking Survey

ČSOB Private Banking was awarded by the magazine **Euromoney** as the **Best Private Bank** 2016 in the Czech Republic.

### The Banker/PWM: Private Bank of the Year in the Czech Republic

**The Banker** magazine in cooperation with the **Private Wealth Management (PWM)** magazine named ČSOB Private Banking in Global Private Banking Awards 2016 as the **Best Private Bank** in the Czech Republic.

### The Best Bank Innovator

ČSOB was awarded as the **Best Bank Innovator** in the Czech Republic by Czech business daily **Hospodářské noviny** (thanks to prepaid COOL karta), **Visa Europe** and **MasterCard** (thanks to unique mobile application ČSOB NaNákupy).

### Global Finance: Best FX Provider Award 2017

ČSOB was recognized as the **Best FX Provider** in the Czech Republic for 2017.

### European Structured Products & Derivatives Awards 2016

**ČSOB Asset Management** won the European competition Structured Products & Derivatives Awards 2016 in the categories of **Best Distributor** and **Best Performance** in the Czech Republic.

### Global Finance: Trade Finance Provider Award 2017

The **Global Finance** magazine selected ČSOB as the **Best Trade Finance Provider 2017** in the Czech Republic.

### ACQ Global Awards 2016

**ACQ Finance** magazine named ČSOB as **Acquisition & Leveraged Finance Bank of the Year** in the Czech Republic.

### Project Finance International: PPP Deal of the Year

Bratislava ring road project, financed also by CSOB, awarded as a **PPP Deal of the Year 2016** in Europe by magazine **Project Finance International**.

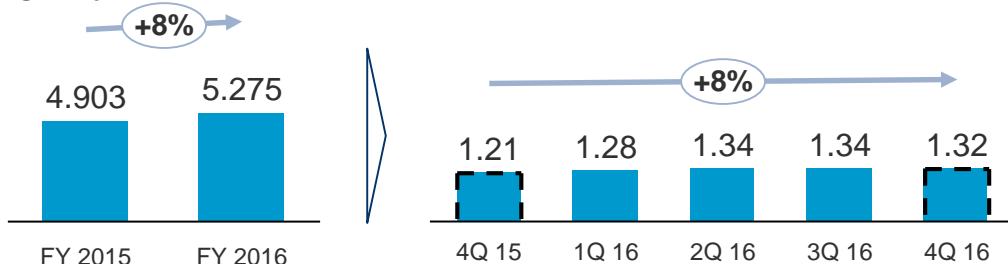
# ČSOB Pojišťovna: Key figures

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# Successful non-life and life regular business

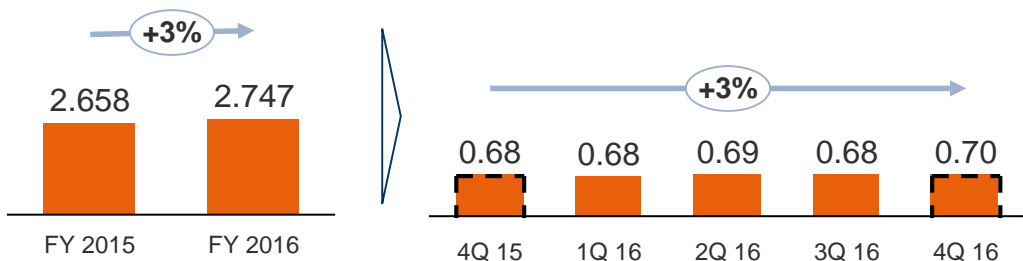
## Non-life insurance - gross written premium

CZK bn



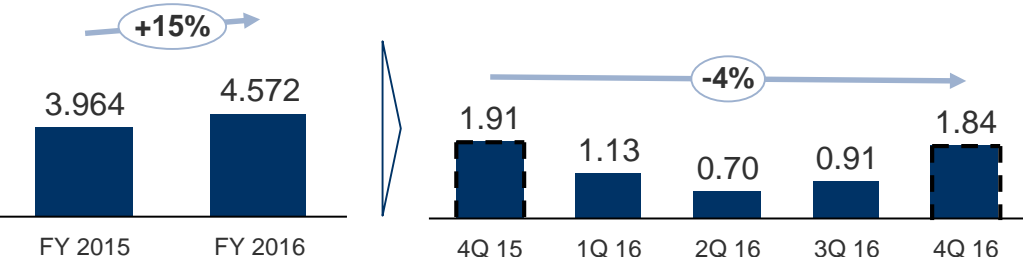
## Life insurance – regular paid gross written premium

CZK bn



## Life insurance - single paid gross written premium

CZK bn



Market shares	FY 2016	Market position
Non-life insurance	↑ 6.9%	4th
Life insurance	↑ 7.3%	4th

Arrows show Y/Y change.

### Non-life insurance

Both FY/4Q 2016 gross written premium in non-life insurance increased by 8% Y/Y mainly thanks to growth in Property and Motor retail insurance.

### Life insurance

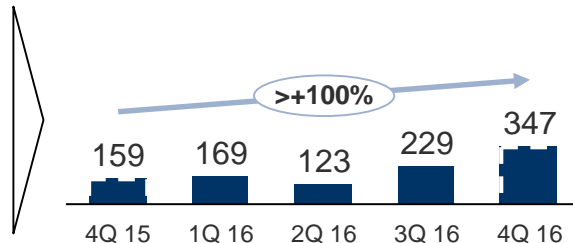
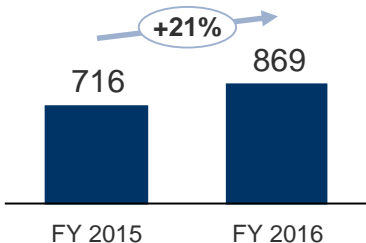
Both FY/4Q 2016 **regular paid** gross written premium increased by 3% Y/Y as result of portfolio stabilization and better profile in lapses of the life contracts.

FY/4Q 2016 **single paid** gross written premium increased by 15% Y/Y and decreased by 4% Y/Y respectively. Y/Y increase in FY 2016 was driven mainly by successful introduction of a several Maximal Invest and Private Banking Life Invest tranches.

# Profitability growth driven mainly by life segment

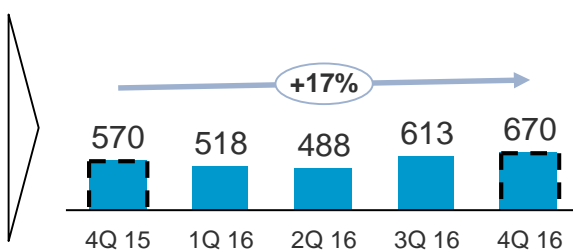
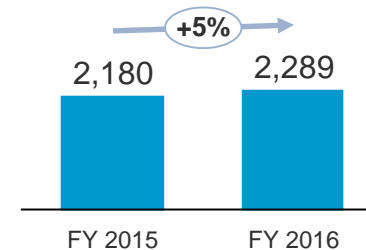
## Net profit

CZK m



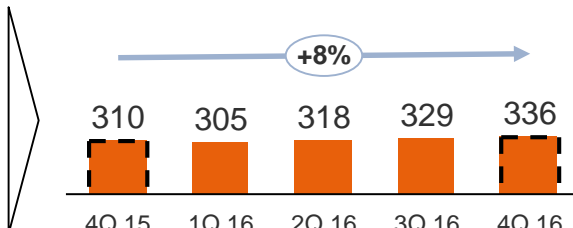
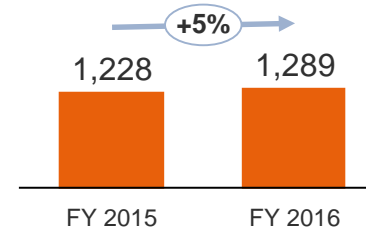
## Operating income

CZK m



## Operating expenses

CZK m



FY/4Q 2016 **net profit** increased to **CZK 869m** (+21% Y/Y) and **CZK 347m** (>+100% Y/Y) respectively. Y/Y comparison is influenced by impairment on bond investment of CZK 78m booked in 4Q 2015 and released in 4Q 2016. Excluding impairment effect, FY/4Q 2016 net profit would increase by +4% and +28% respectively driven by better life segment profit contribution.

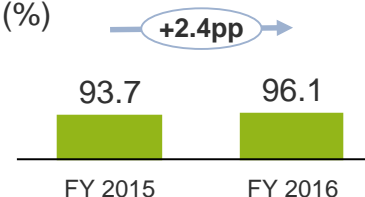
FY/4Q 2016 **operating income** increased to **CZK 2,289m** (+5% Y/Y) and to **CZK 670m** (+17% Y/Y) respectively influenced by following drivers:

- **non-life**: negative impact of several big claims occurred earlier this year (incl. storms and fire claims), better GWP and slightly lower financial result.
- **life**: ongoing stable profit contribution supported by the better GWP in Y/Y comparison.

FY/4Q 2016 **operating expenses** reached **CZK 1,289m** (+5% Y/Y) and **CZK 336m** (+8% Y/Y) respectively driven by roll-out of several strategic activities in line with company's ambition to increase MS.

## Non-life combined ratio

(%)





# Business Unit Czech Republic

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# Profitability growth driven by ČSOB group as well as ČSOB Pojišť'ovna



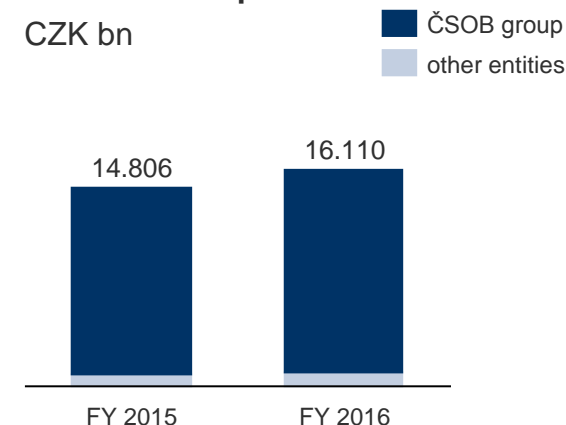
Effective as of 1 January 2013, KBC has organized its core markets activities into three business units. As a result, all KBC's business in the Czech Republic have been included into Business Unit Czech Republic.

The FY/4Q 2016 net profit of the Business Unit Czech Republic reached **CZK 16.1bn** (+9% Y/Y) and **CZK 3.5bn** (+10% Y/Y) respectively. The Business Unit Czech Republic contains all KBC's operations in the Czech Republic, namely the ČSOB group, and full ownership in ČSOB Pojišť'ovna 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, ČSOB Factoring and Patria.

## Net profit of the Business Unit Czech Republic

CZK bn



Net profit (CZK bn)	4Q 2015	1Q 2016	2Q 2016	3Q 2016	4Q 2016	4Q/4Q	FY 2015	FY 2016	FY/FY
ČSOB group <sup>1</sup>	3.020	3.283	4.997	3.656	3.145	+4%	13.920	15.082	+8%
ČSOB Pojišť'ovna	0.162	0.169	0.123	0.229	0.347	>+100%	0.718	0.869	+21%
ČSOB AM	0.040	0.036	0.040	0.039	0.044	+11%	0.168	0.159	-5%
<b>Total</b>	<b>3.222</b>	<b>3.488</b>	<b>5.160</b>	<b>3.925</b>	<b>3.537</b>	<b>+10%</b>	<b>14.806</b>	<b>16.110</b>	<b>+9%</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 40.08% share (in line with ownership interest).

# Appendix

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## Four pillars of responsible business

- Financial Literacy
- Entrepreneurship
- Environmental Responsibility
- Longevity

Within **Environmental Responsibility** pillar, ČSOB successfully concluded certification **ISO 50001:2012** “Power management” standard.

Within **Longevity** pillar, ČSOB Leasing introduced advantaged leasing for **people with disabilities** and a number of services focused on the **elderly** has already been implemented at Poštovní spořitelna.



STŘÍBRNÁ

**TOP  
ODPOVĚDNÁ  
FIRMA 2016**

TOP ODPOVĚDNÁ  
VELKÁ FIRMA

## Philanthropy

The **ČSOB Helps the Regions** grant programme supports local initiatives improving the quality of life. The ČSOB web-platform for fundraising and collecting money from private donors pulled together **more than CZK 3.5 million** in spring call.

Within the **Stabilization of Social Enterprises** grant programme, ČSOB together with P3 – People, Planet, Profit, o.p.s. supports further development of the existing social enterprises through financial support and expert advice. In 2016, CZK 840 thousands was allocated among six social enterprises.

## Employee engagement in CSR

During the third year of **Blue Life Academy** employees shared their knowledge and experience with 29 participating NGOs via workshops, expert consultancy, mentoring and coaching.

The matching fund **Together with ČSOB** is dedicated to strengthening philanthropic behaviour of employees. In 2016, **almost CZK 1 million** was collected during 25 employee projects **in favour of non-profit and charitable organizations.**



## Ratios and other indicators

Ratio / Indicator	31.12.2013	31.12.2014	31.12.2015	31.12.2016
<b>Net interest margin</b> (Ytd., annualized, %)	3.20 (3.00)	3.17	3.01	2.93
<b>Cost / income ratio</b> (%)	47.5 (47.1)	47.6	48.2	46.0
<b>RoE</b> (Ytd., %)	18.2	16.4	16.4	17.3
<b>RoA</b> (Ytd., %)	1.53	1.40	1.49	1.42
<b>RoAC</b> , BU Czech Republic (Ytd., %)	40.0 (35.2)	36.7	36.8	40.9
<b>Credit cost ratio</b> (Ytd., annualized, %)	0.25	0.18	0.18	0.11
<b>NPL ratio</b> (%)	4.65 (4.39)	4.07	3.64	2.99
<b>NPL coverage ratio</b> (%)	50.4 (49.7)	53.4	53.2	54.4
<b>(Core) Tier 1 ratio</b> (%)	15.6 <sup>1</sup>	17.2 <sup>2</sup>	19.1 <sup>2</sup>	18.2 <sup>2</sup>
<b>Total capital ratio</b> (%)	15.6 <sup>1</sup>	17.5 <sup>2</sup>	19.4 <sup>2</sup>	18.5 <sup>2</sup>
<b>Solvency ratio – ČSOB Pojišťovna</b> (%)	217 <sup>3</sup>	214 <sup>3</sup>	197 <sup>3</sup>	n/a
<b>Leverage ratio</b> (Basel III, %)	5.46	5.15	5.25	5.18
<b>Net stable funding ratio</b> (Basel III, %)	135.7	135.9	134.9	151.9
<b>Liquidity coverage ratio</b> (Basel III, %)	225.6	348.4	163.4	153.0
<b>Loan to deposit ratio</b> (%)	75.9 (77.0)	76.4	79.9	79.3

# Profit and loss statement

(CZK m)	4Q 2015	3Q 2016	4Q 2016	Y/Y	Q/Q	FY 2015	FY 2016	Y/Y
<i>Interest income</i>	6,258	6,380	6,289	0%	-1%	25,580	25,043	-2%
<i>Interest expense</i>	-753	-809	-661	-12%	-18%	-3,277	-2,808	-14%
Net interest income	5,505	5,571	5,628	+2%	+1%	22,303	22,235	0%
Net fee and commission income	1,644	1,508	1,607	-2%	+7%	6,391	6,218	-3%
Net gains from financial instruments at FVPL <sup>1</sup>	693	533	646	-7%	+21%	2,652	3,147	+19%
Other operating income <sup>2</sup>	238	351	284	+19%	-19%	1,196	2,443	>+100%
<b>Operating income</b>	<b>8,080</b>	<b>7,963</b>	<b>8,165</b>	<b>+1%</b>	<b>+3%</b>	<b>32,542</b>	<b>34,043</b>	<b>+5%</b>
Staff expenses	-1,769	-1,902	-1,826	+3%	-4%	-7,007	-7,510	+7%
General administrative expenses	-2,292	-1,470	-1,798	-22%	+22%	-8,063	-6,873	-15%
Depreciation and amortisation	-154	-320	-325	>+100%	+2%	-617	-1,268	>+100%
<b>Operating expenses</b>	<b>-4,215</b>	<b>-3,692</b>	<b>-3,949</b>	<b>-6%</b>	<b>+7%</b>	<b>-15,687</b>	<b>-15,651</b>	<b>0%</b>
Impairment losses	-473	-57	-374	-21%	>+100%	-1,081	-708	-35%
<i>Impairment on loans and receivables</i>	-373	-59	-299	-20%	>+100%	-984	-617	-37%
<i>Impairment on available-for-sale securities</i>	-24	0	-2	-92%	n/a	-24	-2	-92%
<i>Impairment on goodwill</i>	-66	0	0	-100%	n/a	-66	0	-100%
<i>Impairment on other assets</i>	-10	2	-73	>+100%	>-100%	-7	-89	>+100%
Share of profit of associates	127	221	130	+2%	-41%	687	696	+1%
<b>Profit before tax</b>	<b>3,519</b>	<b>4,435</b>	<b>3,972</b>	<b>+13%</b>	<b>-10%</b>	<b>16,461</b>	<b>18,380</b>	<b>+12%</b>
Income tax expense	-483	-762	-808	+67%	+6%	-2,472	-3,232	+31%
<b>Profit for the period</b>	<b>3,036</b>	<b>3,673</b>	<b>3,164</b>	<b>+4%</b>	<b>-14%</b>	<b>13,989</b>	<b>15,148</b>	<b>+8%</b>
Attributable to:								
<b>Owners of the parent</b>	<b>3,037</b>	<b>3,661</b>	<b>3,168</b>	<b>+4%</b>	<b>-13%</b>	<b>14,010</b>	<b>15,141</b>	<b>+8%</b>
Non-controlling interests	-1	12	-4	>+100%	>-100%	-21	7	>-100%

<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 – adjusted for ICT insourcing and banking taxes)

(CZK m)	4Q 2015	3Q 2016	4Q 2016	Y/Y	Q/Q	FY 2015	FY 2016	Y/Y
Interest income	6,258	6,380	6,289	0%	-1%	25,580	25,043	-2%
Interest expense	-753	-809	-661	-12%	-18%	-3,277	-2,808	-14%
Net interest income	5,505	5,571	5,628	+2%	+1%	22,303	22,235	0%
Net fee and commission income	1,644	1,508	1,607	-2%	+7%	6,391	6,218	-3%
Net gains from financial instruments at FVPL <sup>1</sup>	693	533	646	-7%	+21%	2,652	3,147	+19%
Other operating income <sup>2</sup>	328	351	284	-13%	-19%	1,675	2,443	+46%
<b>Operating income</b>	<b>8,170</b>	<b>7,963</b>	<b>8,165</b>	<b>0%</b>	<b>+3%</b>	<b>33,021</b>	<b>34,043</b>	<b>+3%</b>
Staff expenses	-1,935	-1,902	-1,826	-6%	-4%	-7,727	-7,510	-3%
General administrative expenses	-1,780	-1,465	-1,793	+1%	+22%	-5,865	-6,112	+4%
Depreciation and amortisation	-330	-320	-325	-2%	+2%	-1,295	-1,268	-2%
<b>Operating expenses</b>	<b>-4,045</b>	<b>-3,687</b>	<b>-3,944</b>	<b>-3%</b>	<b>+7%</b>	<b>-14,886</b>	<b>-14,891</b>	<b>0%</b>
Impairment losses	-473	-57	-374	-21%	>+100%	-1,081	-708	-35%
<i>Impairment on loans and receivables</i>	-373	-59	-299	-20%	>+100%	-984	-617	-37%
<i>Impairment on available-for-sale securities</i>	-24	0	-2	-92%	n/a	-24	-2	-92%
<i>Impairment on goodwill</i>	-66	0	0	-100%	n/a	-66	0	-100%
<i>Impairment on other assets</i>	-10	2	-73	>+100%	>-100%	-7	-89	>+100%
Share of profit of associates	127	221	130	+2%	-41%	687	696	+1%
<b>Profit before tax</b>	<b>3,779</b>	<b>4,440</b>	<b>3,977</b>	<b>+5%</b>	<b>-10%</b>	<b>17,741</b>	<b>19,140</b>	<b>+8%</b>
Income tax expense	-532	-762	-809	+52%	+6%	-2,714	-3,375	+24%
<b>Profit for the period</b>	<b>3,247</b>	<b>3,678</b>	<b>3,168</b>	<b>-2%</b>	<b>-14%</b>	<b>15,027</b>	<b>15,765</b>	<b>+5%</b>
Attributable to:								
<b>Owners of the parent</b>	<b>3,248</b>	<b>3,666</b>	<b>3,172</b>	<b>-2%</b>	<b>-13%</b>	<b>15,048</b>	<b>15,758</b>	<b>+5%</b>
Non-controlling interests	-1	12	-4	>+100%	>-100%	-21	7	>-100%

<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.

## Balance sheet - assets

(CZK m)	31/12 2015	31/12 2016	Ytd.	
Cash and balances with central banks	117,287	57,074	-51%	Decrease due to overnight loan with ČNB.
Financial assets held for trading	29,494	20,008	-32%	Decrease due to sovereign bonds.
Financial assets designated at fair value through P/L	15	0	-100%	
Available-for-sale financial assets	59,961	56,938	-5%	
Loans and receivables - net	579,448	783,223	+35%	Increase thanks to reverse repo operations with ČNB.
<i>Loans and receivables to credit institutions - gross</i>	<i>86,047</i>	<i>246,211</i>	<i>&gt;+100%</i>	
<i>Loans and receivables to other than credit institutions - gross</i>	<i>504,360</i>	<i>547,078</i>	<i>+8%</i>	
<i>Allowance for impairment losses</i>	<i>-10,959</i>	<i>-10,066</i>	<i>-8%</i>	
Held-to-maturity investments	136,433	132,679	-3%	
Fair value adjustments of the hedged items in portfolio hedge	957	852	-11%	
Derivatives used for hedging	11,900	11,656	-2%	
Current tax assets	96	25	-74%	
Deferred tax assets	152	179	+18%	
Investments in associate	4,970	4,957	0%	
Investment property	0	0	n/a	
Property and equipment	7,662	10,009	+31%	
Goodwill and other intangible assets	5,323	5,634	+6%	
Non-current assets held-for-sale	363	52	-86%	
Other assets	2,264	2,241	-1%	
<b>Total assets</b>	<b>956,325</b>	<b>1,085,527</b>	<b>+14%</b>	



## Balance sheet – liabilities and equity

(CZK m)	31/12 2015	31/12 2016	Ytd.
Financial liabilities held for trading	29,970	40,044	+34%
Financial liabilities at fair value through P/L	0	1,620	n/a
Financial liabilities at amortised cost	812,205	931,767	+15%
<i>of which Deposits received from central banks</i>	0	0	n/a
<i>of which Deposits received from credit institutions</i>	23,786	32,598	+37%
<i>of which Deposits received from other than credit institut.</i>	621,927	676,161	+9%
<i>of which Debt securities in issue</i>	166,492	222,998	+34%
<i>of which Subordinated liabilities</i>	0	0	n/a
Fair value adjustments of the hedged items in portfolio hedge	4,062	4,796	+18%
Derivatives used for hedging	10,774	10,532	-2%
Current tax liabilities	170	849	>+100%
Deferred tax liabilities	2,162	1,576	-27%
Provisions	536	673	+26%
Other liabilities	5,727	4,945	-14%
<b>Total liabilities</b>	<b>865,606</b>	<b>996,792</b>	<b>+15%</b>
Share capital	5,855	5,855	0%
Share premium account	20,929	20,929	0%
Statutory reserve	18,687	18,687	0%
Retained earnings	38,517	38,877	1%
Available-for-sale reserve	3,944	2,228	-44%
Cash flow hedge reserve	2,609	1,973	-24%
Foreign currency translation reserve	0	0	n/a
<b>Parent shareholders' equity</b>	<b>90,541</b>	<b>88,549</b>	<b>-2%</b>
Minority interest	178	186	+4%
<b>Total equity</b>	<b>90,719</b>	<b>88,735</b>	<b>-2%</b>
<b>Total liabilities and equity</b>	<b>956,325</b>	<b>1,085,527</b>	<b>+14%</b>

Increase due to money market transactions and short sales.

Increase due to deposit bills of exchange.

# Credit rating, shareholder structure and NPL

## ČSOB's credit ratings

As at 9 February 2017

Rating agency	Long-term	Outlook	Short-term	LT rating valid since	Last confirmation
<b>Moody's</b>	A2	stable	P-1	20 June 2012	17 March 2015
<b>S&amp;P</b>	A	stable	A-1	1 October 2014	24 October 2016

## Shareholder structure

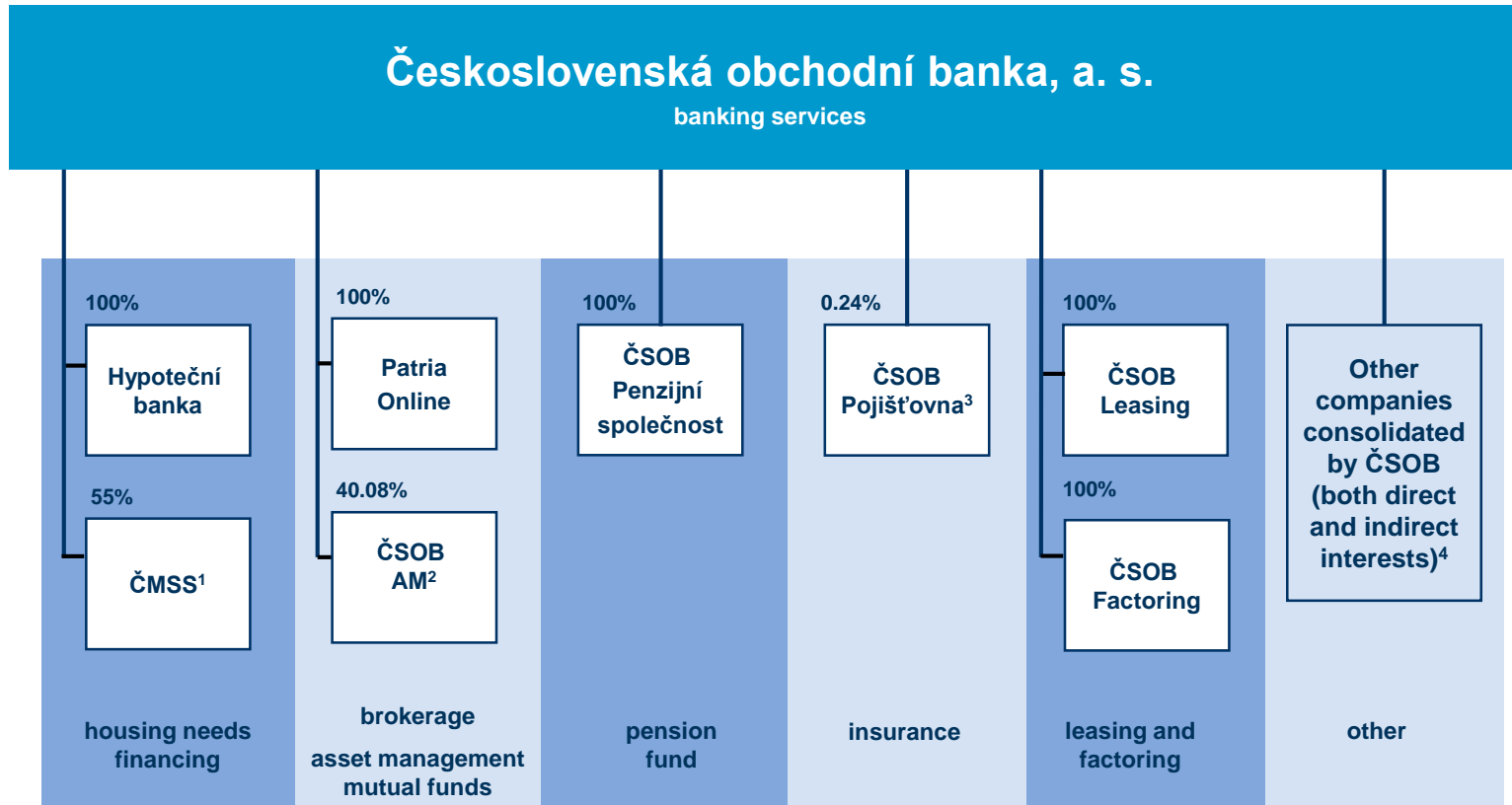
As at 31 December 2016, ČSOB's share capital was CZK 5,855,000,040 and comprised of 292,750,002 ordinary bearer shares with a nominal value of CZK 20 each.

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

## Non-performing loans

	31.12.2015		31.12.2016	
	Amount (CZK bn)	Share on total loans	Amount (CZK bn)	Share on total loans
PD rating distribution				
Total loans	515.7	100%	554.0	100%
Normal - Standard (PD 1-7)	488.9	95%	528.2	95%
Asset quality review - Watched (PD 8-9)	8.0	2%	9.3	2%
Uncertain - Substandard (PD 10)	5.5	1%	5.2	1%
Uncertain - Doubtful (PD 11)	1.6	0%	1.2	0%
Irrecoverable - Loss (PD 12)	11.7	2%	10.2	2%

# The ČSOB group in the Czech Republic



Percentages show ČSOB's ownership interests on company's equity as at 31 December 2016.

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

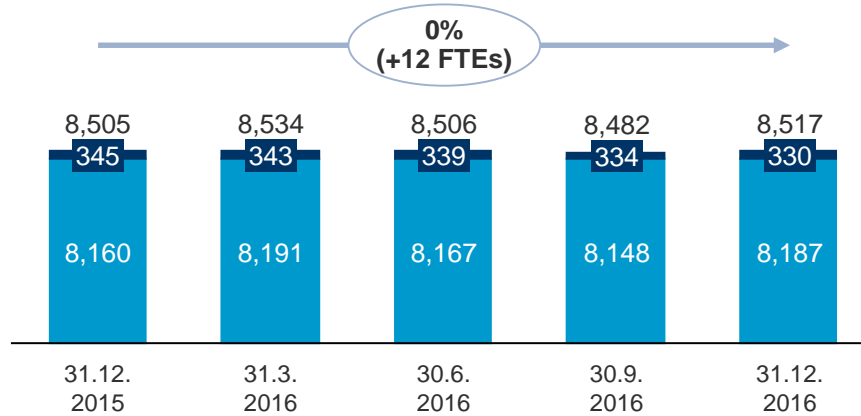
<sup>2</sup> 59.92% of shares owned by KBC Participations Renta C; by the equity method consolidation.

<sup>3</sup> 99.76% of shares owned by KBC Insurance; by the equity method consolidation.

<sup>4</sup> A complete list of companies consolidated by ČSOB is stated in ČSOB Annual Report.

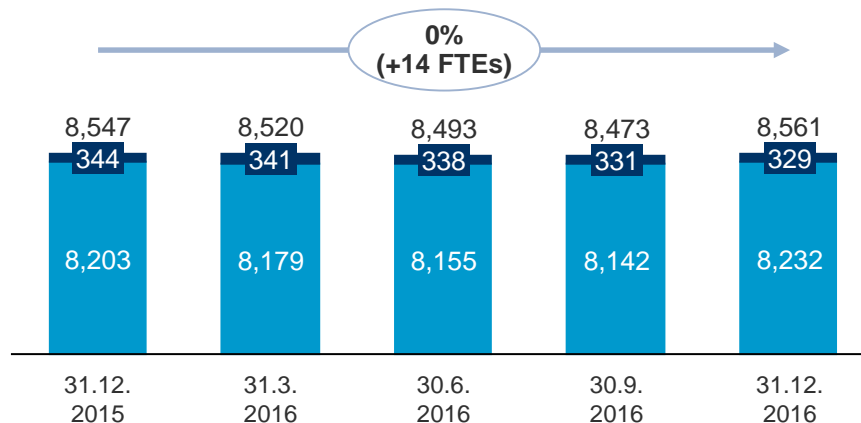
# Employees (restated for ICT insourcing)

## Number of FTE – average



The average number of FTE for FY 2016 increased by 12 Y/Y.

## Number of FTE – end of the period



FY 2016 number of FTE increased at the end of the period by 14 Y/Y.

■ 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).

As of 1Q 2016, ICT were reintegrated from KBC Group Czech Branch back to ČSOB (transfer of ca 750 FTEs), figures for 2015 have been restated.

# Market shares definitions and sources

Item	Definition	Source
Total deposits	Total bank deposits (incl. 55% ČMSS building savings deposits) excl. repo including unmarketable bills of exchange.	ČNB, Data Series System (ARAD); ČSOB
Building savings loans	Outstanding volumes of building savings loans, ČMSS 100%.	ČNB, Data Series System (ARAD); ČMSS
Building savings deposits	Deposits of buildings savings clients, ČMSS 100%.	ČNB, Data Series System (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 + building savings loans (ČMSS 55%) + SME/corporate loans.	ČNB, Data Series System (ARAD); ČSOB; ČMSS
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. 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
Factoring	Volume of new business.	Association of Leasing and Factoring Companies ČR (ČLFA)
Pension funds	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
Consumer loans	Outstanding volume of cash loans, credits cards, overdrafts, consumer loans on real estate and American mortgages.	ČNB, Data Series System (ARAD); ČSOB
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)

## Glossary - ratios

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 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 ratio (insurance)	According to prudential reports of ČNB – Solvency I, after expected dividend payment
Loan to deposit ratio	Loan portfolio (excl. ČMSS/building savings loans) / 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)

## Glossary - other definitions

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 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 (incl. ČMSS/building savings deposits).
Building savings deposits	All ČMSS financial liabilities at amortized cost minus deposits received from other than credit institutions.
Primary deposits	Group deposits (excl. ČMSS/building savings deposits) 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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