

# FY/4Q 2018 Results

## ČSOB Group

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Business Unit Czech Republic

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# ČSOB Group: Key Figures

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# Digital with human touch

ČSOB acquired the largest services comparator in the Czech Republic “**Ušetřeno.cz**”. It offers comparison of services in the fields of finance, energy and telecommunications. In 2018 the services of “**Ušetřeno.cz**” and “**Top-Pojištění.cz**” were purchased by 192ths clients.

ČSOB launched new version of **Smartbanking** with complete graphical redesign for both Android and iOS. Users can use finger print or face recognition to sign in and to authorize payments. Number of Smartbanking users increased in 2018 by 25% to more than 290ths.

**Kolín’s Smart Keychain** serves children as an electronic key, library ID card, or a bus ticket, and it may be also activated as a payment card to which parents may send children pocket money.

Almost 60ths clients signed in the investment portal **ČSOB Investice** since its launch. Clients use the portal to review, purchase and sale their investment products.

New service Multibanking enables easy and secure **management of all client’s banking accounts** from other banks in ČSOB environment. The service was launched in December 2018.



The share of **digitally-signed documents** at the branches reached 65% in 4Q 2018, up +17pp Y/Y.

ČSOB successfully migrated clients (36ths) of Business Banking to new **Corporate Electronic Banking (CEB)**. CEB enables clients to manage payment cards, savings and term accounts. Implementation of Business Connector allows direct link to clients’ accounting system and fully automated import of payments to bank.



Infoline of ČSOB is newly adapted for **communication with hearing impaired** clients. The service is also open to foreigners who have only a partial knowledge of the Czech language and find it easier to understand the written text.

## 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. Reclassification of remuneration paid to Czech Post

The year-on-year comparison is influenced by accounting **reclassification of remuneration paid to Czech Post**, whereby its main part shifted from operating income (namely distribution fees under net fee and commission income) to operating expenses (namely general administrative expenses) due to the new partnership agreement with Czech Post from 1 January 2018;

## 3. Reclassification of network income

The year-on-year comparison is influenced by accounting **reclassification of network income** from net gains from financial instruments at fair value through profit and loss to net fee and commission income, in line with the KBC group methodology. Note that network income refers to income received from margins earned on FX transactions carried out by the network for clients. The profit and loss statement was adjusted retrospectively.

## 4. New definition of Credit risk: loan portfolio

As of 30 June 2018, definition of Credit risk: loan portfolio has been changed, it includes on-balance sheet and off-balance sheet items. The scope additionally includes the following elements: bank exposure (money market placements, documentary credit, accounts), unauthorized overdrafts and reverse repo (excl. central bank exposure).

Neither the profit and loss statement nor the Balance sheet were adjusted retrospectively (except for reclassification of network income).

ČSOB group key indicators		2015	2016	2017	2018
<b>Profitability</b>	Net profit (CZK bn)	14.0	15.1	17.5	15.8
	Return on equity	16.4%	17.3%	19.3%	17.5%
<b>Liquidity</b>	Loan to deposit ratio	79.3%	79.4%	77.7%	76.3%
	Net stable funding ratio	134.9%	150.9%	146.0%	161.4%
<b>Capital</b>	(Core) Tier 1 ratio	19.1%	18.2%	17.2%	18.0%
<b>Impairments</b>	Credit cost ratio	0.18%	0.11%	0.02%	0.03%
<b>Cost efficiency</b>	Cost / income ratio	48.2%	46.0%	43.7%	47.9%

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 years 2015 and 2016.

As of 3Q 2018 net stable funding ratio has been influenced by change of weight of exposures to CNB.

## Lower net profit due to higher base in the previous year and increased investments

### Excellent loan quality and solid growth in business volumes

#### Business indicators

The **loan portfolio** (incl. ČMSS) increased to **CZK 689bn** (+5% Y/Y) driven mainly by mortgages, corporate loans, and consumer finance. **Group deposits** (incl. ČMSS) grew to **CZK 868bn** (+6% Y/Y). Total **assets under management** reached **CZK 204bn** (+1% Y/Y). The number of **active clients** increased **+57 thousand Y/Y**.

#### Operating income

**Operating income** reached **CZK 37.1bn** in FY 2018 (flat Y/Y). The higher base in 2017 (due to non-recurring income) was offset by increased net interest income (+15% Y/Y). Operating income in 4Q 2018 increased to **CZK 9.8bn** (+6% Y/Y) driven by higher net interest income.

#### Operating expenses

**Operating expenses** increased to **CZK 17.8bn** in FY 2018 (+9% Y/Y) and **CZK 4.6bn** in 4Q 2018 (+5% Y/Y) due to higher staff expenses (+10 % Y/Y in FY 2018), higher distribution\* expenses, higher ICT investments, consolidation of "Ušetřeno.cz", and creation of restructuring reserve. Adjusted for non-recurring items FY 2018 operating expenses would increase +5% Y/Y.

#### Impairments

**Credit cost ratio** for FY 2018 stood at **3 bps** (Ytd. annualized, +1bps Y/Y) thanks to the ongoing excellent loan quality. Other impairments increased Y/Y to CZK 770m in FY 2018 due to revaluation of leased cars (operating leasing).

#### Net profit

As a result of the above mentioned factors, ČSOB's **net profit** came in at **CZK 15.8bn** (-10% Y/Y) in FY 2018 and **CZK 4.2bn** (+6% Y/Y) in 4Q 2018.

#### Liquidity & Capital

**Loan to deposit ratio** decreased Y/Y to **76.3%**. **Tier 1 ratio** stood at **18.0%** and **net stable funding ratio** (NSFR) reached **161.4%**.

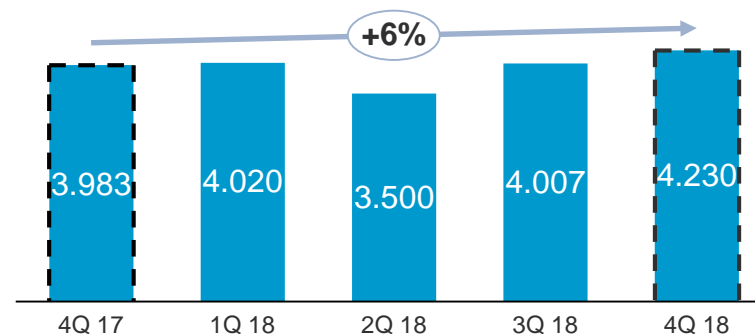
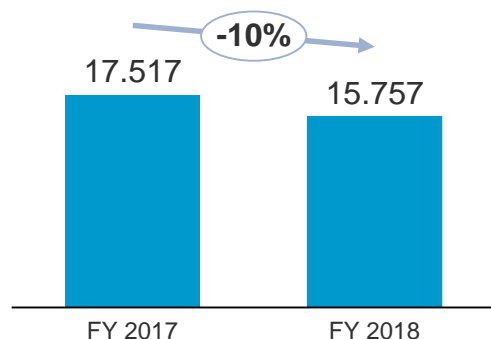
#### Achievements

ČSOB was awarded as **the Best Bank** in Czech Republic for 2018 by the magazines **The Banker**, **Euromoney** and **Global Finance**. ČSOB was awarded as **the Best Online Bank** in the Czech Republic in **CFI.co** 2018 AWARDS PROGRAMME. ČSOB Private Banking was awarded as the **Best Private Bank** in the Czech Republic for the year 2018 by **Euromoney**. ČSOB received four awards in Hospodářské noviny competition for the best bank and the best insurance company 2018.

# The Y/Y net profit decline due to higher base in the previous year and increased investments

## Net profit

CZK bn



FY/4Q 2018 **net profit** reached **CZK 15.8bn** (-10% Y/Y) and **CZK 4.2bn** (+6% Y/Y) respectively. The results reflect lower other operating income due to higher base in the previous year (one-off gain from legal case, positive valuation adjustments, sale of bonds and revenues related to the end of ČNB's currency commitment in 2017), higher operating expenses and impairment losses, while net interest income and net fee and commission income increased Y/Y.

**The return on equity (ROE)** reached **17.5%**, down from 19.3% driven by lower net profit.

Notes (gross impact):

1Q 2017 one-off item: gain from historical legal case (CZK +0.4bn)

4Q 2017 one-off item: impairment on software (CZK -0.2bn)

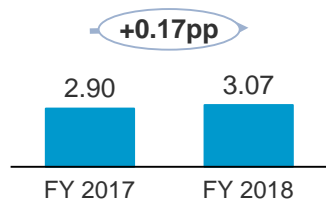
4Q 2018 one-off item: gain from historical legal case (CZK +0.2bn)



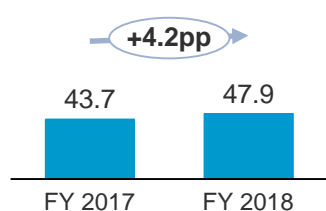
## Increasing net interest margin and excellent loan quality

## Profitability

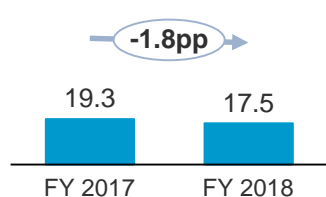
Net interest margin (%)



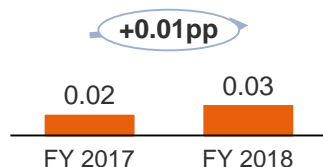
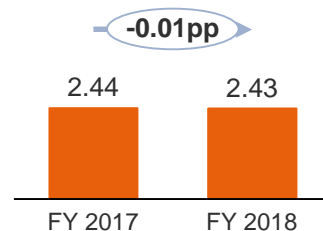
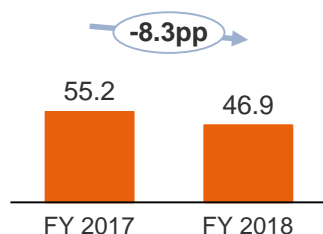
Cost / income ratio (%)



ROE (%)

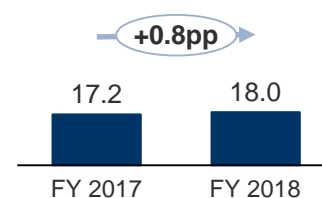


## Loan portfolio quality

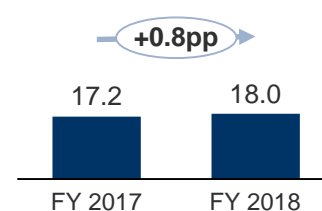
CCR, Ytd. annualized<sup>1</sup> (%)NPL ratio<sup>1</sup> (%)NPL coverage ratio<sup>1</sup> (%)

## Capital

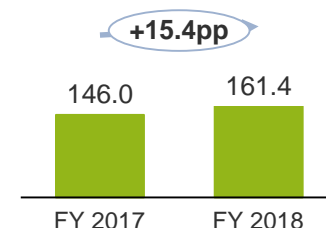
(Core) Tier 1 ratio (%)



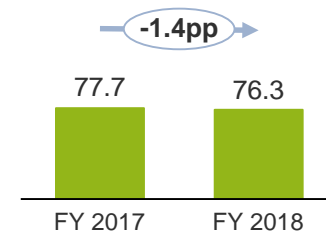
Total capital ratio (%)



## Liquidity

Net stable funding ratio<sup>2</sup> (%)

Loan to deposit ratio (%)



<sup>1</sup> As of 1H 2018, the definition of Credit risk: loan portfolio used for calculation has been changed. See explanation on page 5. The 31.12.2017 ratios according to the old definition: CCR 0.02%, NPL ratio 2.33%, NPL coverage ratio 58.5%.

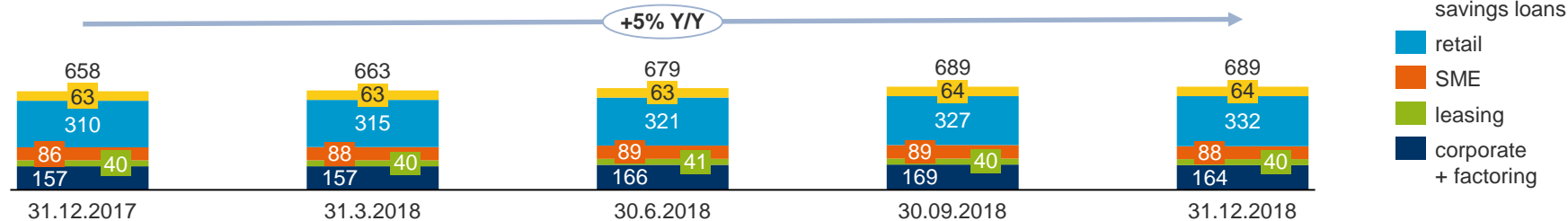
<sup>2</sup> Since 3Q 2018 net stable funding ratio has been influenced by change of weight of exposures to CNB.

# Loans, deposits and assets under management

## Solid growth in business volumes

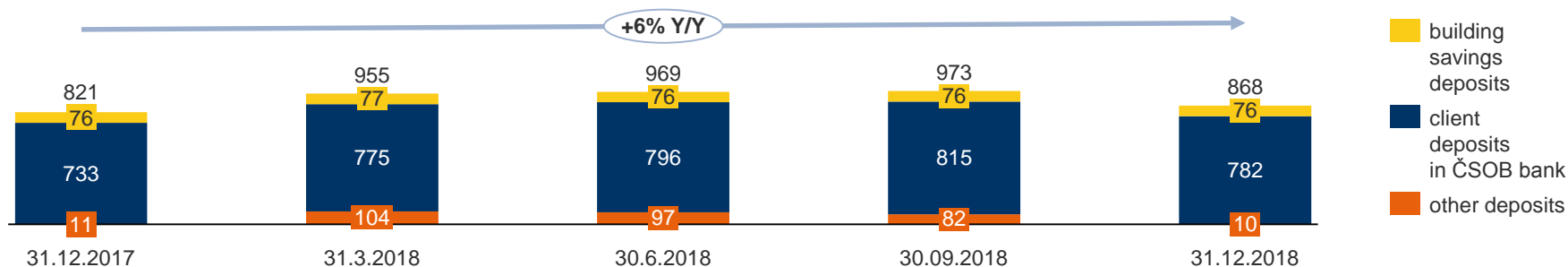
### Loan portfolio<sup>1</sup>

CZK bn



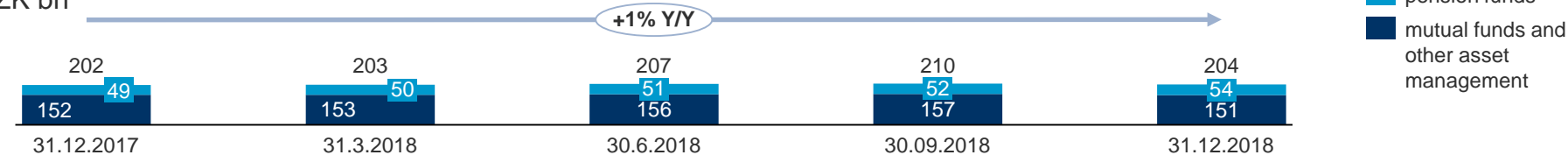
### Group deposits<sup>2</sup>

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 ČNB plus credit replacing bonds. The outstanding volumes of corporate loans on 31.12.2017 and 31.3.2018 were restated due to new definition of Credit risk: loan portfolio. See explanation on page 5.

<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

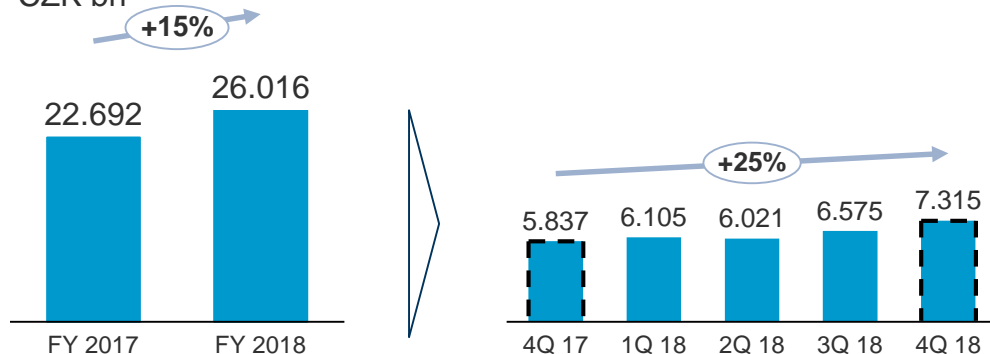
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# Net interest income and Net interest margin

## Higher net interest income as well as improved margin

### Net interest income (NII)

CZK bn



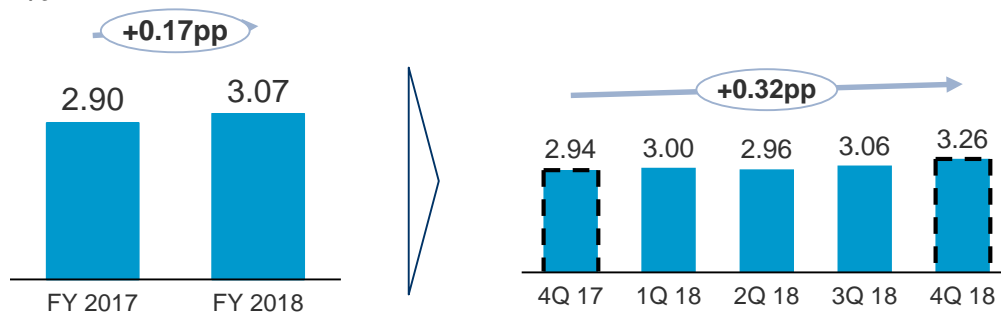
FY/4Q 2018 **net interest income** increased **+15% Y/Y** and **+25% Y/Y** respectively as a result of:

- (+) NII from deposits
- (+) other NII
- (-) NII from loans (driven by mortgages and corporate loans)

The increase in 2018 was partially influenced by short-term operations at financial markets, which had corresponding negative effect in trading income. Adjusted for their impact, NII would increase **+8% Y/Y** in FY 2018 and **+17% Y/Y** in 4Q.

### Net interest margin (NIM)\*

%



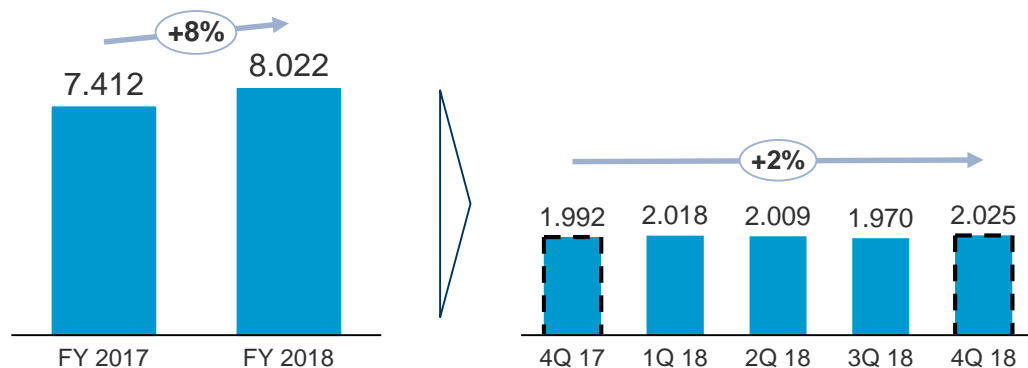
In 2018, **net interest margin** reached **3.07%** (+0.17pp Y/Y) thanks to higher reinvestment yields, partly offset by ongoing pressure on lending margins.

	2015	2016	2017	2018
Net interest margin (Ytd., %)*	n/a (3.01)	3.00 (2.93)	2.90 (2.98)	3.07 n/a

# Net fee and commission income growth driven by Ušetřeno.cz, bank-insurance and investment products

## Net fee and commission income (NFCI)<sup>1</sup>

CZK bn



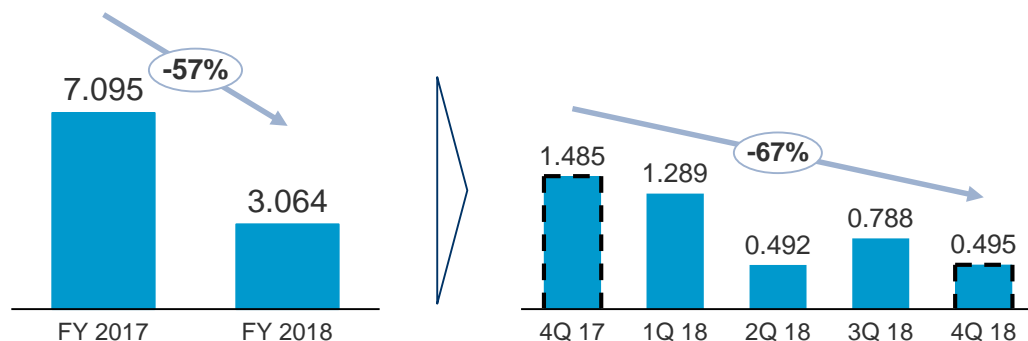
FY/4Q 2018 **net fee and commission income**<sup>1</sup> increased **+8% Y/Y** and **+2% Y/Y** respectively as a result of:

- (+) consolidation of “Ušetřeno.cz”,
- (+) higher fees on investment and bank-insurance products,
- (-) lower account fees, loan fees, fees on payment cards and payments.

**Adjusted** for the lower distribution fees<sup>2</sup> and consolidation of “Ušetřeno.cz”, NFCI would decrease **-2% Y/Y** in FY 2018 and **-6% Y/Y** in 4Q 2018.

## Other<sup>1,3</sup>

CZK bn



The **-57% Y/Y** decrease of item “**Other**” was influenced by higher base in 2017 due to:

- one-off gain from historical legal case in 1Q 2017,
- positive valuation adjustments,
- sale of bonds,
- revenues related to transactions related to the end of ČNB’s currency commitment,
- short-term operations at financial markets, which had corresponding positive effect on NII.

<sup>1</sup> Figures for FY 2017 and 4Q 2017 adjusted for the shift of network income. For detail see explanation on page 5.

<sup>2</sup> See explanation on page 5.

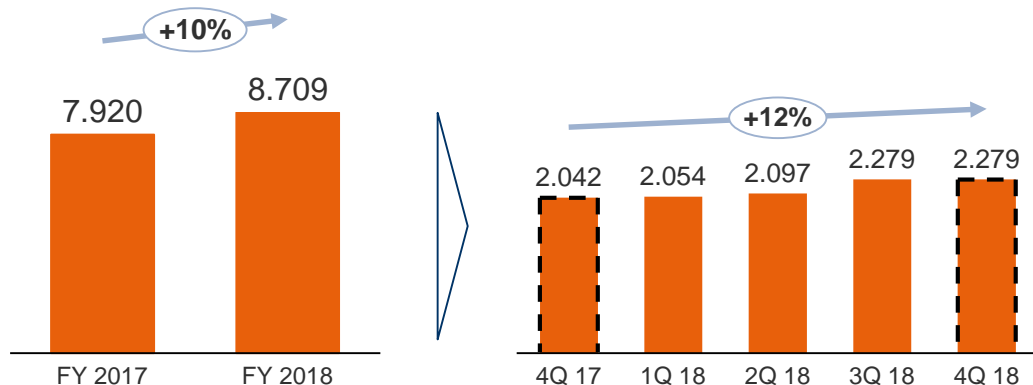
<sup>3</sup> Other = Net gains from financial instruments at fair value through profit and loss + net realized gains from financial instruments at fair value through other comprehensive income (OCI) + dividend income + income and expense from operating lease + other net income

# Staff and General administrative expenses

## Higher staff expenses driven by wage adjustments

### Staff expenses

CZK bn

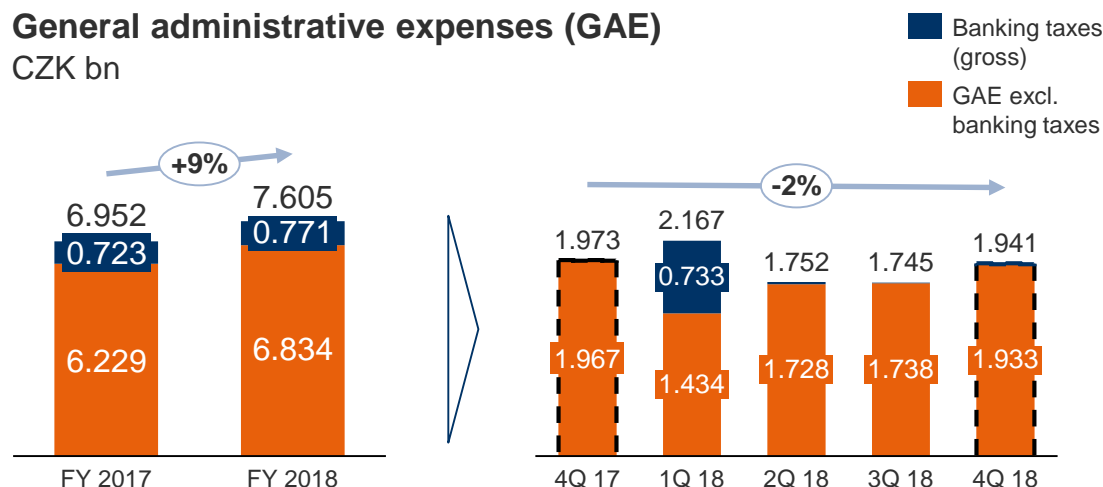


FY/4Q 2018 **staff expenses** increased **+10% Y/Y** and **+12% Y/Y** respectively due to wage adjustments and restructuring reserve while the average number of FTE increased **+1% Y/Y** (including acquisitions).

**Adjusted** for consolidation of “Ušetřeno.cz” and restructuring reserve, staff expenses would increase by **+8% Y/Y** and **+9% Y/Y** respectively.

### General administrative expenses (GAE)

CZK bn



FY 2018 **general administrative expenses** increased **+9% Y/Y** and in 4Q decreased **-2% Y/Y**. **Adjusted** for higher distribution expenses\*, consolidation of “Ušetřeno.cz” and restructuring reserve, general administrative expenses would increase **+3% Y/Y** in FY 2018 mainly due to higher ICT and decrease **-5% Y/Y** in 4Q driven by lower marketing and professional fees.

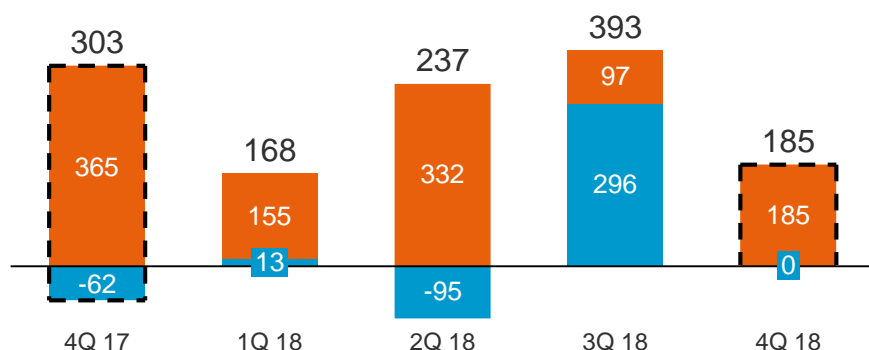
**Cost/income ratio** increased to **47.9%** (+4.2pp Y/Y).

# Impairments and NPL

## Excellent loan quality

### Total impairments CZK m

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



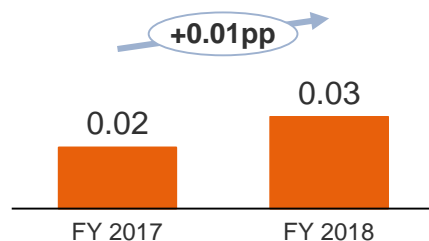
In 2018, **loan loss provisions** increased to **CZK 214m** driven mainly by one isolated case in corporate segment in 3Q.

**Other impairments** increased Y/Y to **CZK 770m**, compared to CZK 484m in the same period last year, due to revaluation of leased cars (operating leasing).

The Y/Y decrease in other impairments in 4Q is caused by higher base in 4Q 2017 due to booking of one-off impairment on software.

**Credit cost ratio\*** for FY 2018 reached **3 bps** (Ytd., annualized; +1 bps Y/Y).

### CCR, Ytd. annualized\* %



### Risk view on structure of the loan portfolio

	31.12.2018	
IFRS 9 distribution	Amount (CZK bn)	Share on total loans
Loan portfolio (incl. ČMSS)	688.7	100%
Stage 1 - performing	635.5	92%
Stage 2 - underperforming	35.5	5%
Stage 3 - non-performing loans	17.8	3%

#### Notes:

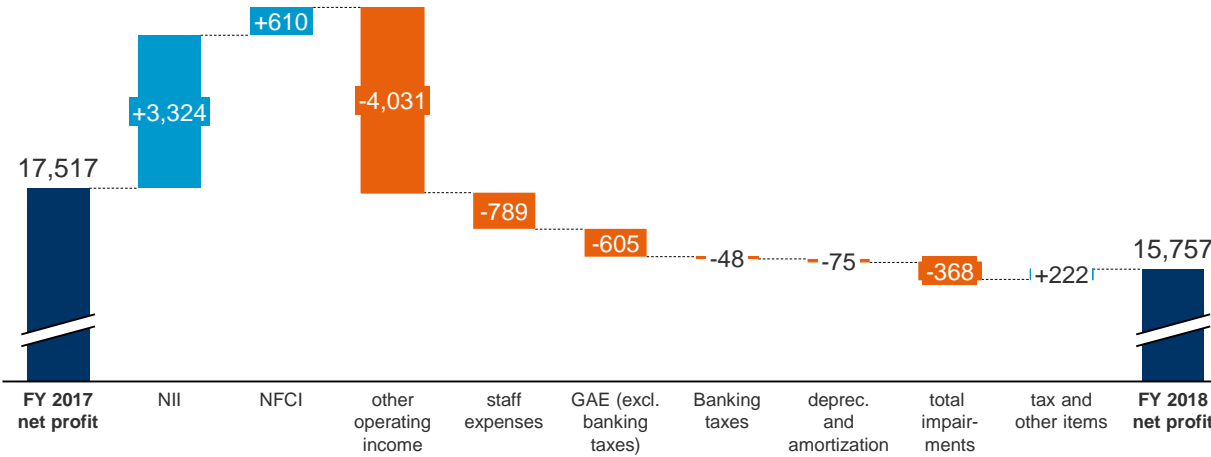
Figures in graphs: (+) net creation/cost and (-) net release/revenue.  
 Other impairments include impairments on tangible and intangible assets.

\* As of 1H 2018, the definition of Credit risk: loan portfolio used for calculation has been changed. See explanation on page 5. According to the old definition, the CCR of FY 2017 was 0.02%.

# Wrap up of net profit drivers

## Ytd. net profit (Y/Y)

CZK m



The main difference between FY 2018 and FY 2017 net profit was caused by the following drivers:

On the **positive side**:

- higher NII thanks to NII from deposits and other NII
- higher NFCI as a result of lower distribution fees, consolidation of "Ušetřeno.cz", higher fees on investment products
- lower tax and other items due to one-off gain from historical legal cases

On the **negative side**:

- lower other operating income due to higher base in 2017 (one-off gain from historical legal case, positive valuation adjustments, sale of bonds and revenues related to the end of ČNB's currency commitment in 2017)
- higher staff expenses linked to wage adjustments and restructuring reserve
- higher GAE mainly due to higher distribution, ICT and marketing expenses, consolidation of "Ušetřeno.cz" and restructuring reserve
- higher total impairments driven by other impairments linked to the revaluation of leased cars (operating leasing)

## Quarterly net profit (Y/Y)

CZK m



The main difference between 4Q 2018 and 4Q 2017 net profit was caused by the following drivers:

On the **positive side**:

- higher NII driven by NII from deposits and other NII
- higher NFCI as a result of lower distribution fees and consolidation of "Ušetřeno.cz"
- lower total impairments due to higher base in other impairments in 4Q 2017 (one-off impairment on software)

On the **negative side**:

- lower other operating income due to higher base in 2017 (positive valuation adjustments and revenues from financial market operations)
- higher staff expenses linked to wage adjustments, consolidation of "Ušetřeno.cz" and restructuring reserve



# Capital Solid capital position

Consolidated, CZK m	31.12.2017	31.12.2018
<b>Total regulatory capital</b>	<b>69,098</b>	<b>69,148</b>
- (Core) Tier 1 Capital	69,098	69,148
- Tier 2 Capital	0	0
<b>Total RWA</b>	<b>402,278</b>	<b>383,254</b>
- Credit risk	313,037	312,054
- Market risk	32,369	10,620
- Operational risk	56,872	60,580
<b>(Core) Tier 1 ratio</b>	<b>17.2%</b>	<b>18.0%</b>
<b>Total capital ratio</b>	<b>17.2%</b>	<b>18.0%</b>

**Total RWA** decreased Y/Y mainly due to decrease in market risk RWA 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 = (Core) Tier 1 + Tier 2*

# ČSOB Group: Business Overview

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

1st

2nd

3rd

4th

Building savings loans <sup>1</sup>	41.7%	↓
Building savings deposits <sup>1</sup>	39.7%	↑
Mortgages <sup>1</sup>	28.1%	↓

<b>Total Loans<sup>1</sup></b>	<b>19.4%</b>	↓
<b>Total Deposits<sup>1</sup></b>	<b>20.0%</b>	→
Mutual funds <sup>1</sup>	22.7%	↑
Factoring <sup>2</sup>	22.9%	↓
Leasing <sup>1</sup>	17.0%	↓

Pension funds <sup>3</sup>	14.5%	↑
SME/corporate loans <sup>1</sup>	14.4%	↓
Consumer lending <sup>1,4</sup>	12.1%	↑

Insurance <sup>5</sup> - combined	7.8%	↑
Non-life insurance <sup>5</sup>	7.7%	↑
Life insurance <sup>5</sup>	8.1%	↑

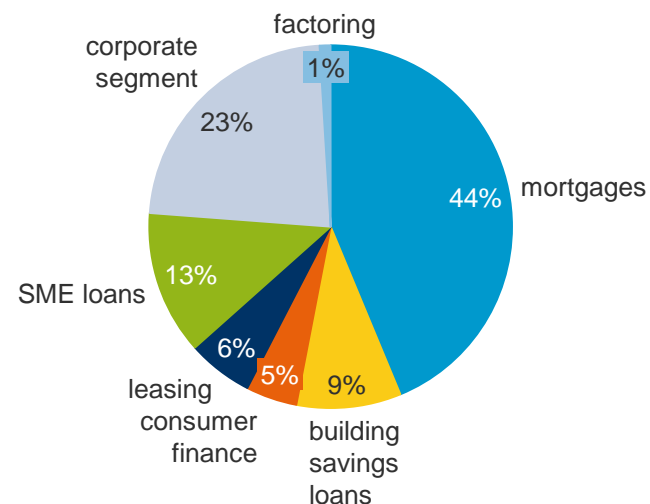
Arrows show Y/Y change. Market shares as of 31 December 2018, except for mutual funds, pension funds, and factoring which are as of 30 September 2018. The ranking is ČSOB's estimate. Market position in the insurance reflects combined position of the insurers belonging to the same business group.

# The Y/Y growth driven by mortgages, corporate loans and consumer finance

Gross outstanding volumes, CZK bn	31.12.2017	31.12.2018	Y/Y
<b>Loan portfolio (incl. ČMSS/building savings loans)</b>	<b>657.7</b>	<b>688.7</b>	<b>+5%</b>
<b>Retail Segment</b>			
Mortgages <sup>1</sup>	282.4	301.1	+7%
Consumer finance	28.1	31.4	+12%
Building savings loans <sup>2</sup>	63.4	64.1	+1%
<b>SME/Corporate Segment</b>			
Corporate loans <sup>3</sup>	150.8	157.2	+4%
SME loans	86.2	88.1	+2%
Leasing	40.2	40.1	0%
Factoring	6.7	6.7	0%
Other <sup>4</sup>	35.9	42.8	+19%
<b>Credit risk: loan portfolio (excl. ČMSS/building savings loans)</b>	<b>630.1</b>	<b>667.3</b>	<b>+6%</b>

**31.12.2018**  
(incl. ČMSS/building savings 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.

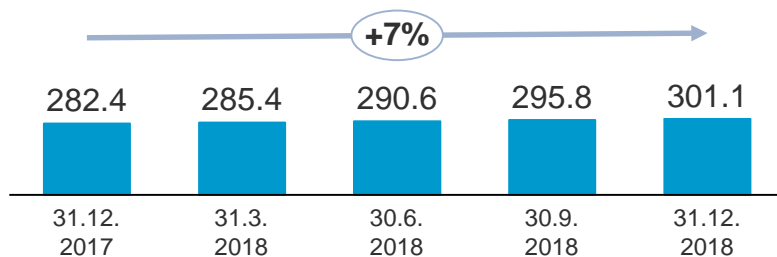
<sup>3</sup> Including credit-replacing bonds. The outstanding volume on 31.12.2017 was restated due to new definition of Credit risk: loan portfolio. See explanation on page 5.

<sup>4</sup> Including off-balance sheet items and ALM/financial markets exposures. See explanation on page 5.

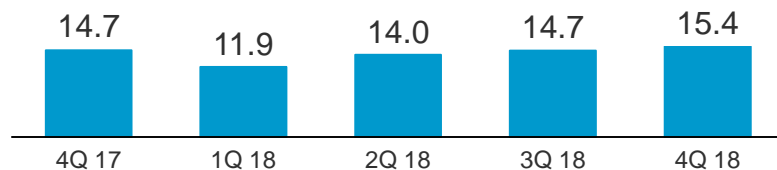
# Solid growth of mortgage outstanding volumes, higher new sales Y/Y

## Mortgages

Outstanding, CZK bn



New sales\*, CZK bn

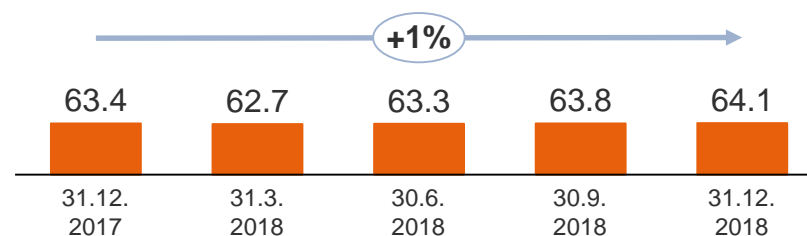


The **outstanding volume of mortgages** increased **+7% Y/Y**. The demand was influenced by rising interest rates and real estate prices.

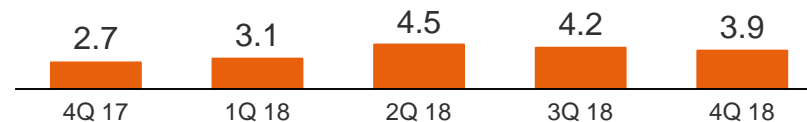
In 4Q 2018, ČSOB provided over **6 thousand new mortgages** (-4% Y/Y) in the total amount of **CZK 15.4bn** (+5% Y/Y). The market decreased -6% Y/Y in the number and increased +2% Y/Y in the total amount of new mortgages.

## Building savings loans

Outstanding (ČMSS 55%), CZK bn



New sales (ČMSS 55%)\*, CZK bn



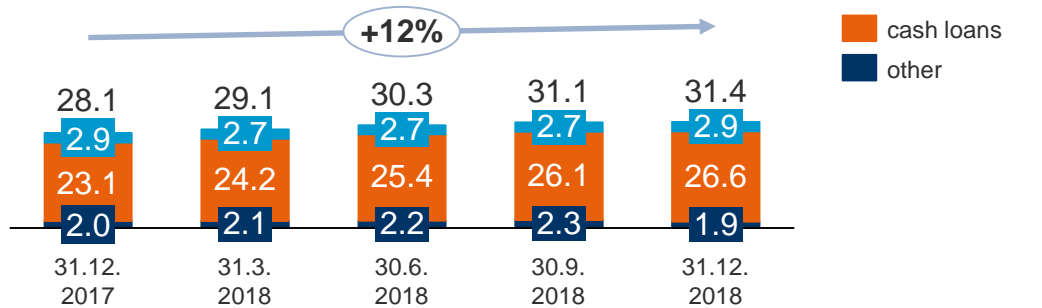
The outstanding **building savings loan portfolio** increased **+1% Y/Y**, while the market increased **+8% Y/Y**.

In 4Q 2018, **new sales** increased **+45% Y/Y** thanks to improved attractiveness of ČMSS's product offer. The **Q/Q** decrease of **-7%** was due to beginning of the impact of new CNB regulations.

# Consumer finance, SME loans, Leasing

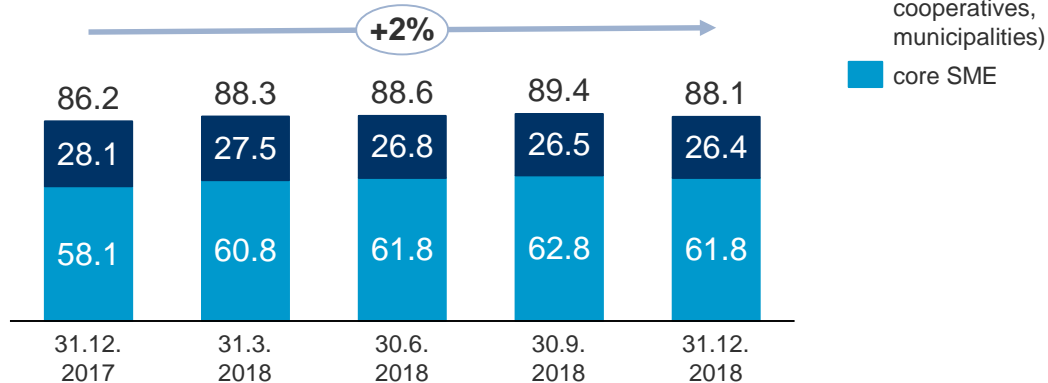
## Double-digit growth in consumer finance

### Consumer finance, outstanding, CZK bn



**Consumer finance** grew **+12% Y/Y** driven by cash loans (+15% Y/Y) thanks to improved attractiveness of ČSOB's product offer for both existing and new clients. The growth was also supported by online initiated loans, which are gradually increasing and exceeded 15% share in the number of loans.

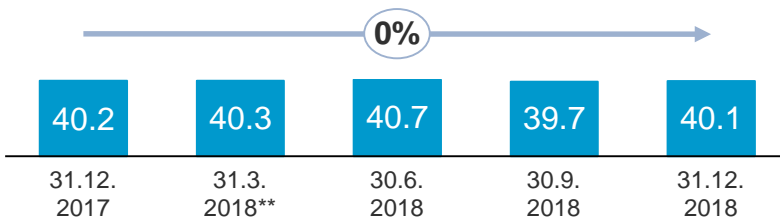
### SME loans, outstanding, CZK bn



**SME loans** increased **+2% 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 and municipalities decreased Y/Y, however ČSOB remains market leader in housing cooperatives segment.

### Leasing, outstanding\*, CZK bn

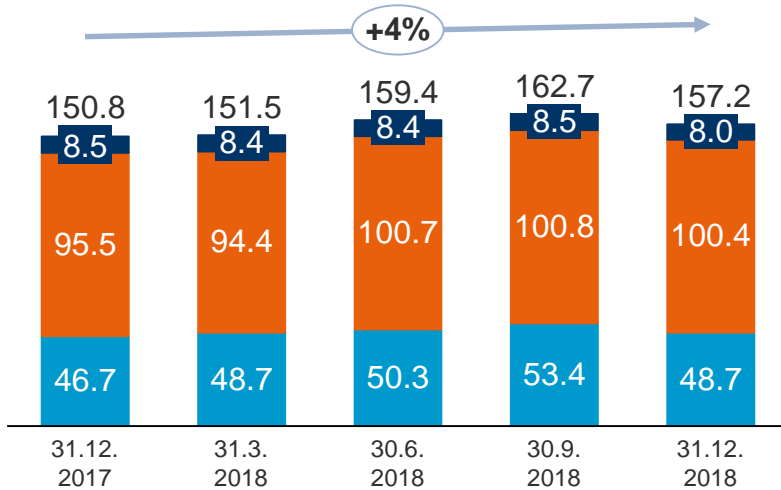


Outstanding volumes in **ČSOB Leasing** slightly decreased **Y/Y** as higher machinery & equipment financing was offset by weaker heavy transportation and car financing.

# Growth of outstanding volumes of corporate loans

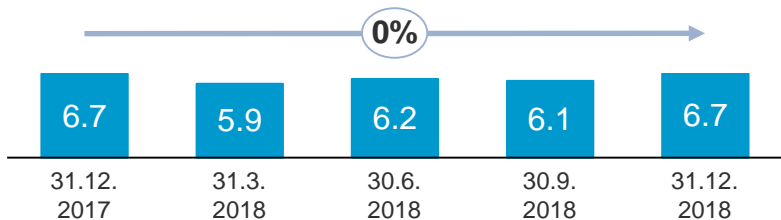
**Corporate loans**  
Outstanding, CZK bn

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



Outstanding volumes of **corporate loans** increased **+4% Y/Y** due to new drawings in sectors of **real estate** and **food & beverages**.

**Factoring**  
Outstanding, CZK bn



**Factoring** outstanding volumes remained **flat Y/Y** despite gradually growing client base.

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.

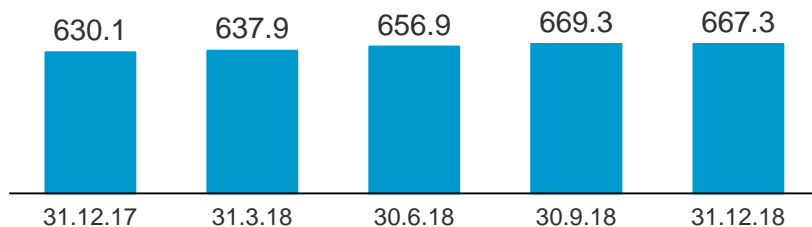
\*\*The outstanding volumes on 31.12.2017 and 31.3.2018 were restated due to new definition of Credit risk: loan portfolio.

See explanation on page 5.

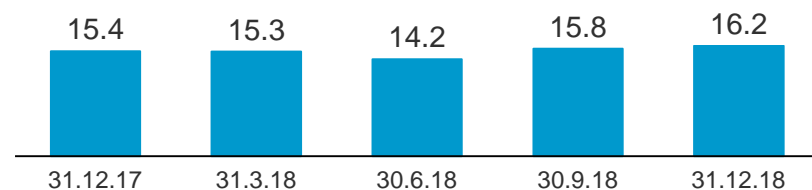
# Credit risk under control

## Excellent loan quality

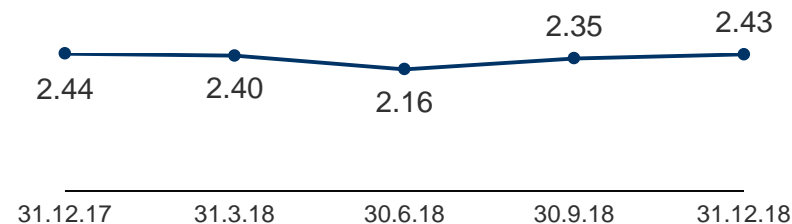
### Credit risk: loan portfolio (excl. ČMSS)<sup>1</sup> (CZK bn)



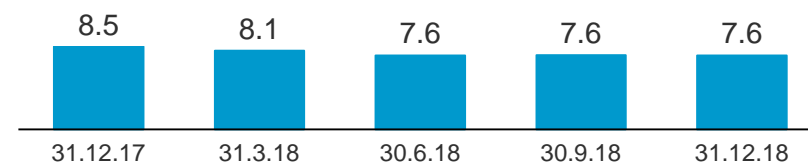
### Non-performing loans<sup>1</sup> (CZK bn)



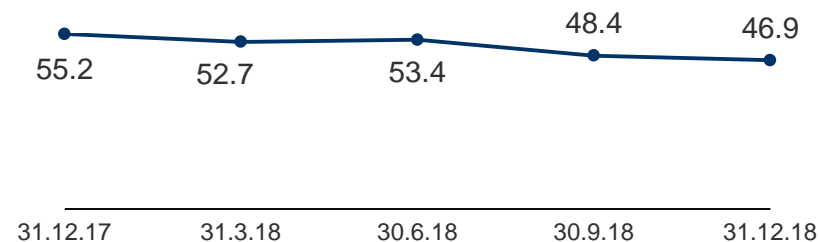
### NPL ratio<sup>1</sup> (%)



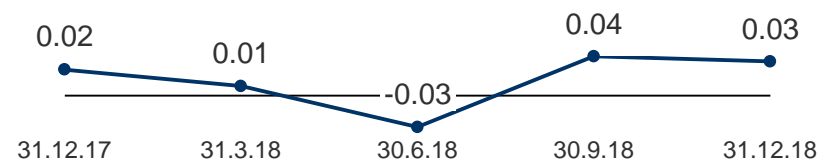
### Allowances for loans and leases<sup>1,2</sup> (CZK bn)



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



### Credit cost ratio<sup>1</sup> (%)



<sup>1</sup> As of 30 June 2018, definition of Credit risk: loan portfolio has been changed, it includes on-balance sheet and off-balance sheet items. The scope additionally includes the following elements: bank exposure (money market placements, documentary credit, accounts), unauthorized overdrafts and reverse repo (excl. central bank exposure). The values for 31.12.2017 and 31.03.2018 were restated according to new definition. The ratios according to the old definition as of 31.12.2017: Credit cost ratio 0.02%, NPL ratio 2.33%, NPL coverage ratio 58.5% and as of 31.3.2018: Credit cost ratio 0.01%, NPL ratio 2.26%, NPL coverage ratio 57.6%.

<sup>2</sup> Stage 3 only.



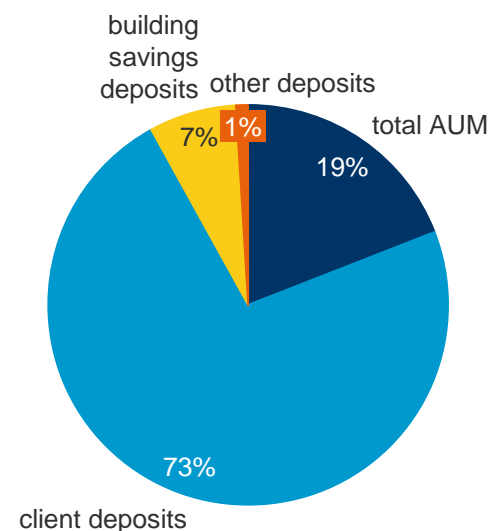
# Group deposits and Total assets under management

## Strong growth of group deposits

Outstanding volumes, CZK bn	31.12.2017	31.12.2018	Y/Y
<b>Group deposits (incl. ČMSS/building savings deposits)</b>	<b>820.8</b>	<b>868.4</b>	<b>+6%</b>
Client deposits	733.3	782.2	+7%
<i>Current accounts</i>	506.5	541.3	+7%
<i>Savings deposits</i>	215.0	212.3	-1%
<i>Term deposits</i>	11.8	28.6	>+100%
Other deposits	11.1	10.4	-7%
Building savings deposits <sup>1</sup>	76.4	75.8	-1%
<b>Total AUM</b>	<b>201.9</b>	<b>204.5</b>	<b>+1%</b>
Pension funds <sup>2</sup>	49.4	53.6	+8%
Mutual funds and other AM <sup>3</sup>	152.5	150.9	-1%

**31.12.2018**  
(incl. ČMSS/building savings deposits)

The other deposits predominantly consist of repo operations with institutional clients.



<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.

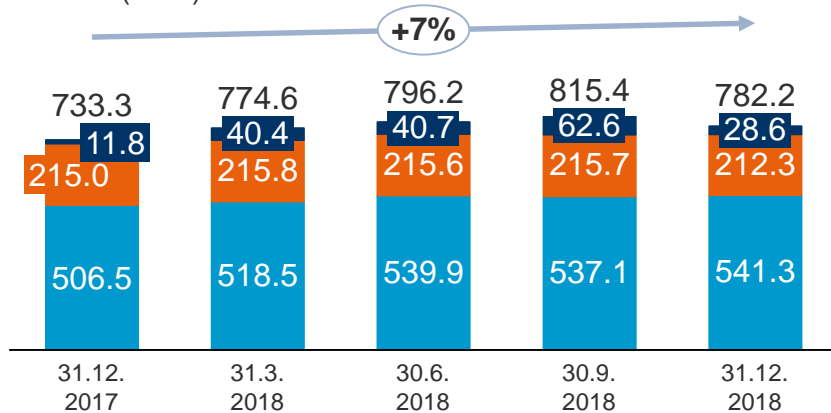
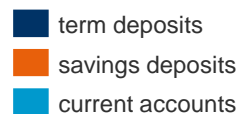
<sup>2</sup> Liabilities to pension fund policy holders.

<sup>3</sup> 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.

## Growth in client deposits driven by term deposits and current accounts

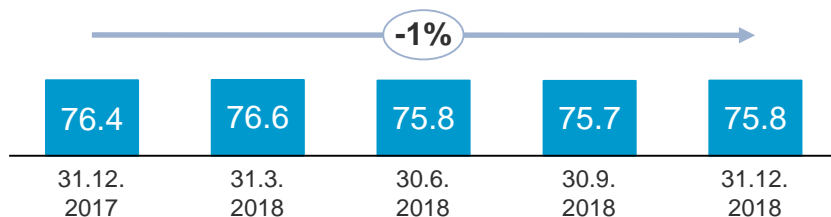
### Client deposits (CZK bn)

ČSOB (bank)



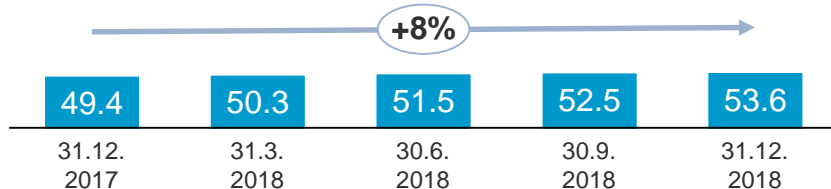
The **7% Y/Y** growth of **client deposits** was largely driven by **term deposits** (>+100%) and **current accounts** (+7% Y/Y). **Saving deposits** slightly decreased (-1% Y/Y).

### Building savings deposits (CZK bn)



The **building savings deposits** decreased -1% Y/Y.

### Pension funds (CZK bn)



The volume of deposits in **pension funds** increased **+8% Y/Y** driven mainly by higher average pension savings per client.

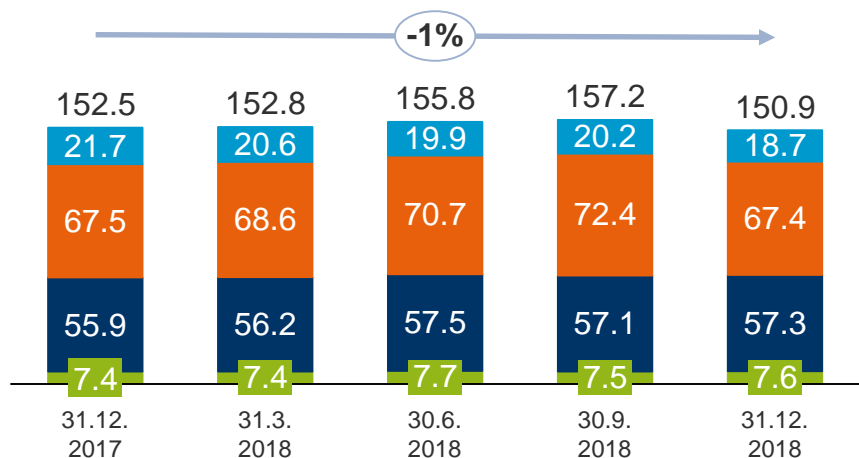
# Mutual funds and other asset management

## Increase in mutual funds new sales in 4Q 2018

### 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.

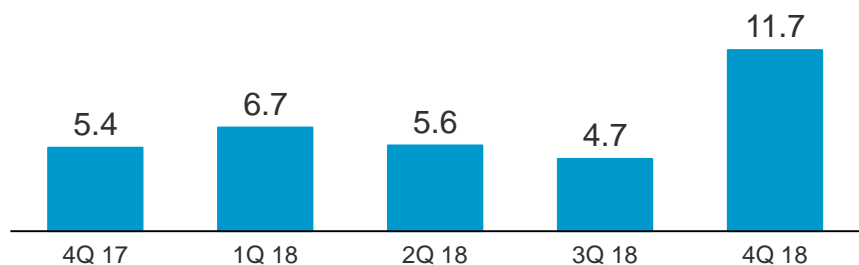


**Mutual funds and other AM** decreased **-1% Y/Y** to **CZK 150.9bn** due to decrease of AUM in mutual funds because negative performance effect offset the positive effect of new sales.

**4Q 2018 new sales of mutual funds** increased by **>+100% Y/Y and Q/Q** mainly due to subscription 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

	31.12.2017	31.12.2018
<b>Clients of ČSOB's group (mil.)</b>	<b>3.668</b>	<b>3.635</b>
<b>Clients of Ušetřeno.cz and Top-Pojištění.cz (ths.)</b>	<b>177</b>	<b>192</b>
<b>ČSOB branches (bank only)</b>	<b>270</b>	<b>235</b>
ČSOB Retail/SME branches incl. dual branded (ČSOB + PSB)	217	203
PSB Financial Centers	31	10
ČSOB Private Banking branches	11	11
ČSOB Corporate branches	11	11
<b>ČSOB Pojišťovna branches</b>	<b>97</b>	<b>98</b>
<b>Hypoteční banka centers</b>	<b>30</b>	<b>30</b>
<b>ČMSS advisory centers</b>	<b>302</b>	<b>297</b>
<b>Leasing branches</b>	<b>7</b>	<b>7</b>
<b>PSB outlets of the Czech Post network</b>	<b>ca. 2,800</b>	<b>ca. 2,600</b>
- of which specialized banking counters	152	195
<b>Czech Post franchise outlets</b>	<b>ca. 400</b>	<b>ca. 600</b>
<b>ATMs<sup>1</sup></b>	<b>1,070</b>	<b>1,063</b>
- of which contactless	302	405

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

The **number of clients** decreased -33ths Y/Y mainly driven by closing of inactive accounts in October, but the **number of active clients increased +57ths Y/Y**.

At the end of December 2018, clients could use 1,063 **ATMs** (-7 Y/Y), of which 405 were contactless (+103 Y/Y), 210 enabled cash deposits (+40 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 235 (-35 Y/Y), of which 74 were dual branded (ČSOB + PSB) at the end of December 2018.

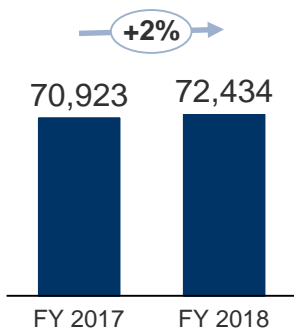
Extended portfolio of bank-insurance services at Czech Post is provided at **195 specialized banking counters** (+43 Y/Y).

Note:

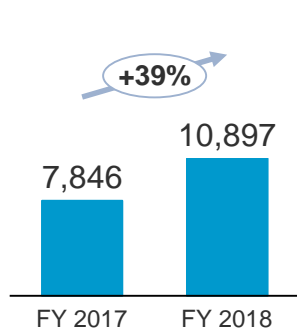
The multi-channel distribution platform of the ČSOB group includes also a wide **agent network** of over 5,000 agents, incl. ČMSS tied agents, intermediaries and individual brokers for Hypoteční banka, ČSOB Leasing's dealers and ČSOB Pojišťovna's tied agents, multi-agents and individual brokers.

# Number of mobile banking active users and transactions rapidly increasing

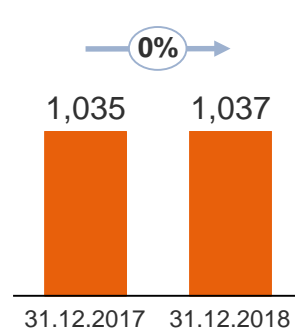
Internet banking transactions (ths.)



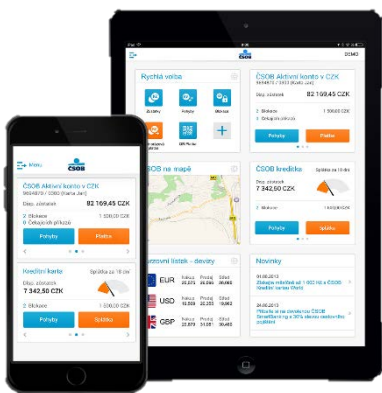
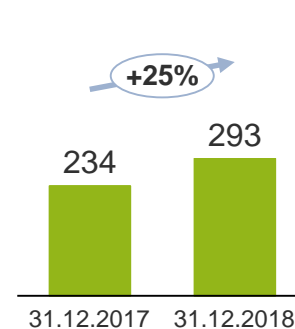
Mobile banking transactions (ths.)



Internet banking active users\* (ths.)



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



As of 31 December 2018, the number of **mobile banking** active users increased +25% Y/Y, the number of **internet banking** active users remained flat Y/Y.

In FY 2018, number of transactions entered via **mobile banking** increased +39% Y/Y and via **internet banking** +2% Y/Y.

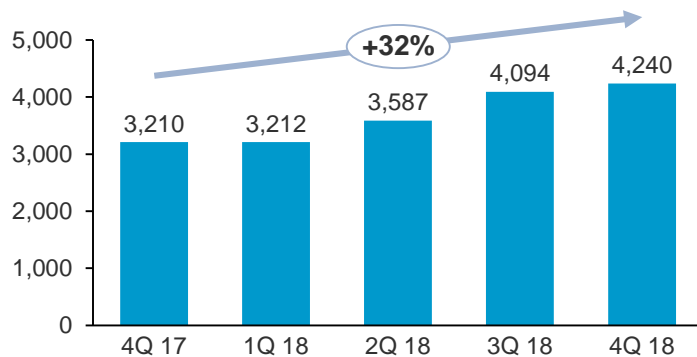
\* Internet banking active users are clients who at least once during the last 3 months used internet banking.

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

## Online initiated sales are strongly increasing

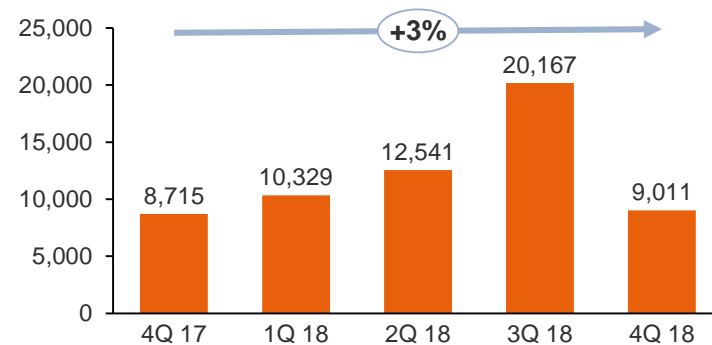
### Consumer finance

(pcs)

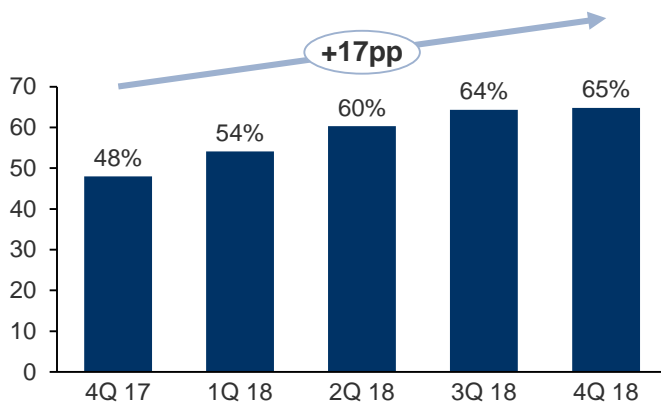


### Travel insurance

(pcs)



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



In 4Q 2018 more than 4.2 thousand **consumer loans** were initiated online, up +32% Y/Y. Online sales of **travel insurance** increased by +3% Y/Y, Q/Q decrease was influenced by the seasonal patterns.

From 2016, ČSOB offers paperless operations at all branches. The share of **digitally-signed documents** at the branches reached 65% in 4Q 2018, up +17pp Y/Y.

# ČSOB awarded as the Best Bank and the Best Online Bank in the Czech Republic

## The Banker: Bank of the Year

The **Banker** magazine selected ČSOB as the **best bank in the Czech Republic for 2018**.



## Euromoney: Best Bank

The magazine **Euromoney** awarded ČSOB as the **Best Bank** in the Czech Republic for 2018. ČSOB received this award for the 9th time.



## Global Finance: the Best Bank

The US-based magazine **Global Finance** awarded ČSOB as the **Best Bank** of 2018 in the Czech Republic. ČSOB received this award for the 16th time.

## Hospodářské noviny Awards

ČSOB reached the 2nd place in categories **the Best Bank** and **the Innovator of the Year** and the 3rd place in category **the Most Friendly Bank**. ČSOB Pojišťovna reached the 3rd place in category **the Insurance Innovator of the Year**.

## CFI.co 2018: AWARDS PROGRAMME

ČSOB was awarded as **the best online bank** in the Czech Republic in 2018 AWARDS PROGRAMME of the magazine **Capital Finance International**.



## EMEA Finance: the Best Bank

ČSOB was named the **Best Bank** of 2017 in the Czech Republic by **EMEA Finance** magazine.

## Euromoney: Private Banking Survey

The magazine **Euromoney** awarded ČSOB Private Banking for the year 2018 as the **Best Private Bank** in the Czech Republic for the fifth time in a row.



## European Structured Products & Derivatives Awards

**ČSOB Asset Management** won the European competition Structured Products & Derivatives Awards 2018 in the category of **Best Distributor** and **Best Performance** in the Czech Republic.

## Randstad Award: the Most Attractive Employer

ČSOB won the **Randstad Award** for the **Most Attractive Employer** in Banking and Financial Services in the Czech Republic.



# ČSOB Pojišťovna: Key figures

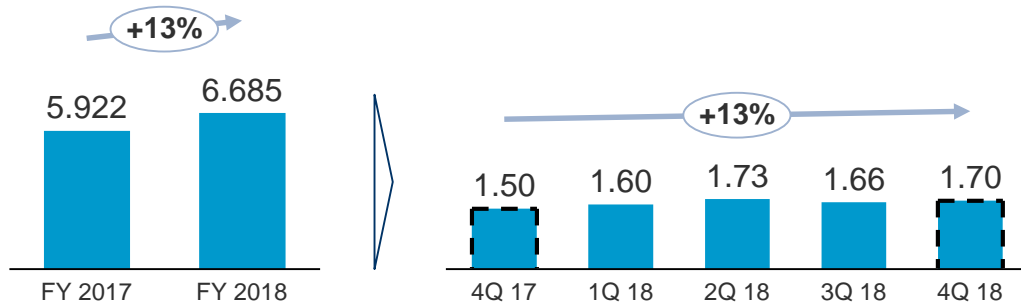
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# Strong growth in non-life as well as in regular life gross written premium

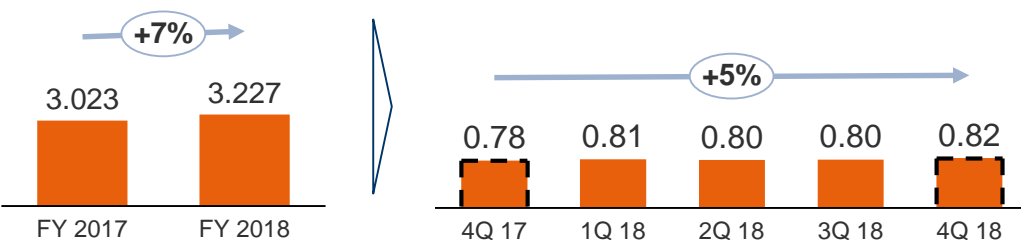
## Non-life insurance - gross written premium (GWP)

CZK bn



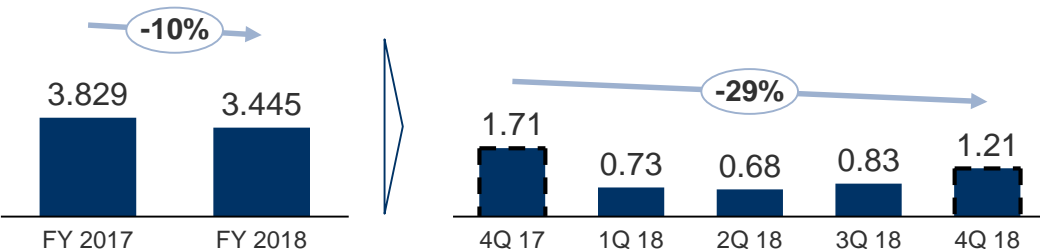
## Life insurance – regular paid gross written premium

CZK bn



## Life insurance - single paid gross written premium

CZK bn



Market shares	2018	Market position
Non-life insurance	↑ 7.7%	4th
Life insurance	↑ 8.1%	4th

Arrows show Y/Y change.

### Non-life insurance

FY/4Q 2018 non-life gross written premium increased **+13% Y/Y** in both periods under review thanks to growth in all product lines, mainly in Industry Risk, House & Household and Motor insurance, while the market increased **+7% Y/Y**.

### Life insurance

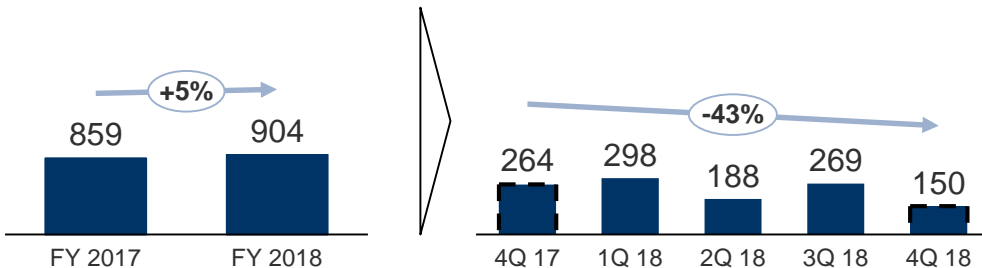
FY/4Q 2018 **regular paid** gross written premium increased **+7% Y/Y** and **+5% Y/Y** respectively as a result of portfolio stabilization, business increase and better profile in lapses of the life contracts, while the market increased **+1% Y/Y**.

FY/4Q 2018 **single paid** gross written premium decreased in **-10% Y/Y** and **-29% Y/Y** respectively due to lower amount of tranches compared to 4Q 2017. The market decreased **-18% Y/Y**.

# Strong profitability supported by growing gross written premium

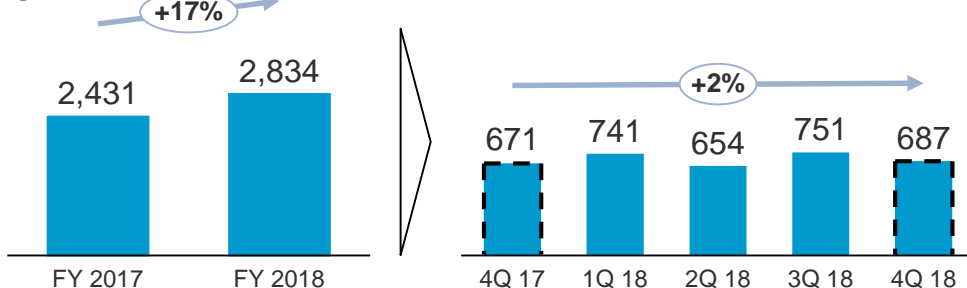
## Net profit

CZK m



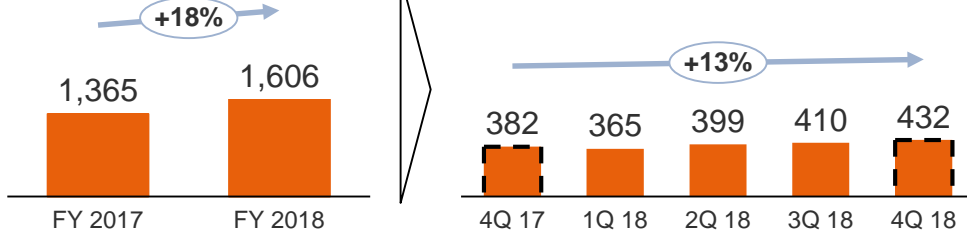
## Operating income

CZK m



## Operating expenses

CZK m



FY 2018 **net profit** increased to **CZK 904m** (+5% Y/Y) driven by better profitability in non-life and supported by life insurance contribution. 4Q 2018 **net profit** decreased to **CZK 150m** (-43% Y/Y) mainly driven by creation of impairment on sale of buildings and worse Non-life bottom line due to several claims.

FY/4Q 2018 **operating income** increased to **CZK 2,834m** (+17% Y/Y) and to **CZK 687m** (+2% Y/Y) respectively influenced by the following drivers:

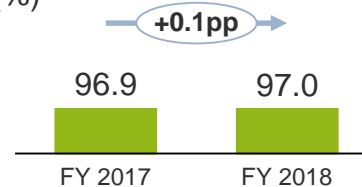
- life: growth in regular paid GWP and stable profit contribution
- non-life: less big claims and higher GWP

FY/4Q 2018 **operating expenses** increased +18% Y/Y to **CZK 1,606m** and +13% to **CZK 432m** respectively driven by investments linked to strategic activities and launch of insurance sale at Czech Post outlets as of 2018.

**Non-life combined ratio** reached 97.0%.

## Non-life combined ratio

(%)



# Business Unit Czech Republic

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# Lower FY net profit, but higher 4Q net profit driven by ČSOB group



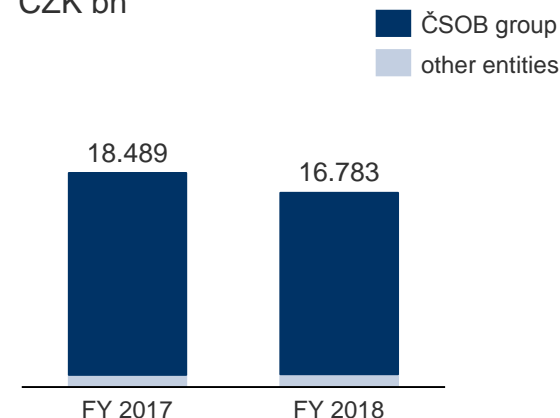
Effective as of 1 January 2013, KBC has organized its core markets activities into three business units. As a result, all KBC's business in the Czech Republic have been included into Business Unit Czech Republic.

The FY/4Q 2018 net profit of the Business Unit Czech Republic reached **CZK 16.8bn** (-9% Y/Y) and **CZK 4.4bn** (+6% Y/Y). The Business Unit Czech Republic contains all KBC's operations in the Czech Republic, namely the ČSOB group, and full ownership of ČSOB Pojišťovna and ČSOB Asset Management (ČSOB AM).

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)	4Q 2017	1Q 2018	2Q 2018	3Q 2018	4Q 2018	4Q/4Q	FY 2017	FY 2018	FY/FY
ČSOB group <sup>1</sup>	3.960	3.999	3.475	3.983	4.214	+6%	17.437	15.671	-10%
ČSOB Pojišťovna	0.264	0.298	0.188	0.269	0.150	-43%	0.859	0.904	+5%
ČSOB AM	0.059	0.052	0.058	0.059	0.039	-34%	0.193	0.208	+8%
<b>Total</b>	<b>4.282</b>	<b>4.349</b>	<b>3.721</b>	<b>4.310</b>	<b>4.402</b>	<b>+3%</b>	<b>18.489</b>	<b>16.783</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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## For Education

Within the **Financial literacy** project ČSOB involved 348 of its ambassadors who visited 165 schools and 17,425 children participated in the lectures. (Data counted from the beginning of the project in 2016 to November 2018.)

ČSOB aims to significantly raise **cyber security awareness** and supports cyber education in schools.



## For Business

ČSOB has launched pilot phase of **Start it @ČSOB** – accelerator for startups. The pilot phase will last six months. In the course of November, Pitch day was organized and 4 startups selected. Participants receive practical help, market research, and feedback by bank's experts. The scope of the accelerator is not limited to narrow industry/technology so any innovative startup can apply. Full 1st wave is to be launched in March 2019.

## For Nature

ČSOB Group, as one of the first Czech Banks, will gradually **phase out the financing of the coal sector** and will reduce the existing coal-fired electricity exposition by 2023.



START IT  
@ČSOB



## For Longevity

ČSOB launched a **new type of bank account for people over 58 and disabled people**. Benefits of this account include a free "Cash Delivery" to the preferred address (home, hospital, etc.), a unique service on the Czech market. A specific onboarding for these clients focuses on safe servicing of current accounts.

## Ratios and other indicators

Ratio / Indicator	31.12.2015	31.12.2016	31.12.2017	31.12.2018
<b>Net interest margin</b> (Ytd., annualized, %) <sup>1</sup>	n/a (3.01)	3.00 (2.93)	2.90 (2.98)	3.07 n/a
<b>Cost / income ratio</b> (%)	48.2	46.0	43.7	47.9
<b>RoE</b> (Ytd., %)	16.4	17.3	19.3	17.5
<b>RoA</b> (Ytd., %)	1.49	1.42	1.26	1.07
<b>RoAC, BU Czech Republic</b> (Ytd., %) <sup>2</sup>	34.9	37.0	43.0	39.1
<b>Credit cost ratio</b> (Ytd., annualized, %) <sup>3</sup>	n/a (0.18)	n/a (0.11)	0.02 (0.02)	0.03 n/a
<b>NPL ratio</b> (%) <sup>3</sup>	n/a (3.64)	n/a (2.99)	2.44 (2.33)	2.43 n/a
<b>NPL coverage ratio</b> (%) <sup>3</sup>	n/a (53.2)	n/a (54.4)	55.2 (58.5)	46.9 n/a
<b>(Core) Tier 1 ratio</b> (%)	19.1	18.2	17.2	18.0
<b>Total capital ratio</b> (%)	19.4	18.5	17.2	18.0
<b>Leverage ratio</b> (Basel III, %)	5.25	5.18	4.48	4.26
<b>Net stable funding ratio</b> <sup>4</sup> (Basel III, %)	134.9	150.9	146.0	161.4
<b>Liquidity coverage ratio</b> (Basel III, %)	163.4	155.7	146.4	136.5
<b>Loan to deposit ratio</b> (%)	79.3	79.4	77.7	76.3

<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> As of 30 June 2018, the definition of Credit risk: loan portfolio used for calculation has been changed. See explanation on page 5.

The ratios according to the old definition 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)	4Q	3Q	4Q	Y/Y	Q/Q	FY	FY	Y/Y
	2017	2018	2018			2017	2018	
	IAS 39	IFRS 9	IFRS 9			IAS 39	IFRS 9	
Net interest income	5,837	6,575	7,315	+25%	+11%	22,692	26,016	+15%
<i>Interest income</i>	6,892	8,753	10,081	+46%	+15%	25,979	33,764	+30%
<i>Interest expense</i>	-1,055	-2,178	-2,766	>+100%	+27%	-3,287	-7,748	>+100%
Net fee and commission income	1,992	1,970	2,025	+2%	+3%	7,412	8,022	+8%
Net gains from financial instruments at FVPL <sup>1</sup>	1,113	512	116	-90%	-77%	4,809	1,850	-62%
Other operating income <sup>2</sup>	372	276	379	+2%	+37%	2,286	1,214	-47%
<b>Operating income</b>	<b>9,314</b>	<b>9,333</b>	<b>9,835</b>	<b>+6%</b>	<b>+5%</b>	<b>37,199</b>	<b>37,102</b>	<b>0%</b>
Staff expenses	-2,042	-2,279	-2,279	+12%	+0%	-7,920	-8,709	+10%
General administrative expenses	-1,973	-1,745	-1,941	-2%	+11%	-6,952	-7,605	+9%
<i>General administrative expenses (excl. banking taxes)</i>	-1,967	-1,738	-1,933	-2%	+11%	-6,229	-6,834	+10%
<i>Banking taxes</i>	-6	-7	-8	+33%	+14%	-723	-771	+7%
Depreciation and amortisation	-378	-360	-396	+5%	+10%	-1,380	-1,455	+5%
<b>Operating expenses</b>	<b>-4,393</b>	<b>-4,384</b>	<b>-4,616</b>	<b>+5%</b>	<b>+5%</b>	<b>-16,252</b>	<b>-17,769</b>	<b>+9%</b>
Impairment losses	-303	-393	-185	-39%	-53%	-615	-983	+60%
<i>Impairment on financial assets at amortised cost</i>	62	-296	0	-100%	-100%	-131	-214	+63%
<i>Impairment on financial assets at fair value through OCI</i>	-25	1	0	-100%	-100%	-26	2	>-100%
<i>Impairment on other assets</i>	-340	-98	-185	-46%	+89%	-458	-771	+68%
Share of profit of associates	139	123	106	-24%	-14%	637	581	-9%
<b>Profit before tax</b>	<b>4,757</b>	<b>4,679</b>	<b>5,140</b>	<b>+8%</b>	<b>+10%</b>	<b>20,969</b>	<b>18,931</b>	<b>-10%</b>
Income tax expense	-774	-672	-910	+18%	+35%	-3,453	-3,174	-8%
<b>Profit for the period</b>	<b>3,983</b>	<b>4,007</b>	<b>4,230</b>	<b>+6%</b>	<b>+6%</b>	<b>17,516</b>	<b>15,757</b>	<b>-10%</b>
Attributable to:			0%					
<b>Owners of the parent</b>	<b>3,983</b>	<b>4,007</b>	<b>4,230</b>	<b>+6%</b>	<b>+6%</b>	<b>17,517</b>	<b>15,757</b>	<b>-10%</b>
Non-controlling interests	0	0	0	n/a	n/a	-1	0	-100%

<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.

Note:

In the context of IFRS 9 implementation, several items of profit and loss statement have been renamed: net realized gains from financial instruments at fair value through other comprehensive income (formerly net realized gains on available-for-sale financial assets), impairment on financial assets at amortised cost (formerly impairment on loans and receivables), impairment on financial assets at fair value through other comprehensive income (formerly impairment on available-for-sale securities).

The implementation had very limited impact on year-on-year comparison, year 2017 has not been restated retrospectively.



## Balance sheet - assets

(CZK m)	1/1 2018 IFRS 9	31/12 2018 IFRS 9	Ytd.
Cash and balances with central banks and other demand deposits	54,499	38,610	-29%
Financial assets held for trading	16,245	19,869	+22%
Financial assets held for trading pledged as collateral	2,097	1,676	-20%
Financial assets designated at fair value through P/L	0	0	n/a
Non-trading financial assets mandatorily at fair value through profit or loss	0	643	n/a
Financial assets at fair value through other comprehensive income (OCI)	17,167	15,367	-10%
Financial assets at fair value through OCI pledged as collateral	1,681	3,286	+95%
Financial assets at amortised cost - net	1,159,996	1,223,433	+5%
<i>Financial assets at amortised cost to credit institutions - gross</i>	485,269	532,831	+10%
<i>Financial assets at amortised cost to other than credit institutions - gross</i>	684,565	700,025	+2%
<i>Financial assets at amortised cost - provisions</i>	-9,838	-9,423	-4%
Financial assets at amortised cost pledged as collateral	33,182	45,281	+36%
Fair value adjustments of the hedged items in portfolio hedge	-4,298	-3,905	-9%
Derivatives used for hedging	9,113	9,376	+3%
Current tax assets	149	149	+0%
Deferred tax assets	400	365	-9%
Investments in associates and joint ventures	4,531	4,482	-1%
Property and equipment	11,024	10,355	-6%
Goodwill and other intangible assets	5,816	6,350	+9%
Non-current assets held-for-sale	42	85	>+100%
Other assets	2,755	2,616	-5%
<b>Total assets</b>	<b>1,314,399</b>	<b>1,378,038</b>	<b>+5%</b>

Note:

In the context of IFRS 9 implementation, methodology for classification and measurement of financial instruments has been changed. More information about IFRS 9 implementation on page 5. The year 2017 has not been restated retrospectively. Figures after implementation of IFRS 9 as of 1 January 2018 are presented for the purpose of YtD comparison.

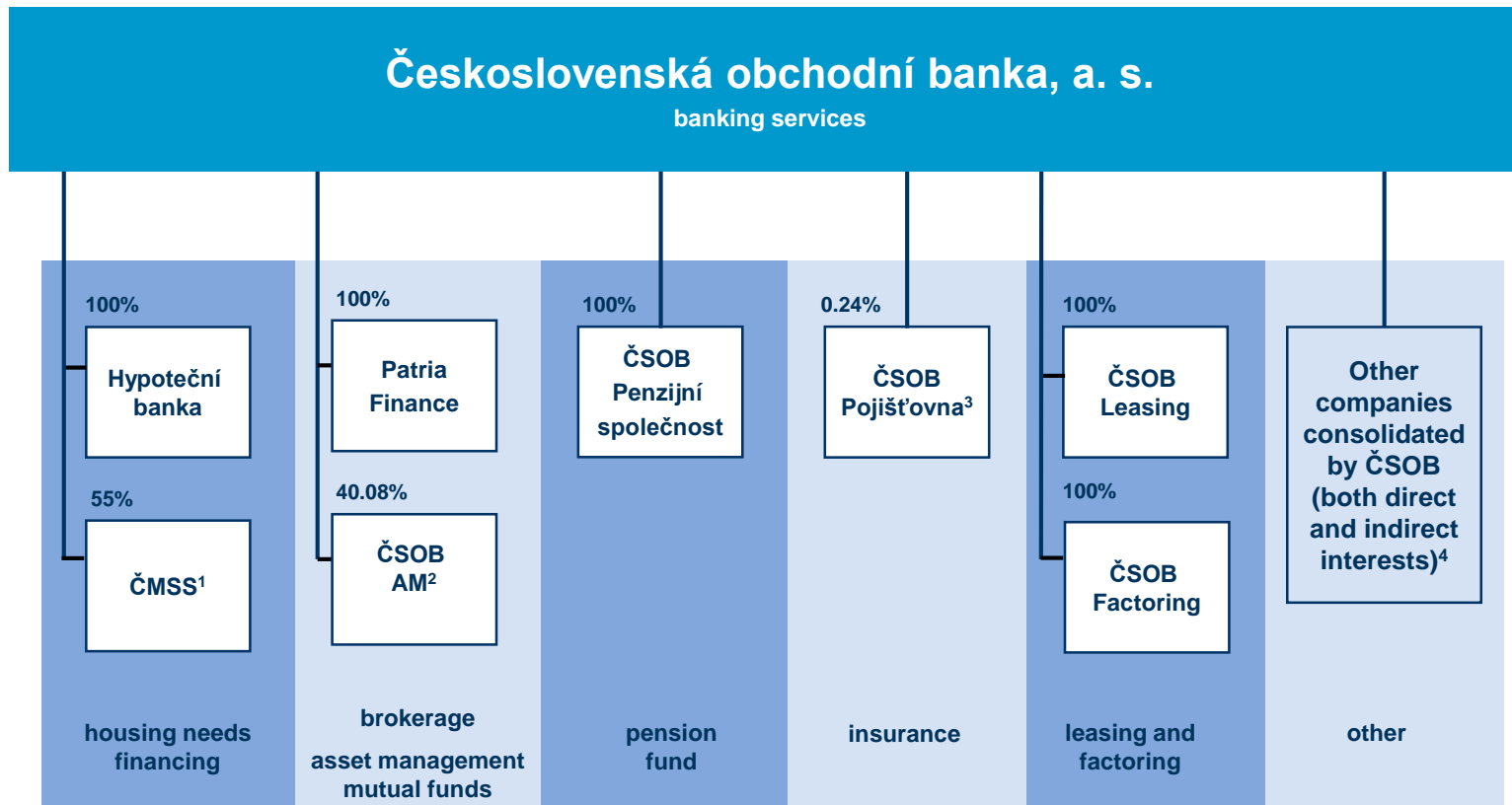
# Balance sheet – liabilities and equity

(CZK m)	1/1 2018 <i>IFRS 9</i>	31/12 2018 <i>IFRS 9</i>	Ytd.
Financial liabilities held for trading	34,606	33,177	-4%
Financial liabilities at fair value through P/L	9,498	26,065	>+100%
Financial liabilities at amortised cost	1,163,086	1,212,589	+4%
<i>of which Deposits received from central banks</i>	0	0	n/a
<i>of which Deposits received from credit institutions</i>	68,502	54,653	-20%
<i>of which Deposits received from other than credit institut.</i>	744,448	792,625	+6%
<i>of which Debt securities in issue</i>	350,136	365,311	+4%
<i>of which Subordinated liabilities</i>	0	0	n/a
Fair value adjustments of the hedged items in portfolio hedge	-3,803	-3,062	-19%
Derivatives used for hedging	10,485	10,125	-3%
Current tax liabilities	387	818	>+100%
Deferred tax liabilities	1,549	984	-36%
Provisions	983	657	-33%
Other liabilities	5,152	4,669	-9%
<b>Total liabilities</b>	<b>1,221,943</b>	<b>1,286,022</b>	<b>+5%</b>
Share capital	5,855	5,855	0%
Share premium	20,929	20,929	0%
Statutory reserve	18,687	18,687	0%
Retained earnings	45,792	46,136	+1%
Financial assets at fair value through OCI - revaluation reserve	697	384	-45%
Cash flow hedge reserve	496	25	-95%
<b>Parent shareholders' equity</b>	<b>92,456</b>	<b>92,016</b>	<b>0%</b>
Minority interest	0	0	n/a
<b>Total equity</b>	<b>92,456</b>	<b>92,016</b>	<b>0%</b>
<b>Total liabilities and equity</b>	<b>1,314,399</b>	<b>1,378,038</b>	<b>+5%</b>

*Note:*

*In the context of IFRS 9 implementation, methodology for classification and measurement of financial instruments has been changed. More information about IFRS 9 implementation on page 5. The year 2017 has not been restated retrospectively. Figures after implementation of IFRS 9 as of 1 January 2018 are presented for the purpose of YtD comparison.*

# The ČSOB group in the Czech Republic



Percentages show ČSOB's ownership interests on company's equity as at 31 December 2018.

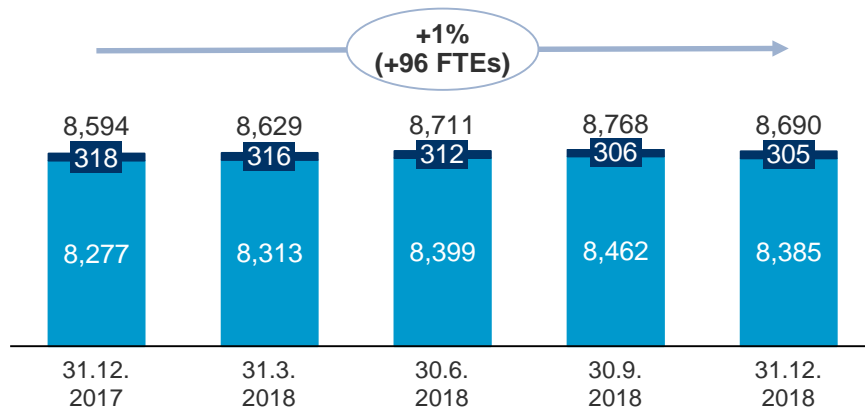
<sup>1</sup> 45% of shares owned by Bausparkasse Schwäbisch Hall; by the equity method consolidation.

<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.

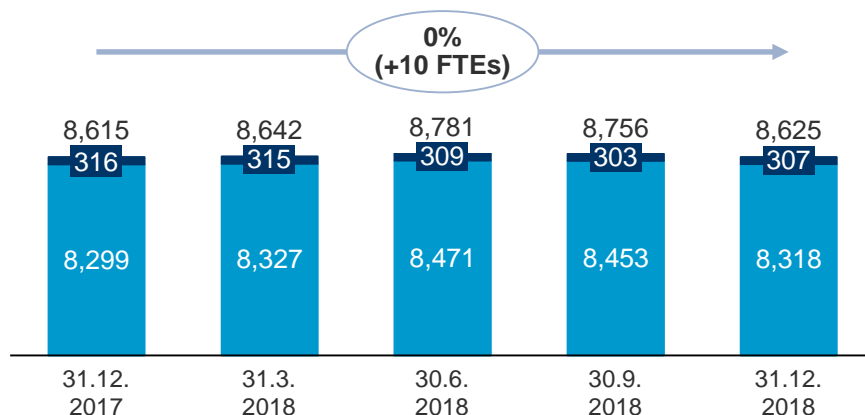
<sup>4</sup> A complete list of companies consolidated by ČSOB is stated in ČSOB Annual Report.

## Number of FTEs – average



The average number of FTE increased **+96 Y/Y** influenced by strengthening of the IT and by consolidation of Ušetřeno.cz (from 06/2018).

## Number of FTEs – end of the period



The number of FTE at the end of the period remained **flat Y/Y** despite consolidation of Ušetřeno.cz (from 06/2018).

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

# 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 55% of 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 + 55% of building savings loans (ČMSS) + SME/corporate loans (gross).	ČNB, Data Series System (ARAD); ČSOB; ČMSS

## Glossary - ratios

(Core) 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**