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PRESS RELEASE

1Q 2016 for ČSOB: growth in business volumes, excellent loan quality, profitability impacted by banking taxes

- The Group's 1Q 2016 net profit down by 13% Y/Y to CZK 3.3 billion
- ČSOB strengthened its market leading position in loans as the volume increased by 7% Y/Y to CZK 596 billion*, while quality of loan portfolio further improved
- Group deposits grew to CZK 726 billion* (+7% Y/Y)
- The total volume of assets under management reached CZK 184 billion (+2% Y/Y)
- Operating income declined to CZK 8.1 billion (-4% Y/Y) despite growth in business volumes
- Operating expenses reached CZK 4.4 billion (+5% Y/Y) due to the estimated full-year impact of banking taxes (Resolution Fund and Deposit Guarantee Scheme)
- ČSOB further improved its smart banking and extended network of contactless payments ticket machines/validators in public transport
- ČSOB voted as the best bank in the Czech Republic for 2016 by magazine **Global Finance**
- ČSOB Private Banking awarded as the **Best Private Bank in the Czech Republic for 2016** by magazine **Euromoney**

"I am happy to see our bank continues to be clients' choice, be it financing their housing needs, improving their living standards, working capital needs, investments or machinery financing. Excellent quality of our loan portfolio illustrates how serious we are with responsible lending. In spite of adverse external factors like banking taxes, lower interchange fees or low interest rates, which affected the results of the first quarter of 2016, our focus remain on clients, how we can improve and innovate to remain trusted partner for the future." said John Hollows, CEO of ČSOB.



The ČSOB group is the leading player in the Czech financial services industry. The ČSOB group is a part of the international bancassurance KBC group which is active in Belgium and the CEE region. The ČSOB group consists of the Bank (operates under the brands – ČSOB, Era and Poštovní spořitelna, Postal Savings Bank) and of entities related with the Bank. ČSOB's financial group includes strategic companies in the Czech Republic controlled directly or indirectly by ČSOB, or KBC, which offer financial services, namely Hypoteční banka, ČSOB Pojišťovna, Českomoravská stavební spořitelna, ČSOB Penzijní společnost, ČSOB Leasing, ČSOB Asset Management, ČSOB Factoring and Patria group. ČSOB provides its services to all groups of clients, i.e. retail as well as SME, corporate and institutional clients. The ČSOB group is a good listener, who offers a suitable solutions, rather than mere products.



Strong growth in business volumes was more than offset by declining margin and lower fee and commission income. With operating expenses affected by the estimated impact of a full-year contribution to the Resolution Fund and to the Deposit Guarantee Scheme booked in 1Q 2016, the net profit declined year on year. Mortgages and corporate loans, accompanied by leasing and SME loans, were the main drivers of the loan portfolio increase. Despite the growth in business volumes, ČSOB further improved loan portfolio quality and keeps historical lowest non performing loan ratio below 3.5%.

	1Q 2015	1Q 2016	Y/Y
Net profit (CZK bn)	3.8	3.3	-13%
Cost / income ratio	49.1%	53.7%	+4.6pp
Loan portfolio (CZK bn)*	554.9	596.2	+7%
Deposit volume (CZK bn)*	676.2	725.7	+7%
Assets under management (CZK bn)	181.4	184.4	+2%
Core Tier 1 capital ratio	17.5%	17.7%	+0.2pp
Credit cost ratio (annualized, Ytd.)	0.04%	0.02%	-0.02pp

* including ČMSS

A detailed presentation concerning the financial results for the 1Q 2016 is available at:
<https://www.csob.cz/portal/web/csob/about-csob/investor-relations#hospodarske-vysledky>

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