

Prague, 11 August 2016

PRESS RELEASE

1H 2016 for ČSOB: new services launched, growth in business volumes, excellent loan quality, profitability supported by sale of stake in VISA Europe

- The Group's 1H 2016 net profit increased by 18% Y/Y to CZK 8.3 billion
- ČSOB launched ČSOB Premium offering individual care and advantageous products and services to affluent clients and new mobile application ČSOB NaNákupy (Mobile Wallet) allowing payments by mobile phone supporting both VISA and MasterCard
- ČSOB strengthened its market leading position in loans as the volume increased by 8% Y/Y to CZK 608 billion*, while quality of loan portfolio further improved
- Group deposits grew to CZK 745 billion* (+8% Y/Y)
- The total volume of assets under management reached CZK 184 billion (+1% Y/Y)
- Operating income increased to CZK 17.9 billion (+9% Y/Y)
- Operating expenses reached CZK 8.0 billion (0% Y/Y)
- The US-based magazine Global Finance awarded ČSOB as the **Best Bank of 2016** in the Czech Republic

"Although one-off VISA Europe sale helped us to reach record high net profit in the first half of the year, our results are fundamentally strong thanks to our people, products, services and innovative solutions catering for clients' needs. ČSOB is the reference on the Czech market in different aspects, including the unparalleled mobile wallet ČSOB NaNakupy. Day in, day out we are working on self-service digital solutions but we do not forget about the human touch required in our industry. This time, we brought unique value proposition to affluent clients thanks to newly launched ČSOB Premium." 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 and excellent loan quality more than offset declining margin and lower fees from asset management and domestic payments. Supported by one-off gain from VISA Europe sale, the net profit increased year on year. Ongoing growth of mortgages, corporate loans and leasing were the main drivers of the loan portfolio increase. Despite the growth in business volumes, ČSOB further improved loan portfolio quality, reaching historical lowest non-performing loan ratio just above 3%.

	1H 2015	1H 2016	YY
Net profit (CZK bn)	7.1	8.3	+18%
Cost / income ratio	48.8%	44.7%	-4.1pp
Loan portfolio (CZK bn)*	564.1	607.7	+8%
Deposit volume (CZK bn)*	689.4	745.1	+8%
Assets under management (CZK bn)	182.2	183.5	+1%
Core Tier 1 capital ratio	17.9%	16.9%	-1.0pp
Credit cost ratio (annualized, Ytd.)	0.18%	0.09%	-0.09pp

* including ČMSS

A detailed presentation concerning the financial results for the 1H/2Q 2016 is available at: <https://www.csob.cz/portal/web/csob/about-csob/investor-relations#hospodarske-vysledky>

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