

Prague, 17 November 2016

PRESS RELEASE

9M 2016 for ČSOB: growth in business volumes and excellent loan quality thanks to responsible lending

- The Group's 9M 2016 net profit increased by 9% Y/Y to CZK 12.0 billion
- Loan portfolio grew to CZK 612 billion* (+6% Y/Y), while quality of loan portfolio further improved
- Group deposits grew to CZK 756 billion* (+8% Y/Y)
- The total volume of assets under management reached CZK 186 billion (+3% Y/Y)
- Operating income increased to CZK 25.9 billion (+6% Y/Y)
- Operating expenses reached CZK 11.7 billion (+2% Y/Y)
- Thanks to the prepaid payment card COOL karta, ČSOB was awarded the **Bank Innovator** of 2016 in **Hospodářské noviny** contest
- Clients comfort was further improved with **paperless services** (most documents can be signed digitally and saved in Internet Banking) **now provided at all branches**
- ČSOB was selected as the **sole partner for negotiations regarding financial and insurance services provided at the Czech Post after 2017**

"In challenging industry conditions, we were encouraged to realize growth of our business in lending, insurance, advisory and transactions. Improved efficiency enabled us to continue investments in enhanced client experience. The continued implementation of our Bank Insurance model is helping us to deepen our client relationships. We are excited by the news that Czech Post is going to further negotiate with us on financial but also insurance services after 2017." 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.



Solid growth in business volumes and excellent loan quality were offset by declining margin, lower fees and higher operating expenses. Supported by one-off gain from VISA Europe sale, the net profit increased year on year. The loan portfolio expanded, driven by growth of mortgages, corporate loans, leasing and supported by accelerated consumer finance lending. Despite the growth in lending ČSOB further improved the loan portfolio quality and reached historical lowest non-performing loan ratio of 2.8%.

	9M 2015	9M 2016	Y/Y
Net profit (CZK bn)	11.0	12.0	+9%
Cost / income ratio	46.9%	45.2%	-1.7pp
Loan portfolio (CZK bn)*	575.4	611.9	+6%
Deposit volume (CZK bn)*	699.4	756.4	+8%
Assets under management (CZK bn)	181.3	185.8	+3%
Core Tier 1 capital ratio	18.3%	16.7%	-1.6pp
Credit cost ratio (annualized, Ytd.)	0.15%	0.07%	-0.08pp

* including ČMSS

A detailed presentation concerning the financial results for the 9M/3Q 2016 is available at: <https://www.csob.cz/portal/web/csob/about-csob/investor-relations#hospodarske-vysledky>

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