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PRESS RELEASE

1Q 2018 for ČSOB:

Increasing investments in employee remuneration and growing number of clients.

Growth of business volumes and excellent loan quality.

Strengthening services beyond traditional banking and insurance.

- Number of ČSOB group clients rose by 7 thousand
- ČSOB group net profit reached CZK 4.0 billion (-14% Y/Y)
- Loan portfolio grew to CZK 662 billion* (+4% Y/Y), while keeping excellent loan quality
- Group deposits increased to CZK 955 billion* (+14% Y/Y)
- Total volume of assets under management expanded to CZK 203 billion (+5% Y/Y)
- Operating income decreased to CZK 9.4 billion (-3% Y/Y), while core operating income increased +2% Y/Y
- Operating expenses rose to CZK 4.6 billion (+7% Y/Y)
- Investments in wages and employee remuneration increased by 7% Y/Y
- ČSOB was awarded the **Best Bank** (by Global Finance and EMEA Finance) and the **Best Private Bank** (by Euromoney) for the year 2018 in the Czech Republic
- ČSOB won the Randstad Award for the **Most Attractive Czech Employer in Banking and Financial Services**
- ČSOB acquired the largest services comparator website “**Ušetřeno.cz**” to strengthen its services beyond banking and insurance
- Newly launched platform **ČSOB NaDoma** connects the banking world with other technologies that allow to remotely control smart devices in the households

“Despite lower net profit in the first quarter, we are off to a strong first quarter with many segments performing strongly. We increased the volumes of loans, deposits, insurance products and investments. The number of our clients rose and our core revenues are up as



The ČSOB group is the leading player in the Czech financial services industry. The ČSOB group is 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. 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 suitable solutions, rather than mere products.



well. Through investments in innovative ideas we are getting closer to our clients and strengthening our services beyond traditional banking and insurance," said **John Hollows**, CEO of ČSOB.

"We create attractive working conditions for our employees and we are constantly working on new benefits and programs to help our employees better reconcile their work and private lives. In the first quarter, we continued to raise wages. Overall, our investments in employees increased by 7% Y/Y. We will continue to pursue this strategy. As of May 1, we increased wages on average by 5.4%," said **Marcela Suchánková**, Senior Executive Officer responsible for People and Communication in ČSOB.

As a result of lower other operating income (higher base in 1Q 2017 due to one-off gain from legal case and negative valuation adjustments in 1Q 2018), higher operating expenses and total impairments, net profit for 1Q 2018 decreased year-on-year. Core operating income increased +2% Y/Y driven mainly by net interest income from deposits and solid growth in business volumes. The low level of impairment on financial assets at amortised cost reflects ongoing excellent loan quality and the non-performing loans ratio further improved to 2.3%.

	1Q 2017	1Q 2018	Y/Y
Net profit (CZK bn)	4.7	4.0	-14%
Cost/income ratio	43.8%	48.5%	+4.7pp
Loan portfolio (CZK bn)*	637.1	661.5	+4%
Deposit volume (CZK bn)*	835.5	954.9	+14%
Assets under management (CZK bn)	192.5	203.0	+5%
Core Tier 1 capital ratio	17.1%	17.9%	+0.8pp
Credit cost ratio	-0.02%	0.01%	+0.03pp

* including ČMSS

A detailed presentation of the financial results for 1Q 2018 is available at: <https://www.csob.cz/portal/en/about-csob/investor-relations#hospodarske-vysledky>

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