



press release

Prague, 9 August 2018

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 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.



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First half of the year 2018 for ČSOB: the number of clients increased and the growth of investments in employees continued

- **Number of ČSOB group clients rose by 5 thousand Y/Y**
- **ČSOB group net profit decreased to CZK 7.5 billion** (-20% Y/Y) mainly due to elevated base in the previous year
- **Loan portfolio grew to CZK 679 billion*** (+4% Y/Y), while keeping excellent loan quality
- **Group deposits increased to CZK 969 billion*** (+14% Y/Y)
- **Total volume of assets under management expanded to CZK 207 billion** (+6% Y/Y)
- **Operating income decreased to CZK 17.9 billion** (-7% Y/Y)
- **Operating expenses rose to CZK 8.8 billion** (+9% Y/Y)
- **Investments in wages and employee remuneration increased by 7% Y/Y**
- **Active users of ČSOB's mobile banking increased by 28% Y/Y**
- In April, ČSOB acquired services comparator website **"Ušetřeno.cz"**
- **Standard & Poor's has upgraded the rating of ČSOB from "A" to "A+"**

"Our mid-year results reflect our promise that we'd invest even more into our employees in the form of rewards and wages. The efforts, ideas and enthusiasm of our employees make us one of the most successful banks on the Czech market," says John Hollows, the CEO of ČSOB.

"I'm very happy that the ČSOB Group is successful in navigating the difficult period of our transformation focusing in particular on digitalization and innovation. Proof that we're headed the right way can be seen both in the growing number of clients and significant increase in the number of active users of mobile banking, with a year-on-year growth of 28 %," adds John Hollows.

The increase in operating expenses indicates that ČSOB is able to fulfil its fair remuneration strategy for its employees. The banking market is a highly dynamic environment that has undergone many changes in recent years, not only legislative but also technological ones. The bank has to constantly respond to an evolving business environment and increasingly higher expectations and changing needs of its clients. Employees who are able to adapt these changes are the strongest engine for the bank.



Net profit for 1H 2018 decreased year-on-year as a result of 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 1H 2017), higher operating expenses and total impairments, while net interest income and net fee and commission income increased Y/Y. The net release of loan loss provisions reflects ongoing excellent loan quality and the non-performing loans ratio further improved to 2.2%.

	1H 2017	1H 2018	Y/Y
Net profit (CZK bn)	9.4	7.5	-20%
Cost/income ratio	42.0%	48.9%	+6.9pp
Loan portfolio (CZK bn)*	652.8	679.2	+4%
Deposit volume (CZK bn)*	849.2	968.6	+14%
Assets under management (CZK bn)	196.0	207.3	+6%
Core Tier 1 capital ratio	16.8%	17.5%	+0.7pp
Credit cost ratio	0.06%	-0.03%	-0.09pp

* including ČMSS

A detailed presentation of the financial results for 1H/2Q 2018 is available at: <https://www.csob.cz/portal/en/about-csob/investor-relations#hospodarske-vysledky>

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