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PRESS RELEASE

Year 2016 for ČSOB: bringing innovations into our clients' everyday lives. Growth in business volumes and excellent loan quality.

- The Group's 2016 net profit increased by 8% Y/Y to CZK 15.1 billion
- Loan portfolio grew to CZK 618 billion* (+6% Y/Y), while keeping excellent loan quality
- Group deposits grew to CZK 752 billion* (+7% Y/Y)
- The total volume of assets under management reached CZK 191 billion (+4% Y/Y)
- Operating income increased to CZK 34.0 billion (+5% Y/Y)
- Operating expenses reached CZK 15.7 billion (0% Y/Y)
- ČSOB NaNákupy application introduced NFC mobile payment as the first on the Czech market. ČSOB further improved clients comfort with **paperless services** provided at all branches and introduced **ČSOB Premium** offering individual care to affluent clients
- ČSOB awarded as **the best bank innovator** in the Czech Republic by Visa Europe, MasterCard and Czech business daily Hospodářské noviny
- ČSOB awarded as the **Best Bank of 2016** in the Czech Republic by magazine Global Finance
- ČSOB Private Banking voted as the **Best Private Bank 2016** in the Czech Republic by magazines Euromoney and The Banker/PWM

"Low inflation, low unemployment, low interest rates in 2016 in contrast with high client expectations, high competition, high regulatory requirements. These are just few challenges we have tackled and on this backdrop we managed to deliver on our promises to further enhance client experience. 2017 won't be any easier but we are full of energy and ideas. We see more opportunities for developing the distinctive bank-insurance model. Through innovation and simplification, we make client experience the reference in the Czech market." 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.



“Despite the ongoing low interest environment, ČSOB delivered exceptional financial performance in 2016. During the year, we worked hard to serve our clients and grow business volumes while preserving outstanding loan quality. We contained our costs in order to invest into enhancement of client experience. We increased our net profit by 8%, partially thanks to sale of our stake in VISA Europe,” added Jiří Vévoda, CFO of ČSOB.

Solid growth in business volumes, excellent loan quality and stable costs were offset by declining margin and lower fees. 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 and supported by accelerated consumer finance lending. Despite the growth in business volumes ČSOB managed to keep excellent loan portfolio quality and the non-performing loan ratio remains below 3%.

	FY 2015	FY 2016	Y/Y
Net profit (CZK bn)	14.0	15.1	+8%
Cost / income ratio	48.2%	46.0%	-2.2pp
Loan portfolio (CZK bn)*	581.7	618.3	+6%
Deposit volume (CZK bn)*	700.0	752.3	+7%
Assets under management (CZK bn)	184.2	190.9	+4%
Core Tier 1 capital ratio	19.1%	18.2%	-0.9pp
Credit cost ratio (annualized, Ytd.)	0.18%	0.11%	-0.07pp

* including ČMSS

A detailed presentation concerning the financial results for the FY/4Q 2016 is available at: <https://www.csob.cz/portal/web/csob/about-csob/investor-relations#hospodarske-vysledky>

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