



Press release

Prague, 14 February 2019

The ČSOB Group

is a leader on the Czech financial services market. 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 (operating under the names ČSOB and Poštovní spořitelna) and affiliated entities. The ČSOB financial group includes strategic companies in the Czech Republic controlled directly or indirectly by ČSOB or KBC and which offer financial services, namely Hypoteční banka, ČSOB Pojišťovna, Českomoravská stavební spořitelna, ČSOB Penzijní společnost, ČSOB Leasing, ČSOB Asset Management, ČSOB Factoring and Patria. The ČSOB Group provides services to all groups of clients, including individuals, SMEs and a corporate and institutional clientele. The ČSOB Group is attentive to the needs of its clients, offering the best solutions rather than just products.



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The year 2018 for ČSOB: increasing number of mobile banking users and continued growth of investments in innovation

- The **ČSOB Group's net profit was CZK 15.8 billion** (a year-on-year decline due to extraordinary revenues last year and increased investments).
- **The volume of loans increased to CZK 689 billion*** (up +5% on a year-on-year basis), and the quality of the loan portfolio remains high.
- **The volume of deposits increased to CZK 868 billion*** (+6% year-on-year).
- **The total volume of assets under management increased to CZK 204 billion** (+1% year-on-year).
- **Operating income totalled CZK 37.1 billion** (flat year-on-year).
- **Operating expenses increased to CZK 17.8 billion** (+9% year-on-year).
- **Investments in employee remuneration increased by 10% year-on-year.**
- **The number of active users of ČSOB mobile banking has increased by 25% year-on-year and the number of mobile transactions has risen by 39%.**
- We received awards for the **Best Bank in the Czech Republic in 2018** from the international magazines **The Banker, Euromoney, Global Finance and EMEA Finance**; we were also named the **Best Internet Bank**.

"2018 was a year of innovation for our group. We have made significant investments in new technology. From the point of view of our clients' behaviour, we see that they are interested in new features related to the digitisation of the banking sector. This is particularly evident in the increasing number of mobile banking users, who grew by 25% year-on-year. A historical milestone in our field is open banking, which we launched for our clients last year", said John Hollows, CEO of ČSOB.

ČSOB posted year-on-year lower yet still excellent net profit for 2018. This was due to lower other operating income affected by extraordinary revenues last year (one-off gain from a settlement in earlier legal case, positive valuation adjustments, sale of bonds and revenues linked to the end of the Czech National Bank currency commitment in 2017), higher operating expenses and impairment losses, while net interest income and net fee and commission income grew year-on-year. The low credit cost ratio and non-performing loans ratio reflect the consistently excellent quality of the loan portfolio.

"Last year, we continued implementing our business strategy built on the bank-insurance model. We are investing in digital solutions that make financial services available to all our clients. We want to be available online as well as at our

branches and Czech Post Offices. Thanks to our clients, we know that personal contact remains very important”, Hollows added.

| | FY 2017 | FY 2018 | Year-on-year change |
|----------------------------------|---------|---------|---------------------|
| Net profit (CZK bn) | 17.5 | 15.8 | -10% |
| Cost/income ratio | 43.7% | 47.9% | +4.2pp |
| Loan portfolio (CZK bn)* | 657.7 | 688.7 | +5% |
| Deposits volume (CZK bn)* | 820.8 | 868.4 | +6% |
| Assets under management (CZK bn) | 201.9 | 204.5 | +1% |
| Core Tier 1 capital ratio | +17.2% | +18.0% | +0.8pp |
| Credit cost ratio (CCR) | 0.02% | 0.03% | +0.01pp |

* including ČMSS

A detailed presentation of the 2018 financial results is available at: www.csob.cz/portal/en/csob/vztahy-k-investorum

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