



1Q 2016 Results

ČSOB Group

Business Unit Czech Republic

EU IFRS Unaudited Consolidated
12 May 2016

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ČSOB Group: Key Figures

ČSOB group key indicators		2013	2014	2015	1Q 2015	1Q 2016
Profitability	Net profit (CZK bn)	13.7	13.6	14.0	3.8	3.3
	Return on equity	18.2%	16.4%	16.4%	17.5%	14.5%
Liquidity	Loan / deposit ratio	75.9%	76.4%	79.9%	78.0%	78.7%
	Net stable funding ratio	135.7%	135.9%	134.9%	136.5%	149.0%
Capital	Tier 1 ratio	15.6% ¹	17.2% ²	19.1% ²	17.5% ²	17.7% ²
Impairments	Credit cost ratio	0.25%	0.18%	0.18%	0.04%	0.02%
Cost efficiency	Cost / income ratio	47.5%	47.6%	48.2%	49.1%	53.7%

¹ According to Basel II

² According to Basel III

Strong growth in business volumes combined with sustained excellent loan quality; profitability impacted by banking taxes

Business volumes

The **loan portfolio** (incl. ČMSS) increased to **CZK 596bn** (+7% Y/Y), mainly thanks to mortgages, SME/corporate loans and leasing. **Group deposits** (incl. ČMSS) grew to **CZK 726bn** (+7% Y/Y). Total **assets under management** increased to **CZK 184bn** (+2% Y/Y).

Operating income

Operating income declined to **CZK 8.1bn** in 1Q 2016 (-4% Y/Y). Ongoing growth in business volumes was more than offset by declining NIM and lower fee and commission income. Besides, Y/Y decline was also due to higher base.

Operating expenses

Operating expenses reached **CZK 4.4bn** in 1Q 2016 (+5% Y/Y) due to estimated full-year contribution to the Resolution Fund and Deposit Guarantee Scheme booked in 1Q 2016. Thus, **C/I ratio** increased temporarily to 53.7% (+4.6pp Y/Y). Adjusted for banking taxes, operating expenses would decline to CZK 3.6bn (-1% Y/Y).

Impairments

Credit cost ratio reached very low **2 bps** (Ytd. annualized, -2bps Y/Y) thanks to excellent loan quality.

Net profit

As a result of above mentioned factors, the ČSOB **net profit** came in at **CZK 3.3bn** for 1Q 2016 (-13% Y/Y).

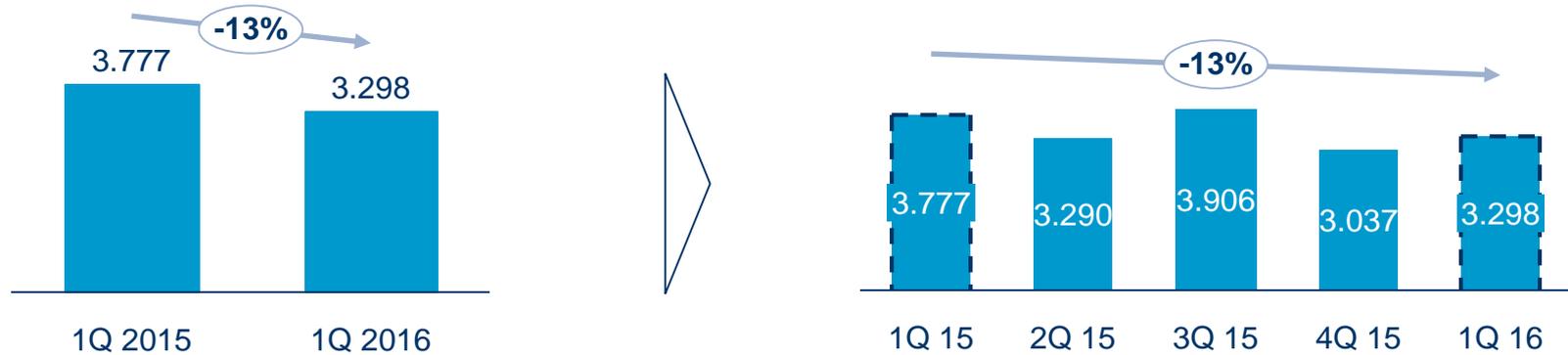
Liquidity & Capital

Loan / deposit ratio increased to **78.7%**. **Tier 1 ratio** (Basel III) increased to **17.7%**. **Net stable funding ratio** (NSFR) increased to **149.0%** due to parameter changes related to implemented European legislation.

Awards & Innovations

ČSOB voted as **the best bank in the Czech Republic for 2016** by magazine **Global Finance**. ČSOB Private Banking awarded as the **Best Private Bank in the Czech Republic for 2016** by **Euromoney**. In 1Q 2016, ČSOB **further improved** its smart banking (e.g. for standing payments) and **extended network** of contactless payments ticket machines/validators in public transport.

Net profit CZK bn



1Q 2016 net profit decreased to **CZK 3.3bn** (-13% Y/Y). Adjusted for ICT insourcing¹ and estimated impact of banking taxes (full-year contribution to the Resolution Fund and Deposit Guarantee Scheme), 1Q 2016 net profit decreased by -9% Y/Y as a result of higher base, growth in business volumes, which was more than offset by declining NIM and lower fees from asset management as well as payment cards.

The return on equity (ROE) reached **14.5%** in 1Q 2016, down from 17.5% driven mainly by lower net profit and complemented by higher average equity.

Notes:

2Q 2015 one-off item (total of CZK -0.3bn): IBNR parameter changes (CZK -0.3bn).

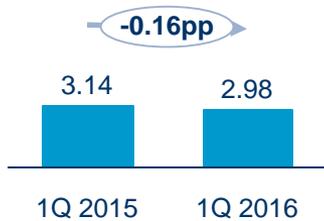
3Q 2015 one-off item (total of CZK -0.1bn): IBNR parameter changes (CZK -0.1bn).

4Q 2015 one-off items (total of CZK -0.2bn): restructuring reserve (CZK -0.1bn), IBNR parameter changes (CZK -0.1bn).

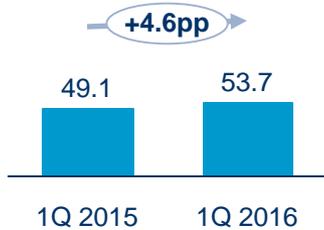
¹ With effect from 31/12/2015, ICT related employees, assets and liabilities were integrated from KBC Group Czech Branch. Apart from reclassification effect between different lines in profit and loss statement, it also positively impacts 1Q 2016 net profit.

Profitability

Net interest margin (%)



Cost / income ratio (%)



ROE (%)



Loan portfolio quality

CCR, Ytd. annualized (%)



NPL ratio (%)



NPL coverage ratio (%)



Capital

(Core) Tier 1 ratio (%)



Total capital ratio (%)



Liquidity

Net stable funding ratio (%)

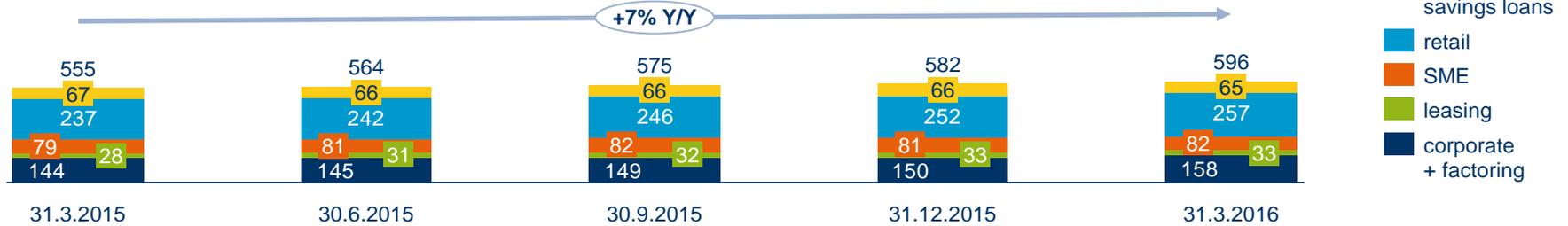


Loan / deposit ratio (%)



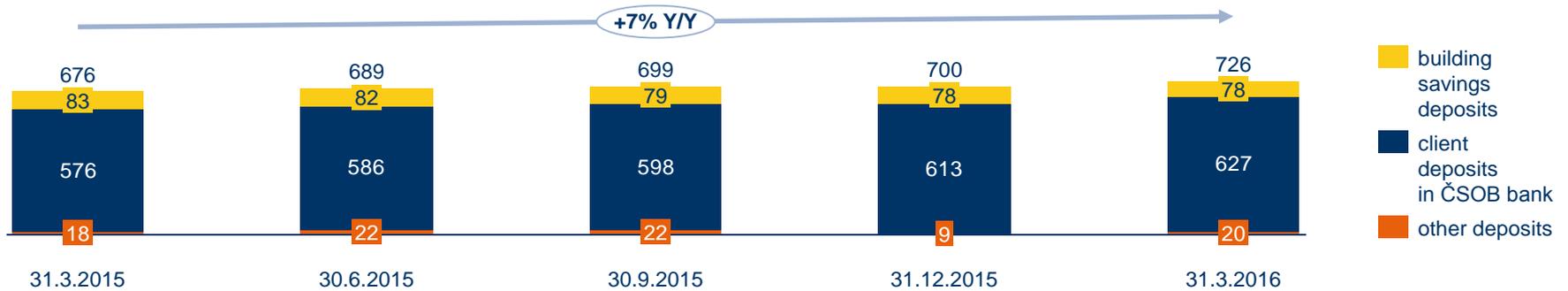
Loan portfolio¹

CZK bn



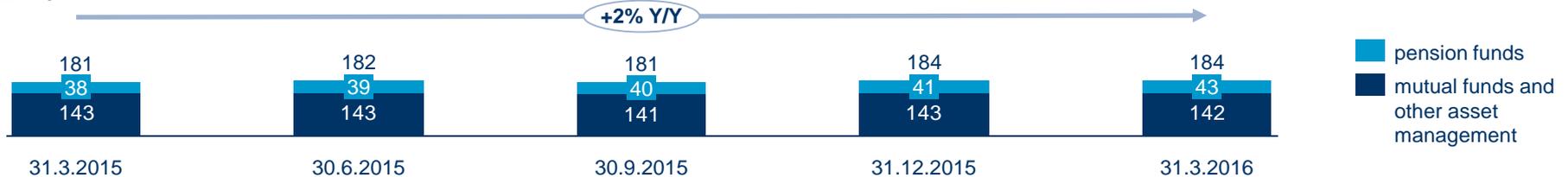
Group deposits²

CZK bn



Total assets under management

CZK bn



¹ Item Loans and receivables (incl. ČMSS/building savings loans) minus exposure to banks from inter-bank transactions and reverse repo operations with CNB plus credit replacing bonds.

² Item Deposits received from other than credit institutions from the consolidated balance sheet (incl. ČMSS/building savings deposits).



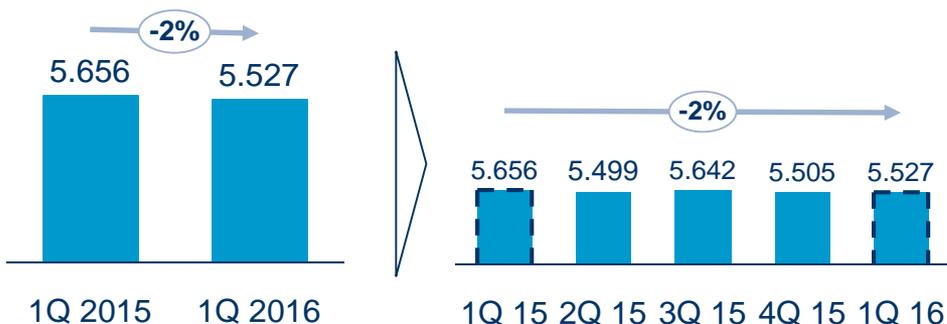
ČSOB Group: Financial Overview

Net interest income and Net interest margin

Declining margin continued due to ongoing low interest rates

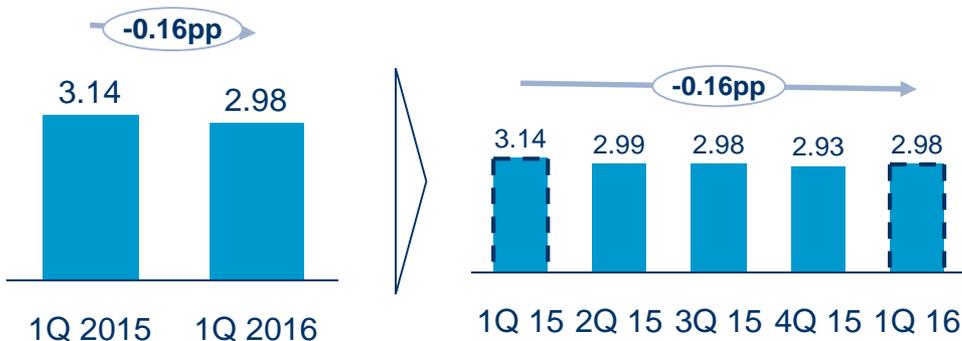
Net interest income (NII)

CZK bn



Net interest margin (NIM)

%



	2013	2014	2015	1Q 16
Net interest margin (Ytd., %)*	3.20 (3.00)	3.17	3.01	2.98

In 1Q 2016, **net interest income** declined by **2% Y/Y**. Ongoing growth in business volumes was more than offset by declining margin.

NII was influenced by:

- (+) NII from loans, mainly retail (mortgages and consumer loans)
- (=) NII from deposits
- (-) other NII (capital reinvestment and NII from financial markets)

Flat Q/Q development was driven by higher NII from mortgages offset by lower NII from deposits as well as other NII.

In 1Q 2016, **net interest margin** reached **2.98%** (-0.16pp Y/Y).

Declining trend in NIM development in last quarters is a result of:

- (-) continuing lower reinvestment yields
- (-) lower margins on loans, especially on mortgages
- (+) active management of funding costs

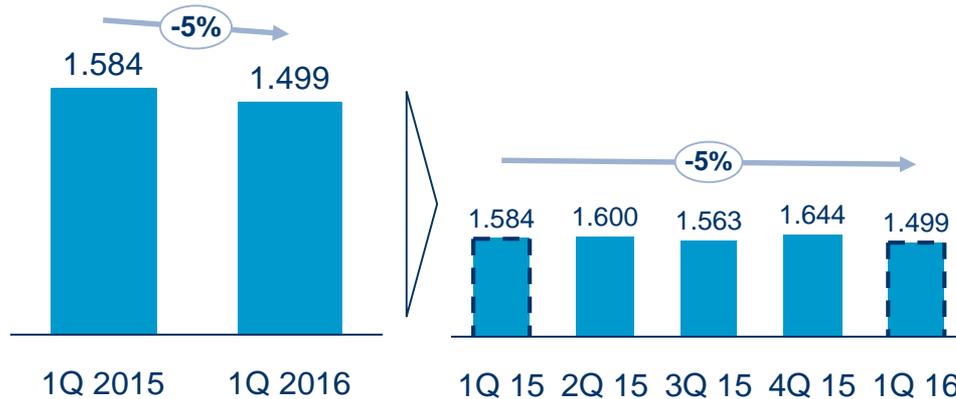
* As of 1Q 2014, calculation of NIM has been changed in line with adjusted KBC methodology. As a result depo facility with Czech National Bank, cash collateral and statutory minimal reserves with Czech National Bank have been excluded from calculation. As ČMSS consolidation method changed as of 1Q 2014, it is no more included in NIM calculation either. In order to provide fully comparable figures, 2013 NIM has been restated. Figure in brackets is before restatement.

Net fee and commission income and Other

Lower income from asset management fees and lower payment card fees due to decreased domestic interchange fees

Net fee and commission income (NFCI)

CZK bn

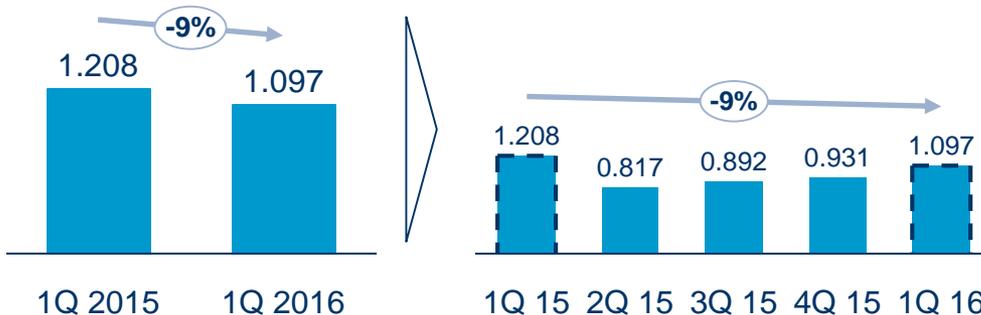


1Q 2016 **net fee and commission income** declined by **5% Y/Y**.

The decrease was fully driven by lower asset management due to market decline and lower payments card fees due to decreased domestic interchange fees.

Other*

CZK bn



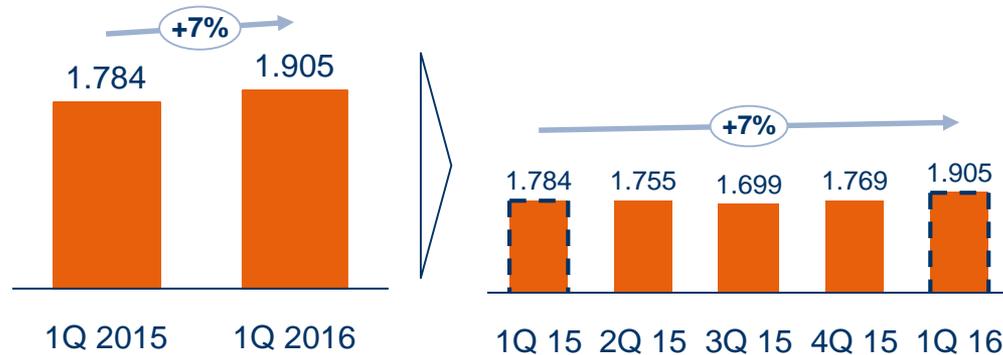
In 1Q 2016, item “**Other**” decreased by **9% Y/Y** as a result of:

- (+) additional revenues linked to ICT insourcing
- (+) strong performance of financial markets
- (-) 1Q 2015 higher base (positive revaluation of ALM derivatives and realized gains on available-for-sale financial assets)
- (-) negative value adjustments

* Other = Net gains from financial instruments at FVPL + net realized gains on available-for-sale financial assets + dividend income + other net income.

Staff expenses

CZK bn



In 1Q 2016, **staff expenses** increased by **7% Y/Y**. Adjusted for ICT insourcing (transfer of ca 750 FTEs), **staff expenses** would **on comparable basis decline by 3% Y/Y** as a result of higher base as well as savings from lower average number of employees (-75 FTEs).

General administrative expenses (GAE)

CZK bn

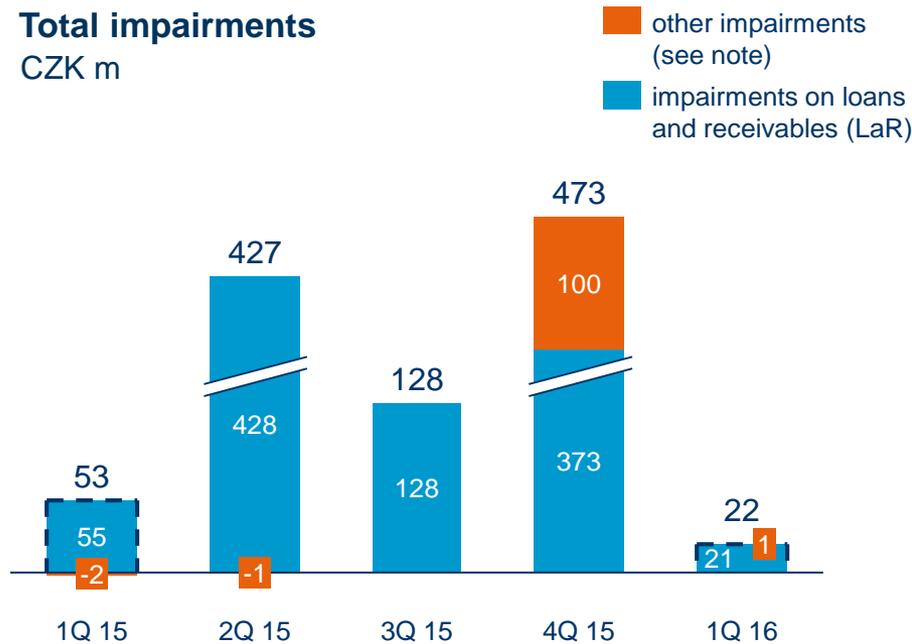


1Q 2016 **general administrative expenses** decreased by **3% Y/Y**. Adjusted for ICT insourcing and banking taxes (full-year contribution to the Resolution Fund and Deposit Guarantee Scheme), GAE would **on comparable basis increase by 3% Y/Y** driven by higher marketing and ICT investments linked to digital services.

Cost/income ratio increased to 53.7% (+4.6pp Y/Y) due to banking taxes in 1Q 2016.

Total impairments

CZK m

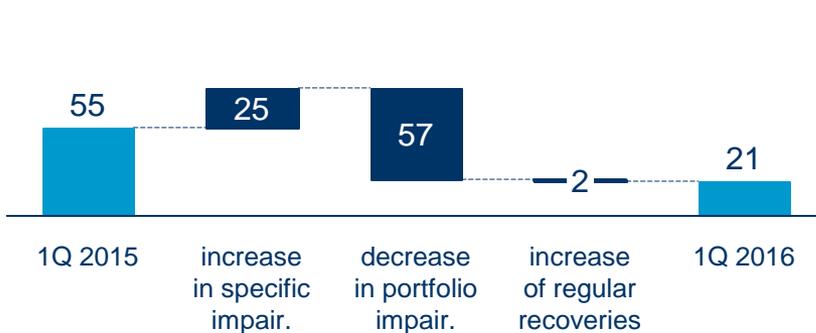


In 1Q 2016, **impairments on loans and receivables** decreased Y/Y from already low base to CZK 21m implying very low **credit cost ratio** of 2 bps (Ytd., annualized, -2 bps Y/Y). The decline was driven by net release in retail segment and very limited net creation in SME/corporate segment.

The impairments declined significantly Q/Q thanks to recoveries both in retail and SME as well as higher base (adjustment of one-off IBNR parameter change).

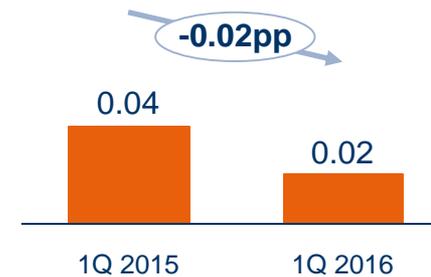
Impairments on loans and receivables

CZK m



CCR, Ytd. annualized

%

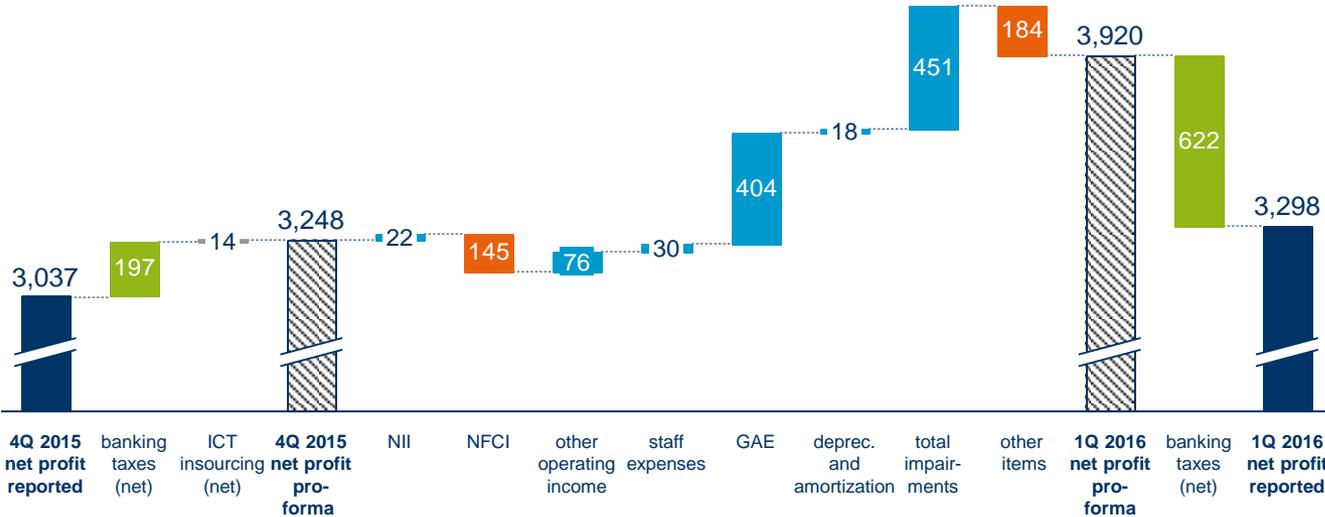


Note: Other impairments include impairments on tangible and intangible assets.

Wrap up of net profit drivers (on comparable basis – adjusted for ICT insourcing and banking taxes)

Ytd. net profit (Q/Q)

CZK m



The main difference between 1Q 2016 and 4Q 2015 net profit was caused by the following drivers:

On the **positive side**:

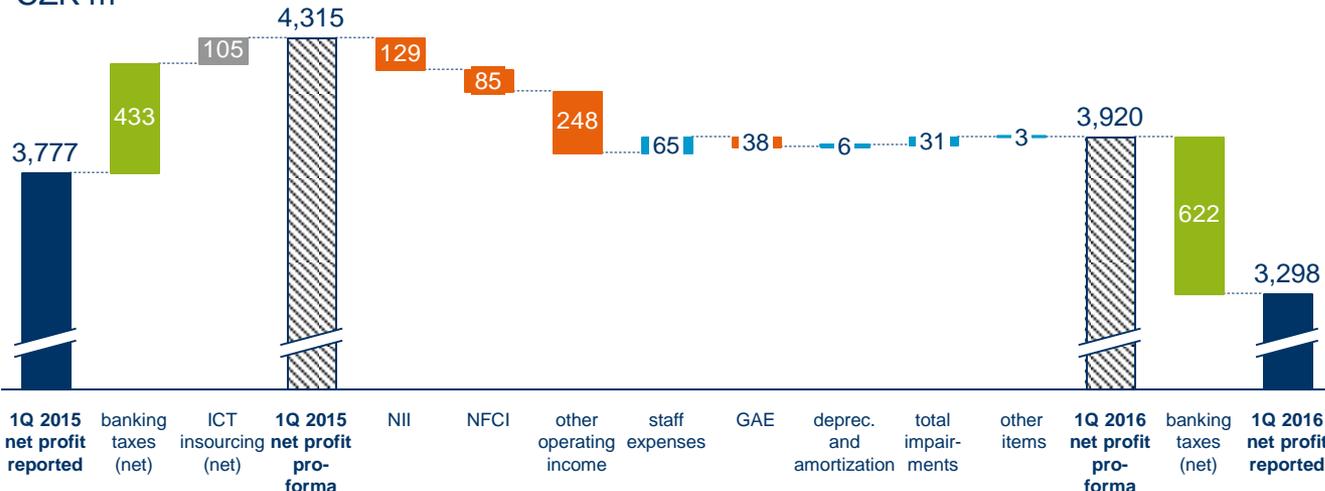
- lower total impairments mainly thanks to recoveries both in retail and SME and no other impairments
- lower GAE mainly due to lower marketing and ICT related costs

On the **negative side**:

- lower NFCI driven mainly by lower payment cards fees

Quarterly net profit (Y/Y)

CZK m



The main difference between 1Q 2016 and 1Q 2015 net profit was caused by the following drivers:

On the **positive side**:

- lower staff expenses as a result of higher base as well as savings from lower average number of employees

On the **negative side**:

- lower other operating income due to higher base (positive revaluation of ALM derivatives and realized gains on available-for-sale financial assets)
- lower NII as ongoing growth in business volumes was more than offset by declining NIM

Consolidated, CZK m	31.3.2015	31.12.2015	31.3.2016
Total regulatory capital	64,138	68,138	66,285
- Tier 1 Capital	63,808	67,036	65,161
- Tier 2 Capital	330	1,102	1,124
- Deductions from Tier 1 and Tier 2	-	-	-
Total capital requirement	29,188	28,137	29,420
- Credit risk	23,437	22,394	23,486
- Market risk	1,228	1,220	1,442
- Operational risk	4,523	4,523	4,492
Total RWA	364,851	351,718	367,752
(Core) Tier 1 ratio	17.5%	19.1%	17.7%
Total capital ratio	17.6%	19.4%	18.0%

Tier 1 capital increased Y/Y as a result of:
 (+) capital increase
 (-) insourcing of ICT activities (impact of goodwill and intangible assets)

Tier 1 capital decreased Q/Q as a result of:
 (-) decrease of retained earnings
 (-) decrease in AFS reserve

Total RWA increased Q/Q mainly as a result of:
 (+) abandoning sovereign carve-out approach, i.e. zero weight on sovereign exposure
 (+) higher market risk requirements

Notes:

RWA (risk weighted assets) = total capital requirement / 0.08

Tier 1 capital = share capital + share premium + legal reserve funds + retained earnings + other comprehensive income – goodwill – intangible assets

Tier 2 capital = subordinated debt weighted by regulatory coefficient + surplus in expected credit losses

Total regulatory capital = Tier 1 + Tier 2 – deductions

*Tier 1 ratio = (Tier 1 capital – 0.5*deductions) / (total capital requirement / 0.08)*



ČSOB Group: Business Overview

1st

Total Loans ¹	20.1%	↑
Building savings loans ¹	46.7%	↓
Building savings deposits ¹	37.5%	↑
Mortgages ¹	28.4%	↓
Leasing ²	15.7%	↓

2nd

Total Deposits ¹	19.3%	↓
Mutual funds ¹	25.0%	↓
Factoring ²	26.2%	↑

3rd

Pension funds ³	13.9%	→
SME/corporate loans ¹	16.1%	↑
Consumer lending ^{1,4}	9.8%	↑

4th

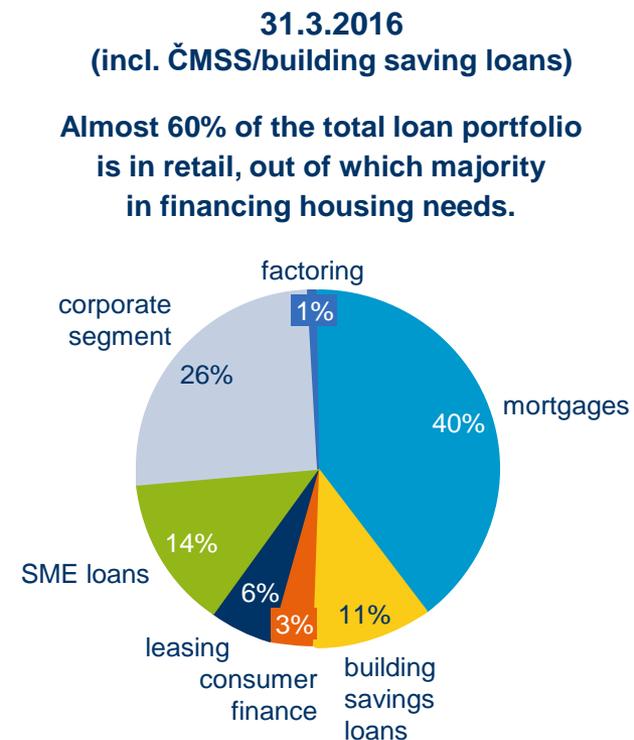
Insurance ⁵ - combined	6.6%	↑
Non-life insurance ⁵	6.2%	→
Life insurance ⁵	7.2%	↑

Arrows show Y/Y change. Market shares as of 31 March 2016, except for pension funds which are as of 31 December 2015. The ranking is ČSOB's estimate. Market position in the insurance reflects combined position of the insurers belonging to the same business group.

¹ Outstanding at the given date (including ČMSS); ² New business in the year to the given date; ³ Number of clients at the given date; ⁴ Retail loans excluding mortgages and building savings loans. ⁵ New business in the year according to gross written premium.

Sources and detailed definitions are provided in Appendix.

Gross outstanding volumes, CZK bn	31.3.2015	31.3.2016	Y/Y
Loan portfolio (incl. ČMSS/building saving loans)	554.9	596.2	7%
Retail Segment			
Mortgages ¹	217.5	236.6	9%
Consumer finance	19.2	20.7	8%
Building savings loans ²	66.7	65.4	-2%
SME/Corporate Segment			
Corporate loans ³	139.9	153.7	10%
SME loans	78.9	81.9	4%
Leasing	28.2	33.3	18%
Factoring	4.4	4.5	3%
Loan portfolio (excl. ČMSS/building savings loans)	488.3	530.9	9%



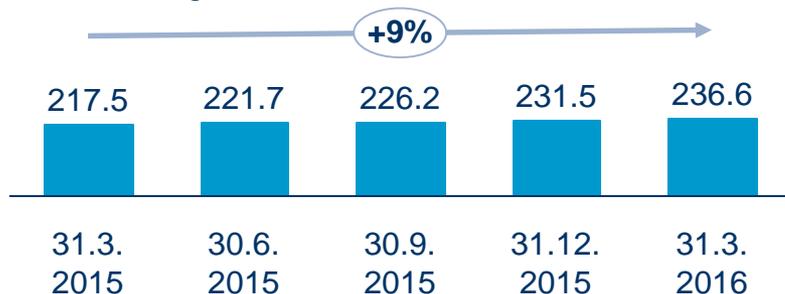
¹ The ČSOB group mortgages are booked in the balance sheet of ČSOB's subsidiary Hypoteční banka.

² The ČSOB group building savings loans are in the balance sheet of ČMSS building savings company, 55%-owned by ČSOB. Volumes are reported in 55% but not included in the ČSOB's consolidated balance sheet.

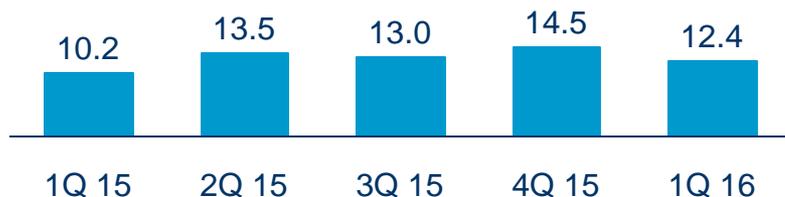
³ Including credit-replacing bonds.

Mortgages

Outstanding, CZK bn



New sales*, CZK bn

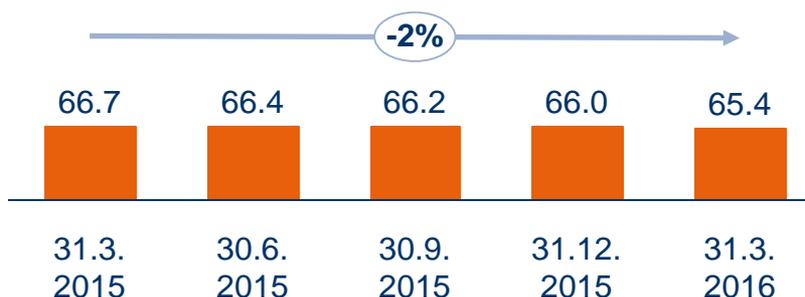


In 1Q 2016, **outstanding mortgage volumes** increased by **9% Y/Y** as a result of record low interest rates and ongoing increase of real estate prices.

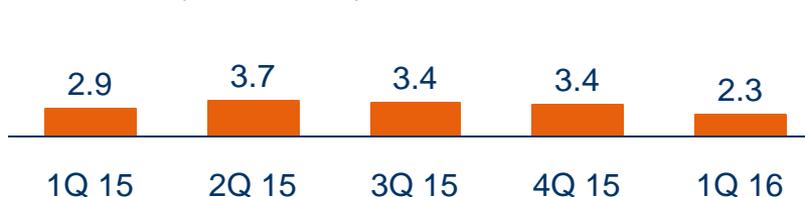
In 1Q 2016, ČSOB provided more than **6 thousand new mortgages** (+9% Y/Y) in the total amount of **CZK 12.4bn** (+21% Y/Y), while total market increased by 3% Y/Y in number of new mortgages and increased 13% Y/Y in total amount.

Building savings loans

Outstanding (ČMSS 55%), CZK bn



New sales (ČMSS 55%)*, CZK bn

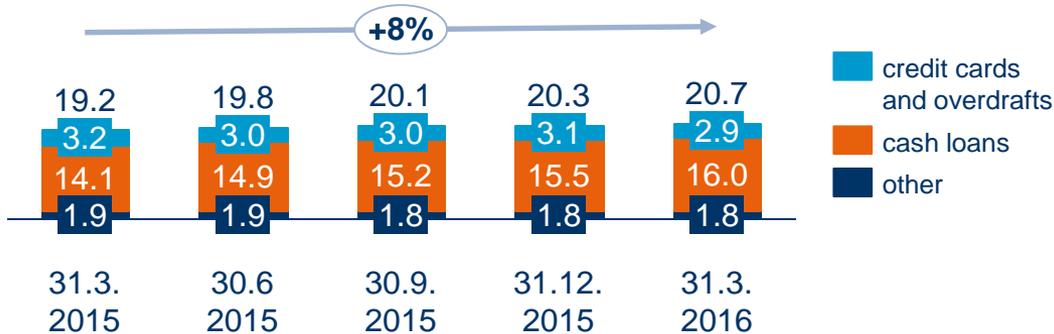


Outstanding **building savings loan portfolio** declined **2% Y/Y** in 1Q 2016, while market slightly less.

In 1Q 2016, new sales declined by 21% Y/Y due to one-off technical limitations at the end of the quarter linked to the replacement of core banking system. Adjusting for this limitation, new sales would decline by only ca 5% Y/Y.

* Mortgages: signed contracts, in line with MMR statistics.
Building savings loans: granted loan limits.

Consumer finance, outstanding, CZK bn



In 1Q 2016, ČSOB **consumer finance** lending accelerated to **8% Y/Y** growth thanks to successful marketing campaigns focused on loan refinancing and market up-tick.

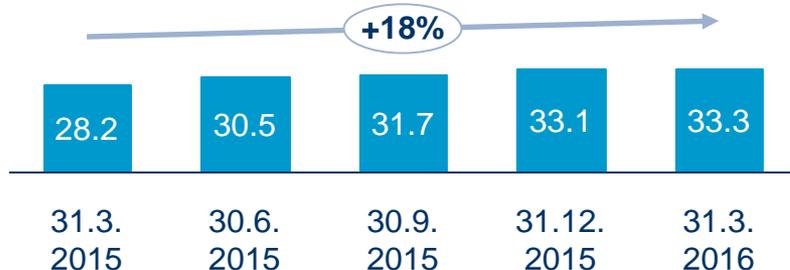
SME loans, outstanding, CZK bn



In 1Q 2016, **SME loans** increased by **4% Y/Y** driven by higher investment loans granted to small and mid-sized companies. Q/Q decline of investment loans is linked to extraordinary repayments in municipal sector.

The loan volume to housing cooperatives decreased slightly Y/Y, however ČSOB maintains leading market position in this segment.

Leasing, outstanding*, CZK bn

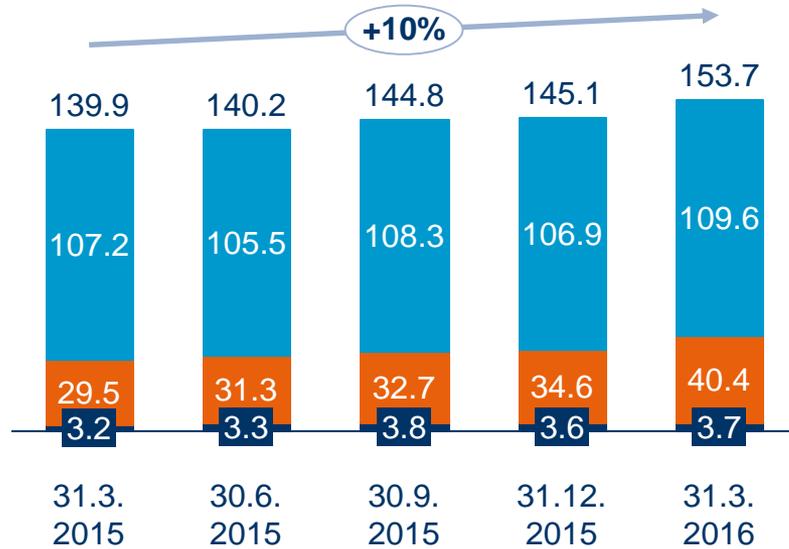


ČSOB **Leasing** kept its market leading position with strong new sales. **Outstanding volumes** increased by **18% Y/Y** driven mainly by machinery & equipment financing in cooperation with SME/corporate segment and car financing.

* Total exposure of ČSOB Leasing, excluding operational leasing.

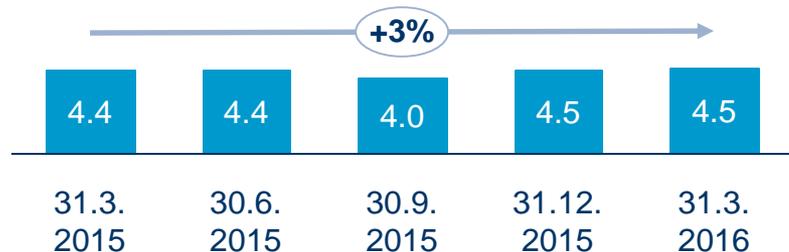
Corporate loans Outstanding, CZK bn

- plain vanilla financing
- specialized finance
- credit-replacing bonds



Corporate loans increased by **10% Y/Y** driven mainly by specialized finance (+37% Y/Y) and improvement was reported also in other categories. The major Y/Y loan growth was recorded in sectors: real estate, distribution & services and telecommunications.

Factoring Outstanding, CZK bn



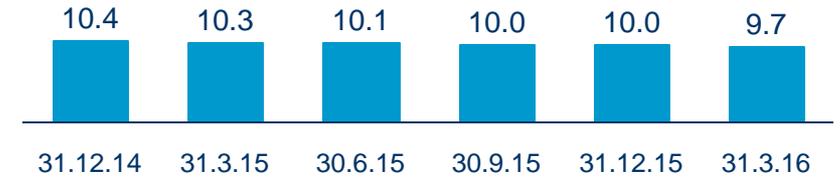
Factoring volumes increased by **3% Y/Y** thanks to growing client base (mainly in corporate segment).

Note: The corporate segment comprises mid-cap corporate customers with an annual turnover above CZK 300m, local subsidiaries of international groups and selected institutional clients.

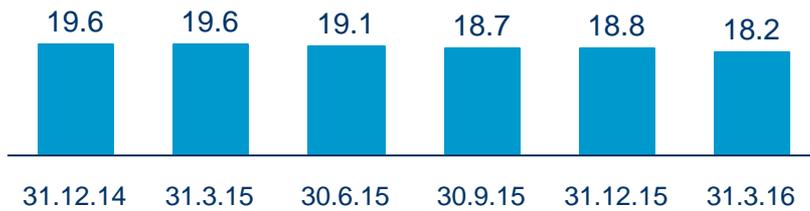
Loan portfolio (excl. ČMSS) (CZK bn)



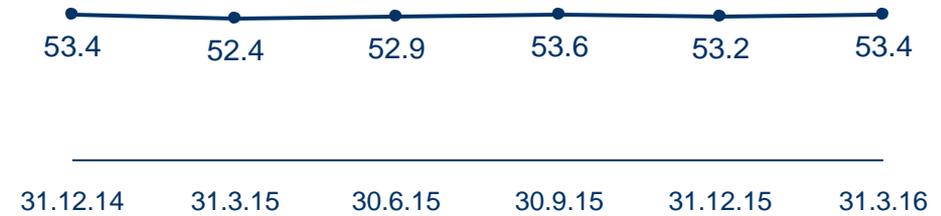
Allowances for loans and leases ¹ (CZK bn)



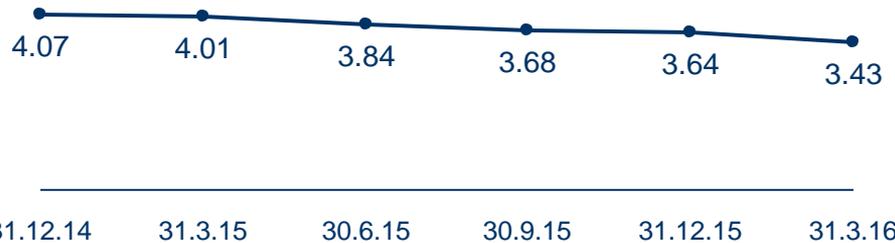
Non-performing loans (CZK bn)



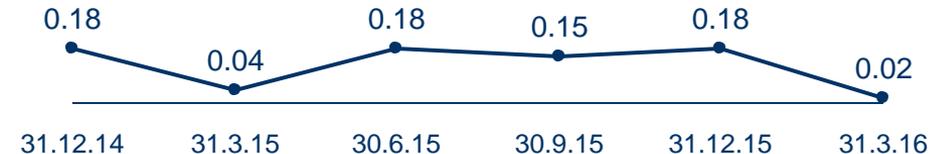
NPL coverage ratio (%)



NPL ratio (%)



Credit cost ratio² (%)



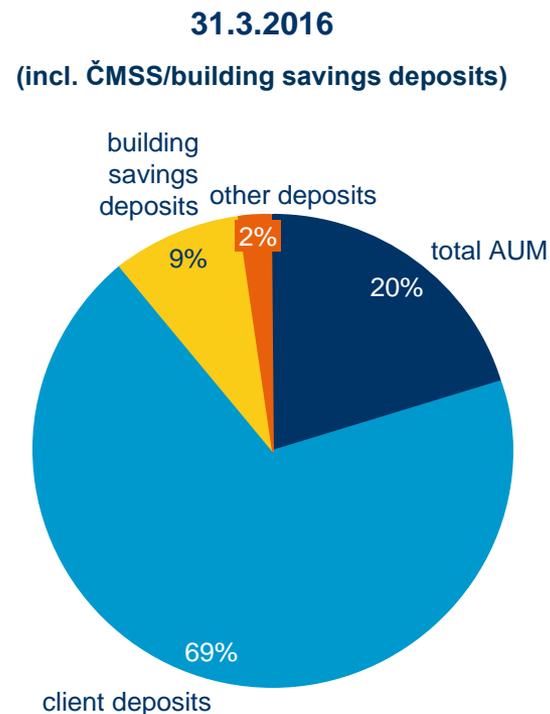
¹ Allowances for on-balance sheet items (PD10, PD11 and PD12 only).

² Ytd. annualized, including off-balance sheet items.

Group deposits and Total assets under management

Strong growth of deposits, while total AUM growth slowed down

Outstanding volumes, CZK bn	31.3.2015	31.3.2016	Y/Y
Group deposits (incl. ČMSS/building savings deposits)	676.2	725.7	7%
Client deposits	575.7	627.3	9%
<i>Current accounts</i>	344.1	403.3	17%
<i>Savings deposits</i>	220.5	214.7	-3%
<i>Term deposits</i>	11.1	9.3	-16%
Other deposits	17.7	20.4	15%
Building savings deposits ¹	82.8	78.0	-6%
Total AUM	181.4	184.4	2%
Pension funds ²	38.3	42.5	11%
Mutual funds and other AM ³	143.1	141.9	-1%



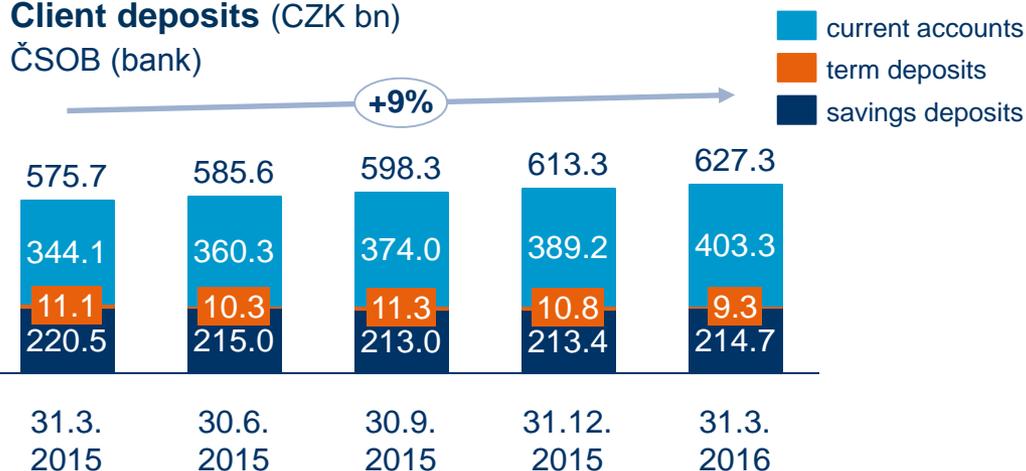
¹ ČSOB group building savings deposits are in the balance sheet of ČMSS building savings company, 55%-owned by ČSOB. Volumes are reported in 55% but not included in the ČSOB's consolidated balance sheet.

² Liabilities to pension fund policy holders.

³ AUM includes AUM in structured/capital protected funds, AUM in other mutual funds, other asset management and AUM of Slovak AM.

Client deposits (CZK bn)

ČSOB (bank)



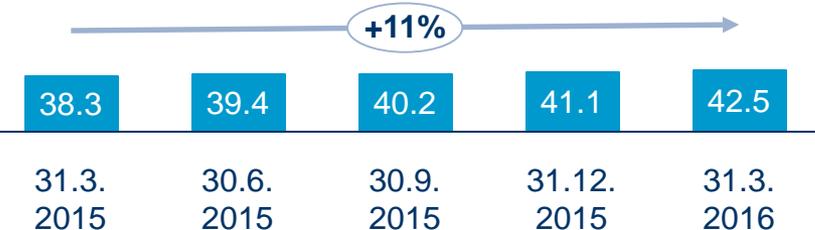
In 1Q 2016, client deposits increased by 9% Y/Y fully driven by **current accounts with 17% Y/Y growth**. Saving deposits and term deposits decreased, combined by 3% Y/Y also due to continuously low interest rate environment.

Building savings deposits (CZK bn)



The volume of **building savings deposits** continued declining (-6% Y/Y). This was affected also by pricing adjustment.

Pension funds (CZK bn)



The volume of **pension funds** increased by 11% Y/Y driven also by improving retention.

Mutual funds and other asset management

AUM decreased by 1% Y/Y as market declined and negatively influenced clients' appetite for investment products

Mutual funds and other AM

Outstanding volumes, CZK bn



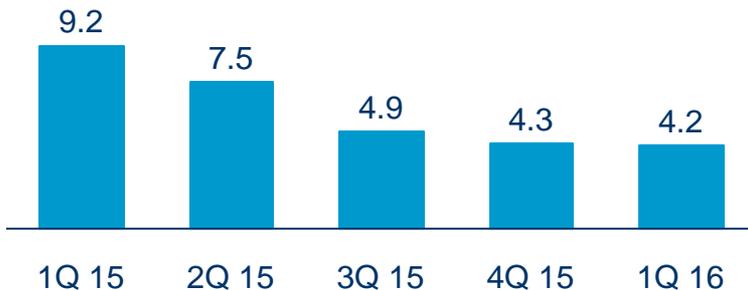
Mutual funds and other AM decreased by 1% Y/Y as financial markets declined in late 2015 and during 1Q 2016. This negatively influenced clients' appetite for investment products. **AUM in mutual funds** increased by 1% Y/Y however declined by 2% Q/Q.

Based on the current market environment and clients' behavior the most important part of ČSOB product offering consists of **mixed funds**, with a balance between bond and equity part. In 1Q 2016, investors were also interested in structured products.

1Q 2016 new sales were rather flat Q/Q due to ongoing market uncertainty and turbulences as well as sales of unit-link products.

Mutual funds

New sales, CZK bn



Notes:

Mutual funds include funds managed by ČSOB AM as well as those distributed by the ČSOB group but managed by the KBC AM. Only direct positions are included (the funds bought directly by clients).

Other asset management: Discretionary mandates and Qualified Investors Funds. AUM of Pension Funds managed by ČSOB AM are excluded and are shown separately in Pension funds section.

	31.3.2015	31.3.2016
Retail/SME branches and advisory centers	763	755
ČSOB Retail/SME branches	232	231
PSB/Era Financial Centers	76	73
ČMSS advisory centers	339	331
Hypoteční banka centers	28	29
ČSOB Pojišťovna branches	88	91
Leasing branches	10	10
ČSOB corporate branches	11	11
PSB outlets of the Czech Post network	ca. 3,100	ca. 3,100
- of which specialized banking counters	150	150
ATMs¹	1,048	1,063
ČSOB's clients (bank only, mil.)	2.853	2.822
Internet banking - users (mil.)	1.522	1.542
- transactions (mil.)	12.347	12.551

¹ Including ATMs of cooperating banks.

ČSOB further **enlarged its ATM network**. During the last twelve months, clients could use 15 new ATMs. Number of deposit ATMs reached 152 (+10 ATMs Y/Y) at the end of March 2016.

Due to ongoing optimization of the branch network, some branches were closed and new ones were opened reflecting customers' changing needs for branch services. Number of **Retail/SME branches and PSB/Era Financial Centers** decreased by 4 over the last twelve months.

The **number of ČSOB's clients** (bank only) declined by 1% Y/Y and number of active clients increased by 1% Y/Y.

Number of **digital users** increased by 1% Y/Y and **electronic channel transactions** almost 2% Y/Y.

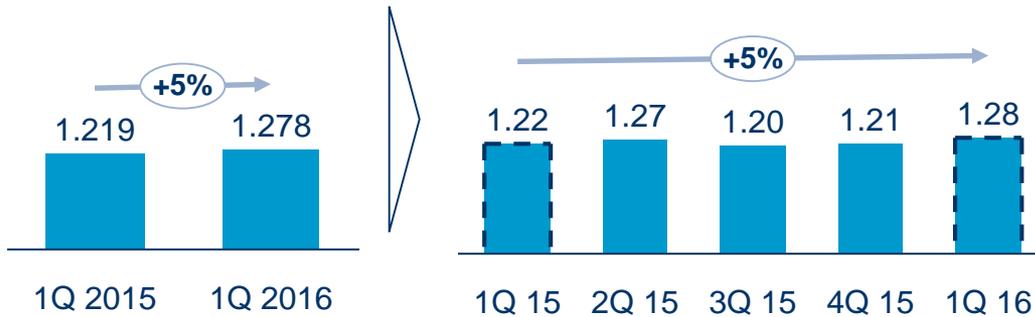
*Note: The multi-channel distribution platform of the ČSOB group includes also a wide **agent network** of over 5,000 agents, incl. ČMSS tied agents, intermediaries and individual brokers for Hypoteční banka, ČSOB Leasing's dealers and ČSOB Pojišťovna's tied agents, multi-agents and individual brokers.*



ČSOB Pojišťovna: Key Figures

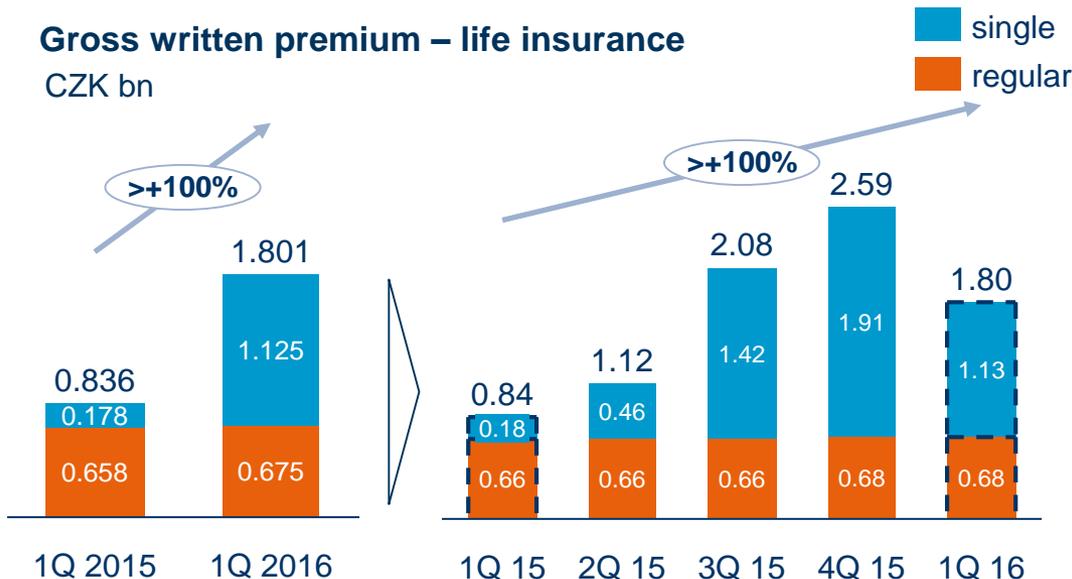
Gross written premium – non-life insurance

CZK bn



Gross written premium – life insurance

CZK bn



Market shares	1Q 2016	Market position
Non-life insurance	➔ 6.2%	4th
Life insurance	⬆ 7.2%	4th

Arrows show Y/Y change.

Non-life insurance

1Q 2016 gross written premium in **non-life insurance** segment increased by **5% Y/Y**, mainly thanks to property insurance.

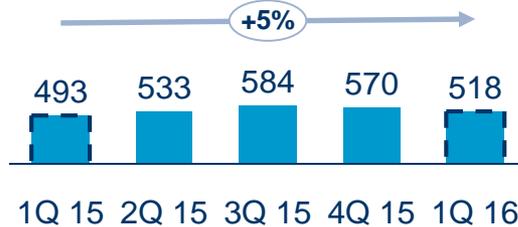
Life insurance

1Q 2016 **regular paid** gross written premium increased by 3% Y/Y in line with stabilizing portfolio and better lapses of life contracts.

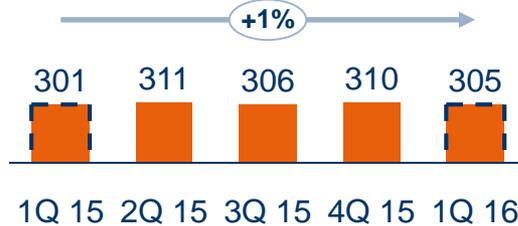
1Q 2016 **single paid** gross written premium increased over 100 % Y/Y mainly thanks to successful introduction of five new Maximal Invest and Private Banking Life Invest tranches.

Note: Market position reflects combined position of the insurers belonging to the same business group.

Operating income CZK m



Operating expenses CZK m



Net profit CZK m



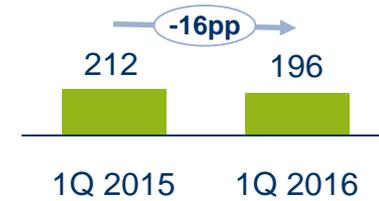
1Q 2016 **net profit** increased to **CZK 169m** (+10% Y/Y) thanks to better profitability in non-life and as well as life segment.

1Q 2016 **operating income** increased to **CZK 518m** (+5% Y/Y) with following drivers:

- **non-life segment** favorable claims performance (no natural disasters or extraordinary claims) and better gross written premium.
- **life segment** stable contribution with some volatility in financial result (mainly interest income), while lapses of life contracts improved.

1Q 2016 **operating expenses** reached **CZK 305m** (+1% Y/Y) driven by among other by enlargement of internal distribution, support of bank-insurance and digitalization projects.

Non-life combined ratio (%) Solvency I ratio (%)





Business Unit Czech Republic

Business Unit Czech Republic 1Q 2016 net profit decline mainly due to ČSOB group, while ČSOB Pojišť'ovna improved

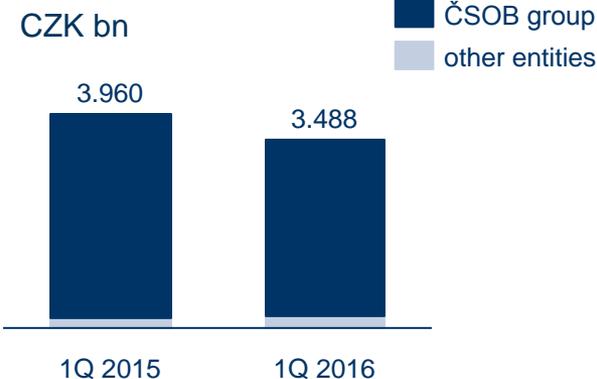


Effective as of 1 January 2013, KBC has organized its core markets activities into three business units. As a result, all KBC's business in the Czech Republic have been included into Business Unit Czech Republic.

The 1Q 2016 net profit of the Business Unit Czech Republic reached CZK 3.5bn (-12% Y/Y). The Business Unit Czech Republic contains all KBC's operations in the Czech Republic, namely the ČSOB group, and full ownership in ČSOB Pojišť'ovna and ČSOB Asset Management (ČSOB AM).

The ČSOB group consists of ČSOB bank (including Era and Postal Savings Bank), Hypoteční banka, ČMSS, ČSOB Penzijní společnost, ČSOB Leasing, ČSOB Factoring and Patria.

Net profit of the Business Unit Czech Republic



Net profit (CZK bn)	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	1Q/1Q
ČSOB group ¹	3.759	3.270	3.871	3.020	3.283	-13%
ČSOB Pojišť'ovna	0.154	0.173	0.229	0.162	0.169	+10%
ČSOB AM	0.048	0.045	0.036	0.040	0.036	-25%
Total	3.960	3.488	4.136	3.222	3.488	-12%

¹Differences between the ČSOB group results within the Business Unit Czech Republic (BU CZ) and the stand-alone ČSOB group consolidated results are stemming from the fact that BU CZ results includes ČSOB AM result with 100% share, while the ČSOB group results include ČSOB AM only with 40.08% share (in line with ownership interest).



Appendix

Ratio / Indicator	31.12.2013	31.12.2014	31.12.2015	31.3.2015	31.3.2016
Net interest margin (Ytd., annualized, %)	3.20 (3.00)	3.17	3.01	3.14	2.98
Cost / income ratio (%)	47.5 (47.1)	47.6	48.2	49.1	53.7
RoE (Ytd., %)	18.2	16.4	16.4	17.5	14.5
RoA (Ytd., %)	1.53	1.40	1.49	1.68	1.35
RoAC , BU Czech Republic (Ytd., %)	40.0 (35.2)	36.7	36.8	38.9	36.7
Credit cost ratio (Ytd., annualized, %)	0.25	0.18	0.18	0.04	0.02
NPL ratio (%)	4.65 (4.39)	4.07	3.64	4.01	3.43
NPL coverage ratio (%)	50.4 (49.7)	53.4	53.2	52.4	53.4
(Core) Tier 1 ratio (%)	15.6 ¹	17.2 ²	19.1 ²	17.5 ²	17.7 ²
Total capital ratio (%)	15.6 ¹	17.5 ²	19.4 ²	17.6 ²	18.0 ²
Solvency – ČSOB Pojišťovna (Solvency I, %)	217	214	197	212	196
Leverage ratio (Basel III, %)	5.46	5.15	5.25	4.94	5.16
Net stable funding ratio (Basel III, %)	135.7	135.9	134.9	136.5	149.0
Liquidity coverage ratio (Basel III, %)	225.6	348.4	163.4	254.8	161.6
Loan to deposit ratio (%)	75.9 (77.0)	76.4	79.9	78.0	78.7

2013 has been restated for methodological changes (ČMSS & NIM calculation), NPL coverage ratio has been restated to reflect change in classification of NPL. Figures in brackets are before restatement.

¹ According to Basel II, ² According to Basel III

(CZK m)	1Q 2015	4Q 2015	1Q 2016	Y/Y	Q/Q
<i>Interest income</i>	6,509	6,258	6,186	-5%	-1%
<i>Interest expense</i>	-853	-753	-659	-23%	-12%
Net interest income	5,656	5,505	5,527	-2%	0%
Net fee and commission income	1,584	1,644	1,499	-5%	-9%
Net gains from financial instruments at FVPL ¹	704	693	851	+21%	+23%
<i>Other operating income</i> ²	504	238	246	-51%	+3%
Operating income	8,448	8,080	8,123	-4%	+1%
Staff expenses	-1,784	-1,769	-1,905	+7%	+8%
General administrative expenses	-2,216	-2,292	-2,144	-3%	-6%
Depreciation and amortisation	-152	-154	-312	>+100%	>+100%
Operating expenses	-4,152	-4,215	-4,361	+5%	+3%
Impairment losses	-53	-473	-22	-58%	-95%
<i>Impairment on loans and receivables</i>	-55	-373	-21	-62%	-94%
<i>Impairment on available-for-sale securities</i>	0	-24	0	n/a	-100%
<i>Impairment on goodwill</i>	0	-66	0	n/a	-100%
<i>Impairment on other assets</i>	2	-10	-1	>-100%	-90%
Share of profit of associates	188	127	180	-4%	+42%
Profit before tax	4,431	3,519	3,920	-12%	+11%
Income tax expense	-653	-483	-623	-5%	+29%
Profit for the period	3,778	3,036	3,297	-13%	+9%
Attributable to:					
Owners of the parent	3,777	3,037	3,298	-13%	+9%
Non-controlling interests	1	-1	-1	>-100%	0%

¹ FVPL = fair value through profit and loss.

² Other operating income = Net realised gains on available-for-sale fin. assets, dividend income, other net income.

Profit and loss statement

(on comparable basis – adjusted for ICT insourcing and banking taxes)

(CZK m)	1Q 2015	4Q 2015	1Q 2016	Y/Y	Q/Q
<i>Interest income</i>	6,509	6,258	6,186	-5%	-1%
<i>Interest expense</i>	-853	-753	-659	-23%	-12%
Net interest income	5,656	5,505	5,527	-2%	0%
Net fee and commission income	1,584	1,644	1,499	-5%	-9%
Net gains from financial instruments at FVPL ¹	704	693	851	+21%	+23%
Other operating income ²	641	328	246	-62%	-25%
Operating income	8,585	8,170	8,123	-5%	-1%
Staff expenses	-1,970	-1,935	-1,905	-3%	-2%
General administrative expenses	-1,338	-1,780	-1,376	+3%	-23%
Depreciation and amortisation	-318	-330	-312	-2%	-5%
Operating expenses	-3,626	-4,045	-3,593	-1%	-11%
Impairment losses	-53	-473	-22	-58%	-95%
<i>Impairment on loans and receivables</i>	-55	-373	-21	-62%	-94%
<i>Impairment on available-for-sale securities</i>	0	-24	0	n/a	-100%
<i>Impairment on goodwill</i>	0	-66	0	n/a	-100%
<i>Impairment on other assets</i>	2	-10	-1	>-100%	-90%
Share of profit of associates	188	127	180	-4%	+42%
Profit before tax	5,094	3,779	4,688	-8%	+24%
Income tax expense	-778	-532	-769	-1%	+45%
Profit for the period	4,316	3,247	3,919	-9%	+21%
Attributable to:					
Owners of the parent	4,315	3,248	3,920	-9%	+21%
Non-controlling interests	1	-1	-1	>-100%	0%

¹ FVPL = fair value through profit and loss.

² Other operating income = Net realised gains on available-for-sale fin. assets, dividend income, other net income.

Comparable basis: With effect from 31/12/2015, ICT related employees, assets and liabilities were integrated from KBC Group Czech Branch. This has mainly reclassification effect among different profit and loss statement lines, thus having impact both on Y/Y and Q/Q comparison. Besides, estimated impact of banking taxes (Resolution Fund and Deposit Guarantee Scheme) both in 2016 and 2015 varies. Pro-forma/Comparable profit and loss statement (including ICT insourcing impact already in 2015 and excluding banking taxes both in 2015 and 2016) is provided for comparison purposes only.

(CZK m)	31/3 2015	31/12 2015	31/3 2016	Ytd.	
Cash and balances with central banks	70,932	117,287	74,225	-37%	Decrease due to overnight loan with ČNB.
Financial assets held for trading	57,856	29,494	57,726	+96%	Increase thanks to sovereign bonds and reverse repo operations with banks.
Financial assets designated at fair value through P/L	3,337	15	0	-100%	
Available-for-sale financial assets	61,206	59,961	57,273	-4%	
Loans and receivables - net	578,055	579,448	667,080	+15%	Increase thanks to reverse repo operations with ČNB.
<i>Loans and receivables to credit institutions - gross</i>	111,352	86,047	157,556	+83%	
<i>Loans and receivables to other than credit institutions - gross</i>	477,734	504,360	520,181	+3%	
<i>Allowance for impairment losses</i>	-11,031	-10,959	-10,657	-3%	
Held-to-maturity investments	146,264	136,433	136,154	0%	
Fair value adjustments of the hedged items in portfolio hedge	1,837	957	1,460	+53%	
Derivatives used for hedging	15,455	11,900	14,463	+22%	
Current tax assets	92	96	69	-28%	
Deferred tax assets	118	152	167	+10%	
Investments in associate	5,184	4,970	5,136	+3%	
Investment property	2	0	0	0%	
Property and equipment	6,831	7,662	8,042	+5%	
Goodwill and other intangible assets	2,948	5,323	5,329	0%	
Non-current assets held-for-sale	742	363	360	-1%	
Other assets	2,279	2,264	2,355	+4%	
Total assets	953,138	956,325	1,029,839	+8%	

(CZK m)	31/3 2015	31/12 2015	31/3 2016	Ytd.
Financial liabilities held for trading	34,183	29,970	42,304	+41%
Financial liabilities at amortised cost	801,964	812,205	866,589	+7%
<i>of which Deposits received from central banks</i>	0	0	0	0%
<i>of which Deposits received from credit institutions</i>	132,033	23,786	65,312	>+100%
<i>of which Deposits received from other than credit institut.</i>	639,791	621,927	647,743	+4%
<i>of which Debt securities in issue</i>	30,140	166,492	153,534	-8%
<i>of which Subordinated liabilities</i>	0	0	0	0%
Fair value adjustments of the hedged items in portfolio hedge	6,335	4,062	6,970	+72%
Derivatives used for hedging	12,609	10,774	12,390	+15%
Current tax liabilities	390	170	358	>+100%
Deferred tax liabilities	2,156	2,162	1,858	-14%
Provisions	480	536	434	-19%
Other liabilities	5,694	5,727	5,671	-1%
Total liabilities	863,811	865,606	936,574	+8%
Share capital	5,855	5,855	5,855	0%
Share premium account	15,509	20,929	20,929	0%
Statutory reserve	18,687	18,687	18,687	0%
Retained earnings	42,104	38,517	41,815	+9%
Available-for-sale reserve	3,594	3,944	3,248	-18%
Cash flow hedge reserve	3,373	2,609	2,553	-2%
Foreign currency translation reserve	0	0	0	0%
Parent shareholders' equity	89,122	90,541	93,087	+3%
Minority interest	205	178	178	0%
Total equity	89,327	90,719	93,265	+3%
Total liabilities and equity	953,138	956,325	1,029,839	+8%

Increase due to reclassification of repo operation and derivatives.

Increase due to overnight loan and repo operation.

ČSOB's credit ratings

As at 12 May 2016

Rating agency	Long-term	Outlook	Short-term	LT rating valid since	Last confirmation
Moody's	A2	stable	P-1	20 June 2012	17 March 2015
S&P	A	negative	A-1	1 October 2014	3 March 2016

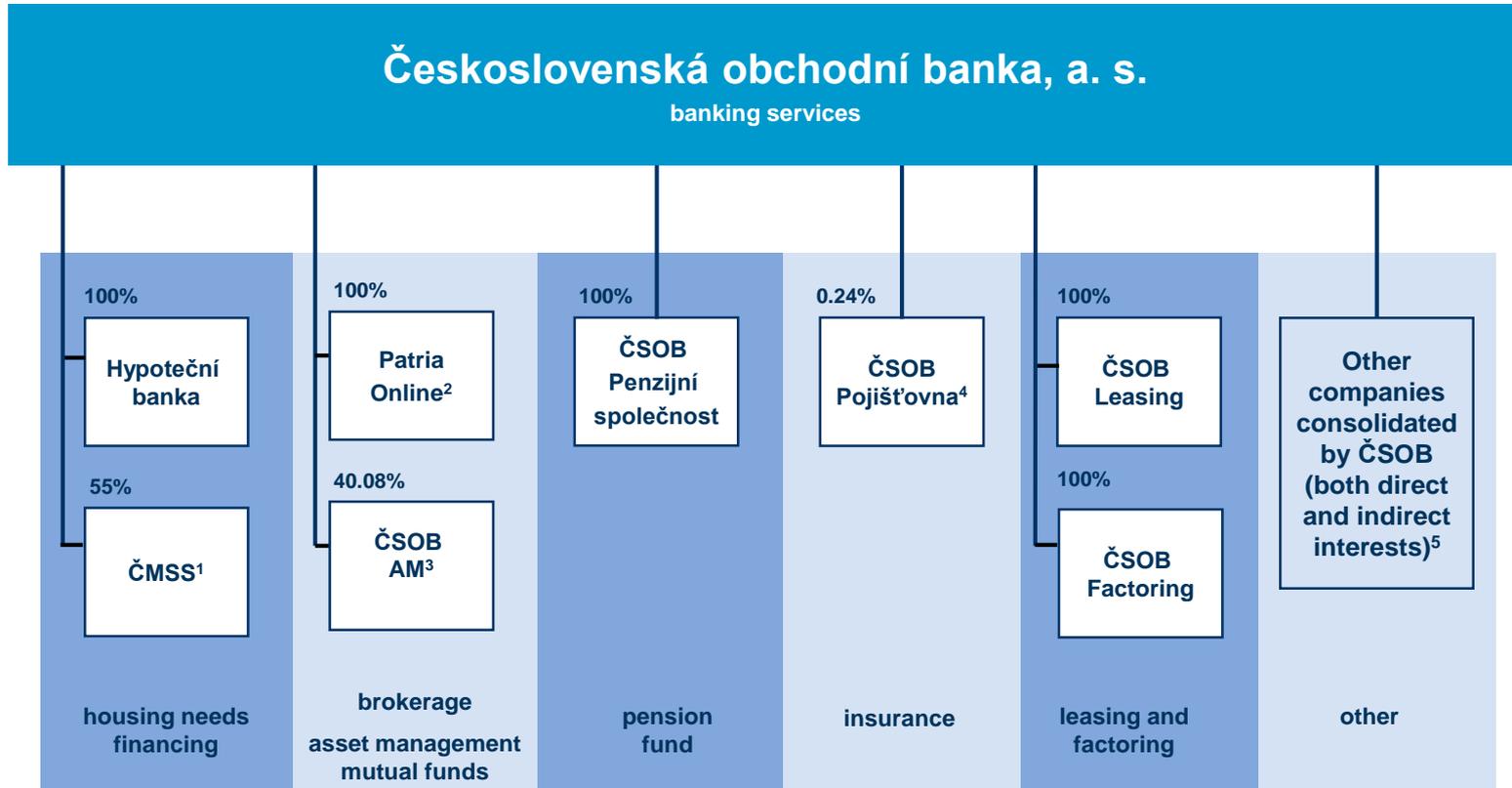
Shareholder structure

As at 31 March 2016, ČSOB's share capital was CZK 5,855,000,040 and comprised of 292,750,002 ordinary bearer shares with a nominal value of CZK 20 each.

ČSOB is directly controlled by KBC Bank NV whose ownership interest in ČSOB is 100%.

Non-performing loans

PD rating distribution	31.3.2015		31.3.2016	
	Amount (CZK bn)	Share on total loans	Amount (CZK bn)	Share on total loans
Total loans	488.3	100%	530.9	100%
Normal - Standard (PD 1-7)	459.4	94%	503.6	95%
Asset quality review - Watched (PD 8-9)	9.2	2%	9.1	2%
Uncertain - Substandard (PD 10)	5.1	1%	4.8	1%
Uncertain - Doubtful (PD 11)	1.9	0%	1.6	0%
Irrecoverable - Loss (PD 12)	12.6	3%	11.8	2%



Percentages show ČSOB's ownership interests on company's equity as at 31 March 2016.

¹ 45% of shares owned by Bausparkasse Schwäbisch Hall; by the equity method consolidation.

² Effective as of 1 January 2015 Patria Online (includes Patria Finance and Patria Corporate Finance) has become a part of the ČSOB Group.

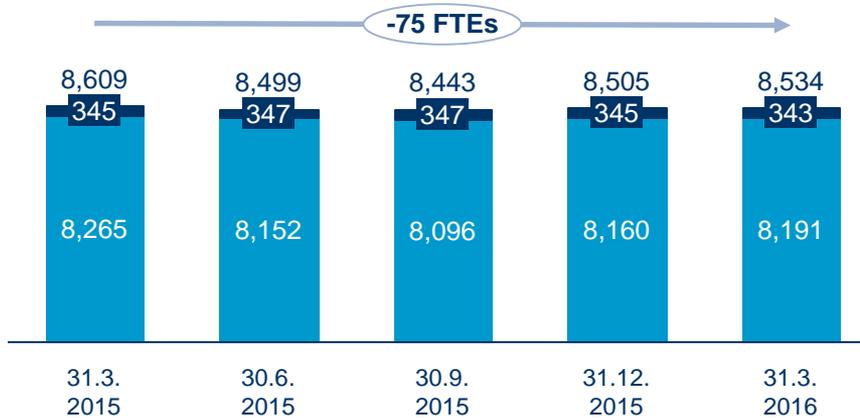
³ 59.92% of shares owned by KBC Participations Renta C; by the equity method consolidation.

⁴ 99.76% of shares owned by KBC Insurance; by the equity method consolidation.

⁵ A complete list of companies consolidated by ČSOB is stated in ČSOB Annual Report.

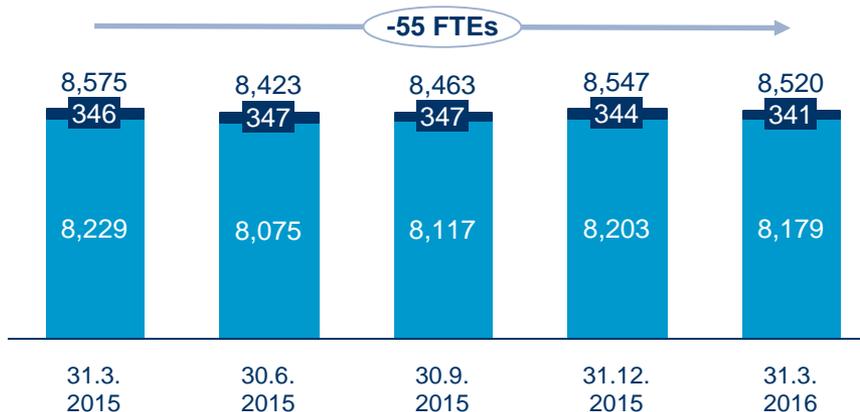
Employees (restated for ICT insourcing)

Number of FTE – average



The average number of FTE 1Q 2016 decreased by 75 Y/Y.

Number of FTE – end of the period



The number of FTE 1Q 2016 decreased at the end of period by 55 Y/Y.

■ FTE based on the share on registered capital ¹ ■ Group FTE ²

¹ FTE is included based on the share on registered capital: ČMSS (55%), ČSOB Asset Management (40.08%) and ČSOB Pojišťovna (0.24%).

² W/o all companies jointly controlled by the Bank (joint ventures) and all companies over which the Bank has significant influence (associates).

As of 1Q 2016, ICT were reintegrated from KBC Group Czech Branch back to ČSOB (transfer of ca 750 FTEs), figures for 2015 have been restated.

Item	Definition	Source
Total deposits	Total bank deposits excl. repo including unmarketable bills of exchange + ČMSS 55%	ČNB (Time series ARAD), ČSOB
Building savings loans	Outstanding volumes of building savings loans, ČMSS 100%	ČNB (ARAD), ČMSS
Building savings deposits	Deposits of buildings savings clients, ČMSS 100%	ČNB (ARAD), ČMSS
Mutual funds	AUM in both Czech and foreign funds at the given date, including institutional funds and third parties funds; according to AKAT methodology	Association for Capital Market (AKAT)
Total Loans	Outstanding volumes of consumer loans and other retail loans + mortgages for private individuals + building savings loans (55%) + CORP/SME loans	ČNB (ARAD), Ministry for Regional Development, HB, ČSOB, ČMSS
Leasing	Volume of newly granted loans (leasing of movables, commercial loans and consumer loans); related to the relevant market comprising both banks and non-banking institutions	Association of Leasing and Factoring Companies ČR (ČLFA)
Mortgages	Outstanding volumes; mortgages for private individuals excl. American mortgages and mortgages for non-housing real estate purposes, consumer loans for house purchase, according to ČNB definition	ČNB (ARAD), HB, ČSOB
Factoring	Volume of new business	ČLFA
Pension funds	Number of clients at the given date	Association of Pension Funds, ČSOB PF
CORP/SME loans	Remaining loans that are not reported in any of the retail loans categories (loans to other than households)	ČNB (ARAD), ČSOB
Consumer loans	Outstanding volume of cash loans, credits cards, overdrafts, consumer loans on real estate and American mortgages	ČNB (ARAD), ČSOB
Insurance	New business in the year according to gross written premium. Market position reflects combined position of the insurers belonging to the same business group.	Czech Association of Insurance Companies

NIM (net interest margin)	Net interest income / average interest earnings assets excluding repo operations; Qtd./Ytd., annualized
C/I (cost/income ratio)	Operating expenses / operating income, Ytd.
RoA (return on assets)	Net profit for the year / average of total assets; Ytd., annualized
RoE (return on equity)	Net profit for the year / average of total shareholders' equity; Ytd., annualized
RoAC (return on allocated capital)	Result after tax (including minority interests) of the ČSOB group, adjusted to take account of allocated capital instead of actual capital / average allocated capital of the ČSOB group (KBC group methodology)
Combined ratio	According to KBC methodology.
CCR (credit-cost ratio)	Total credit costs / average outstanding credit portfolio (loans, loans replacements and drawn credit commitments - e.g. guarantees) and non-sovereign bonds in credit book; Ytd., annualized
NPL (non-performing loans) ratio	Outstanding amount of non-performing loans (ČNB methodology) / loan portfolio
NPL coverage ratio	Allowances for loans and leases / non-performing loans (ČNB methodology)
Core tier 1 ratio Total capital ratio	According to prudential reports of ČNB – Basel II (since 1 July 2007 till 31 December 2013), Basel III (since 1 January 2014)
Solvency (insurance)	According to prudential reports of ČNB – Solvency I, after expected dividend payment
Loan to deposit ratio	Loan portfolio (excl. ČMSS/building savings loans) / primary deposits
Net stable funding ratio (NSFR)	Available amount of stable funding (equity and liability which are expected to be reliable sources of funds over a one-year time horizon under extended stress) to stable funding required by an institution based on types of its assets, off-balance sheet exposures and activities pursued (according to Basel III)
Leverage ratio	Tier 1 capital / non-risk value of assets (According to Basel III)
Liquidity coverage ratio	High quality liquid assets (unencumbered and convertible into cash) to liquidity needs (outflow – inflow) for a 30 calendar days time horizon under specified significant stress scenario (According to Basel III)

Loan portfolio	Loans and receivables to other than credit institutions (incl. ČMSS/building savings loans) plus loans and receivables to credit institutions minus exposure to banks from inter-bank transactions plus credit replacing bonds (in HTM, AFS and FVPL portfolios).
Mortgages	All loans booked in Hypoteční banka, including home equity loans and mortgage loans to legal entities, excluding intra-group loans. Gross.
Building savings loans	All customer lending granted by ČMSS in book values. Gross.
Consumer finance	Loan portfolio granted by ČSOB's retail network (ČSOB, ERA and PSB brand) in book values. Gross.
SME loans	Loan portfolio granted by ČSOB's SME network in book values. Gross.
Corporate loans	Loan portfolio granted by ČSOB's corporate banking network in book values, including credit-replacing bonds. Gross.
Group deposits	Item Deposits received from other than credit institutions from the consolidated balance sheet (incl. ČMSS/building savings deposits).
Building savings deposits	All ČMSS financial liabilities at amortized cost minus deposits received from other than credit institutions.
Primary deposits	Group deposits (excl. ČMSS/building savings deposits) minus repo operations with non-banking financial institutions (part of "other group deposits") plus deposits to credit institutions (excl. repo operations with credit institutions). Consistent with the internal liquidity management reporting system.

Contacts

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