

# 1H 2019 for ČSOB: the acquisition of ČMSS contributed to the extraordinary profit of ČSOB Group

- **The ČSOB Group's net profit was CZK 10.9 billion.**
- **The volume of loans increased to CZK 752 billion** (up 3% year-on-year), and the quality of the loan portfolio remains high.
- **The volume of Group deposits was CZK 978 billion** (-5% year-on-year including repo operations).
- **The total volume of assets under management increased to CZK 228 billion** (+10% year-on-year).
- **Operating income totalled CZK 21.9 billion** (+22% year-on-year).
- **Operating expenses increased to CZK 9.4 billion** (+8% year-on-year).
- **Investments in employee remuneration increased by 6% year-on-year.**
- **The number of ČSOB mobile banking active users increased by 24% year-on-year.**
- On 31 May 2019, ČSOB acquired a 45% stake in the building savings bank Českomoravská stavební spořitelna (ČMSS) from Bausparkasse Schwäbisch Hall, thus assuming 100% ownership of ČMSS. The revaluation of the previous 55% stake in ČMSS led to a one-off gain worth CZK 2.1 billion.
- According to the Ministry of Finance of the Czech Republic, ČSOB ranked as the **third largest payer** of the corporate income tax.
- **ČSOB has won one of the prestigious Euromoney Awards for Excellence**



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*"The ČSOB Group is the largest provider of housing loans in the Czech Republic. The acquisition of ČMSS strengthened our position further, and we can fulfil the housing dreams of our clients even better. More than ever, we can now offer comprehensive solutions financing. Thanks to the strengths and footprint of our Group, we combine the services of a mortgage bank,*

*building society and insurance company,”* said John Hollows, Chief Executive Officer of ČSOB Group.

The net profit of ČSOB Group increased year-on-year due to higher net interest income, a one-off revaluation gain of CZK 2.1 billion on the already owned 55%-participation in ČMSS following the acquisition of the remaining 45%-stake, a one-off gain due to the divestiture of ČSOB Asset Management, the settlement of a legacy legal dispute and the impact of ČMSS consolidation (100%). These factors outweighed the impact of the decline in net gains from financial instruments at fair value and the increase in personnel expenses. Growth of mortgages, building savings loans, SME loans and consumer finance were the main drivers of the loan portfolio increase. The low non-performing loans ratio reflects the consistently excellent quality of the loan portfolio. The volume of deposits decreased year-on-year due to lower repo operations with institutional clients. Total assets under management increased thanks to mutual and pension funds.

In year-on-year terms, the number of active mobile banking users rose by 24%. The number of mobile banking transactions increased by 32% year-on-year. The number of clients who handle their financial affairs via a mobile phone is significantly rising. *“We are glad that our clients are moving to the online world along with us. These solutions simplify lives, and ČSOB also prioritizes the security of payments,”* adds John Hollows.

### **The ČSOB Group**

is a leading player on the Czech banking market. Our motto “Digital with a Human Touch” best expresses the ongoing investments into innovation and digitisation, which make it easier and more efficient to serve our clients at our branches and online. Our services are available 24/7. We build on a unique bancassurance model that offers everything under one roof to address your financial needs – from banking services under the ČSOB or Poštovní spořitelna brand, to insurance from ČSOB Pojišťovna, to home loans from Hypoteční banka or Českomoravská stavební spořitelna, ČSOB Penzijní společnost, ČSOB Leasing, ČSOB Asset Management, ČSOB Factoring and Patria Finance. We provide services to all types of clients, including individuals, SMEs and a corporate and institutional clientele. The ČSOB Group is part of the international bancassurance KBC Group, which is active in Belgium and the CEE region.

Selected data of the ČSOB Group	1H 2018	1H 2019	Year-on-year change
Net profit (CZK bn)	7.5	10.9	+45%
Cost / income ratio	48.9%	43.1%	-5.8 p. p.
Loan volume (CZK bn)	730.9	751.8	+3%
Deposits volume (CZK bn)	1,030.6	978.4	-5%
Assets under management (CZK bn)	207.3	228.2	+10%
Tier 1 (CET 1) capital ratio	17.5%	18.7%	+1.2 p. p.
Credit cost ratio (CCR, Ytd. annualized)	-0.03%	0.02%	+0.05 p. p.

*The loan and deposit volumes include the full portfolio of ČMSS.*