

## ČSOB in First Quarter 2020: Decrease in Net Profit Due to Market Value Adjustments, Helping Clients with Deferred Instalments, Strong Capital and Liquidity Position

In the first quarter of this year, ČSOB Group posted net profit of CZK 2.1 billion, with the volume of loans and deposits increased year-on-year. ČSOB strengthened its solid capital position thanks to the withholding of dividend payments. Since the onset of the COVID-19 crisis, ČSOB Group has focused especially on helping clients affected by the consequences of the coronavirus measures.

*"In the first quarter, we had to respond to the current unprecedented situation. It has been and still is paramount for us to protect the health of our clients and staffs, and to guarantee reliable access to our banking services. Since the beginning of the pandemic, we have been helping those in need. We made it possible for our clients to defer the instalments of their consumer, corporate and mortgage loans. Our customers have online access to most of our services. We also think of those who need to contact us in person. As part of the state's key infrastructure, we have managed to keep almost all branches in operation, where we fully served our clients. At the same time we have strengthened our call centre services,"* said John Hollows, CEO of ČSOB.



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- The ČSOB Group's net profit was CZK 2.1 billion (down by 56% year-on-year).
- The volume of loans was CZK 798 billion (up by 6% year-on-year).
- The volume of deposits reached a record-breaking CZK 1,023 billion (up by 3% year-on-year).

- The total volume of assets under management increased to **CZK 233 billion** (up by 4% year-on-year).
- Operating income totalled **CZK 8.1 billion** (down by 23% year-on-year).
- Operating expenses grew to **CZK 5,5 billion** (up by 9% year-on-year, but at a comparable level stable Y/Y).
- **ČSOB maintains its strong capital position and an excellent liquidity buffer.** The CET1 capital indicator reached 19.9%.
- This proves the legitimacy of our strategy towards digitization and technological innovations. ČSOB is available to clients on a 24/7 basis.
- The number of mobile banking users grew by **32% year-on-year.**
- ČSOB was awarded by the prestigious Global Finance magazine as the best bank in the Czech Republic in 2020.
- ČSOB Campus was granted the internationally recognized **LEED Platinum certificate** for eco-friendly and sustainable buildings.

*“Our group is established on a robust capital base and financial strength, and we are ready to respond to the current economical and political situation. I would like to thank our clients and employees alike for their immense dedication, commitment and solidarity,”* added John Hollows.

*“We launched an aid programme for retail and corporate clients affected by covid-19 in the form of loan deferrals across our financial group as early as in March. For housing loans, for example, this included the postponement of the loan principal instalments by 6 to 12 months. Starting in mid-April, we made it possible to defer payments according to the principles of the state moratorium. We already register over 61 thousand requests for postponing instalments,”* added Jan Sadil, member of the ČSOB Board of Directors, responsible for retail.

### **Growth of Loan Portfolio**

Due to the significantly lower other operating income in connection with market value adjustments, the net profit of ČSOB Group decreased year-on-year. The year-on-year figures were also affected by the higher base of the first quarter of 2019, resulting from the sale of ČSOB Asset Management.

The total loan portfolio increased thanks to the growth of all client segments. At the same time, the ratio of non-performing loans remained low. The volume of assets under management rose thanks to the growing assets of mutual and pension funds.

### **Rapid Growth in Mobile Banking**

As regards mobile banking, the growth in the number of active users further accelerated to 32% year-on-year, while the number of

transactions increased by 39%. *"In the upcoming period, we will focus on developing other functionalities and on further improvements in our online services,"* concluded Jan Sadil.

ČSOB allocated part of its call centre's capacity for the needs of the state help line. It also made extra contributions and donations to non-profit institutions and organizations, such as the Senior Support Fund, Neratov Association, Fokus Vysočina, Czech Paraplegic Association, TEXman and Sue Ryder Home.

At the end of March, ČSOB started paying amounts billed by its vendors and providers immediately after their approval, i.e. ahead of the applicable due date.

Selected indicators of ČSOB Group	1Q 2019	1Q 2020	Year-on-year change
Net profit (CZK bn)	4.8	2.1	-56%
Cost / income ratio	47.7%	67.4%	+19.7 p.p.
Loan volume (CZK bn)	752.4	797.7	+6%
Deposit volume (CZK bn)	991.1	1,022.6	+3%
Assets under management (CZK bn)	223.5	232.7	+4%
Tier 1 capital ratio (CET 1)	19.0%	19.9%	+0.9 p.p.
Credit cost ratio (CCR)	-0.02%	0.02%	+0.05 p.p.

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

### 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.