

ČSOB's results in the first half of 2020 are characterised by assistance provided to clients by allowing loan deferrals and by stronger capital and liquidity position

The net profit of the ČSOB Group in the first half of the year reached CZK 3.5 billion. The volume of loans, deposits and assets under management grew year on year. ČSOB strengthened its already strong capital position by retaining full 2019 profits. Since the beginning of the COVID-19 crisis, the ČSOB Group has focused intensively on helping clients affected by coronavirus measures and has concentrated on ensuring the availability of services, both online and physically at branches.

"In the first half of the year, we had to respond to the unprecedented situation caused by the COVID-19 pandemic. Our top priority has been and still is to protect the health of our clients and employees and to guarantee access to our banking services. A great advantage is that thanks to digitisation and innovation, most of our services are available safely and conveniently online. Since the first signs of coronavirus, we have also been intensively helping those who need to defer repayments. Moreover, we maintained operations in our branch network as part of the state's key infrastructure. Despite the challenging conditions, we worked to improve our services. One example is Smartbanking, our mobile application that is gradually becoming the main gateway to the bank," says ČSOB CEO John Hollows.

- The ČSOB Group's net profit was CZK 3.5 billion (down 68% year-on-year).
- The volume of loans was CZK 791 billion (up 5% year-on-year).
- The volume of deposits increased to CZK 1,064 billion (up 9% year-on-year).



Patrik Madle

Spokesperson

patrik.madle@csob.cz

+420 602 530 639

- The total volume of assets under management increased to CZK 244 billion (up 7% year-on-year).
- Operating income totalled CZK 18.7 billion (down 15% year-on-year and down 8% year-on-year at a comparable level).
- Operating expenses grew to CZK 9.7 billion (up 3% year-on-year, but decreased 4% year-on-year at a comparable level).
- ČSOB maintains strong capital position and an excellent liquidity buffer. The CET1 capital ratio reached 21.1%.
- ČSOB received over 65,000 requests for deferrals of loan repayments and approved over 60,000 of them.
- ČSOB has been actively involved in the process of state-guaranteed COVID loans.
- The number of mobile banking users grew by 31% year-on-year.
- In June, ČSOB announced the launch of a personal digital assistant, Kate.
- ČSOB received the Euromoney Award for Excellence as the Best Bank in the Czech Republic for the eleventh time.
- Global Finance magazine named ČSOB the **Best Bank for Trade Finance in the Czech Republic for 2020**. At the same time, in the Global Banking & Finance Review magazine competition, ČSOB was named the **Best Bank in the Czech Republic in 2019 in the Best Trade Finance Bank and Best Investor Relations Bank** categories.

Due to sharp growth in loan impairments and lower operating income, the ČSOB Group's net profit fell in the first half of the year. The year-on-year figures were also negatively affected by the higher base from the first half of 2019 caused by the revaluation of the share in ČMSS and the sale of ČSOB Asset Management. Without these extraordinary factors and without the impact of ČMSS consolidation, net profit would have been 59 percent lower year-on-year.

Loan loss impairments increased in all segments and reached CZK 4.7 billion in the first half of the year, reflecting the economic impact of the COVID-19 pandemic. The full collective COVID-19 expected credit losses have already been booked in 1H 2020.

Growth of loans and deposits

The overall loan portfolio increased by five percent year-on-year due to growth in most segments, including housing loans, where the ČSOB Group (along with Hypoteční banka and ČMSS) is the market leader. The volume of deposits rose by nine percent and the volume of assets under management rose by seven percent due to the flow of cash into mutual funds and pension savings.

“In the long run, we have been successful with our bancassurance model, which was widely used by clients even during the crisis. And the number of clients who use both the bank and the insurance company is still growing in our country, as the results of our insurance company demonstrate. The total market share in insurance increased year-on-year to 8.3 percent,” concluded John Hollows.

Rapid growth in mobile banking

The number of active ČSOB mobile banking users increased by 31% year-on-year, while the number of transactions grew by 42%. Clients also paid more with cards, shopped online, and withdrew less cash. *“In a crisis situation, the benefits of digitised solutions and the focus on customer experience have been fully demonstrated. For us at the bank, it is further confirmation that we are on the right track. In these times, moreover, it turns out that our digital solutions are not only simple and fast, but also very secure and useful for all groups of our clients, including those who are more conservative,”* Jan Sadil noted.

Help during the pandemic

ČSOB set aside part of its call centre capacity for the needs of the state emergency line. It also made extraordinary financial contributions and donations to non-profit institutions, organisations and hospitals, such as CZK 500,000 to the Seniors Support Fund, 504 laptops and tablets for children from socially disadvantaged families to enable online education and the purchase of furniture and consumer electronics for the Apolinář Hospital and the Královské Vinohrady University Hospital. At the end of March, ČSOB started paying amounts billed by its vendors and providers immediately after their approval, i.e., ahead of the due date.

Selected ČSOB Group indicators	1H 2019	1H 2020	Year-on-year change
Net profit (CZK bn)	10.9	3.5	-68%
Cost/income ratio	43.1%	52.2%	+9.1 p.p.
Loan volume (CZK bn)	751.8	791.2	+5%
Deposit volume (CZK bn)	978.4	1,064.2	+9%
Assets under management (CZK bn)	228.2	244.3	+7%
Tier 1 capital ratio (CET 1)	18.7%	21.1%	+2.4 p.p.
Credit cost ratio (CCR)	0.02%	0.62%	+0.60 p.p.

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 and Poštovní spořitelna brand, to insurance from ČSOB Pojišťovna, to home loans from Hypoteční banka and 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.