

The ČSOB results are marked by instalment deferrals, rising volumes of loans and deposits as well as accelerating digitization.

Since the beginning of the Covid-19 pandemic, the ČSOB Group has focused hard on helping all groups of clients and ensuring the availability of services both at branches and online 24/7. The Group's net profit for the first nine months of this year was CZK 6.3 billion. The volume of client loans, deposits and assets under management grew year on year.

"We are going through one of the most challenging periods in history. Since the beginning of the Covid-19 pandemic, we have been paying attention to the health and safety of clients and employees and ensuring the availability of services online and at branches. We have approved almost 65,000 instalment deferrals, and even after the end of the general moratorium, we are still ready to assist clients. On the positive side, even in these tough times, people are saving much more, and the number of regular investors is rising. We also observe a much greater inclination of customers to digital and online services," comments John Hollows, CEO of ČSOB, adding: *"I am very pleased with the prestigious Best Bank and Client-Friendly Bank awards. It is a recognition for the work of the entire ČSOB Group, our investment in innovation and client service, and it is encouraging as we face another difficult period together. The ČSOB Group has further increased its capital adequacy and remains the strongest player on the market in terms of the volume of loans provided to individuals and companies." I want to express my immense gratitude to all colleagues for their extraordinary performance and effort in this challenging period."*



Patrik Madle

Spokesman

patrik.madle@csob.cz

+420 602 530 639

- The ČSOB Group's net profit was CZK 6.3 billion (down 57% year-on-year).
- The volume of loans increased to CZK 796 billion (up 3% year-on-year).
- The volume of housing loans amounted to CZK 452.9 billion (up 4.9% year-on-year)

- **The volume of deposits increased to CZK 1,078 billion** (up 10% year-on-year).
- **The volume of assets under management rose to CZK 246 billion** (up 5% year-on-year).
- **Operating revenues reached CZK 27.1 billion** (a year-on-year decrease of 14%, or of 9% on a comparable basis).
- **Operating expenses amounted to CZK 14.3 billion** (a year-on-year increase of 2%, but a year-on-year decrease of 3% on a comparable basis).
- **ČSOB has maintained its strong capital position and an excellent liquidity buffer.** The Tier 1 capital ratio (CET 1) amounted to 22.8%.
- **ČSOB approved approximately 65,000 requests for loan deferrals.**
- **ČSOB has been actively involved in granting state-guaranteed Covid loans** to support small and medium-sized companies and entrepreneurs in particular, which resulted into loans amounting to CZK 7.1 billion.
- **The number of mobile banking users grew by 35% year-on-year.**
- **ČSOB launched the DoKapsy Application by ČSOB and ČSOB Drobné applications.**
- **In June, ČSOB announced the launch of a personal digital assistant, Kate.**
- **ČSOB dominated in the renowned Hospodářské noviny Best Bank 2020 competition.** It won the main category and also ranked first in the Client-Friendly Bank category.
- **According to the regular report of the Czech Ministry of Finance, ČSOB was the third largest payer of corporate income tax in 2019.**
- **Due to its support for diversity and fight against discrimination, ČSOB was recognized for reaching the biggest improvement and for being a LGBT Hero in the LGBT Friendly Employer 2020 Award.**

Due to a sharp growth in loan impairments and a lower operating income, the net profit of ČSOB Group fell in the first half of the year. The year-on-year comparison was also negatively affected by the higher base in 2019 due to one-off gains from the revaluation of the stake 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 48 % lower year-on-year.

The quality of the loan portfolio remains high, with higher risk costs reflecting the expected impact of the deteriorating economic environment. Loan impairments increased to CZK 5.1 billion in connection with the anticipated economic impact of the Covid-19 pandemic. The share of non-performing loans in the entire loan portfolio was low at 2.12% at the end of Q3.

Growth of loans and deposits

The total loan portfolio rose by 3% year-on-year thanks to a growth in the retail segment, including housing loans, where the ČSOB Group (which includes Hypoteční banka and ČMSS) maintained its leading position. Housing loans, i.e. mortgages and building savings loans, increased by 5% year on year. The volume of deposits rose by 10% and the volume of assets under management increased by 5%.

Rapid growth in mobile banking

The number of active ČSOB mobile banking users increased by 35% year-on-year, while the number of transactions grew by as much as 44%. Clients also paid more often with cards, shopped online and withdrew cash to a lesser extent. *"The benefits of our long-term strategy "Digital with a Human Touch" and the focus on technological innovation have been further highlighted by the pandemic. We want to make people's lives more pleasant and simpler so that we remain the first choice for them. People manage most products and services online, but they need advice and consultation for more complex life situations,"* says Jan Sadil, a member of the ČSOB Board of Directors responsible for retail. *"We are currently piloting a new service system for branches. It will also include zones for housing loans, which are very much in demand regardless of the Covid-19,"* adds Jan Sadil.

Help during the pandemic

We help wherever we can. Since the spring lockdown, we have donated 1,922 units of IT equipment to 50 non-profit organizations. Laptops, tablets, desktops and monitors were channelled by organizations and schools mainly to pupils and students from socially disadvantaged and foster families. We also support residents of homes for the elderly to facilitate their contact with their families when visits were forbidden, which is also the case now.

We have also been cooperating with the Committee of Good Will – Olga Havlová Foundation for 25 years, and together we provide students with social and health handicaps with a scholarship. In the autumn, it was awarded to another 22 high school and university students. We currently support a total of 90 young people with disabilities, from children's homes or socially marginalised families from the Education Fund. In the spring and fall, we set aside 30 telephone operators to help with Smart Quarantine tracing.

Responsible business

Environmental friendliness and sustainability are a long-term part of ČSOB's corporate DNA and corporate social responsibility philosophy. This green thinking shapes the design of its buildings, banking and

insurance products and activities. Our flagship is the ČSOB Campus in Prague, one of the most modern and environmentally-friendly office buildings in Europe. Thousands of clients use a green payment card, which reduces the carbon footprint by 7 grams of CO₂. Other ecological products include a green mortgage, a green car loan or a water-related mutual fund. In the last five years alone, ČSOB reduced waste production by nearly two thirds, and last year it saved 132 tons of paper.

Selected ČSOB Group indicators	First three quarters of 2019	First three quarters of 2020	Year-on-year change
Net profit (CZK bn)	14.7	6.3	-57%
Cost/income ratio	44.9%	52.8%	+8.0 p.p.
Loan volume (CZK bn)	775.9	795.5	+3%
Deposit volume (CZK bn)	978	1,078	+10%
Assets under management (CZK bn)	233.6	245.5	+5%
Tier 1 capital ratio (CET 1)	18.7%	22.8%	+4.1 p.p.
Counterparty credit risk (CCR) cost indicator	0.05%	0.64%	+0.59 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 brands, 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.