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KBC confirms that ČSOB (Czech Republic) was delivered an arbitral award in the arbitration proceedings against ICEC- Holding

KBC Group confirms that today, ČSOB was delivered an arbitral award issued in the arbitration proceedings against the company ICEC-HOLDING, a.s.

In the arbitration proceedings, ČSOB was being sued as the legal successor of Investiční a poštovní banka (IPB), whose business activities were acquired by ČSOB in 2000. The proceedings were initiated by ICEC-Holding in 2007.

The plaintiff, the company ICEC-HOLDING, a.s., claims that IPB breached its contractual duties in 1999, and ICEC-HOLDING, a.s. was thus entitled to damages and contractual penalty. The claim itself is thus not in any way related with the business activities of ČSOB and is to be considered as part of the IPB legacy.

In the delivered arbitral award, ČSOB was imposed to pay the company ICEC-HOLDING, a.s. the amount of CZK 3.7 billion together with the costs of the proceedings in the amount of 5.0 million CZK, and that within fifteen days from the delivery of the award.

The plaintiff failed in the remainder of his claim and the arbitration panel ordered him to pay ČSOB the costs of the proceedings in the amount of CZK 17.4 million.

ČSOB will consider possible further legal steps leading to the revision of this award.

The payment of damages and contractual penalties will have an adverse financial impact on ČSOB and KBC Group. In accordance with IFRS, ČSOB is required to provision the full amount of CZK 3.7 billion in its 4Q2022 P/L, impacting KBC Group's 4Q2022 P&L¹ to the extent of -149 million euro before tax/-121 million euro after tax. The CET1-ratio fully loaded DC at the end of 2022 decreases from 15,4% to 15,3%.

¹ The annual report 2022 (publication 3 April 2023) will be adapted accordingly.

ČSOB assures its clients, business partners and other interested parties that the payment of the above-mentioned amount in the arbitration will not have any effect on the stability and functioning of the ČSOB group.

ČSOB maintains a strong capital and liquidity position. On February 9, 2023, ČSOB announced a net profit after tax for the year 2022 to the amount of CZK 17.5 billion, and the above amount, after taking into account income tax, will be deducted from the profit of the previous year. As of December 31, 2022, the equity capital of the ČSOB Group stood at CZK 103.9 billion and the common Tier 1 capital (CET1) ratio was 19.9%. After taking into account the above-mentioned amount, the group's equity would fall to CZK 101.0 billion and the Common Tier 1 capital (CET1) ratio would decrease to 19.8%.

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* This news item contains information that is subject to the transparency regulations for listed companies.

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