

For ČSOB, 2020 was marked by higher housing loans and deposits, a faster digitization, and loan repayment deferrals.

Since the onset of the COVID-19 pandemic, ČSOB has focused on supporting all client groups, maintaining 24/7 availability physically as well as online and helping the Czech economy. The ČSOB Group's net annual profit was CZK 8.5 billion. The volume of client loans, deposits and assets under management grew year on year.

"Last year, the lives of many people were turned upside down by the COVID-19 pandemic. We are glad that in these rough times, people and companies were able to rely on our banking and insurance services. We remained available at branches and online, recording a remarkable increase in the usage of services as well as in the number of transactions. We approved almost 65,000 repayment deferrals. Even after the end of the across-the-board moratorium, we help clients in difficulty case-by-case," says ČSOB CEO John Hollows, adding: *"We won the prestigious Best Bank and Client-Friendly Bank awards. We see them as a reward for the efforts of the entire ČSOB Group, for our commitment and dedication in serving our customers in difficult conditions which were previously beyond our imagination. They also encourage us not to stop investing in innovation and client care. Let me express my deep gratitude to all colleagues who, through their extraordinary efforts, provided superior services to our clients even during the pandemic and took care of their maximum comfort and satisfaction. We are still facing difficult conditions, but after one year of dealing with the pandemic, we are more experienced and stronger, so we do not have to worry about the future."*



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- The ČSOB Group's net profit was CZK 8.5 billion (down 57% year-on-year).
- The volume of loans increased to CZK 792 billion (up 2% year-on-year).
- The volume of housing loans increased to CZK 458.2 billion (up 5% year-on-year).
- The volume of deposits increased to CZK 1,073 billion (up 12% year-on-year).
- The volume of assets under management amounted to CZK 253 billion (up 5% year-on-year).
- Operating revenues reached CZK 35.3 billion (a year-on-year decrease of 17%, or of 14% on a comparable basis).
- Operating costs reached CZK 19.3 billion (up 1% year-on-year, but 3% down on a comparable basis).
- ČSOB maintains a strong capital and liquidity position. The Tier 1 capital ratio is 23,7%.
- ČSOB approved roughly 65,000 requests for repayment deferrals. 97% of clients resumed normal instalments after the moratorium ended.
- ČSOB supports companies and entrepreneurs with funds from COVID guarantee programs; the total volume of financing in 2020 was CZK 10.3 billion.
- The number of mobile banking users grew by 34% year-on-year.
- ČSOB launched DoKapsy Application by ČSOB and ČSOB Drobné, and it was the first on the market to launch Kate, a voice assistant.
- ČSOB won the Best Bank 2020 prize awarded by Hospodářské noviny and dominated in the Client-Friendly Bank category.
- The first to obtain accreditation for the Banking Identity, ČSOB launched the service in January 2021.

The lower net profit of the ČSOB Group was due to a higher volume of loan loss provisions and a lower operating income. 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, the net profit of ČSOB would have been 51% 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 because of the pandemic. New loan loss provisions increased to CZK 5.6 billion. The share of non-performing loans in the entire loan portfolio was low at 2.26 % at the end of the last year.

Growth of loans and deposits

The total loan portfolio rose by 2% 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 increased by 12% and the volume of assets under management rose by 5%.

Rapid growth in mobile banking

The number of active ČSOB mobile banking users jumped by 34% year-on-year, and the number of transactions grew by 48%. Clients more often paid with contactless cards and shopped in e-shops. *"The pandemic era has confirmed that our Digital with a Human Touch strategy is the right way. Banking is naturally shifting into the digital environment, and the COVID-19 era has accelerated this trend. Our priority continues to be to bring simple, convenient products and services so that we remain the first choice for clients in the online environment and at branches. At branches, we are now introducing a new service system, including a zone for housing financing where our group is the market leader,"* says Jan Sadil, a member of the ČSOB Board of Directors responsible for retail. *"We are bringing even more news in the digital environment. I would like to draw clients' attention especially to the new Smartbanking and Kate, our voice assistant,"* adds Jan Sadil.

Pandemic assistance

We donated 2,2 thousand pieces of IT equipment to 68 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 support residents of homes for the elderly to facilitate their contact with their families when visits are forbidden. We have 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. Last 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. We were very pleased with the record interest in the ČSOB Helps in Regions program, which paid out over CZK 8.6 million to non-profit organisations last year, the highest amount in 8 years of operation.

Health protection and additional employee benefits

To protect health and the work/life balance, the ČSOB Group recommended that employees work remotely. In the last quarter, an

average of 68 % of employees worked from home, in peaks up to 83%. Extraordinary reward to the benefits and rewards system for each employee was given in December as a special thanks for this difficult year. Unusual needs for work-life balance in situation of closed schools were treated with 5 extra days-off. The premises were equipped with disinfectants, thermometers and protective equipment, and hundreds of employees were vaccinated against the flu in the fall. From January, employees on the Prague Campus and in Hradec Králové can be tested for COVID-19 regularly.

Entrepreneurial responsibility and green products

Sustainability and environmental friendliness have long been part of ČSOB Group's DNA and the basis of its philosophy of social responsibility. We are systematically reducing our carbon footprint. We reduced the volume of CO2 emissions to 41% of the 2015 level. Last year, we saved 550 tons of paper by opting for biometric signatures and electronic documents. ČSOB's waste production has fallen by almost two thirds in the last five years. Our ecological approach is reflected in the environment we create for our employees and clients, in banking and insurance services and other activities. ČSOB Campus is one of the most modern and environmentally friendly office buildings in Europe. Our ecological products include a green mortgage, a green car loan, the ČSOB Akciový vodního bohatství mutual fund, and a payment card made of recycled plastic, the first on the Czech market.

Selected ČSOB Group indicators	2019	2020	Year-on-year change
Net profit (CZK bn)	19.7	8.5	-57%
Cost/income ratio	44.9%	54.6%	+9.7pp
Loan volume (CZK bn)	780.7	792.5	+2%
Deposit volume (CZK bn)	957	1,073	+12%
Assets under management (CZK bn)	240.6	252.5	+5%
Tier 1 capital ratio (CET 1)	19.2%	23.7%	+4.5pp
Counterparty credit risk (CCR) cost indicator	0,04%	0,67%	+0.63pp

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.