

ČSOB Group 9M 2021 results: Strong growth of mortgage loans, mutual funds and digitization

In nine months, ČSOB Group reported a net profit of CZK 11.6 billion in particular due to high quality of its loan portfolio. The volume of loans increased due to a persistent demand for mortgage loans. Clients also actively invested into mutual funds and used mobile banking and digital applications.

“Our bancassurance group maintains a strong capital position and excellent liquidity. We offer products and services our clients can rely on. We are available online 24/7, and through our investments into digitization and continuous innovations, we save people’s time and money. The number of mobile banking users increased by 43% year on year, while the number of transactions was almost two thirds higher. We continuously modernize our branch and ATM network so it lives up to the ever increasing demands of our clients. Our business volumes are on the rise, and the quality of our loan portfolio remains in excellent shape. We are happy to be the clients’ primary choice for their housing needs, savings and investments,” **says John Hollows ČSOB CEO, adding:** *“The long-term basis of our corporate philosophy is sustainability along with environmental friendliness where we are the market leader and a role model in many areas. We have opened regional headquarters in Hradec Králové, aiming to reach the prime LEED Platinum certification. We no longer have any exposure to coal-related companies. We offer companies and entrepreneurs an assistance and financing when they seek to shift their business towards sustainability, thus ensuring their future competitiveness.”*



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- **The ČSOB Group’s net profit reached CZK 11.6 billion** (up 84% year-on-year).

- **The volume of housing loans reached CZK 477 billion** (up 5% year-on-year).
- **The total volume of loans amounted to CZK 821 billion** (up 3% year-on-year).
- **The volume of deposits increased to CZK 1,261 billion** (up 17% year-on-year), of which the volume of total client deposits reached CZK 1,128 billion (up 8% year-on-year).
- **The volume of assets under management reached CZK 278 billion** (up 16% year-on-year).
- **Operating income reached CZK 25.5 billion** (down 6% year-on-year).
- **Operating expenses excluding banking taxes amounted to CZK 13.4 billion** (up 1% year-on-year).
- **ČSOB has maintained its strong capital position and an excellent liquidity.** The Tier 1 capital ratio is 23.0%.
- **The number of mobile banking users grew by 43% year-on-year, while the number of transactions went up by 59%.**
- **The environmentally friendly ČSOB payment card has 26 thousand users,** and it is now being distributed by Postal Savings Bank.
- Our regional **headquarters** for roughly 1,000 employees **was opened in Hradec Králové.**
- **As many as 95 thousand ČSOB clients have already used the banking identity to log in to government and corporate services.**
- **ČSOB has won three 2021 Sustainable Finance awards from the Global Finance magazine.**

The net profit of ČSOB Group for the first nine months increased year-on-year, mainly due to the release of impairments. The quality of our loan portfolio continued to be high. The share of non-performing loans in the entire loan portfolio was 1.97% at the end of September.

Strong growth in mortgage loans and investments

The volume of housing loans, i.e. mortgage loans and building savings loans, increased by 5% year on year. By the end of September, the volume of mortgages sold increased by 31% year-on-year, and the ČSOB Group remains the Czech market leader in the total volume of housing loans. *“This year, the demand for mortgages is exceeding our expectations, and not even the rise in prices on the real estate market could stop it. However, we expect a*

gradual slowdown in the next period. With the development of the Czech economy and rising inflation, interest rates are rising rapidly, we have no choice but to reflect this in our mortgage offer," says **Jan Sadil, Member of the ČSOB Board of Directors responsible for retail.**

The volume of total client deposits and the volume of assets under management increased by 8% and 16%, respectively. The volume of assets in mutual funds increased by 23%.

ČSOB Bohatství fund benefited the most from the inflow of money, maintaining its position of the largest fund on the Czech market with an asset volume of CZK 40 billion.

Rapid growth in mobile banking

The number of active ČSOB Smart banking users increased by 43% year-on-year, while the number of transactions grew by 59%. Our clients are increasingly using the virtual assistant Kate, which is part of ČSOB Smart application. *"Kate is the fastest and most convenient solution for clients in many situations. She is always available, continuously improving and learning new things. She can enter a payment or inform the client about unpaid insurance premiums,"* adds **Jan Sadil.**

Sustainability leader

Sustainability and environmentally friendly behaviour are the fundamental pillars of the overall strategy of the ČSOB Group. ČSOB has fulfilled its long-term commitment to divest from coal activities and no longer has any credit exposure to coal-related companies. In September, ČSOB opened its regional headquarters in Hradec Králové which is considered one of the most modern office buildings in Europe thanks to the usage of cutting-edge environmentally friendly technologies. The volume of investments in socially responsible funds (SRI) increased by 39% quarter-on-quarter. Financing for energy-efficient homes and environmentally friendly vehicles rose 26% and 9%, respectively, quarter on quarter.

Active support for companies implementing changes towards sustainability and reducing CO2 emissions is a priority for the ČSOB Group. ČSOB has already granted loans worth CZK 3.2 billion in accordance with the strictest EU taxonomy criteria. *"The large-scale European climate-energy measures represent a great challenge for Czech companies, but at the same time an opportunity.*

Thanks to significant EU funding, we have a chance and resources for a technological advancement in various fields.

Decarbonisation is an opportunity to reduce production costs, develop and introduce modern technologies, create new jobs and ultimately improve the environment and our quality of life,"

summarises **Ján Lučan, Member of the Board of Directors of ČSOB responsible for relationship banking.**

Selected ČSOB Group indicators	9M 2020	9M 2021	Year-on-year change
Net profit (CZK bn)	6.3	11.6	+84%
Cost/income ratio (excluding banking taxes)	48.8%	52.6%	+3.8 p.p.
Loan volume (CZK bn)	795.5	820.5	+3%
Deposit volume (CZK bn)	1,078	1,261	+17%
Assets under management (CZK bn)	239.7	278.0	+16%
Tier 1 capital ratio (CET 1)	22.8%	23.0%	+0.2 p.p.
Counterparty credit risk (CCR) cost indicator	0.64%	-0.47%	-1.11 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 online as well as at branches. 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, ČSOB Penzijní společnost, ČSOB Leasing, ČSOB Asset Management, ČSOB Factoring and Patria Finance. We provide services to all types of clients, including private 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. ČSOB is the largest provider of housing loans in the Czech Republic. Thanks to Hypoteční banka and ČSOB Stavební spořitelna, which are part of the ČSOB Group, the total volume of housing loans amounts to roughly CZK 500 billion. Our goal is to offer clients all services related to housing simply and under one roof – from housing loans, to mortgages, building savings and related services such as mortgage insurance, real estate insurance, etc.