

## The ČSOB Group in 2021: Strong mortgage and investment growth; excellent credit quality

ČSOB Group posted a net profit of CZK 16.2 billion in 2021. The volume of new mortgages reached a record high, exceeding the CZK 100 billion mark for the first time. The volume of assets invested in mutual funds rose by a quarter year-on-year. The loan portfolio quality has reached the best level since 2008.

*“The growth in net profit of our bancassurance group is largely driven by the high quality of our loan portfolio. The share of non-performing loans in our total portfolio was 1.83% at the end of December, the lowest level since 2008. Total lending grew by a solid 5% year-on-year. We continue to build on our strong capital position and excellent liquidity,” says John Hollows, Chief Executive Officer of ČSOB, and adds: “Our approach based on our Digital with a Human Touch strategy is greatly appreciated by clients as it saves them time and money. We launched ČSOB Smart, a single application for all clients, which helped to increase the number of mobile banking users by almost 50% year-on-year. Sustainability and environmental friendliness are other key pillars of our philosophy. We have opened a regional headquarters in Hradec Králové meeting the highest environmental standards and we fulfilled our commitment to exit direct coal financing.*

*I would like to thank the employees for their dedication and commitment in another extremely challenging year. I was also very pleased with the determination with which we helped families affected by the tornado in South Moravia.”*



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- **Net profit amounted to CZK 16.2 billion** (up 90% year-on-year).
- **The total volume of loans amounted to CZK 835 billion** (up 5% year-on-year).
- **The volume of housing loans reached CZK 487 billion** (up 6% year-on-year).
- **The volume of deposits increased to CZK 1,157 billion** (up 8% year-on-year).
- **The volume of assets under management amounted to CZK 288 billion** (up 16% year-on-year).
- **Operating income reached CZK 35.7 billion** (up 1% year-on-year).
- **Operating expenses excluding banking taxes amounted to CZK 18.5 billion** (up 2% year-on-year).
- **ČSOB has a strong capital position and excellent liquidity.** The Tier 1 capital ratio is 22.4%.
- **The number of ČSOB Smart mobile banking users grew by 48% year-on-year, while the number of transactions went up by 56%.**
- As many as **95 thousand ČSOB clients** have already used the banking identity to log in to government and corporate services.
- **Customers with the banking identity** can now use **guaranteed digital signatures of contracts and documents.**
- **ČSOB won three prizes in 2021 Sustainable Finance awards** within Central and Eastern Europe **by the Global Finance magazine.**
- **ČSOB was ranked first in the Mortgage of the Year category** in the **Mastercard Bank of the Year 2021** awards.

The Group's net profit increased last year mainly due to the release of loan impairments. The loan portfolio quality was excellent. The share of non-performing loans in our total loan portfolio was 1.83% at the end of December, the lowest level since 2008.

### **Interest in mortgages and investments**

The volume of housing loans, i.e. mortgage loans and building savings loans, increased by 6% year-on-year. The volume of mortgages sold last year increased by an extraordinary 71% year-on-year. The ČSOB Group thus confirmed its leading position on

the Czech mortgage market. *"Last year, the ČSOB Group helped nearly 50,000 households to improve their housing situation. The unprecedented mortgage boom was driven by low interest rates and fears of their increase combined with a persistent lack of supply on the real estate market,"* comments **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 25%. The assets of ČSOB Bohatství, the largest fund on the Czech market, have exceeded CZK 40 billion .

### **Interest in corporate loans**

Last year, the renewed growth of the Czech economy accompanied by low unemployment made Czech companies want to invest in innovation, sustainable projects and further development. *"Despite the rough period, the Czech economy resumed growth last year, with a significant contribution from the corporate sector that proved that it is mostly in good shape and does not lack the desire to further develop and to improve its competitiveness. Last year, we provided loans worth CZK 95 billion to Czech companies, which was a record amount ,"* says **Ján Lučan, member of the ČSOB Board of Directors responsible for relationship banking.**

### **Rapid growth in mobile banking**

The number of active ČSOB Smart banking users increased by 48% year-on-year, while the number of transactions grew by 56%. Virtual assistant Kate, part of the ČSOB Smart and DoKapsy applications, is increasingly popular. ČSOB was the first to introduce this feature on the market. *"Kate is a useful and constantly available helper for banking as well as non-banking matters. She can do more and more, for example, send money, get in touch with assistance services, check insurance policies or alert you when your ID is about to expire. There is no extra charge, and the data is safe with her,"* adds **Jan Sadil.**

## Sustainability and the environment as our pillars

The main pillars of the overall strategy of the ČSOB Group are sustainability and environmentally friendly behaviour. Last June, ČSOB fulfilled its commitment to exit direct coal financing. In September, ČSOB opened its regional headquarters in Hradec Králové, which, thanks to the use of cutting-edge, environmentally friendly technologies, is one of the most modern office buildings in Europe. The greenhouse gas emissions decreased by 76% compared to 2015. ČSOB has already provided loans worth CZK 3.2 billion in accordance with the strictest EU taxonomy guidelines.

Selected ČSOB Group indicators	2020	2021	Year-on-year change
Net profit (CZK bn)	8.5	16.2	+90%
Cost/income ratio (excluding bank taxes)	51.5%	51.8%	+0.3 p.p.
Loan volume (CZK bn)	792.5	835.4	+5%
Deposit volume (CZK bn)	1,073	1,157	+8%
Assets under management (CZK bn)	248.6	288.3	+16%
Tier 1 capital ratio (CET 1)	23.7%	22.4%	-1.3 p.p.
Counterparty credit risk (CCR) cost indicator	0.67%	-0.42%	-1.09 p.p.

## 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.