

ČSOB Group in 1Q: rising interest income, excellent loan quality and focused assistance to Ukrainian refugees

In the first quarter of 2022, ČSOB Group posted a net profit of CZK 4.6 billion. The demand for loans has increased, especially in the corporate sector. Deposits and investments in mutual funds continued to grow strongly. The ČSOB Group has also greatly involved in helping Ukrainian refugees.

"Although this is my first opportunity to share the quarterly results with you, I would like to start with a message that matters to me even more on a human level. It relates to the involvement of the whole ČSOB Group and my colleagues in helping people from Ukraine. I am proud that we supported the SOS Ukraine fundraising campaign immediately when the war started. The target amount was CZK 25 million, and we pledged to double the amount. Since people continued to contribute after the target amount was reached, we could transfer CZK 58 million to the People in Need. Moreover, we immediately started opening current accounts with an initial deposit for an easier start for tens of thousands of Ukrainian refugees. In total, we have spent over CZK 250 million to support them. In addition, we were the first bank to offer the chance to use the banking identity to apply for a humanitarian assistance online. There is a lot of effort and work behind all these initiatives, and I have to express a big gratitude to my colleagues who handled everything swiftly," says Aleš Blažek, new **CEO of ČSOB**, adding: *"I am also impressed by our quarterly results and wish to thank our colleagues for their work. The profitability of our bancassurance group in the first quarter was mainly driven by the increase in the net interest income and an excellent loan quality. Total loans grew by 7% year-on-year. Our capital position and liquidity are excellent."*



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Prague, 12 May 2022



- **Net profit amounted to CZK 4.6 billion** (up 68% year-on-year).
- **The total volume of loans amounted to CZK 851 billion** (up 7% year-on-year).
- **The volume of housing loans reached CZK 495 billion** (up 2% year-on-year).
- **The volume of client deposits increased to CZK 1,179 billion** (up 7% year-on-year). Total deposits amounted to **CZK 1,353 billion** (up 19% year-on-year).
- **The volume of assets under management amounted to CZK 290 billion** (up 14% year-on-year).
- **Operating income reached CZK 11.9 billion** (up 41% year-on-year).
- **Operating expenses excluding banking taxes amounted to CZK 4.9 billion** (up 14% year-on-year).
- **ČSOB has a strong capital position and excellent liquidity.** The Tier 1 capital ratio was 21.6% at the end of the first quarter.
- The **share of non-performing loans** in the total loan portfolio was **1.88%** at the end of March.
- The number of ČSOB Smart mobile banking users **grew by 53% year-on-year, while the number of transactions went up by 46%.**
- **ČSOB acquired a 100% stake in Mallpay**, the largest provider of deferred payments in the Czech Republic.
- **Since February, companies can open accounts online.** ČSOB was the first bank to make it possible.
- Through the **new ČSOB NaDobrouVěc service**, clients can contribute to charity with each card payment.
- The **Filip app by ČSOB won 1st place in the Charity Communication Project** category of the **2021 Donors' Forum.**

Deposit and investment growth

The volume of total client deposits and the volume of assets under management increased by 7% and 14%, respectively. The volume of assets in mutual funds increased by 22%. ČSOB Bohatství retained its position as the largest fund on the market. The volume of housing loans, i.e. mortgages and building savings loans, slowed down to 2% year on year. The demand has waned partly due to the sharp increase in interest rates by the Czech

National Bank. *"The rising cost of loans affects the young generation most of all. We thus came up with the programme Do vlastního for mortgage applicants up to 36 years of age. The programme includes a half percentage point off the interest rate for housing financing as well as the advantageous life insurance Náš život,"* says **Jan Sadil, Member of the Board of Directors of ČSOB responsible for retail.**

Rising corporate loans

Companies exhibit an increased interest in loans. *"The demand for loans from our corporate clients is also higher because they need to finance their operations. Companies pay much more for energy, fuel and many other inputs than they did last year. They also try to pre-stock, arrange currency hedges and think about long-term investments,"* says **Ján Lučan, member of the Board of Directors of ČSOB responsible for relationship banking.**

Mobile banking on the rise

The number of ČSOB Smart mobile banking users grew by 53% year-on-year, while the number of transactions went up by 46%. Our virtual assistant Kate is an integral part of the app and can handle more and more situations, including instant changes of the weekly limit on your card. *"We want the ČSOB Smart mobile banking with Kate to be the most frequently used banking application on the Czech market in the future,"* summarises **Jan Sadil.** In the retail area, the Group is actively involved in assisting Ukrainian refugees and opening accounts for them. More than 100,000 new accounts were opened.

Sustainability and the environment as our priorities

Sustainability and environmental friendliness are part of ČSOB Group's strategy. Last June, ČSOB discontinued the coal sector financing. The regional headquarters in Hradec Králové, which was opened last year, has been awarded LEED Platinum certificate. The certificate confirms its status of one of the most environmentally friendly buildings in Europe. ČSOB has also selected six startups for the extraordinary Green Challenge wave of the Start it @ČSOB accelerator.

Selected ČSOB Group indicators	1Q 2021	1Q 2022	Year-on-year change
Net profit (CZK bn)	2.7	4.6	+68%
Cost/income ratio (excluding bank taxes)	51,1%	41,5%	-9.6 p.p.
Loan volume (CZK bn)	794.7	851.0	+7%
Deposit volume (CZK bn)	1,142	1,353	+19%
Assets under management (CZK bn)	255.3	290.4	+14%
Tier 1 capital ratio (CET 1)	24,3%	21.6%	-2.7 p.p.
Credit cost ratio (CCR)	-0,16%	-0,11%	-0.05 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.