

ČSOB – 1H 2021: High quality loan portfolio, continued growth of deposits and assets under management

The ČSOB Group generated net profit of CZK 6.6 billion in 1H thanks to the high quality of its loan portfolio. The volume of client deposits and assets under management continued to grow year on year, and demand for housing loans was also high. ČSOB focused on the development of digitisation and innovation with the aim of providing even better and safer services and supporting sustainable business.

"While the Covid-19 pandemic continues to have a significant impact on our lives and businesses, we are definitely one year wiser and much less vulnerable. People are increasingly choosing digital tools and contactless payment options, which are simple, convenient, and more secure. The number of mobile banking users has grown by more than 40 percent and tens of thousands of clients use our applications to shop and invest. We launched a new ČSOB Smart application for mobile banking with our virtual assistant Kate, and we were one of the first banks to offer the option of logging in to government and corporate services using a banking identity. Our approach to our clients is highly accommodating. We have cancelled fees for maintaining our flagship accounts for existing and new clients, introduced Stavebko building savings without limits, and we also offer the option of increasing mortgages due to the sharp rise in the price of building materials. The trust our customers place in us is also apparent in the twofold increase in the number of mortgages", says ČSOB CEO John Hollows, adding: "All this would be impossible without the extraordinary commitment of our employees, to whom we owe our deep gratitude. We have been helping families affected by natural disasters in south Moravia with the same determination. We immediately started sending out advance payments on insurance claims, providing loan payment deferrals and offering the possibility of using loaner vehicles and accommodation. I was very pleased with the great solidarity of our clients and employees. Our



Patrik Madle

Spokesman

patrik.madle@csob.cz

+420 602 530 639

Prague, 5 August 2021



extraordinary collection for those affected by the tornado raised 2 million crowns in just a few days”.

- **The ČSOB Group's net profit was CZK 6.6 billion** (up 91% year-on-year).
- **The volume of housing loans amounted to CZK 471 billion** (up 6% year-on-year).
- **The total volume of loans exceeded CZK 804 billion** (year-on-year growth of 2%).
- **The volume of deposits increased to CZK 1,161 billion** (up 9% year-on-year).
- **The volume of assets under management rose to CZK 268 billion** (up 13% year-on-year).
- **Operating revenues totalled CZK 16.4 billion** (down 12% year-on-year).
- **Operating expenses amounted to CZK 10.3 billion** (up 6% a year-on-year), which represents **a year-on-year increase of 4%** after adjusting for bank taxes.
- **ČSOB has maintained its strong capital position and an excellent liquidity buffer.** The Tier 1 capital ratio is 23.7%.
- **In the COVID programme guaranteed by the government, ČSOB has given out loans worth CZK 14.5 billion** to companies and entrepreneurs.
- **Demand for deferred payments was minimal and deferred loans accounted for only 0.2% of the total loan portfolio.**
- **The number of mobile banking users grew by 42% year-on-year, and the number of transactions increased by 60%.**
- **ČSOB introduced ČSOB Smart, a single mobile application for ČSOB and Poštovní spořitelna clients.** It also includes our virtual assistant Kate.
- **ČSOB stavební spořitelna was the first on the market to introduce Stavebko building savings without limits.**
- **ČSOB has fulfilled its long-term commitment to divest from coal activities and no longer has any credit exposure to coal-related companies.**
- **ČSOB's new regional headquarters in Hradec Králové, an extremely environmentally-friendly facility, has passed final occupation inspections.**
- **ČSOB was one of the first banks to offer the use of bank identity for logging in to public administration services.**
- **ČSOB is the only Czech bank to participate in financing the first PPP project in the Czech Republic – the completion of the D4 motorway between Příbram and Písek.**

The ČSOB Group's net profit in 1H increased year-on-year due to the

release of loan loss provisions. The quality of the loan portfolio remains high.

The vast majority of our clients resumed normal loan payments after the moratorium ended. Requests for further deferrals from those still needing help were mostly approved. The share of non-performing loans in the entire loan portfolio was low at 2.06 % at the end of June, a slight year-on-year decrease.

Growth in housing loans and deposits

Housing loans, i.e., mortgages and building savings loans, increased by 6% year on year. The number of mortgages sold more than doubled in the first half of the year, and the ČSOB Group remains the market leader in the total volume of housing loans provided. *"The demand for house ownership and real estate investment is extraordinary. Mortgages and loans from building savings are at record levels this year, helping our ČSOB Stavební spořitelna reach the historic milestone of over half a trillion crowns of provided loans"*, notes **Jan Sadil, the ČSOB Board of Directors member responsible for retail.**

The total loan portfolio grew by two percent. The volume of deposits rose by 9% and the volume of assets under management increased by 13%. The largest fund on the market continued to be ČSOB Bohatství with assets of CZK 37 billion.

Rapid growth in mobile banking

The number of active ČSOB Smartbanking users increased by 42% year-on-year, while the number of transactions grew by 60%. Clients increasingly preferred cashless transactions, shopped online and used ATMs less often.

Sustainability and green products

The ČSOB Group is a leader in sustainability and an environmentally friendly approach. In March, ČSOB signed the Memorandum of the Czech Banking Association for Sustainable Finance. The ČSOB Campus won the Environmentally Friendly Project award in the 22nd edition of the Best of Realty competition. ČSOB has fulfilled its long-term commitment to divest from coal activities and no longer has any credit exposure to coal-related companies. *"Our highest priority is to support companies and individuals in implementing changes towards sustainability and the reduction of emissions. In addition, we naturally also perceive the pressure of the environment on our own company. We are one step ahead in many areas. In terms of energy consumption and carbon footprint, we are even the market leader"*, emphasises **Ján Lučan, Member of the Board of Directors responsible for relationship banking.**

In 1H, the volume of investments in socially responsible funds (SRI) increased by 28% quarter-on-quarter. Financing for energy-efficient homes rose 13% quarter on quarter, 8% for ecological vehicles. ČSOB has the largest share in the consortium of banks financing the completion of the D4 motorway between Příbram and Písek. This is the first motorway construction in the Czech Republic that will be created in the form of a public-private partnership, a so-called PPP. As a creditor, ČSOB committed to providing financing in the total amount of over CZK 5 billion.

Health protection

Despite a significant decrease in the number of Covid-19 infections and, conversely, an increase in vaccinations, the protection of the health and safety of clients and employees remains an important priority. In 1H, an average of 69% of ČSOB Group employees worked from home. The branch network has been in operation the entire time without interruption and strict safety and hygiene measures are observed. Regular testing is provided for employees whose presence at the workplace is essential. Over 90,000 COVID tests were performed in 1H, with less than 0.2% coming back positive.

Selected ČSOB Group indicators	1H 2020	1H 2021	Year-on-year change
Net profit (CZK bn)	3.5	6.6	+91%
Cost/income ratio	52.2%	62.7%	+10.5 p.p.
Loan volume (CZK bn)	791.2	804.3	+2%
Deposit volume (CZK bn)	1 064	1 161	+9%
Assets under management (CZK bn)	238.0	268.4	+13%
Tier 1 capital ratio (CET 1)	21.1%	23.7%	+2.6 p.p.
Counterparty credit risk (CCR) cost indicator	0.62%	0.29%	-0.91 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.