

## ČSOB in 1Q: Strong interest in saving and investment products and continued growth of loans

The ČSOB Group continued to grow in all key areas in 1Q 2023. The importance of savings accounts and investment products was also growing steadily. The number of first-time investors and first-time savers in the ČSOB Group increased by more than 250,000 from 2022. The average amount of regular investment by new investors was CZK 2,800 per month, usually divided into several funds. Total loans and deposits, housing loans and assets under management increased. The number of clients increased by 55 thousand. Net profit of the Group amounted to CZK 3.6 billion.

*“The ČSOB Group remains a financially strong and stable partner that clients and the Czech economy can always rely on. Our capital position and liquidity are at an excellent level. We can see our clients saving and investing money intensively. For this reason, we meet their needs by offering suitable products because protecting their savings is our priority. In 2021, for example, term deposits constituted only three percent of savings of the Czech people, while now it is over 13 % across the entire market and even more at our bank.”*, says **Aleš Blažek, CEO of the ČSOB Group**, and adds: *“The ČSOB Group’s net profit decreased year-on-year in 1Q mainly due to lower income and net interest income. Czech households and companies have no problem repaying their debts and the share of non-performing loans in the total portfolio was at a record low at the end of March.”*

### Financial results for 1Q 2023

- **Net profit amounted to CZK 3.6 billion** (down 22 % year-on-year).
- **The total volume of loans amounted to CZK 879 billion** (up 3 % year-on-year).
- **The volume of housing loans reached CZK 510 billion** (up 3 % year-on-year).
- **The volume of total client deposits increased to CZK 1,248 billion** (up 6 % year-on-year). **Total deposits amounted to CZK 1,340 billion** (down 1 % year-on-year).



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- **The volume of assets under management amounted to CZK 326 billion** (up 12 % year-on-year).
- **Operating income reached CZK 10.1 billion** (down 15 % year-on-year).
- **Operating expenses excluding bank taxes amounted to CZK 5.0 billion** (up 1 % year-on-year).
- **The number of ČSOB Group clients grew by 55 thousand year-on-year** and reached **4,339,000**.
- **The bank's capital position is strong and liquidity is excellent.** The Tier 1 capital ratio was **20.2 %** at the end of March.
- The **share of non-performing loans** in the total loan portfolio was **1.61 %** at the end of March.

### ČSOB Group news

- **The number of active ČSOB Smart Mobile Banking users grew by 39 % year-on-year and reached 1,177,000.**
- **The number of users of the ČSOB DoKapsy application increased by 82 % year-on-year; the application is currently used by 130,000 users.**
- After 30 years, a **chameleon** replaced the fox as the new **face of ČSOB Stavební spořitelna.**
- The ČSOB Group has brought many solutions for all categories of clients related to **energy saving and technological transformation.**
- **ČSOB** has become the official **innovation partner** of the **AC Sparta Prague** football club.
- The ČSOB Group and the Hospodářské noviny daily have announced the **Green Municipality of the Year competition.**
- **ČSOB, Česká pošta (Czech Post) and Idemia** have prepared a contest for the best artwork made of plastic shreds called **Giving Cards a New Life.**
- The **Hypoteční zóna (Mortgage Zone)** portal now allows you to complete almost the entire mortgage application process online in a single place.

### The fight against inflation continues

The Czech people are gradually changing their habits and have been saving and investing money much more regularly over the past two years. As a result, the share of assets in current accounts at ČSOB has partially declined. The share of savings accounts, term deposits and investments, on the other hand, has increased. *"We can see many new first-time savers and first-time investors, more than 250 thousand over the last year alone. The average amount of regular investment by new investors is CZK 2,800 per month, usually divided into several funds. The number of clients of the ČSOB Drobné investment service also increased by more than*

*a half in the last year to more than 164 thousand. And the volume of money invested through this platform exceeded CZK one billion," says **Aleš Blažek**.*

The volume of total client deposits and the volume of assets under management increased year-on-year by 6 % and 12 %, respectively. The volume of mutual funds grew by 17 % year-on-year. ČSOB administers the two largest Czech funds: ČSOB Premiéra (ČSOB Premiere) with assets worth CZK 50 billion, and ČSOB Bohatství (ČSOB Wealth) with assets worth CZK 40 billion. There has also been above-average interest in short-term bond funds recently.

### **Mobile Banking is the first choice for clients**

Mobile Banking, which surpassed Internet Banking in the number of users for the first time last year and became the main gateway to accounts and other products, continues to grow. The number of users of the ČSOB Smart application increased by 39 % year-on-year to almost 1.2 million in 1Q. *"Digitization is progressing even faster than we ever thought. As a bank, we sell more than half of all our products online. Our unique virtual assistant, Kate, handles 136 thousand conversations per month and has communicated with more than 920 thousand users. That is almost three times as much as a year ago. The goal is for Kate to be able to handle the vast majority of everyday banking situations by the end of this year and provide even better and more useful experience for our clients,"* says **Aleš Blažek**.

Kate is used by retail and corporate clients on the web and in applications. In addition to mobile banking, Kate is also included in ČSOB's DoKapsy travel and shopping application, which is available to more than 130 thousand clients of all banks for free. Digitization is also beginning to play an important role in servicing corporate accounts, where clients are increasingly using ČSOB CEB internet banking or the ČSOB CEB mobile application.

### **Demand for loans from ČSOB Stavební spořitelna**

The ČSOB Group, the leader in housing finance in the Czech Republic, reported a 3% year-on-year growth in the total volume of housing loans. ČSOB Stavební spořitelna granted 26 % more unsecured loans in 1Q compared to last year. One-quarter of these were loans for energy-saving solutions. *"People and companies are thinking about how to be less dependent on gas and electricity and how to be more self-sufficient and save better. The ČSOB Group was one of the first to offer economical housing financing for households and is constantly innovating and supplementing its products,"* says **Aleš Blažek**.

In April, ČSOB and E.ON launched a pilot project that offers clients the opportunity to purchase and arrange for a photovoltaic power plant even if they do not have sufficient funds in their accounts. Thanks to this option, the client will not lose the possibility of drawing state subsidies for the acquisition of a green energy source. Another new thing is the return of the Mortgage Takeover product to the bank's offer, which will allow clients to purchase a property together with the mortgage and thus take over the advantageously set financing terms.

### **Companies are focusing on energy projects**

Energy-saving solutions, renewable energy sources and strengthening energy self-sufficiency also play an important role in companies' investments. The volume of corporate and SME loans grew by 3 % year-on-year in 1Q. The corporate and SME segment provided loans worth CZK 1.7 billion to support the transition to a low-carbon economy. *"The basis for the necessary transformation of the Czech economy into a low-emission and environmentally friendly one is investing in energy-saving solutions, digitization and innovation. Without investment in a sustainable future, companies will lose their international competitiveness and face increasing challenges in the labour market. In addition to favourable bank financing, we also arrange national as well as European subsidies, which are now available in record volumes,"* points out **Aleš Blažek**.

### **Education and prevention**

The ČSOB Group lays emphasis on increasing literacy and promoting prevention. Since the inception of the Financial and Digital Education programme in 2016, the bank's ambassadors have visited 674 schools and trained 51,126 students. The programme includes the Filip Cup competition, the second year of which was won in January by students of the Jateční Street Grammar School in Ústí nad Labem. ČSOB is the only Czech bank that cooperates with the Police of the Czech Republic on education, for example in activities against cyber criminals. *"The callers and clickers are constantly trying new tricks, but thanks to joint activities and campaigns with the Police, the success rate of these criminals is decreasing. The safety of our clients and their money are of paramount importance to us,"* assures **Aleš Blažek**.

Selected ČSOB Group indicators	1Q 2022	1Q 2023	Year-on-year change
Net profit (CZK billion)	4.6	3.6	-22%
Cost/income ratio (excluding banking taxes)	41.5%	49.5%	+8.0 p.p.
Loans volume (CZK billion)	851.0	879.4	+3%
Deposits volume (CZK billion)	1,353	1,340	-1%
Assets under management (CZK billion)	290.4	326.0	+12%
Tier 1 capital ratio (CET 1)	21.6%	20.2%	-1.4 p.p.
Credit cost ratio (CCR)	-0.11%	-0.07%	+0.04 p.p.

## The ČSOB Group

is a leading player on the Czech banking market. Our motto "Digital with a Human Touch" best expresses our ongoing investments into innovation and digitisation, which continuously 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 ČSOB Poštovní spořitelna brands, to 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