

ČSOB was successful with its clients in the first half of the year. The volume of deposits and loans grew year-on-year. Interest in investments as well as savings increased. One million people have already tried virtual assistant Kate

The ČSOB Group continued to grow in key areas in the first half of 2023. The total volume of assets under management increased by almost one-fifth year-on-year. Clients are making more use of savings and investment products and are more and more interested in bond funds with a longer investment horizon. The ČSOB Smart mobile application is becoming increasingly popular – a quarter more people use it now compared to a year ago. More than a million people have already tried virtual assistant Kate. The number of active clients of ČSOB increased by 67 thousand. Net profit of the Group amounted to CZK 9.5 billion.

*"In recent months, we have seen a clear shift of savings held in current accounts not only to savings accounts and term deposits, but also to various investment products. Clients are taking advantage of the market situation to valorize their deposits and are looking for an optimal allocation of their funds. The ČSOB Group meets their needs and, thanks to its wide range of savings and investment instruments, remains a strong and stable partner they can always rely on. The volume of loans is also growing, which means good news as to the prosperity of households, companies and the Czech economy as a whole," says **Aleš Blažek, CEO of the ČSOB Group**, adding: "In the first half of the year, the net profit of the ČSOB Group decreased slightly year-on-year mainly due to lower operating income, especially net interest income and also higher costs. Czech households and companies continue to have no problem repaying their debts and the share of non-performing loans in the overall portfolio remained at a record low in the half-year."*



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1H 2023 financial results

- **Net profit amounted to CZK 9.5 billion** (down 6 % year-on-year).
- **The total volume of loans amounted to CZK 891 billion** (up 2 % year-on-year).
- **The volume of housing loans reached CZK 513 billion** (up 2 % year-on-year).
- **The volume of total client deposits increased to CZK 1,264 billion** (up 7 % year-on-year). **Total deposits amounted to CZK 1,457 billion** (up 4 % year-on-year).
- **The volume of assets under management amounted to CZK 341 billion** (up 19 % year-on-year).
- **Operating income reached CZK 20.6 billion** (down 12 % year-on-year).
- **Operating costs excluding banking taxes amounted to CZK 10.2 billion** (up 4 % year-on-year).
- **The number of active clients increased by 67 thousand.**
- **The bank's capital position is strong and liquidity is excellent.** The Tier 1 capital ratio was **20.1% at the end of June.**
- The **share of non-performing loans** in the total loan portfolio was **1.44 %** at the end of June.

ČSOB Group news

- The number of **active ČSOB Smart Mobile Banking users** grew by **25 %** year-on-year and reached **1,212,000**.
- More than **1,000,000 unique users** have already tried **virtual assistant Kate** in the ČSOB Smart application.
- **ČSOB has launched** a new communication campaign entitled **We are here to help (Jdeme vám naproti)**, which shows how **even small things can improve the day** and lives of many people.
- The **ČSOB Filip** mobile application, which educates children in the areas of **financial and cyber literacy**, has reached **10,000 downloads**.
- The **DoKapsy Application by ČSOB** now includes the **Foodies** service, which gives users interesting tips for **food festivals** and similar venues around the Czech Republic.
- **ČSOB Poštovní spořitelna** helped seniors receive their pensions after the closure of some branches of the Czech Post. **Over 90 % more seniors** opened a bank account year-on-year.
- It is now possible to **connect with a ČSOB banker via video call**. Clients can thus manage even complex banking transactions **from the comfort of their homes**.
- The **Czech platform Green0meter**, which helps companies calculate their carbon footprint, has become **part of the KBC family** after successfully completing the **Start it @ČSOB** startup accelerator.

- **ČSOB and the Police of the Czech Republic** have introduced a joint mission to **train 1,000,000 people in cyber security** through e-learning and face-to-face meetings. By mid-2023, ČSOB, in cooperation with the Police, had already trained more than 190 thousand people as part of its mission.
- The campaign known as **Caller and Clicker Robbing the Czech Republic (Volač a Klikáč okrádají Česko)** succeeded in the **Czech PR Award – LEMUR**. ČSOB won **1st place in the Financial Services and Markets category** and 3rd place in the Social Responsibility and Philanthropy category. The campaign was also successful in the **Fénix content marketing awards**, where it was awarded 2nd place in the Data-Based Content Project category.

Successful fight against inflation

The first half of 2023 confirmed further growth of the interest of ČSOB clients in better appreciation of their savings, whether in savings or investment instruments. The share of savings held in current accounts continued to decline slightly in favour of savings accounts, term deposits and investment products. *“Compared to the previous period, the pace of this shift has slowed down slightly. It seems that our clients are already starting to consider the distribution of their savings to be optimal. This clearly shows that long-term and, above all, regular investing is the right way to beat inflation and preserve the value of assets. That is why I am pleased that more and more young clients are also getting into investing, often using various smart solutions, such as our investment service known as ČSOB Drobné and products from Patria Finance,”* explains **Aleš Blažek**.

The volume of total ČSOB client deposits and the volume of assets under management increased year-on-year by 7 % and 19 %, respectively. The volume of mutual funds grew by 25 % year-on-year. The growing interest in investing is well illustrated by the growth of the ČSOB Akciový mutual fund, the volume of which has doubled in the last two years alone and exceeded the threshold of CZK 10 billion.

The ČSOB Group is one of the largest income tax payers again this year

Every year, the Ministry of Finance of the Czech Republic and the Financial Administration of the Czech Republic give awards to companies that contribute the most to public budgets. In this year's ranking, the Group was again among the TOP 20 largest corporate income tax payers. *“We appreciate this award very much. In recent years, we have always been among the TOP 5 largest payers and have thus contributed significantly to the state budget. Last year, we paid almost CZK 2.7 billion in income tax to the State (for ČSOB Banka and ČSOB*

*Pojišťovna), and we also contribute billions of Czech crowns in other payments to public budgets. The amount of our contributions is a confirmation of the importance of our role towards society,” says **Aleš Blažek**.*

Virtual assistant helps clients

Digital channels are more often becoming the main gateway to the bank for ČSOB clients. The number of active users of ČSOB Smart Mobile Banking increased by 25 % year-on-year and virtual assistant Kate celebrated her second birthday in the Smart application this May. In total, more than one million users have already tried her and 5,000 more are added every week. *“Kate can already handle hundreds of situations independently with our clients and we are constantly developing her skills. For example, she can help retail clients with automatic credit card repayment, set up a standing order or arrange payment for parking. Our goal is our clients will be able to handle the vast majority of everyday banking situations from the comfort of their homes via the internet or an application. We already sell more than one-half of all our products online and our clients appreciate it. For example, in the first half of the year, we received 100 thousand applications for a savings account in the ČSOB Smart mobile application and Internet Banking, and more features are being added,”* says **Aleš Blažek**.

Virtual assistant Kate is also available to corporate clients in CEB Mobile Banking. This year, Kate also started helping clients aged 15 to 18. For example, they can learn from her how to activate their card, view their PIN or find out what an overdraft means.

Interest in loans for energy-efficient housing

The ČSOB Group, the market leader in housing finance, reported a 2% year-on-year growth in the volume of housing loans to CZK 513 billion in the first half of the year. There is a growing interest among people in unsecured loans for energy-efficient housing from ČSOB Stavební spořitelna. These loans currently represent over 30 % of the total funding volume of the savings bank, and this share is still growing. *“Our clients are now logically thinking about how to reduce the energy dependence and intensity of their homes. The ČSOB Group offers them advantageous products for financing environmentally friendly housing. We are pleased with the growing interest of people in investing in such savings; the average amount of such a loan granted has already reached CZK 1 million,”* says **Aleš Blažek**.

Even companies are focusing on energy savings

Investments in renewable energy sources and energy optimisation also play an important role for companies. The corporate and SME segments provided loans in the amount of CZK 4.3 billion to support the transition to a low-carbon economy. *“The Czech Republic is facing an extremely important task, which is the transition to a low-carbon, environmentally friendly economy. The key to this transformation lies first and foremost in investments in energy-saving solutions, and also in digitization and innovation. Without this, Czech companies will lose their competitiveness internationally and face increasing problems on the European market. We help entrepreneurs not only by providing them with favourable financing for their projects, but also by offering them a helping hand in procuring national and European subsidies intended for the transition to a low-carbon economy,”* adds **Aleš Blažek**.

ČSOB's expertise in the field of sustainability was strengthened this June by a new partnership between the parent bank KBC and the Czech startup platform Green0meter. This will ensure, among other things, that ČSOB corporate clients will be able to get fully individualised and professional advice on sustainability and ESG.

In line with its long-term strategy of sustainable business and environmental policy, ČSOB was the first financial institution in the Czech Republic to issue its own Green Bonds worth CZK one billion this May. Through them, it finances and supports projects that aim to improve the environment.

Cybersecurity: a preventive mission of ČSOB and the Police of the Czech Republic

The ČSOB Group places great emphasis on increasing financial and cyber literacy not only among children. Together with its long-standing partner, the Police of the Czech Republic, ČSOB therefore introduced a mission in June this year to train one million people against the activities of internet fraudsters. *“Even though we are succeeding in reducing the average damage arising from cyber fraud attacks thanks to large investments and daily efforts, the activity of “Callers and Clickers” is not stopping. We know that the most important thing for effective defence is knowledge of the issue at hand, and that is why we have decided to go the route of widespread and mass awareness-raising through webinars and face-to-face meetings,”* concludes **Aleš Blažek**.

It is a continuation of the preventive campaign of ČSOB and the Police of the Czech Republic known as *“Caller and Clicker Robbing the Czech Republic (Volač a Klikáč okrádají Česko)”*, which won 1st place in the

Financial Services and Markets category of the Czech PR Award – LEMUR this year. The aim of the campaign is to raise awareness of the issue, warn against cyber fraudsters and show what to look out for.

Selected ČSOB Group indicators	1H 2022	1H 2023	Year-on-year change
Net profit (CZK billion)	10.1	9.5	-6 %
Cost/income ratio (excluding bank taxes)	42.0 %	49.4 %	+7.4 p.p.
Loans volume (CZK billion)	870.8	890.7	+2 %
Deposits volume (CZK billion)	1,400	1,457	+4 %
Assets under management (CZK billion)	285.7	340.6	+19 %
Tier 1 capital ratio (CET 1)	18.0 %	20.1 %	+2.1 p.p.
Credit cost ratio (CCR)	-0.04 %	-0.30 %	-0.26 p.p.

ČSOB Group

Our approach - We are here to help (Jdeme vám naproti)

We believe that helping people really is worth it. We are always happy when we manage to surprise not only our clients, but also our colleagues and the general public with even a small gesture.

We try to give our clients freedom when it comes to visiting and contacting our bank – we do not limit them only to digital solutions or having to come to a branch in person.

They have a choice because we are moving towards both, technological innovation and improving the client experience.

We believe that even small things and things which might seemingly be taken for granted can make everyone's day more pleasant.