

## ČSOB Group in 9M 2023: Record growth of deposits and interest in digital solutions including Kate, the virtual assistant

The ČSOB Group was successful with its clients in the first three quarters of this year. Deposits increased by 11 % and the volume of assets under management by 17 % year-on-year. The ČSOB Smart mobile application with the virtual assistant Kate is actively used by a record number of nearly 1.3 million clients. Net profit of the Group amounted to CZK 13.6 billion.

*"We can see that our clients continue to take advantage of the opportunity to value their savings, which is reflected in their preference for savings accounts, term deposits and investment products. The increasing volume of loans and the fact that companies continue to invest in energy-saving solutions and innovations in production processes are also optimistic news. A recovery is also visible in housing finance," says **Aleš Blažek, CEO of the ČSOB Group**, adding: "Czech households and companies continue repaying their liabilities reliably, with the share of non-performing loans in the total portfolio at a record low at the end of September."*

### 9M 2023 financial results

- **Net profit amounted to CZK 13.6 billion** (down 5 % year-on-year).
- **The total volume of loans amounted to CZK 908 billion** (up 3 % year-on-year).
- **The volume of housing loans reached CZK 516 billion** (up 2 % year-on-year).
- **The volume of total client deposits increased to CZK 1,288 billion** (up 8 % year-on-year). **Total deposits amounted to CZK 1,495 billion** (up 11 % year-on-year).
- **The volume of assets under management amounted to CZK 345 billion** (up 17 % year-on-year).
- **Operating income reached CZK 30.7 billion** (down 10 % year-on-year).



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- **Operating expenses excluding banking taxes amounted to CZK 15.5 billion** (up 5 % year-on-year).
- **The number of active clients increased by 44 thousand year-on-year.**
- **The bank's capital position is strong and liquidity is excellent.** The Tier 1 capital ratio was **19.7 %** at the end of September.
- The **share of non-performing loans** in the total loan portfolio was **1.44 %** at the end of September.

### ČSOB Group news

- The number of **active ČSOB Smart mobile banking users** grew by **22 %** year-on-year and reached **1.265 million**.
- More than **one million** unique users have already tried the **Kate virtual assistant** in the ČSOB Smart application.
- ČSOB, in cooperation with the Police of the Czech Republic, **has already trained more than 250 thousand people** in the area of cyber security through educational programmes in schools, online environments, webinars, conferences, and during summer roadshow with the Police of the Czech Republic.
- In order to replace commuting by car with healthy and ecological travel, **ČSOB and Mastercard** announced the **Green Challenge 2023** in August.
- ČSOB Private Banking in cooperation with ČSOB Asset Management is now managing the assets of the **Škoda Auto Endowment Fund**.
- ČSOB and Mastercard have launched a **unique benefit platform** that is available at the touch of a button in the ČSOB Smart application.
- **ČSOB Poštovní spořitelna is helping** seniors receive their pensions after the closure of some branches of the Czech Post. The **number of new accounts opened** by seniors increased by more than **90 %** year-on-year.

### Helping clients with inflation and responsible financing

The volume of total ČSOB client deposits and the volume of assets under management increased year-on-year by 8 % and 17 %, respectively. The volume of mutual funds grew by 23 % year-on-year. The most popular funds are ČSOB Premiere (volume of CZK 51.7 billion), ČSOB Wealth (volume of CZK 41.6 billion) and ČSOB Equity (CZK 10.6 billion). New sales of responsible funds reached CZK 10.7 billion. The volume of assets under management of responsible funds (RI) increased by 23 % quarter-on-quarter.

## Virtual assistant Kate is increasingly helping as well as learning

ČSOB clients are increasingly using mobile applications to access the bank. Almost 1.3 million users are already actively using ČSOB Smart mobile banking, up 22 % year-on-year. The virtual assistant Kate, which had its second birthday in the Smart application this May, has been used by 400 thousand unique clients in the third quarter alone, bringing the total to over a million. *“Kate, the virtual assistant, can solve 192 situations and answer questions regarding 650 different topics. More than 80 % of all ČSOB Smart users have already tried Kate and she is the first place our clients turn to when they need advice. Kate’s further development is one of our priorities and we already have more news in the pipeline and I look forward to seeing her learn and improve even more,”* says **Aleš Blažek**.

The assistant Kate is also used by corporate clients, who have her in their CEB Mobile banking. As of this year, Kate also communicates with 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 facility is.

## Demand for loans for energy-efficient needs

The volume of housing loans provided by the ČSOB Group, the Czech market leader in housing finance, grew by two percent year-on-year to CZK 516 billion. Clients are increasingly taking advantage of the possibility of financing their needs through unsecured loans for energy-efficient housing from ČSOB Stavební spořitelna, which account for over 30 % of the total volume of the savings bank’s financing. Financing of low-energy housing increased by 57 % quarter-on-quarter. The growing demand for mortgages, where Czech households are reacting favourably to the slight decline in interest rates and perceiving year-on-year lower property prices and a wider offer of properties, is also encouraging. *“ČSOB has the widest range of discounted energy-efficient housing financing, whether it is our special discounted mortgage, intermediate loans under building savings or, for example, advice from our consultants and impartial experts in passive housing,”* notes **Aleš Blažek**.

## Energy-efficient solutions are a priority for companies as well

In terms of investments, companies continue to focus on energy-saving solutions, renewable energy and sustainability. Since June, thanks to a partnership between the parent bank KBC and the Czech startup platform Green0meter, ČSOB has been providing corporate clients with personalised and professional advice on sustainability and ESG. *“The main challenge for the Czech Republic is the transition to a lower energy-*

*intensive economy in order to remain competitive on the international market, which requires extensive investments in new stable energy sources and a reduction in the cost of operations, digitalisation and innovation. Banks also play a key role in this process. To companies we offer not only advantageous financing for their projects, but we also have many years of experience in securing national as well as European subsidies for the transition to a more sustainable economy,”* adds **Aleš Blažek**.

## **250 thousand people trained in cyber security**

Increasing the financial and cyber literacy of the general public is one of the long-term priorities of the ČSOB Group. Children at the second level of primary schools can learn through the educational programme prepared by ČSOB and the Police of the Czech Republic, Your Online Journey II (Tvoje cesta onlinem II), which highlights the risks for children in the digital space. So far, more than 135 thousand children have completed the programme. This June, ČSOB announced a joint educational mission with the Police of the Czech Republic against the activities of Internet fraudsters. *“Our goal is to make a real difference and improve the lives of the citizens, which is why we had to respond to the fraudulent activities of various “Callers and Clickers”. At the end of September, we had already surpassed the mark of 250 thousand people trained, and we are on our way to achieving our ambitious goal to train one million people in cyber security together with the Police of the Czech Republic. I hereby urge everyone to carefully protect their personal data, access codes and passwords. The so-called Callers and Clickers are not afraid of anything and attack everyone,”* says **Aleš Blažek**.

## **The ČSOB Group contributes billions of Czech crowns to the state budget**

The ČSOB Group is one of the largest contributors to the state budget. It paid a total of CZK 9 billion to the state in 2022. This amount includes corporate income tax, value added tax, social security and health insurance contributions and so-called banking taxes, which include contributions to the Deposit Insurance Fund, the Crisis Resolution Fund and the Securities Dealers Compensation Fund. The ČSOB Group in the Czech Republic is investing in digitalisation, modernisation of banking services and society as such.

Selected ČSOB Group indicators	9M 2022	9M 2023	Year-on-year change
Net profit (CZK billion)	14.3	13.6	-5%
Cost/income ratio (excluding banking taxes)	43.6%	50.5%	+6.9p.p.
Loans volume (CZK billion)	881.4	907.7	+3%
Deposit volume (CZK billion)	1,341	1,495	+11%
Assets under management (CZK billion)	295.8	345.1	+17%
Tier 1 capital ratio (CET 1)	19.6%	19.7%	+0.1p.p.
Credit cost ratio (CCR)	0.08%	-0.19%	-0.27p.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.