

2023 in ČSOB: Growth in Deposits, Investments, and Users of Virtual Assistant Kate

In 2023, ČSOB Group solidified its position as the market leader, evident from solid growth in trade volumes. Assets under management surged by 19%, deposits grew by 9%, and loan volumes rose by 5% year-on-year. The quality of the loan portfolio remains excellent. Net profit of the Group amounted to CZK 15.4 billion. The number of active users of the ČSOB Smart app has exceeded 1.3 million, while most have tried using the virtual assistant Kate.

"The past year was challenging from a macroeconomic standpoint. Gross domestic product dropped, and double-digit inflation affected the purchasing power of households and companies for the second year in a row. However, our clients have used this time to increase the value of their savings through our savings and term products, actively invest, and bolster their pension savings. We are also pleased to see households and companies interested in financing energy-efficient solutions. We would like to extend our thanks to all our clients for their unwavering trust," says the ČSOB Group CEO Aleš Blažek, adding: "Czech households and companies remained reliable in fulfilling their obligations. The share of non-performing loans in the entire loan portfolio was further descending at the end of December."

Financial Results for 2023

- **Net profit amounted to CZK 15.4 billion** (up 6% year-on-year).
- Net profit was negatively affected by a **CZK 2.6 billion goodwill impairment** related to the newly enacted reduction in state subsidy for building savings.
- **The total volume of loans amounted to CZK 916 billion** (up 5% year-on-year).
- **The volume of home loans reached CZK 520 billion** (up 2 % year-on-year).
- **The volume of total client deposits increased to CZK 1,276 billion** (up 6 % year-on-year). **Total deposits amounted to CZK 1,337 billion** (up 9% year-on-year).



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- **The volume of assets under management amounted to CZK 365 billion** (up 19% year-on-year).
- **Operating income reached CZK 41.3 billion** (up 2% year-on-year).
- **Operating expenses, excluding bank taxes, amounted to CZK 21.2 billion** (up 3% year-on-year).
- **The number of active clients increased by 58 thousand year-on-year.**
- **The bank's capital position is strong, and liquidity is excellent.** The Tier 1 capital ratio is 19.7%.
- The **share of non-performing loans** in the total loan portfolio was 1.42 % at the end of December.

ČSOB Group News

- **The number of active ČSOB Smart users exceeded 1.3 million.**
- More than **1.2 unique users** have already tried our **virtual assistant, Kate.**
- ČSOB and Hypoteční banka clients **were the first in the Czech Republic to use the highest level of electronic signature to conclude mortgage and pledge agreements online.**
- **Over 106,000 clients** are using the new **payment by contact service.**
- ČSOB and Patria Finance launched **a long-term investment product** that presents an alternative to pension savings.
- **ČSOB cooperated with the Czech police department and trained a total of 277,000 people in cybersecurity in 2023.**
- **ČSOB Poštovní spořitelna helped** seniors receive their pensions after the closure of some branches of the Czech Post. **The number of new accounts opened by seniors last year increased by more than 43% year-on-year.**
- The Green0meter platform launched the **Green0meter Marketplace, a unique digital solution** helping companies with ESG reporting and advisory.
- The **Global Finance** magazine recognised ČSOB as **the Best Bank in the Czech Republic in 2023.** ČSOB won the award for the fourth time in a row.
- Euromoney magazine voted **ČSOB the Market Leader in the Czech Republic in 2023** in the Corporate and Social Responsibility, Corporate Banking, and Digital Solutions categories.

Client Interest in Savings and Responsible Financing

The volume of total deposits and assets under management increased year-on-year by 9% and 19%, respectively. The volume of assets in mutual funds increased by 24% year-on-year. Our clients prefer the following funds: ČSOB Premiere (volume of CZK 50.4 billion), ČSOB

Wealth (volume of CZK 38.5 billion), and ČSOB Equity (CZK 10.7 billion). New sales of responsible funds increased by more than one fifth year-on-year and reached CZK 15.7 billion. *“The ČSOB Group offers a wide range of investment products and services. Our knowledgeable colleagues, together with the possibilities to invest digitally directly, help clients take care of their assets. I am pleased that our investment products beat inflation on the investment horizon,”* says **Jiří Vévoda, Member of the ČSOB Board of Directors responsible for finance management and investment services.**

Using Kate Doubles Year-On-Year

Clients increasingly gravitate toward mobile apps to access their accounts. Almost 1.3 million users are actively using ČSOB Smart mobile banking, up 16% year-on-year. More than 1.2 million unique clients have already tried our virtual assistant, Kate, and over 600,000 people used it actively only in the last quarter of 2023. The number of client conversations with Kate doubled year-on-year to more than four million. *“Kate is an integral part of our financial world, and her engagement exceeds our expectations. She is available to all clients free of charge and mainly deals with prompts such as limit changes, forgotten PIN codes, payments, bank statements, updates on interests, and general news. What was a big step forward in customer experience was that Kate started speaking in a pleasant female voice and better expresses emotions,”* comments **Aleš Blažek**, adding: *What may be lesser-known is that also the data and AI solutions for the entire KBC Group are provided by a team of over 1,200 experts from the Shared Services Centre in Brno and Prague.”*

Every Fourth Mortgage Was for Energy-Efficient Housing

The volume of home loans provided by the ČSOB Group, one of the most important players in housing finance, grew by two percent year-on-year to CZK 520 billion. It helped 21,500 households to finance their homes last year. Our notable achievement in digitalisation was the launch of the highest level of electronic signature (Qualified Electronic Signature) for mortgage and pledge agreements, marking a pioneering effort in the Czech market. The demand for favourable loan products for energy-sufficient housing continued increasing. About a quarter of mortgages and unsecured building society loans have been taken out for energy-efficient housing.

We Help Companies with Sustainability

Companies continue to focus their financing on energy-saving solutions, renewable energy, and sustainability. ČSOB partnered with its parent company, KBC, and the Czech Green0meter platform to provide

companies with sustainability and ESG advice in addition to financing. The unique digital solution Green0meter Marketplace helped to simplify and accelerate the process. *“The Czech economy will face a decline in competitiveness if it does not undergo a less energy-intensive transformation. Investments in energy-saving solutions and self-sufficiency need to be intensified for Czech companies to remain internationally successful,”* emphasises **Aleš Blažek**.

ČSOB offers all entrepreneurs (legal entities and private individuals) the opportunity to open an account online using their banking identity. The existing online offer comprising a corporate, business, and co-op account was expanded by online account for non-profit organisations.

Hundreds of Thousands of People Trained in Cybersecurity

Increasing the financial and cyber literacy of the general public is one of the long-term priorities of the ČSOB Group. In cooperation with the Czech police department, ČSOB launched a cybersecurity training programme, aiding individuals against online frauds. The objective was to train one million people. The educational programme “Tvoje cesta onlinem II” (Your Online Journey II) organised in cooperation with the Czech police department continued throughout 2023 and trained almost 200,000 children aged 11 to 14. The bank trained another 77,000 people last year as part of other projects. In total, ČSOB and the Czech police department trained 277,000 Czech residents in 2023. If we add the training activities in this area before 2023, we already exceeded the mark of 400,000 trained people and the efforts will continue in 2024. *“Cybercriminal attacks can target everyone and any time. The defrauders are inventive and do not shy away from using the identities of bankers, police officers, and government officials. We strongly advise everyone to guard and protect their personal data, access codes, and passwords,”* warns **Aleš Blažek**.

ČSOB Group Contributed 10,1 Billion to State in 2023

Each year, the ČSOB Group contributes significantly to state. For 2023, the total was CZK 10,1 billion. This amount includes corporate income tax, value-added tax, interest withholding tax, social security and health insurance contributions and bank taxes, which include contributions to the Deposit Insurance Fund, the Crisis Resolution Fund, and the Securities Dealers Compensation Fund.

Selected ČSOB Group Indicators	FY 2022	FY 2023	Year-on-year change
Net profit (CZK billion)	14.6	15.4	+6%*
Cost/income ratio (excluding bank taxes)	50.6%	51.2%	+0.6 p.p.
Loan volume (CZK billion)	874.1	916.3	+5%
Deposit volume (CZK billion)	1,232	1,337	+9%
Assets under management (CZK billion)	308.0	365.2	+19%
Tier 1 capital ratio (CET 1)	19.8%	19.7%	-0.2 p.p.
Credit cost ratio (CCR)	0.12%	-0.18%	-0.30 p.p.

* The year-on-year comparison is affected by exceptional one-off items in both years. Net profit in 2022 was negatively impacted by the arbitration decision, resulting in an increase in litigation provisions of CZK 3.7 billion (impact on profit after tax of CZK 3.0 billion). Net profit in 2023 was affected by creation of CZK 2.6 billion goodwill impairment related to changes in state subsidy for building savings (no impact on income tax expense). Adjusted for the impact of these two exceptional items, the net profit for 2023 would increase by 3% year-on-year.

ČSOB Group

Our approach - We Are Here to Help

We believe that helping people is invaluable. We are always happy when we manage to surprise not only our clients but also our colleagues and the general public with even the smallest gestures.

We try to give our clients freedom to choose how they interact with our bank – whether through digital solutions or by visiting our branch in person. As we embrace technological innovation and enhance the client experience, our clients have the flexibility to select the option that best suits their current needs.

We believe that even the smallest acts of kindness can brighten everyone's day. Furthermore, we are committed to co-creating a better future for the environment. We strive for a responsible approach in all our business activities and always try to find the optimal solution at the right time.