

ČSOB in 1Q: Clients are Investing More in Funds and Energy-Efficient Housing

The ČSOB Group grew in the first quarter of this year, thanks to the demand from corporate clients for investment loans and the interest of households in financing housing and appreciating their savings. The quality of the loan portfolio remained high. The net profit of the Group amounted to CZK 4.1 billion. The number of active clients of the ČSOB Smart app approached 1.4 million, and most have tried using the virtual assistant Kate.

“The Czech economy is still going through a difficult period, but the retreat of inflation and the gradual reduction of the basic interest rate by the central bank are driving demand for credit. Clients are not experiencing problems repaying their obligations and non-performing loans have been kept to a very low level. The favourable conditions on savings accounts and term deposits remain popular. We are witnessing growing popularity in regular investments, which is an excellent way to eliminate market fluctuations,” says **Aleš Blažek, CEO of the ČSOB Group.**

Financial results for 1Q 2024

- **Net profit amounted to CZK 4.1 billion** (up 14% year-on-year).
- **The total volume of loans amounted to CZK 931 billion** (up 6% year-on-year).
- **The volume of home loans reached CZK 523 billion** (up 2% year-on-year).
- **The volume of total client deposits increased to CZK 1,267 billion** (up 2% year-on-year). **Total deposits amounted to CZK 1,414 billion** (up 5% year-on-year).
- **The volume of assets under management amounted to CZK 384 billion** (up 18% year-on-year).
- **Operating income reached CZK 11.1 billion** (up 10% year-on-year).
- **Operating expenses**, excluding banking taxes, amounted to **CZK 5.3 billion** (up 6% year-on-year).
- **The number of active clients** increased **by 65,000** year-on-year.
- **The bank’s capital position is strong, and liquidity is excellent.** The Tier 1 capital ratio is 19.3%.
- The **share of non-performing loans in the total loan portfolio** was **1.4%** at the end of March.



Michaela Průchová

ČSOB external
communication
mpruchova@csob.cz
+420 731 423 281

ČSOB Group News

- The number of active **ČSOB Smart** users approached **1.4 million**.
- **Clients of ČSOB Hypoteční banka** can now use **electronic signatures of the highest level** to sign mortgage and pledge agreements **at all branches**.
- **ČSOB cooperated with the Czech Police** and trained **55,000** people in cybersecurity (for a total of **456,000** people to date).
- **ČSOB protected** funds worth **CZK 605 million** from cyber defrauders in the first quarter. The total in **2023** was **CZK 3.2 billion**.
- The **24/7 Shop** service, which operates via the **DoKapsy Application by ČSOB** and Bank iD, has been used by 43 stores in the past year.
- **Global Finance** Magazine named **ČSOB the Best Bank in the Czech Republic** for the fifth year in a row.
- ČSOB won four **Mastercard Awards** and two **Visa Awards** for 2023.
- **ČSOB Pojišťovna settled** a total of **66,000 insured events** in the first quarter. Of these, **55,000 were from non-life insurance, 11,000 from life insurance**. This is a ten percent increase year-on-year.
- ČSOB Private Banking was awarded by Euromoney Magazine for **Best Private Banking in the Czech Republic in 2024**.
- Patria Finance celebrated its **30th anniversary**.

Clients are investing more regularly and responsibly

The total volume of deposits increased by five percent year-on-year. “In the first quarter, the ČSOB Group paid clients over CZK 8 billion in interest on deposits, which was up 12 percent year-on-year,” says **Aleš Blažek, CEO and Chairman of the Board of Directors of the ČSOB Group**.

The volume of assets under management increased by 18% and mutual fund assets grew by 24% year-on-year. Our clients prefer the following funds: ČSOB Premiere (volume of CZK 48.4 billion), ČSOB Wealth (volume of CZK 39.4 billion), and ČSOB Equity (CZK 11.4 billion). New sales of investments in responsible funds amounted to CZK 7.1 billion, which already represents a 42% share of the total and a year-on-year increase of more than 100%. The ČSOB Drobné investment service, whose users invest with every card payment, already has nearly 200,000 clients. “*The vast majority of these clients have never actually invested before. You could say that ČSOB Drobné teaches our clients how to invest,*” notes **Aleš Blažek**.

ČSOB Penzijní společnost also celebrated success, recording a 25% year-on-year increase in new clients, while 75% more clients than last year switched from the Transformed Fund to Supplementary Pension Savings. Clients are significantly increasing their monthly contributions after the law regulating the amount of state contributions was amended. Compared to last year, 88% more clients have already increased their

monthly contribution. Participation funds continue to be in the TOP 3 highest profitability categories, with the ČSOB Dynamic Participation Fund even exceeding 100% return since its inception in February.

The popularity of ČSOB Smart and Kate is growing

The use of the apps is still on the rise. Almost 1.4 million clients are actively using ČSOB Smart mobile banking, up 17% year-on-year. The lifestyle app DoKapsy Application by ČSOB is also popular, with almost 300,000 users already having it on their mobile phones. In the app, users can pay for tickets or parking, enjoy a range of discounts or read news from a variety of media, including premium content. The app also provides interesting tips for trips or food festivals, and it includes customer identification when entering automated stores 24/7. A new feature is the Vlaková jízdenka (Train Ticket) service, which allows you to search for and directly pay for most train connections provided by Czech Rails. The application is free and you do not need to have an account with ČSOB to use it.

The virtual assistant Kate handled 970,000 service and sales requests in the first quarter, up three times year-on-year. Half a million clients used Kate, the digital assistant, between January and March this year. *“Kate is a great example of personal and helpful client service and we can no longer imagine operating without her. In addition to handling diverse client requests, Kate has initiated nearly two million conversations herself, primarily in the area of simplifying life for clients. Most often these involve limit changes, a forgotten PIN, payments, bank statements, information on interest and news, or renewal or establishment of certain products,”* says **Aleš Blažek**.

One third of mortgages for energy-efficient housing

In the first quarter, the volume of home loans at the ČSOB Group grew by two percent year-on-year to CZK 523 billion. Clients of ČSOB Hypoteční banka can now use electronic signatures of the highest level to sign mortgage and pledge agreements at all branches. ČSOB Hypoteční banka was the first on the market with this innovation in cooperation with the Cadastral Office. Each electronic signature saves 64 sheets of paper of the original contract, and the innovation also saves a considerable amount of time. Innovations are one reason the ČSOB Group is the most important player on the Czech housing finance market.

The volume of mortgage loans continued to increase significantly, aided in part by more favourable interest rates, deferred demand and price developments on the property market. *“The focus on energy-efficient housing is a welcome trend. Already every third newly concluded mortgage at ČSOB Hypoteční banka is for low-energy houses and flats. Our clients realize*

that despite the higher initial investment, these properties pay off in the long run,” says **Aleš Blažek**. The share of mortgages taken out by those under 36 is also increasing significantly. In the first quarter of this year, a full 52% of mortgages were arranged to finance the housing needs of young people.

Since March, clients of ČSOB Stavební spořitelna can obtain a loan with an exceptionally favourable interest rate of 3% per annum under the subsidy programme “Repair your Grandmother’s House”. The Building Savings Loan addresses the financing of energy-saving measures in the modernization of houses intended for permanent housing, without having to use the property as collateral.

Increasing investment activity of entrepreneurs

The ČSOB Group is one of the main players in the field of corporate banking on the Czech market in terms of the volume of financing and the range of services provided. The volume of loans to corporations, companies and entrepreneurs increased by 11 percent to CZK 367 billion in the first quarter. Energy-saving solutions, renewable energy, and sustainability are a current trend in financing. In addition, ČSOB provides companies with sustainability and ESG consulting through the Green0meter platform.

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. Demand is constantly growing. “While around ten percent of corporate clients opened an account online in the first quarter of last year, this year almost a quarter of legal entities chose this route. The total number of new accounts opened online nearly tripled year-on-year. Another important factor is the implementation of Bank iD, which significantly improves the client experience and shortens the time it takes to open an account,” adds **Aleš Blažek**.

ČSOB Leasing now offers a loan for entrepreneurs for emission-free vehicles and charging stations with a guarantee and support from the National Development Bank. It is a product developed in connection with the “Electromobility Guarantee” programme. ČSOB Leasing offers a solution for complete financing of an electric car with all the benefits of this offer.

The number of trained people is growing

ČSOB continues to cooperate with the Czech Police in an educational mission against the fraudulent activities of Callers and Clickers in the online space with the aim of gradually training one million people in

cyber security. In the first quarter, ČSOB and the Czech Police trained another 55,000 people, for a total of 456,000 in the Czech Republic since the beginning of this mission. *“Defrauders have not stopped their attacks and anyone can become a target. New tricks continue to emerge, such as cybercriminals posing as delivery companies that only need to specify the delivery location, in an attempt to lure card payment data from people. It’s very important to keep a close eye on personal data, access codes and passwords,”* noted **Aleš Blažek**.

| Selected ČSOB Group Indicators | 1Q 2023 | 1Q 2024 | Year-on-year change |
|--|---------|---------|---------------------|
| Net profit (CZK billion) | 3.6 | 4.1 | +14% |
| Cost/income ratio (excluding bank taxes) | 49.5% | 48.0% | -1.5p.p. |
| Loan volume (CZK billion) | 879.4 | 930.9 | +6% |
| Deposit volume (CZK billion) | 1,340 | 1,414 | +5% |
| Assets under management (CZK billion) | 326.0 | 383.6 | +18% |
| Tier 1 capital ratio (CET 1) | 20.2% | 19.3% | -0.9p.p. |
| Credit cost ratio (CCR) | -0.07% | 0.04% | +0.10p.p. |

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 a small gesture.

We try to give our clients freedom when they come to our bank – we don’t just limit them to digital solutions or only personal visits to the branch. They have a choice because we are moving towards both technological innovation and improving the client experience.

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.