

ČSOB in 1H 2024: Strong loan and investment growth and half a million people trained in cybercrime defence

The ČSOB Group continued to grow in the first half of 2024. The demand from corporate clients for loans increased, and the interest of households in financing housing rose significantly. The quality of the loan portfolio remained high. The net profit of the Group reached CZK 9.5 billion. ČSOB also focused intensively on cyber literacy and, together with the Police of the Czech Republic, passed the milestone of 500,000 people trained in combating Caller and Clicker fraud.

“The Czech economy is recovering after several challenging years and gradually declining interest rates provide further impetus for investment. Activity in the loan area is increasing, both among retail and corporate clients. We also see that clients transfer their funds from deposit to investment products with a higher long-term return potential,” states **Aleš Blažek**, CEO of the ČSOB Group.

Financial results for 1H 2024

- **Net profit reached CZK 9.5 billion** (up 2% year-on-year).
- **Total loan volume amounted CZK 951 billion** (up 7% year-on-year).
- **The volume of home loans increased to CZK 528 billion** (up 3% year-on-year).
- **The volume of client deposits was CZK 1,265 billion** (flat year-on-year). **Total deposits dropped to CZK 1,371 billion** (down 6% year-on-year).
- **The volume of assets under management increased to CZK 390 billion** (up 15% year-on-year).
- **Operating income increased to CZK 21.9 billion** (up 6% year-on-year).
- **Operating costs**, excluding bank taxes, amounted **CZK 10.6 billion** (up 4% year-on-year).
- **The number of active clients increased by 71,000** year-on-year.



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- The bank's **capital position is strong, and liquidity is excellent.** The Tier 1 capital ratio is 20.0%.
- The **share of non-performing loans** in the total loan portfolio was 1.4% at the end of June.

ČSOB Group News

- The **number of people trained by ČSOB and the Police of the Czech Republic** in cyber security exceeded **500,000**.
- **ČSOB protected** clients from cyber fraud in the first half of the year in the amount of **CZK 1.9 billion**. In 2023, it was CZK 3.2 billion.
- Regarding the current international geopolitical situation, we have re-evaluated our position on the defence industry focused on the army (defence), police and other defence forces (law enforcement) and envisage our **broader involvement in the defence industry**.
- **The number of active ČSOB Smart mobile banking users** increased to **1.4 million**.
- The **ČSOB DoKapsy** application **already has 300,000 users**. The fastest growing services are Shopping 24/7, Parking and public transport tickets.
- In the spring round of the **ČSOB Helps in Regions** programme, 75 projects in 15 regions received over CZK 5.4 million.
- The Qualified Electronic Signature of the mortgage and pledge agreement of **ČSOB Hypoteční banka** was awarded the **IT Product of the Year 2024** by Computerworld magazine.
- **ČSOB received the prestigious 2024 LGBTQ+ Friendly Employer award** from the Pride Business Forum.
- **ČSOB was the general partner and non-cash payment partner of the Metronome and Beats for Love festivals**.

Double-digit investment growth rate

The volume of assets under management increased by 15% and mutual fund assets grew by 24% year-on-year. The most popular funds are the funds within the Na Míru solution, which already account for over 60 percent of new sales. ČSOB Premiéra, ČSOB Bohatství and ČSOB Akciový have long belong to the most popular funds among clients, where the total investment volume exceeded one hundred billion crowns. New sales of investments in responsible funds amounted to 13.1 billion crowns. ČSOB Drobné's investment service, whose users invest with every card payment, already has almost 200,000 clients.

ČSOB Penzijní společnost concluded more than 43,000 new contracts in the first half of the year. It currently cares for more than 600,000 clients. Year-on-year, 151% more clients switched from the Transformed Fund to

the Supplementary Pension Savings. Compared to last year, almost twice as many clients increased their monthly allowance, which was motivated by the amendment to the law, which changed the structure of state allowances, effective from this July.

App usage breaks records

Nearly 1.4 million clients are actively using ČSOB Smart mobile banking, up 16% year-on-year. The number of mobile banking transactions was 18.6 million in the second quarter, an increase of 33% year-on-year. The virtual assistant Kate handled 2.9 million service and sales requests in the first half-year, up 200% year-on-year. A total of 880 thousand clients used Kate's services in the first half-year. *"The virtual assistant Kate can save clients a great deal of time and searching. Clients mainly use Kate to make limit changes, to resolve a forgotten PIN, to make payments, view bank statements, information on interest and news, and the renewal or establishment of certain products. Since May, Kate has also actively introduced users to the benefits we offer for active use of the account,"* explains **Aleš Blažek**.

ČSOB is now rewarding clients who choose it as their main bank for their financial needs. Clients who actively use the account and pay by card get benefits in the form of a bonus rate of up to 4.5 percent per year on a savings account, up to two percent extra on regular investments, a ten percent discount on new loans, a discount of 0.3 p.p. on the mortgage interest rate, up to CZK 2,500 bonus for new building savings, risk insurance on the Internet for six months free of charge and a discount on life insurance and car insurance. From June, clients can receive additional rewards exclusively in the ČSOB Smart application in the form of Kate Coin digital "coins". They get them for using the application itself, for help from Kate, for arranging a term deposit and other options. Accumulated Kate Coins can be used, for example, when buying a train ticket in the ČSOB DoKapsy application or when investing with the ČSOB Drobné service. The Kate Coin loyalty program will continue to expand.

Cyber mission at halftime

The joint educational mission of ČSOB and the Police of the Czech Republic targeting the activities of cyber criminals has reached its first milestone. Half a million people have already participated in educational programmes, presentations at events such as NATO Days in Ostrava, Days of Heroes in Prague and campaigns for the public. In addition, ČSOB saved its clients CZK 1.9 billion in the first half-year, compared to CZK 3.2 billion for last year.

*"A year ago, ČSOB and the Police of the Czech Republic jointly announced an ambitious goal to train one million people in cyber security. We are proud to announce that we have passed the halfway point and are definitely not finished; for example, we are planning a special TV educational programme. At the same time, we have managed to protect nearly two billion crowns from attacks by Callers and Clickers this year. The combination of education and active protection in the bank is the best way to mitigate the damage that cyber fraud can cause," says **Aleš Blažek**.*

Digital and sustainable mortgages on the rise

The ČSOB group remains a key player in the Czech housing finance market. The volume of home loans in the first half-year rose by 3% year-on-year to CZK 528 billion. The volume of mortgages concluded in the first six months of the year rose by 71% year-on-year to CZK 27.8 billion, mainly thanks to year-on-year lower mortgage interest rates, deferred demand and rising real estate prices. Already one of three new mortgages at ČSOB Hypoteční banka is to finance low-energy houses and flats. A strong group of clients is composed of young people under 36 years of age, who concluded 50% of mortgages in the first half of this year.

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 in the market with this innovation in cooperation with the Cadastral Office. The share of electronically signed mortgages has been close to 10% since the introduction of the new feature this March. Demand for the ČSOB Mortgage without Borders, which facilitates the purchase of a second home abroad under the same conditions as in the Czech Republic, is also on the rise. Interest in financing foreign real estate increased by one-third year-on-year.

Since March, clients of ČSOB Stavební spořitelna can obtain a loan with an exceptionally favourable interest rate of 3% p.a. under the "Repair Your Grandmother's House" subsidy programme. A building savings loan can be used to finance energy-saving measures in the modernisation of houses intended for permanent living without having to use the property as collateral. ČSOB Stavební spořitelna accounted for 40% of the total volume of these specific types of loans granted by building societies in the Czech market. The fact that interest in subsidy consulting is increasing is also underlined by the 16,000 unique visitors to the special online Guide to Economic Reconstruction (Rekalkula), which is available on the uspornebydleni.csob.cz website and allows clients to get an initial idea of how much the planned reconstruction will cost and what subsidy

they are entitled to. Overall, building savings loans are experiencing a great wave of interest.

Companies continue to invest and grow

The ČSOB Group is one of the main players in the field of corporate banking in the Czech market in terms of the volume of financing and the range of services provided. Energy-saving solutions, renewable energy, and sustainability are current financing trends. The volume of loans to corporations, companies and entrepreneurs increased by 12% to CZK 379.8 billion at the end of June.

"The transition to an environmentally friendly and low-carbon economy is a prerequisite for the continued functioning of the energy-intensive Czech economy. At ČSOB, we support our clients towards a sustainable future by funding projects, initiatives and technologies with a positive impact on the environment. In addition, we provide companies with sustainability and ESG consulting through the Green0meter platform," notes **Aleš Blažek**.

ČSOB was the first in the market to link a current account for entrepreneurs with practical insurance. It offers free of charge one of three insurance policies covering risks related to business activities to clients from the ranks of self-employed persons using our Business Account. All legal entities and entrepreneurs can open an account with ČSOB fully online thanks to their banking identity. Corporate, business, residential building and non-profit accounts can now be opened online.

Selected ČSOB Group Indicators	1H 2023	1H 2024	Year-on-year change
Net profit (CZK billion)	9.3 ⁽¹⁾	9.5	+2%
Cost/income ratio (excluding bank taxes)	49.4%	48.5%	-0.9 p.p.
Loan volume (CZK billion)	890.7	951.1	+7%
Deposit volume (CZK billion)	1,456.7	1,371.3	-6%
Assets under management (CZK billion)	337.8	389.7	+15%
Tier 1 capital ratio (CET 1)	20.0% ⁽¹⁾	20.0%	0.0 p.p.
Credit cost ratio (CCR)	-0.30%	-0.19%	+0.11 p.p.

Note (1): ČSOB retrospectively corrected profit and loss statement and balance sheet for 2023. This restatement did not impact the reported operating income or operating expenses.

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 a personal visit to a branch. They have a choice because we are moving towards both technological innovation and improvements in client experience.

We believe that even the smallest acts of kindness can brighten a person'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.