

Česká spořitelna has confirmed a good start to 2024, recorded growth in both customer loans and deposits

As at 30 June 2024, Česká spořitelna reported an unaudited consolidated net profit of CZK 12.4 bn, according to the International Financial Reporting Standards (IFRS). Operating result reached CZK 15.2 bn.

"Česká spořitelna confirmed a strong start to 2024 in the second quarter. The Bank's results were positively impacted by the recovery in domestic demand and loan growth, with loans now reaching almost 70% of deposits. The high-interest rate environment also played a significant role, though rates have begun to decline and are expected to fall further in the second half of the year.

From Česká spořitelna's perspective, it is crucial that our strategy to promote the financial health of clients is resonating well. Additionally, this approach received notable international recognition in the second quarter. At the World Customer Centricity Awards in Dubai, we secured first place in a global competition of banks, which we regard as a significant commitment for the future," said Ivan Vondra, Česká spořitelna's CFO in his reaction to the Bank's H1 2024 financial results.

MAIN INDICATORS

Česká spořitelna expects a recovery of the Czech economy in 2024 with GDP growth around 1%, which should be supported by both improved domestic as well as foreign demand. However, external demand is likely to improve only in the second half of the year and gradually.

As at 30 June 2024, total consolidated ČS Group assets amounted to CZK 2,054.4 bn, which meant a 14.3% increase compared to 31 December 2023. On the assets side, the development was driven mainly by growth of loans to banks. The liability side of the balance sheet increased mainly thanks to higher deposits from banks and customer deposits.

The gross volume of ČS Group customer loans was positively influenced by Hello bank acquisition and increased by 8.1% y/y to CZK 1,067.4 bn. The portfolio of retail loans amounted to CZK 665.4 bn, representing a year-on-year increase of 5.9%, driven by private mortgages (+5.4% y/y), consumer lending (+12.2% y/y) and Building Society (+7.3% y/y). The volume of corporate loans grew by 11.8% year-on-year to CZK 396.8 bn attributed to increase in Large Corporates (+21.6%), SME (+2.0%), Real Estate (+16.7%) and corporate subsidiaries (+9.6%).

Group deposits from customers grew by 2.8% y/y to CZK 1,496.0 bn attributed to increase in deposits from households (+3.3% y/y to CZK 954.5 bn) and public sector (+30.2% y/y to CZK 192.7 bn). On the other hand, corporates declined by 9.1% y/y to CZK 348.8 bn affected by short-term operations. Mutual funds increased by CZK 68.7 bn (+32.0% y/y) to CZK 283.4 bn reflecting increased clients' demand.

As at 30 June 2024, the total number of the ČS Group customers was 4.6 m, of which more than 2.3 m used digital banking.

Total accounting equity declined to CZK 141.7 bn as at 30 June 2024, which was by 2.0% less than at the end of the year 2023. **The total capital ratio for Česká spořitelna Group reached 19.0% as at 30 June 2024**, well above minimum regulatory capital requirement (16.35%).

Operating result of Česká spořitelna increased by 23.9% y/y to CZK 15.2 bn in H1 2024 driven by higher operating income. Operating income went up by 13.6% y/y attributed to higher net interest income and net fee and commission income.

Net interest income grew by 14.2% in comparison with H1 2023 and reached CZK 19.0 bn. The development was affected mainly by volume growth of loans supported by acquisition of Hello bank, positive impact of higher volume of deposits and favourable balance sheet structure. **Net interest margin related to interest bearing assets reached 1.95% in H1 2024, reflecting development of balance sheet structure.**

Net fee and commission income rose by 19.0% year-on-year to CZK 6.1 bn which was caused by securities transactions due to higher sales of mutual funds and rise in pension savings. The increase in payment transfers reflected higher interchange fees driven by volume of transactions. Furthermore, net fee and commission income was positively affected by insurance fees attributed mainly to life insurance products.

Net trading result decreased by 30.4% y/y to CZK 1.8 bn in H1 2024 which was driven mainly by revaluation of derivatives.

Total operating expenses rose by 2.6% y/y to CZK 11.9 bn in H1 2024, mainly influenced by growth of other administrative expenses. Personnel expenses (+1.6% y/y) were driven mainly by salary increase, employee share programme and new benefit structure partially compensated by lower number of employees. Higher costs of IT and marketing led to **rise in other administrative expenses (+5.1% y/y). Depreciation almost unchanged.** As the consequence of the above-mentioned development, **Cost/Income ratio improved to 43.8% from 48.5% in H1 2023.**

Impairment result from financial instruments (i.e., creation/release of risk provisions and reserves for loans and advances, guarantees and commitments) **recorded release of CZK 0.2 bn in H1 2024**, reflecting excellent quality of the loan portfolio.

Other operating result of CZK -0.3 bn, consisting mainly of other income and costs not directly related to main operating activities of the Group, improved by 64.7% y/y, attributed mainly to lower contribution to the Resolution Fund in 2024 and release of impairment.

The overall number of active payment cards issued by ČS increased by 6.4% year-on-year and reached 3.8 m. Thereof **credit cards represented 234.8 thousand.** **The volume of card transactions** executed in H1 2024 with Česká spořitelna's cards **was CZK 223.8 bn and rose by 13.7%** compared to H1 2023. **The number of Česká spořitelna's ATMs and transaction terminals** decreased by 56 y/y to **1,659.**

FINANCIAL DATA		1-6 23	1-6 24	Year-on-Year Change
Income statement (CZK m)	Net interest income	16,663	19,030	14.2%
	Net fee and commission income	5,145	6,124	19.0%
	Net trading result	2,561	1,782	-30.4%
	Rental income, dividends and other income	-548	124	-
	Operating income	23,821	27,060	13.6%
	Operating expenses	-11,554	-11,857	2.6%
	Operating result	12,267	15,203	23.9%
	Gains/losses from derecognition of financial instruments not measured at FV through profit or loss	0	-7	-
	Impairment result from financial instruments	-303	234	-
	Other operating result	-743	-262	-64.7%
	Taxes on income	-1,930	-2,735	41.7%
	Post-tax profit from continuing operations	9,291	12,433	33.8%
	Net result attributable to non-controlling interests	26	23	-11.5%
	Net result attributable to owners of the parent	9,265	12,410	33.9%
Balance sheet (CZK m)	Loans and advances to customers (gross)	987,702	1,067,359	8.1%
	Loans and advances to customers (net)*	966,968	1,046,281	8.2%
	Deposits from customers**	1,455,883	1,495,964	2.8%
	Total equity	132,558	141,664	6.9%
Ratios	Return on equity (ROE)	13.8%	17.6%	3.8 pp
	Cost/income	48.5%	43.8%	-4.7 pp
	Loan to deposit ratio	66.4%	69.9%	3.5 pp
	Total capital ratio	19.4%	19.0%	-0.4 pp

* Includes loans and advances at amortised cost, loans and advances at FV through profit or loss, finance lease receivables and trade and other receivables

** Includes deposits from customers at amortised cost and deposits from customers at FV through profit or loss

For more details, please see www.csas.cz

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