

Česká spořitelna has recorded a good start to 2024, corporate loans reported the highest growth rate in last 18 months

As at 31st March 2024, Česká spořitelna reported an unaudited consolidated net profit of CZK 5.7 bn, according to the International Financial Reporting Standards (IFRS). Operating result reached CZK 7.5 bn.

"Česká spořitelna has started 2024 positively, an important development for the Czech economy. Our encouraging results indicate an overall improvement in the economic and financial conditions of our clients and the entire economy. Česká spořitelna's robust capital and stability, reflective of the entire banking sector, have enabled successful recovery support post-covid crisis and subsequent inflation.

We take pride in the comprehensive financial care we provide to our clients, regardless of whether they are households or businesses. Their appreciation of this approach is clear, as a recent IMAS survey identified us as the preferred bank among clients of regional corporate centres.

Underscoring Česká spořitelna's historical role in societal prosperity, we are vigorously involved in solutions tackling broad issues like housing affordability and retirement savings and enhancing education in key areas of financial literacy and cybersecurity.

We will persist in supporting the Czech economy's growth and I am confident that we can counter any negative influences that might weaken the banking sector or the economy at large," said Ivan Vondra, Česká spořitelna's CFO in his reaction to the Bank's Q1 2024 financial results.

MAIN INDICATORS

Česká spořitelna expects a recovery of the Czech economy in 2024, which should be supported by both, improved domestic as well as foreign demand. However, this development is likely to be gradual, with only a modest improvement in demand at the start of the year.

As at 31st March 2024, total consolidated ČS Group assets amounted to CZK 2,021.7 bn, which meant a 12.5% increase compared to 31st 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 Sberbank CZ and Hello bank acquisitions and increased by 11.7% y/y to CZK 1,048.0 bn. The portfolio of retail loans amounted to CZK 653.6 bn, representing a **year-on-year increase of 9.8%**, driven by **private mortgages (+9.4% y/y)**, **consumer lending (+18.9% y/y)** and **Building Society (+7.0% y/y)**. **The volume of corporate loans grew by 14.5% year-on-year to CZK 389.0 bn**

attributed to increase in Large Corporates (+22.4%), SME (+7.5%), Real Estate (+19.7%) and corporate subsidiaries (+10.0%).

Group deposits from customers grew by 4.4% y/y to CZK 1,459.9 bn attributed to increase in deposits from households (+3.0% y/y to CZK 941.1 bn) and public sector (+25.9% y/y to CZK 184.9 bn). On the other hand, corporates declined by 1.0% y/y to CZK 333.9 bn affected by short-term operations. Mutual funds increased by CZK 71.3 bn (+35.6% y/y) to CZK 272.0 bn reflecting increased client's demand.

As at 31st March 2024, the total number of the ČS Group customers was 4.6 m, of whose more than 2.3 m used digital banking.

Total equity rose to CZK 150.7 bn as at 31st March 2024, which was by 4.3% more than at the end of the year 2023. The total capital ratio for Česká spořitelna Group reached 19.1% as at 31st March 2024, well above minimum regulatory capital requirement (16.6%).

Operating result of Česká spořitelna increased by 33.5% y/y to CZK 7.5 bn in Q1 2024 driven by higher operating income. Operating income went up by 17.3% y/y attributed to higher net interest income and net fee and commission income.

Net interest income grew by 17.7% in comparison with Q1 2023 and reached CZK 9.6 bn. The development was affected mainly by volume growth of loans supported by acquisitions of Sberbank CZ and Hello bank, positive development of volume of deposits and favourable balance sheet structure. Net interest margin related to interest bearing assets reached 2.01% in Q1 2024, reflecting development of balance sheet structure.

Net fee and commission income rose by 16.7% year-on-year to CZK 3.0 bn which was caused by securities transactions due to higher sales of mutual funds and rise in pension insurance. 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 and insurance related to loans.

Net trading result decreased by 11.6% y/y to CZK 0.9 bn in Q1 2024 which was driven mainly by revaluation of derivatives.

Total operating expenses rose by 1.7% y/y to CZK 6.0 bn in Q1 2024, mainly influenced by growth of other administrative expenses. Personnel expenses (+0.9% 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 business operation with higher contribution into Deposit Insurance Fund led to rise in other administrative expenses (+3.3% y/y). Depreciation almost unchanged. As the consequence of the above-mentioned development, Cost/Income ratio improved to 44.2% from 51.0% in Q1 2023.

Impairment result from financial instruments (i.e., creation/release of risk provisions and reserves for loans and advances, guarantees and commitments) recorded creation of CZK -0.1 bn in Q1 2024, reflecting excellent quality of the loan portfolio.

Other operating result of CZK -0.5 bn, consisting mainly of other income and costs not directly related to main operating activities of the Group, improved by 43.4% y/y, attributed mainly to lower contribution to Recovery and Resolution Fund in 2024.

The overall number of active payment cards issued by ČS increased by 9.1% year-on-year and reached 3.8 m. Thereof credit cards represented 232.2 thousand. The volume of card transactions executed in Q1 2024 with Česká spořitelna's

cards was CZK 106.6 bn and rose by 15.2% compared to Q1 2023. The number of Česká spořitelna's ATMs and transaction terminals decreased by 63 y/y to 1,675.

FINANCIAL DATA		1-3 23	1-3 24	Year-on-Year Change
Income statement (CZK m)	Net interest income	8,159	9,602	17.7%
	Net fee and commission income	2,537	2,960	16.7%
	Net trading result	1,072	948	-11.6%
	Rental income, dividends and other income	-242	12	-
	Operating income	11,526	13,522	17.3%
	Operating expenses	-5,874	-5,975	1.7%
	Operating result	5,652	7,547	33.5%
	Gains/losses from derecognition of financial instruments not measured at FV through profit or loss	0	-4	-
	Impairment result from financial instruments	-231	-73	-68.4%
	Other operating result	-858	-486	-43.4%
	Taxes on income	-1,260	-1,259	-0.1%
	Post-tax profit from continuing operations	3,303	5,725	73.3%
	Net result attributable to non-controlling interests	3	5	66.7%
	Net result attributable to owners of the parent	3,300	5,720	73.3%
Balance sheet (CZK m)	Loans and advances to customers (gross)	938,618	1,048,012	11.7%
	Loans and advances to customers (net)*	918,059	1,026,605	11.8%
	Deposits from customers**	1,397,929	1,459,884	4.4%
	Total equity	142,340	150,652	5.8%
Ratios	Return on equity (ROE)	10.1%	16.6%	6.5 pp
	Cost/income	51.0%	44.2%	-6.8 pp
	Loan to deposit ratio	65.7%	70.3%	4.6 pp
	Total capital ratio	19.6%	19.1%	-0.5 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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