

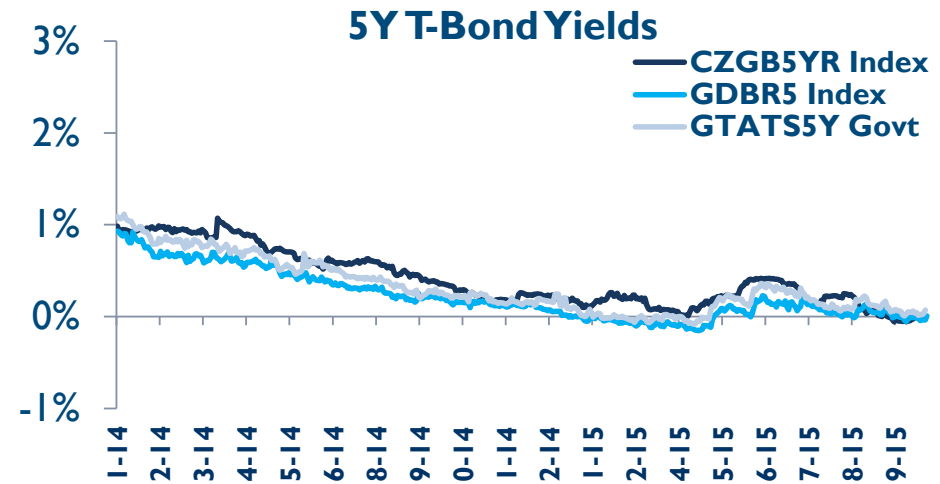
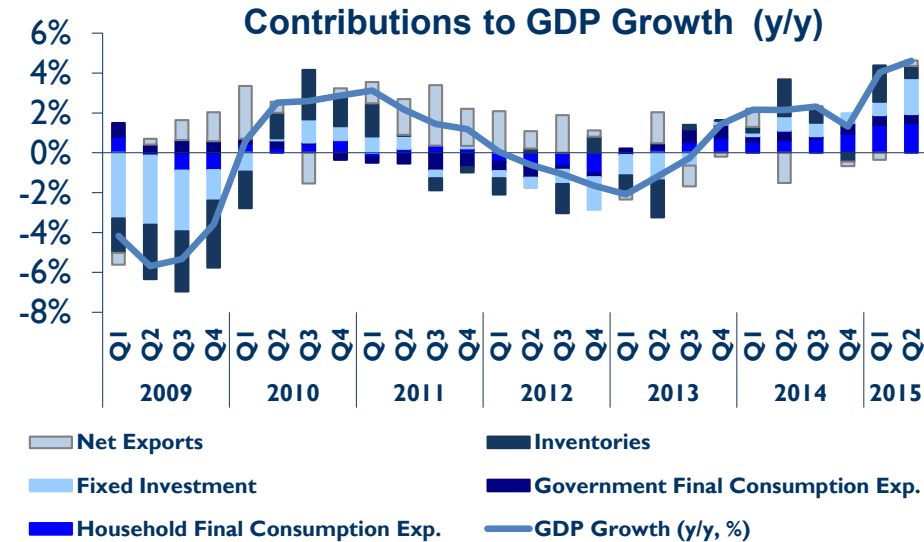
Ceska sporitelna - Q1-3 2015 consolidated results (unaudited, IFRS)

6 November 2015

**Net profit remained stable, supported by strong loan growth
and improved risk costs**

Executive summary – Czech economy performing well

- Czech GDP growth accelerated to 4.6% y/y in Q2 2015, which paves the way for more than 4% GDP growth for the whole of 2015
- Sharp increase in fixed investments, which constitute the main driving force of the growth, has to a large extent been reflecting the government's efforts to utilize the overwhelming majority of EU funds available from the 2007-2013 programming period (expiring end-2015)
- High consumer confidence reflected in growth of household consumption
- Transitory decline in Czech CPI closer to 0% in the course of Q3 2015 driven mainly by a strong decline in fuel prices. Core inflation slightly above 1% thanks to ongoing domestic economic expansion
- EUR/CZK moving closer to the level of 27 in early H1 2015 forced the CNB to sell nearly CZK 130 bn (2.9% of GDP) during the July-August period, in order to avoid a potential breakthrough of the 27 cap
- Given the strengthening in disinflationary pressures in the course of Q3 2015, the yield of the Czech 5Y T-bond has been negative since end-September (lowest-ever levels, and among the lowest in Europe)



Executive summary –

Financial results still mirror low interest rate environment

- Ceska sporitelna achieved strong business growth, however, financial figures still mirror the historically lowest interest rates environment
- Net profit of Ceska sporitelna remained stable compared to the same period of 2014 and reached CZK 11.1 bn in Q1-3 2015
- Operating result declined by 4.6% y/y due to lower operating income; operating expenses kept at Q1-3 2014 level reflecting effective cost management
 - Despite strong lending growth net interest income down by 2.6% as a result of low interest rates environment. However, in Q3 remained flat compared to Q2 2015 due to further cost of funds reduction
 - Net fee income fell by 8.8% y/y due to the approaching EU regulation of interchange fees, declining fee income from lending and from account maintenance; partly mitigated by increasing fees from securities business due to ongoing shift of clients' interest from deposits into investment products
 - Net trading and FV result grew by 30.0% y/y in Q1-3 2015, affected by a methodology change in derivatives valuation - implementation of OIS* discounting in Q1 2015
- Creation of loan loss provisions dropped by 35.1% y/y reflecting strong growth of the Czech economy, employment, increasing real wages, and consequently, significant improvement in loan portfolio quality

*Overnight index swap

Executive summary –

Robust loan growth with significantly reduced risk costs

- CS recorded the fastest growth of customer loans since September 2009 (net loans* rose by 6.7% y/y)
 - Robust growth of private mortgages (gross outstanding volume grew by 10.7% y/y) accompanied by increasing loans to large corporates and commercial real estate financing
 - Volume of new private mortgages expanded by 53% in Q3 2015 vs Q3 2014 which resulted in a market share of 28%; CS confirmed its leading market position
- Sharp decline in risk costs from 76bp to 46bp in Q1-3 2015 driven by strong performance of the economy spilling over to increasingly active real estate market, strengthening household budgets, and growing investments within SME sector
 - Share of NPLs further reduced to 4.0% (from 4.6% in 9/2014)
 - NPL coverage by credit risk provisions stable at strong 82%
- Persisting clients' interest in investment products mirrored in growing assets in the pension funds of CSPS (up by 12.7% y/y) and in domestic and foreign mutual funds (up by 26.4% y/y). Assets under discretionary management were up by 11.0% y/y
- CS Group is very well capitalized, CET 1 capital ratio increased to 18.8% (from 18.1% in September 2014)

*Net loans = gross loans - credit risk provisions

Q3 2015 business highlights - Retail

- **Ceska sporitelna innovated its offer of housing loans, with the addition of the Svobodna hypoteka (free mortgage). With this loan, clients are free to set up the drawing as well as the repayment of their loan, whose interest rates start at 1.85% p.a. and many other advantages**
 - In Q3 2015, Ceska sporitelna granted more than seven thousand mortgages, amounting to CZK 13.5 bn, which is a 53% increase in volume over the same period last year, with a market share of 28%



- **In late summer and early autumn, Ceska sporitelna introduced a special-purpose loan – loan for fun, with a guaranteed rate of 9.6% p.a. and a repayment term of up to 120 months.** With this special-purpose loan, clients can buy a new car, motorbike or bicycle, household furnishings and equipment (e.g., appliances, furniture, bathrooms, etc.), and items for the garden (equipment, revitalisation, swimming pool, garden projects, etc.)

- **Ceska sporitelna's loyalty programme „Za duveru“ offers account maintenance free of charge or with a discount, if a client receives at least CZK 7,000 in his account in the given month and actively uses another product from CS**



- **Ceska sporitelna is the most active financial institution in social networks. More than 50,000 Facebook fans is strong evidence of that.** The page has had sustained growth since 2009, when we set it up

Q3 2015 business highlights – Corporates

Florentinum project

- Ceska sporitelna initiated refinancing and recapitalization of the Florentinum project, a prestigious administrative building in the heart of Prague, as well as the largest administrative space under a single roof in the Czech Republic, owned by Penta Investments. Total financing amounted to EUR 150 m, where Ceska sporitelna has underwritten 50%. The transaction was successfully completed at the end of September 2015

Lovochemie a.s.

- Ceska sporitelna participated as the Mandated Lead Arranger in the long-term club credit facility in the total amount of CZK 1 bn, for the financing of a strategic investment of Lovochemie, a.s. into construction of a Universal granulation line. The investment is focused on long-term sustainable corporate competitiveness and the strengthening of Lovochemie's significant position on the European fertilizer market

Abengoa S.A.

- Ceska sporitelna was selected by Abengoa S.A., Spain, to provide a USD 15 m export buyer's credit covered by EGAP. Abengoa group is one of the largest manufacturers of thermal solar plants in the world. For the project to build and operate a concentrating solar thermal power plant of 110 MW in Chile, in the Antofagasta region of the Atacama Desert, Doosan Skoda Power s.r.o. will deliver the proven MTD50 turbine. This longstanding client is a leading global manufacturer of steam turbines of its own design, with outputs from 10 to 1200 MW. Financing of the supply opens the door to a very interesting export area and to a unique perspective branch for us and for Doosan Skoda Power

Moravia Steel a.s.

- Ceska sporitelna participated with the amount of EUR 50 m in a EUR 458.9 m EGAP-supported Export Credit Facility for Azerbaijan Railways. The purpose was the refinancing of project costs related to reconstruction and upgrade of 600 km of the Azerbaijani section of the Baku-Tbilisi-Kars railroad. The exporter under the project is a Czech company and our client, Moravia Steel a.s. (Finitrading Group)

Cetin

- Ceska sporitelna acted as Arranger and Lender in syndicated term loan facilities in the amount of CZK 32.2 bn provided to Ceska telekomunikacni infrastruktura a.s., which was established as a result of the spin-off of the telecommunication infrastructure from O2 Czech Republic a.s.

Q3 2015 Good things matter

- Ceska sporitelna was chosen as **the first-ever recipient of the Green Bank Award** in the GEEN Zelena banka survey, organised by the servers www.vstricnabanka.cz and www.bankovnipoplatky.com



- The first evaluation of the GEEN Zelena banka project assessed the scope and effectiveness of environmental activities, as presented by the banks themselves. Ceska sporitelna's products focused on reducing energy consumption include preferential financing with the Green Energy global loan, the financing of energy savings in residential buildings, and projects introducing alternative sources of energy



- Ceska sporitelna is **seeking out and approaching potential investors and operators who would rejuvenate and restore the beauty of unique buildings in the centre of the town of Opcno**. Ceska sporitelna is organising the bidding for the town, by virtue of having won a tender announced by the Opcno Municipal Assembly in the spring of 2015
- Ceska sporitelna was again the General Partner of the multi-genre **international music festival Colours of Ostrava**. Ceska sporitelna operated its entertaining and relaxing CS Blue Zone there, featuring the Palecek Café and the playful stand of the Depositum Bonum Foundation
 - As usual, visitors enjoyed the use of two mobile ATMs, from which they withdrew nearly CZK 8.7 m over the four days of the festival, which is 44% more than last year
- Ceska sporitelna introduced **its new concept of the charitable Palecek Café**, which it operates at various cultural events in cooperation with partners of the Ceska sporitelna Foundation
 - The profit is always retained by the selected non-profit organisation. At the Street Festival of music in Ostrava, the café was run in association with Caritas Czech Republic, which thereby earned more than CZK 20,000. In the course of the celebration of the 190th anniversary of Ceska sporitelna at Prague's Rudolfinum, the social enterprise Bila vrana (White Crow) derived more than CZK 11,000 from the café



Presentation topics

- Ceska sporitelna
 - Financial performance analysis
- Macroeconomic developments
 - Economic trends in details
- Banking market
 - Czech banking market developments
 - Ceska sporitelna market shares
- Appendix

Financial statements – Income statement (CZK m)

	1-9 14	1-9 15	Change
Net interest income	19,946	19,429	-2.6%
Net fee and commission income	8,252	7,529	-8.8%
Dividend income	50	67	34.0%
Net trading and fair value result	1,722	2,239	30.0%
Rental income from investment properties & other operating leases	620	581	-6.3%
General administrative expenses	-13,598	-13,635	0.3%
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	138	322	>100%
Net impairment loss on financial assets not measured at fair value through profit or loss	-2,900	-1,883	-35.1%
Other operating result	-285	-880	>100%
Pre-tax result from continuing operations	13,945	13,769	-1.3%
Taxes on income	-2,699	-2,634	-2.4%
Post-tax result from continuing operations	11,246	11,135	-1.0%
Net result for the period			
Net result attributable to non-controlling interests	21	0	-100.0%
Net result attributable to owners of the parent	11,225	11,135	-0.8%
Operating income	30,590	29,845	-2.4%
Operating expenses	-13,598	-13,635	0.3%
Operating result	16,992	16,210	-4.6%
Cost/income ratio	44.5%	45.7%	
Return on equity	14.5%	13.7%	

Financial statements – Balance sheet I (CZK m)

Assets

Assets	Dec 14	Sep 15	Change
Cash and cash balances	54,489	105,495	93.6%
Financial assets - held for trading	23,231	19,049	-18.0%
Derivatives	18,740	14,913	-20.4%
Other trading assets	4,491	4,136	-7.9%
Financial assets - designated at fair value through profit or loss	1,272	923	-27.4%
Financial assets - available-for-sale	99,289	84,492	-14.9%
Financial assets - held to maturity	151,513	159,640	5.4%
Net loans and receivables to credit institutions	38,533	36,845	-4.4%
Net loans and receivables to customers	500,039	524,082	4.8%
Derivatives - hedge accounting	878	1,063	21.1%
Property and equipment	13,431	12,921	-3.8%
Investment properties	7,342	5,039	-31.4%
Intangible assets	3,593	3,456	-3.8%
Current tax assets	543	1,013	86.6%
Deferred tax assets	159	143	-10.1%
Assets held for sale *	0	1,666	-
Other assets	8,277	3,429	-58.6%
Total assets	902,589	959,256	6.3%

*New item; sale of commercial real estate project

Financial statements – Balance sheet II (CZK m)

Liabilities

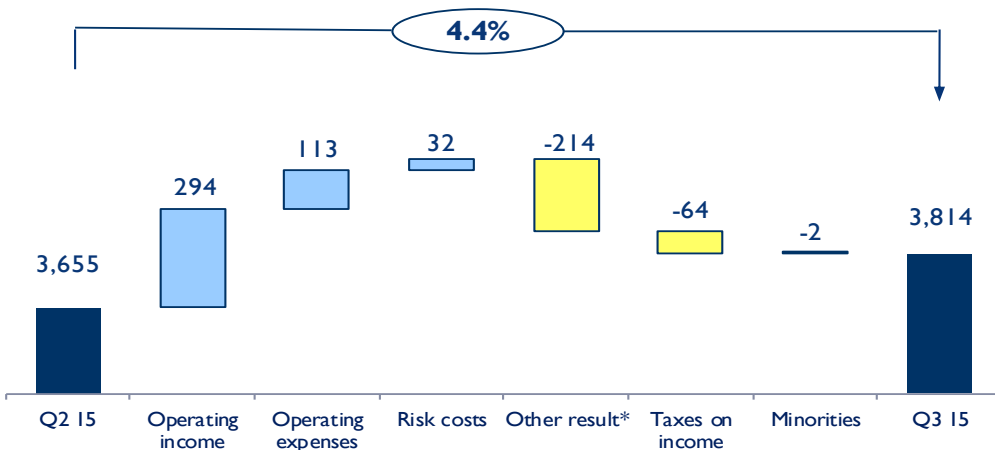
Liabilities and equity	Dec 14	Sep 15	Change
Financial liabilities - held for trading	23,431	23,908	2.0%
Derivatives	20,654	16,414	-20.5%
Other trading liabilities	2,777	7,494	>100%
Financial liabilities designated at fair value through profit or loss	9,664	5,355	-44.6%
Deposits from customers	8,874	5,355	-39.7%
Debt securities issued	790	0	-100.0%
Financial liabilities measured at amortised cost	751,959	808,856	7.6%
Deposits from banks	54,570	83,734	53.4%
Deposits from customers	671,565	700,769	4.3%
Debt securities issued	23,043	21,859	-5.1%
Other financial liabilities	2,781	2,494	-10.3%
Derivatives - hedge accounting	169	76	-55.0%
Provisions	2,418	2,955	22.2%
Current tax liabilities	45	130	>100%
Deferred tax liabilities	474	485	2.3%
Liabilities associated with assets held for sale *	0	897	-
Other liabilities	6,646	8,954	34.7%
Total equity	107,783	107,640	-0.1%
Equity attributable to non-controlling interests	-26	-26	0.0%
Equity attributable to owners of the parent	107,809	107,666	-0.1%
Total liabilities and equity	902,589	959,256	6.3%

*New item; liabilities connected with sale of commercial real estate project

Financial performance – Executive summary

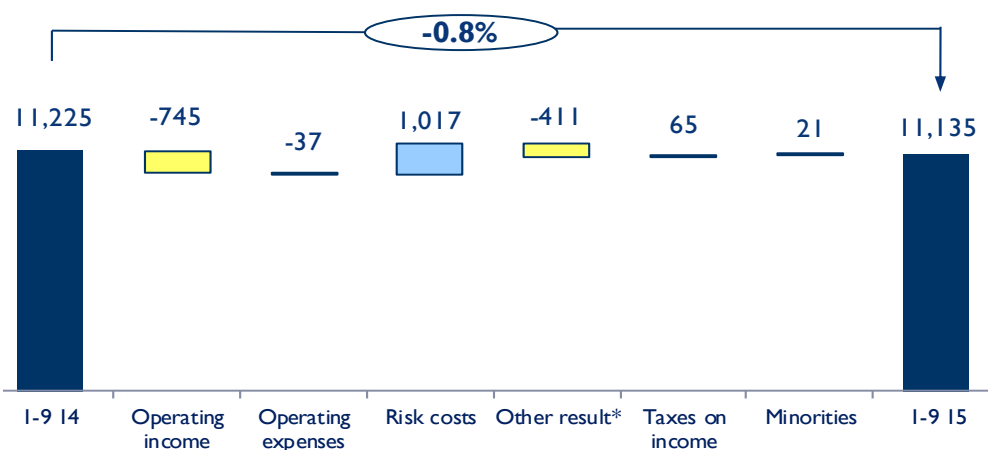
Net profit raised by 4.4% in Q3 vs Q2 2015

Q/Q net profit reconciliation (CZK m)



- Net profit up q/q due to higher net trading and FV result and lower operating expenses
- Net trading and FV result boosted by almost CZK 560 m benefiting from OIS discounting with the contribution of CZK 267 m to q/q growth
- Net interest income remained flat q/q due to cost of funds optimization
- Net fee income suffered from lower fee income from card business and declined by CZK 181 m

Y/Y net profit reconciliation (CZK m)



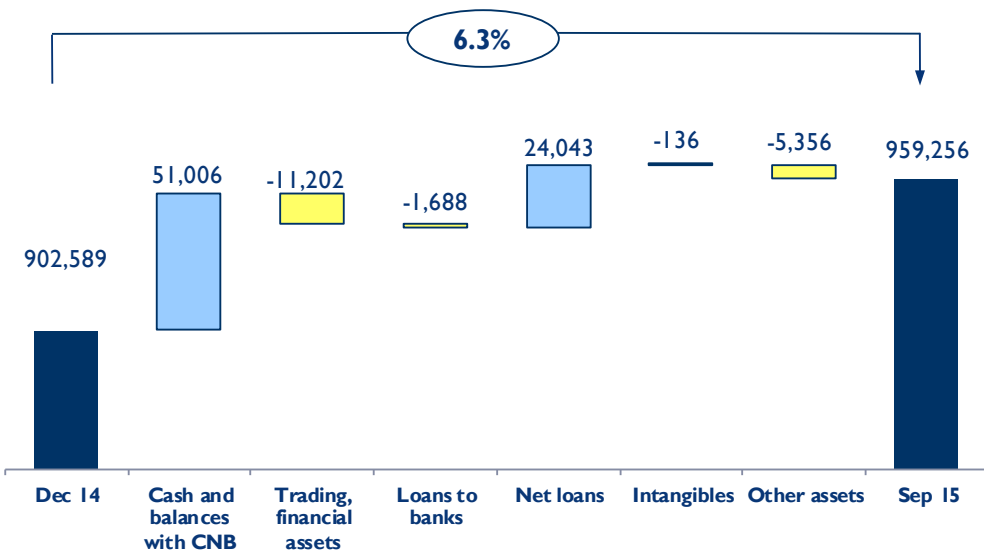
- Slight decline of net profit related to decrease of net interest income (NII), net fee income and to booking of provision for expected annual contribution to Resolution Fund in 2015 (CZK 444 m in other result*)
 - Lower NII reflected zero or even negative market interest rates
 - Drop of net fee and commission income caused by the approaching EU regulation in interchange fees, by lower income from lending and from account maintenance
 - Net trading and FV result includes methodology change of derivatives valuation (OIS discounting)
- Risk costs declined by 35.1% reflecting significantly better risk profile of the loan portfolio

* Includes Gains/losses from financial assets and liabilities not measured at fair value and Other operating result

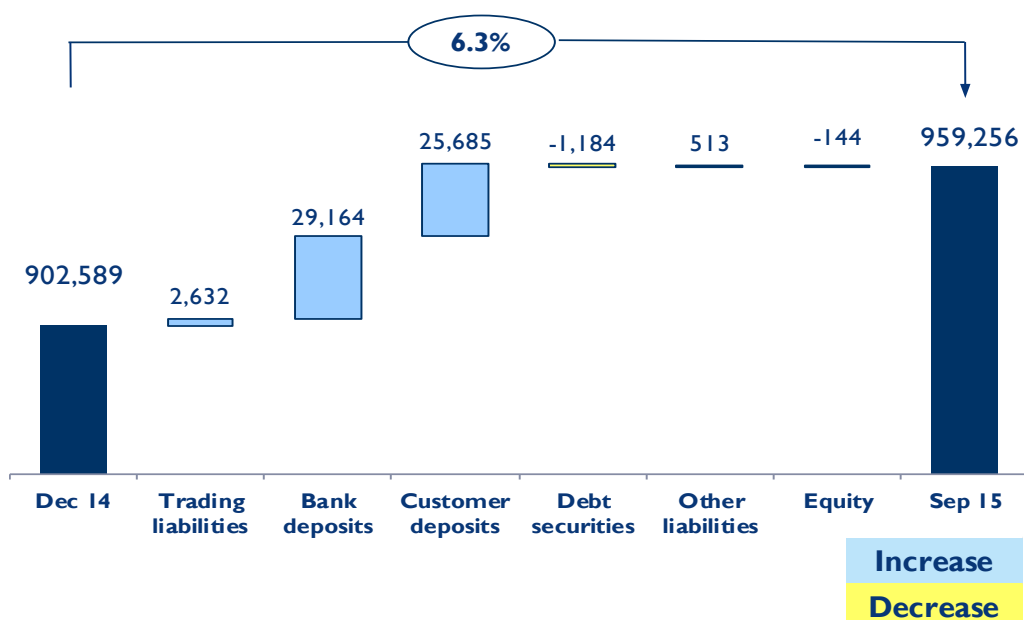
Financial performance – Executive summary

Persistent inflow of deposits

YTD total asset reconciliation (CZK m)



YTD total liability reconciliation (CZK m)



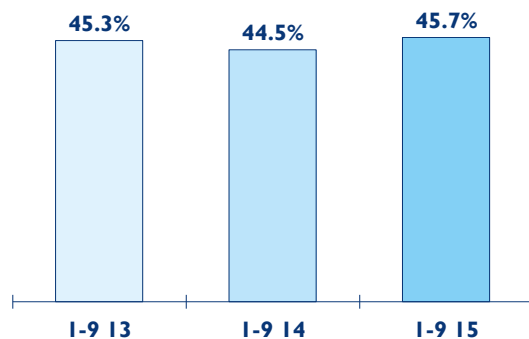
- Cash and balances with CNB increased by 93.6% since YE 2014 given the placing of overliquidity with CNB (due to almost zero or even negative yields of government bonds)
- Net customer loans increased by 4.8%
 - Driven by private mortgages, loans to large corporates and commercial real estate financing
- Total balance sheet raised by almost CZK 57 bn

- Deposits from banks rose by 53.4% (CZK 29 bn), driven by overnight deposits
- Customer deposits expanded by 3.8% in 2015
 - Deposits in parent bank up by CZK 35 bn, driven by demand deposits (constituted already 92% of deposits)
 - Deposits from private individuals rose by CZK 19 bn, public sector deposits rose by CZK 13 bn

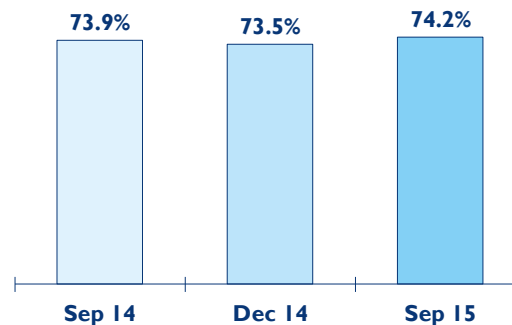
Financial performance – Executive summary

Strong solvency ratio and improving loan/deposit ratio

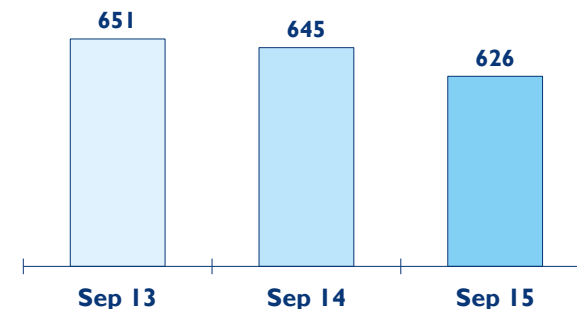
Cost/income ratio



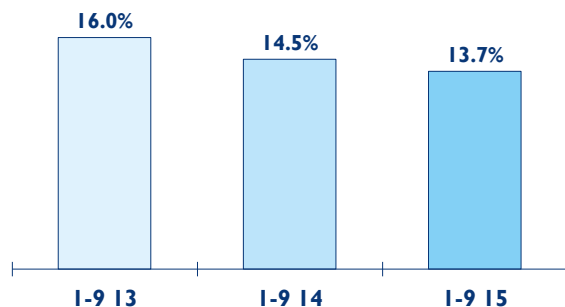
Loan/deposit ratio



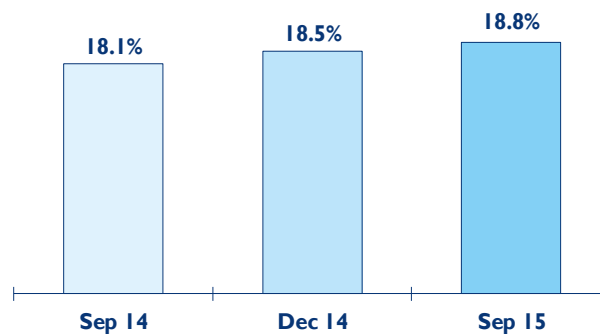
Number of branches



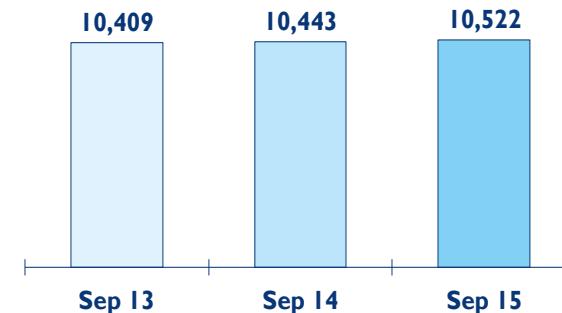
ROE



Solvency ratio



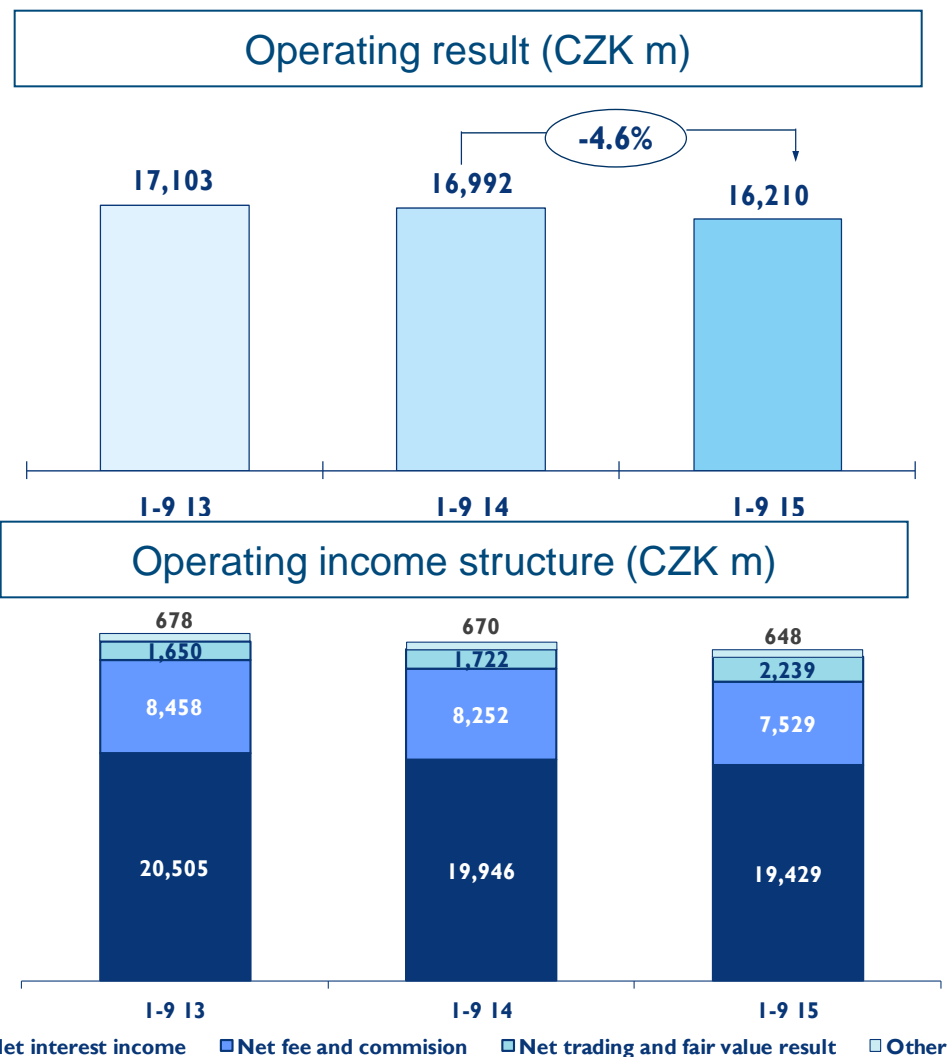
Number of employees (eop)



Operating result –

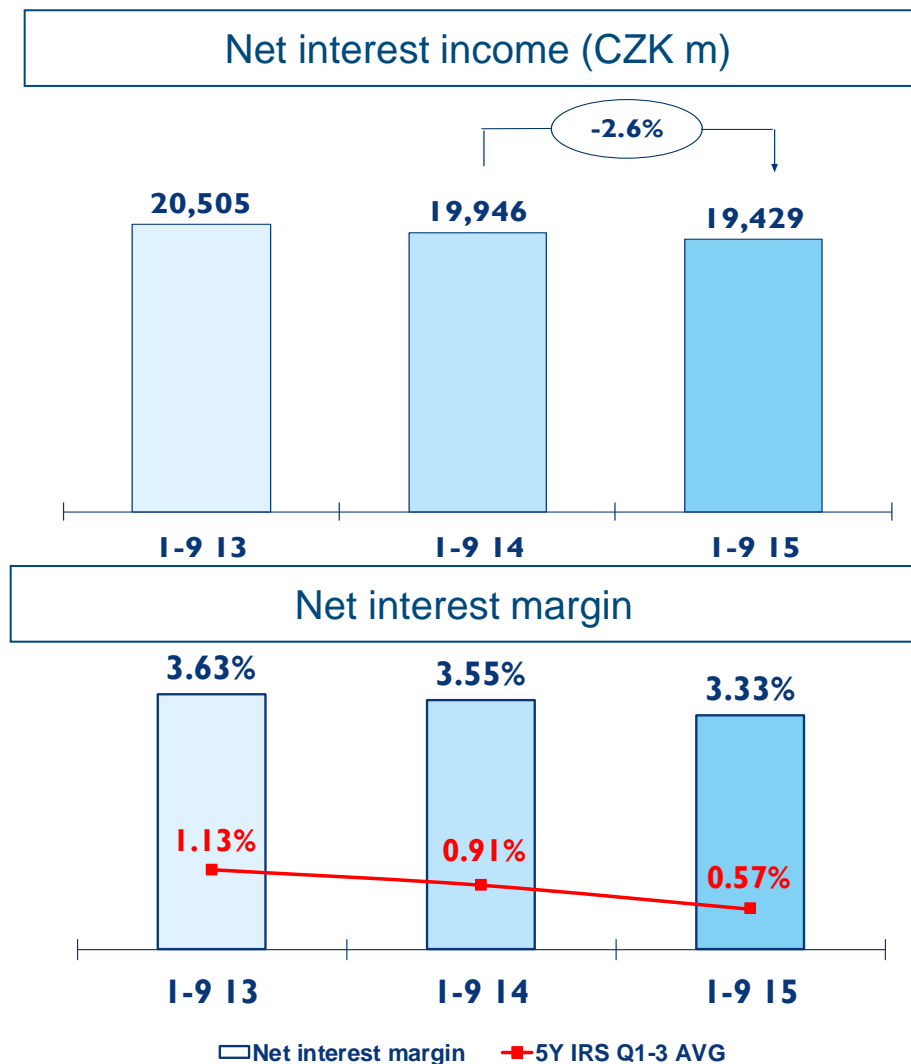
Decreased by 4.6% in year on year comparison

- Operating result still under pressure due to declining net interest income and net fee income
 - Net interest income mirrors low interest rates environment
 - Contraction in net fee income caused by the approaching EU regulation in interchange fees and by declining fee income from lending and from account maintenance
 - Net trading and FV result affected by methodology change in valuation of derivatives (impact of CZK 598 m); also supported by higher income from customer derivatives
- Operating expenses maintained flat



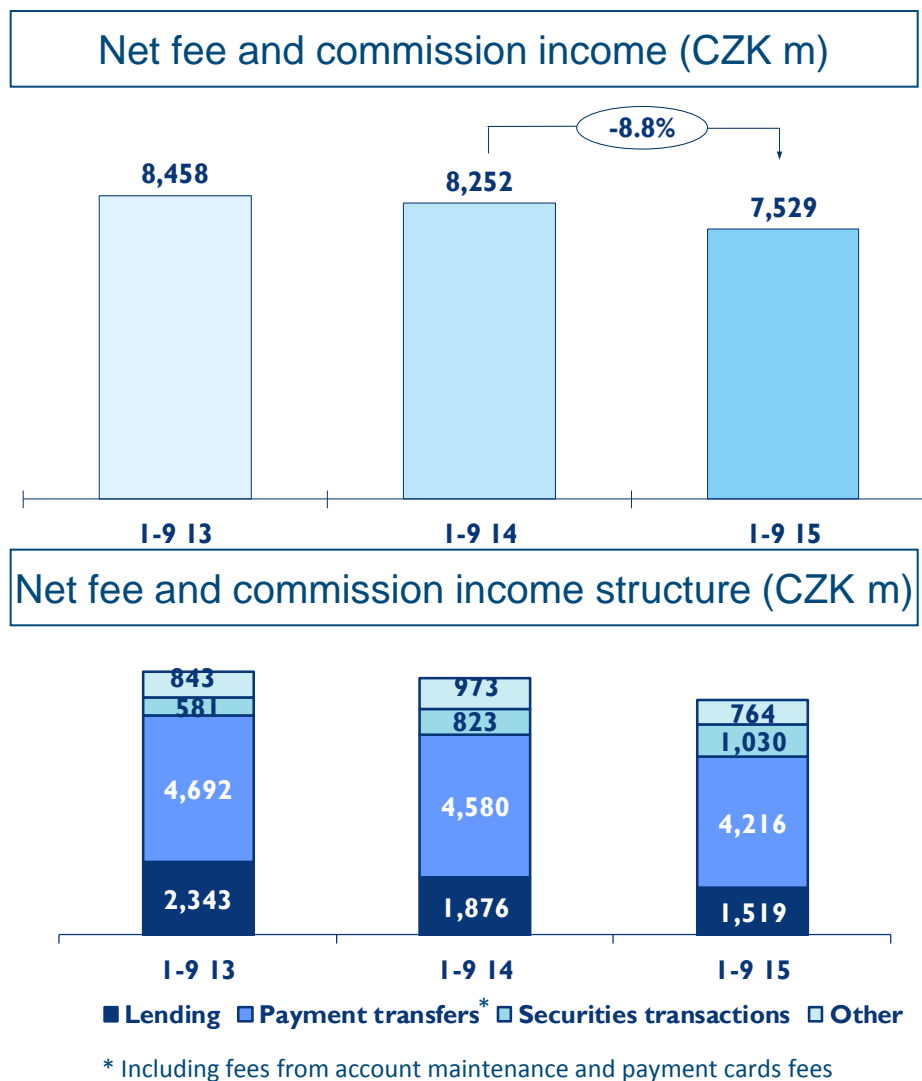
Net interest income – Still suffers from low interest rates environment

- Despite accelerated growth in lending net interest income contracted as the interest income generation is limited by zero market interest rates
 - Faster growth in volumes did not outweigh negative impact of maturing higher yielding assets and growing share of products with lower margin
- Q3 vs Q2 net interest income stayed flat supported by ongoing optimization of cost of funds
- Net interest margin decreased to 3.33%
 - But stable since Q1 2015



Net fee and commission income – Down by 8.8% y/y

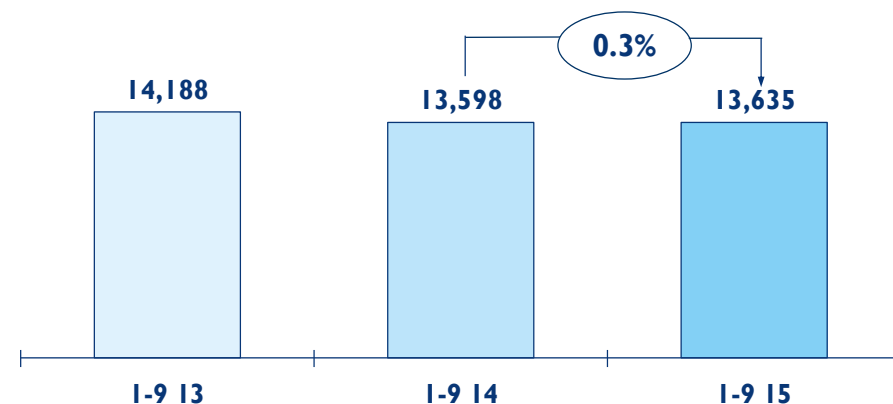
- Net fee income development reflected the approaching EU regulation of interchange fees (card business), the decline of fee income from lending and the free current accounts; income from securities business continuously grows
- Lending fees adversely impacted by fee holidays in retail loans
- Greater usage of advantageous products and growing clients' involvement in reward schemes is behind decline of fee income from current accounts
- Solid growth maintained in fee income from securities business
 - Fuelled by successful sale of investment products (assets in mutual funds increased by 26.4% y/y)



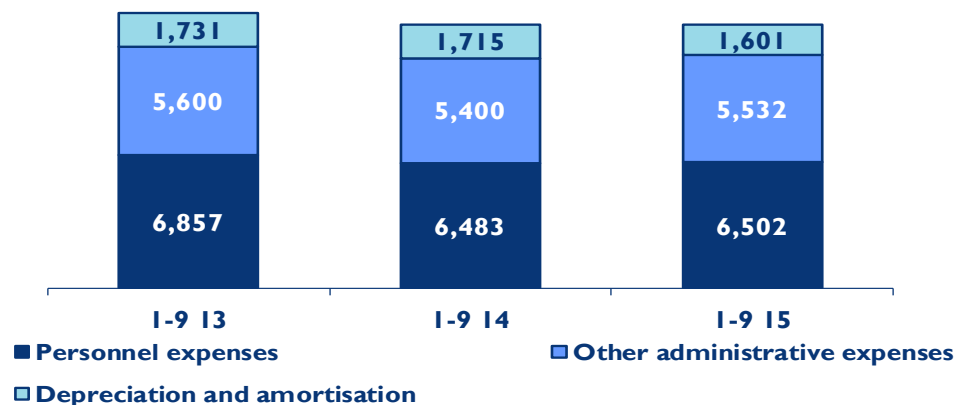
Operating expenses – Remained under control

- Operating expenses maintained at Q1-3 2014 level as a result of continued cost optimization initiatives
- Other administrative expenses up by 2.4% y/y due to growing expenses for projects connected to regulatory compliance
- Personnel expenses remained flat
- Depreciation down by 6.6% y/y
 - Major decline in depreciation of IT hardware and office equipment

Operating expenses (CZK m)



Operating expenses structure (CZK m)



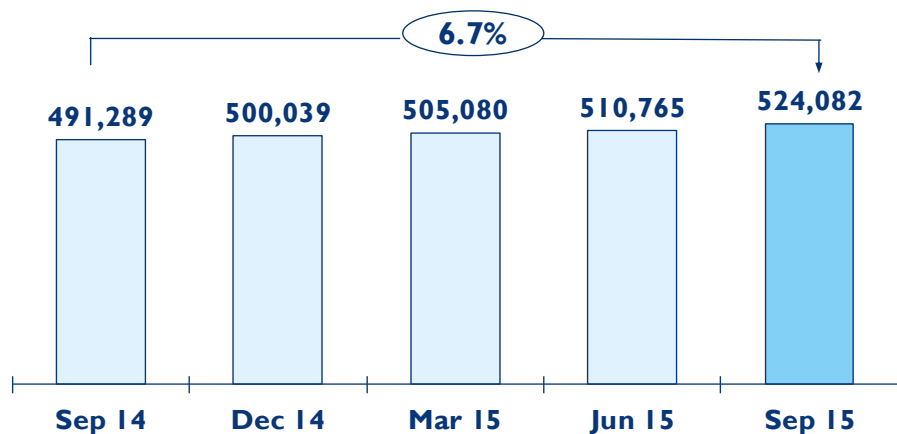
Group capital adequacy – CET 1 ratio increased to strong 18.8%

- CS Group is very well capitalized, CET 1 capital adequacy increased by 70 bps y/y to 18.8% reflecting higher Tier 1 capital
 - Tier 1 (CET 1) capital increased by 10.3% compared to September 2014 mainly due to higher retained profit and lower unaudited credit risk provisions
- Group solvency ratio (Tier 1+Tier 2) equal to Tier 1 ratio
 - Tier 2 capital is zero as all subordinated debt was bought back

CS Group, CZK mil.	Basel III	Basel III	Basel III
	30/9/2014	31/12/2014	30/09/2015
Tier 1 capital	80,501	84,165	88,804
Tier 1+2 capital	80,662	84,361	88,804
Risk exposure to credit risk	374,181	389,721	404,320
Risk exposure to market risks	11,487	8,261	10,405
Risk exposure to operational risk	58,827	58,682	57,215
Total risk exposure	444,495	456,664	471,940
Capital Adequacy Tier 1 ratio	18.1%	18.4%	18.8%
Capital Adequacy Tier 1+2 ratio	18.1%	18.5%	18.8%

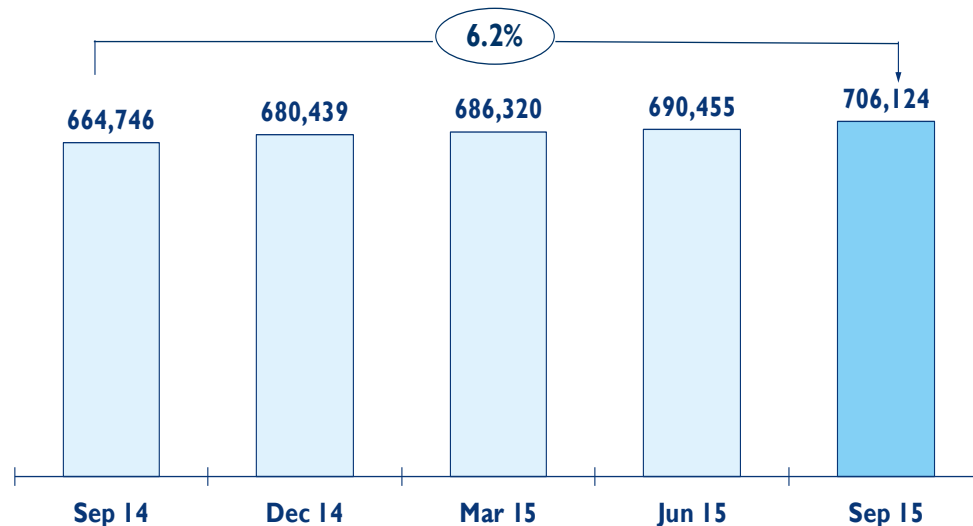
Balance sheet development – Loan to deposit ratio further pushed to 74.2%

Net customer loans (CZK m)



- Net customer loans increased by 6.7 % since September 2014, driven by private mortgages, loans to large corporates and corporate real estate financing /details in the lending part of the presentation/

Group customer deposits (CZK m)

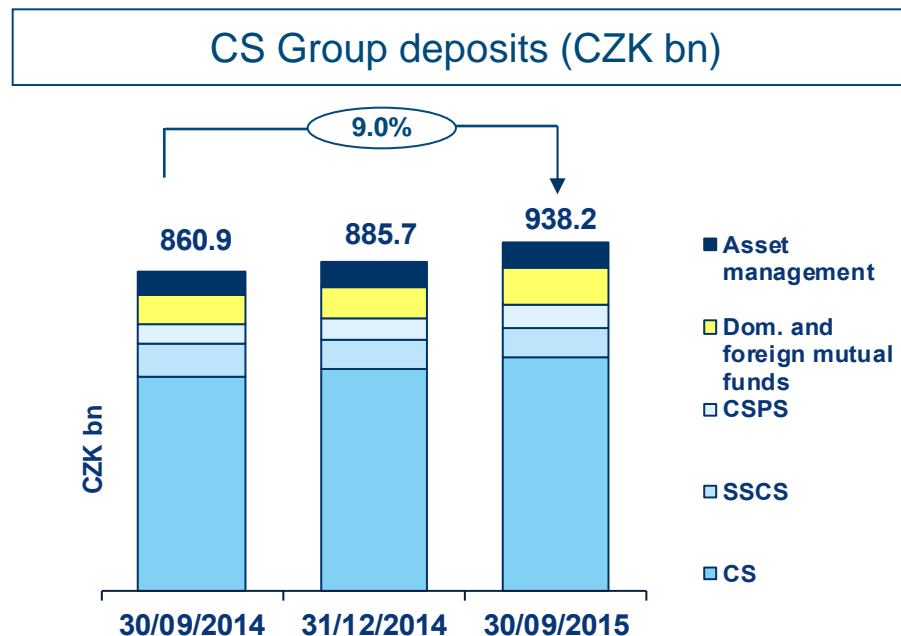


- Group customer deposits picked up by 6.2 % y/y mainly due to continuous inflow of deposits from individuals
 - Excluding repo operations the deposits would grow even faster by 7.1% y/y

CS Group deposits –

Market environment paving way to alternative deposit products

- Customer deposits in parent bank increased by 9.1 % y/y
 - Growth mostly fuelled by further inflow of deposits from individuals (+10.2% y/y) and corporate clients (+6.6 y/y). Public sector deposits grew by 6.0% y/y
- Persisting influx of clients' assets in pension company added 12.7% y/y to total volumes
 - Growth supported by continuous rise of clients' funds in the 3rd pillar (both in transformed fund and participants' funds)
- Domestic and foreign mutual funds grew on fast track by 26.4% y/y
 - Supported by persisting greater clients' interest in investment products coming from low interest rates environment
- Assets under discretionary management increased at double digit pace; added 11.0 % y/y
 - Growth mainly supported by retail clients' demand
- SSCS (building society) recorded further outflow of deposits due to ongoing repricing of deposits



IFRS, in CZK bn	30/09/2014	31/12/2014	30/09/2015	Change (y/y)
CS - customer deposits	578.7	596.1	631.2	9.1%
SSCS - building society	84.5	81.4	74.4	-12.0%
CSPS - pension company	55.7	57.7	62.8	12.7%
Dom. and foreign mutual funds	80.0	84.4	101.1	26.4%
Asset management	62.0	66.0	68.8	11.0%
Total	860.9	885.7	938.2	9.0%

Group loan portfolio – Summary

Accelerated loan portfolio growth, very good quality, sharp drop in risk costs

- **Loan portfolio in CS Group (gross) increased by strong 6.2% y/y to CZK 541.6 bn**
 - Growth driven by continuing demand for private mortgages (market share in new mortgages for Q3 2015 enlarged by 5pp y/y to 28% compared to Q3 2014) and stabilised cash loans
 - Steady growth of loans to large corporates and commercial real estate loans
- **Risk costs dropped from 76bp to 46bp reflecting strong economic performance, increasingly high consumer confidence and growing real estate markets**
 - Significant recoveries above net book value in commercial real estate and advanced market demand
 - Growing real wages and overall investment sentiment led to long time low NPL inflows
 - Risk costs in 9/2014 negatively impacted by IFRS 9 early catch up effect and AQR* impacts
- **Portfolio quality and NPL ratio improved from 4.6% to 4.0% y/y; coverage remains strong**
 - Provision coverage of NPLs remains stable at 82% reflecting prudent provisioning policy
 - Total NPL coverage (including collateral) at comfortable 116.3%

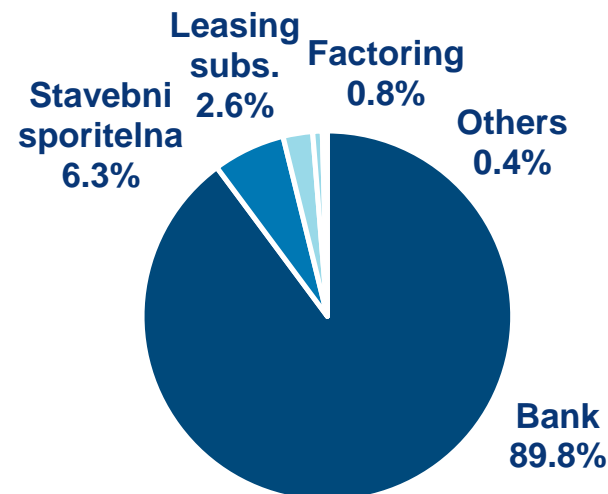
*AQR = Asset quality review

Group loan portfolio – Group loans increased by 6.2% y/y

CS Group loan portfolio (gross)

in CZK m, IFRS	30/09/2014	31/12/2014	30/09/2015	Y/Y Change
I. CS Bank	475,186	482,033	502,629	5.8%
II.1. Stavebni sporitelna CS	36,902	36,442	35,348	-4.2%
II.2. Leasing (sAL, EL)	13,741	13,711	14,436	5.1%
II.3. Factoring CS	2,115	2,134	4,671	120.9%
II.4. Other subsidiaries	2,149	2,431	2,433	13.2%
III. Consolidation items	-20,045	-18,563	-17,904	-10.7%
Total Loans (consolidated)	510,049	518,188	541,613	6.2%

Loan book by Group members as of September 2015



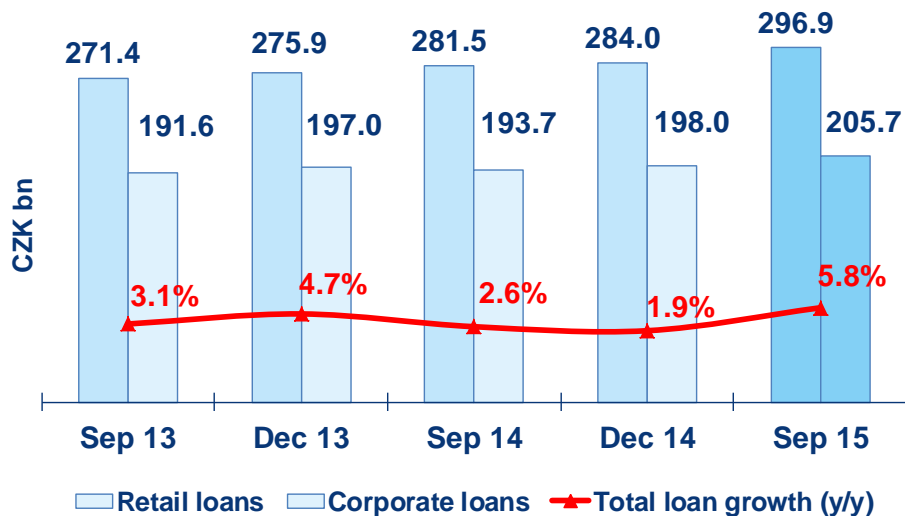
• CS Bank dominates the CS Group

- Strong economic growth in corporate and continuing positive sentiment in the housing market accelerated growth in CS bank and leasing companies
- Hike in Factoring CS in September 2015 driven by methodical change in reporting format
- Loan portfolio in Stavebni sporitelna CS lost 4.2% y/y, but already stabilized compared to Q2 2015

Bank loan portfolio –

Balanced total growth of 5.8% y/y coming from retail as well as corporate

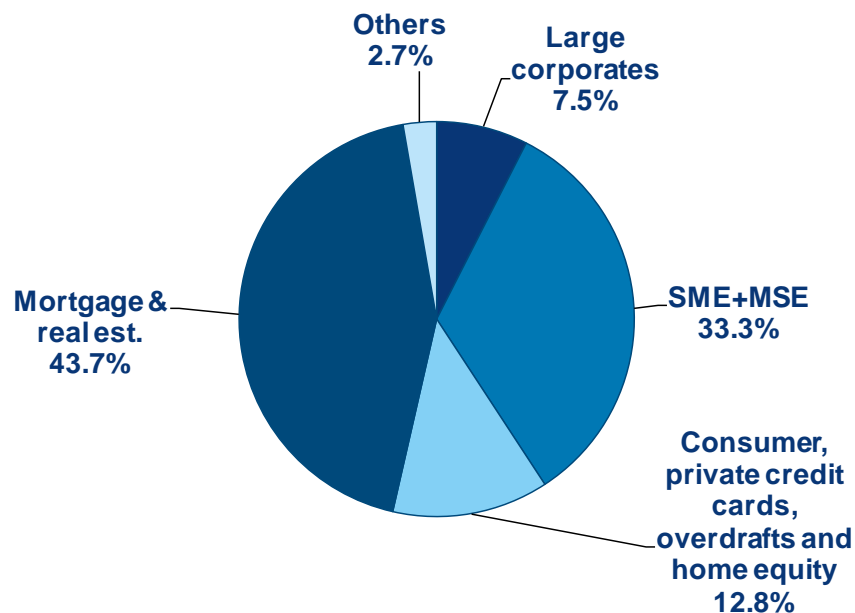
Loan portfolio development - CS Bank



- **Loans to retail rose by 5.5% y/y**

- Growth driven by mortgages (+10.7%) supported by the historically lowest interest rates ever and growing real wages

Loan portfolio by customer segments as of September 2015



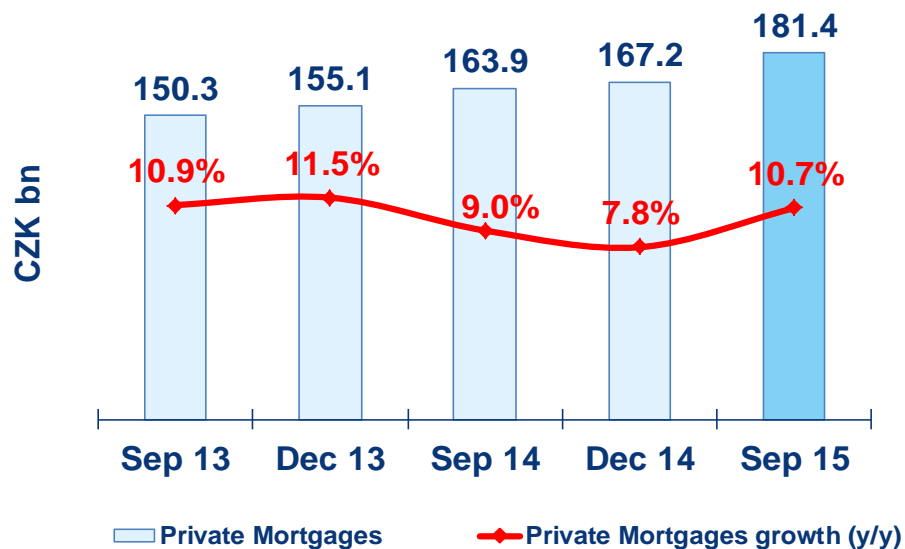
- **Loans to corporates added 6.2% y/y**

- Growth supported by large and SME corporates in energy sector and financial services and by real estate with new key projects in office space and shopping malls

Bank loan portfolio –

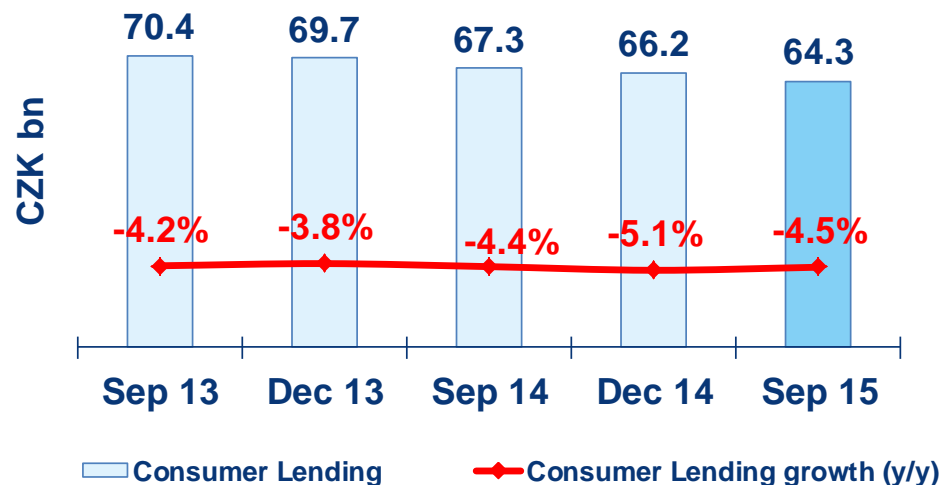
Growing mortgages with excellent quality strengthen the overall risk profile

Private mortgages development



- **Private mortgages rose to CZK 181.4 bn (+10.7% y/y)**
 - Healthy growth with low risk costs continues, slight increase of loan size, no change in LTV and debt burden ratio (DBR) profile
 - Whole portfolio LTV ratio at comfortable 64.6%

Consumer lending development*



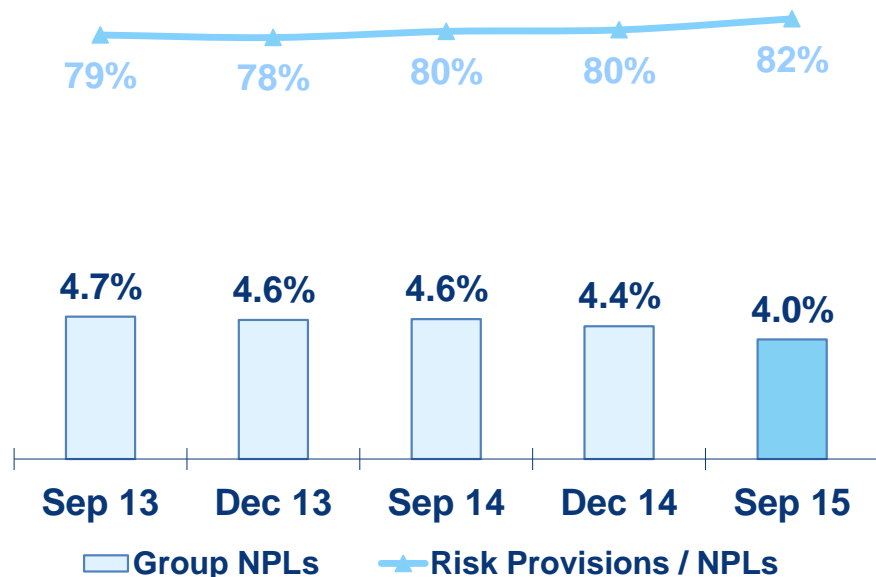
- **Consumer lending* at CZK 64.3 bn (-4.5% y/y)**
 - Thanks to new sales effort cash loans stabilised in 2015
 - Decline in overdrafts and credit cards partially offset by loan consolidations

*Consumer lending here includes Cash loans, home equity loans, credit cards and overdrafts. Social loans are excluded.

Group asset quality

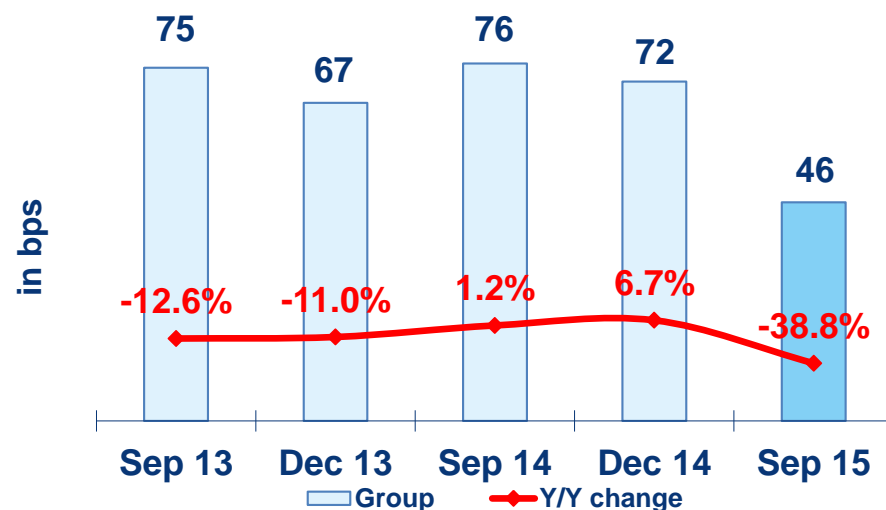
Improving portfolio quality with sharp decline of risk costs

NPL ratio and NPL coverage



- Group share of NPL further declined to 4.0%
- Portfolio quality improved in retail as well as corporate
 - Provision coverage at strong 82%
 - Total coverage (provisions and collateral to NPL) at comfortable 116.3%

Risk costs development



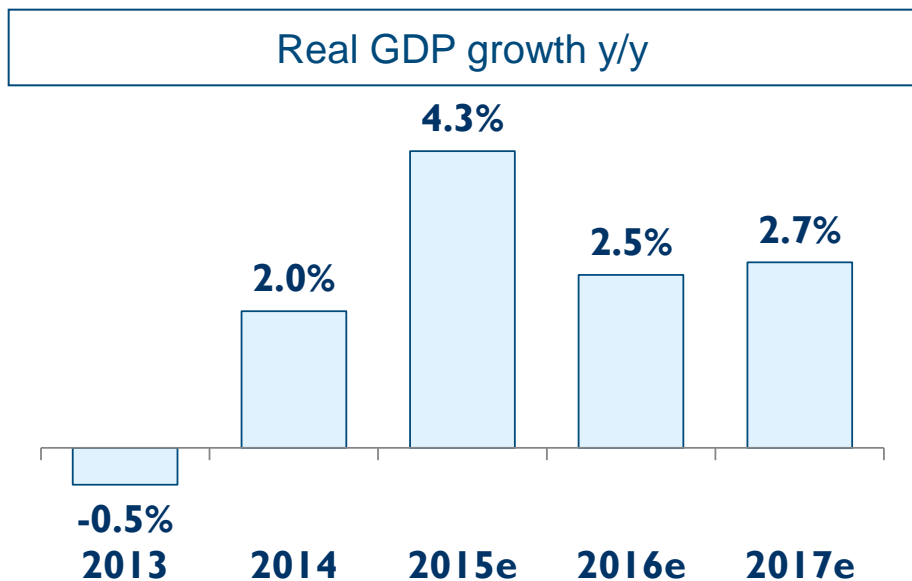
- Annualized group risk costs* declined to 46bp
 - Significantly lower risk costs observed in all retail sub-segments
 - Positive development in real estate (upgrades and recoveries)
 - Moreover supported by growing total loan portfolio

* Since 2013 on-balance risk costs only

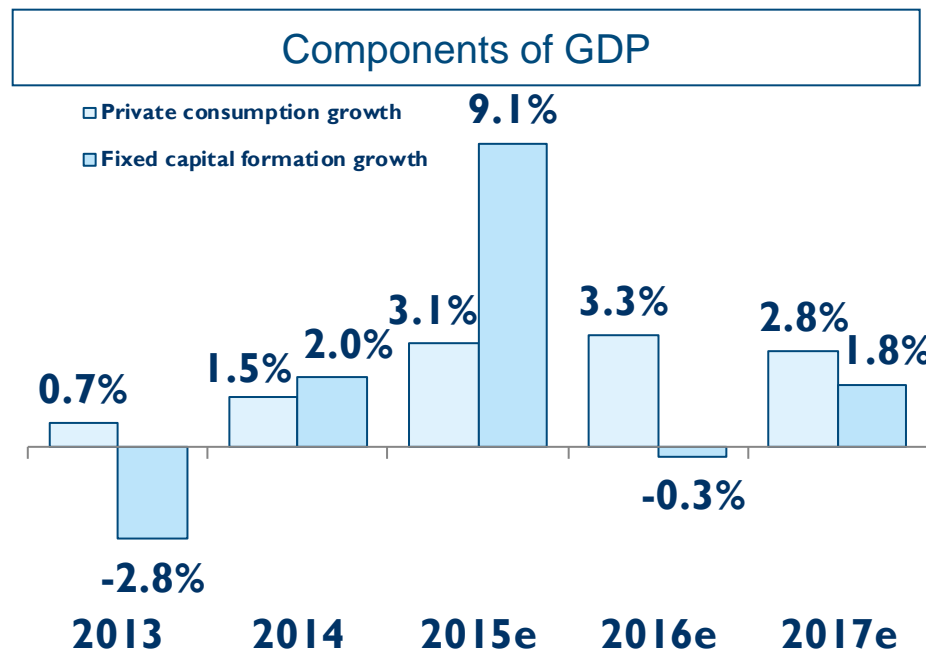
Presentation topics

- Ceska sporitelna
 - Segment financial performance analysis
- Macroeconomic developments
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- Appendix

Macroeconomic developments – GDP growth in Q2 2015 remaining strong



- Czech GDP growth edged up to 4.6% y/y in Q2 2015 from 4.0% y/y reached in Q1 2015
- Significant increase in government's drawing of EU subsidies from the 2007-2013 programming period (to expire at the end of 2015) and overall improving domestic demand as the key factors behind the current stellar performance of the Czech economy

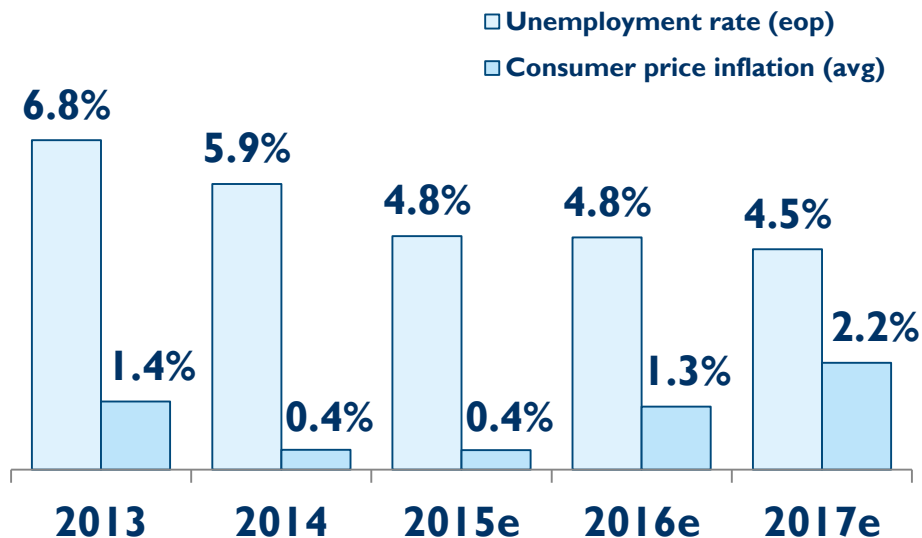


- Similarly to previous quarters, the main contributions to the Czech GDP growth in Q2 2015 (y/y) came from capital formation (contributing 2.4 p.p. to the y/y growth) and private consumption (adding 1.5 p.p.), boosted by accelerating growth in real wages and declining unemployment
- Net exports added 0.3 p.p. to the y/y GDP growth in Q2 2015
- Manufacturing sector, supported to a large extent by continuing expansion in the automotive industry, remained the most significant positive contributor to the GDP growth on the supply side (adding 1.8 p.p.) in Q2 2015

Macroeconomic developments –

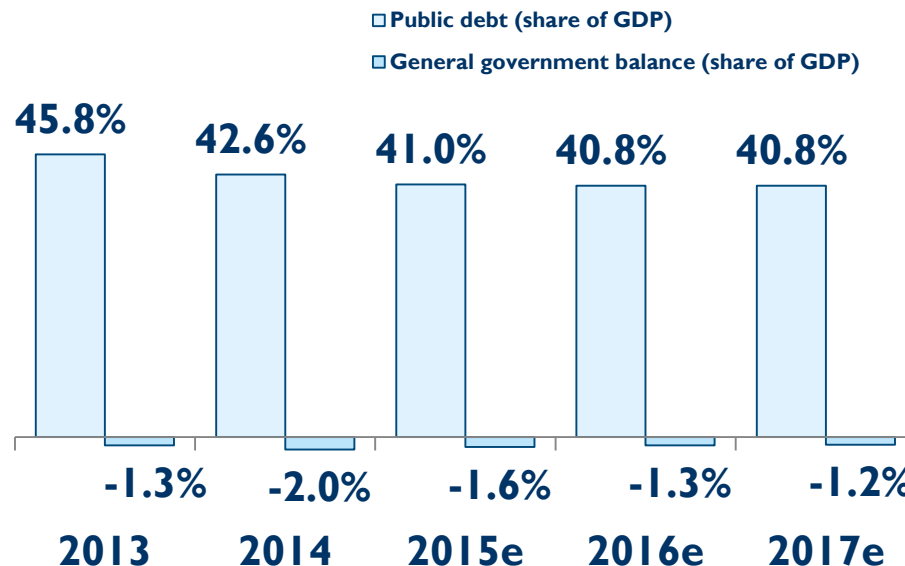
CPI edging down repeatedly closer to zero level in the course of Q3 2015

Unemployment and inflation



- CPI decline closer to zero level (0.4% y/y in September) foreseen to be temporary as sharp decline in fuel prices (one of the key drags on CPI) is expected to diminish at the beginning of 2016
- Core inflation (y/y) remaining steady slightly above the 1% level in the January-September period (1.2% y/y in September)
- Substantial decline in general unemployment rate (ILO) to 4.8% in September (second lowest in EU) from 5.9% recorded in January helping to boost the growth of private consumption in 2015

General government debt and government balance

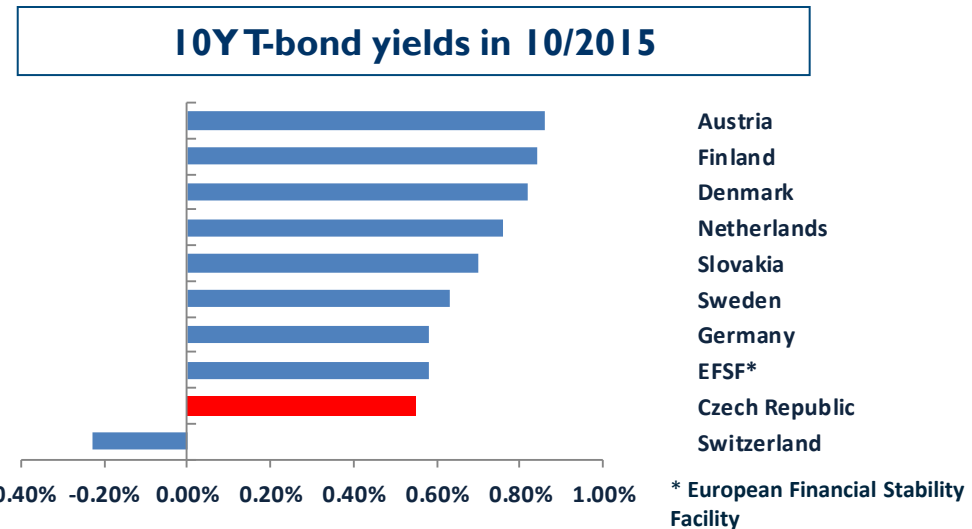
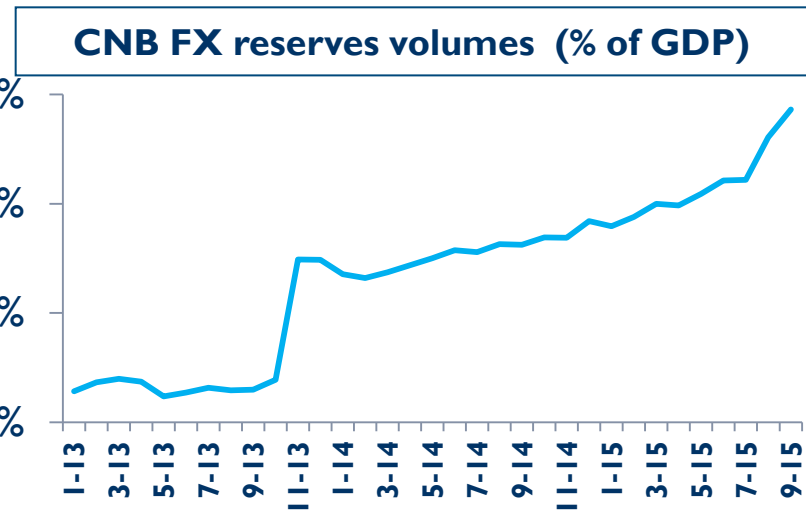


- Strong expansion of the Czech economy in H2 2015 suggests that central government's cash-flow-based budget deficit will end up fairly below the level of CZK 100 bn, approved by the Czech government for the year 2015
- The MoF's excessive cash buffer (roughly CZK 200 bn as of the end of H1 2015) will be sufficient to fully cover the central government deficit in 2015 and keep the absolute central government debt at a stable level

Macroeconomic developments –

Downward pressure on Czech T-bonds yields expected to persist at least until the end of 2015

- Worsening in both domestic and external CPI in the course of Q3 2015 helped to push down the yield of the Czech 10Y T-bond to 0.67% at the end of September. In October yields of Czech 10Y T-bonds (and 5Y) even depressed to second lowest place among peers in Europe
- Apart from subdued CPI, the pressure on the yields of the Czech T-bonds has become more intense due also to strengthening interest among foreign (mainly dollar) investors in the Czech bonds, who have been more intensively taking into account the prospects of additional FX profits relating to the gradually approaching termination of the CNB's 'weak crown'
- Additionally, the abundant liquidity within the Czech banking sector, which was further boosted by the CNB sale of nearly CZK 130 bn during the July-August period (reflected in growth of FX reserves), has helped to restrict any considerable increase in yields of the Czech 10Y bonds compared to their German peers
- However, as both domestic and EMU CPI are foreseen to continue gradually increasing in the course of Q4 2015 (given the expected diminishing sharp decline in fuel prices), we expect the yield of the Czech T-bond to inch up to 0.9% at the end of 2015 and continue to grow only gradually to 1.17% at the end of H1 2016

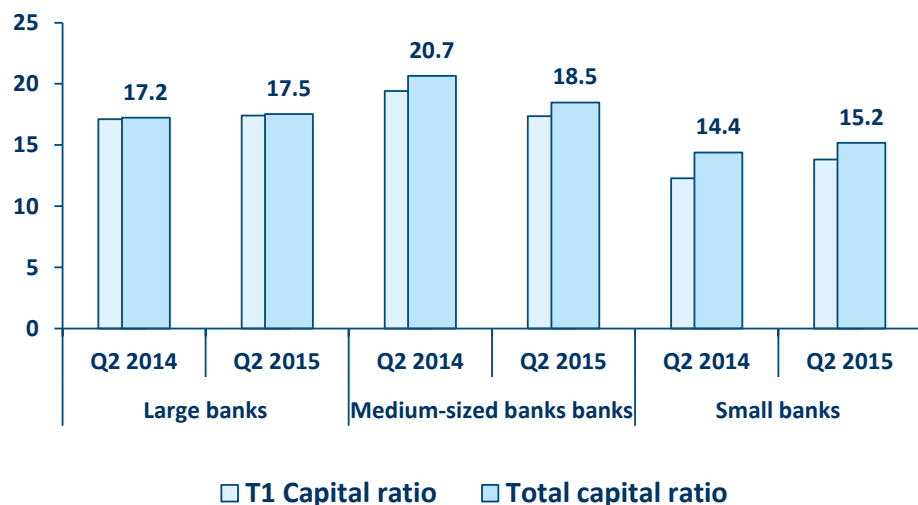


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Czech banking market – Sufficiently capitalized and resilient

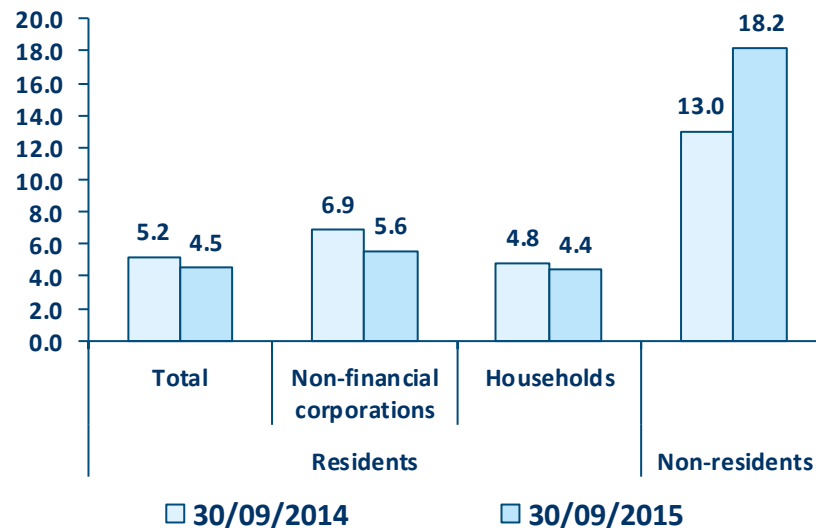
Capital ratios of Czech banks* (%)



* Compliant with CNB segmentation of banks

- The Czech banking sector is resilient to potential adverse shocks, thanks to its high capital adequacy ratio (Tier 1 at 17.3% in 6/2015) and sufficient liquidity
- This is confirmed by CNB stress tests (6/2015)
- Rating agency Moody's changed its outlook for the Czech banking system to stable from negative

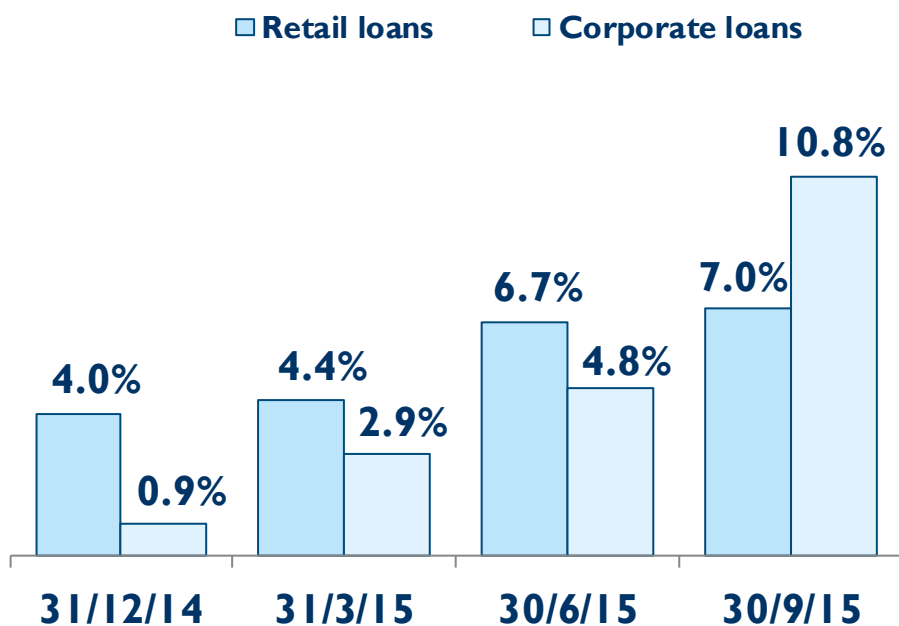
Non-performing loans ratios (%)



- The shares of non-performing loans (NPL) in residential sectors have further declined with improving economic situation
- High NPL in non-residential loans due to one-off developments in non-commercial financing

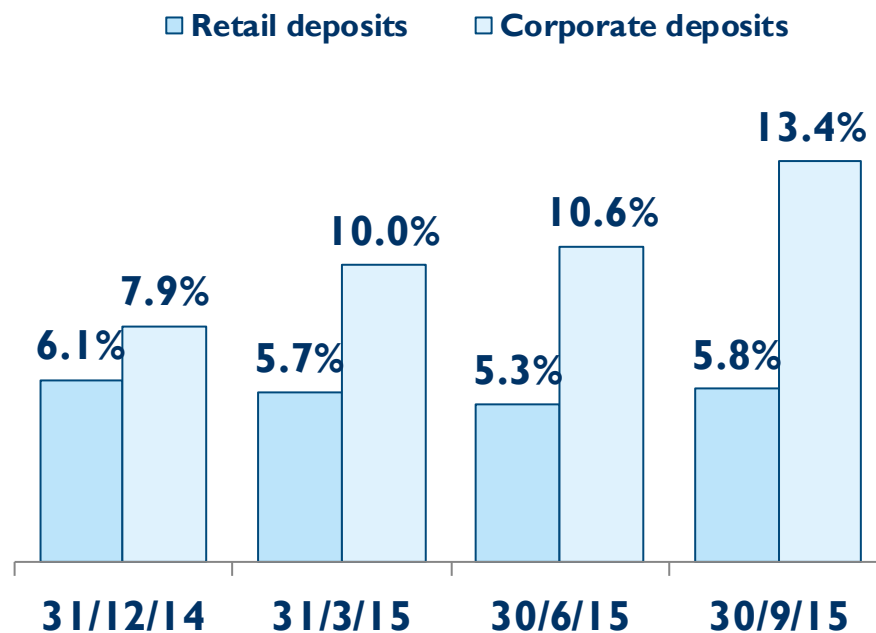
Czech banking market – Continuing growth in loans and deposits

Retail and corporate loans (Y/Y growth)



- As of 30/9/2015 growth of total loans reached nearly 8% y/y, thanks to a strong pick-up in corporate loans and a sustained growth in housing loans
- In 2015, CS expects average growth rate of client loans of around 6%. Retail loans will slightly increase their 2014 dynamics, with housing loans growing by almost 7%. Accelerating loans to non-financial corporations will grow by 6% on average in 2015

Retail and corporate deposits (Y/Y growth)

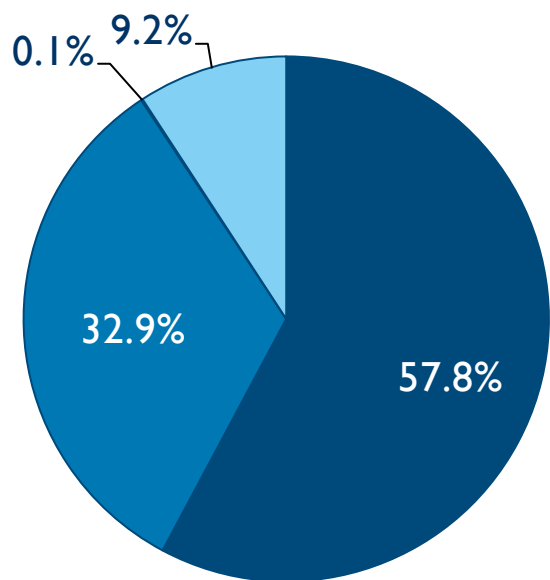


- Total deposits grew by 6% y/y, as of 30/9/2015, driven by strong increase of retail and corporate deposits, while public sector deposits were decreasing
- In 2015, CS expects average growth rate of total deposits of 4%

Czech banking market –

Around 90% of loans and deposits denominated in local currency

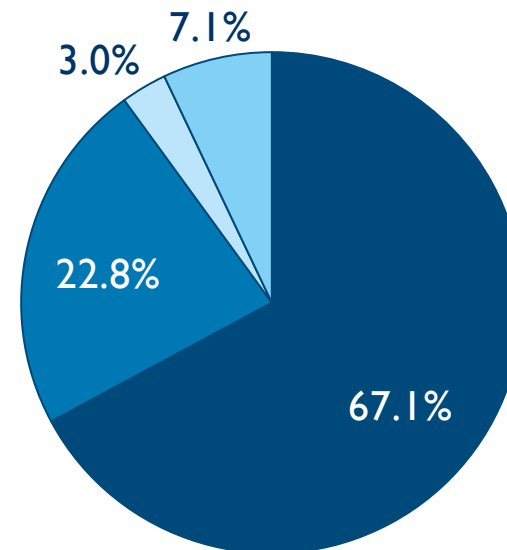
Customer loans (September 2015)



■ LC retail loans
■ FX retail loans

■ LC corporate loans
■ FX corporate loans

Customer deposits (September 2015)

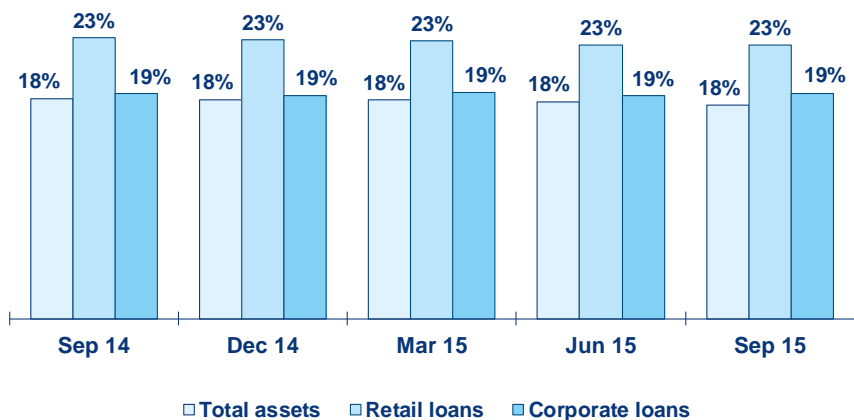


■ LC Retail deposits
■ FX Retail deposits

■ LC Corporate deposits
■ FX Corporate deposits

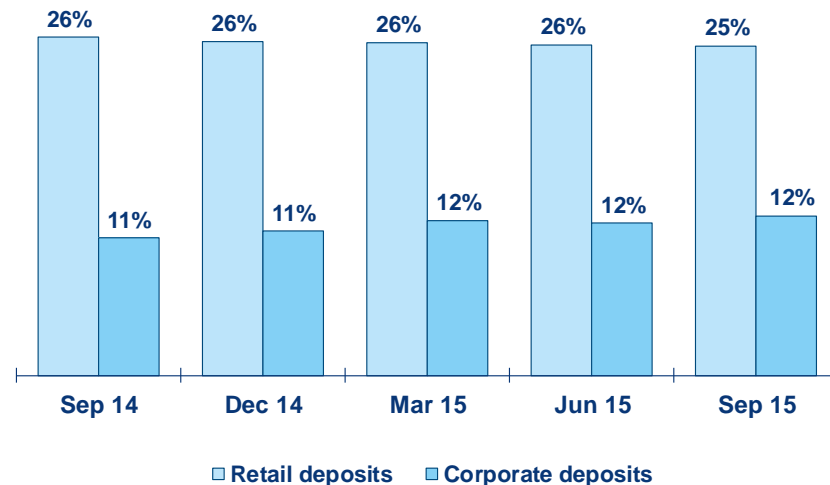
Banking market – Market shares of CS (September 2015)

Asset side



- **Market leadership in:**
 - Total loans (market share of 19%)
 - Number of customers (4.8 m)
 - Total mortgages (market share of 27%)
 - Consumer loans incl. credit cards (market share of 30%)
- **No. 2 in:**
 - Total assets (market share 18%)

Liability side



- **Market leadership in:**
 - Total deposits (market share of 20%)
 - 25% in retail deposits, 12% in corporate deposits
- **No. 2 in mutual funds with market share of 26%**

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Structure of CS Group loan portfolio (gross) – Group customer loans

in CZK m, IFRS	30/09/2014		31/12/2014		30/09/2015		YTD change		YTY change	
	Outstand.	Share	Outstand.	Share	Outstand.	Share	Outstand.	Rate	Outstand.	Rate
Retail	281,456	55.2%	284,029	54.8%	296,933	54.8%	12,904	4.5%	15,477	5.5%
Private overdrafts	5,569	1.1%	5,188	1.0%	4,621	0.9%	-567	-10.9%	-948	-17.0%
Private credit cards	4,215	0.8%	4,184	0.8%	3,626	0.7%	-558	-13.3%	-590	-14.0%
Cash loans	52,096	10.2%	51,647	10.0%	51,692	9.5%	45	0.1%	-404	-0.8%
Private social	1,214	0.2%	1,159	0.2%	1,001	0.2%	-159	-13.7%	-213	-17.6%
Home equity mortgages	5,466	1.1%	5,178	1.0%	4,381	0.8%	-797	-15.4%	-1,084	-19.8%
Private mortgages	163,880	32.1%	167,160	32.3%	181,383	33.5%	14,223	8.5%	17,503	10.7%
Micro and Small Enterprises	39,470	7.7%	39,755	7.7%	40,217	7.4%	462	1.2%	747	1.9%
Municipalities	9,546	1.9%	9,758	1.9%	10,012	1.8%	255	2.6%	467	4.9%
Corporate	193,730	38.0%	198,004	38.2%	205,696	38.0%	7,692	3.9%	11,965	6.2%
Large corporate	35,511	7.0%	35,448	6.8%	37,637	6.9%	2,189	6.2%	2,126	6.0%
SME	126,207	24.7%	123,473	23.8%	127,105	23.5%	3,631	2.9%	898	0.7%
Real estate	31,842	6.2%	36,459	7.0%	38,239	7.1%	1,780	4.9%	6,398	20.1%
ALM/Other	171	0.0%	2,623	0.5%	2,715	0.5%	92	3.5%	2,544	>100%
BANK: LOANS TO CUSTOMERS	475,186	93.2%	482,033	93.0%	502,629	92.8%	20,596	4.3%	27,443	5.8%
SUBSIDIARIES	54,907	10.8%	54,718	10.6%	56,888	10.5%	2,170	4.0%	1,981	3.6%
CONSOLIDATION ITEMS	-20,045	-3.9%	-18,563	-3.6%	-17,904	-3.3%	659	-3.6%	2,141	-10.7%
GROUP: LOANS TO CUSTOMERS	510,049	100.0%	518,188	100.0%	541,613	100.0%	23,425	4.5%	31,564	6.2%

Ratings of Ceska sporitelna

Status as of 30 September 2015

Rating Agency	Long-term	Short-term	Viability	Support	Outlook	Latest actions
Fitch	A-	F2	a-	2	stable	20/05/2015
Moody's	A2	Prime - I			stable	17/03/2015
Standard & Poor's	A-	A-2			negative	09/06/2015

• Latest rating actions

- Rating agency Standard & Poor's confirmed all CS ratings on 9 June 2015
- Fitch downgraded LT and ST ratings of CS on 20 May 2015 after downgrade of parent company Erste Group Bank as government support has been taken out
- Moody's revised the outlook for LT rating of CS from negative to stable on 17 March 2015

Macroeconomic figures – Historical and forecasted macroeconomic data

	2011	2012	2013	2014	2015e	2016e
Population (avg, m)	10.5	10.5	10.5	10.5	10.5	10.5
GDP/capita (CZK ths)	383.0	384.6	387.9	404.9	424.7	442.9
Real GDP growth	2.0	-0.8	-0.5	2.0	4.3	2.5
Consumer price inflation (avg)	1.9	3.3	1.4	0.4	0.4	1.3
Unemployment rate (eop)	6.6	7.2	6.8	5.9	4.8	4.8
Current account balance (share of GDP)	-2.1	-1.6	-0.5	0.6	1.4	1.5
General government balance (share of GDP)	-2.9	-4.0	-1.3	-2.0	-1.6	-1.3
Public debt (share of GDP)	41.0	45.6	45.8	42.6	41.0	40.8
Short term interest rate (3 months, eop)	1.2	0.5	0.4	0.3	0.3	0.3
EUR FX rate (eop)	25.56	25.57	27.50	27.90	27.10	27.00

Financial statements – Quarterly development (CZK m)

	Q3 14	Q4 14	Q1 15	Q2 15	Q3 15	Q/Q %
Net interest income	6,641	6,727	6,429	6,504	6,496	-0.1%
Net fee and commission income	2,697	3,054	2,521	2,595	2,414	-7.0%
Dividend income	3	1	1	57	10	-82.5%
Net trading and fair value result	527	566	1,190	245	804	>100%
Rental income from investment properties & other operating leases	208	203	191	209	181	-13.4%
General administrative expenses	-4,553	-4,636	-4,421	-4,663	-4,550	-2.4%
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	2	8	9	134	179	33.6%
Net impairment loss on financial assets not measured at fair value through profit or loss	-983	-829	-865	-525	-493	-6.1%
Other operating result	-294	-319	-535	-45	-302	>100%
Pre-tax result from continuing operations	4,249	4,774	4,521	4,512	4,736	5.0%
Taxes on income	-801	-951	-855	-858	-921	7.3%
Post-tax result from continuing operations	3,447	3,824	3,666	3,654	3,814	4.4%
Net result for the period						
Net result attributable to non-controlling interests	4	-22	0	-1	1	-
Net result attributable to owners of the parent	3,443	3,846	3,666	3,655	3,814	4.4%
Operating income	10,076	10,550	10,332	9,610	9,904	3.1%
Operating expenses	-4,553	-4,636	-4,421	-4,663	-4,550	-2.4%
Operating result	5,523	5,914	5,910	4,947	5,354	8.2%

Segment financial statements – Segment Czech Republic - income statement (EUR m)

	1-9 14	1-9 15	Change
Net interest income	692,9	682,6	-1,5%
Net fee and commission income	300,0	275,2	-8,3%
Dividend income	1,7	2,4	na
Net trading and fair value result	62,6	81,8	30,7%
Rental income from investment properties & other operating leases	22,6	21,2	-5,8%
General administrative expenses	-494,4	-498,4	0,8%
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	5,0	11,8	134,2%
Net impairment loss on financial assets not measured at fair value through profit or loss	-105,4	-68,8	-34,7%
Other operating result	-10,3	-32,2	211,9%
Pre-tax result from continuing operations	474,7	475,6	0,2%
Taxes on income	-92,0	-89,7	-2,6%
Post-tax result from continuing operations	382,7	386,0	0,9%
Net result for the period	382,7	386,0	0,9%
Net result attributable to non-controlling interests	3,8	4,0	4,1%
Net result attributable to owners of the parent	378,9	382,0	0,8%
Operating income	1 079,8	1 063,3	-1,5%
Operating expenses	-494,4	-498,4	0,8%
Operating result	585,4	564,9	-3,5%
Cost/income ratio	45,8%	46,9%	
Return on allocated capital	35,3%	36,4%	

Segment financial statements – Quarterly development

Segment Czech Republic - income statement (EUR m)

	Q3 14	Q4 14	Q1 15	Q2 15	Q3 15
Net interest income	230,2	231,1	222,9	228,0	231,6
Net fee and commission income	97,6	110,6	91,3	94,7	89,2
Dividend income	0,1	0,0	0,0	2,1	0,4
Net trading and fair value result	19,1	20,5	43,1	9,1	29,6
Rental income from investment properties & other operating leases	7,5	7,3	6,9	7,6	6,7
General administrative expenses	-165	-167,8	-160,0	-170,2	-168,2
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	0,1	0,3	0,3	4,9	6,6
Net impairment loss on financial assets not measured at fair value through profit or loss	-35,6	-30,0	-31,3	-19,2	-18,3
Other operating result	-10,7	-11,6	-19,4	-1,7	-11,1
Pre-tax result from continuing operations	143,5	160,5	153,8	155,3	166,5
Taxes on income	-27,1	-32,0	-28,6	-29,1	-31,9
Post-tax result from continuing operations	116,4	128,4	125,2	126,2	134,6
Net result for the period	116,4	128,4	125,2	126,2	134,6
Net result attributable to non-controlling interests	0,9	1,1	1,1	1,3	1,5
Net result attributable to owners of the parent	115,5	127,4	124,0	124,9	133,0
Operating income	354,5	369,6	364,2	341,5	357,5
Operating expenses	-165	-167,8	-160,0	-170,2	-168,2
Operating result	189,7	201,8	204,2	171,3	189,4
Cost/income ratio	46,5%	45,4%	43,9%	49,8%	47,0%
Return on allocated capital	32,6%	37,1%	36,4%	36,1%	36,5%

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