

# Česká spořitelna – Q1 2013 consolidated results (unaudited IFRS)

29 April 2013, Praha

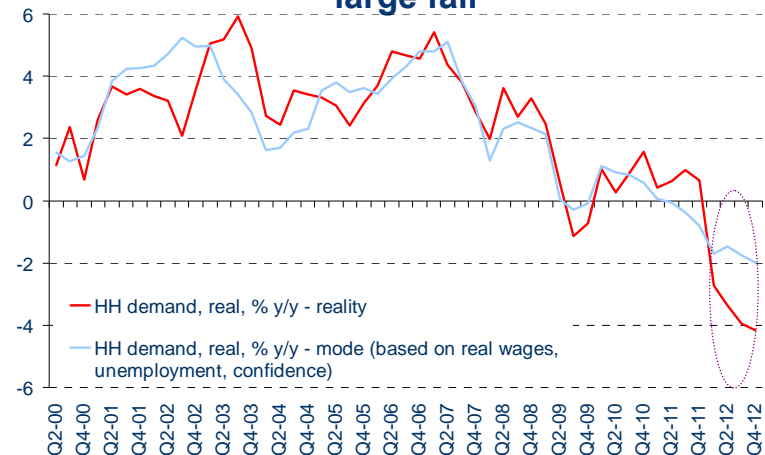


**Strong performance in difficult environment**

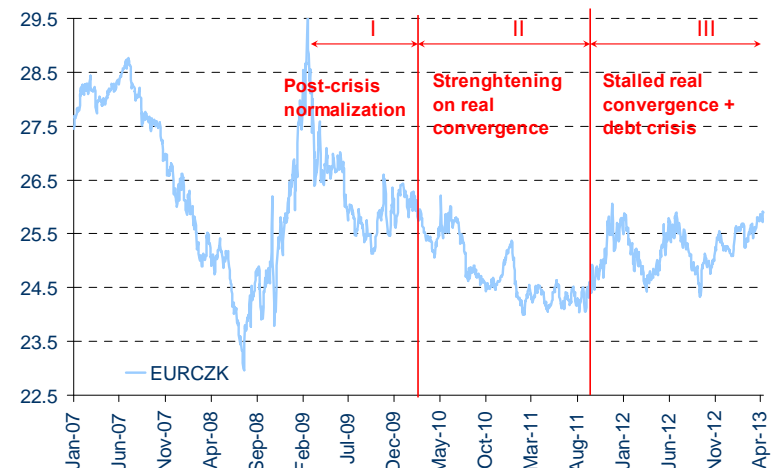
Pavel Kysilka

- Czech economy is structurally sound: no indebtedness problem, external or internal imbalances, competitive export sector, strong banking sector
- Despite strong fundamentals, economy contracted 1.2% in 2012. Reasons: domestic fiscal restriction, historically low households' confidence and EMU crisis
- Household demand fell 3.5% y/y (most in modern CZ history) although this seems incongruous with how real wages, unemployment, savings rate and confidence evolved
- First signs of cautious optimism are visible
  - consumer confidence noticeably recovered, industry began to grow recently
- CZK has been without trend since Fall 2011, victim of outbursts of risk aversion (due to debt crisis) and the talk about FX interventions

**Household demand in 2012 – perplexingly large fall**



**EURCZK – 3 distinct post-crisis periods**



# Q1 2013 highlights

- 
- **Ceska sporitelna recorded net profit\* of CZK 4.2 bn which is almost 6% less than in strong Q1 2012**
  - **Operating result declined by 8% y/y mainly due to 10% drop of NII reflecting almost zero market interest rates**
    - NIM above 3.5% despite y/y decline
  - **Operating expenses declined by 5% to six-year low of CZK 4.4 bn**
    - Thanks to drop in other administrative expenses due to cost cutting measures
  - **Risk provisions showed continuous decrease (-18% y/y)**
  - **Customer loans increased by CZK 12 bn (+3%) compared to March 2012 and by CZK 5 bn since YE 2012**
    - Major growth drivers in Q1 2013 were loans to Large corporate customers, SMEs and private mortgages
  - **Credit risk costs (annualized) rapidly declined to 74 bps (from 93 bps in Q1 2012)**
  - **Share of NPLs down at 5.2% (5.4% in March 2012)**
  - **Capital and liquidity position of Ceska sporitelna keeps to be very strong**
    - Group capital adequacy Tier I + Tier II increased by 200 bps y/y to high 16.0%
    - Loans to deposits ratio at 70.6%
  - **Ceska sporitelna's shareholders approved distribution of the 2012 profit and the payment of a gross dividend of CZK 50 per share at their regular General Meeting. Overall, CZK 7.6 bn will be paid out in dividends in 2013**

*\* Q1 2013 results were impacted by transformation of CS Pension fund in connection with pension reform, more details on slide 8*

- 
- **„Osobni bankovnictvi CS“, banking services for mass affluent segment continue developing its business model**
    - **11 new branches** opened in Q1 2013, total no. of branches reached 54 as of 31 March 2013
    - 1 January 2013 - CS presented a flagship of its product range – a personal account „**Osobni konto CS**“
    - 1 February 2013 - CS introduced an offer for young future clients of „Osobní bankovnictví CS“
    - Following the successful pilot, CS launched the concept of educating clients in so-called **Investment seminars** that help to gain new clients and increase the number of investors
    - Short-term satisfaction of clients with services of „Osobni bankovnictvi CS“ belongs to the highest on the market (**NPS index = 56.3**)\*
  - **Erste Premier (EP) continues its expansion**
    - **10th branch was opened**, EP has branches in 7 largest towns in the Czech Republic
    - Erste Premier and Erste Private Banking served 15 thousand clients as of March 2013
    - Client awareness about Erste Premier brand in the target segment reached 50%
  - **Ceska sporitelna launched a pilot acquisition unit for micro corporate segment**
    - The pilot (launched on 18 February) addresses non-clients of CS, deals with them are agreed right-on-the-spot
  - **Customers of CS can use new Servis 24 internet banking functionalities**
    - Products as Purpose Savings (Ucelove sporeni) and Building Savings Loan (Uver od Burinky) can now be displayed
    - A list of latest offers is newly available on Servis 24
  - **Ceska sporitelna began issuing contactless MasterCard – Reward and World credit cards**
    - Building on its issuance of contactless Visa debit cards, of which it has issued nearly three quarters of a million since October 2011

\* Net Promoter Score = methodology for measuring clients' satisfaction

# Q1 2013 business highlights – corporates

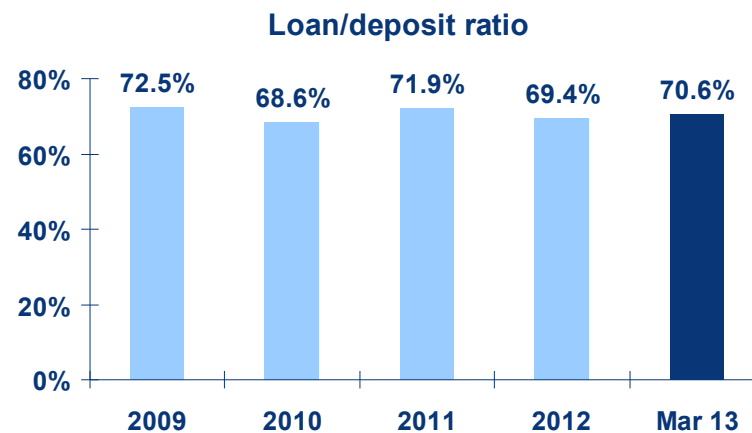
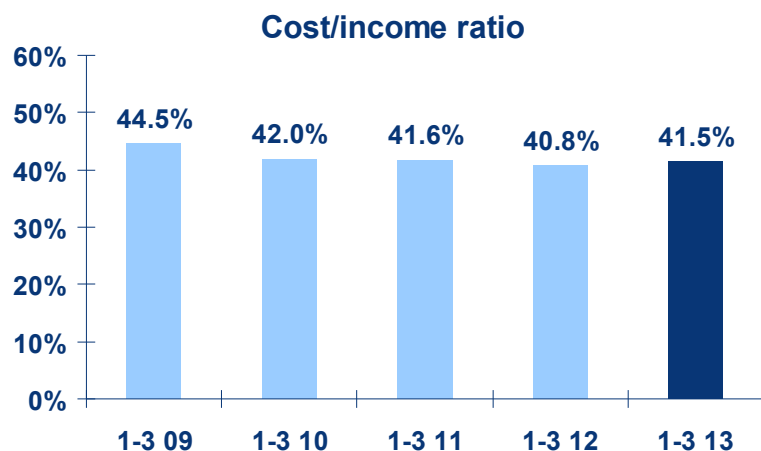
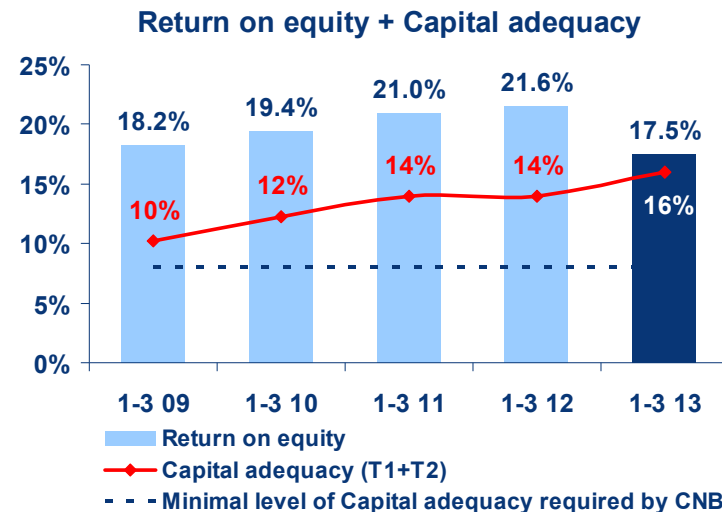
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- **Erste Group with support of Ceska sporitelna acted as a Joint Lead Manager and Bookrunner in New World Resources EUR 275 mil. Eurobond issue**
  - The third entry of New World Resources in debt capital markets brought vast demand and allowed for significant extending the issuer's maturity profile through refinancing of its 2015 notes
- **Erste Group and Ceska sporitelna as Mandated Lead Arrangers have committed to a club financing for Allianz and Borealis Infrastructure supporting their joint acquisition of 100% stake in Net4Gas s.r.o. from RWE AG**
  - Net4Gas s.r.o. represents the domestic gas transport and international gas transit operator in the Czech Republic
- **Ceska sporitelna acted as a sole financial advisor in the sale of 44% in Czech airlines to Korean air for EUR 2.64 mil**
- **CS launched program focused on funding energy savings in residential houses with EU subsidy from April 2013**
  - Heat savings projects which guarantee 30% energy savings receive a European subsidy of 10% from the agreed loan
  - The Program is offered in CS branches; it is currently the only program on the market offering subsidies to this kind of projects
  - CS will grant CZK 1.2 bn to the program

# Financial highlights

## ROE went down

- **Return on equity dropped to 17.5%**
  - Attributed to decline of net profit and increase of equity (+14% y/y)
- **Cost/income ratio stood at 41.5%**
  - Reflected decline of operating income
- **Loan to deposit ratio flat at 70.6%**



# Presentation topics

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- **Performance of Ceska sporitelna**

- Financial statements
- Performance analysis

- **Economy**

- Macroeconomic environment

- **Banking market**

- Banking market development
- Market shares

- **Appendix**

# Financial statements – Income statement\*

Net profit down by 6% y/y

in CZK million	1-3 13	1-3 12	Change
Net interest income	7,074	7,835	(9.7%)
Risk provisions for loans and advances	(914)	(1,118)	(18.2%)
Net fee and commission income	2,933	2,910	0.8%
Net trading result	717	781	(8.2%)
General administrative expenses	(4,445)	(4,698)	(5.4%)
Other operating result	(70)	(423)	(83.5%)
Result from financial assets - FV	(260)	160	-
Result from financial assets - AfS	51	104	(50.5%)
Result from financial assets - HtM	114	42	>100%
Net profit from CSPS Transformed fund	42	0	-
<b>Pre-tax profit</b>	<b>5,242</b>	<b>5,593</b>	<b>(6.3%)</b>
Taxes on income	(1,038)	(1,172)	(11.4%)
<b>Profit for the year after taxes and before controlling interests</b>	<b>4,204</b>	<b>4,421</b>	<b>(4.9%)</b>
<b>Net profit for the year</b>			
<b>attributable to owners of the parent</b>	<b>4,204</b>	<b>4,456</b>	<b>(5.7%)</b>
attributable to non-controlling interests	(0)	(35)	(99.9%)
Operating income	10,724	11,526	(7.0%)
Operating expenses	(4,445)	(4,698)	(5.4%)
<b>Operating result</b>	<b>6,279</b>	<b>6,828</b>	<b>(8.0%)</b>

\* Q1 2013 results were impacted by transformation of CS Pension fund in connection with pension reform (newly established CS Pension company and Transformed fond of CS Pension company), special lines were added to P/L and B/S to show results of the new fund (more details and adjusted y/y comparison is shown on slide 33)



# Financial statements – Balance sheet (assets)

Total assets increased by 6% since YE 2012

in CZK million	Mar 13	Dec 12	Change
Cash and balances with central banks	27,470	22,501	22.1%
Loans and advances to credit institutions	75,296	65,320	15.3%
Loans and advances to customers	494,335	489,103	1.1%
Risk provisions for loans and advances	(18,580)	(18,244)	1.8%
Derivative financial instruments	25,866	26,781	(3.4%)
Trading assets	49,177	40,881	20.3%
Financial assets - at fair value through profit or loss	7,066	7,205	(1.9%)
Financial assets - available for sale	44,827	66,765	(32.9%)
Financial assets - held to maturity	183,540	181,967	0.9%
Equity holdings in associates accounted for at equity	113	109	3.7%
Intangible assets	3,054	3,208	(4.8%)
Property and equipment	14,387	14,594	(1.4%)
Investment properties	9,479	9,561	(0.9%)
Current tax assets	175	127	37.6%
Deferred tax assets	122	119	2.0%
Assets from CSPS Transformed fund	45,898	0	-
Other assets	17,372	10,407	66.9%
<b>Total assets</b>	<b>979,597</b>	<b>920,403</b>	<b>6.4%</b>

# Financial statements – Balance sheet (liabilities)

## Customer deposits slightly down compared to YE 2012

in CZK million	Mar 13	Dec 12	Change
Amounts owed to credit institutions	54,502	44,344	22.9%
Amounts owed to customers	700,675	704,532	(0.5%)
Debt securities in issue	35,306	36,151	(2.3%)
Derivative financial instruments	26,355	26,358	(0.0%)
Trading liabilities	7	3	>100%
Other provisions	2,654	2,251	17.9%
Current tax liabilities	293	127	>100%
Deferred tax liabilities	269	365	(26.3%)
Liabilities from CSPS Transformed fund	45,502	0	-
Other liabilities	14,507	10,699	35.6%
Subordinated capital	2,173	2,262	(3.9%)
Total equity	97,353	93,312	4.3%
attributable to non-controlling interests	104	122	(14.3%)
attributable to owners of the parent	97,249	93,190	4.4%
<b>Total liabilities and equity</b>	<b>979,597</b>	<b>920,403</b>	<b>6.4%</b>

# Performance analysis

## Operating result dropped by 8% y/y

### – Operating result negatively affected by decrease of operating income (7% y/y); operating expenses declined by 5% y/y

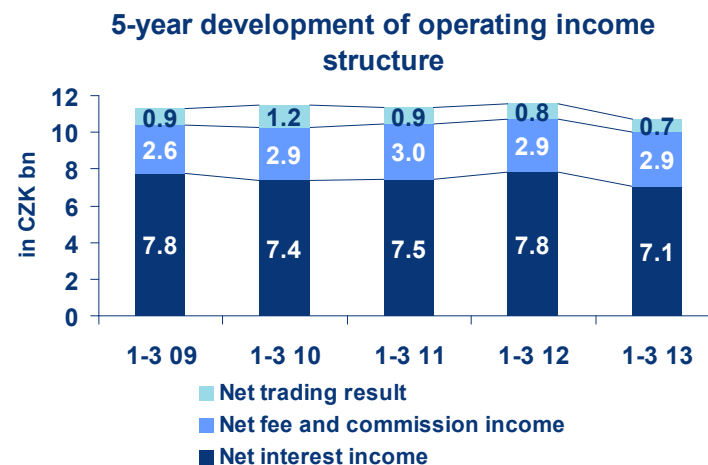
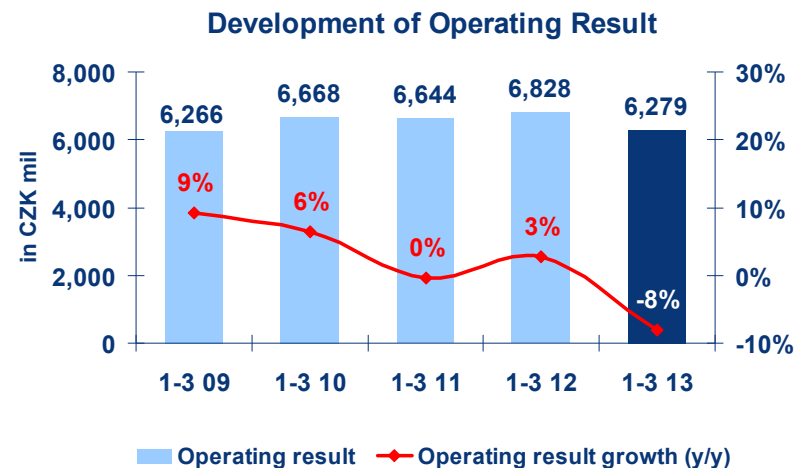
- Decrease of operating income driven by net interest income (-10% y/y)
- Net trading result down by 8% mainly due to lower result from securities trading (by CZK 190 mil.) and from derivatives (by 140 mil.); partly offset by higher profit from FX transactions (rose by CZK 260 mil.)
- Net fee income slightly increased (+1% y/y) due to growth of fee income from securities business and from lending

### – Other operating result improved

- Mainly due to improvement from real estate funds and transformation of CS Pension fund

### – Results from financial assets worsened

- Impacted by negative revaluations of FV options and by transformation of CS Pension fund

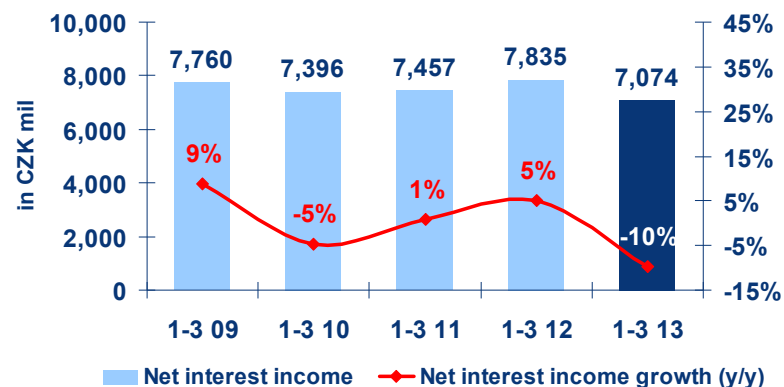


# Performance analysis

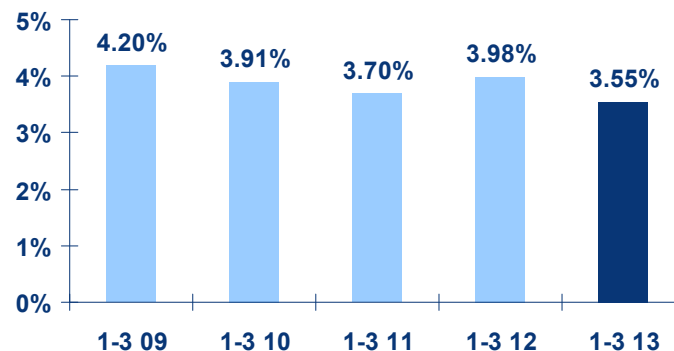
## Decline of NII in line with the market trend

- NII declined by 10%\* due to y/y drop of market interest rates (average 2W repo rate declined by 70 bps y/y)
- NII from customers contracted by 9%
- NII from securities down by 10% reflecting decline of market interest rates and lower volumes of fixed income securities
  - Volume of bonds in FV portfolio dropped by 47% y/y
  - Interest expenses on issued bonds and subordinated debt declined by 26%
- NII from credit institutions fell by 59%
  - Continuing decline of lending to credit institutions (-7% y/y)
  - 2W repo rate at 0.05% since November 2012
- NIM declined as a result of almost zero market interest rates

Development of Net Interest Income



Net interest margin

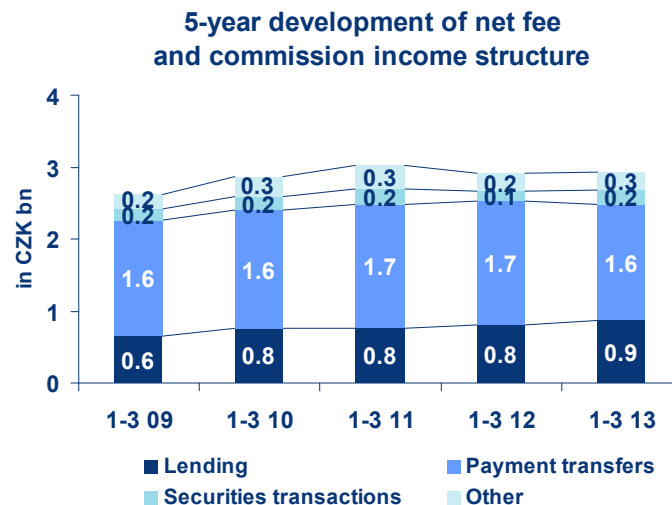
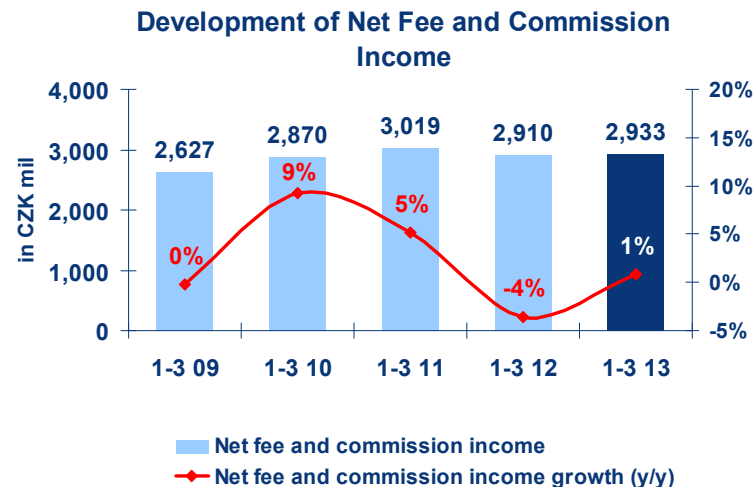


\* Adjusted for transformation of CS Pension fund NII declined by 7% y/y

# Performance analysis

## Net fee income up by 1%

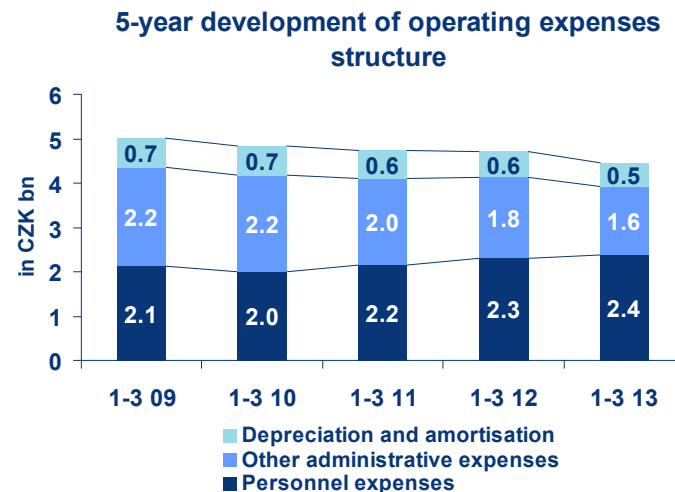
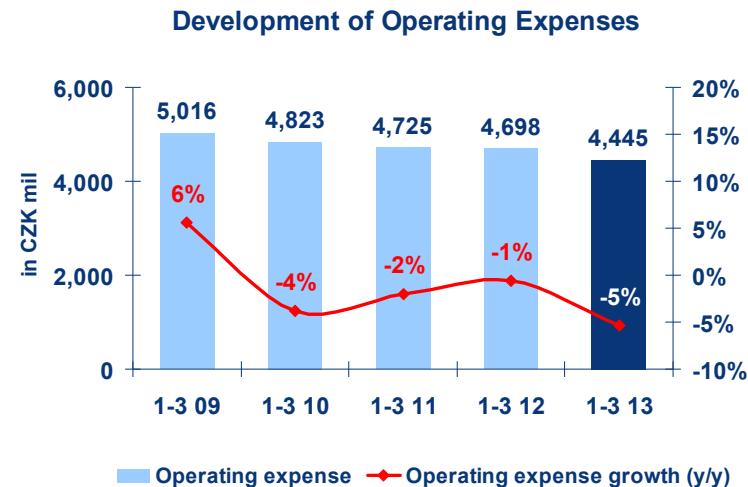
- Supported by growth of fee income from securities business and from lending
- Net fee income from lending business grew by 3%
  - Driven by lower provisions paid for distribution of products
  - Contribution to total net fee income rose to 29.4%
- Net fee income from securities business jumped by 43% y/y due to growing income from mutual funds and asset management
- Net fee income from payment transactions and account maintenance went down by 6% y/y
  - Due to growing usage of cheaper direct banking services
  - Net fee income from card business decreased by 7%



# Performance analysis

## Operating expenses at six-year low

- **5% decline of operating expenses attributed mainly to lower other administrative expenses**
- **Other administrative expenses fell by 15% y/y**
  - Major savings in IT, premises and training
- **Personnel expenses increased by 3%**
- **Depreciation on fixed assets decreased by 8%**
  - Lower depreciation of hardware and buildings



# Performance analysis

## Significant growth of client funds continues

### – Bank deposits grew strongly by 8% y/y

- Deposits from private individuals rose by 1% y/y, legal entities increased by 12% y/y, volume of public sector deposits higher by 48% y/y (adjusted by repo operations growth by 4% y/y)
- Share of demand deposits on the total deposits reached the level of 75%

### – Assets in domestic and foreign mutual funds increased by 2% y/y, growth by 4% q/q

- Caused by inflow of new assets and positive funds performance

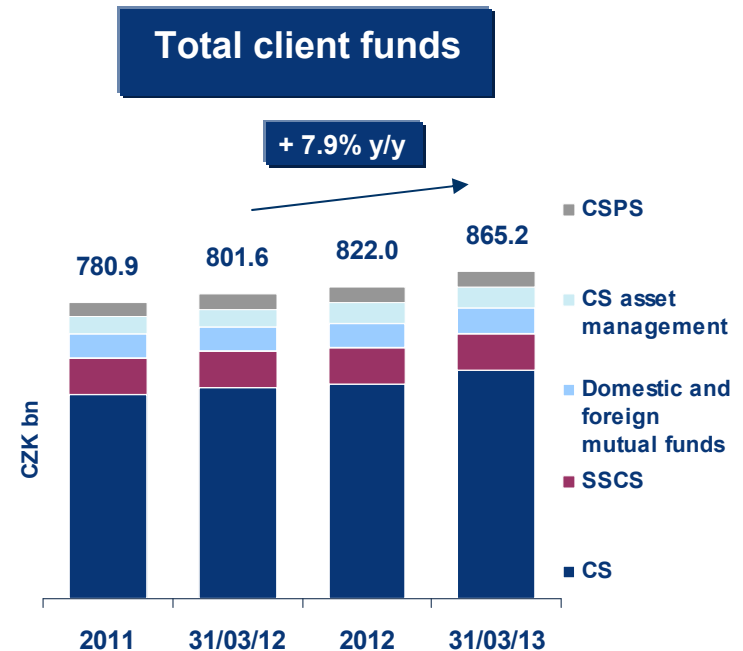
### – Growth rate in pension company assets at 17%

- Supported by strong increase of new clients

### – Assets under discretionary management rose by 20% y/y

- Significant growth was recorded in funds for qualified investors and in asset management (for both institutions and for private individuals)

### – Stable development in building society



IFRS, in CZK bn	2011	31/03/12	2012	31/03/13	Change (y/y)
CS - banking deposits	537.7	556.4	565.3	602.6	8.3%
Asset management	42.8	45.8	54.5	55.0	20.1%
Dom. and foreign mutual funds	64.2	63.3	62.0	64.7	2.3%
CSPS - pension company	38.2	38.6	42.5	45.2	16.9%
SSCS - building society	98.0	97.5	97.7	97.7	0.2%
<b>Total</b>	<b>780.9</b>	<b>801.6</b>	<b>822.0</b>	<b>865.2</b>	<b>7.9%</b>

# Performance analysis

## Capital adequacy (Basel 2)

- Capital position of CS Group was significantly strengthened y/y due to increase of capital
- CS Group capital adequacy Tier I strongly increased by 200 bps y/y to 15.5% due to higher Tier I capital
  - Tier I capital increased by CZK 9.4 bn (+15%) compared to March 2012 due to higher retained earnings
- CS Group capital adequacy Tier I + Tier II grew by 200 bps y/y
  - Total Tier I + Tier II capital raised by 14% y/y
- Total capital requirements remained flat
  - Slightly lower capital requirement to operational risk offset by higher capital requirement to market risks and to credit risk
- Risk weighted assets without change (y/y)

Parent Bank, CZK mil.	31/3/2012	31/12/2012	31/3/2013
Tier I capital (after deductions)	54,087	64,968	65,382
Tier I + Tier II capital	56,506	67,157	67,553
Capital requirement to credit risk	28,742	28,698	29,920
Capital requirement to market risks	975	784	1,025
Capital requirement to operational risk	4,038	4,040	4,000
Risk weighted assets	359,275	358,725	374,000
<b>Capital adequacy Tier I ratio</b>	<b>12.8%</b>	<b>15.5%</b>	<b>15.0%</b>
<b>Capital adequacy Tier I+II ratio</b>	<b>13.4%</b>	<b>16.0%</b>	<b>15.5%</b>

CS Group, CZK mil.	31/3/2012	31/12/2012	31/3/2013
Tier I capital (after deductions)	61,561	70,701	70,922
Tier I+II capital	63,980	72,934	73,093
Capital requirement to credit risk	30,591	30,395	30,624
Capital requirement to market risks	1,061	971	1,082
Capital requirement to operational risk	4,941	4,906	4,845
Risk weighted assets	382,388	379,938	382,800
<b>Capital Adequacy Tier I ratio</b>	<b>13.5%</b>	<b>15.6%</b>	<b>15.5%</b>
<b>Capital Adequacy Tier I+II ratio</b>	<b>14.0%</b>	<b>16.1%</b>	<b>16.0%</b>

*Note: Methodology has been slightly changed since Q1 2012 to partially reflect future stricter regulatory capital requirements. All deductions are made from Tier I capital. Historic figures were restated*



- 
- **Loan portfolio in CS Bank increased by 3.3% y/y, group loan portfolio grew by 2.5% y/y**
    - Driven by mortgages to private individuals, SMEs and Large Corporate
  - **Risk costs further decreased to 74 bps (from 93 bps in Q1 2012)**
  - **Quality of loan portfolio as share of NPLs on total customer loans improved from 5.4% to 5.2% y/y**
    - Provision to NPL coverage long term stable at strong 72%
    - Total NPL coverage (including collateral) at 112%
  - **No sovereign exposure to Portugal, Italy, Ireland, Greece, Spain and Cyprus**

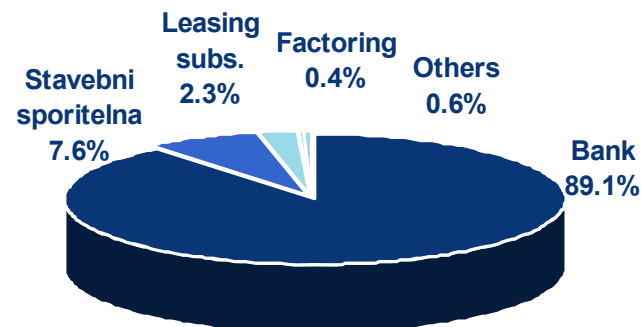
# Performance analysis – CS Group balance sheet

## CS Group loan portfolio development

### – CS Bank as main source of loan growth

- Dominance of CS Bank further strengthened by 101 bps y/y to 89.1%
- Decline in Stavebni sporitelna CS continued, driven by overall market conditions advantaging mortgages to building savings loans
- Drop in Other subsidiaries mainly due to changes in ownership structure

Loan Book by Group members  
as of 31 March 2013



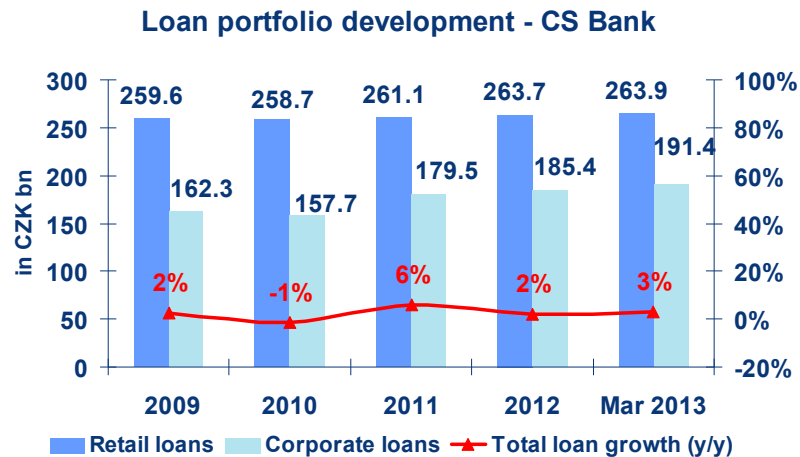
in CZK m, IFRS	31.3.2013	31.12.2012	31.3.2012	Y/Y Change
I. CS Bank	456,690	451,471	442,258	3.3%
II.1. Stavebni sporitelna CS	38,902	39,477	40,602	-4.2%
II.2. Leasing (sAL, sML)	11,984	12,265	12,201	-1.8%
II.3. Factoring CS	1,849	1,871	1,627	13.7%
II.4. Other subsidiaries	3,008	2,916	5,214	-42.3%
III. Consolidation items	-18,098	-18,896	-19,678	-8.0%
<b>Total Loans (consolidated)</b>	<b>494,335</b>	<b>489,103</b>	<b>482,224</b>	<b>2.5%</b>

# Performance analysis – CS Bank balance sheet

## Structural changes in Retail, growth in Corporate

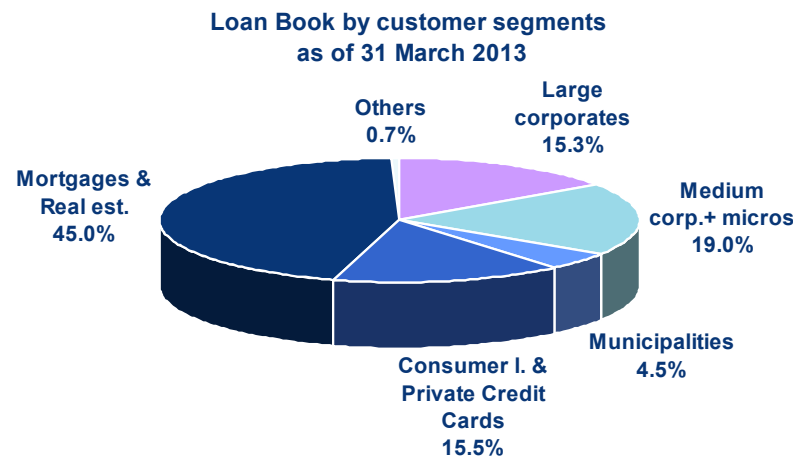
### – Loans to retail clients rose by 1.0%

- Increase in private mortgages +8.4% y/y partly offset by decline of consumer lending\* (-6.4% y/y) and micro corporate (-11.3% y/y)



### – Corporate loans added 6.3% y/y

- Driven by SME and Large Corporate



\*Consumer loans here include also home equity loans and credit cards

# Performance analysis – CS Bank balance sheet

## High demand on mortgage market continued

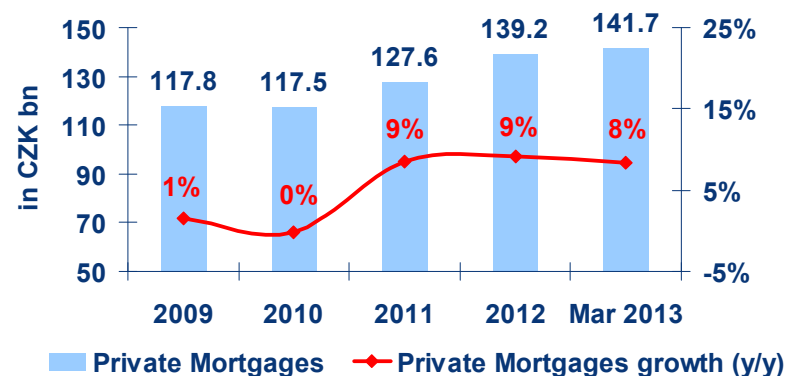
### – Private mortgages kept pace and reached CZK 141.7 bn (+8.4% y/y)

- Mortgages granted in 2013: average maturity at 22.3 years (22.5 in 2012); average size of mortgage stable at CZK 1.6 mil; LTV ratio at 68.9% (68.5% in 2012)
- Whole portfolio: average maturity stable at 22 years, residual maturity stable at 17.9 years; LTV ratio at comfortable 66.7%

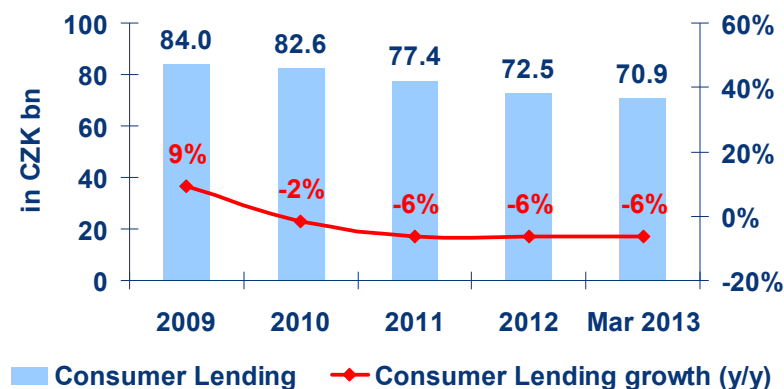
### – Consumer lending\* declined by 6.4% (CZK -4.9 bn) y/y

- Demand for consumer lending remained weak, following lower household consumption

Private Mortgages Development



Consumer Lending Development\*



\*Consumer loans here include also home equity loans and credit cards

# Performance analysis

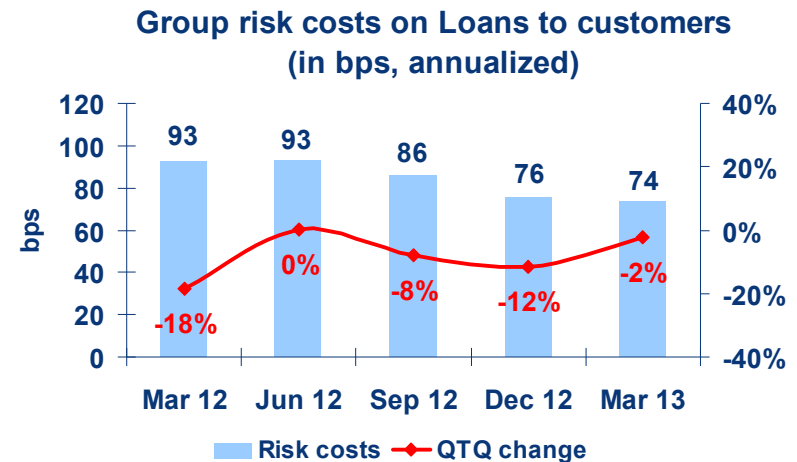
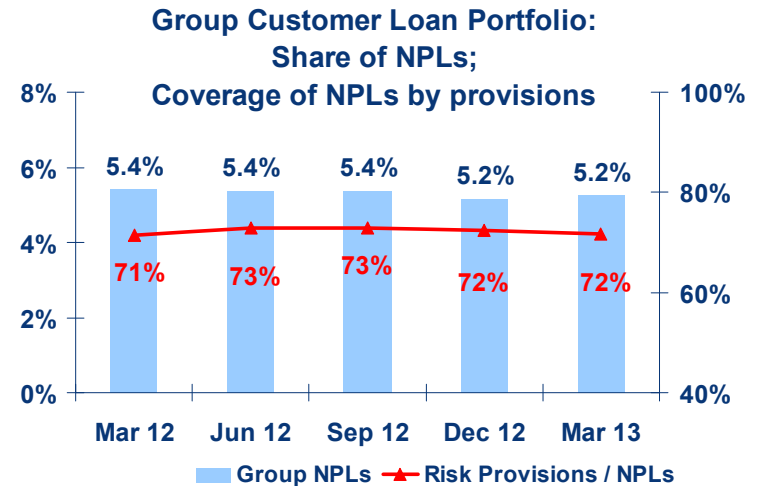
## Risk costs improvement continued

– Group share of NPL decreased by 19 bps to 5.2% y/y

- Provision coverage at strong level of 72%
- Total coverage (provisions and collateral to NPL) at 112%

– Annualized group risk costs further declined to 74 bps

– Share of defaulted loans according to CNB methodology lowered from 6.1% to 5.9% y/y



# Presentation topics

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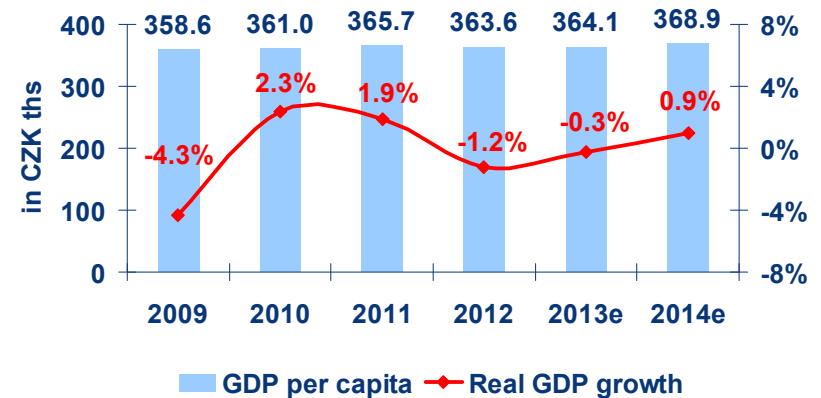
- Performance of Ceska sporitelna
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- **Economy**
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  - Market shares
- **Appendix**

# Macroeconomic environment

Economy to contract slightly this year, positive growth to return in 2014 as fiscal restriction ceases

- Despite strong fundamentals, Czech economy is still being weighed upon by domestic fiscal restriction and low confidence
- Economy will contract mildly this year (-0.3%), mainly on weak household demand (-0.9% y/y). Net exports (= exports less imports) will remain the only positive contributor to growth
- Risks, however, still abound, with Italy's inconclusive elections, Cyprus „rescue“, France's economic malaise, each powerful enough to derail Czech recovery
- Return to 1% growth is seen for 2014 as fiscal restriction stops and Eurozone growth picks up somewhat

Key economic indicators



Unemployment vs inflation vs wage growth



Note: GDP per capita and nominal wage growth in 2013 are CS estimates

# Macroeconomic environment

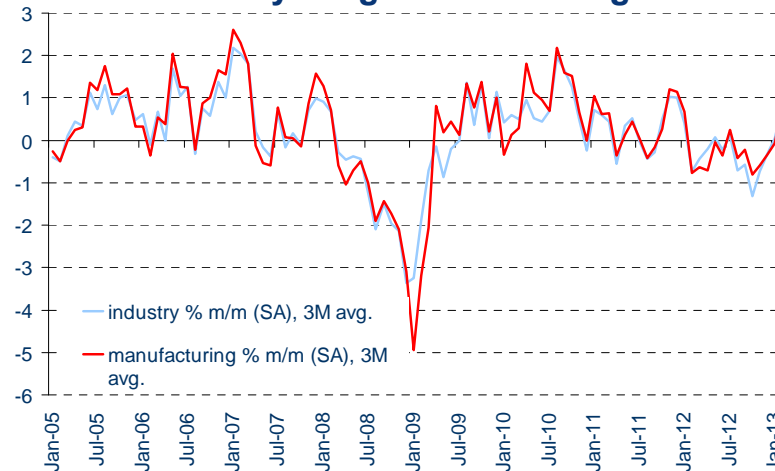
## Signs of recovery

### – Signs of nascent recovery are becoming visible

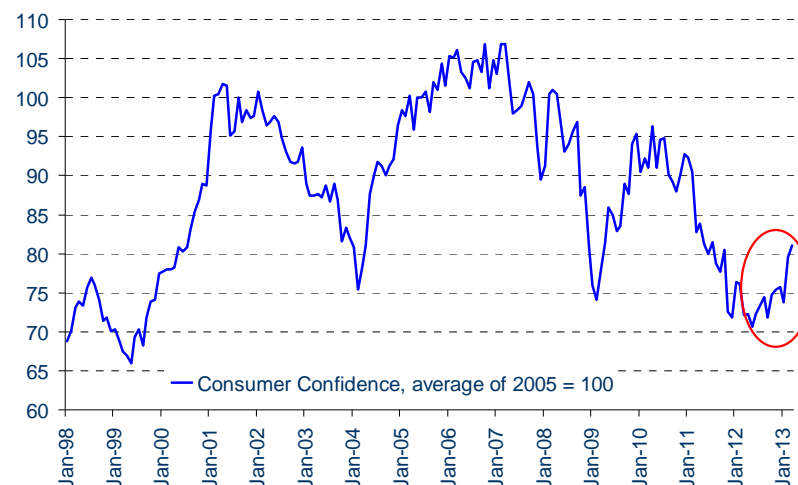
- A] industry grew at 1% m/m on average over Dec'12-Feb'13;
- B] consumer confidence rose to levels not seen since summer 2011;
- C] leading indicators in Germany, although having weakened somewhat in March, are still consistent with moderate GDP growth.

- **Retail sales are still falling but household consumption is not repeating last year's dismal performance which is seen in VAT intake (+25% y/y in 1Q 13)**
- **Economic stabilization in 2013 will also be due to less severe fiscal restriction in 2013 as compared with 2011-2012**

Industry – a growth driver again



Consumer confidence – finally through the trough





# Presentation topics

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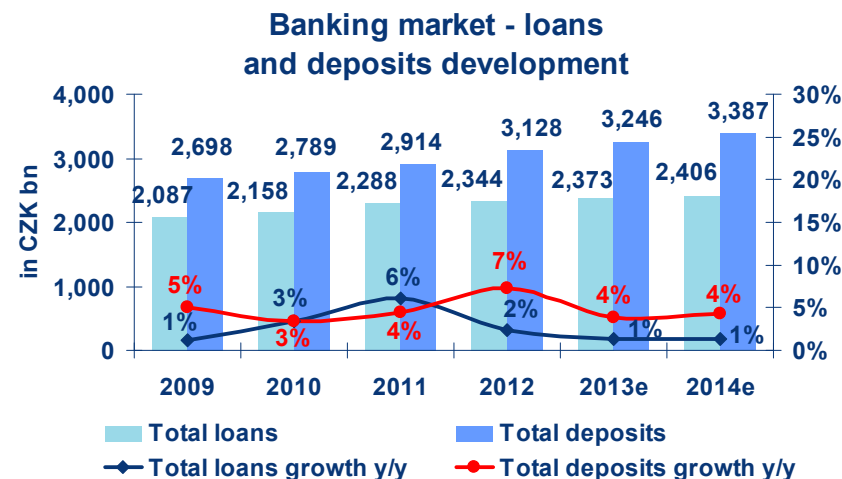
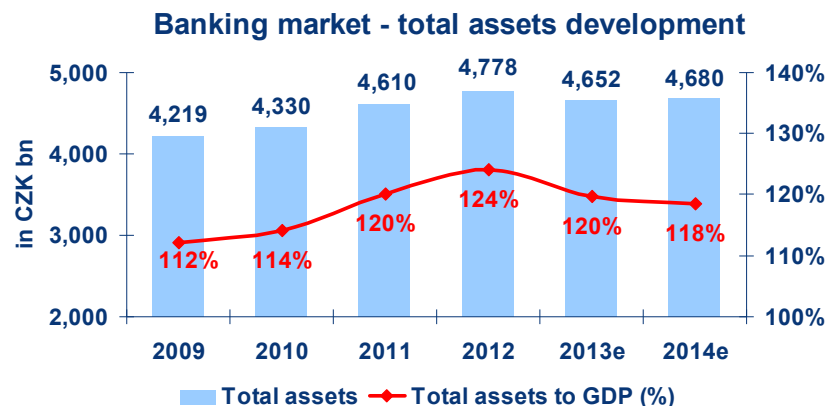
- **Performance of Ceska sporitelna**
  - Financial statements
  - Performance analysis
- **Economy**
  - Macroeconomic environment
- **Banking market**
  - Banking market development
  - Market shares
- **Appendix**

# Banking market development

## Czech banking sector keeps its stable position

- Strong capital and liquidity position:  
Tier 1 ratio at 16%
- With loan to deposits ratio at low 76% independent on foreign sources
- Share of NPLs stable at 6% (02/2013)
- ROE above 20%
- C/I ratio 40%

- Demand for loans still subdued, however growth of consumer loans has somewhat speeded up in 1Q13, probably as the result of improving consumer confidence
- Dispute over credit account administration fees still not resolved, financial arbiter refused to decide, case will be hand over to the court

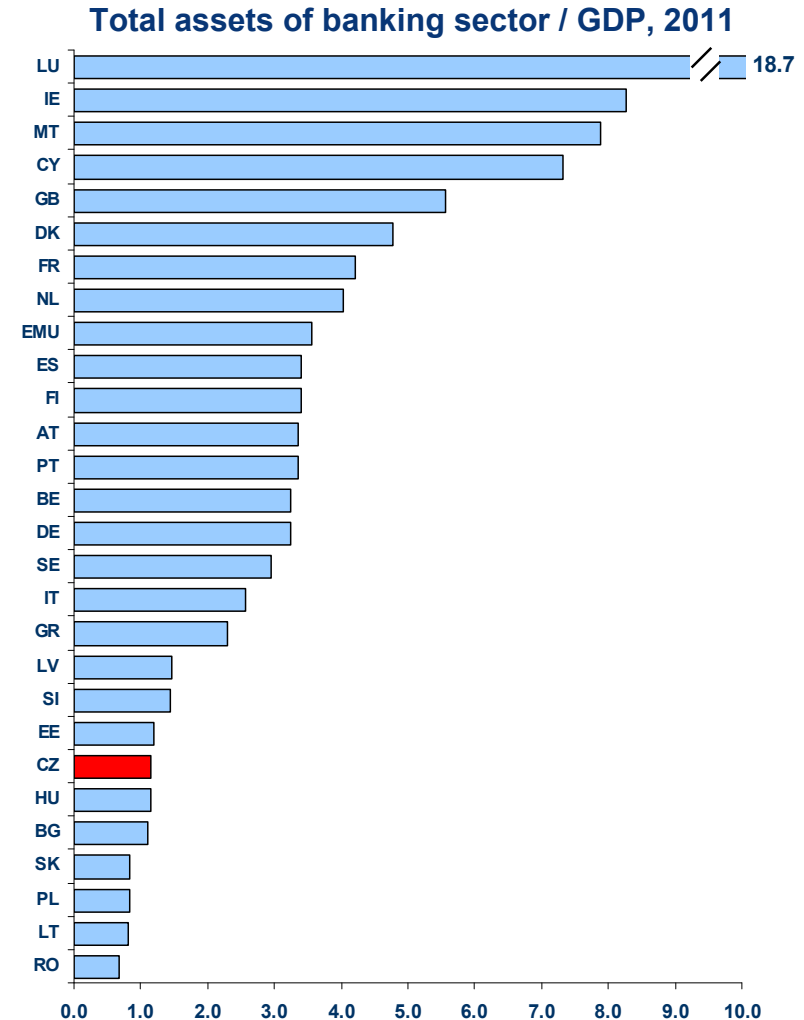


Source: CNB, CS estimates

# Banking market development

## Contribution of Czech banking sector to GDP

- Czech Republic has one of the smallest banking sector in EU (in terms of assets/GDP ratio sevenfold smaller than Cyprus)
- Thanks to very low FX loans ratio (households 0.2%, non-financial corporations 19%), CZ banking sector does not suffer from FX volatility
- CZ BS is quite isolated from foreign markets. It's exposure to them is 7% of total assets and moreover, net exposure is positive (more foreign assets than liabilities)
- NPL ratio is quite low and stable (6% of total loans for more than 3 years)
- Any potential losses are comfortably covered by very high capital adequacy ratio (Tier 1 16%) as confirmed by regular stress tests of Czech National Bank
- Deposit insurance scheme is partly pre-funded



# CS market shares

## Market leadership maintained (as of 31 December 2012)

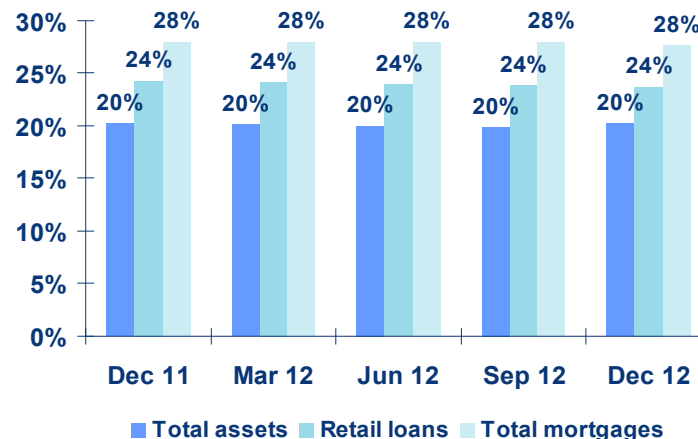
### – Market position overview

- No. 1 by number of customers (5.3 mil.)
- No. 1 by total loans (market share 21%)
  - 24% in retail loans, 19% corporate loans
- No. 1 in total mortgages (market share 28%)
- No. 1 in total consumer loans, incl. credit cards and overdrafts (market share 37%)
- No. 1 by total deposits (market share 22%)
  - 28% in retail deposits, 10% in corporate deposits
- No. 1 in number of payment cards (market share 32%)
  - 16% in credit cards
- No. 2 by total assets (market share 20%)
- No. 2 in mutual funds (market share 26%)

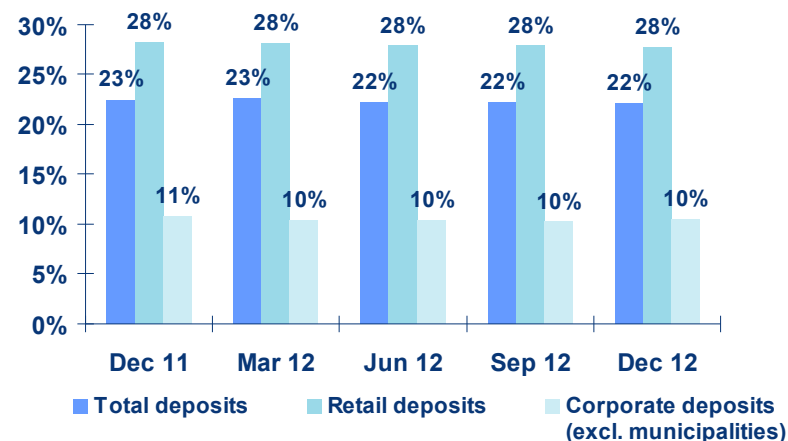
### – Market structure

- Concentrated banking market
- 43 banks in total, 36 owned by foreigners
- 3 dominant players, including CS
- Stronger competition from new players

Market share development - asset side



Market share development - liability side



Source: CNB statistics, MMR, AKAT, Bank Card Association

# Presentation topics

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- **Performance of Ceska sporitelna**

- Financial statements
- Performance analysis

- **Economy**

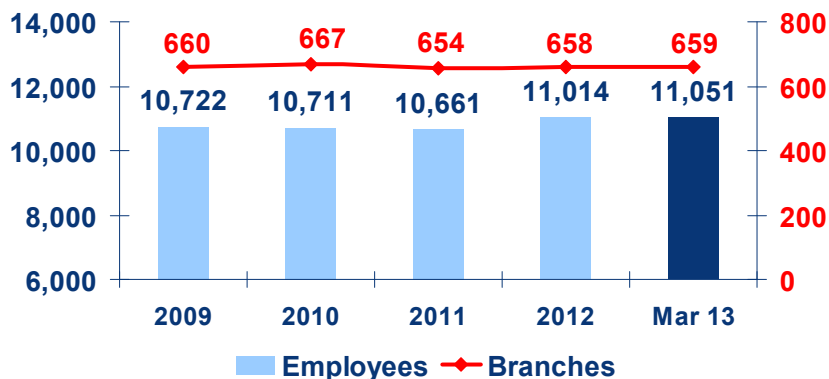
- Macroeconomic environment

- **Banking market**

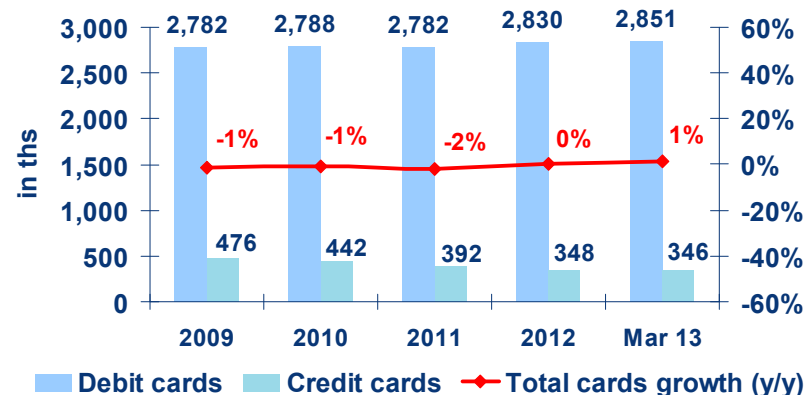
- Banking market development
- Market shares

- **Appendix**

### Number of branches vs number of employees

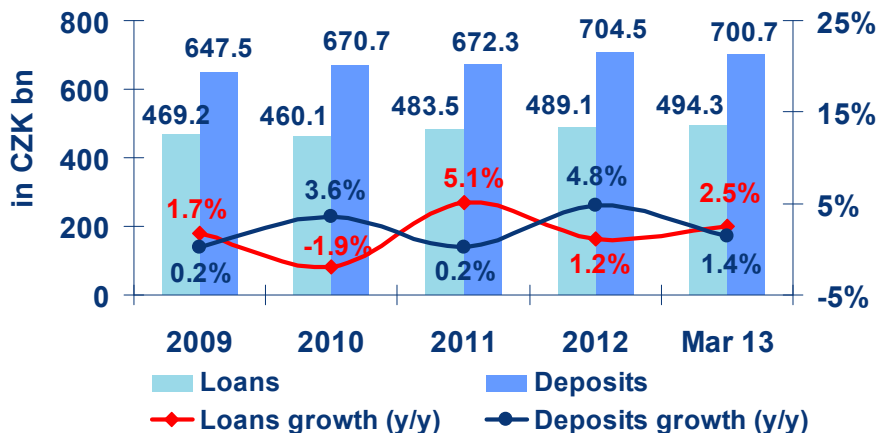


### Bank cards development\*

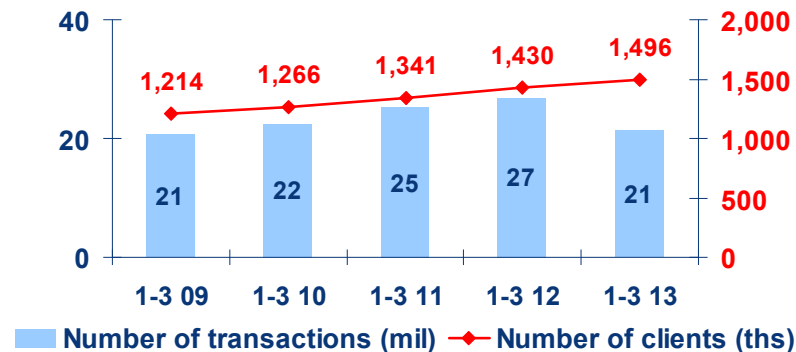


\*Development in credit cards impacted by continuing abolishing inactive cards, debit cards include new sCards

### Loans and deposits development



### Development of Internet Banking (Servis 24 + Business 24)



# Structure of CS Group loan portfolio

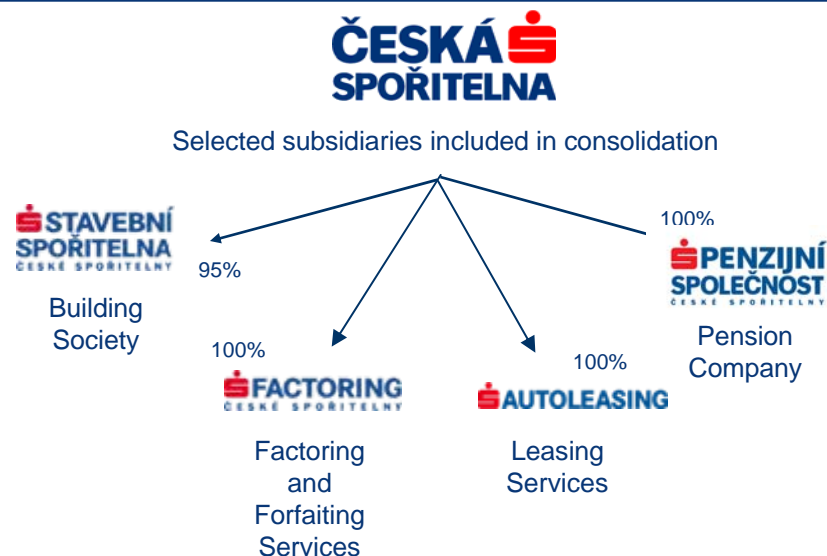
## Non-financial institutions

### CS Group: Loans to customers

in CZK mil, IFRS	31/03/13		31/12/12		31/03/12		Q1 2013 YTD		Y/Y change	
	Outstand.	Share	Outstand.	Share	Outstand.	Share	Outstand.	Rate	Outstand.	Rate
<b>I. CORPORATE &amp; RETAIL (1+2)</b>	<b>455,278</b>	<b>92.1%</b>	<b>449,139</b>	<b>91.8%</b>	<b>441,158</b>	<b>91.5%</b>	<b>6,138</b>	<b>1.4%</b>	<b>14,120</b>	<b>3.2%</b>
<b>1. CORPORATES</b>	<b>191,379</b>	<b>38.7%</b>	<b>185,425</b>	<b>37.9%</b>	<b>179,973</b>	<b>37.3%</b>	<b>5,954</b>	<b>3.2%</b>	<b>11,406</b>	<b>6.3%</b>
<b>GCIB</b>	<b>69,376</b>	<b>14.0%</b>	<b>64,016</b>	<b>13.1%</b>	<b>68,370</b>	<b>14.2%</b>	<b>5,361</b>	<b>8.4%</b>	<b>1,006</b>	<b>1.5%</b>
Group Large Corporate	37,041	7.5%	33,121	6.8%	35,080	7.3%	3,920	11.8%	1,961	5.6%
Group Corp. Mortgage&Real Estate	32,335	6.5%	30,894	6.3%	33,291	6.9%	1,441	4.7%	-956	-2.9%
<b>Local Corporate</b>	<b>122,003</b>	<b>24.7%</b>	<b>121,410</b>	<b>24.8%</b>	<b>111,603</b>	<b>23.1%</b>	<b>593</b>	<b>0.5%</b>	<b>10,400</b>	<b>9.3%</b>
Large Corporates	32,679	6.6%	32,453	6.6%	29,382	6.1%	226	0.7%	3,297	11.2%
Medium Corporates (SMEs)	69,835	14.1%	69,457	14.2%	63,101	13.1%	378	0.5%	6,735	10.7%
Mortgage (SMEs)	6,837	1.4%	6,426	1.3%	6,098	1.3%	412	6.4%	739	12.1%
Municipalities	12,651	2.6%	13,074	2.7%	13,022	2.7%	-423	-3.2%	-371	-2.8%
<b>2. RETAIL</b>	<b>263,898</b>	<b>53.4%</b>	<b>263,714</b>	<b>53.9%</b>	<b>261,185</b>	<b>54.2%</b>	<b>184</b>	<b>0.1%</b>	<b>2,714</b>	<b>1.0%</b>
Private Credit cards	4,787	1.0%	5,055	1.0%	5,170	1.1%	-268	-5.3%	-383	-7.4%
Consumer lending	66,129	13.4%	67,435	13.8%	70,620	14.6%	-1,306	-1.9%	-4,491	-6.4%
Private social	1,579	0.3%	1,652	0.3%	1,862	0.4%	-73	-4.4%	-283	-15.2%
Private mortgages	141,749	28.7%	139,158	28.5%	130,773	27.1%	2,591	1.9%	10,976	8.4%
Micro corporates (MSEs)	17,067	3.5%	17,410	3.6%	19,249	4.0%	-342	-2.0%	-2,181	-11.3%
Commercial mortgages	24,670	5.0%	24,960	5.1%	25,722	5.3%	-290	-1.2%	-1,052	-4.1%
Small municipalities	7,917	1.6%	8,045	1.6%	7,790	1.6%	-128	-1.6%	128	1.6%
<b>II. FINANCIAL MARKETS</b>	<b>1,412</b>	<b>0.3%</b>	<b>2,332</b>	<b>0.5%</b>	<b>1,100</b>	<b>0.2%</b>	<b>-920</b>	<b>-39.4%</b>	<b>312</b>	<b>28.4%</b>
<b>BANK LOANS TO CUSTOMERS</b>	<b>456,690</b>	<b>92.4%</b>	<b>451,471</b>	<b>92.3%</b>	<b>442,258</b>	<b>91.7%</b>	<b>5,219</b>	<b>1.2%</b>	<b>14,432</b>	<b>3.3%</b>
<b>III. SUBSIDIARIES</b>	<b>55,744</b>	<b>11.3%</b>	<b>56,528</b>	<b>11.6%</b>	<b>59,644</b>	<b>12.4%</b>	<b>-785</b>	<b>-1.4%</b>	<b>-3,900</b>	<b>-6.5%</b>
<b>IV. CONSOLIDATION ITEMS</b>	<b>-18,098</b>	<b>-3.7%</b>	<b>-18,896</b>	<b>-3.9%</b>	<b>-19,678</b>	<b>-4.1%</b>	<b>798</b>	<b>-4.2%</b>	<b>1,580</b>	<b>-8.0%</b>
<b>GROUP LOANS TO CUSTOMERS</b>	<b>494,335</b>	<b>100.0%</b>	<b>489,103</b>	<b>100.0%</b>	<b>482,224</b>	<b>100.0%</b>	<b>5,232</b>	<b>1.1%</b>	<b>12,112</b>	<b>2.5%</b>

# Net profit of selected subsidiaries

- Net profit of **Stavebni sporitelna CS (building society)** was affected by drop of market rates
- Increase in net profit of **sAutoleasing** reflects positive business development and improved risk profile of new business
- Q1 2013 results of **CS Penzijni spolecnost** are not comparable with Q1 2012. Pension fund of CS was transformed as of 31st December 2012. Client's assets under management are separated from asset mgt company (CS Penzijni spolecnost) since 1st January 2013 which caused changes in Income statement and Balance sheet structure
- Growth in net profit of **Factoring CS** was mainly influenced by acquisition of new clients, which caused higher factoring turnover



IFRS, CZK m	1-3 13	1-3 12	% Change
CS Building Society	161	198	-19%
sAutoleasing	24	20	20%
Pension Company	-45	165	-
Factoring CS	18	12	47%



# Financial statements – Income statement

## Adjusted for change in pension fund\*

in CZK million	1-3 13	1-3 12	Change
Net interest income	7,074	7,591	(6.8%)
Risk provisions for loans and advances	(914)	(1,118)	18.2%
Net fee and commission income	2,933	2,988	(1.8%)
Net trading result	717	756	(5.2%)
General administrative expenses	(4,445)	(4,654)	(4.5%)
Other operating result	(71)	(284)	(75.2%)
Result from financial assets - FV	(260)	160	-
Result from financial assets - AfS	51	87	(40.8%)
Result from financial assets - HtM	114	42	>100%
Net profit from CSPS Transformed fund	42	25	67.7%
<b>Pre-tax profit</b>	<b>5,242</b>	<b>5,593</b>	<b>(6.3%)</b>
Taxes on income	(1,038)	(1,172)	(11.4%)
<b>Profit for the year after taxes and before controlling interests</b>	<b>4,204</b>	<b>4,421</b>	<b>(4.9%)</b>
<b>Net profit for the year</b>			
<b>attributable to owners of the parent</b>	<b>4,204</b>	<b>4,456</b>	<b>(5.7%)</b>
attributable to non-controlling interests	(0)	(35)	(99.9%)
Operating income	10,724	11,335	(5.4%)
Operating expenses	(4,445)	(4,654)	(4.5%)
<b>Operating result</b>	<b>6,279</b>	<b>6,681</b>	<b>(6.0%)</b>

\* Displayed Income statement provide fully comparable figures for both periods, accounting methodology of CSPS Transformed fund was applied also for Q1 2012; Q1 2013 results include new CS Pension company

# Financial results by quarters

in CZK million	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013
Net interest income	7,821	7,835	7,748	7,490	7,515	7,074
Risk provisions for loans and advances	(588)	(1,118)	(1,130)	(889)	(569)	(914)
Net fee and commission income	3,220	2,910	3,038	2,777	3,044	2,933
Net trading result	(153)	781	204	677	531	717
General administrative expenses	(4,536)	(4,698)	(4,726)	(4,543)	(4,292)	(4,445)
Other operating result	(571)	(423)	(634)	(894)	(806)	(71)
Net profit from CSPS Transformed fund	0	0	0	0	0	42
Results from financial assets	11	306	270	(17)	192	(95)
<b>Pre-tax profit</b>	<b>5,205</b>	<b>5,593</b>	<b>4,770</b>	<b>4,600</b>	<b>5,615</b>	<b>5,242</b>
Taxes on income	(1,217)	(1,172)	(1,001)	(959)	(1,043)	(1,038)
<b>Profit for the year after taxes and before controlling interests</b>	<b>3,987</b>	<b>4,421</b>	<b>3,769</b>	<b>3,641</b>	<b>4,572</b>	<b>4,204</b>
<b>Net profit for the year</b>						
<b>attributable to owners of the parent</b>	<b>4,083</b>	<b>4,456</b>	<b>3,765</b>	<b>3,566</b>	<b>4,826</b>	<b>4,204</b>
attributable to non-controlling interests	(95)	(35)	4	75	(254)	(0)
Operating income	10,889	11,526	10,991	10,944	11,090	10,724
Operating expenses	(4,536)	(4,698)	(4,726)	(4,543)	(4,292)	(4,445)
<b>Operating result</b>	<b>6,353</b>	<b>6,828</b>	<b>6,265</b>	<b>6,401</b>	<b>6,799</b>	<b>6,279</b>

# Segment financial statements - Income statement

in EUR million	1-3 13	1-3 12	Change
Net interest income	252.8	282.6	-10.5%
Risk provisions	(34.1)	(44.5)	(23.4%)
Net fee and commission income	107.2	112.2	(4.4%)
Net trading result	12.0	16.7	(28.1%)
General administrative expenses	(165.5)	(179.5)	(7.8%)
Other result	(4.5)	(1.0)	>100.0%
<b>Pre-tax profit</b>	<b>167.9</b>	<b>186.5</b>	<b>(10.0%)</b>
Taxes on income	(33.7)	(39.1)	(13.9%)
<b>Net profit for the period</b>	<b>134.2</b>	<b>147.4</b>	<b>(8.9%)</b>
Attributable to non-controlling interests	0.8	3.1	(72.8%)
<b>Attributable to owners of the parent</b>	<b>133.4</b>	<b>144.3</b>	<b>(7.6%)</b>
Operating income	372.1	411.5	(9.6%)
Operating expenses	(165.5)	(179.5)	(7.8%)
<b>Operating result</b>	<b>206.5</b>	<b>232.0</b>	<b>(11.0%)</b>

Exchange rate for Q1 2013: 25.57 CZK/EUR (average for the period)

# Segment financial statements – Income Statement

(Quarterly development)

in EUR million	Q1 12	Q2 12	Q3 12	Q4 12	Q1 13	Change (YoY)
Net interest income	282.6	288.0	272.0	271.2	252.8	(10.5%)
Risk provisions for loans and advances	(44.5)	(40.8)	(35.2)	(19.1)	(34.1)	(23.4%)
Net fee and commission income	112.2	117.6	104.7	112.7	107.2	(4.4%)
Net trading result	16.7	(25.1)	22.4	5.9	12.0	(28.1%)
General administrative expenses	(179.5)	(179.4)	(172.2)	(160.8)	(165.5)	(7.8%)
Other result	(1.0)	(19.8)	(35.7)	(36.7)	(4.5)	>100.0%
<b>Pre-tax profit/loss</b>	<b>186.5</b>	<b>140.5</b>	<b>156.0</b>	<b>173.2</b>	<b>167.9</b>	<b>(10.0%)</b>
Taxes on income	(39.1)	(29.5)	(32.5)	(34.6)	(33.7)	(13.9%)
<b>Net profit/loss for the period</b>	<b>147.4</b>	<b>111.0</b>	<b>123.5</b>	<b>138.6</b>	<b>134.2</b>	<b>(8.9%)</b>
Attributable to non-controlling interests	3.1	2.6	5.6	(8.8)	0.8	(72.8%)
<b>Attributable to owners of the parent</b>	<b>144.3</b>	<b>108.4</b>	<b>117.9</b>	<b>147.4</b>	<b>133.4</b>	<b>(7.6%)</b>
Operating income	411.5	380.5	399.1	389.8	372.1	(9.6%)
Operating expenses	(179.5)	(179.4)	(172.2)	(160.8)	(165.5)	(7.8%)
<b>Operating result</b>	<b>232.0</b>	<b>201.1</b>	<b>226.9</b>	<b>229.0</b>	<b>206.5</b>	<b>(11.0%)</b>

Exchange rate for Q1 2013: 25.57 CZK/EUR (average for the period)

# Investor Relations contacts

## Local and Erste Group



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### Ceska sporitelna, Olbrachtova 1929/62, Praha 4

Tel: +420 956 711 111  
E-mail: csas@csas.cz  
Internet: www.csas.cz  
SWIFT: GIBA CZ PX  
Reuters: SPOPSp.PR

#### CS Investor Relations:

##### Milos Novak

Tel: +420 956 712 410  
E-mail: mnovak@csas.cz

##### Eva Culikova

Tel: +420 956 712 011  
E-mail: eculikova@csas.cz

##### Frantisek Moucha

Tel: +420 956 712 425  
E-mail: fmoucha@csas.cz

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### Erste Group, Graben 21, 1010 Vienna, Austria

Fax: +43 (0)5 0100-13112  
E-mail: investor.relations@erstegroup.com  
Internet: www.erstegroup.com  
Reuters: ERST.VI  
Bloomberg: EBS AV  
Datastream: O:ERS  
ISIN: AT0000652011

#### Thomas Sommerauer

Phone: +43 (0)5 0100-17326  
E-mail: thomas.sommerauer@erstegroup.com

#### Peter Makray

Phone: +43 (0)5 0100-16878  
E-mail: peter.makray@erstegroup.com