

Česká spořitelna – Q1-3 2013 consolidated results (unaudited IFRS)

30 October 2013, Praha

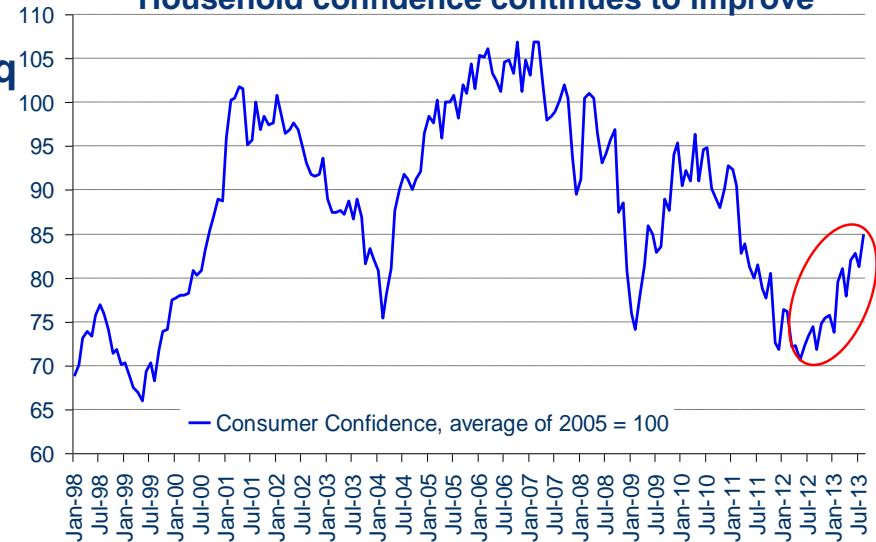


**Growing new business, improved risk profile
and cost management support continuing
strong performance**

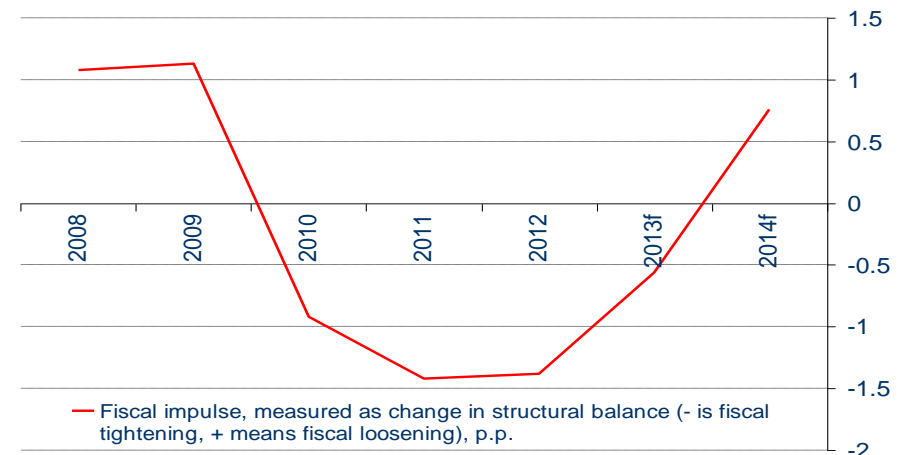
Pavel Kysilka

- Czech economy finally emerged from recession in Q2 2013, having grown 0.6% q/q
- The main driver was net export (on the demand side) and industry (on the supply side)
- Household demand grew y/y for the first time since Q4 2011 because of improved household confidence
- Fiscal restriction is coming to an end; regardless of what government will be in power next year the fiscal policy will likely be marginally eased (without endangering 3% deficit target)
- Leading indicators consistent with further growth of industry in Q4 2013 - Q1 2014
- EUR/CZK still under the influence of CNB's interventions threat, recent better data from industry pushed it to 25.50 CZK/EUR

Household confidence continues to improve



Easing of fiscal policy ahead



Q1-3 2013 highlights

-
- **Ceska sporitelna achieved strong financial results despite difficult economic environment, net profit reached CZK 11.5 bn in Q1-3 2013 with marginal y/y decline (-3%)**
 - **Operating result declined by 7% y/y (adjusted for transformation of pension fund operating result down by 4%)* due to historically low market interest rates which lead to 9% (6%)* drop of NII**
 - Net fee income down by 3% y/y but net trading result grew by 21% y/y
 - **Operating expenses decreased by 5% (-4%)* due to effective cost management**
 - Driven by drop of other administrative expenses (by CZK 0.6 bn y/y)
 - Number of employees lowered by 4% since 9/2012 (- 448 FTEs)
 - **Risk provision creation showed further improvement (-17% y/y)**
 - **Customer loans increased by CZK 10 bn (+2%) compared to September 2012 and by CZK 9 bn (+2%) since YE 2012**
 - The fastest y/y growth achieved in private mortgages, loans to large corporate customers and to SMEs
 - Rapidly growing new sales of consumer loans (+34% y/y) and private mortgages
 - **Quality of loan portfolio significantly improved, share of NPLs decreased to 4.7% (5.4% in 9/2012)**
 - **Credit risk costs (annualized) rapidly declined to 70 bps (from 86 bps in Q1-3 2012)**
 - **Capital and liquidity position of Ceska sporitelna remained very strong**
 - Group capital adequacy Tier I + Tier II increased to 18.1% due to higher retained earnings
 - Loans to deposits ratio at 72.5%

** Q1-3 2013 results were impacted by transformation of CS Pension fund in connection with pension reform, more details on slide 8 and 32-33*

Q3 2013 business highlights – retail

- **CS has introduced a new loyalty program. Multi-partner program iBOD was launched on 1st October 2013. It is the largest loyalty program in the Czech Republic which is open to all Czech citizens aged 18 and above**
 - **CS was successful in acquiring new current account customers in Q3/2013**
 - Launch of new set of current accounts for mass market, seniors and young kids
 - Start of new communication family concept (current account discount for family members)
 - Introduction of „Fresh“ account for young customers with an acquisition bonus on first use of contactless „sticker“ cards
 - Implementation of contactless stickers
 - **CS introduced new products for MSE**
 - 3 new types of accounts for MSE successfully launched
 - Effective risk policy on MSE loans helped curb the delinquency rate
 - **Significant increase in new sales of consumer loans in 2013 stopped the four year decrease in outstanding volumes, growth +34% y/y in new sales of consumer loans has a positive impact on increasing CS market share (in 2012 avg 35%, in 2013 avg 37%)**
 - **CS was for its approach to disabled people named the OVB Most Welcoming Bank – Handicap Friendly in the second quarter of 2013, defending its primacy from the previous quarter**
 - **CS opened a new lending channel - via ATM. Since August 2013 CZK 30 mil. in loans sold via ATMs**
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Q3 2013 business highlights – corporates

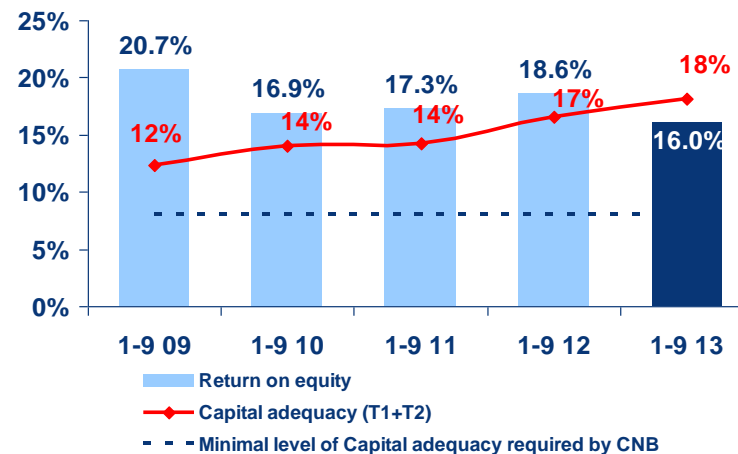
- **Discovery Group successfully completed extension of the Shopping Centre in Zlin. The project was financed by a EUR 40 mil syndication loan provided by Ceska sporitelna as an agent**
- **CS refinanced a EUR 55 mil construction of the AFI Palace Pardubice shopping mall - with its total area of 20,000 sqm and over 100 shops it is one of the most successful projects in the Czech Republic**
- **Ceska sporitelna signed 2 new Global Loans with the EIB in the amount of EUR 150 mil. EUR 50 mil is focused on energy efficiency financing with a grant element supporting projects reaching 20% energy savings in general, 30% by buildings. EUR 100 mil will be used to finance Czech SME. Since 2002, EUR 1.1 bn from the EIB has been used by Ceska sporitelna for support of Czech enterprises**
- **CS won a public tender announced by Moravskoslezsky region to co-finance and pre-finance projects subsidized by the Region of CZK 1.2 bn during next 5 years**
- **Czech Radio will start to co-operate with Ceska sporitelna in collecting the broadcasting fees. Clients of Ceska sporitelna will have a possibility to pay by e-invoicing service „E-faktura“ in SERVIS 24 Internetbanking. In 2012, Czech Radio collected CZK 1.95 bn with the cost of fee collection representing CZK 115 mil.**

Financial highlights

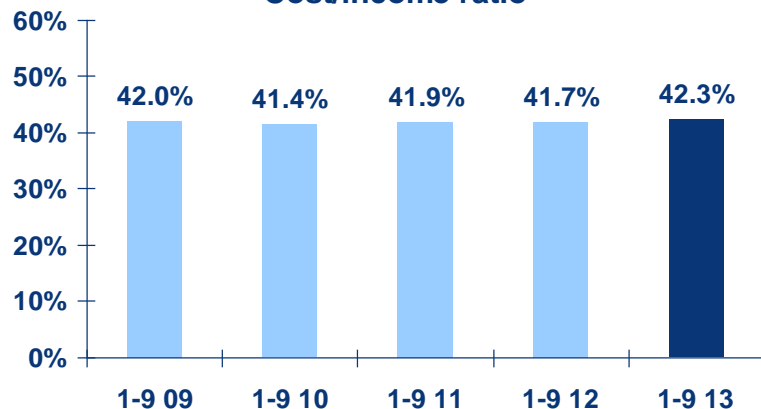
ROE reflects growing equity

- **Return on equity at 16%**
 - y/y decline driven by higher retained earnings
- **Cost/income ratio stable at 42.3%**
 - Costs down by 5% y/y
- **Loan to deposit ratio slightly up at 72.5%**
 - Due to growing loan portfolio

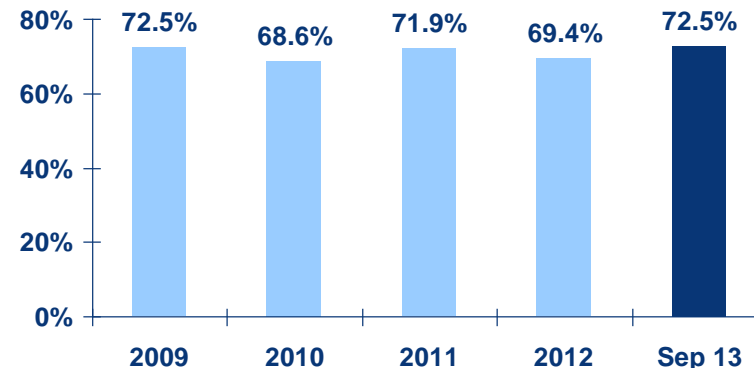
Return on equity + Capital adequacy



Cost/income ratio



Loan/deposit ratio



Presentation topics

- **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 slightly decreased

in CZK million	1-9 13	1-9 12	Change	Change adj. for PF
Net interest income	21,015	23,074	(8.9%)	(6.0%)
Risk provisions for loans and advances	(2,609)	(3,138)	(16.9%)	(16.8%)
Net fee and commission income	8,458	8,725	(3.1%)	(2.9%)
Net trading result	2,012	1,662	21.1%	23.4%
General administrative expenses	(13,326)	(13,967)	(4.6%)	(3.7%)
Other operating result	(901)	(1,952)	(53.8%)	(27.9%)
Result from financial assets - FV	(361)	64	-	-
Result from financial assets - AfS	(161)	433	-	-
Result from financial assets - HtM	134	62	116.1%	116.1%
Net profit from CSPS Transformed fund	46	0	-	(41.0%)
Pre-tax profit	14,307	14,963	(4.4%)	(4.4%)
Taxes on income	(2,845)	(3,132)	(9.2%)	(9.2%)
Profit for the year after taxes and before controlling i	11,462	11,831	(3.1%)	(3.1%)
Net profit for the year				
attributable to owners of the parent	11,475	11,787	(2.6%)	(2.6%)
attributable to non-controlling interests	(13)	44	-	-
Operating income	31,485	33,461	(5.9%)	(3.7%)
Operating expenses	(13,326)	(13,967)	(4.6%)	(3.7%)
Operating result	18,159	19,494	(6.8%)	(3.7%)
Cost/income ratio	42.3%	41.7%		
Return on equity	16.0%	18.6%		

Note: Q1-3 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 fully adjusted financial statements are shown on slide 32)

Financial statements – Balance sheet (assets)

Total assets increased by 3% since YE 2012

in CZK million	Sep 13	Dec 12	Change	Change adj. for PF
Cash and balances with central banks	53,582	22,501	138.1%	138.1%
Loans and advances to credit institutions	60,445	65,320	(7.5%)	17.7%
Loans and advances to customers	497,932	489,103	1.8%	1.8%
Risk provisions for loans and advances	(18,508)	(18,244)	1.4%	1.4%
Derivative financial instruments	21,430	26,781	(20.0%)	(19.8%)
Trading assets	38,817	40,881	(5.0%)	(5.0%)
Financial assets - at fair value through profit or loss	5,149	7,205	(28.5%)	(28.5%)
Financial assets - available for sale	54,369	66,765	(18.6%)	19.5%
Financial assets - held to maturity	145,780	181,967	(19.9%)	(15.4%)
Equity holdings in associates accounted for at equity	111	109	1.9%	1.9%
Intangible assets	3,067	3,208	(4.4%)	(2.2%)
Property and equipment	14,081	14,594	(3.5%)	(3.5%)
Investment properties	8,032	9,561	(16.0%)	(16.0%)
Current tax assets	169	127	32.8%	32.8%
Deferred tax assets	119	119	(0.2%)	(0.2%)
Assets from CSPA Transformed fund	48,972	0	-	7.8%
Other assets	9,834	10,407	(5.5%)	(0.2%)
Total assets	943,381	920,403	2.5%	2.5%

Note: Q1-3 2013 results were impacted by transformation of CS Pension fund in connection with pension reform (newly established CS Pension company and Transformed fund of CS Pension company), special lines were added to P/L and B/S to show results of the new fund (more details and fully adjusted financial statements are shown on slide 33)

Financial statements – Balance sheet (liabilities)

Customer deposits (incl. CSPS Transformed fund) up by 4% compared to YE 2012 *

in CZK million	Sep 13	Dec 12	Change	Change adj. for PF
Amounts owed to credit institutions	40,593	44,344	(8.5%)	(8.5%)
Amounts owed to customers *	686,827	704,532	(2.5%)	3.7%
Debt securities in issue	31,973	36,151	(11.6%)	(11.6%)
Derivative financial instruments	21,520	26,358	(18.4%)	(18.2%)
Trading liabilities	7	3	133.3%	133.3%
Other provisions	2,429	2,251	7.9%	9.7%
Current tax liabilities	139	127	9.5%	38.0%
Deferred tax liabilities	267	365	(27.0%)	(27.0%)
Liabilities from CSPS Transformed fund *	48,545	0	-	13.3%
Other liabilities	12,168	10,699	13.7%	16.0%
Subordinated capital	2,123	2,262	(6.1%)	(6.1%)
Total equity	96,791	93,312	3.7%	3.7%
attributable to non-controlling interests	25	122	(79.5%)	(79.5%)
attributable to owners of the parent	96,766	93,190	3.8%	3.8%
Total liabilities and equity	943,381	920,403	2.5%	2.5%

*Amounts owed to customers including CSPS Transformed fund increased since YE 2012 by 4% to CZK 734,962 mil from CZK 704,532 mil

Q1-3 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 fully adjusted financial statements are shown on slide 33)

Performance analysis

Adjusted operating result decreased by 4%* y/y

- Decline of operating result by 7% (-4%)* attributed to decrease of operating income; operating expenses further declined

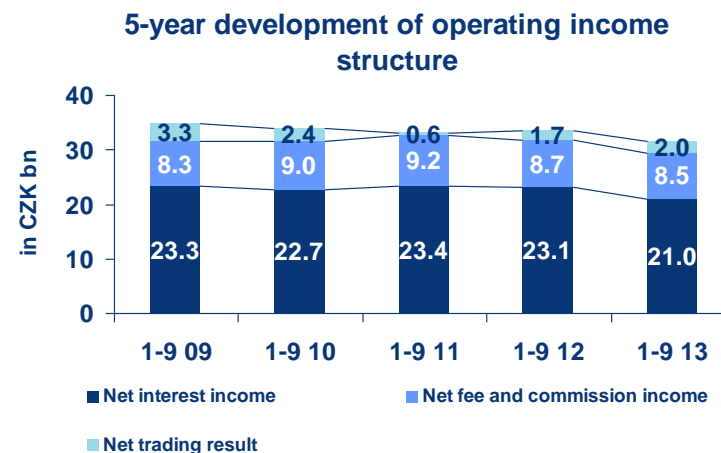
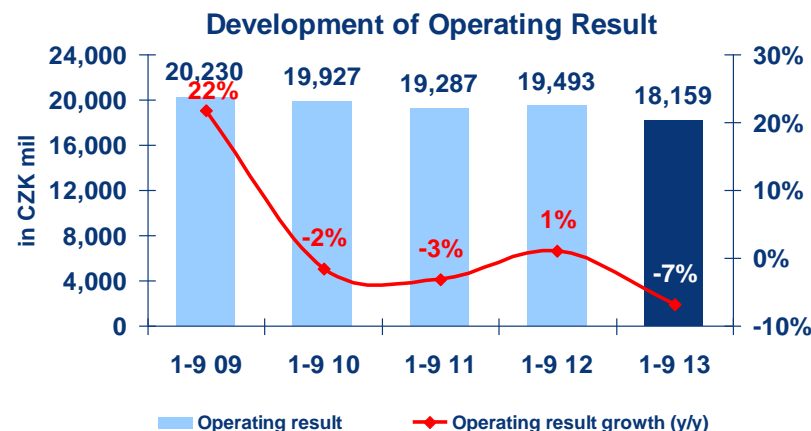
- Net interest income decreased by 9% y/y (-6%)* due to prevailing low market interest rates
- Net fee income down by 3% (-3%)* driven by lower fee income from payment transactions
- Net trading result grew by 21% (+23%)* or by CZK 0.3 bn reflecting higher profit from FX transactions (up by 72% y/y) and from derivatives (up by 96% y/y)

- Other operating result improved

- Mainly technical impact of transformation of CS Pension fund

- Results from financial assets worsened

- Impacted by negative revaluations of FV options and by higher income from sale of bonds in Q1-3 2012 and by positive revaluations of asset swaps in FV portfolio (in 2012)



* Adjusted for transformation of CS Pension fund

Performance analysis

NII mirrors low interest rate environment

– NII declined by 9% (-6%)*

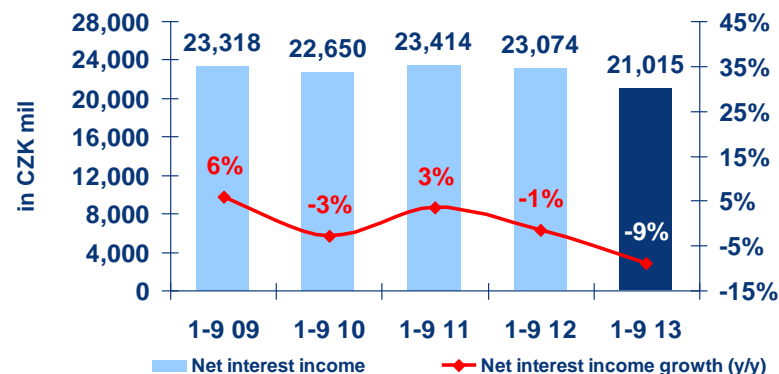
- 2W repo rate at 0.05% since November 2012, average 2W repo rate dropped by 61 bps y/y
- Maturing volumes of fixed income securities with higher yields
 - Volume of bonds and T-bills in HTM portfolio dropped by CZK 38 bn since September 2012

- Relatively weak demand for lending in Q1 but improvement in Q2 and Q3 2013

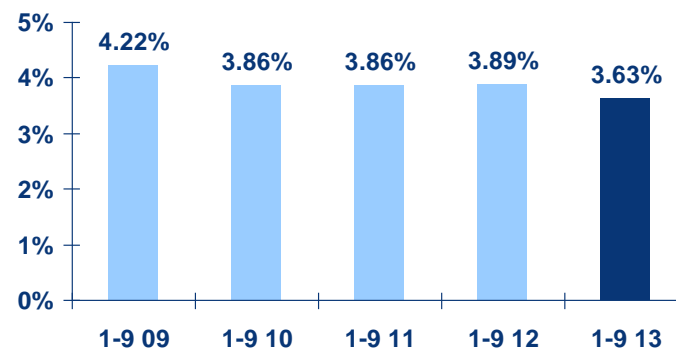
– NIM stabilized at 3.63%

- Attributed to low interest rates and changing asset mix in favour of mortgages
- Slight growth from 3.55% in Q1 2013 and 3.60% in H1 2013

Development of Net Interest Income



Net interest margin



* Adjusted for transformation of CS Pension fund

Performance analysis

Net fee income down by 3%*

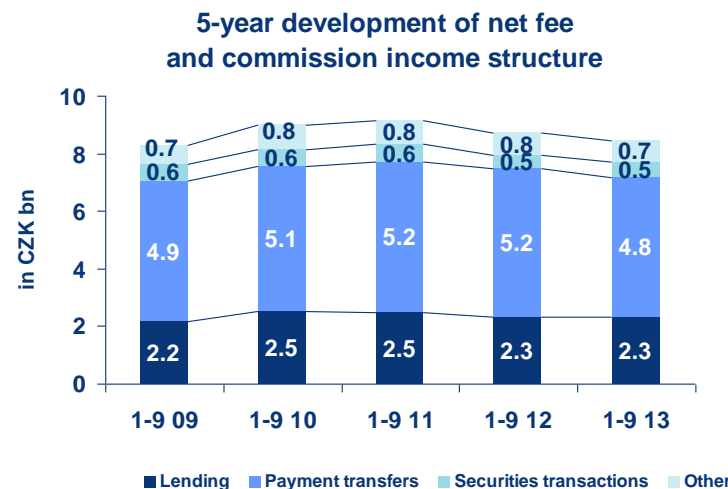
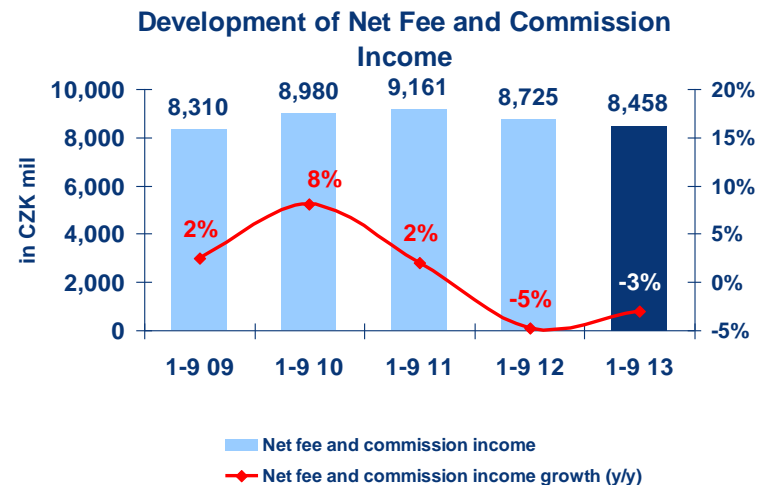
– Decline of net fee income driven by net fee income from payment transactions and account maintenance (-6% y/y)

- Reflects growing usage of direct banking and advantageous products and programs
- Share on total net fee income down at 57%
- Net fee income from card business decreased by 4%

– Net fee income from lending business rose by 1%

- Supported by cross-sell due to growing new business

– Growth dynamics in net fee income from securities business accelerated to 20% y/y due to growing income from asset management and from mutual funds business



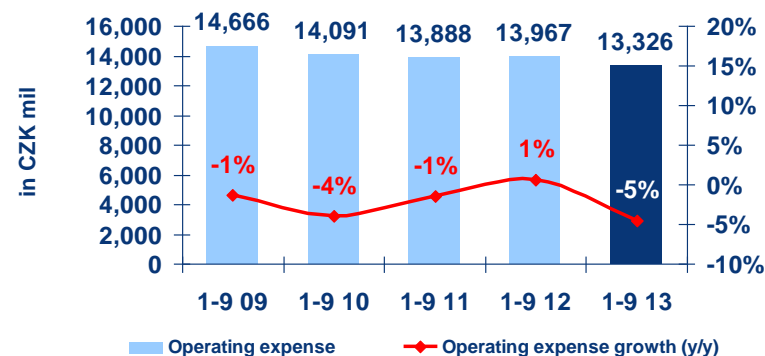
* Adjusted for transformation of CS Pension fund also down by 3%

Performance analysis

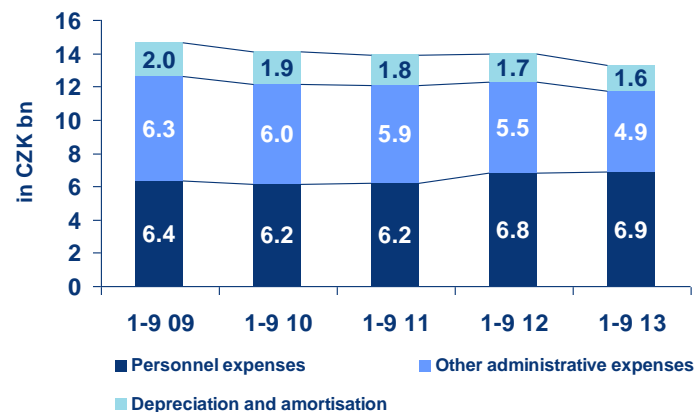
Operating expenses reduced by 5%*

- Reduction in operating expenses attributed mainly to decline of other administrative expenses (dropped by 11% or CZK 0.6 bn)
 - Reflected strong cost management that resulted in decline in almost all cost categories, fastest drop in IT, marketing and in costs for office space
- Personnel expenses increased by 1% y/y
 - Slight increase affected by severance payments for lay-offs
 - Number of employees reduced by 4% y/y
- Depreciation on fixed assets decreased by 7%
 - Lower depreciation on hardware, buildings and intangible assets

Development of Operating Expenses



5-year development of operating expenses structure



* Adjusted for transformation of CS Pension fund operating expenses declined by 4%

Performance analysis

Sharp growth in almost all deposit products

- **Customer bank deposits increased by 5% y/y driven by repo operations (excluding repo -1% y/y)**

- Public sector deposits went up by 39% y/y (declined by 12% adjusted by repo operations)
- Deposits from legal entities increased by 8% y/y, deposits from private individuals slightly down by 1% y/y

- **Flat development in building society**

- **Significant growth of assets in pension company (+17% y/y)**

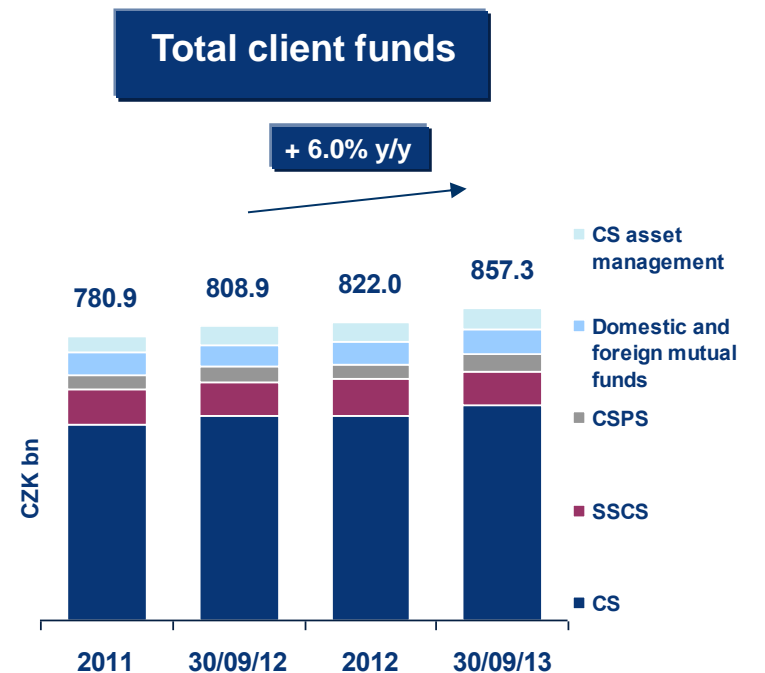
- Supported by increase in clients' portfolio

- **Assets in domestic and foreign mutual funds increased by 12% y/y**

- Reflecting higher demand of clients in investment products

- **Assets under discretionary management rose by 8% y/y**

- Significant growth was shown in funds for qualified investors and in asset management for private individuals



IFRS, in CZK bn	2011	30/09/12	2012	30/09/13	Change (y/y)
CS - banking deposits	537.7	560.8	565.3	590.9	5.4%
SSCS - building society	98.0	95.2	97.7	95.0	-0.3%
CPCS - pension company	38.2	41.5	42.5	48.4	16.8%
Dom. and foreign mutual funds	64.2	61.1	62.0	68.3	11.8%
Asset management	42.8	50.2	54.5	54.4	8.2%
Total	780.9	808.9	822.0	857.0	6.0%

Performance analysis

Capital adequacy (Basel 2)

- Capital position of Ceska sporitelna was strengthened due to higher Tier I capital
- CS Group capital adequacy Tier I increased by 170 bps y/y to 17.7%
 - Tier I capital increased by CZK 8.6 bn (+12%) compared to September 2012 due to higher retained earnings
- CS Group capital adequacy Tier I + Tier II grew by 160 bps y/y to 18.1% reflecting growing Tier I + Tier II capital
- Total capital requirements up by CZK 0.5 bn
 - Due to higher capital requirement to credit risk
- Risk weighted assets increased by 4% y/y

Parent Bank, CZK mil.	30/9/2012	31/12/2012	30/09/2013
Tier I capital (after deductions)	66,119	64,968	73,438
Tier I + Tier II capital	68,504	67,157	75,513
Capital requirement to credit risk	28,274	28,698	29,823
Capital requirement to market risks	724	784	617
Capital requirement to operational risk	4,038	4,040	4,000
Risk weighted assets	353,425	358,725	372,788
Capital adequacy Tier I ratio	16.0%	15.5%	17.1%
Capital adequacy Tier I+II ratio	16.6%	16.0%	17.5%

CS Group, CZK mil.	30/9/2012	31/12/2012	30/09/2013
Tier I capital (after deductions)	71,979	70,701	80,615
Tier I+II capital	74,376	72,934	82,689
Capital requirement to credit risk	29,990	30,395	31,063
Capital requirement to market risks	1,045	971	739
Capital requirement to operational risk	4,929	4,906	4,704
Risk weighted assets	374,875	379,938	388,288
Capital Adequacy Tier I ratio	16.0%	15.6%	17.7%
Capital Adequacy Tier I+II ratio	16.5%	16.1%	18.1%

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

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- **Loan portfolio in CS Bank increased by 3.1% y/y, group loan portfolio grew by 2.0% y/y**
 - Driven by mortgages to private individuals, loans to Large Corporates and SMEs
 - **Risk costs further decreased from 86 bps in Q1-3 2012 to 70 bps**
 - **Quality of loan portfolio as share of NPLs on total customer loans significantly improved from 5.4% to 4.7% y/y**
 - Provision to NPL coverage grew to strong 79%
 - Total NPL coverage (including collateral) at 119%

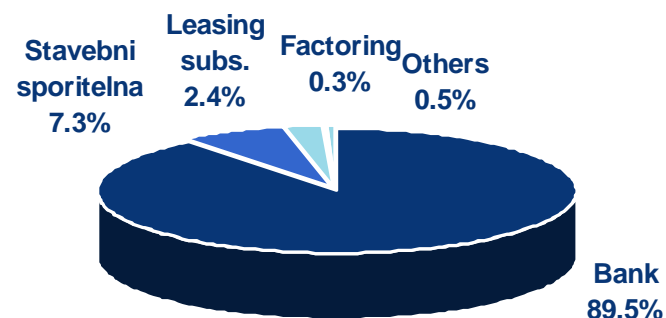
Performance analysis – CS Group balance sheet

CS Group loan portfolio development

– CS Bank dominates the CS Group

- Share of CS Bank further strengthened by 86 bps y/y to 89.5%
- Decline in Stavebni sporitelna CS continued, driven by overall market conditions advantaging mortgages to building savings loans

Loan Book by Group members
as of 30 September 2013



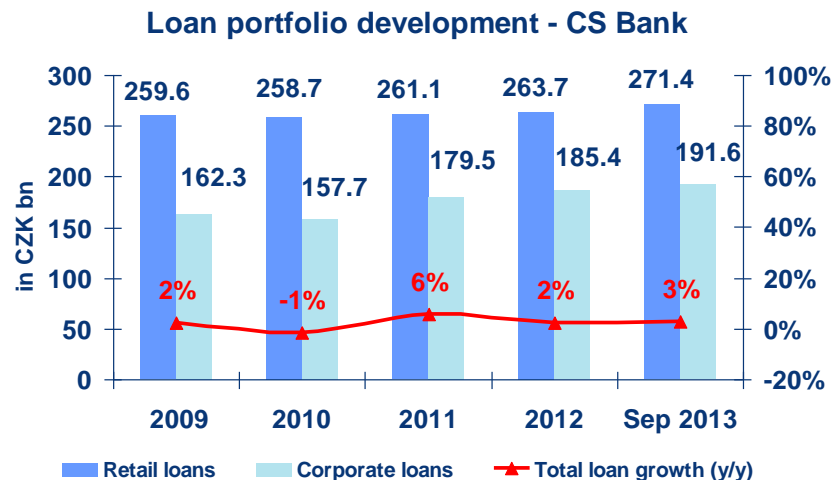
in CZK m, IFRS	31/09/2012	31/12/2012	31/09/2013	YY Change
I. CS Bank	449,323	451,471	463,100	3.1%
II.1. Stavebni sporitelna CS	39,735	39,477	37,829	-4.8%
II.2. Leasing (sAL, EL)	12,396	12,265	12,310	-0.7%
II.3. Factoring CS	1,588	1,871	1,811	14.0%
II.4. Other subsidiaries	3,929	2,916	2,467	-37.2%
III. Consolidation items	-18,803	-18,896	-19,585	4.2%
Total Loans (consolidated)	488,169	489,103	497,932	2.0%

Performance analysis – CS Bank balance sheet

Structural changes in Retail, growth in Corporate

– Loans to retail rose by 3.7% y/y

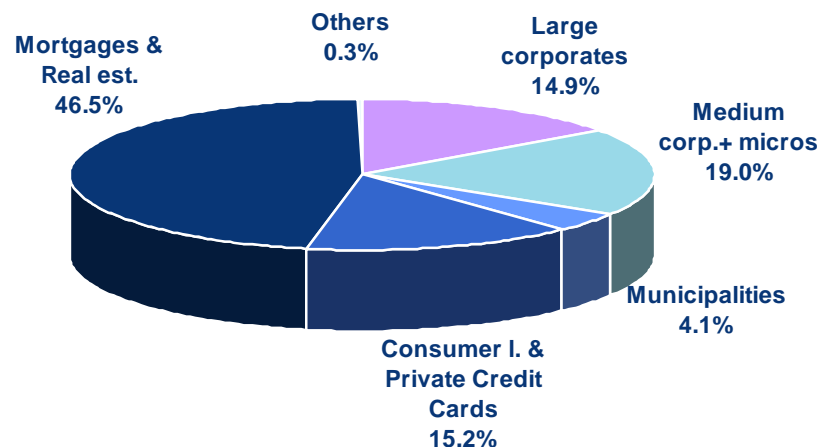
- Pushed by private mortgages (+10.9% y/y) and partly offset by decline of consumer lending* (-4.2% y/y) and micro corporate (-10.6% y/y)



– Corporate loans added 3.2% y/y

- Driven up by Large Corporate (+16.3%) and SME (+5.1%) and held back by Group Corporate Mortgage & Real Estate (-4.2%) and Municipalities (-13.5%)

Loan Book by customer segments as of 30 September 2013



*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 crossed CZK 150.0 bn

(+10.9% y/y)

- Mortgages granted in Q3 2013: average maturity at 22.1 years (22.5 in 2012); average size of mortgage at CZK 1.5 mil; LTV ratio at 62.7% (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%

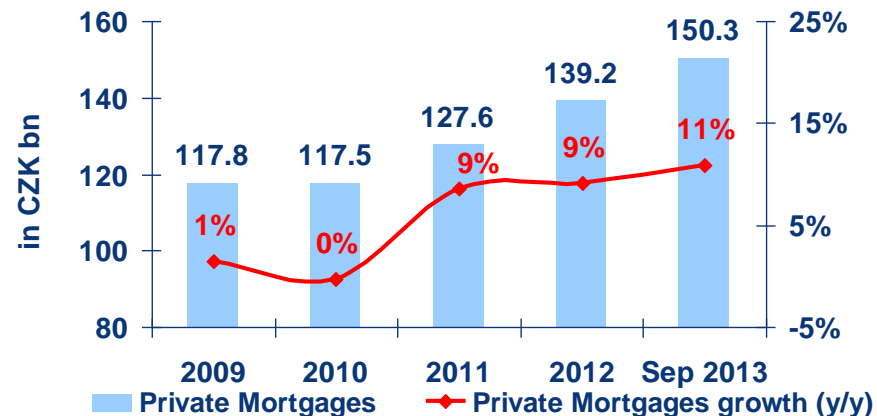
– Consumer lending* declined to CZK 70.4 bn

(-4.2% y/y)

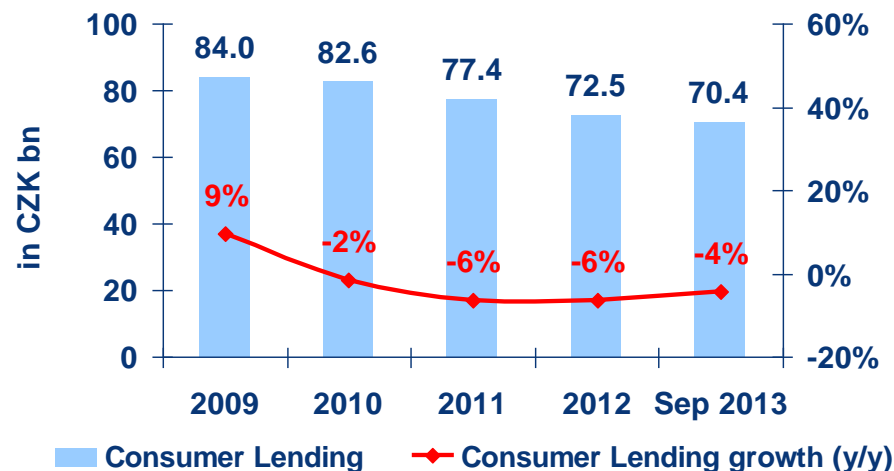
- However since June 2013 consumer loans increased by CZK 55 mil. due to strong increase of new business supported by growing household demand

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

Private Mortgages Development



Consumer Lending Development*



Performance analysis

Risk costs improvement continued

– Group share of NPL decreased by 67 bps to 4.7% y/y

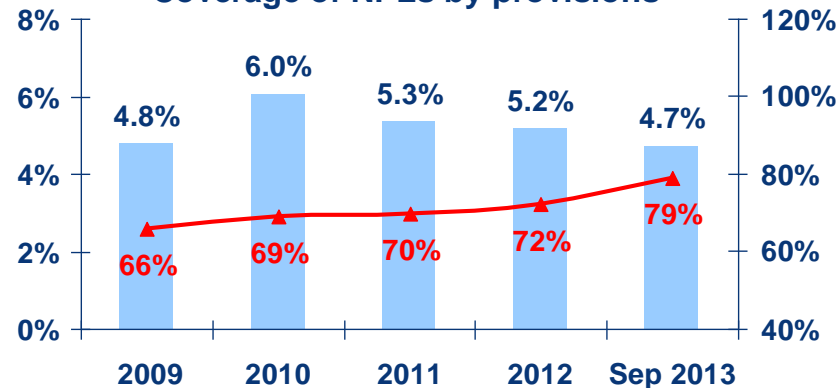
- Driven by improvements and write offs
- Provision coverage at strong level of 79%
- Total coverage (provisions and collateral to NPL) at 119%

– Annualized group risk costs further declined to 70 bps

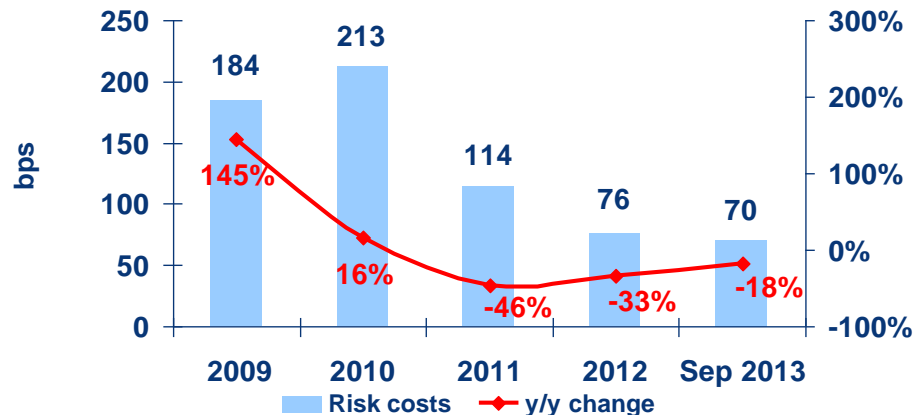
- Driven mainly by corporate clients

– Share of defaulted loans according to CNB methodology lowered from 6.0% to 5.3% y/y

Group Customer Loan Portfolio:
Share of NPLs;
Coverage of NPLs by provisions



Group risk costs on Loans to customers
(in bps, annualized)



Presentation topics

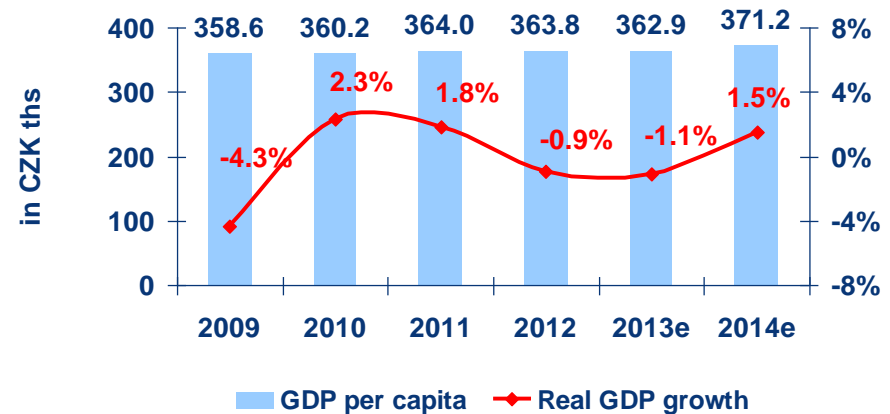
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- **Economy**
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- **Banking market**
 - Banking market development
 - Market shares
- **Appendix**

Macroeconomic environment

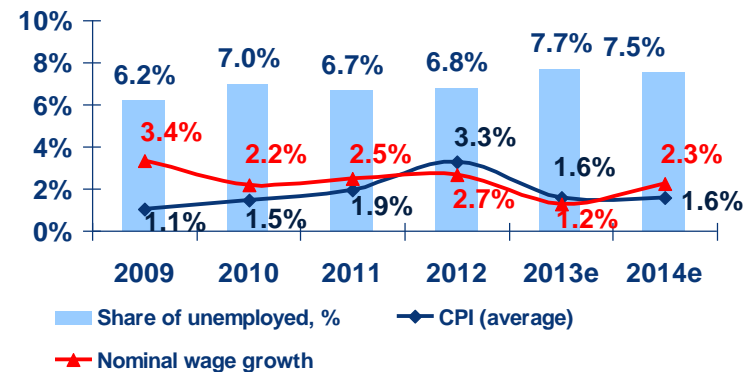
Positive growth to return in 2014 as fiscal restriction ceases, Eurozone improves

- Economy emerged from 6-quarters-long recession in Q2 2013
- However, this year's growth will be negative, thanks to dismal Q1 2013 performance (-1.3% q/q)
- CS expects economy to grow at about +0.5% q/q on average in H2 2013, driven by exports (=industry) and lesser fiscal restriction. For 2014, courtesy of looser fiscal policy and expected recovery in Eurozone lead to 1.5% predicted growth
- Drivers will include net exports, government demand and inventories; demand of firms and households will remain weak

Key economic indicators



Unemployment vs inflation vs wage growth



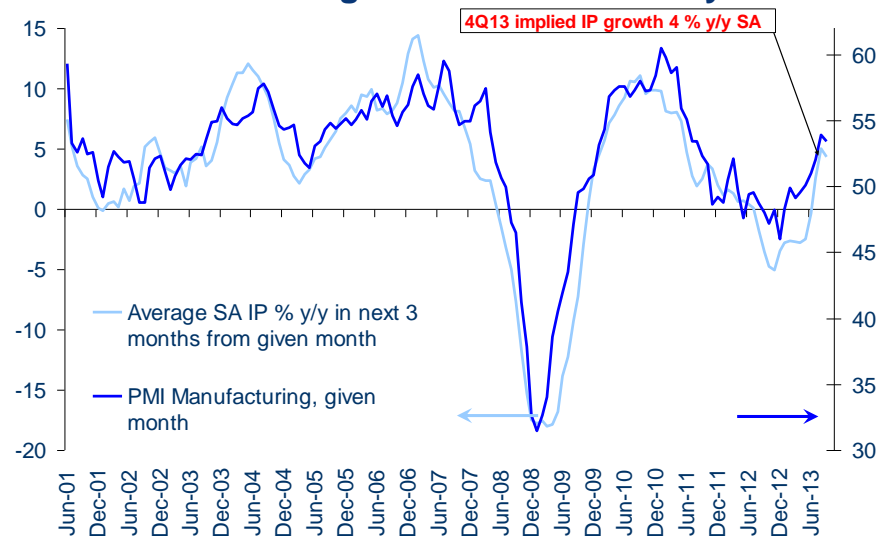
Note: GDP per capita and nominal wage growth in 2013, 2014 are CS estimates

Macroeconomic environment

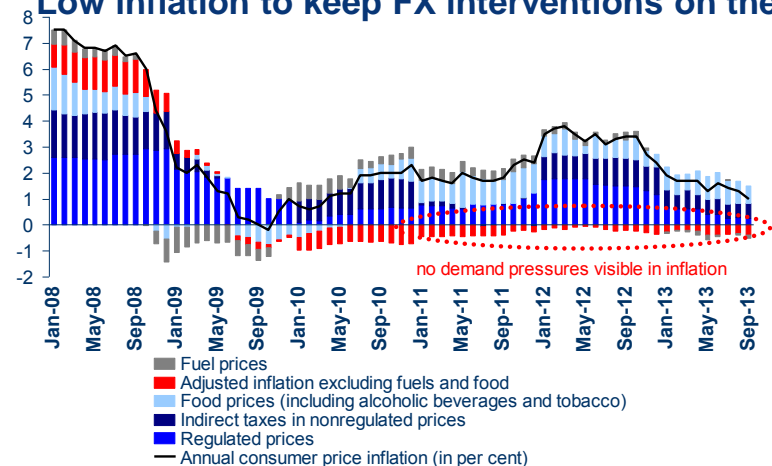
Signs of recovery

- Even though recovery is underway, as seen in leading indicators in industry as well as stabilized retail sales, inflation remains low. It fell to 1% in September, the lowest since 2010
- Monetary-policy relevant inflation fell to 0.2%, increasing the possibility CNB will intervene in the FX market to forestall deflation
- Since recovery will eventually stabilize prices, even if CNB decides to intervene, it will not be long-term campaign
- Recovery will push CZK gradually towards fundamental value of 24.7-25 CZK/EUR by end of next year; real convergence will restart thereafter

Leading indicators in industry



Low inflation to keep FX interventions on the table



Presentation topics

- **Performance of Ceska sporitelna**

- Financial statements
- Performance analysis

- **Economy**

- Macroeconomic environment

- **Banking market**

- Banking market development
- Market shares

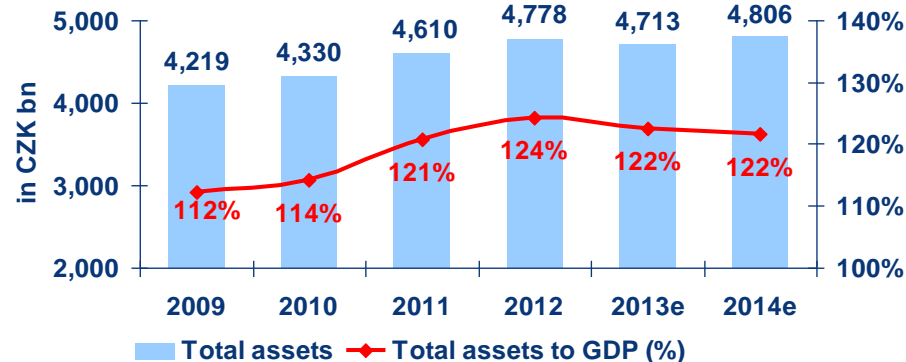
- **Appendix**

Banking market development

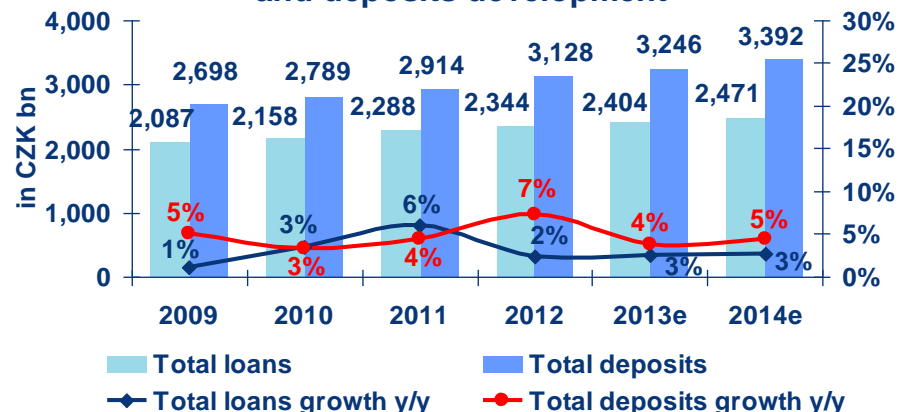
Czech banking sector keeps its stable position

- Strong capital and liquidity position: Tier 1 ratio nearly 17% (Q2 2013)
- With loan to deposits ratio at low 74% independent on foreign sources
- Share of NPLs stable at 5.9% (08/2013)
- ROE at 18% (Q2 2013)
- Improving consumer confidence supports demand for loans. Consumer loans are growing at stable pace of 25 % y/y from April. Most of the growth of new loans is attributed to consolidation of older loans (term loans, credit cards, overdrafts). On the other hand, outstanding volumes have started to grow recently as well, clear evidence of increasing volumes of fresh loans
- New mortgage loans grow even faster and will probably hit pre-crisis record of CZK 145 bn in 2007. Similarly, new mortgages are affected by growing appetite for re-financing. Nevertheless, outstanding volumes are growing with unflagging pace of around 10% y/y

Banking market - total assets development



Banking market - loans and deposits development



Source: CNB, CS estimates for 2013, 2014

CS market shares

Market leadership maintained (June 2013)

– Market position overview

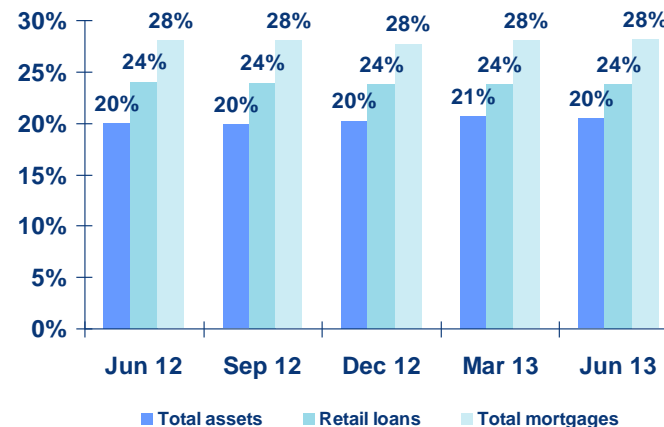
- No. 1 by number of customers (5.3 mil)
- No. 1 by total loans (market share 21%)
 - 24% in retail loans, 19% corporate loans
- No. 1 in total mortgages (market share 28%)
- No. 1 in total consumer loans, incl. credit cards and overdrafts (market share 36%)
- No. 1 by total deposits (market share 21%)
 - 27% in retail deposits, 11% in corporate deposits
- No. 1 in number of payment cards (market share 33%)
 - 15% in credit cards
- No. 1 by total assets (market share 20%)
- No. 2 in mutual funds (market share 27%)

– Market structure

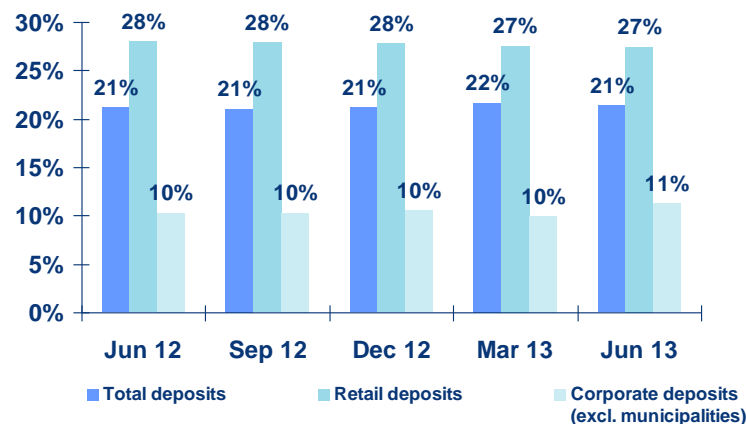
- Concentrated banking market
- 45 banks in total, 37 owned by foreigners
- 3 dominant players, including CS
- Stronger competition from new players

Source: CNB statistics, MMR, AKAT, Bank Card Association; September figures not yet available

Market share development - asset side



Market share development - liability side



Presentation topics

- **Performance of Ceska sporitelna**

- Financial statements
- Performance analysis

- **Economy**

- Macroeconomic environment

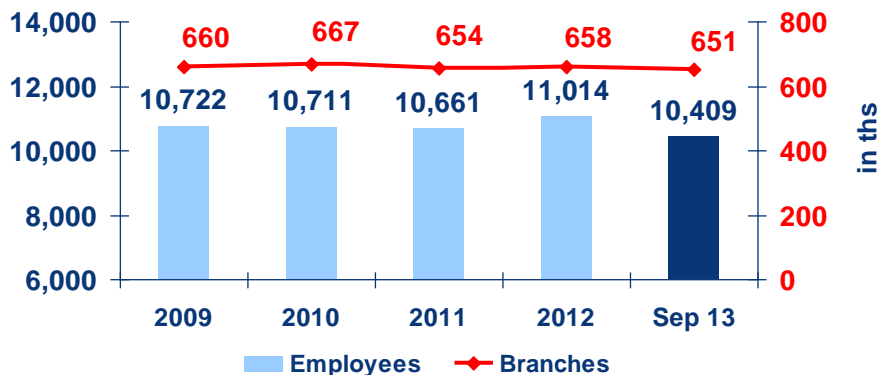
- **Banking market**

- Banking market development
- Market shares

- **Appendix**

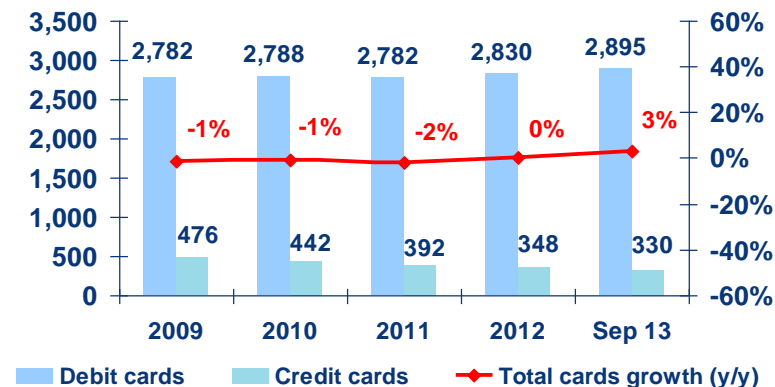
Main indicators

Number of branches vs number of employees



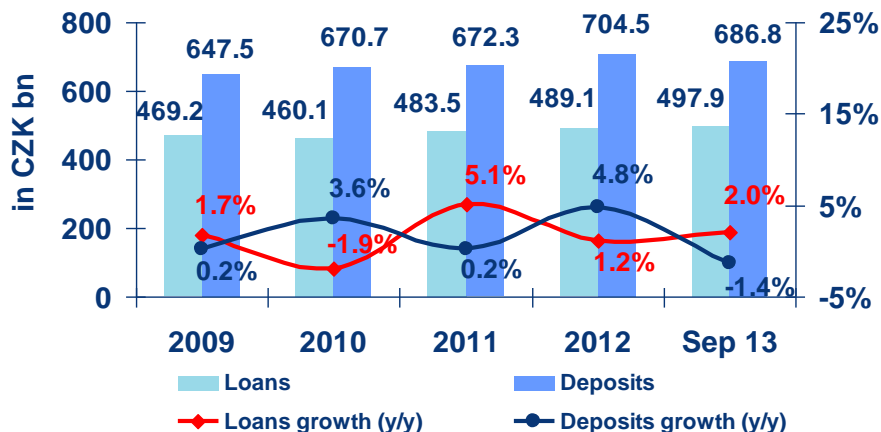
Note Employees as of end of period

Bank cards development*

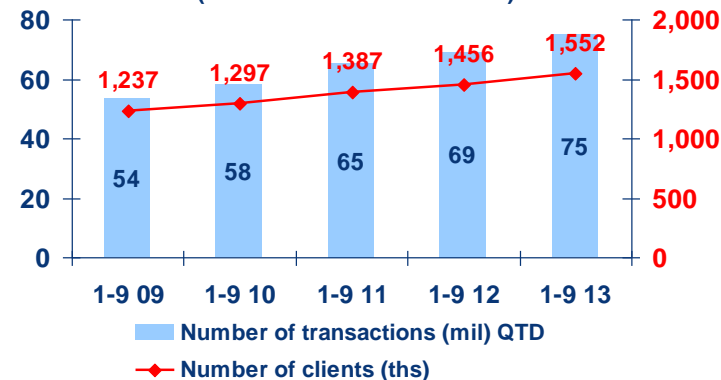


*Development in credit cards impacted by continuing abolishing inactive cards, debit cards include new sCards

Loans and deposits development



Development of Internet Banking (SERVIS 24 + BUSINESS 24)



Structure of CS Group loan portfolio

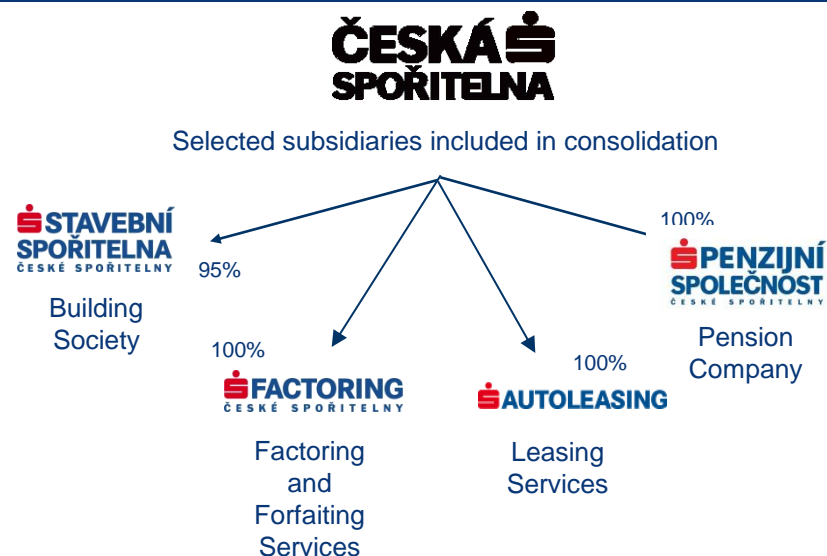
Non-financial institutions

CS Group: Loans to customers

in CZK m, IFRS	31/09/2012		31/12/2012		31/09/2013		Q3 2013 YTD		YTY change	
	Outstand.	Share	Outstand.	Share	Outstand.	Share	Outstand.	Rate	Outstand.	Rate
I. CORPORATE & RETAIL (1+2)	447,355	91.5%	449,139	91.8%	462,974	93.0%	13,834	3.1%	15,618	3.5%
1. CORPORATES	185,709	37.3%	185,425	37.9%	191,559	38.5%	6,134	3.3%	5,851	3.2%
GLC	67,406	14.2%	64,016	13.1%	65,291	13.1%	1,275	2.0%	-2,115	-3.1%
Group Large Corporate	33,852	7.3%	33,121	6.8%	33,147	6.7%	25	0.1%	-706	-2.1%
Group Corp. Mortgage&Real Estate	33,553	6.9%	30,894	6.3%	32,144	6.5%	1,250	4.0%	-1,409	-4.2%
Local Corporate	118,303	23.1%	121,410	24.8%	126,269	25.4%	4,859	4.0%	7,966	6.7%
Large Corporates	30,699	6.1%	32,453	6.6%	35,692	7.2%	3,239	10.0%	4,993	16.3%
Medium Corporates (SMEs)	68,329	13.1%	69,457	14.2%	71,807	14.4%	2,350	3.4%	3,478	5.1%
Mortgage (SMEs)	6,263	1.3%	6,426	1.3%	7,515	1.5%	1,089	16.9%	1,252	20.0%
Municipalities	13,013	2.7%	13,074	2.7%	11,255	2.3%	-1,819	-13.9%	-1,758	-13.5%
2. RETAIL	261,647	54.2%	263,714	53.9%	271,414	54.5%	7,700	2.9%	9,768	3.7%
Private Credit cards	4,997	1.1%	5,055	1.0%	4,620	0.9%	-435	-8.6%	-376	-7.5%
Consumer lending	68,527	14.6%	67,435	13.8%	65,807	13.2%	-1,627	-2.4%	-2,720	-4.0%
Private social	1,723	0.4%	1,652	0.3%	1,453	0.3%	-198	-12.0%	-270	-15.7%
Private mortgages	135,544	27.1%	139,158	28.5%	150,331	30.2%	11,173	8.0%	14,787	10.9%
Micro corporates (MSEs)	18,070	4.0%	17,410	3.6%	16,151	3.2%	-1,259	-7.2%	-1,919	-10.6%
Commercial mortgages	25,090	5.3%	24,960	5.1%	25,287	5.1%	327	1.3%	197	0.8%
Small municipalities	7,696	1.6%	8,045	1.6%	7,765	1.6%	-281	-3.5%	69	0.9%
II. FINANCIAL MARKETS	1,968	0.2%	2,332	0.5%	126	0.0%	-2,205	-94.6%	-1,841	-93.6%
BANK LOANS TO CUSTOMERS	449,323	91.7%	451,471	92.3%	463,100	93.0%	11,629	2.6%	13,777	3.1%
III. SUBSIDIARIES	57,649	12.4%	56,528	11.6%	54,417	10.9%	-2,111	-3.7%	-3,231	-5.6%
IV. CONSOLIDATION ITEMS	-18,803	-4.1%	-18,896	-3.9%	-19,585	-3.9%	-689	3.6%	-783	4.2%
GROUP LOANS TO CUSTOMERS	488,169	100.0%	489,103	100.0%	497,932	100.0%	8,829	1.8%	9,763	2.0%

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
- Q1-3 2013 results of **CS Penzijni spolecnost** are not comparable with Q1-3 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
- Increase in net profit of **Factoring CS** was mainly supported by higher net interest income in line with increased turnover



IFRS, CZK m	1-9 13	1-9 12	% Change
CS Building Society	423	628	-33%
sAutoleasing	68	55	23%
Pension Company	-121	-	-
Factoring CS	44	38	16%

Financial statements – Income statement

Adjusted for change in pension fund*

in CZK million	1-9 13	1-9 12	Change
Net interest income	21,015	22,351	(6.0%)
Risk provisions for loans and advances	-2,609	-3,138	(16.8%)
Net fee and commission income	8,458	8,714	(2.9%)
Net trading result	2,012	1,631	23.4%
General administrative expenses	-13,326	-13,835	(3.7%)
Other operating result	-901	-1,249	(27.9%)
Result from financial assets - FV	-361	64	-
Result from financial assets - AfS	-161	285	-
Result from financial assets - HtM	134	62	116.1%
Net profit from CSPS Transformed fund	46	78	(41.0%)
Pre-tax profit	14,307	14,963	(4.4%)
Taxes on income	-2,845	-3,132	(9.2%)
Profit for the year after taxes and before controlling interests	11,462	11,831	(3.1%)
Net profit for the year			
attributable to owners of the parent	11,475	11,787	(2.6%)
attributable to non-controlling interests	-13	44	-
Operating income	31,485	32,696	(3.7%)
Operating expenses	-13,326	-13,835	(3.7%)
Operating result	18,159	18,860	(3.7%)

* Displayed Income statement provide fully comparable figures for both periods, accounting methodology of CSPS Transformed fund was applied also for Q1-3 2012; Q1-3 2013 results include new CS Pension company

Financial statements – Balance sheet

Adjusted for change in pension fund*

in CZK million	Sep-13	Dec-12	Sep-12	YTD	Y/Y
Cash and balances with central banks	53,582	22,501	22,666	138.1%	136.4%
Loans and advances to credit institutions	60,445	51,362	61,195	17.7%	-1.2%
Loans and advances to customers	497,932	489,103	488,169	1.8%	2.0%
Risk provisions for loans and advances	-18,508	-18,244	-19,110	1.4%	-3.1%
Derivative financial instruments	21,430	26,736	16,945	-19.8%	26.5%
Trading assets	38,817	40,881	33,603	-5.0%	15.5%
Financial assets - at fair value through profit or loss	5,149	7,205	8,568	-28.5%	-39.9%
Financial assets - available for sale	54,369	45,504	42,555	19.5%	27.8%
Financial assets - held to maturity	145,780	172,413	174,488	-15.4%	-16.5%
Equity holdings in associates accounted for at equity	111	109	71	1.9%	56.5%
Intangible assets	3,067	3,137	2,734	-2.2%	12.2%
Property and equipment	14,081	14,586	14,712	-3.5%	-4.3%
Investment properties	8,032	9,561	10,374	-16.0%	-22.6%
Current tax assets	169	127	200	32.8%	-15.3%
Deferred tax assets	119	119	473	-0.2%	-74.8%
Assets from CSPS Transformed fund	48,972	45,446	43,952	7.8%	11.4%
Other assets	9,834	9,858	13,443	-0.2%	-26.8%
Total assets	943,381	920,403	915,039	2.5%	3.1%
in CZK million	Sep-13	Dec-12	Sep-12	YTD	Y/Y
Amounts owed to credit institutions	40,593	44,344	45,541	-8.5%	-10.9%
Amounts owed to customers *	686,827	662,011	654,887	3.7%	4.9%
Debt securities in issue	31,973	36,151	42,585	-11.6%	-24.9%
Derivative financial instruments	21,520	26,296	16,099	-18.2%	33.7%
Trading liabilities	7	3	4	133.3%	75.0%
Other provisions	2,429	2,213	2,447	9.7%	-0.7%
Current tax liabilities	139	101	466	38.0%	-70.2%
Deferred tax liabilities	267	365	242	-27.0%	10.3%
Liabilities from CSPS Transformed fund *	48,545	42,856	41,675	13.3%	16.5%
Other liabilities	12,167	10,490	19,950	16.0%	-39.0%
Subordinated capital	2,123	2,262	2,438	-6.1%	-12.9%
Total equity	96,791	93,312	88,707	3.7%	9.1%
attributable to non-controlling interests	25	122	355	-79.5%	-92.9%
attributable to owners of the parent	96,766	93,190	88,351	3.8%	9.5%
Total liabilities and equity	943,381	920,403	915,039	2.5%	3.1%

* Displayed Balance sheet provide fully comparable figures for all periods, accounting methodology of CSPS Transformed fund was applied also for September and December 2012; September 2013 results include new CS Pension company

Financial results by quarters

in CZK million	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013
Net interest income	7,835	7,748	7,490	7,515	7,074	6,970	6,971
Risk provisions for loans and advances	(1,118)	(1,130)	(889)	(569)	(914)	(901)	(794)
Net fee and commission income	2,910	3,038	2,777	3,044	2,933	2,792	2,733
Net trading result	781	204	677	531	717	647	648
General administrative expenses	(4,698)	(4,726)	(4,543)	(4,292)	(4,445)	(4,436)	(4,445)
Other operating result	(423)	(634)	(894)	(806)	(70)	(196)	(635)
Net profit from CSPS Transformed fund	0	0	0	0	42	7	(3)
Results from financial assets	306	270	(17)	192	(95)	47	(340)
Pre-tax profit	5,593	4,770	4,600	5,615	5,242	4,930	4,135
Taxes on income	(1,172)	(1,001)	(959)	(1,043)	(1,038)	(988)	(819)
Profit for the year after taxes and before controlling interests	4,421	3,769	3,641	4,572	4,204	3,942	3,316
Net profit for the year attributable to owners of the parent	4,456	3,765	3,566	4,826	4,204	3,949	3,322
attributable to non-controlling interests	(35)	4	75	(254)	(0)	(7)	(6)
Operating income	11,526	10,991	10,944	11,090	10,724	10,409	10,352
Operating expenses	(4,698)	(4,726)	(4,543)	(4,292)	(4,445)	(4,436)	(4,445)
Operating result	6,828	6,265	6,401	6,799	6,279	5,973	5,907

Segment financial statements - Income statement

in EUR million	1-9 13	1-9 12	Change
Net interest income	747.2	842.6	(11.3%)
Risk provisions for loans and advances	(95.7)	(120.5)	(20.6%)
Net fee and commission income	309.8	334.5	(7.4%)
Net trading result	33.2	14.0	>100.0%
General administrative expenses	(492.0)	(531.1)	(7.4%)
Other result	(41.3)	(56.5)	(27.0%)
Pre-tax profit/loss	461.3	483.0	(4.5%)
Taxes on income	(93.1)	(101.1)	(8.0%)
Net profit/loss for the period	368.3	381.9	(3.6%)
Attributable to non-controlling interests	1.8	11.3	(84.3%)
Attributable to owners of the parent	366.5	370.6	(1.1%)
Operating income	1,090.3	1,191.1	(8.5%)
Operating expenses	(492.0)	(531.1)	(7.4%)
Operating result	598.2	660.0	(9.4%)

Exchange rate for Q1-3 2013: 25.75 CZK/EUR (average for the period)

Segment financial statements – Income Statement

(Quarterly development)

in EUR million	Q3 12	Q4 12	Q1 13	Q2 13	Q3 13	Change (YoY)
Net interest income	272.0	271.2	252.8	246.5	247.9	(8.8%)
Risk provisions	(35.2)	(19.1)	(34.1)	(29.2)	(32.4)	(8.0%)
Net fee and commission income	104.7	112.7	107.2	103.7	98.9	(5.6%)
Net trading result	22.4	5.9	12.0	6.4	14.8	(33.8%)
General administrative expenses	(172.2)	(160.8)	(165.5)	(163.7)	(162.8)	(5.5%)
Other result	(35.7)	(36.7)	(4.5)	(5.4)	(31.3)	(12.2%)
Pre-tax profit	156.0	173.2	167.9	158.3	135.1	(13.4%)
Taxes on income	(32.5)	(34.6)	(33.7)	(32.0)	(27.4)	(15.6%)
Net profit/loss for the period	123.5	138.6	134.2	126.4	107.7	(12.8%)
Attributable to non-controlling interests	5.6	(8.8)	0.8	0.6	0.3	(94.1%)
Attributable to owners of the parent	117.9	147.4	133.4	125.8	107.3	(9.0%)
Operating income	399.1	389.8	372.1	356.6	361.6	(9.4%)
Operating expenses	(172.2)	(160.8)	(165.5)	(163.7)	(162.8)	(5.5%)
Operating result	226.9	229.0	206.5	192.9	198.8	(12.4%)

Exchange rate for Q3 2013: 25.859 CZK/EUR (average for the period)

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