

Česká spořitelna – H1 2012 consolidated results (unaudited IFRS)

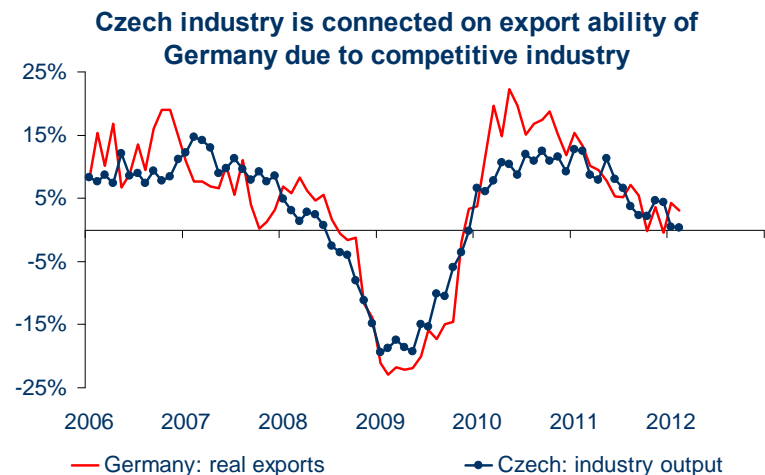
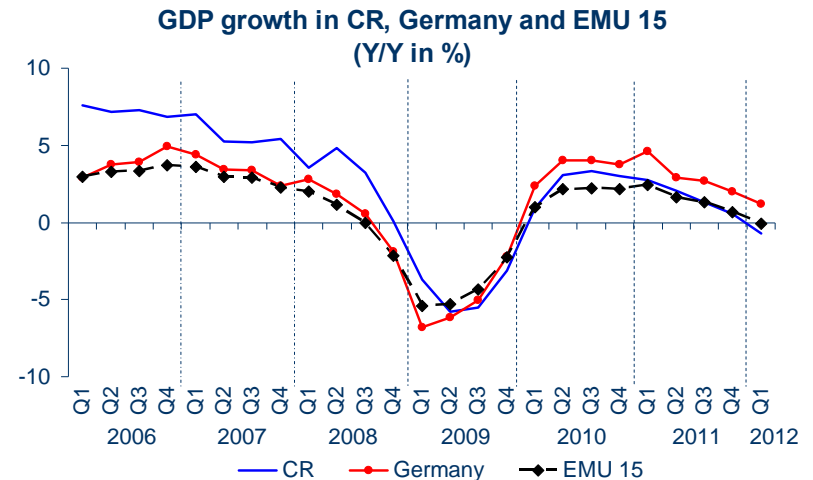
31 July 2012, Praha

Strong financial performance

Pavel Kysilka

A map of the Czech Republic is shown in a light blue color against a dark blue background. The map is divided into administrative regions. A specific region in the northwest, including parts of Středočeský, Jihočeský, and Vysočinský, is highlighted with a white hatched pattern.

- **Czech economy is structurally sound**
 - No indebtedness problem, no external or internal imbalances, competitive export sector, strong banking sector, low share of FX loans
 - 2011 budget deficit at 3.1% of GDP
- **Economy fell by 0.8% in Q1 2012 on fiscal restriction and EMU debt-crisis uncertainty**
- **Czech industry and exports added to GDP ~3pp as is tied primarily to core EMU countries**
- **The Czech currency is being kept away from fundamentally justified value of 24.20 by debt crisis uncertainty. The same thing keeps CZ-GER bond spread unjustifiably wide (10Y: 160 bps)**
- **CNB repo rate was cut in June to an all-time low of 0.5% as economy is and is likely to stay devoid of any demand-led pressures. Inflation is being driven only by non-demand components**
- **Rating agency Moody's confirmed Czech Republic's A1 rating and stable outlook**



H1 2012 highlights

- **Ceska sporitelna boosted its net profit by 14% y/y in H1 2012 due to decline of credit risk provision creation, growing NII and improved results from financial assets**
- **Operating result slightly lower compared to H1 2011 given decline of volatile net trading result, lower net fee income and slightly higher costs (below inflation of 3.7% in Q1 2012)**
 - NIM increased to 3.96% despite low market interest rates
- **Customer loans increased by 4% y/y, driven by group large corporate and SME loans and by private mortgages**
- **Loan portfolio quality significantly improved compared to June 2011, share of NPLs to total loans dropped from 6.4% to 5.4%**
 - Credit risk costs dropped from 157 bps in 6/2011 to 93 bps (annualized)
 - Provision coverage of NPLs stable at strong 73%, total coverage (incl. collateral) 126%
- **Capital and liquidity position of Ceska sporitelna is very strong (Group capital adequacy Tier I + Tier II at 16.0%, L/D at 69.7%)**

H1 2012 business highlights (1/3)

- **Ceska sporitelna earned the 2012 Euromoney Best Bank award as the best bank in the Czech Republic**
 - The award is granted annually by the Euromoney magazine, specialised in banking and capital markets
 - Price follows the 2011 Euromoney Private Banking award, which CS acquired for providing excellent private banking services
- **CS has completed its internal transformation focused on establishing new business model differentiating customer segments. The aim is to adjust products and services according to specific needs of each segment**
- **Volume of new private mortgages increased by 32% y/y in H1 2012 and reached CZK 18 bn**
- **Penzijní fond CS (Pension fund) credited its clients with appreciation of 2.07% for Y2011**
 - The appreciation exceeded last year's inflation rate of 1.9%
- **CS is continuously simplifying clients' access to financial services**
 - CS introduced possibility to reserve via internet time for a visit at concrete branch
 - At chosen time clients are served promptly without waiting
- **Ceska sporitelna enables delivering PIN information to customers by SMS since 6/2012**



H1 2012 business highlights (2/3)

- **CS clients made 246 thousand contactless cards transactions in the total volume of CZK 97 mil. in the first half of Y2012**
 - CS clients own 379 thousand contactless cards which are accepted by 48 business partners in more than 1000 stores (newly BILLA supermarkets and PENNY discount stores)
- **CS has finished the process of implementation of new service concept for wealthy clients including new brand ERSTE Premier**
 - Based on successful business model of former CS Premier, provides a comprehensive financial service for clients with an emphasis on confidentiality, individual care and superior services
 - Number of branches in the CR reached 6 (thereof 4 in Prague, one in Brno and Ostrava) as of June 2012, 4 new branches will be opened by the end of Y2012 (Plzen, Hradec Kralove, Ceske Budejovice, Olomouc)
- **New branch on wheels in the South of Bohemia**
 - Offers standard bank services (incl. cash withdrawals) to the residents of municipalities in which CS does not have a permanent branch
 - Clients can use this branch on wheels in Bavorov and Bernartice from April 2012

H1 2012 business highlights (3/3)

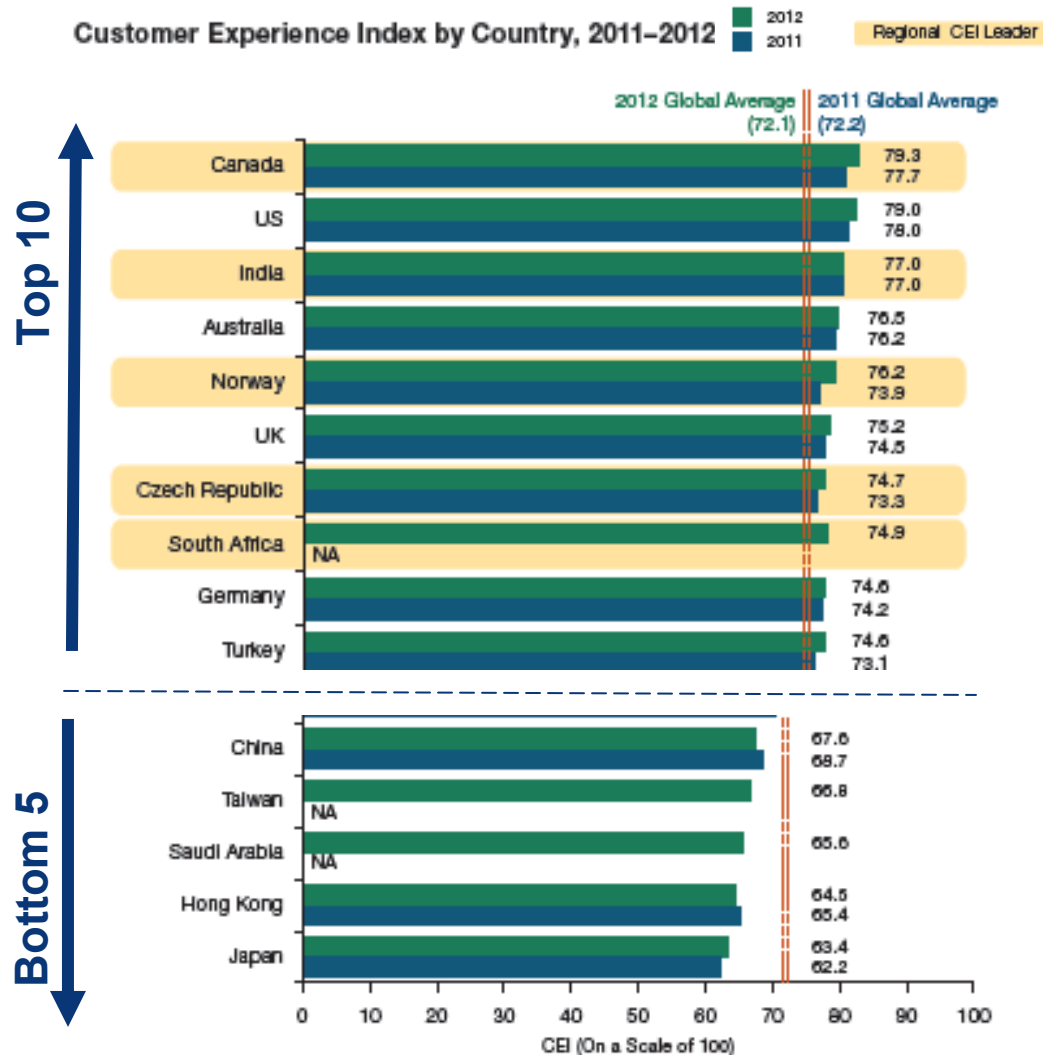
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- **„Mobilní banka“ application for iOS devices is fully active**
 - Application for iPhone devices belongs to one of the most downloaded applications for mobile banking in Apple Store
 - In particular, unique functionality called „postal order scanning“ is very popular (no other bank in the Czech Republic offers this functionality)
 - Application for smart mobile phones with the Android operating system will be available for clients from November 2012
 - **Ceska sporitelna / Erste Group acted as a Joint Lead Manager of successful EUR 1.5 billion Eurobond issue for Poland with a 10 year maturity. Perfect issue timing allowed very attractive pricing and strong order book**
 - **Ceska sporitelna acted as a Lead Manager and Bookrunner of successful CZK 3.9 billion Eurobond issue for the Czech Export Bank with a maturity in 2018. Ceska sporitelna confirmed its role as a strong and stable partner for issuer's funding on the domestic market**
 - **Ceska sporitelna launched a program of subsidized loan financing of innovative projects. During first 3 months of the program TOP INOVACE running, CS approved loans in the volume of CZK 440 mil., other projects in the volume of CZK 800 mil. are in process**
 - Program TOP INOVACE represents part of the innovation concept of Ceska sporitelna through which CS will provide specific services to clients with innovative potential in any phase of their life cycles

H1 2012 business highlights

Customer Experience

- According to 2012 World Retail Banking Report by Cap Gemini and EFMA, the Czechs are 7th most satisfied with banking services among 35 world countries
- The list is led by Canada and the 35th position belongs to Japan
- Czechs are also the most satisfied with their bank in the CEE region
- The most important factors that determine customer experience*:
 - Variability of products
 - Transparency of fees
 - Attractive design of internet banking

Customer Experience Index by Country, 2011–2012

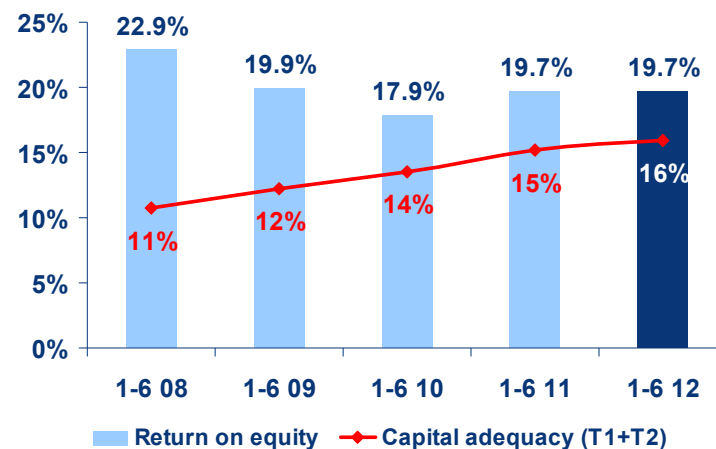


* according to Ceska sporitelna's study

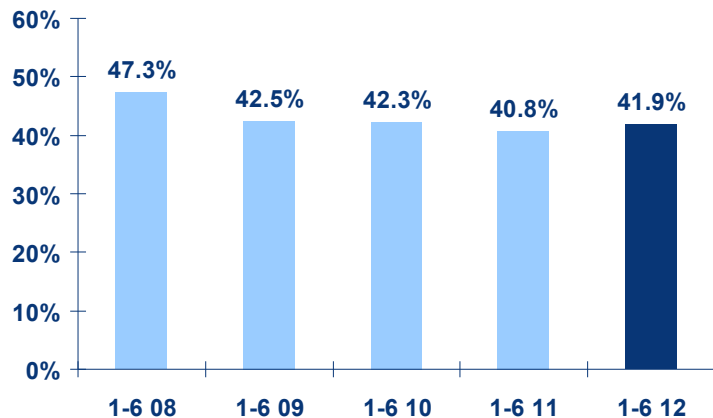
Financial highlights – ROE stable at 20%

- **Return on equity remained at almost 20%**
 - 14% y/y growth of net profit outweighed by similar rise of equity
- **Cost/income ratio slightly up**
 - Reflected lower operating income and higher operating costs
- **Loan to deposit ratio at low level of 69.7%**

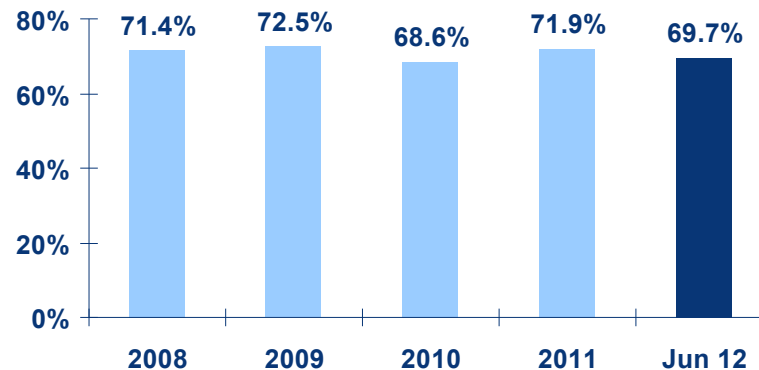
Return on equity + Capital adequacy



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 boosted by 14% Y/Y

in CZK million	1-6 12	1-6 11	Change
Net interest income	15,583	15,474	0.7%
Risk provisions for loans and advances	(2,248)	(3,642)	(38.3%)
Net fee and commission income	5,948	6,065	(1.9%)
Net trading result	986	1,313	(24.9%)
General administrative expenses	(9,424)	(9,327)	1.0%
Other operating result	(1,058)	(1,156)	(8.5%)
Result from financial assets - FV	192	4	>200%
Result from financial assets - AfS	342	204	67.7%
Result from financial assets - HtM	42	(4)	n/a
Pre-tax profit	10,363	8,930	16.0%
Taxes on income	(2,173)	(1,719)	26.4%
Profit for the year after taxes and before controlling interests	8,190	7,211	13.6%
Net profit for the year			
attributable to owners of the parent	8,221	7,212	14.0%
attributable to non-controlling interests	(31)	(1)	n/a
Operating income	22,517	22,852	(1.5%)
Operating expenses	(9,424)	(9,327)	1.0%
Operating result	13,093	13,525	(3.2%)

Note: Figures for H1 2011 were restated according to new methodology, accrued interest is now integrated in respective asset and/or liability, interests from securities in trading book and derivatives in banking book included in NII.

Financial statements – Balance sheet (assets)

Total assets increased by 3% since YE 2011

in CZK million	Jun 12	Dec 11	Change
Cash and balances with central banks	26,584	31,936	(16.8%)
Loans and advances to credit institutions	77,866	77,433	0.6%
Loans and advances to customers	483,312	483,541	(0.0%)
Risk provisions for loans and advances	(18,979)	(17,976)	5.6%
Derivative financial instruments	16,727	20,500	(18.4%)
Trading assets	31,895	32,117	(0.7%)
Financial assets - at fair value through profit or loss	9,433	11,728	(19.6%)
Financial assets - available for sale	61,646	36,076	70.9%
Financial assets - held to maturity	184,643	175,037	5.5%
Equity holdings in associates accounted for at equity	73	75	(2.0%)
Intangible assets	2,786	2,944	(5.4%)
Property and equipment	14,952	15,410	(3.0%)
Current tax assets	242	169	43.0%
Deferred tax assets	589	830	(29.0%)
Other assets	23,219	22,779	1.9%
Total assets	914,989	892,598	2.5%

Note: Figures for H1 2011 were restated according to new methodology, accrued interest is now integrated in respective asset and/or liability, interest from securities in trading book and derivatives in banking book included in NII.

Financial statements – Balance sheet (liabilities)

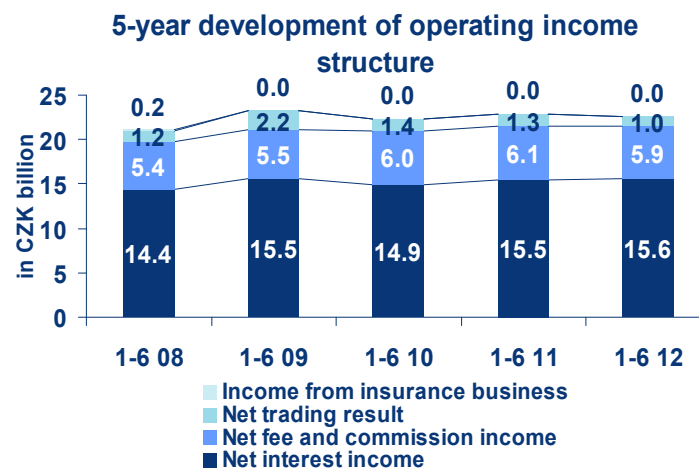
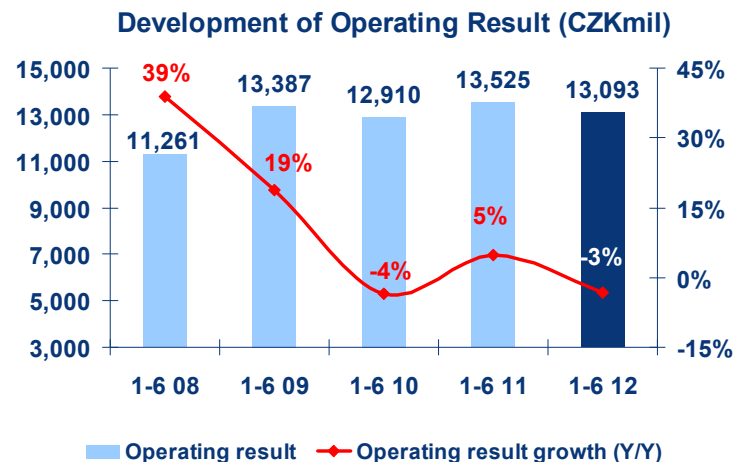
Customer deposits grew by 3% YTD

in CZK million	Jun 12	Dec 11	Change
Amounts owed to credit institutions	52,371	52,862	(0.9%)
Amounts owed to customers	693,163	672,280	3.1%
Debt securities in issue	43,801	45,602	(3.9%)
Derivative financial instruments	17,767	21,984	(19.2%)
Trading liabilities	3	5	(39.2%)
Other provisions	2,515	2,520	(0.2%)
Current tax liabilities	354	18	>1000%
Deferred tax liabilities	223	202	10.3%
Other liabilities	18,297	14,770	23.9%
Subordinated capital	2,408	2,520	(4.4%)
Total equity	84,088	79,836	5.3%
attributable to non-controlling interests	(35)	26	n/a
attributable to owners of the parent	84,123	79,810	5.4%
Total liabilities and equity	914,989	892,598	2.5%

Note: Figures for H1 2011 were restated according to new methodology, accrued interest is now integrated in respective asset and/or liability, interest from securities in trading book and derivatives in banking book included in NII.

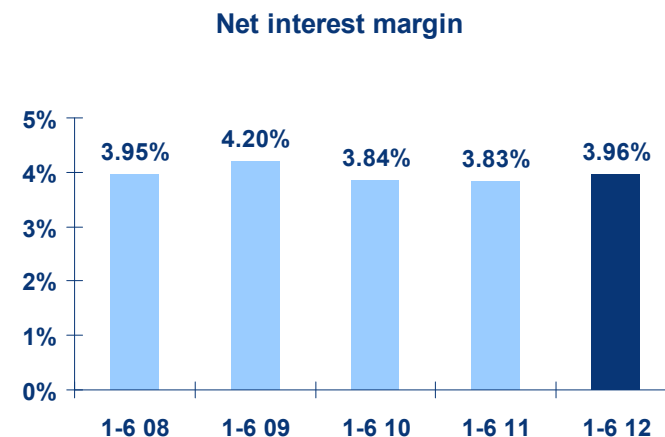
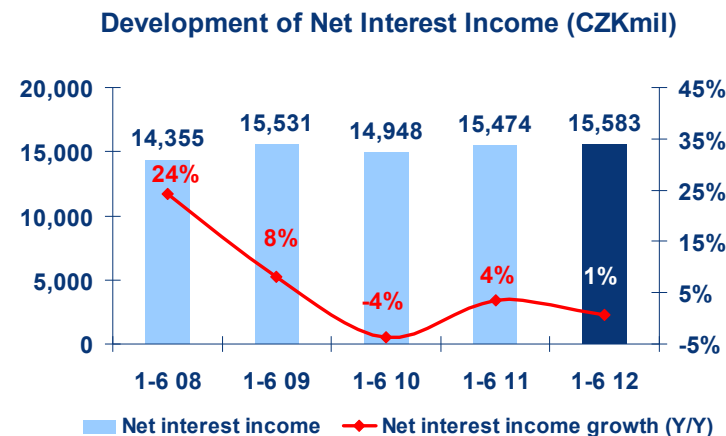
Performance analysis – Operating result slightly decreased

- **Operating result slightly decreased due to 1% decline of operating income and 1% growth of expenses (below inflation)**
 - Decrease of operating income attributed to lower trading result and net fee income; core earnings (NII+net fee income) remained flat
- **Net trading result decreased by 25% y/y to CZK 1.0 bn due to lower income from derivatives and FX transactions**
 - Income from derivatives declined by 81% y/y due to Credit Value Adjustments to derivatives in 6/2012
 - Profit from FX transactions down by 45% at CZK 0.4 bn due to weakening of CZK and revaluation of FX positions
 - Profit from securities trading grew by 94% y/y to CZK 0.5 bn due to higher income from bonds and T bills
- **Other operating result improved**
 - Due to higher distribution of Pension fund's profit to customers in 2011
- **Results from financial assets stronger due to improved situation on financial markets**
 - Higher income from sale of securities and positive revaluations of securities



Performance analysis – NII still grows despite low interest rates

- Growth of NII attributed to income from fixed income securities
- NII from securities grew by 24% y/y due to growing volume of bonds and lower expenses on issued securities
 - Volume of bonds in HTM portfolio grew by 9% y/y, total AFS portfolio up by 169%
 - Interest expenses on issued securities and subordinated debt declined by 24%
 - Contribution of NII from securities on total NII rose to 22%
- NII from customers decreased by 1%
- NII from credit institutions down by 62%
 - Loans to credit institutions decreased by 46% y/y
- NIM increased to almost 4% despite historically low market interest rates



Performance analysis – Net fee income decreased y/y

– Decline in net fee income driven by lower income from securities business

- In Q2 2012 net fee income rose by 4% compared to Q1 2012

– Net fee income from payment transactions and account maintenance remained flat

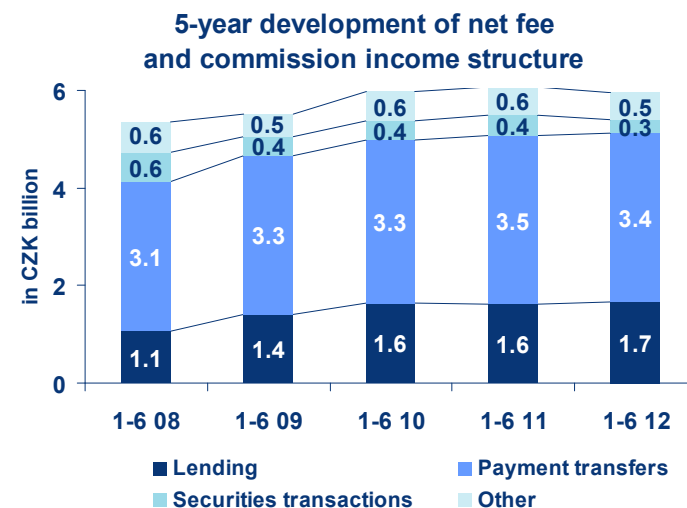
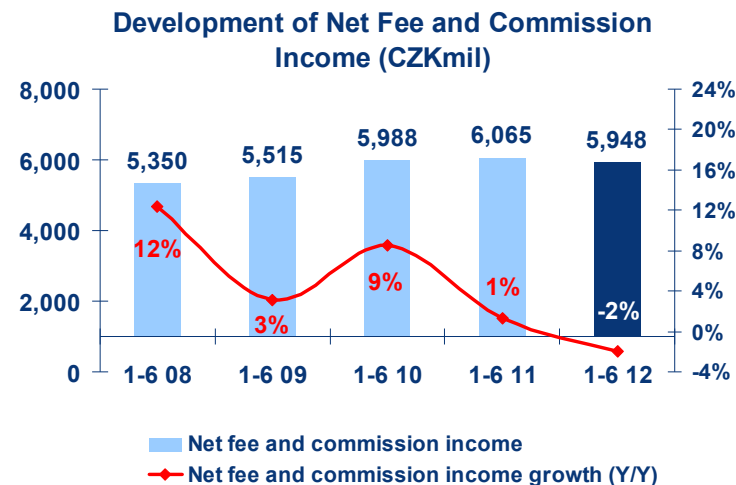
- Increasing usage of cheaper direct banking services
- Net fee income from card business increased by 3%
- Largest contributor to total net fee income

– Net fee income from lending business grew by 3%

- 28% share on total net fee income

– Net fee income from securities business declined by CZK 120 mil. as a result of lower customers' activity

- Weak demand brought lower fees from mutual fund transactions and from asset management



Performance analysis – Operating expenses growth below inflation

– **Personnel expenses went up by 9% y/y mainly due to consolidation of s IT Solutions (shift from other administrative expenses); excluding s IT Solutions rose by 3%**

– Number of employees increased by 287 y/y to 10 630 FTEs, excluding s IT Solutions declined by 159 employees

– **Other administrative expenses declined by 5% (+1%)* y/y**

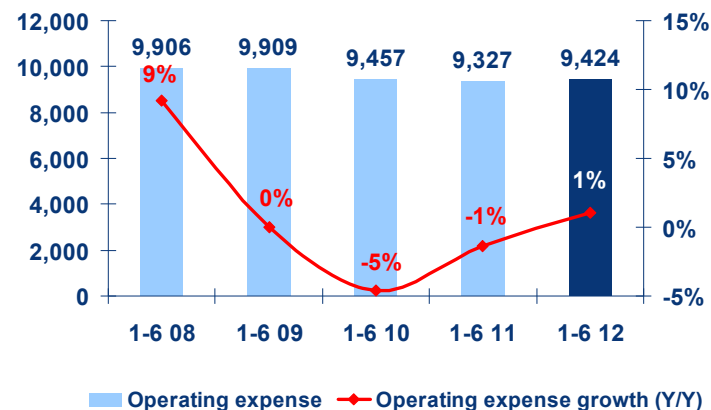
– Lower expenses for marketing and premises (rent of buildings decreased)

– **Depreciation on fixed assets decreased by 7%**

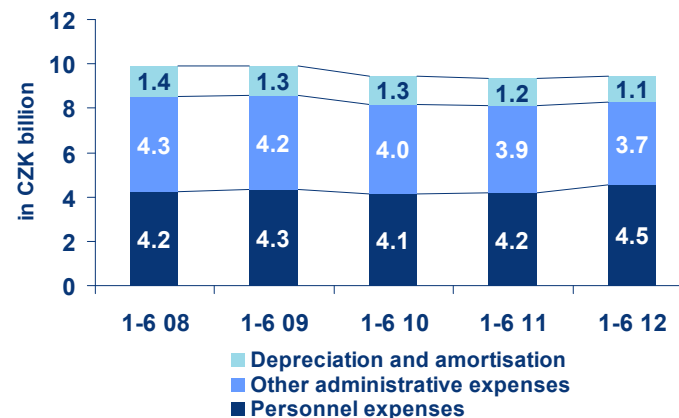
– Caused by end of depreciation of several software applications and lower depreciation on hardware

*Excluding s IT Solutions

Development of Operating Expenses (CZKmil)



5-year development of operating expenses structure



Performance analysis – Client funds under CS Group management flat

– Bank deposits increased by 2% since YE 2011, in y/y comparison remained stable

- Deposits from private individuals rose by 1% y/y, volume of legal entities increased by 7% y/y, public sector deposits fell by 18% (impact of government austerity measures)
- Share of demand deposits on total deposits grew by 4pp y/y to the level of 79%

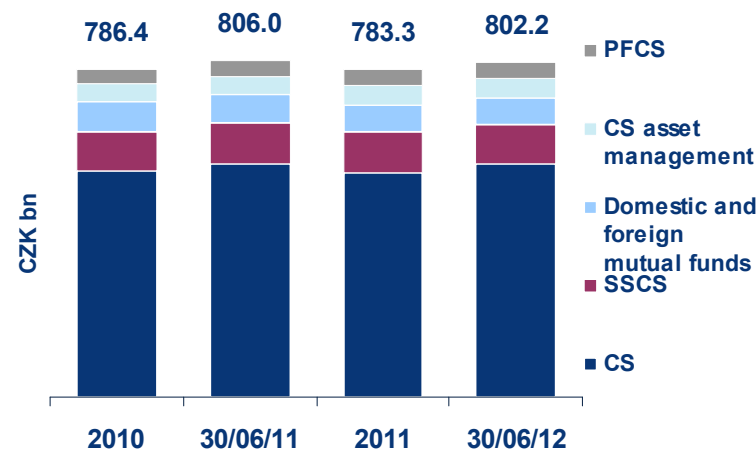
– Assets in domestic and foreign mutual funds declined by 16% y/y

- Influenced by both drop in prices on financial markets and by outflow of assets

– Growth rate in pension fund assets at 10% (y/y)

– Assets under discretionary management (without mutual funds) rose by 11% y/y

Total client funds



IFRS, in CZK bn	2010	30/06/11	2011	30/06/12	Change (Y/Y)
CS - banking deposits	539.8	560.6	537.7	559.3	-0.2%
CS - asset management	41.3	42.5	45.3	47.1	10.8%
Dom. and foreign mutual funds	72.6	71.7	64.2	60.3	-15.9%
PF CS - pension fund	35.2	36.6	38.2	40.4	10.3%
SS CS - building society	97.5	94.6	98.0	95.0	0.5%
Total	786.4	806.0	783.3	802.2	-0.5%

Note: Methodology in mutual funds includes assets distributed in the CR

Performance analysis – Capital adequacy – CS Group (CNB)

- CS Group is strongly capitalized for future growth and new regulatory requirements
- CS Group capital adequacy Tier I significantly increased by 137 bps y/y due to higher Tier I capital
 - Tier I capital increased by 15% compared to June 2011 due to higher retained earnings
- CS Group capital adequacy Tier I + Tier II grew by 79 bps y/y
 - Total Tier I + Tier II capital improved by 11% y/y thanks to increase of retained profit, partially compensated by decline of subordinated debt
- Total capital requirements went slightly up
 - Capital requirement to credit risk grew by 5%, requirements to operational risk up by 2% y/y
- Risk weighted assets increased by 5% y/y

Parent Bank, CZK m	30/6/2011	31/12/2011	30/6/2012
Tier I capital (after deductions)	54,908	53,441	65,926
Tier I + Tier II capital	59,525	55,883	68,302
Capital requirement to credit risk	28,247	28,927	28,925
Capital requirement to market risks	604	1,225	945
Capital requirement to operational risk	3,999	3,999	4,038
Risk weighted assets	353,088	361,588	361,563
Capital adequacy Tier I ratio	13.4%	12.5%	15.6%
Capital adequacy Tier I+II ratio	14.5%	13.1%	16.1%

CS Group, CZK m	30/6/2011	31/12/2011	30/6/2012
Tier I capital (after deductions)	62,225	60,750	71,736
Tier I+II capital	67,032	63,189	74,113
Capital requirement to credit risk	29,767	30,820	31,141
Capital requirement to market risks	736	1,349	1,044
Capital requirement to operational risk	4,836	4,887	4,942
Risk weighted assets	372,088	385,250	389,263
Capital Adequacy Tier I ratio	14.1%	13.1%	15.5%
Capital Adequacy Tier I+II ratio	15.2%	13.6%	16.0%

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

Performance analysis – Growth in private mortgages and corporate carrying on

- **Group loan portfolio saw growth of 4.1% y/y**
 - Growth in private mortgages continued
 - Large Corporate and SME as leading segments in corporate business
- **Risk costs stabilized at 93 bps**
- **Quality of loan portfolio by share of NPLs on total customer loans improved from 6.4% to 5.4% y/y**
 - Provision to NPL coverage long term stable at strong 73%
 - Total coverage (including collateral) at 126%
- **No sovereign exposure to Italy, Spain, Ireland, Portugal or Greece**
 - Limited exposure only towards corporate bonds in Spain (CZK 1.8 bn) and corporate bonds in Ireland (CZK 0.2 bn)

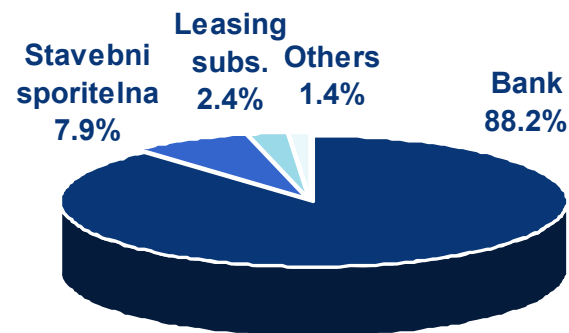
Performance analysis – CS Group balance sheet

Higher share of CS Bank on the Group

– Higher loan growth in CS Bank visible also in H1 2012

- Dominance of CS Bank further strengthened by 132 bps y/y to 88.2%
- Decline in Stavebni sporitelna CS driven by continuing difficult business environment advantaging mortgages to building savings loans

Loan Book by Group members
as of 30 June 2012



in CZK m, IFRS	30/06/2012	31/12/2011	30/06/2011	YY Change
I. CS Bank	443,969	441,576	420,481	5.6%
II.1. Stavebni sporitelna CS	39,976	41,671	43,343	-7.8%
II.2. Leasing (sAL, sML)	12,293	12,256	12,296	0.0%
II.3. Factoring CS	1,557	1,620	1,934	-19.5%
II.4. Other subsidiaries	5,340	5,279	5,711	-6.5%
III. Consolidation items	-19,823	-18,862	-19,445	1.9%
Total Loans (consolidated)	483,312	483,541	464,319	4.1%

Performance analysis – CS Bank balance sheet

Portfolio growth in Retail as well as Corporate

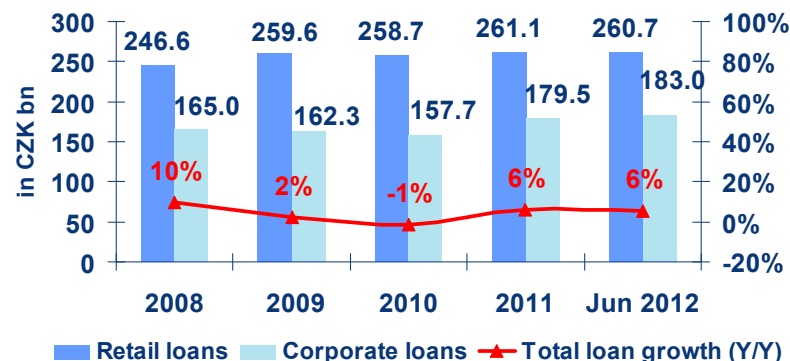
– Loans to retail customers rose by 0.5% y/y

- Increase in private mortgages +9.4% y/y partly offset by decline of consumer lending* (-7.2% y/y) and micro corporate (-15.2% y/y)

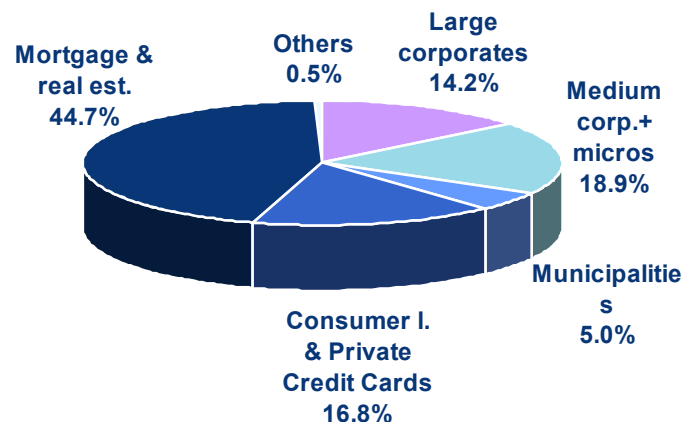
– Corporate loans grew by 13.7% y/y

- Driven by Group Large Corporate and SME
- Significant growth reached also in Municipalities

Loan portfolio development - CS Bank



Loan Book by customer segments as of 30 June 2012



*Consumer loans include also home equity loans and credit cards

Performance analysis – CS Bank balance sheet

High demand on mortgage market continued

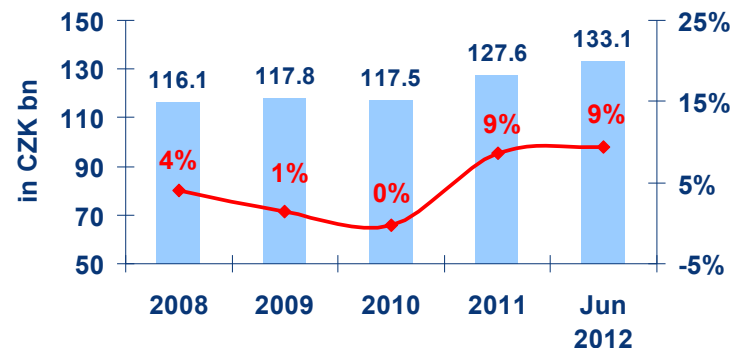
– Volume of private mortgages retained previous pace and reached CZK 133.1 bn (+9.4% y/y)

- Mortgages granted in 2012: average maturity at 22.6 years (23.1 in 2011); average size of mortgage stable at CZK 1.7 mil; LTV ratio at 68.2% (68.6% in 2011)
- Whole portfolio: average maturity stable at 21.6 years, residual maturity stable at 17.1 years; LTV ratio at comfortable 65.3%

– Consumer lending* declined by 7.2% (CZK -5.8 bn) y/y

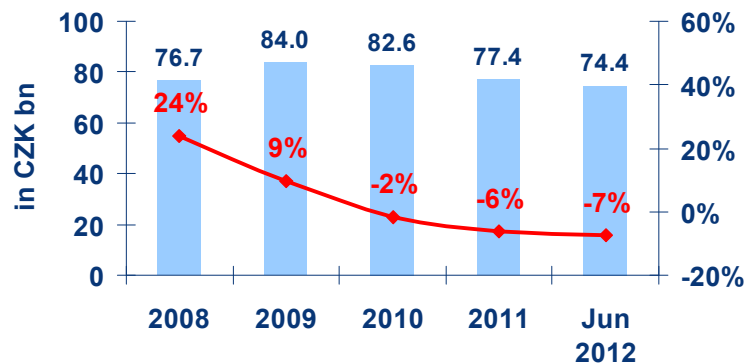
- Demand for consumer lending remained weak, corresponding with lower household consumption

Private Mortgages Development



■ Private Mortgages ◆ Private Mortgages growth (Y/Y)

Consumer Lending Development*



■ Consumer Lending ◆ Consumer Lending growth (Y/Y)

*Consumer loans include also home equity loans and credit cards

Performance analysis – Risk costs improvement continued

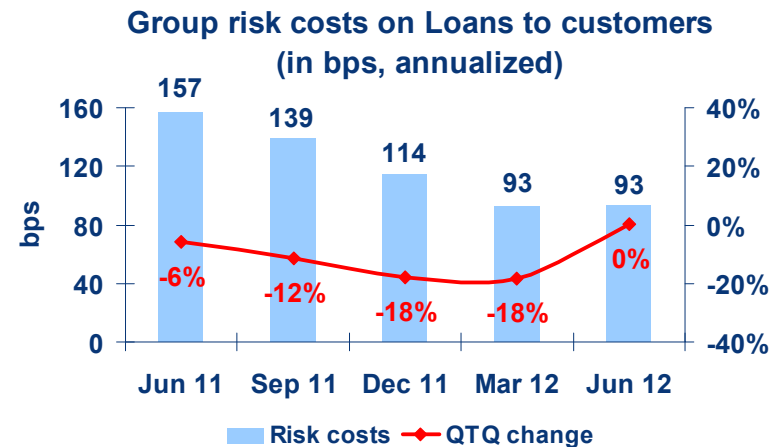
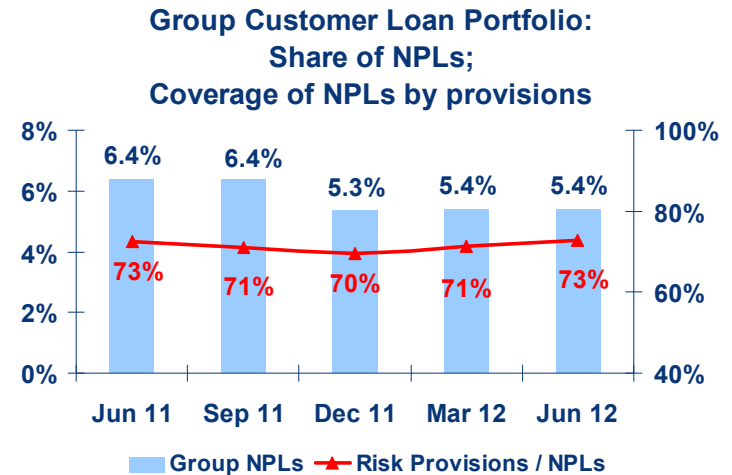
– Group share of NPL decreased by 100 bps to 5.4% y/y

- Share of NPL remained stable on YE 2011 level
- Provision coverage at strong level of 73%
- Total coverage (provisions and collateral to NPL) at 126%

– Annualized group risk costs at 93 bps

- On the same level as in Q1 2012

– According to CNB methodology share of defaulted loans declined from 7.2% to 6.0% y/y



Presentation topics

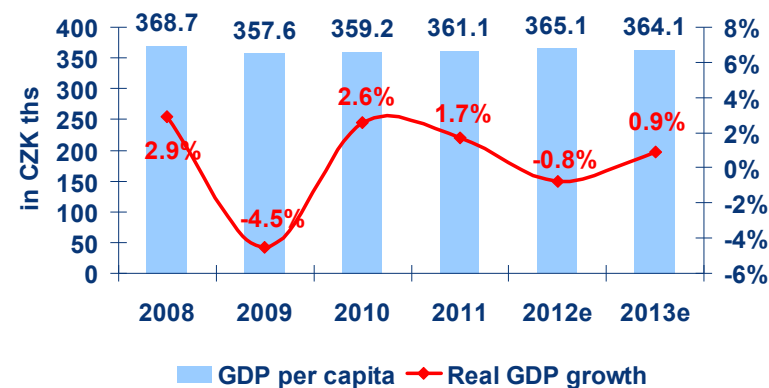
- Performance of Ceska sporitelna
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- **Economy**
 - Macroeconomic environment
- **Banking market**
 - Banking market development
 - Market shares
- **Appendix**

Macroeconomic environment

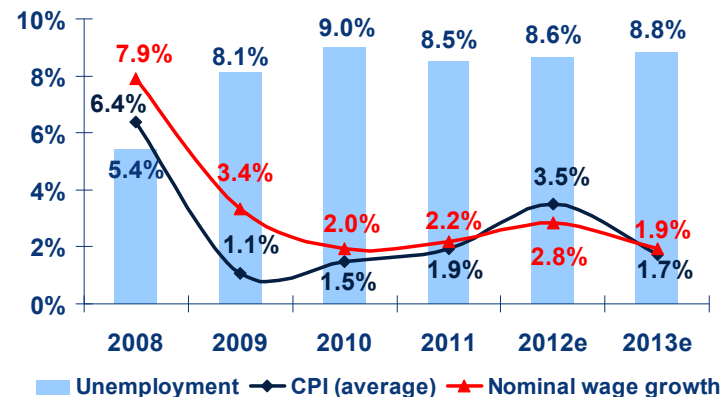
Czech economy slowdown due to fiscal consolidation and global development (EMU debt crisis)

- Czech GDP fell by 0.8% y/y in Q1 2012, forecast for the whole year -0.8% and +0.9% for 2013
- Structure of the GDP reveals domestic weakness against still good foreign demand. Net exports are the only meaningful positive contributor to growth, reflecting the competitiveness of the economy
- Domestic fiscal restriction combined with the debt-crisis generated uncertainty has held consumers' spending back. Consumer confidence is the lowest since 1999 and unlikely to change any time soon given further fiscal consolidation plans

Key economic indicators



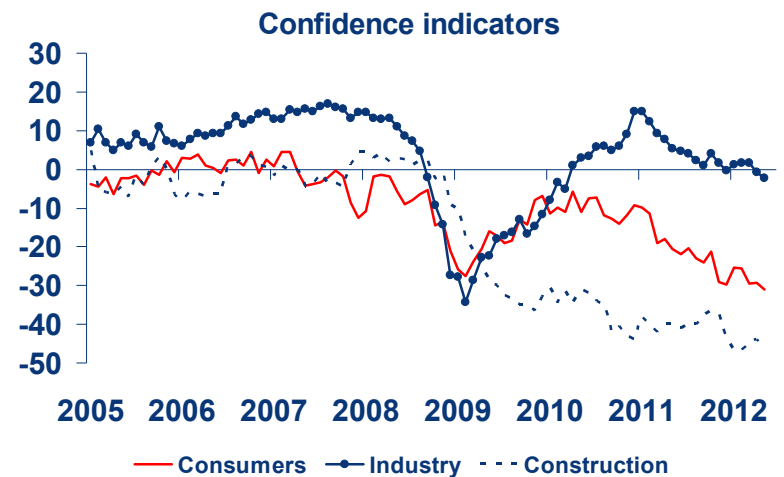
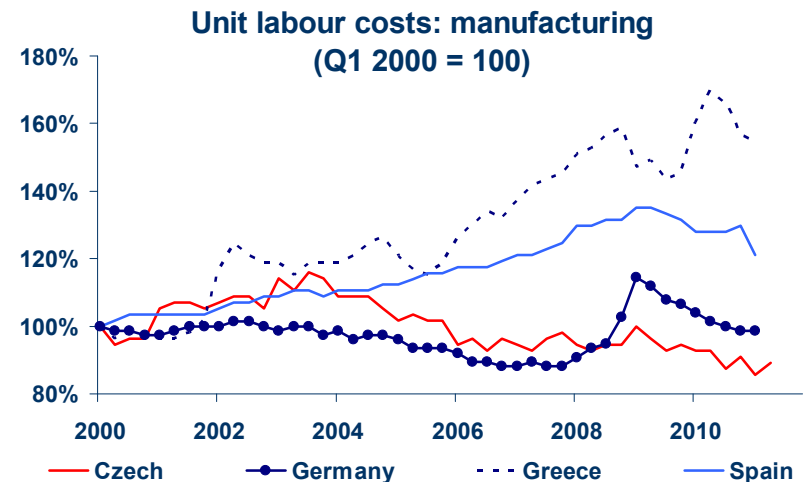
Unemployment vs inflation vs wage growth



Macroeconomic environment

Competitiveness of industry remains prop to growth during government consolidation drive

- Looking forward, net exports will remain the mainstay of growth in the next two years although the growth rates will be small (<5%) in both 2013 and 2014. Competitiveness of industry undamaged in previous catch-up process, there is still space for further growth
- Domestic demand will remain weak as fiscal consolidation continues and real wages/disposable income stagnate. 2013 fiscal package is worth around 0.5% of real GDP
- Fixed investments will be under pressure from the debt crisis – although the direct effect (slowdown of activity) is still manageable, the indirect one (uncertainty-related) is more pronounced



-
- **CNB cut rates to all-time low of 0.50% as economy remains devoid of inflationary pressures**
 - Although inflation is around 3%, demand-led pressures do not exist
 - One half of the price level increase in H1 2012 was due to regulated prices, one third due to indirect taxes, the rest came from fuel and food prices
 - Demand component of inflation (roughly 55% of the consumer basket) has been negative since summer 2009
 - Given the outlook for household consumption it is hard to see any demand pressures in the next couple of years
 - Although CZK is a bit pro-inflationary factor, its weakening due to the EMU debt crisis has not been runaway and is welcome as another way of relaxing of monetary conditions
 - CS expects CNB to cut rates one more time to 0.25% in 2012

Presentation topics

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

Banking market development – Healthy banking sector

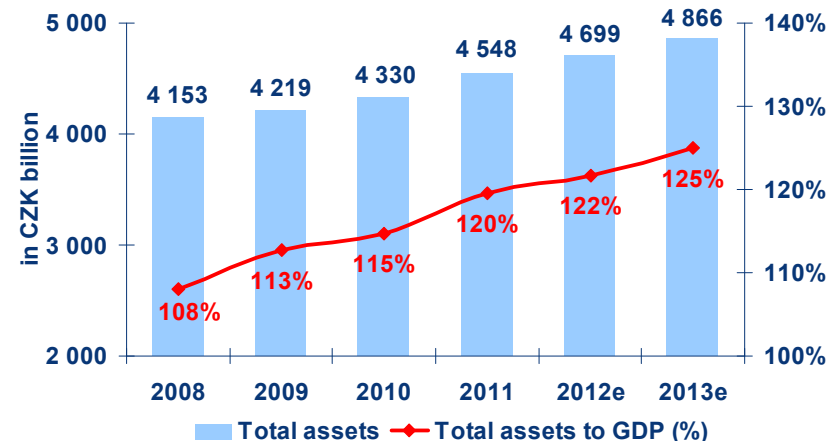
– Czech banking sector keeps its stable position

- Strong capital and liquidity position
 - Capital adequacy still above 15% (03/2012)
- Independence on foreign sources
- Share of NPLs stable at 6% (5/2012)
- Low FX loans ratio
 - Households less than 0.1% of all loans
 - Corporate sector 19% which is reasonable given export-oriented nature of Czech economy
- Loan to deposits ratio at low 76%
- Stable ROE of about 20-25%

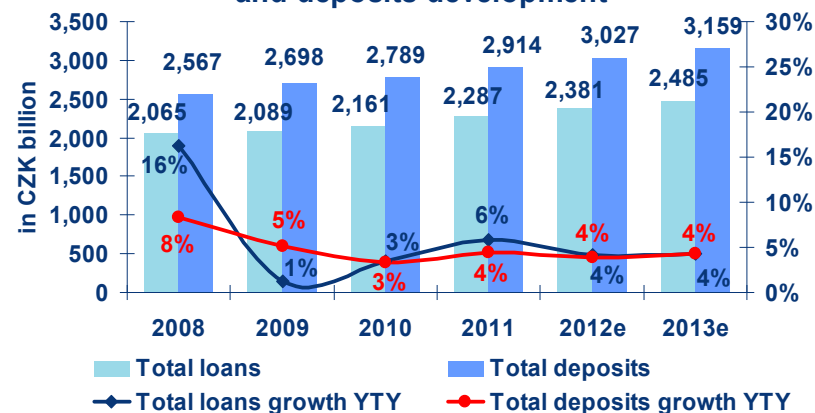
– According to CNB's Financial stability report released in June 2012, Czech financial sector remains resilient to wide range of risks

- In adverse scenario, capital adequacy of the whole banking sector will drop to 10%
- As many as 12 banks would get into a situation of insufficient capital adequacy but roughly CZK 15bn (0.4% of GDP), would be enough to recapitalize them back above regulatory level of 8%
- Even if adverse scenario is extended by adding 50% impairment of exposures to parent banks, capital adequacy remains above 8% (net exposure of 5 largest Czech banks to its parent banks is fluctuating around CZK 75 bn, or 35% of regulatory capital)

Banking market - total assets development



Banking market - loans and deposits development



Source: CNB, CS estimates

CS market shares – Market leadership maintained (March 2012)

– Market position overview

- No. 1 by number of customers (5.2 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 38%)
- No. 1 by total deposits (market share 23%)
 - 28% in retail deposits, 10% in corporate deposits
- No. 1 in number of payment cards (market share 31%)*
 - 14% in credit cards*
- No. 2 by total assets (market share 20%)
- No. 2 in mutual funds (market share 28%)

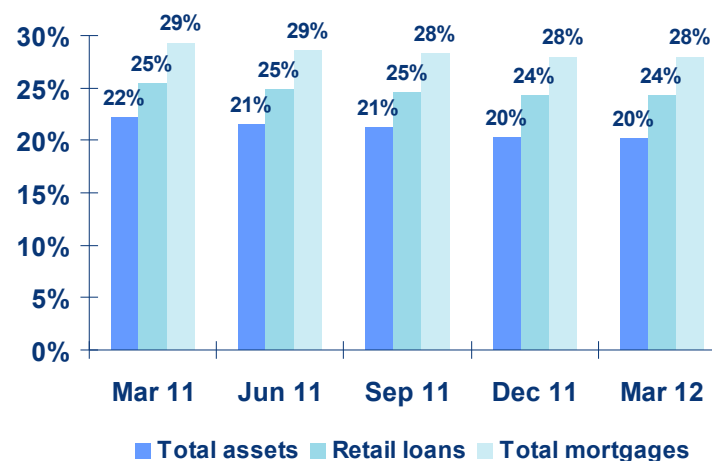
– Market structure remains stable

- Concentrated banking market
- 44 banks in total, 36 owned by foreigners
- 3 dominant players, including CS
- New players entered the market in 2011

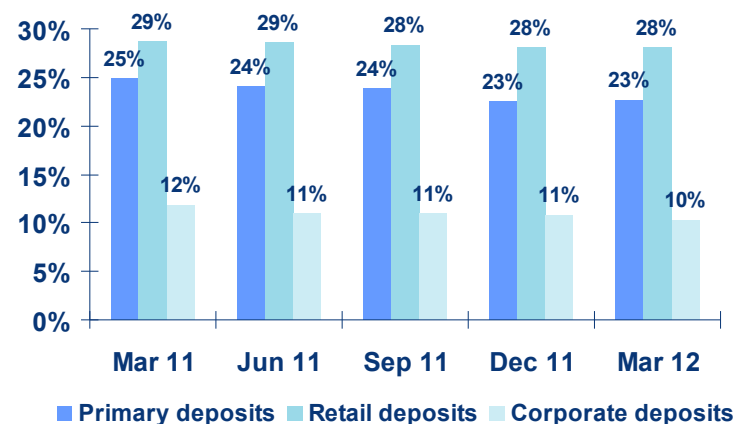
Source: CNB statistics, MMR, AKAT, Bank Card Association

*) as of December 2011

Market share development - asset side



Market share development - liability side



Presentation topics

- **Performance of Ceska sporitelna**

- Financial statements
- Performance analysis

- **Economy**

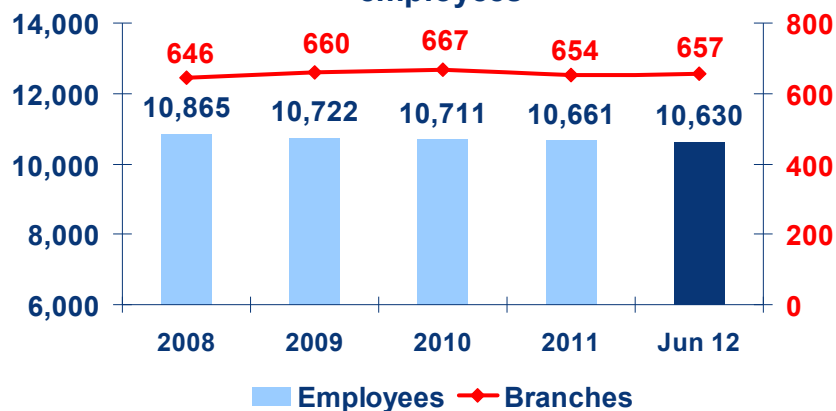
- Macroeconomic environment

- **Banking market**

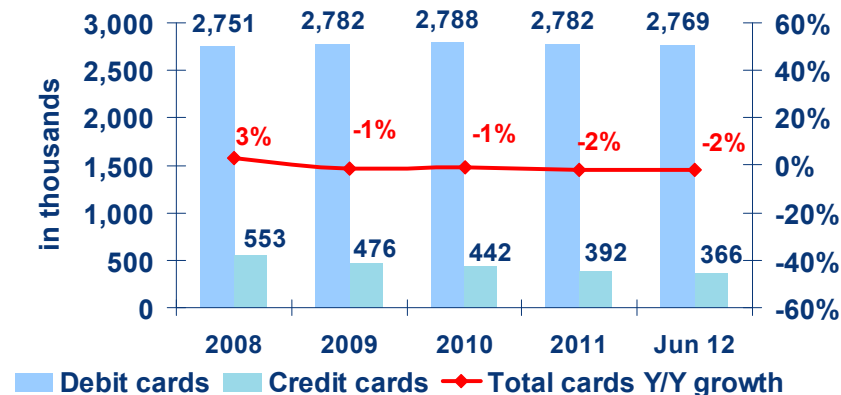
- Banking market development
- Market shares

- **Appendix**

Number of branches vs number of employees

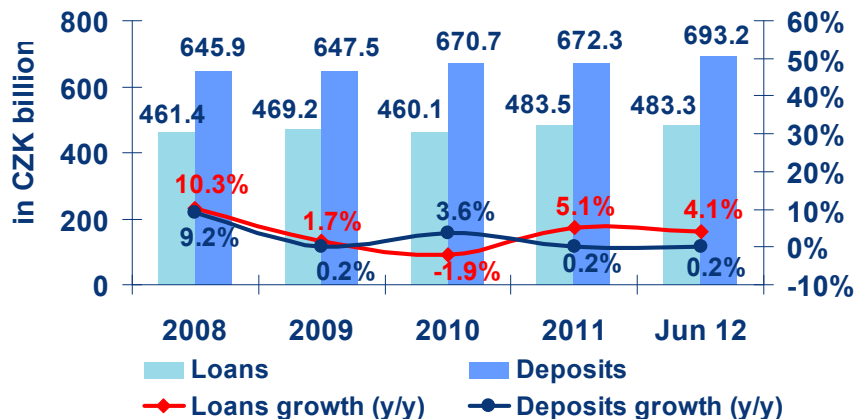


Bank cards development*

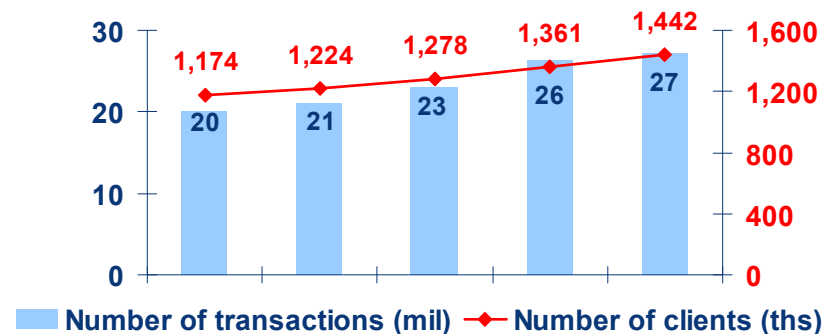


*Development in credit cards impacted by continuing abolishing inactive cards

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	30/06/2012		31/12/2011		30/06/2011		YTD change		Y/Y change	
	Outstand.	Share	Outstand.	Share	Outstand.	Share	Outstand.	Rate	Outstand.	Rate
I. CORPORATE & RETAIL (1+2)	443,680	91.8%	440,637	91.1%	420,284	90.5%	3,043	0.7%	23,396	5.6%
1. CORPORATES	182,965	37.9%	179,493	37.1%	160,950	34.7%	3,472	1.9%	22,015	13.7%
GCIB	66,962	13.9%	68,270	14.1%	52,589	11.3%	-1,308	-1.9%	14,373	27.3%
Group Large Corporate	33,027	6.8%	34,063	7.0%	22,689	4.9%	-1,037	-3.0%	10,338	45.6%
Group Corp. Mortgage&Real Estate	33,935	7.0%	34,207	7.1%	29,900	6.4%	-271	-0.8%	4,036	13.5%
Local Corporate	116,002	24.0%	111,223	23.0%	108,361	23.3%	4,780	4.3%	7,641	7.1%
Large Corporates	30,128	6.2%	28,643	5.9%	29,548	6.4%	1,485	5.2%	580	2.0%
Medium Corporates (SMEs)	65,177	13.5%	62,667	13.0%	60,734	13.1%	2,509	4.0%	4,442	7.3%
Local Corp. Mortgage&Real Estate	6,280	1.3%	6,073	1.3%	5,171	1.1%	207	3.4%	1,109	21.4%
Municipalities	14,418	3.0%	13,840	2.9%	12,908	2.8%	578	4.2%	1,510	11.7%
2. RETAIL	260,715	53.9%	261,144	54.0%	259,334	55.9%	-429	-0.2%	1,382	0.5%
Private Credit cards	5,059	1.0%	5,395	1.1%	5,319	1.1%	-335	-6.2%	-260	-4.9%
Consumer lending	69,357	14.4%	71,985	14.9%	74,872	16.1%	-2,628	-3.7%	-5,514	-7.4%
Private social	1,792	0.4%	1,946	0.4%	2,075	0.4%	-154	-7.9%	-283	-13.7%
Private mortgages	133,091	27.5%	127,569	26.4%	121,616	26.2%	5,522	4.3%	11,475	9.4%
Micro corporates (MSEs)	18,554	3.8%	20,086	4.2%	21,872	4.7%	-1,533	-7.6%	-3,318	-15.2%
Commercial mortgages	25,267	5.2%	26,297	5.4%	25,613	5.5%	-1,030	-3.9%	-347	-1.4%
Small municipalities	7,595	1.6%	7,866	1.6%	7,966	1.7%	-271	-3.4%	-371	-4.7%
II. FINANCIAL MARKETS	289	0.1%	939	0.2%	197	0.0%	-650	-69.2%	92	46.9%
BANK LOANS TO CUSTOMERS	443,969	91.9%	441,576	91.3%	420,481	90.6%	2,393	0.5%	23,488	5.6%
III. SUBSIDIARIES	59,167	12.2%	60,827	12.6%	63,284	13.6%	-1,660	-2.7%	-4,117	-6.5%
IV. CONSOLIDATION ITEMS	-19,823	-4.1%	-18,862	-3.9%	-19,445	-4.2%	-961	5.1%	-378	1.9%
GROUP LOANS TO CUSTOMERS	483,312	100.0%	483,541	100.0%	464,319	100.0%	-228	0.0%	18,993	4.1%

Net profit of selected subsidiaries

- Net profit of **Stavebni sporitelna CS (building society)** was affected by lower operating income
- Increase in net profit of **sAutoleasing** reflects positive business development and improved risk profile of new business
- **Penzijni fond CS (pension fund)** recorded decrease in net profit mainly due to lower income from financial assets which was partially compensated by higher net trading result
- Net profit of **Factoring CS** moderately decreased because of increase of insurance expenses connected with ongoing positive business development and extraordinary yields in Y2011



IFRS, CZK m	1-6 12	1-6 11	% Change
CS Building Society	419	587	-29%
sAutoleasing	35	22	57%
Pension Fund CS*	340	371	-9%
Factoring CS	30	34	-11%

* According to the Supplementary Pension Insurance Act, 85% of net profit supposed to be distributed among clients

Financial results by quarters

in CZK million	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012
Net interest income	7,457	8,018	7,870	7,891	7,835	7,748
Risk provisions for loans and advances	(1,950)	(1,692)	(1,270)	(588)	(1,118)	(1,130)
Net fee and commission income	3,019	3,046	3,096	3,220	2,910	3,038
Net trading result	893	420	(643)	(223)	781	204
General administrative expenses	(4,725)	(4,603)	(4,561)	(4,536)	(4,698)	(4,726)
Other operating result	(333)	(824)	(958)	(571)	(423)	(634)
Results from financial assets	362	(159)	(599)	11	306	270
Pre-tax profit	4,724	4,206	2,935	5,205	5,593	4,770
Taxes on income	(915)	(804)	(628)	(1,217)	(1,172)	(1,001)
Profit for the year after taxes and before controlling interests	3,809	3,402	2,307	3,988	4,421	3,769
Net profit for the year						
attributable to owners of the parent	3,803	3,409	2,343	4,083	4,456	3,765
attributable to non-controlling interests	5	(7)	(36)	(95)	(35)	4
Operating income	11,369	11,484	10,323	10,889	11,526	10,991
Operating expenses	(4,725)	(4,603)	(4,561)	(4,536)	(4,698)	(4,726)
Operating result	6,644	6,881	5,762	6,353	6,828	6,265

Note: All data reported at cost valuation of investment property

Segment financial statements – Income statement

in EUR million	1-6 12	1-6 11	Change
Net interest income	570.6	590.0	(3.3%)
Risk provisions	(85.3)	(139.3)	(38.8%)
Net fee and commission income	229.8	248.4	(7.5%)
Net trading result	(8.4)	14.8	na
General administrative expenses	(358.9)	(366.0)	(1.9%)
Other result	(20.8)	(46.9)	(55.7%)
Pre-tax profit	327.0	301.0	8.6%
Taxes on income	(68.6)	(57.8)	18.7%
Net profit for the period	258.4	243.2	6.3%
Attributable to non-controlling interests	5.7	4.0	42.5%
Attributable to owners of the parent	252.7	239.2	5.6%
Operating income	792.0	853.2	(7.2%)
Operating expenses	(358.9)	(366.0)	(1.9%)
Operating result	433.1	487.2	(11.1%)

Exchange rate for H1 2012: 25.17 CZK/EUR (average for the period)

Segment financial statements – Income Statement

(Quarterly development)

in EUR million	Q2 11	Q3 11	Q4 11	Q1 12	Q2 12
Net interest income	305.6	310.3	283.0	282.6	288.0
Risk provisions	(68.4)	(49.3)	(21.9)	(44.5)	(40.8)
Net fee and commission income	123.7	124.0	124.1	112.2	117.6
Net trading result	(0.7)	(34.0)	(26.3)	16.7	(25.1)
General administrative expenses	(180.9)	(177.7)	(170.2)	(179.5)	(179.4)
Other result	(39.2)	(67.4)	(7.7)	(1.0)	(19.8)
Pre-tax profit	140.1	105.9	181.0	186.5	140.5
Taxes on income	(26.8)	(22.4)	(42.2)	(39.1)	(29.5)
Net profit/loss for the period	113.3	83.5	138.8	147.4	111.0
Attributable to non-controlling interests	1.5	(0.3)	5.5	3.1	2.6
Attributable to owners of the parent	111.8	83.8	133.3	144.3	108.4
Operating income	428.6	400.3	380.8	411.5	380.5
Operating expenses	(180.9)	(177.7)	(170.2)	(179.5)	(179.4)
Operating result	247.7	222.6	210.6	232.0	201.1

Exchange rate for Q2 2012: 25.25 CZK/EUR (average for the period)

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