

Česká spořitelna investor presentation

H1 2014 results

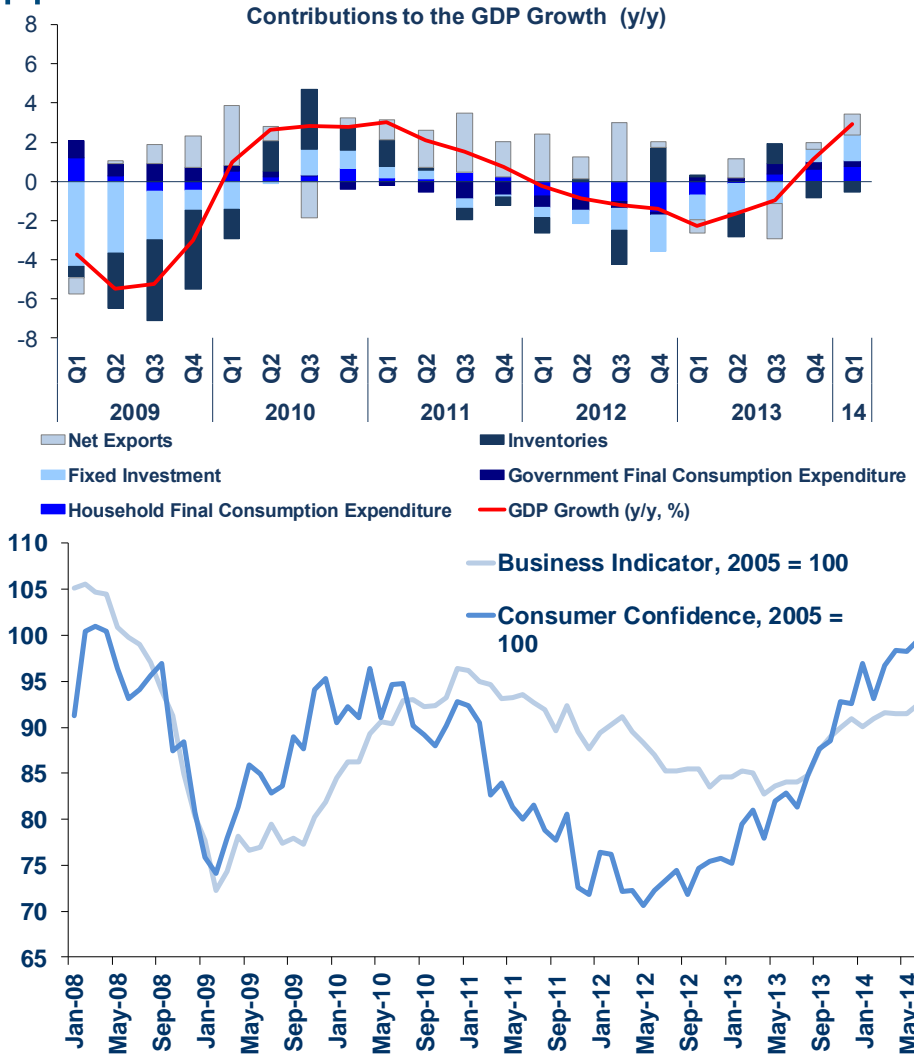
- 31 July 2014

Stable operating performance supported by business growth in major product classes

Executive summary –

Macro indicators prove improving business opportunities

- Macroeconomic development
 - GDP coming in at the strongest growth since 2011 in Q1 2014 (2.9% y/y)
 - Recovery of fixed investment as the main positive contributor to the GDP growth in Q1 2014 concentrated mainly in the manufacturing sector
 - Household final consumption expenditure as another driver of GDP growth reflecting persistent increase in consumer confidence and sharp decline in the jobless rate
 - Deflationary scenario still not warded off due to recent slowdown in growth of food prices, the only significant positive contributor to the CPI growth since the beginning of 2014
 - Yields of 10-year government bonds close to the historically lowest levels, reflecting the recent ECB's monetary easing and excessive liquidity within the domestic financial sector



Executive summary –

Operating result achieved H1 2013 level*

- CS generated solid net profit of CZK 7.8 bn in H1 2014 which was 5% below H1 2013
- Operating result kept at H1 2013 level (-0.4% y/y) as decline of operating income was offset by drop of operating expenses due to continuing strict cost discipline
 - Drop of net interest income and net fee income stayed behind decline of operating income
 - NIM only slightly down at 3.55% (from 3.60%) despite zero market interest rates
 - 4% drop of operating expenses reflected staff reduction in H1 2013 which led to 8% savings in personnel expenses in H1 2014
- CS Group loan portfolio (net) increased by 3% compared to June 2013 (CZK +12 bn), driven by private mortgages
- Quality of loan portfolio further improved, share of NPLs declined to 4.6% (5.2% in 6/13)
- Risk costs stable at 0.8%, NPL coverage at comfortable level 79%
- Significant growth on yearly basis was recorded in customer assets in pension funds of CSPS (+16% y/y), in domestic and foreign mutual funds (+15% y/y) and in assets under discretionary management (+13% y/y)
- CS maintained its excellent liquidity and capital position, Group capital adequacy (Basel III) at strong 18.7% (Tier I ratio also at 18.7%)

*CS changed the structure of financial statements due to adoption EBA financial reporting standards and deconsolidated transformed pension fund in 2014 - more details please find in Appendix, on slide 44

H1 2014 business highlights – Retail

- As the first bank on the Czech market, CS introduced a Facebook-style mortgage auction. As a result, mortgage sales via alternative distribution channels doubled
- CS introduced a pilot of Virtual Branch for Mass Affluent clients, who prefer personal communication not limited by opening hours of the bank's branches. The Virtual Branch provides advisory and services and is able to sell nearly all CS products exclusively via phone
- CS launched a 3D Secure service, protecting online card payments with an SMS text message code. 3D Secure contributes to increased transaction security and minimization of fraud costs
- In June, CS launched a new educational campaign aimed at safe use of the internetbanking. The campaign warns of diverse internet frauds, primarily targeting on clients' unawareness; it offers advice and information on how clients could better protect themselves against fraud threats
- According to the international business magazine World Finance, Investicni spolecnost Ceske sporitelny (ISCS) is the best investment company in the Czech Republic for 2014
- CS introduced a new application for smartphones called "LÍSTKOMAT" enabling clients pick a virtual ticket from the branch queue management system (Q-matic) and/or agree an appointment in branch for a specific time
- Recharging of Pilsen Cards via Ceska sporitelna's ATMs won the first place in the category Innovation in Public Administration in the 2013 Czech Innovation Award

H1 2014 business highlights – Corporates

- In the role of Sole Lead Manager and Bookrunner, CS has successfully executed the IPO of Pivovary Lobkowicz Group, a landmark transaction on the Czech capital market. The transaction confirms the role of CS as the largest manager of ECM* deals in the Czech Republic
- CS co-arranged the EUR 66 mil Export Buyer`s Credit Facility with 12-year door-to-door tenor extended to the Romanian chemical fertilizers producer AZOMURES S.A. under the EGAP cover. Purpose of the facility is to finance the company`s urea revamping project carried out by the Czech engineering company Chemoprojekt a.s. CS acted as Facility Agent
 - The facility was arranged in cooperation with Banca Comercială Română, a member of Erste Group, that has become Security Agent. The transaction marks another milestone in the successfully developing relationship between Erste Group and Ameropa Group, parent company of AZOMURES S.A.
- In the role of sole arranger CS supported with acquisition financing one of the most active private equity funds in the region Genesis Capital in its biggest transaction ever. Genesis acquired the fast growing company 3070, one of the leading retail shop designer companies. For Genesis it was the first transaction in Slovakia
- Aiming to enable young start-up small and medium-sized enterprises to obtain loans for the implementation of innovative projects, Erste Corporate Banking (from the CSFG) offers, as a part of the Inostart Swiss-Czech cooperation programme, financing and advice to start-up entrepreneurs across the country
- Erste Grantika Advisory, a CS subsidiary, administered the first-ever on-line electronic auction of corporate notes in the Czech Republic

*Equity capital market

H1 2014 Corporate social responsibility

- For as long as schoolchildren are uninterested in the natural sciences and technology, there will not be enough qualified workers and scientists in the Czech Republic. Without such people the country loses out on its opportunities for economic growth. That's why the Depositum Bonum Foundation supports teachers who have decided to do something about this situation
- Project of the Depositum Bonum Foundation Elixir for Schools encourages high quality, interactive teaching – and teachers can get involved in the project at one of 18 regional centres across the country
- CS and the Terra-klub charity jointly published a school atlas Contemporary Financial World for Secondary Schools in print and digital versions, which have an approval clause from the Ministry of Education
- Until 25 July, members of the general public were able to vote for charitable projects that would share in the distribution of CZK 1,000,000 in the Ceska sporitelna Foundation's Grant Programme. 31 projects nominated by CS clients who cooperate with them on a sustained basis as volunteers advanced to the finals
- On 27 May, CS opened its back office centre in the Vinice Building in Pardubice. By placing its back office centres in the regions, the bank creates jobs throughout the country

Presentation topics

- Česká spořitelna
 - Financial performance analysis
- Macroeconomic developments
 - Economic trends in details
- Banking market
 - Banking market developments
 - Česká spořitelna market shares
- Appendix

Financial statements – Income statement (CZK mil)*

Net profit decreased by 5%

	1-6 13	1-6 14	Change	Change
Net interest income	13,681	13,305	-2.7%	-376
Net fee and commission income	5,725	5,555	-3.0%	-170
Dividend income	45	46	2.2%	1
Net trading and fair value result	1,090	1,195	9.6%	105
Rental income from investment properties & other operating leases	430	412	-4.2%	-18
General administrative expenses	-9,461	-9,045	-4.4%	416
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	151	136	-9.9%	-15
Net impairment loss on financial assets not measured at fair value through profit or loss	-2,005	-1,917	-4.4%	88
Other operating result	514	10	-98.1%	-504
Pre-tax result from continuing operations	10,170	9,697	-4.7%	-473
Taxes on income	-2,026	-1,898	-6.3%	128
Net result for the period				
Net result attributable to non-controlling interests	-9	17	-	26
Net result attributable to owners of the parent	8,153	7,782	-4.6%	-371
Operating income	20,971	20,513	-2.2%	-458
Operating expenses	-9,461	-9,045	-4.4%	416
Operating result	11,510	11,468	-0.4%	-42
Cost/income ratio	45.1%	44.1%		
Return on allocated capital	17.1%	15.0%		

*CS changed the structure of financial statements due to adoption EBA financial reporting standards and deconsolidated transformed pension fund (TPF) in 2014 - more details please find in Appendix , on slide 44. Financial statements excluding impact of TPF are on slides 39-41

Financial statements – Balance sheet I (CZK mil)*

Assets

Assets	Dec 13	Jun 14	Change	Change
Cash and cash balances	77,581	66,954	-13.7%	-10,627
Financial assets - held for trading	47,718	29,433	-38.3%	-18,285
Derivatives	21,168	16,575	-21.7%	-4,592
Other trading assets	26,550	12,858	-51.6%	-13,693
Financial assets - designated at fair value through profit or loss	4,223	2,967	-29.7%	-1,256
Financial assets - available-for-sale	82,295	81,298	-1.2%	-997
Financial assets - held to maturity	154,720	144,013	-6.9%	-10,707
Loans and receivables to credit institutions	75,348	49,311	-34.6%	-26,037
Loans and receivables to customers	489,194	489,483	0.1%	289
Derivatives - hedge accounting	945	1,088	15.1%	143
Property and equipment	14,166	13,719	-3.2%	-447
Investment properties	8,330	8,208	-1.5%	-122
Intangible assets	3,333	3,140	-5.8%	-192
Investments in associates and joint ventures	0	0	-	0
Current tax assets	102	378	270.0%	276
Deferred tax assets	126	147	16.7%	21
Other assets	10,642	10,193	-4.2%	-449
Total assets	968,723	900,332	-7.1%	-68,392

*CS changed the structure of financial statements due to adoption EBA financial reporting standards and deconsolidated transformed pension fund (TPF) in 2014 - more details please find in Appendix , on slide 44. Financial statements excluding impact of TPF are on slides 39-41

Financial statements – Balance sheet II (CZK mil)*

Liabilities

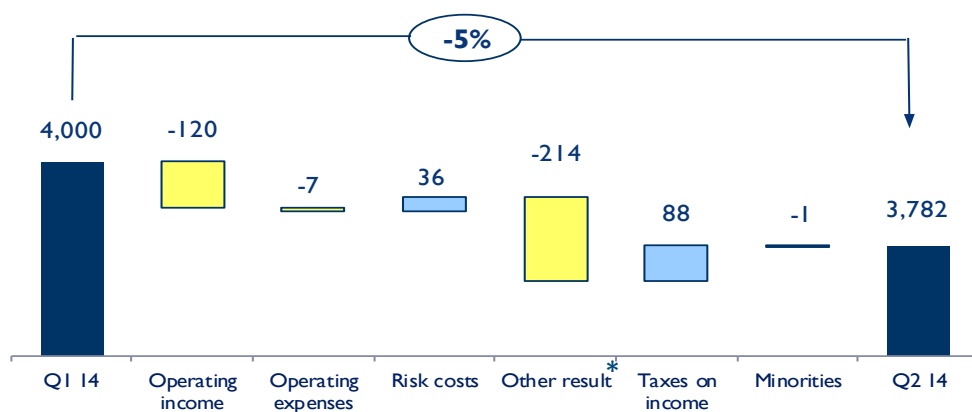
Liabilities and equity	Dec 13	Jun 14	Change	Change
Financial liabilities - held for trading	24,024	18,426	-23.3%	-5,598
Derivatives	24,024	18,409	-23.4%	-5,615
Other trading liabilities	0	17	-	17
Financial liabilities designated at fair value through profit or loss	14,434	13,586	-5.9%	-848
Deposits from customers	12,615	11,950	-5.3%	-666
Debt securities	1,818	1,636	-10.0%	-182
Financial liabilities measured at amortised cost	815,659	749,761	-8.1%	-65,898
Deposits from banks	73,036	61,971	-15.2%	-11,065
Deposits from customers	713,977	661,608	-7.3%	-52,369
Debt securities	28,646	26,182	-8.6%	-2,464
Derivatives - hedge accounting	422	486	15.2%	64
Provisions	2,594	2,455	-5.4%	-139
Current tax liabilities	414	110	-73.4%	-304
Deferred tax liabilities	100	321	219.9%	221
Other liabilities	10,100	15,119	49.7%	5,019
Total equity	100,976	100,068	-0.9%	-908
Equity attributable to non-controlling interests	316	219	-30.7%	-97
Equity attributable to owners of the parent	100,660	99,849	-0.8%	-811
Total liabilities and equity	968,723	900,332	-7.1%	-68,392

*CS changed the structure of financial statements due to adoption EBA financial reporting standards and deconsolidated transformed pension fund (TPF) in 2014 - more details please find in Appendix , on slide 44. Financial statements excluding impact of TPF are on slides 39-41

Financial performance – Executive summary

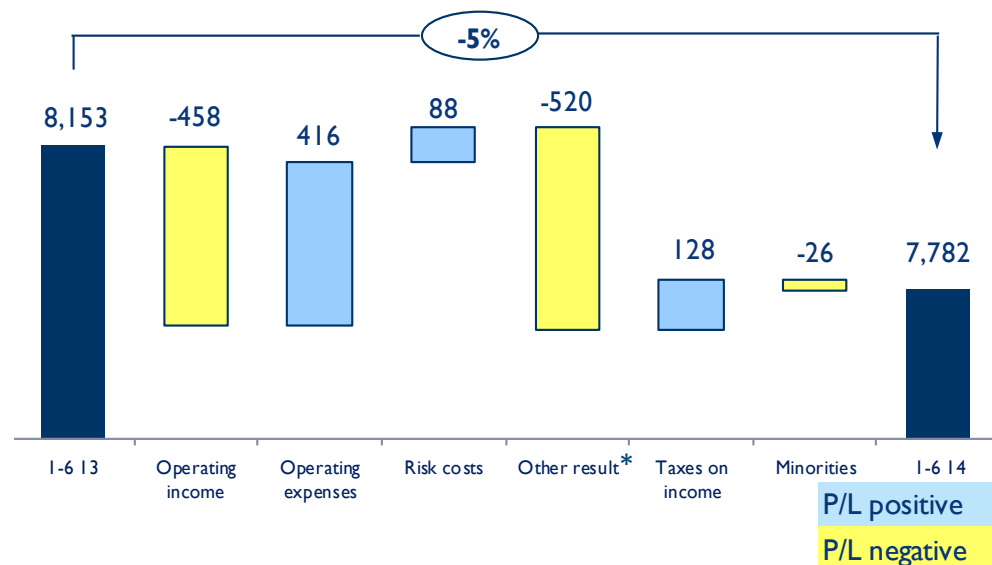
Česká spořitelna Group income statement performance

Q/Q net profit reconciliation (CZK mil)



- **Decrease of net profit in Q2 2014 compared to Q1 2014 driven by other result***
 - Results from financial assets and liabilities not measured at fair value decreased by 82% (income from sale of bonds in Q1 2014)
- **Net interest income declined by 2% driven by lower NII from loans and receivables**
- **Risk costs went down by 4% Q/Q**

Y/Y net profit reconciliation (CZK mil)



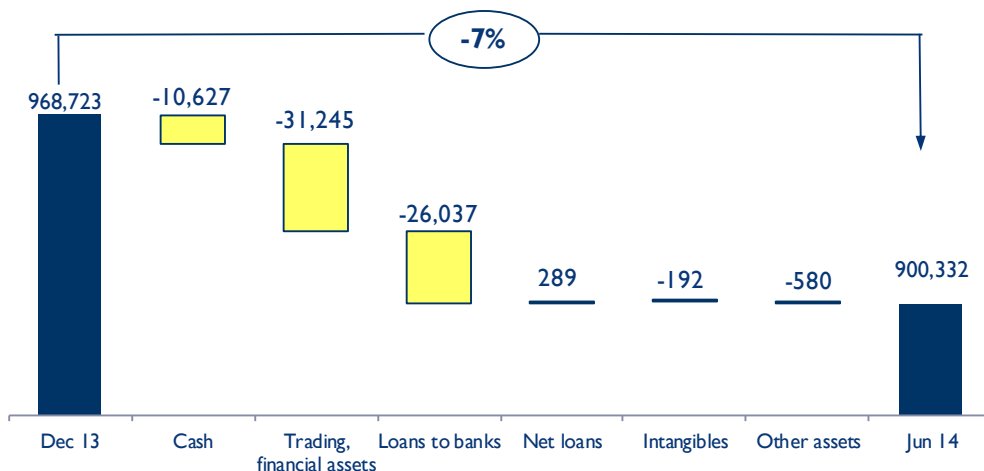
- **Decline of net profit caused mainly by other operating result (in other result*)** which was affected by positive one-off in 2013
- **Operating income declined by 2%**
 - Key factors were lower net interest income and net fee income
- **Operating expenses dropped by 4%**
 - Reflected 8% decline of personnel expenses due to staff reduction in 2013

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

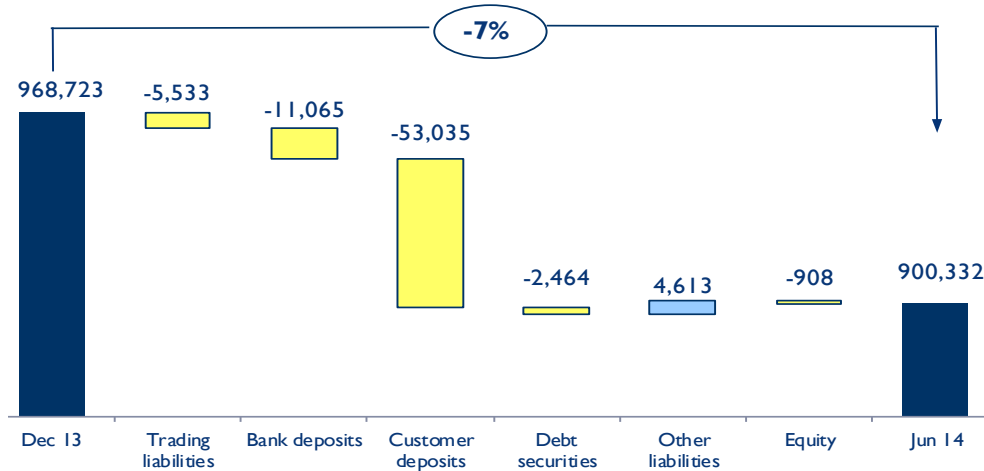
Financial performance – Executive summary

Group balance sheet influenced by deconsolidation of transformed pension fund

YTD total asset reconciliation (CZK mil)



YTD total liability reconciliation (CZK mil)



- **Decrease of total assets caused by deconsolidation of transformed pension fund (TPF) in 2014**
 - Excluding impact of deconsolidation of TPF (CZK 51 bn) total assets declined by only 2% since YE 2013
- **Assets in AFS portfolio rose by 32% excluding impact of TPF since YE 2013 and assets in HTM portfolio remained flat**
- **Adjusted for deconsolidation of TPF loans to banks decreased by 12% YTD**

- **Decline of total liabilities driven by deconsolidation of transformed pension fund resulting mainly in decline of customer deposits**
 - Customer deposits excluding impact of deconsolidation of transformed pension fund declined by 0.5% since YE 2013
- **Deposits from banks declined by 15% (CZK -11 bn)**

Growth

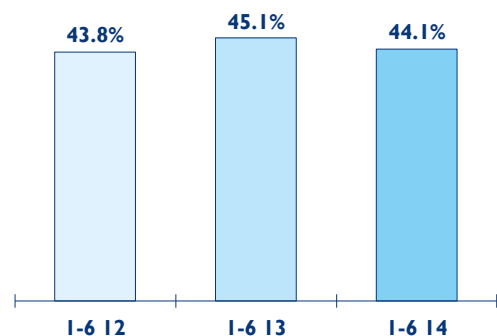
Decline

Note: Adjusted B/S figures (for impact of deconsolidation of TPF) pls see on slides 40-41

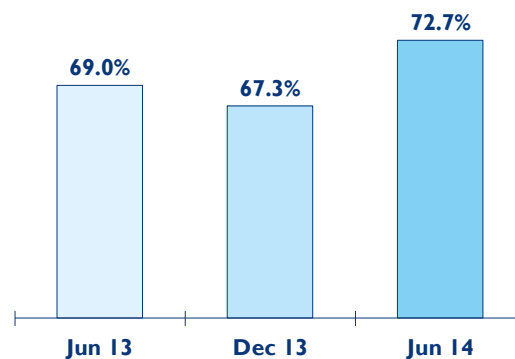
Financial performance – Executive summary

Česká spořitelna Group key performance indicators

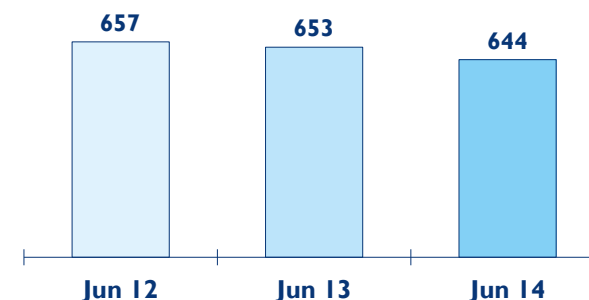
Cost/income ratio



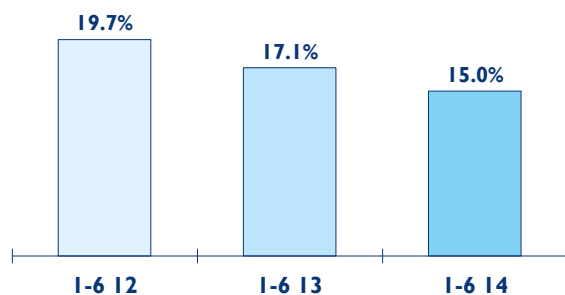
Loan/deposit ratio*



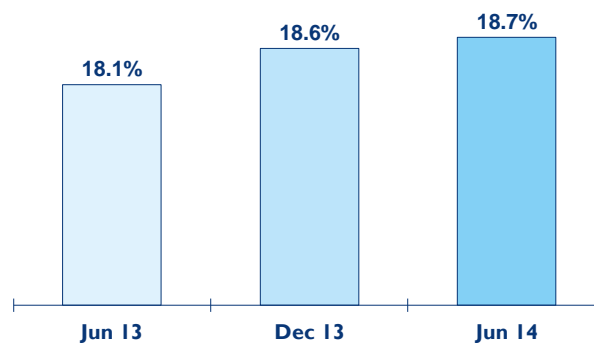
Number of branches



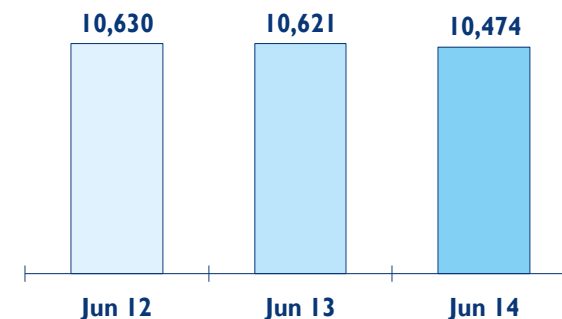
ROE



Capital adequacy ratio**



Number of employees (eop)



* Excluding the transformed pension fund in Dec 2013 L/D would stand at 72.3%, adjusted figures pls see on slides 39-41

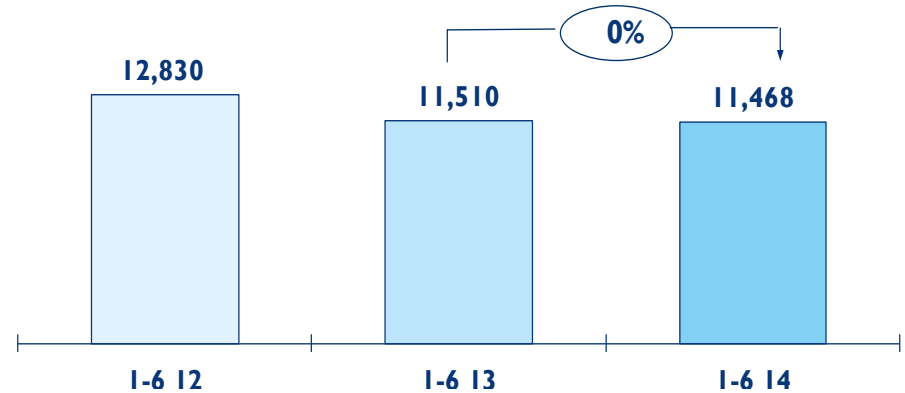
**Group capital adequacy Tier I+Tier II, 2014 according to Basel III

Operating result –

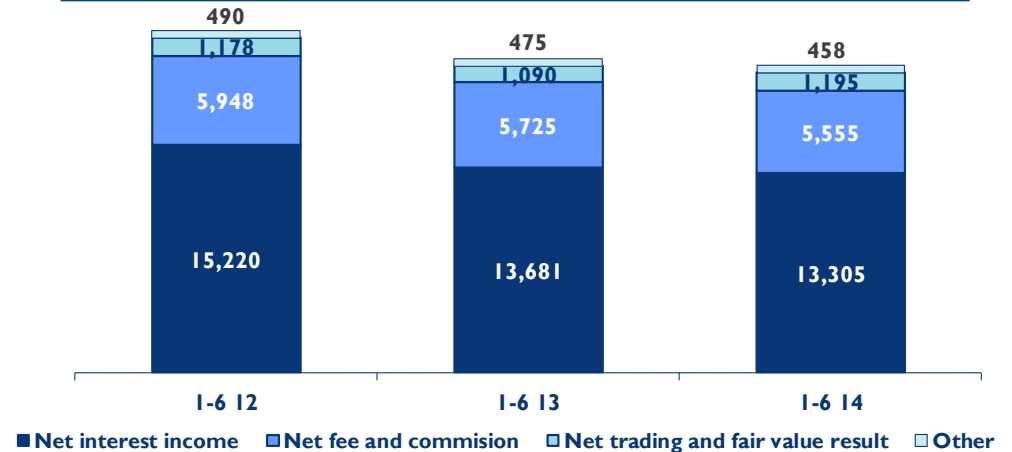
Achieved H1 2013 level of CZK 11.5 bn

- Operating result remained on H1 2013 level because y/y decline of operating income was offset by decrease of operating expenses
- Decline of operating income (-2% y/y) driven by drop of net interest income and net fee income
- Major contributor to operating income was net interest income with stable 65% share on operating income
- Operating expenses dropped by 4% y/y /details on next slides/

Operating result (CZK mil)



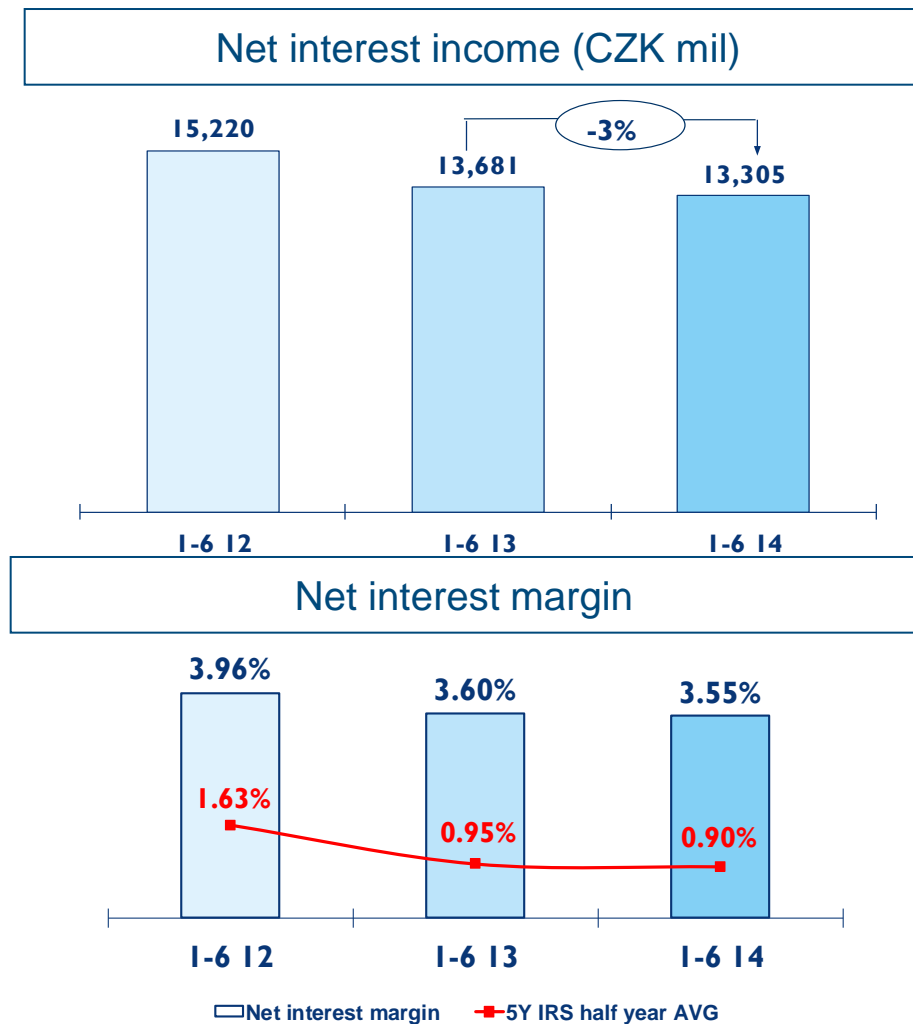
Operating income structure (CZK mil)



Net interest income –

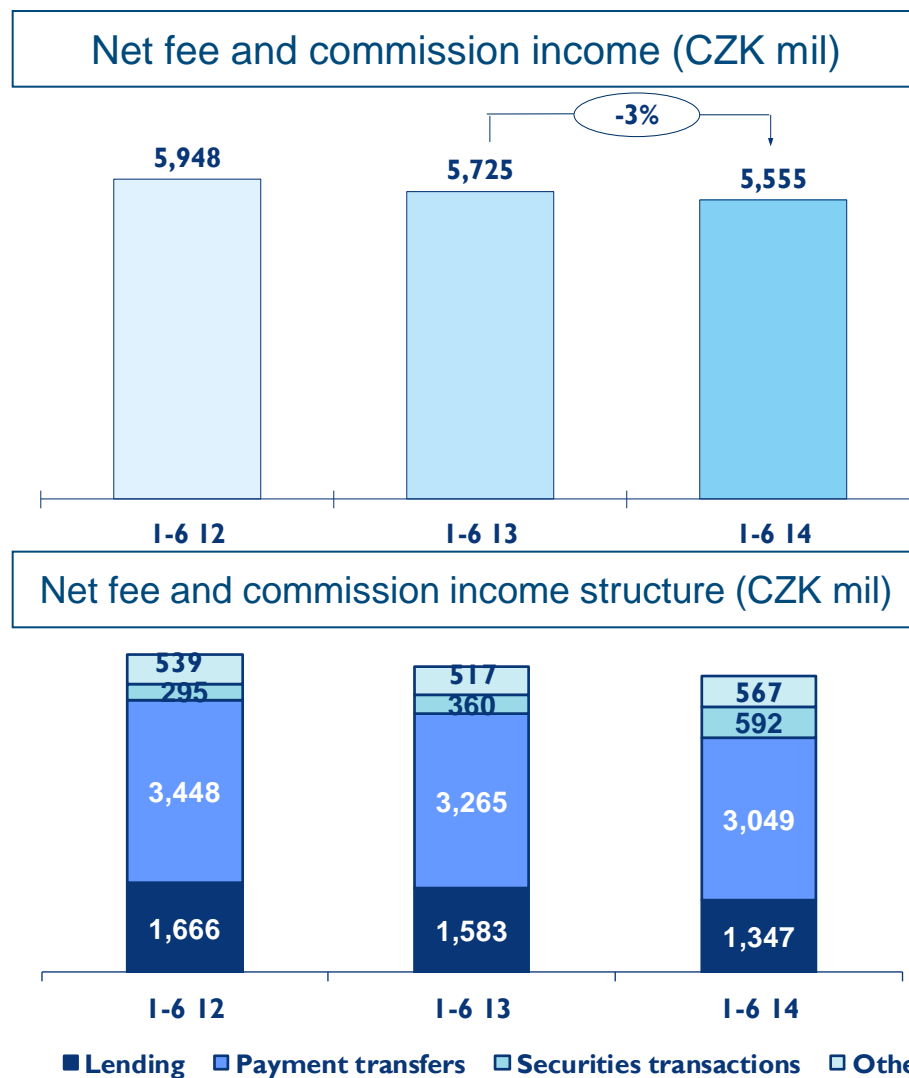
Still suffers from historically low interest rate environment

- Net interest income down by 3% due to continuing almost zero interest rate environment
 - Lower interest income from bond portfolio due to replacing maturing bonds by bonds with lower yields
 - Partially outweighed by 3% growth of loans to customers (supported by strong growth of new lending)
- Net interest margin only slightly decreased to 3.55% despite low market interest rates



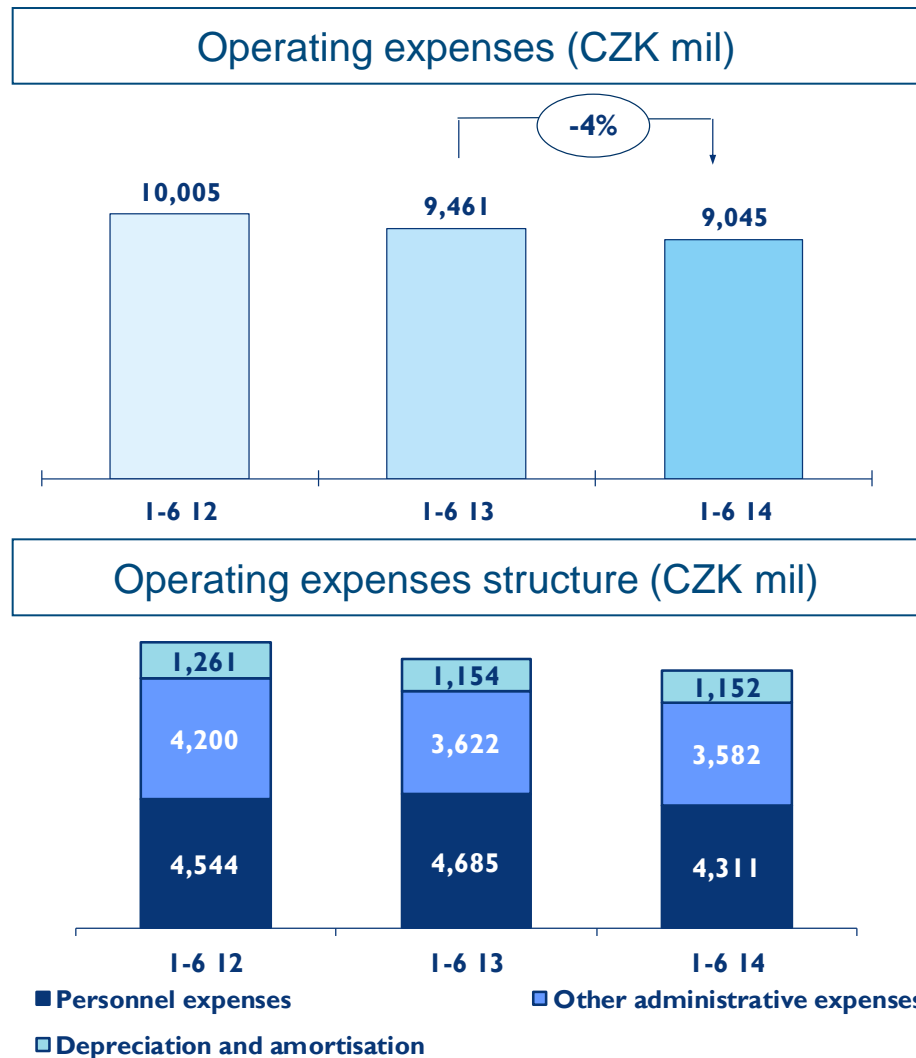
Net fee and commission income – Declined by 3%

- Decrease attributed to lower net fee income from lending business (-15%) and from payment transactions and account maintenance (-7% y/y)
 - Impact of payment holidays in lending products
 - Lower fee income from personal accounts (free current accounts) and from payment transactions (higher usage of cheaper direct banking)
 - Higher paid fees for payment card transactions
- Net fee income from securities business increased y/y
 - Driven by growing fee income from asset management (supported by 13% increase in asset management)



Operating expenses – Strategic cost management initiative continued

- Decline in operating expenses mainly reflected 8% drop of personnel expenses
 - Result of staff reduction in April 2013; number of employees decreased by 147 FTEs (-1%) compared to June 2013
- Other administrative expenses decreased by 1% y/y
 - Reduced office and IT expenses
- Depreciation stayed flat
 - Higher depreciation of software offset by lower depreciation of non IT equipment



Group capital adequacy (Basel III) – Strong capital position

- Capital position of Ceska sporitelna group remained very strong, Tier I+II capital adequacy at 18.7 %
- CS Group capital adequacy Tier I stood at 18.7% according to Basel III
 - Tier I capital increased by CZK 1 bn (+2%) y/y due to higher retained earnings
- Total capital requirements lowered by 4% (CZK -2 bn) y/y
 - Due to lower capital requirement to credit risk
- Risk weighted assets decreased by 5% y/y

Parent Bank, CZK mil.	Basel II	Basel II	Basel III
	30/6/2013	31/12/2013	30/6/2014
Tier I capital (after deductions)	73,387	73,613	77,705
Tier I + Tier II capital	75,480	75,653	77,865
Capital requirement to credit risk	29,710	29,873	28,086
Capital requirement to market risks	901	266	1,006
Capital requirement to operational risk	4,000	4,000	3,976
Risk weighted assets	371,375	373,413	351,075
Capital adequacy Tier I ratio	17.0%	17.3%	18.8%
Capital adequacy Tier I+II ratio	17.4%	17.7%	18.8%

CS Group, CZK mil.	Basel II	Basel II	Basel III
	30/6/2013	31/12/2013	30/6/2014
Tier I capital (after deductions)	80,588	80,924	81,855
Tier I+II capital	82,682	82,964	82,014
Capital requirement to credit risk	30,916	30,600	29,392
Capital requirement to market risks	955	353	938
Capital requirement to operational risk	4,717	4,761	4,688
Risk weighted assets	386,450	382,500	367,400
Capital Adequacy Tier I ratio	17.6%	18.1%	18.7%
Capital Adequacy Tier I+II ratio	18.1%	18.6%	18.7%

Net profit of selected subsidiaries – Growing net profit in major subsidiaries

- Increase in **CS Building Society** net profit supported by improvement in loan portfolio (lower risk provision creation)
- Improvement in **sAutoleasing** net profit supported by 20% y/y higher new business in H1 2014 together with improved risk profile
- Slightly higher net profit of **Factoring CS** as a result of increasing operating income. Business wise number of new contracts picked up by 19% y/y
- Improvement in **Pension Company** supported by 16% y/y increase in clients' assets (mainly in the 3rd pillar)

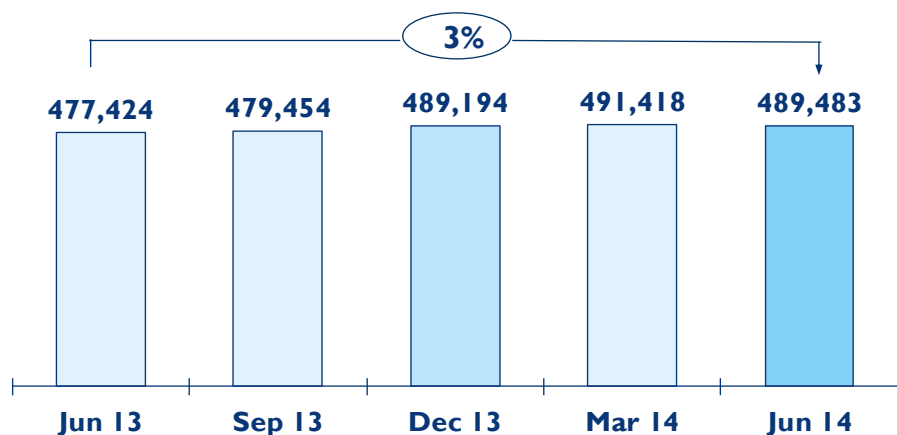


IFRS, CZK mil	I-6 13	I-6 14	% Change
CS Building Society	301	324	8%
sAutoleasing	45	50	11%
Pension Company*	-80	-10	-87%
Factoring CS	29	30	2%

*Profit of the Pension Company, not the whole fund, is captured

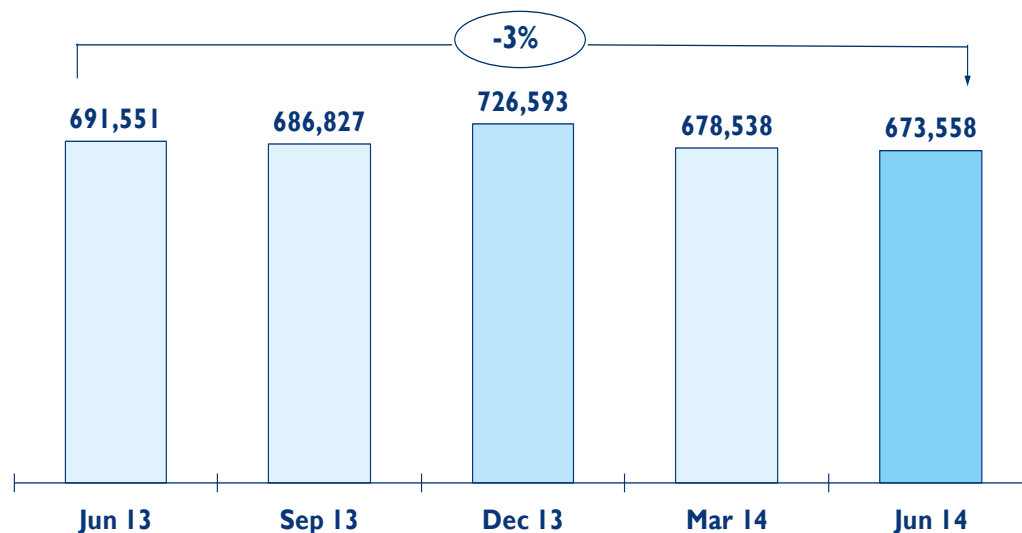
Balance sheet development – Loan to deposit ratio at 72.7%

Net customer loans (CZK m)



- Net customer loans increased by 3% since June 2013, driven by private mortgages /details in the lending part of the presentation - from slide 22/

Group customer deposits (CZK m)



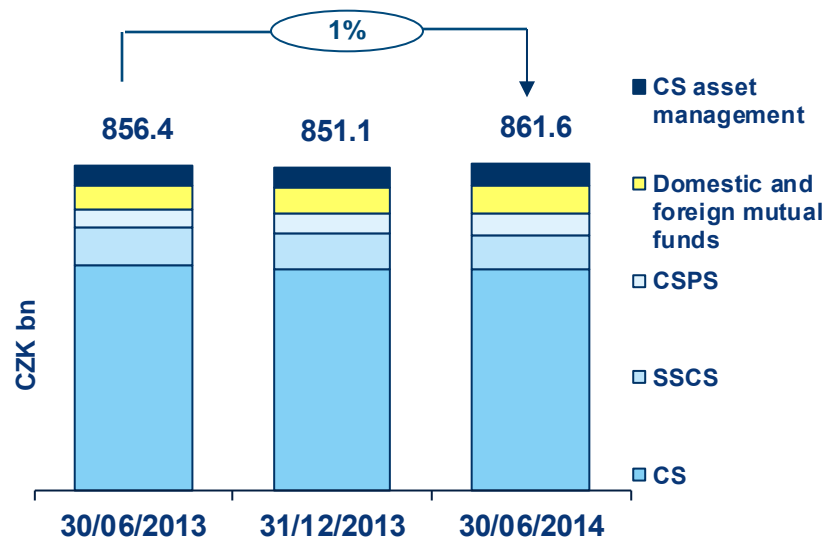
- Group customer deposits decreased y/y due to decline of repo transactions (declined by nearly CZK 17 bn)
 - Excluding repo transactions customer deposits recorded almost flat development (- 0.2% y/y)

CS Group deposits –

Pension company, Asset management and Mutual funds recorded further rapid growth

- Customer deposits in parent bank dropped by nearly 2% y/y (without repo operations rose by 1%)
 - Mainly caused by 22% y/y decline in public sector deposits (without Repo operations down by 10%)
 - Deposits from individuals up by 3% on y/y basis
- Significant growth of clients' assets in pension company by 16% y/y
 - Supported by increase of funds in the 3rd pillar
- Domestic and foreign mutual funds recorded further rapid growth by nearly 15% y/y
 - Driven by higher clients' demand in investment products. New investment fund sales up by 30% y/y in Q2 2014
- Assets under discretionary management grew significantly by nearly 13% y/y
 - Overall growth mainly supported by 26% y/y growth in asset management for private individuals
- Building society recorded further decline

CS Group deposits (CZK bn)



IFRS, in CZK bn	30/06/2013	31/12/2013	30/06/2014	Change (y/y)
CS - customer deposits	594.0	581.1	582.9	-1.9%
SSCS - building society	96.6	94.8	89.0	-7.9%
CPCS - pension company	46.7	50.7	54.2	16.0%
Dom. and foreign mutual funds	66.0	69.4	75.9	14.9%
Asset management	53.0	55.2	59.6	12.6%
Total	856.4	851.1	861.6	0.6%

Group loan portfolio – Summary

Growth in private mortgages continued

- **Loan portfolio in CS Bank (gross) increased by 2.6% y/y, group loan portfolio (gross) grew by 2.4% y/y**
 - Driven up by private mortgages, corporates affected by repayments of a few large cases
- **Risk costs* stable y/y at 0.8%**
- **Quality of loan portfolio improved, share of NPLs on total customer loans declined from 5.2% to 4.6% y/y**
 - Driven by NPL volume absolute decrease and portfolio growth
 - Provision to NPL coverage stable at strong 79%
 - Total NPL coverage (including collateral) at 116.8%

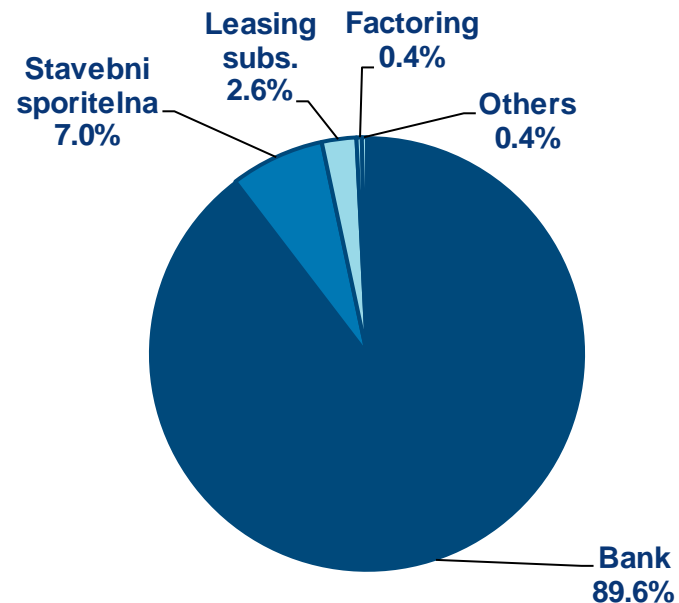
** Calculation of risk costs includes provisions only for on-balance positions, 2013 figures were restated*

Group loan portfolio – Group loans increased by 2.4% y/y

CS Group Loan Portfolio (gross)

in CZK mil, IFRS	30/06/2013	31/12/2013	30/06/2014	Y/Y Change
I. CS Bank	460,977	472,886	473,174	2.6%
II.1. Stavebni sporitelna CS	38,354	37,596	37,091	-3.3%
II.2. Leasing (sAL, EL)	12,071	12,504	13,568	12.4%
II.3. Factoring CS	1,879	2,106	2,085	11.0%
II.4. Other subsidiaries	2,865	2,054	2,022	-29.4%
III. Consolidation items	-19,967	-19,677	-19,853	-0.6%
Total Loans (consolidated)	496,178	507,469	508,087	2.4%

Loan Book by Group members as of June 2014

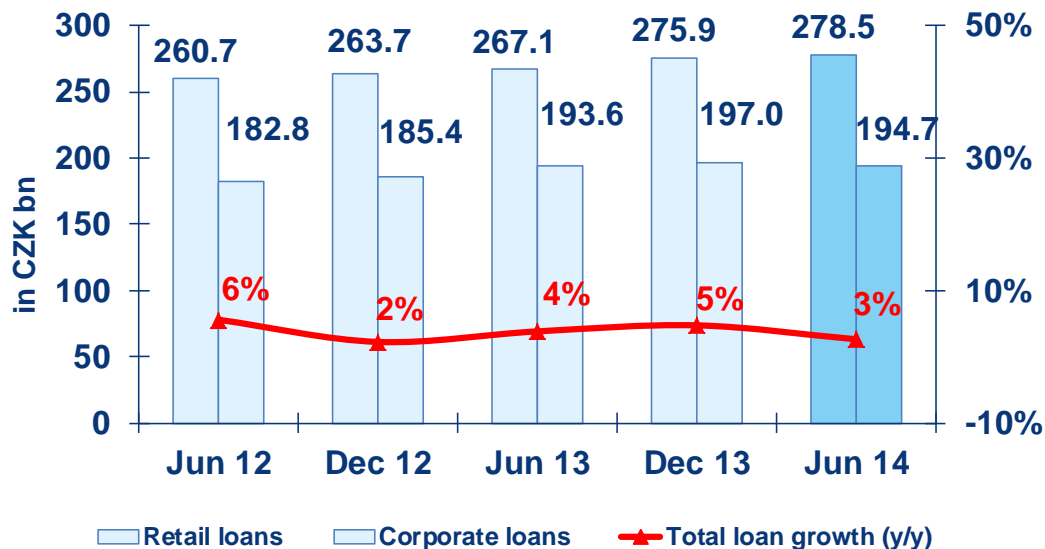


• CS Bank dominates the CS Group

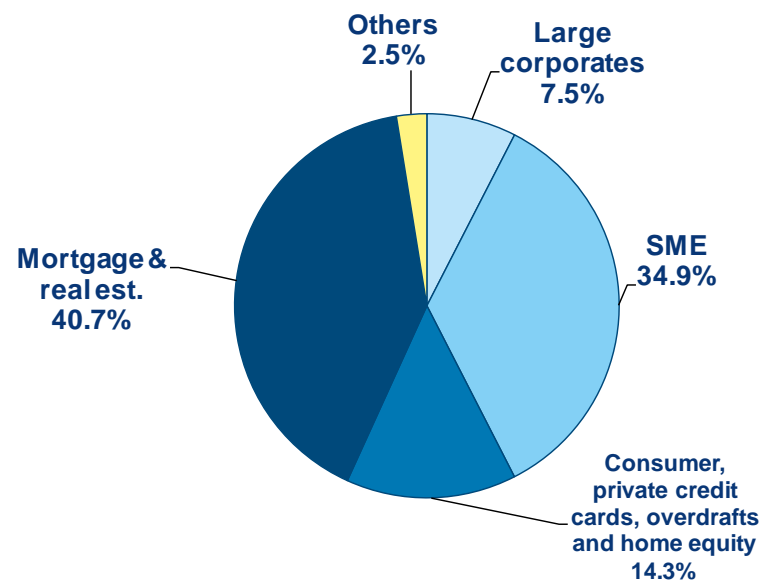
- Share of CS Bank further strengthened by 32 bps y/y to 89.6%
- Significant loan growth in leasing driven by economic recovery and methodology change (CZK +0.8 bn in Q2 2014)
- Decline in Stavebni sporitelna CS (building society) continued, driven by overall market conditions advantaging mortgages to building savings loans

Bank loan portfolio – Stable development in Retail, structural changes in corporate

Loan portfolio development - CS Bank



Loan portfolio by customer segments as of June 2014

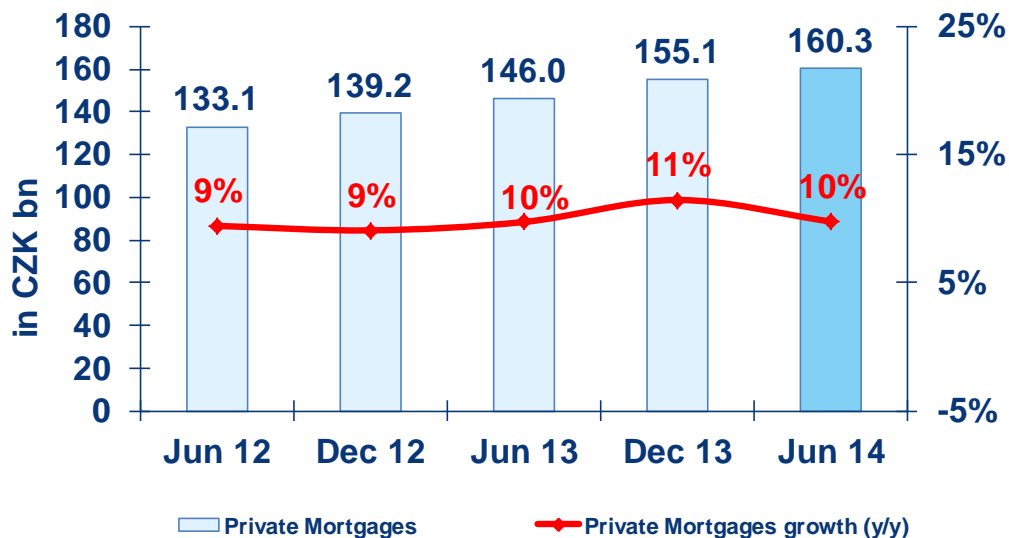


- **Loans to retail rose by 4.2% y/y**
 - Pushed by private mortgages +10% y/y

- **Loans to corporate added 0.4% y/y**
 - Loan portfolio growth partly held back by repayments of a few large exposures

Bank loan portfolio – High demand on mortgage market continued

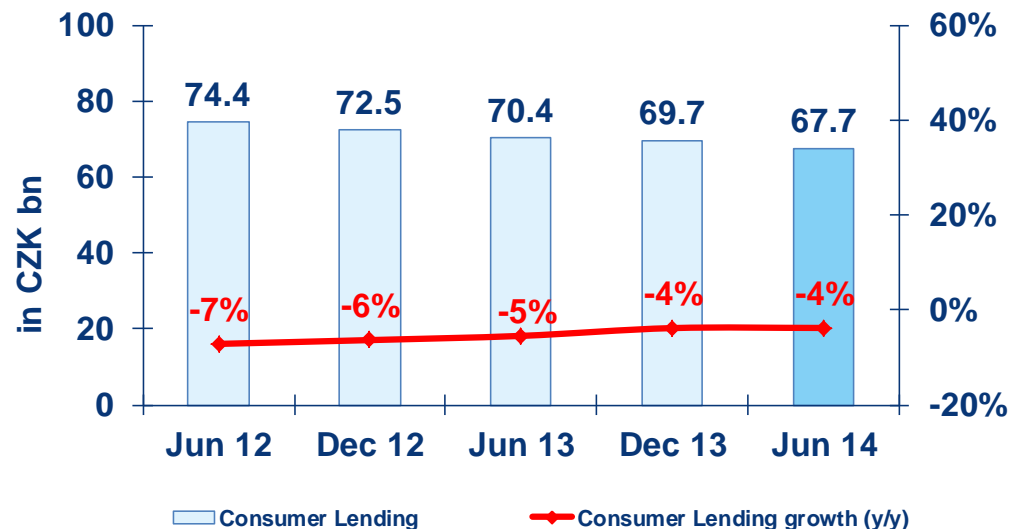
Private mortgages development



- **Private mortgages rose to CZK 160.3 bn (+10% y/y)**

- Stable pace of growth at 10% upheld also in H1 2014
- Whole portfolio: average weighted maturity at 22.9 years, residual maturity at 18.9 years; LTV ratio at comfortable 66.6%

Consumer lending development*



- **Consumer lending* at CZK 67.7 bn (-4% y/y)**

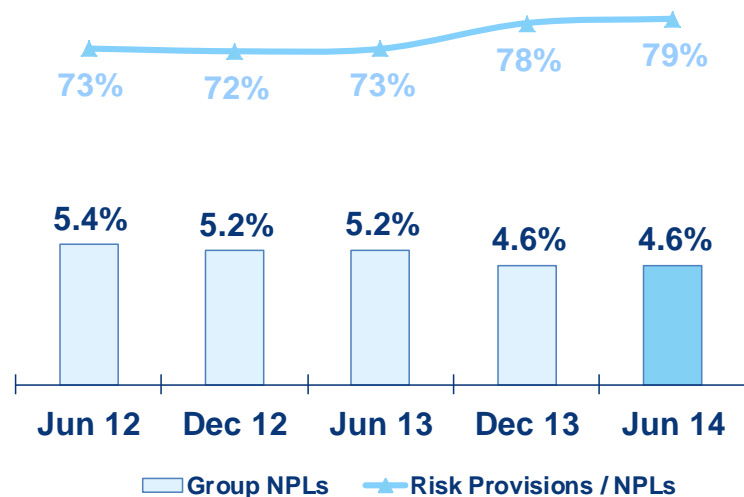
- Higher new business in H1 2014 was offset by repayments and lower utilization of revolving products

*Consumer lending here includes also home equity loans, credit cards and overdrafts. Social loans were removed.

Group asset quality

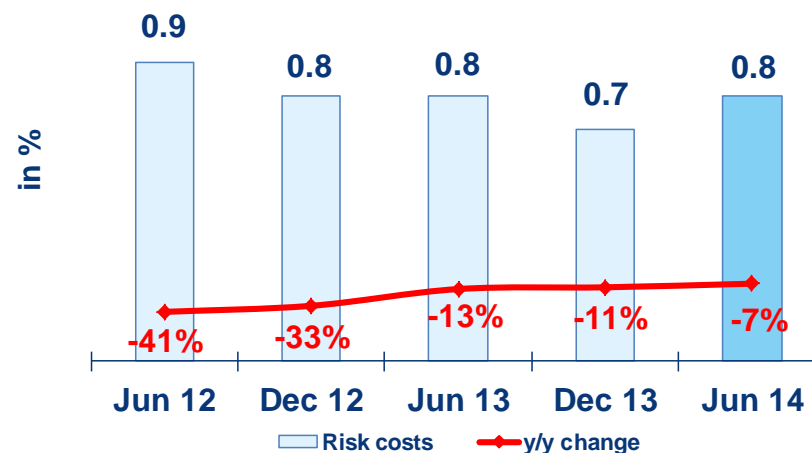
Risk costs improvement continued

NPL ratio and NPL coverage



- **Group share of NPL decreased by 58 bps to 4.6% y/y**
 - Driven by NLP decline and portfolio growth
 - Provision coverage at strong level of 79%
 - Total coverage (provisions and collateral to NPL) at 116.8%

Risk cost development



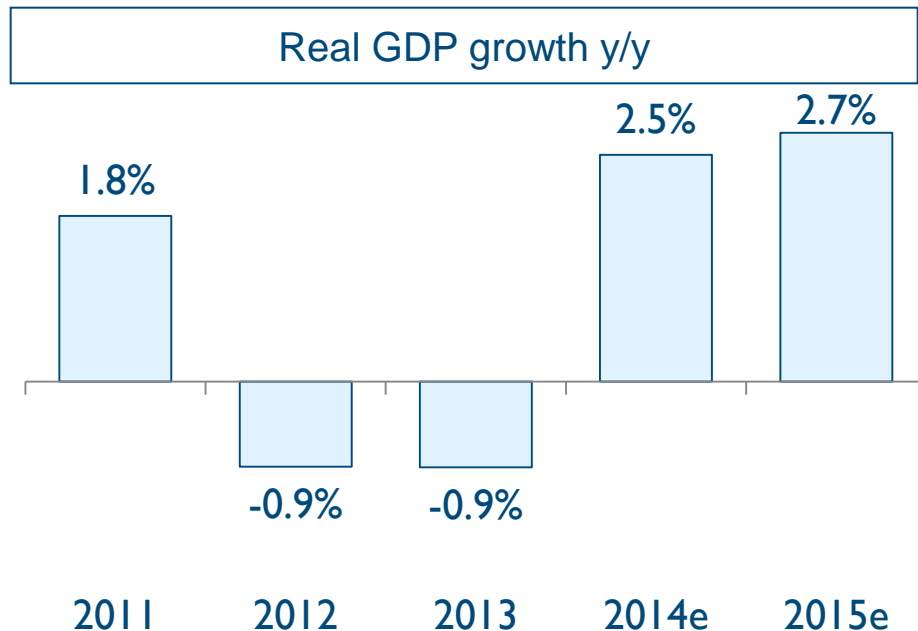
- **Annualized group risk costs* stable at 0.8%**
- **Share of defaulted loans according to CNB methodology lowered from 5.9% to 5.1% y/y**

* Restated since 2013 to on-balance risk costs only

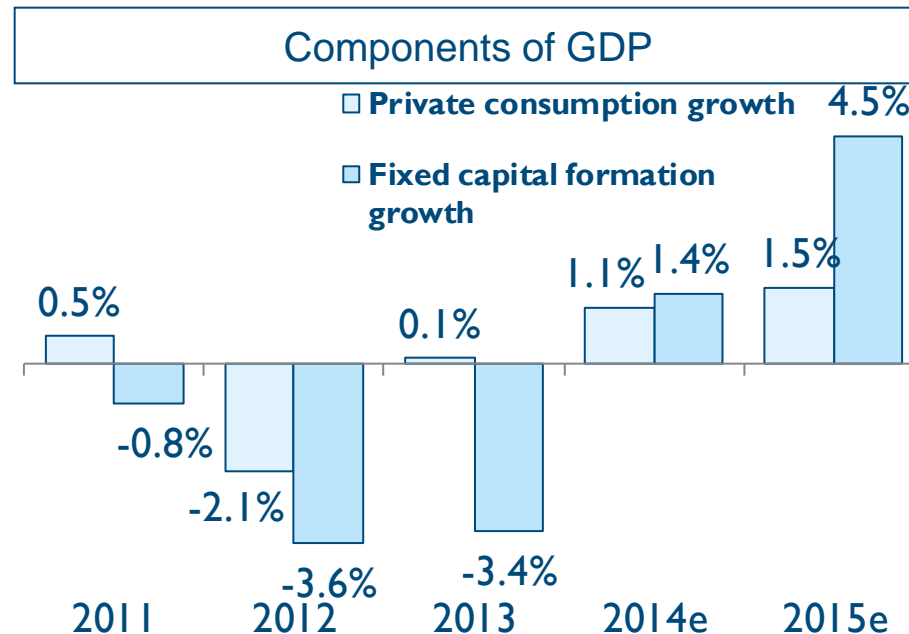
Presentation topics

- Česká spořitelna
 - Segment financial performance analysis
- Macroeconomic developments
 - Economic trends in details
- Banking market
 - Banking market developments
 - Česká spořitelna market shares
- Appendix

Macroeconomic developments – Economy grew by 2.9% y/y in Q1 2014



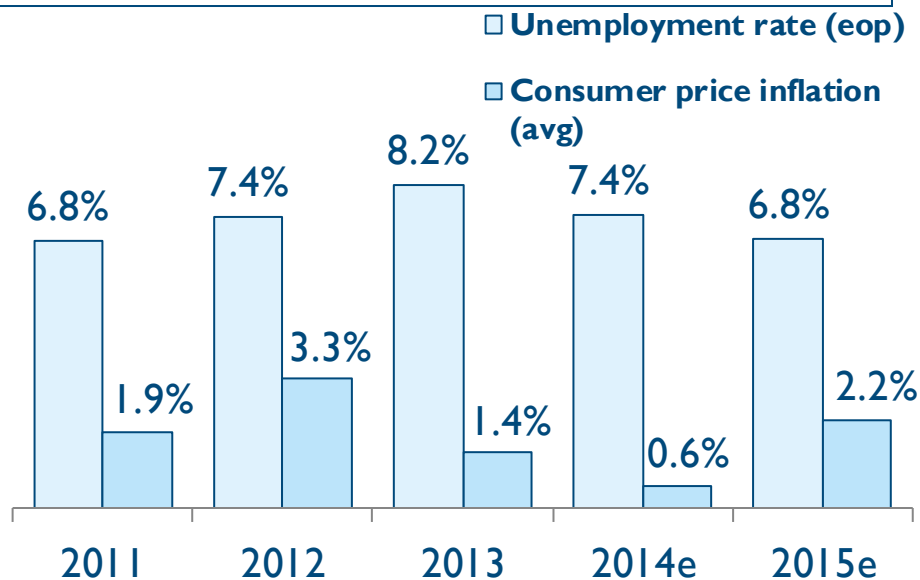
- For the whole 2014, the GDP growth is expected to come in at slightly lower figure (CS: +2.5%) compared to Q1 14, largely due to:
 - GDP growth at the beginning of 2014 positively influenced by unusually warm winter enabling firms to speed up some seasonal works at the expense of Q2 2014
 - Growth of industrial production in Germany (and within the whole EMU) slowing down since the beginning of 2014
 - Escalating geopolitical tensions



- Fixed investment as the main driver of the GDP growth in Q1 2014 (adding 1.3 pp to the annual growth), reflecting rising investment in manufacturing sector (particularly in car manufacturing)
- Consumer confidence above the pre-crisis levels as well as sharp decline in the number of unemployed persons helping to boost the private consumption, another positive contributor to the ongoing recovery (adding 0.8 pp to the y/y growth in Q1 2014)
- Manufacturing sector as the most significant contributor to the GDP growth in Q1 2014 on the supply side (1.5 pp)

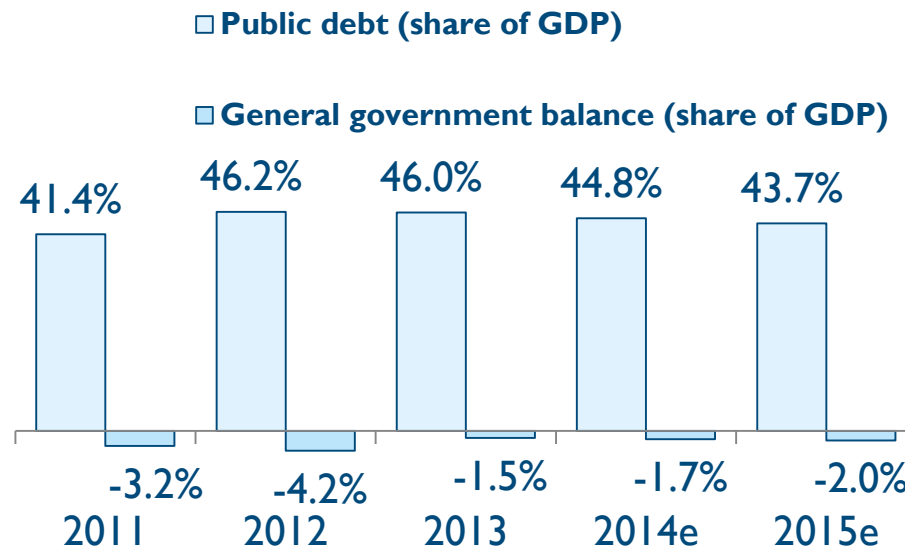
Macroeconomic developments – CPI growth remaining subdued

Unemployment and inflation



- Headline inflation dropped to 0.0% y/y in June, as the prices of food and beverages (the only significant positive contributor to the CPI growth since the beginning of 2014) came down for the first time since May 2010
- Core inflation turning to positive since April (for the first time since summer 2009) pointing to gradual increase in CPI (y/y) in coming months
- Prices of electricity expected to remain the biggest drag on the CPI growth (-10.5% y/y in June) during the whole 2014

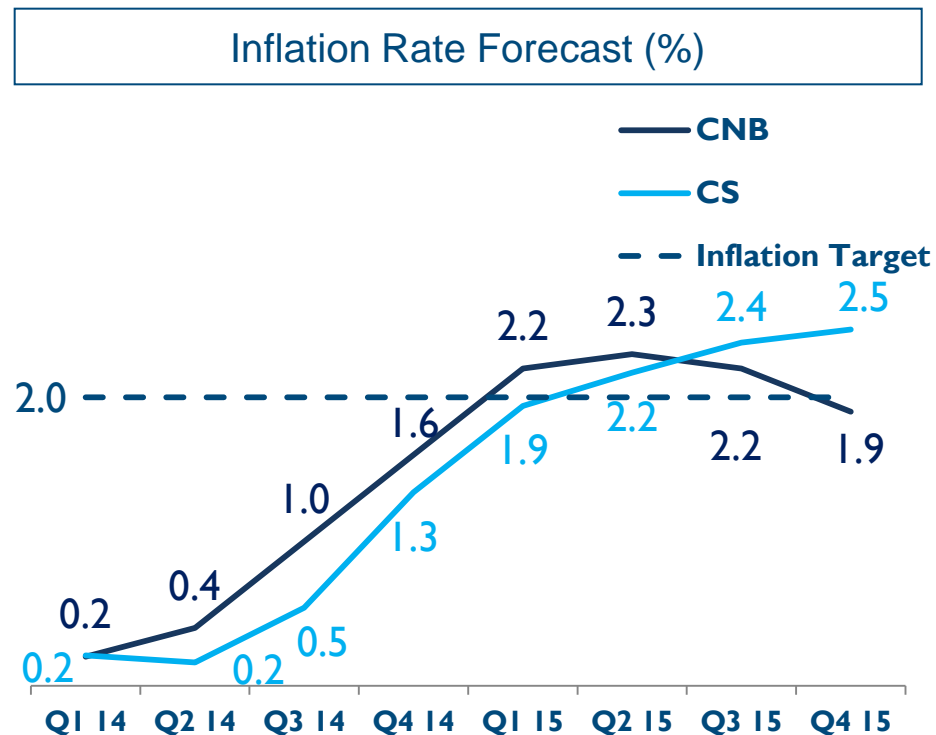
Public debt and government balance



- In spite of a shift towards expansionary fiscal policy carried out by the new centre-left government, public debt of the Czech Republic reaching CZK 1.79 trln in 2013 is expected to stay the same in 2014 and 2015, largely as a result of improvement achieved in liquidity management and further acceleration of the GDP growth

Macroeconomic developments – FX intervention

- Aiming to ward off deflationary scenario and support the struggling economy, the CNB decided to weaken the CZK/EUR by more than 5% in November 2013 and keep it above but close to 27 at least until the beginning of 2015
- However, with regard to CPI is expected to remain considerably below the CNB's 2% inflation target at least until the end of 2014, the Bank Board decided to postpone the FX intervention exit at least until Q2 15 at its June meeting
- As the CNB may fail to reach CPI sufficiently above the 2% threshold also in early 2015, it is still fairly probable that the CNB will have to further postpone the FX intervention exit at least until H2 2015
- Additionally, as the CNB does not have to be able to eschew the deflationary scenario in the coming months, also an increase of the current intervention level toward a weaker exchange rate can't be ruled out (probability of such a scenario is rather low)

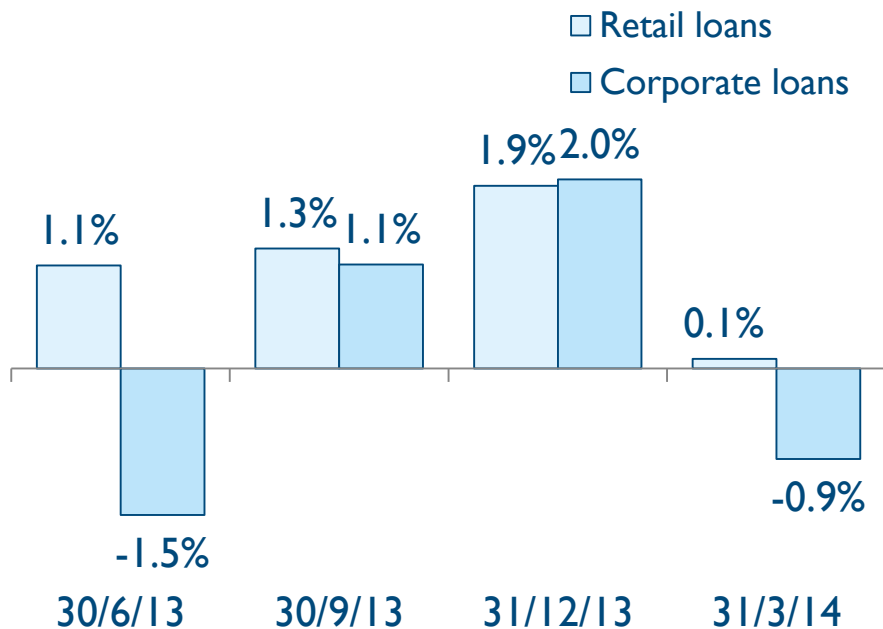


Presentation topics

- Česká spořitelna
 - Segment financial performance analysis
- Macroeconomic developments
 - Economic trends in details
- Banking market
 - Banking market developments
 - Česká spořitelna market shares
- Appendix

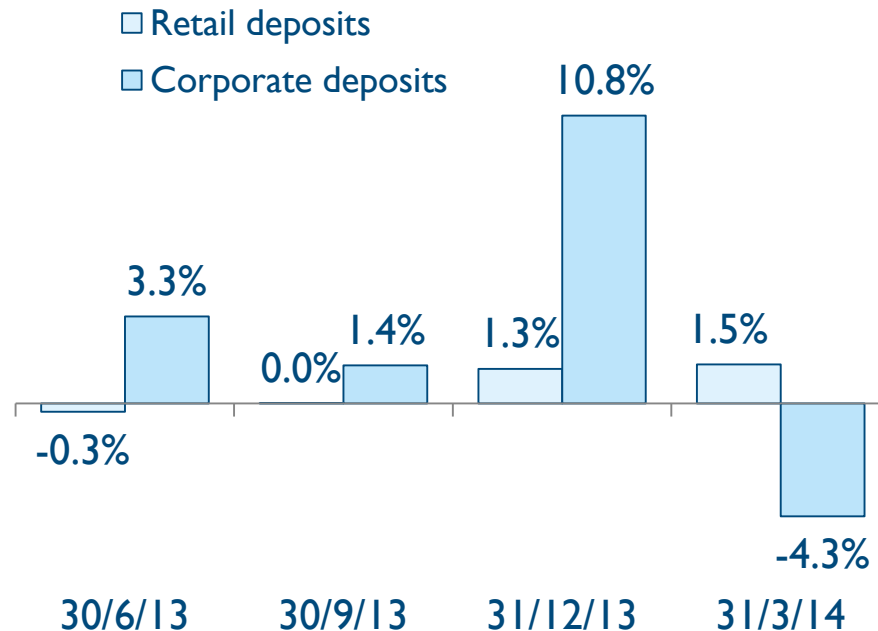
Banking market – Stable y/y growth rates of both loans and deposits

Retail and corporate loans (Q/Q growth)



- Total loans grew by 5% in the first five months of 2014 (note: 2014 growth rates will be slightly influenced by FX interventions of CNB started in Nov' 13)
- In 2014 CS expects average growth rate of around 5% thanks to improving confidence and gradually increasing investment activity

Retail and corporate deposits (Q/Q growth)

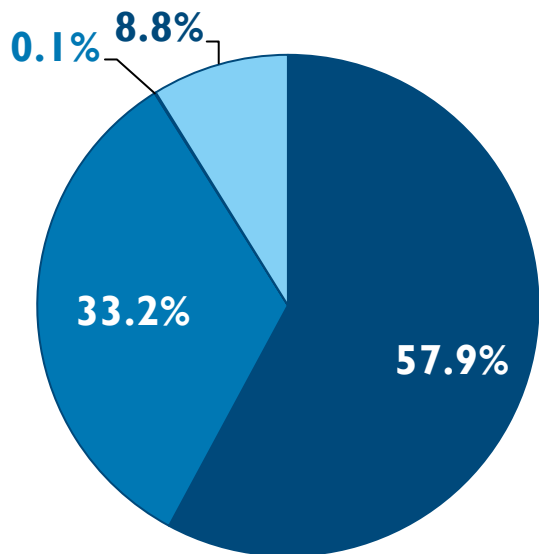


- Similarly to loans, total deposits grew by 5% in the first five months of 2014 (driven chiefly by corporate deposits, +10% y/y)
- In 2014 CS expects slight decline in growth rate of both retail and corporate deposits. Average growth rate of total deposits should hover at around 5% (from 7% in 2013)

Banking market –

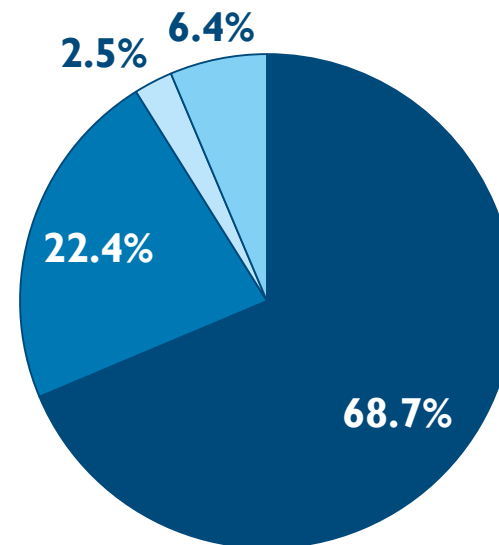
More than 90% of loans and deposits denominated in local currency

Customer loans (March 2014)



■ LC retail loans
■ LC corporate loans
■ FX retail loans
■ FX corporate loans

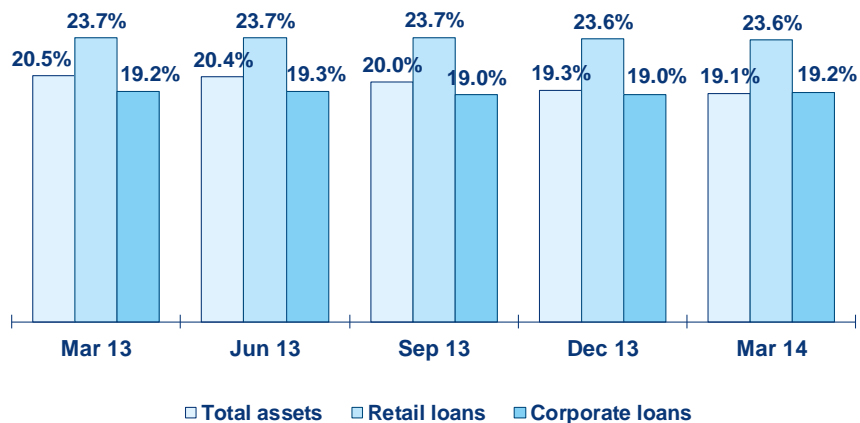
Customer deposits (March 2014)



■ LC Retail deposits
■ LC Corporate deposits
■ FX Retail deposits
■ FX Corporate deposits

Banking market – Market shares (March 2014)

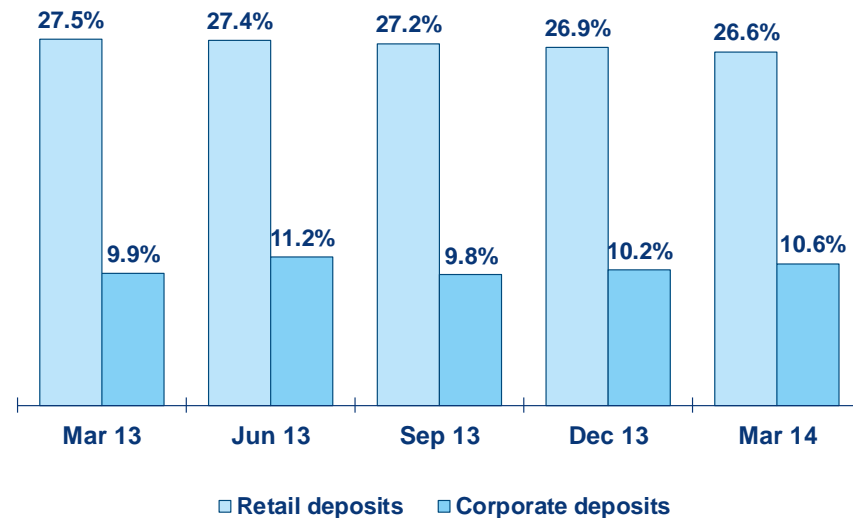
Asset side*



- **Market leadership in:**
 - Number of customers (5.2 mil)
 - Total mortgages (market share of 28%)
 - Consumer loans incl. credit cards (market share of 35%)
- **No. 2 position in:**
 - Total loans (market share of 20%)
 - Total assets (market share 19%)

* Data as of June 2014 are not available yet

Liability side*



- **Market leadership in:**
 - Total deposits (market share of 20%)
 - 27% in retail deposits, 11% in corporate deposits
- **No. 2 in mutual funds with market share 27%**

Presentation topics

- Česká spořitelna
 - Segment financial performance analysis
- Macroeconomic developments
 - Economic trends in details
- Banking market
 - Banking market developments
 - Česká spořitelna market shares
- Appendix

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

in CZK mil, IFRS	30/06/2013		31/12/2013		30/06/2014		YTD change		YTY change	
	Outstand.	Share	Outstand.	Share	Outstand.	Share	Outstand.	Rate	Outstand.	Rate
Retail	267,122	53.8%	275,934	54.4%	278,455	54.8%	2,521	0.9%	11,333	4.2%
Private overdrafts	6,188	1.2%	6,117	1.2%	5,622	1.1%	-494	-8.1%	-566	-9.1%
Private Credit cards	4,636	0.9%	4,672	0.9%	4,201	0.8%	-471	-10.1%	-435	-9.4%
Consumer lending	52,627	10.6%	52,669	10.4%	52,148	10.3%	-521	-1.0%	-479	-0.9%
Private social	1,514	0.3%	1,390	0.3%	1,270	0.2%	-120	-8.6%	-244	-16.1%
Home equity mortgages	6,922	1.4%	6,283	1.2%	5,756	1.1%	-526	-8.4%	-1,166	-16.8%
Private mortgages	146,049	29.4%	155,099	30.6%	160,328	31.6%	5,229	3.4%	14,279	9.8%
Micro and Small Enterprises	39,566	8.0%	40,057	7.9%	39,633	7.8%	-424	-1.1%	68	0.2%
Municipalities	9,620	1.9%	9,647	1.9%	9,496	1.9%	-151	-1.6%	-124	-1.3%
Corporate	193,855	39.1%	196,953	38.8%	194,719	38.3%	-2,234	-1.1%	864	0.4%
Large corporate*	33,875	6.8%	34,733	6.8%	35,671	7.0%	938	2.7%	1,796	5.3%
SME*	127,333	25.7%	128,195	25.3%	126,761	24.9%	-1,433	-1.1%	-572	-0.4%
Real estate	32,415	6.5%	33,912	6.7%	32,101	6.3%	-1,811	-5.3%	-314	-1.0%
ALM/Other	231	0.0%	114	0.0%	186	0.0%	72	63.3%	-46	-19.8%
BANK: LOANS TO CUSTOMERS	460,977	92.9%	472,886	93.2%	473,174	93.1%	287	0.1%	12,197	2.6%
SUBSIDIARIES	55,169	11.1%	54,259	10.7%	54,766	10.8%	507	0.9%	-403	-0.7%
CONSOLIDATION ITEMS	-19,967	-4.0%	-19,677	-3.9%	-19,853	-3.9%	-176	0.9%	114	-0.6%
GROUP: LOANS TO CUSTOMERS	496,178	100.0%	507,469	100.0%	508,087	100.0%	618	0.1%	11,908	2.4%

*Re-segmentation from SME to Large corporate in Q2 2014 (CZK 4.7 bn)

Macroeconomic figures – Historical and forecasted macroeconomic data

	2011	2012	2013	2014e	2015e
Population (ave, m)	10.5	10.5	10.5	10.5	10.5
GDP/capita (EUR thsd)	14.8	14.6	14.2	13.8	14.8
Real GDP growth	1.8	-0.9	-0.9	2.5	2.7
Consumer price inflation (ave)	1.9	3.3	1.4	0.6	2.2
Unemployment rate (eop)	6.7	7.0	7.5	7.5	7.1
Current account balance (share of GDP)	-2.7	-2.4	-1.5	0.0	-1.5
General government balance (share of GDP)	-3.2	-4.2	-1.4	-1.7	-2.0
Public debt (share of GDP)	41.4	46.2	46.0	44.6	43.1
Short term interest rate (3 months, eop)	1.2	0.5	0.4	0.3	0.5
EUR FX rate (eop)	25.56	25.57	27.50	27.50	26.20

Financial statements – Quarterly development (CZK mil)

Net profit decreased by 5% QoQ

	Q2 13	Q3 13	Q4 13	Q1 14	Q2 14	Q/Q %
Net interest income	6,769	6,823	6,748	6,710	6,595	-1.7%
Net fee and commission income	2,792	2,733	2,836	2,787	2,768	-0.7%
Dividend income	45	5	2	10	36	248.1%
Net trading and fair value result	633	560	532	589	606	2.9%
Rental income from investment properties & other operating leases	209	198	201	220	193	-12.3%
General administrative expenses	-4,721	-4,726	-4,556	-4,519	-4,526	0.2%
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	-16	5	57	116	21	-82.1%
Net impairment loss on financial assets not measured at fair value through profit or loss	-1,065	-904	-729	-976	-941	-3.6%
Other operating result	283	-557	83	64	-55	-185.7%
Pre-tax result from continuing operations	4,929	4,137	5,174	5,001	4,696	-6.1%
Taxes on income	-988	-818	-1,060	-993	-905	-8.9%
Net result for the period	3,940	3,319	4,114	4,008	3,791	-5.4%
Net result attributable to non-controlling interests	9	4	-2	-8	-9	14.5%
Net result attributable to owners of the parent	3,949	3,324	4,112	4,000	3,782	-5.4%
Operating income	10,448	10,319	10,319	10,317	10,197	-1.2%
Operating expenses	-4,721	-4,726	-4,556	-4,519	-4,526	0.2%
Operating result	5,727	5,592	5,763	5,798	5,670	-2.2%

Financial statements – Income statement (CZK mil)

Adjusted for deconsolidation of TPF

	1-6 13	1-6 14	Change	Change
Net interest income	13,659	13,305	-2.6%	-354
Net fee and commission income	5,910	5,555	-6.0%	-355
Dividend income	45	46	2.8%	1
Net trading and fair value result	1,068	1,195	11.9%	127
Rental income from investment properties & other operating leases	430	412	-4.1%	-18
General administrative expenses	-9,461	-9,045	-4.4%	416
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	151	136	-10.0%	-15
Net impairment loss on financial assets not measured at fair value through profit or loss	-2,005	-1,917	-4.4%	88
Other operating result	369	10	-97.3%	-359
Pre-tax result from continuing operations	10,166	9,698	-4.6%	-468
Taxes on income	-2,026	-1,898	-6.3%	128
Post-tax result from continuing operations	8,140	7,800	-4.2%	-340
Net result for the period				
Net result attributable to non-controlling interests	-9	17	-	26
Net result attributable to owners of the parent	8,149	7,782	-4.5%	-367
Operating income	21,112	20,513	-2.8%	-599
Operating expenses	-9,461	-9,045	-4.4%	416
Operating result	11,651	11,468	-1.6%	-183

Financial statements – Balance sheet I

Assets - adjusted for deconsolidation of TPF

CZK mil	Dec 13	Jun 14	Change	Change
Cash and cash balances	77,581	66,954	-13.7%	-10,627
Financial assets - held for trading	47,764	29,433	-38.3%	-18,331
Derivatives	21,214	16,575	-21.9%	-4,638
Other trading assets	26,550	12,858	-51.6%	-13,693
Financial assets - designated at fair value through profit or loss	4,223	2,967	-29.7%	-1,256
Financial assets - available-for-sale	61,409	81,298	32.4%	19,889
Financial assets - held to maturity	144,635	144,013	-0.4%	-622
Loans and receivables to credit institutions	55,874	49,311	-11.7%	-6,563
Loans and receivables to customers	489,180	489,483	0.1%	303
Derivatives - hedge accounting	895	1,088	21.6%	193
Property and equipment	14,166	13,719	-3.2%	-447
Investment properties	8,330	8,208	-1.5%	-122
Intangible assets	3,333	3,140	-5.8%	-192
Investments in associates and joint ventures	0	0	-	0
Current tax assets	102	378	>100%	276
Deferred tax assets	130	147	13.0%	17
Other assets	10,375	10,193	-1.8%	-182
Total assets	917,997	900,332	-1.9%	-17,666

Financial statements – Balance sheet II

Liabilities - adjusted for deconsolidation of TPF

CZK mil	Dec 13	Jun 14	Change	Change
Financial liabilities - held for trading	24,024	18,426	-23.3%	-5,598
Derivatives	24,024	18,409	-23.4%	-5,615
Other trading liabilities	0	17	-	17
Financial liabilities designated at fair value through profit or loss	14,434	13,586	-5.9%	-848
Deposits from customers	12,615	11,950	-5.3%	-666
Debt securities	1,818	1,636	-10.0%	-182
Financial liabilities measured at amortised cost	765,831	749,761	-2.1%	-16,070
Deposits from banks	73,036	61,971	-15.1%	-11,065
Deposits from customers	664,149	661,608	-0.4%	-2,541
Debt securities	28,646	26,182	-8.6%	-2,464
Derivatives - hedge accounting	415	486	17.2%	71
Provisions	2,553	2,455	-3.8%	-98
Current tax liabilities	414	110	-73.4%	-304
Deferred tax liabilities	90	321	>100%	231
Other liabilities	9,478	15,119	59.5%	5,641
Total equity	100,757	100,068	-0.7%	-689
Equity attributable to non-controlling interests	316	219	-30.7%	-97
Equity attributable to owners of the parent	100,441	99,849	-0.6%	-592
Total liabilities and equity	917,997	900,332	-1.9%	-17,666

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

	1-6 13	1-6 14	Change
Net interest income	503.9	462.7	-8.2%
Net fee and commission income	222.8	202.4	-9.2%
Dividend income	1.7	1.7	na
Net trading and fair value result	38.0	43.5	14.4%
Net result from equity method investments	0.0	0.0	na
Rental income from investment properties & other operating leases	16.7	15.0	-10.2%
General administrative expenses	-368.2	-329.6	-10.5%
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	5.9	5.0	-15.8%
Net impairment loss on financial assets not measured at fair value through profit or loss	-78.0	-69.9	-10.5%
Other operating result	20.0	0.3	-98.3%
Levies on banking activities	0.0	0.0	na
Pre-tax result from continuing operations	362.9	331.2	-8.7%
Taxes on income	-72.6	-64.9	-10.6%
Post-tax result from continuing operations	290.3	266.2	-8.3%
Post-tax result from discontinued operations	0.0	0.0	na
Net result for the period	290.3	266.2	-8.3%
Net result attributable to non-controlling interests	1.4	2.9	106.0%
Net result attributable to owners of the parent	288.9	263.4	-8.8%
Operating income	783.3	725.3	-7.4%
Operating expenses	-368.2	-329.6	-10.5%
Operating result	415.1	395.7	-4.7%
Cost/income ratio	47.0%	45.4%	
Return on allocated capital	35.3%	36.7%	

*Significantly influenced by CNB FX intervention on CZK

Segment financial statements – Quarterly development

Segment Czech Republic - income statement (EUR m)*

	Q2 13	Q3 13	Q4 13	Q1 14	Q2 14
Net interest income	247.4	254.2	241.2	233.4	229.3
Net fee and commission income	108.1	105.7	106.5	101.6	100.8
Dividend income	1.7	0.2	0.1	0.4	1.3
Net trading and fair value result	20.2	21.7	20.0	21.5	22.1
Net result from equity method investments	0.0	0.0	0.0	0.0	0.0
Rental income from investment properties & other operating leases	8.1	7.7	7.5	8.0	7.0
General administrative expenses	-183	-182.8	-170.8	-164.7	-164.9
Gains/losses from financial assets and liabilities not measured at fair value through profit or loss, net	-0.6	-2.6	4.9	4.2	0.8
Net impairment loss on financial assets not measured at fair value through profit or loss	-41.3	-34.8	-27.3	-35.6	-34.3
Other operating result	11.0	-19.0	0.6	2.3	-2.0
Levies on banking activities	0.0	0.0	0.0	0.0	0.0
Pre-tax result from continuing operations	171.7	150.2	182.7	171.1	160.1
Taxes on income	-34.6	-29.8	-37.6	-34.1	-30.9
Post-tax result from continuing operations	137.1	120.4	145.0	137.0	129.2
Post-tax result from discontinued operations	0.0	0.0	0.0	0.0	0.0
Net result for the period	137.1	120.4	145.0	137.0	129.2
Net result attributable to non-controlling interests	0.6	0.4	2.1	0.8	2.1
Net result attributable to owners of the parent	136.5	120.0	143.0	136.2	127.2
Operating income	385.5	389.4	375.3	364.8	360.5
Operating expenses	-183	-182.8	-170.8	-164.7	-164.9
Operating result	202.6	206.6	204.4	200.1	195.6
Cost/income ratio	47.4%	46.9%	45.5%	45.1%	45.7%
Return on allocated capital	35.9%	30.5%	38.6%	37.7%	35.6%

*Significantly influenced by CNB FX intervention on CZK

New methodology – CS adopted EBA* financial reporting standards and deconsolidated pension fund

- In line with Erste Group, CS changed the structure of income statement and balance sheet as a result of harmonization with FINREP reporting in order to align with EBA requirements for financial reporting (the historic net profit, equity or balance sheet totals are not influenced)
- Major changes in income statement:
 - Dividend income, results from equity measured investments and rental income are presented now separately from Net interest income in individual line items
 - Deposit insurance contributions are now included in Other administrative expenses (operating expenses) as opposed to Other operating result
 - Amortisation of customer relationships are now included in Depreciation and amortisation (operating expenses) as opposed to Other operating result
 - A separate line for Impairment for financial assets not measured at fair value through profit or loss was introduced containing risk provisions and other impairments for financial assets on-balance
- Major changes in balance sheet:
 - The overall structure (assets and liabilities) follows the IAS 39 measurement categories.
 - Loans to customers and loans to credit institutions are presented on a net basis. Thus, no separate position for risk provisions is shown
 - Derivative financial instruments are now presented in two lines: Derivatives hedge accounting and Financial assets/liabilities held for trading.
 - Subordinated liabilities are allocated to the relevant categories of Financial instruments, following measurement principle
- Transformovaný fond penzijního připojení se statním příspěvkem Česká spořitelna – penzijní společnost, a.s. (Transformed pension fund) was deconsolidated from the consolidated Ceska sporitelna Group on 1 January 2014. The fund includes funds from supplementary pension insurance with a government contribution in the III pillar. The Transformed pension fund continues to be managed by the CS Group through Ceska sporitelna – penzijní společnost, a.s.

*EBA European Banking Authority

Investor Relations contacts

Česká spořitelna

Milos Novak

Tel: +420 956 712 410

E-Mail: mnovak@csas.cz

Eva Culikova

Tel: +420 956 712 011

E-mail: eculikova@csas.cz

Josef Bocek

Tel: +420 956 712 011

E-mail: jbocek@csas.cz

Erste Group

Thomas Sommerauer, Head of Group Investor Relations

Tel: +43 50100 17326

E-Mail: thomas.sommerauer@erstegroup.com

Peter Makray, Investor Relations Manager

Tel: +43 50100 16878

E-Mail: peter.makray@erstegroup.com