

## Fact Sheet

May 2015



### Profile

We **boast the longest tradition** on the Czech banking market. In 2015 we are [celebrating 190<sup>th</sup> anniversary](#). We are a **modern bank** with a focus on retail clients, small- and medium-sized enterprises, municipalities and cities and we play an important role in financing large corporations and providing financial market services. With more than 5 million clients, we are the Czech Republic's largest bank.

#### Quality comes first

Our share on the Czech banking system function is strong and, in addition, since 2000, we have been able to rely on the strong backing of Central Europe's Erste Bank financial group. Our **aim is to offer clients precisely those services they need**. Our position enables us to be a trend-setter in modern banking services and technology innovation.

#### Investing in the future

Our bank was founded in 1825 to help people to be independent. Today we still proudly subscribe to this mission. **We educate for competitiveness**: each year we donate about CZK 10 million in support of education. Furthermore, since 2012, we have worked to improve the teaching of science and engineering disciplines, through the Nadace Depositum Bonum foundation, which has 21 regional centres. Thanks to the Nadace České spořitelny foundation, **we stand with those whom society ignores. We break down the barriers** that stand in the way of not just our services: in 2014, we more than doubled the number of ATMs adapted for use by blind customers

### Market position on banking sector

We are one of the 46 banks operating on the Czech banking market and the market sees us as one of the three largest domestic financial institutions.

We are **first in terms of** the number of clients (5.0 mil.); total loans to clients (a 20% share); mortgages, (a 27% market share); consumer loans, including credit cards and overdraft facilities (a 33% share); and total deposits (a 20% share) – with corporate client deposits being at 12% and the share of retail deposits at 26% and in terms of total assets (a share of 18%).

We stand in **second place** in terms of mutual funds (a 26 %\* share).

\* As of 13.12.2014

Source: ČNB statistics, MRD, AKAT, Bank Card Association

### News from product offer

- Newly, with Česká spořitelna you can **refinance your mortgage from another bank, without paperwork** – without needless administration, without having to document your income, and without a property valuation. You can also newly **reserve an advantageous interest rate** for up to one year ahead of time without a fee.
- Česká spořitelna is offering a **fixed rate on mortgage loans from 1.99%** per year. The currently very low market rates favour investments into securities.
- Entrepreneurs** can newly get investment loans from Česká spořitelna with interest rates **starting at 1.89% per year**. This offer is valid till 30 June 2015. An investment loan can help secure the amount required for the development of a client's business and for his specific plans. Furthermore, Česká spořitelna's Business Loan has won the Golden Crown for the best business loan of the year several times.
- Hence, both conservative and dynamic trusts delivered interesting appreciation. The assets of the least risky ISČS mixed fund, **Konzervativní mix**, brought its clients **appreciation of 2.25% per year** in a two year investment horizon (as at 13 May 2015). The assets of the **Top Stocks** equity unit trust appreciated by 15.55% per year in five-year performance, and its **one-year performance was 31.86% per year** (as at 13 May 2015). Client assets in the **ČS nemovitostní fond** appreciated by 3.03% per year in five year investment horizon. In May 2015, **ISČS** was voted by The European magazine as **The Best Investment Company in Central and Eastern Europe for 2015**.
- Loans from Česká spořitelna** can be obtained at every branch, via SERVIS 24 Internet Banking and SERVIS 24 Mobile Banking, at ČS ATMs and via the toll-free line 800 207 207 also. **Making ČS loans easy to get from anywhere.**
- To students from 18 years up, Česká spořitelna offers **free unlimited withdrawals from CS ATMs and free outbound payments for two years** with every newly opened **FRESH account**. The special applies until 30 June 2015.
- Facebook acknowledged Česká spořitelna's marketing special, in which the bank used the social network for direct mortgage sales**, and featured it on its global website among its case studies of global corporations. By this means, Facebook draws attention to companies that have been able to exploit its resources uniquely and creatively. ČS has over 43,000 Facebook fans, making it the number one Czech bank on social networks.
- Česká spořitelna has launched a new **mobile application, MY STATUS**, supplementing the SERVIS 24 Mobile bank transaction application. The application **passively displays the balances of all of a client's savings products**, quickly, easily, and securely. It makes it possible to view the account transaction history, filter transactions, and display transaction details. The MY STATUS application is designed for the Android 4.0 and iOS 7 operating systems.

### Česká spořitelna in a nutshell (data as of 31.3.2015)

Number of clients	5.0 m
employees	10,545
ATMs	1,568
branches	634
Mortgage centres	21
Regional Corporate Centres for SME clients	13
Regional Centers for Erste Private Banking clients	11
Erste Premier branches	14
The Expat centre	1

### Strategic Goals for 2015

Česká spořitelna's strategic ambition is to be the main bank for its clients, thereby achieving a high level of client loyalty and to maintain its superior capital and liquidity position as well as its profitability. Česká spořitelna strives to maintain and enhance its leading market position in retail segments, surpass its competitors in corporate segments, and to become the main bank in its target segments. In the long-term, Česká spořitelna strives to become the main bank for small and medium-sized enterprises and the key bank for large and international corporations.

To attain this goal, Česká spořitelna adopted an updated strategy in 2014, entitled "MIDI 17". The name is the acronym of the first letters of four key areas:

- Multichannel bank;
- Intelligent use of client data;
- Digital transformation of banking transactions;
- Integration of financial and non-financial services in order to achieve tangible added value.

### Management Board



#### Pavel Kysilka

Chairman of the Board of Directors



#### Wolfgang Schopf

Vice-chairman of the Board of Directors, responsible for Financial Management



#### Daniel Heler

Member of the Board of Directors, responsible for Corporate and Investment Banking, Asset Management and Financial Markets



#### Karel Mourek

Member of the Board of Directors, responsible for Risk Management



#### Tomáš Salomon

Member of the Board of Directors, responsible for Retail Banking

### Credit ratings

	Long-term	Short-term	Outlook
S&P	A-	A2	Watch Negative
Fitch	A-	F2	Stable
Moody's	A2	Prime-1	Stable

### Shareholders' structure:

#### Voting Rights Share:

99.52% Erste Group, 0.48% Other

#### Basic Capital Group:

98.97% Erste Group, 0.59% Municipalities, 0.44% Other

### Consolidated subsidiaries:



## Recent news from bank

- As of 31 March 2015, Česká spořitelna reported an **unaudited consolidated net profit of CZK 3.7 bn**, according to International Financial Reporting Standards (IFRS). This is a year-on-year drop by 8.4%, from CZK 4.0 bn. **The operating result increased to CZK 5.9 bn year-on-year from CZK 5.8 bn.**
- Growing operating income improved the **Cost/Income Ratio to 42.8%**, from 43.8%.
- The gross volume of **private mortgage loans** was up significantly, by 8.2%, **to CZK 169.9 bn**. This growth is thanks, in particular, to Česká spořitelna's attractive offering and very low interest rates.
- The client deposits** increased by 5.9% and achieved **CZK 907.6 bn**. Clients like also placing their disposable cash into domestic and foreign mutual funds, as well as products offered by Penzijní společnost ČS.
- Česká spořitelna had at its evidence **3.14 million active payment cards** as of 31 March 2015. The volume of card transactions executed at retail outlets with ČS's cards was up to CZK 27.3 bn.
- Česká spořitelna launched round two of the successful campaign **Your Card Too Can Help**, where **again donates at least CZK 1 mil.** to the visually impaired seniors from **The Palata Home**. Česká spořitelna has supported the Palata Home since its establishment, i.e., for more than 120 years.
- Česká spořitelna introduced a **new marketing concept: "Paleckovi"**. It is a unique 3D animated world of a typical Czech family, the object of which is to introduce Česká spořitelna's products and services for retail clients in an entertaining and playful manner.
- Česká spořitelna is **the General Partner of the Year of Industry and Technical Education**. The Depositum Bonum Foundation, which supports good-quality teaching in technical disciplines and natural sciences, also got involved. The aim of the project is to draw attention to the lack of employees with technical training and to support links between academia and the private sphere.
- Česká spořitelna Foundation** awarded the **Floccus Award** to organisations and individuals helping people on the fringe of society. Aside from the symbolic statue, the winners also received a financial reward: organisations CZK 100,000 and individuals CZK 50,000.

## Financial highlights

CZK miliony; IFRS	31. 3. 2015	31. 3. 2014	Change
Operating incomes	10,332	10,316	0.2%
Operating expenses	(4,421)	(4,519)	(2.2%)
Operating profit	5,911	5,797	2.0%
Net profit for the financial period	3,666	4,000	(8.4%)
Total assets	924,870	913,938	1.2%
Loans and receivables to customers	505,975	491,418	3.0%
Deposits from customers	686,320	678,538	1.1%
Total shareholder equity	111,886	104,925	6.6%

## Did you know that...

...In Q1 of this year, the Czech economy noted an **unexpectedly rapid acceleration**? Q/Q, the growth of Czech GDP amounted to 2.8%, which is the historical high (market estimate 0.8%). Y/Y, the Czech economy grew by 3.9% in Q1 of this year.<sup>1)</sup>

...**Consumer prices were up by 0.5% year on year in April of 2015**? The price level increase was due primarily to prices of alcoholic beverages and tobacco and housing.<sup>2)</sup>

...**Nepal was hit by a very strong earthquake on Saturday 25 April**? Czech humanitarian organisations responded to the critical situation immediately and initiated collections to help the country. As a socially responsible bank, we will not charge our clients any fees on payments going to selected collection accounts from 27 April 2015.

<sup>1)</sup> ČS research <sup>2)</sup> ČSÚ



## Macroeconomic outlook for Central and Eastern Europe

After posting 2.7% GDP growth last year, CEE economies are expected to advance by at least 2.8% in 2015. "Thanks to the positive surprises in 4Q14, the first quarter of 2015 brought even more robust numbers, mainly driven by consumption and external trade. We predict at least 3.5% growth in Poland, 2.8% in Romania, 2.6% in the Czech Republic and 2.5% in Hungary", explains Zoltán Árokszállási, Chief Analyst of CEE Macro/Fixed Income Research at Erste Group. Growth assumptions were already upgraded for Slovakia, where growth can be expected at 3% instead of the formerly assumed 2.5% this year. In Croatia and Serbia, where fiscal challenges are still to be tackled, the situation is more negative. However, hopes are increasing that both countries can show a mild growth already this year. "Fortunately, growth in CEE is not accompanied by large current account deficits; in fact, some CEE economies actually have a current account surplus. The lower oil price and a clear uptick in the Eurozone are helping CEE countries. However, such stellar performance is not expected to withhold the second and third quarters this year, as oil prices started to increase and sentiment indicators show a slight moderation across CEE. That being said, growth can remain robust, and we see clear upside risks to our current call of 2.8% real GDP growth for the CEE region", concludes Árokszállási. CEE should exceed the average Eurozone by at least 1.5 percentage points in 2015 in terms of GDP growth.

### Erste Group in a nutshell (data as of 31.3.2015)

Number of clients	16.2 m
employees	46,000
branches	2,700
total assets	EUR 202.6 bn
total equity	EUR 14.0 bn
net profit	EUR 225.8 m

### Erste Group's business position

- One of the leading financial providers in the eastern part of the EU
- Among the TOP 3 banks in our core markets in CZ, AUT, SK, RO, HU and HR
- Innovation leader in retail banking in the home market Austria

### Management Board

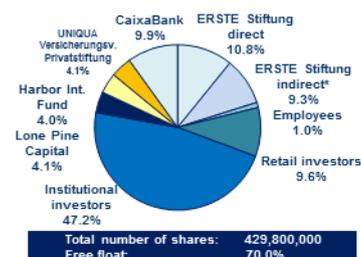
- Andreas Treichl, CEO
- Gernot Mittendorfer, CFO a CPO
- Andreas Gottschling, CRO
- Peter Bosek, Retail banking
- Jozef Sikela, Corporate banking
- Petr Brávek, COO (starting with 1st of April 2015)

### Erste Group makes strong start to 2015

"We had a strong start to 2015 and are showing a solid net profit, due to a combination of positive developments: the economic rebound is bringing about a pick-up in lending, while bad loans costs are declining as expected. On the whole, the CEE region confirms its strong potential by making a significant contribution of 61.4% to the Group's operating result", explained Andreas Treichl, CEO of Erste Group at the presentation of the financial results for Q1 2015. "In Austria, Slovakia and the Czech Republic, our results were driven by volume growth both in retail and corporate business. The Romanian subsidiary is profitable again and we see encouraging signs in retail lending, while in Hungary the completion of the FX loans conversion should clear the way for a comeback in new business. We are confident that economic growth in CEE will continue at a steady rate, increasingly driven by domestic demand, which is good news for a further uplift in lending", said Andreas Treichl.



### Shareholder structure by investor type



\* Including voting rights of Erste Foundation, savings banks, savings banks foundations and Wiener Stadtische Wechselseitige Versicherungsverein

### Listings and index representation

Listing	Index	Weighting (31.03.2015)
Vienna Stock Exchange	ATX	18.33%
Prague Stock Exchange	PX	19.40%
Bucharest Stock Exchange	ROTX	19.32%

- Public trading via a Level I ADR programme in the U.S.
- MSCI Standard Index
- DJ Euro Stoxx Banks Index
- FTSE EuroTop 300

### Credit ratings

	Long-term	Short-term	Outlook
S&P	A-	A-2	Watch Negative
Fitch	BBB+	F2	Stable
Moody's	Baa2	P-2	Under Review