



ČESKÁ  
SPŮRITELNA

# Financial Results H1 2022

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# Disclaimer

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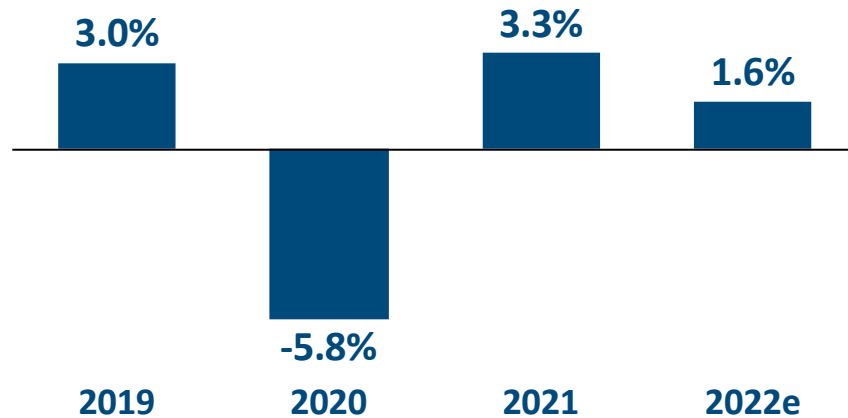
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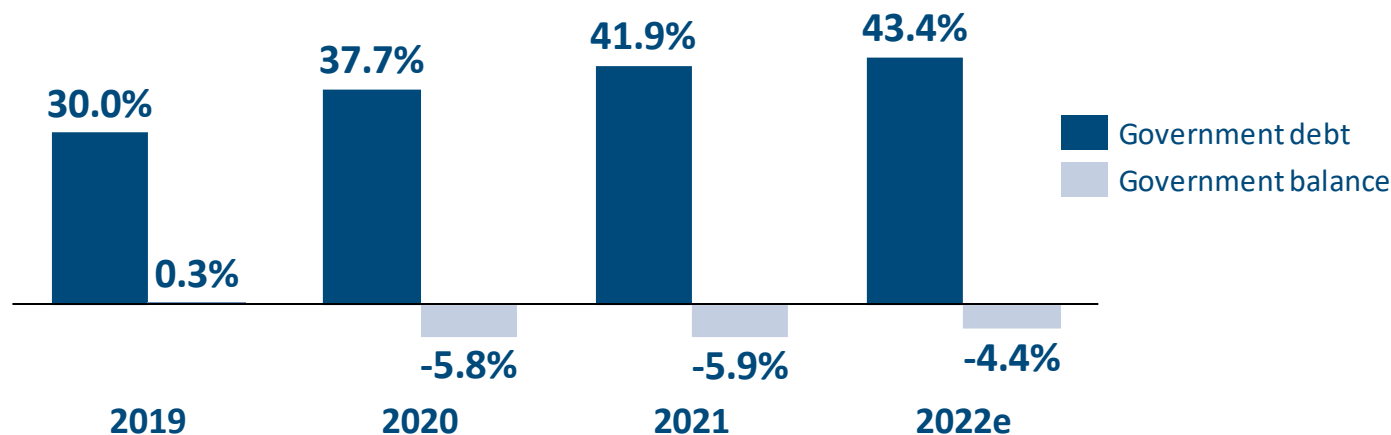


# Macroeconomic Developments

## Real GDP Growth y/y



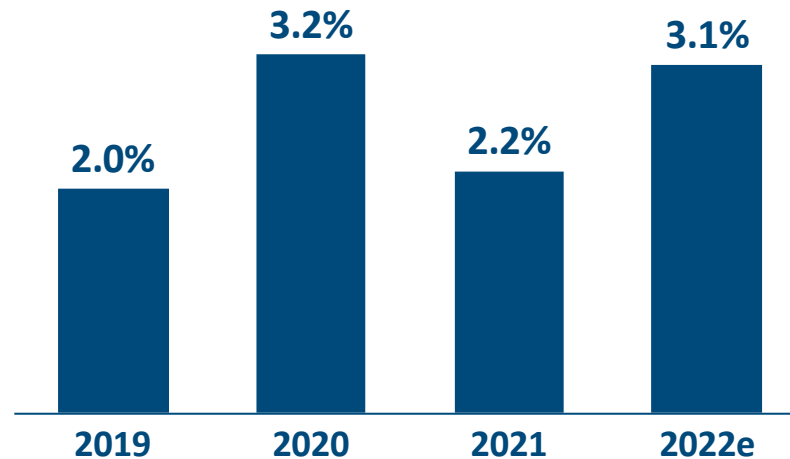
## General Government Debt and Government Balance (share of GDP)



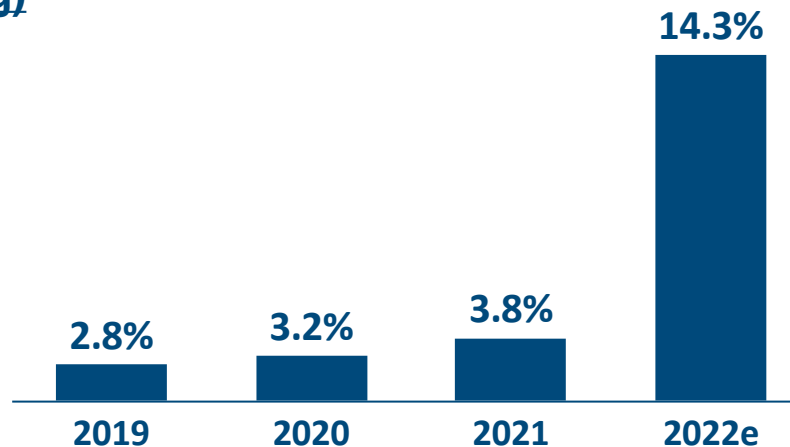
- In Q1 2022, GDP growth arrived at 4.8%, as it was supported by strong domestic demand. On the contrary, a contribution of net exports to GDP growth reached -2.7 pp, mainly due to problems associated with a lack of semiconductors and high imports for consumption and investment purposes
- In 2022, ČS expects GDP growth to slow down towards 1.6%, as the war in the Ukraine and high energy prices have stagflationary impacts on the economy
- Risks for 2022 remain high and are tilted to the downside. A stoppage of Russian gas would probably cause a temporary recession
- The war in the Ukraine and high energy prices result in higher than previously expected government expenditures. Thus, the negative balance will be decreasing only gradually and ČS expects it to reach -4.4% in 2022

# Macroeconomic Developments

## Unemployment Rate (eop)



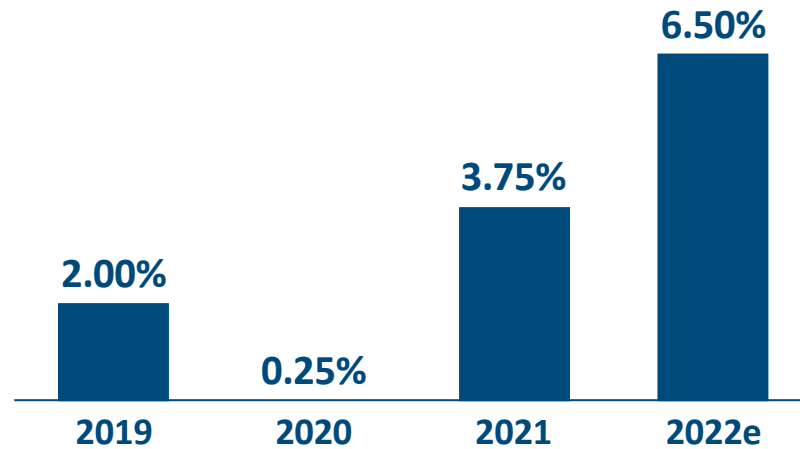
## Consumer Price Inflation (avg)



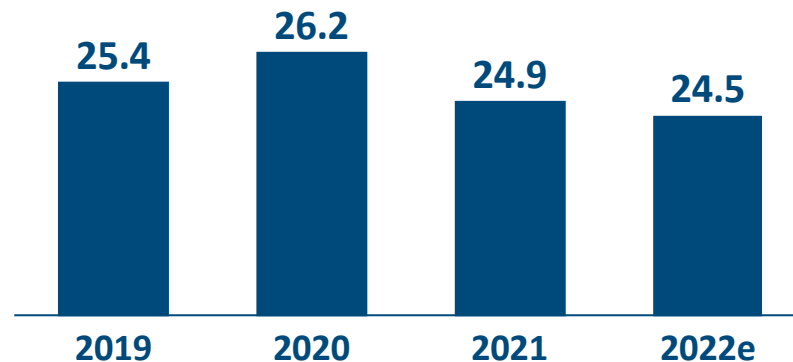
- The general unemployment rate (ILO) came in at 2.5% in May. During 2022, ČS expects unemployment to be slightly increasing, as it will be affected by high policy rates of the ČNB and impacts of the war in the Ukraine
- However, the labour market is expected to worsen in 2022 mainly in terms of real wages, which will decrease, as inflation rate will exceed nominal wage growth
- Average CPI inflation arrived at 17.2% in June, mainly due to supply-side factors. Among them, prices of food, fuels, gas or electricity were the most important. At the same time, domestic demand-side pro-inflationary factors have been gradually weakening
- ČS expects CPI inflation to exceed 14% in 2022. In H2 2022, inflation could be gradually weakening, due to the base effect, impacts of high policy rates and anti-inflationary impacts of lower household consumption

# Macroeconomic Developments

## ČNB Repo (eop)



## EUR/CZK



- Given sound pro-inflationary pressures, the key rate of the ČNB arrived at 7.00% in June and is expected to reach 6.50% at the end of 2022
- Risks are both-sided. On the one hand, another increase in prices of food and energy could push inflation up and the ČNB could start the cutting cycle in H1 2023. On the contrary, expected deterioration of economic developments during H2 2022 could result in faster-than-expected policy loosening
- The koruna has remained relatively stable recently, as it stays close to EUR/CZK 24.7. Although negative sentiment in markets is working in the direction of weakening, koruna has been defended by the ČNB interventions
- Given the negative sentiment in markets, ČS does not expect an important koruna's appreciation in the rest of 2022. However, koruna is still weaker in comparison with fundamentals in general and thus it should return to appreciation trajectory when market sentiment calms down and Czech inflation lowers



## Summary & Business Highlights



# Key Indicators

## Summary & Highlights

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**Net profit** | **CZK 11.0 bn**  
(+67.0% y/y)

**Total capital ratio** | **20.3%**  
(-5.1 pp y/y)

**Return on equity** | **16.6%**  
(+6.7 pp y/y)

**Cost/income ratio** | **41.5%**  
(-7.7 pp y/y)

**Operating result** | **CZK 14.8 bn**  
(+43.7% y/y)

**Loan/deposit ratio** | **64.4%**  
(-1.1 pp y/y)



*“Česká spořitelna’s H1 2022 results reflect above all increasing trust of customers in our support in difficult times which has been demonstrated in the rise of both deposits and loans. We continued helping our clients in many ways in order to keep improving their financial health and financial resilience. ČS boosted its money-back programme for groceries, extended insurance coverage and further accelerated development of its digital solutions.*

*Also, thanks to this effort, Česká spořitelna achieved solid net profit in H1 2022 with significant year-on-year growth which was mainly influenced by low comparable base resulting from COVID-19 pandemic. Despite strong financial performance uncertainty remains high due to continuing war in the Ukraine, disrupted supply chains, possible gas shortages and rising inflation driven by energy prices.”*

Ivan Vondra, CFO



# Česká spořitelna Supports Stronger and Sustainable Society

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Česká spořitelna has formulated a purpose-driven strategy based on Erste 2030 vision – To transform itself from a traditional bank to a “Financial Health Company” guiding Czech individuals and companies to financial health through a differentiating personalized advisory concept scaled to millions of clients. Major focus is placed on sustainability, seen as a noble purpose as well as substantial growth opportunity

Personalized services and advisory will further substantially spread in retail banking and also in corporate banking, with the support of digital solutions

### Advisory for Retail Clients:

Česká spořitelna will further improve financial health of its clients via:

- Deepening its understanding of customers' needs
- Personalised advisory and high-value adding solutions
- Increasing affordability of housing

### Advisory for Corporate Clients:

Česká spořitelna aims to increase competitiveness, sustainability and prosperity of the country's economy (focus on ESG, Transformation 2.0 and entrepreneurship support) via:

- Active monitoring and improvement of financial health of its clients, thus creating stable business environment supporting companies on their way to prosperity
- Guiding Czech companies through the “green transformation” by inspiring, advising, financing and connecting them
- Guiding Czech companies towards a higher added value products and services



Since its establishment in 1825, Česká spořitelna has played a significant role in shaping Czech society and strengthening the country's prosperity. The Bank perceives this role as a key priority. It is also clear that future growth and prosperity must be based on sustainability. Česká spořitelna wants to lead by example and also assist clients in transforming their own activities for long-term sustainability

### From Words to Deeds:

- In June, Česká spořitelna received an award for Green Market Pioneer in the Czech Republic in 2021 within the 7<sup>th</sup> Climate Bonds Awards. The Bank earned recognition for its EUR 500 m senior non-preferred green bonds issued last fall. Proceeds will be allocated to eligible renewable energy and green buildings
- Česká spořitelna has been introducing new “green” products for clients. After three new ESG mutual funds at the end of 2021, the Bank came up with a new Mortgage for the Future and Renovation Loan for the Future. The new cheaper mortgage is available for the purchase of a residential unit or a house in the highest energy performing classes. Together with the building society loan, the loan can also be used for reconstruction where at least 30% of the total reconstruction budget is used for the purchase of energy-efficient and green elements that reduce the energy consumption of the building
- The Česká spořitelna Financial Group (FSČS) has expanded with a new subsidiary Dostupné bydlení (Affordable Housing). The new company will co-operate with municipalities on the development of new affordable apartments that will be rented to people working in selected professions in social infrastructure
- Česká spořitelna participated in the establishment of a unique platform consisting of leading companies from several sectors of the Czech economy that should help companies map their CO<sub>2</sub> footprint and make the transition to more sustainable operations. The first comprehensive report, called Carbon Tracker 2022, will be published in 2022
- Česká spořitelna defined an Environmental, Social and Governance (ESG) risk policy as its basic framework for identifying and managing sustainability related goals and risks. The Bank also implemented assessment of ESG risk for new loan origination according to EBA Guidelines on loan origination and monitoring



## Retail Banking

### Advisory

Within the Financial Health Company concept, Česká spořitelna further extended its advisory to retail customers. In particular, the Bank launched a special website that helps more customers apply for the state housing allowances. Also, Česká spořitelna has begun offering special advisory to the customers who had applied for deferment of their loan repayments in the past

### Loans

Česká spořitelna launched a new e-Loan application that enables customers apply for loans via telephone. Also in the second quarter of 2022, the Bank started a new marketing campaign that offers customers in need restructuring of their instalments and forgiving up to 15 monthly instalments. In the People in Need Responsible Lending Index, Spořitelna ranked as the second most responsible lender on the market

### Investments

REICO ČS LONG LEASE fond managed by the REICO company has expanded its real estate portfolio by BWI research and development centre in Krakow, Poland. Following the acquisition, the total market value of REICO ČS LONG LEASE's portfolio reached almost CZK 1 billion



## Corporate Banking

### Transformation 2.0

Within Transformation 2.0, Česká spořitelna supports local companies in increasing their efficiency. Most recently, the Bank provided financing to Moravia Cans company that will enable the company to acquire a new production line. The line will enable the production of new aerosol cans with a high proportion of aluminium recyclate, which will lead to savings in material and energy inputs and a reduction in CO<sub>2</sub> production. Also, financing from Česká spořitelna provided to Slováké strojímy will help the engineering company develop a new science park in Uherský Brod

### Leasing

For the first time ever, Česká spořitelna's subsidiary Leasing ČS provided financing to railway cars. Leasing ČS helped finance ODO Ostrava's acquisition of three new diesel locomotives

### EIB co-operation

In co-operation with the European Investment Bank (EIB), Česká spořitelna has so far helped its clients to develop their businesses through concessional financing totalling over CZK 40 billion. Česká spořitelna is thus clearly leading the ranking of Czech banks co-operating with the EIB





### George

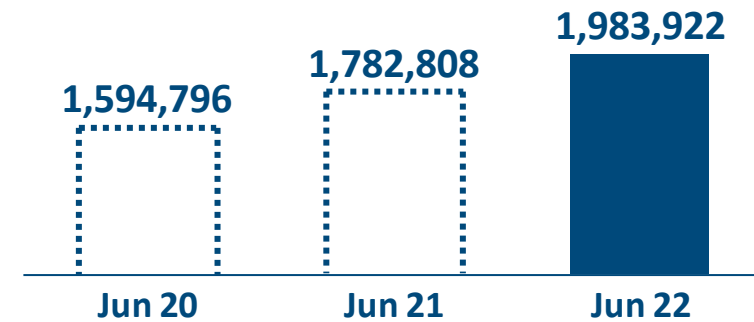
Česká spořitelna's continued to further develop its digital platform George. Among the most recent upgrades is the opportunity to conclude ad-hoc travel insurance and also long-term insurance via George. In addition, the Bank has extended the scope of all travel insurance contracts

### Bank ID

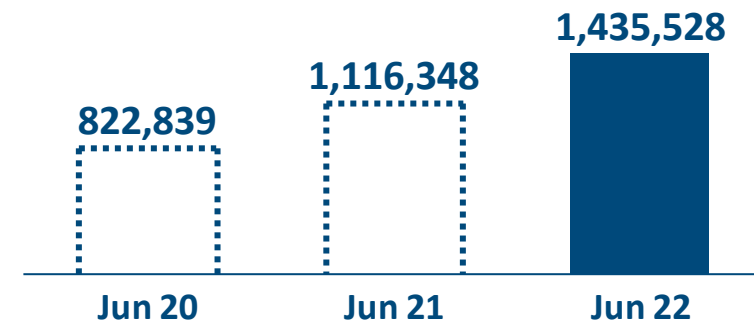
By the end of the first half of 2022, three million different requests to the state have been handled by Česká spořitelna clients using Bank IDentity. Česká spořitelna's Banking IDentity has thus become the most popular way of online login to e-government services. Meanwhile, Česká spořitelna's clients used their Bank IDentity 200,000 times when verifying their identity to private companies



### Number of Active Unique Users of George



### Number of Active Unique Users of Mobile George

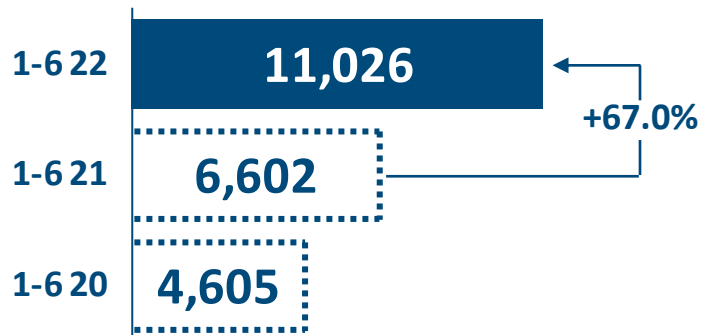




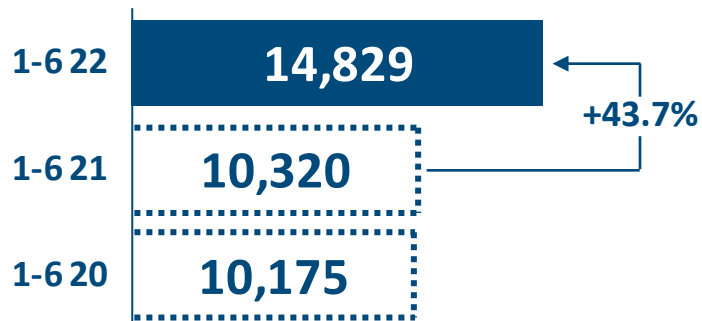
# Financial Performance

# Main Indicators

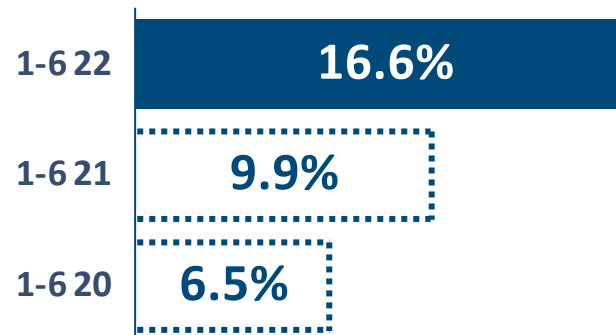
## Net profit (CZK m)



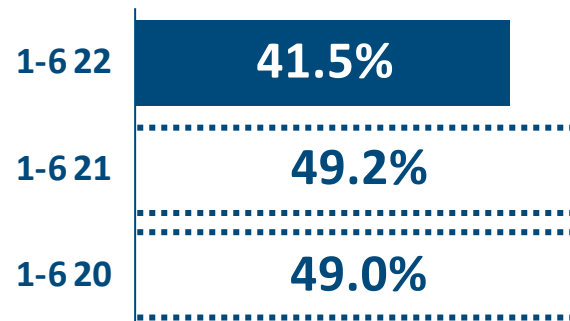
## Operating result (CZK m)



## ROE



## Cost/income ratio



- Net profit increased by 67.0% y/y to CZK 11.0 bn driven by considerably higher operating result reflecting overall post-COVID development, supported by release of credit risk provisions in H1 2022 compared to creation in H1 2021
- ROE grew to 16.6% (+6.7 pp y/y)
- Operating result rose by 43.7% y/y (or CZK 4.5 bn)
  - Operating income was up by 25.0% y/y, attributed to increase in net interest income (+27.0% y/y), net fee and commission income (+6.7% y/y) and net trading result (+58.0% y/y)
  - Operating expenses (+5.6% y/y) were well below the inflation rate, driven mainly by personnel expenses and other administrative expenses
- Cost/income ratio significantly improved to 41.5% (-7.7 pp y/y)



# Net Profit – Y/Y

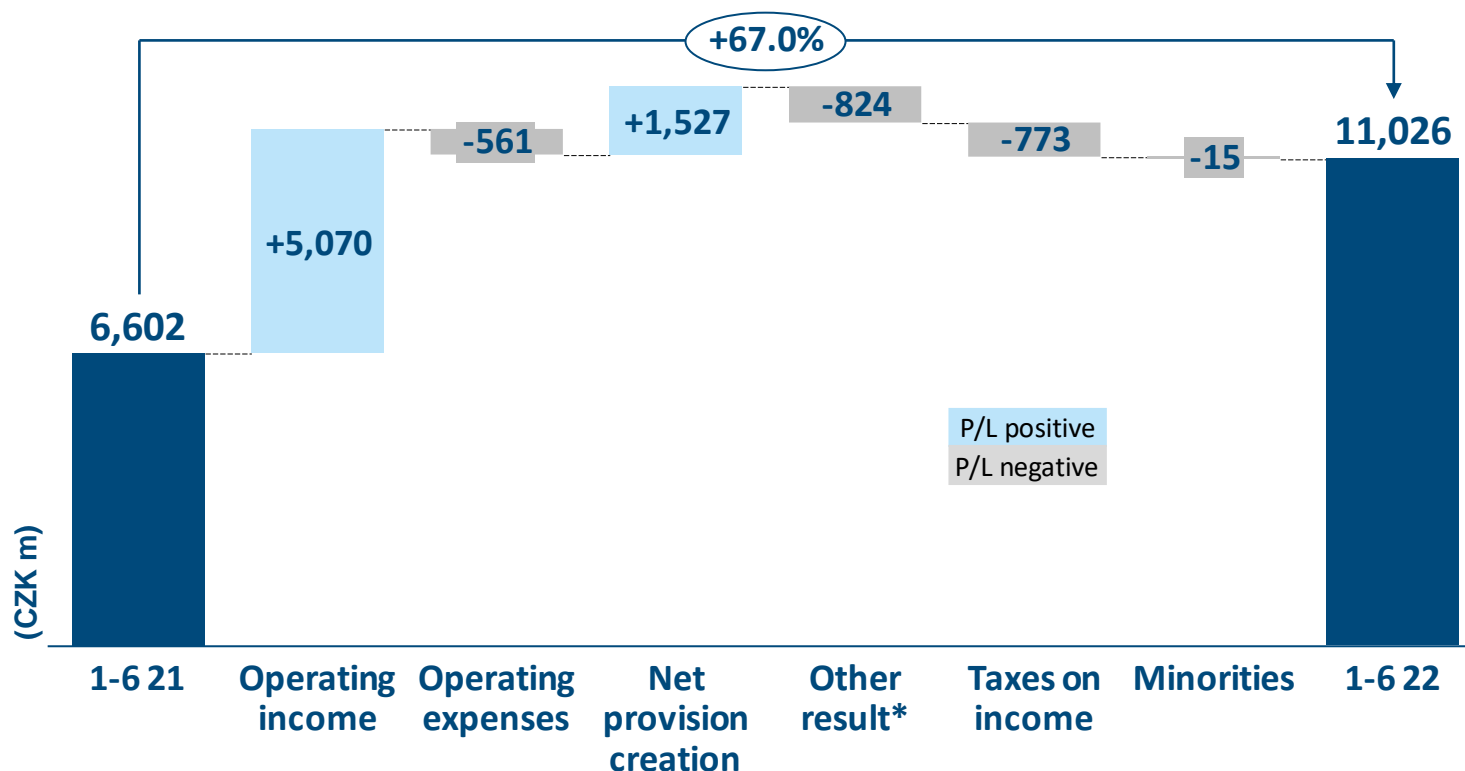
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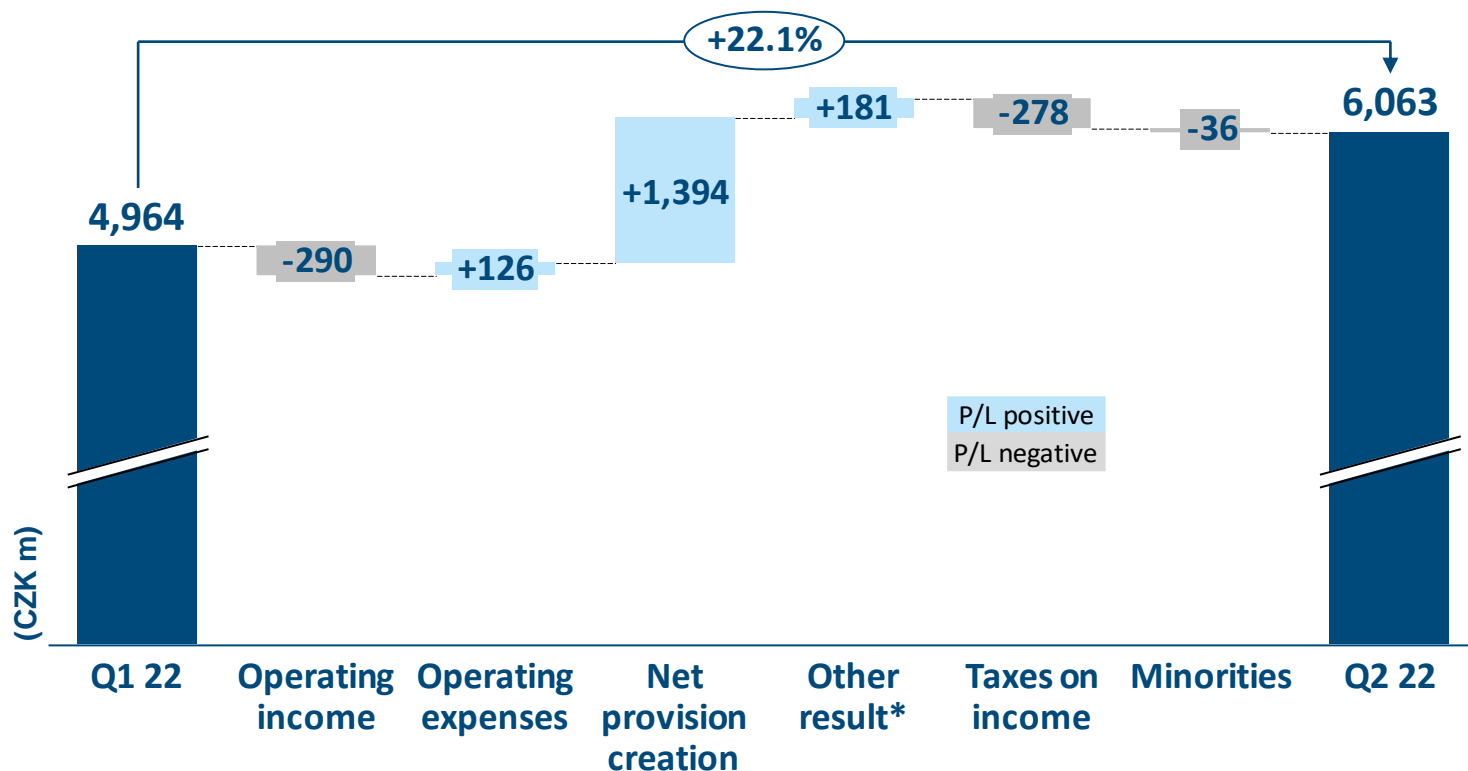
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\* Includes Gains/losses from derecognition of financial instruments not measured at FV through profit or loss and Other operating result

- Operating income went up by 25.0% y/y, impacted by business growth and ČNB hikes. Net trading result (+58.0%) driven by derivatives and securities trading, higher income from sale of FX products and overall post-COVID development
- Operating expenses rose by 5.6% y/y attributed to increase in personnel expenses and other administrative expenses
- Development of risk provision caused by positive development in portfolio quality reflected in provision release across segments in H1 2022 compared to provision creation in H1 2021
- Decrease in other result\* attributed mainly to sale of bonds and higher contribution to Recovery and Resolution Fund in Q1 2022

# Net Profit – Q/Q



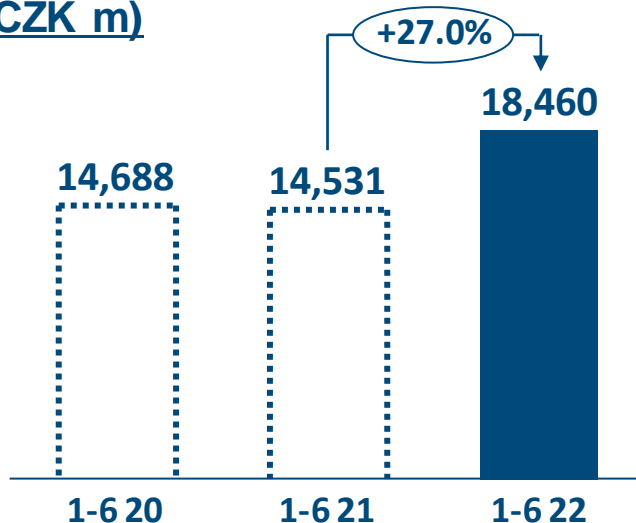
\* Includes Gains/losses from derecognition of financial instruments not measured at FV through profit or loss and Other operating result

- Operating income in Q2 2022 decreased by 2.3% q/q attributed mainly to net trading result (-21.3% q/q) and net fee and commission income (-7.5% q/q)
- Operating expenses decreased by 2.4% q/q driven by
  - Lower other operating expenses affected by booking of contribution into Deposit Insurance Fund in Q1 2022
  - Partly offset by higher personnel expenses in Q2 2022 driven by booking of accrual for employee share programme
- Development of net provision creation caused by net provision release in Q2 2022 reflecting positive development across all sectors, compared to net provision creation in Q1 2022

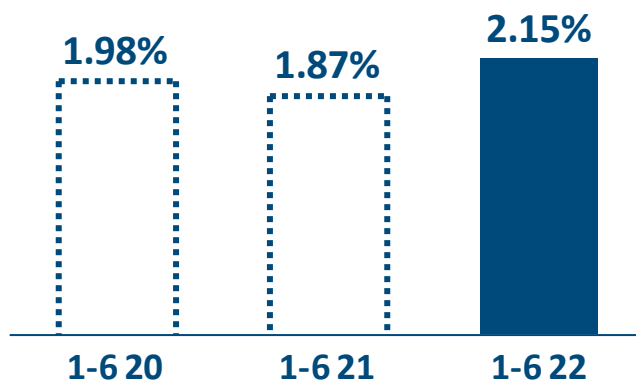
# Net Interest Income & Net Interest Margin

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## Net Interest Income (CZK m)



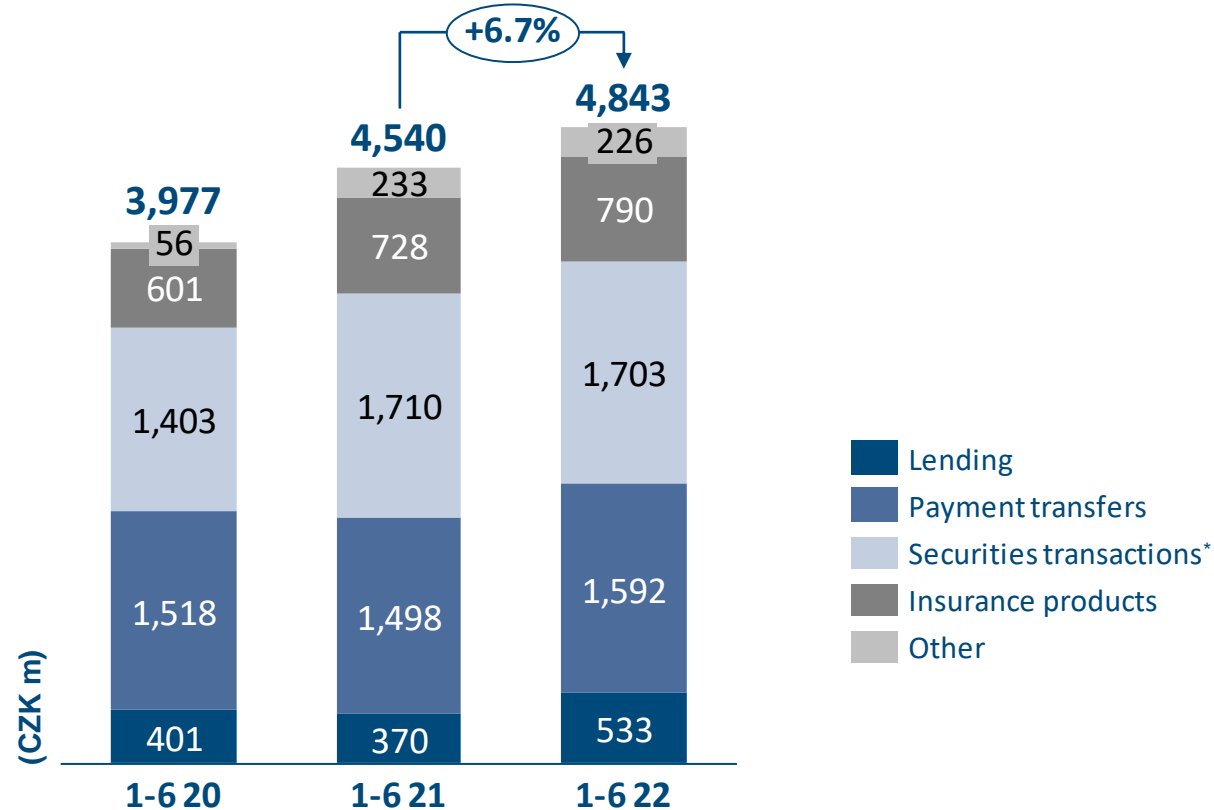
## Net Interest Margin



- Net interest income increased by 27.0% (or CZK 3.9 bn) in comparison with H1 2021, well exceeding pre-COVID levels, which was mainly affected by
  - Growth of customer loans and deposits
  - Investments into government bonds
  - Interest rate hikes by ČNB
- Net interest margin reached 2.15% in H1 2022, supported by high interest rates environment and assets structure



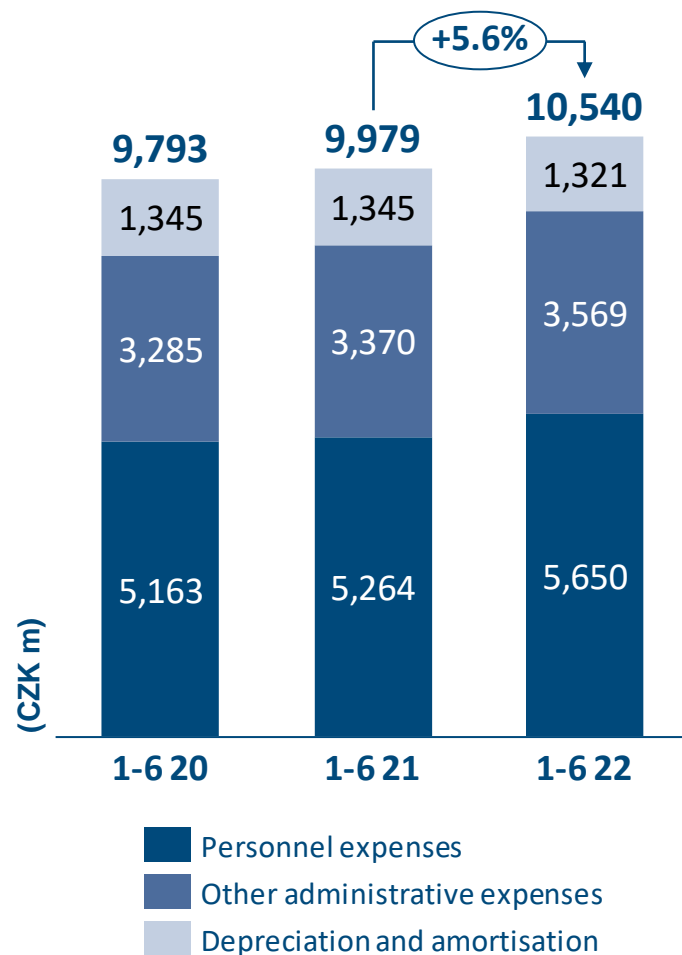
# Net Fee and Commission Income



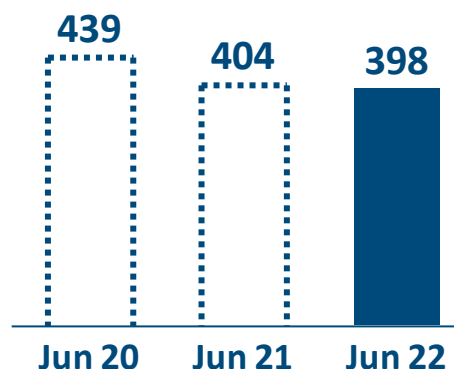
- Strong y/y growth to above pre-COVID levels caused by both retail and corporate
  - Insurance products up by 8.5% y/y
  - Increase in payment transfers reflects double-digit growth of card transactions and positive development of corporate cash management
  - Lending fees supported by business development

\* Since FY 2021 securities transactions include securities, asset management, custody and collective investments; previous data restated

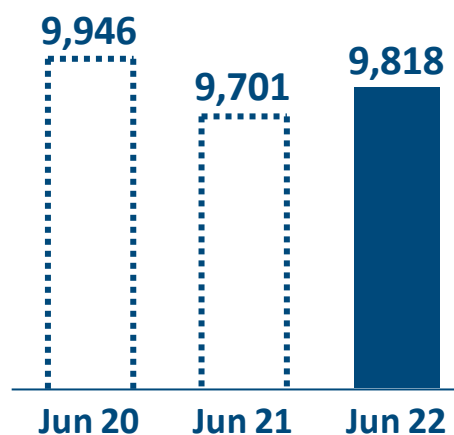
# Operating Expenses



## Number of Branches\*



## Number of Employees



- Operating expenses stayed well below the inflation rate in H1 2022 and rose by 5.6% y/y attributed mainly to increase in personnel expenses and other administrative expenses
- Personnel expenses grew by 7.3% y/y driven mainly by impact of salary increase and employee share programme
- Other administrative expenses up by 5.9% y/y due to higher costs of property management, business operation and personnel related costs. Furthermore, affected by increase in contribution into Deposit Insurance Fund in 2022 (+ CZK 52 m y/y)

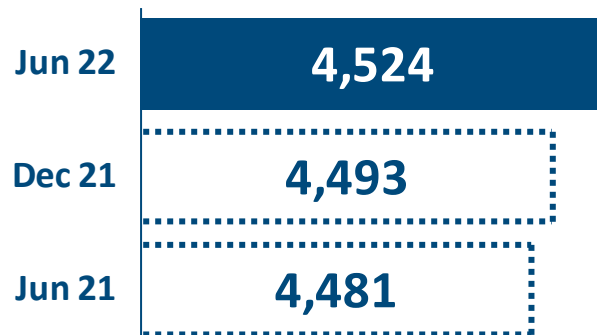
\* Since H1 2022 number of physical branches, previous data restated



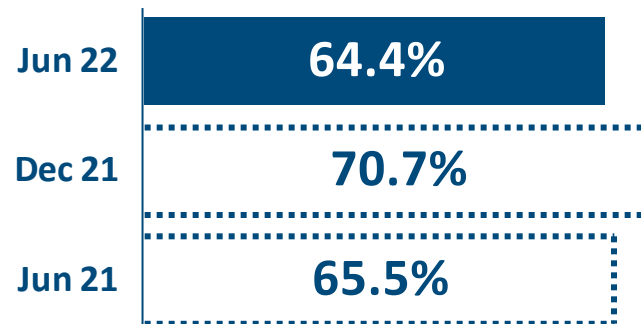
# Business Performance

# Main Indicators

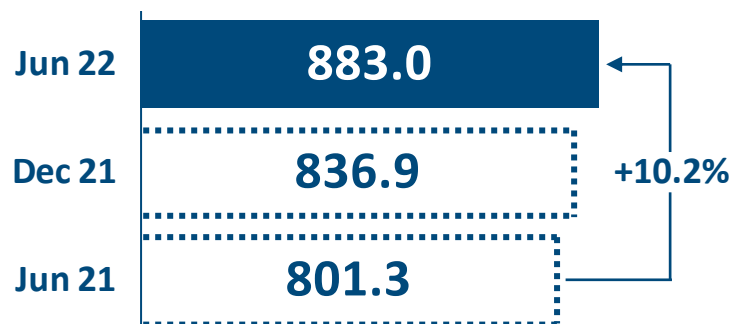
## Number of clients (ths)



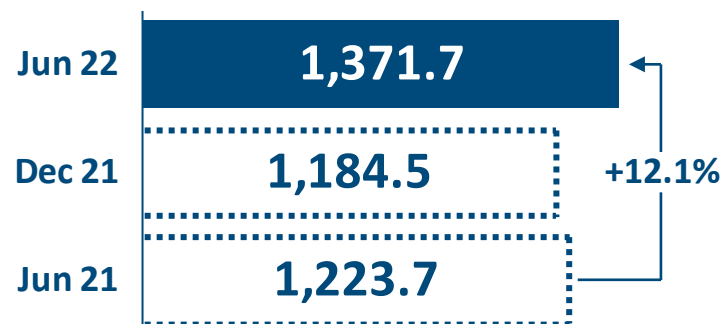
## Loan\*/deposit\*\* ratio



## Loans\* (CZK bn)



## Deposits\*\* (CZK bn)



- Number of clients rose by 43 ths y/y
- Group net customer loans increased by 10.2% y/y, driven mainly by private mortgages, SMEs and subsidiaries
- Total group customer deposits grew by 12.1% y/y reflecting trust of clients
- Loan/deposit ratio at 64.4% (from 65.5% in June 2021)

\* Includes loans and advances at amortised cost, loans and advances at FV through profit or loss, finance lease receivables and trade and other receivables

\*\* Includes deposits from customers at amortised cost and deposits from customers at FV through profit or loss



# Balance Sheet – Assets YTD

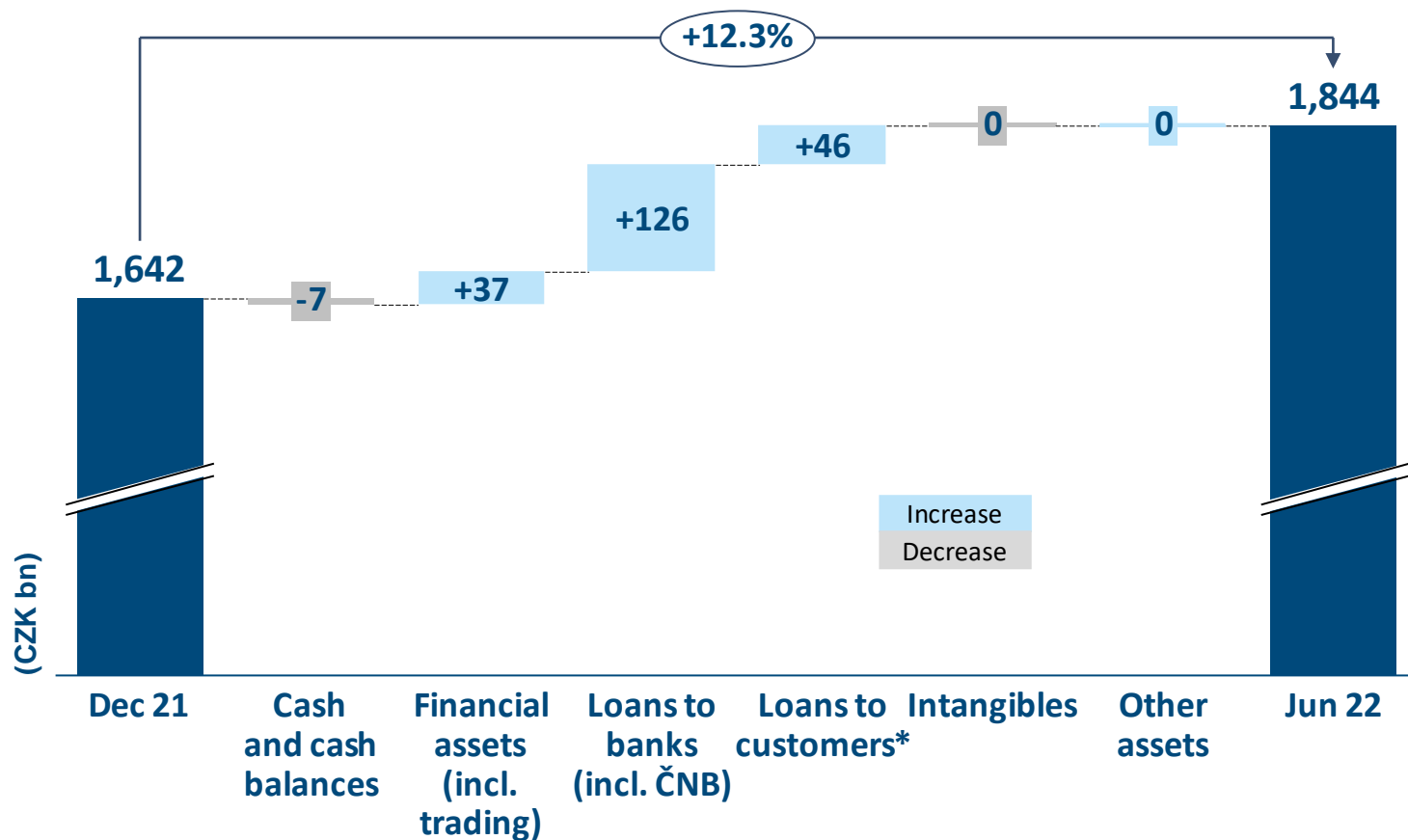
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- The assets development affected mainly by growth of loans to banks accompanied by loans to customers
- Loans to banks attributed to reverse repo operations with ČNB increased by 34.5% (or CZK 126.2 bn) driven mainly by customer deposits
- Net customer loans\* increased by 5.5% in H1 2022 thanks to both retail and corporate lending
- Growth of financial assets caused by higher investments into Czech government bonds

\* Includes loans and advances at amortised cost, loans and advances at FV through profit or loss, finance lease receivables and trade and other receivables

# ČS Group Gross Loan Portfolio

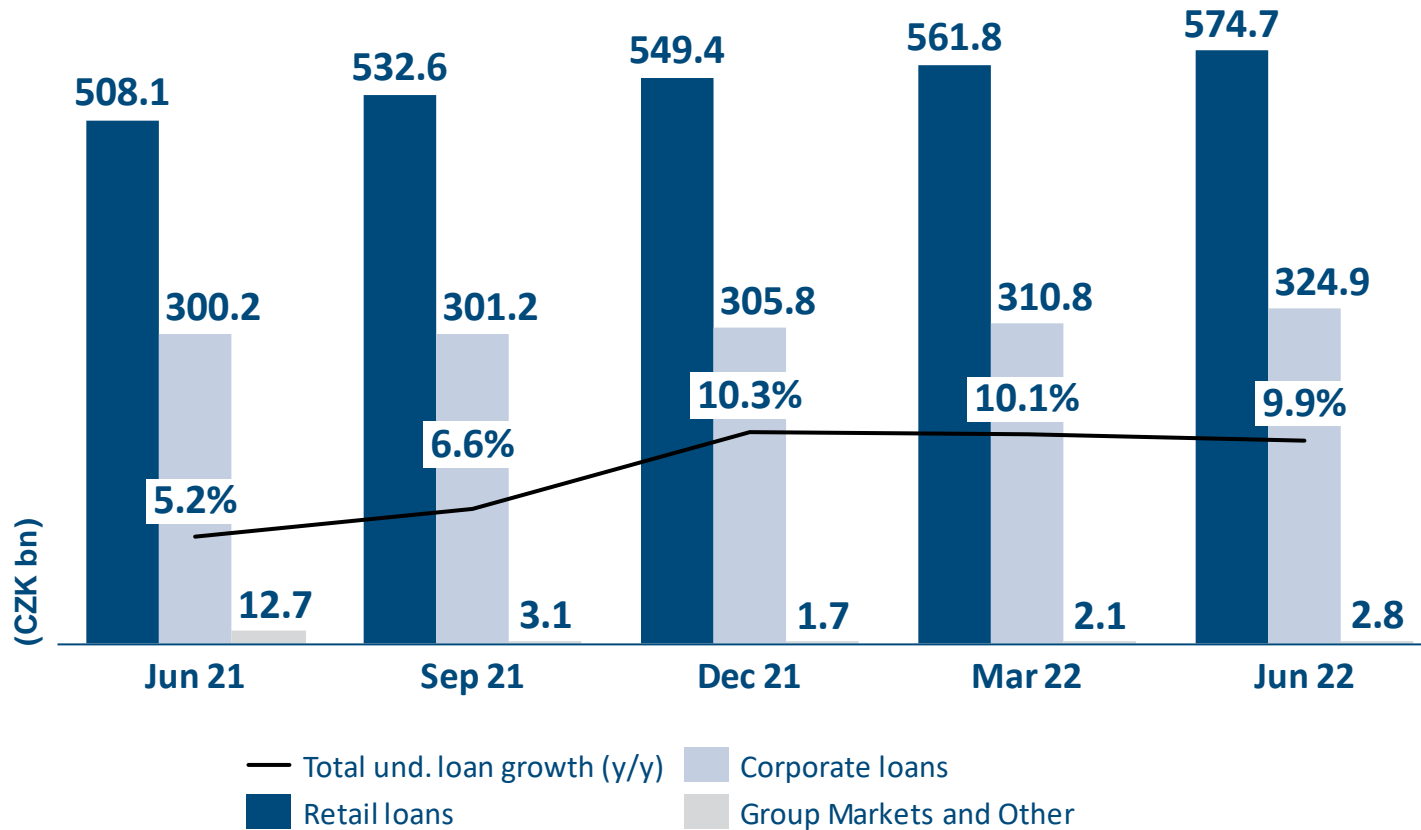
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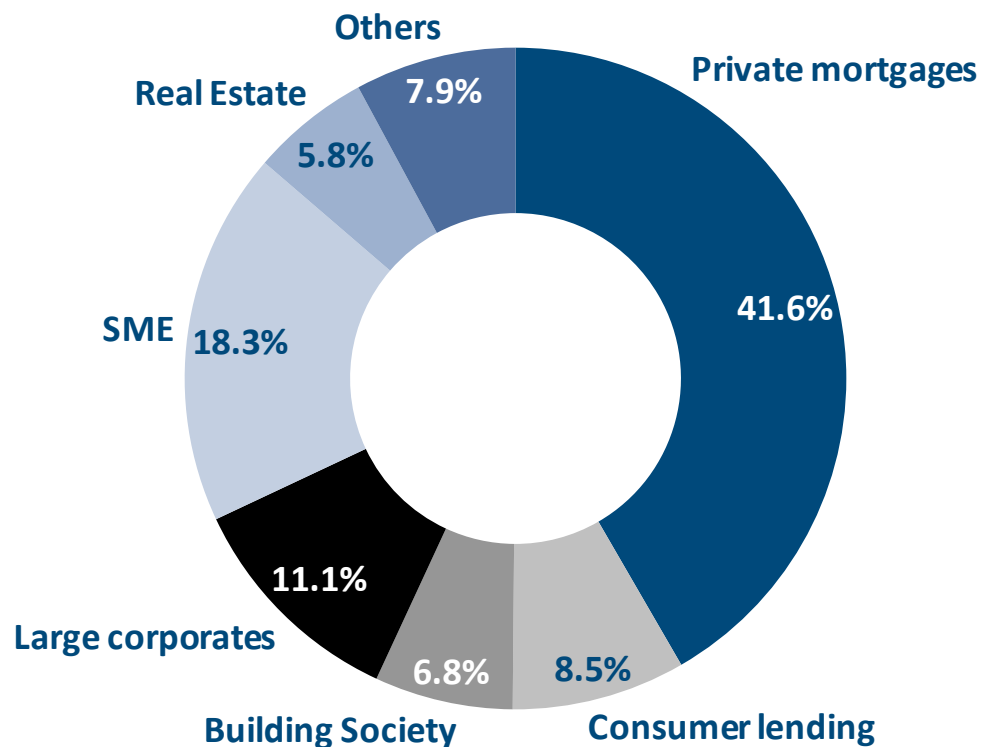


- Group gross loan portfolio increased by 9.9% y/y attributed to both retail and corporate loans
- Loans to retail clients rose by 13.1% y/y
  - Private mortgages +16.1%
  - Building Society (SSČS) +15.9%
  - Small Business +5.4%
  - Consumer lending +4.3%
- Loans to corporate added 8.2% y/y (+9.7% y/y excluding FX impact)
  - SME +12.6%
  - Increase in Large Corporate +5.0%
  - Subsidiaries grew by +24.9% driven mainly by secured factoring

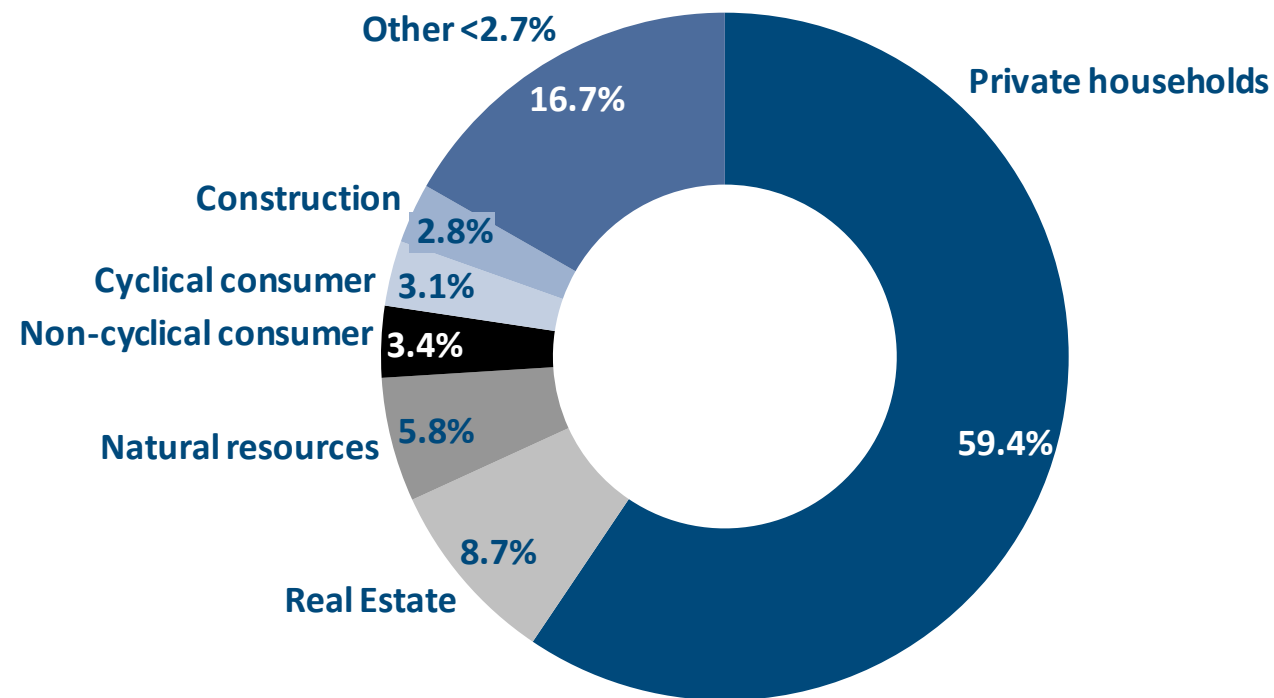
# ČS Group Gross Loan Portfolio

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Gross Loan Portfolio by Customer Segment



Industry Split of Gross Loan Portfolio



*Note: New industry split definition since Q1 2022*

# Mortgages and Consumer Lending

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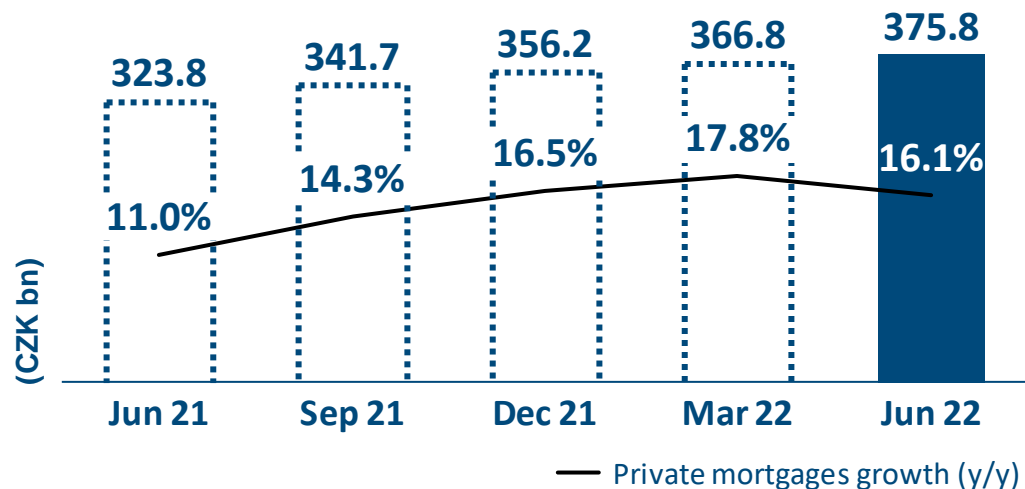
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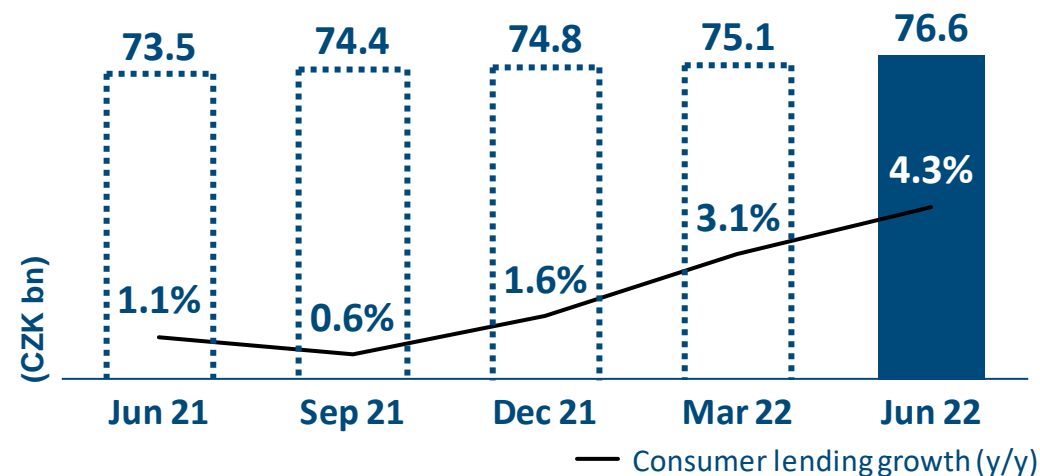
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## Mortgages



## Consumer Lending\*



- Volume of private mortgages further grew by 16.1% y/y
  - Extraordinary strong sales in 2021 pushed by anticipation of interest rate hikes by ČNB are being gradually utilized. It positively affected on balance also in Q2 2022. New sales have already gone back to standard level
  - Average maturity of new loans stable at 27.5 years, average volume at 3.20 m
  - Underwriting policy unchanged, LTV gradually declining due to a rise of real estate value (whole portfolio at 52.3% driven by regular Q1 repricing, new loans at 64.9%)
- Consumer lending\* added 4.3%
  - Growing volume since Q1 2021
  - Higher sales of cash loans

# Balance Sheet – Liabilities YTD

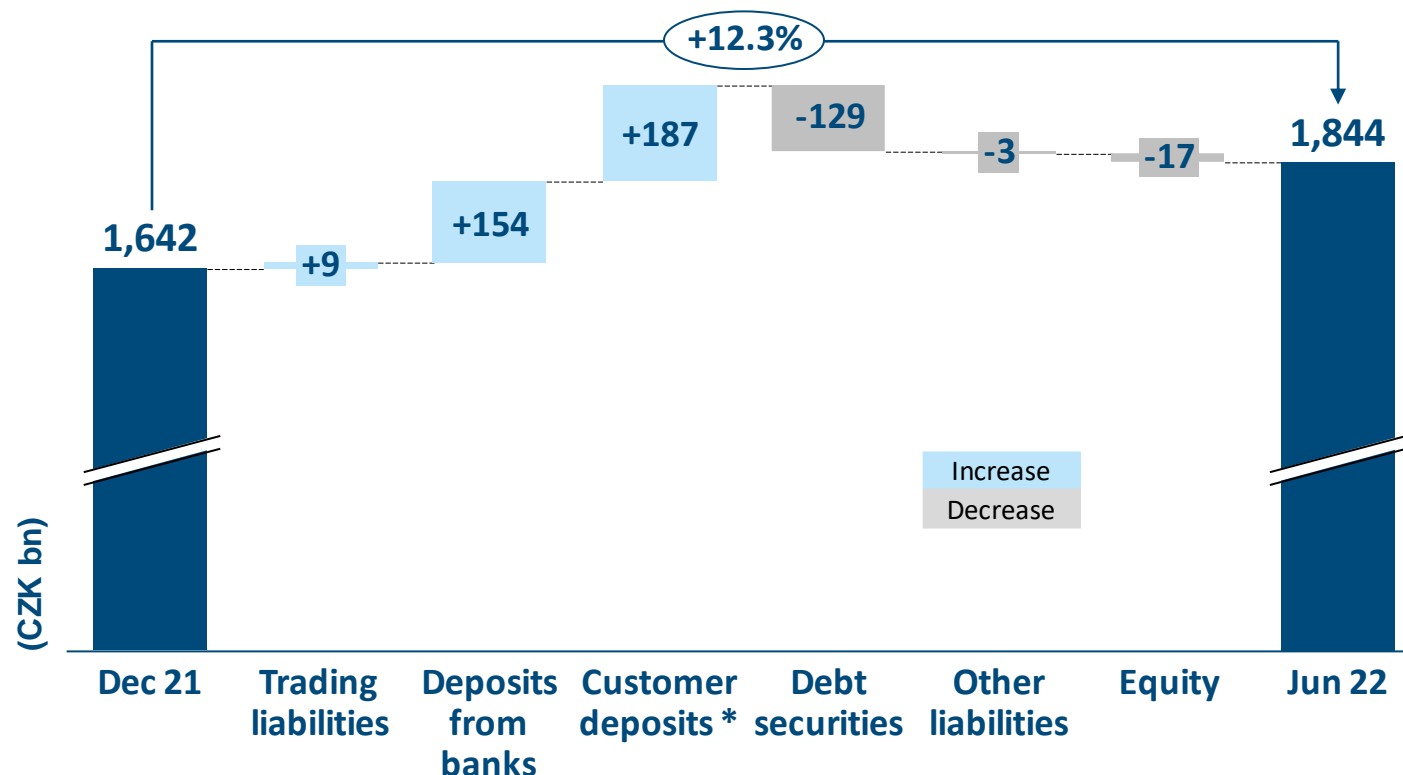
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- The main driver of growth on liability side of balance sheet were customer deposits
- Group customer deposits\* grew by 15.8% in H1 2022 attributed to all sectors (mainly corporate\*\* and public sector)
- Increase in deposits from banks (credit institutions) was partly compensated by decrease in debt securities reflecting changes in short-term intragroup liquidity steering

\* Includes deposits from customers at amortised cost and deposits from customers at FV through profit or loss; previous figures restated

\*\* Includes deposits of non-financial corporations and deposits of other financial corporations



# ČS Group Customer Deposits

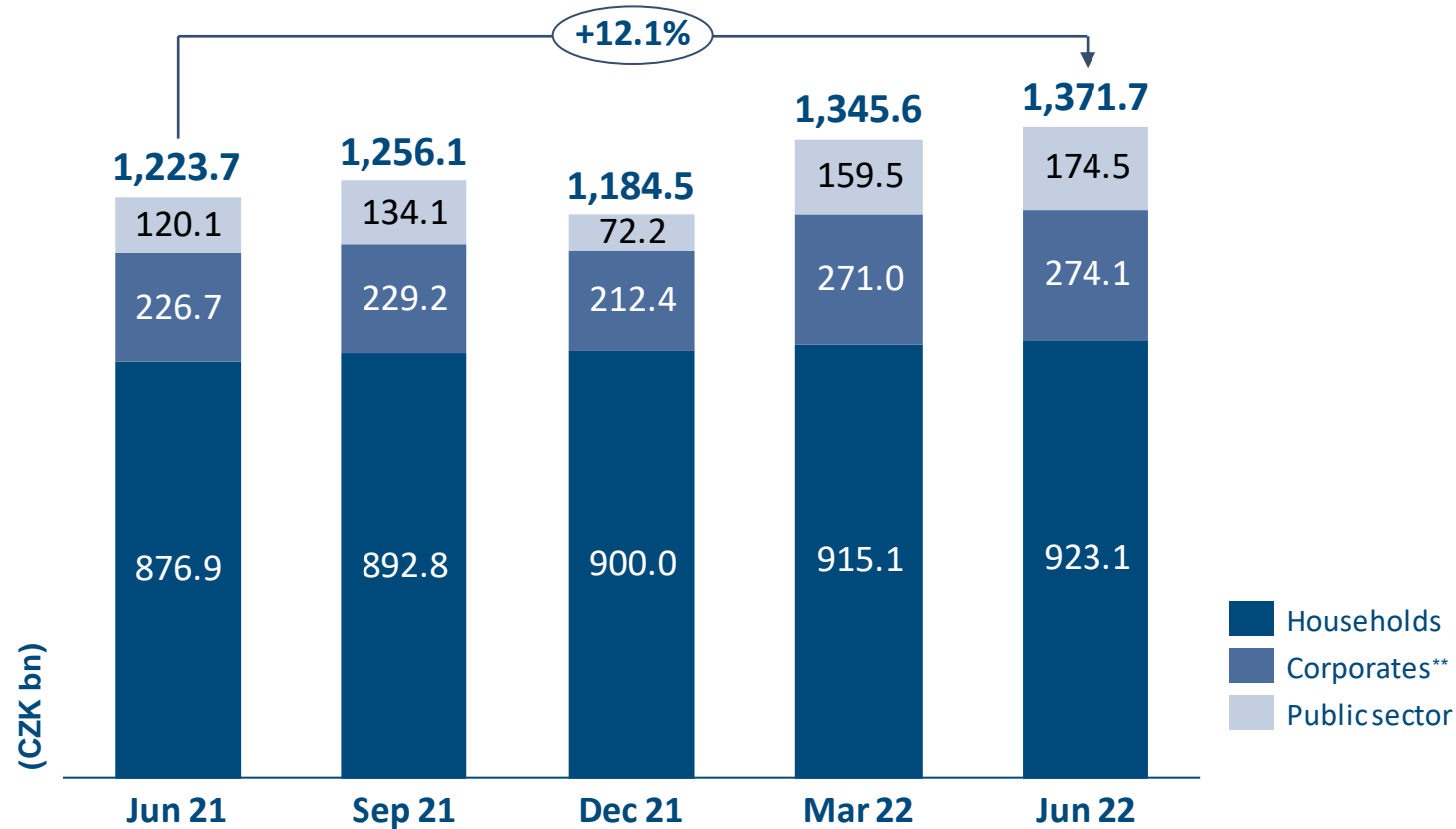
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- Customer deposits continued in growth y/y in all segments; total group customer deposits\* increased by 12.1% compared to June 2021 reflecting trust of clients
  - Households deposits grew by 5.3% y/y
  - Corporates\*\* rose by 20.9% y/y influenced by short-term deposits
  - Public sector deposits increased by 45.2% y/y affected by short-term operations

\* Includes deposits from customers at amortised cost and deposits from customers at FV through profit or loss

\*\* Includes deposits of non-financial corporations and deposits of other financial corporations

# Clients' Funds Under Management

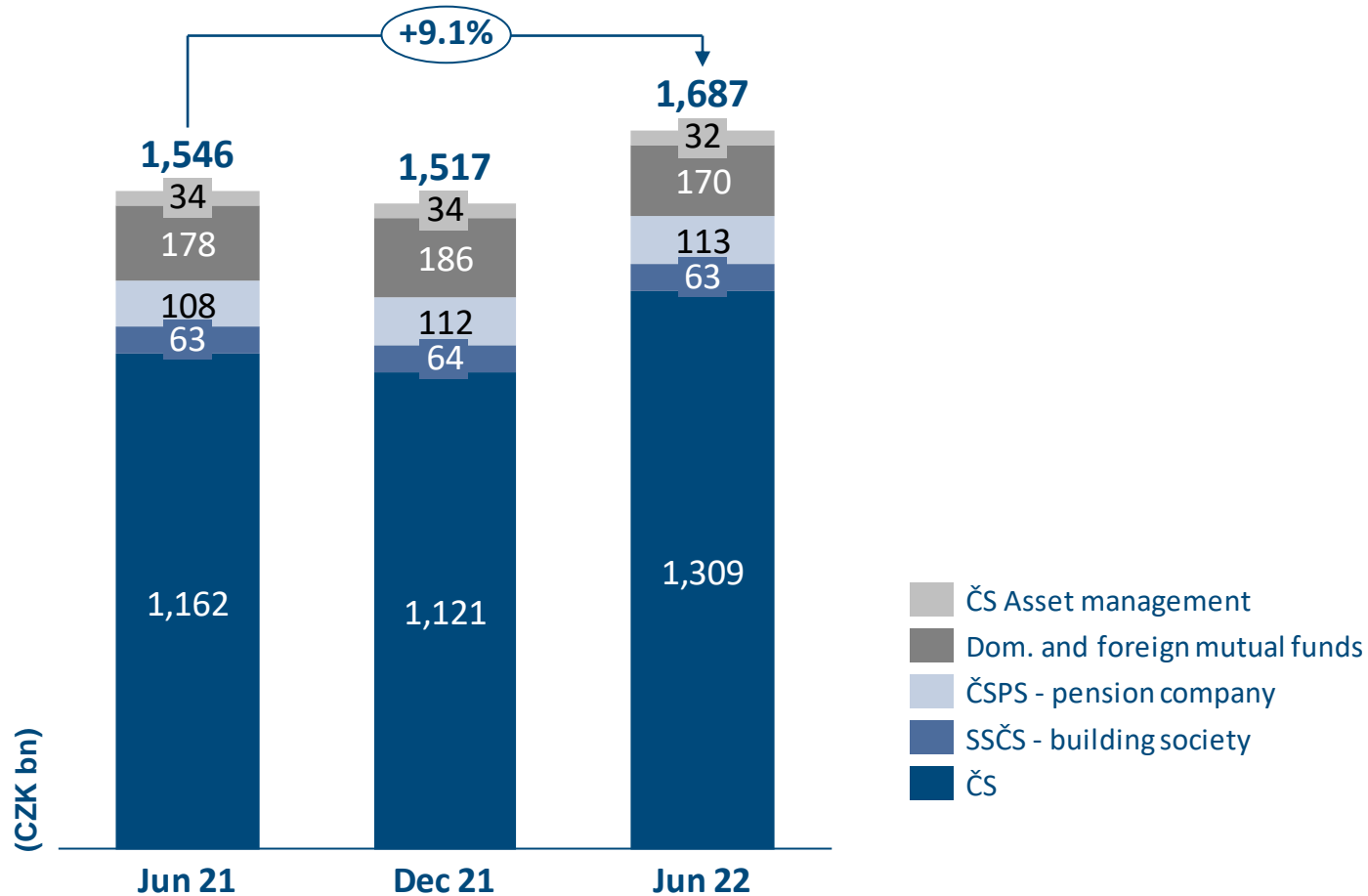
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- Funds under management rose by 9.1% y/y mainly due to ČS parent bank customer deposits
- ČS parent bank customer deposits grew by 12.7% y/y, excl. repo operations by 10.1% y/y
  - Rise driven by increase in all sectors
- Decrease in domestic and foreign mutual funds and asset management affected by clients preference in investing into secured products and market volatility

IFRS, in CZK bn	Jun 21	Dec 21	Jun 22	Change (y/y)
ČS - customer deposits	1,162	1,121	1,309	12.7%
SSČS - building society	63	64	63	0.6%
ČSPS - pension company	108	112	113	4.4%
Dom. and foreign mutual funds	178	186	170	-4.7%
thereof REICO - investment company	27	28	27	1.3%
Asset management	34	34	32	-8.1%
<b>Total</b>	<b>1,546</b>	<b>1,517</b>	<b>1,687</b>	<b>9.1%</b>

Note: New reporting methodology applied since FY 2021; previous data restated

# ČS's Market Shares (May 2022)\*

Summary & Highlights

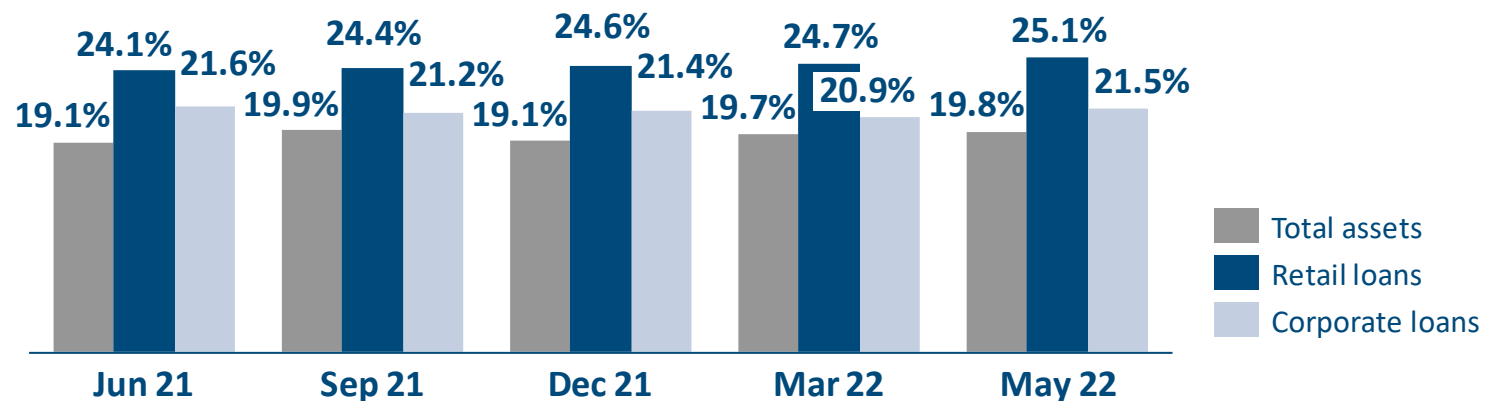
Financial Performance

**Business Performance**

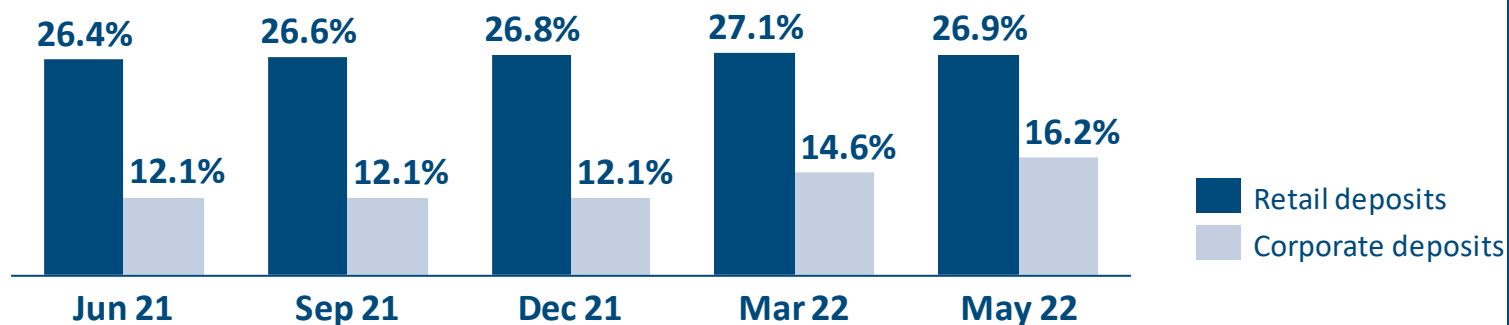
Risk & Capital Position

Appendix

## Assets



## Liabilities



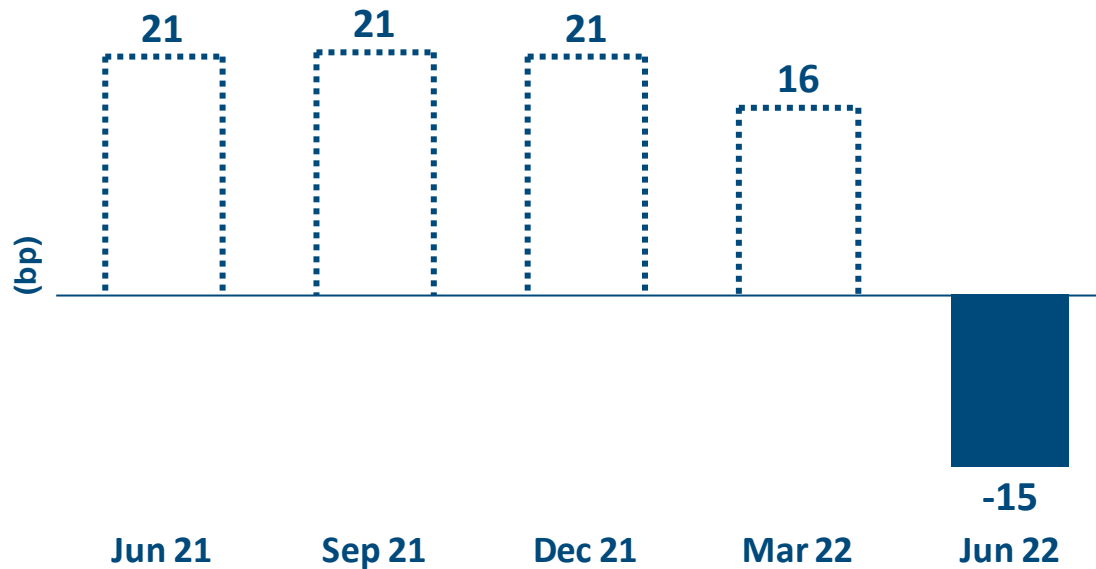
- Number of customers at 4.5 m
- Total assets market share of 20%
- Total loans market share of 22%
- Private mortgages
  - New business market share of 30%\*\*
  - Outstanding portfolio market share of 27%\*\*
- Consumer loans (incl. credit cards) market share of 26%
- Total deposits market share of 23%
  - 27% in retail deposits
  - 16% in corporate deposits
- Mutual funds with market share of 25%\*\*



# Risk & Capital Position



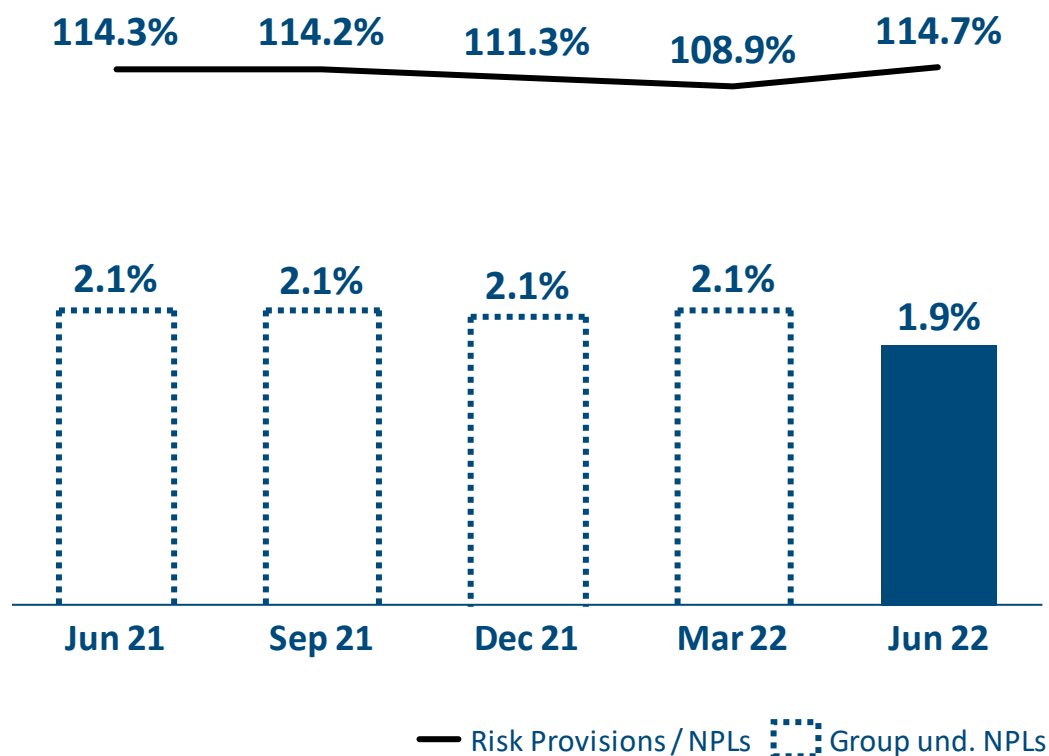
## Risk Costs Development (YTD)



- Positive development of portfolio quality (rating upgrades, low number of defaults) resulted to provision release across segments
- Releases in retail driven by private individuals portfolios, both secured and unsecured
- Releases in corporate thanks to Large Corporates and Real Estate

*Note:* Risk costs calculated as annualized credit risk provision creation YTD to customer loans

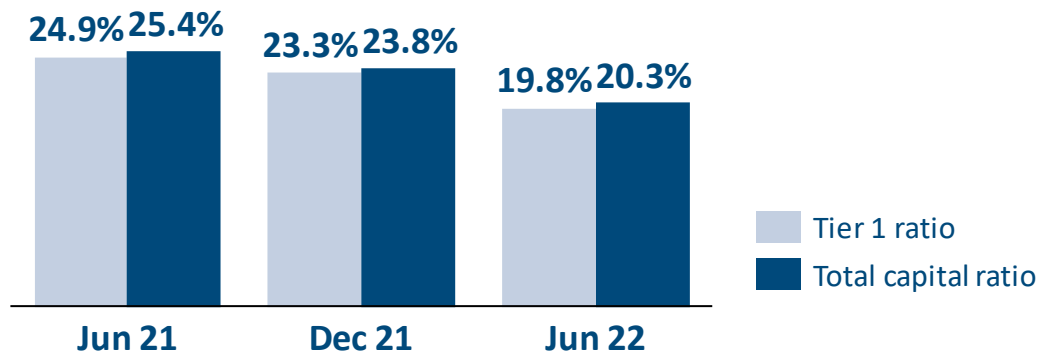
## NPL Ratio and NPL Coverage



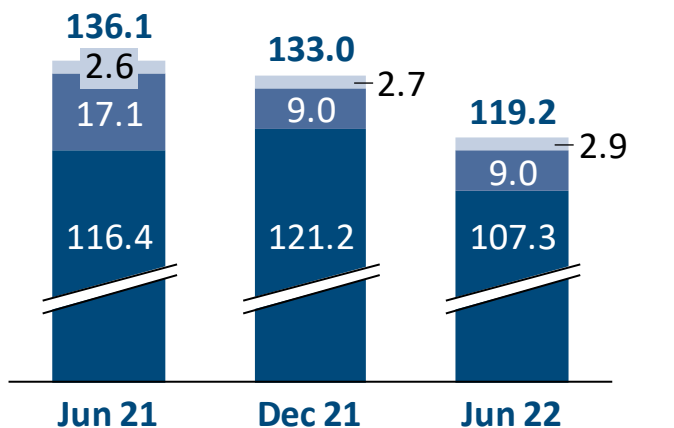
- Group NPL share improved to 1.9%
  - Better quality in retail supported also by corporate
  - Provision coverage increased to 115% while total coverage (provisions+collateral to NPL) added 5.2 pp y/y to 144%, reflecting changes in NPL portfolio structure towards loans with higher collateral

# ČS Group Capital Position

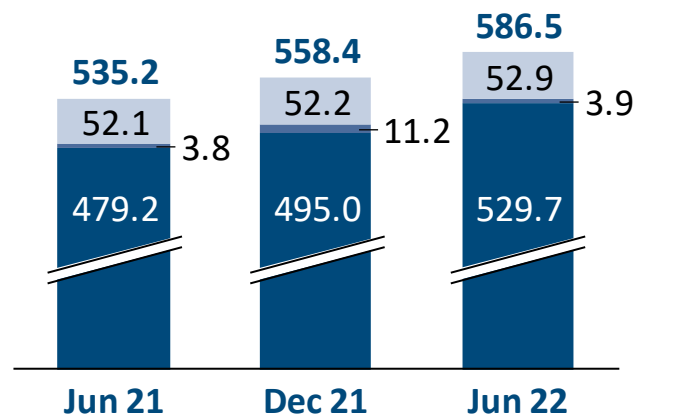
## Capital Ratios



## Regulatory Capital (CZK bn)



## Risk Exposure (CZK bn)



- Total capital ratio at 20.3%, Tier 1 ratio at 19.8%
- Year-on-year decrease in capital ratios driven mainly by redemption of AT 1 instrument in Q4 2021 and deduction of approved dividends
- Capital adequacy is still significantly above regulatory requirement of 15.2%

- Total risk exposure increased by 9.6% y/y driven by growth of credit risk (+10.5%)
- Credit RWA growth rate below loan book growth due to increase in mortgage portfolio with relatively low risk weights



## Appendix

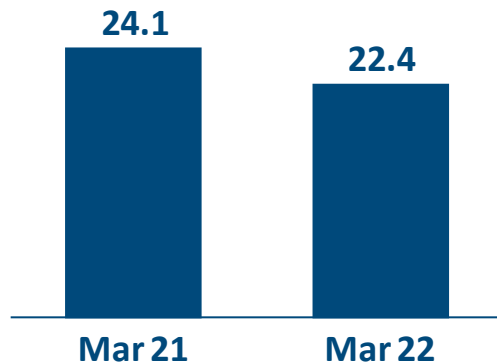


# Czech Banking Market I.

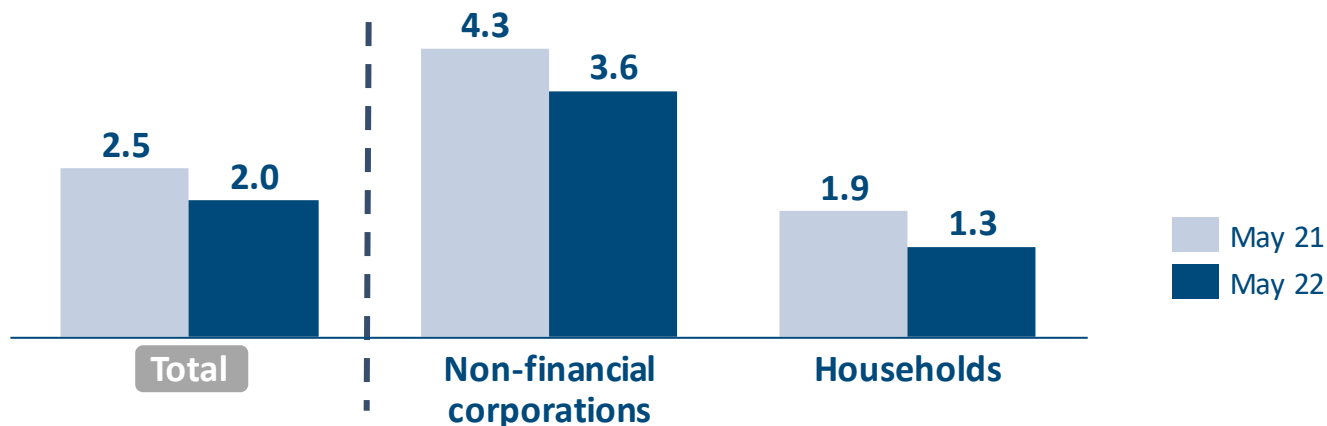
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## Appendix

### Total Capital Ratio of Czech Banks (%)



### Non-performing Loan Ratios (%)



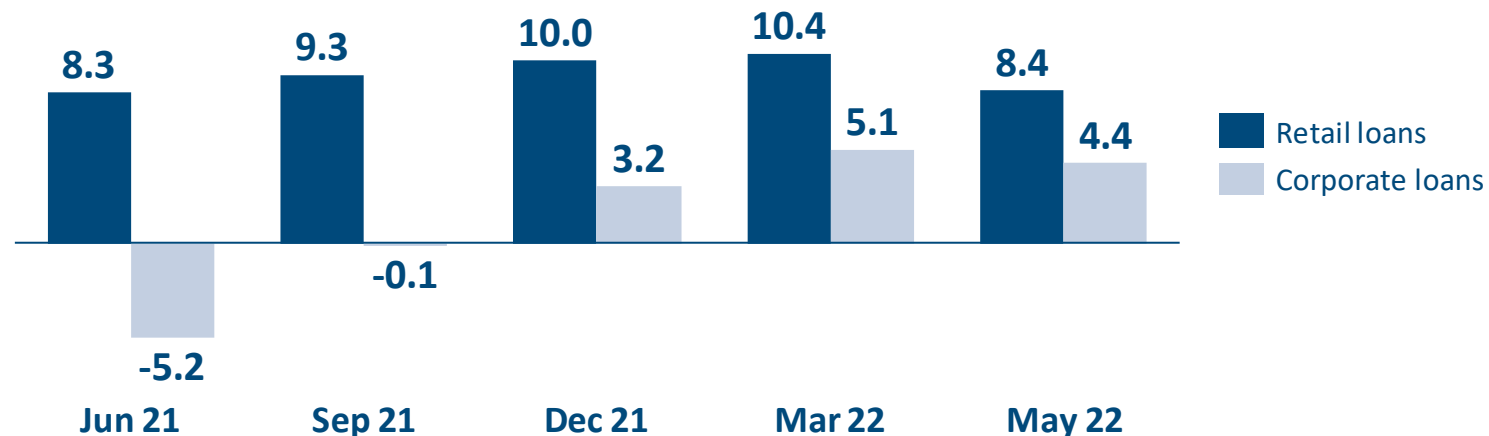
- The Czech banking sector is resilient against the economic impact of Russian invasion to the Ukraine thanks to the sector's high capital adequacy (22.4% at end of Q1 2022), robust profitability over the previous years and low exposure to both countries
- The latest ČNB stress tests (July 2022) confirmed resilience of the banking sector against even strongly negative shocks thanks to its strong capital position
- The counter-cyclical capital buffer rate for exposures of Czech banks will rise from the current 1.0% to 1.5% effective from 1<sup>st</sup> October 2022, to 2.0% effective from 1<sup>st</sup> January 2023 and to 2.5% effective from 1<sup>st</sup> April 2023
- At the beginning of the summer 2021, the share of non-performing loans (NPL ratio) started to fall again in both the household and corporate sector thanks to a post-pandemic recovery of most of the economy
- The NPL ratio for the corporate sector was 3.6% in May, which is well below the average (5.4%) since 2005. For the household sector, the figure (1.3%) is the new historical minimum
- NPL figures may worsen due to the consequences of the Russian invasion to the Ukraine but ČS does not expect this effect to be dramatic

# Czech Banking Market II.

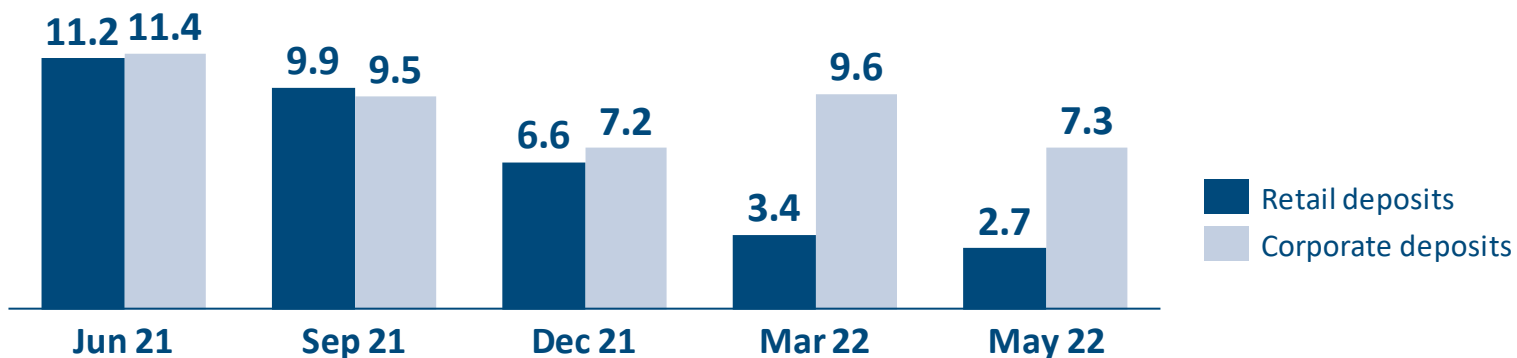
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## Appendix

### Retail and Corporate Loans (y/y growth %)



### Retail and Corporate Deposits (y/y growth %)



- Total client loans rose by 3.4% y/y in May 2022. The main source remained the growth of retail loans at 8.4%. Corporate loans rose by 4.4% while loans to the central government fell significantly
- In 2022, ČS expects client loans to rise by 2.9% y/y. Demand for housing loans has been easing back to pre-COVID volumes and consumer credit may suffer from pressure on households' spending due to high energy prices. A mild revival of loans to corporates on the back of after-pandemic macroeconomic boom starts to be hindered by an invasion-generated uncertainty
- All sorts of hindrances to international trade or energy supplies remain a major risk for forecasts on this slide
- In May 2022, y/y growth of client deposits reached 3.6%. Growth of retail and corporate deposits eased to 2.7% and 7.3% respectively
- For 2022, ČS expects total client deposits to rise by 3.9% y/y. Both firms and households will continue facing high energy costs while the fiscal policy's effort to follow a path of gradual restriction will be hindered by measures to help the private sector cope with high and rising prices

# Income Statement (CZK m)

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	I-6 21	I-6 22	Change	Change
Net interest income	14,531	18,460	27.0%	3,929
Net fee and commission income	4,540	4,843	6.7%	303
Dividend income	164	65	-60.4%	-99
Net trading result	1,124	1,776	58.0%	652
Gains/losses from financial instruments measured at FV through profit or loss	-151	82	-	233
Rental and other income	91	143	57.1%	52
General administrative expenses	-9,979	-10,540	5.6%	-561
Gains/losses from derecognition of financial instruments not measured at FV through profit or loss	0	-723	-	-723
Impairment result from financial instruments	-851	676	-	1,527
Other operating result	-949	-1,050	10.6%	-101
Pre-tax result from continuing operations	8,520	13,732	61.2%	5,212
Taxes on income	-1,925	-2,698	40.2%	-773
Net result attributable to non-controlling interests	-7	8	-	15
<b>Net result attributable to owners of the parent</b>	<b>6,602</b>	<b>11,026</b>	<b>67.0%</b>	<b>4,424</b>
Operating income	20,299	25,369	25.0%	5,070
Operating expenses	-9,979	-10,540	5.6%	-561
<b>Operating result</b>	<b>10,320</b>	<b>14,829</b>	<b>43.7%</b>	<b>4,509</b>

# Income Statement – Quarterly Development (CZK m)

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	Q2 21	Q3 21	Q4 21	Q1 22	Q2 22	Change	Change
Net interest income	7,265	7,732	8,819	9,266	9,195	-0.8%	-71
Net fee and commission income	2,256	2,352	2,295	2,517	2,327	-7.5%	-190
Dividend income	164	2	0	0	65	-	65
Net trading result	617	499	109	994	782	-21.3%	-212
Gains/losses from financial instruments measured at FV through profit or loss	-159	11	37	41	41	0.0%	1
Rental and other income	60	91	108	12	131	>100%	119
General administrative expenses	-4,835	-4,836	-5,583	-5,333	-5,207	-2.4%	126
Gains/losses from derecognition of financial instruments not measured at FV through profit or loss	0	6	-248	-1	-723	>100%	-722
Impairment result from financial instruments	-160	-477	-452	-359	1,035	-	1,394
Other operating result	-63	-32	-725	-977	-74	-92.4%	903
Pre-tax result from continuing operations	5,147	5,350	4,360	6,160	7,572	22.9%	1,412
Taxes on income	-1,240	-1,140	-957	-1,210	-1,488	23.0%	-278
Net result attributable to non-controlling interests	-3	14	21	-14	22	-	36
<b>Net result attributable to owners of the parent</b>	<b>3,910</b>	<b>4,196</b>	<b>3,382</b>	<b>4,964</b>	<b>6,063</b>	<b>22.1%</b>	<b>1,099</b>
Operating income	10,204	10,689	11,367	12,830	12,540	-2.3%	-290
Operating expenses	-4,835	-4,836	-5,583	-5,333	-5,207	-2.4%	126
<b>Operating result</b>	<b>5,369</b>	<b>5,853</b>	<b>5,784</b>	<b>7,497</b>	<b>7,333</b>	<b>-2.2%</b>	<b>-164</b>

# Balance Sheet (CZK m)

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Assets	Dec 21	Jun 22	Change	Change
Cash and cash balances	37,472	30,646	-18.2%	-6,826
Financial assets held for trading	15,561	23,633	51.9%	8,072
Non-trading financial assets at FV through profit or loss	2,511	2,736	9.0%	225
thereof Loans and advances to banks	744	1,014	36.3%	270
thereof Loans and advances to customers	0	16	-	16
Financial assets at FV through other comprehensive income	31,132	45,142	45.0%	14,010
Financial assets at amortised cost	1,512,348	1,696,374	12.2%	184,026
Debt securities	325,514	340,101	4.5%	14,587
Loans and advances to banks	364,994	490,923	34.5%	125,929
Loans and advances to customers	821,840	865,350	5.3%	43,510
Finance lease receivables	1,083	865	-20.1%	-218
Hedge accounting derivatives	597	518	-13.2%	-79
Property, equipment and right-of-use assets	12,201	11,562	-5.2%	-639
Investment property	2,221	2,197	-1.1%	-24
Intangible assets	6,301	6,045	-4.1%	-256
Trade and other receivables	14,025	16,808	19.8%	2,783
Other assets	6,288	7,313	16.3%	1,025
<b>Total assets</b>	<b>1,641,741</b>	<b>1,843,839</b>	<b>12.3%</b>	<b>202,098</b>



# Balance Sheet (CZK m)

Liabilities and equity	Dec 21	Jun 22	Change	Change
Financial liabilities held for trading	15,392	24,837	61.4%	9,445
Financial liabilities at fair value through profit or loss	10,653	27,191	>100%	16,538
thereof Deposits from customers	10,653	27,191	>100%	16,538
Financial liabilities at amortised cost	1,455,056	1,641,937	12.8%	186,881
Deposits from banks	49,695	203,869	>100%	154,174
Deposits from customers	1,173,890	1,344,476	14.5%	170,586
Debt securities issued	213,357	84,674	-60.3%	-128,683
Other financial liabilities	18,114	8,918	-50.8%	-9,196
Lease liabilities	3,121	3,135	0.4%	14
Hedge accounting derivatives	4,718	6,407	35.8%	1,689
Provisions	3,655	3,762	2.9%	107
Other liabilities	5,950	10,494	76.4%	4,544
<b>Total equity</b>	<b>143,196</b>	<b>126,076</b>	<b>-12.0%</b>	<b>-17,120</b>
Equity attributable to non-controlling interests	452	460	1.8%	8
Equity attributable to owners of the parent	142,744	125,616	-12.0%	-17,128
<b>Total liabilities and equity</b>	<b>1,641,741</b>	<b>1,843,839</b>	<b>12.3%</b>	<b>202,098</b>

# Group Customer Loans

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in CZK m, IFRS	30/06/2021		31/12/2021		30/06/2022		YTD change		YTY change	
	Outstand.	Share	Outstand.	Share	Outstand.	Share	Outstand.	Rate	Outstand.	Rate
<b>RETAIL</b>	<b>508,110</b>	<b>61.9%</b>	<b>549,402</b>	<b>64.1%</b>	<b>574,692</b>	<b>63.7%</b>	<b>25,290</b>	<b>4.6%</b>	<b>66,582</b>	<b>13.1%</b>
Mortgages	323,777	39.4%	356,159	41.6%	375,803	41.6%	19,644	5.5%	52,026	16.1%
Consumer lending	73,479	8.9%	74,784	8.7%	76,617	8.5%	1,833	2.5%	3,138	4.3%
Small business	57,885	7.1%	61,441	7.2%	61,005	6.8%	-436	-0.7%	3,119	5.4%
Retail subsidiaries	52,969	6.5%	57,017	6.7%	61,267	6.8%	4,250	7.5%	8,298	15.7%
<b>CORPORATE</b>	<b>300,180</b>	<b>36.6%</b>	<b>305,829</b>	<b>35.7%</b>	<b>324,886</b>	<b>36.0%</b>	<b>19,057</b>	<b>6.2%</b>	<b>24,706</b>	<b>8.2%</b>
Large corporates	95,381	11.6%	95,950	11.2%	100,195	11.1%	4,245	4.4%	4,813	5.0%
SME	92,499	11.3%	96,485	11.3%	104,126	11.5%	7,641	7.9%	11,627	12.6%
Real estate	48,293	5.9%	51,671	6.0%	52,489	5.8%	817	1.6%	4,196	8.7%
Public sector	31,653	3.9%	28,145	3.3%	27,666	3.1%	-480	-1.7%	-3,987	-12.6%
Corporate subsidiaries	32,353	3.9%	33,577	3.9%	40,411	4.5%	6,834	20.4%	8,057	24.9%
<b>GROUP MARKETS</b>	<b>7,048</b>	<b>0.9%</b>	<b>3,677</b>	<b>0.4%</b>	<b>5,037</b>	<b>0.6%</b>	<b>1,361</b>	<b>37.0%</b>	<b>-2,011</b>	<b>-28.5%</b>
<b>OTHER</b>	<b>5,678</b>	<b>0.7%</b>	<b>-2,017</b>	<b>-0.2%</b>	<b>-2,219</b>	<b>-0.2%</b>	<b>-202</b>	<b>10.0%</b>	<b>-7,897</b>	<b>n.a.</b>
<b>ČS GROUP GROSS LOANS TO CUSTOMERS</b>	<b>821,016</b>	<b>100.0%</b>	<b>856,889</b>	<b>100.0%</b>	<b>902,396</b>	<b>100.0%</b>	<b>45,506</b>	<b>5.3%</b>	<b>81,380</b>	<b>9.9%</b>

Note: Retail subsidiaries include mainly SŠČS (Building Society) and Corporate subsidiaries include mainly Leasing ČS and Factoring ČS

### ČS - Status as at 26<sup>th</sup> July 2022

Rating Agency	Long-term	Short-term	Viability	Support	Outlook	Latest actions
Fitch	A	FI	a	2	stable	01/11/2021
Moody's	A1	Prime - I			stable	21/11/2018
Standard & Poor's	A	A-1			positive	29/09/2021

### Erste Group Bank - Status as at 26<sup>th</sup> July 2022

Rating Agency	Long-term	Short-term	Viability	Support	Outlook	Latest actions
Fitch	A	FI	a	5	stable	27/10/2021
Moody's	A2	Prime - I			stable	29/10/2020
Standard & Poor's	A+	A-1			stable	16/12/2021

#### • Latest rating actions - ČS:

- **Fitch** upgraded long-term rating to A (from A-) and viability rating to a (from a-) on 22<sup>nd</sup> January 2019, outlook was changed to stable from negative on 1<sup>st</sup> November 2021
- **Moody's** improved long-term rating of ČS to A1 (from A2) on 21<sup>st</sup> November 2018 and simultaneously revised the outlook from positive to stable
- Rating agency **Standard & Poor's** upgraded all ČS ratings on 16<sup>th</sup> March 2017, outlook was revised from stable to positive on 29<sup>th</sup> September 2021

# Macroeconomic Figures

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	2016	2017	2018	2019	2020	2021	2022e	2023e
Population (avg, m)	10.6	10.6	10.6	10.7	10.7	10.5	10.5	10.6
GDP/capita (EUR thsd)	16.8	18.4	19.9	21.2	20.1	22.7	26.0	28.0
Real GDP growth	2.4	5.4	3.2	3.0	-5.8	3.3	1.6	2.4
Consumer price inflation (avg)	0.7	2.4	2.2	2.8	3.2	3.8	14.3	4.4
Unemployment rate (eop)	3.6	2.4	2.2	2.0	3.2	2.2	3.1	3.6
Current account balance (share of GDP)	1.8	1.5	0.4	0.3	2.0	-0.8	-1.2	0.5
General government balance (share of GDP)	0.7	1.5	0.9	0.3	-5.8	-5.9	-4.4	-3.1
Public debt (share of GDP)	36.6	34.2	32.0	30.0	37.7	41.9	43.4	44.3
Short term interest rate (3 months, eop)	0.3	0.8	2.0	2.2	0.4	4.1	6.5	3.8
EUR FX rate (eop)	27.0	25.5	25.7	25.4	26.2	24.9	24.5	24.2
2W repo rate (% eop)	0.05	0.50	1.75	2.00	0.25	3.75	6.50	3.75

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