

# Česká spořitelna – Q1 2010 consolidated results (unaudited IFRS)

30 April 2010, Praha

**Q1 results demonstrate CS Group's solid position**

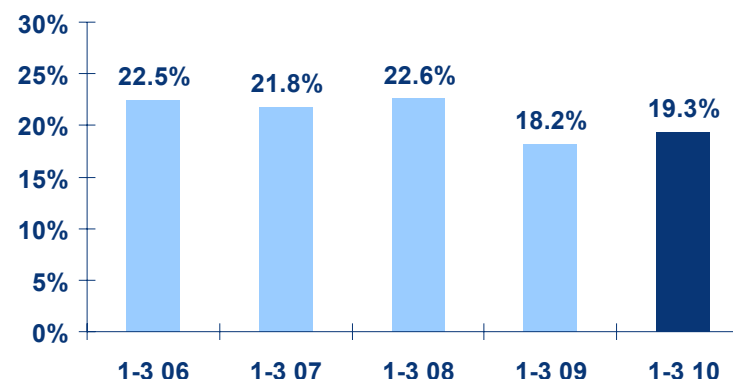
Gernot Mittendorfer



# Financial highlights – Operating result further increased

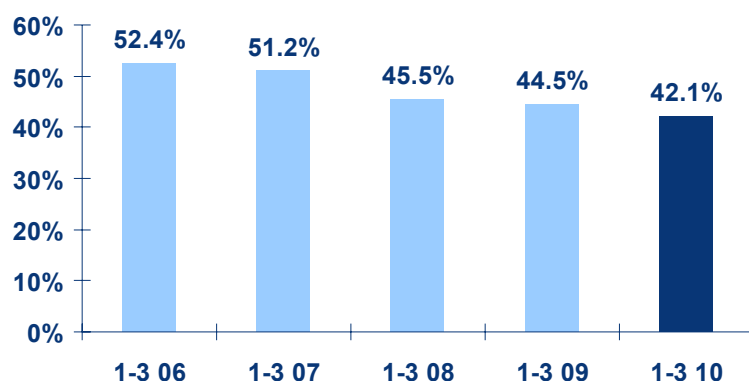
- **Operating result rose by 6% YTY to CZK 6.6 bn despite declining interest rates and economic slowdown**
  - Attributed to 2% growth of operating income and 4% decline of operating expenses
- **Return on equity increased to 19.3%**
  - Driven by 4% growth of net profit
- **Cost/income ratio improved by 240 bps to 42.1%**
- **Loan to deposit ratio decreased to 68.1% from 72.5% at YE 2009**
  - Its level demonstrates comfortable liquidity position of CS Group

Return on equity

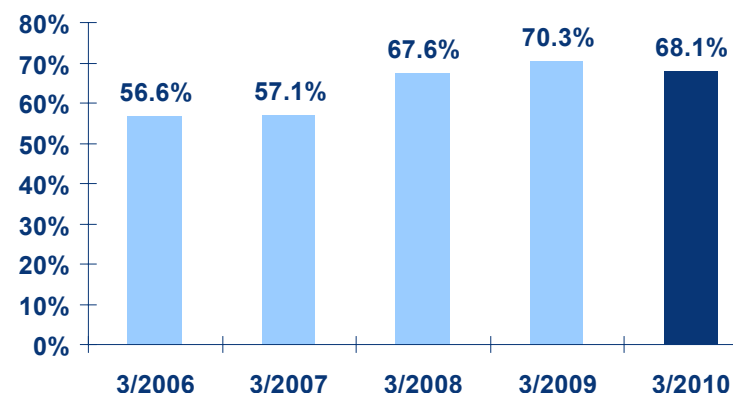


\* ROE excluding one-off income from sale of insurance business

Cost/income ratio



Loan/deposit ratio



# Current market environment

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## – Recent macroeconomic development

- **Czech economy emerged from recession in Q2 2009 and grew by 0.6% QTQ in Q3 2009 and revised 0.7% QTQ in Q4**
  - Growth driven by inventories and net exports: an indication of ongoing restocking and rebounding global trade to which the Czech Republic has a large exposure
  - New orders, PMI indices and confidence indicators hint at ongoing recovery in H1 2010, driven by industry
- **Unemployment up at 9.7% as of the end of February 2010, peak in H1 2010 around 10% expected**
  - First signs of nearing peak apparent (employment sub-index of PMI above 50 in Feb-March/10)
- **CZK/EUR back to fundamentally justified value of 25.20**
  - This year's average of 25.20 with risks roughly balanced (but stronger currency too fast to be opposed by CNB). Not much of a strengthening foreseen until late H2 2010
- **CNB interest rate at historic low of 1.0% and stability is foreseen until the end of Q3 2010**

## –Banking market

- **Loan market development**
  - Strong reduction in loan growth rates due to lower demand and stricter lending criteria (1% in December 2009, compared to 16% in December 2008 and 26% in December 2007)
  - Share of defaulted loans in total loans rose from 4.1% in December 2008 to 5.2% in December 2009
- **Banking deposits increased by 5% YTY in 2009**
- **Czech banks continue to be profitable**
  - Net profit of the whole banking sector grew by 32% YTY to CZK 60.2 bn (2009)

## Q1 2010 highlights

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- **Ceska sporitelna succeeded in generating higher operating and also net profit than in Q1 2009 in persisting difficult macroeconomic environment**
  - Operating result of Ceska sporitelna increased by 6% compared to Q1 2009
    - Determined by stronger fee income, trading result and declining expenses
  - Net profit increased by 4% YTY to CZK 3.1 bn
    - Attributed also to improved results from financial assets
- **Group loans to customers grew by 0.5% YTY**
  - Driven mainly by consumer loans, loans to municipalities, SMEs and building society loans
  - Lower new loan production caused slight decline in loans outstanding compared to YE 2009
  - Share of NPLs at 5.4%, driven by large corporate clients suffering from continuing economic downturn
  - NPLs coverage improved to 68%
- **Strong liquidity position further supported by 6% growth of amounts owed to customers (YTD)**
- **Ceska sporitelna recorded higher clients' interest in all investment instruments; total clients' assets under CS Group management increased by 5% YTY (+ 6% YTD)**
  - Assets in mutual funds (domestic and foreign) grew by 18% YTY (+ 4% YTD)

# Presentation topics

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- **Performance of Ceska sporitelna**

- Financial statements
- Performance analysis

- **Economy**

- Macroeconomic environment

- **Banking market**

- Banking market development
- Market shares

- **Appendix**

# Financial statements – Income statement

## Operating result increased by 6% YTY



in CZK million	1-3 10	1-3 09	Change
Net interest income	7,456	7,760	(3.9%)
Risk provisions for loans and advances	(2,705)	(1,710)	58.2%
Net fee and commission income	2,870	2,627	9.3%
Net trading result	1,132	895	26.5%
General administrative expenses	(4,823)	(5,016)	(3.8%)
Other operating result	(323)	(149)	>100.0%
Result from financial assets - FV	60	(644)	na
Result from financial assets - AfS	64	10	>100.0%
Result from financial assets - HtM	114	0	na
<b>Pre-tax profit from continuing operations</b>	<b>3,845</b>	<b>3,773</b>	<b>1.9%</b>
Taxes on income	(723)	(766)	(5.6%)
<b>Profit for the year after taxes and before controlling interests</b>	<b>3,122</b>	<b>3,007</b>	<b>3.8%</b>
<b>Net profit for the year</b>			
<b>attributable to owners of the parent</b>	<b>3,128</b>	<b>3,004</b>	<b>4.1%</b>
attributable to non-controlling interests	(6)	3	na
Operating income	11,458	11,282	1.6%
Operating expenses	(4,823)	(5,016)	(3.8%)
<b>Operating result</b>	<b>6,635</b>	<b>6,266</b>	<b>5.9%</b>

# Financial statements – Balance sheet (assets)

## Total assets grew by 4% YTD



in CZK million	Mar 10	Dec 09	Change
Cash and balances with central banks	33,548	29,371	14.2%
Loans and advances to credit institutions	176,271	126,506	39.3%
Loans and advances to customers	466,789	469,185	(0.5%)
Risk provisions for loans and advances	(16,949)	(14,713)	15.2%
Trading assets	34,317	45,951	(25.3%)
Financial assets - at fair value through profit or loss	6,945	7,367	(5.7%)
Financial assets - available for sale	26,696	28,858	(7.5%)
Financial assets - held to maturity	111,635	111,977	(0.3%)
Equity holdings in associates accounted for at equity	218	211	3.3%
Intangible assets	2,981	3,251	(8.3%)
Property and equipment	15,219	15,390	(1.1%)
Tax assets	624	582	7.2%
Other assets	33,167	31,201	6.3%
<b>Total assets</b>	<b>891,461</b>	<b>855,137</b>	<b>4.2%</b>

# Financial statements – Balance sheet (liabilities)

## Customer deposits increased by 6% YTD



in CZK million	Mar 10	Dec 09	Change
Amounts owed to credit institutions	39,245	47,434	(17.3%)
Amounts owed to customers	685,495	647,529	5.9%
Debt securities in issue	48,088	44,197	8.8%
Trading liabilities	16,669	17,174	(2.9%)
Other provisions	2,040	2,040	0.0%
Tax liabilities	619	497	24.5%
Other liabilities	19,343	19,402	(0.3%)
Subordinated capital	13,356	13,404	(0.4%)
Total equity	66,606	63,460	5.0%
attributable to non-controlling interests	280	292	(4.1%)
attributable to owners of the parent	66,326	63,168	5.0%
<b>Total liabilities and equity</b>	<b>891,461</b>	<b>855,137</b>	<b>4.2%</b>

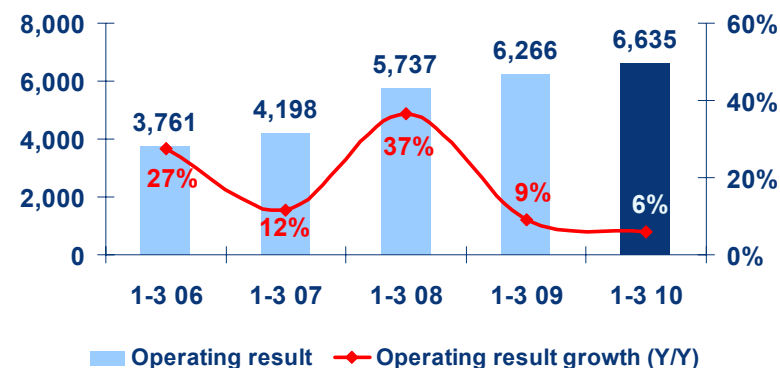


# Performance analysis – Operating result showed solid YTY growth

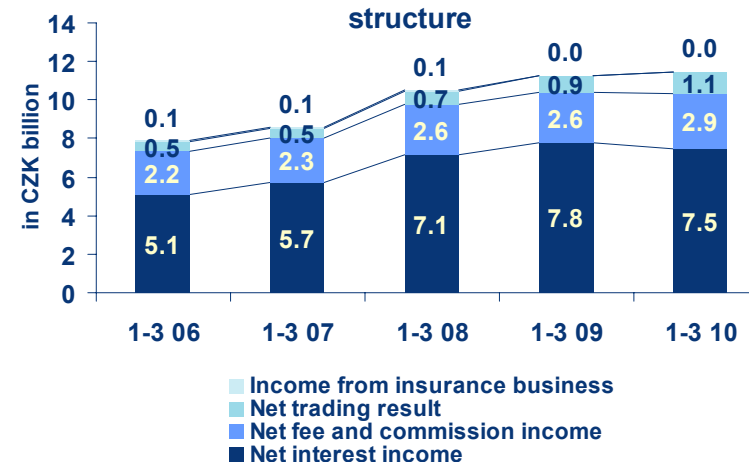


- **Operating result showed 6% growth**
  - Driven by strong net fee income growth, net trading result and decline in operating expenses
- **Net trading result grew by 26.5% YTY to CZK 1.1 bn thanks to higher customer sales**
  - Driven by securities trading (up by 34% to CZK 0.4 bn) due to the continuing credit spreads tightening and also by decrease of market interest rates
  - Profit from FX transactions increased by 15% to CZK 0.7 bn
- **Other operating result showed negative YTY development**
  - This reflects higher elimination of pension fund's profit distributed to clients and lower income from real estate business
- **Results from financial assets significantly improved due to market recovery**
  - Positive revaluation of CLOs portfolio in contrary to its negative revaluation in Q1 2009
  - Higher revenues from sale of securities in AFS portfolio in PFCS (Pension fund)

Development of Operating Result (CZKmn)



5-year development of operating income structure

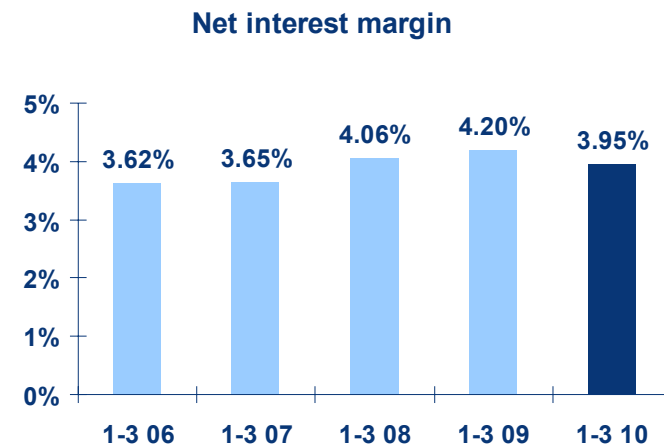
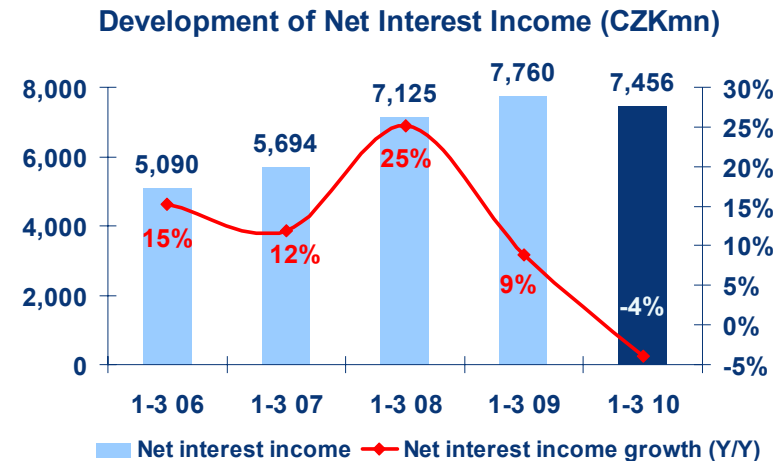


# Performance analysis –

## Net interest income reflects low interest rates



- **NII declined by 4% YTY due to only moderate growth of customer loans and historically low market interest rates**
  - Average 3MPRIBOR dropped by 121 bps
- **NII from customers increased by 1% YTY**
  - Volume of customer loans up by 0.5% YTY, amounts owed to customers increased by 4%
- **NII from credit institutions dropped by 31% YTY mainly due to decrease of market interest rates**
  - Average 2WREPO rate declined by 95 bps
- **NII from securities was down by 20% YTY lower also due to 14% decline in average volume**
- **NIM (based on interest earning assets) went down to 3.95%**

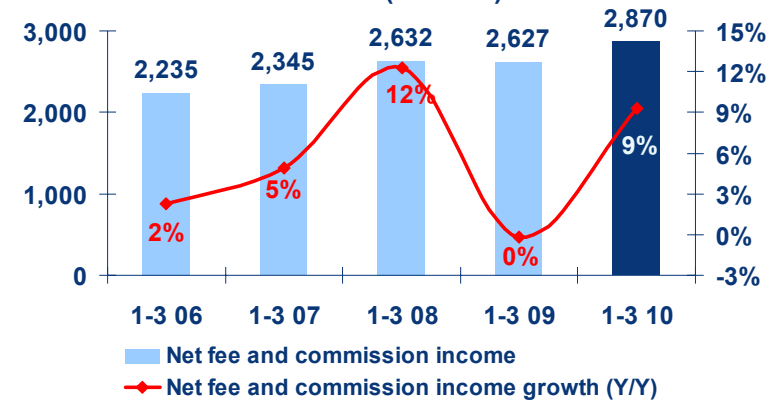


# Performance analysis – Net fee income showed good growth

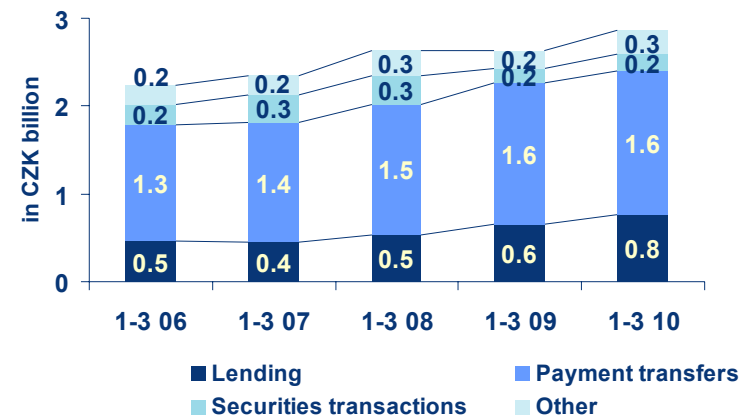


- **Net fee income from lending increased by 18% YTY**
  - Driven by growing sale of loan insurance
  - Its contribution to total net fee income rose to 27% (from 25% in Q1 2009)
- **Net fee income from payment transactions and account maintenance rose by 1% YTY**
  - Remains the main component of fee income despite reduction of its share in total net fee income (from 61% to 57%)
- **Net fee income from securities business started to grow again - up by 15% YTY**
  - Fee income from brokerage more than doubled

Development of Net Fee and Commission Income (CZKmn)



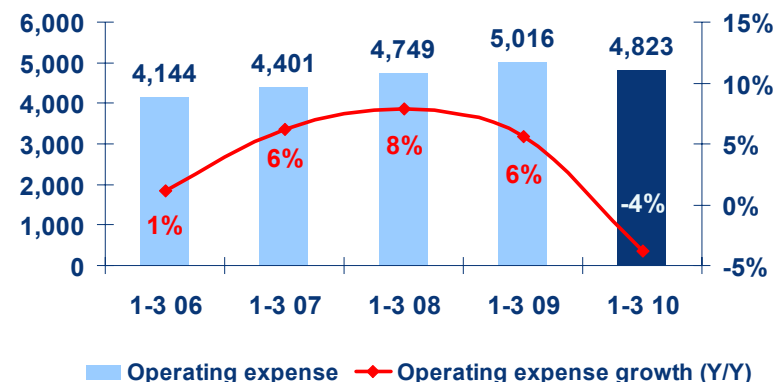
5-year development of net fee and commission income structure



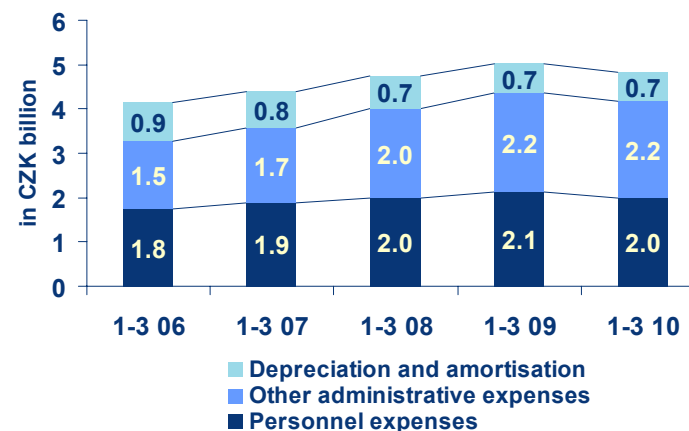
# Performance analysis – Operating expenses reduced by 4%

- **Strict cost control continues as evidenced by reduction in all cost items**
- **Personnel expenses showed the largest reduction - by 6% YTY**
  - Driven by shift of operations outside of Prague and slight reduction in headcount (-131 FTE)
- **Other administrative expenses declined by 3% YTY**
  - As a result of lower expenses for premises, consultancy and marketing costs
- **Depreciation on fixed assets went down by 1% YTY**
  - Driven by lower depreciation on intangible assets

Development of Operating Expenses (CZKmn)



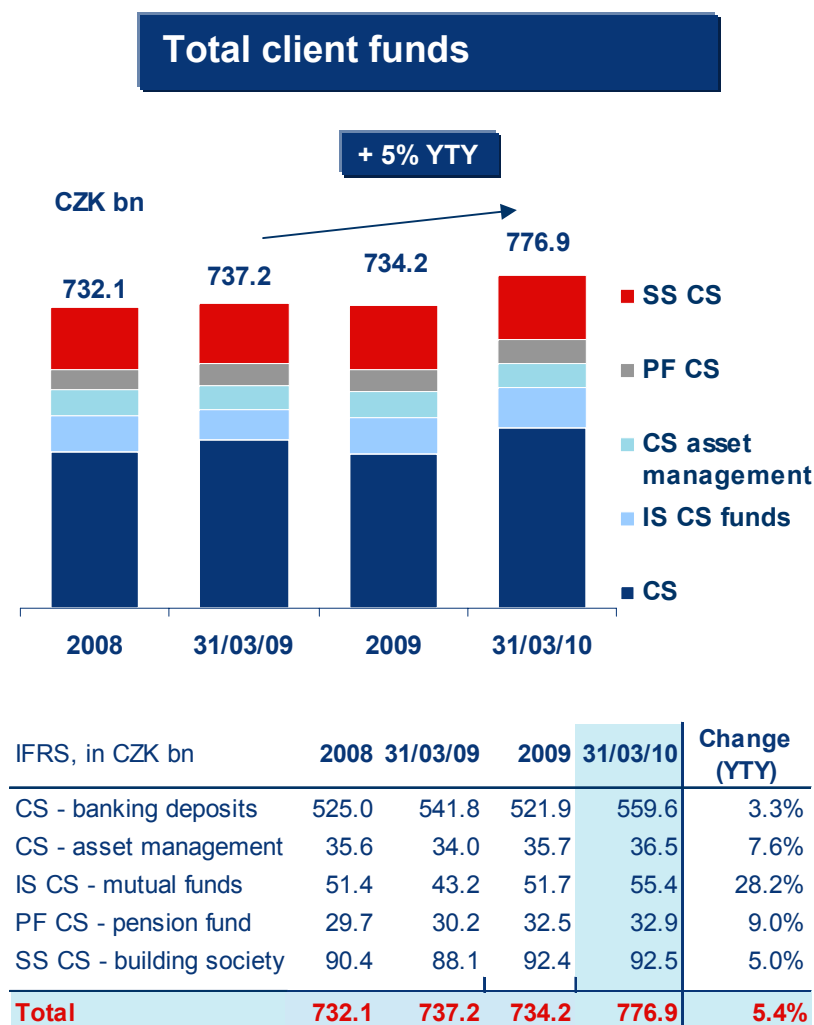
5-year development of operating expenses structure



# Performance analysis – Client funds under CS Group management



- Volume of total invested clients' assets increased by 5% YTY (+6% YTD)
  - Alternative assets to bank deposits recorded 12% YTY growth and represent 23% of total invested clients' assets
- Assets in domestic mutual funds (managed by Investment company - ISCS) increased by 28% YTY (+7% YTD) after recovery in the financial markets
  - Total volume of assets in mutual funds (incl. Reico and foreign funds) increased by 18% YTY (+4% YTD) to CZK 70.6 bn as a result of both increasing net sales and recovery of market prices
- Assets in pension fund rose by 9% YTY (+1% YTD)
- Assets under discretionary management (without mutual funds) went up by 8% (+2% YTD)
- Bank deposits recorded 3% growth YTY (+7% YTD) thanks to legal entities and public sector
  - Demand deposits rose by 8% YTY, its share on total deposits grew YTY from 72% to 75%



Note: methodology in mutual funds changed, include assets distributed in the CR

# Performance analysis – Capital adequacy (CNB)



- CS Group capital adequacy (Tier I + Tier II) increased by significant 200 bps YTY due to higher capital and lower capital requirements
- Tier I + Tier II capital rose by CZK 8.0 bn (+17%) compared to Q1 2009
  - Tier II capital was further strengthened by subordinated debt of CZK 1.0 bn in March 2010 and rose by 157% YTY
- Total capital requirements declined by 2% YTY
  - Capital requirement to credit risk dropped by CZK 0.6 bn, requirement to market risks by CZK 0.5 bn
- Risk weighted assets decreased by CZK 7.0 bn (-2%) YTY

## CNB Capital Adequacy (Basel 2)

Parent Bank, CZK m	31/3/2009	31/3/2010
Tier I capital	43,849	43,870
Tier I + Tier II capital	43,334	51,352
Capital requirement to credit risk	28,323	28,722
Capital requirement to market risks	808	395
Capital requirement to operational risk	4,581	4,430
Risk weighted assets	354,038	359,025
<b>Capital adequacy Tier I ratio</b>	<b>10.4%</b>	<b>10.5%</b>
<b>Capital adequacy Tier I+II ratio</b>	<b>10.3%</b>	<b>12.2%</b>

CS Group, CZK m	31/3/2009	31/3/2010
Tier I Capital	48,548	48,487
Tier I+II Capital	47,951	55,938
Capital requirement to credit risk	31,273	30,717
Capital requirement to market risks	989	497
Capital requirement to operational risk	5,394	5,558
Risk weighted assets	390,913	383,963
<b>Capital Adequacy Tier I ratio</b>	<b>10.3%</b>	<b>10.5%</b>
<b>Capital Adequacy Tier I+II ratio</b>	<b>10.2%</b>	<b>12.2%</b>

# Performance analysis – Consistent strategy of responsible lending

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- Loan portfolio still grew on year-on-year basis however new production in 2010 negatively influenced by continuous unfavourable economic situation
- Quality of loan portfolio corresponds to overall development
- Credit risk management well prepared to manage the risks
  - NPL coverage strengthened
  - Call centre aimed at early stage recovery already well established, bringing positive effect on primary risk mitigation
  - Proactive approach towards corporate clients; restructuring in retail
  - Successful cooperation with external work out companies (regular sales of bad debts)

# Performance analysis – CS Group balance sheet

## Group loan portfolio stagnated



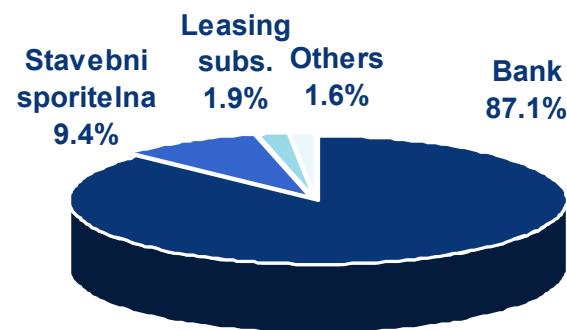
### – Total group loan portfolio grew by 0.5% YTY (or CZK 2.3 bn)

- Driven by consumer lending, loans to municipalities, SME and building society loans
- Q1 2010 saw decline by 0.5% (or CZK 2.4 bn) driven by large corporate, retail mortgages and leasing

### – Share of subsidiaries in Group loan portfolio slightly lowered to 12.9%

- Affected by limited opportunities in leasing and factoring business

Loan Book by Group members  
as of 31 March 2010



in CZK m, IFRS	31/03/2010	31/12/2009	31/03/2009	YTY Change
I. CS Bank	421,211	422,461	416,872	1.0%
II.1. Stavebni sporitelna CS	45,426	45,512	43,716	3.9%
II.2. Leasing (sAL, sAU)	9,241	9,802	10,988	-15.9%
II.3. Factoring CS	1,312	1,535	1,672	-21.5%
II.4. Brokerjet CS	429	475	327	31.3%
II.5. Other subsidiaries	6,186	6,041	6,020	2.8%
III. Consolidation items	-17,016	-16,642	-15,074	12.9%
<b>Total Loans (consolidated)</b>	<b>466,789</b>	<b>469,185</b>	<b>464,520</b>	<b>0.5%</b>



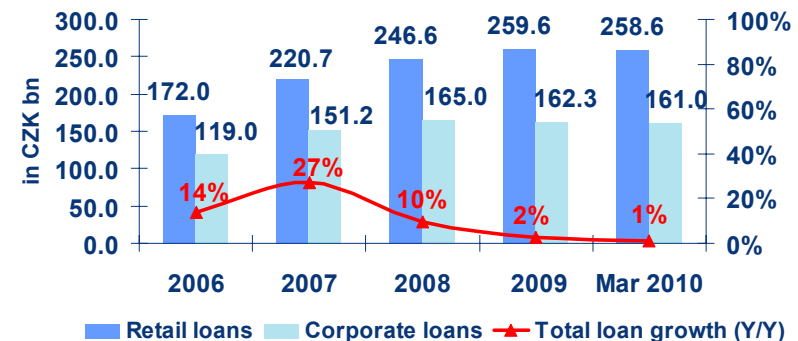
# Performance analysis – CS Bank balance sheet

## Retail on wait, corporate down

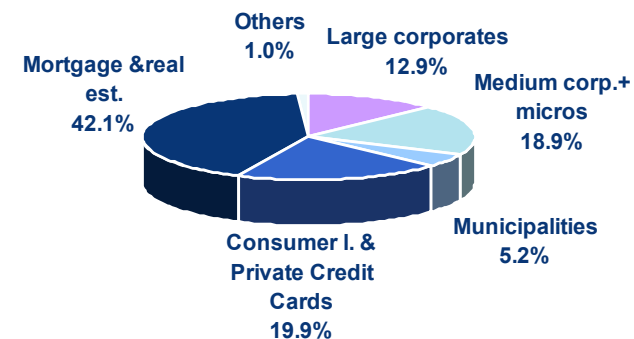


- Loans to retail customers rose by 4% YTY, driven mainly by
  - Consumer lending +5%, MSE +7%, credit cards +31%
  - Q1 2010 YTD development showed decline by 0.4% as retail mortgages decreased by 0.5%
- Corporate loans declined by 4% YTY due to low demand from large companies
  - Group Large Corporate -17%
  - Local Large Corporate -14%
  - SMEs +4%
  - Large municipalities +19%
- Total loan growth positively influenced by reverse repo in non-bank financial market segment (CZK +1.3 bn YTY)

Loan portfolio development



Bank loan book by customer segments as of 31 March 2010



# Performance analysis – CS Bank balance sheet

## Consumer lending the biggest growth driver YTY



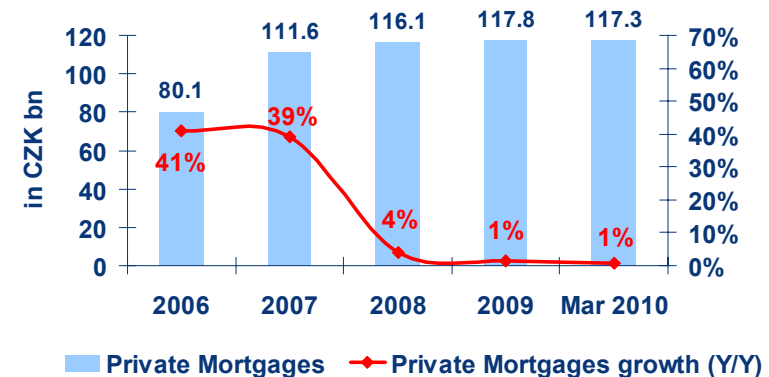
### – Private mortgages grew by 1% YTY (i.e. +CZK 0.8 bn)

- Low activity on property market pursued also in Q1 2010 as outstanding amount declined by 0.4% (CZK -0.5 bn)
- **Mortgages granted in Q1 2010:** average maturity further decreased to 22.9 years (23.1 in 2009); average size of mortgage lowered to CZK 1.6 m
- **Whole portfolio:** average maturity is 21.1 years, residual maturity 17.2 years and LTV ratio at 63.1%

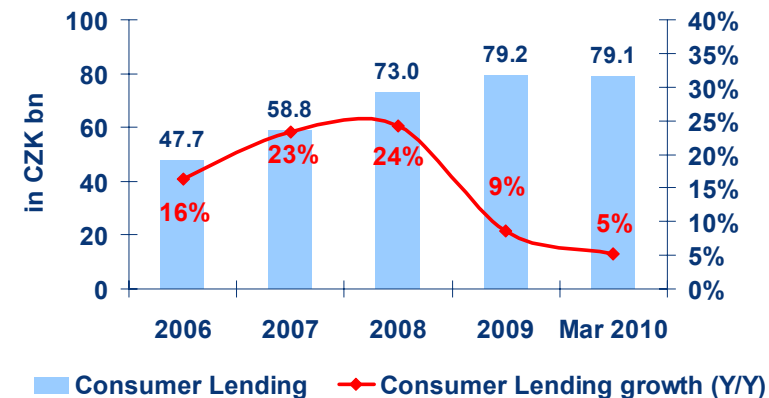
### – Consumer lending growth at 5% YTY (i.e. +CZK 3.9 bn)

- Driven by cash loans and overdrafts
- Decline in Q1 2010 as repayments were unmatched by weaker new loan sales at the beginning of year

Private Mortgages Development



Consumer Lending Development



Note: Consumer loans include home equity loans and exclude credit cards

# Performance analysis – Risk costs following market conditions

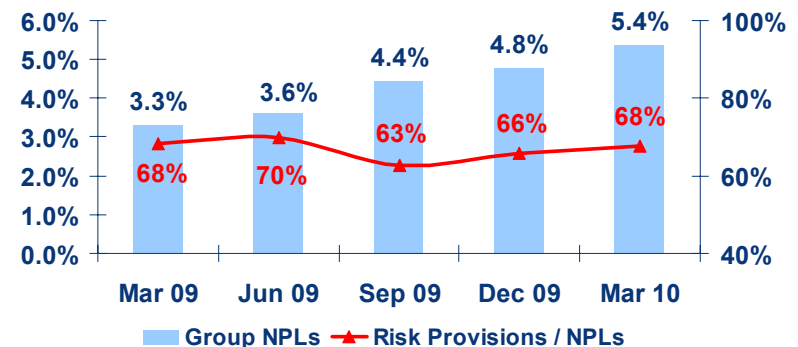
## – Share of NPLs in total customer loans further increased to 5.4%

- Driven mainly by large corporate clients affected by continuing economic downturn
- NPL provision coverage strengthened to 68%

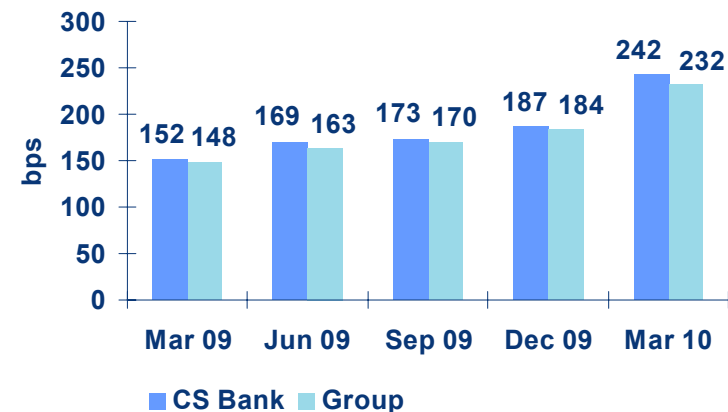
## – Group risk costs ended at 232 bps

- Following deterioration of corporate and MSE loans and growing share of consumer lending

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



Risk costs in bps of Customers Loans  
(annualized)



# Presentation topics

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

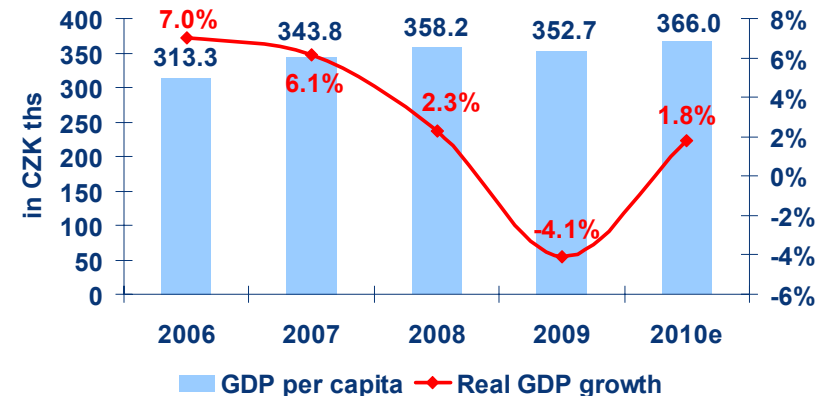
# Macroeconomic environment –

## CZ fell in sync and at par with EMU, it will outgrow it this year

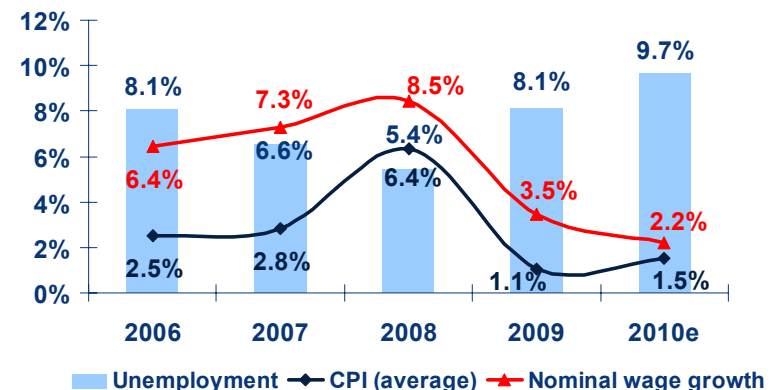


- **Baseline: Czech economy to grow 1.8% this year after having contracted by 4.1% in 2009**
- **2009 mostly about fall in inventories (as elsewhere) and drop in fixed investment**
  - Without inventories, the GDP decline would have been far less dramatic (around 2.5%)
- **Households consumption “finally” behaving as expected (but overall picture blurred by frequent data revisions) - turning negative for the entire 2009 (-0.2% YTY)**
  - For 2010 household consumption seen as falling by almost 1% YTY on higher unemployment (peaking at around 10% SA in H1 2010), low nominal wage growth, slow credit growth and higher inflation due to higher taxes
- **Fixed investment fell by 8.3% in 2009 due to tighter credit, excess capacity and slowdown of construction**
  - Further decline of around 2% in 2010 can be expected because of low capacity utilization and tight financing. Faster 2010 external growth in EMU would swiftly send investment up YTY – largest potential for surprise among GDP categories

Key economic indicators

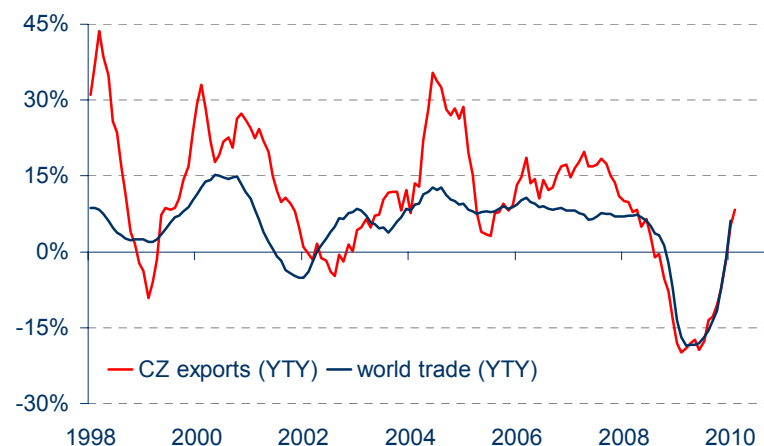
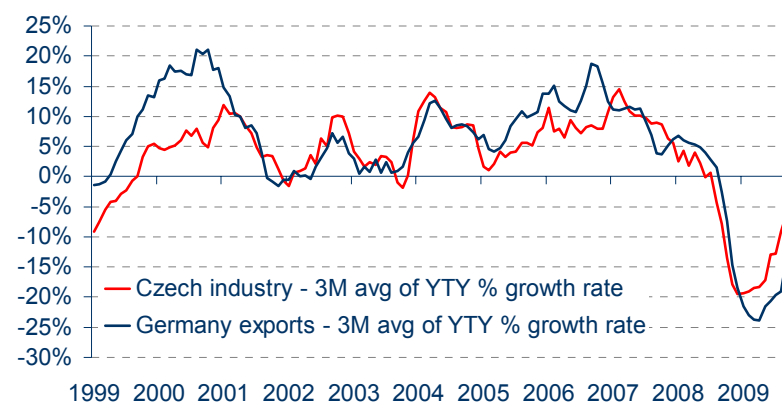


Unemployment vs inflation vs wage growth



# Macroeconomic environment – Industry in recovery driven by surging global trade and ongoing restocking

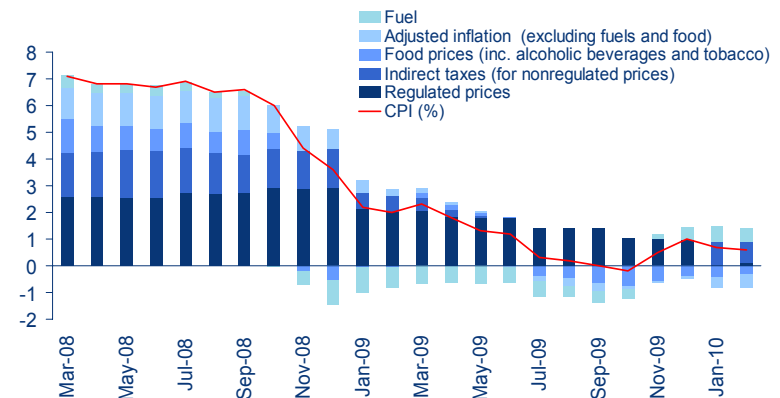
- **Industry stabilized around the break of H1 2009 and H2 2009 because of two reasons:**
  1. support from abroad (= car scrap subsidy)
  2. Improvement of global trade - pickup in activity in Asia and US (German exports orders increase ⇒ Czech exports orders increase ⇒ Czech industry rises)
- **Industry still below pre-crisis peak (and at roughly 6% YTY for first two months of 2010) but new orders and leading indicators (PMI) point to ongoing recovery in H1 2010**
  - PMI consistently above 50 and improving since November 2009
  - Ongoing restocking and solid demand from fast-growing Asia to keep Czech industry on the improving path at least in near future
  - This should lead to slow turnaround of the labour market – latest data indicate the unemployment may be near the peak (PMI subindex of employment above 50); unemployment for March also encouraging (9.7%)
- **H2 2010 big question: will the world economy as a whole have enough internal growth sources by then?**



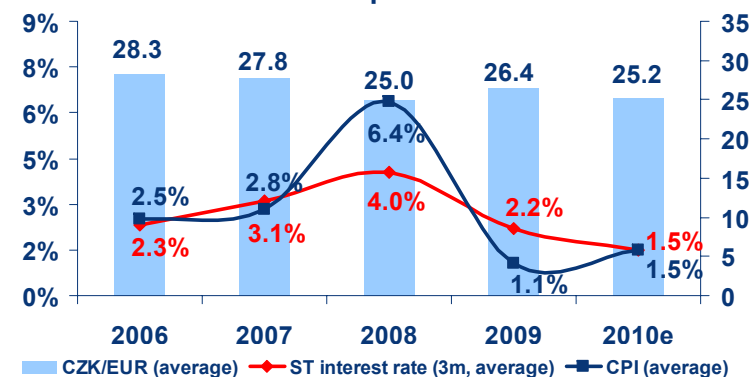
# Macroeconomic environment – Inflation to rise toward target on fuel and taxes

- Inflation still subdued (low core inflation) but expected to rise to the average of 1.5% and to reach the 2% target by Q4 10
  - 2010 (-): **regulated prices** to contribute essentially zero to the inflation in H1 2010, an effect of lower natural gas and electricity prices
  - 2010 (+): **demand inflation** to start moving into positive territory on past weakness of koruna and recovering economy. **Fuel** to add to YTY CPI on fading base effect. Finally, **taxes** have risen in January and push the headline up
- Interest rates at bottom with Dec 09 cut – average 3M Pribor at 1.5% in 2010
  - Interest rates at the bottom – 2-week repo cut (somewhat surprisingly) by 25 bps to 1.0% in December, stability until the end of Q3 2010 expected
  - First hike to be delivered at the end of Q3 (year-end rates at 1.50-1.75%). Risk remains that it will be delivered later or that there'll be cut (especially CZK firms further below 25 CZK/EUR fast)
- CZK development
  - CZK to **strengthen** fundamentally to average of 25.20 in 2010 (balance of payments favourable, convergence, sentiment improved) but process punctuated by occasional spikes of risk aversion. YE at 24.4 CZK/EUR

Contribution to CPI, p.p.



Interest rates, inflation and currency development



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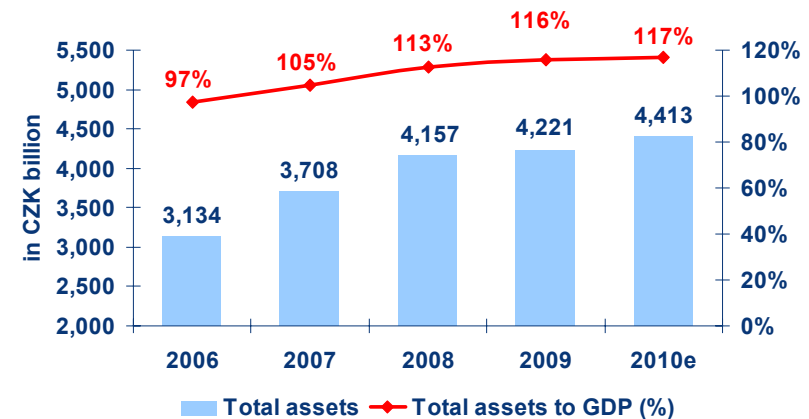


# Banking market development – Healthy banking sector

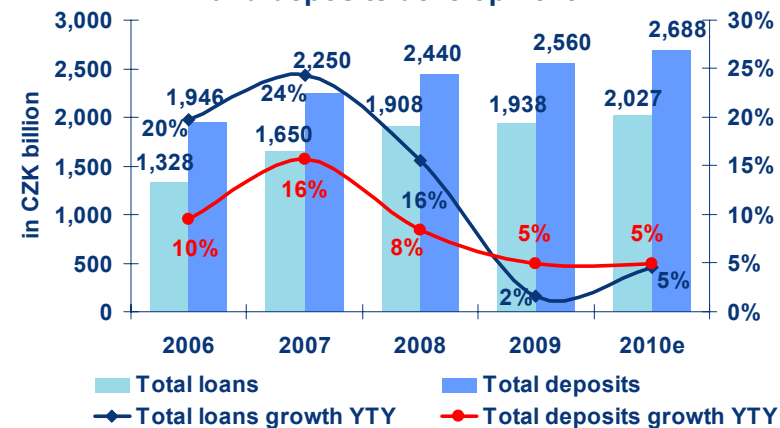


- No state support has been needed or is currently envisaged
- Limited exposure to subprime or toxic assets
  - Conservative banking model oriented on the domestic business, limited risk-taking
- Low overall debt in the economy
  - Despite high credit growth in past 5 years (5Y average YTY growth rate of 15%) total loans represent only 58% of the GDP
- Insignificant FX lending
  - FX loans represent 13% of total loans and 85% of it is covered by FX deposits
- Strong liquidity and capital position
  - Banking sectors' LTD ratio at safe 78% in 12/2009; total capital adequacy at 14.1% in 12/2009
- Banking assets growth at low levels in 2010
  - Asset volume grew by 64% since 2003
  - Retail loans are the main driver
  - Slight acceleration in corporate sector (industry recovery) expected in 2010
- Inter-bank money market and bond market gradually stabilizing

Banking market - total assets development



Banking market - loans and deposits development



Source: CNB, CS estimates

# CS market shares – Market leadership maintained (as of YE 2009)



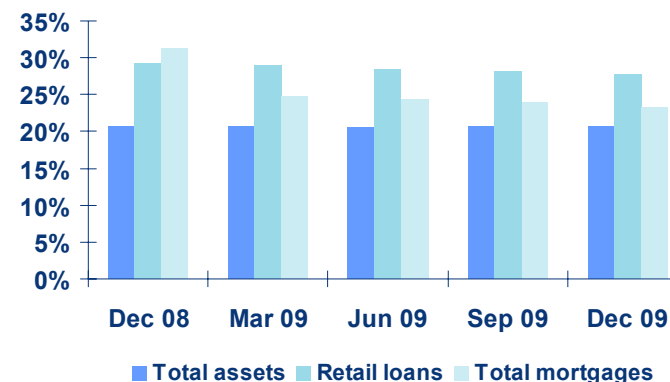
## – Market position overview\*

- No. 1 by number of customers (5.3 mil.)
- No. 1 by total loans (market share 22%)
  - 28% in retail loans, 19% corporate loans
- No. 1 in mortgages (market share 23%)
- No. 1 in consumer loans (market share 43%)
- No. 1 by total deposits (market share 23%)
  - 30% in retail deposits, 12% in corporate deposits
- No. 1 in number of payment cards (market share 38%)
  - 39% in credit cards
- No. 2 by total assets (market share 21%)
- No. 2 in mutual funds (market share 27%)

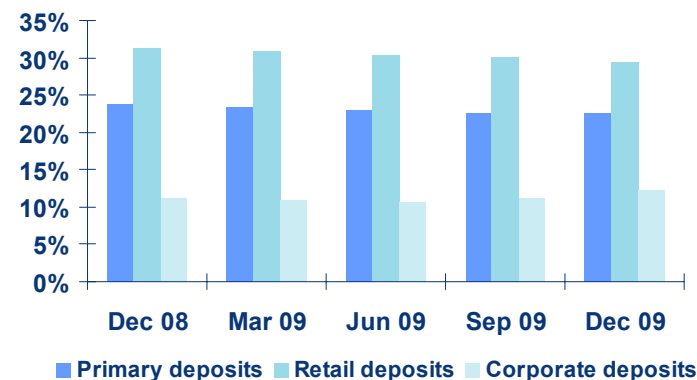
## – Market structure remains stable

- Concentrated banking market
- 39 banks in total, 32 owned by foreigners
- 3 dominant players, including CS

Market share development - asset side



Market share development - liability side



\* Data as of December 31, 2009; Q1 2010 data not available yet  
Source: CNB statistics, AKAT, Bank Card Association

# Presentation topics

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## – Performance of Ceska sporitelna

- Financial statements
- Performance analysis

## – Economy

- Macroeconomic environment

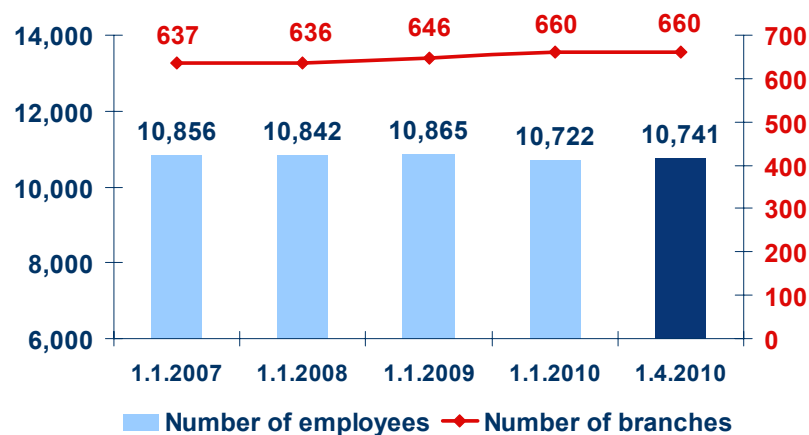
## – Banking market

- Banking market development
- Market shares

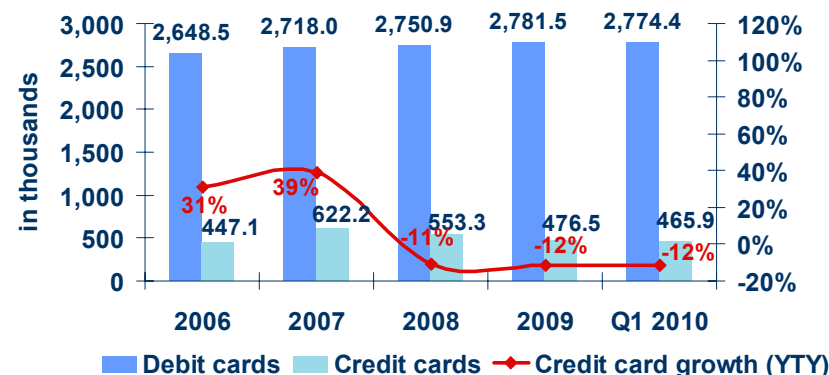
## – Appendix

# Main indicators

Number of branches vs number of employees

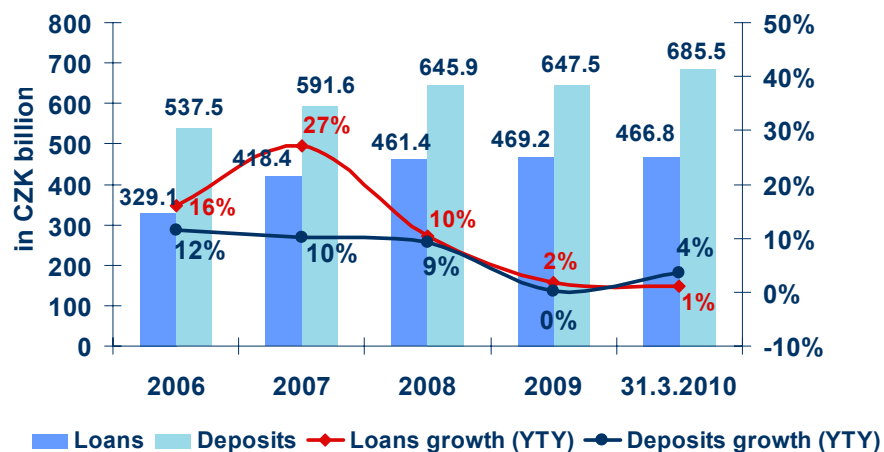


Bank cards development\*

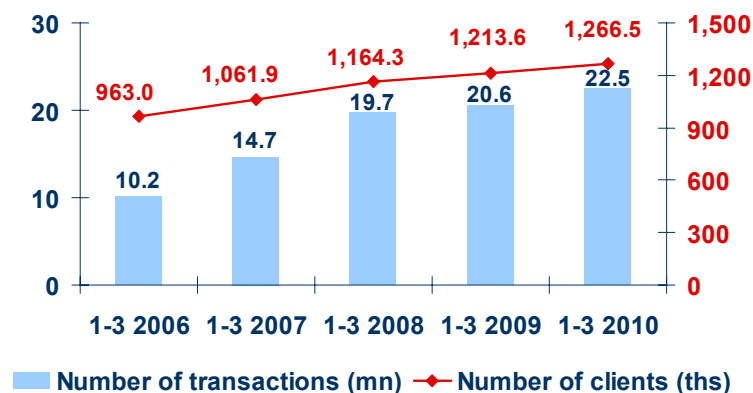


\*Decrease in credit card growth mainly due to abolishing inactive cards, volume of transactions in Q12010 up by 28% YTY

Loans and deposits development



Development of Internet Banking  
(Servis 24 + Business 24)



# Structure of CS loan portfolio – Non-financial institutions



in CZK m, unconsolidated, IFRS

	31/03/2010		31/12/2009		31/03/2009		Q1 2010 YTD		YTY change	
	Outstand.	Share	Outstand.	Share	Outstand.	Share	Outstand.	Rate	Outstand.	Rate
<b>I, CORPORATE &amp; RETAIL (1+2)</b>	<b>419,556</b>	<b>99.6%</b>	<b>421,916</b>	<b>99.9%</b>	<b>416,504</b>	<b>99.9%</b>	<b>-2,360</b>	<b>-0.6%</b>	<b>3,052</b>	<b>0.7%</b>
<b>1. CORPORATES</b>	<b>160,993</b>	<b>38.2%</b>	<b>162,345</b>	<b>38.4%</b>	<b>167,131</b>	<b>40.1%</b>	<b>-1,352</b>	<b>-0.8%</b>	<b>-6,138</b>	<b>-3.7%</b>
<b>GCIB</b>	<b>55,299</b>	<b>13.1%</b>	<b>55,854</b>	<b>13.2%</b>	<b>61,428</b>	<b>14.7%</b>	<b>-555</b>	<b>-1.0%</b>	<b>-6,129</b>	<b>-10.0%</b>
Group Large Corporate	26,342	6.3%	26,817	6.3%	31,736	7.6%	-475	-1.8%	-5,394	-17.0%
Group Corp. Mortgage&Real Estate	28,957	6.9%	29,037	6.9%	29,692	7.1%	-80	-0.3%	-735	-2.5%
<b>Local Corporate</b>	<b>105,694</b>	<b>25.1%</b>	<b>106,490</b>	<b>25.2%</b>	<b>105,703</b>	<b>25.4%</b>	<b>-797</b>	<b>-0.7%</b>	<b>-9</b>	<b>0.0%</b>
Large Corporates	27,886	6.6%	29,265	6.9%	32,284	7.7%	-1,379	-4.7%	-4,398	-13.6%
Medium Corporates (SMEs)	57,840	13.7%	57,715	13.7%	55,393	13.3%	124	0.2%	2,447	4.4%
Local Corp. Mortgage&Real Estate	6,558	1.6%	6,694	1.6%	6,741	1.6%	-136	-2.0%	-183	-2.7%
Municipalities	13,410	3.2%	12,816	3.0%	11,285	2.7%	594	4.6%	2,125	18.8%
<b>2. RETAIL</b>	<b>258,563</b>	<b>61.4%</b>	<b>259,572</b>	<b>61.4%</b>	<b>249,373</b>	<b>59.8%</b>	<b>-1,009</b>	<b>-0.4%</b>	<b>9,190</b>	<b>3.7%</b>
Private Credit cards	4,848	1.2%	4,735	1.1%	3,711	0.9%	113	2.4%	1,137	30.6%
Consumer lending	79,078	18.8%	79,235	18.8%	75,144	18.0%	-156	-0.2%	3,934	5.2%
Private social	2,531	0.6%	2,656	0.6%	2,940	0.7%	-125	-4.7%	-409	-13.9%
Private mortgages	117,290	27.8%	117,786	27.9%	116,495	27.9%	-495	-0.4%	795	0.7%
Micro corporates (MSEs)	21,819	5.2%	21,528	5.1%	20,325	4.9%	292	1.4%	1,494	7.3%
Commercial mortgages	24,525	5.8%	24,678	5.8%	23,564	5.7%	-153	-0.6%	961	4.1%
Small municipalities	8,471	2.0%	8,954	2.1%	7,193	1.7%	-483	-5.4%	1,278	17.8%
<b>II. FINANCIAL MARKETS</b>	<b>1,655</b>	<b>0.4%</b>	<b>545</b>	<b>0.1%</b>	<b>367</b>	<b>0.1%</b>	<b>1,110</b>	<b>203.5%</b>	<b>1,287</b>	<b>350.4%</b>
<b>LOANS TO CUSTOMERS</b>	<b>421,211</b>	<b>100.0%</b>	<b>422,461</b>	<b>100.0%</b>	<b>416,872</b>	<b>100.0%</b>	<b>-1,251</b>	<b>-0.3%</b>	<b>4,339</b>	<b>1.0%</b>
<i>subtotals</i>										
<b>RETAIL MORTGAGES</b>	<b>141,815</b>	<b>33.7%</b>	<b>142,464</b>	<b>33.7%</b>	<b>140,059</b>	<b>33.6%</b>	<b>-649</b>	<b>-0.5%</b>	<b>1,756</b>	<b>1.3%</b>
<b>OVERALL MORTG.&amp;REAL EST.</b>	<b>177,331</b>	<b>42.1%</b>	<b>178,195</b>	<b>42.2%</b>	<b>176,492</b>	<b>42.3%</b>	<b>-864</b>	<b>-0.5%</b>	<b>839</b>	<b>0.5%</b>
<b>CONS. LENDING + CRED.CARDS</b>	<b>83,927</b>	<b>19.9%</b>	<b>83,970</b>	<b>19.9%</b>	<b>78,855</b>	<b>18.9%</b>	<b>-43</b>	<b>-0.1%</b>	<b>5,072</b>	<b>6.4%</b>

# Financial results by quarters



in CZK million	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009	Q1 2010
Net interest income	7,125	7,230	7,651	8,211	7,760	7,771	7,787	7,671	7,456
Provisions on losses on loans	(655)	(802)	(964)	(1,123)	(1,710)	(2,117)	(2,186)	(2,611)	(2,705)
Net fee and commission income	2,632	2,718	2,763	2,907	2,627	2,888	2,795	3,092	2,870
Net trading result	673	554	124	124	895	1,354	1,019	227	1,132
General administrative expenses	(4,749)	(5,157)	(4,955)	(4,680)	(5,016)	(4,893)	(4,757)	(4,603)	(4,823)
Income from insurance business	0	0	0	0	0	0	0	0	0
Other operating result	(140)	(644)	(252)	(163)	(149)	(862)	(884)	(952)	(323)
Results from financial assets	(892)	326	(322)	(3,464)	(634)	27	484	155	238
<b>Pre-tax profit from continuing operations</b>	<b>3,994</b>	<b>4,225</b>	<b>4,045</b>	<b>1,812</b>	<b>3,773</b>	<b>4,168</b>	<b>4,258</b>	<b>2,979</b>	<b>3,845</b>
Taxes on income	(886)	(866)	(762)	(250)	(766)	(856)	(896)	(844)	(723)
After tax profit from discontinued operations	77	152	4,231	0	0	0	0	0	0
<b>Profit for the year after taxes and controlling interests</b>	<b>3,185</b>	<b>3,511</b>	<b>7,514</b>	<b>1,562</b>	<b>3,007</b>	<b>3,312</b>	<b>3,362</b>	<b>2,135</b>	<b>3,122</b>
<b>Net profit for the year</b>									
<b>attributable to owners of the parent</b>	<b>3,225</b>	<b>3,371</b>	<b>7,485</b>	<b>1,733</b>	<b>3,004</b>	<b>3,303</b>	<b>3,340</b>	<b>2,375</b>	<b>3,128</b>
attributable to non-controlling interests	(40)	140	29	(171)	3	9	22	(240)	(6)
Operating income	10,430	10,503	10,538	11,242	11,282	12,013	11,601	10,990	11,458
Operating expenses	(4,749)	(5,157)	(4,955)	(4,680)	(5,016)	(4,893)	(4,757)	(4,603)	(4,823)
<b>Operating profit</b>	<b>5,681</b>	<b>5,346</b>	<b>5,584</b>	<b>6,562</b>	<b>6,266</b>	<b>7,120</b>	<b>6,844</b>	<b>6,387</b>	<b>6,635</b>

# Net profit of selected subsidiaries

- **Stavebni sporitelna CS (building society)** reported drop in net profit due to lower operating income and higher creation of provisions
- Increase in net profit of **Penzijni fond CS (pension fund)** driven mainly by higher profit from financial assets and from trading
- Improvement in net result of **leasing companies** reflects lower creation of credit risk provisions and higher operating income and lower operating expenses
- In **CS Factoring company** negative net result was caused by higher other operating expenses



IFRS, CZK m	Q1 2010	Q1 2009	% Change
CS Building Society	313	417	-24.9
CS Leasing Companies	-5	-47	> 100
CS Pension Fund*	204	161	26.7
CS Factoring Company	-1	3	n/a

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

# CS results according to Erste segment reporting



in EUR million	1-3 10	1-3 09	Change
Net interest income	264.5	268.9	(1.6%)
Risk provisions	(97.2)	(41.2)	135.7%
Net fee and commission income	109.0	94.0	15.9%
Net trading result	16.9	(1.4)	na
General administrative expenses	(179.5)	(175.4)	2.4%
Other result	(3.7)	(28.5)	(87.1%)
<b>Pre-tax profit</b>	<b>110.1</b>	<b>116.3</b>	<b>(5.4%)</b>
Taxes on income	(20.7)	(23.6)	(12.2%)
Post-tax profit from discontinuing ops	0.0	0.0	na
<b>Net profit for the period</b>	<b>89.4</b>	<b>92.7</b>	<b>(3.6%)</b>
Attributable to non-controlling interests	1.3	2.1	(38.4%)
<b>Attributable to owners of the parent</b>	<b>88.1</b>	<b>90.6</b>	<b>(2.8%)</b>
Operating income	390.5	361.5	8.0%
Operating expenses	(179.5)	(175.4)	2.4%
<b>Operating result</b>	<b>211.0</b>	<b>186.1</b>	<b>13.4%</b>

Exchange rate Q1 2010: 25.93 CZK/EUR (average for the period)



# CS results according to Erste segment reporting – Quarterly development



in EUR million	Q1 09	Q2 09	Q3 09	Q4 09	Q1 10	Change (YoY)
Net interest income	268.9	261.1	292.0	261.0	264.5	(1.6%)
Risk provisions	(41.2)	(79.5)	(82.3)	(84.9)	(97.2)	>100.0%
Net fee and commission income	94.0	109.2	107.0	119.3	109.0	15.9%
Net trading result	(1.4)	22.6	11.9	5.5	16.9	na
General administrative expenses	(175.4)	(174.3)	(180.8)	(165.3)	(179.5)	2.4%
Other result	(28.5)	(29.9)	(16.1)	(32.7)	(3.7)	(87.1%)
<b>Pre-tax profit</b>	<b>116.3</b>	<b>109.1</b>	<b>131.7</b>	<b>102.8</b>	<b>110.1</b>	<b>(5.4%)</b>
Taxes on income	(23.6)	(22.2)	(26.1)	(33.5)	(20.7)	(12.2%)
Post-tax profit from discontinuing ops	0.0	0.0	0.0	0.0	0.0	na
<b>Net profit for the period</b>	<b>92.7</b>	<b>86.9</b>	<b>105.5</b>	<b>69.3</b>	<b>89.4</b>	<b>(3.6%)</b>
Attributable to non-controlling interests	2.1	1.9	3.4	(0.3)	1.3	(38.4%)
<b>Attributable to owners of the parent</b>	<b>90.6</b>	<b>85.0</b>	<b>102.1</b>	<b>69.6</b>	<b>88.1</b>	<b>(2.8%)</b>
Operating income	361.5	392.8	411.0	385.8	390.5	8.0%
Operating expenses	(175.4)	(174.3)	(180.8)	(165.3)	(179.5)	2.4%
<b>Operating result</b>	<b>186.1</b>	<b>218.6</b>	<b>230.1</b>	<b>220.5</b>	<b>211.0</b>	<b>13.4%</b>

Exchange rate Q1 2010: 25.93 CZK/EUR (average for the period)

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