

Česká spořitelna

Presentation of ČS Financial Group, Innovation Financing

January 2017

History of Česká spořitelna



12th February 1825

- Spořitelna česká was established



30th December 1991

- Česká spořitelna became a joint stock company



December 2001

- Ambitious 18 month transformation programme was completed



1948 - 1990

- After February 1948 small savings banks were nationalized
- In 1967 one State Savings Bank was created and in 1969 it was split into Czech State Savings Bank and Slovak State Savings Bank as a result of Czechoslovak Federation Law



3rd August 2000

- Erste Bank paid first half of EUR 531 m price and became 52% shareholder of ČS

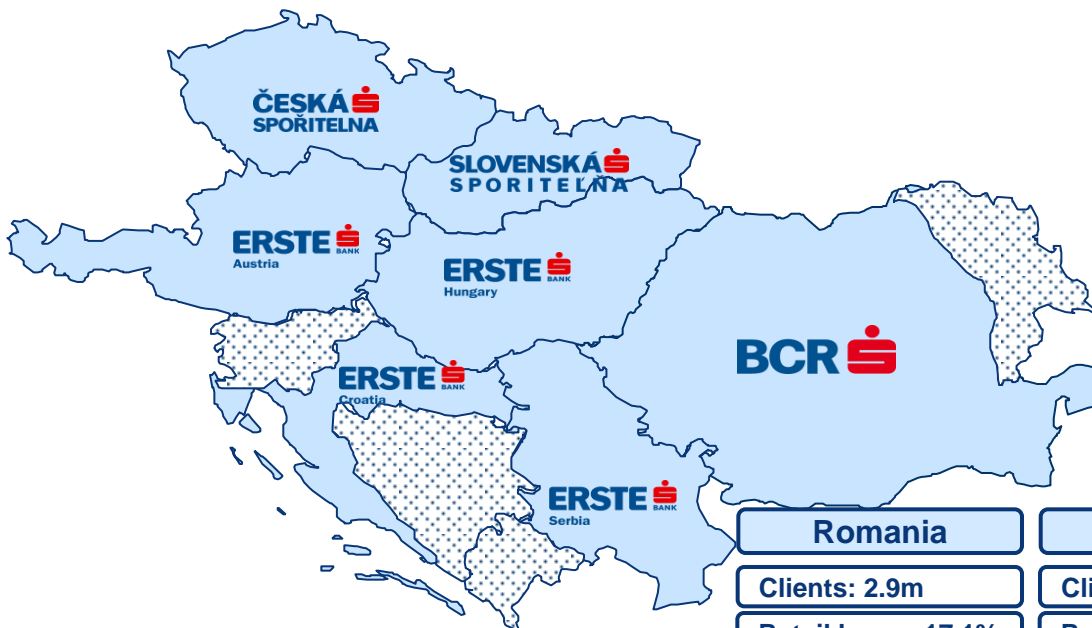
March 2002

- Erste Bank through its major shareholder announced its intention to buy out minority shares of Česká spořitelna
- Erste became 98% owner of Česká spořitelna in the course of time

Erste Group – Customer banking in the eastern part of the EU

Austria	Czech Republic	Slovakia
Clients: 3.5m	Clients: 4.7m	Clients: 2.3m
Retail loans: 19.5%*	Retail loans: 22.9%	Retail loans: 27.3%
Retail dep.: 18.5%*	Retail dep.: 25.2%	Retail dep.: 26.7%
Branches: 933	Branches: 606	Branches: 291

- Leading retail and corporate bank in 7 geographically connected countries
- Favourable mix of mature & emerging markets with low penetration rates
- Potential for cross selling and organic growth in CEE



Absolut data reported as of June 30th 2016; AT market shares for June 30th 2016 not available yet
* Data as of March 31st 2016

Romania	Hungary	Croatia	Serbia
Clients: 2.9m	Clients: 0.8m	Clients: 1.1m	Clients: 0.4m
Retail loans: 17.1%	Retail loans: 13.6%	Retail loans: 13.6%	Retail loans: 4.4%
Retail dep.: 16.4%	Retail dep.: 6.9%	Retail dep.: 13.5%	Retail dep.: 3.3%
Branches: 511	Branches: 128	Branches: 158	Branches: 77

Česká spořitelna Today

- Today Česká spořitelna is client oriented, modern and competitive bank of European quality
- Česká spořitelna offers a complete range of financial products and related services to
 - ✓ Private individuals
 - ✓ Small and medium sized businesses
 - ✓ Municipalities
 - ✓ Large corporates
- The largest bank in the Czech Republic as measured by number of clients
- Market leader in many business activities:
 - ✓ Consumer lending
 - ✓ Payment cards business
 - ✓ ATM network
 - ✓ Volume of provided mortgage loans
 - ✓ Managing customer funds



Strategic Goals of Česká spořitelna

- In line with its updated strategy, Česká spořitelna strives to be a bank that maintains a high level of client loyalty, thereby achieving above-average financial results on the banking market
- As the main bank, it wants to take first place in terms of retail clients and second place among corporate clients, and in terms of client loyalty it aims to be the leader in all client segments
- In order to achieve these goals, Česká spořitelna intensively pursues:
 - ✓ The digitisation of its services and internal processes
 - ✓ Getting yet closer to its clients in the environments in which they operate
 - ✓ Expanding and tailoring its offer for each client
 - ✓ Strategic cost management
 - ✓ Harmony with regulatory requirements in the optimisation of its costs and investments



Česká spořitelna at Glance

Consolidated IFRS (in CZK m)	1-6 15	2015	1-6 16	Y/Y Change
Balance Sheet				
Total assets	923,499	959,584	1,037,346	12.3%
Customer loans*	510,765	532,524	553,224	8.3%
Customer deposits	690,455	713,836	763,076	10.5%
Profit & Loss Statement				
Operating result	10,857	21,157	10,190	-6.1%
Net profit	7,321	14,293	8,238	12.5%
Financial Ratios				
Return on Equity - ROE	13.3%	13.0%	13.5%	
Net Interest Margin	3.3%	3.3%	3.2%	
Cost/Income Ratio	45.6%	46.8%	46.3%	

*ČS changed customer segmentation since 2016

ČS ratings

Rating agency	Long-term	Short-term	Outlook
Fitch	A-	F2	stable
Moody's	A2	Prime-1	stable
Standard & Poor's	A-	A-2	negative

606 branches



4.7 m clients



10,329 employees



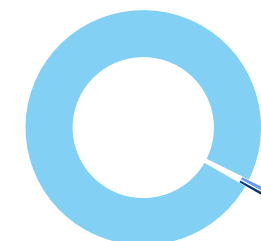
1,595 ATMs & POS



Shareholder structure

June 30, 2016

EGB AG
98.97%



Municipalities
0.59%

Other
0.44%

Česká spořitelna Financial Group

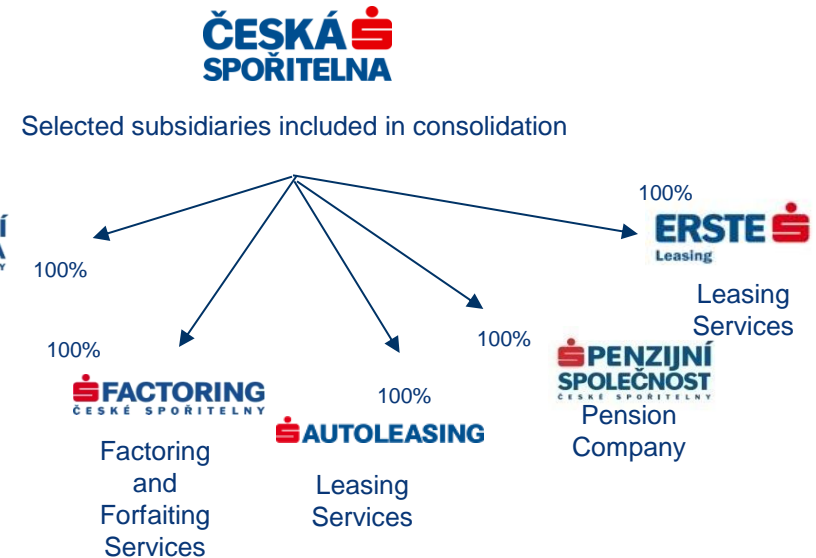
- ČS subsidiaries offer customers wide range of supplementary financial products in area of:

- Building savings and building loans
- Leasing
- Pension supplementary insurance
- Factoring

Net profit of selected subsidiaries

IFRS, CZK mil	1-6 15	1-6 16	%Change
Stavební spořitelna ČS	352	354	0.6%
sAutoleasing	57	53	-7.0%
Erste leasing	37	42	13.5%
ČS Penzijní společnost**	9	40	>100%
Factoring ČS	1	17	-

** Only the result of Pension Society of ČS is captured, not the whole fund



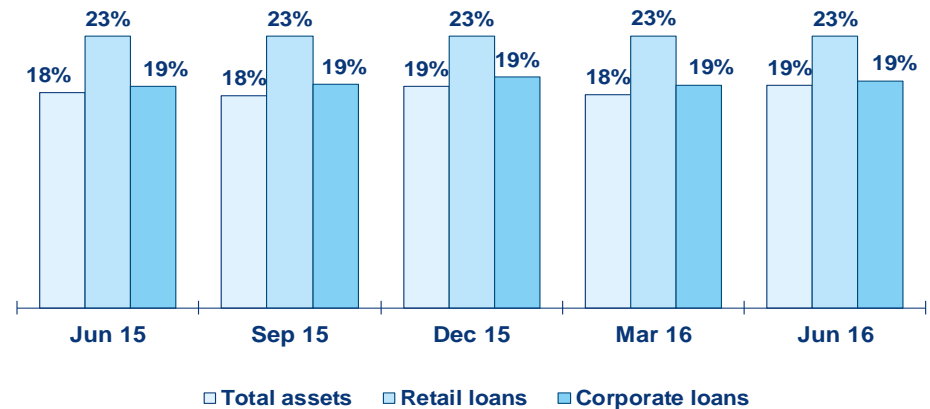
* Since 17/12/2014 ČS holds 100% in Building Society

ČS Market Shares

Market leadership maintained (June 2016)

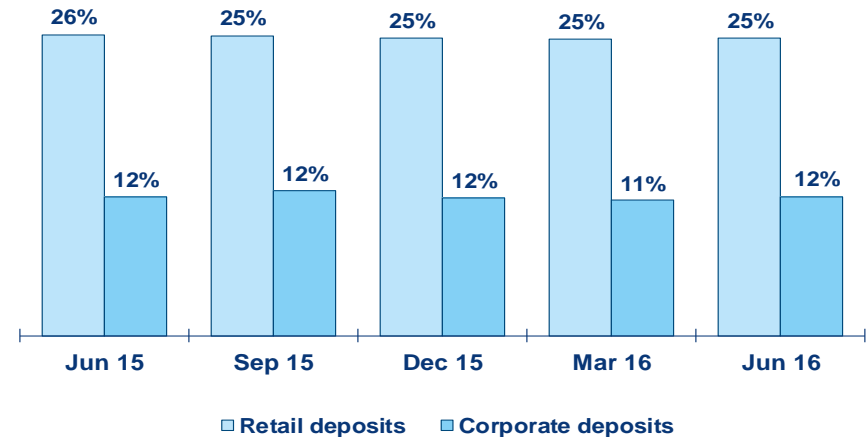
- **Market leadership in:**

- Number of customers (4.7 m)
- Total mortgages (market share of 27%)
- Consumer loans incl. credit cards (market share of 29%)
- Total deposits (market share of 21%)
 - 25% in retail deposits, 12% in corporate deposits
- Mutual funds with market share of 25%



- **No. 2 positions in:**

- Total loans (market share of 20%)
- Total assets (market share 19%)
- Private mortgages (market share 25%)



Source: ČNB statistics, MMR, AKAT

Awards from Prestigious Institutions

- Česká spořitelna won the **Bank of 2015** award by Fincentrum for the sixth time and is the most frequent winner in this category. For the twelfth consecutive year, Česká spořitelna also won the main award from the general public and became the **Most Trusted Bank of 2015**. **Penzijní společnost České spořitelny (Pension company) won the Pension company of 2015 award**
- Česká spořitelna was chosen as the first-ever recipient of the **Green Bank Award** in the GEEN Zelená banka survey, organised by the servers www.vstricnabanka.cz and www.bankovnipoplatky.com
- Česká spořitelna won the **Company of 2015: Equal Opportunity Award** announced by the non-profit organisation Gender Studies. This year, the jury emphasised the support for career growth of women and awarded the first prize to Česká spořitelna for its efforts in this area
- Česká spořitelna won the **Zlatá koruna** award for Corporate Social Responsibility, newly granted this year. The winner was determined on the basis of an exclusive survey that Zlatá koruna commissioned from Ipsos
- SERVIS 24 Mobile bank get points in **Mobile application of 2015** awards
 - Third position in **Client service** category and first in **Banking applications** category
- Česká spořitelna won the title as the **Best Card Issuer of 2015** in the third annual Visa Awards
 - It defending its 2014 victory in the same category



Product Offering for Corporate Customers

Payment Services

- Current accounts and business debit and credit cards
- Business 24 Internet banking, Business 24 Mobile bank, MultiCash
- e-Invoicing (@FAKTURA 24, e-Faktura)
- Cross-Border Services
- Card acquiring

Hedging

- FX risks, Commodities risk & Interest rate risks hedging

Lending Products

- Working capital & investment financing
- Real estate & project financing
- Syndicated, club & acquisition finance
- Debt capital markets

Trade & Export Finance

- Documentary business & bank guarantees
- Export finance

Issuers Services

- Custody services, depositary, cash payouts, squeeze-outs

Advisory services

- Financial & strategic advisory
- Debt & Rating advisory
- M&A advisory
- Grant advisory
- Companies valuation
- Equity capital markets

Financial Market Products

Treasury

- Investment products
- Products for foreign currency risk management
- Products for interest rate risk management
- Money market products
- Commodity derivatives, physical gold and electric energy sales



Investment banking

- Bonds & Equities trading and brokerage
- Primary issues (domestic bonds, eurobonds, commercial papers)
- Corporate finance advisory
- Private Equity, Venture Capital, Acquisition Finance



Asset management

- Investment advisory for institutional and private clients
- Individual portfolio management

Research / Consultancy

Custodian and securities/artworks depository services

Special Programmes for ČS Customers

The role of the bank is to predict needs of clients and to offer pre-defined solutions, which help to develop their business

Organizational principles of special programs:

- Centralized team of experts developing programs
- Competence center + sales support (structuring of complicated deals)
- Functioning on project basis
- Utilization of existing organizational units
- Importance of an appropriate sales channel
- Process design
- Motivation of all parties involved
- Added value for customers is must

Special Programmes for ČS Customers



Global Loan **EIB**

– Global Loan is intended for the support of projects realized by municipalities and SMEs in the form of the interest rate, which is below the market

❖ **Definition of SME:**

1. Annual turnover up to EUR 50 m or assets up to 43 mil. EUR
2. Up to 250 employees
3. Independence

– CS has signed contracts with the EIB in the total volume of EUR 1,100 m and the whole amount was successfully allocated

– First tranche of EUR 50 m drawn down in September 2004

– Up to 100% of eligible project costs can be financed from Global Loan

– Global Loan was also connected to grant support program of European Commission:
Municipal Infrastructure Facility (MIF) and SME FF EE Window (energy efficiency)

Special Programmes for ČS's Customers

TOP INNOVATION program

- Being the first bank in the Czech Republic, Česká spořitelna offers to its corporate clients program designed for investments into further development through innovation of existing products, services, processes or technologies
- ČS is building a network of cooperating partners of this program – including advisors, venture funds, professional associations etc.

TOP INNOVATION program includes:

- Complete product range of bank financing
- Benefits in the form of interest benefit from EIB resources
- CMZRB subsidized loan
- Hedging of energy and commodity prices
- Advisory & education programs focused on innovation management

Special Programmes for ČS Customers

InnovFin Program (guarantees) of EIF

- After successful implementation of the RSI guarantee of the EIF in 2012 the second guarantee line InnovFin was signed in 2015
- The guarantee further develops program TOP Innovation and makes it more attractive to ČS customers

Key parameters of the guarantee:

- Focus on innovation projects
- Guaranteed exposure 50%, total limit available 100 m EUR
- SME businesses – up to 250 employees, EUR 50 m turnover or EUR 43 m assets; Mid-caps up to 500 employees
- Eligible also for start ups – max. 3 years from registration, max. 10% from total guaranteed limit
- Loan amount – from EUR 25 thousand up to EUR 7 m
- Loan maturity – up to 10 years

Special Programmes for ČS Customers

New types of projects:

- Energy efficiency financing

 - SME

 - Households

- Smart solutions

 - Smart cities

- Start up financing

 - Innovation start ups

 - Small start ups (social aspect - unemployed etc.)

- EIB InnovFin mid-cap guarantee

 - For large enterprises up to 3 thousands employees

 - Extends the portfolio of guarantee programs from EIB group from start ups to large corporate

Etc.

2015 Making good things happen



Application

ČS released a new mobile donor application, **Melinda**, through which people can contribute to various charitable non-profit organisations projects



Website

ČS launched the portal **Banka bez bariér** (**Barrier-free Bank**). The website aggregates the services which bank offers to the handicapped. The website is adapted for electronic readers, and information for the hearing-impaired is translated into sign language



Support

As a component of social banking, ČS has launched a new acceleration programme, **Impact First**, which it is implementing in cooperation with the Impact Hub organisation. ČS participates also on **VŠE X-PORT** business accelerator, **PointOne** ČZU incubator or **InovaJET** ČVUT incubator

UNIVERZITA J. E. PURKYNĚ V ÚSTÍ NAD LABEM



Partnership

ČS became the main partner of **J. E. Purkyně University (UJEP)** – it supports educational, scientific, and research activities of UJEP students and employees, through development and educational programmes. **ČS is a partner to 9 universities**

 **NADACE**
ČESKÉ SPOŘITELNY

Help

The ČS Foundation awarded the second annual **Floccus Awards** to organisations and individuals who support people on the fringe of society. For the third time, the ČS Foundation distributed CZK 2 m among the 28 most successful non-profit projects in its **Grant Programme for ČS's Clients and Employees** also

Nadace
Depositum
Bonum

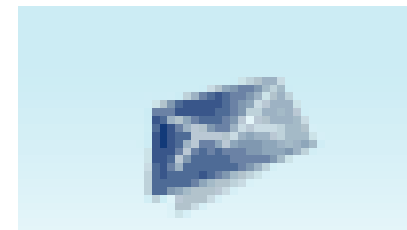
Partnership

Alongside ČS, the **Depositum Bonum Foundation (NDB)** joined in the activities of the **Czech Industry and Transport Association**, which declared **2015 the Year of Industry and Technical Education**. The NDB also engaged in the development of its existing projects promoting education that is more interesting and higher in quality

Contacts



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