



Financial Results Q1-3 2023



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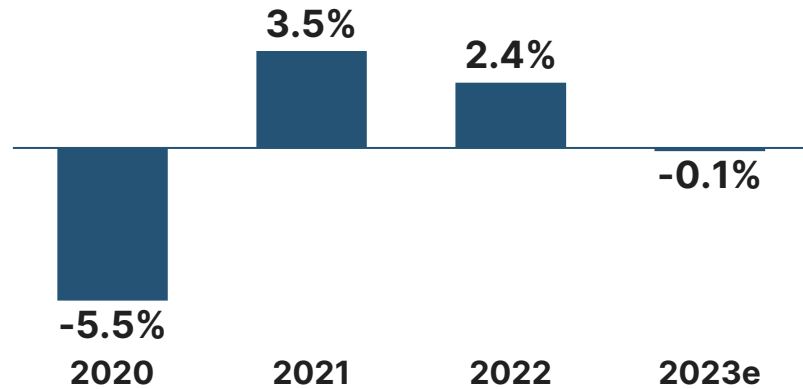
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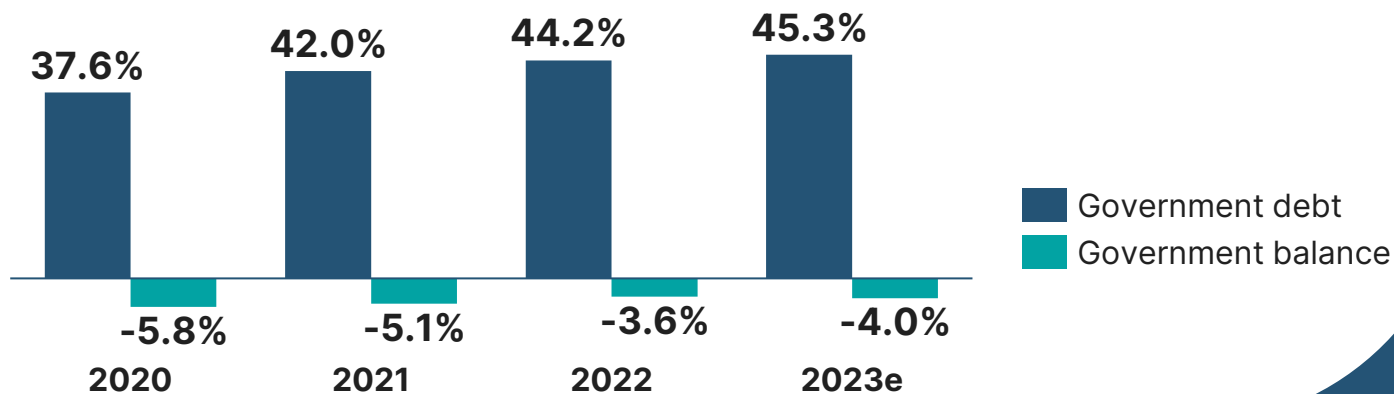
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Macroeconomic Developments

Real GDP Growth y/y



General Government Debt and Government Balance (share of GDP)

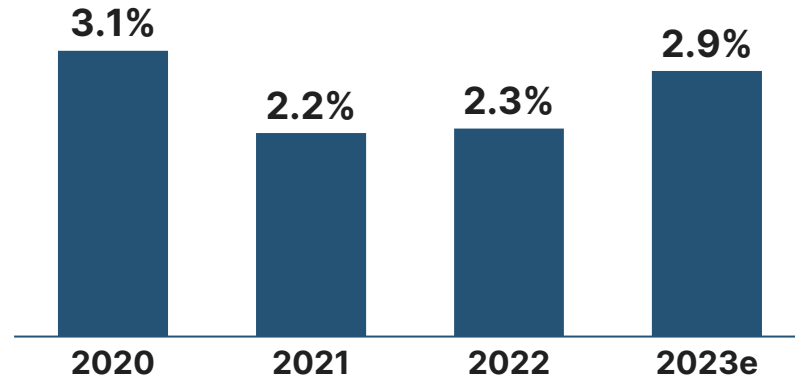


- In 2022, the Czech economy grew by 2.4%, supported primarily by investments. Household consumption, on the other hand, fell as it was negatively affected by high inflation and concerns about future macro developments
- In Q2 2023, GDP stagnated (0.0% q/q and -0.6% y/y). Besides subdued household consumption, change in inventories contributed negatively to GDP growth
- ČS expects GDP growth to roughly stagnate in 2023, as low households demand will be accompanied by cooling external demand during H2 2023. However, from 2024, economic developments are expected to gradually improve, due to both domestic and foreign demand recovery
- The war in the Ukraine and high energy prices have been resulting in high government expenditures. Moreover, previous tax changes (from 2021) have negatively affected the income side of the budget
- The deficit of the government sector will be decreasing only gradually and ČS expects it to reach -4% in 2023

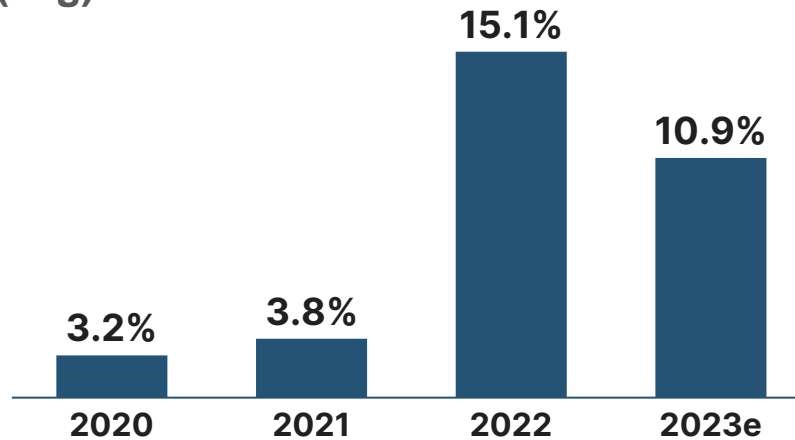
Note: Source for historic figures is the Czech Statistical Office (ČSÚ). Figures for forthcoming years are ČS forecasts
Mid-term outlook available in the Appendix

Macroeconomic Developments

Unemployment Rate (eop)



Consumer Price Inflation (avg)

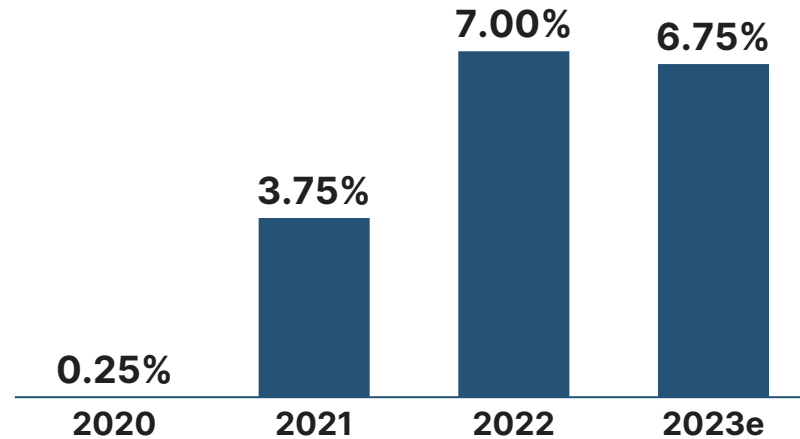


- General unemployment rate (ILO) arrived at 2.6% in August, and thus remained very low. During 2023, ČS expects unemployment to be slightly increasing and arrive approx. at 3%, mainly due to decreased domestic demand, high energy prices and global economy worsening
- The deterioration in the labour market took place primarily through the development of real wages, which fell due to high inflation. In 2022, average real wage growth came in at -8.5% and this development continued also in Q2 2023 (-3.1% y/y). In H2 2023, ČS expects real wages to roughly stagnate
- Headline CPI inflation reached 6.9% in September 2023, and confirmed its slowing trend. At the same time, core inflation came in at 5%. Besides the base effect, subdued domestic demand, lower energy prices and decline in prices of agricultural producers acted in anti-inflationary direction
- For the whole year 2023, average inflation could be close to 11%. During Q4 2023, the disinflation process will temporarily stop due to the last year's Saving Tariff, which implied a decrease in the price level during Q4 2022 by roughly 3 pp

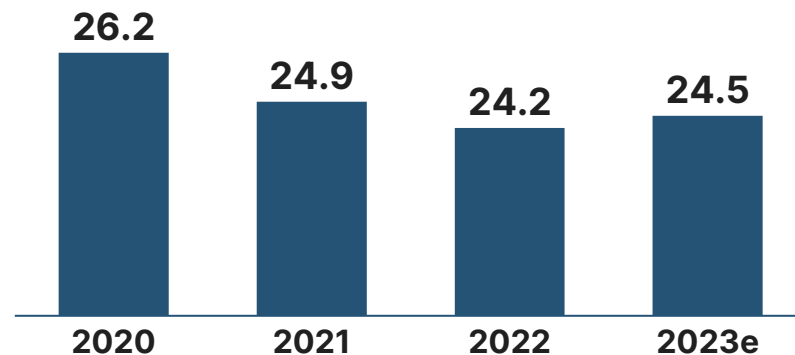
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Macroeconomic Developments

ČNB Repo (eop)



EUR/CZK (eop)



- Given sound pro-inflationary pressures, the key rate of the ČNB arrived at 7.00% in June 2022. Since then, the ČNB has kept it stable as domestic inflationary pressures gradually weakened and the koruna strengthened
- However, in August, the ČNB abandoned its intervention regime, which resulted in almost immediate depreciation of the koruna by roughly 1.2%. According to ČS estimates, this weakening corresponds to a 25bp cut in rates
- In the rest of 2023, inflation will stay high despite its gradual slowdown. Thus, the timing of the first cut is still uncertain. ČS expects the December meeting
- Risks are both-sided. On one hand, anti-inflationary data could imply a rate cut already in November. On the other hand, current ČNB communication indicates a possibility of the first cut at the beginning of 2024
- The koruna has depreciated further recently, mainly due to weak economic data coming from both Germany and the Czech economy. Moreover, unexpectedly low September inflation increased probability of the rate cut even in 2023, and thus acted in the same direction
- ČS expects that the koruna could stay weak in the rest of 2023 and be close to EUR/CZK 24.5

Note: Source for historic figures is the Czech National Bank (ČNB). Figures for forthcoming years are ČS forecasts
Mid-term outlook available in the Appendix

Summary & Business Highlights

"Česká spořitelna's financial and business results remain very good. In the third quarter of 2023, Spořitelna reached a remarkable milestone - the volume of its loan portfolio had exceeded CZK 1 trillion for the first time in its history. What is crucial is that even with the growing volume of financing provided, our portfolio shows excellent health and there has been no increase in the share of non-performing loans. The successful acquisition of Sberbank's loan portfolio, which boosted our credit growth and also helped to strengthen the stability of the domestic banking market, and the forthcoming acquisition of Hello bank's consumer loans has not changed ČS's risk position. This proves that our strategic concept based on strengthening the financial health of clients is working. However, given the macroeconomic development and the outlook, it is essential that we continue to work consistently to strengthen our own efficiency."



Ivan Vondra, CFO

Key Indicators

Net profit

CZK 14.6 bn
(-2.9% y/y)

Total capital ratio

19.2%
(-0.7 pp y/y)

Return on equity

14.8%
(-0.7 pp y/y)

Cost/income ratio

47.7%
(+5.8 pp y/y)

Operating result

CZK 18.6 bn
(-15.0% y/y)

Loan/deposit ratio

69.6%
(+4.1 pp y/y)

Česká spořitelna Supports Stronger and Sustainable Society

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

Customized advisory with the support of digital solutions will lead to:

- Increasing affordability of housing
- 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

Česká spořitelna has formulated following strategic commitments toward its customers:

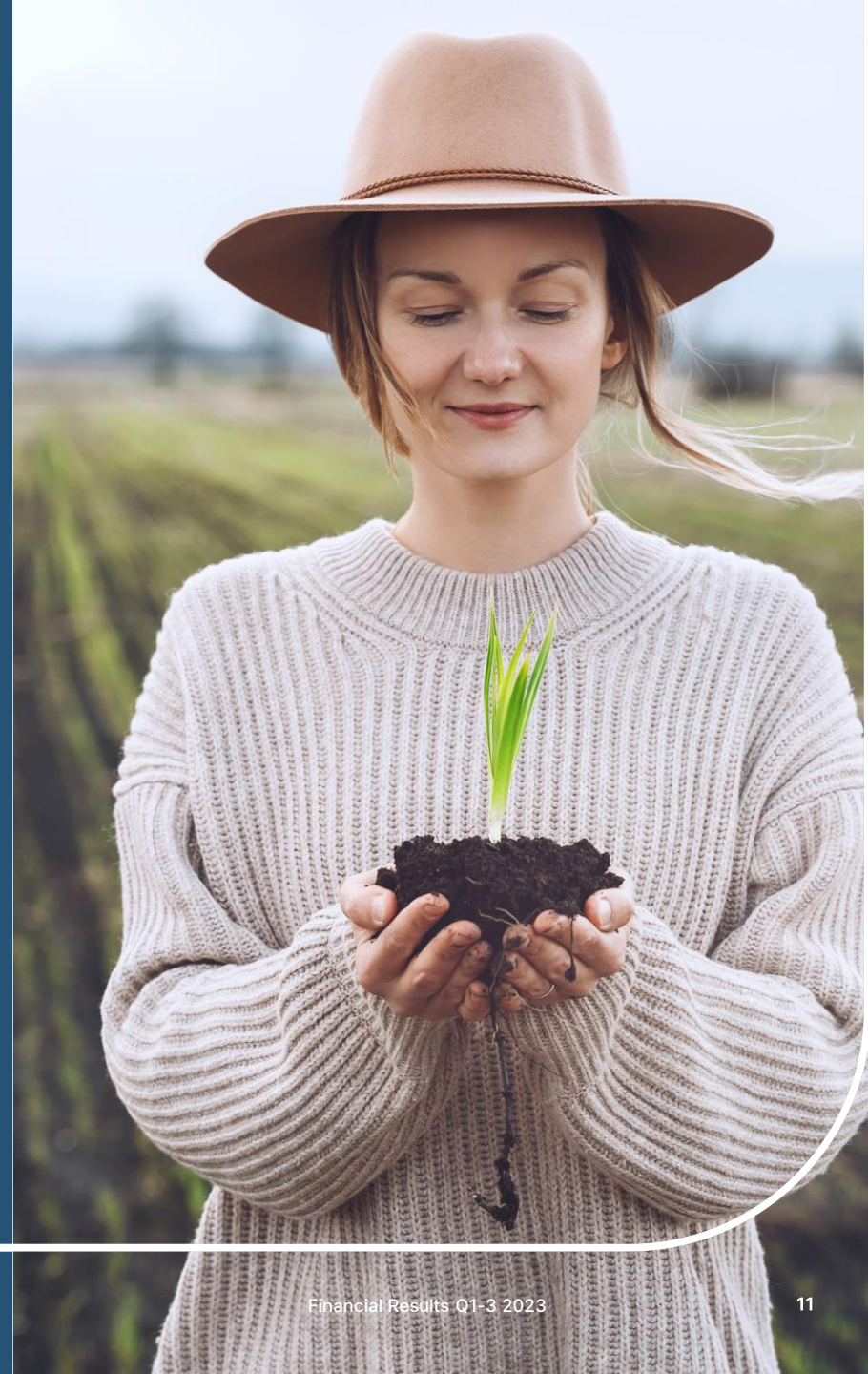
- By 2025, ČS will help all clients build a financial reserve for unexpected expenses
- By 2025, ČS will help one million clients save for retirement
- By 2025, ČS will make quality financial education available to all children in the Czech Republic
- By 2025, ČS will provide Czech companies with CZK 50 billion to increase their competitiveness and retain jobs

ČS Cares about Sustainability

Since its establishment in 1825, Česká spořitelna has played a significant role in shaping Czech society and strengthening the country's prosperity. 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:

- Česká spořitelna launched a new website focused exclusively on ESG – www.csas.cz/en/about-us/esg. The Bank also published the 2022 Sustainability Report
- As part of its ESG activities, Česká spořitelna has been assessing the "greenness" of all new corporate special-purpose loans since the beginning of 2023, based on the Green Asset Screening (GRAS) methodology. Its purpose is to assess the sustainability of new loans
- Česká spořitelna has been introducing new "green" products for clients. After three new ESG mutual funds, the Bank has come up with Mortgage for the Future and Renovation Loan for the Future. A cheaper mortgage is available for a purchase of energy efficient housing
- 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. Over H1 2023, the subsidiary introduced two new projects
- 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
- The Bank has opened around two dozen car charging stations in its headquarters and in the regions. By 2025, a quarter of the cars in Česká spořitelna's fleet will have run on electricity only



Business Highlights – Retail Banking

Advisory

As part of its strategic concept to promote financial health, Česká spořitelna has introduced several tools to help clients reduce their expenditures. A new feature is the Financial Coach app – a digital advisor also available in mobile George, which educates and motivates clients to build good financial habits.

Česká spořitelna has made the DEAP price comparison tool available to all clients, which allows people to compare energy prices from different suppliers and choose the most cost-effective option. The Bank has also introduced a new Energo calculator for calculating energy-saving measures for family houses and their financing

Children's accounts

Česká spořitelna has once again prepared a popular campaign to support children's accounts. By gradually rewarding children, the Bank wants them to learn how to use their account, payment card and George mobile banking. The Bank's intention is to boost children's financial literacy

Acquisitions

Česká spořitelna has signed an **agreement with BNP Paribas Personal Finance** to buy **Hello bank's consumer loan portfolio** after receiving regulatory approvals. The Bank is now preparing the migration of loans.

In the meantime, Spořitelna has successfully completed the takeover of client loan portfolio of the fallen **Sberbank CZ**. The acquisition contributed to strengthening the stability of the domestic banking market



Business Highlights – Corporate Banking

Financing the energy sector

Česká spořitelna provided financing to S&M Develop for the construction of the largest Czech wind power plant near Žipotín in the Svitavsko region. In addition, Erste Grantika Advisory helped the client to obtain a subsidy for the project from the Operational Programme Enterprise and Innovation for Competitiveness.

Česká spořitelna participated in the financing of the construction of the largest battery storage facility in the Czech Republic - E.nest Energy, which will help ensure the safe operation of the Czech grid and enable a reduction of the carbon footprint

Research and development funding

Česká spořitelna has become the first Czech bank and one of a few European banks to join a joint venture fund to support science and research. The Bank has invested in the i&i Biotech Fund (i&i Bio), which operates at the renowned Institute of Organic Chemistry and Biochemistry of the Czech Academy of Sciences. The aim of this fund is to support the development of new drugs, diagnostic methods and medical technologies

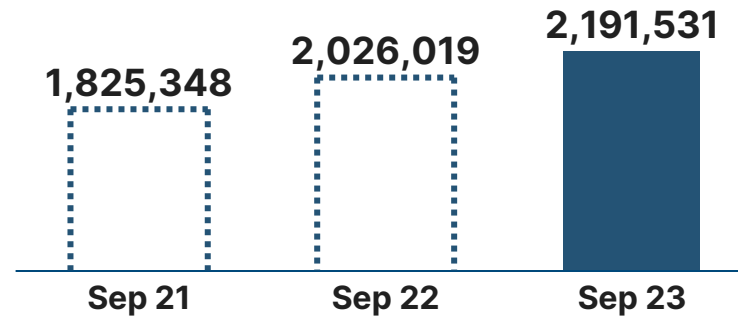
Public sector

The construction of the multifunctional Arena Brno at the Brno Exhibition Centre began in September 2023 at a cost of almost CZK 6 billion. It has been the largest strategic project of the city and the construction of the new arena has been financed by Česká spořitelna

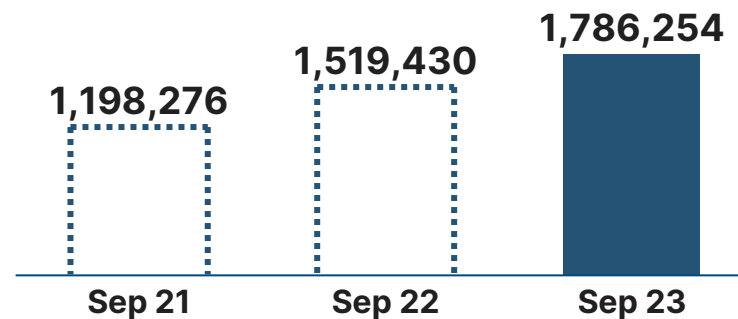


ČS Digital Story

Number of Active Unique Users of George (Internet & Mobile)



Number of Active Unique Users of Mobile George



George

Česká spořitelna's state-of-the-art digital platform George has expanded its investment interface. Among the new features that George accommodates are:

- Online creation of a virtual credit card
- Self-service foreign currency account opening in the George Store
- Purchase selected currency premium deposits and bonds at the George Store
- Expanding George's corporate loan offerings for the Small Business segment
- Linking the “wflow” cloud application to George, enabling small businesses to digitize their accounting without having to invest in their own systems

Bank iD

Česká spořitelna has developed a new special web application for dividend payments. The application, whose users prove their identity through Bank iD, is available to ČEZ shareholders. Česká spořitelna has been the first in the Czech Republic to enable this method of dividend payment

Selected Awards



Golden Crown 2023 (Zlatá koruna)

- Golden Crown - Česka spořitelna's Mortgage, George Virtual Card, educational programme Money Alphabet
- Silver Crown - Mortgage for the Future, George in Mobile, Loan for the Future from Buřinka
- Bronze Crown – ČS Online Loan, Luxury metal Mastercard World Elite debit card for Erste private banking clients, ČS Pension Savings

Top Employer of the Year

- Česka spořitelna has become the number one and first career choice of university students in the field of Banking and Investment. At the same time, the Bank also won in the special Economist category, where the Employer of the Year is selected only by students of the faculties of Economics at universities with the best academic results

Top Corporate Tax-Payers

- In 2023, Česka spořitelna was again awarded by the Ministry of Finance and the General Financial Directorate for the largest corporate tax-payers in the Czech Republic. The Bank paid CZK 3.3 billion in income tax to the state budget in 2022 and became the second largest corporate tax-payer in the Czech Republic

Customer Centricity World Series Awards 2022

- Česka spořitelna triumphed in the prestigious global Customer Centricity World Series Awards 2022 – among projects aimed to help the Ukraine. The competition was contested by 26 countries

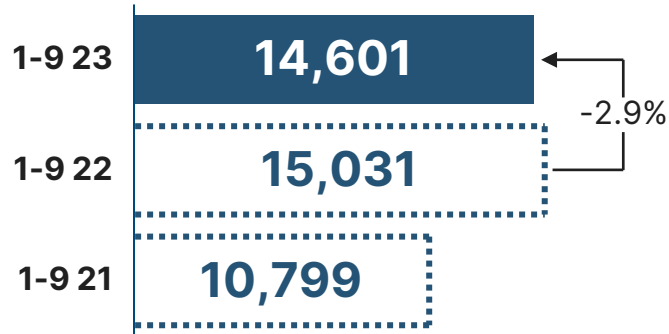
Climate Bonds Initiative

- Česka spořitelna was awarded the "Green Market Pioneer" award in the 7th edition of the international competition promoting sustainable financing. The international judges were impressed by the largest ever green bond issue among financial institutions operating on the domestic market, worth EUR 500 m, which Spořitelna carried out in September 2021. The Bank will use the proceeds of the issue to finance projects focused on sustainability and the environment

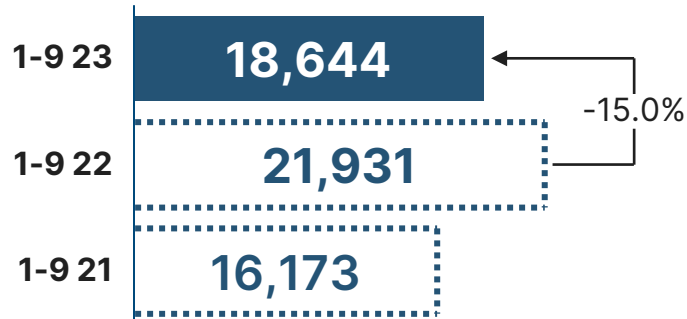
Financial Performance

Main Indicators

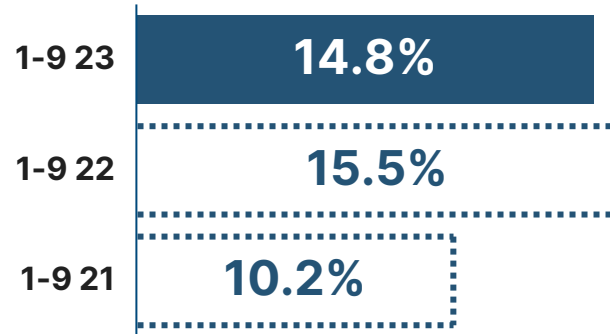
Net profit (CZK m)



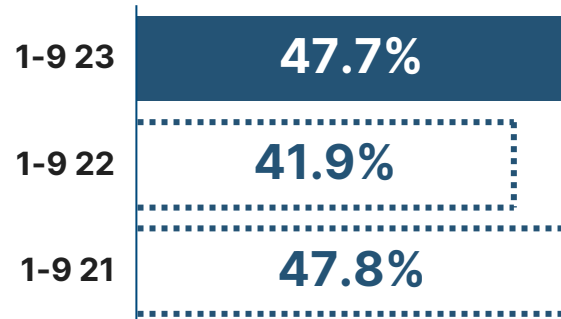
Operating result (CZK m)



ROE

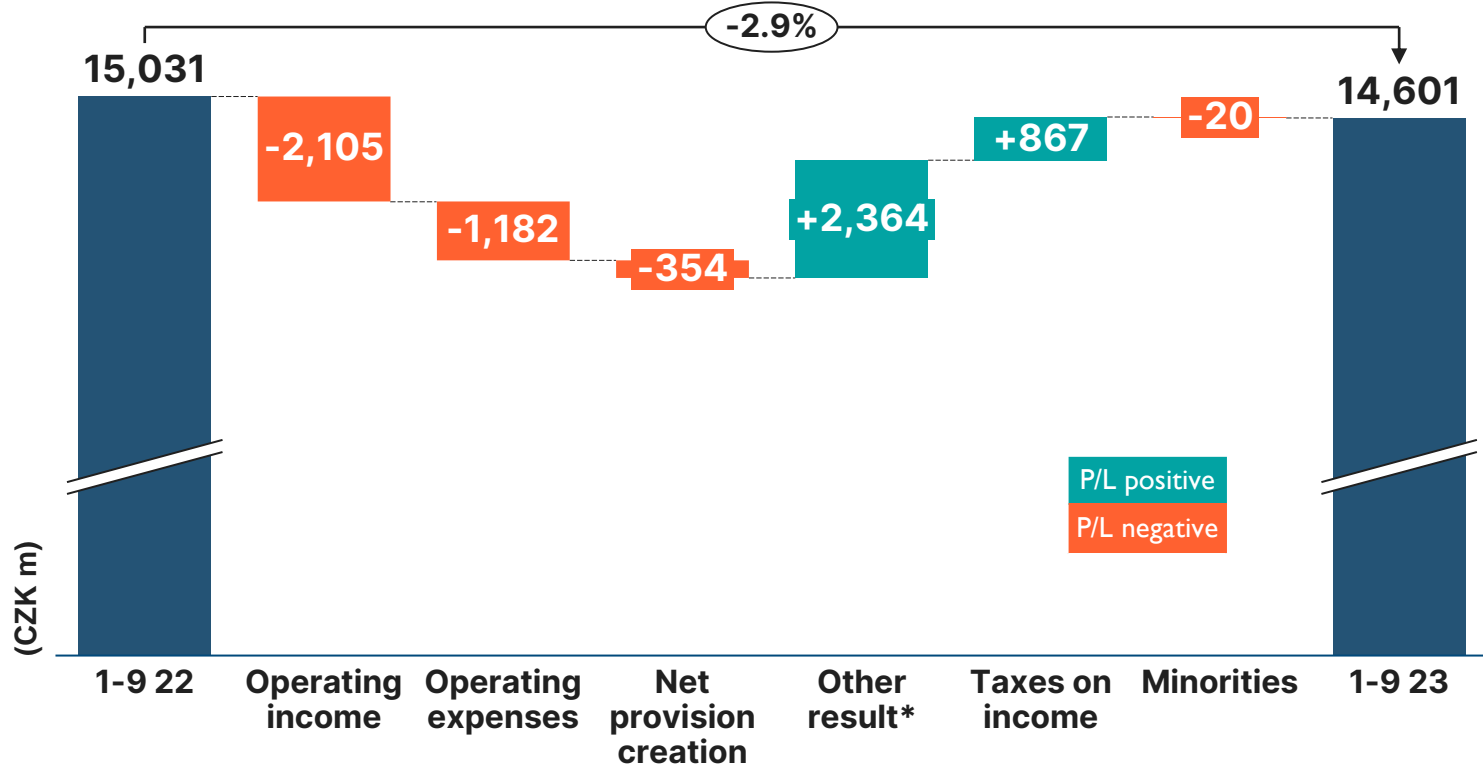


Cost/income ratio



- Net profit decreased by 2.9% y/y to CZK 14.6 bn, driven by considerably lower operating result which was partly offset by improved other result due to sale of bonds in 2022
- ROE declined to 14.8% (-0.7 pp y/y)
- Operating result decreased by 15.0% y/y (or CZK 3.3 bn)
 - Operating income declined by 5.6% y/y, attributed to higher interest expenses paid on deposits and losses from financial instruments measured at FVTPL
 - Operating expenses (+7.5% y/y) driven mainly by personnel expenses and other administrative expenses
- Cost/income ratio rose to 47.7% (+5.8 pp y/y)

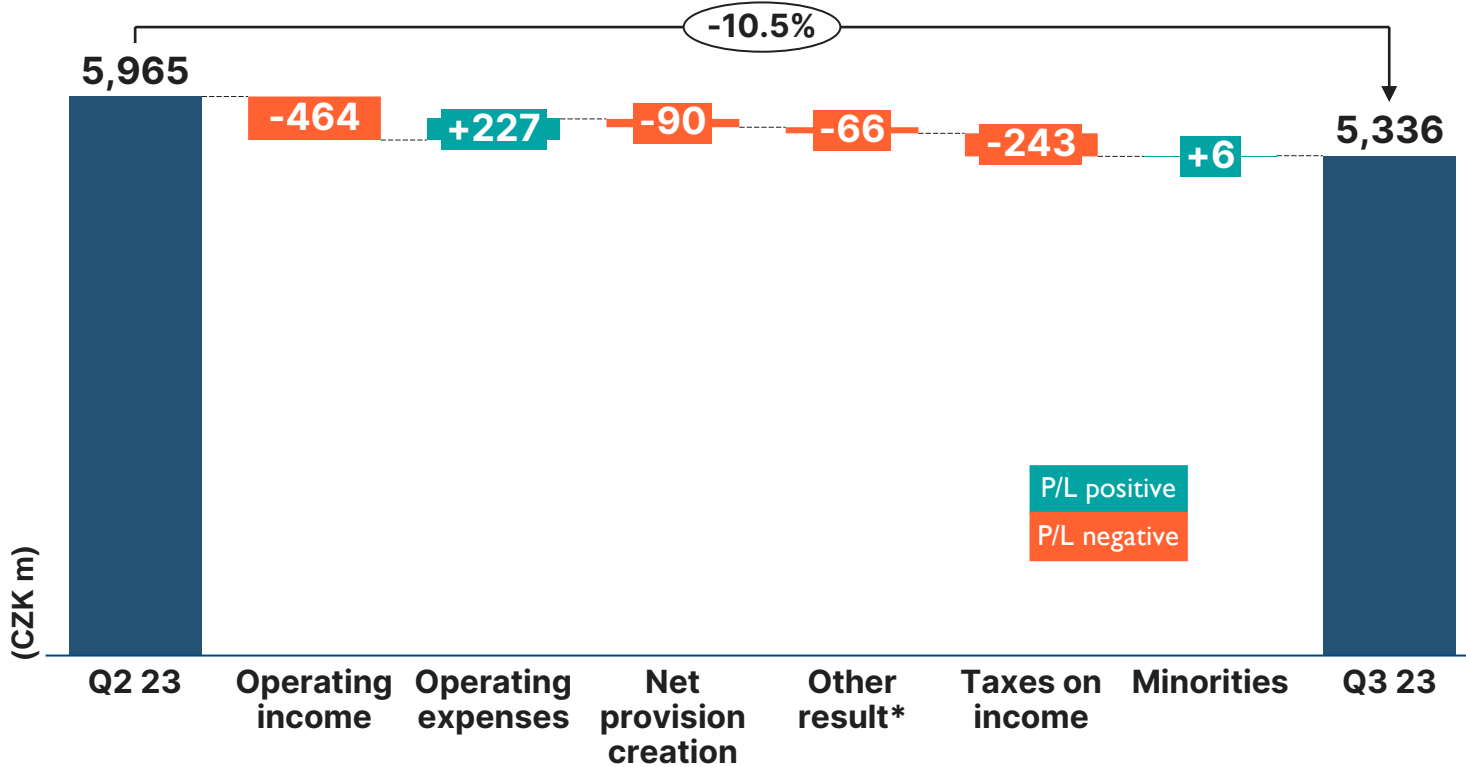
Net Profit – Y/Y



- Operating income went down by 5.6% y/y, impacted mainly by higher interest expenses paid on deposits and losses from financial instruments measured at FVTPL
- Operating expenses rose by 7.5% y/y, attributed to increase in personnel expenses and other administrative expenses
- Development of net provision creation reflected excellent quality of loan portfolio. Y/Y comparison was affected by one-off initial net provision creation due to Sberbank acquisition in H1 2023
- Y/Y increase in other result* attributed mainly to sales of bonds and impairment of buildings in 2022 and lower contribution to Recovery and Resolution Fund in 2023
- Positive impact on taxes reflected the amount of tax-exempt interest income from government bonds as well as extraordinary corporate income tax refund

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

Net Profit – Q/Q

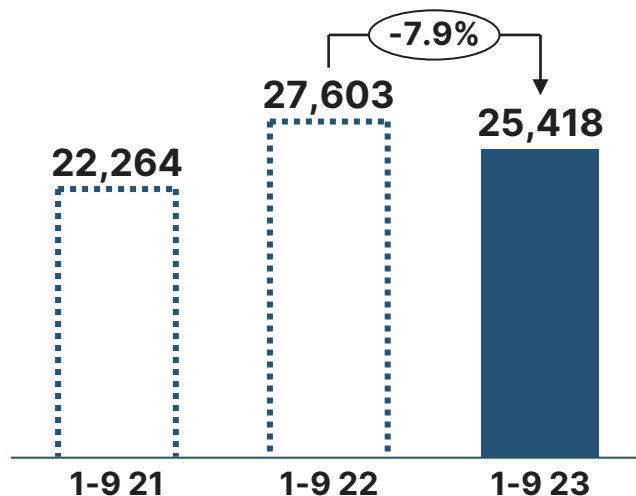


- Operating income in Q3 2023 decreased by 3.8% q/q attributed mainly to net trading result
- Operating expenses decreased by 4.0% q/q
 - Personnel expenses declined by -4.0% q/q which was caused mainly by employee share programme in Q2 2023
 - Lower other administrative expenses (-6.7% q/q) affected by booking of increased contribution to Deposit Insurance Fund in Q2 2023
- The fluctuation in the tax charge was caused by significant reduction of windfall tax payable estimate in Q2 2023

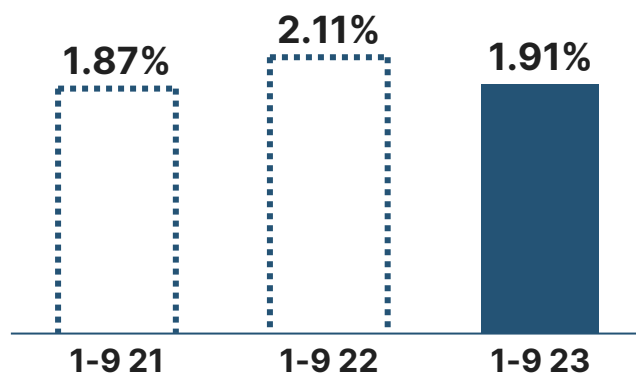
* Includes Gains/losses from derecognition of financial instruments not measured at FV through profit or loss and Other operating result

Net Interest Income

Net Interest Income (CZK m)

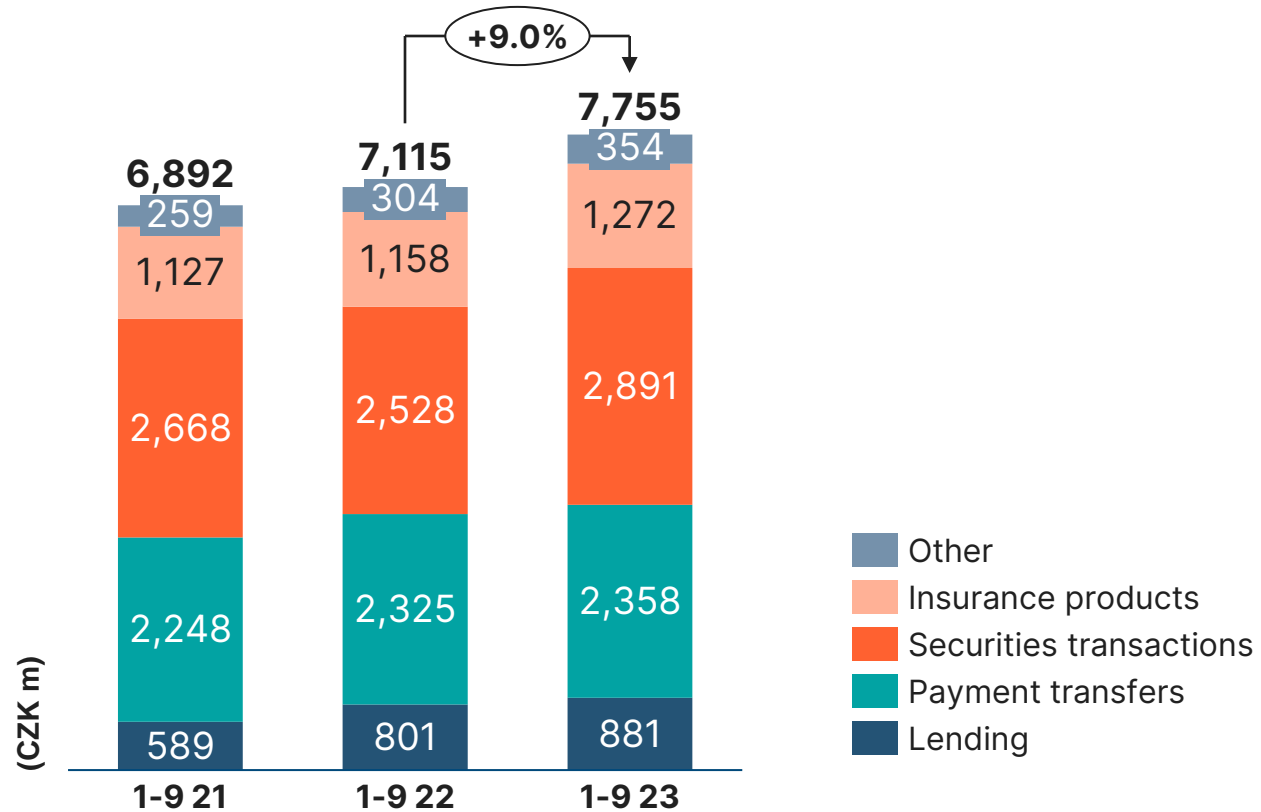


Net Interest Margin



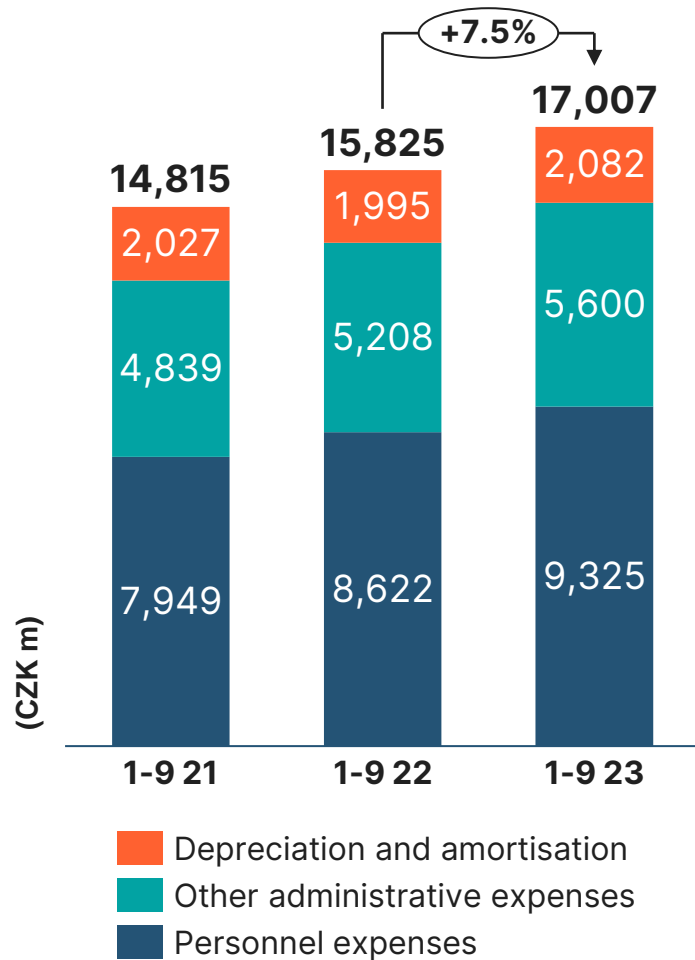
- Net interest income declined by 7.9% (or CZK 2.2 bn) in comparison with extraordinary Q1-3 2022. This development was affected mainly by
 - Higher interest rate environment leading to deposit re-pricing which resulted in growth of volumes and change of structure towards deposits with higher interest rates. As a consequence of these effects interest expenses rose considerably
 - Growth of interest expenses was partly offset by increase in interest income reflecting volume growth of loans and investments combined with higher yields
- Net interest margin reached 1.91% in Q1-3 2023 which was driven mainly by
 - Negative impact of increase in deposit interest rates
 - Development of balance sheet structure

Net Fee and Commission Income

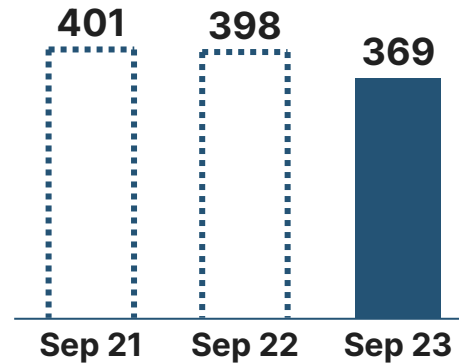


- Net fee and commission income went up by 9.0% y/y in Q1-3 2023 caused by
 - Securities transactions increased by 14.3% y/y due to fees from investments in mutual funds and pension insurance
 - Insurance fees attributed mainly to non-life insurance products
 - Lending fees supported by business development

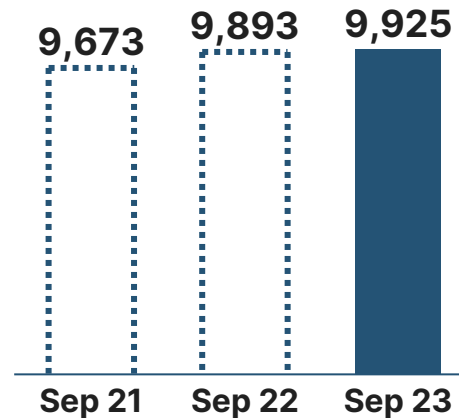
Operating Expenses



Number of Branches*



Number of Employees (eop)



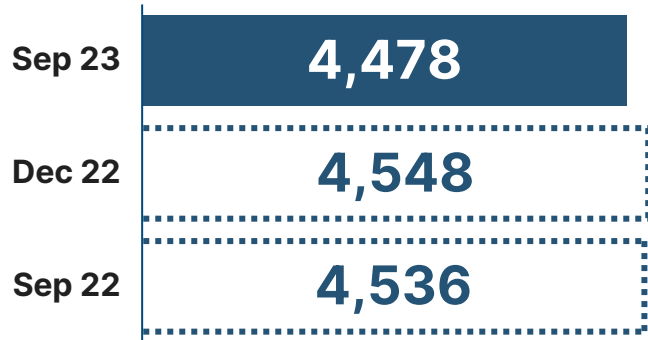
- Operating expenses rose by 7.5% y/y in Q1-3 2023 attributed mainly to increase in personnel expenses and other administrative expenses
- Growth of personnel expenses (+8.2% y/y) was driven mainly by salary increase and employee share programme combined with higher number of employees affected by Sberbank
- Other administrative expenses up by 7.5% y/y due to higher costs of marketing, IT, business operation and personnel related costs. Furthermore, affected by increase in contribution into Deposit Insurance Fund in H1 2023 (CZK +140 m y/y)
- Depreciation increased by 4.4% y/y as a result of strategic digital investments
- In q/q comparison visible decrease in number of employees and branches, reflecting efficiency measures

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

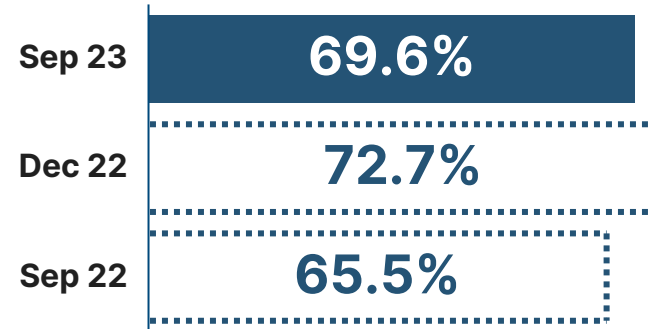
Business Performance

Main Indicators

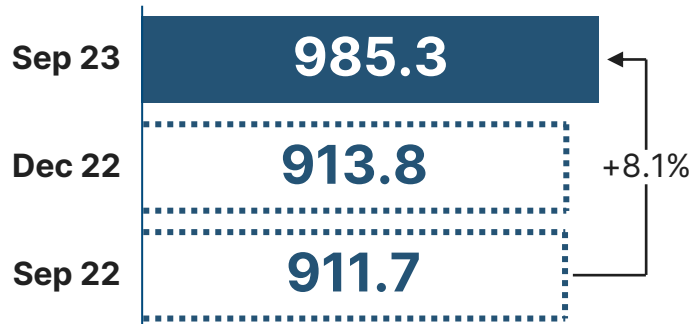
Number of clients (ths)



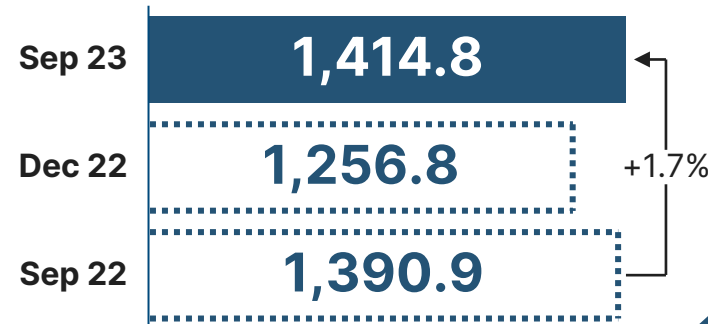
Loan*/deposit** ratio



Loans* (CZK bn)

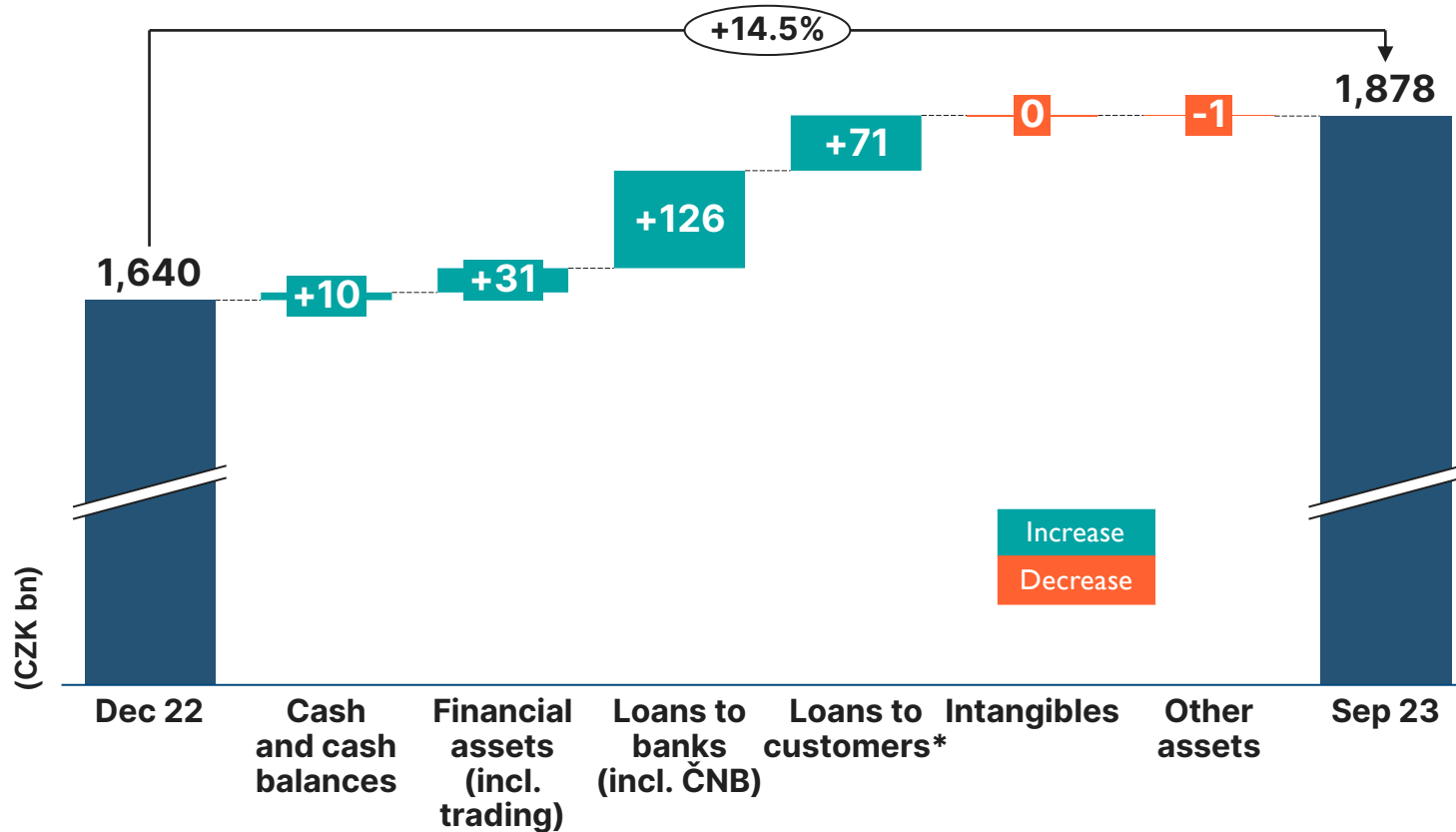


Deposits** (CZK bn)



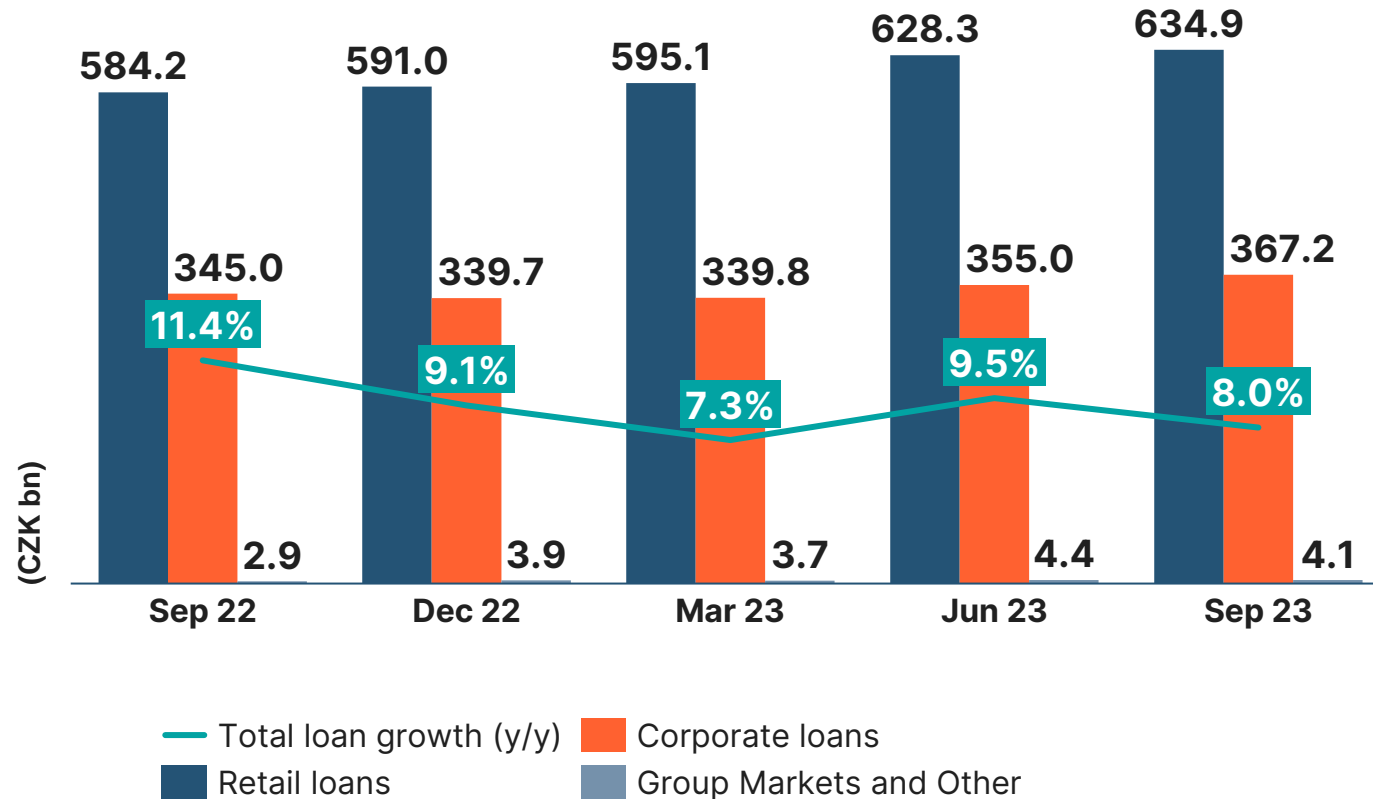
- Number of clients declined by 58 ths y/y influenced by data cleansing adjustment which was partly offset by inflow of clients from Sberbank
- Group net customer loans increased by 8.1% y/y (4.9% excluding Sberbank), driven mainly by private mortgages, SMEs, real estate, large corporates and consumer lending
- Total group customer deposits grew by 1.7% y/y attributed to increase in corporate and households deposits
- Loan/deposit ratio at 69.6% (from 65.5% in September 2022)

Balance Sheet – Assets YTD



- The assets development affected mainly by growth of loans to banks
- Loans to banks, attributed to reverse repo operations with ČNB, grew by 47.0% (or CZK 126.1 bn). This development mirrored reversal of seasonal outflow of deposits in December 2022
- Net customer loans* increased in Q1-3 2023 due to growth of retail and corporate lending supported by Sberbank acquisition (CZK 29 bn**)
- Growth of financial assets caused by higher investments into T-Bills and Czech government bonds

ČS Group Gross Loan Portfolio

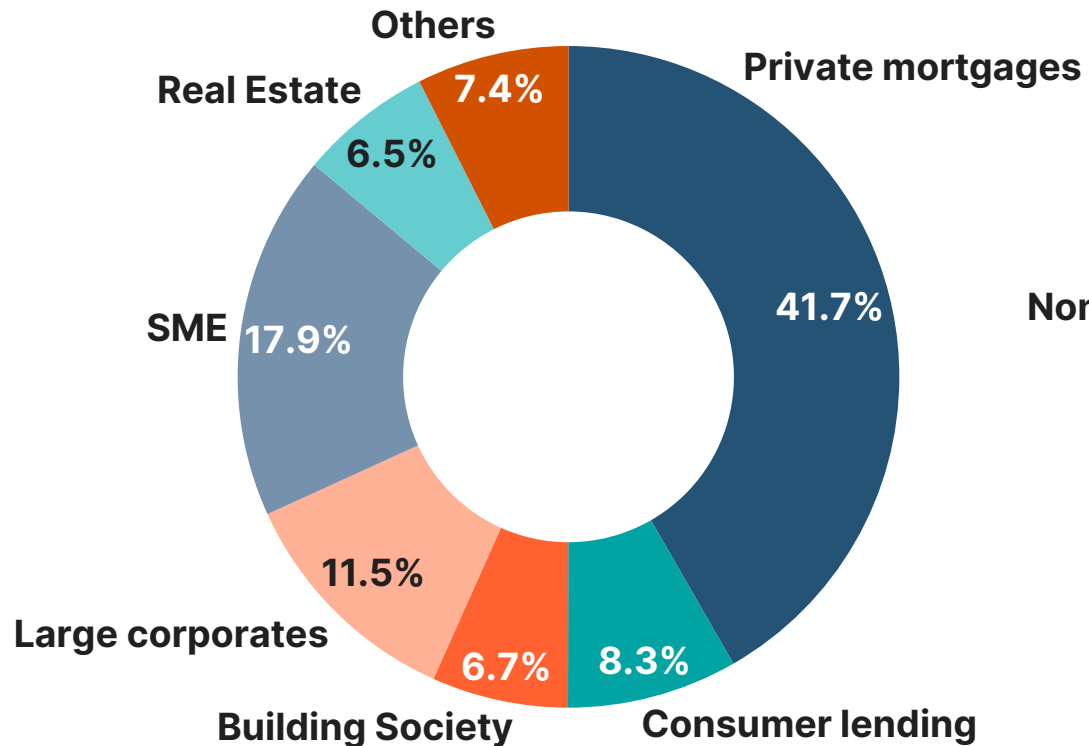


* Excluding Sberbank acquisition

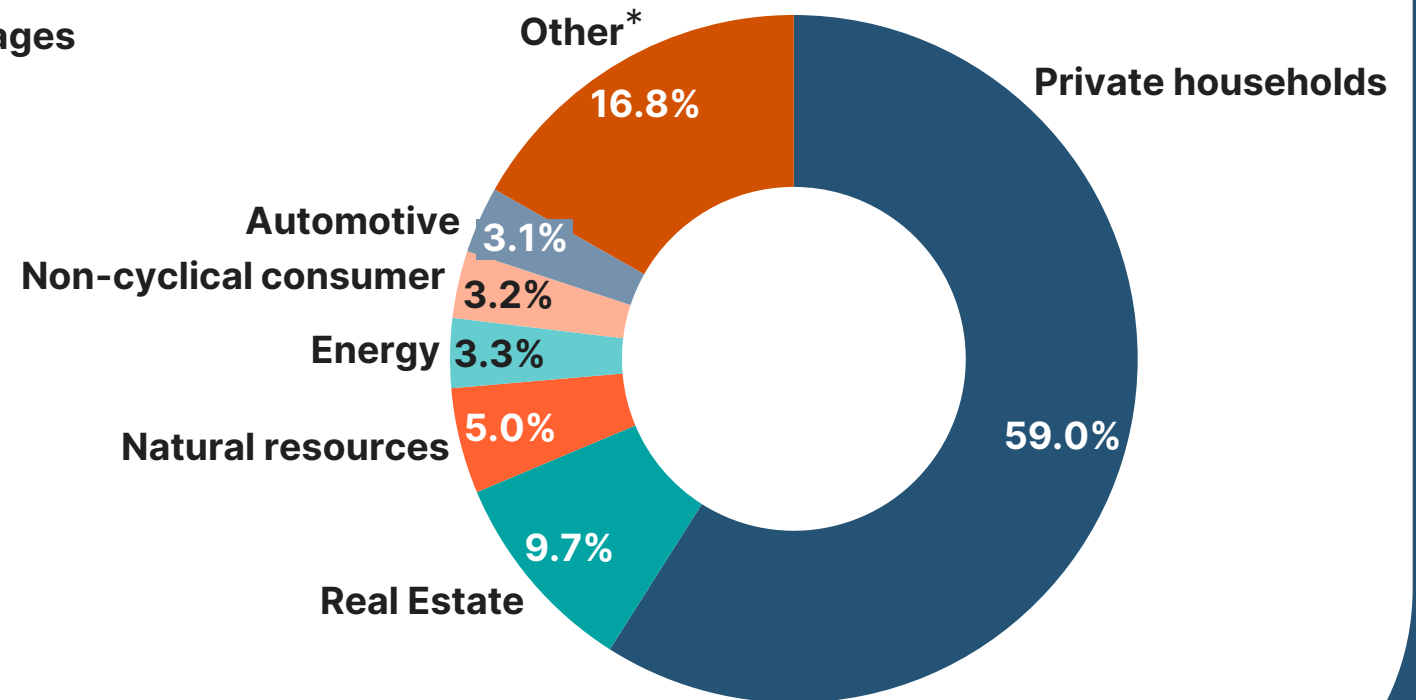
- ČS Group gross loan portfolio increased by 8.0% y/y (4.8%*), driven by both retail and corporate loans
- Loans to retail clients rose by 8.7% y/y (4.5%*)
 - Private mortgages +9.6% (4.9%*)
 - Building Society (SSČS) +7.2%
 - Consumer lending +8.6% (3.4%*)
- Loans to Corporate added 6.4% y/y (5.1%*)
 - Increase in Large Corporate +4.8% (3.6%*)
 - SME +8.2% (5.5%*)
 - Real Estate +9.6% (9.2%*)
 - Subsidiaries grew by +15.7%

ČS Group Gross Loan Portfolio

Gross Loan Portfolio by Customer Segment



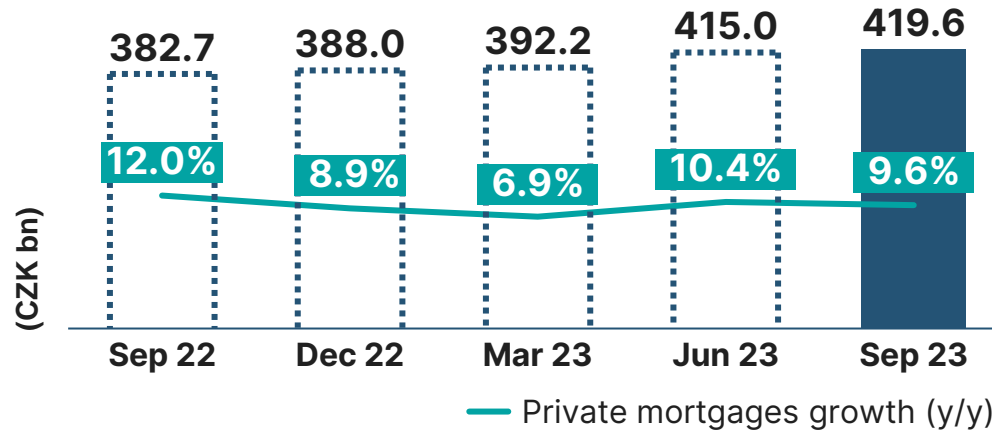
Industry Split of Gross Loan Portfolio



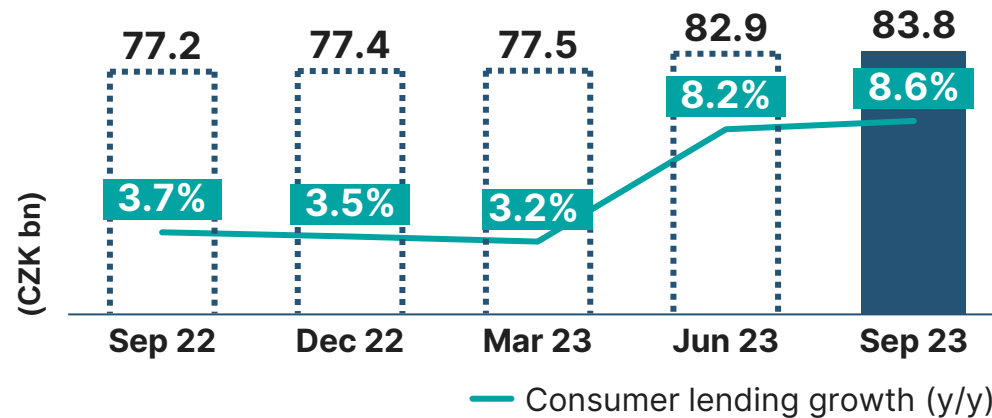
* Includes all industries with share less than 2.9%

Mortgages and Consumer Lending

Mortgages

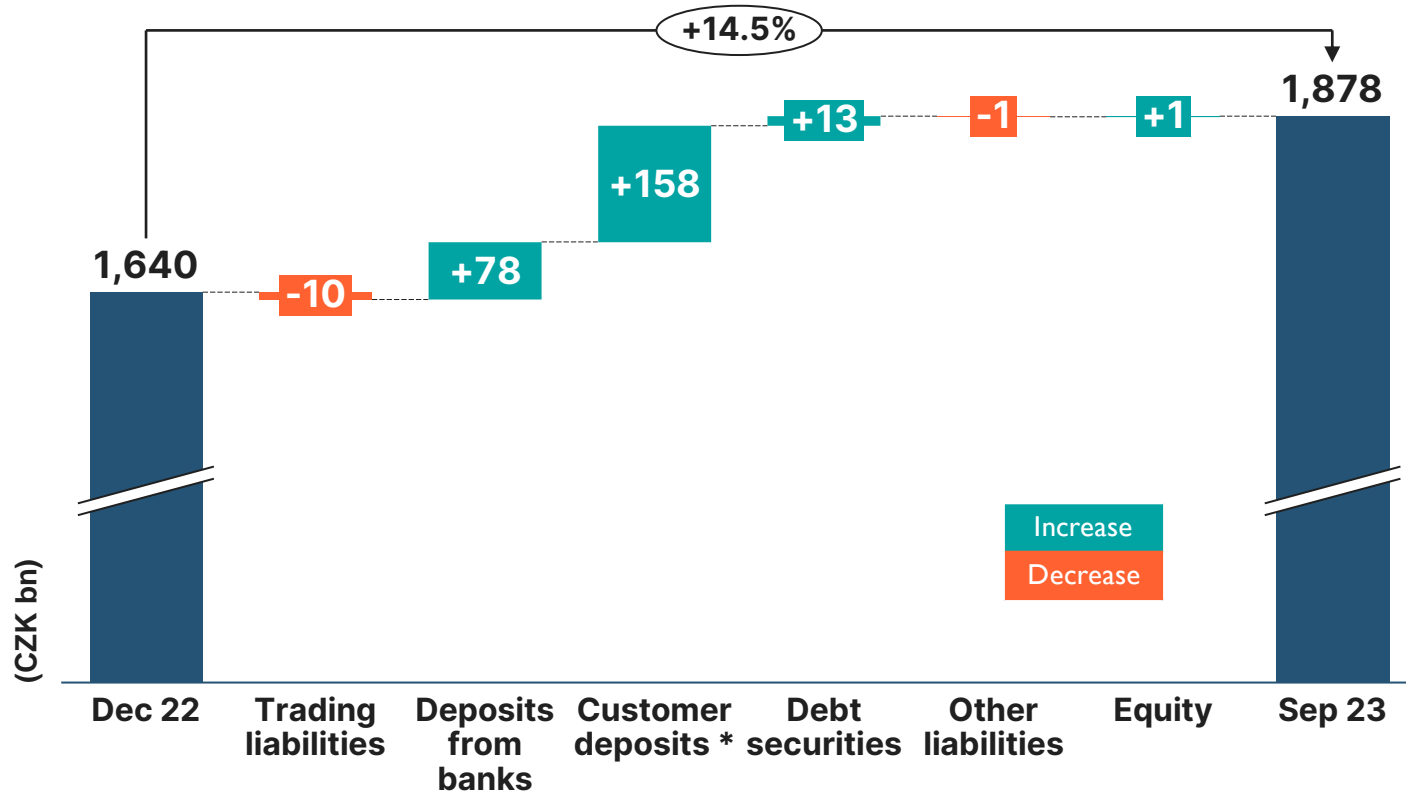


Consumer Lending*



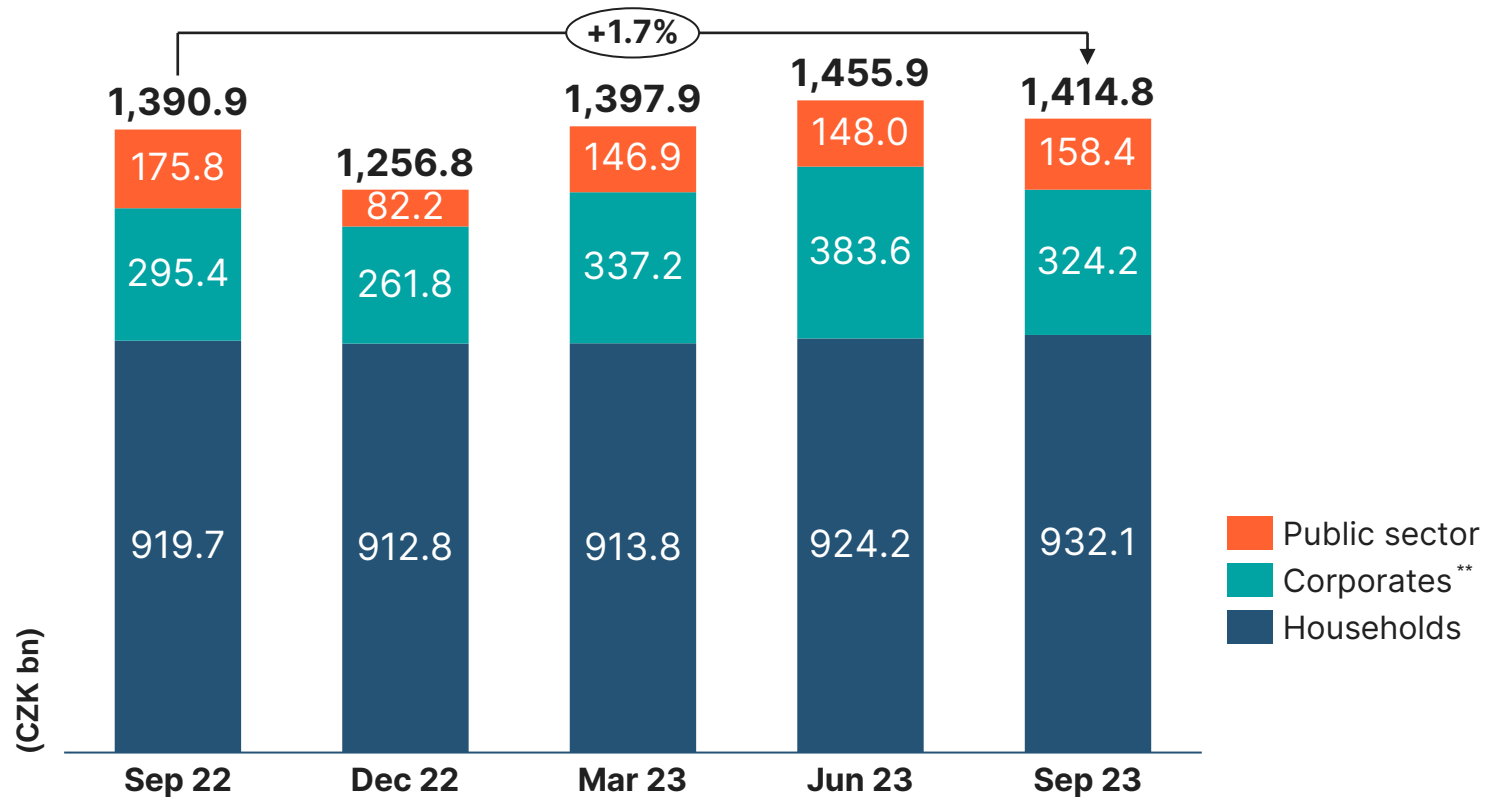
- Volumes affected by Sberbank acquisition
- Private mortgages grew by 9.6% y/y (4.9%**)
- New sales almost kept the pace of previous quarter, reflecting reviving property market
- Average maturity of new loans stable at 27.0 years, average deal volume at CZK 2.8 m
- Underwriting policy unchanged, LTV with higher new sales started to grow (whole portfolio at 53.4%, new loans at 64.7%)
- Consumer lending* added 8.6% y/y (3.4%**)
- Moderate increase in new sales driven by cash loans

Balance Sheet – Liabilities YTD



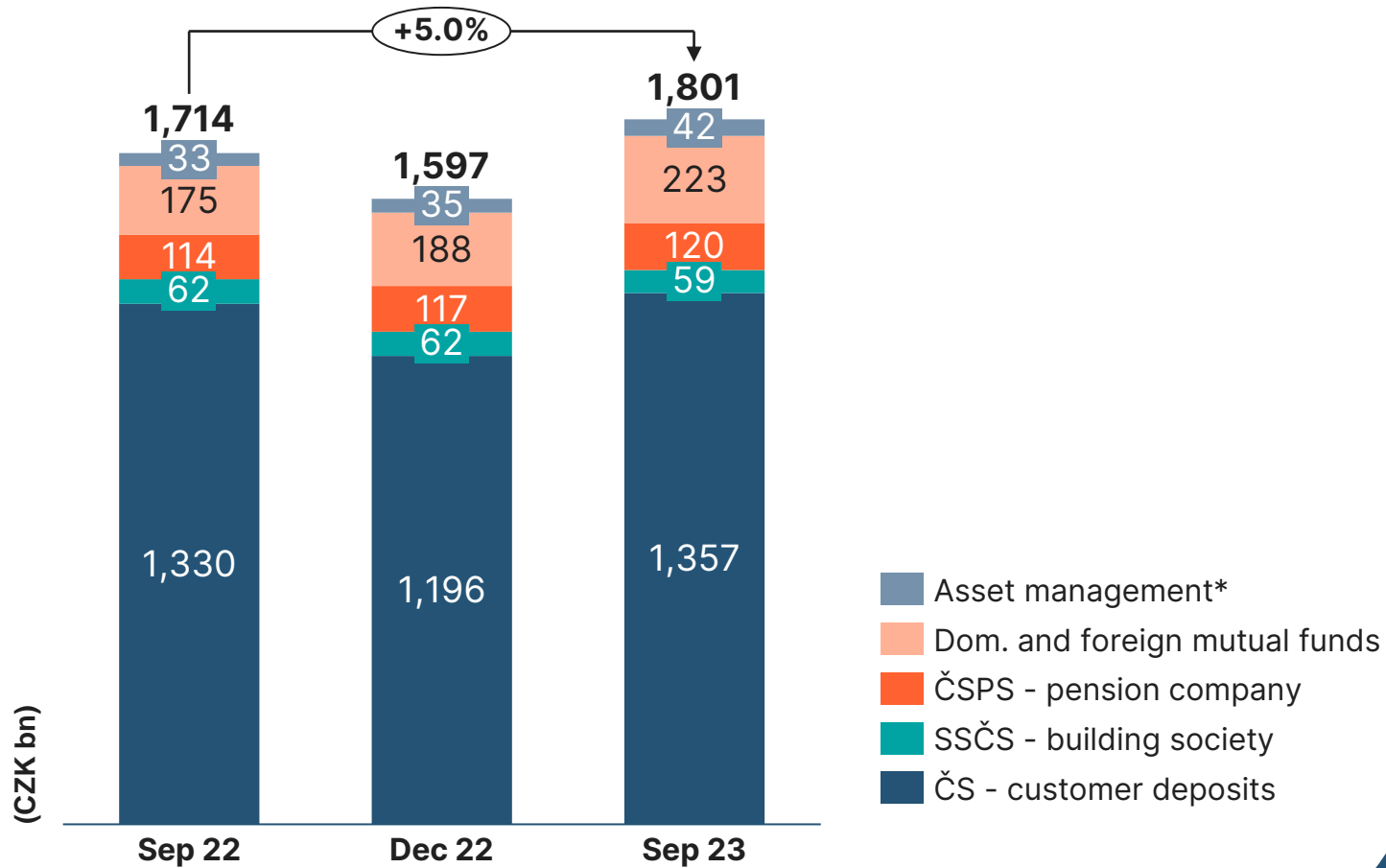
- The main driver of development on liability side of balance sheet was growth of customer deposits accompanied by deposits from banks
- Group customer deposits* grew by 12.6% in Q1-3 2023 attributed to all sectors
 - Households +2.1%
 - Corporates** +23.8%
 - Public sector +92.8%
- Increase in debt securities caused mainly by issuances of senior non-preferred bonds to fulfil MREL requirement (last issuance of EUR 500 m green senior non-preferred bond in September 2023)

ČS Group Customer Deposits



- Customer deposits continued in growth y/y attributed to households and corporates deposits; total group customer deposits* increased by 1.7% compared to September 2022
 - Households deposits up by 1.3% y/y
 - Corporates** rose by 9.8% y/y
 - Public sector deposits decreased by 9.9% y/y, affected by short-term operations
- Change in deposits structure towards deposits with higher interest rates
- Deposits development affected by shift to mutual funds

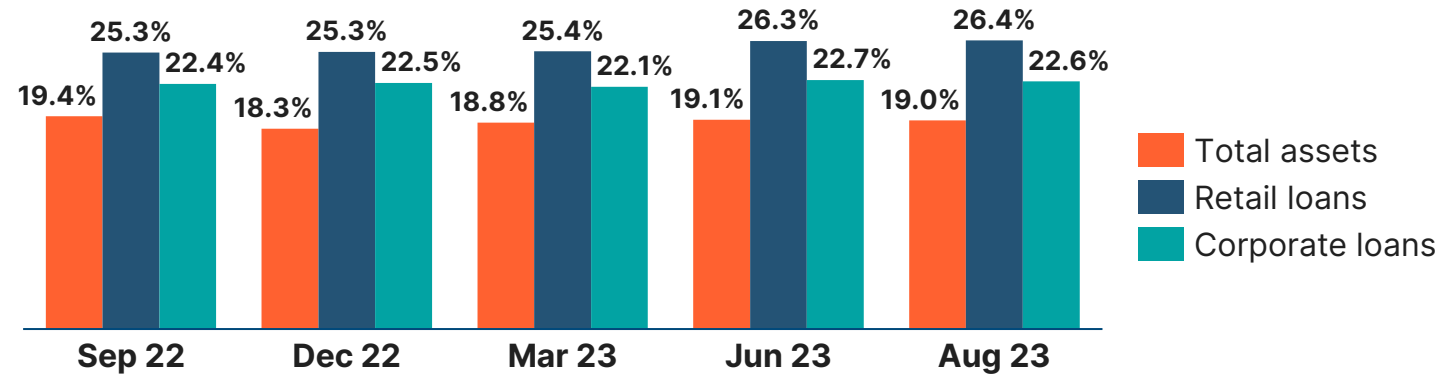
Clients' Funds under Management



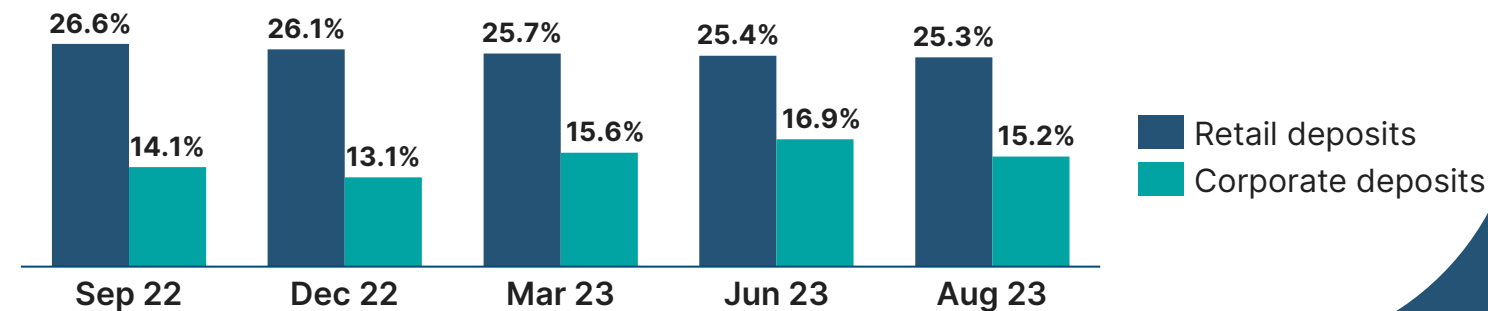
- Clients' funds under management rose by 5.0% y/y attributed mainly to growth of mutual funds (+27.1% y/y; CZK 47 bn) and ČS parent bank customer deposits (+2.1% y/y; CZK 27 bn)
- ČS parent bank customer deposits grew by 2.1% y/y, excl. repo operations by 4.6% y/y
 - Rise driven by increase in corporate and households

ČS's Market Shares (August 2023)*

Assets



Liabilities

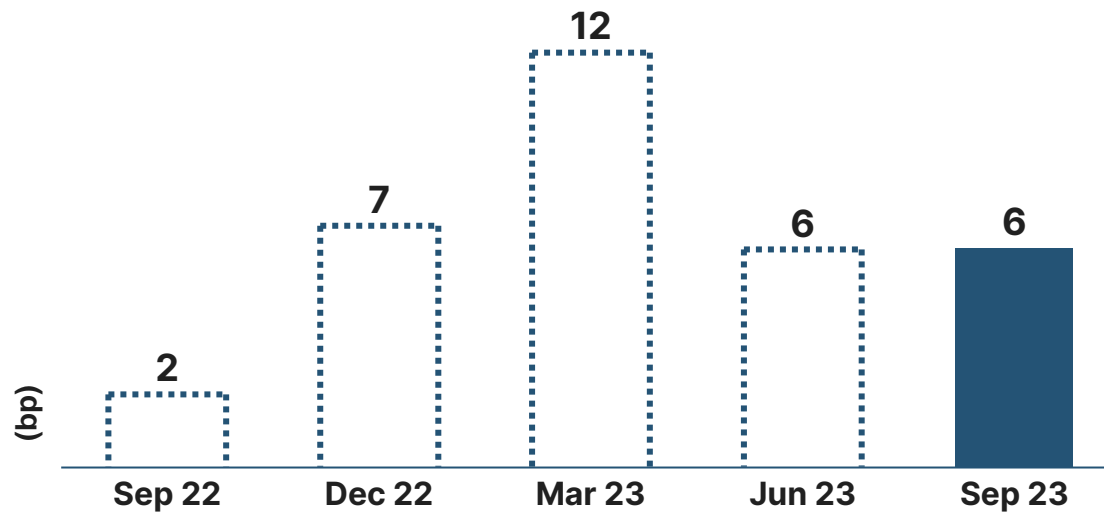


- Total assets market share of 19%
- Total loans market share of 23%
- Private mortgages
 - New business market share of 26%**
 - Outstanding portfolio market share of 30%**
- Consumer loans (incl. credit cards) market share of 26%
- Total deposits market share of 21%
 - 25% in retail deposits
 - 15% in corporate deposits
- Mutual funds with market share of 26%

Risk & Capital Position

ČS Group Risk Costs

Risk Costs Development (YTD)

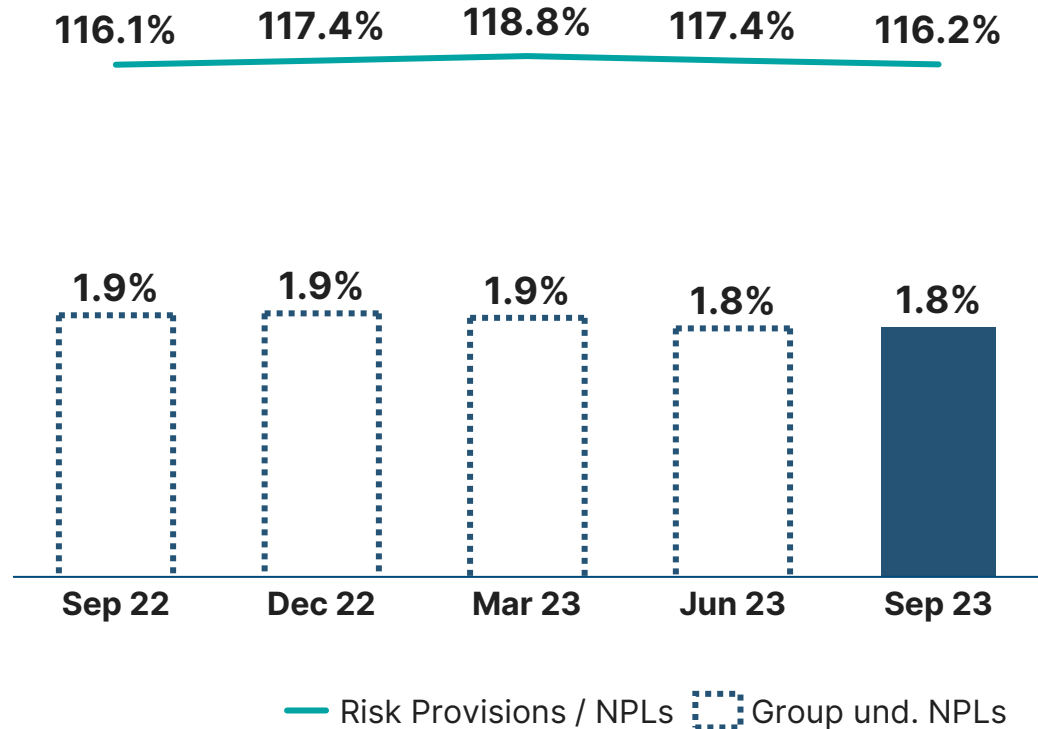


- Excellent quality of loan portfolio kept provision creation at a very low level
- Improvement in retail portfolio with minor provision creation
- Corporate showed provision release driven by SME and Large Corporate
- One-off impact of Sberbank acquisition (initial provision setting), excluding this impact risk costs would have reached -3 bps in September 2023

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

ČS Group Asset Quality

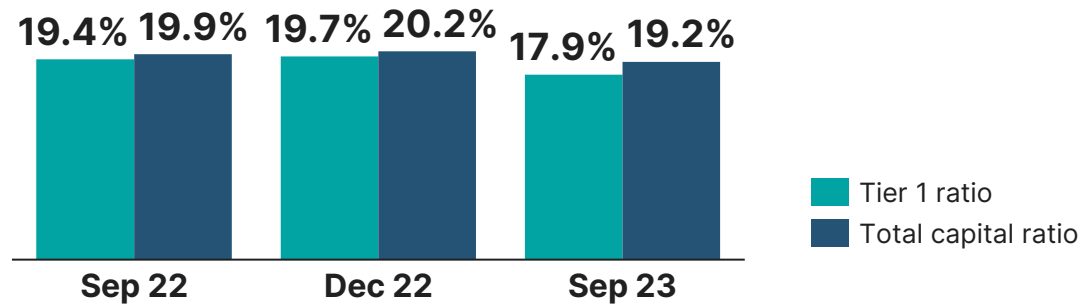
NPL Ratio and NPL Coverage



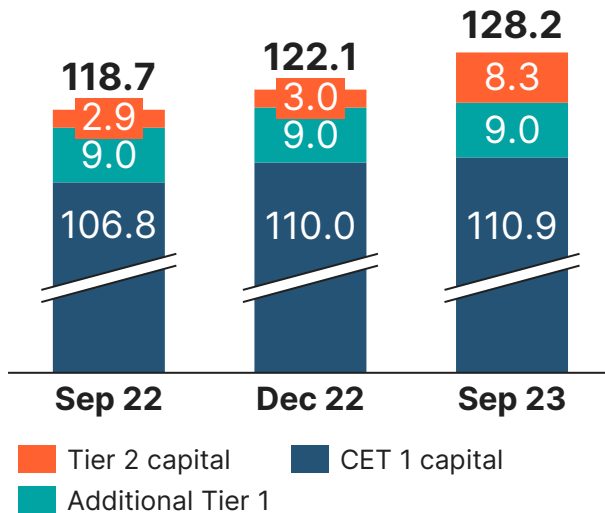
- Group NPL share stable at 1.8%
 - New defaults were more than offset by recoveries
 - Provision coverage at 116.2% and total coverage (provisions+collateral to NPL) at 153%

ČS Group Capital Position

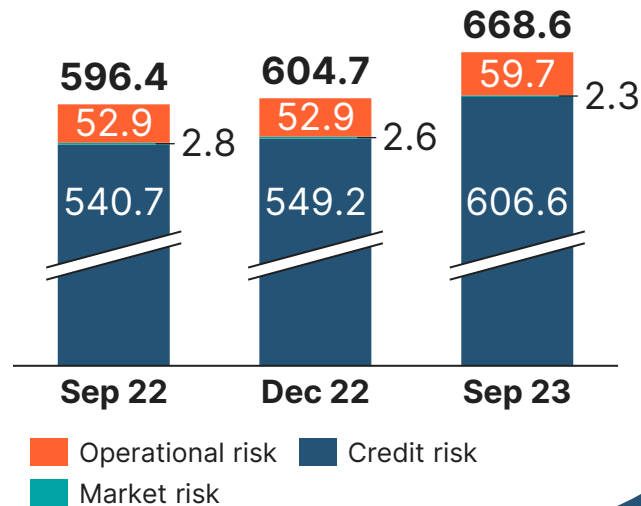
Capital Ratios



Regulatory Capital (CZK bn)



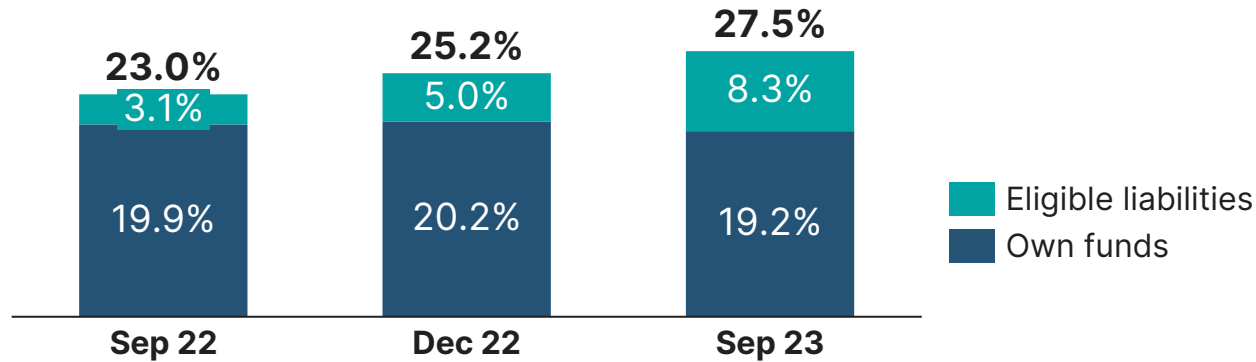
Risk Exposure (CZK bn)



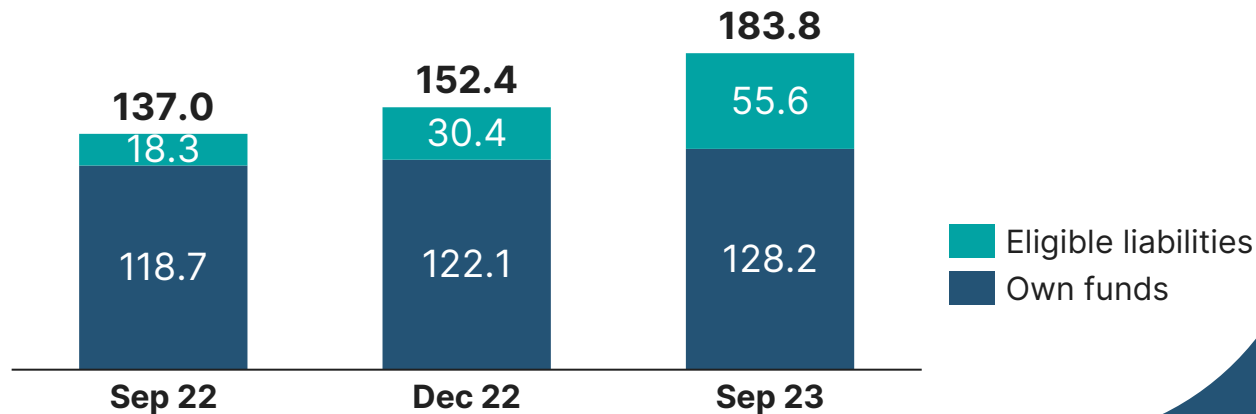
- Total capital ratio at 19.2%, Tier 1 ratio at 17.9%
- Capital adequacy remained well above regulatory requirement of 16.7% as at 30th September 2023
- Capital boosted by issuance of Tier 2 in June 2023 (CZK 5.1 bn outstanding as at 30th September) and by partial inclusion of H1 profit
- Moderate year-on-year decrease in capital ratios driven by growth of risk exposures
- Total risk exposure increased by 12.1% y/y driven by credit risk (+12.2% y/y)
- Main drivers were new loan volumes (including purchase of Sberbank CZ assets) and updated risk parameters (prudential increase in risk weights in retail)

ČS Group MREL Position

MREL Ratio



Own Funds and Eligible Liabilities (CZK bn)

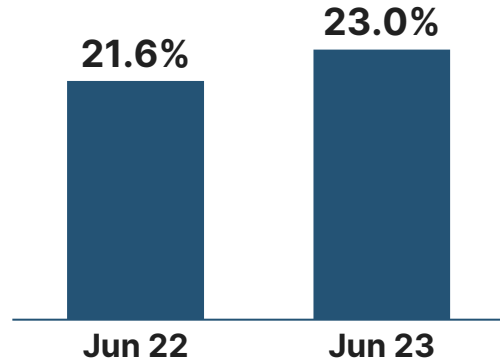


- Regulatory update
 - MREL ratio at 27.5%
 - Well above interim regulatory target of 23.25% (ČNB interim MREL expectation for MREL 16.5% applicable from 1st January 2023 + combined buffer requirement 6.75% as of September 2023)
 - Final regulatory MREL requirement of 19.4% (excluding CBR) effective from 1st January 2024
 - ČS has a full subordination requirement for MREL
- Market development
 - Increase in own funds and eligible liabilities driven by successful new issuances in 2023:
 - June: T2 subordinated bonds for retail (CZK 4.2 bn 6NC5 at 6.75%)
 - June: Senior non-preferred bond for institutional investors (EUR 500 m 4NC3 international benchmark issuance at MS+240)
 - September: Green senior non-preferred bond for institutional investors (EUR 500 m 4.5NC3.5 international benchmark issuance at MS+235) – substantially oversubscribed
 - Market volatility persists over the H2 2023 due to elevated geopolitical risks which contributes to widened spreads for CEE issuers

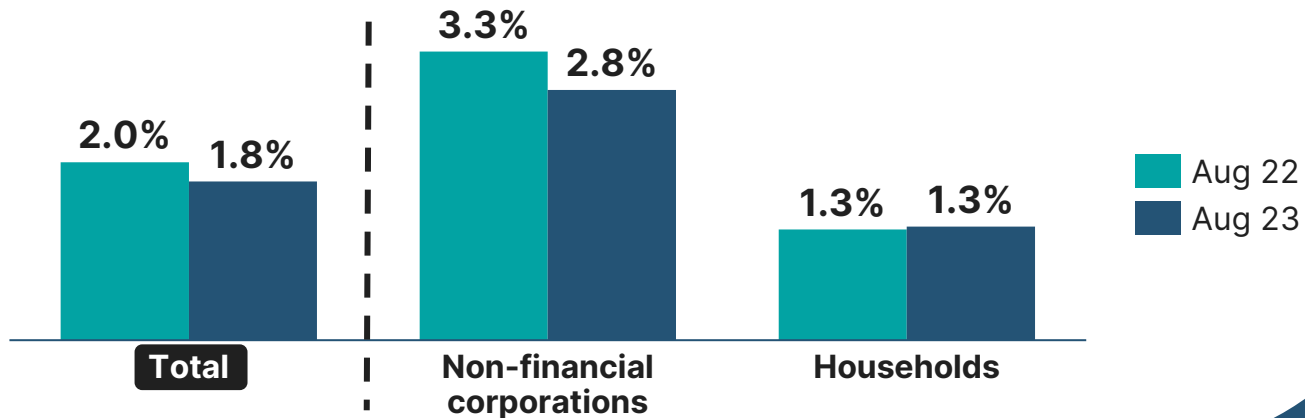
Appendix

Czech Banking Market I.

Total Capital Ratio of Czech Banks



Non-performing Loan Ratios

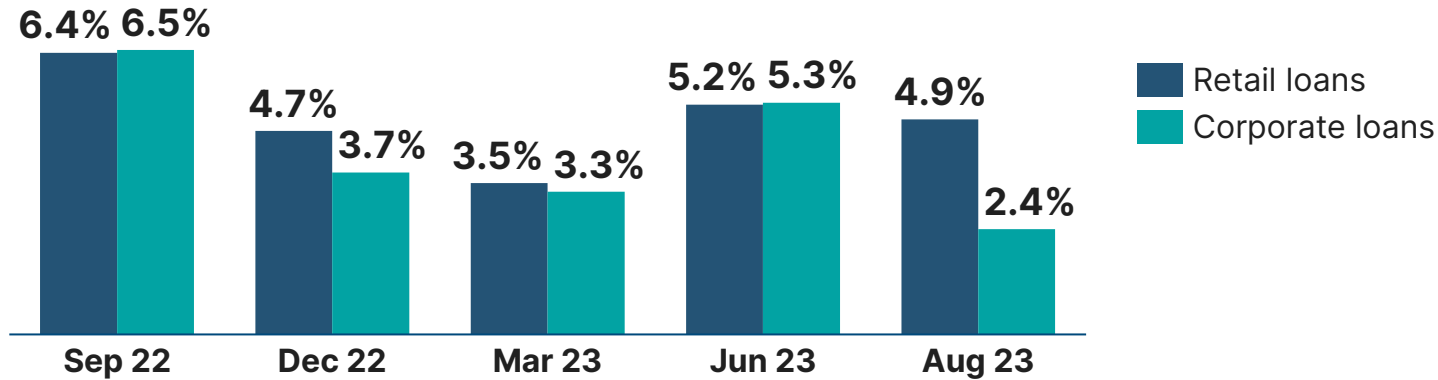


- The Czech banking sector remains resilient against adverse shocks thanks to its high capital adequacy (23.0% at the end of Q2 2023), exceeding regulatory requirements. Stabilization is being enhanced also by the gradually growing capacity of sources for crisis resolution - MREL
- Latest ČNB stress tests (June 2023) 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 was reduced from 2.5% to 2.25% effective from 1st July 2023

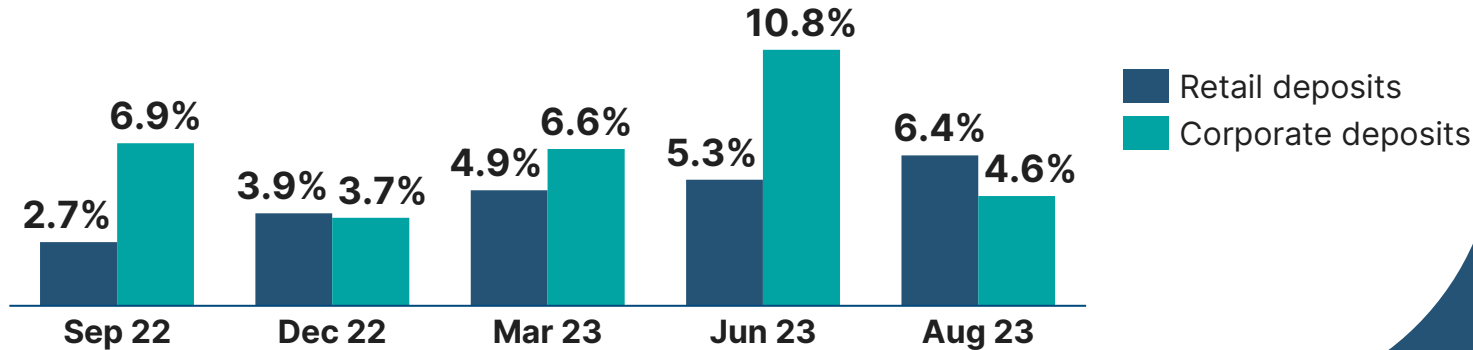
- In mid 2021, the share of non-performing loans (NPL ratio) started to fall again in both the households and corporate sector thanks to a post-pandemic recovery of most of the economy. Russian invasion to the Ukraine had no significant impact on these ratios
- The NPL ratio for the corporate sector has recently fallen to the historically lowest level of 2.85%. For the household sector, since Autumn 2022 the figures have stabilized near 1.2% (historical minimum)
- The NPL figures have not worsened despite a dramatic rise in high energy prices and interest rates over the last two years. Impact of costly energies has been partly mitigated through price caps on gas and power for both companies and households introduced by Czech government since January 2023

Czech Banking Market II.

Retail and Corporate Loans (growth y/y)



Retail and Corporate Deposits (growth y/y)



- Total client loans rose by 4.8% y/y in August 2023, helped by a swift growth of loans to financial institutions and to the public sector. The growth of corporate loans slowed to 2.4%. Retail loans grew by 4.9% on the back of a somewhat reviving demand for mortgages
- In 2023, ČS expects client loans to rise by 4.7% y/y. Over recent months, demand for housing loans improved somewhat while consumer credit seems not to have suffered despite pressure on households' spending due to high energy prices. A revival of loans to corporates on the back of after-pandemic macroeconomic boom has slowed, likely hurt by an invasion-generated uncertainty and rising euro lending rates
- In August 2023, y/y growth of client deposits reached 7.7%. Retail deposits grew by 6.4% while corporate deposits growth slowed to 4.6%
- For 2023, ČS expects total client deposits to rise by 7.4% y/y. The pressure on firms' and households' budgets from high energy costs has been easing after energy prices fell

Income Statement (CZK m)

	1-9 22	1-9 23	Change	Change
Net interest income	27,603	25,418	-7.9%	-2,185
Net fee and commission income	7,115	7,755	9.0%	640
Dividend income	67	43	-35.8%	-24
Net trading result	2,841	3,450	21.4%	609
Gains/losses from financial instruments measured at FV through profit or loss	-93	-1,317	>100%	-1,224
Rental and other income	223	302	35.4%	79
General administrative expenses	-15,825	-17,007	7.5%	-1,182
Gains/losses from derecognition of financial instruments not measured at FV through profit or loss	-1,745	-34	-98.1%	1,711
Impairment result from financial instruments	-112	-466	>100%	-354
Other operating result	-1,311	-658	-49.8%	653
Pre-tax result from continuing operations	18,763	17,486	-6.8%	-1,277
Taxes on income	-3,709	-2,842	-23.4%	867
Net result attributable to non-controlling interests	23	43	87.0%	20
Net result attributable to owners of the parent	15,031	14,601	-2.9%	-430
Operating income	37,756	35,651	-5.6%	-2,105
Operating expenses	-15,825	-17,007	7.5%	-1,182
Operating result	21,931	18,644	-15.0%	-3,287

Income Statement – Quarterly Development (CZK m)

	Q3 22	Q4 22	Q1 23	Q2 23	Q3 23	Change	Change
Net interest income	9,143	9,116	8,159	8,504	8,755	3.0%	251
Net fee and commission income	2,272	2,389	2,537	2,608	2,610	0.1%	3
Dividend income	3	0	0	39	4	-89.7%	-35
Net trading result	1,065	898	1,072	1,489	890	-40.2%	-599
Gains/losses from financial instruments measured at FV through profit or loss	-175	-345	-313	-466	-538	15.5%	-71
Rental and other income	80	60	71	122	110	-9.8%	-12
General administrative expenses	-5,286	-5,509	-5,874	-5,680	-5,453	-4.0%	227
Gains/losses from derecognition of financial instruments not measured at FV through profit or loss	-1,022	-110	0	0	-35	-	-35
Impairment result from financial instruments	-788	-524	-231	-72	-163	>100%	-90
Other operating result	-261	-358	-858	115	84	-27.0%	-31
Pre-tax result from continuing operations	5,030	5,619	4,563	6,658	6,265	-5.9%	-393
Taxes on income	-1,011	-484	-1,260	-670	-912	36.1%	-243
Net result attributable to non-controlling interests	14	5	3	23	17	-26.1%	-6
Net result attributable to owners of the parent	4,005	5,130	3,300	5,965	5,336	-10.5%	-629
Operating income	12,387	12,119	11,526	12,295	11,831	-3.8%	-464
Operating expenses	-5,286	-5,509	-5,874	-5,680	-5,453	-4.0%	227
Operating result	7,101	6,610	5,652	6,615	6,378	-3.6%	-237

Balance Sheet (CZK m)

Assets	Dec 22	Sep 23	Change	Change
Cash and cash balances	21,870	31,691	44.9%	9,821
Financial assets held for trading	28,009	20,491	-26.8%	-7,518
Non-trading financial assets at FV through profit or loss	3,331	3,408	2.3%	77
thereof Loans and advances to banks	1,383	685	-50.5%	-698
thereof Loans and advances to customers	19	38	100.0%	19
Financial assets at FV through other comprehensive income	48,434	53,549	10.6%	5,115
Financial assets at amortised cost	1,495,014	1,725,885	15.4%	230,871
Debt securities	327,805	360,884	10.1%	33,079
Loans and advances to banks	266,675	393,444	47.5%	126,769
Loans and advances to customers	900,534	971,557	7.9%	71,023
Finance lease receivables	1,474	1,481	0.5%	7
Hedge accounting derivatives	3,218	3,722	15.7%	504
Property, equipment and right-of-use assets	12,031	11,643	-3.2%	-388
Investment property	1,803	1,760	-2.4%	-43
Intangible assets	6,417	6,375	-0.7%	-42
Trade and other receivables	11,821	12,244	3.6%	423
Other assets	6,515	5,925	-9.1%	-590
Total assets	1,639,938	1,878,174	14.5%	238,236

Balance Sheet (CZK m)

Liabilities and equity	Dec 22	Sep 23	Change	Change
Financial liabilities held for trading	29,597	19,274	-34.9%	-10,323
Financial liabilities at fair value through profit or loss	31,331	23,505	-25.0%	-7,826
thereof Deposits from customers	31,331	23,505	-25.0%	-7,826
Financial liabilities at amortised cost	1,421,830	1,679,513	18.1%	257,683
Deposits from banks	113,541	191,320	68.5%	77,779
Deposits from customers	1,225,464	1,391,248	13.5%	165,784
Debt securities issued	76,657	89,799	17.1%	13,142
Other financial liabilities	6,168	7,146	15.9%	978
Lease liabilities	3,475	3,465	-0.3%	-10
Hedge accounting derivatives	5,870	4,550	-22.5%	-1,320
Provisions	3,406	3,049	-10.5%	-357
Other liabilities	6,718	6,083	-9.5%	-635
Total equity	137,711	138,735	0.7%	1,024
Equity attributable to non-controlling interests	479	522	9.0%	43
Equity attributable to owners of the parent	137,232	138,213	0.7%	981
Total liabilities and equity	1,639,938	1,878,174	14.5%	238,236

Group Customer Loans

in CZK m, IFRS	30/09/2022		31/12/2022		30/09/2023		YTD change		Y/Y change	
	Outstand.	Share	Outstand.	Share	Outstand.	Share	Outstand.	Rate	Outstand.	Rate
RETAIL	584,153	62.7%	590,969	63.2%	634,936	63.1%	43,966	7.4%	50,782	8.7%
Mortgages	382,660	41.1%	387,997	41.5%	419,576	41.7%	31,579	8.1%	36,916	9.6%
Consumer lending	77,162	8.3%	77,374	8.3%	83,807	8.3%	6,433	8.3%	6,645	8.6%
Small business	61,446	6.6%	60,976	6.5%	63,963	6.4%	2,987	4.9%	2,517	4.1%
Retail subsidiaries	62,886	6.7%	64,622	6.9%	67,590	6.7%	2,968	4.6%	4,704	7.5%
Corporate	345,041	37.0%	339,739	36.3%	367,233	36.5%	27,495	8.1%	22,193	6.4%
Large corporates	110,432	11.8%	107,044	11.5%	115,723	11.5%	8,679	8.1%	5,291	4.8%
SME	107,059	11.5%	106,815	11.4%	115,848	11.5%	9,033	8.5%	8,789	8.2%
Real estate	59,659	6.4%	59,863	6.4%	65,381	6.5%	5,518	9.2%	5,722	9.6%
Public sector	30,800	3.3%	27,435	2.9%	27,364	2.7%	-70	-0.3%	-3,436	-11.2%
Corporate subsidiaries	37,091	4.0%	38,581	4.1%	42,917	4.3%	4,336	11.2%	5,826	15.7%
GROUP MARKETS	5,046	0.5%	6,314	0.7%	6,089	0.6%	-226	-3.6%	1,043	20.7%
OTHER	-2,156	-0.2%	-2,365	-0.3%	-1,948	-0.2%	417	-17.6%	208	-9.7%
ČS GROUP GROSS LOANS TO CUSTOMERS	932,084	100.0%	934,657	100.0%	1,006,310	100.0%	71,653	7.7%	74,227	8.0%

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

Ratings

Česká spořitelna – Status as at 27th October 2023

Rating Agency	Long-term	Short-term	Viability	Outlook	Latest actions
Fitch	A	FI	a	stable	01/11/2021
Moody's	A1	Prime - I		stable	21/11/2018
Standard & Poor's	A	A-I		negative	09/12/2022

Erste Group Bank – Status as at 27th October 2023

Rating Agency	Long-term	Short-term	Viability	Outlook	Latest actions
Fitch	A	FI	a	stable	27/10/2021
Moody's	A1	Prime - I		stable	11/07/2023
Standard & Poor's	A+	A-I		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 22nd January 2019, outlook was changed to stable from negative on 1st November 2021
 - Moody's improved long-term rating of ČS to A1 (from A2) on 21st November 2018 and simultaneously revised the outlook from positive to stable
 - Rating agency Standard & Poor's upgraded all ČS ratings on 16th March 2017, outlook was revised from positive to negative on 9th December 2022

Macroeconomic Figures

	2017	2018	2019	2020	2021	2022	2023e	2024e
Population (avg, m)	10.6	10.6	10.7	10.7	10.5	10.7	10.9	10.9
GDP/capita (EUR ths)	18.3	19.9	21.2	20.2	22.7	25.8	28.2	29.0
Real GDP growth	5.3	3.2	3.0	-5.5	3.5	2.4	-0.1	2.6
Consumer price inflation (avg)	2.4	2.2	2.8	3.2	3.8	15.1	10.9	2.2
Unemployment rate (eop)	2.4	2.2	2.0	3.1	2.2	2.3	2.9	3.5
Current account balance (share of GDP)	1.5	0.4	0.3	2.0	-0.8	-5.6	0.8	1.0
General government balance (share of GDP)	1.5	0.9	0.3	-5.8	-5.1	-3.6	-4.0	-2.8
Public debt (share of GDP)	34.2	32.0	30.0	37.6	42.0	44.2	45.3	45.8
Short term interest rate (3 months, eop)	0.8	2.0	2.2	0.4	4.1	7.3	6.6	3.8
EUR FX rate (eop)	25.5	25.7	25.4	26.2	24.9	24.2	24.5	24.2
2W repo rate (% eop)	0.50	1.75	2.00	0.25	3.75	7.00	6.75	4.00

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