

Raiffeisen Stavební Spořitelna

Banking

June 2013

Czech Republic



COMPANY DESCRIPTION

Raiffeisen is the third largest building savings bank by loans. It is partly owned by the Czech subsidiary of Raiffeisenbank (10%) with the rest in the hands of Raiffeisen Bausparkasse. Following the acquisition of Hypo Stavební Spořitelna in 2008, the building savings bank owned 14.1% of building savings loans and 17.5% of deposits at the end of 2012. Despite strengthening its market position, the bank's overall balance sheet momentum is negative. Deposit growth was relatively solid at 3.9% in 2012, but loan growth disappeared completely in 2012. This is due mainly to the overall saturation of the market, ongoing reduction of the government subsidy and migration to mortgage lending. Raiffeisen Stavební Spořitelna's profitability has been deteriorating fast. From over 30% in 2008-2009, the bank's ROE had dropped to less than 12% at the end of 2012. Increased cost of risk is the main reason for the deterioration in spite of the fact that asset quality has remained fairly good in recent years.

REVENUES & PROFITABILITY (CZK mil)



INCOME STATEMENT

| CZK mil | 2008 | 2009 | 2010 | 2011 | 2012 |
|-------------------------|--------------|--------------|--------------|--------------|--------------|
| Net Interest Income | 1,287 | 1,302 | 1,309 | 1,348 | 1,235 |
| Net Fee Income | 273 | 272 | 258 | 223 | 154 |
| Other Income | 1 | 58 | -31 | -13 | -48 |
| Total Revenues | 1,561 | 1,632 | 1,536 | 1,559 | 1,342 |
| Staff Cost | 268 | 226 | 215 | 203 | 215 |
| Depreciation | 67 | 73 | 80 | 83 | 89 |
| Other Cost | 319 | 272 | 230 | 235 | 232 |
| Operating Cost | 653 | 571 | 526 | 521 | 535 |
| Operating Profit | 907 | 1,060 | 1,011 | 1,037 | 806 |
| Provisions | 3 | 46 | 182 | 184 | 143 |
| Pre-Tax Profit | 904 | 1,014 | 829 | 853 | 663 |
| Tax | 289 | 437 | 347 | 358 | 293 |
| Minorities | 0 | 0 | 0 | 0 | 0 |
| Net Profit | 760 | 836 | 686 | 703 | 551 |

BALANCE SHEET

| CZK mil | 2008 | 2009 | 2010 | 2011 | 2012 |
|----------------------|---------------|---------------|---------------|---------------|---------------|
| Interbank Loans | 4,410 | 6,600 | 5,925 | 3,432 | 3,257 |
| Customer Loans | 25,191 | 32,937 | 39,578 | 40,407 | 40,656 |
| Debt Securities | 46,481 | 38,839 | 33,831 | 34,972 | 37,184 |
| Fixed Assets | 123 | 51 | 57 | 57 | 61 |
| Total Assets | 79,813 | 81,947 | 82,660 | 81,529 | 83,641 |
| Interbank Borrowings | 0 | 0 | 0 | 0 | 0 |
| Customer Deposits | 74,559 | 76,454 | 76,160 | 75,529 | 76,948 |
| Issued Debt | 0 | 0 | 0 | 0 | 0 |
| Liabilities | 77,116 | 78,423 | 78,800 | 77,341 | 78,619 |
| Equity | 2,696 | 3,524 | 3,861 | 4,188 | 5,022 |
| Non-performing Loans | 337 | 584 | 995 | 1,114 | 1,147 |
| Provisions | 191 | 249 | 423 | 601 | 747 |

RATIOS

| | 2008 | 2009 | 2010 | 2011 | 2012 | | 2008 | 2009 | 2010 | 2011 | 2012 |
|----------------------------|-------|-------|-------|-------|-------|-----------------------------|-------|-------|-------|-------|-------|
| ROE | 37.2% | 26.9% | 18.6% | 17.5% | 12.0% | Loans (As % Assets) | 32% | 40% | 48% | 50% | 49% |
| ROA | 1.2% | 1.0% | 0.8% | 0.9% | 0.7% | Loans (As % Of Deposits) | 34% | 43% | 52% | 53% | 53% |
| Net Interest Margin | 2.1% | 1.6% | 1.6% | 1.6% | 1.5% | Securities (As % of Assets) | 58% | 47% | 41% | 43% | 44% |
| Asset Yield | 5.0% | 3.9% | 3.9% | 3.8% | 3.6% | Int. Loans (As % Assets) | 5.5% | 8.1% | 7.2% | 4.2% | 3.9% |
| Cost Of Liabilities | 3.1% | 2.4% | 2.4% | 2.2% | 2.2% | Deposits (As % Of Liabs) | 97% | 97% | 97% | 98% | 98% |
| Interest (As Of Revenues) | 82.4% | 79.8% | 85.2% | 86.5% | 92.1% | Equity (As % Of Assets) | 3.4% | 4.3% | 4.7% | 5.1% | 6.0% |
| Costs (As % Of Assets) | 1.0% | 0.7% | 0.6% | 0.6% | 0.6% | Capital Adequacy | 10.2% | 10.1% | 11.2% | 13.1% | 14.3% |
| Costs (As % Of Income) | 41.9% | 35.0% | 34.2% | 33.4% | 39.9% | NPLs (As % Of Loans) | 1.3% | 1.8% | 2.5% | 2.7% | 2.8% |
| Staff (As % Of Total Cost) | 41.0% | 39.7% | 41.0% | 38.9% | 40.1% | Provisions (As % Of NPLs) | 56.6% | 42.7% | 42.6% | 54.0% | 65.1% |
| Cost of Risk | 0.0% | 0.2% | 0.5% | 0.5% | 0.4% | Provisions (As % Of Loans) | 0.8% | 0.8% | 1.1% | 1.5% | 1.8% |

MARKET SHARE

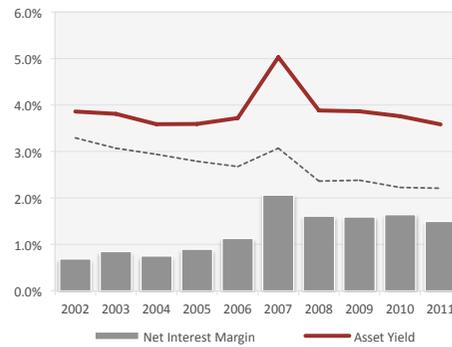
| Building Savings Banks | 2008 | 2009 | 2010 | 2011 | 2012 | Building Savings Banks | 2008 | 2009 | 2010 | 2011 | 2012 |
|------------------------|-------|-------|-------|-------|-------|------------------------|-------|-------|-------|-------|-------|
| Net profit | 16.9% | 16.5% | 13.2% | 13.8% | 12.1% | Assets | 18.2% | 17.9% | 17.6% | 17.1% | 17.4% |
| Operating Profit | 15.5% | 15.7% | 13.6% | 14.7% | 12.7% | Loans | 10.9% | 12.1% | 13.3% | 13.6% | 14.1% |
| Costs | 19.7% | 17.4% | 15.9% | 15.0% | 15.5% | Deposits | 18.6% | 18.4% | 17.7% | 17.4% | 17.7% |
| Revenues | 17.0% | 16.2% | 14.3% | 14.8% | 13.6% | Equity | 14.1% | 15.0% | 14.5% | 14.8% | 16.0% |
| Employees | 13.3% | 16.0% | 15.2% | 14.7% | 14.8% | NPLs | 9.9% | 10.7% | 13.2% | 14.4% | 14.1% |

Source: Company data, Helgi Analytics calculation

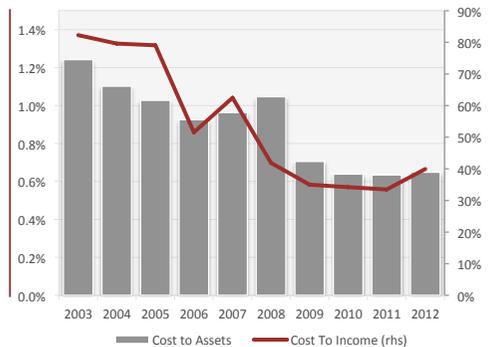


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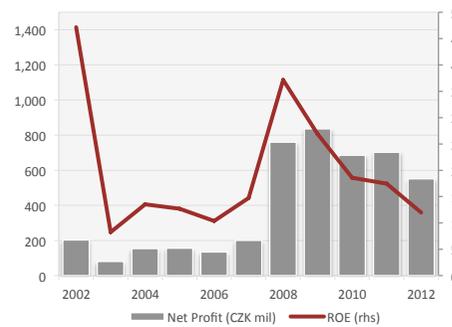
INTEREST MARGIN



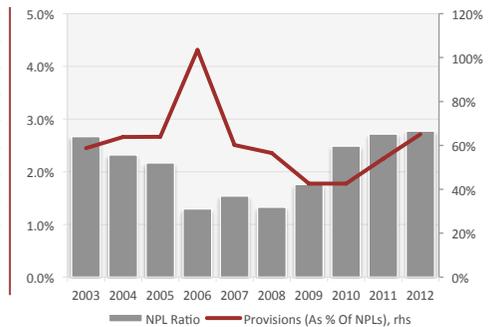
COST EFFICIENCY



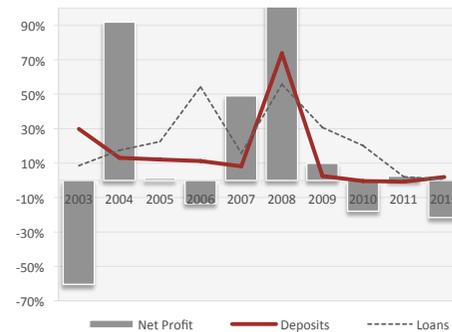
PROFITABILITY



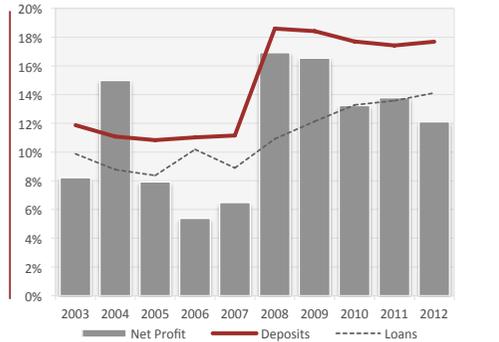
ASSET QUALITY



GROWTH RATES



MARKET SHARE



Source: Company data, Helgi Analytics calculation



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