

Modrá Pyramida Stavební Spořitelna

Banking

01 Feb 2014



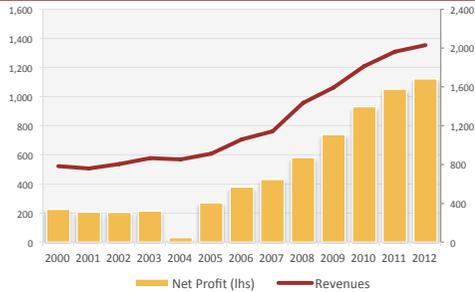
Czech Republic

COMPANY DESCRIPTION

Modrá Pyramida is the second largest building savings bank in the Czech Republic, with a 17.1% share of lending and a 16.5% share of building savings deposits as of the end of 2012. Despite gaining market share over the last two years, the bank's overall balance sheet momentum remains negative. This is due mainly to the overall saturation of the market, ongoing reduction of the government subsidy and migration to mortgage lending. Having said that, Modrá Pyramida remains impressively profitable. In 2012, the bank achieved ROE of 14.2%, which is a remarkable achievement given the fact that the bank's capital adequacy has been exceeding 20%. Closer cooperation with its owner Komerční Banka following the takeover in 2006 seems to be bearing fruit, so a further tie-up of Pyramida's sales network with Komerční's products will be interesting to watch for.

Main Shareholders: Komerční banka (100%)

REVENUES & PROFITS, CZK mil



INCOME STATEMENT

CZK mil	2008	2009	2010	2011	2012
Interest Income	3,060	3,248	3,519	3,552	3,541
Interest Cost	1,842	1,793	1,866	1,814	1,819
Net Interest Income	1,218	1,455	1,652	1,738	1,722
Net Fee Income	218	139	160	226	309
Other Income	-10	-26	-20	-44	-46
Total Revenues	1,436	1,594	1,812	1,963	2,031
Staff Cost	261	273	278	297	304
Depreciation	62	57	58	58	56
Other Cost	384	309	314	355	305
Operating Cost	706	639	650	709	665
Operating Profit	730	954	1,162	1,254	1,366
Provisions	94	131	104	79	103
Extra and Other Cost	10	27	33	31	46
Pre-Tax Profit	625	797	1,026	1,144	1,217
Tax	45	57	96	93	94
Minorities	0	0	0	0	0
Net Profit	580	740	930	1,051	1,123

BALANCE SHEET

CZK mil	2008	2009	2010	2011	2012
Cash	1,260	1,148	695	724	2,298
Interbank Loans	541	8	6	1,505	1,001
Customer Loans	38,812	44,971	49,029	50,637	48,477
Debt Securities	27,440	27,500	25,489	25,824	28,762
Fixed Assets	440	417	399	403	389
Total Assets	70,705	76,062	76,715	80,172	82,147
Shareholders' Equity	3,183	4,214	5,646	6,591	8,170
Liabilities	67,522	71,848	71,069	73,581	73,976
Interbank Borrowing	0	2,824	900	0	0
Customer Deposits	65,805	67,202	69,120	72,420	72,661
Issued Debt Securities	0	0	0	0	0
Other Liabilities	1,717	1,822	1,049	1,161	1,315
Employees	368	370	356	366	342
Non-Performing Loans	706	1,067	1,268	1,388	1,528
Loan Provisions	491	631	750	840	940

Growth Rates

	2008	2009	2010	2011	2012
Revenues	25.8%	11.0%	13.7%	8.3%	3.5%
Operating Profit	42.4%	30.8%	21.8%	7.9%	8.9%
Net Profit	34.4%	27.5%	25.8%	13.0%	6.9%

RATIOS & OTHER

	2008	2009	2010	2011	2012
Loans	19.1%	15.9%	9.0%	3.3%	-4.3%
Deposits	2.7%	2.1%	2.9%	4.8%	0.3%
Assets	4.2%	7.6%	0.9%	4.5%	2.5%

RATIOS & OTHER

	2008	2009	2010	2011	2012
ROE	21.4%	20.0%	18.9%	17.2%	15.2%
ROA	0.8%	1.0%	1.2%	1.3%	1.4%
Net Interest Margin	1.8%	2.0%	2.2%	2.2%	2.1%
Interest (As % Of Total Income)	84.8%	91.3%	91.2%	88.5%	84.8%
Fees (As % Of Total Income)	15.2%	8.7%	8.8%	11.5%	15.2%
Staff Cost (As % Of Total Cost)	37.0%	42.7%	42.8%	41.9%	45.7%
Costs (As % Of Assets)	1.0%	0.9%	0.9%	0.9%	0.8%
Costs (As % Of Income)	49.2%	40.1%	35.9%	36.1%	32.7%
Loans (As % Of Deposits)	59.0%	66.9%	70.9%	69.9%	66.7%

RATIOS & OTHER

	2008	2009	2010	2011	2012
Capital Adequacy Ratio	9.7%	11.1%	13.4%	16.3%	20.8%
Equity (As % Of Assets)	4.5%	5.5%	7.4%	8.2%	9.9%
NPLs (As % Of Loans)	1.8%	2.3%	2.5%	2.7%	3.1%
Provisions (As % Of NPLs)	69.6%	59.1%	59.2%	60.5%	61.6%
Cost Of Risk	0.26%	0.31%	0.22%	0.16%	0.21%
Market Share In Loans	1.9%	1.8%	1.9%	1.9%	2.1%
Market Share In Deposits	2.6%	2.5%	2.5%	2.5%	2.3%
FX To USD (Average)	17.0	19.1	19.1	17.7	19.6
FX To EUR (Average)	25.0	26.4	25.3	24.6	25.1

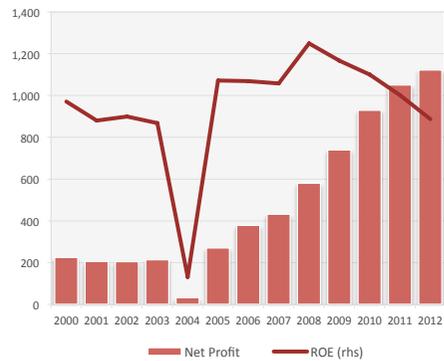
Source: Company data, Helgi Analytics calculation



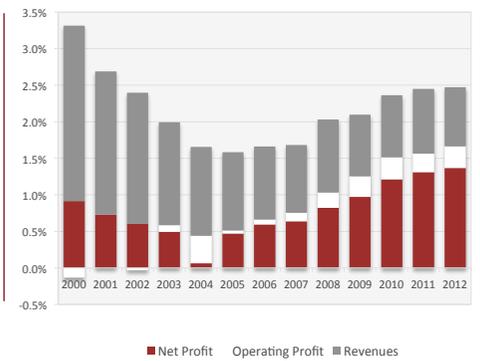
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Financials

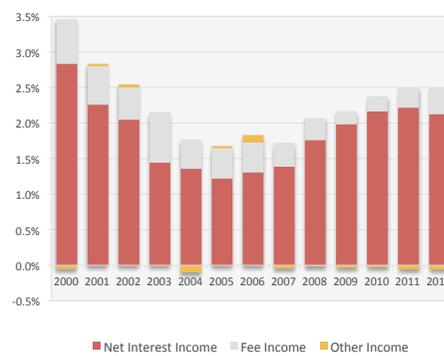
PROFITABILITY (CZK mil)



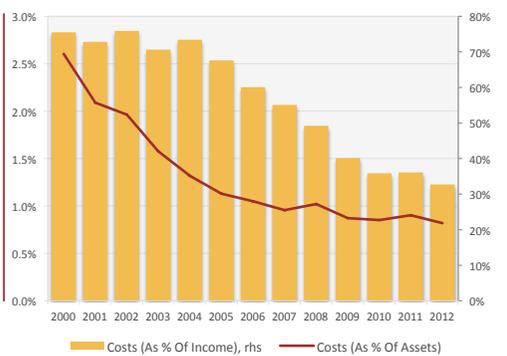
RETURN ON ASSETS



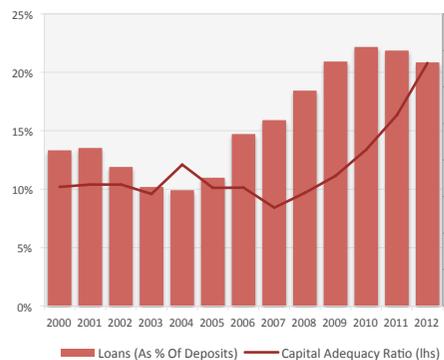
REVENUE BREAKDOWN (AS OF ASSETS)



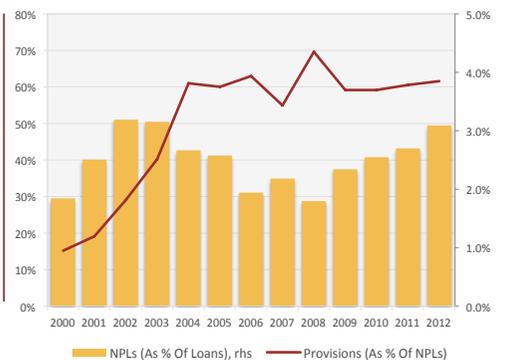
COST EFFICIENCY



LIQUIDITY & CAPITALIZATION



ASSET QUALITY



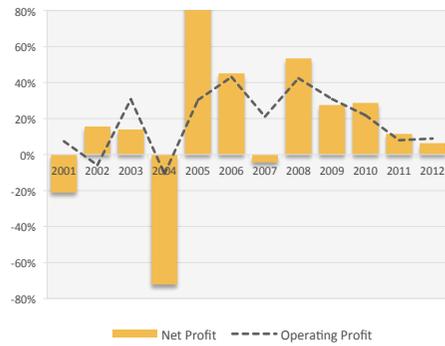
Source: Company data, Helgi Analytics calculation



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Momentum

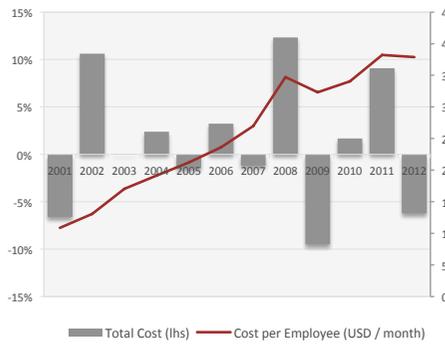
PROFIT GROWTH



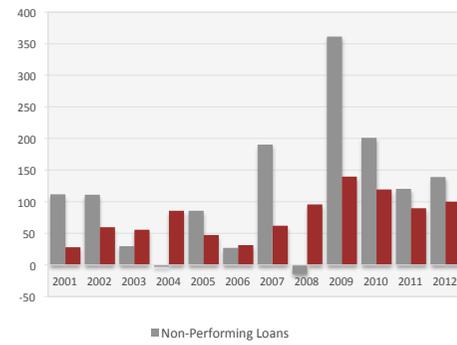
SALES GROWTH



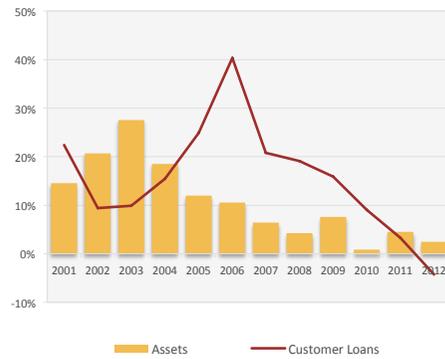
COST GROWTH



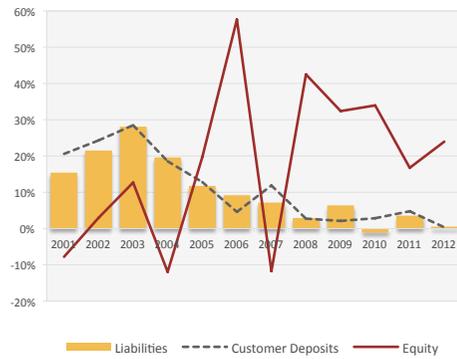
INCREASE IN NON-PERFORMING LOANS (CZK mil)



ASSET GROWTH

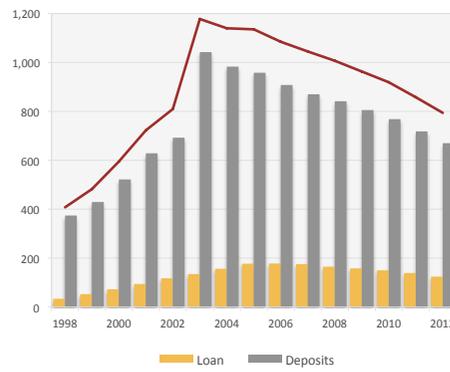


LIABILITY GROWTH

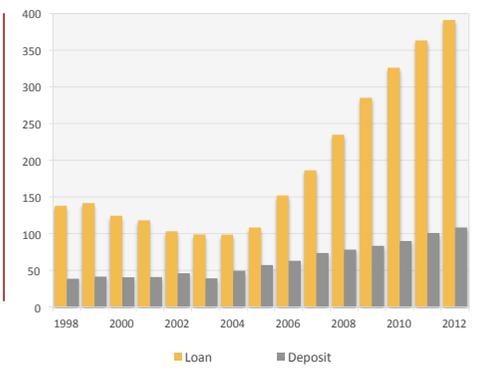


Business Specifics

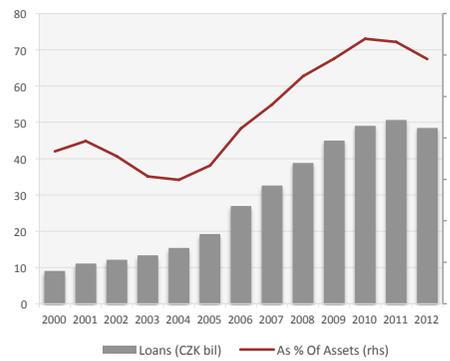
NUMBER OF CONTRACTS AT MODRÁ PYRAMIDA ('000)



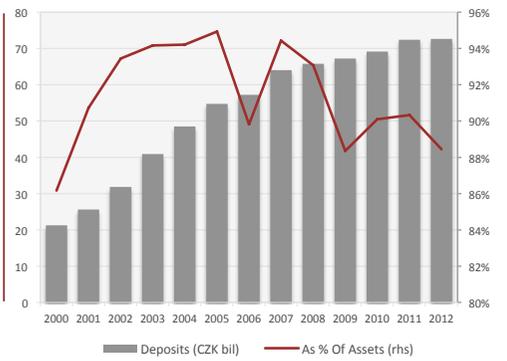
AVERAGE SIZE OF A CONTRACT (CZK '000)



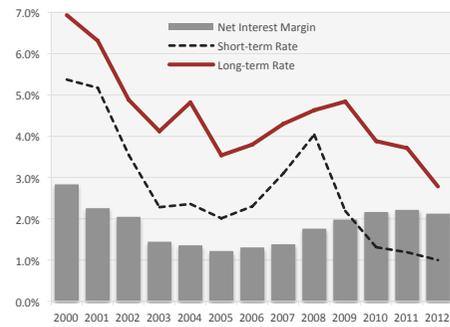
MODRÁ PYRAMIDA'S CUSTOMER LOANS



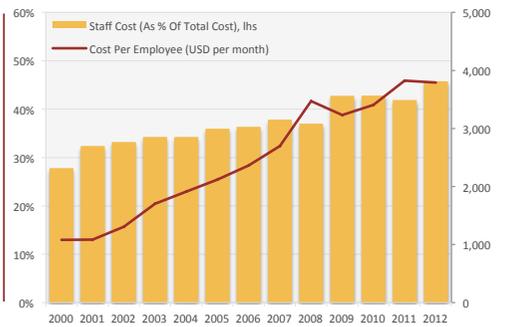
MODRÁ PYRAMIDA'S CUSTOMER DEPOSITS



INTEREST RATES & NET INTEREST MARGIN



MODRÁ PYRAMIDA'S WORKFORCE



Source: Company data, Helgi Analytics calculation



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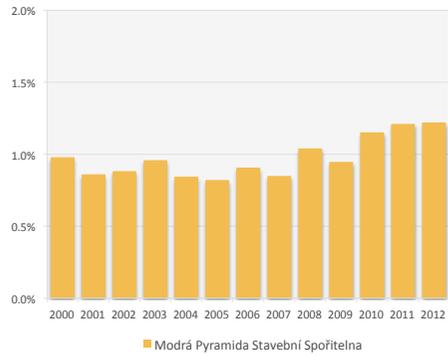
Source: Company data, Helgi Analytics calculation



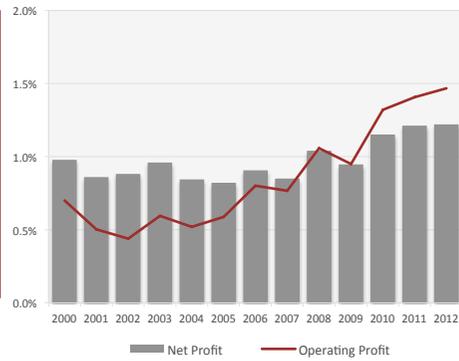
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Market Share

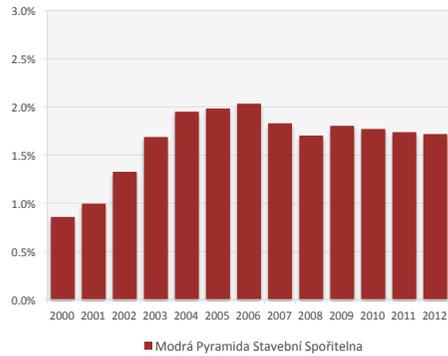
TOTAL REVENUES



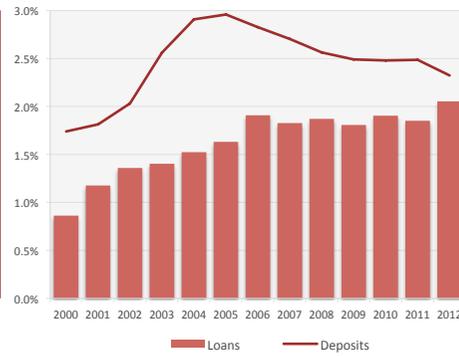
PROFITABILITY



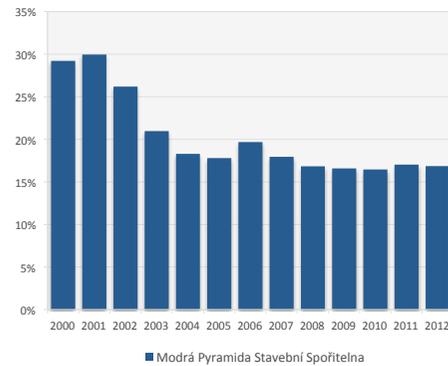
ASSETS



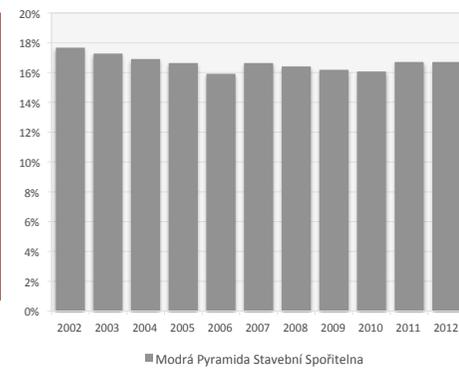
LOANS & DEPOSITS



BUILDING SAVINGS LOANS



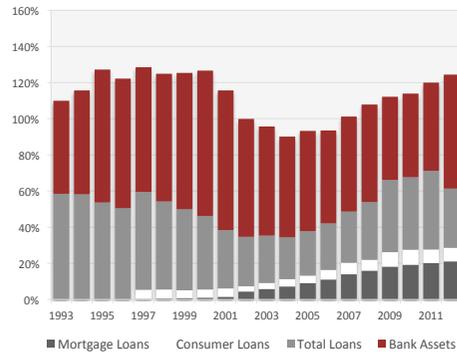
BUILDING SAVINGS DEPOSITS



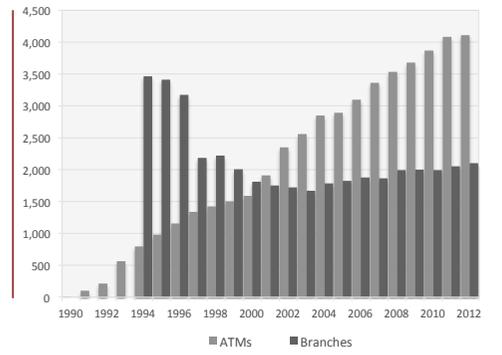
Source: Company data, Helgi Analytics calculation

Market Overview

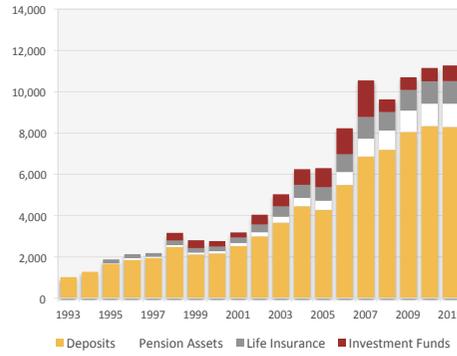
BANKING PENETRATION (AS % OF GDP)



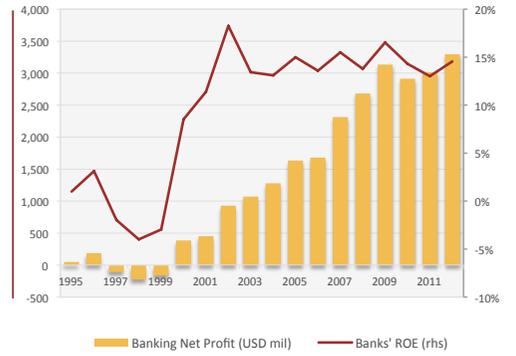
BANKING INFRASTRUCTURE



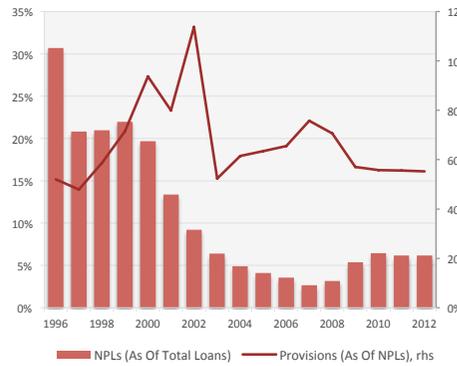
HOUSEHOLDS' ASSETS PER CAPITA (USD)



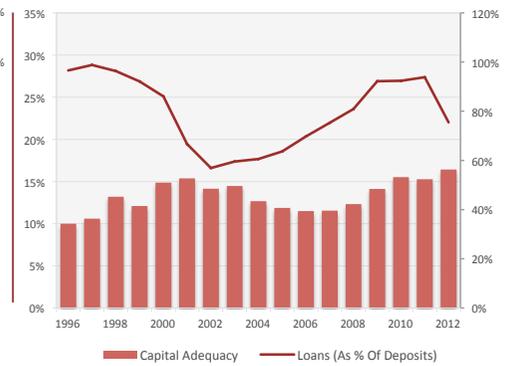
PROFITABILITY OF THE BANKING SECTOR



ASSET QUALITY OF THE BANKING SECTOR



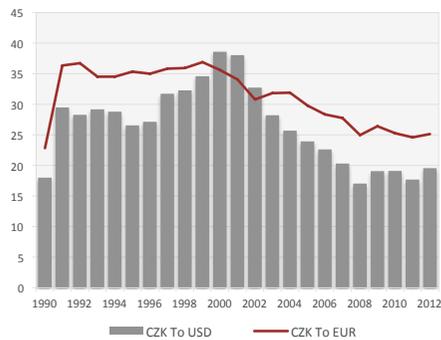
LIQUIDITY AND CAPITALISATION OF THE BANKING SECTOR



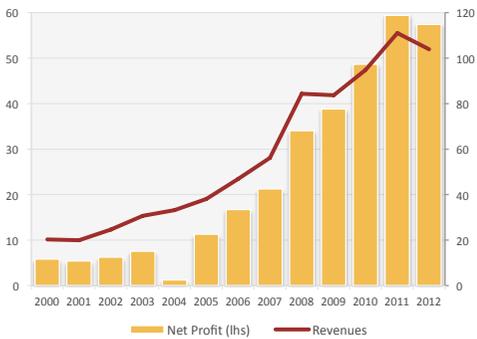
Source: Company data, Helgi Analytics calculation

Financials (USD)

FX RATES (Annual Average)



REVENUES & PROFITS (USD mil)



INCOME STATEMENT

USD mil	2008	2009	2010	2011	2012
Interest Income	179.6	170.4	184.1	200.8	181.0
Interest Cost	108.1	94.1	97.7	102.6	93.0
Net Interest Income	71.5	76.3	86.5	98.3	88.1
Net Fee Income	12.8	7.3	8.4	12.8	15.8
Other Income	-0.6	-1.4	-1.0	-2.5	-2.4
Total Revenues	84.3	83.6	94.8	111.0	103.9
Staff Cost	15.3	14.3	14.5	16.8	15.6
Depreciation	3.6	3.0	3.0	3.3	2.8
Other Cost	22.5	16.2	16.4	20.0	15.6
Operating Cost	41.5	33.6	34.0	40.1	34.0
Operating Profit	42.8	50.1	60.8	70.9	69.9
Provisions	5.5	6.9	5.4	4.5	5.3
Extra and Other Cost	0.6	1.4	1.7	1.7	2.4
Pre-Tax Profit	36.7	41.8	53.7	64.7	62.2
Tax	2.6	3.0	5.0	5.3	4.8
Minorities	0.0	0.0	0.0	0.0	0.0
Net Profit	34.1	38.8	48.7	59.4	57.4

BALANCE SHEET

USD mil	2008	2009	2010	2011	2012
Cash	65.6	62.5	37.1	36.8	120.9
Interbank Loans	28.2	0.4	0.3	76.6	52.6
Customer Loans	2,021	2,447	2,616	2,577	2,550
Debt Securities	1,428.9	1,496.3	1,360.3	1,314.1	1,513.1
Fixed Assets	22.9	22.7	21.3	20.5	20.4
Total Assets	3,682	4,139	4,094	4,079	4,321
Shareholders' Equity	165.8	229.3	301.3	335.4	429.8
Liabilities	3,516	3,909	3,793	3,744	3,892
Interbank Borrowing	0.0	153.7	48.0	0.0	0.0
Customer Deposits	3,427	3,657	3,689	3,685	3,822
Issued Debt Securities	0.0	0.0	0.0	0.0	0.0
Other Liabilities	89.4	99.1	56.0	59.1	69.2
Employees	368	370	356	366	342
Non-Performing Loans	36.8	58.1	67.7	70.6	80.4
Loan Provisions	25.6	34.3	40.0	42.8	49.5

Growth Rates (USD-denominated)

	2008	2009	2010	2011	2012
Revenues	50.0%	-0.8%	13.4%	17.1%	-6.5%
Operating Profit	69.7%	16.9%	21.4%	16.6%	-1.5%
Net Profit	60.2%	13.9%	25.4%	22.1%	-3.4%

	2008	2009	2010	2011	2012
Loans	12.8%	21.1%	6.9%	-1.5%	-1.0%
Deposits	-2.7%	6.7%	0.9%	-0.1%	3.7%
Assets	-1.3%	12.4%	-1.1%	-0.4%	5.9%

RATIOS & OTHER

	2008	2009	2010	2011	2012
ROE	21.4%	20.0%	18.9%	17.2%	15.2%
ROA	0.8%	1.0%	1.2%	1.3%	1.4%
Net Interest Margin	1.8%	2.0%	2.2%	2.2%	2.1%
Interest (As % Of Total Income)	84.8%	91.3%	91.2%	88.5%	84.8%
Fees (As % Of Total Income)	15.2%	8.7%	8.8%	11.5%	15.2%
Staff Cost (As % Of Total Cost)	37.0%	42.7%	42.8%	41.9%	45.7%
Costs (As % Of Assets)	1.0%	0.9%	0.9%	0.9%	0.8%
Costs (As % Of Income)	49.2%	40.1%	35.9%	36.1%	32.7%
Loans (As % Of Deposits)	59.0%	66.9%	70.9%	69.9%	66.7%

	2008	2009	2010	2011	2012
Capital Adequacy Ratio	9.7%	11.1%	13.4%	16.3%	20.8%
Equity (As % Of Assets)	4.5%	5.5%	7.4%	8.2%	9.9%
NPLs (As % Of Loans)	1.8%	2.3%	2.5%	2.7%	3.1%
Provisions (As % Of NPLs)	69.6%	59.1%	59.2%	60.5%	61.6%
Cost Of Risk	0.26%	0.31%	0.22%	0.16%	0.21%
Market Share in Loans CZK	1.9%	1.8%	1.9%	1.9%	2.1%
Market Share in Deposits	2.6%	2.5%	2.5%	2.5%	2.3%
FX To USD (Average)	17.04	19.06	19.11	17.69	19.56
FX To EUR (Average)	24.96	26.43	25.29	24.59	25.13

Source: Company data, Helgi Analytics calculation



ABOUT HELGI ANALYTICS

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