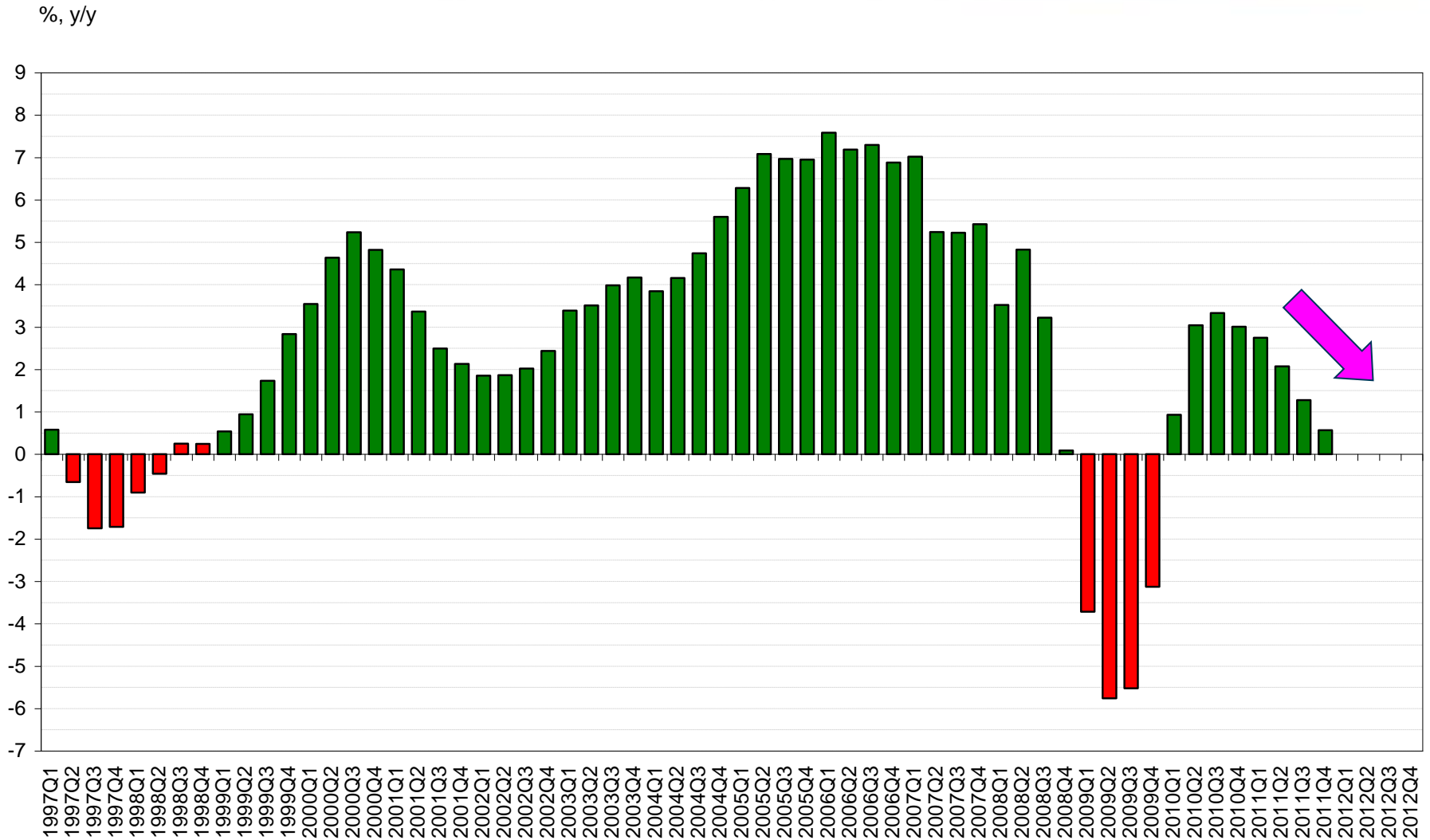


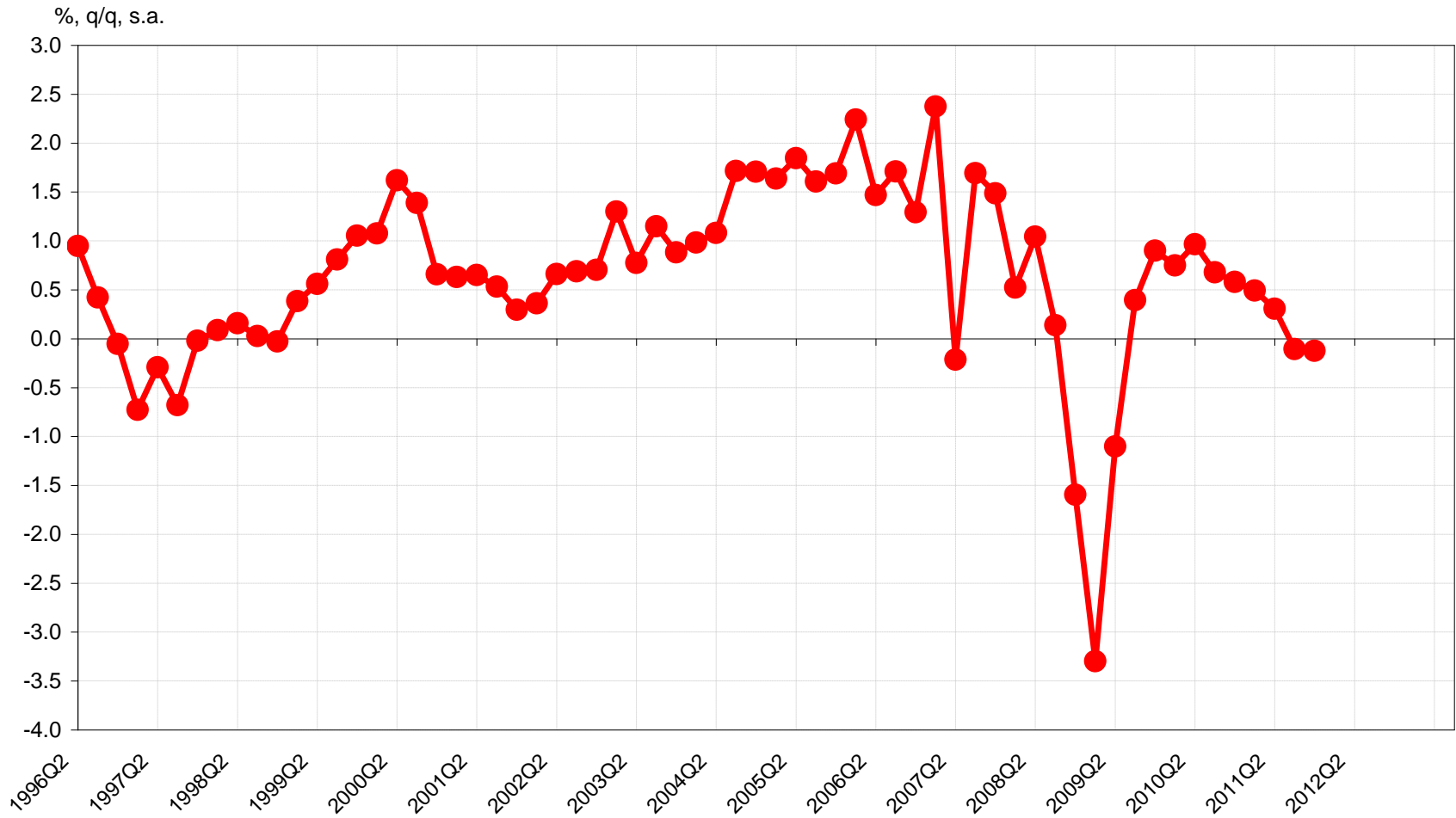
A photograph of a modern building with a large glass facade. The glass reflects the sky and clouds. A blue banner is overlaid on the right side of the image.

Je recese opravdu
u konce?

GDP: There and back again ...

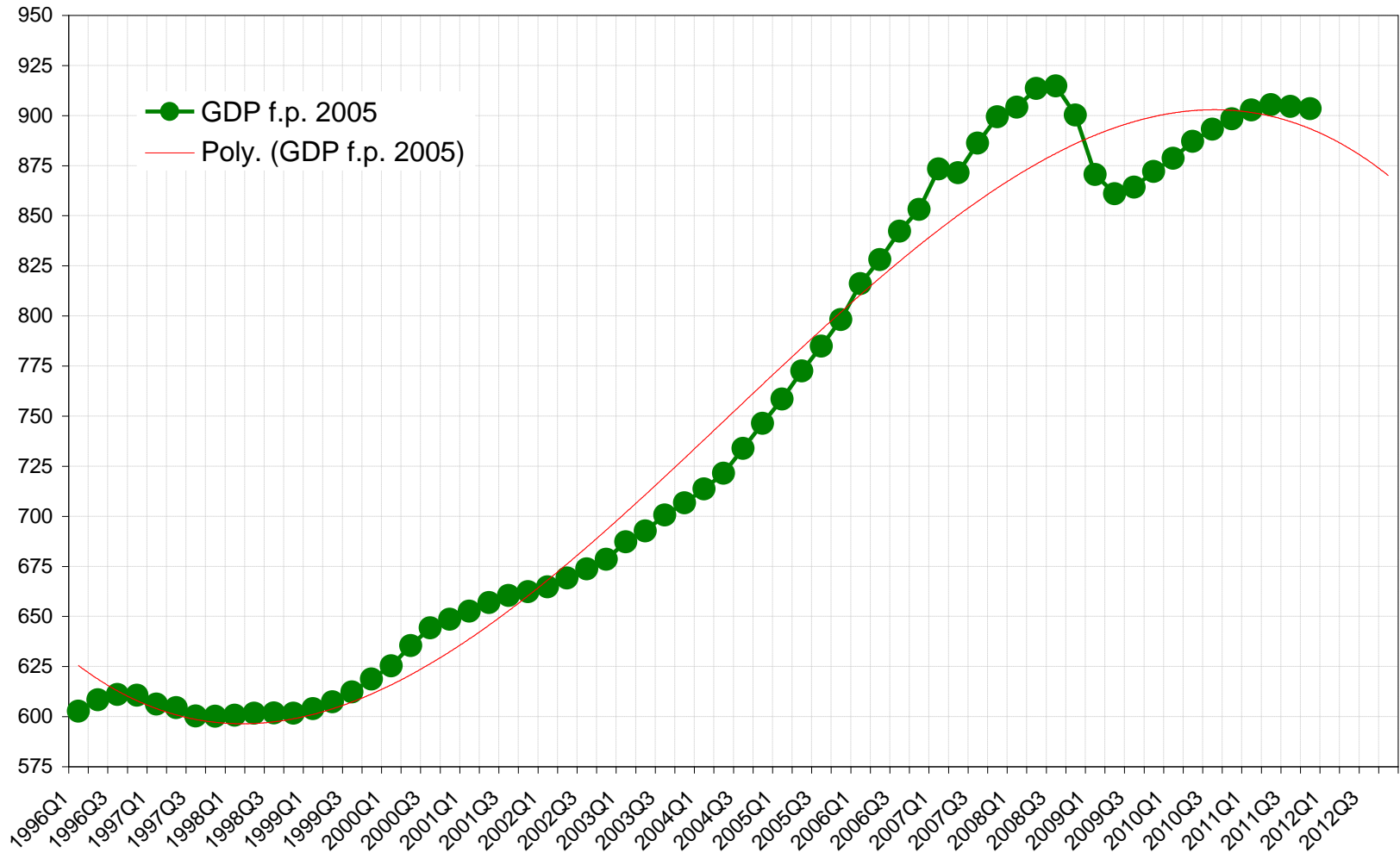


... into recession (?) ...



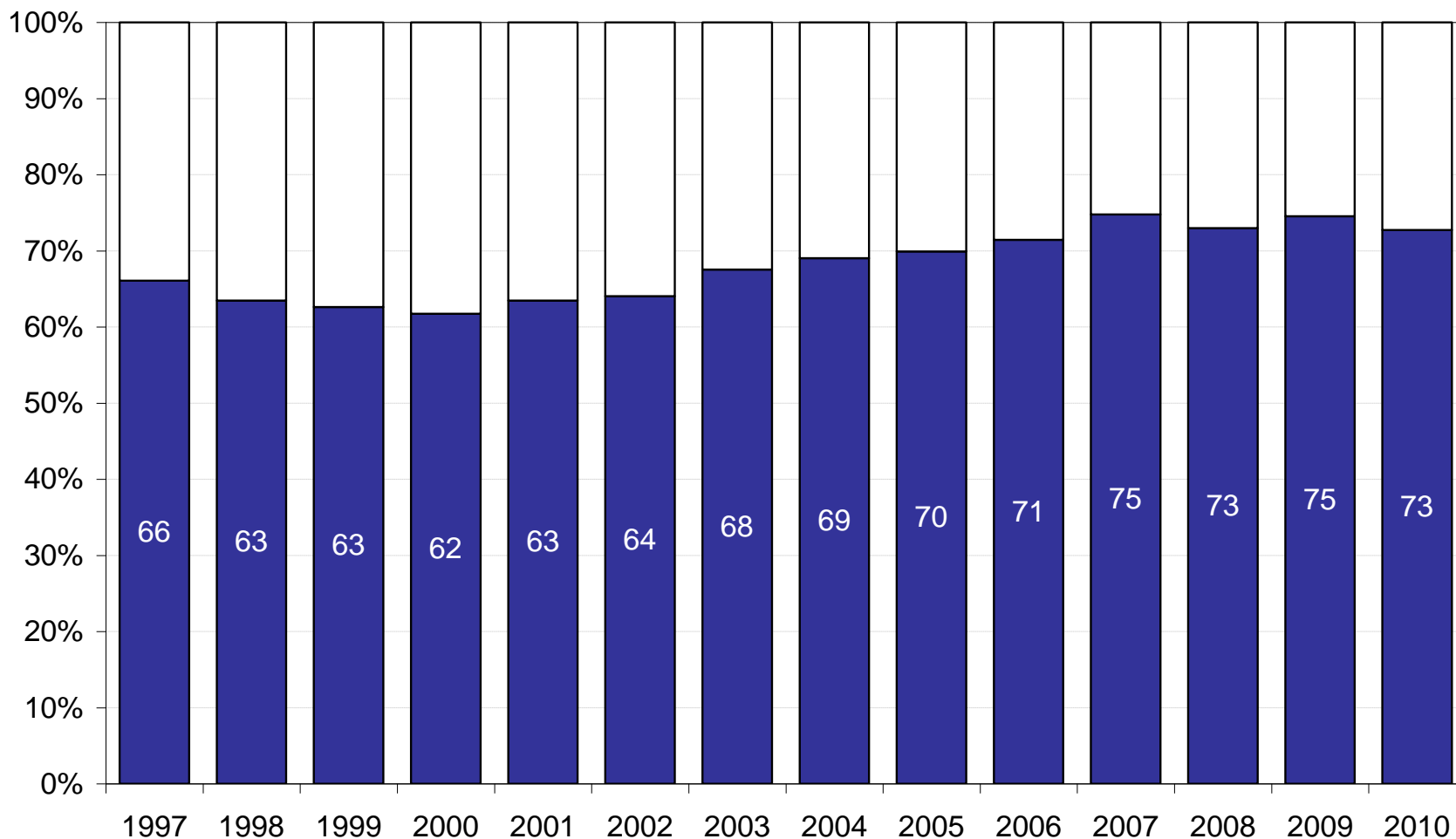
... without returning to the peak

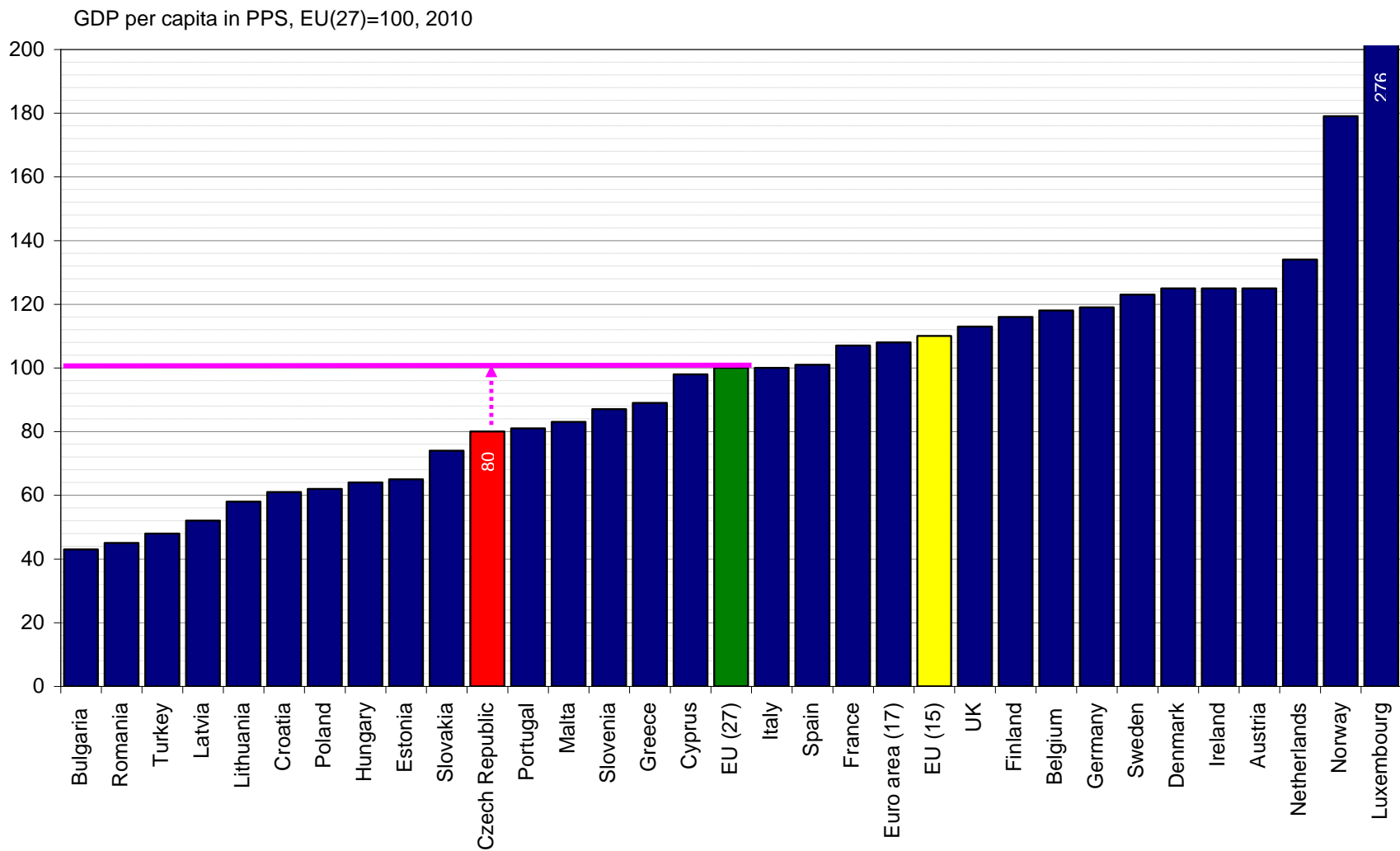
CZKbn, f.p. 2005, SA

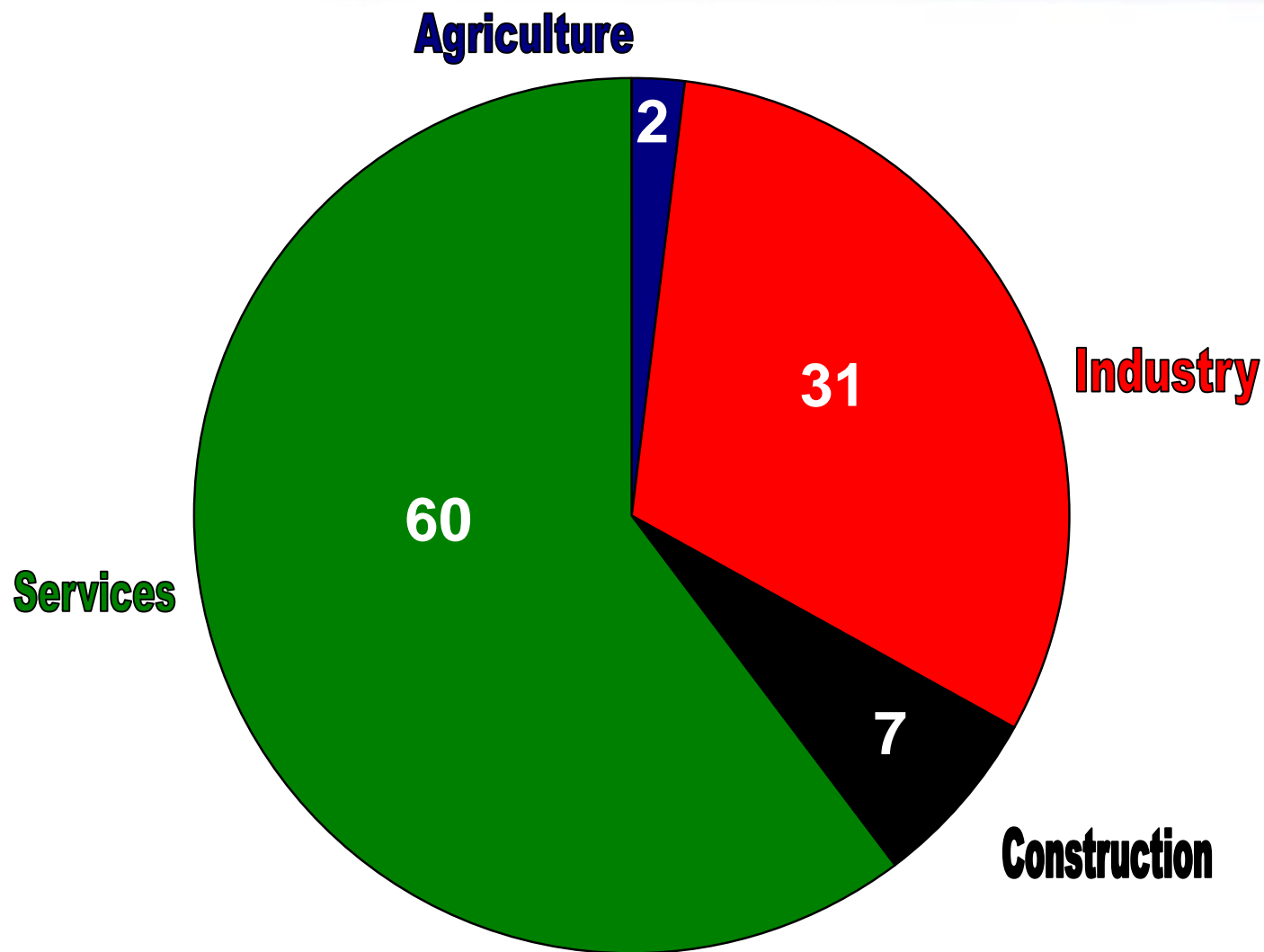


Czech catching-up ...

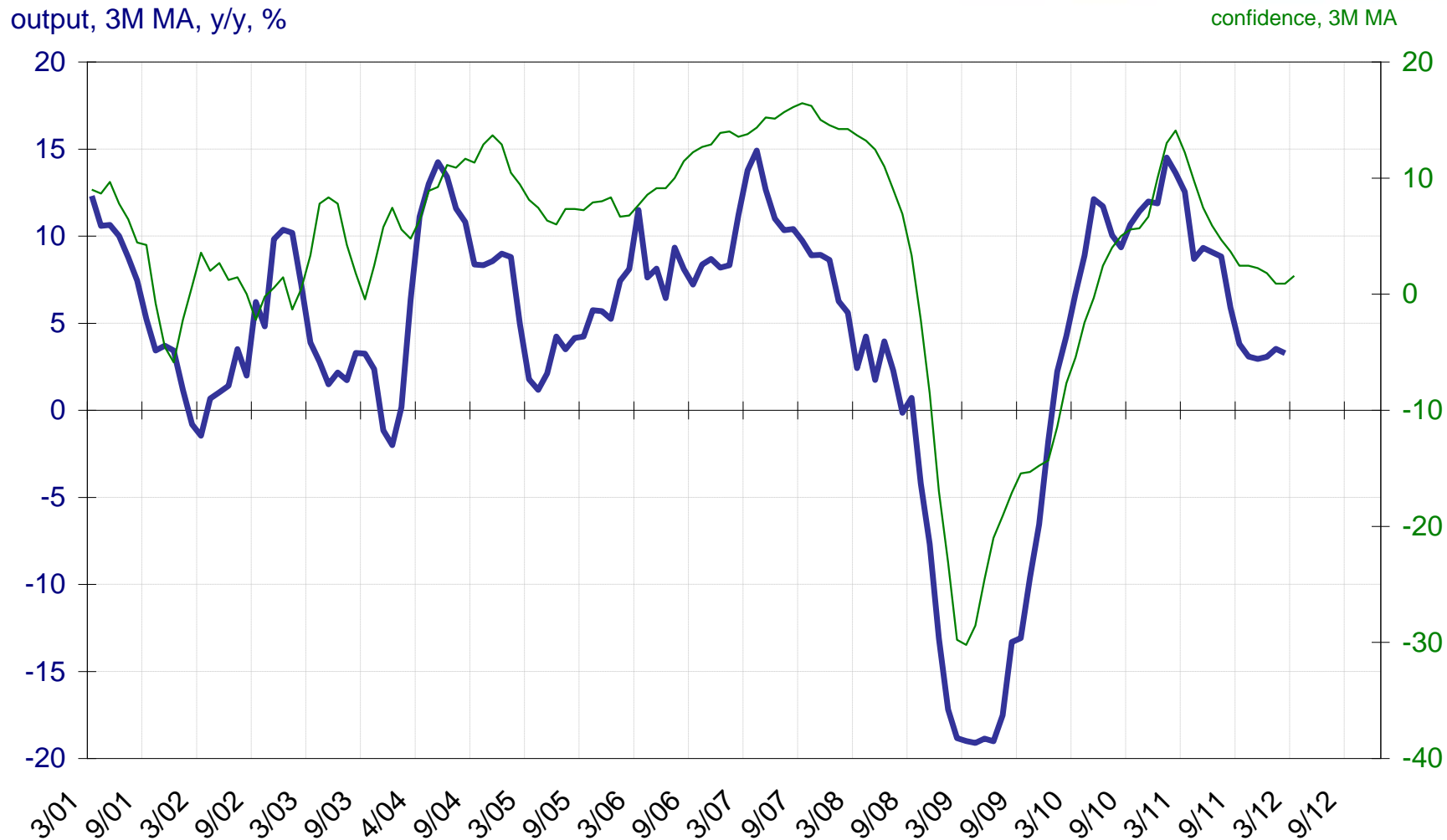
Czech GDP p.c. in PPS, EU15=100%



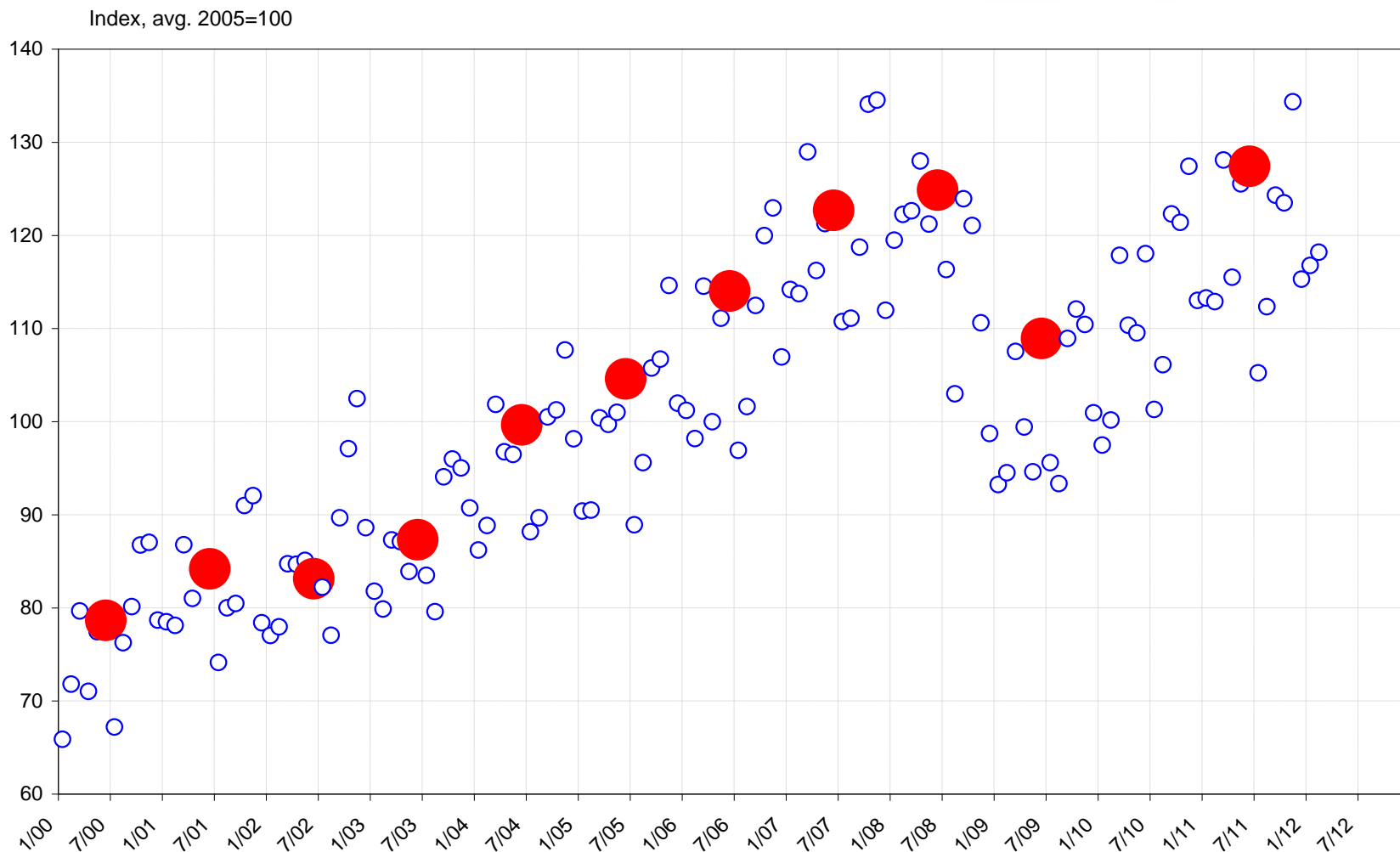




Industrial output and confidence

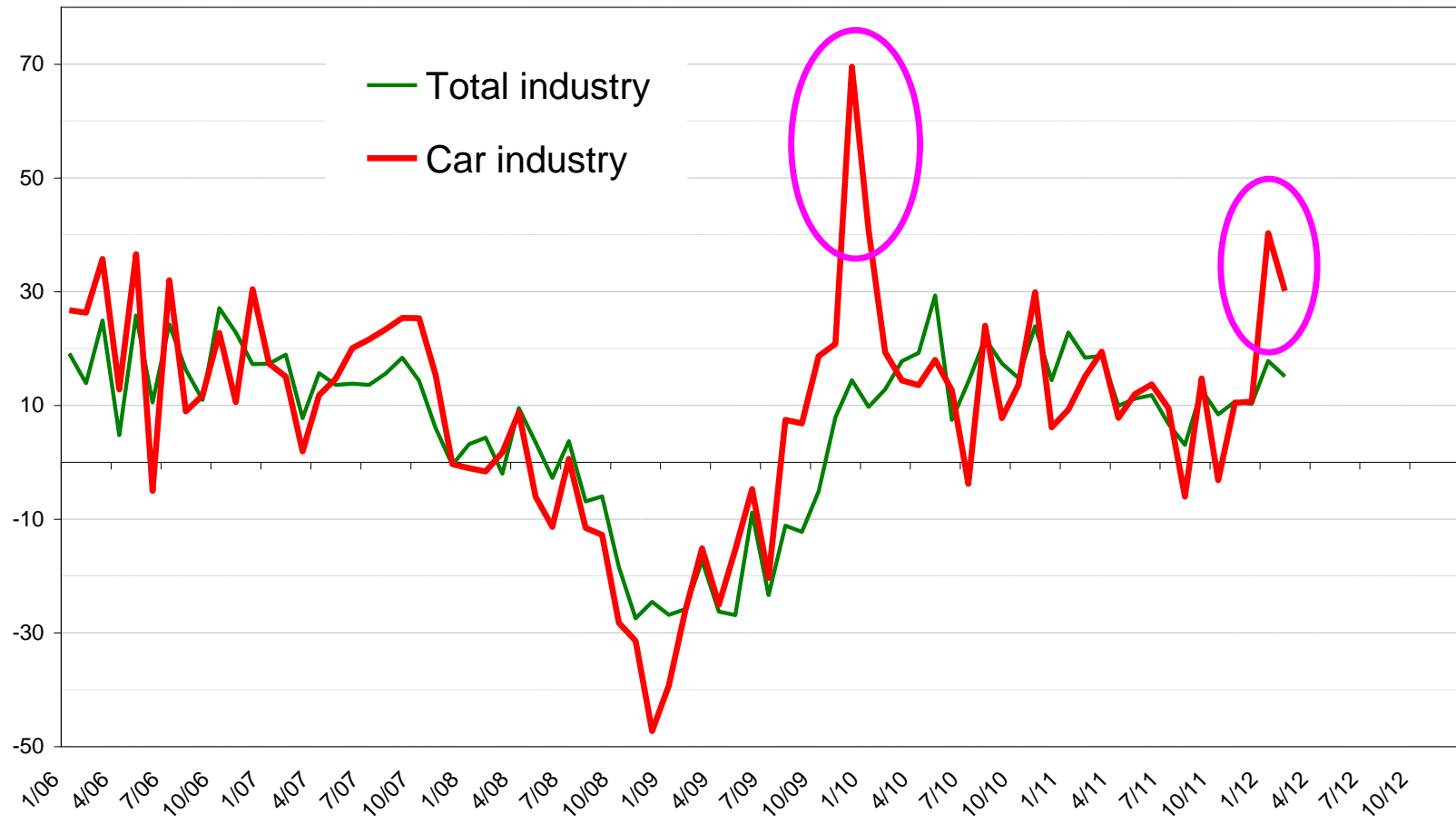


Industry, unlike GDP, re-conquered its peak

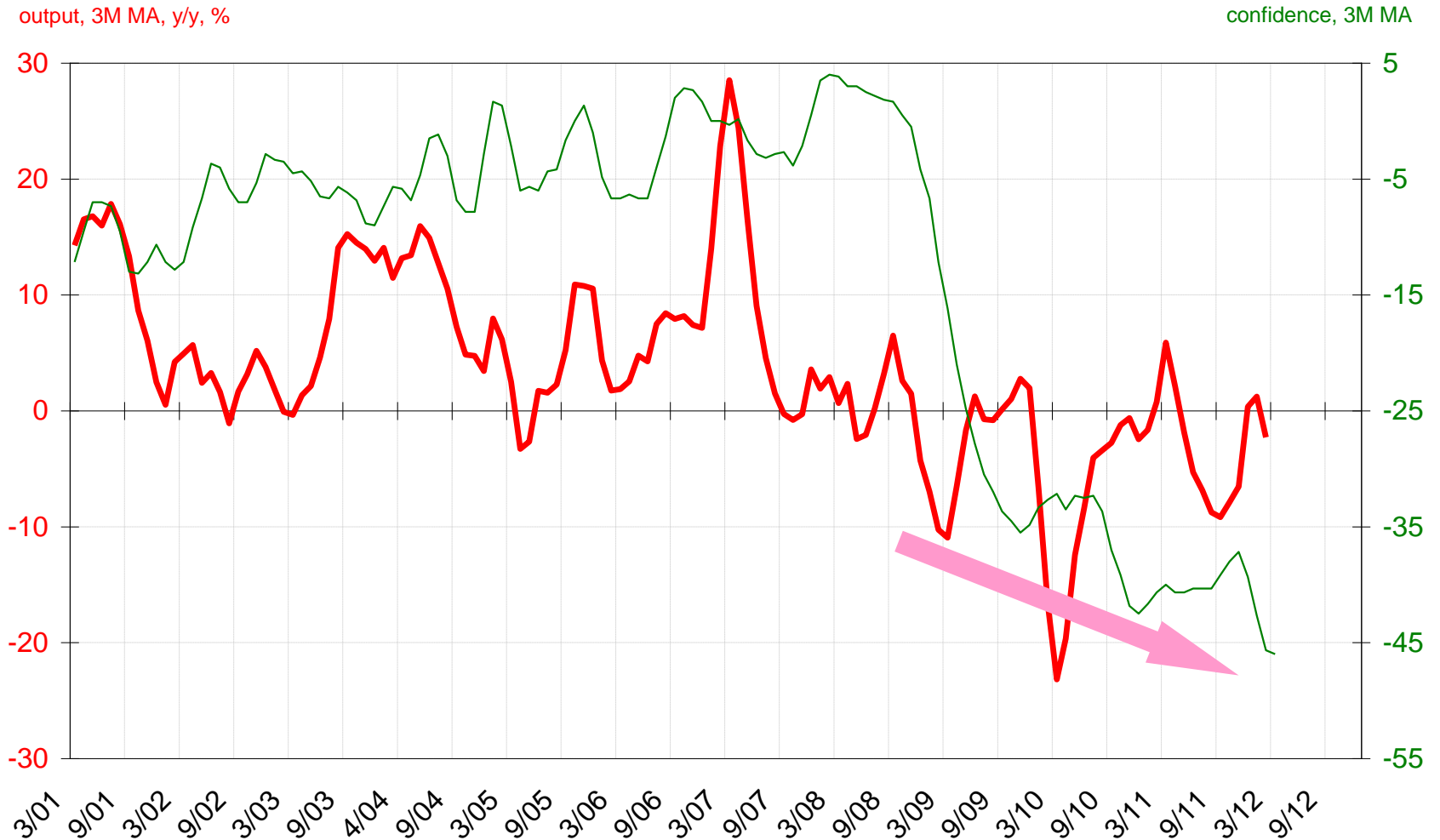


New industrial orders & car industry

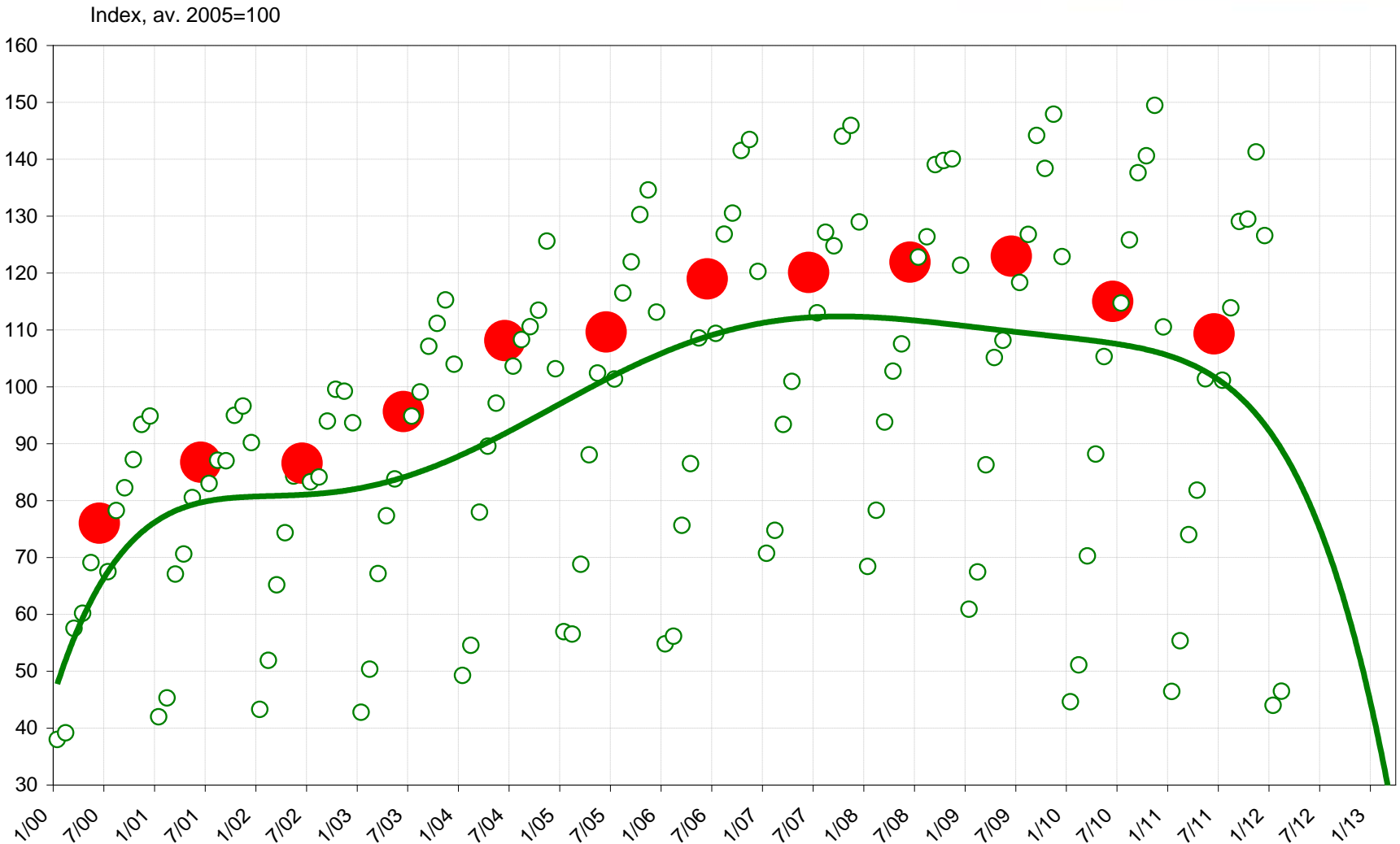
Index, %, y/y, c.p.



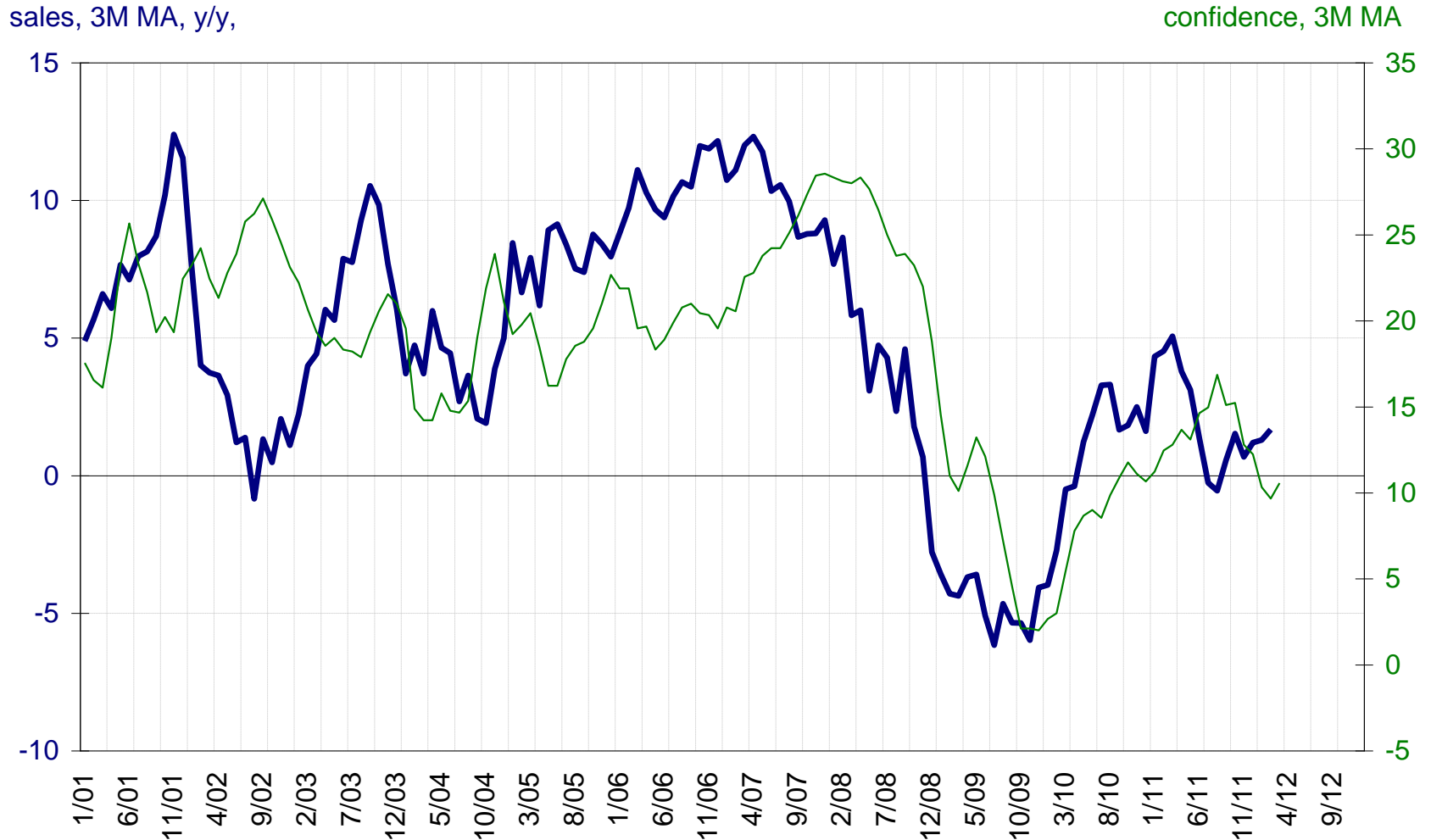
Construction seized by pessimism ...



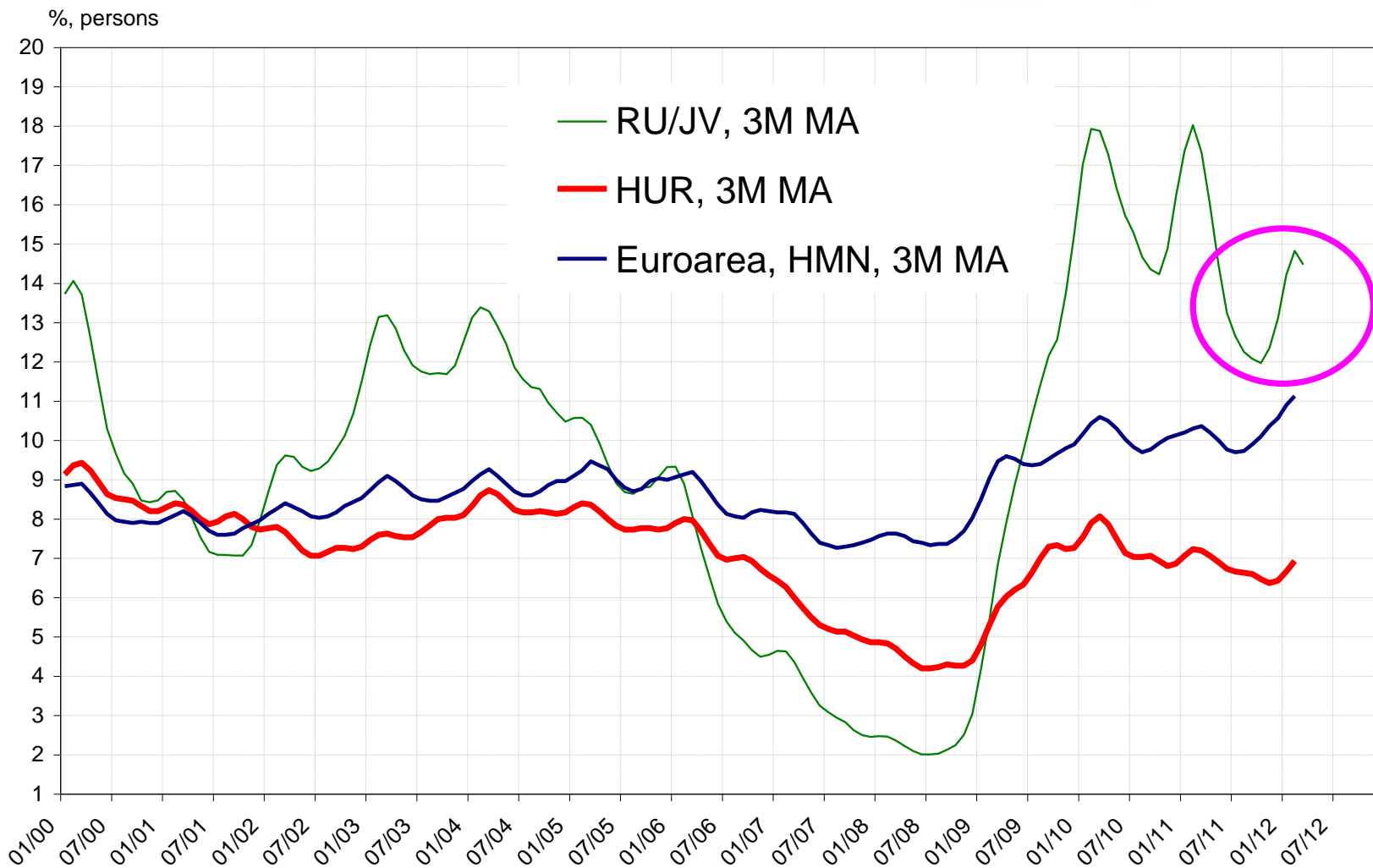
... due to absence of recovery



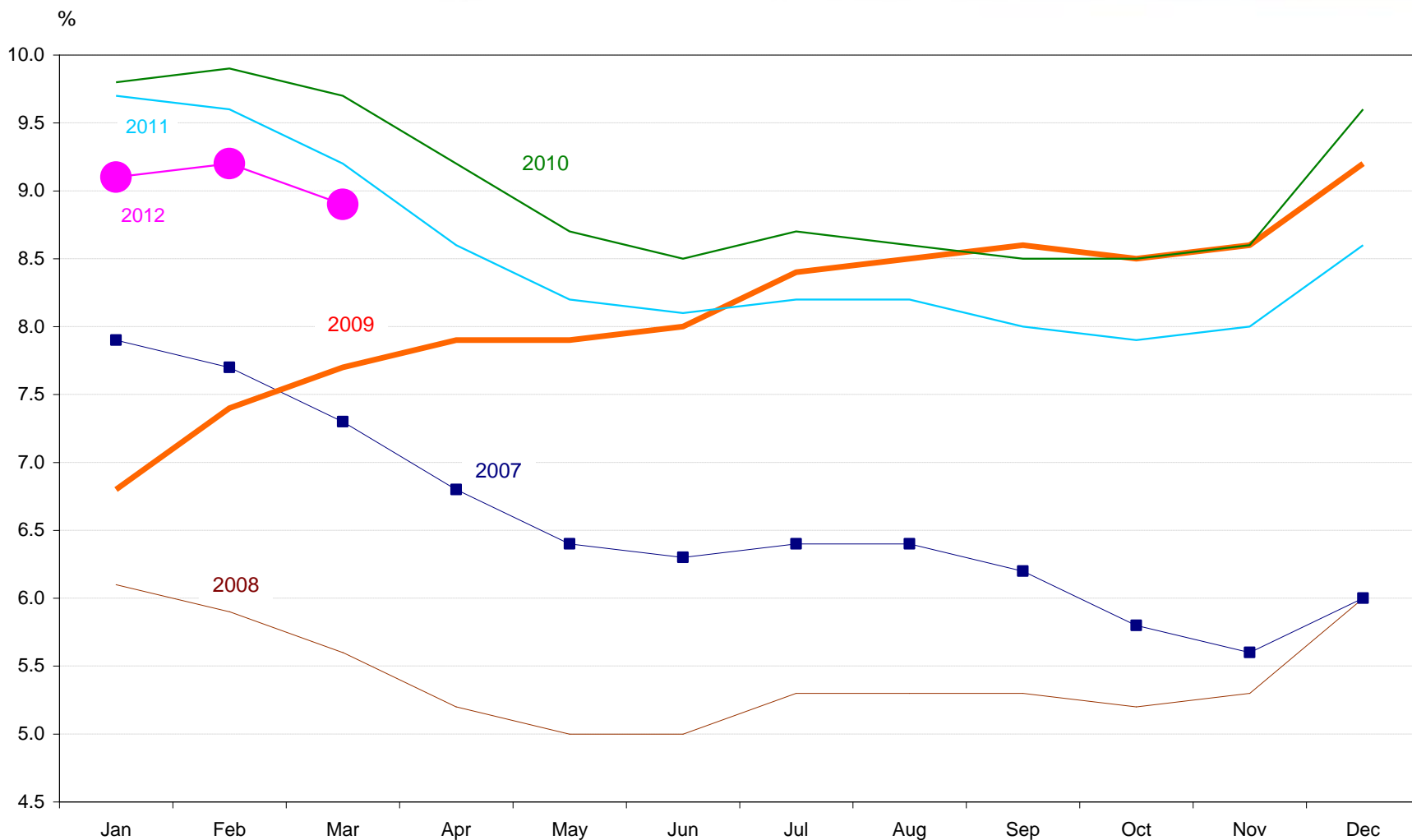
Retail sales: slowdown & fog ahead



Unemployment: good and bad news at the same time ...

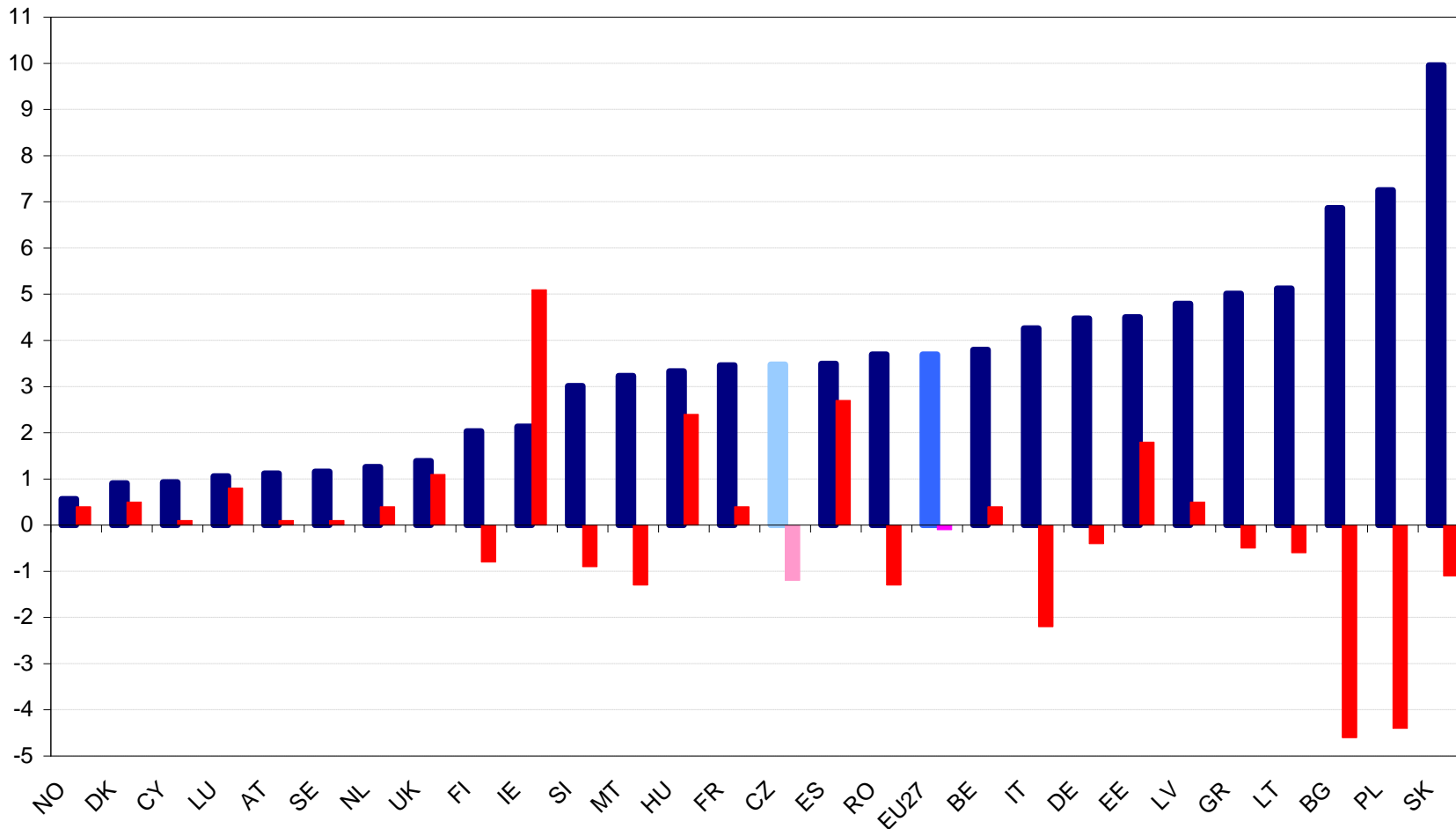


... while still following its typical seasonal pattern

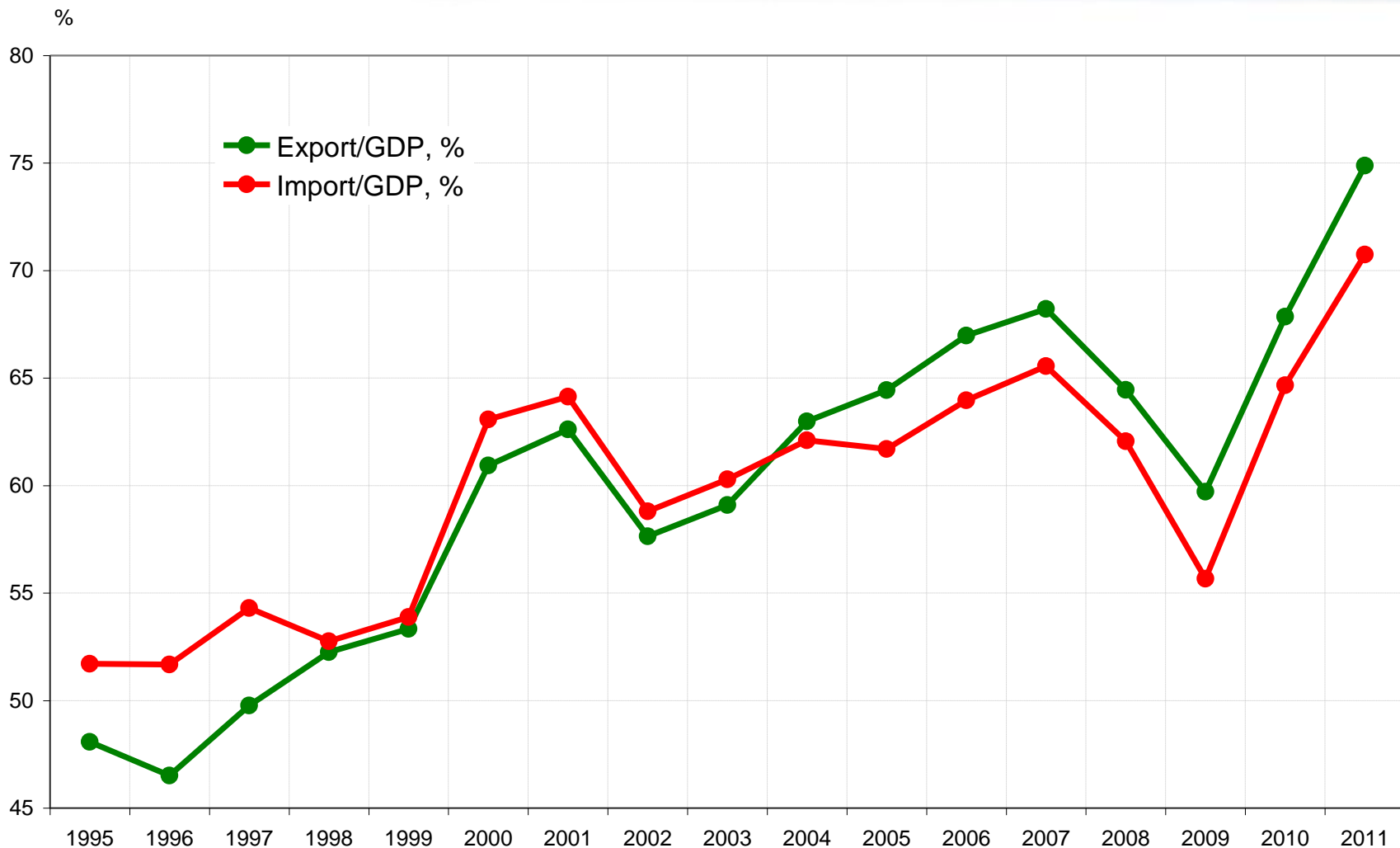


Long term unemployment

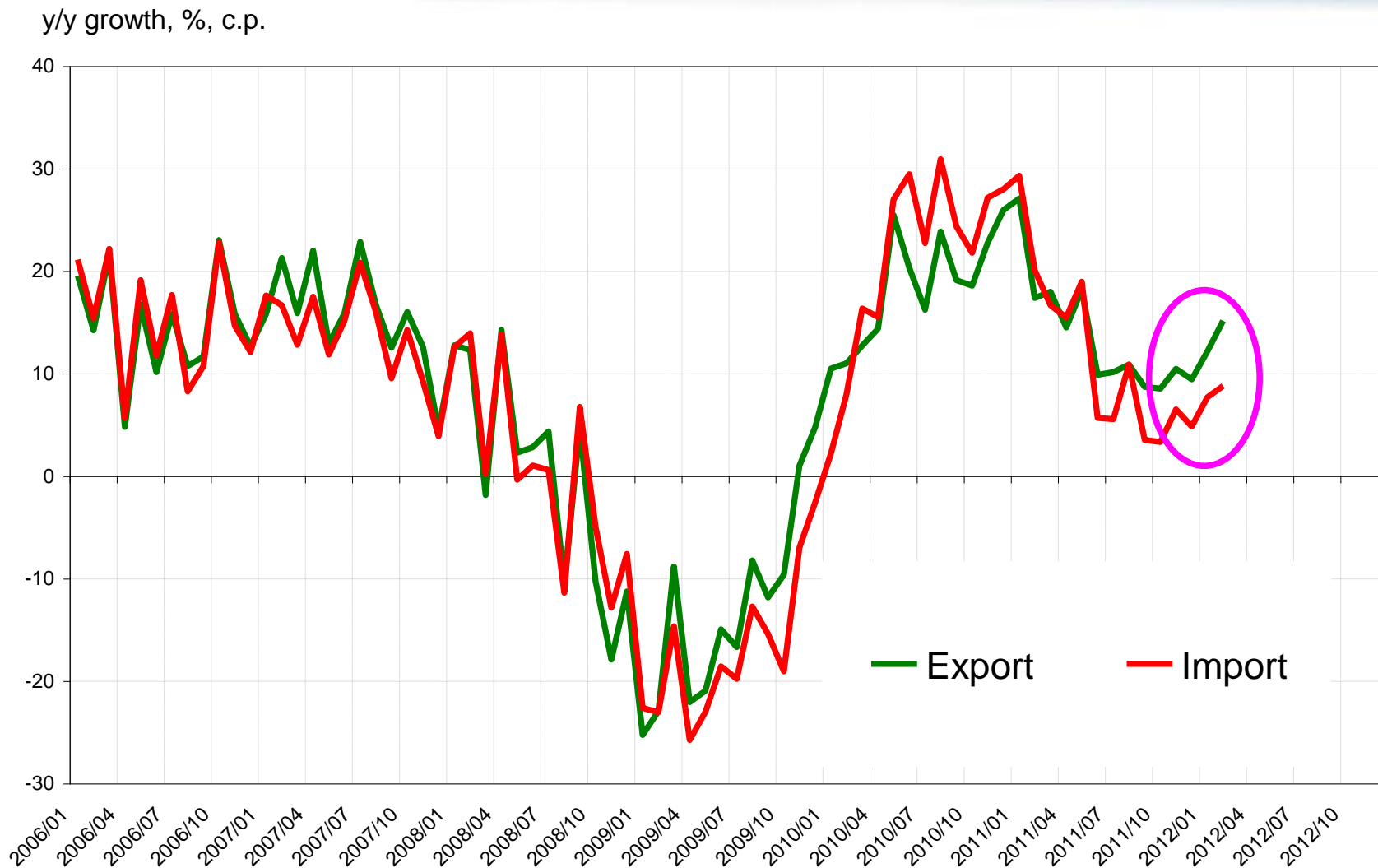
% of active population, avg. 2000-10 and chge 2010-00



Growing openness of the Czech economy ...



... and resilient trade flows



Most important Czech trading partners

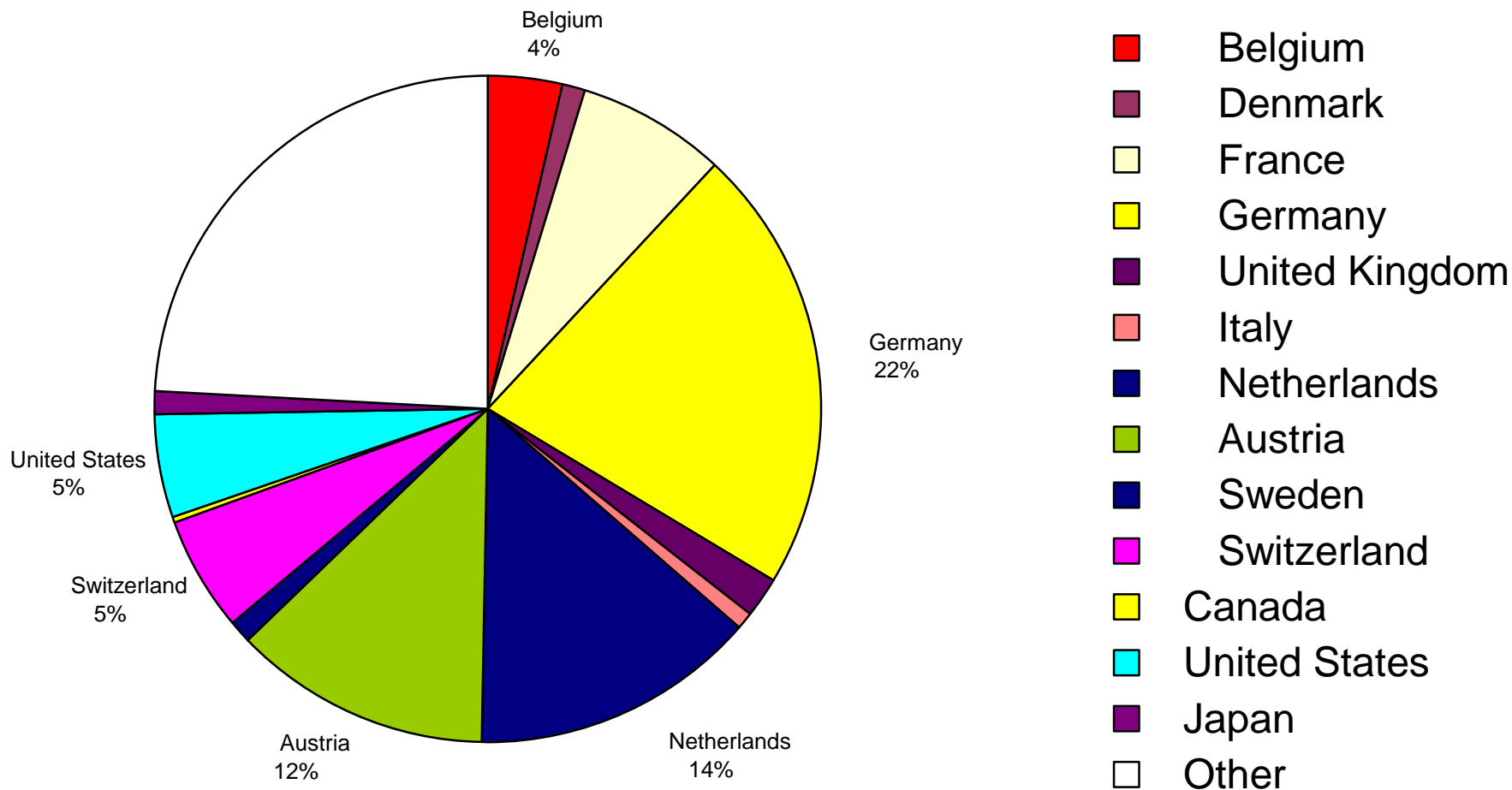
| Country | EXPORTS | | | IMPORTS | | | BALANCE | |
|--------------------|-----------|------|----------------|-----------|------|----------------|-----------|-----------|
| | 1-9/2011 | | index 11/10 | 1-9/2011 | | index 11/10 | 1-9/10 | 1-9/11 |
| | CZK mill. | % | | CZK mill. | % | | CZK mill. | CZK mill. |
| Germany | 682,802 | 32.3 | 114.4 | 507,688 | 25.6 | 113.0 | 147,654 | 175,114 |
| Slovakia | 187,144 | 8.8 | 121.0 | 110,032 | 5.6 | 121.0 | 63,659 | 77,112 |
| China | 21,252 | 1.0 | 128.4 | 241,865 | 12.2 | 119.7 | -185,582 | -220,613 |
| Poland | 133,167 | 6.3 | 118.9 | 130,628 | 6.6 | 114.4 | -2,161 | 2,539 |
| France | 117,313 | 5.5 | 115.9 | 65,897 | 3.3 | 110.3 | 41,505 | 51,416 |
| Italy | 89,296 | 4.2 | 105.3 | 77,550 | 3.9 | 111.4 | 15,182 | 11,746 |
| Austria | 98,707 | 4.7 | 111.2 | 65,335 | 3.3 | 110.8 | 29,788 | 33,372 |
| Russian Federation | 63,172 | 3.0 | 132.3 | 111,195 | 5.6 | 117.9 | -46,580 | -48,023 |
| Netherlands | 75,261 | 3.6 | 108.8 | 63,896 | 3.2 | 110.7 | 11,455 | 11,365 |
| United Kingdom | 97,428 | 4.6 | 106.2 | 37,308 | 1.9 | 105.6 | 56,441 | 60,120 |
| Hungary | 47,958 | 2.3 | 111.9 | 43,283 | 2.2 | 113.7 | 4,796 | 4,675 |
| Belgium | 51,198 | 2.4 | 109.9 | 35,656 | 1.8 | 109.3 | 13,948 | 15,542 |
| Spain | 46,245 | 2.2 | 102.3 | 32,724 | 1.7 | 105.1 | 14,076 | 13,521 |
| USA | 40,162 | 1.9 | 124.2 | 38,598 | 1.9 | 94.8 | -8,383 | 1,564 |
| Japan | 7,218 | 0.3 | 94.9 | 40,577 | 2.0 | 93.7 | -35,715 | -33,359 |
| Switzerland | 36,613 | 1.7 | 121.5 | 21,144 | 1.1 | 113.2 | 11,451 | 15,469 |
| Sweden | 35,160 | 1.7 | 118.5 | 18,234 | 0.9 | 113.4 | 13,580 | 16,926 |
| South Korea | 5,682 | 0.3 | 150.6 | 31,814 | 1.6 | 111.6 | -24,741 | -26,132 |
| Romania | 23,703 | 1.1 | 118.9 | 14,111 | 0.7 | 128.9 | 8,991 | 9,592 |
| Turkey | 17,965 | 0.8 | 131.6 | 17,262 | 0.9 | 128.5 | 210 | 703 |
| Ukraine | 16,077 | 0.8 | 129.8 | 19,822 | 1.0 | 127.3 | -3,194 | -3,745 |
| Denmark | 16,346 | 0.8 | 108.5 | 11,302 | 0.6 | 104.3 | 4,231 | 5,044 |
| Norway | 11,224 | 0.5 | 120.0 | 15,910 | 0.8 | 105.8 | -5,677 | -4,686 |
| Thailand | 1,670 | 0.1 | 111.3 | 18,699 | 0.9 | 83.0 | -21,032 | -17,029 |
| Finland | 12,457 | 0.6 | 121.9 | 6,576 | 0.3 | 102.8 | 3,821 | 5,881 |

Notice: The most important partners by according to turnover of previous years

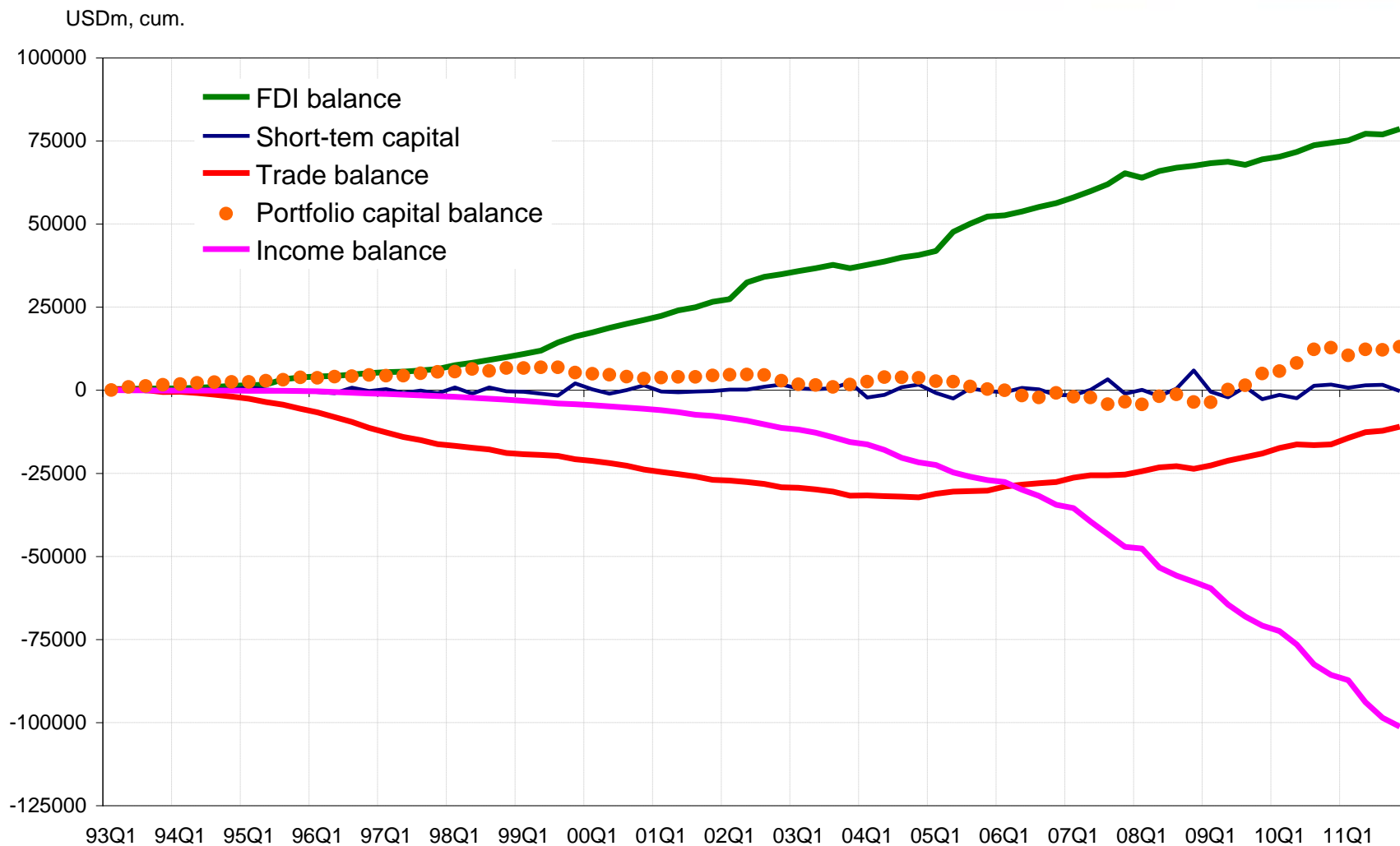
Ministry of Industry and Trade - Department

Data: Czech Statistical Office

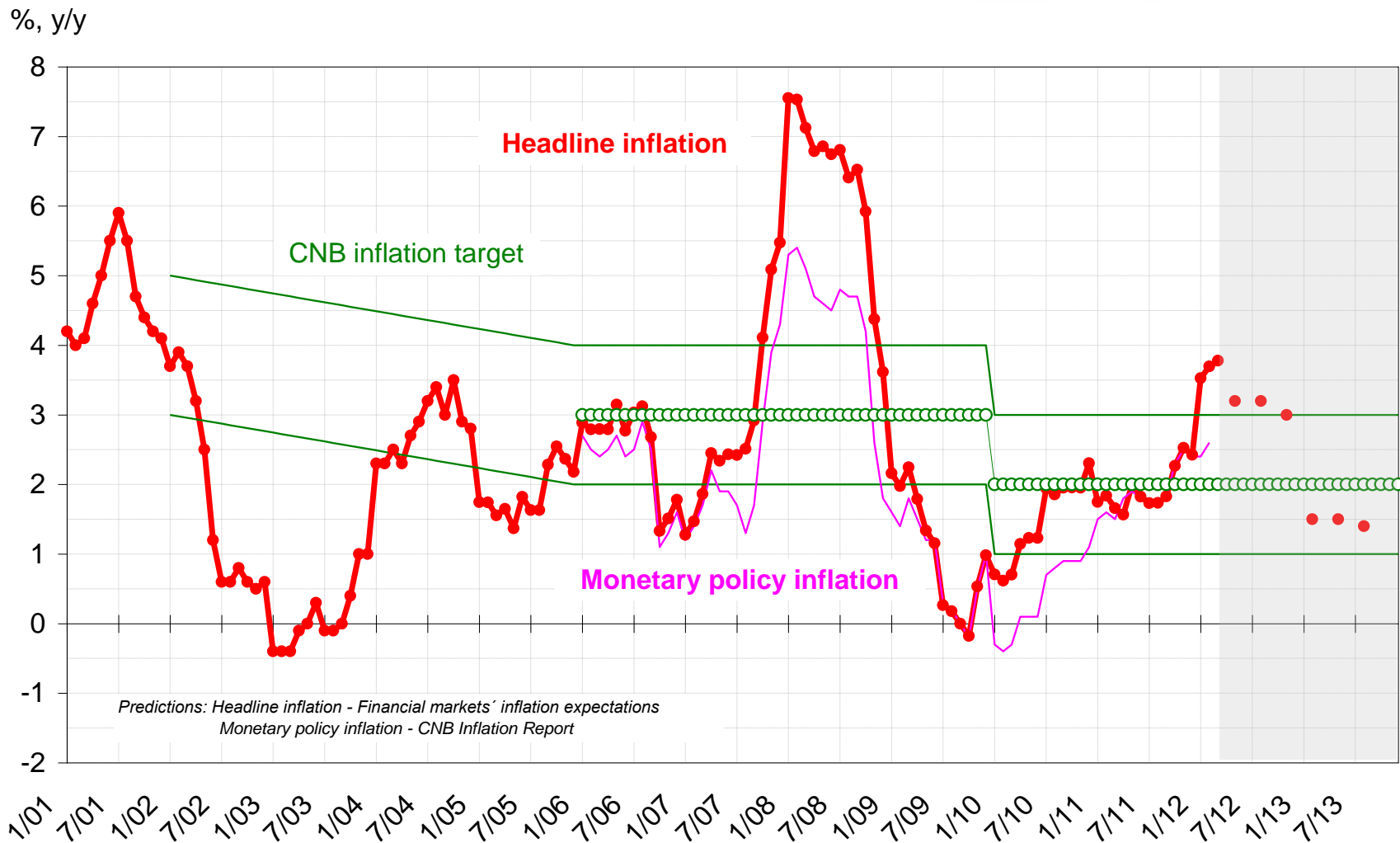
Major foreign direct investors to the CR



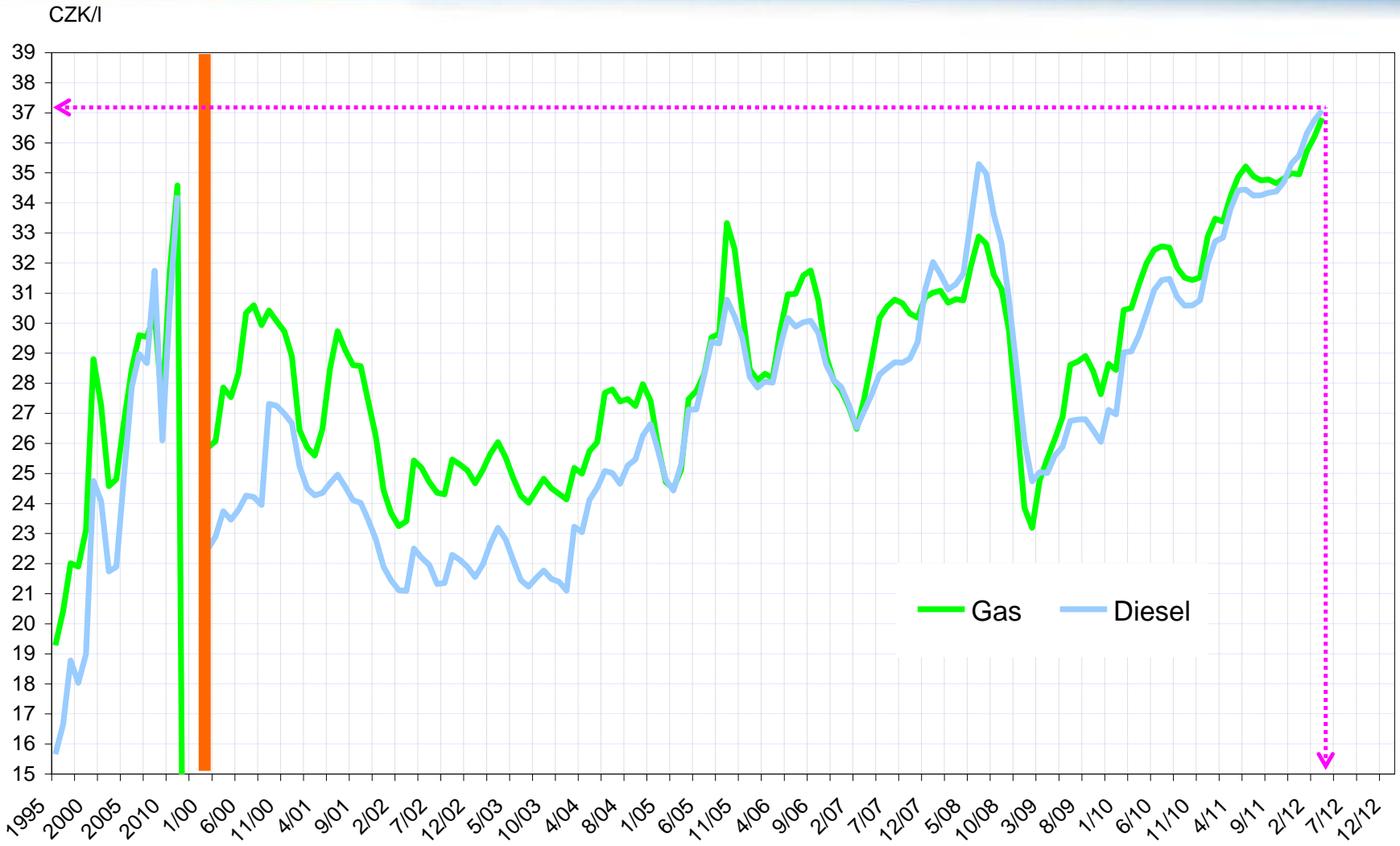
Positive trade balance reversal



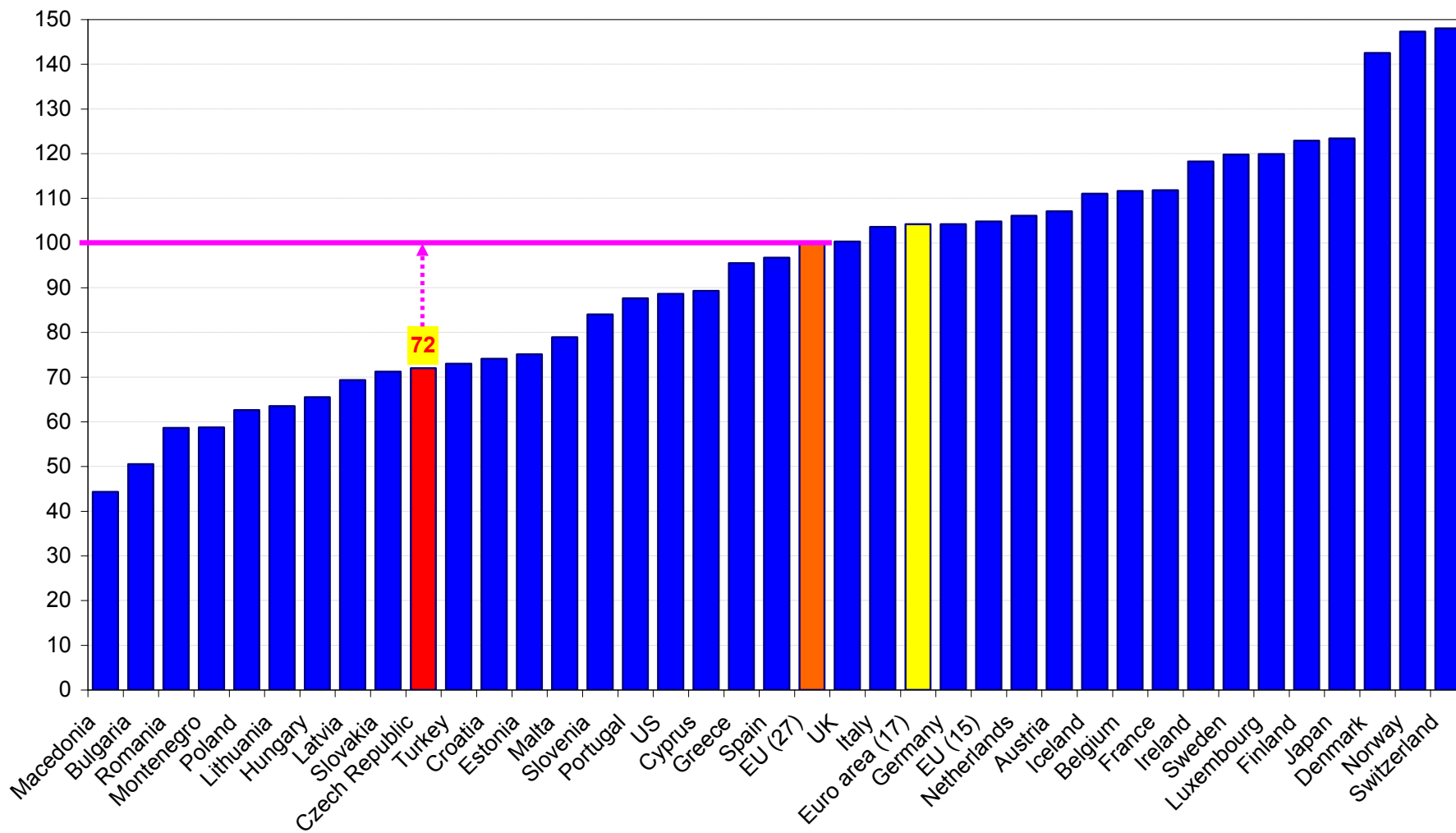
Consumer inflation: benign jump ...



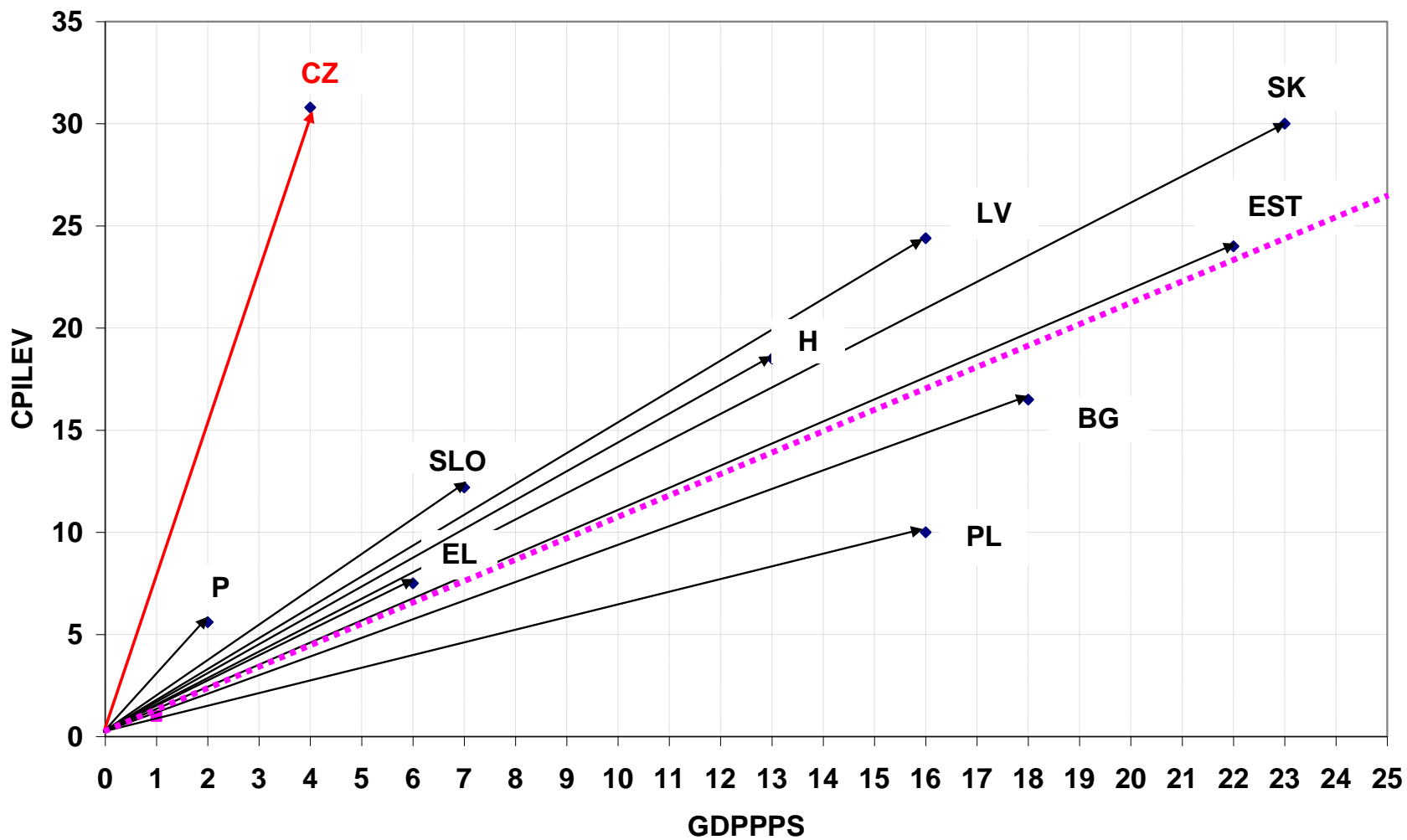
... but fuel prices on the rise



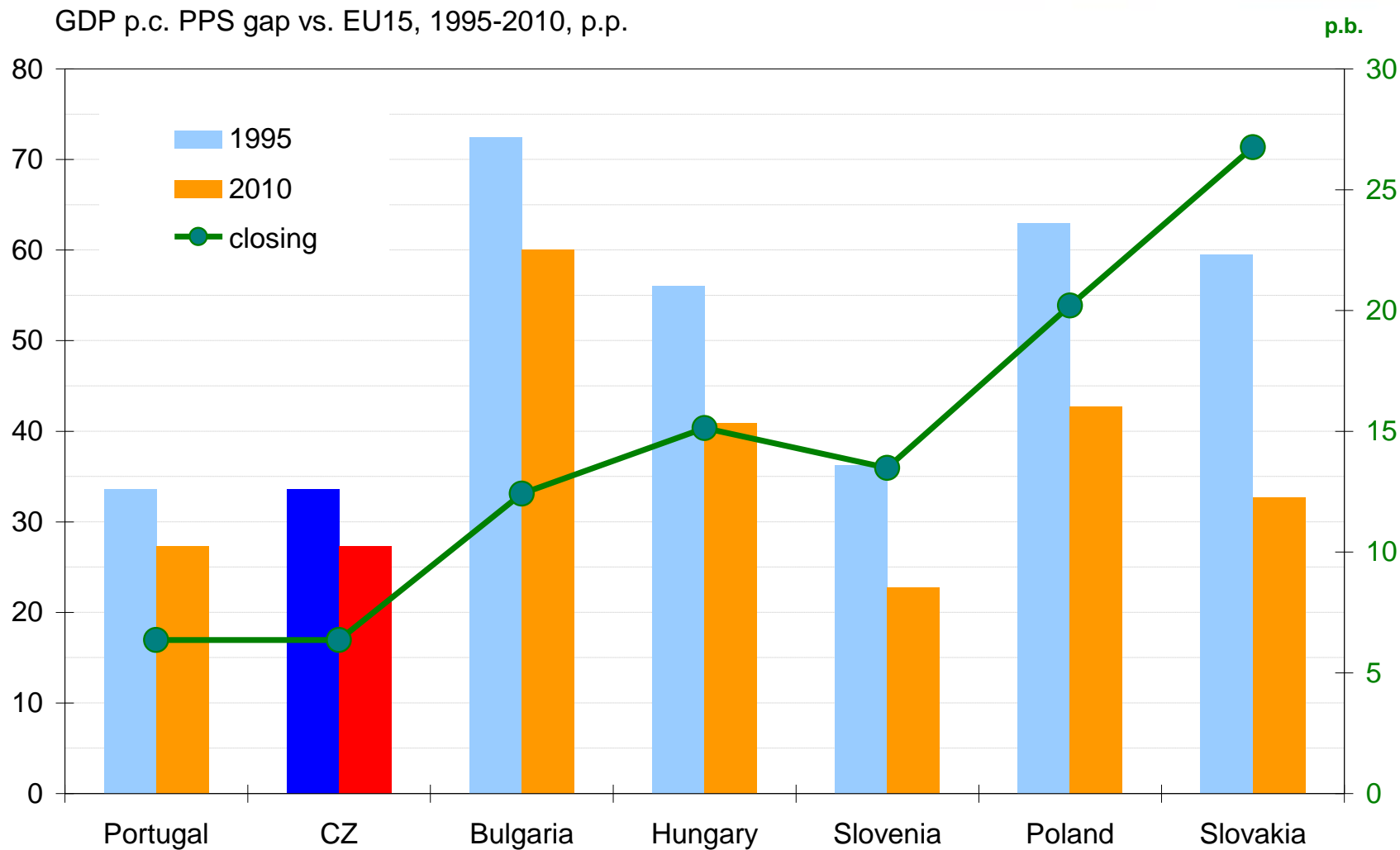
Price level index (2010), EU27=100



Convergence process 1997-2010

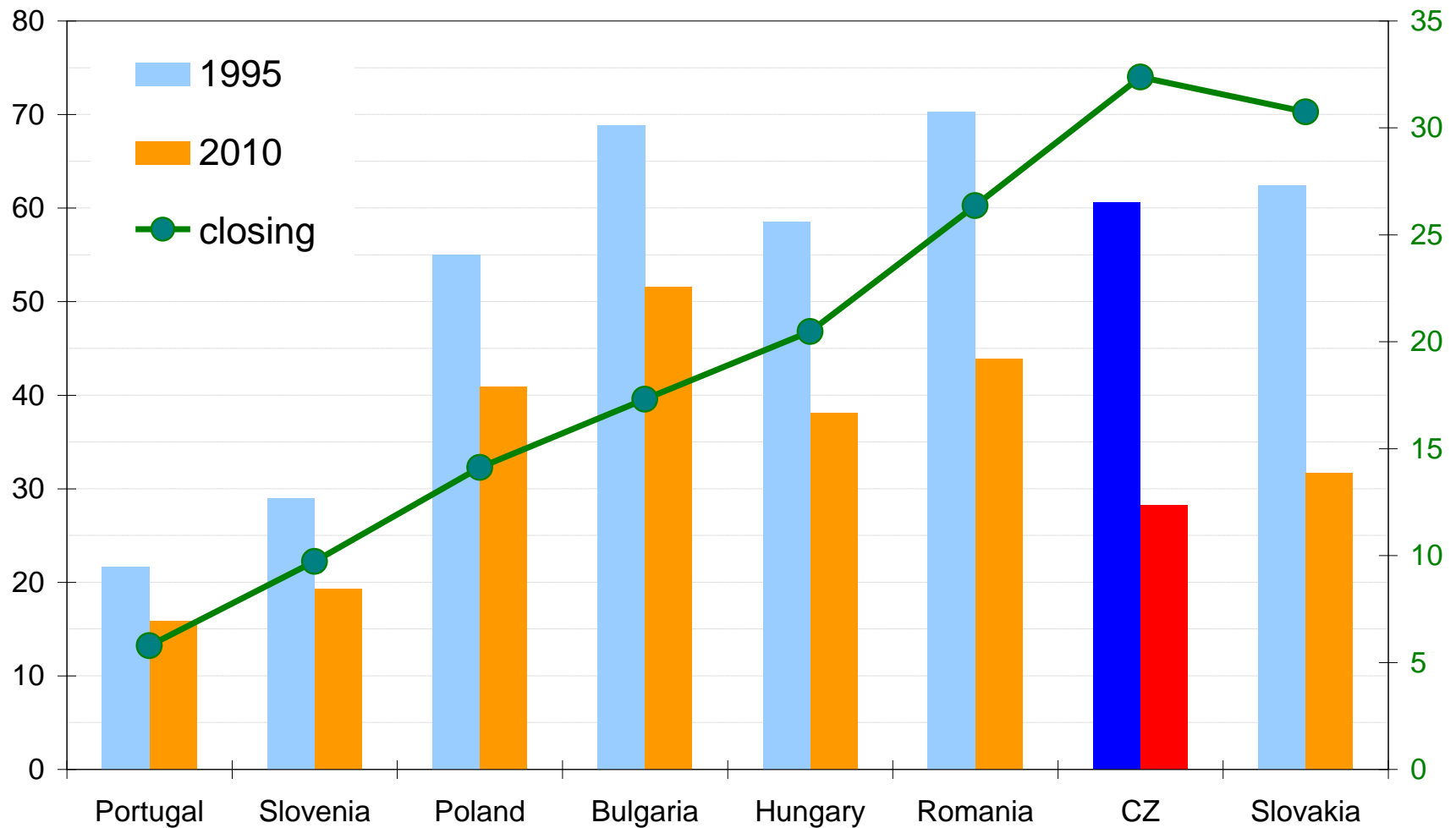


Convergence process - output

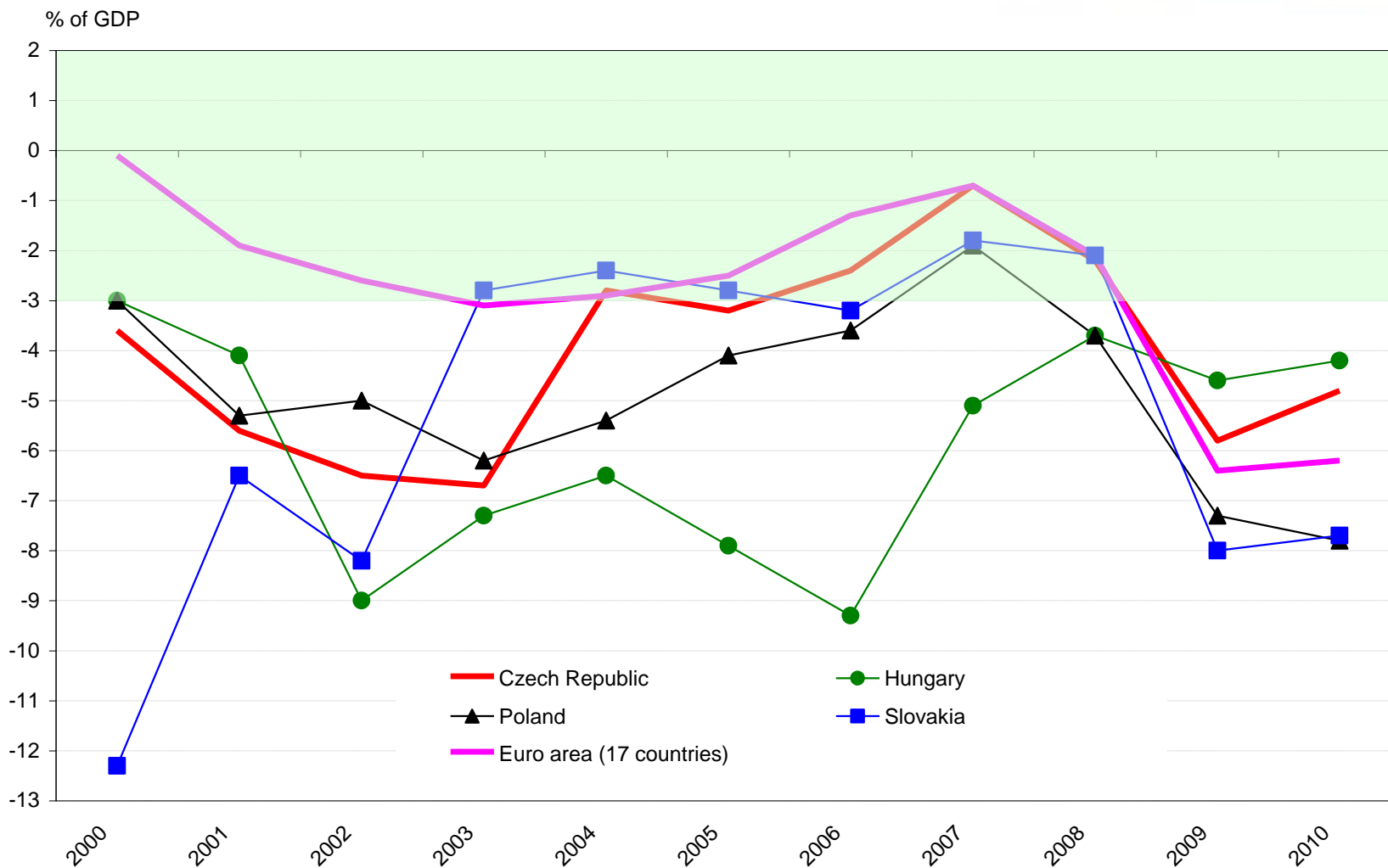


Convergence process - prices

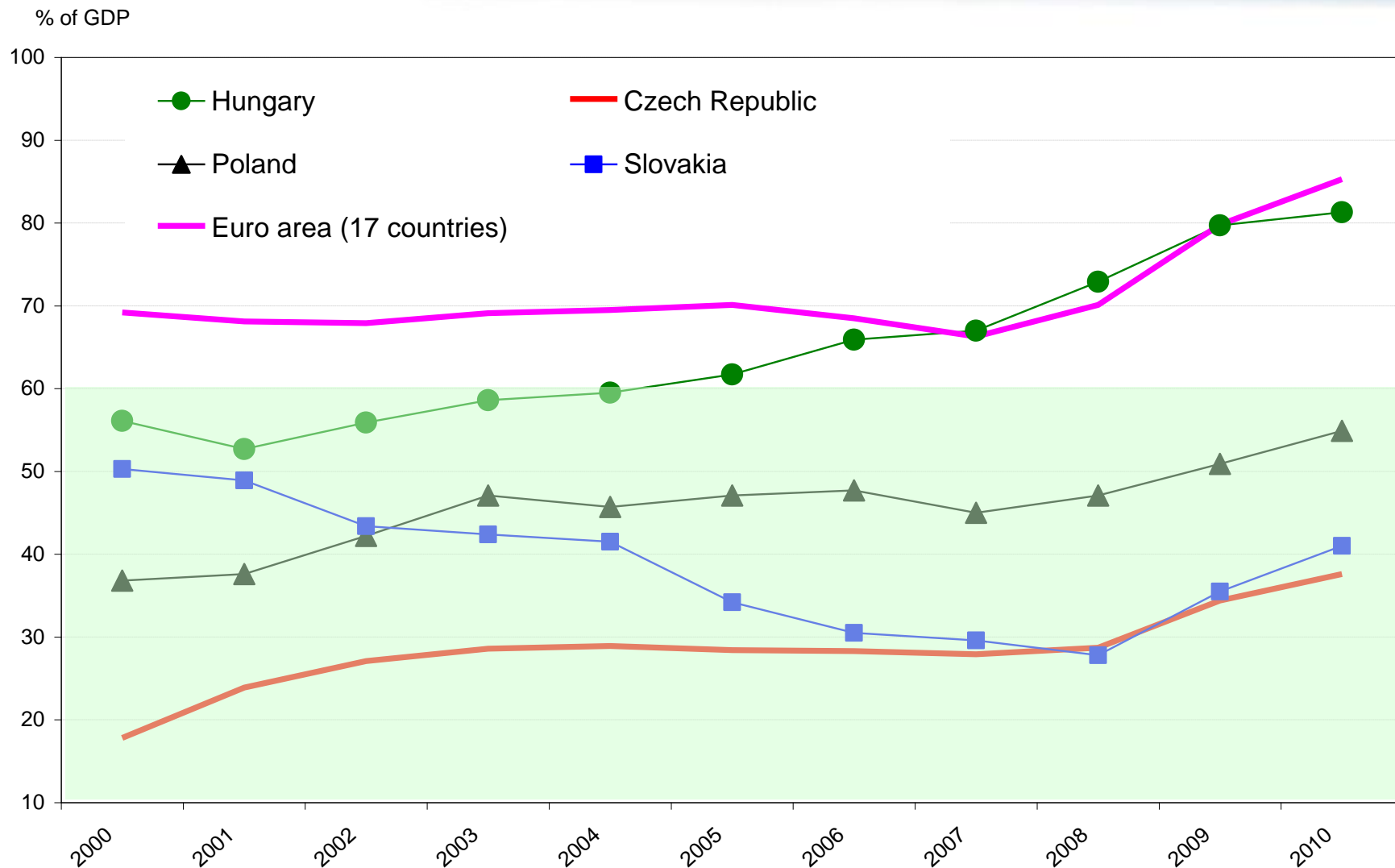
Price level gap vs. EU15, 1995-2010, p.p.



Budget deficit is set to shrink

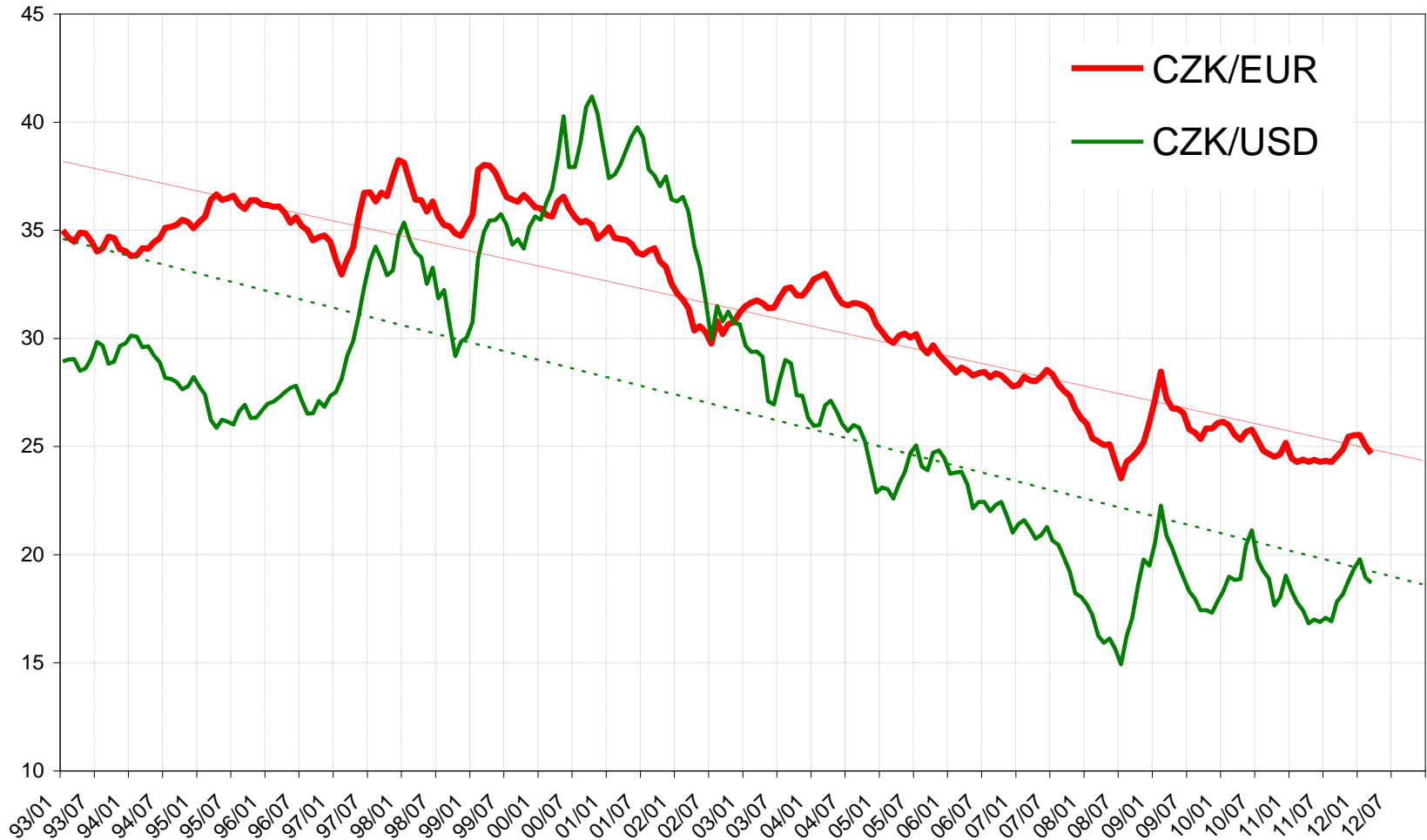


Public debt remains sustainably low

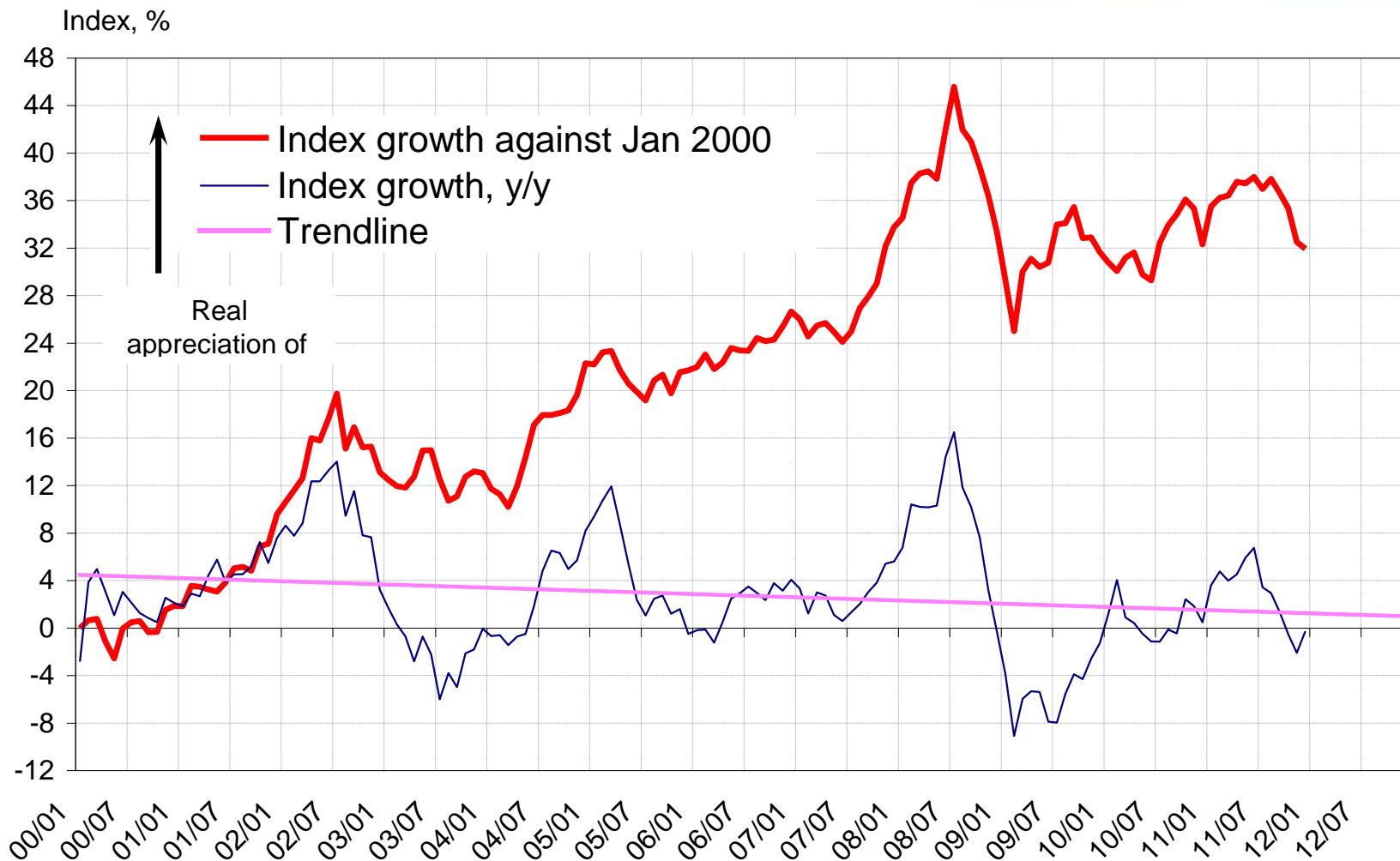


Czech crown has been strengthening ..

monthly average, CZK/LCY



... also in real terms



Outlook: risks are on the downside

| | | 2008 | 2009 | 2010 | Latest | 2011f | 2012f |
|--|-----------------|-------|-------|-------|-------------------------|-------|-------|
| GDP (real) | y/y, % | 3.1 | -4.7 | 2.7 | 0.6 2011Q4 | 1.7 | 0.5 |
| Private consumption (real) | y/y, % | 3.0 | -0.4 | 0.6 | -0.7 2011Q4 | -0.5 | -0.7 |
| Investment (gross fixed capital formation, real) | y/y, % | 1.2 | 3.8 | 0.6 | -1.7 2011Q4 | -1.4 | -1.0 |
| Industrial production | y/y, % | -1.8 | -13.6 | 10.3 | 4.7 Feb-12 | 6.9 | 1.0 |
| Industrial new orders | y/y, % | -2.7 | -17.2 | 16.1 | 10.5 Feb-12 | 5.4 | 1.0 |
| Construction output | y/y, % | 0.0 | -0.9 | -7.1 | -16.0 Feb-12 | -3.5 | -2.0 |
| Retail sales | y/y, % | 2.7 | -4.7 | 1.3 | 1.6 Feb-12 | 1.9 | -0.7 |
| Consumer confidence | e-o-p | -21.0 | -6.8 | -9.3 | -29.5 Mar-12 | -29.8 | -20.0 |
| Inflation | average, y/y, % | 6.3 | 1.0 | 1.5 | 2.2 ^y Feb-12 | 1.9 | 3.5 |
| Current Account (annual basis) | % of GDP | -2.1 | -2.4 | -3.9 | -2.9 2011Q4 | -2.9 | -2.7 |
| Unemployment rate | e-o-p, % | 6.0 | 9.2 | 9.6 | 9.2 Feb-12 | 8.6 | 9.0 |
| CZK/EUR | average | 24.94 | 26.45 | 25.29 | 24.68 Mar-12 | 24.59 | 25.00 |
| 2w CNB repo rate | e-o-p, % | 2.25 | 1.00 | 0.75 | 0.75 Mar-12 | 0.75 | 0.75 |
| 3m PRIBOR | average, % | 4.04 | 2.19 | 1.31 | 1.23 Mar-12 | 1.19 | 1.20 |
| 10y IRS | average, % | 4.23 | 3.69 | 3.04 | 2.25 Mar-12 | 2.84 | 2.65 |
| | | 2008 | 2009 | 2010 | Latest | 2011f | 2012f |
| GDP per capita | euroarea= 100 | 75 | 76 | 74 | x | 74 | 75 |
| Price level | euroarea= 100 | 70 | 66 | 69 | x | 68 | 66 |
| HICP | average, % | 6.3 | 0.6 | 1.2 | 4 ^y Feb-12 | 2.1 | 3.2 |
| Public budgets (ESA-95) | % of GDP | -2.2 | -5.8 | -4.8 | x | -3.1 | -3.3 |
| Public debt (ESA-95) | % of GDP | 28.7 | 34.4 | 38.0 | x | 41.2 | 43.6 |
| Long term interest rate | spread in bps | 65 | 162 | 114 | 127 Feb-12 | 110 | 115 |



Thank you for your
attention.

Martin Kupka
Investment Research
mkupka@csob.cz

www.csob.cz



This non-exhaustive information is based on short-term forecasts for expected developments on the financial markets. CSOB cannot guarantee that these forecasts will materialize and cannot be held liable in any way for direct or consequential loss arising from any use of this document or its content. The document is not intended as personalized investment advice and does not constitute a recommendation to buy, sell or hold investments described herein. Although information has been obtained from and is based upon sources CSOB believes to be reliable, CSOB does not guarantee the accuracy of this information, which may be incomplete or condensed. All opinions and estimates constitute a CSOB judgment as of the data of the report and are subject to change without notice.

25.4.2012