

# Ceska Sporitelna

## *1Q 2005 IFRS Consolidated Results (Unaudited)*

*May 6<sup>th</sup>, 2005*

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# Changes in Accounting Methodology

Starting 1Q 2005 Ceska sporitelna has made several required changes in its accounting methodology; therefore, for comparative purposes, the results of 1Q 2004 were restated in a similar fashion

## IFRS 39

- » Accounting for AFS securities against the Shareholders' Equity instead of Other Operating Result

## Other structural changes

- » Shift of rental income from Other Operating Result to Net Interest Income
- » Shift of costs connected with Mobile Sales Force distribution channel from Other Operating Result to Net Fee and Commission Income
- » Shift of costs connected with social fund from Other Operating Result to General Administrative Expenses

## Resulting adjustments of 1Q 2004 P&L data

- » Net Interest Income + CZK 25 m
- » Net Fee and Commission Income - CZK 27 m
- » General Administrative Expenses - CZK 27 m
- » Other Operating Result - CZK 170 m
  - + CZK 29 m structural changes
  - - CZK 199 m impact of IFRS 39 implementation

# *1Q 2005 Highlights*

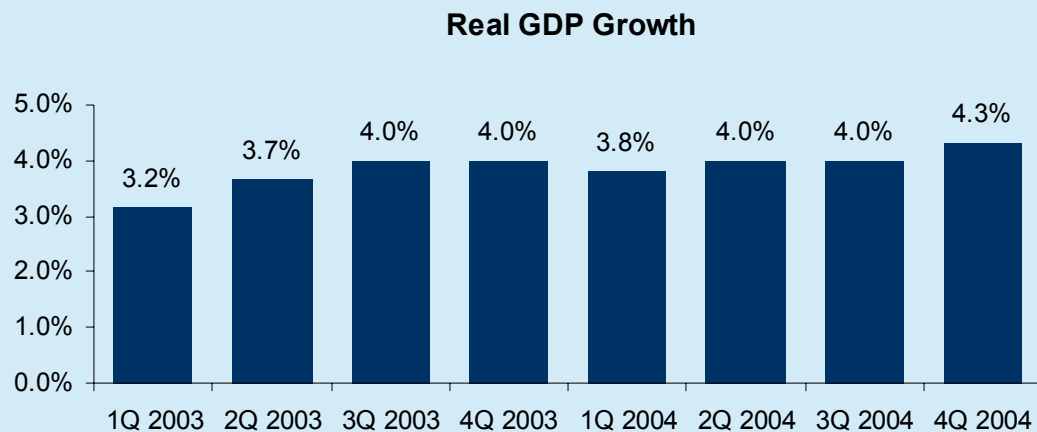
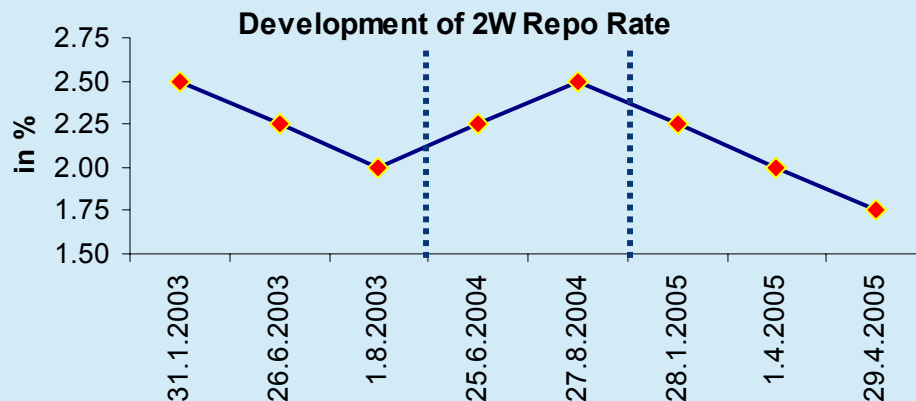
# Macroeconomic Environment in CR

- **Real GDP grew 4.0% in 2004**
- **Volume of mortgage loans to GDP at 6.0% (FY 2004) and growing**
- **Home ownership in CR at 47% (last census in 2001)**
- **Share of current account balance of GDP reached - 5.2% for FY 2004**
- **Central Bank 2W repo rate at 2.00% at 1, April 2005 and 1.75% at 29, April 2005**
  - » 2W repo rate at 2.50% at the end of 2004
- **Inflation in 1Q 2005 decreased to 1.5% from 2.8% (in 2004)**
- **Unemployment at 9.2%\* in FY 2004**
  - » Prague is approximately 4% while Ustecky region is more than 15%

\* according to new methodology

Sources: CSU, CNB

# 2W Repo Rate and Real GDP Growth



# 1Q 2005 Business Highlights

- **Strong macroeconomic performance in Czech Republic**
- **Strong loan growth**

|                     | <u>YTD</u> | <u>YTY</u> |
|---------------------|------------|------------|
| » Corporates        | 6.0%       | 15.9%      |
| » Retail            | 4.2%       | 35.4%      |
| » Private Mortgages | 7.5%       | 59.1%      |
| » Consumer lending  | 0.7%       | 19.9%      |
| » Micro Businesses  | 6.7%       | 35.2%      |

- **Marketing and Product Development**

- » CS is building brand in Czech Republic as the Mortgage Bank through channels (including mortgage centres), pricing, product innovation, and high service quality
- » Loyalty Program associated with credit card is unique and growing rapidly
- » Product packages are attracting new clients to CS. Over 750 ths clients now use these packages

- **Fee and Commission Income increased 9.4%**

- » Increase led by fee income growth from lending business

# *1Q 2005 IFRS Consolidated Results (Unaudited)*

IFRS – International Financial Reporting Standards



# Group Profit & Loss Statement Highlights

- **Operating Profit increased by 6.8% to CZK 2,950 m**
  - » Operating Income grew by 5.9% and operating expenses by 5.2%
- **Net Profit at CZK 2,308 m down 12.4% from 1Q 2004**
  - » Decrease of net profit influenced by extraordinary income from sale of non-life insurance in 1Q 2004 of CZK 1.2 bn after minority interests and taxes. Excluding the CZK 1.2 bn, the underlying growth rate is 56.4%
- **ROE reached 22.7% compared with 28.7% in 1Q 2004 (1Q 2004 inflated by sale of non-life insurance company)**
  - » ROA achieved 1.5% in comparison with 1.8% in 1Q 2004
- **Net Interest Income increased by 4.9% to CZK 4,420 m**
  - » NII grew despite low interest rate environment and maturing high interest bonds; growth driven by increased volumes of client loans and deposits
- **Net Fee and Commission Income grew by 9.4% to CZK 2,185 m**
  - » Higher fee income influenced by lending and security business in 1Q 2005
- **General Administrative Expenses increased by 5.2%**
  - » Expense growth led by Depreciation (increased 17.8%)
  - » Personnel and Other administrative expenses grew by 2.4%
- **Cost/Income ratio improved to 58.2% from 58.5% in 1Q 2004**
  - » Positive result of growing operating income and cost management

# Group Profit & Loss Statement

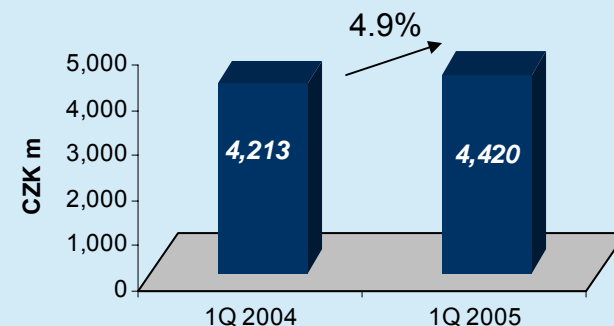
| <i>IFRS, Consolidated, CZK m</i>           | 1Q 2004      |              | 1Q 2005      | % change     |
|--|--------------|--------------|--------------|--------------|
|  | original     | restated     |              |              |
| Net interest income                        | 4,188        | 4,213        | 4,420        | 4.9          |
| Provisions on losses on loans and advances | -307         | -307         | -55          | -82.1        |
| Net fee and commission income              | 2,025        | 1,998        | 2,185        | 9.4          |
| Net profit/(loss) on financial operations  | 378          | 378          | 389          | 2.9          |
| General administrative expenses            | -3,870       | -3,897       | -4,099       | 5.2          |
| Income from insurance business             | 69           | 69           | 55           | -20.3        |
| Other operating income/(expenses)          | 2,833        | 2,663        | 263          | -90.1        |
| <b>Profit/(loss) before taxes</b>          | <b>5,316</b> | <b>5,117</b> | <b>3,158</b> | <b>-38.3</b> |
| Income tax expense                         | -1,534       | -1,509       | -827         | -45.2        |
| <b>Profit/(loss) after taxes</b>           | <b>3,782</b> | <b>3,608</b> | <b>2,331</b> | <b>-35.4</b> |
| Minority interests                         | -974         | -974         | -23          | -97.6        |
| <b>Net profit/(loss) for the year</b>      | <b>2,809</b> | <b>2,634</b> | <b>2,308</b> | <b>-12.4</b> |
| Operating income                           |              | 6,658        | 7,049        | 5.9          |
| Operating expenses                         |              | -3,897       | -4,099       | 5.2          |
| <b>Operating result</b>                    |              | <b>2,761</b> | <b>2,950</b> | <b>6.8</b>   |
| <b>Cost / Income Ratio (%)</b>             |              | <b>58.5%</b> | <b>58.2%</b> |              |
| <b>ROE (%)</b>                             |              | <b>28.7%</b> | <b>22.7%</b> |              |

# Group Profit & Loss Statement

## Net Interest Income up by 4.9%

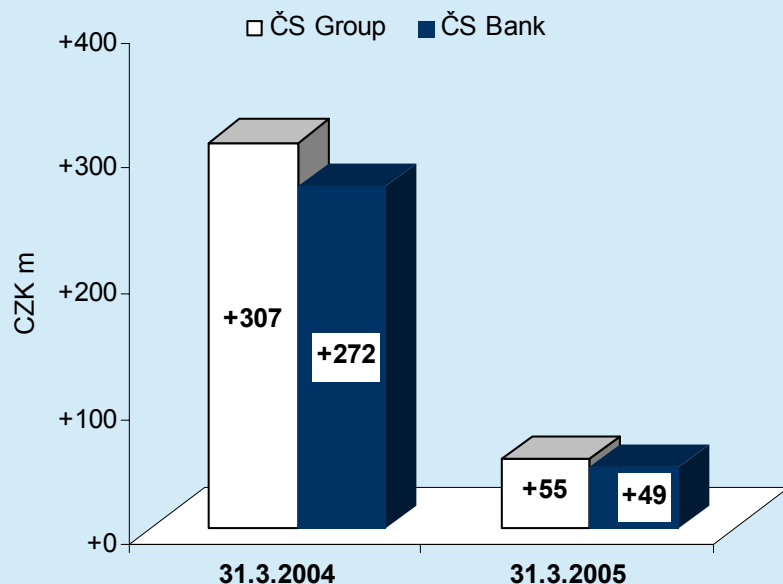
- » **Growing volumes of client loans and deposits**
  - Client loans up by 4.3% (without loans to CKA) and client deposits by 3.1% (YTD comparison)
- » **Negative impact of matured HTM bonds of approx. CZK 23 m**
- » **Higher interest expense from amounts owed to customers are influenced by higher interest rates on deposits in 1Q 2005 than in 1Q 2004 (in connection with two interest rate hikes in 2004)**
- » **Net interest margin on average interest bearing assets stable at 3.5%**

| <i>IFRS, Consolidated, CZK m</i>                         | 1Q 2004       | 1Q 2005       | % change    |
|--|---------------|---------------|-------------|
| <b>Interest income</b>                                   | <b>5,638</b>  | <b>6,396</b>  | <b>13.4</b> |
| - from loans and advances to financial institutions      | 654           | 607           | -7.2        |
| - from loans and advances to customers                   | 3,134         | 3,665         | 16.9        |
| - from debt securities and other fixed income securities | 1,673         | 1,848         | 10.5        |
| - other interest income                                  | 177           | 276           | 55.9        |
| <b>Interest expense</b>                                  | <b>-1,425</b> | <b>-1,976</b> | <b>38.7</b> |
| - from amounts owed to financial institutions            | -236          | -239          | 1.3         |
| - from amounts owed to customers                         | -1,088        | -1,356        | 24.6        |
| - from bonds in issue                                    | -20           | -96           | 380.0       |
| - other interest expense                                 | -81           | -285          | 251.9       |



# Group Profit & Loss Statement

## Provisions on Losses on Loans and Advances



➤ Total Group net provision creation (YTD)  
+ CZK 55 m

➤ Bank + CZK 49 m

➤ Subsidiaries + CZK 6 m

### Balance impact (CZK m, IFRS)

| CS Bank Loan loss reserves | Specific provisions | General provisions | Total provisions |
|----------------------------|---------------------|--------------------|------------------|
| Balance 01.01.2005         | 5,578               | 0                  | 5,578            |
| Creation total             | +49                 | 0                  | +49              |
| Write offs                 | -17                 | 0                  | -17              |
| Balance neutral effects    | +9                  | 0                  | +9               |
| Transfer                   | 0                   | 0                  | 0                |
| Balance 31.3.2005          | 5,619               | 0                  | 5,619            |

### Profit&Loss impact (CZK m, IFRS)

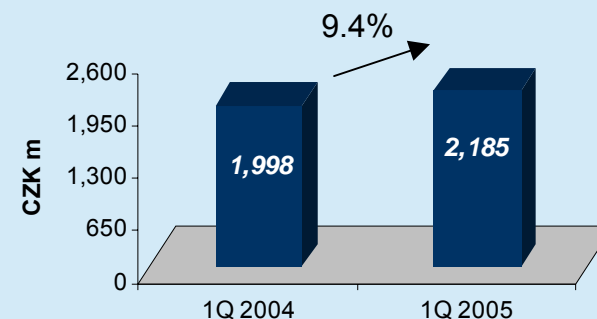
| CS Bank Loan loss reserves | Specific provisions | General provisions | Total provisions |
|----------------------------|---------------------|--------------------|------------------|
| Creation (+)/Release (-)   | +309                | 0                  | +309             |
| Recovery                   | -260                | 0                  | -260             |
| IFRS correction            | 0                   | 0                  | 0                |
| Creation total             | +49                 | 0                  | +49              |

# Group Profit & Loss Statement

## Net Fee and Commission Income Grew by 9.4%

- » Growth of fee and commission income mainly driven by lending and security business
- » Accelerating loan portfolio growth caused 19.6% increase of fee income from lending business
  - Loans to customers (excluding CKA) grew by 4.3% (YTD) and 24.6% in YTY comparison
  - Main driver of loan portfolio growth was private individual mortgage loans with 59.1% YTY increase
- » Increase of fees from security business thanks to increase of assets managed by CS Group
  - Assets under management increased by 6.9 % (YTD) to CZK 63.1 bn
  - Volume of security business for clients recorded five times growth to CZK 1.5 bn

| <i>IFRS, Consolidated, CZK m</i>  | 1Q 2004      | 1Q 2005      | % change     |
|-----------------------------------|--------------|--------------|--------------|
| <b>Fee and commission income</b>  | <b>2,161</b> | <b>2,324</b> | <b>7.5</b>   |
| - from lending business           | 363          | 434          | 19.6         |
| - from payment transactions       | 1,237        | 1,327        | 7.3          |
| - from security business          | 139          | 187          | 34.5         |
| - other                           | 422          | 376          | -10.9        |
| <b>Fee and commission expense</b> | <b>-163</b>  | <b>-139</b>  | <b>-14.7</b> |
| - from lending business           | -8           | -5           | -37.5        |
| - from payment transactions       | -3           | -45          | 1,400.0      |
| - from security business          | -1           | -8           | 700.0        |
| - other                           | -151         | -81          | -46.4        |



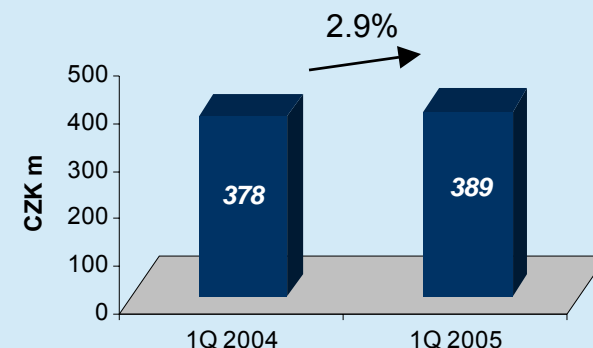
# Group Profit & Loss Statement

## Net Profit on Financial Operations Stable

- » Stable trading result reflects unchanged market risk appetite of the Bank between 1Q 2004 and 1Q 2005
- » Further convergence of the Czech economy to EMU resulted in lower domestic market volatility and consequently fewer trading opportunities
- » Lower realised and unrealised gains from securities because of lower average interest rates and reduction of portfolio volume
- » Rapid growth of FX gains by 110.4 % mainly due to cross interest rate swaps

*IFRS, Consolidated, CZK m*

|  | 1Q 2004 | 1Q 2005 | % change |
|--|---------|---------|----------|
| Realised and unrealised profit on securities trading | 340     | 141     | -58.5    |
| Derivative instruments                               | -178    | -138    | -22.5    |
| FX gains   | 173     | 364     | 110.4    |
| Other  | 43      | 22      | -48.8    |



# Group Profit & Loss Statement

## General Administrative Expenses up by moderate 5.2%

### » Personnel expenses grew by 4.0%

- Only moderate growth despite base salaries increase of 5.7% (impact of CZK 33 m) and higher related social and health insurance (CZK 11 m)
- Number of employees slightly down at 11,586 for whole CS group

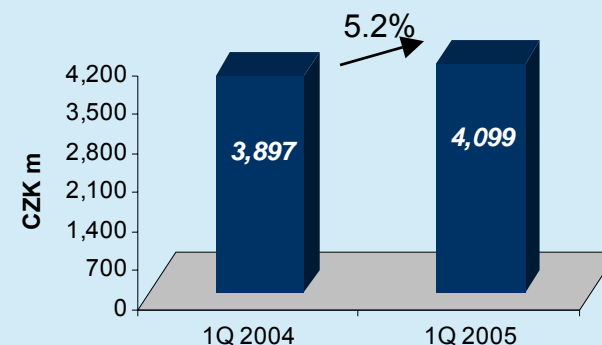
### » Continued expense management largely compensated for the negative impact of VAT changes

- Impact of VAT increase of CZK 70 m into other administrative expenses
- Expense management activities in areas of telecommunications, data services, office equipment, marketing expenses, etc.

### » Higher depreciation as a result of the Bank's investments in prior years for property improvements, automotive and customer service purposes

*IFRS, Consolidated, CZK m*

|                               | 1Q 2004 | 1Q 2005 | % change |
|-------------------------------|---------|---------|----------|
| Personnel expenses            | 1,682   | 1,749   | 4.0      |
| Other administrative expenses | 1,514   | 1,524   | 0.7      |
| Depreciation                  | 701     | 826     | 17.8     |



# Group Profit & Loss Statement

## Other Operating Income / (Expenses)

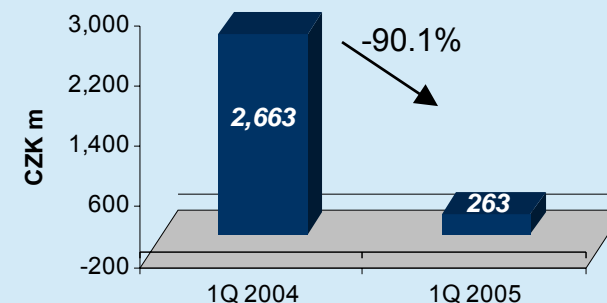
### OTHER OPERATING INCOME:

- » One-off income from sale of non-life insurance business in amount of CZK 2.9 bn (before tax and minority interests) in 1Q 2004
- » Higher income from MTM-measured financial assets due to selling gains from AFS portfolio

### OTHER OPERATING EXPENSES:

- » Lower contribution into Deposit Insurance Fund resulting from decrease of mandatory contribution rate
  - DIF contribution for bank decreased from 0.2% to 0.1% of primary deposits and for building society from 0.1% to 0.05%
  - Absolute impact from decreasing rate at CZK 85 m
- » Decrease of other expenses influenced mainly by higher sponsoring expenses booked in 1Q 2004

| <i>IFRS, Consolidated, CZK m</i>                       | 1Q 2004      | 1Q 2005     | % change     |
|--|--------------|-------------|--------------|
| <b>Other operating income</b>                          | <b>372</b>   | <b>655</b>  | <b>76.3</b>  |
| - income from real estate                              | 41           | 38          | -7.3         |
| - MTM-measured financial assets                        | 120          | 471         | 292.5        |
| - other income   | 211          | 146         | -30.6        |
| <b>Other operating expenses</b>                        | <b>-616</b>  | <b>-392</b> | <b>-36.4</b> |
| - Deposit Insurance Fund contribution                  | -182         | -97         | -46.7        |
| - expenses from real estate                            | 0            | 0           | n/a          |
| - other expenses                                       | -434         | -295        | -32.0        |
| <b>Income from sale of non-life insurance business</b> | <b>2,907</b> | <b>0</b>    | <b>n/a</b>   |





# Group Balance Sheet

## Highlights\*

- **Total assets increased by 6.0% to CZK 616.7 bn**
- **Loans to customers (excl. CKA) increased by 4.3% (YTD) to CZK 222.7 bn (by 16.1% in YTY comparison)**
  - » Total loans (loans to CKA and loans to customers) increased by 4.6% (YTD) to CZK 250.3 bn
- **Total client funds under CS Group management rose by 3.7% to CZK 519.6 bn**
  - » Amounts owed to customers grew by 3.1% to CZK 458.5 bn
  - » Balance of deposits on anonymous passbooks at the end of 1Q 2005 was CZK 5.9 bn
- **Loans to Deposits ratio improved to 54.6% from 53.8% in 2004**
- **Increase of issued bonds by 16.0% to CZK 22.8 bn**
  - » Driven mainly by mortgage bond issue
- **Group capital adequacy (BIS) at 12.9%**
  - » Group capital adequacy according to CNB (parent bank only) at 9.1%

\* *Comparison between 31/12/2004 and 31/03/2005*

# Group Balance Sheet

## Assets

*IFRS, Consolidated, CZK m*

|  | 31/12/04       |                | 31/03/05       | % Change   |
|--|----------------|----------------|----------------|------------|
|  | original       | restated       |                |            |
| <b>Total Assets</b>                          | <b>580,394</b> | <b>581,780</b> | <b>616,664</b> | <b>6.0</b> |
| Cash and balances with the CNB               | 18,128         | 18,128         | 16,131         | -11.0      |
| Loans and advances to financial institutions | 77,112         | 77,112         | 95,196         | 23.5       |
| Loans to Czech Consolidation Agency          | 25,843         | 25,843         | 27,550         | 6.6        |
| Loans and advances to customers              | 213,446        | 213,446        | 222,707        | 4.3        |
| Provision for losses on loans and advances   | -7,165         | -7,165         | -7,208         | 0.6        |
| Trading securities                           | 30,292         | 30,292         | 39,418         | 30.1       |
| Securities available for sale                | 37,224         | 0              | 0              | n/a        |
| MTM-Measured Assets                          | 0              | 51,186         | 49,569         | -3.2       |
| Investment securities                        | 149,992        | 137,416        | 133,691        | -2.7       |
| - treasury bills and listed debts securities | 136,570        | 123,418        | 122,195        | -1.0       |
| - other                                      | 13,422         | 13,998         | 11,496         | -17.9      |
| Other assets                                 | 35,522         | 35,522         | 39,610         | 11.5       |

# Group Balance Sheet

## Liabilities and Shareholders' Equity

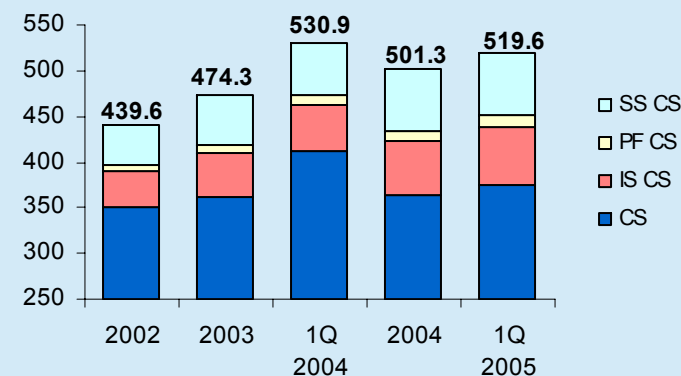
| <i>IFRS, Consolidated, CZK m</i>                  | 31/12/04       |                | 31/03/05       | % Change   |
|---|----------------|----------------|----------------|------------|
|   | original       | restated       |                |            |
| <b>Total Liabilities and Shareholders' Equity</b> | <b>580,394</b> | <b>581,780</b> | <b>616,664</b> | <b>6.0</b> |
| Amounts owed to financial institutions            | 32,905         | 32,905         | 38,463         | 16.9       |
| Amounts owed to customers                         | 444,771        | 444,771        | 458,457        | 3.1        |
| Bonds in issue                                    | 19,649         | 19,649         | 22,800         | 16.0       |
| Other liabilities                                 | 43,094         | 43,455         | 54,547         | 25.5       |
| Minority interests                                | 1,696          | 1,701          | 757            | -55.5      |
| <b>Shareholders' equity</b>                       | <b>38,279</b>  | <b>39,299</b>  | <b>41,640</b>  | <b>6.0</b> |

# Total Client Funds under CS Group Management

- » **More than 28% of client funds managed by daughter companies**
  - Increase of this share shows the shift of clients' preferences towards more sophisticated products in current low interest rate environment
- » **Increase of total client funds under management by 3.7% (YTD) to CZK 519.6 bn**
  - Client deposits in parent bank grew by 3.4%
- » **Investment company (ISCS) and pension fund (PFCS) recorded the highest increase of client funds under management around at 5% (YTD)**
- » **Very positive result can be seen also in building society (SSCS)**
  - Increase of client funds by 1.6% (YTD)

| <i>IFRS, in CZK bn</i>           | 2002         | 2003         | 1Q 2004      | 2004         | 1Q 2005      |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|
| CS - parent bank                 | 350.8        | 360.7        | 411.4        | 362.9        | 375.4        |
| IS CS - asset management company | 39.7         | 48.3         | 51.3         | 59.0         | 63.1         |
| PF CS - pension fund             | 7.0          | 9.1          | 9.8          | 12.0         | 12.6         |
| SS CS - building society         | 42.1         | 56.1         | 58.4         | 67.4         | 68.5         |
| <b>Total</b>                     | <b>439.6</b> | <b>474.2</b> | <b>530.9</b> | <b>501.3</b> | <b>519.6</b> |

Total client funds

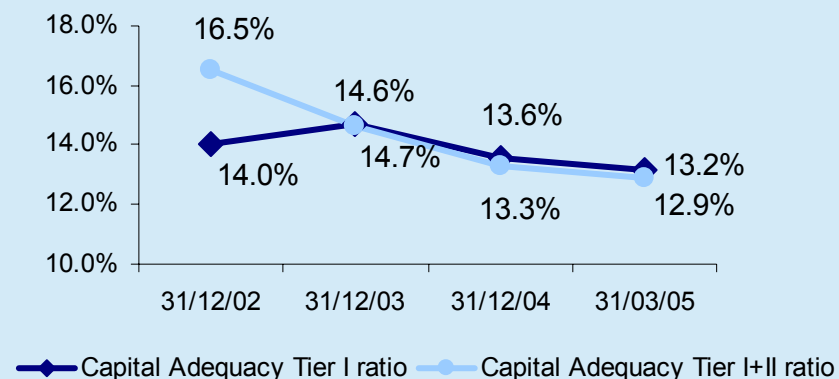


# Capital Adequacy (BIS)

- » **Decrease of capital adequacy ratio due to higher growth of risk weighted assets than growth of capital**
  - Risk weighted assets grew by 6.1%; growth of capital at 2.3%
- » **Increase of Tier I capital due to higher amount of retained profit in 1Q 2005**
- » **Annual General Meeting approved dividend pay-out of CZK 30 per share – it represents total amount of CZK 4,560 m**
  - Dividend pay-out ratio thus reached 52.7% of FY 2004 net profit
- » **Reduction of Tier II capital between 2002 and 2003 caused by redemption of subordinated debt in amount of CZK 5,500 m in December 2003**

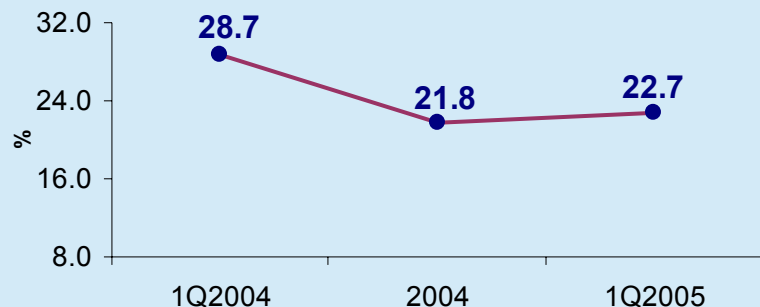
| CS Group, CZK m                         | 31/12/02     | 31/12/03     | 31/12/04     | 31/03/05     |
|---|--------------|--------------|--------------|--------------|
| Tier I Capital                          | 30,947       | 35,787       | 39,964       | 41,028       |
| Tier I+II Capital                       | 36,375       | 35,588       | 39,164       | 40,069       |
| Risk Weighted Assets                    | 201,813      | 224,332      | 273,386      | 290,041      |
| Capital requirement to market risks     | 1,481        | 1,539        | 1,713        | 1,725        |
| <b>Capital Adequacy Tier I ratio</b>    | <b>14.0%</b> | <b>14.7%</b> | <b>13.6%</b> | <b>13.2%</b> |
| <b>Capital Adequacy Tier I+II ratio</b> | <b>16.5%</b> | <b>14.6%</b> | <b>13.3%</b> | <b>12.9%</b> |

**Capital Adequacy Development**  
(according to BIS)

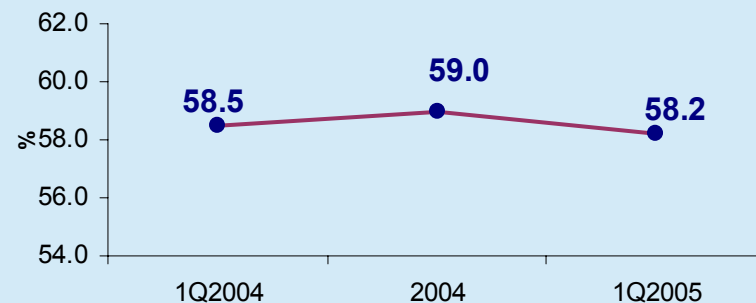


# Financial Ratios Development

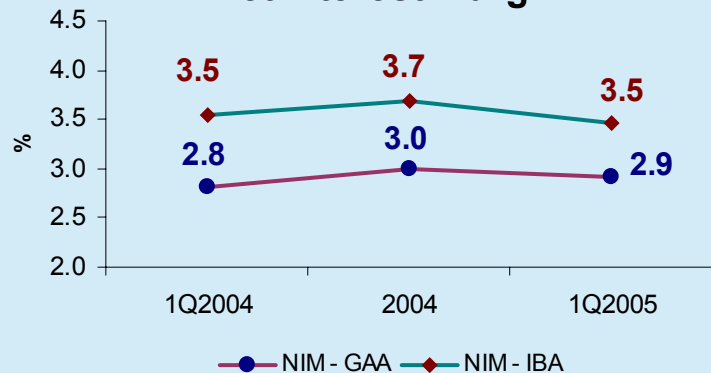
## ROE



## Cost / Income Ratio

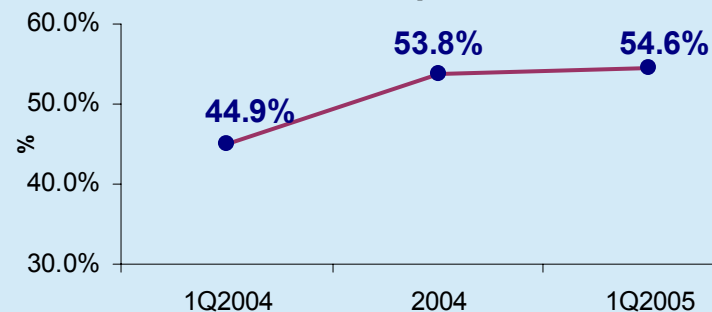


## Net Interest Margin



GAA = Gross average assets  
 IBA = Average interest bearing assets

## Loans\* to Deposits Ratio



\* Loans include Loans to CKA and Loans and advances to customers

# *Bank Loan Portfolio*

## *1Q 2005*

*Unconsolidated (IFRS)*

# Group Portfolio Highlights in 1Q 2005

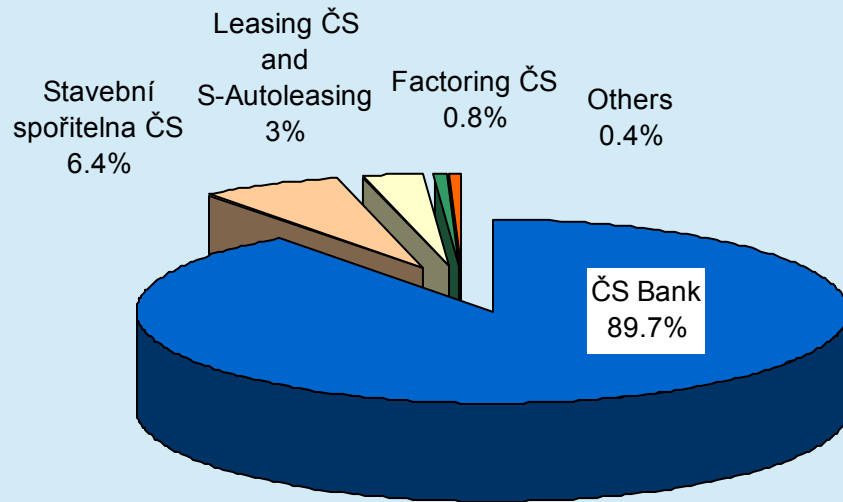
- **The highest first quarter growth ever**
  - » **Group loans (excl.CKA) increased + CZK 9.3 bn (+4.3%) YTD compared to + CZK 0.6 bn YTD in 1Q 2004**
- **Retail loans in Bank exceeded for the first time the amount of CZK 100 bn**
- **Retail mortgages\* continue to increase**
  - » **+ CZK 3.5 bn YTD compared to + CZK 3.1 bn in 1Q 2004 (Bank only)**
- **Stable loan quality both in absolute and relative terms**
  - » **High risk loans CZK 5.7 bn or 2.5% (2.6% FY 2004)**

\* Mortgage loans to Private clients, Micros and Small municipalities



# Group Portfolio Structure and Development Overview

Group Loans to Customers Structure (1Q 05)



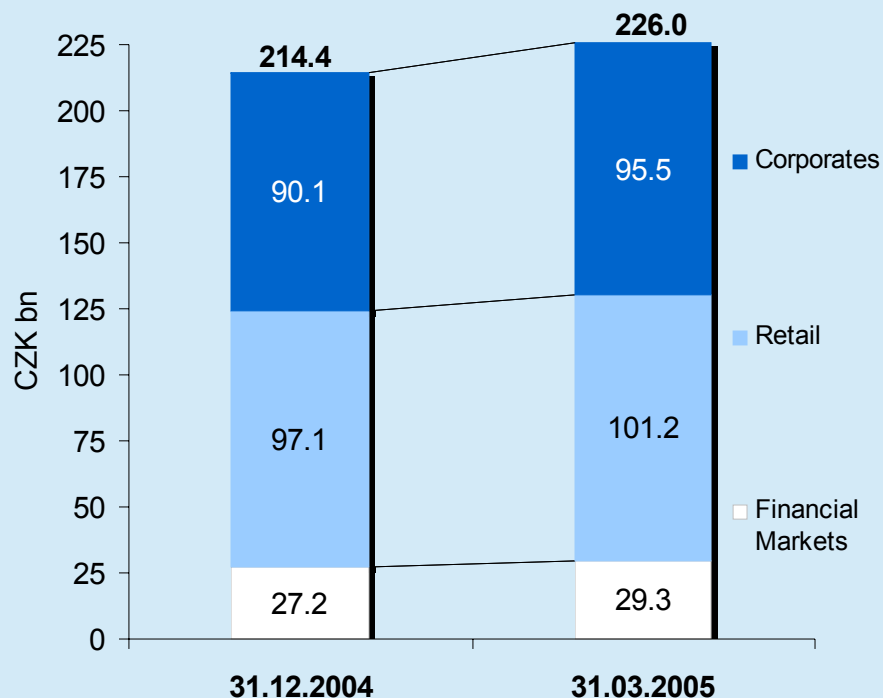
- Loan growth + CZK 9.3 bn YTD derives mainly from CS Bank (+ CZK 9.4 bn excl. ČKA)
- Increase of Stavebni sporitelna + CZK 0.6 bn YTD slightly above + CZK 0.5 bn of 1Q 2004
- Factoring CS decreased seasonally - CZK 0.5 bn YTD
  - » Factoring business culminates in summer (building industry) and in the last quarter of the year (Christmas shopping in retail chains)
  - » Still number 1 on market with 29.2% share (YE 2004 28.8 %)\*

\* As of 31.3.2005, members of Association of Factoring Companies only (approximately 80 % of total Czech factoring market)

| in CZK m, IFRS                        | 31/12/2004     | 31.03.2005     | YTD growth    |             |
|---------------------------------------|----------------|----------------|---------------|-------------|
| I. ČS Bank                            | 214,432        | 225,991        | 11,559        | 5.4%        |
| ↳ of which ČKA                        | 25,843         | 27,550         | 1,707         | 6.6%        |
| II.1. Stavební spořitelna ČS          | 15,458         | 16,047         | 589           | 3.8%        |
| II.2. Leasing ČS and S-Autoleasing    | 6,961          | 6,713          | -248          | -3.6%       |
| II.3. Factoring ČS                    | 2,505          | 2,022          | -483          | -19.3%      |
| II.4. Other subsidiaries              | 790            | 1,098          | 308           | 39.0%       |
| III. Consolidation items              | -855           | -1,613         | n.a.          | n.a.        |
| <b>Loans excl. ČKA (consolidated)</b> | <b>213,446</b> | <b>222,707</b> | <b>9,260</b>  | <b>4.3%</b> |
| <b>Total Loans (consolidated)</b>     | <b>239,289</b> | <b>250,256</b> | <b>10,967</b> | <b>4.6%</b> |

# Loan Structure and Development

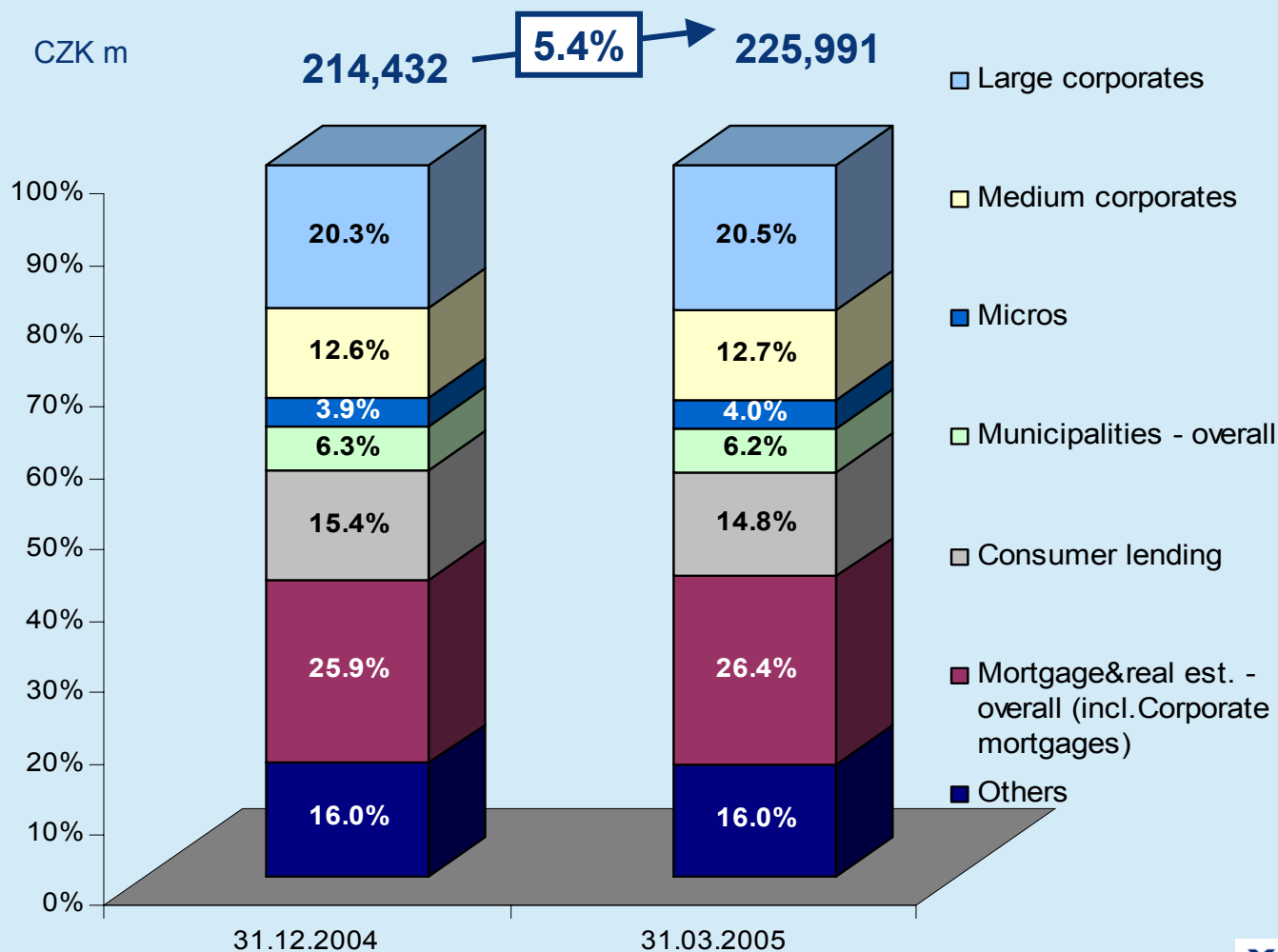
## CS only



- **Loan growth of Corporates and Retail in 1Q 2005 increased + CZK 9.4 bn (+5%) YTD**
  - » Compared to + CZK 2.1 bn growth in 1Q 2004
- **Growth driver (YTD)**
  - » Private mortgages + CZK 2.9 bn
  - » Large corporates + CZK 2.8 bn mainly due to temporary drawing of credit lines (overdrafts and revolvings)
  - » Medium corporates + CZK 1.6 bn
  - » Micros + CZK 0.6 bn
- **Financial markets growth + CZK 2.1 bn is expected to be temporary**
  - » Revolving withdrawal, repaid in April 05'

| in CZK m, IFRS                         | 31.12.2004     |               | 31.03.2005     |               | YTD Growth    |             |
|--|----------------|---------------|----------------|---------------|---------------|-------------|
|  | Outstand.      | Share         | Outstand.      | Share         | Outstand.     | Rate        |
| <b>I. CORPORATE &amp; RETAIL (1+2)</b> | <b>187,241</b> | <b>87.3%</b>  | <b>196,671</b> | <b>87.0%</b>  | <b>9,430</b>  | <b>5.0%</b> |
| 1. CORPORATES                          | 90,112         | 42.0%         | 95,499         | 42.3%         | 5,386         | 6.0%        |
| 2. RETAIL                              | 97,128         | 37.1%         | 101,172        | 44.8%         | 4,043         | 4.2%        |
| <b>II. FINANCIAL MARKETS</b>           | <b>27,191</b>  | <b>20.9%</b>  | <b>29,320</b>  | <b>13.0%</b>  | <b>2,129</b>  | <b>7.8%</b> |
| <b>TOTAL LOANS TO CUSTOMERS</b>        | <b>214,432</b> | <b>108.2%</b> | <b>225,991</b> | <b>100.0%</b> | <b>11,559</b> | <b>5.4%</b> |

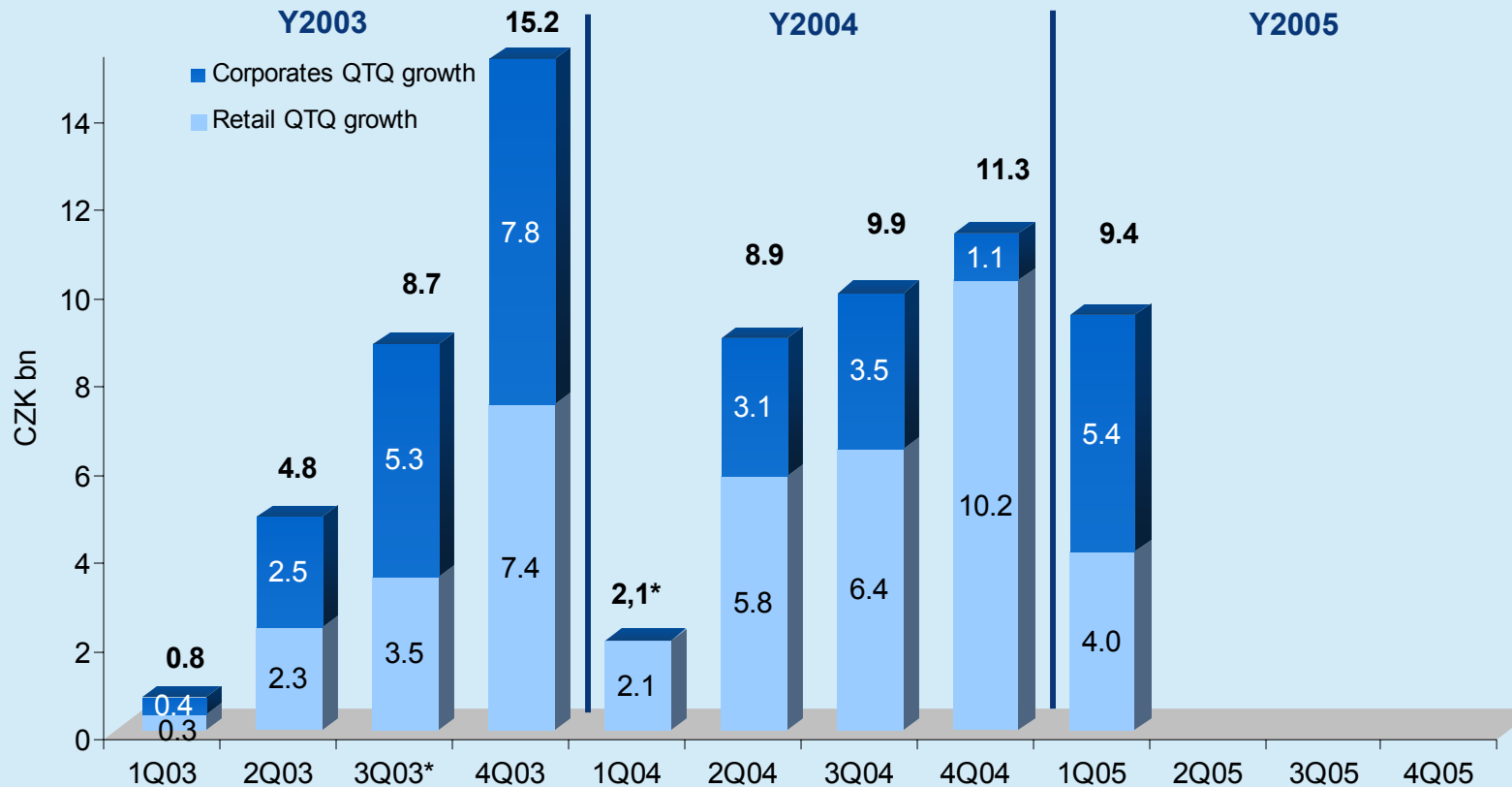
# Structure of Bank Loan Portfolio



# Loan Structure and Development

## Seasonality in Growth of Corporates and Retail (QTQ)

1Q 2005 growth significantly higher than in previous years: Is the seasonality of low volumes in first quarter finally flattening out?

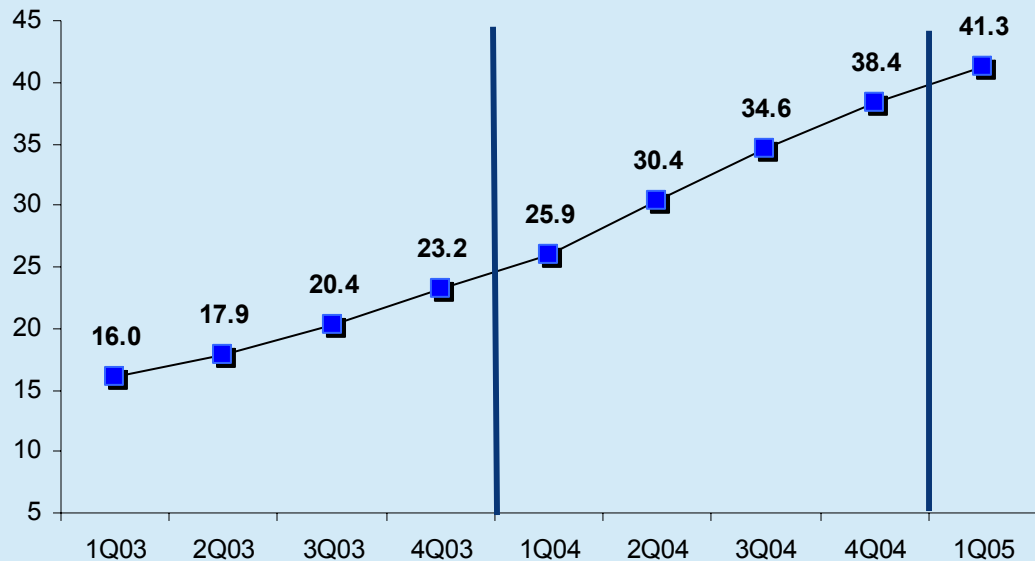


\* Corporate portfolio in 1Q04 influenced by prepayment of a project finance loan

# Loan Structure and Development

## Private Individuals (PI) Mortgages

Private mortgages by Quarters since Y03  
IFRS, CZK bn



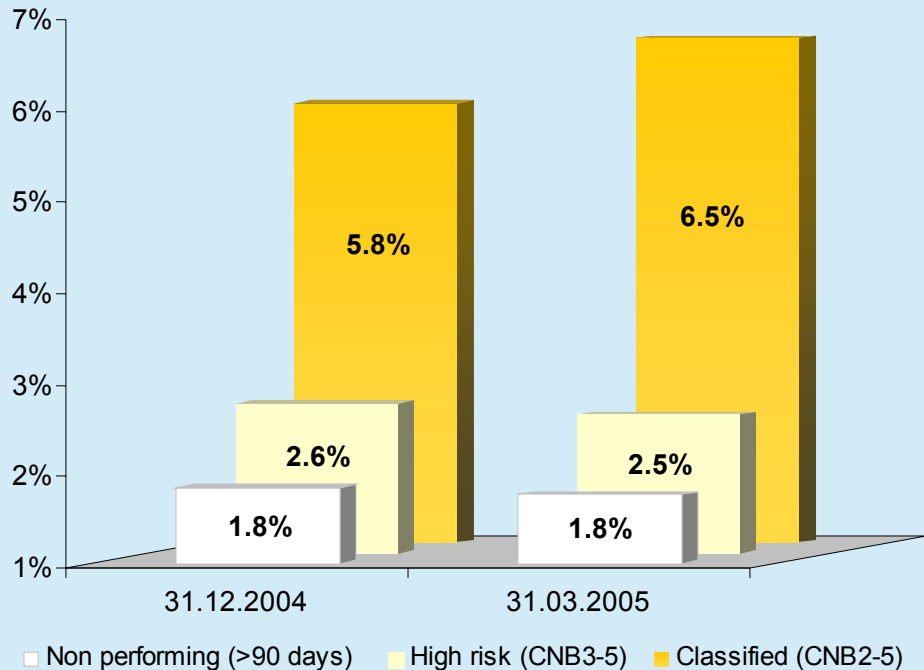
- Growth of 1Q 2005 + CZK 2.9 bn exceeded the growth of 1Q 2004 (+ CZK 2.7 bn) slightly
  - » YTY increase + CZK 15.3 bn or +59.1%
- Loan purpose
  - » 55.6% in favour of property purchase (54% YE 2004, 49% YE 2003)
  - » 34.2% building
  - » 10.2% reconstruction
- Average maturity of loan contract grew up to 17.3 years (17.1 YE 2004)

Quality of PI mortgage loans portfolio

| in CZK m, IFRS                | 31/12/2004    |               | 31/03/2005    |               |
|-------------------------------|---------------|---------------|---------------|---------------|
|                               | Outstand.     | Share         | Outstand.     | Share         |
| <b>Total PI mortgage</b>      | <b>38,400</b> | <b>100.0%</b> | <b>41,286</b> | <b>100.0%</b> |
| Classified mortgages (CNB2-5) | 533           | 1.4%          | 651           | 1.6%          |
| High risk mortgages (CNB3-5)  | 251           | 0.7%          | 235           | 0.6%          |
| Non performing (>90d.overdue) | 184           | 0.5%          | 173           | 0.4%          |

# Loan Portfolio Quality

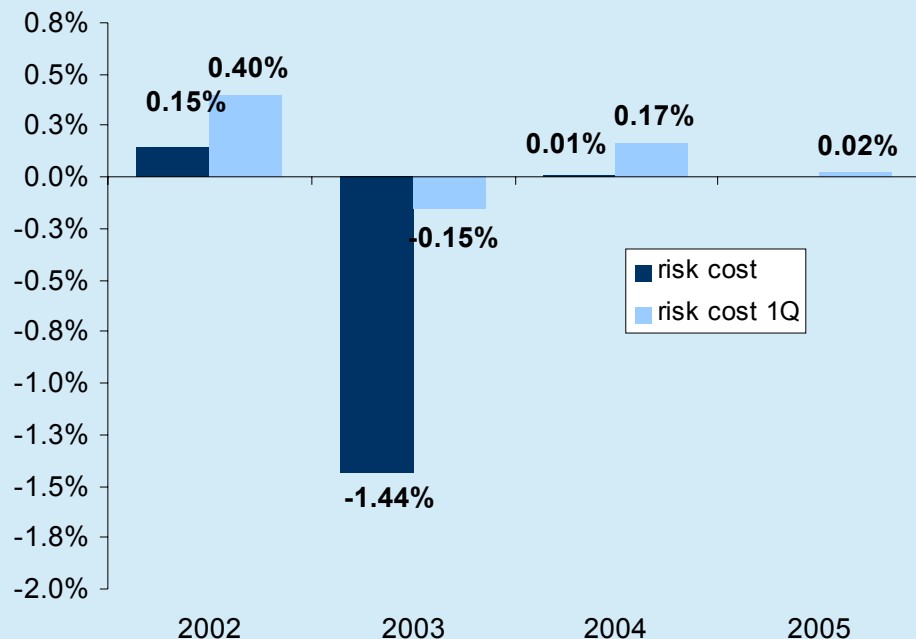
## Overall Bank



- **Stable volume of high risk and non performing loans**
  - » **Small technical overdues at the end of 1Q 2005 (settled in April) temporarily increased CNB2 loans (+ CZK 2.3 bn)**

| in CZK m, IFRS            | 31.12.2004     |               | 31.03.2005     |               |
|---------------------------|----------------|---------------|----------------|---------------|
|                           | Outstanding    | Share         | Outstanding    | Share         |
| <b>Loans to customers</b> | <b>214,432</b> | <b>100.0%</b> | <b>225,991</b> | <b>100.0%</b> |
| Classified (CNB2-5)       | 12,453         | 5.8%          | 14,743         | 6.5%          |
| High risk (CNB3-5)        | 5,652          | 2.6%          | 5,695          | 2.5%          |
| Non performing (>90 days) | 3,944          | 1.8%          | 3,974          | 1.8%          |

# Credit Risk Cost Development



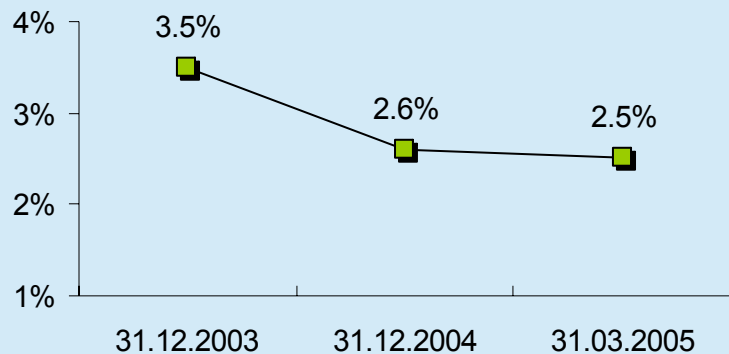
## Overall Risk cost profile normalizes

- Total underlying\* Risk costs +0.02% YTD lower than in 1Q 2004 (+0.17%) mainly due to higher recoveries
  - » CORPORATES -0.12% YTD (+0.15% in 1Q 2004)
  - » RETAIL +0.16% YTD (+0.24% in 1Q 2004)

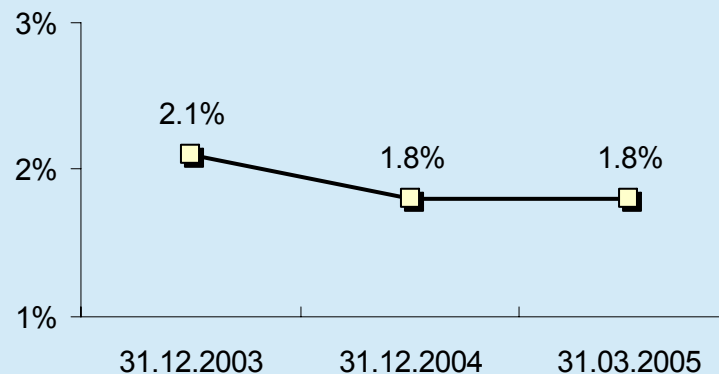
Note: Overall risk costs relate to Customer Loan Portfolio excluding CKA  
\* Concerns specific provisions only

# Key Ratios of Loan Portfolio Quality

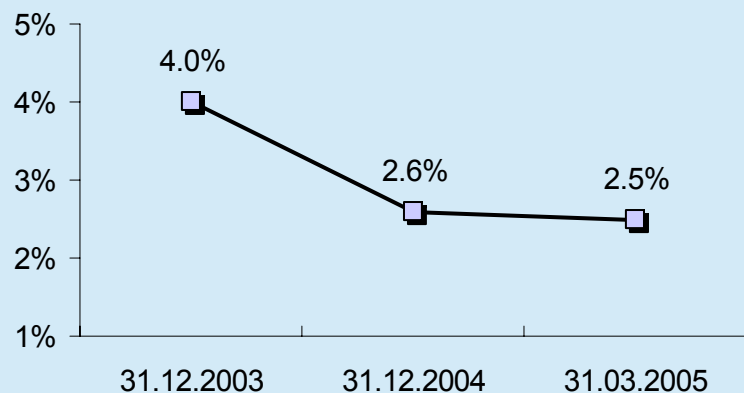
High risk loans share



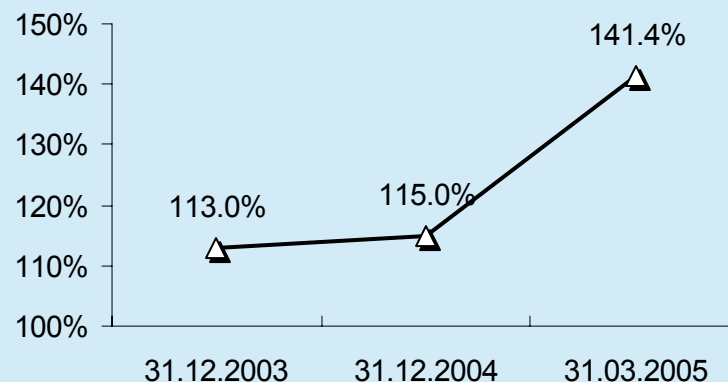
Non performing loans share



Loan loss reserves to Total loans



Specific provisions to Non performing loans



Note: within IFRS implementation in accounting 1 045 m of general provisions was allocated into specific provisions



# *Outlook for 2005*

# CS Confirms its Targets for 2005

- » **Net Profit after Taxes\*** **10% growth**
- » **ROE** **above 20%**
- » **Cost/Income Ratio** **55% - 56%**

\* Base in 2004 includes gain from sale of non-life insurance in amount of CZK 1.2 bn

# *Appendix*

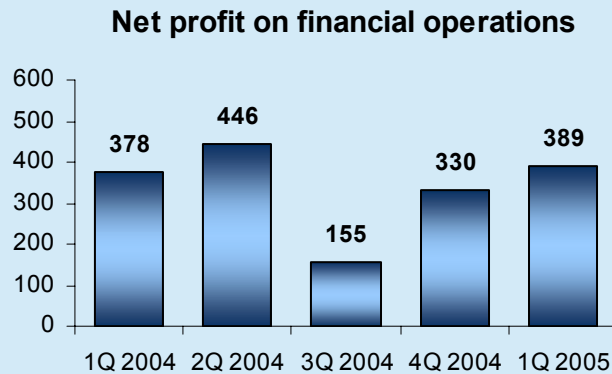
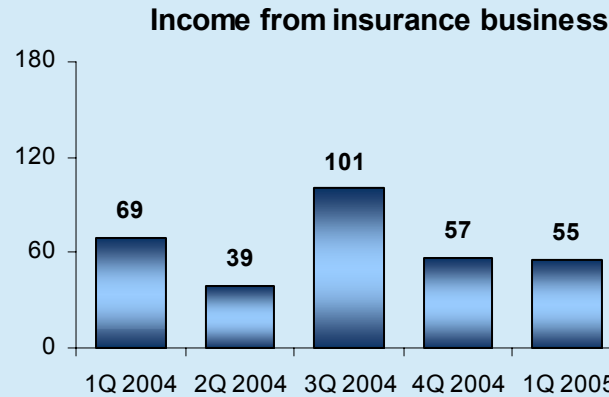
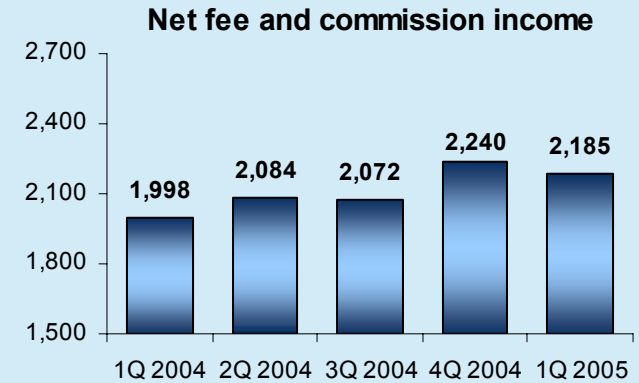
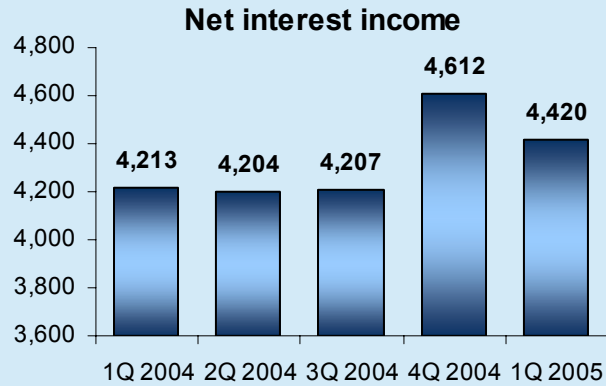
# Macroeconomic Framework

| Yearly (average)           | 2001   | 2002   | 2003   | 2004   | 2005F | 2006F  |
|----------------------------|--------|--------|--------|--------|-------|--------|
| <b>Demand and Supply</b>   |        |        |        |        |       |        |
| GDP (real %)               | 2.7    | 1.5    | 3.7    | 4.0    | 4.3   | 4.2    |
| Consumption (real %)       | 2.8    | 2.7    | 4.9    | 2.4    | 3.0   | 2.9    |
| Investments (real %)       | 5.4    | 3.5    | 4.8    | 9.1    | 5.8   | 6.5    |
| Export (real %)            | 11.8   | 2.2    | 7.3    | 20.8   | 10.5  | 11.4   |
| Import (real %)            | 11.6   | 5.0    | 8.2    | 18.5   | 10.8  | 10.0   |
| Industry Output (real %)   | 10.8   | 4.9    | 5.9    | 9.8    | 6.1   | 6.7    |
| Retail (%)                 | 4.6    | 3.0    | 4.9    | 2.5    | 3.7   | 3.1    |
| <b>Public Finance</b>      |        |        |        |        |       |        |
| State budget (% GDP)       | -5.6   | -6.3   | -11.3  | -2.9   | -4.4  | -3.5   |
| General government (% GDP) | -5.9   | -6.8   | -11.7  | -3.0   | -4.7  | -3.8   |
| <b>Labor market</b>        |        |        |        |        |       |        |
| Unemployment rate (%)      | 8.6    | 9.2    | 9.9    | 9.4    | 9.0   | 8.8    |
| Nominal wages (%)          | 8.7    | 7.3    | 6.6    | 6.6    | 6.9   | 6.4    |
| <b>Balance of Payments</b> |        |        |        |        |       |        |
| Trade balance (CZK bn)     | -116.7 | -71.3  | -69.8  | -22.3  | -11.9 | 12.6   |
| Current account (CZK bn)   | -124.5 | -136.4 | -160.6 | -143.3 | -93.4 | -100.3 |
| <b>Prices</b>              |        |        |        |        |       |        |
| CPI inflation (%)          | 4.7    | 1.8    | 0.1    | 2.8    | 1.6   | 2.4    |
| PPI inflation (%)          | 3.0    | -0.5   | -0.3   | 5.7    | 4.0   | 3.6    |
| <b>Monetary conditions</b> |        |        |        |        |       |        |
| CZK/EUR                    | 34.1   | 30.8   | 31.8   | 31.9   | 30.2  | 30.0   |
| CZK/USD                    | 38.0   | 32.7   | 28.2   | 25.7   | 22.8  | 23.8   |
| 2W repo rate (%)           | 5.1    | 3.6    | 2.3    | 2.2    | 2.1   | 2.2    |
| 3M PRIBOR (%)              | 5.2    | 3.6    | 2.3    | 2.3    | 2.1   | 2.3    |
| 12M PRIBOR (%)             | 5.3    | 3.6    | 2.3    | 2.7    | 2.3   | 2.6    |

# Group Profit & Loss Statement

## Quarter on Quarter Development

in CZK m



# Capital Adequacy

## CNB Capital Adequacy

| Parent Bank, CZK m                      | 31/12/02 | 31/12/03 | 31/12/04 | 31/03/05 |
|---|----------|----------|----------|----------|
| Tier I capital                          | 22,583   | 21,910   | 24,301   | 27,223   |
| Tier I + Tier II capital                | 24,926   | 22,115   | 23,297   | 25,015   |
| Capital requirement A (to RWA)          | 14,035   | 15,664   | 19,060   | 20,331   |
| Capital requirement B (to market risks) | 1,481    | 1,539    | 1,713    | 1,725    |

|   |              |              |             |             |
|---|--------------|--------------|-------------|-------------|
| <b>Capital adequacy Tier I ratio</b>    | <b>11.6%</b> | <b>10.2%</b> | <b>9.4%</b> | <b>9.9%</b> |
| <b>Capital adequacy Tier I+II ratio</b> | <b>12.9%</b> | <b>10.3%</b> | <b>9.0%</b> | <b>9.1%</b> |

## BIS Capital Adequacy

| CS Group, CZK m                     | 31/12/02 | 31/12/03 | 31/12/04 | 31/03/05 |
|-------------------------------------|----------|----------|----------|----------|
| Tier I Capital                      | 30,947   | 35,787   | 39,964   | 41,028   |
| Tier I+II Capital                   | 36,375   | 35,588   | 39,164   | 40,069   |
| Risk Weighted Assets                | 201,813  | 224,332  | 273,386  | 290,041  |
| Capital requirement to market risks | 1,481    | 1,539    | 1,713    | 1,725    |

|   |              |              |              |              |
|---|--------------|--------------|--------------|--------------|
| <b>Capital Adequacy Tier I ratio</b>    | <b>14.0%</b> | <b>14.7%</b> | <b>13.6%</b> | <b>13.2%</b> |
| <b>Capital Adequacy Tier I+II ratio</b> | <b>16.5%</b> | <b>14.6%</b> | <b>13.3%</b> | <b>12.9%</b> |

# Structure of Bank Loan Portfolio

| in CZK m, unconsolidated, IFRS         | 31.12.2004     |               | 31.03.2005     |               | YTD Growth    |             |
|--|----------------|---------------|----------------|---------------|---------------|-------------|
|  | Outstand.      | Share         | Outstand.      | Share         | Outstand.     | Rate        |
| <b>I. CORPORATE &amp; RETAIL (1+2)</b> | <b>187,241</b> | <b>87.3%</b>  | <b>196,671</b> | <b>87.0%</b>  | <b>9,430</b>  | <b>5.0%</b> |
| <b>1. CORPORATES</b>                   | <b>90,112</b>  | <b>42.0%</b>  | <b>95,499</b>  | <b>42.3%</b>  | <b>5,386</b>  | <b>6.0%</b> |
| Large Corporates                       | 43,477         | 20.3%         | 46,316         | 20.5%         | 2,840         | 6.5%        |
| Medium Corporates                      | 27,099         | 12.6%         | 28,736         | 12.7%         | 1,637         | 6.0%        |
| Corporate Mortgage&Real Estate         | 11,103         | 5.2%          | 11,521         | 5.1%          | 418           | 3.8%        |
| Municipalities                         | 8,434          | 3.9%          | 8,925          | 3.9%          | 491           | 5.8%        |
| <b>2. RETAIL</b>                       | <b>97,128</b>  | <b>45.3%</b>  | <b>101,172</b> | <b>44.8%</b>  | <b>4,043</b>  | <b>4.2%</b> |
| Private cards                          | 1,415          | 0.7%          | 1,465          | 0.6%          | 50            | 3.6%        |
| Consumer credit                        | 31,661         | 14.8%         | 31,891         | 14.1%         | 230           | 0.7%        |
| Private social                         | 5,972          | 2.8%          | 5,666          | 2.5%          | -305          | -5.1%       |
| Private mortgages                      | 38,400         | 17.9%         | 41,286         | 18.3%         | 2,887         | 7.5%        |
| Micro corporates                       | 8,408          | 3.9%          | 8,970          | 4.0%          | 562           | 6.7%        |
| Commercial mortgages                   | 6,132          | 2.9%          | 6,789          | 3.0%          | 658           | 10.7%       |
| Public sector entities                 | 5,141          | 2.4%          | 5,104          | 2.3%          | -38           | -0.7%       |
| <b>II. FINANCIAL MARKETS</b>           | <b>27,191</b>  | <b>12.7%</b>  | <b>29,320</b>  | <b>13.0%</b>  | <b>2,129</b>  | <b>7.8%</b> |
| <b>TOTAL LOANS TO CUSTOMERS</b>        | <b>214,432</b> | <b>100.0%</b> | <b>225,991</b> | <b>100.0%</b> | <b>11,559</b> | <b>5.4%</b> |

# CS Market Shares Development

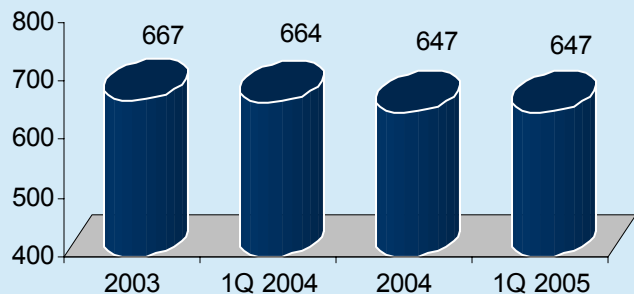
| <i>According to CNB Statistics*</i> | 31.12.2002 | 31.12.2003 | 31.12.2004 | 31.3.2005 | change |
|-------------------------------------|------------|------------|------------|-----------|--------|
| Total Assets                        | 18.7%      | 19.0%      | 18.8%      | 19.5%     | ↑      |
| Loans to Customers                  | 18.4%      | 19.5%      | 20.3%      | 20.4%     | ↑      |
| Interbank Loans                     | 5.8%       | 7.5%       | 11.0%      | 12.3%     | ↑      |
| Primary Deposits                    | 20.2%      | 21.0%      | 20.2%      | 20.8%     | ↑      |
| Retail Deposits                     | 27.9%      | 27.5%      | 26.1%      | 26.2%     | ↑      |
| Retail Loans                        | 30.9%      | 26.4%      | 26.9%      | 26.8%     | ↘      |
| Mortgages                           | 27.6%      | 30.1%      | 33.7%      | 35.1%     | ↑      |
| Retail Mortgages                    | 29.0%      | 29.1%      | 32.4%      | 33.9%     | ↑      |
| ATM (#)                             | 41.5%      | 40.0%      | 37.9%      | 37.1%     | ↘      |
| Payment Cards (#)                   | 44.6%      | 40.4%      | 40.2%      | 40.2%     | ↔      |

\* Excluding non-bank financial service providers, e.g., Cetelem, Provident Financial, etc.

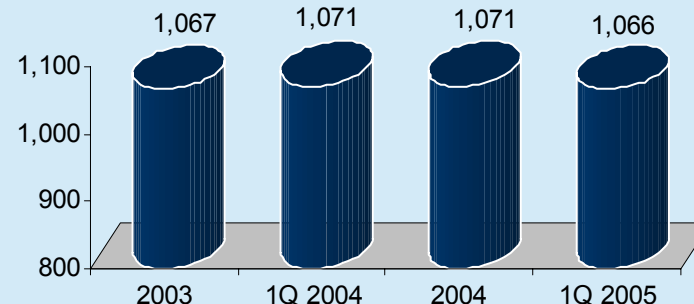


# Business Indicators

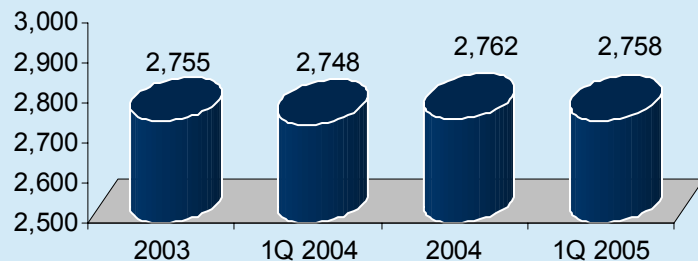
## Number of Branches



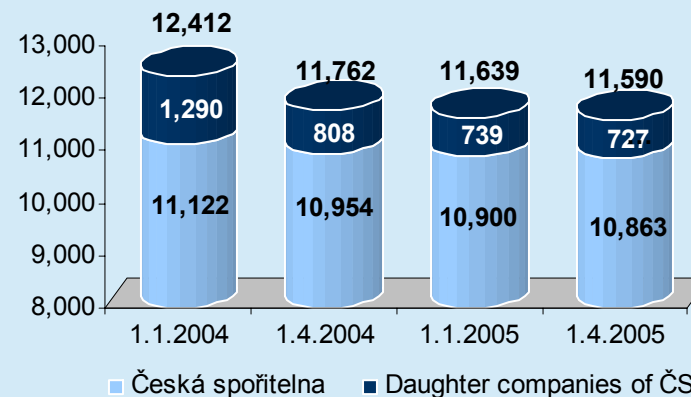
## Number of ATMs



## Number of Sporožiro Current Accounts (in thousands)



## Number of Employees



# Remote Distribution Channels

| No. of clients*                         | 31.12.2002     | 31.12.2003     | 31.12.2004     | 31.3.2005      |
|---|----------------|----------------|----------------|----------------|
| GSM banking                             | 64,811         | 81,615         | 98,609         | 100,124        |
| Homebanking                             | 19,639         | 20,369         | 19,446         | 18,736         |
| Servis 24 Telebanking & Internetbanking | 373,889        | 677,926        | 812,775        | 845,422        |
| Sporotel (phone banking)                | 0              | 0              | 0              | 0              |
| Internet, w@p and fax banking           | 0              | 0              | 0              | 0              |
| <b>Total</b>                            | <b>458,339</b> | <b>779,910</b> | <b>930,830</b> | <b>964,282</b> |

\* Clients who have S24 Telebanking and S24 Internet banking services are counted only once

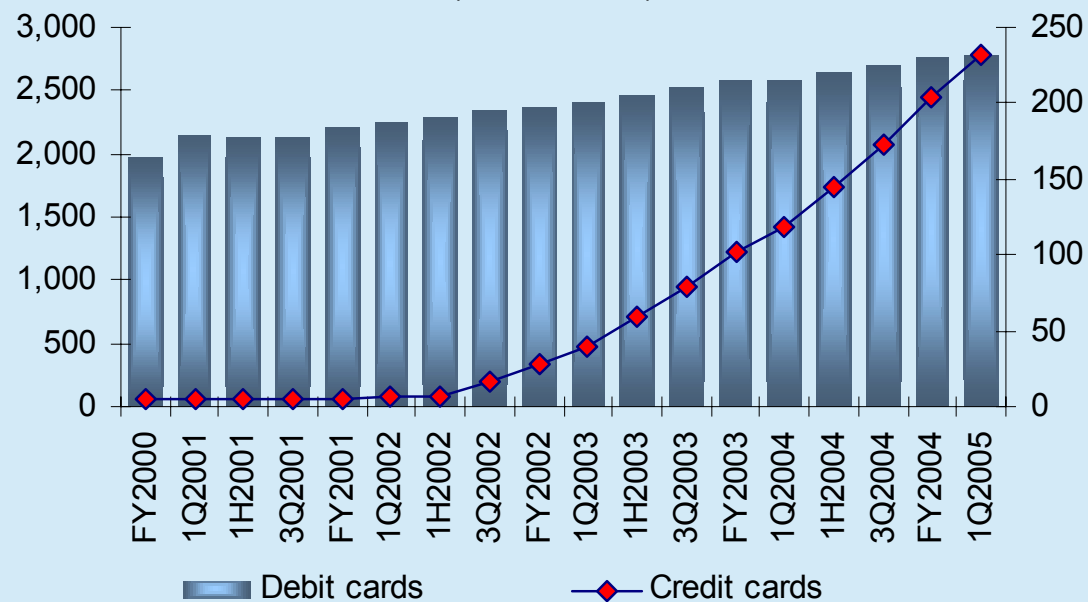
# Payment Cards

|                            | 2000             | 2001             | 2002             | 2003             | 2004             | 1Q2005           |
|----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Debit cards                | 1,966,218        | 2,205,480        | 2,335,600        | 2,475,397        | 2,553,922        | 2,559,442        |
| Credit cards               | 4,732 *)         | 5,387            | 28,051           | 101,155          | 204,564          | 231,324          |
| <b>Total payment cards</b> | <b>1,970,950</b> | <b>2,210,867</b> | <b>2,363,651</b> | <b>2,576,552</b> | <b>2,758,486</b> | <b>2,790,766</b> |

\*) In May 2000 database was cleaned in order to eliminate unused credit cards

## Development of Debit and Credit Cards

(in thousands)



# Net Profit of Selected Subsidiaries

| <i>IFRS, CZK m</i>                          | <b>1Q 2004</b> | <b>1Q 2005</b> | <b>% Change</b> |
|---|----------------|----------------|-----------------|
| Stavební spořitelna CS - Building Society   | 46             | 151            | 228.3           |
| Investiční společnost CS - Asset Management | 9              | 16             | -77.8           |
| Leasing CS - Leasing                        | 25             | -3             | -112.0          |
| Penzijní fond CS - Pension Fund*            | 257            | 192            | -25.3           |
| Pojišťovna CS - Insurance Company           | 2,145          | 38             | -98.2           |
| Factoring CS - Factoring                    | 3              | 4              | 33.3            |

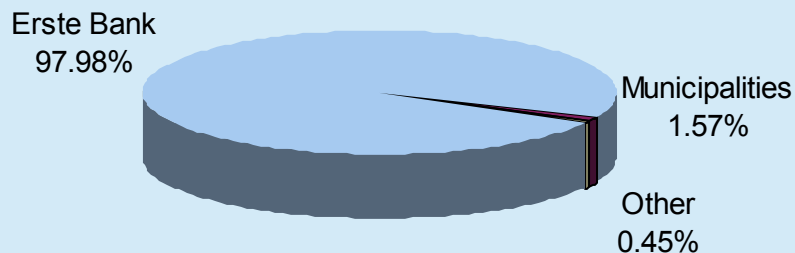
Note: Does not take into consideration fees paid to Bank by subsidiaries for services rendered.

\*According to the Supplementary pension insurance Act minimum 85% of Czech Accounting Standards (CAS) net profit of pension fund is distributed to clients. Penzijní fond CS made CAS profit for 1Q 2005 in the amount of CZK 168 m (CZK 50 m in 1Q 2004).

# Shareholder Structure

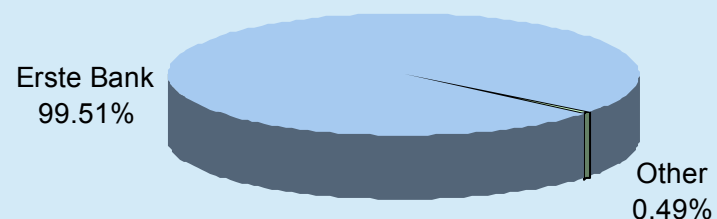
**Shareholder structure**

March 31, 2005



**Voting Rights Structure**

March 31, 2005



## Development of % share of Erste Bank in Ceska sporitelna

date

15.8.2000 31.12.2000 31.12.2001 31.12.2002 31.12.2003 31.12.2004 31.3.2005

| date           | 15.8.2000 | 31.12.2000 | 31.12.2001 | 31.12.2002 | 31.12.2003 | 31.12.2004 | 31.3.2005 |
|----------------|-----------|------------|------------|------------|------------|------------|-----------|
| Total EB share | 52.1%     | 52.6%      | 52.2%      | 93.6%      | 98.0%      | 98.0%      | 98.0%     |

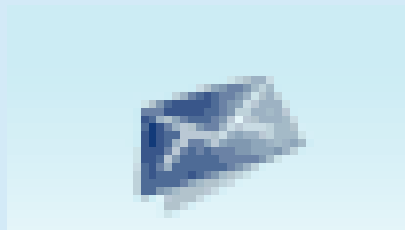
# Rating of Ceska sporitelna

| Rating Agency                | Long-term | Short-term | Individual | Support | Financial Strength | Outlook | Update     |
|------------------------------|-----------|------------|------------|---------|--------------------|---------|------------|
| <b>Fitch</b>                 | A-        | F2         | C          | 1       |                    | stable  | 01/07/2004 |
| <b>Moody's</b>               | A2        | Prime - 1  |            |         | C-                 | stable  | 13/07/2004 |
| <b>Standard &amp; Poor's</b> | BBB+      | A2         |            |         |                    | stable  | 18/08/2004 |

## 2004 Highlights:

- » Fitch Ratings increased individual rating of Ceska sporitelna from C/D to C
- » Moody's upgraded CS financial strength rating from D+ to C-
- » S&P upgraded long-term rating of CS from BBB to BBB+
- » All rating actions reflect mainly completion of CS loan portfolio restructuring, enhancement of risk management, and successful business expansion and strengthening of CS franchise leading to improvement in Bank's revenue generation capacity.

# Investor Relations Contacts



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**Reuters: SPOPsp.PR**