

ČESKÁ SPORITELNA

Half-year Report 2008

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The Macroeconomic Development of the Czech Republic

in the First Half of 2008

In the first half of 2008, the Czech economy did not experience the slowdown many analysts predicted at the end of 2007. Original estimates anticipated that tax reform, state fiscal spending and higher inflation would lead to a significant drop in consumer spending and considerably decrease the growth of the Czech gross domestic product (GDP). However, thanks to positive developments in foreign trade, industrial production and the job market, the original negative predictions failed to develop. Although consumption did in fact decline, the quick rise in salaries (of 10.2 percent in the first quarter of 2008) and the decrease in the unemployment rate (to 5 percent) managed to partially compensate for the decrease in real income arising from inflation and mandatory spending cuts. In addition, the development of foreign trade was surprisingly good even though the Czech crown substantially strengthened. As a result, economic growth in the first quarter of 2008 amounted to 5.3 percent. The second quarter of 2008 also looks promising – foreign trade further increased, reporting approximately the same surplus in the first five months of 2008 as in the same period of 2007. However, given the slowdown in the European Monetary Union (EMU) and the development of the Czech crown, which has appreciated by 11 percent since the beginning of 2008, an additional slowdown of the Czech economy is expected in the future, with economic growth expected to reach approximately 4.9 percent in 2008.

Inflation continues to be a difficult issue for the Czech National Bank. After a significant increase at the end of 2007 triggered by rising food prices, price stability received another blow in 2007 due to increases in both regulated prices and energy prices (oil). In the first quarter of 2008, inflation amounted to 7.4 percent and slightly dropped in the second quarter of 2008 (in June to 6.7 percent). Surprisingly, the Czech economy has not shown an important response to the extremely strong Czech crown. Česká spořitelna believes that this may, in connection to the strong growth in the first quarter of 2008, indicate the existence of demand pressures in the economy, which is confirmed by growth in the corrected inflation net of fuels (i.e. inflation net of regulated prices and food and fuel prices) from 0.6 percent in the first quarter of 2007 and 1.2 percent in the last quarter of 2007 to 2.1 percent in the first quarter in 2008. Given the situation on the job market and the rapid rise in nominal household income, it is possible that importers will not have to decrease prices due to the strengthening crown since their margins are growing and

local sellers may more easily transfer higher costs to consumers. With respect to the strong Czech crown and basis effects, the Bank anticipates a drop in inflation to approximately 5 percent before the end of 2008.

In the first half of 2008 the Czech National Bank increased interest rates only once to the level of 3.75 percent, the lowest among all neighbouring European countries. Another rapid increase in interest rates is not expected. With regard to the current situation, the loan component of monetary conditions is rather loose even though it is completely predominated by the currency component, which is extremely tight due to the phenomenal strengthening of the Czech crown. The Czech crown apparently strengthened because of its status as a safe currency (the Polish zloty, a currency with a solid macro base, is in a similar situation this year) and no rapid change is currently expected. According to the Bank, a correction will be made when investors go back to other assets (shares, the US dollar) and leave the assets which are currently perceived as safe (oil, Czech crown). The development of the crown's exchange rate will play an important role in the Czech National Bank's decision making; its correction will loosen currency conditions and alleviate the fears that the strong Czech crown will exceedingly weaken the Czech economy. In such case, the Czech National Bank will proceed with another increase in interest rates in 2008. Should the Czech crown stay below the 24 CZK/EUR level, the Czech National bank would begin to discuss the possibility of a decrease in interest rates, specifically if the slowdown in the EMU will add to the tightening impact of the Czech crown.

Česká spořitelna's Consolidated Results of the Operations

for the Six Months Ended 30 June 2008

PROFIT AND LOSS ACCOUNT

For the six months ended 30 June 2008, Česká spořitelna (hereinafter referred to as "Česká spořitelna" or the "Bank") **generated an unaudited net consolidated profit net of minority interests in the amount of CZK 6,596 million under International Financial Reporting Standards**, which, compared to the same period a year earlier when the net consolidated profit amounted to CZK 5,228 million, represents a 26 percent increase. The return on equity ratio (ROE) increased to 22.9 percent due to the increase in net profit. As of 30 June 2007 the ROE amounted to 21 percent and the return on assets (ROA) increased from 1.4 percent to 1.6 percent.

The Bank's operating profit has grown so rapidly that the net profit increased by more than 26 percent despite the current significantly negative development on financial markets, which results in a substantial decrease in income from financial assets. The operating profit, calculated as the difference between the operating income and expenses, reflects the results of the Bank's primary activities. **When compared to the six months ended 30 June 2007, operating profit increased considerably, by 39 percent, to CZK 11,261 million.** Concurrently, the **cost/income ratio significantly improved from 52.8 percent to 46.8 percent.**

The total operating income of the Bank including net interest income, net fees and commission income, net trading profit and income from discontinued operations (formerly insurance income – see below) **amounted to CZK 21,167 million** in the first half of 2008, which is a **year-on-year increase of 23 percent.** This increase was predominantly due to the growth of net interest income and net trading profit. The proportion of non-interest income to operating income slightly decreased to 32.2 percent.

Česká spořitelna's net interest income amounted to CZK 14,355 million, which is a year-on-year **increase of 24 percent.** This increase was predominantly driven by **a continuing expansion in loans** (to individuals specifically) and a slight increase in interest rates. In addition, the volume of provided loans and receivables from clients increased by CZK 14.5 billion; the net interest margin relating to interest-earning assets increased by 34 basis points to 3.95 percent.

Concurrently, the Bank managed to increase its interest income from interbank transactions and repo transactions with the Czech National Bank. Interest expenses, due to higher volume and interest rates, saw an increase in expenses for the Bank's own securities in issue, including subordinated debt, payables to clients and interbank payables.

Another significant element of **operating income, net fees and commission income amounted to CZK 5,350 million, which is a year-on-year increase of 12 percent.** **Payment transactions**, which represent a 13 percent increase in income, **are the principal source of fee and commission income.** The Bank also saw an **increase in fees and commissions from loan transactions** (a 37 percent increase) and **insurance income** (an almost two-fold increase). Fee and commission income from securities transactions remained at the same level as in the first half of 2007 (a 2 percent increase). The increasing volume of loans and payment transactions has resulted in higher related fees and commissions.

Net trading profit decreased year-on-year by 75 percent to CZK 1,227 million primarily as a result of the income from operations with foreign currencies due to the high volatility on foreign currency markets and trading with foreign currencies for corporate clients. While the results of operations with securities increased, income from derivative transactions decreased.

Given that the Bank anticipates selling Pojišťovna ČS to Vienna Insurance Group in the latter half of 2008, the "Insurance income" caption was renamed "Income from discontinued operations", the income of which grew by 45 percent to CZK 235 million year-on-year.

Operating expenses (comprising staff costs, purchased consumables and the depreciation/amortisation of tangible and intangible fixed assets) **increased year-on-year by 9 percent to CZK 9,906 million.** The increase in operating expenses is attributable to the 24 percent increase in purchased consumables, which amounts to CZK 4,292 million. **IT services expenses related to selected IT activities which were outsourced**, business transactions, and marketing increased due to the continuing business expansion of the Bank. Staff costs increased by 8 percent as a result of the increase in salaries and

bonuses relating to the economic performance of the Bank. By contrast, the depreciation/amortisation of tangible and intangible assets decreased by 18 percent primarily due to the outsourcing of selected IT activities referred to above.

The Bank reported a negative balance of CZK 1,457 million in charges for reserves and provisions against loans, which represents a year-on-year increase of 59 percent compared to the period ended 30 June 2007. **The year-on-year increase is predominantly due to the increased provisions charge** in relation to the long-term loan expansion, principally in retail consumer loans.

The net balance of other operating expenses and income represents a negative result of CZK 784 million, which is a decrease of 70 percent when compared to mid-2007. This is predominantly due to the loss from revaluations of investments in real estate in the portfolio of real estate funds in respect of their anticipated sale. The Bank's contribution to the Deposit Insurance Fund increased thanks to the rise in the volume of insured deposits.

The net income from financial assets comprising gains and losses from the revaluation and sales of financial assets in the portfolios at fair value through profit or loss, assets available for sale, and assets held to maturity **saw a significant decrease** in the deficit amounting to **CZK 566 million, which arose from substantial drops on financial markets.**

BALANCE SHEET

The Bank's total assets amounted to CZK 873.9 billion, which represents a 7 percent increase from CZK 815.6 billion, which is in fact CZK 58.3 billion in absolute terms. **This increase reflects** the growth of amounts owed to customers, issued debt securities on the liabilities side of the balance sheet and **the increase in customer loans and interbank loans on the assets side.**

Amounts owed to customers increased again over the last 12 months – as of 30 June 2008 a 6 percent increase, from CZK 34.7 billion to **CZK 643.1 billion,** was visible. Moreover, retail deposits grew by 7 percent year-on-year and amounted to CZK 473.3 billion. In terms of volume, principal additions

were specifically related to sporogiro accounts and pension insurance deposits. Payables to corporate clients increased by 8 percent to CZK 85.6 billion, whereas payables to public sector clients decreased by 4 percent to CZK 84.2 billion predominantly because of the decrease in repurchase transactions with the Czech Ministry of Finance. By contrast, there was an increase in the amount of public sector client term deposits.

The parent bank, lease companies in the financial group and real estate funds have each contributed to the 14 percent growth in **interbank payables, which amount to CZK 60.7 billion.** Payables to banks represent a significant amount of funds for leasing company and real estate fund transactions.

Payables from debt securities substantially increased by 23 percent to CZK 48.4 billion, predominantly due to the increase in newly-issued mortgage bonds at the end of 2007. The volume of payables from debt securities increased by 20 percent to CZK 38 billion, depository bills amounted to CZK 5.4 billion and bonds amounted to CZK 5 billion.

The balance of **shareholders' equity** comprising share capital, share premium, capital funds from revaluations (specifically the available-for-sale securities portfolio), retained earnings and profit for the period **increased by 17 percent to CZK 57.6 billion when compared to the same period a year earlier.** This increase is primarily attributable to generated profit reduced by paid dividends for the year ended 31 December 2007 in the amount of CZK 4.6 billion. **Capital adequacy under BASEL II methodology was 10.68 percent as of 30 June 2008** while the capital adequacy at the end of 2007 was 9.39 percent. Total capital under BASEL II used in calculating the capital adequacy ratio was 46.9 billion and the total capital requirements amounted to CZK 35.1 billion. At the end of 2007, these figures amounted to CZK 40.3 billion and CZK 34.3 billion, respectively.

The balance of the issued loans and client receivables portfolio increased year-on-year by 18 percent to CZK 433 billion. Net of the impact of receivables from the Czech Consolidation Agency, the increase in loans would amount to 20 percent. **This dynamic growth predominantly involves the provision of retail loans** in the amount of CZK 237.5 billion, which is a year-on-year increase of

24 percent. This result is primarily due to housing financing and consumer lending. Retail mortgage loans increased by 23 percent to CZK 117.5 billion and **bridging loans and construction savings loans saw a year-on-year increase of 40 percent** to CZK 38.1 billion.

Česká spořitelna places emphasis on the quality of new mortgage loans. For this reason, at the beginning of 2008 the Bank tightened the conditions for concluding contracts with external mortgage sellers. Given the combination of these more stringent conditions, the decrease in demand following the record increase in mortgages in 2007 and a slight increase in interest rates, the number of new mortgage sales decreased in the first half of 2008. Nevertheless, **the aggregate volume of the Bank's mortgage loans portfolio amounted to CZK 165 billion**, which represents a 26 percent increase year-on-year. Česká spořitelna has thus once again confirmed its number one position on the mortgage market.

Consumer retail loans, including credit cards, **significantly increased** by 24 percent to its current amount of **CZK 68.4 billion**. **Clients are mostly interested in cash loans – Půjčka**, which the Bank has offered since March 2008 without the need for collateral up to the amount of CZK 300 thousand. The loan process is fast and easy with 90 percent of clients receiving the loan on the same day they apply. The aggregate amount of cash loans saw a year-on-year increase of 31 percent to CZK 48.6 billion. In addition, consumer loans secured by real estate (**"American mortgages"**) **increased above the average rate** (by 29 percent to CZK 8.2 billion).

Receivables from corporate entities (small and medium-sized businesses and corporate clients) **increased year-on-year by 17 percent to CZK 181.5 billion**. Receivables from the government and the public sector dropped by 30 percent to CZK 14 billion in relation to the CZK 5 billion decrease in receivables from the Czech Consolidation Agency. Net of the impact of the Czech Consolidation Agency, receivables would have decreased by 7 percent.

Although customer deposits grew, **the portion of customers loans to customer deposits markedly increased by 7 percentage points to 67.3 percent**. The high quality of Česká spořitelna's loan portfolio is confirmed by the proportion of

in-default customer receivables to the aggregate volume of receivables, which represented 2.9 percent at the end of June 2008 and 2.8 percent at the end of June 2007.

Compared to the first half of 2008, loans to banks increased by 41 percent amounting to CZK 152.7 billion predominantly due to the increase in repo transactions with other banks and the Czech National Bank in relation to the re-allocation of sources from the financial assets portfolios.

The aggregate balance of the individual financial assets portfolios (net of Pojišťovna ČS's financial assets) was **CZK 207.2 billion** as of 30 June 2008, which represents a decrease of 19 percent compared to the balance as of 30 June 2007. Of this aggregate balance, fixed income securities amounted to CZK 172.2 billion, shares and other variable yield securities amounted to CZK 9.6 billion, financial derivatives with a positive fair value amounted to CZK 21.6 billion and other financial investments amounted to CZK 3.8 billion.

In view of the anticipated sale of Pojišťovna ČS in 2008, "Financial placements of the insurance company" are included in "Other assets" (assets – discontinued operations) in 2008.

Compared to the balance as of 30 June 2007, **the aggregate balance of tangible and intangible fixed assets decreased by 10 percent to CZK 19.1 billion**, with the balance of intangible assets slightly decreasing to CZK 3.9 billion and the balance of tangible assets increasing to CZK 15.2 billion in relation to capitalising the new building of the IT centre in Prague in the second half of 2007.

Significant Business Activities

in the First Half of 2008

IDEAL MORTGAGE (IDEÁLNÍ HYPOTÉKA)

The Ideal Mortgage is a variable product offered by Česká spořitelna which allows clients to adjust their mortgages to suit their own personal requirements. This product specifically offers free of charge mortgage processing, a thirty-day guarantee of the offered interest rate, an on-line real estate valuation prepared in a Česká spořitelna branch, and unlimited withdrawals free of charge during the first three months of concluding an Ideal Mortgage. In addition to the basic offer, clients interested in an Ideal Mortgage can choose from products and services under the titles of Individuality, Flexibility and Certainty. Using the Individuality option, clients can choose the type of mortgage – e. g. a mortgage for 100 percent of the real estate value. The Flexibility option enables the mortgage to be adjusted according to where each client is in their life – one offer allows clients to decrease the loan outside the fixation period or additionally cover the needed financing. The Certainty option protects clients against the risk of being unable to pay their debts. With this service package, clients can purchase insurance in respect of the repayment ability or obtain an advantageous interest percentage if they repay the mortgage from a Česká spořitelna account.

PRIVATE ACCOUNT (OSOBNÍ ÚČET)

On 4 February 2008 and 13 June 2008 the number of Česká spořitelna's Private Accounts exceeded 500,000 and 750,000, respectively. Based on the "select what you really need" concept Private Accounts offer variable products and services according to each client's specific needs. Private Accounts are not only used for common transactions but also offer clients many special products and services. The services most attractive to clients are those that cover their expenses in the event of being laid off from their job or a sudden illness and those which ensure comprehensive legal services for complaints in stores. In mid-2008, the number of clients using Private Accounts exceeded 780,000.

GOLDEN DEPOSIT (ZLATÝ VKLAD)

Designed specifically to appreciate a client's funds the Česká spořitelna Golden Deposit account is a new product which combines a deposit account and an investment product with

a guaranteed fixed interest rate. Clients can deposit their funds for a period of two years and can choose one of two options: Certainty (Jistota) or Premium (Prémie). In the Certainty option, the interest rate is set at 6.3 percent for 24 months. The Premium option offers a guaranteed two-year 3 percent interest rate with the possibility of other yields. As of 30 June 2008, i.e. six weeks after this product was introduced, the amount of deposited funds was CZK 2.25 billion.

MINI PROFIT LOANS

For all entrepreneurs with revenue up to CZK 30 million Česká spořitelna now offers a new type of financing free of charge - Mini Profit loans (Mini Profit Overdraft Loan and Mini Profit Term Loan). This type of financing is simple, fast and available at all Česká spořitelna branches. With a maximum amount of CZK 150 thousand a Mini Profit Overdraft loan is offered by the Bank in the form of determining the loan facility at the current account of clients for one year with automatic renewal if contractually agreed conditions are met. Clients can opt for a Mini Profit short-term loan (up to one year) or a medium-term loan (two to five years) and can draw both types at the same time.

CARD PROGRAMME

At the end of the first half of 2008, the aggregate number of issued active payment cards rose by 4 percent, amounting to CZK 3.33 million. This increase is largely attributable to the increase in the number of credit cards, which rose year-on-year by 12 percent to 604 thousand, and the volume of credit provided through credit cards, which increased by 18 percent and amounted to CZK 3.12 billion as of 30 June 2008.

The number of transactions by cardholders in the Česká spořitelna partner network in the first half of 2008 was 17.2 million in the aggregate amount of CZK 22.3 billion, which is a significant increase of 44 percent in volume terms. The number of ATMs increased by 45 and totalled 1,139 units. Since the beginning of the year, cardholders have made 43 million ATM transactions (a 6 percent increase) amounting to CZK 147.2 billion (a 10 percent increase).

In June 2008, the Bank expanded its business partner network to include INTERSPAR stores, where cardholders can now also

take advantage of cash back service. Debit card holders can set their own payment card design under the "Card for You" service via an internet application at the www.kartapodlevas.cz website.

Since 1 May 2008, the Bank has significantly improved insurance against the misuse of payment cards in the event of loss or theft. Not only have the time periods for notifying the Bank about card misuse been eliminated, the costs of blocking the card and the issuance of a new card are now both covered. Other recent developments include compensation for expenses arising from mobile phone theft, which covers both mobile phone misuse and the purchase of a new phone. The highest level insurance option increases the proceeds for unauthorised card transactions to CZK 60 thousand without any increase in fees.

SERVIS 24 AND BUSINESS 24

As of 30 June 2008, the number of active SERVIS 24 and BUSINESS 24 direct banking clients amounted to 1.17 million, which is an 8 percent increase over the last 12 months. The aggregate number of transactions completed through SERVIS 24 and BUSINESS 24 shows a year-on-year increase of 29 percent, amounting to approximately 40 million in the first half of 2008.

The Bank adopted another measure leading to the increased protection of SERVIS 24 users against the misuse of internet banking. The number of authorisation SMSs, which serve as the confirmation of payments orders and other cash transactions via internet banking, can now only be set or changed at Česká spořitelna branches.

In addition, the Bank has added new SERVIS 24 functionalities in 2008. Clients now have the option to receive information about their payment cards via internet banking, set their Private Accounts according to their needs or receive a pre-approved loan via internet banking. In addition, Stavební spořitelna clients can receive new information on the balance of their credit account, information on construction savings accounts is updated each working day, and SERVIS 24 GSM banking service users are now provided with access to information on their card and deposit accounts. The Bank has also added an instrument to optimise the balance of state support and the calculation of loan insurance.

Other recent developments in direct banking include an automatic security measure in respect of duplicatedly entered transactions; in entering a transaction via internet banking or an automated voice service, the system checks transactions entered on the same day and alerts clients when it finds a duplicate transaction.

CLIENT CENTRE

Česká spořitelna launched the operations of a new information service as well as assistance to corporate clients from among small and medium-sized enterprises as part of the newly-opened ČS Client Centre based in Prostějov. As a result, clients have the opportunity to ask questions concerning products for corporate clientele and receive answers from professionally trained bankers in Czech, English and German. The Bank aims to provide top class services while placing special emphasis on an individual approach.

The scope of the ČS Client Centre's activities has expanded continuously in the almost seven years of its existence. In addition to operating the Česká Spořitelna Financial Group client telephone and email services, the Client Centre also receives complaints, provides the Bank's telemarketing activities, provides telephone reminders to debtors, arranges meetings for clients at sales points, and supports SERVIS 24 and BUSINESS 24 electronic banking services.

LADIES INVESTMENT CLUB

Česká spořitelna founded the Ladies Investment Club for women interested in investing. At regular meetings, club members receive information on the development of capital markets, new investment instruments and various investment strategies. By founding a platform for women, the Bank is not only supporting specifically targeted education but is also providing equal opportunities in society. Club members receive access to up-to-date and relevant information related to the economy, finances and investments. At regular meetings, Ladies Investment Club members can attend lectures, meet interesting people, share their experience and/or receive advice from more experienced professionals.

DEBT ADVISORY CENTRE

In close cooperation with the Czech Consumer's Association, the Bank opened the Debt Advisory Centre, which is an advisory centre for over-indebted consumers. The first of its kind in the Czech Republic this newly-founded centre's main goal is to help debtors find the means to resolve situations in which they are threatened with social exclusion due to their inability to pay their debts. Moreover, the centre provides information and prevention campaigns to potential debtors and thus contributes to the principles of responsible lending. The centre is managed through the cooperation of its partners which include, in addition to its the founders, the Consumer Protection Association, Erste Stiftung, Blesk daily, ČSOB, Poštovní spořitelna, Komerční banka, Raiffeisenbank, Stavební spořitelna České spořitelny and Unicredit Bank.

SOCIAL RESPONSIBILITY

Česká spořitelna recently approved a new strategy in Corporate Social Responsibility (CSR). With the slogan "We Invest in the Future" this new strategy includes three principal areas: 1) education with a primary, but not exclusive, focus on financial education; 2) help for people in need with a focus

on the elderly and assistance in the prevention and treatment of substance abusers; and 3) the sustainable development and protection of the environment. In addition, Česká spořitelna adopted the European Savings Banks Group (ESBG) Charter for Responsible Business. ESBG member banks embrace sustainable development around Europe and consider social responsibility among companies to be an integral part of their business activities.

SIGNIFICANT PRIZES

Česká spořitelna ranked second in the Most Desirable Employer of 2008 category in the jobpilot.cz Employer of the Year competition put out by Fitcentrum Media. In the entire jobpilot.cz Employer of the Year competition, Česká spořitelna was the only bank on the Czech market to rank in the top ten.

The Association of Czech Insurance Brokers elected Pojišťovna České Spořitelny as the Best Insurer of 2007 in the life insurance category and FLEXI insurance received a prize for the best insurance product on the Czech market. In addition, Pojišťovna České spořitelny ranked first in the innovation of insurance products and claims handling categories and second in the cooperation with brokers category.

Česká spořitelna's Anticipated Development in the Latter Half of 2008

As in the prior year, the Bank will continue to implement its "Bank of First Choice" strategic programme, of which the newly-adopted social responsibility strategy is an integral part.

In the latter half of the year, the Bank and the entire financial group will continue to comply with the strategic programme while also focusing on achieving the ambitious goals it has set for 2008, which principally include **a year-on-year 15–20 percent increase in profit, achieving a cost/income ratio below 50 percent and return on equity (ROE) above 20 percent** (under International Financial Reporting Standards at the consolidated group level).

Also in the latter half of the year, continued growth is expected on the asset side of the balance sheet in new lending, specifically mortgage loans. The liability side of the balance sheet is anticipated to see an increase in primary deposits, which will be lower when compared to the anticipated growth in lending. These developments will trigger another **improvement in the existing ratio of loans to deposits** (the ratio should range between 70–75 percent at the year-end).

The development of the profit and loss account's principal components in the second half of 2008 should reflect the trends of the first six months. As in prior years, the Bank anticipates faster profit growth due to certain income recognised on a one-off basis predominantly at the end of the year. Net interest income will continue to be positively impacted by other increasing interest rates and the volume of provided loans. Net fee income will be driven largely by the growing volume of payment transactions and continuing loan expansion as the Bank does not anticipate any changes in the current level of fees and commissions. Income from implementing group projects focusing on the level and quality of services provided to the Bank's clients and also on general administrative expense savings will play a significant role in achieving the anticipated profit.

Reflecting the facts outlined above, **Česká spořitelna does not anticipate substantially departing from the basic goals set for 2008.**

Consolidated Profit and Loss Account

for the Period Ended 30 June 2008

UNDER INTERNATIONAL FINANCIAL REPORTING STANDARDS

MCZK	30 June 2008	30 June 2007
Interest income and similar income	22 233	16 934
Interest expense and similar expense	-7 878	-5 377
Net interest income	14 355	11 557
Provisions for losses on loans and advances	-1 457	-919
Net interest income after provisions for losses on loans and advances	12 898	10 638
Fee and commission income	6 205	5 351
Fee and commission expense	-855	-587
Net fee and commission income	5 350	4 764
Net trading profit	1 227	700
General administrative expenses	-9 906	-9 073
Income from discontinued operations*	235	162
Other operating expenses, net	-784	-460
Income from financial assets	-566	205
Profit before taxes	8 454	6 936
Income tax expense	-1 758	-1 632
Profit after taxes	6 696	5 304
Minority interests	-100	-76
Net profit for the period	6 596	5 228

*Insurance income in 2007

Consolidated Balance Sheet

as of 30 June 2008

UNDER INTERNATIONAL FINANCIAL REPORTING STANDARDS

MCZK	30 June 2008	31 Dec 2007	30 June 2007
Cash and balances with the CNB	17 127	20 394	20 544
Loans and advances to financial institutions	152 708	65 688	108 568
Loans and advances to customers	432 962	418 415	366 798
Provisions for losses on loans and advances	-7 859	-6 810	-7 189
Securities held for trading	25 722	45 252	42 909
Financial assets at fair value through profit or loss	24 160	25 406	28 785
Financial assets available for sale	35 637	35 860	36 792
Financial assets held to maturity	121 649	137 486	148 797
Financial placements of the insurance company*	0	15 808	15 229
Other assets	71 812	56 626	54 349
Total assets	873 918	814 125	815 582
Amounts owed to financial institutions	60 723	58 481	53 127
Amounts owed to customers	643 110	591 606	608 369
Bonds in issue	48 359	48 464	39 242
Liabilities for trading	15 616	13 376	13 738
Other liabilities	41 861	39 383	44 932
Subordinated debt	5 400	5 605	5 693
Minority interests	1 296	1 633	1 411
Shareholders' equity	57 553	55 577	49 070
Total liabilities	873 918	814 125	815 582

*Given the intention to sell the equity investment in Pojišťovna České spořitelny, the financial assets of Pojišťovna are included in "Other assets" (assets - discontinued operations) in 2008.

Key Financial Indicators

	30 June 2008	30 June 2007
Return on equity (ROE)	22.9%	21.0%
Return on assets (ROA)	1.6%	1.4%
Cost/Income	46.8%	52.8%
Net interest margin in respect of interest-earning assets	3.95%	3.61%
Non-interest income/operating income	32.2%	32.7%
Loans and advances to customers/amounts owed to customers	67.3%	60.3%
Individual capital adequacy (BASEL II)	10.93%	9.55%*
Consolidated capital adequacy (BASEL II)	10.68%	9.39%*

* as of 31 December 2007

Selected Operational Figures

	30 June 2008	30 June 2007
Number of ČS staff of the Česká spořitelna Financial Group	10 896	10 912
Total number of clients	5 290 378	5 293 275
Sporogiro accounts	2 858 719	2 804 604
of which are Private Accounts	780 793	0
Number of SERVIS 24 and BUSINESS 24 direct banking clients	1 173 785	1 083 035
Number of cards	3 334 820	3 206 434
of which are credit cards	603 818	537 623
Number of ATMs	1 139	1 094
Number of Česká spořitelna branches	642	636

Net Profit After Taxes of the Selected Subsidiaries of Česká spořitelna

UNDER INTERNATIONAL FINANCIAL REPORTING STANDARDS

MCZK	30 June 2008	30 June 2007
brokerjet České spořitelny	14	23
Factoring České spořitelny	11	14
Investiční společnost České spořitelny	24	55
Penzijní fond České spořitelny	182	361
Pojišťovna České spořitelny	20	126
s Autoleasing	-10	-46
Stavební spořitelna České spořitelny	806	462

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Material for the Public

