

Ceska Sporitelna

3Q 2005 IFRS Consolidated Results (Unaudited)

October 31st, 2005

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3Q 2005 Highlights

Macroeconomic Environment in CR

- Overall economy in good shape; real GDP grew by 5.1% in 2Q 2005
- Central Bank 2W repo rate at 1.75 % since 29 April 2005; on 27 October 2005 increased by 25 bps to 2.0 %
 - » 2W repo rate at 2.50 as of 31 December 2004
- Inflation in 3Q 2005 decreased to 2.0% from 2.8% (in 2004)
- Share of current account balance of GDP reached – 0.2% in 2Q 2005
- Unemployment at 8.8%* in 3Q 2005, down from 9.4 % at end- 2004
 - » Prague is approximately 3.8% while Ustecky region around 14.4%
- Volume of mortgage loans to GDP at 6.7% (2Q 2005) and growing

* according to new government methodology

Sources: CSU, CNB

3Q 2005 Summary

Three major storylines highlight Ceska sporitelna performance in 3Q 2005

Financial Results

- With its strong distribution network, complete set of products, and increasingly professional staff, Ceska sporitelna delivered good revenue growth with excellent underlying volume increases, especially in loans
- Despite low interest rates and maturing high interest bonds, profits are up 15.5% and operating results up 10.1%
- With continued investments in people and infrastructure, with continued loan growth leading to less sensitivity to interest rate levels, and with a positive economic environment in the Czech Republic, Ceska sporitelna is positioned as a growth oriented bank and financial group

2005 – 2006 Efficiency Programme

- Ceska sporitelna is not as efficient as it should be with a Cost/Income Ratio in the high 50s and in comparison with global best practices
- Recognizing the need to be more efficient, management is moving forward with the 2005 – 2006 Efficiency Programme
- The Efficiency Programme (code named Project Hulk and Project Cardinal within the bank) is a targeted effort to reduce the number of staff by 10% and to more closely manage other administrative expenses. The Programme was begun in May, 2005 and will be completed by December 2006; targeted expense savings are CZK 750 m
- Ceska sporitelna is facing the double challenge of aggressive expense reductions and aggressive volume and revenue growth. These double challenges are very difficult, but they are required for Ceska sporitelna's mid- and long-term success

Anti-Monopoly Office and Ministry of Finance Actions

- In May, 2005 the Anti-Monopoly Office (UOHS) launched an investigation of Ceska sporitelna and its two largest competitors accusing them of cartel like behaviour in the area of fees charged to consumer customers
- Ceska sporitelna has fully cooperated with the investigation. Although UOHS has not issued a final decision, Ceska sporitelna is now confident that UOHS at a minimum will find that there is no evidence to support a finding of a cartel among the three largest banks in the Czech Republic
- In June, 2005 the Ministry of Finance launched an attack on banks in the Czech Republic accusing them of poor service and not adequately protecting the rights of consumers. Amongst many suggestions the Ministry of Finance suggested fee regulation, providing free services and account portability
- A debate has taken place since June. This debate is continuing, but the Ministry of Finance has modified its suggestions to consumer protection and away from fee regulation, free services, and account portability
- Ceska sporitelna is working very hard to build a consensus about consumer protection in the Czech Republic which will meet the needs of clients, the government, and banks. Hopefully, this consensus can be built in 4Q 2005

Record Loan Growth

- **Customer lending continues to accelerate – increase of CZK 40.8 bn YTD compared to CZK 20.8 bn in 3Q 2004 (excl. loans to CKA)**
 - » Main drivers are housing and real estate loans +19.3 bn YTD
- **Loan and deposit growth resulted in almost 9% growth of NII**
 - » NII from customer business up by 22.3%
- **Loan growth is supported by a growing economy, increase of real wages and growing appetite for loans in the Czech Republic**
- **Loans to deposits ratio improved to 57.0% from 53.8% in 2004**

Strong Loan Growth in All Major Segments

➤ Loans to customers recorded strong growth in all segments

	<u>YTD</u>	<u>YOY</u>
» Total loans (excl.CKA)*	19.1%	27.8%
» Corporates	17.9%	19.3%
» Large Corporates	21.7%	22.4%
» SMEs	22.1%	28.0%
» Retail	22.2%	36.6%
» Private Mortgages	33.3%	48.0%
» Consumer lending**	13.7%	30.7%
» Micro Businesses	21.2%	31.6%

➤ Quality of loan portfolio stable

* CS Group loans

** incl. credit cards

Business Highlights

Ceska sporitelna received the prestigious international award “The Bank of the Year” for the Czech Republic, in The Banker Awards 2005 competition, for the third time

Direct banking

- Servis 24 innovation - SMS authorisation; graphic keyboard, cross-border payment system within EU countries; notices of foreign payment system transactions; possibility of displaying supplementary pension insurance; integration of GSM banking

Products

- Ceska sporitelna offers credit cards to university students with limits from CZK 10 ths to CZK 20 ths, and credit cards to mortgage customers with limits from CZK 24 ths to CZK 30 ths according to type of credit card

3Q 2005 IFRS Consolidated Results (Unaudited)

IFRS – International Financial Reporting Standards

Group Profit & Loss Statement Highlights

- **Operating Result increased by 10.1% to CZK 9,218 m compared to 3Q 2004**
 - » Operating Income grew by 7.6% and Operating Expenses by 5.7%
- **Net Profit reached CZK 7,208 m, growing by 15.5% (YTY)**
 - » Net profit in 3Q 2004 included extraordinary income from sale of non-life insurance (CZK 1.2 bn positive impact after minority interests and taxes)
- **ROE reached 23.7% (3Q 2004: 22.6%), ROA achieved 1.5% (3Q 2004: 1.4 %)**
- **Net Interest Income rose by 8.5% to CZK 13,698 m**
 - » Good growth despite historically lowest market interest rates; results driven by growing volumes of client loans and deposits, reflecting improving sales and service capabilities as well as overall health of the economy
- **Net Fee and Commission Income grew by 6.0% to CZK 6,526 m**
 - » Fee income influenced by growing lending business
- **General Administrative Expenses increased by 5.7%**
 - » Expense growth led by 11.5% increase in Depreciation on fixed assets
- **Cost/Income ratio decreased to 57.1% from 58.1% in 3Q 2004 thanks to growing operating income**

Group Profit & Loss Statement

IFRS, Consolidated, CZK m	3Q 2004		3Q 2005	% change
	original	restated*		
Net interest income	12,552	12,624	13,698	8.5
Provisions on losses on loans and advances	-599	-599	-132	-78.0
Net fee and commission income	6,247	6,154	6,526	6.0
Net profit/(loss) on financial operations	979	979	1,077	10.0
General administrative expenses	-11,517	-11,597	-12,263	5.7
Income from insurance business	210	210	180	-14.3
Other operating income/(expenses)	2,772	2,505	790	-68.5
Profit/(loss) before taxes	10,644	10,276	9,876	-3.9
Income tax expense	-2,987	-2,947	-2,593	-12.0
Profit/(loss) after taxes	7,657	7,329	7,283	-0.6
Minority interests	-1,081	-1,088	-75	-93.1
Net profit/(loss) for the year	6,576	6,241	7,208	15.5
Operating income		19,967	21,481	7.6
Operating expenses		-11,597	-12,263	5.7
Operating result		8,370	9,218	10.1
Cost / Income Ratio (%)		58.1%	57.1%	
ROE (%)		22.6%	23.7%	

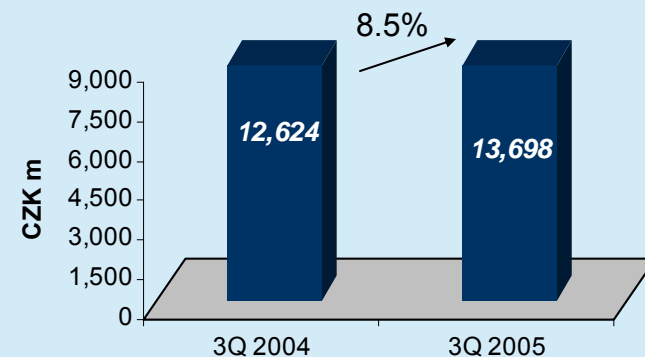
* Restated to reflect changes in accounting methodology related to IFRS 39 and other structural changes

Group Profit & Loss Statement

Net Interest Income up by 8.5%

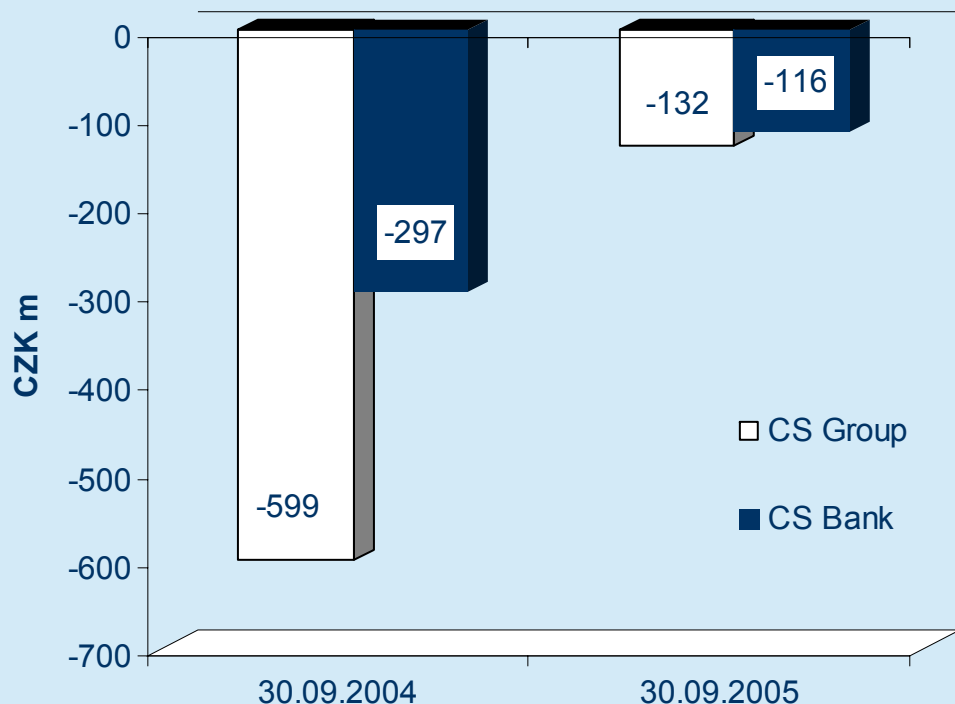
- **Net interest income from customers up by 22.3% largely due to growing volumes of client loans**
 - » Client loans rose by 27.8% (excluding loans to CKA; YOY comparison)
- **Higher interest expense from bonds in issue influenced by growing portfolio of bonds, mainly mortgage (CZK 2.6 bn), structured (CZK 2.25 bn) and subordinated bonds (CZK 3.0 bn) editions**
 - » Total portfolio of bonds in issue increased by 68.1% (YOY; excl. subordinated debt)
- **Increase of other interest income and expenses mainly driven by revaluation of derivatives which is partially eliminated in Other operating result**
- **Annual impact of three interest rate cuts in 2005 on NII is an estimated negative CZK 230 – 300 m**
- **Net interest Margin on average interest bearing assets slightly down to 3.4%**

<i>IFRS, Consolidated, CZK m</i>	3Q 2004	3Q 2005	% change
Interest income	17,213	18,978	10.3
- from loans and advances to financial institutions	1,898	1,837	-3.2
- from loans and advances to customers	9,629	11,176	16.1
- from debt securities and other fixed income securities	5,333	5,177	-2.9
- other interest income	353	788	123.2
Interest expense	-4,589	-5,280	15.1
- from amounts owed to financial institutions	-687	-654	-4.8
- from amounts owed to customers	-3,495	-3,673	5.1
- from bonds in issue	-79	-241	205.1
- other interest expense	-328	-712	117.1



Group Profit & Loss Statement

Provisions on Losses on Loans and Advances



➤ Total Group net provision creation (YTD)
- CZK 132 m

➤ Bank - CZK 116 m

➤ Subsidiaries - CZK 16 m

➤ Group creation is lower than in 3Q04 mainly due to one-off effect of General provision transfer into Specific provisions (in 2005)

➤ Increase expected in 4Q due to forthcoming creation of portfolio provisions

Provisions for losses on loans and advances

1. Balance development (CZK m, IFRS)

Group Balance 01.01.2005	7,166
Total Creation (+) / Release (-)	132
Write offs (-)	-618
Balance neutral effects (+)	228
Group Balance 30.09.2005	6,908

2. Impact to P&L (CZK m, IFRS)

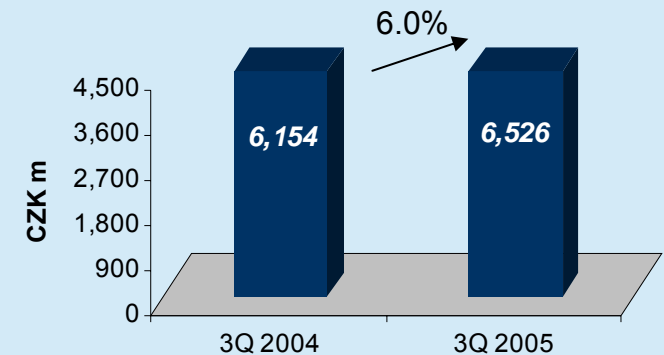
Group Total Creation	-132
Creation (-) / Release (+)	-878
Recovery (+)	621
IFRS correction	126

Group Profit & Loss Statement

Net Fee and Commission Income Grew by 6.0%

- Good growth of fee and commission income caused mainly by accelerating lending and security business
- Rapid growth of loan portfolio (mainly mortgages) brought 16.5% increase in net fee income from lending
- Net fee income from securities rose by 27.3 % due to growing assets in mutual funds and larger income from brokerage activity
 - » Proportion of Net fee income from securities to total Net fee income remains low (around 8%)
 - » Assets in mutual funds up by 24.5% YTY from CZK 55.8 bn (3Q 2004) to CZK 69.4 bn
- Net fee and commission income from payment transactions grew by 6.5%, all due to volume increases

<i>IFRS, Consolidated, CZK m</i>	3Q 2004	3Q 2005	% change
Fee and commission income	6,617	7,085	7.1
- from lending business	1,267	1,439	13.6
- from payment transactions	3,737	4,157	11.2
- from security business	438	571	30.4
- other	1,175	918	-21.9
Fee and commission expense	-463	-559	20.7
- from lending business	-34	-3	-91.2
- from payment transactions	-34	-215	532.4
- from security business	-5	-20	300.0
- other	-390	-321	-17.7



Group Profit & Loss Statement

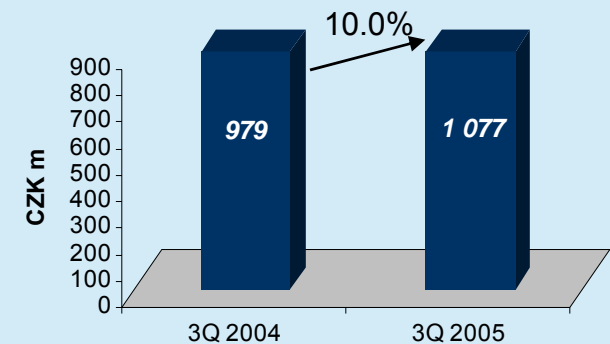
Net Profit on Financial Operations Increased by 10.0%

- Trading result in 3Q 2005 driven by very good results from FX operations due to both business strategy and growing flow from customers
- Very good performance in trading with securities (profit up by 61 % YTY)
- Market risk limits of CS remained unchanged between 2004 and 2005

IFRS, Consolidated, CZK m

	3Q 2004	3Q 2005	% change
Realised and unrealised profit on securities trading	249	400	60.6
Derivative instruments	-113	-402	255.8
FX gains	692	988	42.8
Other	151	91	-39.7

Note: negative result from derivative instruments in 3Q 2005 is compensated by higher result from securities trading and FX trading

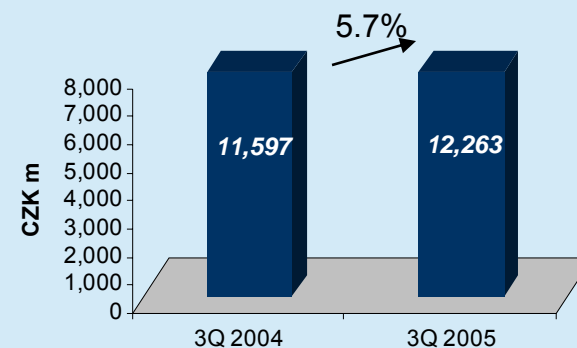


Group Profit & Loss Statement

General Administrative Expenses up by 5.7%

- **Personnel expenses grew by 6.0%**
 - » Salaries increased by 5.5% (includes base salaries and bonuses); related social and health insurance costs grew by 7.3 %
 - » Personnel expenses include severance payment for employees laid-off as part of the 2005-2006 Efficiency Programme (cca CZK 55 m) and introduction of profit sharing programme (cca CZK 95 m)
 - » Number of employees in CS Group at 11,089 (a reduction of 610 in YTY comparison)
- **Other administrative expenses grew 2.4% (in line with inflation rate) thanks to continued expense management activities, including improved procurement**
 - » Impact of VAT increase CZK 258 m
- **Higher depreciation related to the Bank's investments in prior years (e.g. IT for increasing customer service quality and improvement of efficiency)**

<i>IFRS, Consolidated, CZK m</i>	3Q 2004	3Q 2005	% change
Personnel expenses	5,079	5,386	6.0
Other administrative expenses	4,274	4,375	2.4
Depreciation	2,244	2,502	11.5



Group Profit & Loss Statement

Other Operating Income / (Expenses)

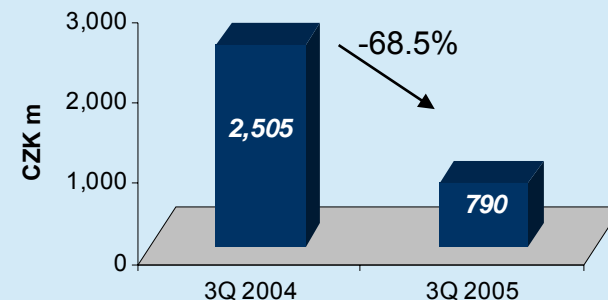
OTHER OPERATING INCOME:

- Higher income from MTM-measured financial assets (up by 151.1%) mainly thanks to capital gains realized on bonds sold from AFS portfolio (YTD income from sold bonds CZK 925 m)
- In comparable period (3Q 2004) positive impact (one-off) from sale of non-life insurance business in the amount of CZK 2.9 bn (before tax and minority interests)

OTHER OPERATING EXPENSES:

- Lower contribution into Deposit Insurance Fund (DIF)
 - » DIF contribution decreased by CZK 269 m as a result of decrease of mandatory contribution rate (for bank from 0.2% to 0.1% of primary deposits and for building society from 0.1% to 0.05%)
- Decrease of other expenses influenced mainly by reduction of sponsoring expenses in 3Q 2005

<i>IFRS, Consolidated, CZK m</i>	3Q 2004	3Q 2005	% change
Other operating income	1,006	1,796	78.5
- income from real estate	53	21	-60.4
- MTM-measured financial assets	521	1,308	151.1
- other income	432	467	8.1
Other operating expenses	-1,408	-1,006	-28.6
- Deposit Insurance Fund contribution	-556	-287	-48.4
- expenses from real estate	-37	-4	-89.2
- other expenses	-815	-715	-12.3
Income from sale of non-life insurance business	2,907	0	n/a



Group Balance Sheet

Highlights*

- **Total assets increased by 14.2% (YTD) to CZK 664.3 bn**
 - » Growth driven by loans and advances to customers and to financial institutions
- **Loans to customers (excl. loans to CKA, gross) increased by 19.1% (YTD) to CZK 254.2 bn and by 27.8% in YTY comparison)**
 - » Total loans (incl. loans to CKA) increased by 14.3% (YTD) to CZK 273.6 bn
- **Total client funds under CS Group management rose by 9.6% to CZK 549.3 bn**
 - » Amounts owed to customers in parent bank grew by 8.2% to CZK 392.8 bn (of which 62.8% sight deposits)
 - » Asset management company (ISCS) gained CZK 10.4 bn of client funds since year end 2004
- **Loans to Deposits ratio improved from 53.8% in 2004 to 57.0%**
- **Increase of issued bonds by 64.3% to CZK 32.3 bn**
 - » Driven mainly by mortgage bonds (CZK 13.5 bn) representing 42 % of issued bonds portfolio and by depository bills of exchange
- **Group capital adequacy (BIS) at 11.4%**
 - » Group capital adequacy according to CNB (parent bank only) at 9.1%

* Comparison between 31/12/2004 and 30/09/2005

Group Balance Sheet

Assets

<i>IFRS, Consolidated, CZK m</i>	31/12/04		30/09/05	% Change
	original	restated*		
Total Assets	580,394	581,780	664,343	14.2
Cash and balances with the CNB	18,128	18,128	19,196	5.9
Loans and advances to financial institutions	77,112	77,112	116,678	51.3
Loans to Czech Consolidation Agency	25,843	25,843	19,353	-25.1
Loans and advances to customers	213,446	213,446	254,202	19.1
Provision for losses on loans and advances	-7,165	-7,165	-6,908	-3.6
Trading securities	30,292	30,292	40,904	35.0
Securities available for sale	37,224	0	0	n/a
MTM-Measured Assets	0	51,186	42,638	-16.7
Investment securities	149,992	137,416	141,884	3.3
- treasury bills and listed debts securities	136,570	123,418	125,226	1.5
- other	13,422	13,998	16,658	19.0
Other assets	35,522	35,522	36,396	2.5

* Restated to reflect changes in accounting methodology related to IFRS 39 and other structural changes

Group Balance Sheet

Liabilities and Shareholders' Equity

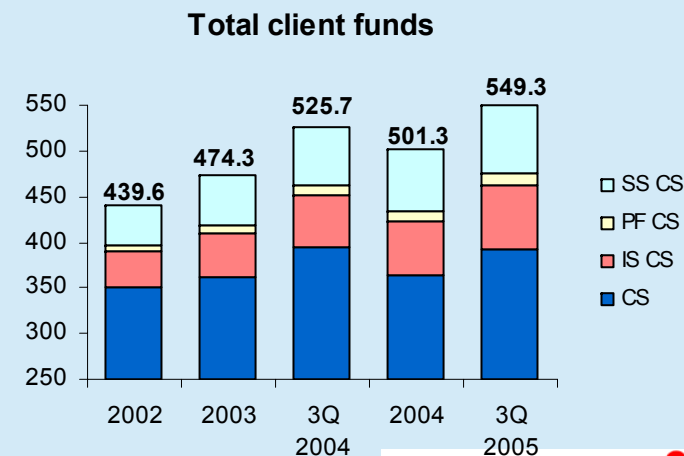
<i>IFRS, Consolidated, CZK m</i>	31/12/04		30/09/05	% Change
	original	restated*		
Total Liabilities and Shareholders' Equity	580,394	581,780	664,343	14.2
Amounts owed to financial institutions	32,905	32,905	46,416	41.1
Amounts owed to customers	444,771	444,771	479,537	7.8
Bonds in issue	19,649	19,649	32,284	64.3
Subordinated debt	0	0	2,998	n/a
Other liabilities	43,094	43,455	60,748	39.8
Minority interests	1,696	1,701	812	-52.3
Shareholders' equity	38,279	39,299	41,548	5.7

* Restated to reflect changes in accounting methodology related to IFRS 39 and other structural changes

Total Client Funds under CS Group Management

- Client funds under management grew by almost 10 % (YTD) to CZK 549.3 bn
- Fastest growth recorded in Pension Fund (PFCS) – by 18.8 % YTD (by 26.2% YTY) and Asset Management Company (ISCS) – by 17.7% YTD (by 24.5 % YTY)
- Very positive results reported also in building society (SSCS)
 - » Increase of client funds by 8.0% YTD and by 14.3% YTY
- Almost 72 % of customer assets is still placed in deposits in parent bank, however, their share is continually decreasing in favour of more attractive investment products
 - » Client deposits in parent bank grew by 8.2% mainly due to one-off repo operations by municipalities

<i>IFRS, in CZK bn</i>	2002	2003	3Q 2004	2004	3Q 2005
CS - parent bank	350.8	360.7	394.9	362.9	392.8
IS CS - asset management company	39.7	48.3	55.8	59.0	69.4
PF CS - pension fund	7.0	9.1	11.3	12.0	14.3
SS CS - building society	42.1	56.1	63.7	67.4	72.8
Total	439.6	474.2	525.7	501.3	549.3



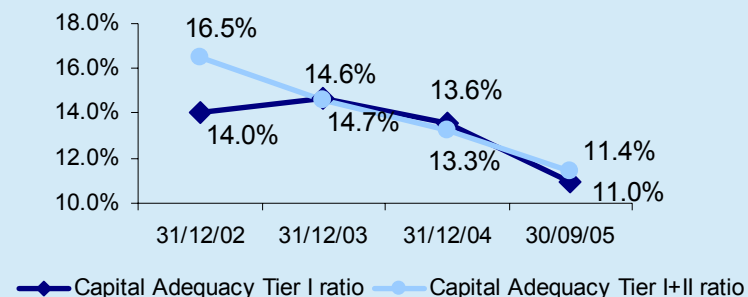
Capital Adequacy (BIS)

- Decrease of capital adequacy ratio due to higher growth of risk weighted assets (21.4% YTD) than growth of capital (3.7% YTD)
- Decline of Tier I ratio influenced by dividend pay-out of CZK 30 per share which was approved at Annual General Meeting; it represents total amount of CZK 4,560 m
 - » Dividend pay-out ratio reached 52.7% of FY 2004 net profit
- Drop of Tier I ratio was slowed by higher profit for the accounting period (3Q 2005) and retained profit
- Tier II ratio was improved by subordinated debt issue in the amount of CZK 3 bn which was carried out in May 2005

BIS Capital Adequacy

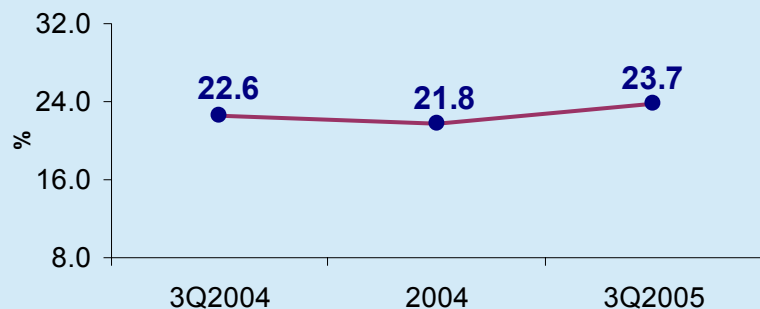
CS Group, CZK m	31/12/02	31/12/03	31/12/04	30/09/05
Tier I Capital	30,947	35,787	39,964	38,941
Tier I+II Capital	36,375	35,588	39,164	40,615
Risk Weighted Assets	201,813	224,332	273,386	331,876
Capital requirement to market risks	1,481	1,539	1,713	1,830
Capital Adequacy Tier I ratio	14.0%	14.7%	13.6%	11.0%
Capital Adequacy Tier I+II ratio	16.5%	14.6%	13.3%	11.4%

Capital Adequacy Development
(according to BIS)

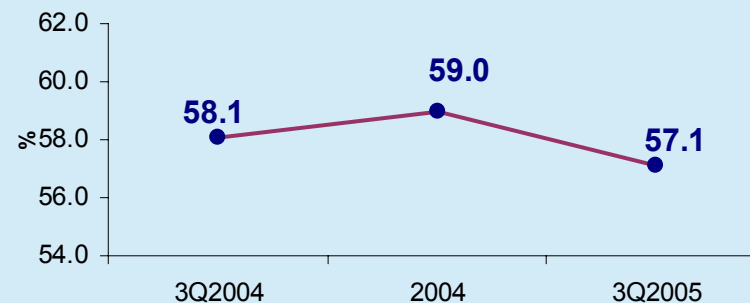


Financial Ratios Development

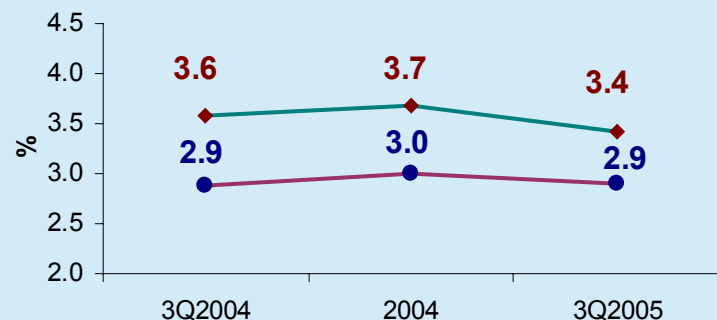
ROE



Cost / Income Ratio

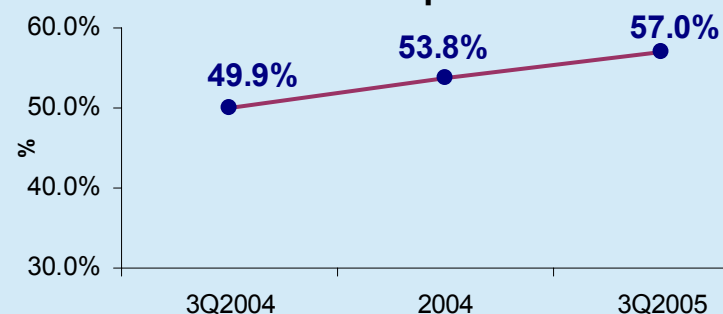


Net Interest Margin



● NIM - GAA ◆ NIM - IBA
 GAA = Gross average assets
 IBA = Average interest bearing assets

Loans* to Deposits Ratio



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

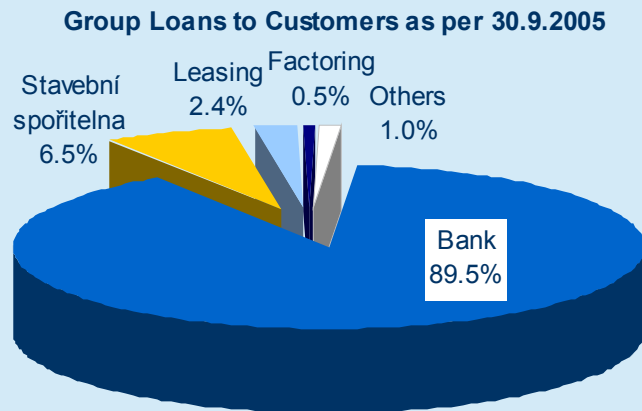
Bank Loan Portfolio
3Q 2005

Unconsolidated (IFRS)

Group Portfolio Highlights in 3Q 2005

- **Record loan growth of CZK 40.8 bn or +19.1% YTD (excl. CKA repayments)**
 - » Almost doubled compared to 3Q04 growth CZK 20.8 bn
 - » On YTY basis growth reached CZK 55.3 bn (+27.8%)
- **47.3% (CZK 19.3 bn) of loan growth comes from housing loans and real estate loans**
 - » Of the CZK 19.3 bn the Bank has CZK 16.6 bn and Stavebni sporitelna CZK 2.7 bn YTD
 - » Share of real estate lending in the Group increased to 35.5% (+220 bps YTD)
- **Stable share of non performing loans 1.8%**
 - » NPL coverage by specific provisions above 88%

Group Portfolio Structure and Development Overview

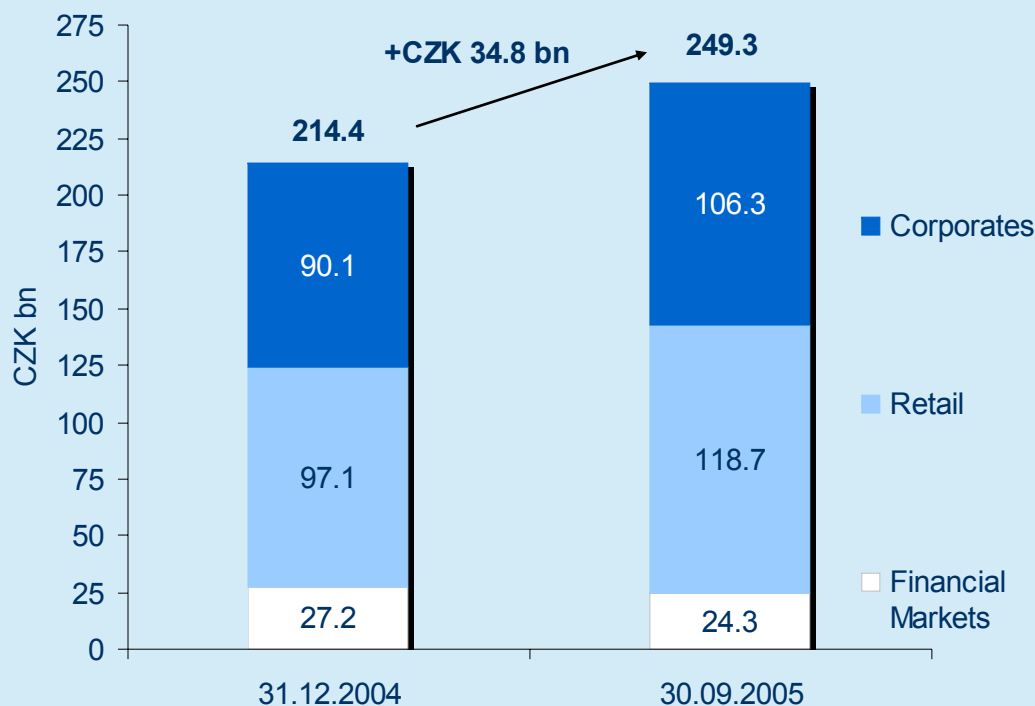


- 89.5% of Group loans comes from Bank (89.3% YE04)
- Stavební spořitelna continues to grow + CZK 2.7 bn (17.6 %) YTD
 - » YTY increase + CZK 4.7 bn (+34.1%)
- Leasing affected by market stagnation and implementation of new business strategy
 - » S-Autoleasing new deals amount to CZK 1.8 bn
- Factoring YTD decline (CZK 1 bn) affected by termination of two large deals

in CZK m, IFRS	31.12.2004	30.09.2005	YTD growth	
I. ČS Bank	214,432	249,251	34,819	16.2%
of which ČKA	25,843	19,353	-6,490	-25.1%
II.1. Stavební spořitelna ČS	15,458	18,183	2,725	17.6%
II.2. Leasing ČS + S-Autoleasing	6,961	6,622	-338	-4.9%
II.3. Factoring ČS	2,505	1,457	-1,048	-41.8%
II.4. Other subsidiaries	790	2,919	2,130	269.8%
III. Consolidation items	-855	-4,878	n.a.	n.a.
Loans excl. ČKA (consolidated)	213,446	254,202	40,756	19.1%
Total Loans (consolidated)	239,289	273,555	34,266	14.3%

Loan Structure and Development

CS Bank Loans to Customers / Overview (1)

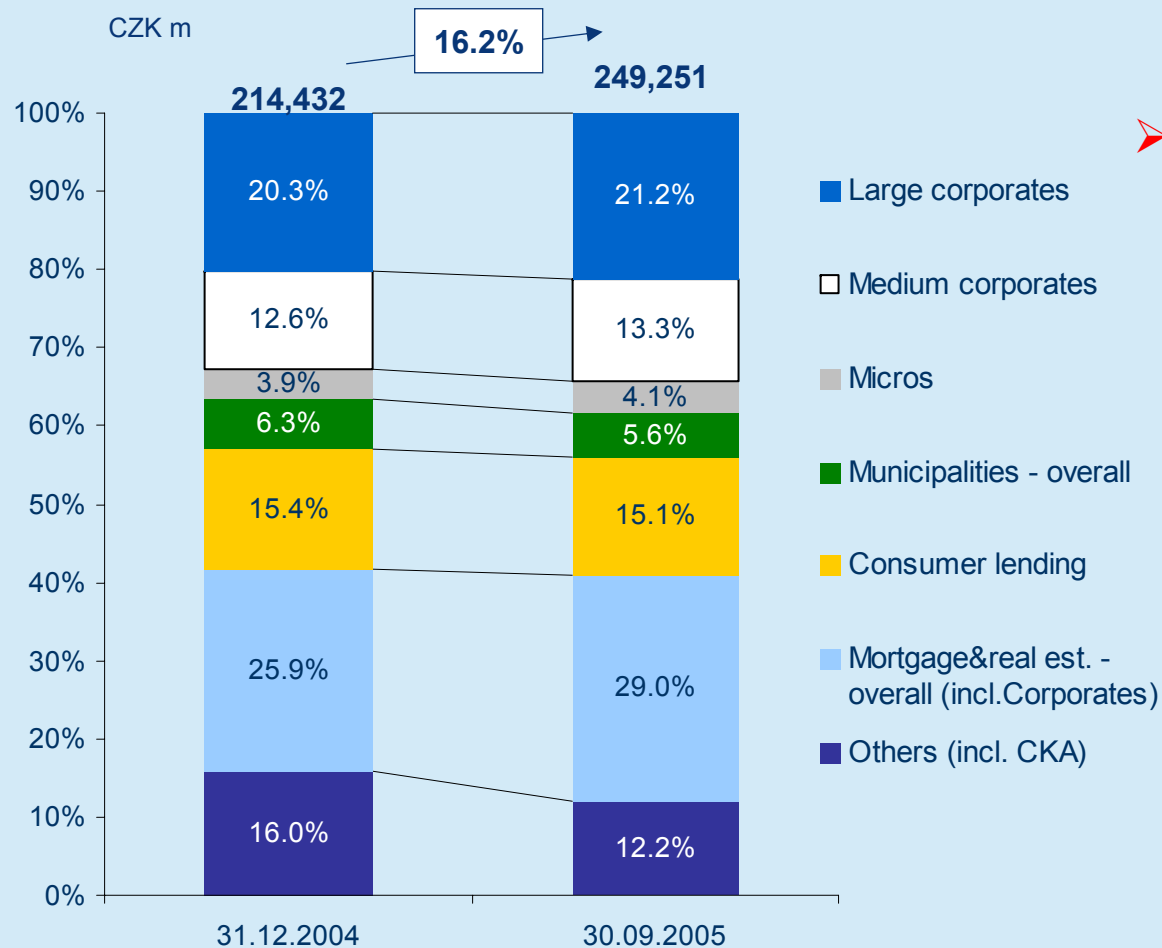


- **Corporate & Retail loan growth accelerated to CZK 37.7 bn (20.2%) YTD**
 - » 66% (CZK 13.9 bn) above 3Q 2004 growth
- **Main drivers (YTD)**
 - » Retail mortgages + CZK 16 bn (+35.9%)
 - » Large corporates + CZK 9.5 bn (+21.7%)
 - » SMEs + CZK 6.0 bn (+22.1%)
 - » Consumer lending + CZK 4.2 bn (+13.3%)
- **Financial markets lending fell (CZK 2.9 bn or 10.7% YTD) driven by continuing repayments of CKA loans**

in CZK m, IFRS	31.12.2004		30.09.2005		YTD Growth	
	Outstand.	Share	Outstand.	Share	Outstand.	Rate
I. CORPORATE & RETAIL (1+2)	187,241	87.3%	224,979	90.3%	37,738	20.2%
1. CORPORATES	90,112	42.0%	106,261	42.6%	16,149	17.9%
2. RETAIL	97,128	37.1%	118,717	47.6%	21,589	22.2%
II. FINANCIAL MARKETS	27,191	12.7%	24,273	9.7%	-2,918	-10.7%
LOANS TO CUSTOMERS	214,432	100.0%	249,251	100.0%	34,819	16.2%

Loan Structure and Development

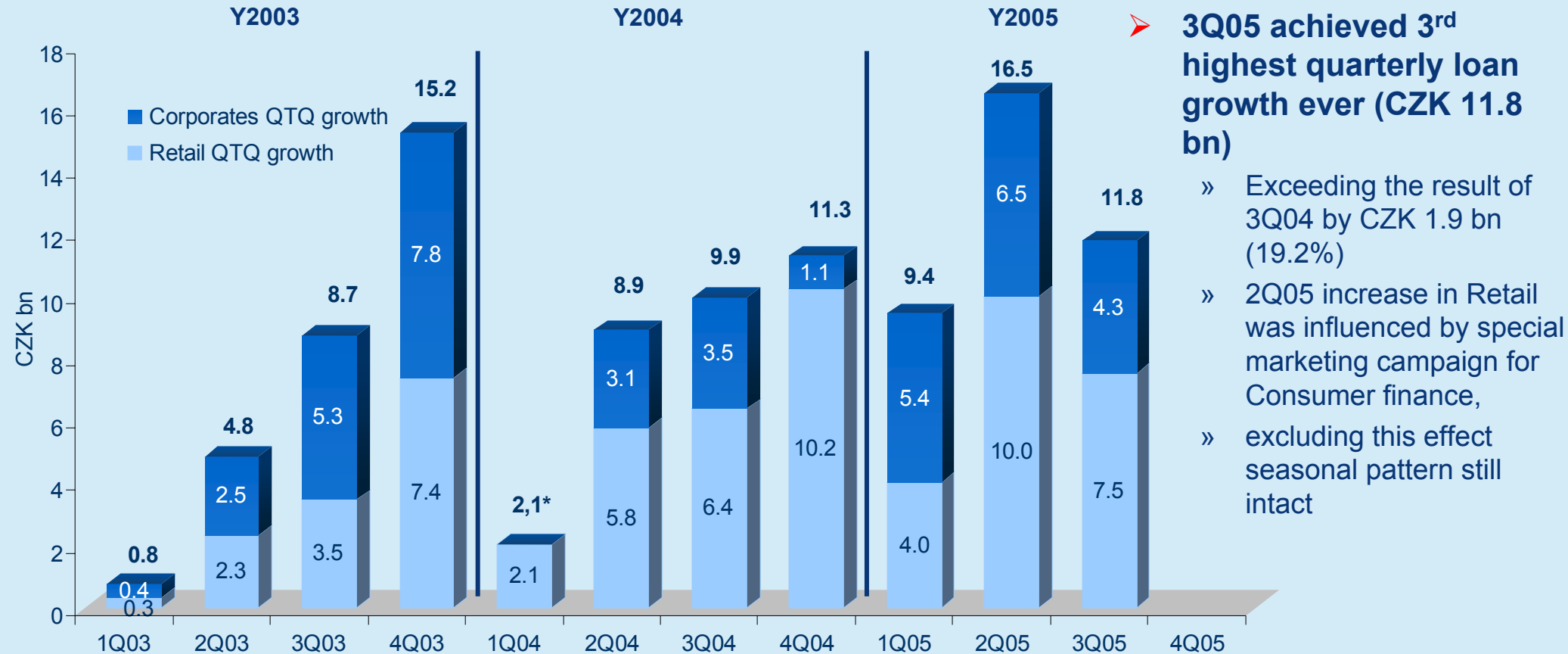
CS Bank Loans to Customers / Overview (2)



➤ **Increase of Mortgage & Real Estate Share (310 bps YTD to 29.0%) is driven by Private individuals**

Loan Structure and Development

Seasonality in Growth of Corporates and Retail (QTQ)

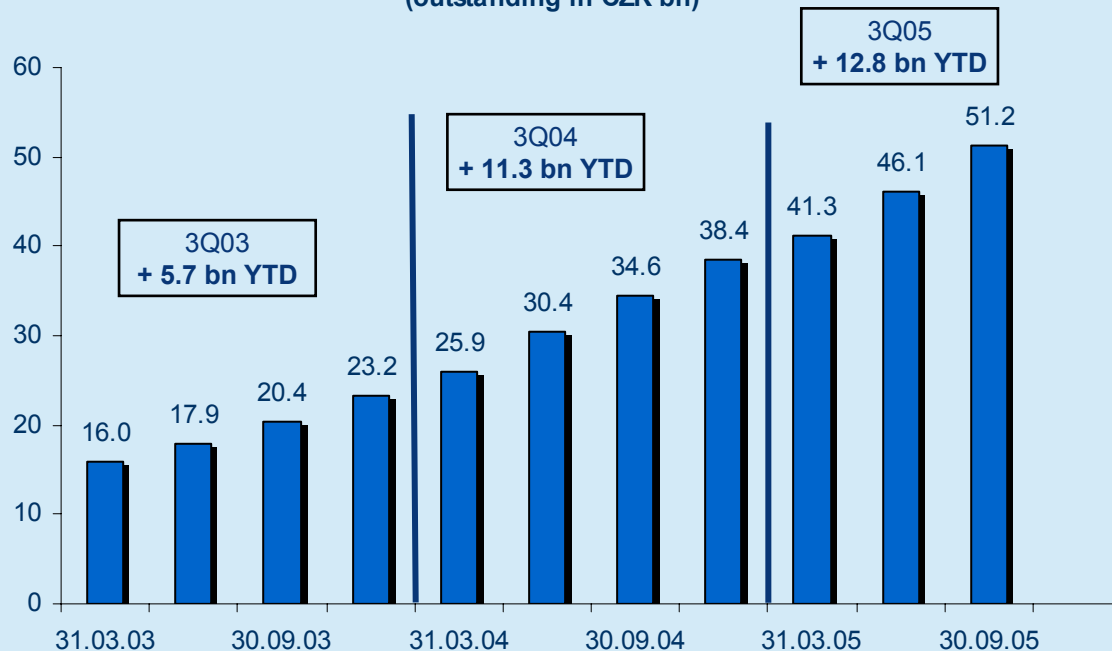


* Corporate portfolio in 1Q04 influenced by prepayment of a large project finance loan

Loan Structure and Development

Private Individuals (PI) Mortgages

Development of Private mortgages
(outstanding in CZK bn)



in CZK m, IFRS	31.12.2004		30.09.2005	
	Outstand.	Share	Outstand.	Share
Private mortgages	38,400	100.0%	51,201	100.0%
Classified mortgages (CNB2-5)	533	1.4%	640	1.3%
High risk mortgages (CNB3-5)	251	0.7%	401	0.8%
Non performing (>90d.overdue)	184	0.48%	268	0.52%

➤ Strong mortgage growth continued also in 3Q05

- » YTD growth CZK 12.8 bn is by CZK 1.5bn (12.8%) higher compared to 3Q 2004
- » Quarterly growth CZK 5.1 bn is the best growth in CS mortgage lending history

➤ Loan purpose

- » 58.7% is for property purchase (54% YE04); for loans granted in 1H05 the share is even higher (77.4%)
- » Remaining 31.6% goes to house construction and 9.7% to reconstruction

➤ Average maturity of loan contract grew up to 17.6 years (17.1 YE04)

- » Residual maturity of mortgage portfolio 15.4 years (15.0 at YE04)

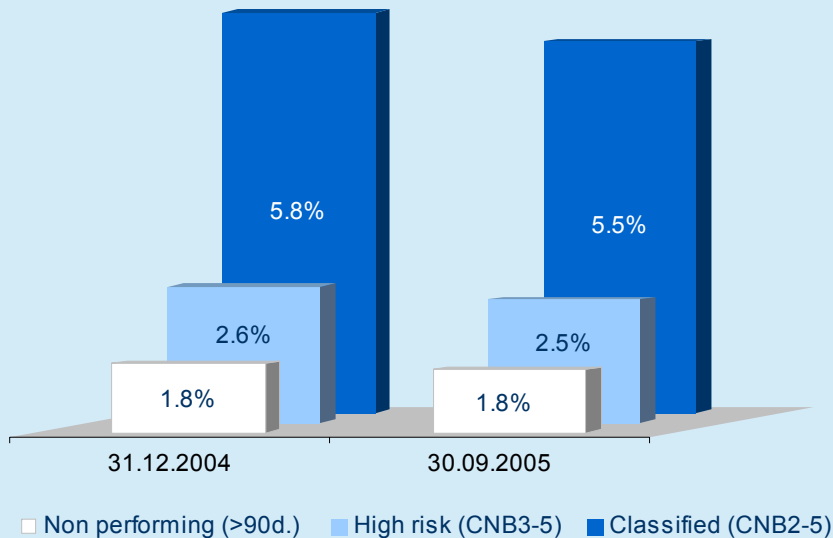
➤ NPLs increased by 4 bps

- » In line with expectations

Loan Portfolio Quality

Overall Bank

Quality of Loans to Customers



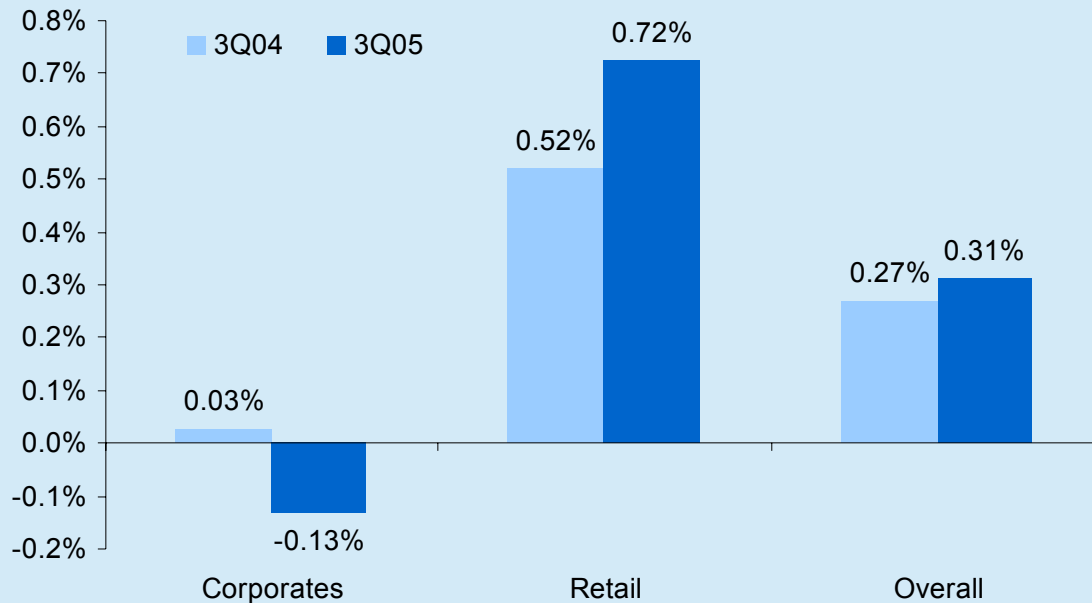
in CZK m, IFRS	31.12.2004		30.09.2005	
	Outstanding	Share	Outstanding	Share
Loans to customers	214,432	100.0%	249,251	100.0%
Classified (CNB2-5)	12,453	5.8%	13,593	5.5%
High risk (CNB3-5)	5,652	2.6%	6,196	2.5%
Non performing (>90d.)	3,944	1.8%	4,391	1.8%

- **Strong Loan growth results in decline of Classified loans share to 5.5% (-30 bps YTD)**
 - » Of the absolute increase by CZK 1.1 bn YTD is CZK 0.6 bn influenced by technical overdue (settled in October)
 - » Only CZK 0.5 bn relates to high risk loans increase
- **NPL share remains stable at 1.8%**
 - » Absolute increase by CZK 0.4 bn predominantly driven by Retail

Provision Creation

CS Bank / Risk Costs Development

YTD Risk Costs development



➤ **Corporates -0.13% YTD (+0.03% YTD in 3Q04)**

» Release influenced by methodology changes (IFRS) and successful work out

➤ **Retail +0.72% YTD (+0.52% YTD in 3Q04)**

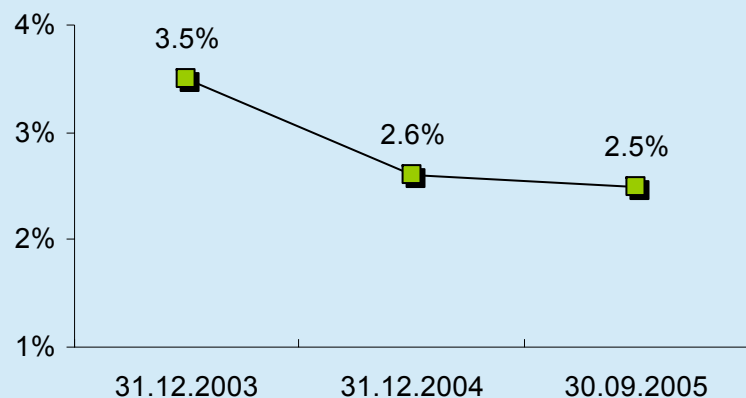
» Driven by Consumer credit

Note:

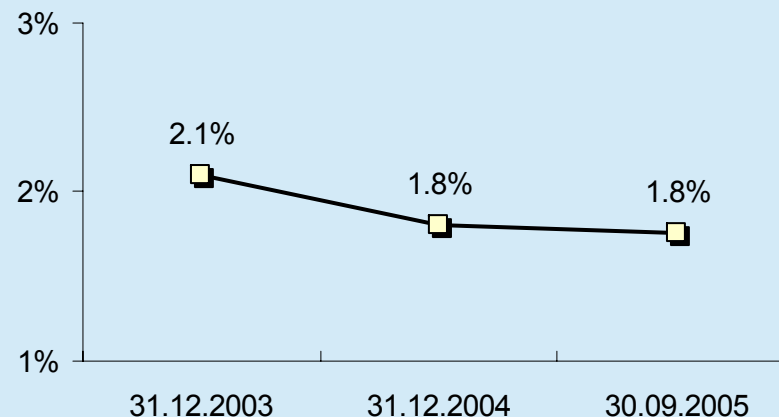
1. Overall risk costs relate to Customer Loan Portfolio excluding CKA
2. Underlying risk costs do not include GP release

Key Ratios of Loan Portfolio Quality

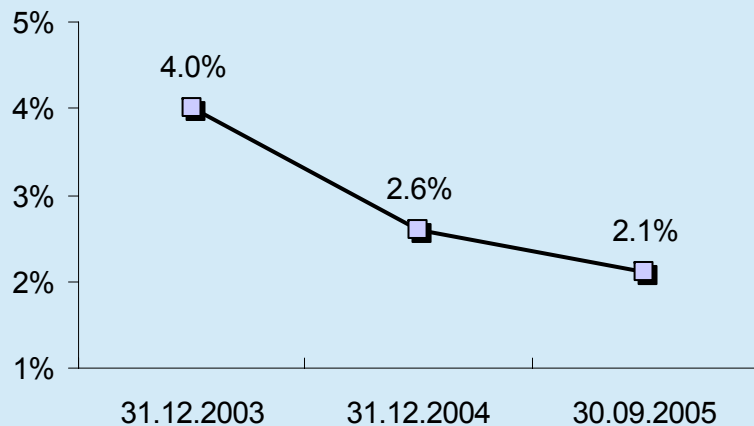
High risk loans share



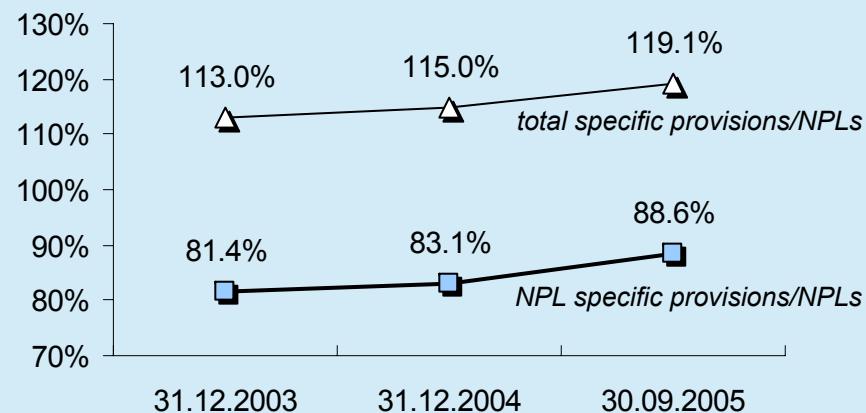
Non performing loans share



Loan loss reserves to Total loans



NPL coverage by Specific provisions



Outlook for 2005

Outlook 2005 – Financial Targets Confirmed

	2005 target	2006 target
» Net profit growth	10%	10%
» ROE	> 20%	> 20%
» Cost/Income Ratio	55-57%	< 54%

Appendix

Macroeconomic Framework

YEARLY (average)	2001	2002	2003	2004	2005	2005E	
	<i>last actual data</i>						
Demand and Supply							
GDP (real %)	2.6	1.5	3.2	4.4	2Q	5.1	4.9
Household consumption (real %)	2.8	2.7	4.6	2.0	2Q	2.1	2.2
Investments (real %)	5.4	3.5	4.8	7.6	2Q	2.3	2.6
Export (real %)	11.8	2.2	7.5	21.8	2Q	7.6	11.0
Import (real %)	13.4	4.9	7.8	18.4	2Q	-0.1	3.9
Industry output (real %)	10.8	4.9	5.9	9.8	2Q	4.5	5.5
Retail (%)	4.6	3.0	4.9	2.5	2Q	4.7	3.8
State finance							
State balance (% GDP) ¹	-2.9	-1.9	-4.2	-3.4	2Q	0.3	-1.7
State debt (% GDP) ¹	17.5	18.4	21.6	24.0			26.0
Labor market							
Unemployment rate (%) ²	(8,6)	(9,2)	(9,9)	9.4	3Q	8.8	8.9
Nominal wages (%)	8.7	7.3	6.6	6.6	2Q	5.4	5.6
Real wages (%)	3.8	5.4	6.5	3.7	2Q	3.7	3.6
External relations							
Trade balance (CZK bn)	-117	-71	-70	-23	2Q	15.2	44
Current account (CZK bn)	-124	-136	-161	-144	2Q	-30.8	-43
Prices							
CPI inflation (%)	4.7	1.8	0.1	2.8	3Q	1.9	1.9
PPI inflation (%)	3.0	-0.5	-0.3	5.7	3Q	1.4	3.5
Monetary conditions							
CZK/EUR	34.0	30.8	31.9	31.9	3Q	29.7	29.8
CZK/USD	38.0	32.7	28.2	25.7	3Q	24.3	23.9
2W repo rate (%)	5.1	3.6	2.3	2.2	3Q	1.75	1.9
3M PRIBOR (%)	5.2	3.6	2.3	2.3	3Q	1.7	1.9
12M PRIBOR (%)	5.3	3.6	2.3	2.7	3Q	1.8	2.0

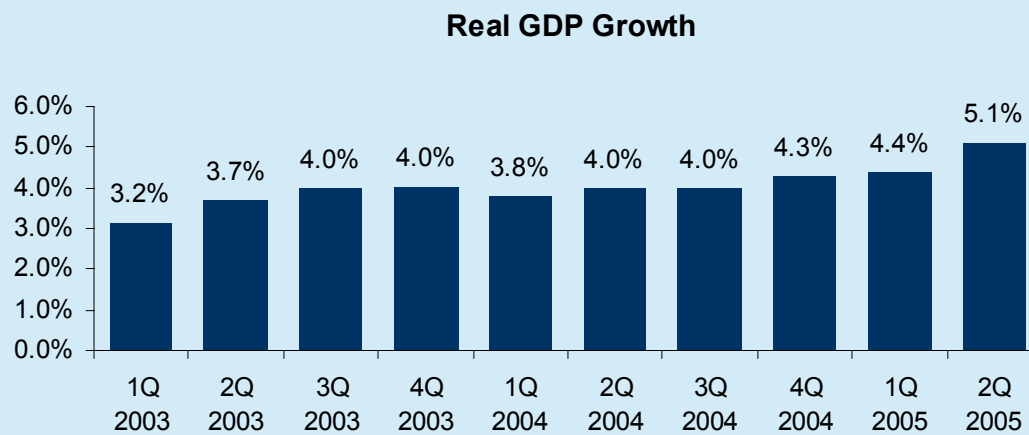
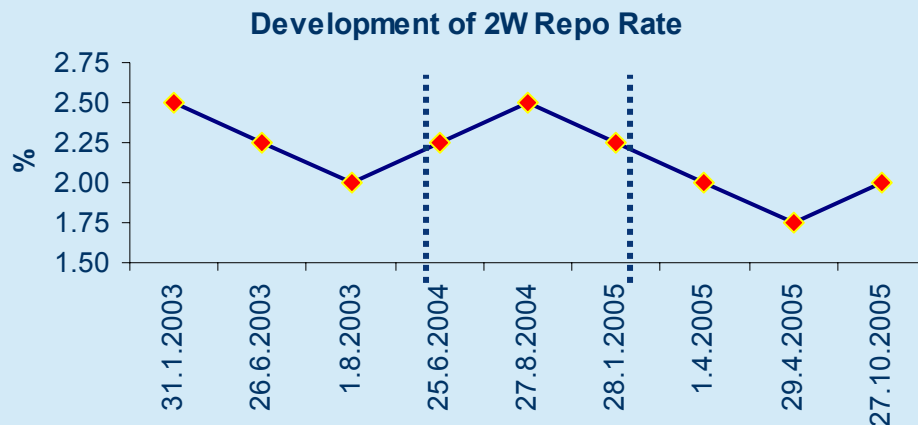
Notes:

Unless otherwise stated, the annual or quarterly averages are presented.

¹ We show the balance of the state and public budgets using the GFS methodology.

² The unemployment rate before 2004 is calculated using the registered unemployment rate, starting in 2004 using the ILO methodology.

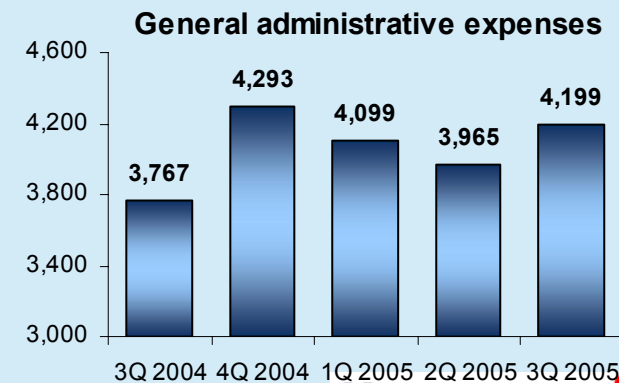
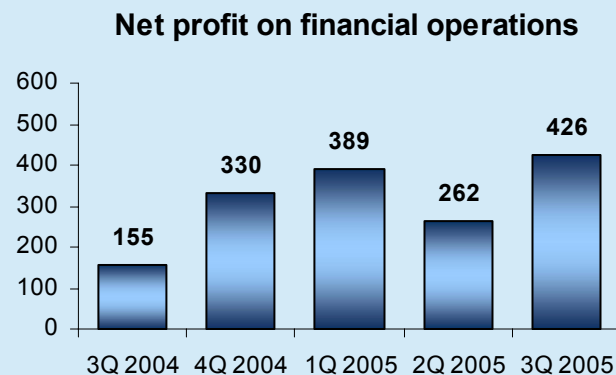
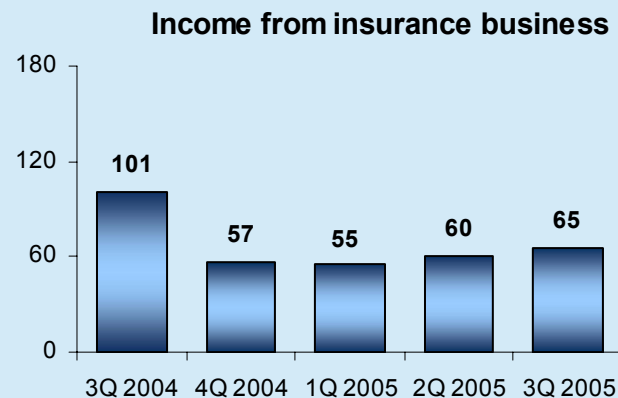
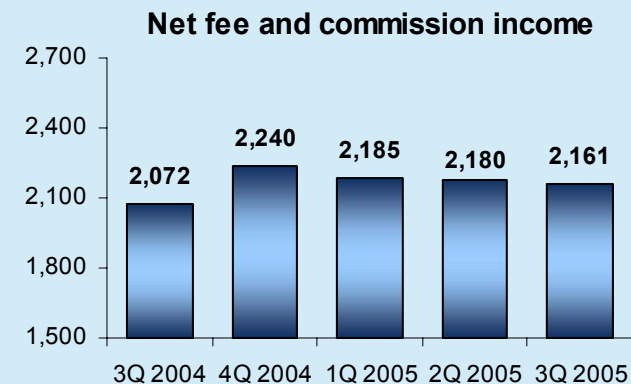
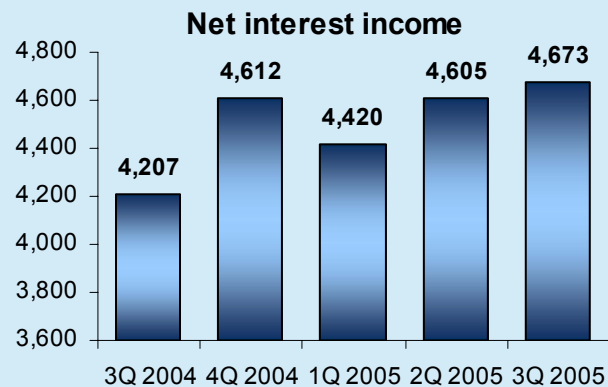
2W Repo Rate and Real GDP Growth



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	30/09/05
Tier I capital	22,583	21,910	24,301	27,704
Tier I + Tier II capital	24,926	22,115	23,297	28,620
Capital requirement A (to RWA)	14,035	15,664	19,060	23,404
Capital requirement B (to market risks)	1,481	1,539	1,713	1,830

Capital adequacy Tier I ratio	11.6%	10.2%	9.4%	8.8%
Capital adequacy Tier I+II ratio	12.9%	10.3%	9.0%	9.1%

BIS Capital Adequacy

CS Group, CZK m	31/12/02	31/12/03	31/12/04	30/09/05
Tier I Capital	30,947	35,787	39,964	38,941
Tier I+II Capital	36,375	35,588	39,164	40,615
Risk Weighted Assets	201,813	224,332	273,386	331,876
Capital requirement to market risks	1,481	1,539	1,713	1,830

Capital Adequacy Tier I ratio	14.0%	14.7%	13.6%	11.0%
Capital Adequacy Tier I+II ratio	16.5%	14.6%	13.3%	11.4%

Structure of Bank Loan Portfolio

in CZK m, unconsolidated, IFRS	31.12.2004		30.09.2005		YTD Growth	
	Outstand.	Share	Outstand.	Share	Outstand.	Rate
I. CORPORATE & RETAIL (1+2)	187,241	87.3%	224,979	90.3%	37,738	20.2%
1. CORPORATES	90,112	42.0%	106,261	42.6%	16,149	17.9%
Large Corporates	43,477	20.3%	52,930	21.2%	9,453	21.7%
Medium Corporates (SMEs)	27,099	12.6%	33,101	13.3%	6,002	22.1%
Corp. Mortgage&Real Estate	11,103	5.2%	11,678	4.7%	575	5.2%
Municipalities	8,434	3.9%	8,553	3.4%	119	1.4%
2. RETAIL	97,128	45.3%	118,717	47.6%	21,589	22.2%
Private Credit cards	1,415	0.7%	1,747	0.7%	333	23.5%
Consumer credit	31,661	14.8%	35,858	14.4%	4,197	13.3%
Private social	5,972	2.8%	5,117	2.1%	-855	-14.3%
Private mortgages	38,400	17.9%	51,201	20.5%	12,801	33.3%
Micro corporates (MSEs)	8,408	3.9%	10,191	4.1%	1,783	21.2%
Commercial mortgages	6,132	2.9%	9,297	3.7%	3,166	51.6%
Small municipalities	5,141	2.4%	5,306	2.1%	165	3.2%
II. FINANCIAL MARKETS	27,191	12.7%	24,273	9.7%	-2,918	-10.7%
LOANS TO CUSTOMERS	214,432	100.0%	249,251	100.0%	34,819	16.2%

CS Market Shares Development

<i>According to CNB Statistics*</i>	31.12.2002	31.12.2003	31.12.2004	30.09.2005	change
Total Assets	18.7%	21.4%	21.6%	22.7%	↑
Loans to Customers	18.4%	20.6%	21.7%	22.4%	↑
Interbank Loans	5.8%	7.5%	11.0%	16.6%	↑
Primary Deposits	20.2%	24.4%	24.0%	23.2%	↓
Retail Deposits **	27.9%	33.4%	32.7%	32.8%	↑
Retail Loans **	30.9%	30.9%	31.8%	31.8%	↔
Mortgages	27.6%	30.1%	33.7%	n/a	
Retail Mortgages	29.0%	29.1%	32.2%	n/a	
Assets under Management in Domestic Funds***	n/a	47.8%	53.9%	54.4%	↑
Assets under Management in Funds Total****	31.2%	34.3%	37.3%	37.1%	↓
ATM (#)	41.5%	40.0%	37.9%	n/a	
Payment Cards (#)	44.6%	40.4%	40.2%	n/a	

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

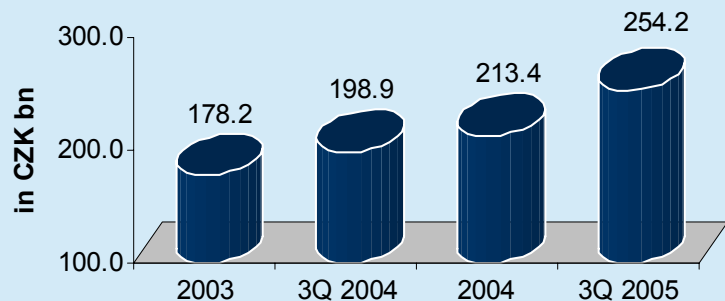
** Change in calculation - building savings deposits and loans are now included in retail deposits and loans

*** Latest data as of 30.6.2005

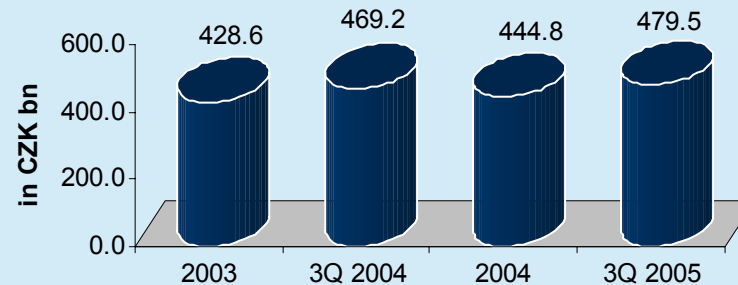
**** Includes Foreign and Domestic Funds, latest data as of 30.6.2005

Business Indicators

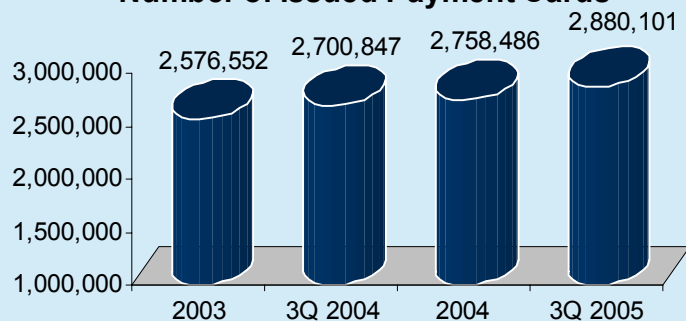
Loans to customers (excl. CKA)



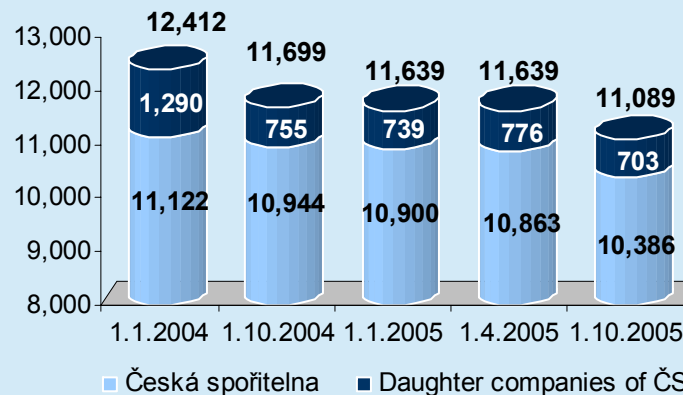
Amounts owed to customers



Number of Issued Payment Cards



Number of Employees



Remote Distribution Channels

No. of clients*	31.12.2002	31.12.2003	30.9.2004	31.12.2004	30.9.2005
GSM banking	64,811	81,615	96,543	98,609	100,499
Homebanking	19,639	20,369	19,875	19,446	17,153
Servis 24 Telebanking & Internetbanking	373,889	677,926	759,872	812,775	930,768
Total	458,339	779,910	876,290	930,830	1,048,420

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

- **Number of remote distribution channels' users up by 20 % (YTY)**
- **Servis 24 Telebanking and Internetbanking recorded fastest growth (over 170 thousand new clients since 3Q 2004)**
 - » Volume of transactions grew by 81.4% (YTY)
- **GSM banking attracted almost four thousands new clients (YTY)**

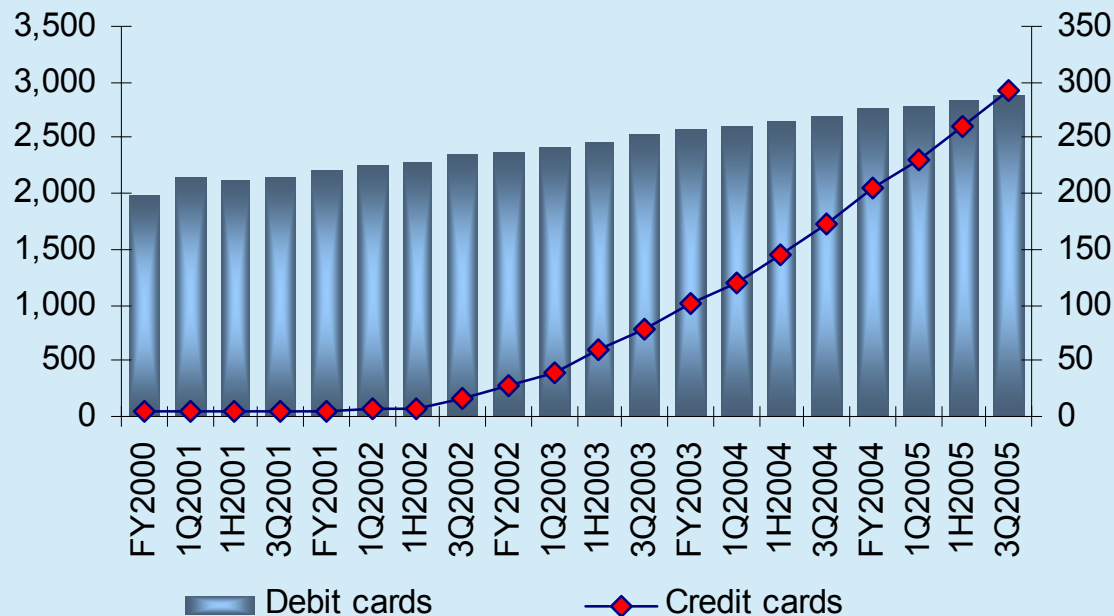
Payment Cards

	2000	2001	2002	2003	2004	3Q2005
Debit cards	1,966,218	2,205,480	2,335,600	2,475,397	2,553,922	2,587,953
Credit cards	4,732 *)	5,387	28,051	101,155	204,564	292,148
Total payment cards	1,970,950	2,210,867	2,363,651	2,576,552	2,758,486	2,880,101

*) 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>	3Q 2004	3Q 2005	% Change
Stavební spořitelna CS - Building Society	259	432	66.8
Investiční společnost CS - Asset Management	25	69	176.0
Leasing CS - Leasing	-296	-1	-99.7
Penzijní fond CS - Pension Fund*	168	552	228.6
Pojišťovna CS - Insurance Company**	2,227	127	-94.3
Factoring CS - Factoring	14	1	-92.9

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

*According to the Supplementary Pension Insurance Act, a minimum 85% of Czech Accounting Standards (CAS) net profit of pension fund is distributed to clients. Penzijní fond CS made CAS profit for 3Q 2005 in the amount of CZK 551.6 m (CZK 186.8 m in 3Q 2004).

**Net profit of Pojistovna CS for 3Q04 includes income from the sale of non-life insurance business

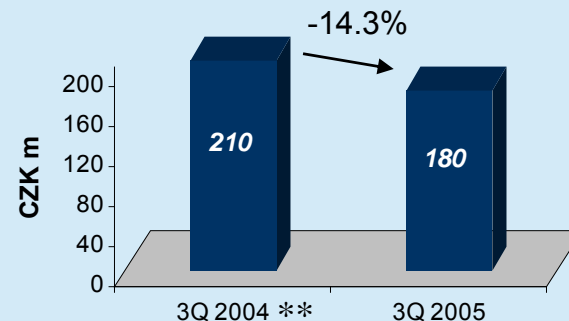
Income from Insurance Business

- **Net result from insurance business (profit before tax without impact of sale of non life insurance business) declined by 14.3% due to decrease of net premiums earned**
- **Operating income of Pojistovna CS decreased by 22.5%**
 - » Net premiums earned down by CZK 827 m compared to 3Q 2004
- **Life insurance development**
 - » Pojistovna CS concluded 446 thousand life insurance contracts as of 30 September 2005 (+ 21.7 % YTY), 62 % via CS sales force
 - » Written premium decreased by 35. 2% to CZK 1.7 bn as a result of 62.6% drop in single paid premium (due to lower attractiveness of single paid premium products in low interest rates environment)
 - » Current paid insurance premium grew by 36.3%
 - » Most popular insurance product is still Flexi insurance with 64% share on total life insurance premium
- **CS Insurance Company is currently # 6 in life insurance market with market share of 5.3 % (as of 30.9.2005)**

Product structure

	30/9/04	31/12/04	30/9/05
Life insurance			
capital	14%	13%	20%
credit*	9%	8%	9%
flexi	74%	74%	64%
other	3%	5%	8%

* including mortgage insurance

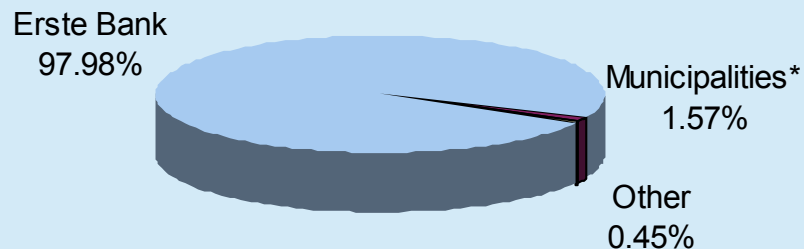


Note: profit before tax

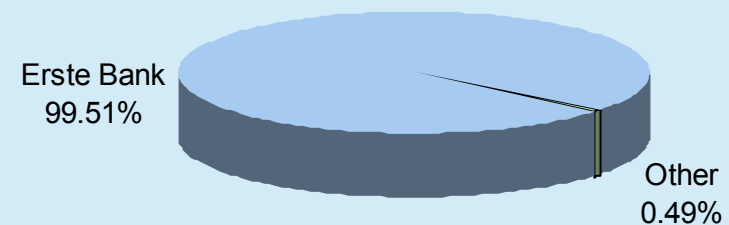
** without income from sale of non life insurance business

Shareholder Structure

Shareholder structure
Sept 30, 2005



Voting Rights Structure
Sept 30, 2005



* include priority shares owned by FNM

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	30.9.2005
Total EB share	52.1%	52.6%	52.2%	93.6%	98.0%	98.0%	98.0%

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