

Ceska Sporitelna

3Q 2002 IAS Consolidated Results

November 14, 2002

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Summary

- Net Profit (3Q/02 YTD) amounted to CZK 4,889 m
- ROE reached 24.4%; ROA was 1.3%
- Operating Income increased by 8.3% YTY, while General Administrative Expenses went down by 2.8%
- Net creation of Provisions for Loan Losses decreased from CZK 1,860 m in 3Q 2001 to CZK 213 m in 3Q 2002
- CS Team continues to meet its financial targets; 18% ROE target exceeded mainly due to extraordinary items (i. e. a large loan recovery, release of unused accruals and dormant account action)
- S & P raised its long-term ratings to BBB- from BB+ and short-term ratings to A-3 from B

***3Q 2002 IAS Unaudited
Consolidated Results***

3Q 2002 Group Profit & Loss Highlights

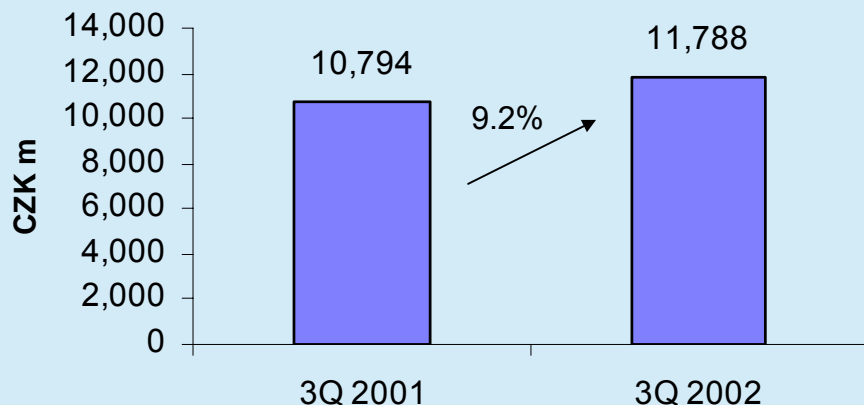
- Profit rose from CZK 1,181 m (3Q/01 YTD) to CZK 4,889 m (3Q/02 YTD)
- ROE reached 24.4%; ROA at 1.3%
- Net Interest Income grew by 9.2% to CZK 11,788 m
- Net Interest Margin decreased moderately to 3.0%
- Net Fee and Commission Income grew by 2.2% to CZK 4,908 m
- General Administrative Expenses decreased by 2.8% to CZK 11,167 m
- Cost/Income ratio at 63.3%
- Risk costs reduced to 0.1%

Group Profit & Loss Statement

IAS, Consolidated, CZK m	3Q 2001	3Q 2002	% Change
Net interest income	10,794	11,788	9.2
Provisions on losses on loans and advances	-1,860	-213	-88.5
Net fee and commission income	4,802	4,908	2.2
Net profit/(loss) on financial operations	687	933	35.8
General administrative expenses	-11,485	-11,167	-2.8
Other operating income/(expenses)	-1,251	349	n/a
Profit/(loss) before taxes	1,687	6,598	291.1
Income tax expense	-410	-1,600	290.2
Profit/(loss) after taxes	1,277	4,998	291.4
Minority interests	-96	-109	13.5
Net profit/(loss) for the year	1,181	4,889	314.0

Group Interest Income

Net interest income



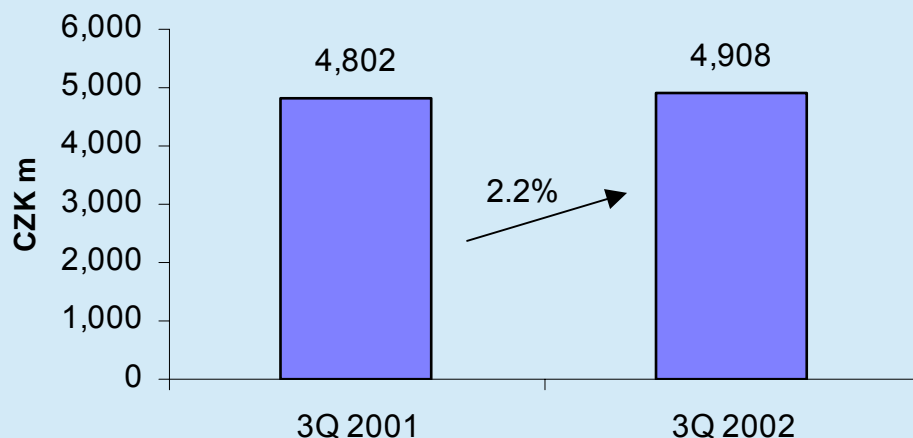
Main Drivers:

- Increase of client deposits and conservative pricing policy
- Maturity of bonds (CZK 5 bn) in Feb 2002
- Growing retail lending
- Lower pace of NII growth connected with interest rates cuts, conversion of anonymous passbooks and decrease of ring-fenced asset volume

IAS, Consolidated, CZK m	3Q 2001	3Q 2002	% Change
Interest income	20,533	19,845	-3.4
- from loans and advances to financial institutions	6,768	4,947	-26.9
- from loans and advances to customers	8,235	9,394	14.1
- from debt securities and other fixed income securities	5,001	5,347	6.9
- other interest income	529	157	-70.3
Interest expense	-9,739	-8,057	-17.3
- from amounts owed to financial institutions	-1,014	-856	-15.6
- from amounts owed to customers	-7,547	-6,415	-15.0
- from bonds in issue	-529	-192	-63.7
- other interest expense	-649	-594	-8.5

Group Fee and Commission Income

Net fee and commission income



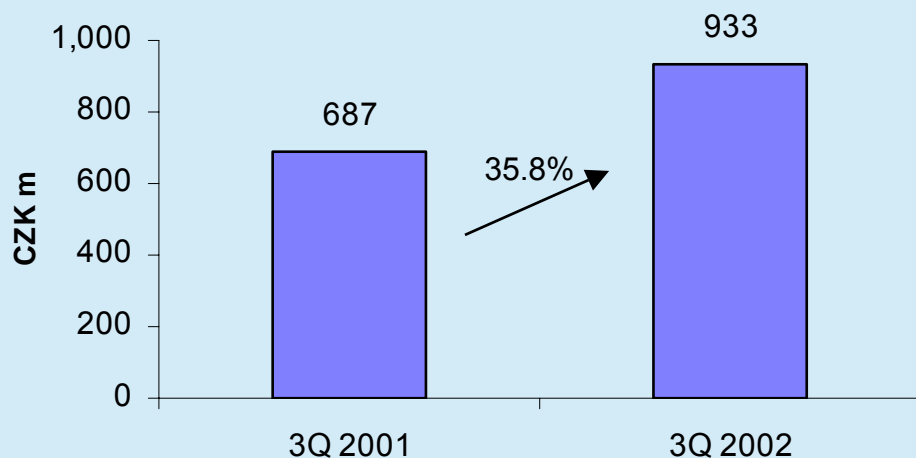
Main Drivers:

- Increased volume of payment transactions
- Decrease of incentive fee from ring-fencing due to lower amount of ring fenced assets
- Impact of floods – some ATMs damaged, cash withdrawals free of charge for some time etc.
- Influence of anonymous passbooks conversion – as part of client motivation fees for premature withdrawals not charged

IAS, Consolidated, CZK m	3Q 2001	3Q 2002	% Change
Fee and commission income	5,148	5,313	3.2
- from lending business	1,229	1,149	-6.5
- from payment transactions	2,931	3,288	12.2
- from security business	384	312	-18.8
- other	604	564	-6.6
Fee and commission expense	-346	-405	17.1
- from lending business	-1	-4	n/a
- from payment transactions	-75	-70	-6.7
- from security business	-35	-21	-40.0
- other	-235	-310	31.9

Group Trading Result

Net profit on financial operations



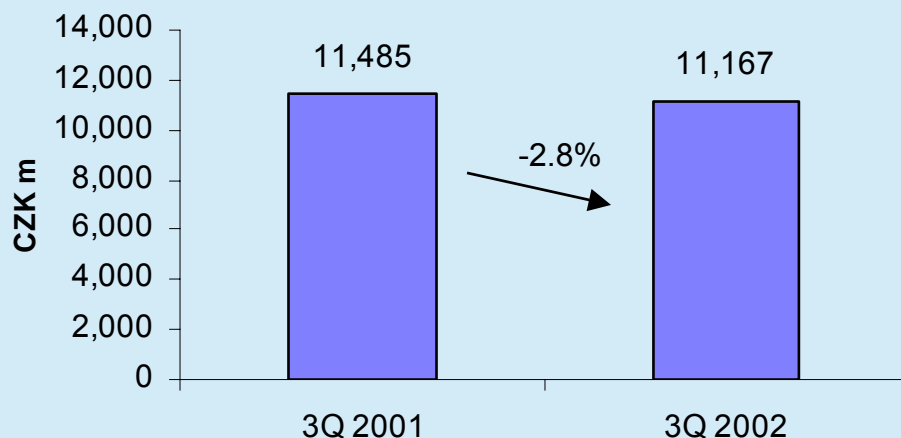
Main Drivers:

- Volatile but directional movements on the financial markets
- Positive gains from bond portfolios due to declining interest rate environment
- Good results in FX trading
- Significantly improved result in derivatives (mainly interest rate derivatives)

IAS, Consolidated, CZK m	3Q 2001	3Q 2002	% Change
Realised and unrealised profit on securities trading	34	203	497.1
Derivative instruments	-18	39	n/a
FX gains	617	698	13.1
Other	54	-7	n/a

Group Expenses

General administrative expenses



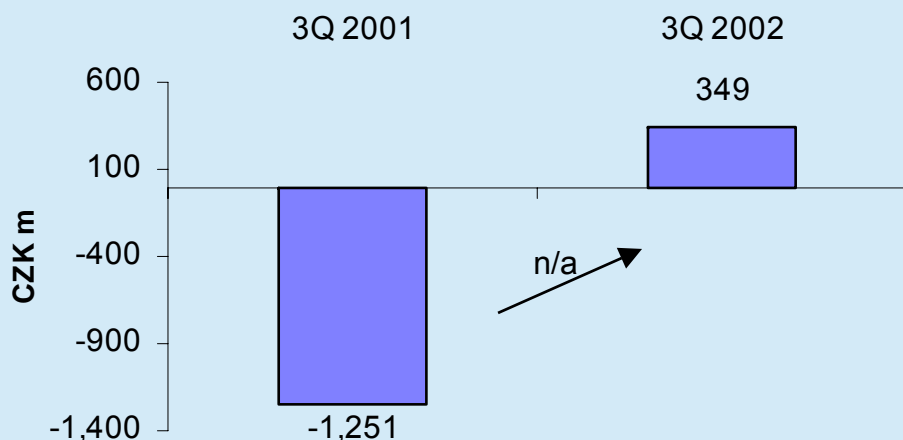
Main Drivers:

- Annualised impact from staff reductions throughout 2001
- Release of unused accruals created in 2001
- Results of Transformation Programme causing 2.8% reduction in total expenses, including centralisation of support activities and accelerated expense management standards

IAS, Consolidated, CZK m	3Q 2001	3Q 2002	% Change
Personnel expenses	4,631	4,519	-2.4
Other administrative expenses	4,843	4,884	0.8
Depreciation	2,011	1,764	-12.3

Other Operating Result

Other operating income/(expenses)



Main Drivers:

- Lower contribution to Deposit Insurance Fund due to changes in Banking Code
- Improved performance of insurance company
- One-off income from dormant accounts in connection with anonymous passbooks conversion and creation of provisions against it for potential later withdrawals (net income of CZK 325 mil.)

IAS, Consolidated, CZK m	3Q 2001	3Q 2002	% Change
Other operating income	6,062	6,791	12.0
- other income of subsidiaries (insurance company)	5,098	6,008	17.9
- other income	964	783	-18.8
Other operating expenses	7,314	6,442	-11.9
- other expenses of subsidiaries (insurance company)	4,710	5,621	19.3
- Deposit Insurance Fund contribution	879	281	-68.0
- other expenses	1,725	540	-68.7

3Q 2002 Group Balance Sheet Highlights*

- Total assets increased by 6.4% to CZK 523.3 bn
- Gross loans to clients (excl. CKA) decreased by 4.1% to CZK 143.4 bn
(without REPO operation and transfer of ring-fenced assets to CKA client loans would increase by 7%)
- Client deposits grew by 5.8% to CZK 410.9 bn
- Group capital adequacy according to BIS reached 16%

* Comparison with the end of 2001

Group Balance Sheet (1/2)

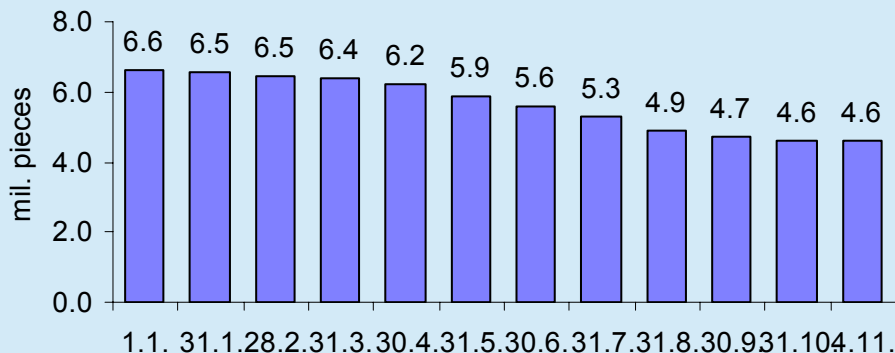
IAS, Consolidated, CZK m	31/12/01	30/9/02	% Change
Total Assets	491,605	523,272	6.4
Cash and balances with the CNB	22,930	16,566	-27.8
Loans and advances to financial institutions	120,104	155,790	29.7
Loans to Czech Consolidation Agency	37,182	38,779	4.3
Loans and advances to customers	149,473	143,364	-4.1
Provision for losses on loans and advances	-21,645	-19,325	-10.7
Trading securities	24,186	17,660	-27.0
Securities available for sale	18,951	26,910	42.0
Investment securities	101,003	101,226	0.2
Other assets	39,421	42,302	7.3

Group Balance Sheet (2/2)

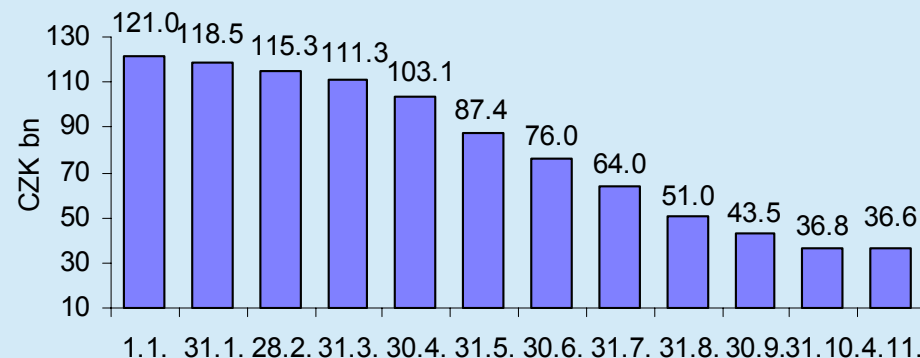
IAS, Consolidated, CZK m	31/12/01	30/9/02	% Change
Total Liabilities and Shareholders' Equity	491,605	523,272	6.4
Amounts owed to financial institutions	31,142	30,372	-2.5
Amounts owed to customers	388,252	410,871	5.8
Bonds in issue	10,988	7,383	-32.8
Subordinated debt	5,500	5,585	1.5
Other liabilities	30,178	39,080	29.5
Minority interests	1,090	1,059	-2.8
Shareholders' equity	24,455	28,922	18.3

Anonymous Passbooks Conversion

Number of anonymous passbooks



Deposits on anonymous passbooks



**Converted anonymous passbooks
100%**

Non-anonymous passbooks	75%
Building savings	8%
KZP Junior *	5%
Cash withdrawals	5%
Current accounts	4%
Mutual funds	2%
FZP **	1%

* KZP Junior = Capital life insurance Junior

** FZP = Flexible life insurance

Capital Adequacy

CNB Capital Adequacy

Parent Bank, CZK m	31/12/00	31/12/01	30/9/02
Tier I capital	15,447	20,184	22,582
Tier I + Tier II capital	21,298	26,244	26,470
Capital requirement A (to RWA)	11,713	12,641	14,398
Capital requirement B (to market risks)	1,542	1,302	1,584

Capital adequacy Tier I ratio	9.3%	11.6%	11.3%
Capital adequacy Tier I+II ratio	12.9%	15.1%	13.2%

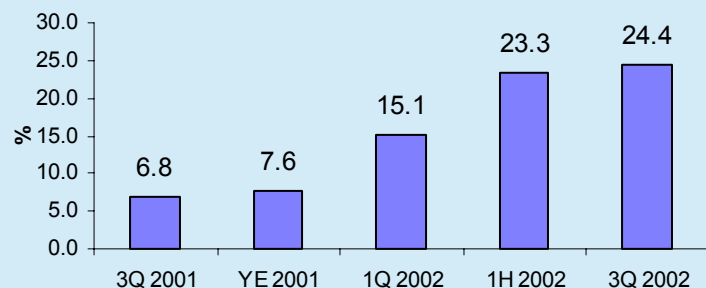
BIS Capital Adequacy

CS Group, CZK m	31/12/00	31/12/01	30/9/02
Tier I Capital	23,678	25,525	29,965
Tier I+II Capital	29,761	31,650	35,400
Risk Weighted Assets	166,450	175,782	202,114
Capital requirement to market risks	1,542	1,302	1,554

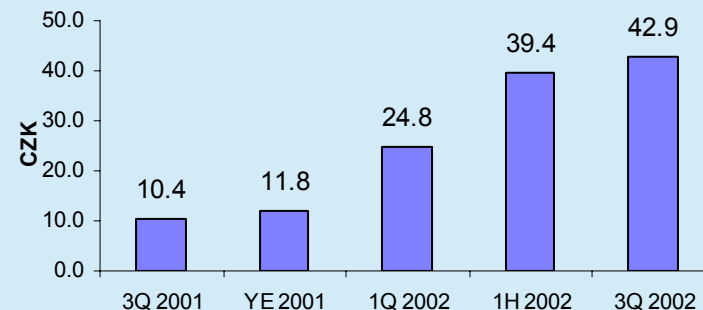
Capital adequacy Tier I ratio	12.7%	13.3%	13.5%
Capital adequacy Tier I+II ratio	16.0%	16.5%	16.0%

Financial Ratios Development

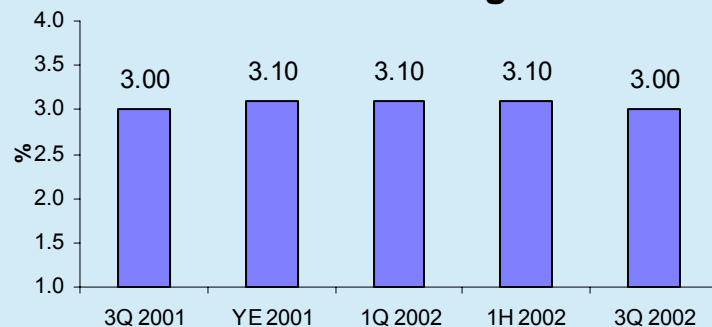
ROE



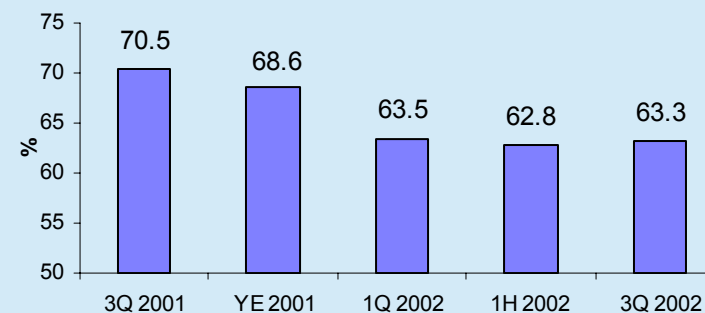
Earnings per Share



Net Interest Margin *



Cost / Income Ratio



* Net interest income to average gross assets

CS Loan Portfolio

3Q 2002

Unconsolidated

Portfolio Highlights 3Q 2002

- **Underlying growth* of CS customer loan portfolio**

- + 13.2 bn (+ 8.0%) YTD overall
- strong growth in key business segments of retail continues:

in % YTD	3Q 2001 CS	3Q 2002 CS	Jan-Aug 2002 Market *
Retail Mortgage	+ 52,9%	+ 53,2%	+ 27,8%
PI commercial	+ 13,1%	+ 16,9%	+ 11,8%

* Sources: Bankovní statistika ČNB, August 2002

- **Reduced provisions**

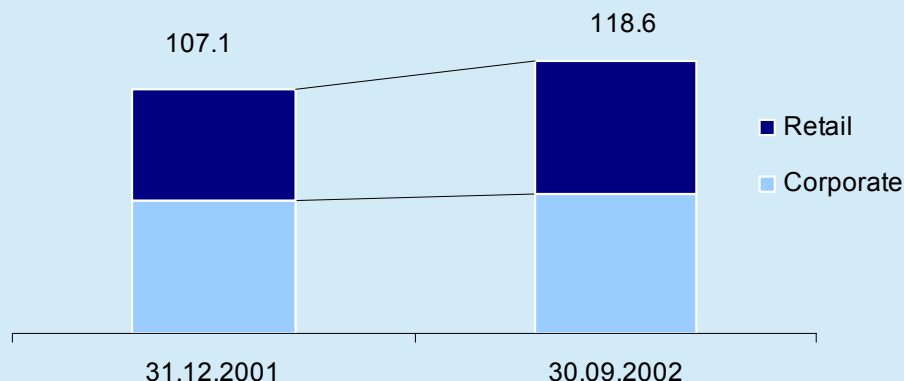
- CS only 122 m (01-09/2002) compared to 1,797 m (01-09/2001) down by - 93.2% YTY ,
- CS group 213 m (01-09/2002) compared to 1,860 m (01-09/2001) down by - 88.5% YTY.

- **Recoveries reached 935 m**

* Excluding repo operation - 11 bn (Dec 2001) and transfer of RF into ČKA - 5.6 bn (July 2002)

Loan Portfolio Development

- Underlying growth* of Good Bank portfolio + 11.6 bn (+ 10.8% YTD)



- Corporate portfolio underlying growth* + 3.5 bn (+ 6.0% YTD) driven by large corporate

- Retail portfolio + 8.1 bn (+ 16.3% YTD) driven by

- mortgages + 5.3 bn (+ 53.2% YTD)
- commercial loans to private individuals + 3.3 bn (+16.9% YTD)

	Dec 2001		Sep 2002	
	CZK m	%	CZK m	%
Good Bank Total	118,057	67.4%	121,818	71.0%
Corporate portfolio	68,705	39.2%	64,399	37.5%
Retail portfolio	49,352	28.2%	57,419	33.5%
Bad Bank Total	20,227	11.6%	10,099	5.9%
Ring Fencing	11,627	6.6%	2,054	1.2%
100% provisioned items	8,600	4.9%	8,044	4.7%
Total GB+BB	138,284	79.0%	131,917	76.9%

	Underlying growth*	
	CZK bn	%
Good Bank Total	11.6	10.8%
Corporate portfolio	3.5	6.1%
Retail portfolio	8.1	16.3%
Bad Bank Total	-1.3	-6.6%
Ring Fencing	-0.8	-6.6%
100% provisioned items	-0.6	-6.5%
Total GB+BB	10.2	8.0%

	CZK m	%	CZK m	%
CKA	36,782	21.0%	39,712	23.1%
Total GB+BB+CKA	175,066	100.0%	171,629	100.0%

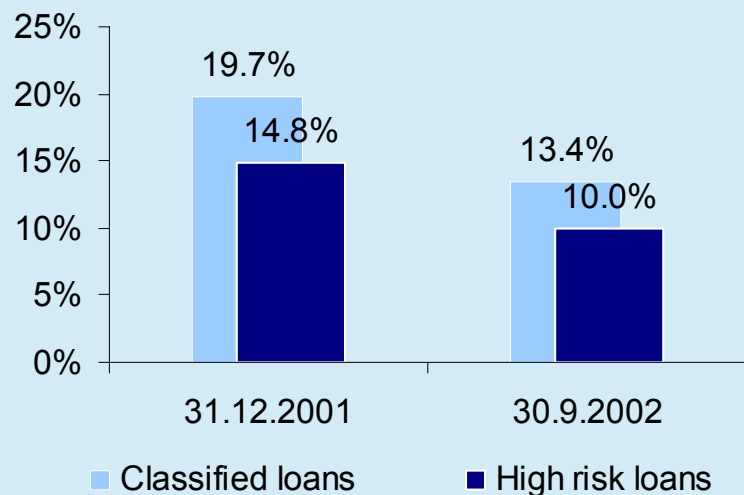
	CZK bn	%
CKA	2.9	8.0%
Total GB+BB+CKA	13.2	8.0%

* Excluding repo operation - 11 bn (Dec 2001) and RF transfer into GB + 3.2 bn (2Q 2002)

Loan Portfolio Quality

CS Total Portfolio

● Significant change of total loan portfolio quality



– Excluding the effect of loan transfer into CKA (5.6 bn)

– high risk loans decreased - 3.0 bn

(- 11.6%) YTD mainly due to

- Upward migration and repayments
- Loan recoveries

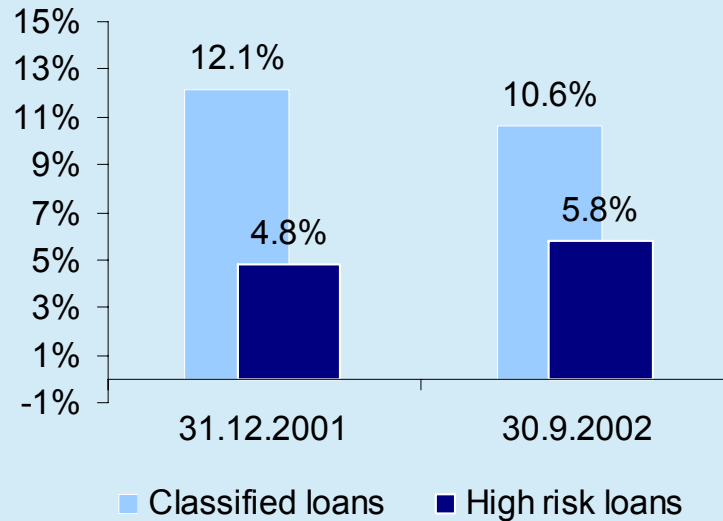
– classified loans decreased - 5.9 bn

(- 17.1%) YTD

CZK m	31.12.2001		30.9.2002	
	Exposure	Share	Exposure	Share
CS Total	175,067	100.0%	171,628	100.0%
Classified loans	34,539	19.7%	23,033	13.4%
High risk loans	25,835	14.8%	17,206	10.0%

Loan Portfolio Quality

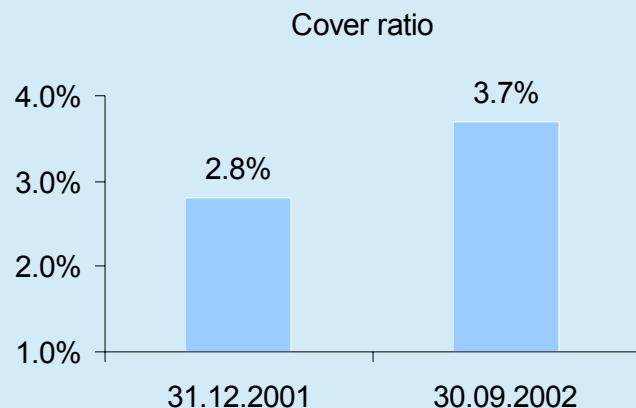
Good Bank Portfolio



- **YTD decrease of classified loans - 1.4 bn**
(- 9.6% YTD)
- **YTD increase of high risk loans + 1.5 bn**
(+ 26.7% YTD) mainly as an impact of
Ring Fencing asset transfer into Good Bank

CZK m	31.12.2001		30.9.2002	
	Exposure	Share	Exposure	Share
Good Bank Total	118,057	100.0%	121,818	100.0%
Classified loans	14,313	12.1%	12,934	10.6%
High risk loans	5,608	4.8%	7,107	5.8%

Asset Protection of Good Bank



- Cover ratio increased to 3.7%
- Non approved debits in legal action are 100% provisioned

CZK m		30.9.2002			
		Exposure*	Collaterall	Provisions	Cover Ratio**
Good Bank Total		121,818	62,055	4,561	3.7%
CNB classification	Standard	108,884	53,269	0	0.0%
	Watch	5,827	4,530	210	3.6%
	Non Standard	2,879	1,847	998	34.7%
	Doubtful	1,562	1,149	765	48.9%
	Loss	2,366	1,259	2,366	100.0%
Non approved debits		300	0	222	74.1%

* without CKA

** Provisions to gross exposure

Provision Creation for Credit Risk

Provision creation Jan-Sep 2002

IAS, CZK m	Balance 31.12.2001	Net creation	Use (write offs)	Balance 30.9.2002
Specific provisions	14,715	437	2,527*	13,021
General provisions	6,711	-315	336	6,060
CS Total provision	21,426	122	2,863	19,081

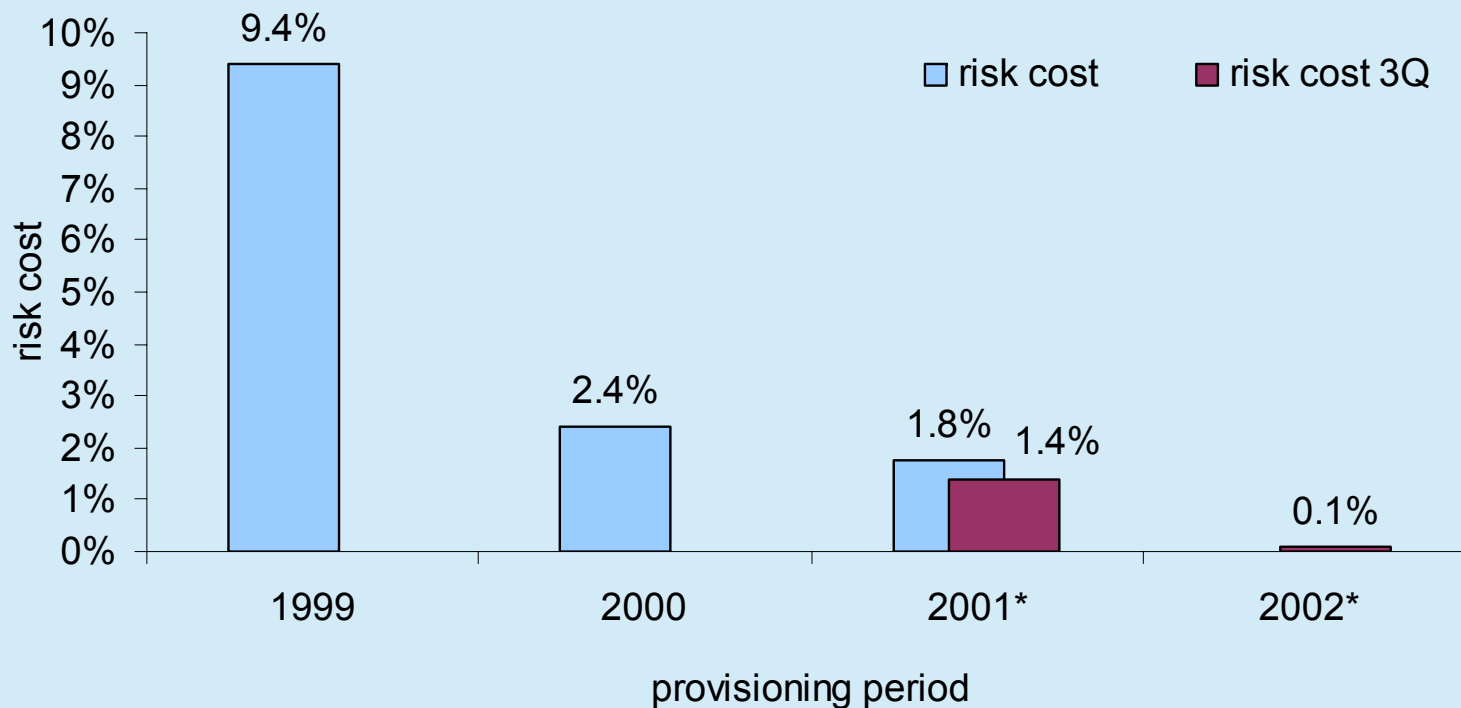
* mainly related to total put option

- Provision creation influenced by recoveries

Net specific provision creation	1,372 m
<u>Recoveries</u>	<u>- 935 m</u>
Total specific provisions creation	437 m

- Group provision creation in 3Q 2002 + 213 m IAS (of which subsidiaries 91 m)

Credit Risk Cost Development of CS Total (IAS)



* Without CKA

Appendix

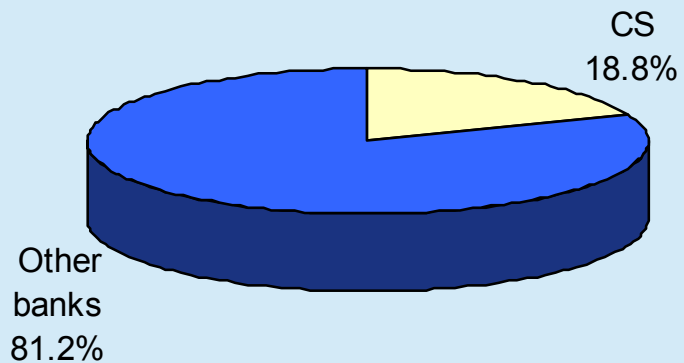
Macroeconomic Framework

	1999	2000	2001	2002f	2003f
Real GDP (growth y/y %)	0.5	3.3	3.3	2.1	2.9
Household Consumption (growth y/y %)	1.9	2.3	3.9	3.3	3.2
Fixed Capital Formation (growth y/y %)	-1.0	5.3	7.2	2.4	2.0
Nominal Wages (growth y/y %)	8.2	6.6	8.5	7.0	6.0
Retail sales (average growth y/y %)	3.0	4.7	4.3	3.5	5.0
Industrial production (average growth y/y %)	-3.1	5.1	6.8	4.0	5.0
CPI (year-end%)	2.5	4.0	4.1	1.5	2.1
Unemployment (year-end%)	9.4	8.8	8.9	10.0	9.5
Exports (USD bn)	26.4	29.0	33.4	37.0	42.6
Imports (USD bn)	28.5	32.1	36.5	39.4	44.9
Trade balance (% of GDP)	-3.4	-6.2	-5.5	-3.4	-2.9
Foreign direct investment (USD bn; cum.)	18.69	23.3	28.2	34.6	39.4
Current account balance (% of GDP)	-2.9	-5.5	-4.7	-4.0	-3.2
Govt. budget balance (% of GDP)	-1.6	-2.4	-3.1	-4.0	-5.1
Repo-rate (year-end %)	6.73	5.3	4.8	2.8	3.0
Short term interest rate (3 months; average)	7.80	5.3	5.1	3.5	3.1
Long term interest rate (10 years; average)	8.1	7.0	6.4	4.8	5.0
Loc. Curr./USD average	35.8	38.6	38.0	32.4	29.1
Loc. Curr./USD year-end	36.9	38.7	35.6	30.2	28.2
Loc. Curr./EUR average	36.9	35.6	34.1	30.7	29.5
Loc. Curr./EUR year-end	36.2	34.9	31.7	30.2	29.0

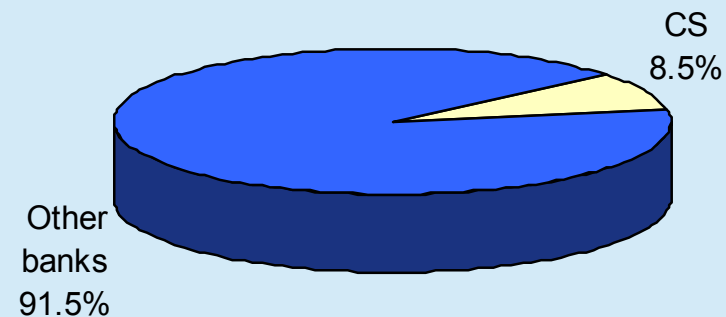
Bold figures represent the final data.

3Q 2002 Market Shares (1/2)

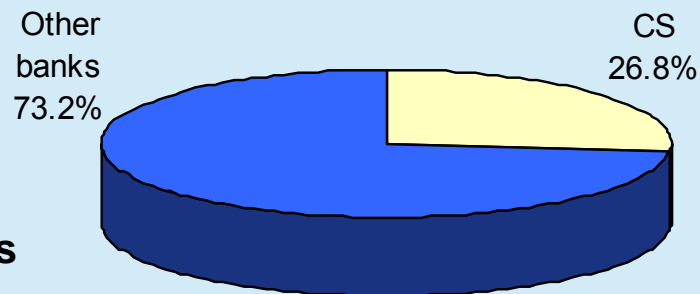
Loans to Customers



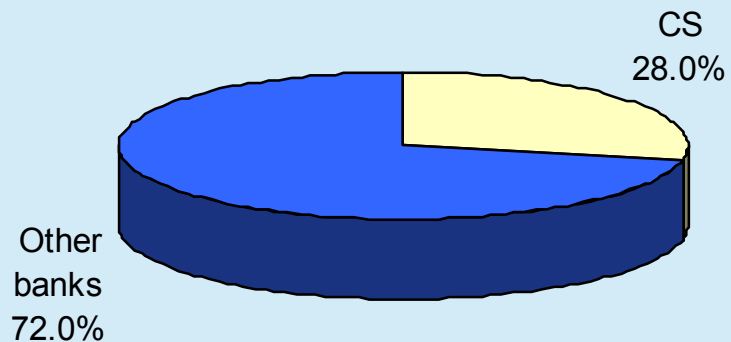
Interbank Loans



Mortgages Total



Mortgages to Individuals

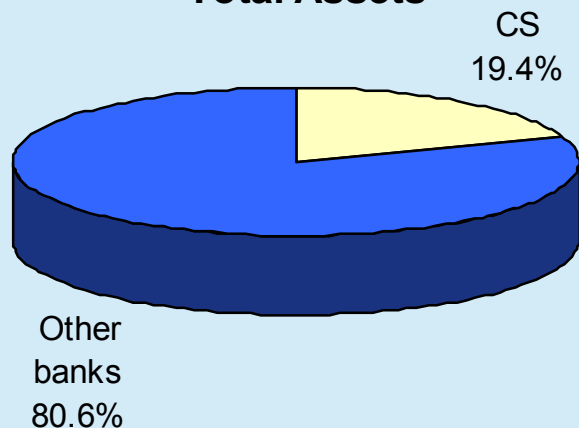


Retail Loans

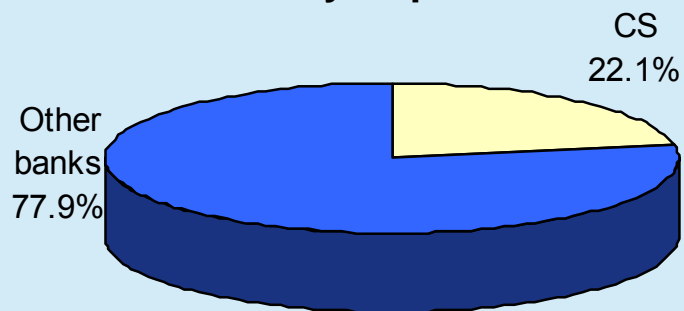


3Q 2002 Market Shares (2/2)

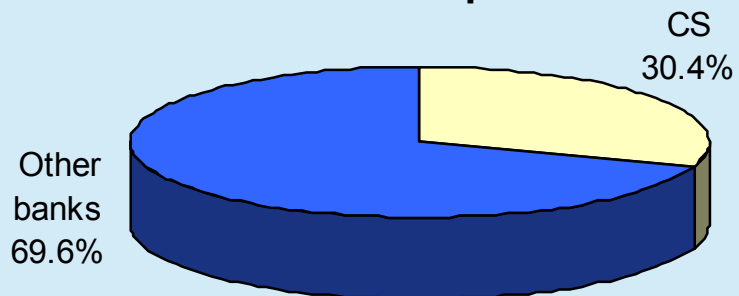
Total Assets



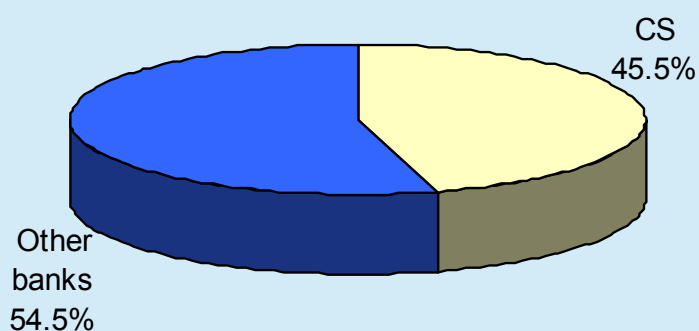
Primary Deposits



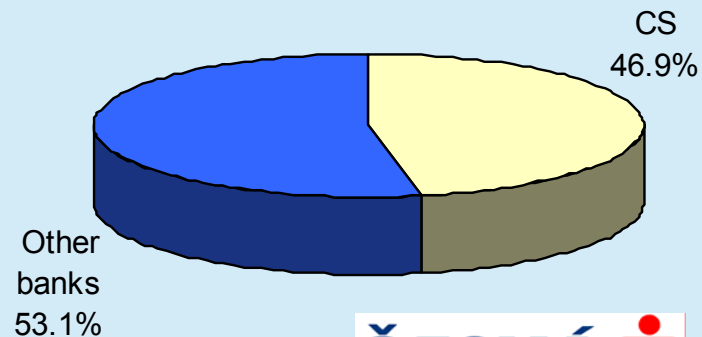
Retail Deposits



Issued Cards



ATMs



Structure of Loan Portfolio

Period	Dec 2001		Sep 2002		Growth Rate YTD	
	CZK m	%	CZK m	%	CZK m	%
1. Good Bank of which	118,057	67.4%	121,818	71.0%	3,761	3.2%
1.1. Corporate portfolio of which	68,705	39.2%	64,399	37.5%	-4,307	-6.3%
- large corporates	47,376	27.1%	40,205	23.4%	-7,171	-15.1%
- medium corporates	15,808	9.0%	17,639	10.3%	1,831	11.6%
- municipals	2,936	1.7%	2,514	1.5%	-422	-14.4%
- mortgages	2,585	1.5%	4,040	2.4%	1,455*	56.3%
1.2. Retail portfolio of which	49,352	28.2%	57,419	33.5%	8,068	16.3%
- private individuals	19,480	11.1%	22,780	13.3%	3,300	16.9%
- social loans	10,006	5.7%	8,790	5.1%	-1,215	-12.1%
- SMEs	6,035	3.4%	6,658	3.9%	623	10.3%
- municipals	3,769	2.2%	3,779	2.2%	11	0.3%
- mortgages	10,062	5.7%	15,411	9.0%	5,349	53.2%
2. CKA	36,782	21.0%	39,712	23.1%	2,929	8.0%
3. Bad Bank of which	20,227	11.6%	10,099	5.9%	-10,129	-50.1%
3.1. Ring Fencing	11,627	6.6%	2,054	1.2%	-9,573	-82.3%
3.2. 100% provisioned	8,600	4.9%	8,044	4.7%	-556	-6.5%
4. Grand Total (1+2+3)	175,066	100.0%	171,629	100.0%	-3,438	-2.0%

*Caused by technical reasons (transfer of 1.2 bn from large corporate in July)

Key Ratios of Loan Portfolio Quality

in %	Total Customer portfolio		Good Bank portfolio	
	2001	3Q 2002	2001	3Q 2002
<i>Share of High Risk Loans*</i>	14.8%	10.0%	4.8%	5.8%
<i>Non Performing Loans** / Total Loans</i>	8.9%	6.7%	2.9%	2.8%
<i>Loan Loss Reserves*** / Total Loans</i>	12.2%	11.1%	8.0%	8.7%
<i>Loan Loss Reserves*** / Non Performing Loans**</i>	137.0%	166.8%	272.7%	310.2%

* classification CNB 3 - 5

** more than 90 days overdue in payments

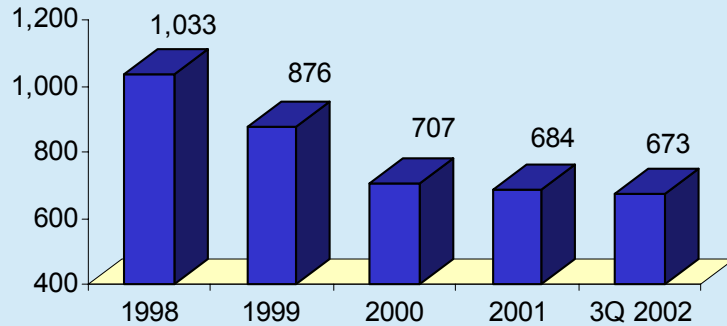
*** specific & general provision

Restructuring Charge

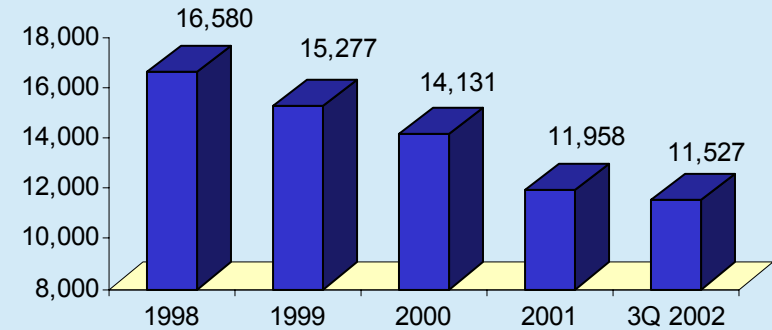
CZK m	Balance as of 1. 1. 2002	Usage	Release	Balance as of 30.9. 2002
Closing branches	47	-2	0	45
Software changes	544	-208	0	336
Moving out of buildings early	228	-4	0	224
Laying off employees	174	-105	0	69
Sale of unused property	690	-5	-4	681
Total	1,683	-324	-4	1,355

Business Indicators

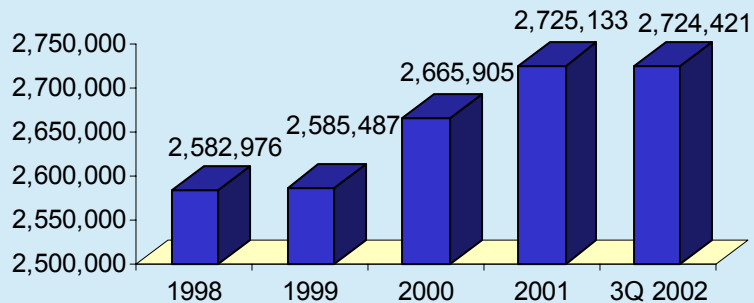
Number of Branches



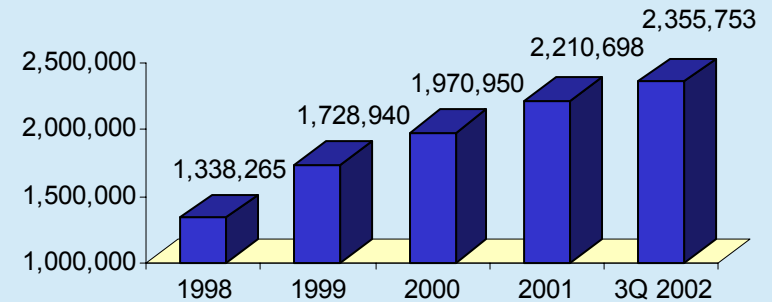
Number of Employees



Number of Sporoziro Current Accounts



Number of Issued Payment Cards



Alternative Distribution Channels

No. of clients	31.12.2000	31.12.2001	30.9.2002
GSM banking	8,600	19,415	52,112
Homebanking	4,300	13,436	18,991
Servis 24 (Call centre)	0	83,931	343,304
Sporotel (phone banking)	251,440	380,352	0
Internet, w@p and fax banking	0	14,614	30,000
Total	264,340	511,748	444,407

Net Profit of Selected Subsidiaries

IAS, CZK m	3Q 2001	3Q 2002	% Change
Stavební spořitelna CS - Building Society	153	177	15.7
Investiční společnost CS - Asset Management	35	-25	-171.4
Leasing CS - Leasing	79	93	17.7
Penzijní fond CS - Pension Fund*	-169	158	-193.5
Pojišťovna CS - Insurance Company	72	87	20.8
Factoring CS - Factoring	14	11	-21.4

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

*According to the Supplementary pension insurance Act min. 85 % of Czech Accounting Standards (CAS) net profit of pension fund is distributed to clients. Penzijní fond Ceske Sporitelny made CAS profit for 3Q 2002 in the amount of CZK 191 m.

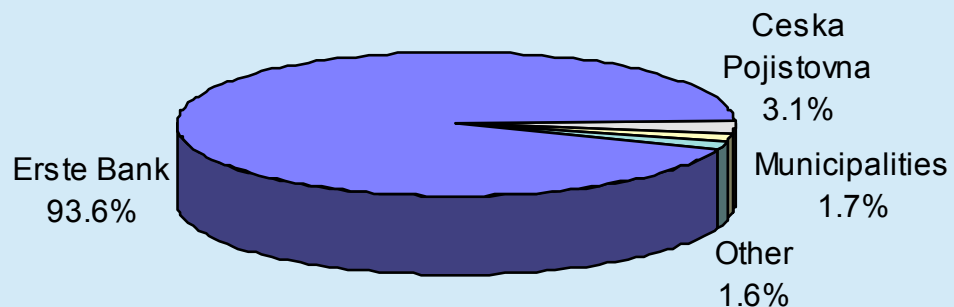
Rating of Ceska sporitelna

Rating Agency	Long-term	Short-term	Individual	Financial Strenght	Outlook	Update
Fitch	BBB	F2	C/D		stable	12.9.2002
Moody's	Baa1	Prime - 2		D+		17.1.2002
Standard & Poor's	BBB-	A3			stable	5.9.2002

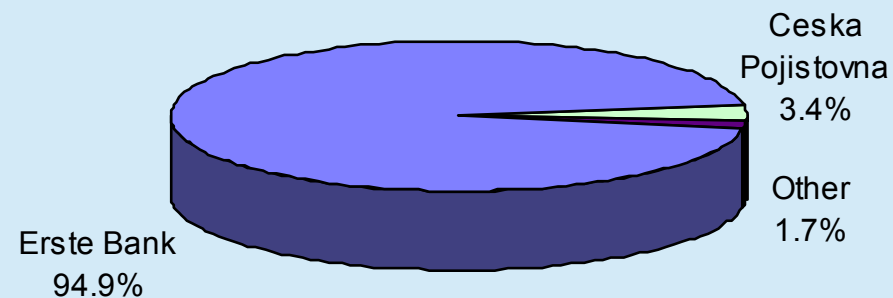
- In September 2002 Standard & Poor's Ratings Services raised its long-term rating on Ceska Sporitelna to BBB- from BB+ and short-term rating to A-3 from B

Shareholder Structure

Shareholder Structure



Voting Rights Structure



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