



2002 Interim Report
First Three Quarters of
2002

ČESKÁ SPOŘITELNA

INTERIM REPORT

**FIRST THREE QUARTERS
OF 2002**

International Accounting Standards, consolidated, unaudited

Czech Accounting Standards, unconsolidated, unaudited

MACROECONOMIC AND MARKET FRAMEWORK

FOR ČESKÁ SPOŘITELNA'S BUSINESS ACTIVITIES

The growth of the Czech economy is slowing down. While the GDP increased by 3 percent year-on-year with constant prices in the latter half of 2001, real economic growth reached 2.6 percent for the first six months of 2002. Weak foreign demand and the rapid appreciation of the crown have had adverse impacts on the performance of the Czech economy. However, the Czech economy is still growing faster relative to the average growth of EU countries. As such, the process of bringing the economic standards of the Czech Republic and the European Union into line is well on track. At present, the main source of economic growth of the Czech Republic is **household consumption**. Investment activities are on the decline as a consequence of the **worsening financial position of businesses**. Foreign investors are still very interested in investing in the Czech Republic but their interest is not sufficient to offset the reduction of investments made by local enterprises. A strong crown and, by way of contrast, weak foreign demand force local businesses to restructure their activities and operations which brings about **an increased unemployment rate**. The impact of flooding on the economy will not be dramatic.

The Czech Republic's **foreign trade deficit** for the nine months ended 30 September 2002 amounted to CZK 57.9 billion which is less than was the case in the past two years. Paradoxically, the foreign trade improvement is attributable to the strong crown which decreases the prices of imported goods and raw material, and the increasing export performance of the Czech economy. However, the long-term stagnation of the global economy hampers a more notable increase in the export activities in the Czech Republic.

Low inflation abroad and the strong crown have caused the inflation rate in the Czech Republic to drop below one percent. In response to strong counter-inflationary developments, the central bank repeatedly **cut repo-rates up to 3 percent p.a.** with effect from 26 July 2002. The Czech National Bank is presently maintaining its intervention rate below the rate of the European Central Bank. **The Czech bond market** was largely impacted by the continuing decrease in income in global markets. This trend was additionally supported in the Czech Republic by a historically low inflation rate and the strengthening of the crown. The flooding that took place in mid-August led to a temporary increase in income. However, at the end of August, income returned to its level prior to the flooding.

In the first six months of 2002, **the surplus in balance of payments** increased to a record of CZK 174 billion in connection with privatization proceeds of the State, and, to a lesser extent, due to the Czech National Bank's interventions designed to counter the strengthening of the crown. The inflow of the 'investments on a green field basis' is continuing. The current account deficit fell to 4 percent of the GDP and amounted to approximately CZK 34 billion. The excess of demand for crown liquidity markedly increased as the current account deficit was six times lower than the surplus on the financial account of the balance of payments (CZK 217 billion).

Despite the agreement between the Czech National Bank and the Czech Government as to the isolation of privatization proceeds, the **appreciation of the crown** continued until mid-July. This development reflected both the increasing demand of foreign investors for the crown and speculative transactions in respect of the further strengthening of the crown. While the Czech National Bank made repeated interventions and cut interest rates, it failed to stop this trend. At the end of June 2002 when the crown reached its historical minimum of 1 EUR/28.8 CZK, the Czech National Bank revised its strategy and decreased interest rates below the level of the EMU countries, thereby eliminating costs involved in the interventions. Thereafter, the central bank launched its policy of hidden interventions. The Czech National Bank intervened often but in relatively small volumes. The central bank also made all reasonable efforts to demonstrate its readiness to prevent the crown from appreciating any further. In mid-August, the exchange rate settled at approximately CZK 30.5 per EUR 1. The flooding that occurred in August had only a short-term weakening impact on the crown.

CONSOLIDATED RESULTS

OF ČESKÁ SPOŘITELNA FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2002

(INTERNATIONAL ACCOUNTING STANDARDS, UNAUDITED)

As of 30 September 2002, Česká spořitelna reported a **net consolidated profit of CZK 4,889 million** under International Accounting Standards, which represents more than a **fourfold increase** when compared to the results reported for the nine months ended 30 September 2001. Profit before taxes amounted to CZK 6,598 million and grew almost by 300 percent year-on-year. **Operating profit** increased year-on-year from CZK 4,798 million to CZK 6,462 million, that is, by 35 percent. The return on equity (ROE) was 24.4 percent, return on assets (ROA) was 1.3 percent. As of 30 September 2001, ROE and ROA amounted to 6.8 percent and 0.3 percent, respectively. The reported results indicate that the year ending 31 December 2002 will be the most successful year in Česká spořitelna's modern history.

Despite the declining interest rates in the Czech economy which impact on the reduction of interest income and interest expenses, Česká spořitelna was, as a result of its proactive approach, successful in increasing interest income generated from the client loan and debt securities segments. By way of contrast, interest income from interbank transactions declined. Interest expenses substantially decreased in connection with the growth of deposits in client giro and deposit accounts and as a result of the repayment of a bonds issue with a nominal value of CZK 5 billion in February 2002. **Net interest income amounted to CZK 11,788 million, the year-on-year increase being 9 percent, that is CZK 994 million.** Net interest margin remained at 3 percent.

Net fee and commission income increased year-on-year by 2 percent to CZK 4,908 million largely **due to the increase in the number and volume of payment system transactions.** On a year-on-year basis, the volume of transactions implemented through payment cards using the network of Česká spořitelna's contractual partners rose by 40 percent to CZK 12.3 billion and the number of these transactions was 9.6 million, representing an increase of 67 percent.

Net profit on financial operations increased year-on-year by 36 percent **to CZK 933 million.** This result is driven by gains generated from securities transactions, foreign exchange transactions, and income from interest rate derivatives.

When compared to the third quarter of 2001, operating income (comprising net interest income, net fee and commission income, and net profit on financial operations) rose by 8 percent to CZK 17,629 million with the proportion of non-interest income accounting for one third. **Operating profit** (difference between operating income and expenses) **increased on a year-on-year basis as of 30 September 2002 by 35 percent** to CZK 6,462 million. This increase was not only attributable to an increase in operating income but also to a year-on-year **decrease in operating expenses** by 3 percent to CZK 11,167 million. The proportion of operating expenses to operating income (the cost/income ratio) was 63.3 percent and constituted a year-on-year improvement of 7.2 percent.

Operating expenses (comprising staff costs, purchased services and write-offs of tangible and intangible fixed assets) **declined due to the reduction of write-offs of tangible and intangible fixed assets, and staff costs** by 12 percent (to CZK 1,764 million) and 2 percent (to CZK 4,519 million), respectively. Purchased services experienced a slight increase of one percent to CZK 4,884 million.

When compared to the third quarter of 2001, the reported balance of net profit and its year-on-year increase is also due to **lower provisioning for losses on loans and advances**, which amounted to CZK (213) million. This favorable result was achieved through the combination of a proactive risk management approach, completed restructuring of the loan portfolio, successful recovery of debts, and a required release of a portion of reserves for standard loan receivables pursuant to the amended Act No. 593/1992 Coll.

The net balance of other operating expenses of CZK 349 million with a year-on-year improvement of CZK 1,600 million was largely impacted by the lower accrual for the contribution to the Deposit Insurance Scheme. This contribution amounted to CZK 281 million as of 30 September 2002, representing a year-on-year decrease of CZK 598 million as a result of the reduced contribution rate. On a year-on-year basis, the balance of other operating expenses was favorably affected by a lower charge for other reserves, increased income from the portfolio of securities available for sale and the release of extraordinary income arising from the transfer of balances in savings books that were idle for 23 years and greater.

Česká spořitelna anticipates that its tax base for the year ending 31 December 2002 will be positive. To partially offset the positive tax base, the Bank will utilize the whole balance of cumulative tax losses brought forward which will be reflected in the reduction of deferred tax balances. **The tax impact on the consolidated results for the period to 30 September 2002 represents CZK 1,600 million in aliquot terms.**

As of 30 July 2002, total assets amounted to CZK 523.3 billion and increased by 10 percent when compared to the same period of 2001 which represents an increase of CZK 49.2 billion in absolute terms.

The growth of the liability side of the balance sheet was principally attributable to client deposits, which grew by CZK 24.4 billion (6 percent) to CZK 410.9 billion over the past twelve months. **Despite the ongoing conversion of anonymous savings books, client deposits slightly increased** by CZK 0.3 billion to CZK 316.4 billion year-on-year. Whilst placements on savings books decreased by 11 percent to CZK 145.2 billion over the past twelve months, the balances of giro accounts increased by 15 percent to CZK 69.9 billion and the savings account balances grew by 41 percent to CZK 37.9 billion. Deposits made by the state and municipal sector amounted to CZK 27.2 billion with a year-on-year increase of 57 percent, deposits placed by corporate clients increased by 27 percent to CZK 67.2 billion.

Shareholders' equity increased year-on-year by 21 percent to CZK 28.9 billion largely due to the profits generated for the year ended 31 December 2001 and during 2002. **Capital adequacy calculated under BIS rules was (16.0) percent as of 30 September 2002** (capital adequacy for the comparable period of 2001 was 16.4 percent). Total capital under BIS rules used in calculating the capital adequacy ratio was CZK (35.4) billion and risk weighted assets amounted to CZK (202.1) billion. As of 30 September 2001, these figures amounted to CZK (30.9) billion and CZK (173.5) billion, respectively.

When compared to the period to 30 September 2001, the balance of loans and advances from customers increased by 4 percent to CZK 182.1 billion. **On a year-on-year basis, Česká spořitelna continued in expanding its retail lending** which grew by 24 percent to CZK 49.1 billion when compared to the balance as of 30 June 2001. **This development is primarily the result of an increased mortgage lending.** On a year-on-year basis, the volume of mortgage retail loans grew by 84 percent to CZK 13.0 billion. In addition, cash and consumer loans markedly rose by 29 percent to CZK 14.5 billion, loans issued under the constructions saving scheme increased by 39 percent to CZK 6.3 billion, and overdraft loans in giro accounts grew by 47 percent to CZK 4.6 billion. The balance of corporate loans was CZK 133 billion, of which amounts due from Česká konsolidační agentura ('ČKA') were CZK 38.8 billion, amounts due from the state and municipal sector were CZK 7.9 billion, and corporate loans accounted for CZK 86.4 billion. The aggregate balance of mortgage loans granted to retail clients, municipalities and corporate clients was CZK 18.3 billion.

The increasing quality of the parent Bank's loan portfolio is evidenced by the ratio of classified loans to the aggregate balance of loans, which equated to 11.1 percent as of 30 September 2002 as compared to 16.8 percent as of 30 September 2001. The ratio takes into account both client and interbank loans advanced by the parent Bank together with amounts due from ČKA (a total of CZK 205.9 billion) pursuant to the Czech National Bank methodology. As of 30 June 2002, **Česká spořitelna exercised the full put option** pursuant to the Ring-fence Arrangement and **transferred receivables of CZK 6.6 billion to ČKA.** The process of restructuring Česká spořitelna's loan portfolio was completed following the implementation of this step.

Interbank receivables increased year-on-year by **28 percent** and amounted to CZK 155.8 billion principally as a result of the placement of additions to client deposits and the re-allocation of funding from treasury bills to interbank repo transactions. On a year-on-year basis, **the aggregate balance of the securities portfolio** increased by 4 percent and **was CZK 145.8 billion** as of 30 September 2002. Of this aggregate balance, treasury bills amounted to 23 percent, debt securities and other fixed income securities 66 percent, financial derivatives with positive fair value 9 percent, and shares and other variable yield securities 2 percent.

PRINCIPAL BUSINESS ACTIVITIES

During 2002, the Bank has continued in its pro-active offer of the specialized TOP programs designed to support the funding of housing and development of middle sized businesses. The TOP Bydlení ('TOP Housing') and TOP Podnik ('TOP Enterprise') schemes have attracted notable interest from retail clients and smaller businesses. Under the TOP Bydlení scheme Česká spořitelna provides mortgage loans that carry advantageous interest rates. **Since the start of 2002, almost 4,600 loans at an aggregate amount of CZK 4.6 billion have been issued under the Top Bydlení scheme.** A similar scheme entitled Top Podnik is designed to accommodate the long-term funding requirements of middle-sized businesses with the objective of supporting their development and competitiveness not only in the local marketplace but also specifically their expansion to foreign markets. **Under the TOP Podnik scheme** the Bank **issued 91 loans amounting to CZK 1.5 billion** for the nine month period to 30 September 2002. Starting August 2002, under special purpose programs the Bank has been offering the 'Start-up Assistance' program which is designed to provide access to lending to small and middle sized businesses in the wake of the flooding. In addition, the Bank has developed the TOP Export scheme to fund export activities and the TOP Kapitál ('TOP Capital') scheme in an effort to support the development of businesses by way of venture capital.

As part of the development of its card program **Česká spořitelna began to offer new credit cards Kredit+.** The credit cards, *inter alia*, make it possible to draw funding up to the contracted loan limit over a period up to 45 days when no interest is charged. Over the past 12 months, the number of issued credit cards grew more than threefold and exceeded 16 thousand.

The aggregate number of issued cards is 2.3 million with a year-on-year increase of 9 percent. Over the same period, the number of ATMs rose by 4 percent to 974, the number of points-of-sale, partners of Česká spořitelna that accept payment cards, went up by 28 percent to 18,403. On a year-on-year basis, **the volume of transactions effected through this network increased by 40 percent to CZK 12.3 billion and the number of these transactions grew by 67 percent to 9.6 million.**

As of September 2002, it has been a year since the start of the telephone banking multifunctional service Servis 24 provided by the Client Center of Česká spořitelna. Servis 24 has fully replaced and substantially expanded the capacities of Sporotel telephone banking. In the last quarter of 2002, Servis 24 will also include internet banking. The number of users of Servis 24 exceeded 340 thousand clients as of 30 September 2002. **Servis 24 represents a pillar of Česka spořitelna's direct banking initiatives.**

Pursuant to the amended Banking Act, approved by the Czech Parliament early this year, **Česká spořitelna is obliged to cancel deposit arrangements relating to bearer savings books** ('anonymous' savings books) **by the end of 2002.** After 1 January 2003, deposits on bearer savings books must not bear interest. At the start of 2001, Česká spořitelna recorded almost 6.6 million 'anonymous' savings books with an aggregate balance of CZK 121 billion. For the period to 30 September 2002, the Bank transferred **1.8 million savings books totaling CZK 77.1 billion**, which represents 28 percent of the total 'anonymous' savings books and 64 percent of the balances carried in these savings books.

In September 2002, Česká spořitelna approved **a mortgage bond issuance program with a maximum volume of outstanding mortgage bonds of CZK 10 billion.** The first mortgage bond issue will take place in the fall of 2002. The term of the program is 15 years and maturity of any bonds placed under the program will not exceed 10 years. The primary objective of the bond issuance program is to support the dynamic development of mortgage lending whilst utilizing beneficial market conditions.

EXPECTED DEVELOPMENT IN THE LAST QUARTER OF 2002

Similarly as was the case in the first three quarters of 2002, Česká spořitelna's business activities in the last quarter of 2002 will be primarily targeted at **achieving the principal objectives set for 2002**, namely a minimum 18 percent return on equity and a cost/income ratio lower than 70 percent (both figures are stated in respect of the consolidation group under International Accounting Standards).

Česká spořitelna will continue its efforts to remove damage sustained as a result of the August flooding through the year-end.

When compared to the nine months ended 30 September 2002, the assets on the face of the balance sheet are expected to record a slight increase in loans and advances from customers at year-end (following a decrease in July that resulted from the exercise of the put option with ČKA). In the last quarter of 2002, the liabilities on the balance sheet are anticipated to show a decline in primary deposits in connection with the conversion of the 'anonymous' savings books.

The development of the main components of the profit and loss account in the last quarter of 2002 will, in substance, reflect the trends of the first nine months. Net interest income may be adversely impacted by another possible cut of the Czech National Bank's interest rates. Net fee income arising from the growing volume of payment transactions, significant support to selling efforts, and the rise of fees and commissions related to the increasing quality of rendered services should, at least to a certain extent, alleviate the lower performance at the beginning of the year and certain failures attributable to the August flooding and a temporary relief of certain fees. The completion of the clean-up of the Bank's loan portfolio and the requirement to release annually no less than 25 percent of the reserves recorded in the past in respect of standard loan receivables will also be reflected in the expected lower net provisioning charges. Despite the completed restructuring process of the Bank, general administrative expenses will continue to reflect the increased requirements associated with complex programs for technological changes.

In the context of the achieved results for the nine months ended 30 September 2002 and taking into account the anticipated development at the end of 2002, **Česká spořitelna expects to achieve return on equity (ROE) of approximately 21 percent** for the consolidation group under International Accounting Standards and the cost/income ratio of 62 percent **for the year ending 31 December 2002.**

SHAREHOLDERS' STRUCTURE AS OF 30 SEPTEMBER 2002

	Shareholding	Share of voting power
Erste Bank der oesterreichischen Sparkassen	88.4 %	94.9 %
Towns and municipalities in the Czech Republic*	6.9 %	0.0 %
Česká pojišťovna	3.1 %	3.4 %
Others	1.6 %	1.7 %

* In the fall of 2001, Erste Bank made an offer to repurchase priority shares held by towns and municipalities. The repurchased priority shares have not yet been transferred in the Securities Center.

On 31 July 2002, based upon the request of Česká spořitelna the Stock Exchange Chamber of the Prague Stock Exchange decided to withdraw Česká spořitelna's ordinary shares from trading. The decision took effect on 6 August 2002. The trading with Česká spořitelna's shares was also brought to an end in the RM-System. Česká spořitelna's shares were withdrawn from trading as a result of the resolution passed at the General Meeting of Česká spořitelna's shareholders on 22 May 2002 where the shareholders approved the de-registration of Česká spořitelna's shares.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2002

UNDER INTERNATIONAL ACCOUNTING STANDARDS (MCZK)

	30 September 2002	30 September 2001
1. Interest income and similar income	19,845	20,533
2. Interest expense and similar expense	-8,057	-9,739
I. Net interest income	11,788	10,794
3. Provisions for losses on loans and advances	-213	-1,860
<i>Net interest income after provisions for losses on loans and advances</i>	<i>11,575</i>	<i>8,934</i>
4. Fee and commission income	5,313	5,148
5. Fee and commission expense	-405	-346
<i>Net fee and commission income</i>	<i>4,908</i>	<i>4,802</i>
6. Net profit on financial operations	933	687
7. General administrative expenses	-11,167	-11,485
8. Other operating expenses, net	349	-1,251
II. Profit before taxes	6,598	1,687
9. Income tax expense	-1,600	-410
III. Profit after taxes	4,998	1,277
10. Minority interest	-109	-96
IV. Net profit for the period	4,889	1,181

CONSOLIDATED BALANCE SHEET
AS OF 30 SEPTEMBER 2002
UNDER INTERNATIONAL ACCOUNTING STANDARDS (MCZK)

	30 September 2002	30 September 2001
1. Cash and balances with the CNB	16,566	18,182
2. Loans and advances to financial institutions	155,790	121,890
3. Loans and advances to customers	182,143	175,949
4. Provisions for losses on loans and advances	-19,325	-21,844
5. Securities and other assets held for trading	17,660	13,958
6. Securities available for sale	26,910	20,882
7. Securities and other assets held to maturity	101,226	105,269
8. Intangible fixed assets	3,497	1,792
9. Property and equipment	17,008	16,690
10. Other assets	21,797	21,331
Total assets	523,272	474,099
1. Amounts owed to financial institutions	30,372	19,760
2. Amounts owed to customers	410,871	386,496
3. Bonds in issue	7,383	5,165
4. Provisions for liabilities and other reserves	7,090	4,268
5. Other liabilities	31,990	27,974
6. Subordinated debt	5,585	5,500
7. Minority interests	1,059	1,059
8. Shareholders' equity	28,922	23,877
Total liabilities and shareholders' equity	523,272	474,099

SELECTED FINANCIAL AND PERFORMANCE RATIOS

	30 September 2002	30 September 2001
Return on equity (ROE)	24.4 %	6.8 %
Return on assets (ROA)	1.3 %	0.3 %
Cost/income	63.3 %	70.5 %
Capital adequacy under BIS rules	16.0 %	16.4 %
Net interest margin	3.0 %	3.0 %
Non-interest income/operating income	33.1 %	33.7 %
Classified loans/ČS's loans	11.1 %	16.8 %
Number of clients	5,239,156	4,746,730
Number of direct banking users	647,268	464,808
Number of active cards	2,321,033	2,133,862
Number of branches (ČS)	673	684
Physical headcount (ČS)	11,527	12,660

NET PROFIT AFTER TAXATION OF THE SELECTED MEMBERS OF THE ČESKÁ SPOŘITELNA FINANCIAL GROUP FOR THE NINE-MONTH ENDED 30 SEPTEMBER 2002 UNDER INTERNATIONAL ACCOUNTING STANDARDS (MCZK)

	30 September 2002	30 September 2001
Česká spořitelna	5,186	1,498
Stavební spořitelna České spořitelny	177	153
Investiční společnost České spořitelny	-25	35
Leasing České spořitelny	93	79
Penzijní fond České spořitelny*	158	-169
Pojišťovna České spořitelny	87	72

* Pursuant to the Pension Insurance Act, the Pension Fund distributes no less than 85 percent of its profits generated under CAS to the policy holders. As of 30 September 2002, Penzijní fond České spořitelny made a profit of CZK 191 million (30 September 2001: CZK 61 million) in accordance with Czech Accounting Standards.

UNCONSOLIDATED STATEMENTS

FOR THE PERIOD TO 30 SEPTEMBER 2002

UNDER CZECH ACCOUNTING STANDARDS

BALANCE SHEET

Assets (CZK thousand)

Item No.	Gross	Adjustment	2002	2001	2000
1. Cash in hand, balances with central banks	16,474,882	0	16,474,882	18,815,437	16,807,002
2. State zero-coupon bonds and other securities eligible for refinancing with the CNB	56,130,368		56,130,368	59,948,211	101,835,997
a) State securities	56,130,368	0	56,130,368	10,176,328	45,127,140
b) Other	0	0	0	49,771,883	56,708,857
3. Amounts due from banks and savings associations	142,245,537		142,245,537	107,892,364	149,904,936
a) Repayable on demand	2,681,634	0	2,681,634	243,296	1,976,500
b) Other receivables	139,563,903	0	139,563,903	107,649,068	147,928,436
4. Amounts due from customers and members of the savings associations members	171,435,590	12,883,541	158,552,049	148,900,121	105,361,984
a) Repayable on demand	10,550,317	0	10,550,317	117,390	3,474,911
b) Other receivables	160,885,273	12,883,541	148,001,732	148,782,731	101,887,073
5. Debt securities	48,815,850	137,144	48,678,706	111,104,550	47,695,247
a) Issued by state institutions	8,044,841	0	8,044,841	70,191,552	13,493,142
b) Issued by other entities	40,771,009	137,144	40,633,865	40,912,998	34,202,105
6. Shares, participation certificates and other holdings	1,429,378	264	1,429,115	2,029,675	4,629,913
7. Equity holdings in associated undertakings	300,281	22	300,259	21	2,410
a) In banks	0	0	0	0	0
b) In other entities	300,281	22	300,259	21	2,410
8. Equity holdings in subsidiary undertakings	2,389,440	990,400	1,399,040	1,251,842	1,149,065
a) In banks	332,750	0	332,750	332,750	332,750
b) In other entities	2,056,690	990,400	1,066,290	919,092	816,315
9. Intangible fixed assets	5,113,898	1,660,268	3,453,630	1,724,465	1,353,010
a) Of which: Incorporation costs	0	0	0	0	0
b) Goodwill	229,885	114,942	114,942	172,414	216,733
c) Other	4,884,013	1,545,326	3,338,687	1,552,051	1,136,277
10. Tangible fixed assets	27,898,041	11,976,821	15,921,219	15,979,735	15,967,523
a) Land and buildings for operating activities	15,740,310	798,055	14,942,255	12,237,723	10,986,412
b) Other	12,157,730	11,178,766	978,964	3,742,012	4,981,111
11. Other assets	26,524,725	207,482	26,317,243	17,343,623	11,862,253
12. Receivables from shareholders and partners	0	0	0	0	0
13. Prepayments and accrued income	530,299	0	530,299	5,049,406	4,479,085
14. TOTAL ASSETS	499,288,289	27,855,943	471,432,346	490,039,451	461,048,425

Liabilities (CZK thousand)

Item No.	2002	2001	2000
1. Amounts owed to banks, savings associations	22,611,115	66,056,425	82,151,948
a) Repayable on demand	2,852,658	178,825	949,830
b) Other payables	19,758,457	65,877,600	81,202,118
2. Amounts owed to customers, savings associations members	370,333,213	359,026,385	326,311,829
a) Repayable on demand	175,067,537	145,152,703	126,353,816
of which: savings deposits	30,368,710	32,319,861	30,761,729
b) Other payables	195,265,676	213,873,682	199,958,013
of which: ba) Savings deposits with maturity	0	0	0
bb) Savings deposits repayable at notice	117,159,095	130,887,239	133,050,757
bc) Term deposits with maturity	72,239,811	74,561,108	62,898,514
bd) Term deposits repayable at notice	153,752	0	0
3. Payables from debt securities	9,792,714	9,057,382	5,547,153
a) Issued debt securities	7,718,195	5,500,000	5,514,163
b) Other payables from debt securities	2,074,519	3,557,382	32,990
4. Other liabilities	27,035,795	15,362,582	14,298,545
5. Deferred income and accrued expenses	151,583	5,143,718	5,848,241
6. Reserves	7,183,307	7,322,894	5,711,373
a) For pensions and similar liabilities	0	0	0
b) For taxes	0	0	0
c) Other	7,183,307	7,322,894	5,711,373
7. Subordinated liabilities	5,585,250	5,500,000	5,500,000
8. Share capital	15,200,000	15,200,000	15,200,000
Of which: share capital paid up	15,200,000	15,200,000	15,200,000
9. Treasury shares	0	-11,230	0
10. Share capital	0	0	0
11. Reserve funds and other funds from profit	795,415	592,749	344,240
a) Mandatory reserve funds	641,679	489,977	246,977
b) Reserves for treasury shares	1,688	0	0
c) Other reserve funds	0	0	0
d) Other funds from profit	152,048	102,772	97,263
Of which: funds for risk	0	0	0
12. Revaluation reserve	0	0	0
13. Capital funds	1,902	1,902	1,849
14. Gains or losses from the revaluation	0	0	0
a) of assets and liabilities	0	0	0
b) of hedging derivatives	0	0	0
c) retranslation of equity holdings	0	0	0
15. Retained earnings or accumulated losses brought forward	6,740,006	4,494,110	0
16. Profit/(loss) for the period	6,002,046	2,292,533	133,248
17. TOTAL LIABILITIES	471,432,346	490,039,450	461,048,426

Off balance sheet (CZK thousand)

Item				
No.		2002	2001	2000
1.	Total potential future liabilities	6,385,826	3,938,611	4,551,148
a)	Accepted bills/acceptances/endorsements of bills	0		40,234
b)	Payables resulting from guarantees	4,678,882	3,938,611	4,510,914
c)	Payables resulting from collateral	1,706,944	0	0
2.	Other irrevocable commitments	49,715,863	30,969,760	29,506,461
3.	Amounts due from spot, term and option transactions	710,917,522	532,557,261	230,562,909
4.	Payables resulting from spot, term and option transactions	709,035,699	531,922,764	230,558,146

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 30 SEPTEMBER 2002

(CZK thousand)

Item No.		2002	2001
1.	Interest income and similar income	17,668,805	18,830,515
	of which: interest income from debt securities	4,726,479	4,782,601
2.	Interest expense and similar expense	-7,040,659	-8,891,249
	of which: interest expenses from debt securities	-212,285	-934,366
3.	Income from shares and equity investments	625,438	367,128
a)	Income from equity investments in associated undertakings	0	0
b)	Income from equity investments in subsidiary undertakings	586,571	336,873
c)	Income from other shares and equity investments	38,867	30,255
4.	Commission and fee income	5,103,214	4,975,340
5.	Commission and fee expense	-245,851	-223,754
6.	Net profit or loss on financial operations	936,062	1,329,974
7.	Other operating income	1,315,725	222,610
8.	Other operating expenses	-394,733	-4,447,814
9.	Administrative expenses	-8,794,073	-8,602,184
a)	Staff costs	-4,050,239	-3,944,025
aa)	Wages and salaries	-2,939,711	-2,929,286
ab)	Social security and health insurance	-1,110,528	-1,014,739
b)	Other administrative costs	-4,743,834	-4,658,159
10.	Use of reserves and provisions for tangible and intangible fixed assets	9,352	5,254
a)	Use of reserves for tangible fixed assets	0	3,533
b)	Use of provisions for tangible fixed assets	9,352	1,721
c)	Use of provisions for intangible fixed assets	0	0
11.	Depreciation/amortization, charge for reserves and provisions for tangible and intangible fixed assets	-1,712,468	-2,169,119
a)	Depreciation of tangible fixed assets	-1,129,751	-1,586,002
b)	Charge for reserves for tangible fixed assets	0	-1,441
c)	Charge for provisions for tangible fixed assets	0	0
d)	Amortization of intangible fixed assets	-582,717	-581,676
e)	Charge for provisions for intangible fixed assets	0	0
12.	Use of provisions and reserves for receivables and guarantees, gains from transferred receivables and recoveries of receivables previously written off	4,607,189	4,067,771
a)	Use of reserves for receivables and guarantees	720,558	0
b)	Use of provisions for receivables and receivables from guarantees	3,815,917	4,067,771
c)	Gains from transferred receivables and recoveries of receivables previously written off	70,714	0

Item No.	2002	2001
13. Write-off, charge for provisions and reserves for receivables and guarantees	-5,184,262	-2,624,900
a) Charge for provisions for receivables and receivables from guarantees	-2,291,157	-2,573,100
b) Charge for reserves for guarantees	0	-51,800
c) Write-off of receivables and amounts due from payments resulting from guarantee losses from the transfer of receivables	-2,893,104	0
14. Use of provisions for equity investments in subsidiaries and associates	126,483	631,113
15. Charge for provisions for equity investments in subsidiaries and associates	-4,627	-691,466
16. Use of other reserves	478,225	4,211
17. Charge for other reserves	-130,000	-674,948
18. Use of other provisions	0	686,547
19. Charge for other provisions	0	0
20. Profit/(loss) for the period from ordinary activities before taxation	7,363,820	2,795,029
21. Extraordinary income	1,113,818	456,960
22. Extraordinary expenses	-553,592	-312,456
23. Profit/(loss) for the period from extraordinary activities before taxes	560,226	144,504
24. Income tax	-1,922,000	-647,000
25. Share of profits/(losses) of subsidiary and associated undertakings	0	0
26. Net profit/(loss) for the period	6,002,046	2,292,533