



Half-Year Report 2003



Česká spořitelna, a. s.
Half Year Report as of 30 June 2003
International Financial Reporting Standards,
Consolidated, Unaudited

The Macroeconomic and Market Framework

for Česká spořitelna's Business Activities in 1st Half of 2003

Growth of the Czech economy picked up at the start of the year.

The growth rate of real gross domestic product increased from 2 percent in 2002 to 2.2 percent in the first quarter of 2003. This growth was primarily driven by household consumption supported by higher wages, low inflation and low interest rates. Government consumption also grew robustly. By way of contrast, investment activities of Czech companies remained weak. The flow of investments made by foreign companies in the Czech Republic is not sufficient to offset the reduction of investments of Czech businesses. Growth of domestic consumption and import demands of the Czech economy have an adverse impact on the level of net exports. Whilst export businesses were successful in increasing their cross-border sales, import of goods and services grew more rapidly.

Czech industry has been successful in tackling weak foreign demand.

Production activities of foreign companies in the Czech Republic as well as the relocation of certain production efforts into the Czech Republic aided Czech industry in maintaining the growth momentum. The prior year's appreciation of the crown sped up structural changes accompanied by the recession of labour-intensive industries and **increased unemployment**. Strong pricing competition has been forcing Czech businesses to streamline their production and reduce costs, including staff costs. As such, the unemployment rate has remained above 9 percent. During the first quarter, growth of nominal wages accelerated from 6.8 percent at the 2002 year-end to 7.4 percent, with the wages in state administration increasing by 14.5 percent as a result of the adjustment of salary scales.

At the start of 2003, low growth of consumer prices transformed into a **short-term decrease in prices**. Postponed deregulation, the residual effect of the strong crown and the positive development in foodstuff prices pushed the year-on-year CPI index below zero. Producers' prices have been constantly decreasing since February 2002. This development is attributable to low global prices of raw materials, the strengthening of the crown and strong pricing competition in foreign markets. In response to the unexpectedly positive development in prices, the Czech National Bank twice **decreased rates** by a total of 50 basis points to historically low levels. The current key interest rate of the Czech National Bank is set at 2.25 percent p.a., a quarter of a percentage point above the intervention rate of the European Central Bank.

For the time being, the development of the **foreign trade deficit** has been better than what would be anticipated in view of the condition of the global economy. While the trade balance deficit is greater by CZK 5.6 billion for the first four months compared to the same period of the prior year, the 12-month foreign trade deficit has reached the lowest level over the last three years. Despite increasing exports, dynamic growth of imports prevails. **The payment balance** experienced positive developments in the first quarter. The payment balance deficit decreased from CZK 28 billion in 2002 to CZK 16 billion and the financial account surplus was more than twofold (CZK 35 billion). The volume of new foreign direct investments and reinvested profits has remained fairly stable compared to the prior year.

In early 2003, **the crown** continued in correcting the robust strengthening from mid-2002. The movement to 32 CZK/EUR was interrupted by an unanticipated revision of Czech exports and GDP. Following the two-month strengthening to 31.20 CZK/EUR, the trend has reversed. The present temporary weakening of the currency is attributable to regional volatility, uncertainties surrounding the proposed fiscal reform and the change of the mood of foreign investors in respect of Central European currencies. While the Crown gradually eliminated the gain in regard to the euro, it was catching up with the process of appreciation against the dollar. The weakening of the dollar against the euro pushed the crown below 27 CZK/USD. The subsequent strengthening of the dollar was also accompanied by a turnaround in respect of the crown.

Consolidated Results

of Česká spořitelna for the Six Months Ended 30 June 2003 under International Financial Reporting Standards, Unaudited

For the six month period ended 30 June 2003, Česká spořitelna generated a **net consolidated profit of CZK 3,385 million** under International Financial Reporting Standards, which, compared to the same period a year earlier when the net profit amounted to CZK 2,995 million, **represents an increase of 13 percent** (that is, CZK 390 million). Despite the increase in net profit, the return on equity ratio (ROE) slightly declined to 22.6 percent as a result of the increase in shareholders' equity. By contrast, return on assets (ROA) rose to 1.3 percent due to the increase in net profit. **Profit before taxes amounted to CZK 5,000 million and increased by 19 percent year-on-year. Operating profit** dropped from CZK 4,781 million to CZK 4,594 million which represents a year-on-year decrease of 4 percent.

In the environment of historically low interest rates, the Bank's net interest income decreased by 3 percent and amounted to CZK 7,723 million as of 30 June 2003. By taking an active approach to the lending market, the Bank managed to retain the level of interest income on loans to customers but a drop of interest income largely in respect of the interbank market prevailed. In the environment of low interest rates, interest expense is less sensitive to their further decrease. The net interest margin declined from 3.05 percent as of 30 June 2002 to 2.77 percent as of 30 June 2003.

Net fee and commission income increased year-on-year by CZK 457 million (14 percent) to CZK 3,753 million largely **due to increased income from payment system transactions** (such as the increase in the volume of payments made through payment cards, increase in the number of transactions in giro accounts), and generally due to the constant upsurge of the number of clients. Proceeds from construction savings schemes also rose.

Net profit on financial operations amounted to CZK 505 million as of 30 June 2003. This result is driven by foreign exchange transactions and securities transactions. On a year-on-year basis, net profit on financial operations decreased by 25 percent largely as a result of the decrease in income from foreign currency transactions.

In substance, insurance proceeds comprise the difference between income and expenses (pre-tax profit) of Pojišťovna České spořitelny. **Insurance proceeds more than doubled year-on-year and amounted to CZK 117 million.**

When compared to the six month period ended 30 June 2002, operating income (comprising net interest income, net fee and commission income, net profit on financial operations and income from shares and equity investments) increased by CZK 94 million to CZK 12,098 million, primarily due to the rise of fee and commission income. The proportion of non-interest income to operating income is 36 percent.

Operating expenses (comprising staff costs, purchased consumables and write-offs of tangible and intangible fixed assets) increased year-on-year by 4 percent (CZK 281 million) to CZK 7,504 million. **Stringent cost reduction efforts resulted in purchased consumables decreasing year-on-year by CZK 404 million (12 percent)**, largely in respect of the costs associated with office space, advisory, advertising and marketing services. By contrast, significant investments made predominantly in intangible fixed assets led to an increase of CZK 244 million (20 percent) in depreciation and amortisation charges on property and equipment and intangible fixed assets; staff costs rose by 16 percent (CZK 441 million) in connection with the growth of average salaries within the context of Česká spořitelna's successful results for the year ended 31 December 2002.

The increase in operating expenses not only led to a decrease in operating profit of 4 percent but also a slight deterioration of the cost/income ratio to 62 percent.

Česká spořitelna reported a positive balance of provisioning for losses on loans and advances and receivables written off of CZK 559 million, specifically as a result of the mandatory release of general provisions for standard loans in accordance with the amended Provisioning Act and lower provisioning requirements due to the improved quality of the loan portfolio.

The net balance of other operating expenses and income notably improved by CZK 286 million to CZK (153) million primarily as a result of the increase in income from the available-for-sale securities. The contribution to the Deposit Insurance Fund amounted to CZK 196 million, representing a year-on-year increase of 4 percent.

Česká spořitelna has practically utilised the whole balance of cumulative tax losses brought forward. A substantial proportion of the Bank's tax liability for the year ending 31 December 2003 relates to the actual payment of tax and only a minor part constitutes the reduction of deferred taxation. **As such, income tax expense amounted to CZK 1,532 million as of 30 June 2003.**

As of 30 July 2003, total assets amounted to CZK 557.4 billion and increased by 9 percent when compared to the same period of 2002, which represents an increase of CZK 44.8 billion in absolute terms. This increase reflects the growth of amounts owed to customers and issued debt securities on the liabilities side of the balance sheet and the increase in loans and advances to customers and the securities portfolio on the assets side.

Amounts owed to customers increased again over the last 12 months, the increase as of 30 June 2003 being CZK 26.5 billion (6 percent) **to CZK 433.8 billion**. Despite the conversion of anonymous savings books, **retail deposits** grew year-on-year by 4 percent and amounted to CZK 337.7 billion. In terms of volume, principal additions related to giro accounts, construction savings deposits, term placements and pension insurance deposits. Amounts owed to corporate customers increased by 14 percent to CZK 96.2 billion principally due to the loans accepted under repo transactions. Aggregate deposits in foreign currencies amounted to CZK 17.2 billion.

The robust increase in payables from debt securities of 72 percent to CZK 11.5 billion is principally attributable to **the increase in the volume of issued mortgage bonds** as a stable and long-term source of funding mortgage loans.

The balance of shareholders' equity, comprising share capital, share premium, capital funds, retained earnings and profit for the period, increased by 12 percent to CZK 30.2 billion as compared to the same period a year earlier. The increase is primarily attributable to the generated profit. By contrast, the equity balance decreased as a result of the declaration of dividends of CZK 3 billion in respect of the year ended 31 December 2002. **Capital adequacy under BIS rules was 15.8 percent as of 30 June 2003** (capital adequacy for the comparable period for 2002 was 16.0 percent). Total capital under BIS rules used in calculating the capital adequacy ratio (Tier 1 and Tier 2) was CZK 36.9 billion and risk weighted assets amounted to CZK 203.0 billion. As of 30 June 2002, these figures amounted to CZK 33.5 billion and CZK 189.6 billion, respectively.

When compared to the six month period ended 30 June 2002, the balance of loans and advances to customers increased by 9 percent to CZK 195.8 billion. **On a year-on-year basis, Česká spořitelna continued in expanding its retail lending** which grew by 35 percent to CZK 64.3 billion compared to the balance as of 30 June 2002. Significant growth was experienced with regard to cash loans, consumer loans, overdraft loans in giro accounts, bridging loans and loans issued under the construction savings scheme. **However, the increase in retail lending was predominantly driven by mortgage loans**. Compared to the balance as of 30 June 2002, **mortgage retail loans increased by 57 percent to CZK 17.9 billion**. Mortgage corporate loans also witnessed robust growth and amounted to CZK 6 billion as of 30 June 2003, the year-on-year increase being 77 percent. Corporate loans stood at CZK 131.5 billion, of which amounts due from corporate clients, which declined year-on-year by 6 percent, are CZK 85.2 billion, and amounts due from the state and public sector are CZK 46.3 billion with a year-on-year increase of 10 percent. Of this balance, amounts due from Česká konsolidační agentura ('ČKA') are CZK 38 billion.

The increasing quality of Česká spořitelna's loan portfolio is evidenced by the ratio of classified loans to the aggregate balance of loans, which equated to 10.6 percent as of 30 June 2003 as compared to 16.8 percent as of 30 June 2002 (the figures for the parent bank are reported under the CNB's methodology).

The aggregate balance of the securities portfolio was CZK 173.6 billion as of 30 June 2003, which represents an **increase of 25 percent** compared to the balance as of 30 June 2002. This arose primarily as a result of the allocation of resources obtained on the liabilities side of the balance sheet and the decrease in loans and advances to financial institutions. Of this aggregate balance, fixed income securities amounted to CZK 124.9 billion (increase of 42 percent), treasury bills amounted to CZK 21.1 billion (decrease of 38 percent), variable yield securities amounted to CZK 4.8 billion (increase of 124 percent), financial derivatives with positive fair value amounted to CZK 15.5 billion (increase of 43 percent) and other financial investments amounted to CZK 7.3 billion (increase of 33 percent).

Interbank receivables decreased year-on-year by 3 percent and amounted to CZK 147.8 billion. A substantial proportion (CZK 111 billion) of this balance consists of repo loans advanced to the central bank. Compared to the balance as of 30 June 2002, the amount of intangible fixed assets increased by 33 percent to CZK 3.8 billion as a result of the increase in IT technology investments put into service. The balance of property and equipment has remained unchanged (CZK 16.6 billion).

Significant Business Activities

in the First Half of 2003

Card Program

In 2003, the Bank continued further developing its card program. The Bank has issued more than 2.4 million payment cards which constitutes a 7 percent increase as compared with the same period a year earlier and is the undisputed leader in the Czech card market. **The Kredit+ credit cards are experiencing dynamic growth and their number increased almost nine times** over the last 12 months from less than 7 thousand to almost 60 thousand. The Bank offers the Kredit+ credit cards of both principal card associations, that is, VISA and MasterCard.

Česká spořitelna administers a network of **1,039 ATMs** and has installed almost 8 thousand payment terminals at retailers' places. The volume of transactions effected in this network over the last 12 months rose by 7 percent to CZK 8.4 billion and their number grew by 12 percent to 6.7 million. In addition to developing the network of terminals and ATMs, the Bank places emphasis on security and comfort in making card payments. **With effect from 28 April 2003, clients have been in a position to seek insurance coverage in respect of damage** that may be incurred as a result of unauthorised use of a lost or stolen debit card. In June 2003, the Bank newly introduced a loyalty card program entitled the **'Bonus Program'**. The substance of the Bonus Program involves crediting points to clients based upon the volume of transactions conducted through payment cards. The clients may obtain rewards in exchange for the collected points. The program is designed to further develop the number and volume of payment transactions implemented via cards. With effect from June 2003, the Bank has begun to offer highly prestigious international payment cards which are issued with assistance from Charles' University in Prague.

Direct Banking

At the end of June 2003, more than 540 thousand clients used some of the forms of direct banking services offered by Česká spořitelna. At present, the Bank provides its clients with the possibility of accessing their accounts at any point of time and at any place without having to visit the Bank. The direct banking products include Servis 24 Telebanking, Servis 24 Internetbanking, Homebanking and GSM banking – SIM Toolkit. The favourite of the direct banking services on offer – **telephone and internet banking** – was obtained by **523 thousand clients** in the first half of 2003, that is, the number of users more than doubled compared to June 2002.

In January 2003, Servis 24 Internetbanking received the 2002 Financial Product award, the main criteria assessed being the usefulness for a retail consumer, the relation between quality and price and a degree of user comfort. The prize was awarded by the specialist editors of Private Finance from Computer Press.

Student+

In April 2003, the Bank began to offer high school, college and university students the Student+ program which is designed to enable them to manage their financial affairs in both a comprehensive and effortless manner. This program is based on a giro account with an interest rate of 1.6 percent p.a. The Bank charges no fee in respect of the establishment and maintenance of the account and the program is aligned with a number of other benefits and complementary services such as telephone banking and internet banking Servis 24, international payment card, overdraft and cash loan, etc. **Over 42 thousand students have benefited from the Student+ program over the mere three months since its inception.**

TOP Programs

The Bank launched its TOP Programs at the end of 2000. The programs are designed to support the development of Czech society and business and include **TOP Housing** ('TOP Bydlení'), a successful program which revitalised and revived the Czech mortgage market, **TOP Enterprise** ('TOP Podnik'), a program focused on long-term investment lending to the segment of small and medium sized businesses, **TOP Partner**, which is designed to fund the activities within the cultural, health, sport and social development sectors, and the youngest program entitled **TOP Capital** ('Top Kapitál'), which is designed to sponsor the development of small and medium sized enterprise (SME) with the objective of providing capital support to these enterprises in the form of venture capital investments.

Over the last 12 months, more than 6,400 mortgage loans exceeding CZK 6.7 billion were approved under the TOP Housing program. Since June 2001, when the Bank started offering this program, more than 13 thousand loans in excess of CZK 13.4 billion have been approved. During the six months ended 30 June 2003, more than 50 loans exceeding CZK 500 million were issued under the TOP Enterprise program. Since the inception of the TOP Enterprise program, almost 200 loans in excess of CZK 3 billion have been approved.

The TOP Capital program was launched at the end of 2002. Česká spořitelna is planning to invest a total of CZK 1 billion over the course of 4–6 years in the form of providing capital support to the companies that are striving to achieve rapid growth. For this purpose, the Bank has been forming venture capital funds which will hold equity investments in selected rapidly growing firms. The first venture capital fund formed by the Bank at the end of 2002 was the Czech TOP Venture Fund. In February 2003, Genesis Private Equity Fund (GPEF) became the second venture capital fund in which the Bank makes investments under the TOP Capital Program. GPEF has been formed as a fund with a general focus, with certain emphasis,

for instance, on precise engineering, special chemistry, environmental technologies and certain areas of commercial services that remained less developed to date.

Realitní společnost České spořitelny, a. s.

At the beginning of 2003, Česká spořitelna's new subsidiary, Realitní společnost ČS, a. s., launched its activities. This company was formed to function as a centre for providing comprehensive services to meet all client needs in respect of the acquisition of real estate, ranging from the location of appropriate real estate, valuation and financing to the transfer of ownership titles, including advisory and legal services. On the strength of its link to Erste Bank, Realitní společnost ČS, a. s. is additionally prepared to provide its Czech clients with complex services in purchasing real estate abroad and foreign clientele in purchasing real estate in the Czech Republic.

Sale of the Selected Portfolio of Česká spořitelna's Receivables

With a view to substantially reducing the costs involved in managing and recovering the portfolio of distressed loans which originated in the 1990s, **Česká spořitelna selected a portfolio of 21 thousand receivables in the aggregate amount of CZK 12.4 billion for sale.** In March 2003, the Bank announced a tender to sell this portfolio. Eight bidders participated in the first round of the tender and three bidders that submitted the best preliminary bids were shortlisted. J.P. Morgan Securities Ltd., which presented the highest bid price, became the winner of the second round and therefore of the whole tender. On 27 June 2003, a framework agreement to transfer the selected portfolio of Česká spořitelna's receivables was entered into with J.P. Morgan Securities Ltd.

Česká spořitelna's Anticipated Development in the Latter Half of 2003

Similarly as was the case in the first half of 2003, Česká spořitelna's activities in the remaining part of the year will be predominantly focused on **creating realistic assumptions for achieving the principal objectives set for 2003, namely the year-on-year increase in profit of 15–20 percent and return on equity (ROE) in excess of 20 percent** under International Financial Reporting Standards at the Group's level.

In addition to the principal objectives referred to above, the process of improving the Bank's activities while achieving competitive salaries and implementing transparent and highly challenging performance standards is expected to continue in 2003. **This year should bring the clients ongoing improvements in provided services** accompanied by the use of more distribution channels, stronger reliability, as well as implementation of new products. The Bank should also offer more services to the government and public sectors and develop its own extensive sponsorship activities.

When compared to the first six months of 2003, the asset side of the balance sheet is expected, in the second half of 2003, to experience a certain slow-down of the increase in amounts due from clients as a result of the disposal of a portion of the loan portfolio. By way of contrast, the volume of new lending (specifically mortgage lending) is anticipated to rise dynamically. The liability side of the balance sheet is expected to see a slight increase in primary deposits in the latter half of 2003.

The development of the principal components of the profit and loss account in the second half will, in substance, reflect the trends of the first six months. Net interest income supported by the ongoing structural transfers of assets in favour of higher yield financial instruments will be adversely affected by another decrease of the CNB's interest rates made in late June 2003. Interest rates that have been low in the long-term have a negative impact on the Bank's income, specifically on the deposit side. 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 alleviate the lower performance at the beginning of the year. The completion of the clean-up of the Bank's loan portfolio will also be reflected in the expected release of reserves and provisions charged in prior periods. Despite the completed process of restructuring the Bank, general administrative expenses will continue to reflect the increased requirements associated with demanding programs for technological changes.

By the end of 2003, Česká spořitelna anticipates fulfilling the principal objectives set for the year ending 31 December 2003. The return on equity ratio (ROE) on the Group level under International Financial Reporting Standards is expected to amount to 22 percent and the cost/income ratio should approximate 61–62 percent.

Shareholder Structure

During the first half of 2003, Erste Bank der oesterreichischen Sparkassen AG increased its holding of Česká spořitelna's issued share capital from 94.8 percent to 97.9 percent. Erste Bank agreed with Česká pojišťovna to repurchase its 3.1 percent holding of the Bank's share capital.

The remaining holdings of the Bank's share capital are owned by the municipalities and local governments of the Czech Republic (1.6 percent) and other minority shareholders. Erste Bank increased its voting power from 96.1 percent to 99.5 percent.

Shareholder	Ownership percentage	Voting power
Erste Bank der oesterreichischen Sparkassen AG	97.9%	99.5%
Municipalities and local governments of the Czech Republic	1.6%	0.0%
Other minority shareholders	0.5%	0.5%

Conclusions of the Annual General Meeting of Shareholders

Held on 14 May 2003

At the Annual General Meeting of Česká spořitelna held on 14 May 2003 in Brno, the shareholders approved the Board of Directors' Report on the Bank's Performance and Financial Position as of and for the year ended 31 December 2002. The shareholders present at the General Meeting were presented with the Supervisory Board's Report for the year ended 31 December 2002 and approved the annual financial statements, consolidated financial statements and proposal for profit allocation. The distributable funds amounted to CZK 13,196 million, of which CZK 323 million was allocated to the statutory reserve fund, CZK 110 million to the social fund and CZK 3,040 million was allocated to the payment of dividends, which amount to CZK 20 per each share. The balance of retained earnings is CZK 9,723 million.

At the General Meeting of Shareholders, two new appointments were made to the Supervisory Board of Česká spořitelna: Mrs Zlata Gröningerová and Mr André Horovitz were elected as members of the Supervisory Board, replacing Mrs Livia Klausová and Mr Miloslav Hejnák who resigned from their positions. The shareholders confirmed the mandates of four members of the Supervisory Board for another three years. The shareholders confirmed the mandate of the Chairman of the Supervisory Board, Mr Andreas Treichl, and members of the Supervisory Board, Messrs Reinhard Ortner, Manfred Wimmer and Bernhard Spalt. Furthermore, the General Meeting approved a framework program for the issuance of bonds. A 10-year program will enable the Bank to issue bonds up to CZK 20 billion, if it decides to do so.

A New Member of Česká spořitelna's Board of Directors

On 23 July 2003, Česká spořitelna's Supervisory Board appointed Mr Peter Cecelsky as the eighth member of the Board of Directors of the Bank. Mr Petr Cecelsky, who will assume responsibility for information technologies and organisation, was born in Austria in 1948 and graduated from the Technical University in Vienna. From 1974 to 2001, he held various positions in major companies conducting their business in information technologies. Since 2001, Mr Cecelsky has been working for the Erste Bank Group in the IT area. Mr Cecelský is relocating to Česká spořitelna from another subsidiary of the Erste Bank Group, SporDat, where he was the Chief Executive Officer.

Consolidated Profit and Loss Account

under International Financial Reporting Standards

MCZK	30 June 2003	30 June 2002
Interest income and similar income	11,564	13,419
Interest expense and similar expense	-3,841	-5,436
Net interest income	7,723	7,983
Provisions for losses on loans and advances	559	-157
Net interest income after provisions for losses on loans and advances	8,282	7,826
Fee and commission income	3,989	3,578
Fee and commission expense	-236	-282
Net fee and commission income	3,753	3,296
Net profit on financial operations	505	671
General administrative expenses	-7,504	-7,223
Insurance proceeds	117	54
Other operating expenses, net	-153	-439
Profit before taxes	5,000	4,185
Income tax expense	-1,532	-1,121
Profit after taxes	3,468	3,064
Minority interests	-83	-69
Net profit for the period	3,385	2,995

Consolidated Balance Sheet

under International Financial Reporting Standards

MCZK	30 June 2003	30 June 2002
Cash and balances with the CNB	19,033	18,715
Loans and advances to financial institutions	147,837	152,977
Loans and advances to customers	195,763	180,350
Provisions for losses on loans and advances	-17,798	-21,650
Securities and other assets held for trading	44,109	22,771
Securities available for sale	24,453	18,480
Securities and other assets held to maturity	105,033	98,869
Intangible fixed assets	3,801	2,848
Property and equipment	16,608	16,662
Other assets	18,592	22,638
Total assets	557,431	512,660
Amounts owed to financial institutions	28,338	29,037
Amounts owed to customers	433,839	407,368
Bonds in issue	11,508	6,692
Provisions for liabilities and other reserves	9,564	5,996
Other liabilities	37,288	30,014
Subordinated debt	5,500	5,507
Minority interests	1,217	1,019
Shareholders' equity	30,177	27,027
Total liabilities and shareholders' equity	557,431	512,660

Key Financial Ratios

	30 June 2003	30 June 2002
Return on equity (ROE)	22.6%	23.3%
Return on assets (ROA)	1.3%	1.2%
Cost/Income	62.0%	60.2%
Non-interest income/operating income	36.2%	33.5%
Net interest margin	2.77%	3.05%
Classified client loans/client loans*	10.6%	16.8%
Capital under BIS rules	15.8%	16.0%

* Figures for Česká spořitelna are provided according to the CNB methodology

Selected Operational Figures

	30 June 2003	30 June 2002
Česká spořitelna's staff (recalculated headcount)	11,289	11,421
Total number of clients	5,488,384	4,969,722
Giro accounts	2,733,139	2,707,719
Number of Servis 24's clients	523,074	245,474
Number of cards	2,414,660	2,251,614
Number of ATMs	1,039	986
Number of Česká spořitelna's branches	668	681

Net Profit after Taxes of the Selected Subsidiaries of Česká spořitelna under International Financial Reporting Standards

MCZK	30 June 2003	30 June 2002
Stavební spořitelna České spořitelny	126	116
Leasing České spořitelny	39	62
Penzijní fond České spořitelny*	198	10
Pojišťovna České spořitelny	76	54
Investiční společnost České spořitelny	7	-50
Factoring České spořitelny	12	8

* 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 June 2003, Penzijní fond České spořitelny made a profit of CZK 148 million (30 June 2002: CZK 124 million) in accordance with Czech Accounting Standards.

Unconsolidated Balance Sheet

as of 30 June 2003 under Czech Accounting Standards

Assets

(CZK '000)	Gross	Adjustment	2003 Accounting period	2002 Accounting period	2001 Accounting period
1. Cash in hand and balance with central banks	18,856,477	0	18,856,477	18,651,260	17,263,554
2. State zero-coupon bonds and other securities eligible for refinancing with the CNB	45,910,662		45,910,662	55,281,648	91,187,765
of which: a) State securities	45,910,662	0	45,910,662	55,281,648	11,243,661
b) Other	0	0	0	0	79,944,104
3. Amounts due from banks, savings associations	140,493,355		140,493,355	138,061,464	170,161,675
of which: a) Repayable on demand	7,691,418	0	7,691,418	10,401,531	278,770
b) Other receivables	132,801,937	0	132,801,937	127,659,933	169,882,905
4. Amounts due from clients, members of savings associations	188,986,384	12,290,785	176,695,599	151,228,851	111,080,015
of which: a) Repayable on demand	499,111	0	499,111	2,712,336	3,836,604
b) Other receivables	188,487,273	12,290,785	176,196,488	148,516,515	107,243,411
5. Debt securities	57,420,942	55,317	57,365,625	49,365,692	85,275,196
of which: a) Issued by state institutions	10,523,897	0	10,523,897	10,280,903	59,617,743
b) Issued by other entities	46,897,045	55,317	46,841,729	39,084,789	25,657,453
6. Shares, share certificates and other equity holdings	3,875,546	0	3,875,546	1,409,460	4,017,698
7. Participation interests with substantial influence	300,281	261	300,020	300,259	0
of which: In banks	0	0	0	0	0
8. Participation interests with controlling influence	2,459,951	702,976	1,756,975	1,379,463	1,242,457
of which: In banks	332,750	0	332,750	332,750	332,750
9. Intangible fixed assets	6,085,670	2,288,376	3,797,294	2,868,973	1,533,281
of which: Incorporation costs	0	0	0	0	0
Goodwill	229,885	158,046	71,839	129,310	186,782
10. Tangible fixed assets	27,798,952	11,954,722	15,844,231	15,891,794	15,729,585
of which: Land and buildings for operating activities	16,452,802	4,841,379	11,611,424	11,236,536	12,241,696
11. Other assets	23,224,758	206,141	23,018,617	30,236,866	16,951,167
12. Receivables for subscribed share capital	0	0	0	0	0
13. Prepayments and accrued income	451,361	0	451,361	1,527,300	3,663,318
Total Assets	515,864,339	27,498,577	488,365,762	466,203,030	518,105,711

Liabilities

(CZK '000)	2003 Accounting period	2002 Accounting period	2001 Accounting period
1. Amounts owed to banks, savings associations	21,354,355	22,877,965	102,792,202
of which: a) Repayable on demand	4,000,546	2,535,381	154,380
b) Other payables	17,353,809	20,342,584	102,637,822
2. Amounts owed to clients, members of savings associations	379,571,716	367,928,098	355,141,766
of which: a) Repayable on demand	191,779,766	166,777,257	143,013,482
b) Other payables	187,791,950	201,150,841	212,128,284
3 . Payables from debt securities	17,484,880	7,858,415	8,052,804
of which: a) Issued debt securities	12,653,196	7,027,307	5,500,000
b) Other payables from debt securities	4,831,684	831,108	2,552,804
4. Other liabilities	28,185,421	26,905,739	13,434,419
5. Deferred income and accrued expenses	52,718	235,459	3,619,177
6. Reserves	6,806,974	7,711,699	7,420,309
of which: a) For pensions and similar liabilities	0	0	0
b) For taxes	1,074,000	0	0
c) Other	5,732,974	7,711,699	7,420,309
7. Subordinated liabilities	5,504,962	5,506,820	5,500,000
8. Share capital	15,200,000	15,200,000	15,200,000
of which: a) Share capital paid up	15,200,000	15,200,000	15,200,000
b) Treasury shares	0	0	-5,002
9. Share premium	1,688	0	0
10. Reserve funds and other funds from profit	1,101,229	827,291	609,768
of which: a) Mandatory reserve funds and risk funds	964,462	641,679	489,977
b) Other reserve funds	0	0	0
c) Other funds from profit	136,767	183,525	119,791
11. Revaluation reserve	0	0	0
12. Capital funds	1,902	1,902	1,904
13. Gains or losses from revaluation	81	-29	0
of which: a) of assets and liabilities	0	0	0
b) hedging derivatives	0	0	0
c) re-translation of equity holdings	81	-29	0
14. Retained earnings or accumulated losses brought forward	9,722,891	6,740,006	4,494,110
15. Profit/(loss) for the period	3,376,944	4,409,663	1,844,254
Total Liabilities	488,365,762	466,203,028	518,105,711

Off Balance Sheet Accounts

(CZK '000)	2003 Accounting period	2002 Accounting period	2001 Accounting period
1. Issued commitments and guarantees	50,755,363	40,936,206	44,385,430
2. Provided collateral	1,950,393	1,116,666	0
3. Amounts due from spot transactions	5,372,877	8,062,172	19,043,338
4. Amounts due from term transactions	770,198,074	662,902,398	422,525,139
5. Amounts due from option transactions	29,171,920	16,231,641	25,615,674
6. Receivables written off	6,284,932	5,538,317	5,395,090
7. Assets provided into custody, administration and safe-keeping	40,716,721	35,454,996	0
8. Assets provided for management	0	0	0
9. Accepted commitments and guarantees	22,159,949	40,028,652	50,871,037
10. Received collateral	145,905,814	161,523,215	67,591,148
11. Amounts owed from spot transactions	5,369,249	8,057,110	19,049,340
12. Amounts owed from term transactions	768,540,566	660,255,903	421,949,214
13. Amounts owed from option transactions	28,709,766	15,164,119	24,757,232
14. Assets received into custody, administration and safe-keeping	51,848,965	36,290,907	0
15. Assets received for management	17,697,363	0	0

Unconsolidated Profit and Loss Account

for the Period Ended 30 June 2003
under Czech Accounting Standards

(CZK '000)	2003 Accounting period	2002 Accounting period	2001 Accounting period
Interest income and similar income	9,999,016	12,131,032	12,172,131
of which: interest income from debt securities	2,793,230	3,260,171	3,118,302
Interest expense and similar expense	-2,935,354	-4,947,616	-5,838,240
of which: interest expense from debt securities	-176,557	-168,551	-657,610
Income from shares and equity investments	7,756	587,388	359,924
of which:			
a) Income from participation interests with substantial influence	0	0	23,052
b) Income from participation interests with controlling influence	0	586,571	336,872
c) Income from other shares and equity investments	7,756	817	0
Commission and fee income	3,626,332	3,408,203	3,115,070
Commission and fee expense	-150,630	-184,558	-143,338
Net profit or loss on financial operations	589,613	769,790	1,286,718
Other operating income	285,728	823,917	162,534
Other operating expenses	-390,149	-206,160	-884,860
Administrative expenses	-5,806,957	-5,970,875	-5,838,446
of which:			
a) Staff costs	-2,845,145	-2,707,995	-2,737,881
of which: aa) Wages and salaries	-2,043,768	-1,888,063	-1,973,026
ab) Social security and health insurance	-710,835	-739,564	-687,277
ac) Other staff costs	-90,543	-80,368	-77,578
b) Other administrative expenses	-2,961,812	-3,262,880	-3,100,565
Use of reserves and provisions for tangible and intangible fixed assets	48,944	352	0
Depreciation/amortisation, charge for, and use of reserves and provisions for tangible and intangible fixed assets	-1,601,924	-1,340,611	-1,517,086
Use of provisions and reserves for receivables and guarantees, recoveries of receivables previously written off	1,803,173	1,101,407	769,925
Write-offs, charge for, and use of provisions and reserves for receivables and guarantees	-1,067,116	-1,751,986	-1,482,100
Use of provisions for participation interests with controlling and substantial influence	0	0	0
Losses from the transfer of participation interests with controlling and substantial influence, charge for, and use of provisions for participation interests with controlling and substantial influence	190,424	102,280	-72,984
Use of other reserves	46	301,069	324,807
Charge for, and use of other reserves	166,003	100,992	-401,659
Share of profits/(losses) of subsidiaries and associates	0	0	0
Profit/(loss) for the period from ordinary activities before taxes	4,764,902	4,924,624	2,012,395
Extraordinary income	42	1,113,632	433,066
Extraordinary expenses	0	-553,592	-282,207
Profit/(loss) for the period from extraordinary activities before taxes	42	560,040	150,859
Income tax	-1,388,000	-1,075,000	-319,000
Net profit/(loss) for the period	3,376,944	4,409,663	1,844,254