

# Ceska Sporitelna

## *FY 2004 IFRS Consolidated Results (Unaudited)*

*March 14<sup>th</sup>, 2005*

# Content

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# Introduction

## ➤ Financial results

- » In 2004 CS's financial results demonstrate the Group's progress at building a first-class financial services provider and supporting the Czech Republic's overall economic growth
- » CS achieved record Net Profit and ROE
- » Dividend pay-out proposed at the same level as a year before (i.e., CZK 30 per share)

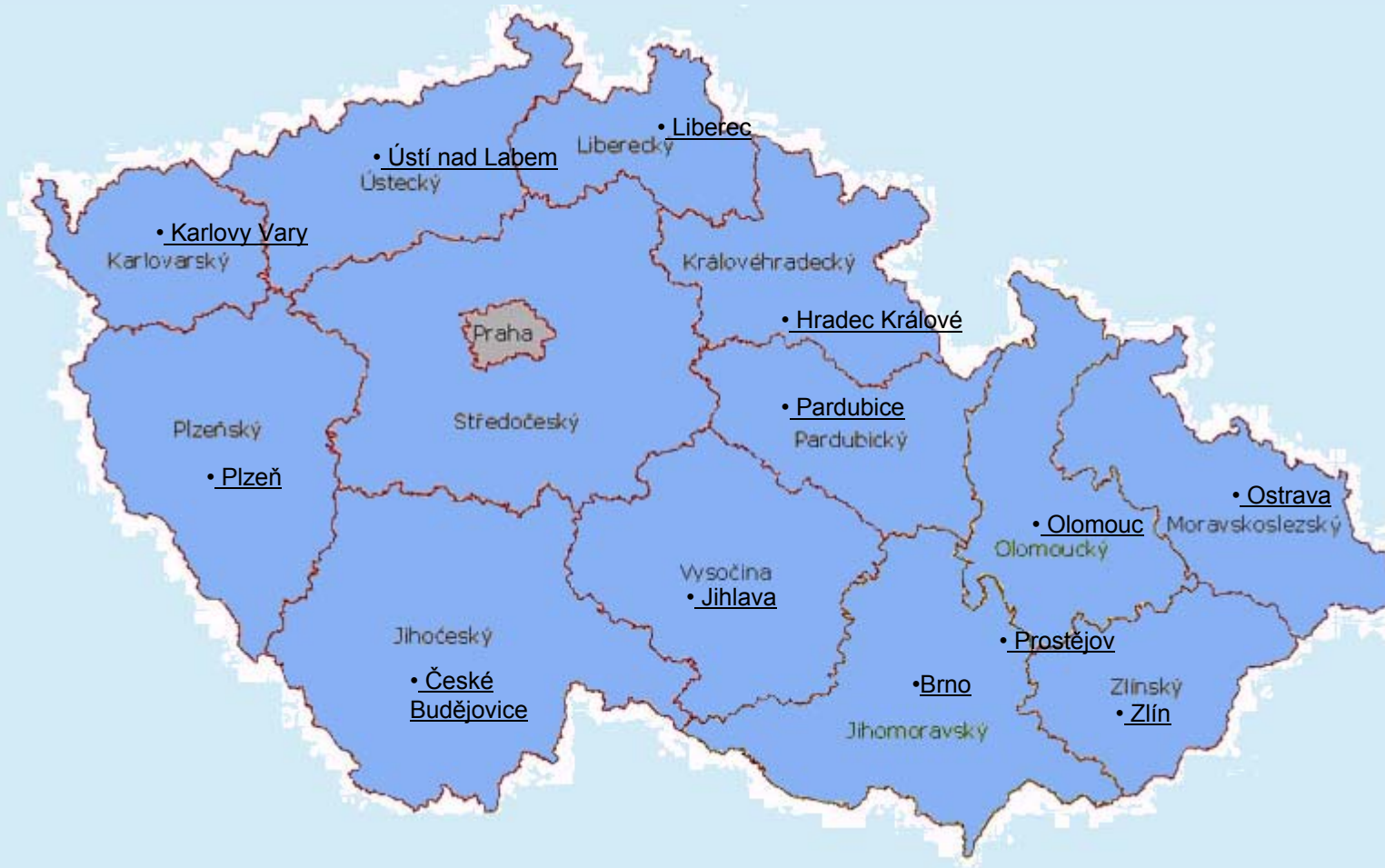
## ➤ The best financial partner for our clients

- » The combination of an increasingly professional staff, excellent distribution channels, competitive products and pricing and improving service quality enables CS to assist its consumer, business, governmental and non-for-profit customers in meeting their financial needs

## ➤ Favourable external environment

- » EU accession for the Czech Republic on 1 May 2004 combined with good economic growth and a rising demand for financial services provide CS with an environment where it can both help the Czech Republic grow as well as achieve above average returns

# Czech Republic



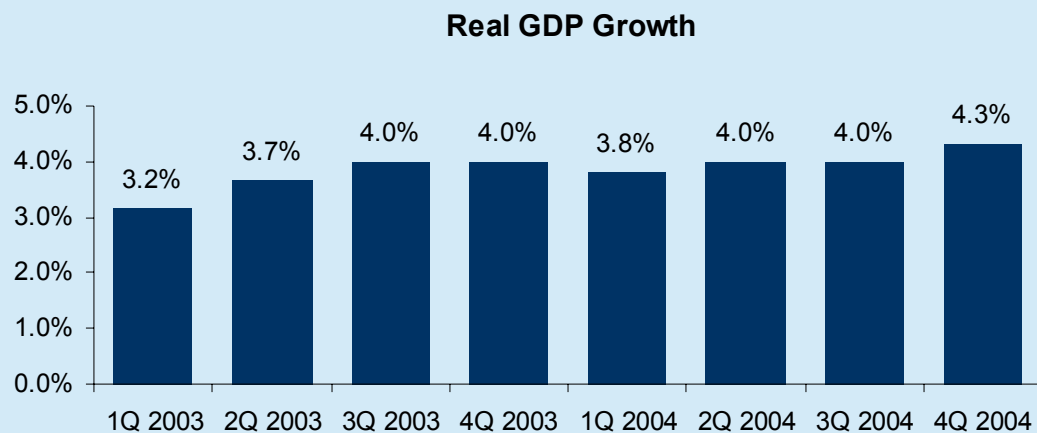
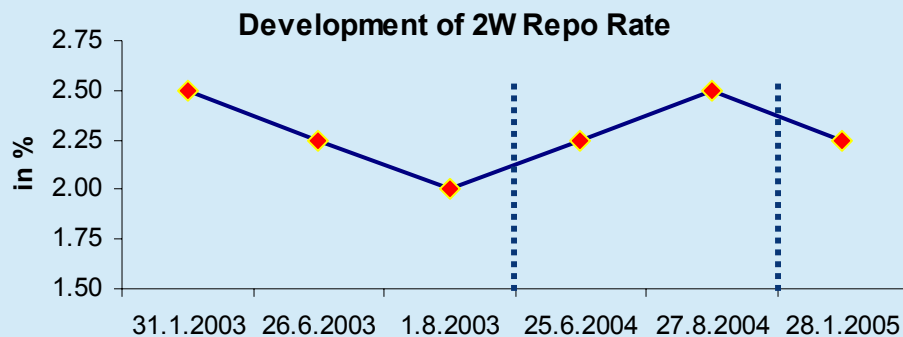
# *2004 Highlights*

# Macroeconomic Environment in CR

- **Central Bank 2W repo rate at 2.25%**
  - » Last change (25 bps cut) was made in January 2005
- **Inflation in 2004 increased to 2.8% from 0.1% (in 2003)**
- **Unemployment at 10.3% in 2004**
  - » Prague is approximately 4% while Ustecky region is more than 15%
- **Real GDP grew 4.0% in 2004**
- **Volume of mortgage loans to GDP at 6.0% (FY 2004)**
- **Home ownership in CR at 47% (last census in 2001)**
- **Share of current account balance of GDP reached - 6.3% for FY 2004**

Sources: CSU, CNB

# 2W Repo Rate and Real GDP Growth



# 2004 Business Highlights

## ➤ **Mortgages**

- » CS opened 14 Mortgage Centres in Brno, Ceske Budejovice, Kolin, Liberec, Olomouc, Ostrava, Plzen, Pardubice, Zlin and 5 in Prague
- » CS realised fifth issue of mortgage bonds and achieved the total principal amount of the programme of CZK 10 billion
- » CS won the Mortgage of the Year 2004 Award

## ➤ **Payment cards**

- » Usage of payment cards rapidly increased due to increasing acceptance and marketing of Bonus Program
- » Number of credit card holders increased by 102% to 205 thousands in 2004

## ➤ **Direct banking**

- » Internet banking expanded to include English version
- » CS has more than 800 thousand users of the Telephone & Internet Banking

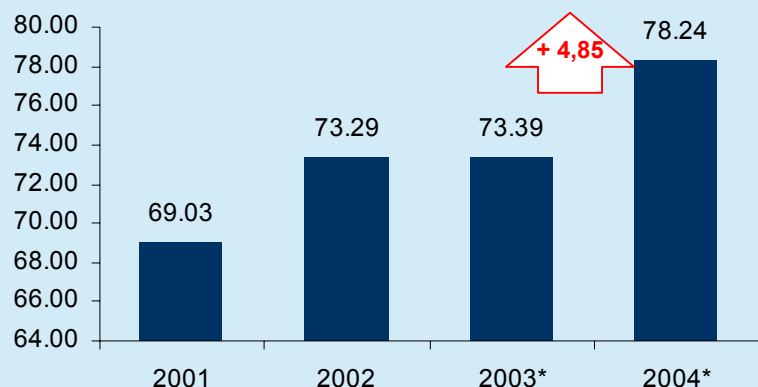
## ➤ **Benefits from European Union membership**

- » In its EU Program framework, CS provided loans in amount of CZK 2 bn to municipalities and entrepreneurs



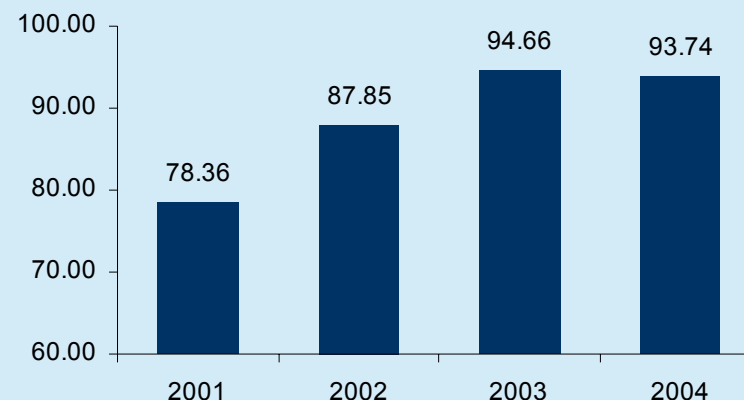
# Customer Satisfaction

Long term development of customer satisfaction



\*Average data from spring and autumn customer satisfaction measurement

Service Quality Level - Branch Network



Average figures for 1Q - 4Q

## ➤ Service Quality in 2005 – new actions:

- » Service Improvement Plan for the Bank – 16 specific activities
- » Coordination of service quality measurement for whole CS Financial Group
- » Continuous Improvement Strategy – motivation of employees at branch network in improving service quality and customer satisfaction
- » Key Performance Indicators – processes survey focused on improvement of performance management, quality and efficiency

# 2004 Financial Targets Fulfilment

## Overview

	Actual 2004	Targets
Profit Growth	13.6%	10 - 15%
ROE	23.8%	> 20%
C/I Ratio	58.0%	58 - 60%
Net Interest Margin	+ 10 bps.	flat or slight improvement

- » Ceska sporitelna was able to meet previously announced financial targets for macro numbers
- » Fulfilment of C/I ratio target despite the VAT increase and maturing bond portfolio
- » NIM improved thanks both to growth in client loan and deposit volumes and to two interest rate hikes by CNB in 2004
  - » From 2.00% to 2.25% in June and from 2.25% to 2.50% in August

# 2004 Loan Portfolio Targets

## Overview

	Actual 2004	Targets
<b>Loan portfolio growth*</b>	<b>19.8%</b>	10 - 15%
» <b>SMEs</b>	<b>26.8%</b>	10 - 15%
» <b>large corporates</b>	<b>1.8%</b>	8 - 10%
» <b>total retail loans</b>	<b>33.6%</b>	20 - 25%
> private mortgages	<b>65.3%</b>	30 - 40%
> consumer finance	<b>15.1%</b>	18 - 24%

\* Excluding loans to CKA. With CKA loans the loan growth was 11.3%.

- » **When excluding loans to CKA, loan portfolio growth target was exceeded**
- » **Private mortgages being the main driver growing by more than 65.3% (market\* grew by 52%)**
- » **Large corporates and consumer finance were below 2004 targets but are still on track for continued strong growth**
- » **Higher liquidity in segment of Large corporates reflected in loan repayments and lower credit limit utilisation**

\* according to CNB data

# CS Market Shares Development

<i>According to CNB Statistics*</i>	<b>31.12.2002</b>	<b>31.12.2003</b>	<b>31.12.2004</b>	<b>change</b>
Total Assets	18.7%	19.0%	18.8%	↘
Loans to Customers	18.4%	19.5%	20.3%	↑
Interbank Loans	5.8%	7.5%	11.0%	↑
Primary Deposits	20.2%	21.0%	20.2%	↘
Retail Deposits	27.9%	27.5%	26.1%	↘
Retail Loans	30.9%	26.4%	26.9%	↑
Mortgages	27.6%	30.1%	33.7%	↑
Retail Mortgages	29.0%	29.1%	32.4%	↑
Assets under Management	n/a	47.8%	53.9%	↑
ATM (#)	41.5%	40.0%	37.9%	↘
Payment Cards (#)	44.6%	40.4%	40.2%	↘

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

# ***FY 2004 IFRS Consolidated Results (Unaudited)***

IFRS – International Financial Reporting Standards

# Group Profit & Loss Statement Highlights

- **Operating Profit increased by 13.0% to CZK 11,459 m**
  - » Operating Income grew by 8.1% and general administrative expenses by 4.8%
- **Net Profit rose by 13.6% to CZK 8,649 m**
  - » Increase of net profit was driven mainly by income from sale of non-life insurance; increase of net interest income and net fee and commission income
- **ROE reached 23.8% compared with 23.7% in 2003**
  - » ROA achieved 1.5% in comparison with 1.4% in 2003
- **Net Interest Income increased by 9.9% to CZK 17,126 m**
  - » NII grew significantly despite still low interest rate environment and maturing high interest bonds; driven by growth in volumes of client loans and deposits
- **Net Fee and Commission Income grew by 7.1% to CZK 8,580 m**
  - » Lower than expected growth of net fee income influenced by rational client behaviour leading to optimisation of bank channels through increased electronic usage
- **General Administrative Expenses increased by 4.8%**
  - » Growth in other administrative expenses necessitated by revenue growth needs
- **Cost/Income ratio improved to 58.0% from 59.8% in 2003**
  - » Positive result of growing operating income and continued cost management

# Group Profit & Loss Statement

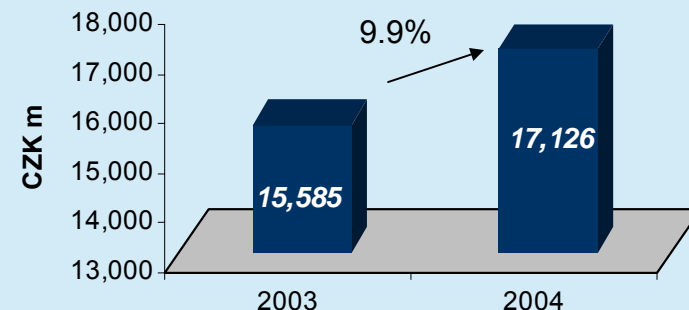
<i>IFRS, Consolidated, CZK m</i>	2003	2004	% change
Net interest income	15,585	17,126	9.9
Provisions on losses on loans and advances	1,970	-505	n/a
Net fee and commission income	8,012	8,580	7.1
Net profit/(loss) on financial operations	1,321	1,309	-0.9
General administrative expenses	-15,104	-15,824	4.8
Income from insurance business	327	268	-18.0
Other operating income/(expenses)	-1,170	2,827	341.6
<b>Profit/(loss) before taxes</b>	<b>10,941</b>	<b>13,781</b>	<b>26.0</b>
Income tax expense	-3,149	-4,046	28.5
<b>Profit/(loss) after taxes</b>	<b>7,792</b>	<b>9,735</b>	<b>24.9</b>
Minority interests	-177	-1,086	513.6
<b>Net profit/(loss) for the year</b>	<b>7,615</b>	<b>8,649</b>	<b>13.6</b>
Operating income	25,245	27,283	8.1
Operating expenses	-15,104	-15,824	4.8
<b>Operating result</b>	<b>10,141</b>	<b>11,459</b>	<b>13.0</b>
<b>Cost / Income Ratio (%)</b>	<b>59.8%</b>	<b>58.0%</b>	
<b>ROE (%)</b>	<b>23.7%</b>	<b>23.8%</b>	

# Group Profit & Loss Statement

## Net Interest Income up by 9.9%

- » **Growing volumes of client loans and deposits**
  - Client loans up by 19.8% (without loans to CKA) and client deposits by 3.8%.
- » **Interest rate hikes by CNB brought positive impact of approx. CZK 180 m**
  - CNB increased 2W repo rate in June to 2.25% and in August to 2.50%. In January 2005 it decreased 2W repo rate back to 2.25%.
- » **Non-interest bearing balances on anonymous passbooks saved CZK 175 m on interest expenses (CZK 346 m in 2003)**
  - Balance of deposits on anonymous passbooks was CZK 6.2 bn at the year end 2004
- » **Repayment of subordinated debt in December 2003 reduced interest expenses by CZK 200 m**
- » **Negative impact of matured HTM bonds of approx. CZK 180 m**

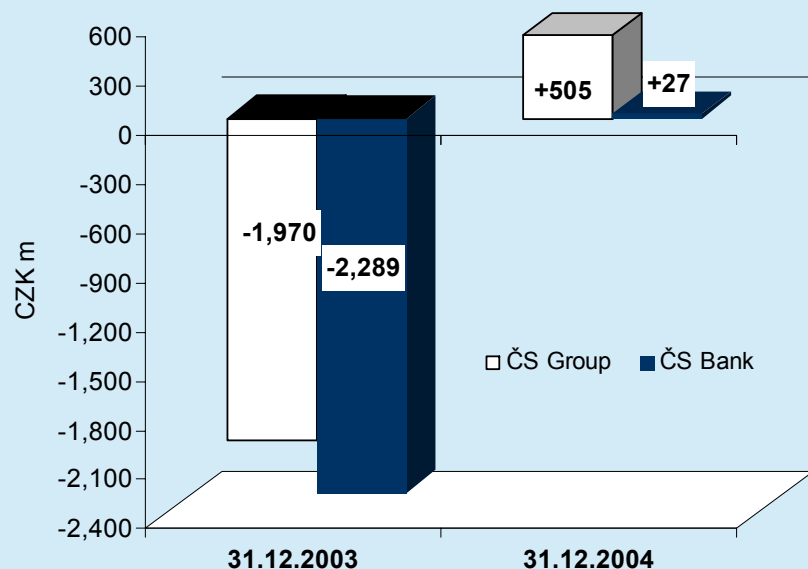
<i>IFRS, Consolidated, CZK m</i>	2003	2004	% change
<b>Interest income</b>	<b>22,753</b>	<b>23,560</b>	<b>3.5</b>
- from loans and advances to financial institutions	3,393	2,522	-25.7
- from loans and advances to customers	12,357	13,224	7.0
- from debt securities and other fixed income securities	6,494	7,342	13.1
- other interest income	509	472	-7.3
<b>Interest expense</b>	<b>-7,168</b>	<b>-6,434</b>	<b>-10.2</b>
- from amounts owed to financial institutions	-946	-908	-4.0
- from amounts owed to customers	-5,456	-4,804	-12.0
- from bonds in issue	-84	-116	38.1
- other interest expense	-682	-606	-11.1





# Group Profit & Loss Statement

## Provisions on Losses on Loans and Advances



- Total Net provision creation + CZK 505 m p.a.

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- Bank + CZK 27 m p.a.
- Subsidiaries + CZK 478 m p.a. (mainly coverage of uncovered risk in Leasing ČS + CZK 455 m)

Balance impact (CZK m, IFRS)

ČS Bank Loan loss reserves	Specific provisions	General provisions	Total provisions
<b>Balance 01.01.2004</b>	<b>4,571</b>	<b>3,186</b>	<b>7,756</b>
Creation total	+556	-529	<b>+27</b>
Write offs	-638	-90	<b>-728</b>
Balance neutral effects	+46	+499	<b>+545</b>
Transfer	0	-2,021*	<b>-2,021</b>
<b>Balance 31.12.2004</b>	<b>4,534</b>	<b>1,045</b>	<b>5,578</b>

\*transfer related to IAS39

Profit&Loss impact (CZK m, IFRS)

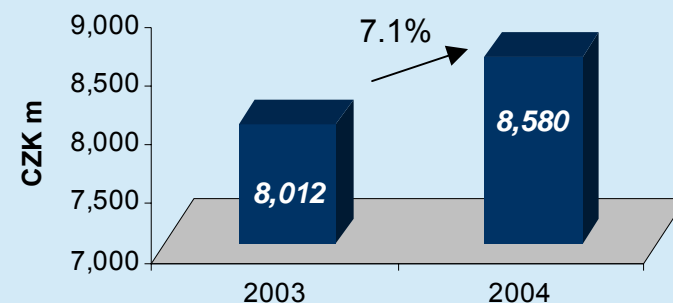
ČS Bank Loan loss reserves	Specific provisions	General provisions	Total provisions
Creation (+)/Release (-)	+1,061	-529	<b>+532</b>
Recovery	-495	0	<b>-495</b>
IFRS correction	-10	0	<b>-10</b>
<b>Creation total</b>	<b>+556</b>	<b>-529</b>	<b>+27</b>

# Group Profit & Loss Statement

## Net Fee and Commission Income Grew by 7.1%

- » **Fee income from payment transactions positively influenced by increased volume of payment transactions and price changes in January 2004**
  - Positive impact from re-pricing of CZK 130 m and from volume growth of CZK 120 m
  - Deceleration of growth in fee income from payment services as clients continue to optimise their fee expenses by using more alternative distribution channels where lower fees are charged
- » **Lower other fee income and lower fee expenses connected with decrease of Building Society's business**
  - Fee income collected by CS Building Society in 2003 was exceptionally high as it was affected by boosted sales mainly in 4Q 2003 in connection with planned changes in state subsidy starting in January 2004 (smaller subsidy and longer term)
- » **Accelerating loan portfolio growth caused 19.4% increase of fee income from lending business**
  - Main driver of loan portfolio growth was mortgage loans with 65% y-o-y increase
- » **Increase of fees from security business thanks to increase of assets managed by IS CS**
  - Assets managed in mutual funds increased by 22%

<i>IFRS, Consolidated, CZK m</i>	2003	2004	% change
<b>Fee and commission income</b>	<b>8,736</b>	<b>9,136</b>	<b>4.6</b>
- from lending business	1,476	1,762	19.4
- from payment transactions	4,851	5,101	5.2
- from security business	546	634	16.1
- other	1,863	1,639	-12.0
<b>Fee and commission expense</b>	<b>-724</b>	<b>-556</b>	<b>-23.2</b>
- from lending business	-25	-47	88.0
- from payment transactions	-102	-61	-40.2
- from security business	-5	-8	60.0
- other	-592	-440	-25.7

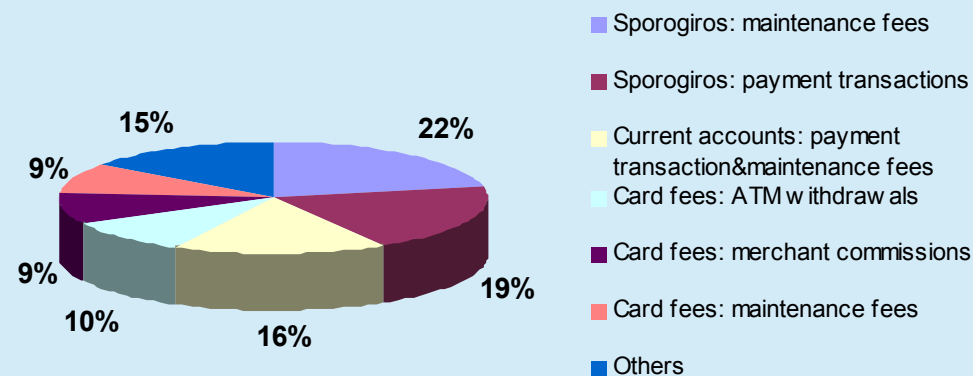


# Net Fee and Commission Income

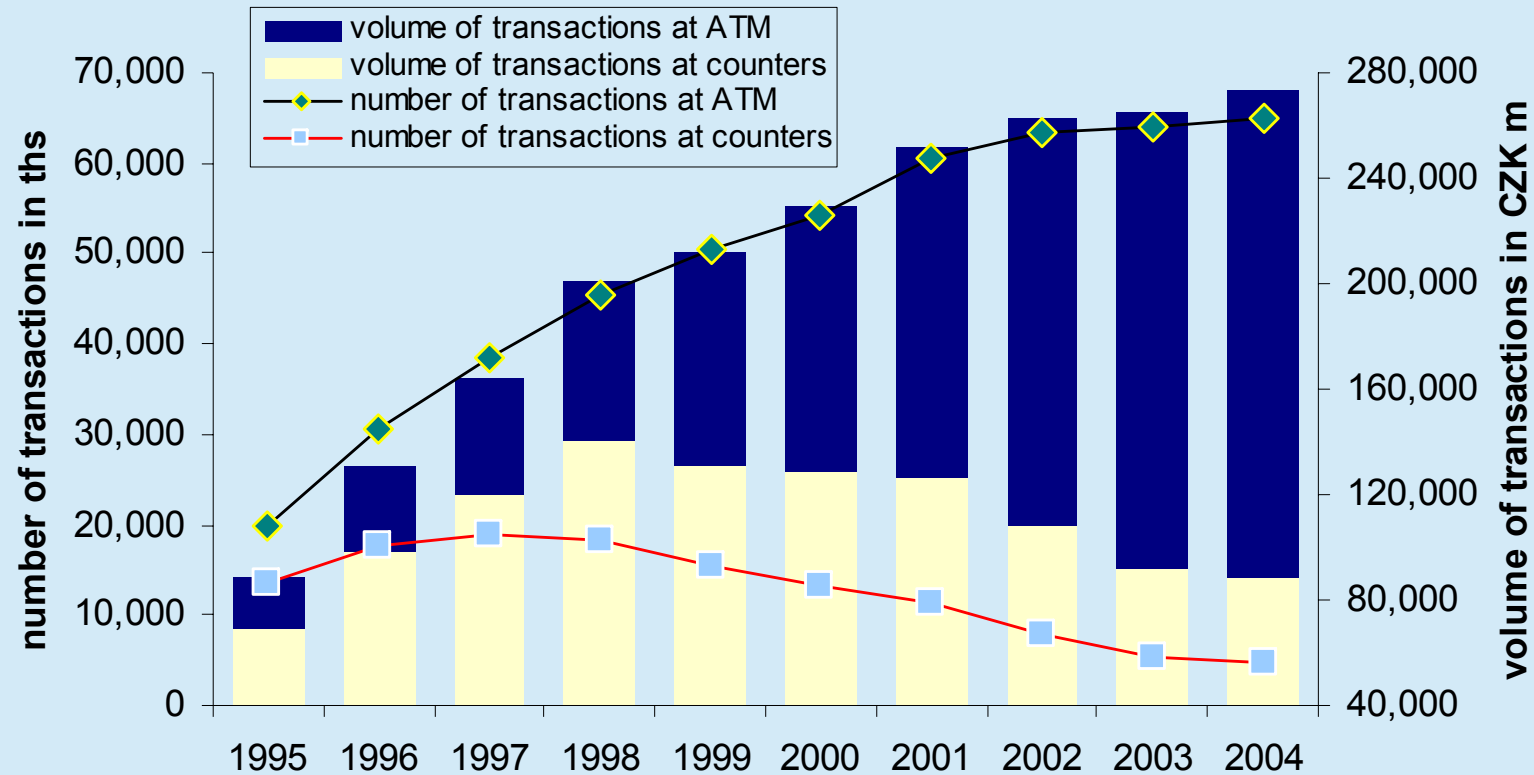
## Breakdown of Fees from Payment Transactions

	2004
Sporogiros: maintenance fees	1,117
Sporogiros: payment transactions	989
Current accounts: payment transaction&maintenance fees	831
Card fees: ATM withdrawals	498
Card fees: merchant commissions	465
Card fees: maintenance fees	445
Others	755
<b>Total</b>	<b>5,101</b>

*Note: Above stated fees do not cover whole product set, e.g. interchange fee is not included in case of card fees*



# Shift from Cashiers Towards ATM Transactions



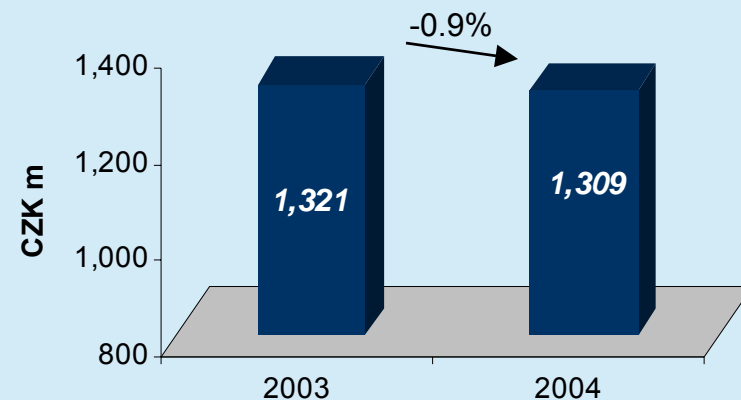
# Group Profit & Loss Statement

## Net Profit on Financial Operations Stable

- » Stable trading result reflects unchanged market risk appetite of the Bank between 2003 and 2004
- » Further convergence of the Czech economy to EMU land resulted in lower domestic market volatility and consequently fewer trading opportunities
- » Higher realised and unrealised gains from securities in 2004 because of lower average interest rates
- » Reversed development in 4Q 2004 caused by exceptionally strong results in 4Q 2003
  - Trading result was stronger by CZK 70 m in 4Q 2003 than in 4Q 2004

<i>IFRS, Consolidated, CZK m</i>	2003	2004	% change
Realised and unrealised profit on securities trading	71	499	602.8
Derivative instruments	19	-399	n/a
FX gains	1,059	1,016	-4.1
Other	172	193	12.2

*Note: negative result from derivative instruments in 2004 is compensated in higher result from securities trading*

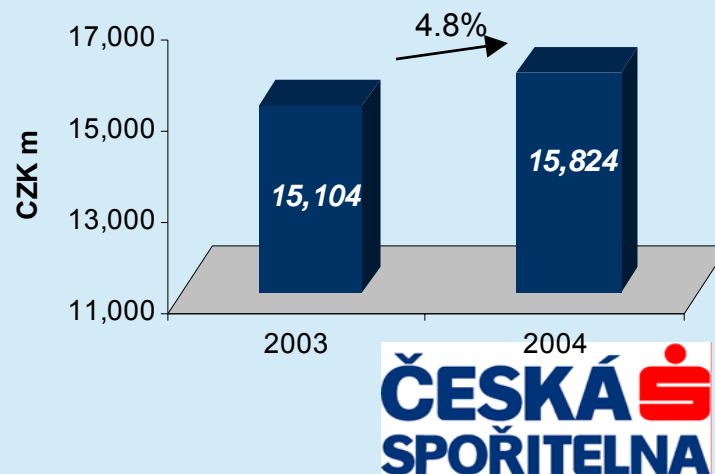


# Group Profit & Loss Statement

## General Administrative Expenses up by moderate 4.8%

- » **Personnel expenses grew only moderately by 1.6% thanks to 6.2% headcount reduction**
  - Only moderate growth despite base salaries increase of 7% (impact of CZK 180 m) and higher related social and health insurance (CZK 50 m)
  - Severance payments of CZK 80 m connected with headcount reduction
  - Higher personnel expenses in 4Q 2003 than 4Q 2004 because of larger accounted bonuses in 2003
- » **Continued expense management largely compensated for the negative impact of VAT changes**
  - Impact of VAT increase into other administrative expenses of CZK 290 m and into depreciation of CZK 60 m
  - Continued expense management activities in areas of telecommunications, data services, office equipment, marketing expenses etc.
  - Other administrative expenses influenced by investment into growth business activities – e.g. building of Mortgage centres, expanding card and consumer finance business etc.
- » **Higher depreciation as a result of the Bank's investments in prior years**

<i>IFRS, Consolidated, CZK m</i>	2003	2004	% change
Personnel expenses	6,858	6,968	1.6
Other administrative expenses	5,220	5,706	9.3
Depreciation	3,026	3,150	4.1



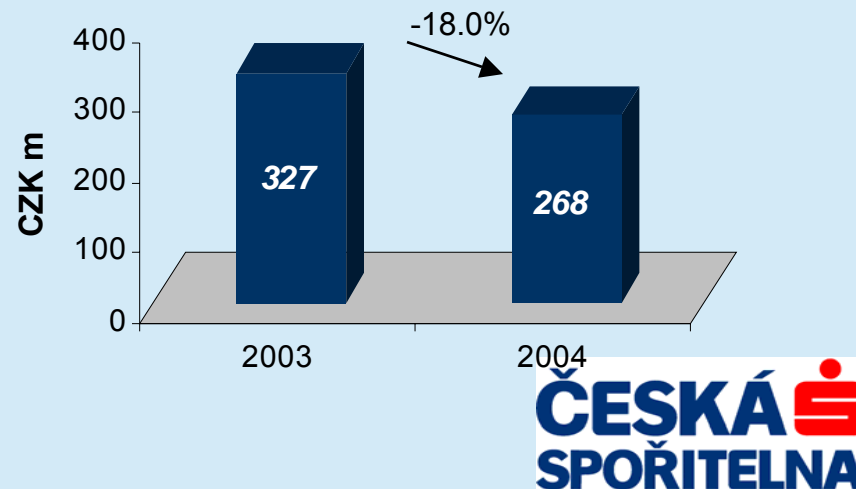
# Group Profit & Loss Statement

## Income from Insurance Business

- » **2003 result includes income from non-life insurance in amount of CZK 305 m (sold January 2004)**
  - » Making pro forma adjustment, income from life insurance grew more than 10 times
- » **More than 50% growth in number of life insurance contracts**
  - » Rapid growth of credit risk insurance
- » **Life insurance written premium decreased by 14.4% compared to 2003**
  - » Flexi life insurance represented 74% of life insurance premium
- » **Single paid written premium outweigh current paid written premium**
- » **CS Insurance Company is currently # 7 in life insurance market with market share of 7.4%**

### Product structure

	2003	2004
Life insurance		
capital	27%	13%
credit	4%	8%
flexi	64%	74%
other	4%	5%



# Group Profit & Loss Statement

## Other Operating Income / (Expenses)

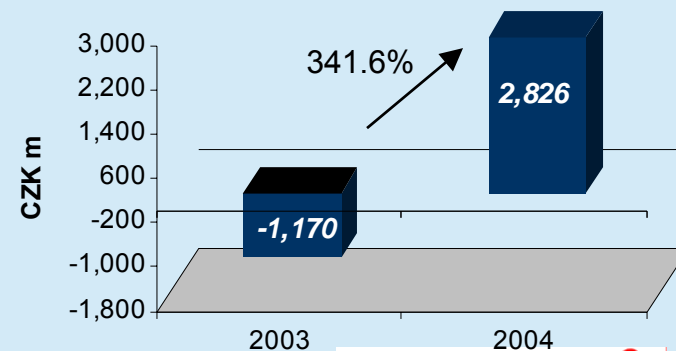
### OTHER OPERATING INCOME:

- » Positive impact from sale of non-life insurance business in amount of CZK 2.9 bn (before tax and minority interests)
- » Higher income from AFS portfolio connected with higher amount of securities in this portfolio (up by 36%)
- » Higher other income influenced by revaluation of one CS participation (positive impact of CZK 615 m)

### OTHER OPERATING EXPENSES:

- » By almost CZK 400 m higher contribution into Deposit Insurance Fund resulting from growing client deposits and increase of mandatory contribution rate
  - DIF contribution for bank increased from 0.1% to 0.2% of primary deposits and for building society from 0.05% to 0.1% at the beginning of 2004
- » Other expenses in 2003 included CZK 700 m of IT investment write-off; 2004 was influenced by higher sponsoring expenses and booking of the accrual for the CZK 94 m fine imposed on CS Building Society by the Anti-monopoly office

<i>IFRS, Consolidated, CZK m</i>	2003	2004	% change
<b>Other operating income</b>	<b>1,037</b>	<b>1,703</b>	<b>64.2</b>
- income from real estate	18	101	461.1
- other income	1,019	1,602	57.2
<b>Other operating expenses</b>	<b>-2,336</b>	<b>-2,521</b>	<b>7.9</b>
- Deposit Insurance Fund contribution	-354	-731	106.5
- expenses from real estate	-1	-111	n/a
- other expenses	-1,981	-1,679	-15.2
<b>Income/(expenses) from AFS securities</b>	<b>129</b>	<b>745</b>	<b>477.5</b>
<b>Income from sale of non-life insurance business</b>	<b>x</b>	<b>2,899</b>	<b>n/a</b>





# Group Balance Sheet

## Highlights\*

- **Total assets increased by 4.8% to CZK 580.4 bn**
- **Loans to customers (excl. CKA) increased by 19.8% to CZK 213.4 bn**
  - » Total loans (loans to CKA and loans to customers) increased by 11.3% to CZK 239.3 bn
- **Total client funds under CS Group management rose by 5.7% to CZK 501.3 bn**
  - » Amounts owed to customers grew by 3.8% to CZK 444.8 bn
  - » Balance of deposits on anonymous passbooks at the end of 2004 was CZK 6.2 bn
- **Loans to Deposits ratio improved to 53.8% from 50.1% in 2003**
- **Increase of issued bonds by 22.7% to CZK 19.6 bn**
  - » Driven mainly by mortgage bond issue
- **Group capital adequacy (BIS) at 13.3%**
  - » Capital adequacy according to CNB (parent bank only) at 9.0%

\* *Comparison between 31/12/2003 and 31/12/2004*

# Group Balance Sheet

## Assets

<i>IFRS, Consolidated, CZK m</i>	31/12/03	31/12/04	% Change
<b>Total Assets</b>	<b>554,048</b>	<b>580,394</b>	<b>4.8</b>
Cash and balances with the CNB	22,713	18,128	-20.2
Loans and advances to financial institutions	82,121	77,112	-6.1
Loans to Czech Consolidation Agency	36,744	25,843	-29.7
Loans and advances to customers	178,159	213,446	19.8
Provision for losses on loans and advances	-9,025	-7,165	-20.6
Trading securities	53,168	30,292	-43.0
Securities available for sale	27,343	37,224	36.1
Investment securities	122,887	149,992	22.1
- treasury bills and listed debts securities	112,175	136,570	21.7
- other	10,712	13,422	25.3
Other assets	39,938	35,522	-11.1

# Group Balance Sheet

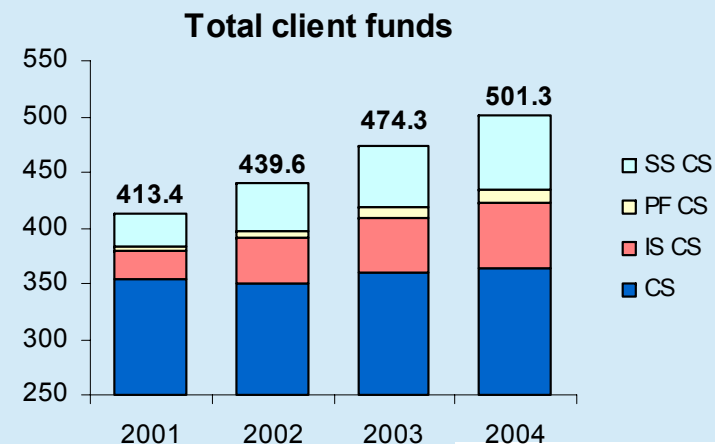
## Liabilities and Shareholders' Equity

<i>IFRS, Consolidated, CZK m</i>	31/12/03	31/12/04	% Change
<b>Total Liabilities and Shareholders' Equity</b>	<b>554,048</b>	<b>580,394</b>	<b>4.8</b>
Amounts owed to financial institutions	29,641	32,905	11.0
Amounts owed to customers	428,572	444,771	3.8
Bonds in issue	16,017	19,649	22.7
Other liabilities	44,020	43,094	-2.1
Minority interests	1,390	1,696	22.0
<b>Shareholders' equity</b>	<b>34,408</b>	<b>38,279</b>	<b>11.3</b>

# Total Client Funds under CS Group Management

- » **Almost 28% of client funds managed by daughter companies**
  - Increase of this share by 4 percentage points shows the shift of clients' preferences towards more sophisticated products
- » **Increase of total client funds under management by 5.7% to CZK 501.3 bn**
  - Client deposits in parent bank grew by less than 1%
- » **Pension fund (PFCS) recorded the highest increase of client funds under management by 31.9%**
- » **Very positive result can be seen also in investment company (ISCS) and building society (SSCS)**
  - Increase of client funds by 22.2% and 20.1%, respectively

<i>IFRS, in CZK bn</i>	2001	2002	2003	2004
CS - parent bank	354.4	350.8	360.7	362.9
IS CS - asset management company	24.7	39.7	48.3	59.0
PF CS - pension fund	5.0	7.0	9.1	12.0
SS CS - building society	29.3	42.1	56.1	67.4
<b>Total</b>	<b>413.4</b>	<b>439.6</b>	<b>474.2</b>	<b>501.3</b>

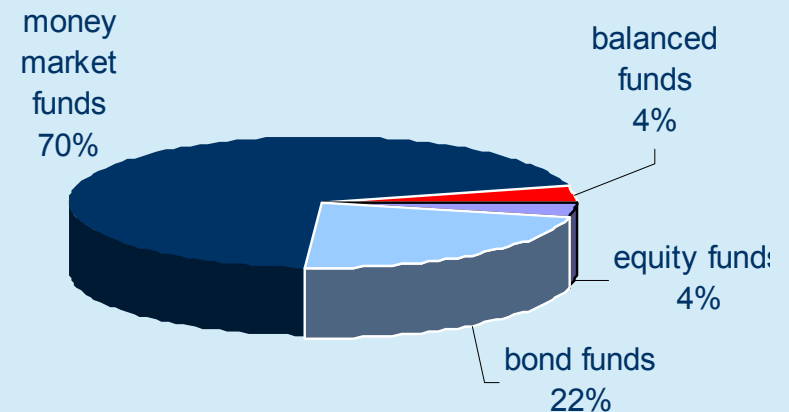


# Assets Under Management

## Breakdown of net sales

	2003	2004
<b>Mutual Funds</b>	<b>7,291</b>	<b>8,470</b>
equity funds	407	723
bond funds	5,680	-3,106
money market funds	1,198	10,829
balanced funds	6	24

## AUM Structure (2004)



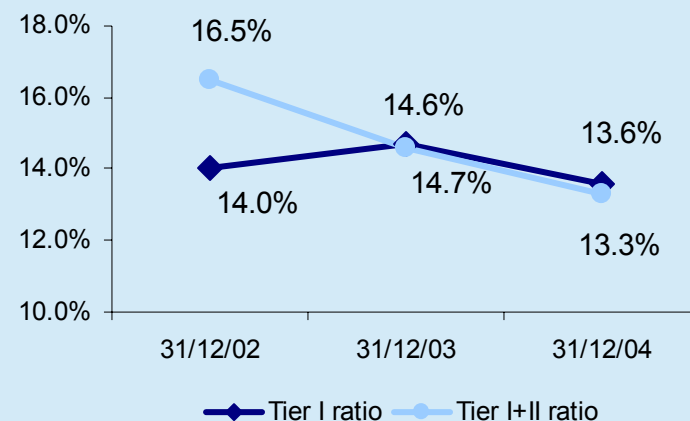
- Growing share of money market funds as a result of interest rate development in 2004
- Gradually growing interest of clients in investing into equity funds

# Capital Adequacy (BIS)

- » **Decrease of capital adequacy ratio due to higher growth of risk weighted assets than growth of capital**
  - Risk weighted assets grew by 21.9%
- » **Reduction of Tier II capital between 2002 and 2003 caused by redemption of subordinated debt in amount of CZK 5,500 m in December 2003**

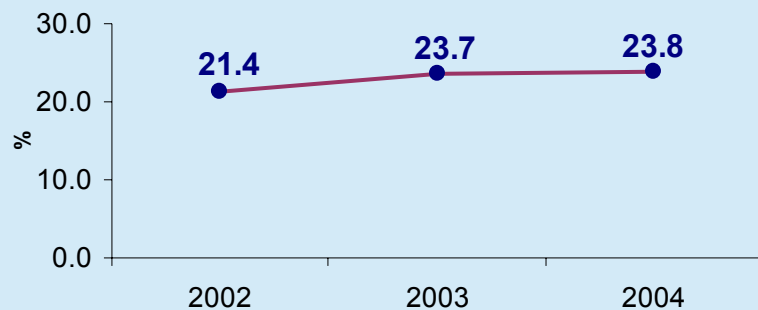
CS Group, CZK m	31/12/02	31/12/03	31/12/04
Tier I Capital	30,947	35,787	39,964
Tier I+II Capital	36,375	35,588	39,164
Risk Weighted Assets	201,813	224,332	273,437
Capital requirement to market risks	1,481	1,539	1,713
<b>Capital Adequacy Tier I ratio</b>	<b>14.0%</b>	<b>14.7%</b>	<b>13.6%</b>
<b>Capital Adequacy Tier I+II ratio</b>	<b>16.5%</b>	<b>14.6%</b>	<b>13.3%</b>

**Capital Adequacy Development**  
(according to BIS)

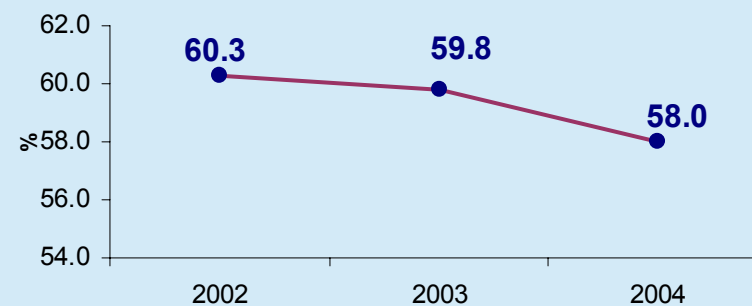


# Financial Ratios Development

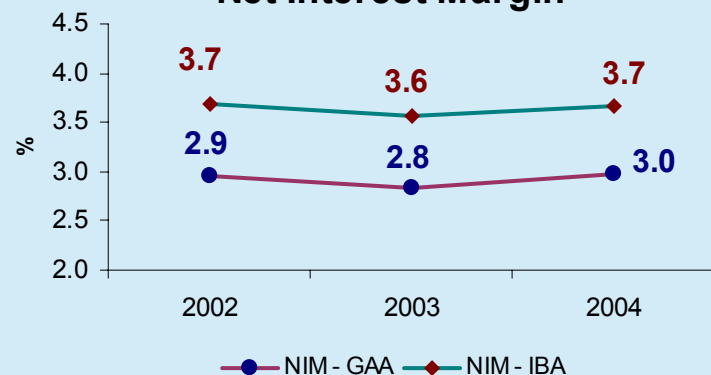
## ROE



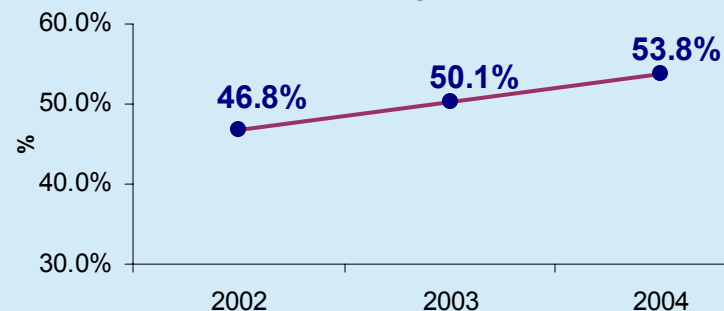
## Cost / Income Ratio



## Net Interest Margin



## Loans\* to Deposits Ratio



GAA = Gross average assets  
 IBA = Average interest bearing assets

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

# *Bank Loan Portfolio*

## *FY 2004*

*Unconsolidated (IFRS)*

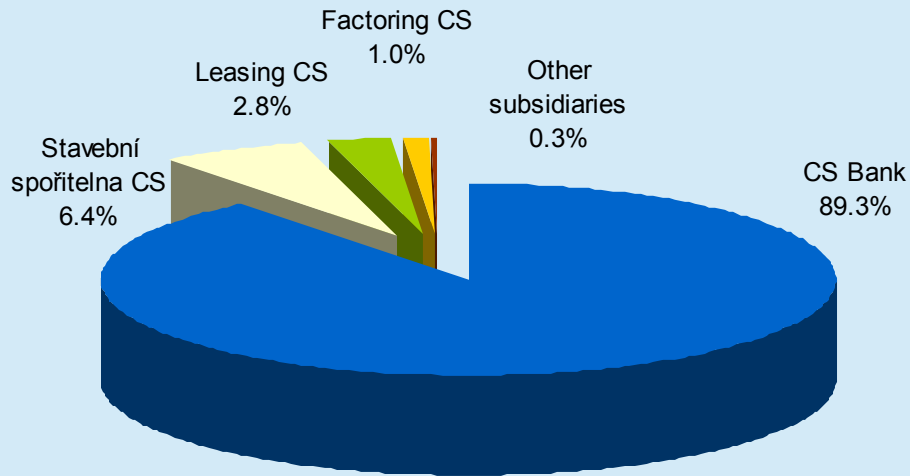


# Group Portfolio Highlights in 2004

- **Strong loan growth (excl. CKA) by CZK 35.3 bn (+19.8%) p.a. continues**
  - » Exceeding the expectations (15% p.a.)
  - » Matching remarkable growth of Y03 (+ CZK 35.8 bn p.a.)
- **Retail Mortgages remain the biggest loan driver**
  - » Increase + CZK 17.7 bn (+65.9%) p.a.
  - » Strengthening of leading position on market to 33.7% (30.1% YE03)
- **Share of Retail loans in CS Bank (45.3% YE04) for the first time was larger than Corporate loans (42%)**
- **Loan quality continued to improve in relative and absolute terms**
  - » High risk loans decreased from 3.5% to 2.6% (from CZK 6.9 bn to CZK 5.7 bn)

# Group Portfolio Structure and Development Overview

Group Loans to Customers Breakdown (YE04)



➤ Significant loan growth + CZK 24.4 bn (+11.3%) p.a. comes mainly from

- » CS Bank + CZK 18.4 bn (+9.4%) p.a.
- » Stavební spořitelna + CZK 5.0 bn (+47.5%) p.a. increase by 51% higher than in previous year

➤ Leasing business

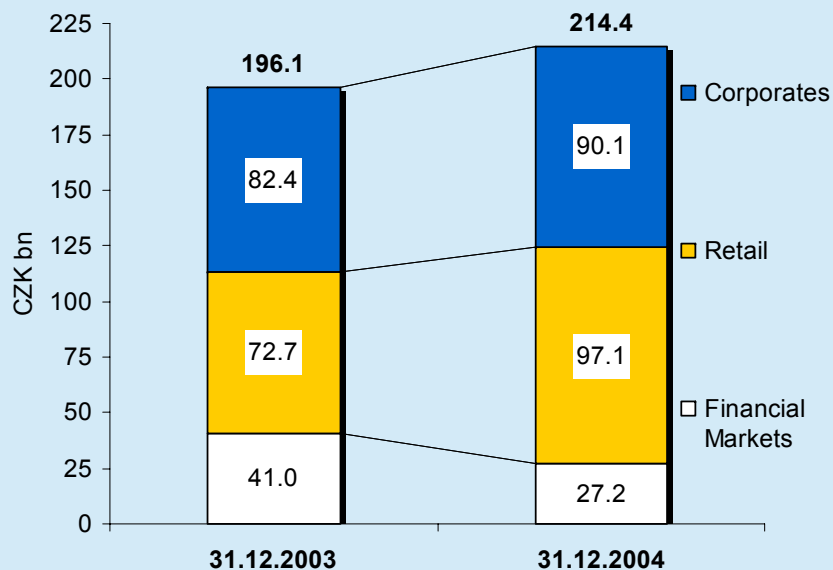
- » Leasing CS fall by - CZK 0.5 bn p.a. strongly affected by overall market stagnation and Business restructuring
- » s-Autoleasing, new CS subsidiary, was founded to complement services offered by Leasing ČS. It is focusing on car leases.

in CZK m, IFRS	31.12.2003	31.12.2004	Annual Growth	
CS Bank	196,060	214,432	18,372	9.4%
↳ of which CKA	36,744	25,843	-10,901	-29.7%
Stavební spořitelna CS	10,483	15,458	4,975	47.5%
Leasing CS	7,341	6,820	-522	-7.1%
Factoring CS	1,170	2,505	1,335	114.1%
Other subsidiaries	422	790	367	86.9%
Consolidation items	-573	-716	n.a.	n.a.
<b>Loans to Customers excl. CKA</b>	<b>178,159</b>	<b>213,445</b>	<b>35,287</b>	<b>19.8%</b>
<b>Total Loans to Customers</b>	<b>214,903</b>	<b>239,288</b>	<b>24,385</b>	<b>11.3%</b>

# Loan Structure and Development

## CS only

### Rebalancing of loan growth continues

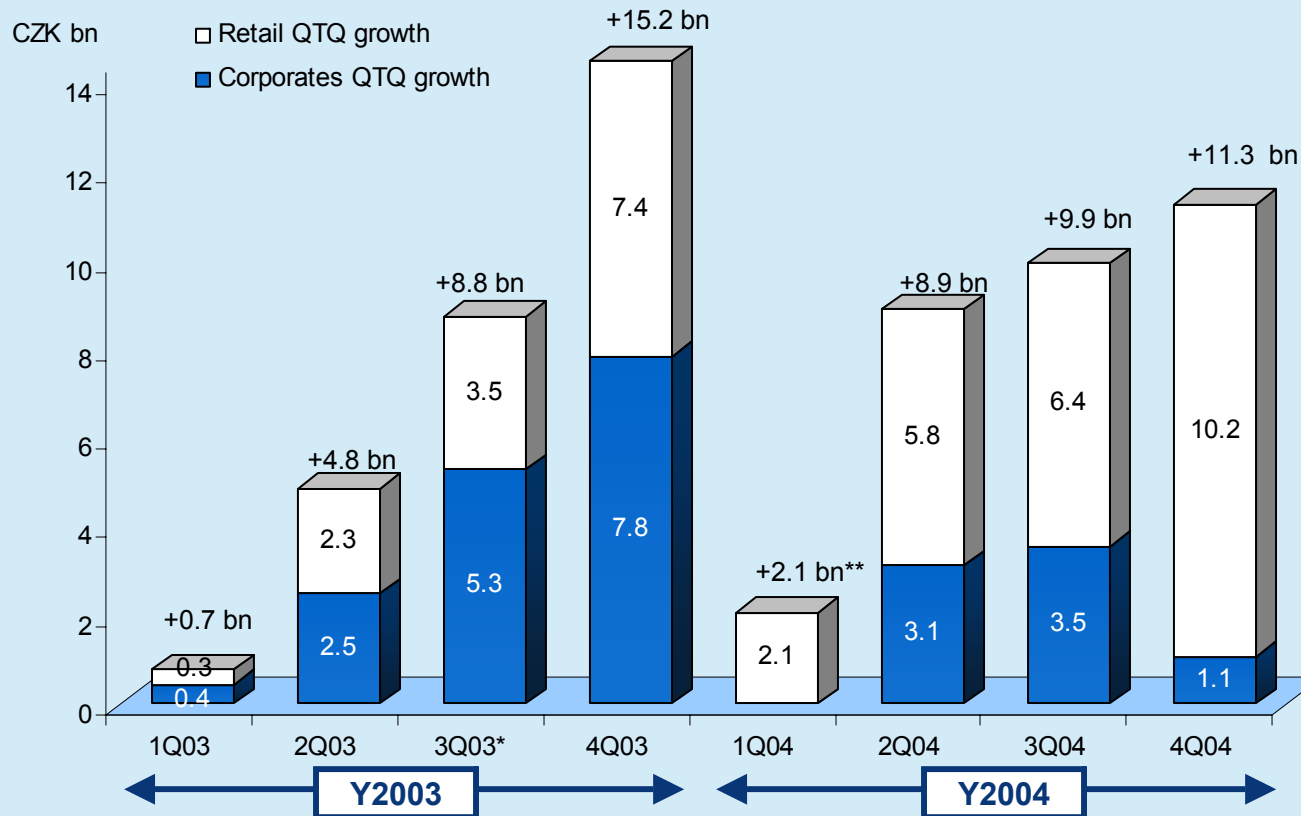


- Retail growth + CZK 24.4 bn p.a. (+33.6%)
  - » by CZK 11 bn (82%) higher than in Y03
- Corporates growth + CZK 7.7 bn (+9.4%) p.a.
  - » by CZK 8 bn lower than in Y03
- Financial markets decrease - CZK 13.8 bn (-33.7%) p.a.
  - » mainly repayments related to CKA

in CZK m, IFRS	31.12.2003		31.12.2004		Annual Growth	
	Outstand.	Share	Outstand.	Share	Outstand.	Rate
<b>I. CORPORATE &amp; RETAIL (1+2)</b>	<b>155,075</b>	<b>79.1%</b>	<b>187,241</b>	<b>87.3%</b>	<b>32,166</b>	<b>20.7%</b>
1. CORPORATES	82,383	42.0%	90,112	42.0%	7,729	9.4%
2. RETAIL	72,692	37.1%	97,128	45.3%	24,437	33.6%
<b>II. FINANCIAL MARKETS</b>	<b>40,985</b>	<b>20.9%</b>	<b>27,191</b>	<b>12.7%</b>	<b>-13,794</b>	<b>-33.7%</b>
<b>LOANS TO CUSTOMERS</b>	<b>196,060</b>	<b>100.0%</b>	<b>214,432</b>	<b>100.0%</b>	<b>18,372</b>	<b>9.4%</b>

# Loan Structure and Development

## Seasonality in Growth of Corporates and Retail (QTQ)



### ➤ Retail

- » Loan growth continues to accelerate
- » Average quarterly growth CZK 6.1 bn almost doubled (CZK 3.3 bn in Y03)

### ➤ Corporates

- » Increase mainly in Medium Corporates
- » Higher liquidity in segment of Large corporates reflected in loan repayments and lower credit limit utilisation

\* 3Q03 underlying growth (excluding BB sale - 8.0 bn)

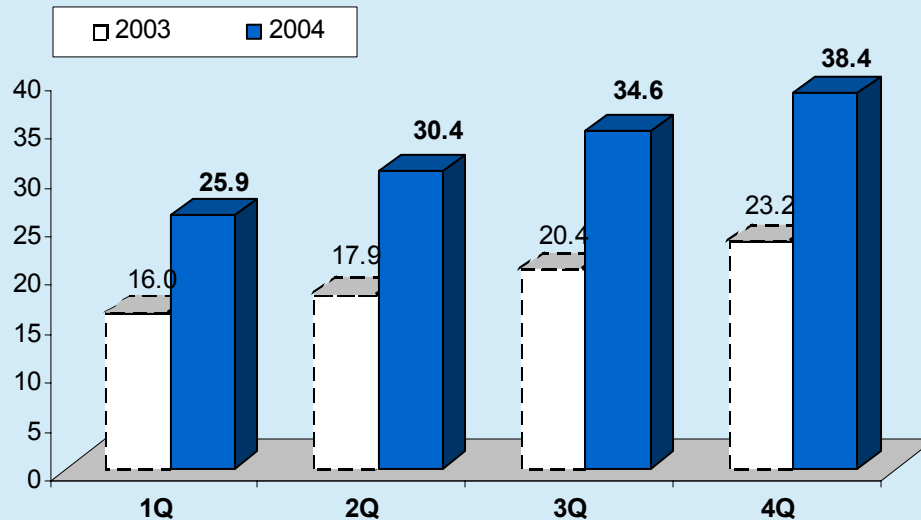
\*\* Corporate portfolio in 1Q04 influenced by prepayment of one project finance loan (- 1.2 bn)

# Loan Structure and Development

## Private Individuals Mortgages

Private mortgages by Quarters (Y04 vs Y03)

IFRS, CZK m



Quality of PI mortgage loans portfolio

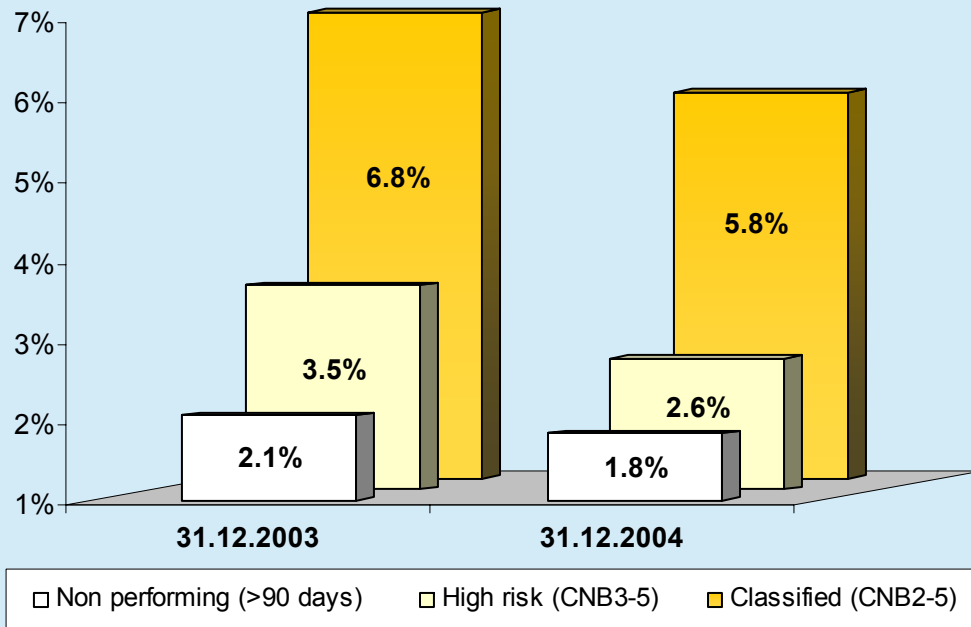
in CZK m, IFRS	31/12/2003		31/12/2004	
	Outstand.	Share	Outstand.	Share
<b>Total PI mortgage</b>	<b>23,234</b>	<b>100.0%</b>	<b>38,400</b>	<b>100.0%</b>
Classified mortgages (CNB2-5)	318	1.4%	533	1.4%
High risk mortgages (CNB3-5)	146	0.6%	251	0.7%
Non performing (>90d.overdue)	132	0.6%	184	0.5%

- **Annual growth + CZK 15.2 bn (+65.3%)**
  - » 56% higher than Y03 (+ CZK 8.6 bn p.a.)
- **54% of total mortgage loans goes to property purchase (66.6% of new loans\* goes to property purchase)**
  - » Increasing trend (49% YE03, 43% YE02)
- **Average maturity of loan contracts went up to 17.1 years (16.2 YE03)**
- **Loan quality remain stable**
  - » Measured by 0.5% of NPLs

\* Loans granted in 2004

# Loan Portfolio Quality

## Overall Bank



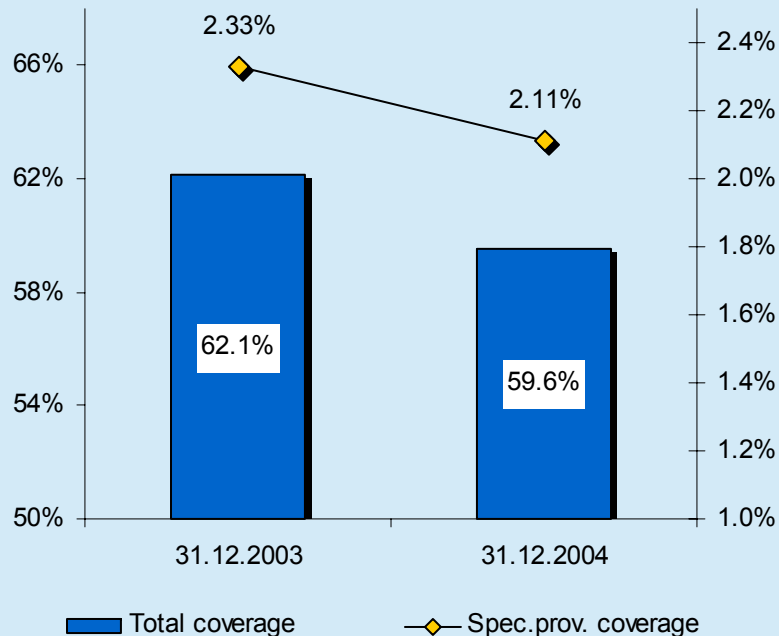
- **Fall of high risk loans down by CZK 1.3 bn significantly influenced by**
  - » Cash recoveries
  - » Individual upgrades
  - » Write offs
- **Non performing loans**
  - » Small reduction -0.1 bn
  - » Decrease of share by 30 bp

<i>in CZK m, IFRS</i>	31.12.2003		31.12.2004	
	Outstanding	Share	Outstanding	Share
<b>Loans to customers</b>	<b>196,060</b>	<b>100.0%</b>	<b>214,432</b>	<b>100.0%</b>
Classified (CNB2-5)	13,332	6.8%	12,453	5.8%
High risk (CNB3-5)	6,936	3.5%	5,652	2.6%
Non performing (>90 days)	4,045	2.1%	3,944	1.8%

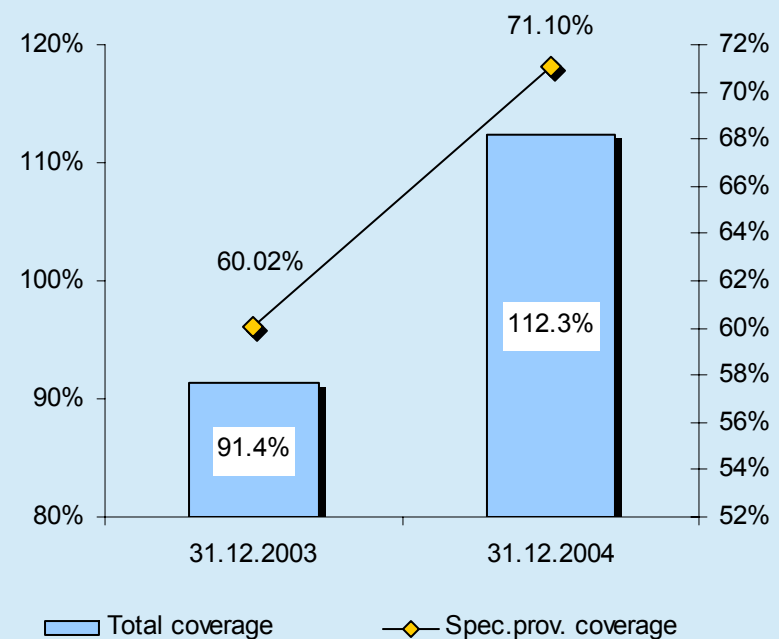
# Customer Portfolio Protection

## Overall Bank

**Total portfolio = less coverage**



**High risk portfolio = higher coverage**



### ➤ Total portfolio

- » Decrease of both coverage ratios as a result of strong loan growth and stable balance of overall specific provisions (remaining at CZK 4.5 bn)

### ➤ High risk portfolio

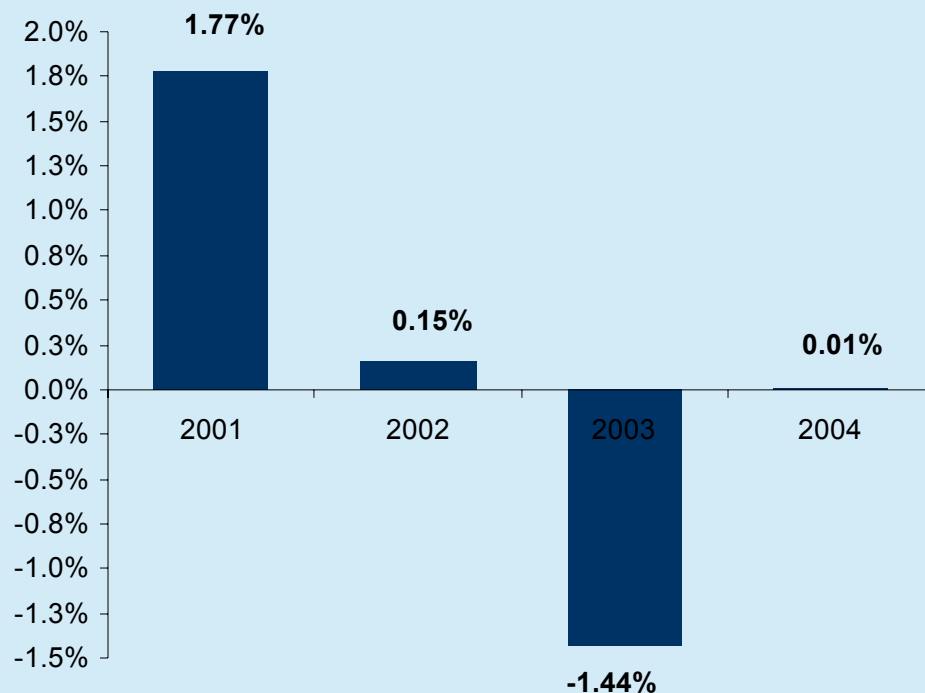
- » Strengthening of coverage ratios due to upgrades and repayments of substandard clients resulting in lower provisioning

Total coverage ratio = (collateral + specific provisions) / total loans outstanding

Total coverage ratio for high risk loans\* = (collateral for high risk loans + specific provisions for high risk loans) / amount of high risk loans

\* High risk loans classified as CNB 3-5

# Credit Risk Cost Development



## Overall Risk cost profile normalizes

- Total underlying Risk costs +0.29% p.a. (+0.46% Y03)
- Corporate -0.17% p.a. (+0.36% p.a. Y03)
- Retail +0.73% p.a. (+0.59% p.a. Y03)
  - » Increase influenced mainly by Consumer credit

Note: Overall risk costs relate to Customer Loan Portfolio excluding CKA

1) Underlying risk costs of Y04 are calculated without net release of General Provisions

2) Underlying risk costs of Y03 (presented in brackets) are calculated without release of General Provisions and Bad Banks sale effect on provision release and recoveries



# *Outlook for 2005*

# Outlook 2005

- » **Net Profit after Taxes\*** **10% growth**
- » **ROE** **above 20%**
- » **Cost/Income ratio** **55% - 56%**
- » **Revenues** **8 - 10% growth**
  - » Growing loan volumes will partially compensate for interest rate cuts and will lead to 7 - 10% annual growth of net interest income
    - » Negative impact of recent 25 bps interest rate cut on NII is estimated at CZK 300 – 500 m (including matured HTM bonds) compared with previous expectations
  - » Volume driven increase of net fees and commissions (6 – 8%)
  - » Growing demand for more sophisticated products and continuing expansion of FX business reflected in 12 – 17% annual growth of net trading result
- » **Expenses** **3 - 5%**
  - » Development of total expenses largely due to higher depreciation resulting from large investments in the past four years and need to redeploy resources into fast growing business units

\* Base in 2004 includes gain from sale of non-life insurance in amount of CZK 1.2 bn

# Loan portfolio Targets for 2005

## Above average loan growth to continue (targeting 15 - 20%)

- » **SMEs** **12 - 18%**
  - Targeted industry focus for SMEs
  - Professional team and well established distribution network
  
- » **Municipalities** **15 - 20%**
  - Benefiting from EU funds and EU expertise
  
- » **Corporate** **5 - 10%**
  
- » **Retail** **25 - 30%**
  - » Mortgages 40 - 50%
  - » MSEs 30 - 40%
  - » Consumer Finance 20 - 30%
    - Generally under penetrated market
    - Still favourable interest rate environment
    - Attractive products and wide distribution network

# Net Interest Margins in Lending Business

	2003	2004	2005 - 2006e
Large Corporates	1.4%	1.1%	1.0%
SMEs	2.8%	2.4%	2.1%
Municipalities	0.7% - 1.9%	0.7% - 1.7%	0.7% - 1.5%
Credit cards	14.5%	15.7%	13 - 15%
Consumer lending	9.0%	9.0%	9.0%
Mortgages	1.9% - 2.5%	1.7% - 2.4%	1.5% - 2.3%

- » **Changes in expected margins result from change in CNB's monetary policy and therefore adjusted CS expectation of interest rate development**
  - > CS expects flat development of interest rates or possibly one more 25 bps rate cut in 2005 and interest rate increases in 2006
- » **Heavy competition in large corporates, big municipalities and private mortgages continues**

# *Appendix*

# Macroeconomic Framework

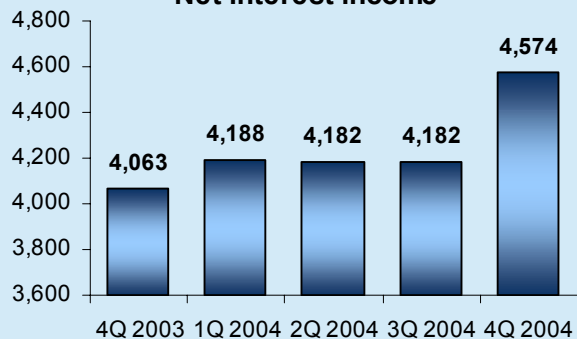
Yearly (average)	2001	2002	2003	2004E	2005F	2006F
<b>Demand and Supply</b>						
GDP (real %)	2.7	1.5	3.7	4.0	4.2	4.4
Consumption (real %)	2.8	2.7	4.9	2.7	3.5	3.1
Investments (real %)	5.4	3.5	4.8	9.9	8.1	6.4
Export (real %)	11.8	2.2	7.3	19.6	10.5	14.3
Import (real %)	11.6	5.0	8.2	19.4	9.4	14.0
Industry Output (real %)	10.8	4.9	5.9	9.5	8.3	7.4
Retail (%)	4.6	3.0	4.9	2.7	3.6	3.3
<b>Public Finance</b>						
State budget (% GDP)			-12.2	-3.4	-4.4	-3.5
General government (% GDP)			-12.6	-3.9	-4.7	-3.5
<b>Labor market</b>						
Unemployment rate (%)	-8.6	-9.2	-9.9	9.4	9.1	8.8
Nominal wages (%)	8.7	7.3	6.8	6.6	7.0	7.0
<b>Balance of Payments</b>						
Trade balance (CZK bn)	-116.7	-71.3	-69.8	-29.0	-20.0	-10.0
Current account (CZK bn)	-124.5	-136.4	-157.2	-148.3	-120.0	-115.0
<b>Prices</b>						
CPI inflation (%)	4.7	1.8	0.1	2.8	2.0	2.5
PPI inflation (%)	3.0	-0.5	-0.3	5.7	4.0	3.5
<b>Monetary conditions</b>						
CZK/EUR	34.1	30.8	31.8	31.9	30.4	29.7
CZK/USD	38.1	32.5	28.0	25.6	22.9	23.8
2W repo rate (%)	5.1	3.5	2.2	2.3	2.1	2.6
3M PRIBOR (%)	5.1	3.4	2.3	2.4	2.2	2.8
12M PRIBOR (%)	5.2	3.5	2.3	2.7	2.5	3.2

# Group Profit & Loss Statement

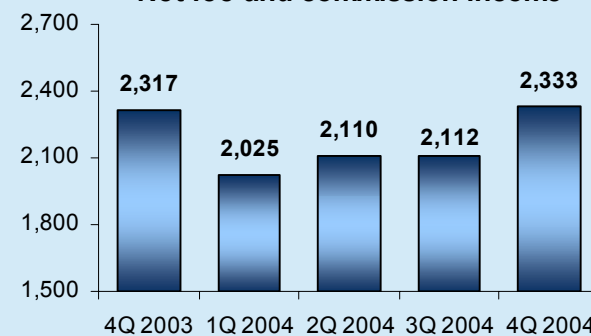
## Quarter on Quarter Development

in CZK m

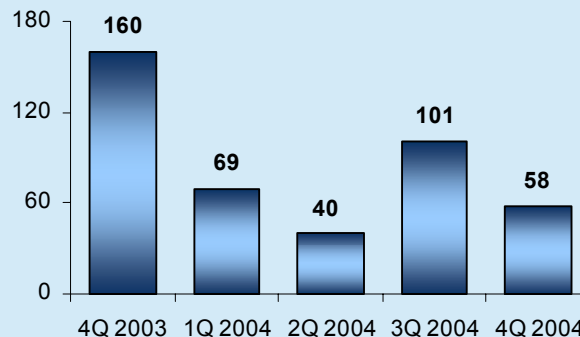
### Net interest income



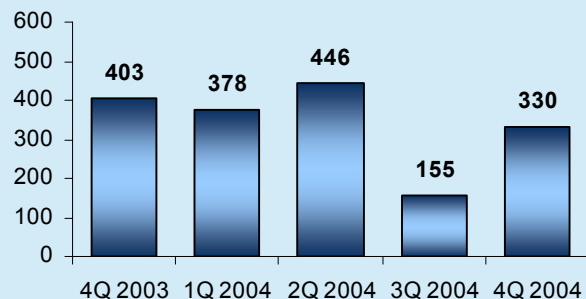
### Net fee and commission income



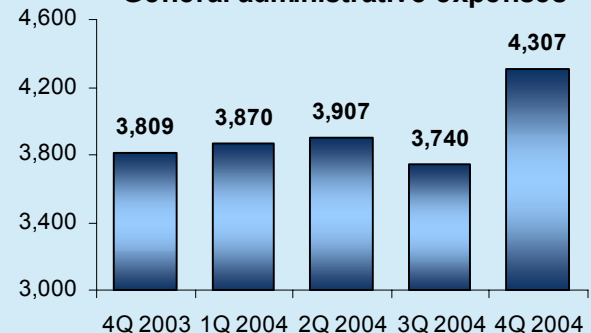
### Income from insurance business



### Net profit on financial operations



### General administrative expenses



# 2003 and 2004 Non-Repeatable Items

## One-offs

in CZK m	2003	2004
General provisions release	1,930	160
Sale of Bad Bank	775	0
Release of reserve from 2000	213	0
IT investment write-off	-698	0
Sale of non-life insurance	0	2,907
Revaluation of one CS participation	0	615
<b>Pre-tax impact</b>	<b>2,220</b>	<b>3,682</b>
Income tax	-306	-857
Minority Interest	0	-938
<b>After-tax impact</b>	<b>1,914</b>	<b>1,887</b>



# Capital Adequacy

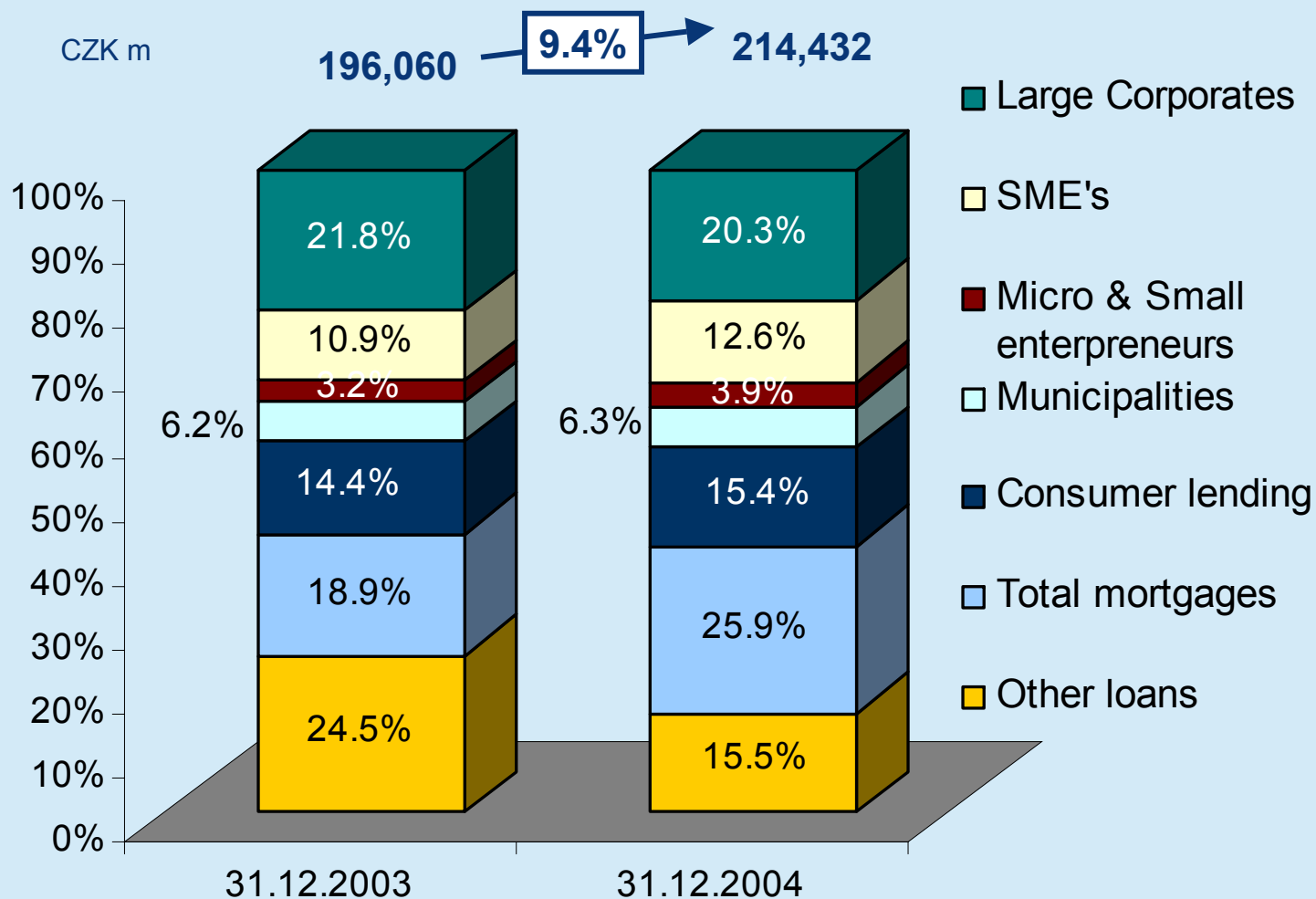
## CNB Capital Adequacy

Parent Bank, CZK m	31/12/02	31/12/03	31/12/04
Tier I capital	22,583	21,910	24,301
Tier I + Tier II capital	24,926	22,115	23,297
Capital requirement A (to RWA)	14,035	15,664	19,060
Capital requirement B (to market risks)	1,481	1,539	1,713
<b>Capital adequacy Tier I ratio</b>	<b>11.6%</b>	<b>10.2%</b>	<b>9.4%</b>
<b>Capital adequacy Tier I+II ratio</b>	<b>12.9%</b>	<b>10.3%</b>	<b>9.0%</b>

## BIS Capital Adequacy

CS Group, CZK m	31/12/02	31/12/03	31/12/04
Tier I Capital	30,947	35,787	39,964
Tier I+II Capital	36,375	35,588	39,164
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<b>Capital Adequacy Tier I+II ratio</b>	<b>16.5%</b>	<b>14.6%</b>	<b>13.3%</b>

# Structure of Bank Loan Portfolio

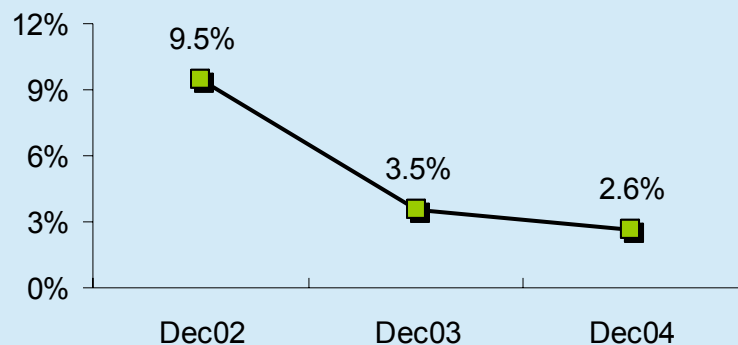


# Structure of Bank Loan Portfolio

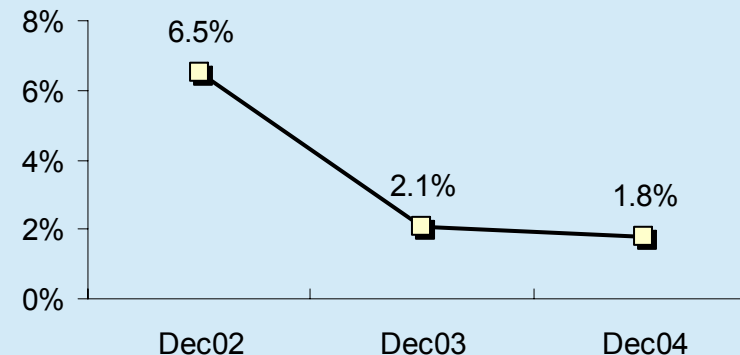
in CZK m, unconsolidated, IFRS	31.12.2003		31.12.2004		Annual Growth	
	Outstand.	Share	Outstand.	Share	Outstand.	Rate
<b>I. CORPORATE &amp; RETAIL (1+2)</b>	<b>155,075</b>	<b>79.1%</b>	<b>187,241</b>	<b>87.3%</b>	<b>32,166</b>	<b>20.7%</b>
<b>1. CORPORATES</b>	<b>82,383</b>	<b>42.0%</b>	<b>90,112</b>	<b>42.0%</b>	<b>7,729</b>	<b>9.4%</b>
Large Corporates	42,705	21.8%	43,477	20.3%	771	1.8%
Medium Corporates	21,366	10.9%	27,099	12.6%	5,733	26.8%
Corp. Mortgage&Real Estate	10,278	5.2%	11,103	5.2%	825	8.0%
Municipalities	8,035	4.1%	8,434	3.9%	399	5.0%
<b>2. RETAIL</b>	<b>72,692</b>	<b>37.1%</b>	<b>97,128</b>	<b>45.3%</b>	<b>24,437</b>	<b>33.6%</b>
Private cards	772	0.4%	1,415	0.7%	643	83.3%
Consumer credit	27,513	14.0%	31,661	14.8%	4,148	15.1%
Private social	7,085	3.6%	5,972	2.8%	-1,113	-15.7%
Private mortgages	23,234	11.9%	38,400	17.9%	15,166	65.3%
Micro corporates	6,321	3.2%	8,408	3.9%	2,087	33.0%
Commercial mortgages	3,616	1.8%	6,132	2.9%	2,516	69.6%
Public sector entities	4,152	2.1%	5,141	2.4%	990	23.8%
<b>II. FINANCIAL MARKETS</b>	<b>40,985</b>	<b>20.9%</b>	<b>27,191</b>	<b>12.7%</b>	<b>-13,794</b>	<b>-33.7%</b>
<b>LOANS TO CUSTOMERS</b>	<b>196,060</b>	<b>100.0%</b>	<b>214,432</b>	<b>100.0%</b>	<b>18,372</b>	<b>9.4%</b>

# Key Ratios of Loan Portfolio Quality

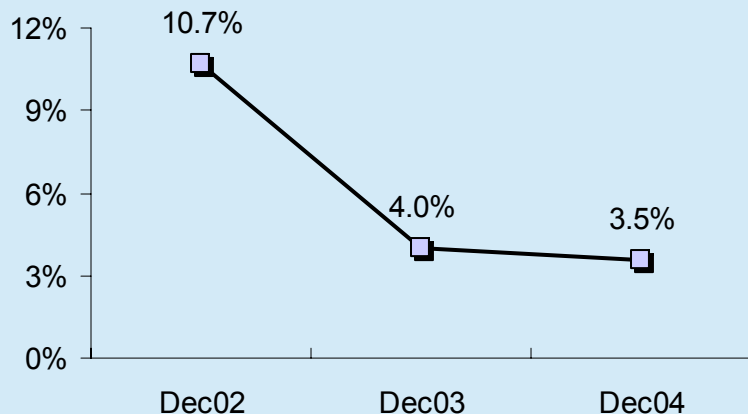
### High risk loans share



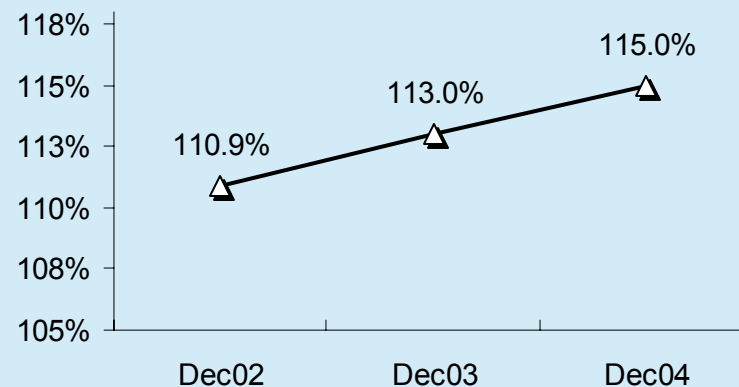
### Non performing loans share



### Loan loss reserves to Total loans

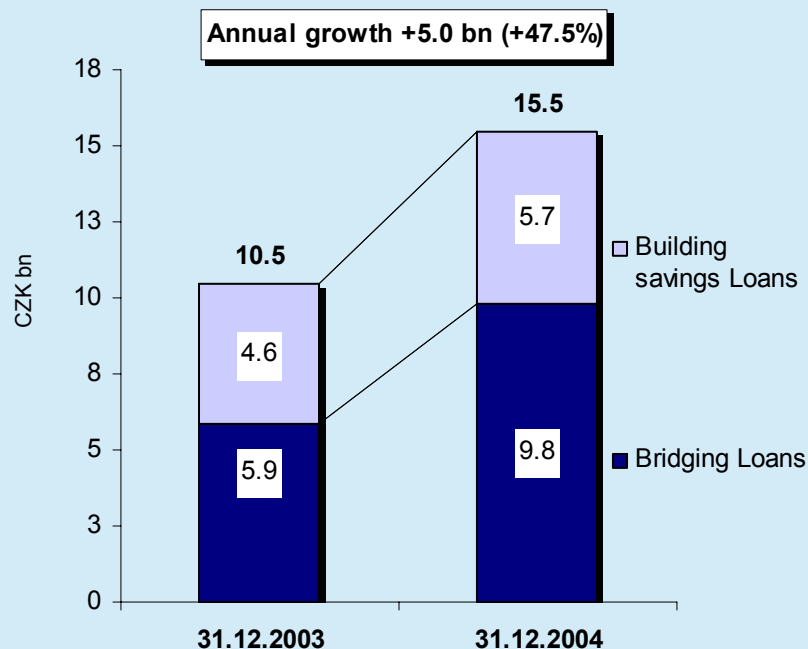


### Specific provisions to Non performing loans



# Subsidiaries: Loans to Customers

## Stavebni sporitelna CS (Building society)



➤ Remarkable growth + CZK 5 bn (47.5%) p.a. positively influenced by development of 2H04

» Increase in 2H04 (+ CZK 3.5 bn) exceeded by 125% the growth of 1H04

» New products (“Šampion”, “Bridging Loan 4.75%”), representing 61% of new lending in 2H04, boosted the growth essentially

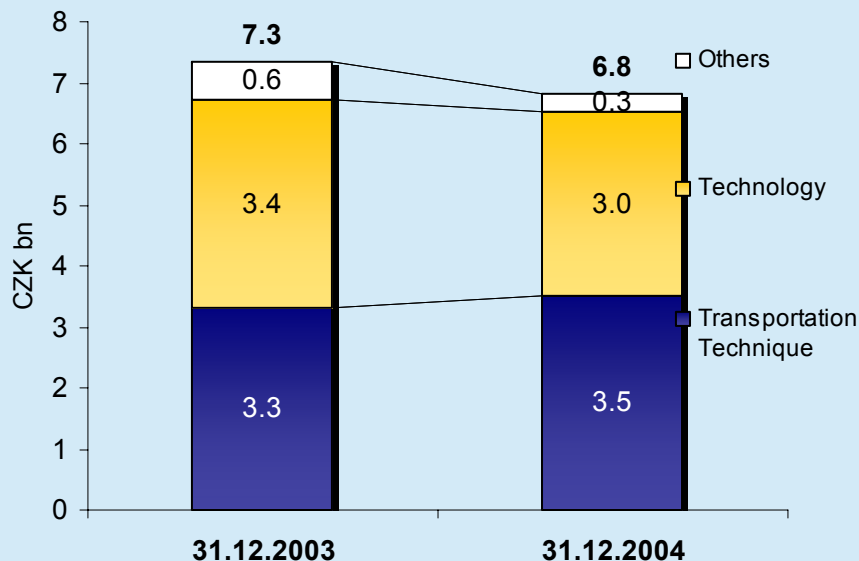
➤ Market share climbed to 17.6% (16.5% YE03)

in CZK m, IFRS unconsolidated	31.12.2003		31.12.2004		Annual Growth	
	Outstanding	in %	Outstanding	in %	Outstanding	Rate
Bridging Loans	5,853	55.8%	9,805	63.4%	3,952	67.5%
Building savings Loans	4,630	44.2%	5,653	36.6%	1,023	22.1%
<b>Total Loans to Customers</b>	<b>10,483</b>	<b>100.0%</b>	<b>15,458</b>	<b>100.0%</b>	<b>4,975</b>	<b>47.5%</b>

# Subsidiaries: Loans to Customers

## Leasing CS

**Growth of Transportation technique +5.7% p.a.**



➤ Overall decrease -7.1% p.a. was affected by

- » General stagnation on leasing market\*
- » New business targets of Leasing (withdrawing from small financial leasing and focus on transportation technique)

➤ Volume of new leasing deals granted in Y04 reached 2.4 bn

- » Higher by +4.1% than in Y03

\*New leasing deals as per YE04 decreased by -2.8% in comparison with Y03 (source: Association of leasing companies)

in CZK m, IFRS unconsolidated	31.12.2003		31.12.2004		Annual Growth	
	Outstanding	in %	Outstanding	in %	Outstanding	Rate
Transportation Technique	3,310	45.1%	3,500	51.3%	190	5.7%
Technology	3,427	46.7%	3,015	44.2%	-412	-12.0%
Others	604	8.2%	305	4.5%	-299	-49.6%
<b>Total Loans to Customers</b>	<b>7,341</b>	<b>100.0%</b>	<b>6,820</b>	<b>100.0%</b>	<b>-522</b>	<b>-7.1%</b>

# Typical Retail Mortgage

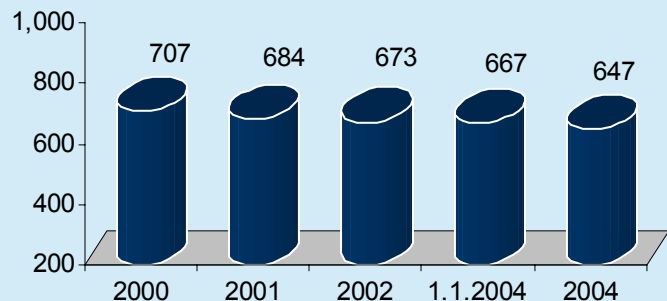
## Private individuals

- **Average loan amount :** 1,136,855 CZK/37,317 EUR
- **Average maturity:** 17.1 years
- **Loan to Value ratio:** 46.4%
- **Purpose:** purchasing / construction of family house/  
flat for own living
- **Interest rate (Prime rate):** 3.99% fixed for 5 year; 3.59% fixed for 3 years
- **Up front fee:** 0.9% from the loan value  
(min. CZK 9,500 – max. CZK 25,000)
- **Account maintenance fee:** 150 CZK/5 EUR monthly
- **Instalment<sup>\*)</sup>:** 7,716 CZK /253 EUR; 7,482 CZK/246 EUR

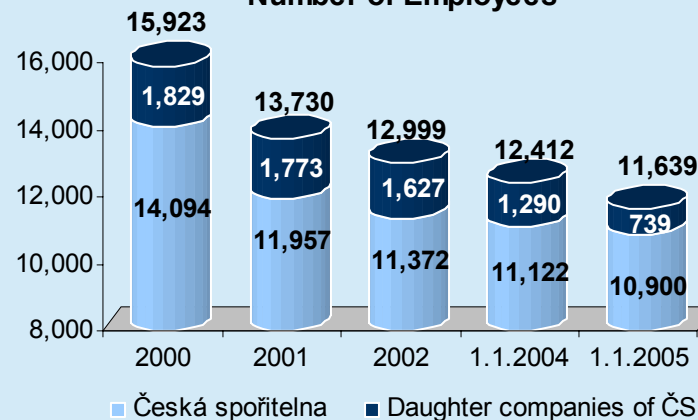
*\*) average monthly salary per person in the Czech Republic is 17,945 CZK/589 EUR  
Exchange rate 31/12/2004: 30.46 CZK/EUR*

# Business Indicators

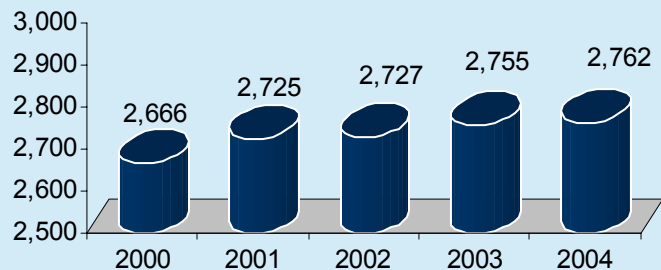
## Number of Branches



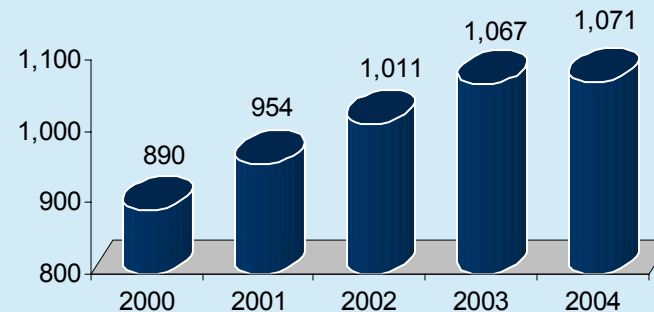
## Number of Employees



## Number of Sporožiro Current Accounts (in thousands)



## Number of ATMs





# Alternative Distribution Channels

<b>No. of clients*</b>	<b>31.12.2001</b>	<b>31.12.2002</b>	<b>31.12.2003</b>	<b>31.12.2004</b>
GSM banking	19,415	64,811	81,615	98,609
Homebanking	13,436	19,639	20,369	19,446
Servis 24 Telebanking & Internetbanking	39,754	373,889	677,926	812,775
Sporotel (phone banking)	374,897	0	0	0
Internet, w@p and fax banking	9,569	0	0	0
<b>Total</b>	<b>457,071</b>	<b>458,339</b>	<b>779,910</b>	<b>930,830</b>

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

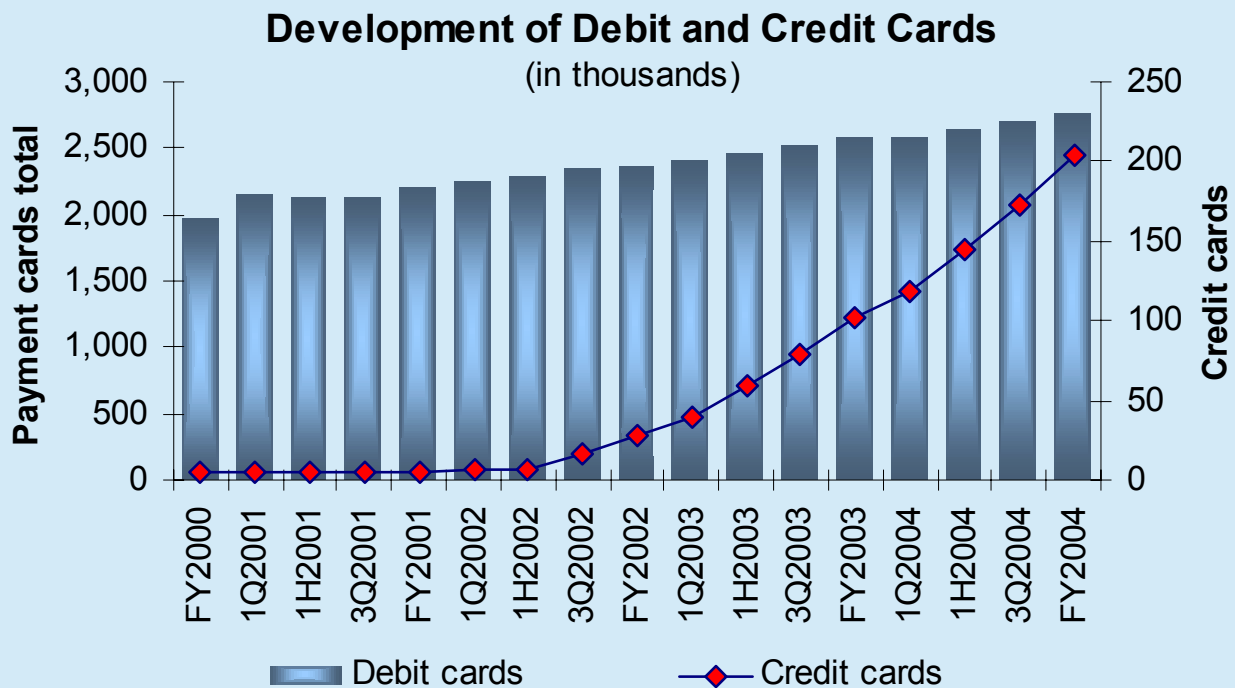
## No. of transactions

<b>Channel</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
GSM banking	x	842,352	1,223,993
Homebanking	9,138,650	13,781,245	18,847,098
Servis 24 Telebanking & Internetbanking	1,465,839	5,491,994	9,083,098
Internet and w@p banking	369,706	x	x
<b>Total</b>	<b>10,974,195</b>	<b>20,115,591</b>	<b>29,154,189</b>

# Payment Cards

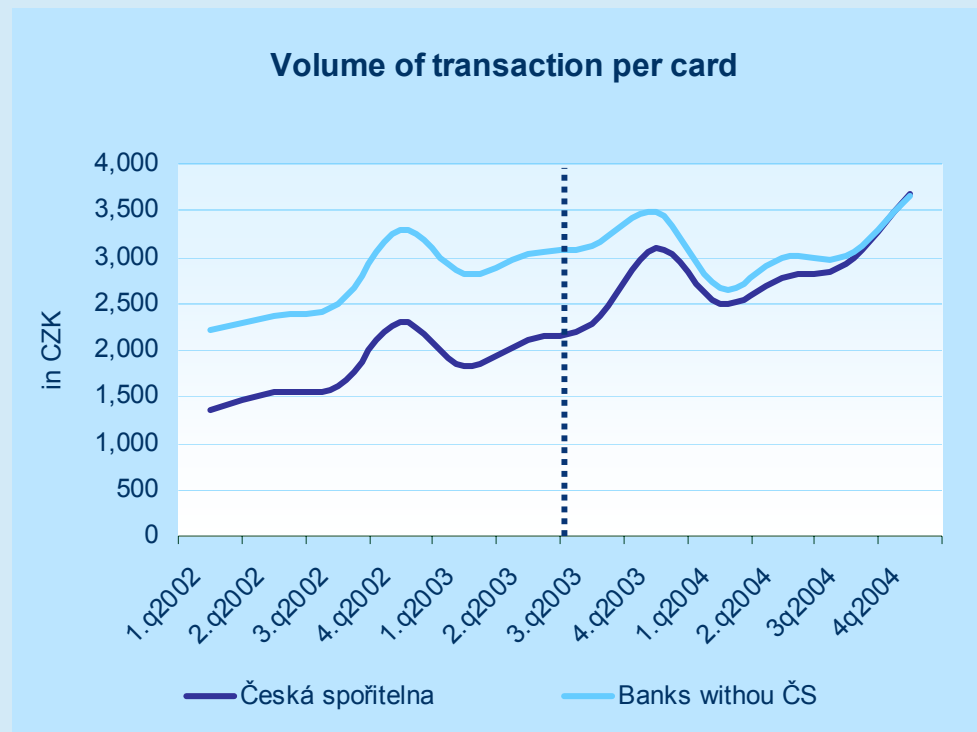
	2000	2001	2002	2003	2004
Debit cards	1,966,218	2,205,480	2,335,600	2,475,397	2,553,922
Credit cards	4,732 *)	5,387	28,051	101,155	204,564
<b>Total payment cards</b>	<b>1,970,950</b>	<b>2,210,867</b>	<b>2,363,651</b>	<b>2,576,552</b>	<b>2,758,486</b>

\*) In May 2000 database was cleaned in order to eliminate unused credit cards



# Bonus Programme Supports Card Usage

- » In the middle of 2003 all the banks had similar marketing activities aimed to increase card usage
- » After the Bonus Programme launched CS cardholders started to use cards more frequently
- » CS is likely to overtake other banks in a few months



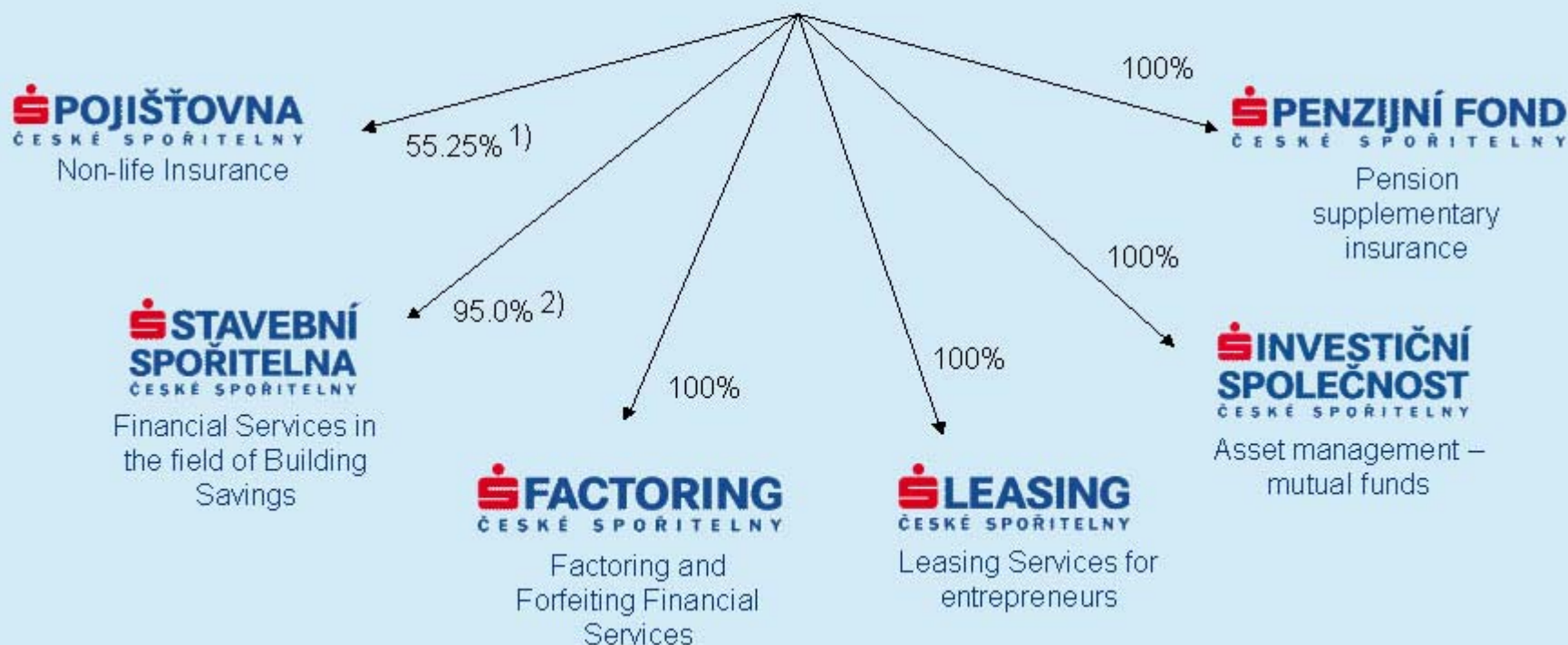
# Project HULK Activity

- **Measures taken to achieve cost savings in following areas:**
  - » Telecommunications
    - » Voice services
    - » Data services
  - » Marketing expenditures
  - » Outsourcing of multi-functional office machines
  - » Courier services
  - » Carpool
  - » Energy supply

# Selected Members of CS Financial Group



Selected subsidiaries included in consolidation

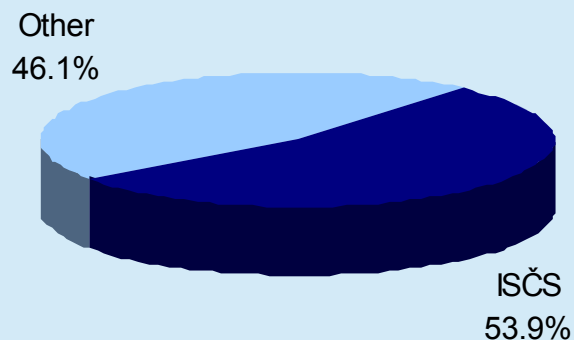


1) Sparkassen Versicherung 44.75%

2) S-Bausparkasse 5.0%

# Asset Management

## Market Share (non-privatisation funds)



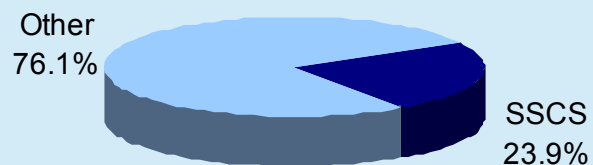
- ISCS maintained its leading position
- Overall assets managed by IS CS's domestic mutual funds increased by 22.2%
- Net sales of domestic mutual funds under IS CS management reached CZK 8.5 bn
- Structure of net sales influenced by poor performance of bond funds; it was partially offset by favourable development of money market fund's

Assets under Management (CZK bn)  
Market share in non-privatisation funds  
Number of clients (ths)

	FY 2003	FY 2004	% Change
Assets under Management (CZK bn)	48	59	22.6%
Market share in non-privatisation funds	45.9%	53.9%	-
Number of clients (ths)	351	380	8.3%

# Building Society

**Market Share**  
(according to saved-up amount)

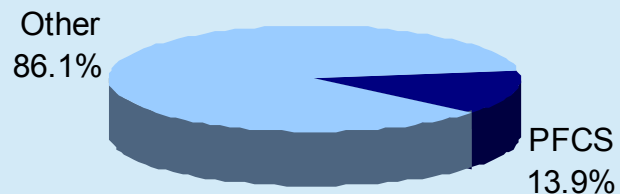


- Dynamic growth of newly granted loans (60% YTY volumes increase)
- Loans/deposit ratio increased from 18.7% to 22.9%
- Finalised restructuring of the company in areas of distributions network (merger with MSF ČS) and headquarter (centralization & internal efficiency increase) resulting in cost savings

	<b>FY 2003</b>	<b>FY 2004</b>	<b>% Change</b>
No. of contracts	1,390,507	1,293,910	-6.9%
No. of new contracts	382,429	50,040	-86.9%
Client savings (CZK m)	56,064	67,387	20.2%
Target client savings (CZK m)	194,509	195,243	0.4%
No. of loan contracts	99,166	126,972	28.0%
Volume of loan portfolio (CZK m)	10,483	15,487	47.7%
Market share according to volume of loans	16.4%	18.4%	-
Market share according to volume of deposits	23.7%	23.5%	-

# Pension Fund

**Market Share**  
(according to number of clients)



- PFCS is the 3<sup>rd</sup> pension fund according to number of clients and the 4<sup>th</sup> pension fund according to clients capital funds (share 12.8 %)
- PFCS increased profit to CZK 408 m (CAS)
- PFCS exceeded the dynamics of the whole segment in the growth of clients capital funds (PFCS 31% growth; market 22% growth)

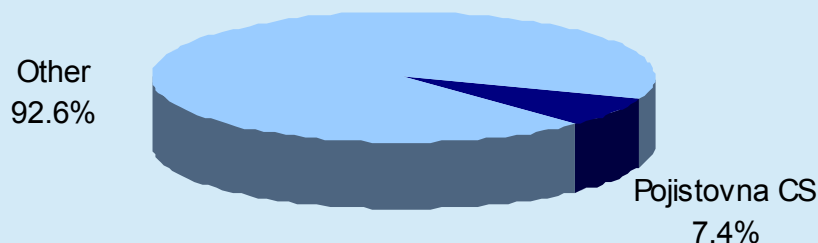
No. of new contracts (ths.)  
 No. of clients (ths.)  
 Client Capital Funds (CZK m)  
 Market position (in number of clients)  
 No. of participating companies

	<b>FY 2003</b>	<b>FY 2004</b>	<b>% Change</b>
	49	56	14%
	383	410	7%
	9,213	12,022	30%
	14.4%	13.9%	-
	3,461	4,106	19%



# Insurance Company

## Market Share in life insurance



- Total net profit at CZK 2,275 m (including gains from discontinuing business);
  - ⇒ net profit from current business at CZK 107 m;
- Written premium decreased in comparison with 2003, primarily in bank sales channel;
- Market share dropped due to sale of non-life insurance;
- Implementation new operation system ISIC-Life, products innovations;
- Non-life part of business sold
  - ⇒ from Jan 2004 is 640 ths clients managed by Kooperativa, which will support offer of CS products in non-life insurance

in %	FY2003	FY2004
<b>Market share</b>	<b>6.7</b>	<b>3.5</b>
- non-life business	4.9	0.9
- life business	9.5	7.4
<b>Market position</b>	<b>4</b>	<b>7</b>
- non-life business	5	9
- life business	4	5

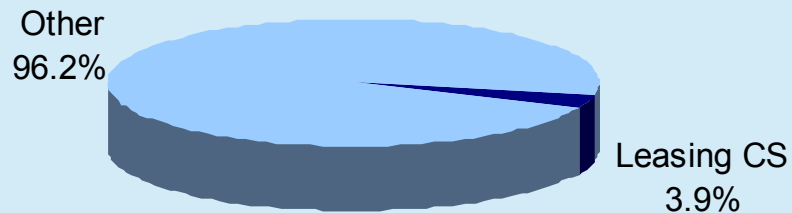
in CZK m	FY2003	FY2004	% Change
<b>Written premium</b>	<b>6,938</b>	<b>3,893</b>	<b>-43.9%</b>
- non-life business	3,121	628	-79.9%
- life business	3,817	3,266	-14.4%

### Distribution chanel (life)

in %	FY2003	FY2004
- bankassurance	76	73
- external network	24	27

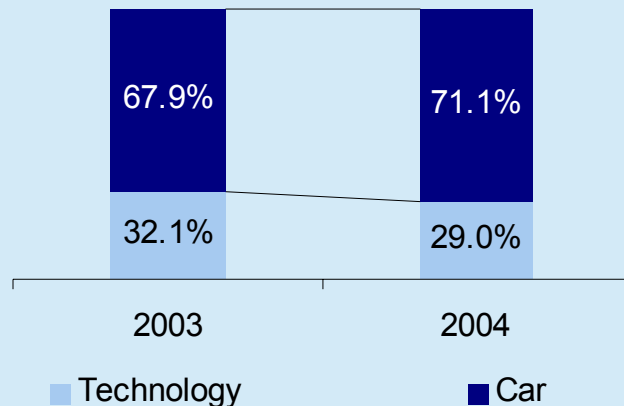
# Leasing

## Market Share



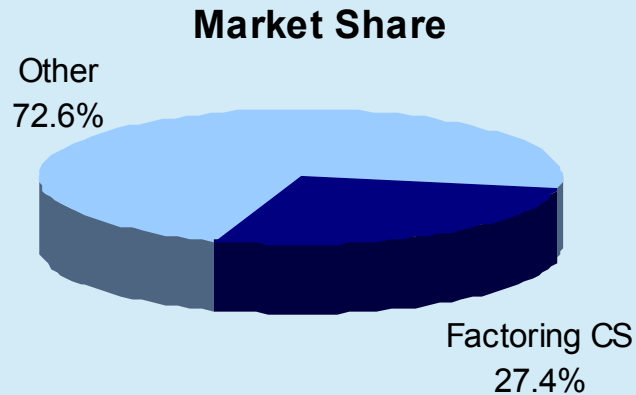
- Market position improved from 11th in 2003 to 9th in 2004
- Implementation of leasing Austrian model - distribution channels splitting and assigning of branded leasing
- Dynamic growth of sales through banking channels
- Financial restructuring of company

## Leasing portfolio structure



	2003	2004	% Change
Volume of new deals (CZK m)	4,229	3,720	-12.0%
No. of accounts	6,600	4,924	-25.4%
Total assets (IFRS, CZK m)	6,834	5,907	-13.6%
Market share in car leasing	3.8%	3.7%	-

# Factoring



- Leading factoring company in CR in domestic and total factoring turnover
- Launched new product via internet for clients - eFactoring
- Turnover recorded 40% growth

Turnover in CZK m	Transfinance	OB Heller	Factoring CS	KB Factoring	NLB Factoring	DS Factoring
2002	15,733	14,528	9,760	8,064	4,387	0
2003	18,071	15,189	16,175	9,192	5,226	0
2004	21,015	16,214	22,525	11,666	9,446	1,401

# Net Profit of Selected Subsidiaries

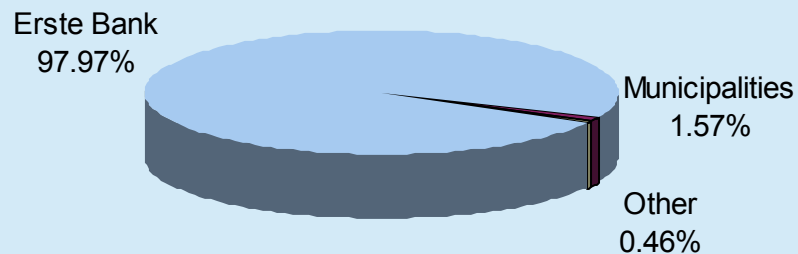
<i>IFRS, CZK m</i>	<b>FY 2003</b>	<b>FY 2004</b>	<b>% Change</b>
Stavební spořitelna CS - Building Society	209	351	67.9
Investiční společnost CS - Asset Management	104	85	18.3
Leasing CS - Leasing	15	-407	n/a
Penzijní fond CS - Pension Fund*	220	644	192.7
Pojišťovna CS - Insurance Company	229	2,275	893.4
Factoring CS - Factoring	15	16	6.7

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

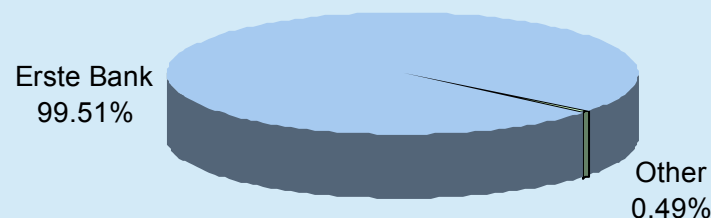
\*According to the Supplementary pension insurance Act minimum 85% of Czech Accounting Standards (CAS) net profit of pension fund is distributed to clients. Penzijní fond CS made CAS profit for FY 2004 in the amount of CZK 407.6 m (CZK 243.5 m in FY 2003).

# Shareholder Structure

**Shareholder structure**  
Dec 31, 2004



**Voting Rights Structure**  
Dec 31, 2004



## Development of % share of Erste Bank in Ceska sporitelna

date                                      **15.8.2000**    **31.12.2000**    **31.12.2001**    **31.12.2002**    **31.12.2003**    **31.12.2004**

Total EB share	52.1%	52.6%	52.2%	93.6%	98.0%	<b>98.0%</b>
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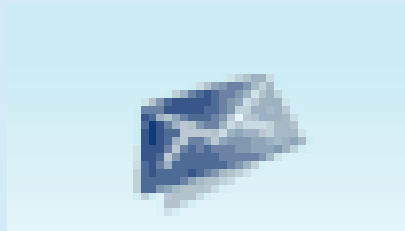
# Rating of Ceska sporitelna

Rating Agency	Long-term	Short-term	Individual	Support	Financial Strength	Outlook	Update
<b>Fitch</b>	A-	F2	C	1		stable	01/07/2004
<b>Moody's</b>	A2	Prime - 1			C-	stable	13/07/2004
<b>Standard &amp; Poor's</b>	BBB+	A2				stable	18/08/2004

## 2004 Highlights:

- » Fitch Ratings increased individual rating of Ceska sporitelna from C/D to C
- » Moody's upgraded CS financial strength rating from D+ to C-
- » S&P upgraded long-term rating of CS from BBB to BBB+
- » All rating actions reflect mainly completion of CS loan portfolio restructuring, enhancement of risk management, and successful business expansion and strengthening of CS franchise leading to improvement in Bank's revenue generation capacity.

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**Reuters: SPOPsp.PR**