



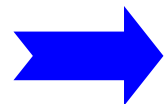
1H 2005 IFRS UNAUDITED  
CONSOLIDATED RESULTS

- ➔ Executive Summary
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- Fast **profit growth** owing to business expansion and successful resolution of the Slovenská Inkasní (SI) case; excellent financial results even without the SI
- Growth of **operating profit** in spite of falling interest rates and bond yields
- Better **cost-income ratio** resulting from strict and efficient cost management
- Expansion of the CSOB Group **assets** due to favourable economic and business development in CR and SR
- **Corporate loans** portfolio growing faster than the market

- Ongoing expansion of **SME credits** owing to customer relationships development
- Retail expansion driven by **housing credits** – the CSOB Group is No. 1 in housing loans
- Lower **deposits** growth offset by **mutual funds** expansion using CSOB/KBC funds
- Faster growth of the **assets under management**: the CSOB Group is one of the market leader in AUM
- Strong position in **trading and FX operations** generates rapid income growth

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# Business Growth Has Brought Very Good Results

## Decomposition of Net Profit



**Growth in Income reflecting business growth across all segments:**

<b>NII from business lending</b>		<b>CZK</b>
	<b>up 8 %</b>	<b>6.2bn</b>

<b>Fee income (net)</b>		<b>CZK</b>
	<b>up 1 %</b>	<b>3.4bn</b>

<b>Trading income (net)</b>		<b>CZK</b>
	<b>up 33 %</b>	<b>1.2bn</b>

**Good cost management produced targeted drop in C/I ratio:**

<b>Operating expenses</b>		<b>CZK</b>
	<b>up only 1 %</b>	<b>7.7bn</b>

<b>Cost / Income ratio</b>		<b>1H 04</b>	<b>1H 05</b>
		<b>58.8 %</b>	<b>58 %</b>

\*) This was to a large extent caused by recognition of the Slovenská Inkasná ("SI") loan repayment based on the ICSID Award with an after tax effect of CZK 2.25bn for ČSOB. This is not really "profit" but simply recovery of a receivable (not 100%) due to ČSOB, which we conservatively partially wrote off in the past.

# Contribution to Income

## Break-Down by Major Business Activities



**Deposits YTD** **up 5 %** **CZK 448bn**  
**Lending \* YTD (Gross)** **up 9 %** **227.6bn**

	<b>Loans</b>	<b>Deposits</b>
<b>Retail/SME**</b>	<b>+ 9 %</b>	<b>stable</b>
<b>Corporate</b>	<b>+ 17 %</b>	<b>+ 51%</b>

**Growth in volume of payment transactions y/y** **up 15%** **CZK 823.2bn**

**Payment cards** **up 6%** **1.567ths**  
 (y/y growth mainly in transactions at merchants)

**Assets in funds and discretionary asset mngmt YTD** **up 21%** **CZK 103.8bn**

**Net Interest Income\*\*\*\*)** **up 8 %** **CZK 6.2bn**  
 y/y

**Account & domestic payments fee** **up 8 %** **CZK 1.2bn**  
 y/y

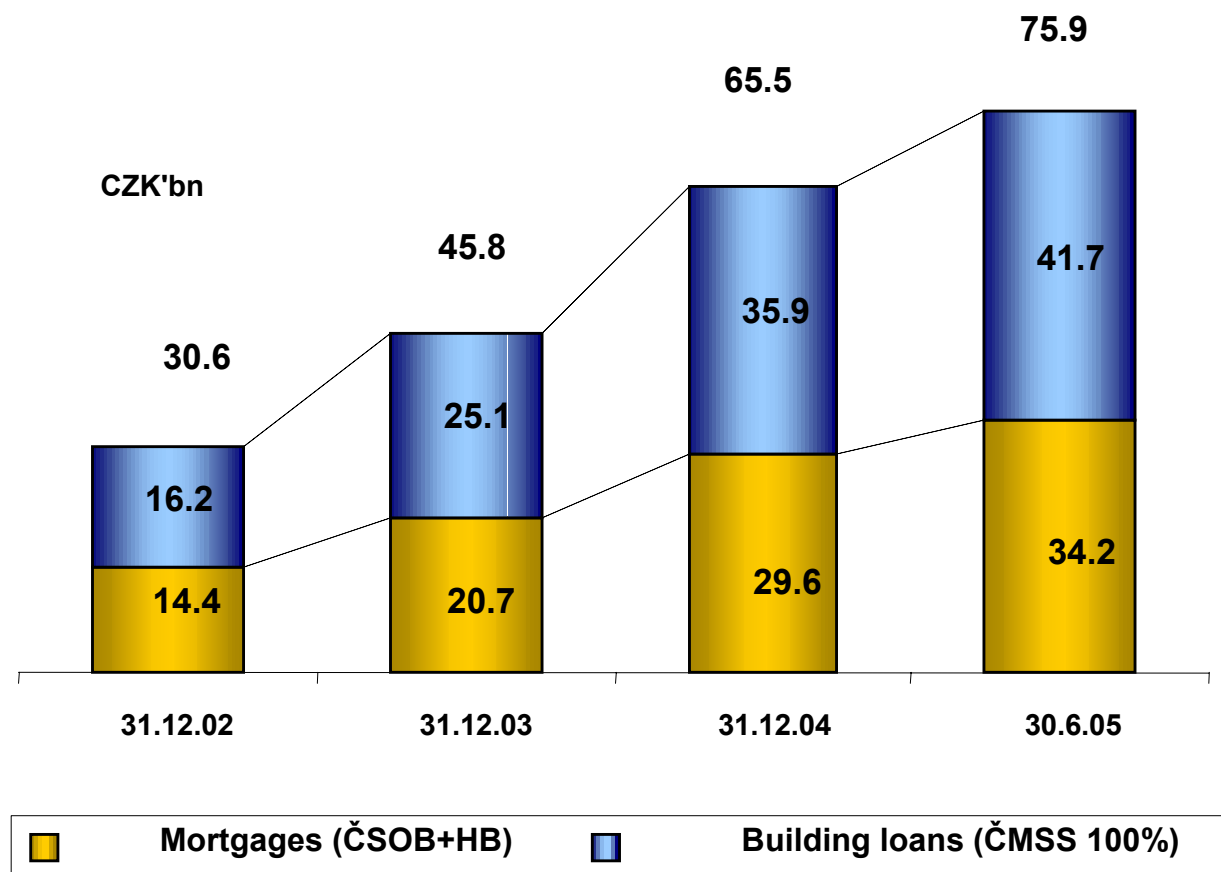
**Fees from payment cards (net; y/y)** **up 19 %** **CZK 0.46bn**

**Fees from funds and discr. mgt \*\*\*** **up 60%** **CZK 0.21bn**  
 y/y

\*) Excl. repayment of SI and reclassification.  
 \*\*) Decomposition for CR and SR, see slide No. 23.

\*\*\*) Negative impact of ex-privatisation funds.  
 \*\*\*\*) Adjusted NII for the income from operation on Financial Markets (transfer from NII into Trading income).

## RETAIL MORTGAGES & BUILDING LOANS\*



□ Volume of housing loans more than doubled in ČSOB since 2002

□ Y/Y growth for 1st half 2005 is 40%

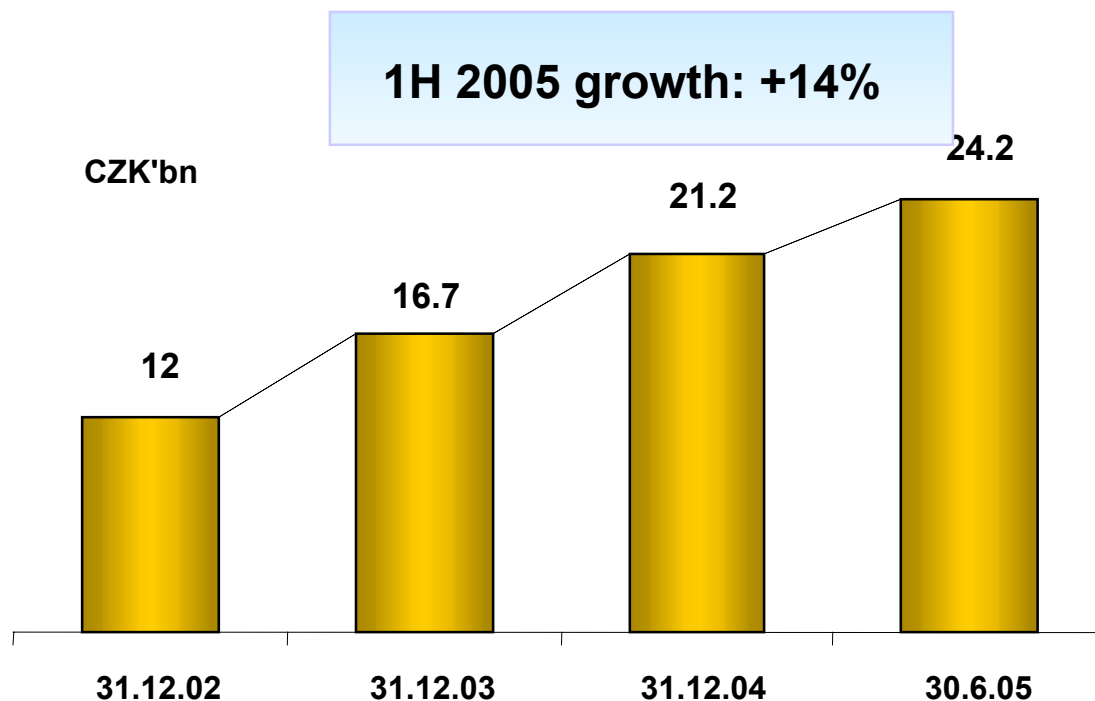
Note: \*) ČSOB, HB, ČMSS



# Lending to SME Continues Growing Steadily



## LENDING TO SME CR IN TOTAL



□ NII Loans shows +14% growth in 1H 2005.

□ Non Interest income (loans) increased by 17% y/y

□ SME's processes for co-operative housing and legal units of flat owners have been simplified and resulted in increase by CZK 1bn y/y.

□ ČSOB has No.1 position in lending to co-operative housing and legal units of flat owners.

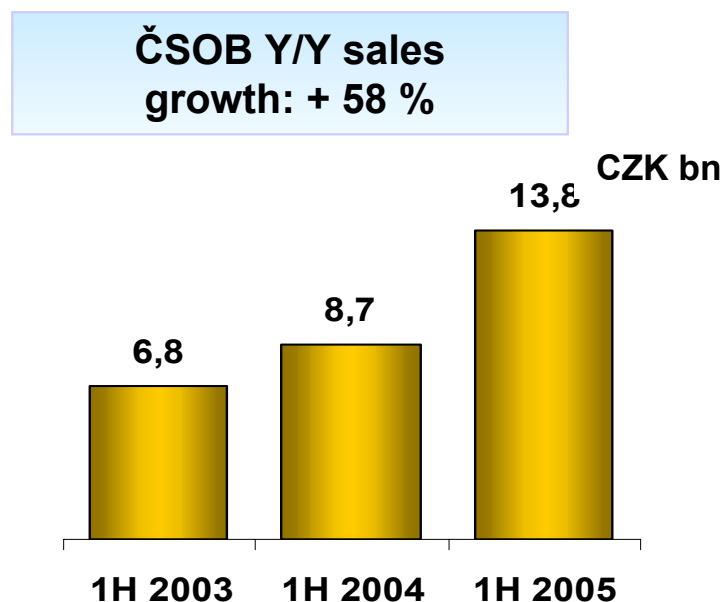
Volume of loans doubled since 2002.

# Inflow of Assets to Funds - the Effect of Advice to Individuals

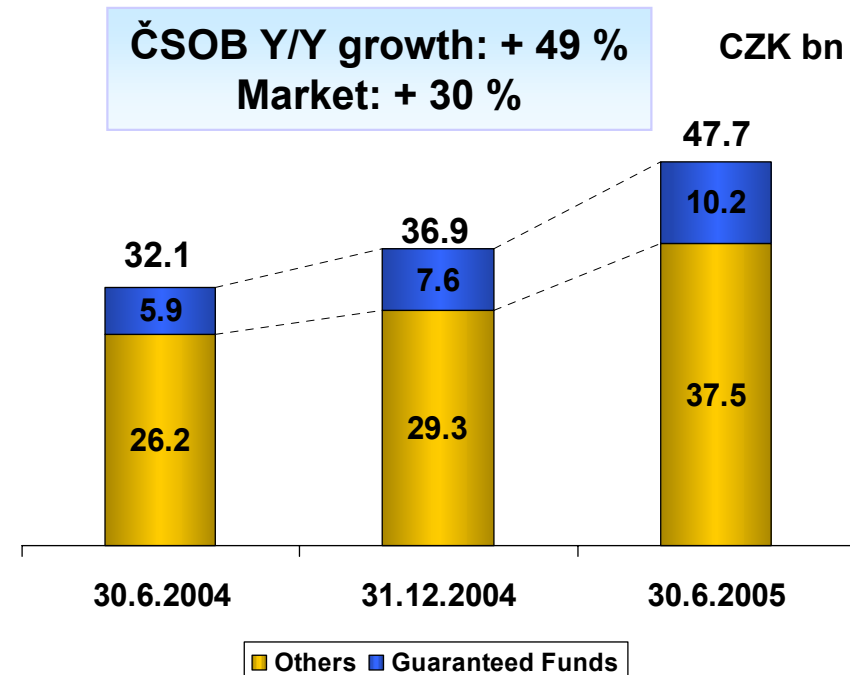
## Retail Clients Assets in Mutual Funds



### SALES OF MUTUAL FUNDS (gross)\*



### TOTAL ASSETS IN MUTUAL FUNDS\*



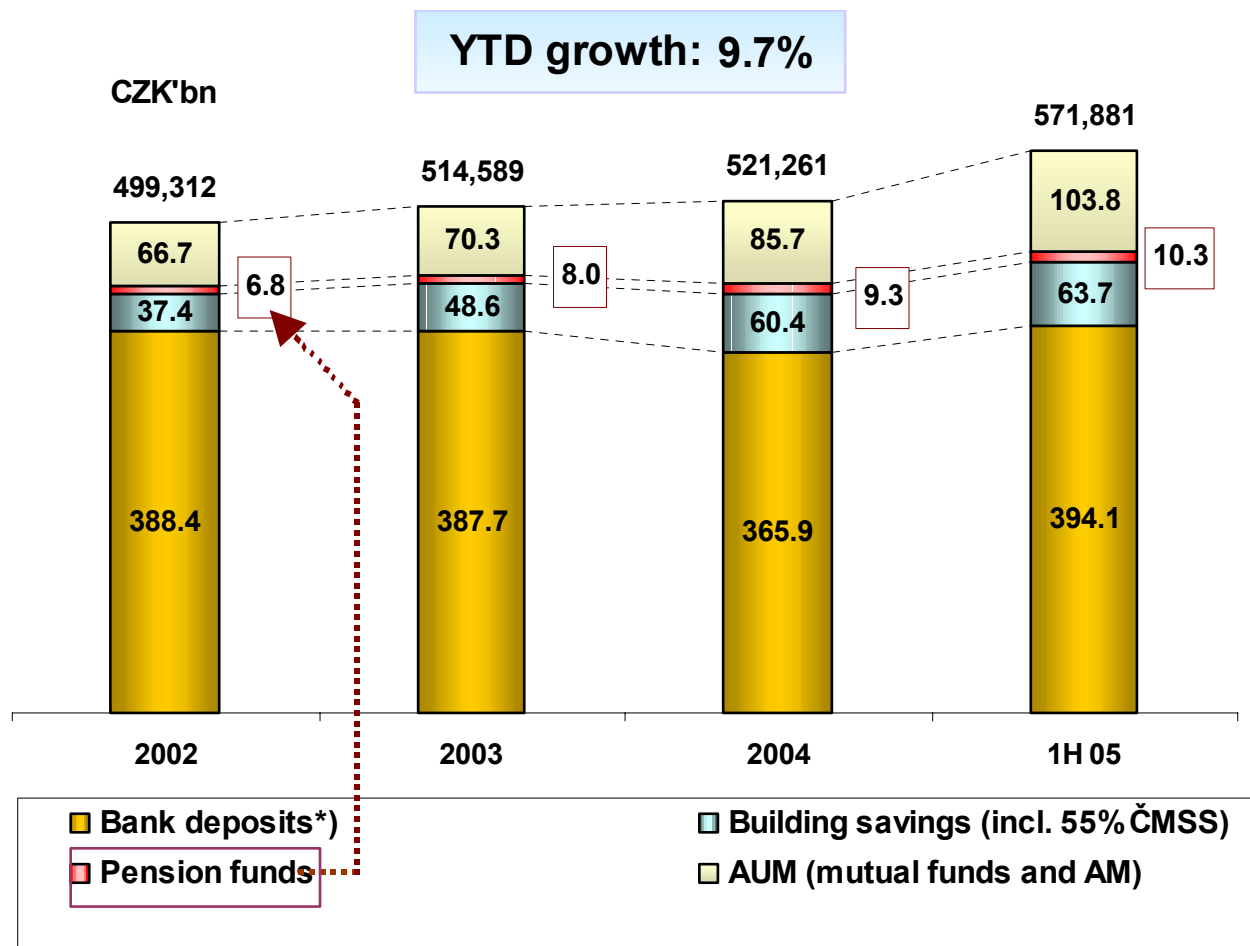
Note: \*) Without investments of CKA, \*\*) Estimate

- ČSOB continued to successfully launch new capital guaranteed funds (CGF) in the Czech market and keeps a leading position
- Sales of CGFs grew by 58 % y/y, CGFs represent 25 % of overall funds sales
- ČSOB market leader, it offers altogether 180 ČSOB/KBC mutual funds

# ČSOB is a Key Asset Manager in the Czech Market



## ASSETS UNDER MANAGEMENT (ČSOB GROUP)



Note: \*) incl. depositary Bills of Exchange (CZK 9.2bn as of 31.12.2004 and CZK 19.8bn as of 30.6.2005)

- Total Assets Under Management: + 9.7% YTD (1H 2005)
- Sales of Retail Mutual funds: + 58% y/y

# ČSOB's Large Corporate Deals in 1H 2005



ČSOB, together with BNP Paribas and Natexis Banques Populaires, comprises a consortium whose bid was evaluated, by the **Czech Airlines**, as the most financially advantageous for **CZK 10 – 12 billion financing of its new aircrafts**. ČSOB, in consortium with BNP Paribas and Natexis Banques Populaires, succeeded among 10 bidders, which underlines the importance and prestige of the transaction.



ČSOB / KBC Bank NV, Calyon (*Books and Documentation Agent*), HVB Group, ING Wholesale Banking (*Books*), and Komerční banka a.s. (*Books and Facility Agent*) - together the „Mandated Lead Arrangers“ - successfully completed **syndication of the new CZK 12bn Term Loan Facility for Veolia Environnement S.A.** (the Borrower). This is the biggest-ever facility denominated in CZK and syndicated on the local corporate lending market.



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# 1H 2005 Financial Highlights

## Excluding Effect of Slovenská Inkasná Loan Repayment



**Group Operating Profit: +3 % y/y**

**Key drivers:**

- business growth across customer segments,
- continued tight costs management

**Net after-tax Group Profit : CZK 4.6bn**

**Group's Net Profit Growth: +16 % y/y**

**Assets Under Mngmt: +9.7 % y/y**

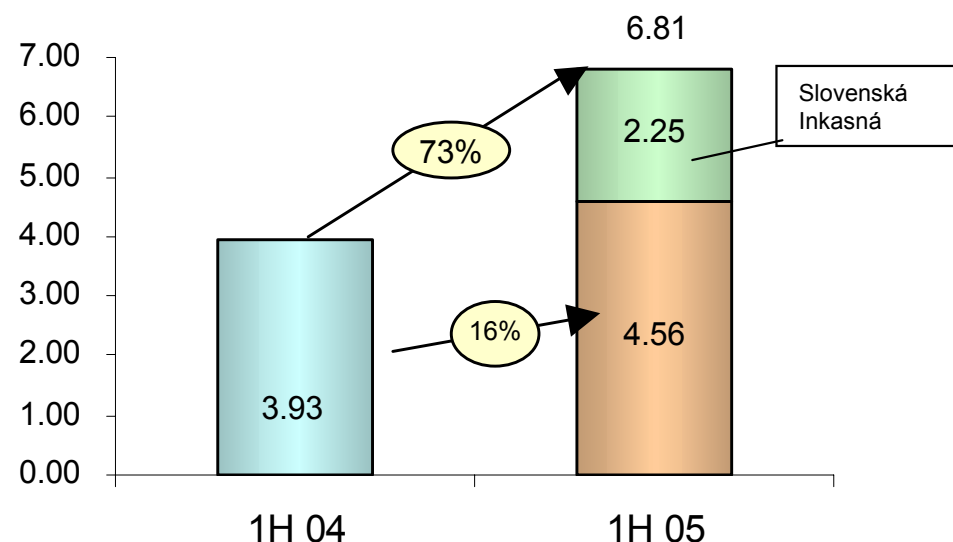
- amounting to: CZK 572bn
- driven by:  
sales of Mutual funds: + 58% y/y

**Cost / Income Ratio: 58%**

(from 58.8% at 1H 2004)

	1H 04	1H 05
ROAE	18.2%	19.5%
Cost / Income	58.8%	58.0%
NIM *	3.1%	3.0%
NIM **	1.8%	1.8%

Development of Net Profit (CZK'bn)



Note: \*) exFM NII / AVG total assets; \*\*) NII / AVG int. bearing assets

# Profit and Loss Statement (incl. SI)



CZK'm	1H 04	1H 05	Change
Net interest income	7,842	7,777	-1%
Net fee and commission income	3,397	3,431	1%
Net trading income	935	1,248	33%
Other income	828	3,884	369%
Operating income	<b>13,002</b>	<b>16,340</b>	<b>26%</b>
Operating expenses	-7,647	-7,720	1%
Operating profit before provisions	<b>5,355</b>	<b>8,621</b>	<b>61%</b>
Credit provisions	126	327	160%
Other provisions	-1	-267	-
Operating profit	<b>5,480</b>	<b>8,681</b>	<b>58%</b>
Income tax expense	-1,506	-1,838	22%
Net profit before minority interests	<b>3,974</b>	<b>6,843</b>	<b>72%</b>
Minority interests	-42	-37	-10%
<b>Net profit</b>	<b>3,932</b>	<b>6,806</b>	<b>73%</b>

Income from Slovenská Inkasná ICSID Award in the amount of CZK 3,021m

# Profit and Loss Statement

## Excluding Effect of Slovenská Inkasná Loan Repayment



CZK'm	1H 04	1H 05	Change
Net interest income	7,842	7,763	-1%
Net fee and commission income	3,397	3,431	1%
Net trading income	935	1,248	33%
Other income	828	863	4%
Operating income	<b>13,002</b>	<b>13,305</b>	<b>2%</b>
Operating expenses	<b>-7,647</b>	<b>-7,720</b>	<b>1%</b>
Operating profit before provisions	<b>5,355</b>	<b>5,586</b>	<b>4%</b>
Credit provisions	126	327	160%
Other provisions	-1	-267	-
Operating profit	<b>5,481</b>	<b>5,646</b>	<b>3%</b>
Income tax expense	-1,506	-1,049	-30%
Net profit before minority interests	<b>3,975</b>	<b>4,597</b>	<b>16%</b>
Minority interests	-42	-37	-10%
<b>Net profit</b>	<b>3,933</b>	<b>4,560</b>	<b>16%</b>

1H 05 total operating income was influenced by following items:

- good business growth in segments
- change of instruments in FM portfolio (caused Y/Y variations between NII and Trading Income)
- Implementation of up-front fee amortization (based on IFRS methodology)

YOY Increase is lower than inflation rate mainly driven by decrease of Deposit insurance premium

Y/Y release of Credit provision mainly due to IFRS conversion to new methodology and change of Loan Loss Ratio on AQR (Asset Quality Review) portfolio

Reserved created for legal cases and organizational reengineering of company



# Business segments – a Key Driver of Increase in Operating Income



## IFRS reported

CZK'm	1H 04	1H 05	Change
Net interest income	7,842	7,777	-1%
Net trading income	935	1,248	33%

➤ Individual lines of Operating Income, especially NII and Net Trading Income, are influenced by accounting of income from trading operations, which is being booked into both NII and Trading Income lines based on the type of the instrument.

## Adjusted NII\*

CZK'm	1H 04	1H 05	Change
Net interest income	5,775	6,216	8%
NII from trading Assets and Liab.	2,066	1,561	-24%
Trading and FX Income	935	1,248	33%

- Increase of NII is driven by business growth across all business segments
- Decrease in NII from Trading Assets and Liabilities is due to the dividend paid-out in 2004, this is compensated by Net Trading Income
- FX Income is driven by proprietary operations and operations with corporate customers.

\* Adjusted NII for the income from operation on Financial Markets (transfer from NII into Trading income)

# Fee Income structure



CZK'm	1H 04	1H 05	Change
Account fees and domestic payments	1,141	1,235	8%
Foreign payments	422	384	-9%
Loan fees	248	234	-6%
Payment card & E-banking fees	391	464	19%
Funds, AM	131	209	60%
Other (Bank)	449	354	-21%
<b>Bank Total</b>	<b>2,783</b>	<b>2,879</b>	<b>3%</b>
<b>Subsidiaries Total</b>	<b>615</b>	<b>551</b>	<b>-10%</b>
<b>Fees total</b>	<b>3,397</b>	<b>3,431</b>	<b>1%</b>

- Business growth across all business segments is the driver for increase in Fee Income (i.e. sales of Mutual funds, transactions with Payment cards and at POS terminals etc.)
- Despite the business growth in Subsidiaries there is Y/Y decrease in Fee Income caused by implementation of IFRS rules of amortization the fee income over the life-time of the product.

# Operating Expenses under Tight Control



CZK'm	1H 04	1H 05	Change
Personnel expenses	2,914	3,071	5%
Depreciation	990	923	-7%
Other general administrative exp.	3,743	3,725	0%
Operating expenses (total)	7,647	7,720	1%

- General Operating expenses (OPEX) increased by 1% y/y; driven by Personnel expenses.
- General salary and headcount increase in Slovakia and subsidiaries; driven by business growth and by taking new companies into a consolidation, partially compensated by 3% headcount decrease in the Bank in the Czech Republic.
- 1H 2005 Depreciation has decreased mainly due to investment and procurement reviews.

**Cost Income ratio decrease to 58% (excl. SI)**

# B/S – Assets

## Changes in B/S Structure



### Total Group Assets up by 21% to CZK 741bn

	EoY 04	1H 05	Change
Cash and balances with central banks	16,505	14,589	-12%
Due from banks	116,880	131,109	12%
Trading assets	73,910	162,980	121%
Other financial instruments at FV through P/L	0	14,821	--
Investment securities	126,854	164,519	30%
Loans and leases (net)	249,043	222,396	-11%
Property and equipment	11,435	11,306	-1%
Goodwill	3,472	3,480	0%
Other assets	15,182	15,482	2%
<b>Total assets</b>	<b>613,281</b>	<b>740,684</b>	<b>21%</b>

Increase in reversed repo transactions and decrease due to reclas. of debt securities

Increase of trading activities (reverse repo operation) in Financial Markets

Increase due to reclas. of debt sec. from Due from banks and Loans and Leases

Decrease due to reclas. of debt securities purchased on primary markets, partial repayment of SI; Business Loan volume growth by CZK 19bn.

Significant change in B/S based on new IAS 39 methodology - Reclassification of debt securities purchased on primary markets to Investment Securities

- Loans (net) make up 30 % of assets
- Loans (net) to deposits ratio is 49.6 %

# B/S - Liabilities

CZK'm	EoY 04	1H 05	Change	
Due to banks	24,723	26,258	6%	
Trading liabilities	66,847	140,435	110%	Growth by increase in trading activities (repo operation)
Due to customers	426,058	448,018	5%	Y/Y increase in deposits driven by additional increase in sales of mutual funds and sales of BoE
Debt securities in issue	24,854	40,586	63%	
Other liabilities, incl. tax liabilities	25,615	34,307	34%	
<b>Total Liabilities</b>	<b>568,097</b>	<b>689,604</b>	<b>21%</b>	
Minority Interest	349	238	-32%	
<b>Total Shareholder's Equity</b>	<b>44,835</b>	<b>50,842</b>	<b>13%</b>	Increase in sales of BoE mainly in Corporate segment
<b>Total Liabilities, Minority Interest and Total Shareholder's Equity</b>	<b>613,281</b>	<b>740,684</b>	<b>21%</b>	Increase due to retained current year earnings

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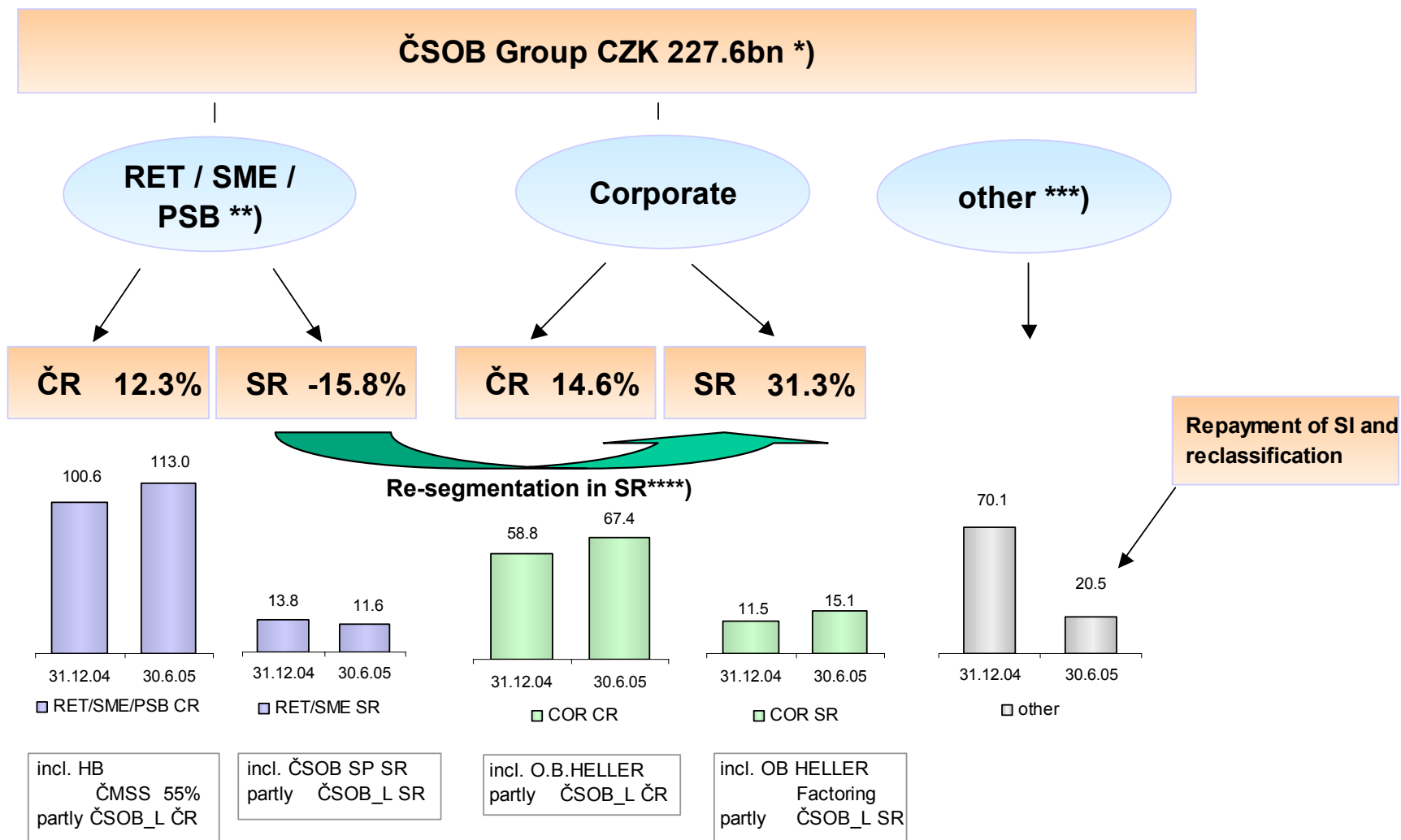
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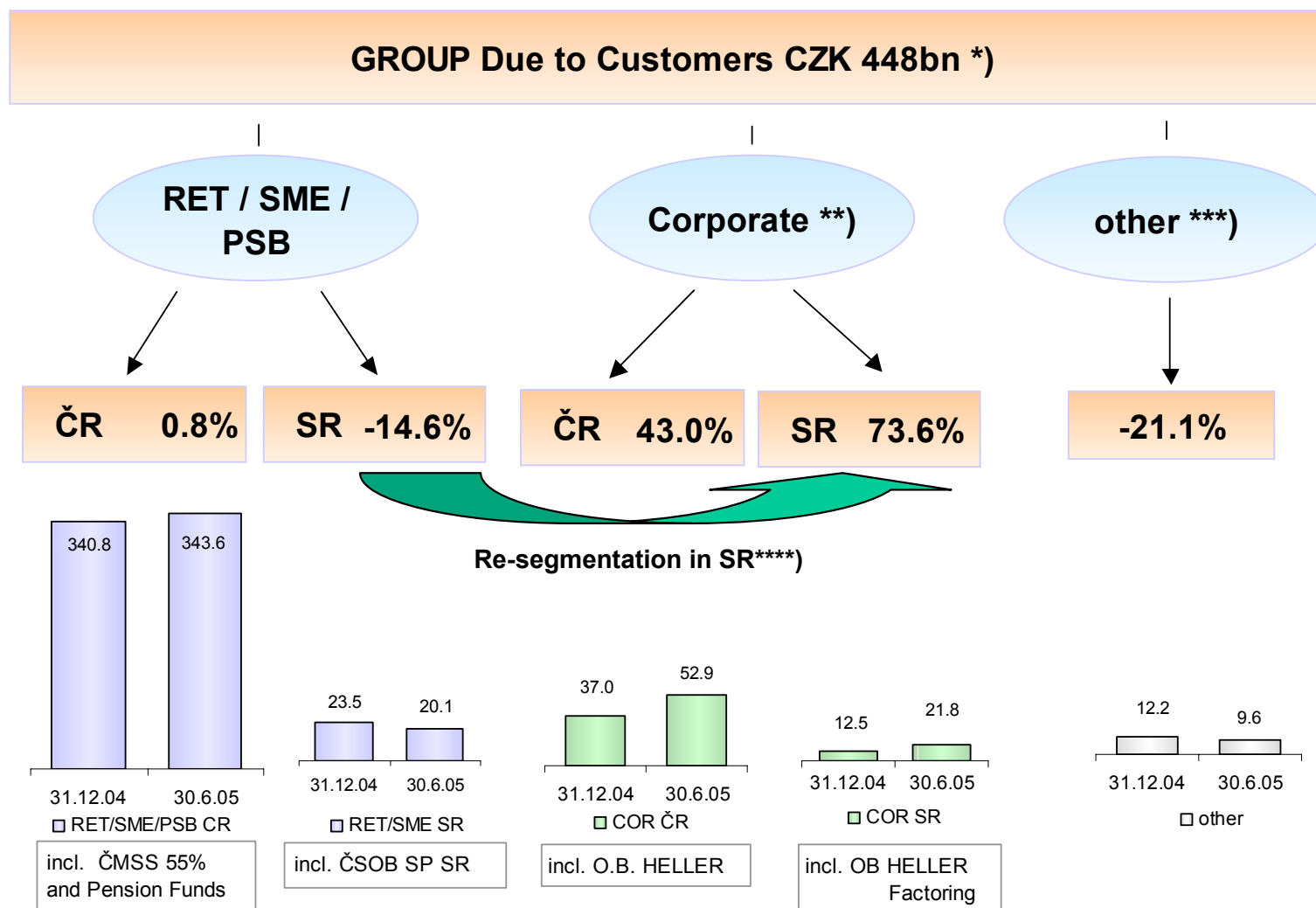
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# Group Lending in Total (30.6.2005 vs. 31.12.2004)



Notes: \*) Loans and leases (gross amounts)  
 \*\*) Business growth mainly in housing loans (Retail bank, HB, CMSS) and SME loans  
 \*\*\*) Decreased caused by repayment of Slovenská Inkasná loan, Reclassification of debt securities purchased on primary markets to Investment Securities, rest of "other" includes portfolio of historic loans  
 \*\*\*\*) Re-segmentation in bank SR to increase customer focus and level of service

# Retail Deposits - transfer to Mutual Funds continues



Notes:

\*) only BS line Due to customers (excluding Bills of Exchange and investments in Mutual Funds)

\*\*) Corporate deposits do not include depository BoE and obligations to banks; (as at 31.12.2004 - depository B/E CZK 9bn, obligations to banks CZK 6.5bn; as at 30.6.2005 - depository B/E CZK 19bn, obligations to banks CZK 5.5bn).

\*\*\*) Mostly historic and Bad debts portfolio

\*\*\*\*) Re-segmentation in bank SR to increase customer focus and level of service

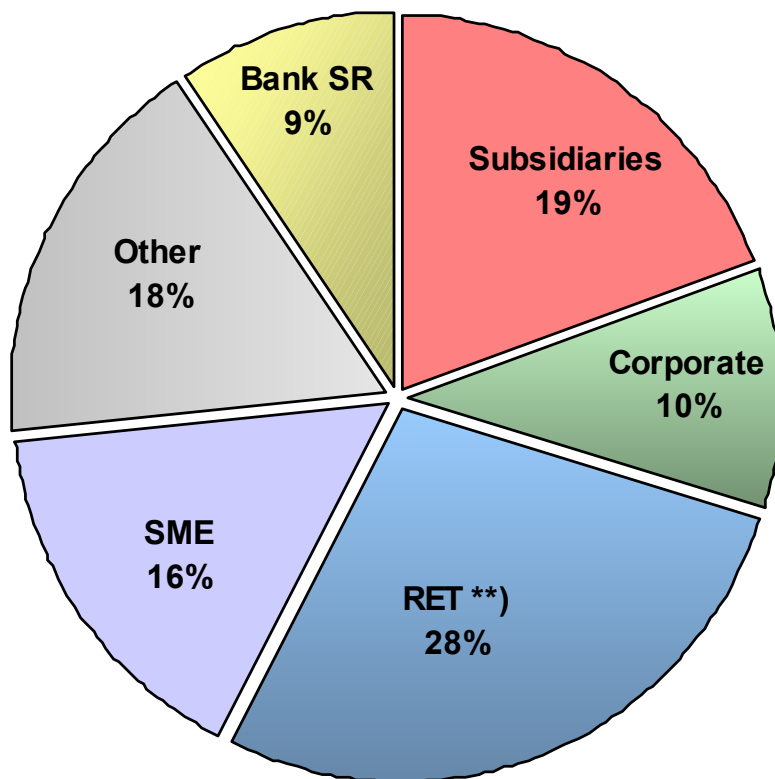


# Segments' Contribution to Income (excl. SI)

## ČSOB's Character is Changing from Corporate to Retail/SME Bank



1H 2005 Operating Income  
CZK 13.3 bn \*)



\*) Excluding Slovenská Inkasná

\*\*) Incl Poštovní spořitelna

Group YOY increase in Operating income +2% is driven by positive movement in Loans portfolio from end of 2004:

RET/SME Loans	+9%
SME CR Loans	+14%
Housing Loans	+16%

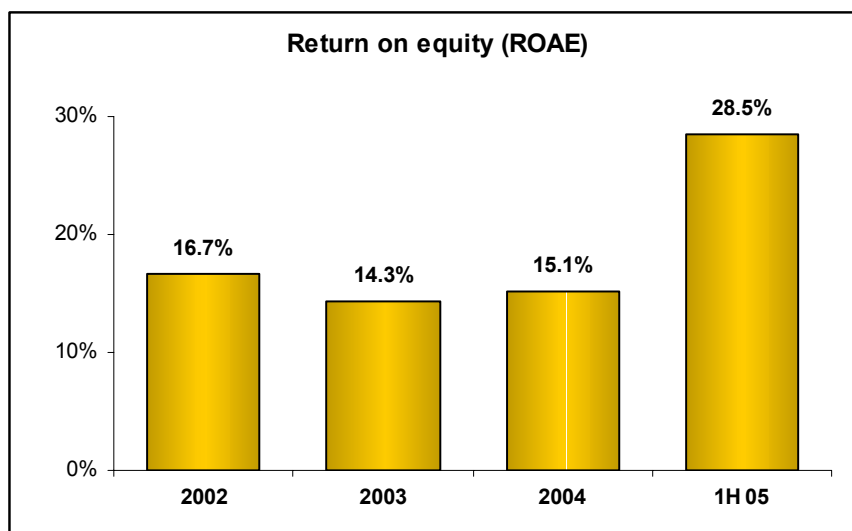
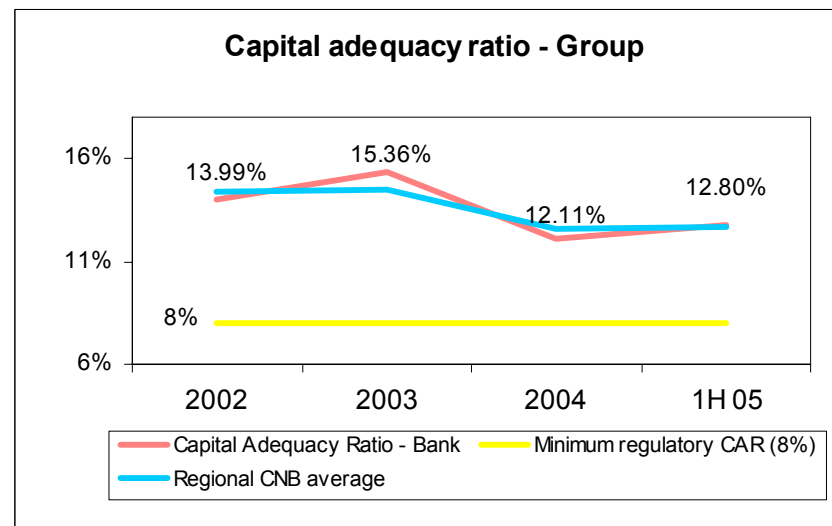
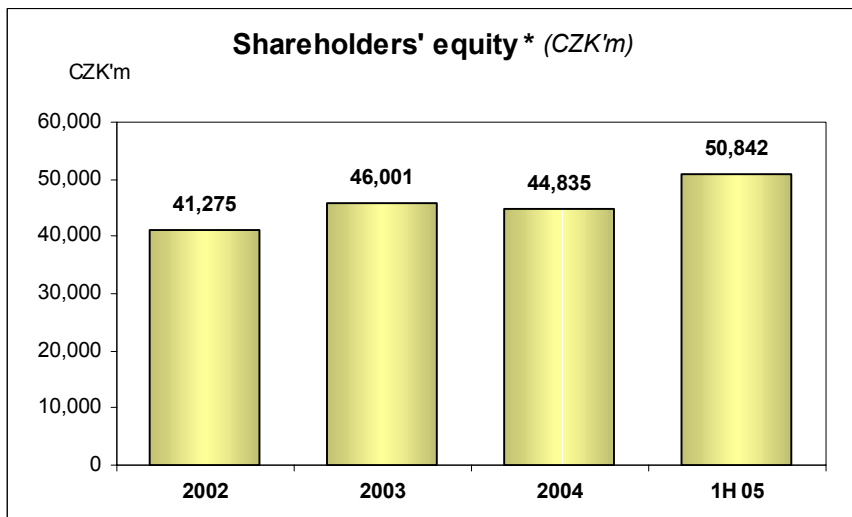
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Higher ROAE in 1H 2005 is influenced by SI  
 ROAE for 1H 2005 excl. SI would be 19.5%

# Expansion in Lending Does Not Compromise High Quality of Loan Portfolio

## Low Share of Loans > 90 Days Overdue (NPLs)



CZK bn	31.12.2004	30.6.2005	Change in %
Total loans*	254.8	227.6	- 11
NPLs	3.8	4.0	+ 5
Total provisions	5.8	5.2	- 10
<b>NPLs to total loans ratio (%)</b>	<b>1.5</b>	<b>1.8</b>	+0.3
<b>% coverage of NPLs by provisions</b>	<b>152.6</b>	<b>131.2</b>	- 21.4

- ❑ High quality of loan portfolio evidenced by only 1.8% share of NPL.
- ❑ Coverage of NPL by provisions is 131.2 %.

Note: \*) including loans to ČKA and OBE portfolio of securities IFRS consolidated, gross amounts

# Development of Loan Portfolio (IFRS consolidated, gross amounts)



CZK bn	31.12.2004	30.6.2005	Change in %
<b>Historical exposure</b>	<b>22.7</b>	<b>13.2</b>	<b>- 42</b>
of which:			
- MF CR ( incl. SI)	21.3	12.1	- 43
- other	1.4	1.1	- 21
Write-offs (during the year)	1.4	-	-
<b>Current exposure</b>	<b>232.1</b>	<b>214.4</b>	<b>- 8</b>
Write-offs (during the year)	1.8	0.5	- 72
<b>Total loan portfolio*</b>	<b>254.8</b>	<b>227.6</b>	<b>- 11</b>
Write-offs (during the year)	3.2	0.5	- 84

□ Historical exposure further decreased, includes exposure to MF CR (Slovenska Inkasni debt).

□ Current exposure decreased by 8 % and forms 94 % of total loan portfolio.

Note: \*) including loans to ČKA and OBE portfolio of securities

## Loan Portfolio Quality (IFRS consolidated, gross amounts)

CZK bn	31.12.2004	% of loans	30.6.2005	% of loans
<b>Standard (A-C)</b>	<b>197.9</b>	<b>77.7</b>	<b>174.4</b>	<b>76.6</b>
<b>Classified:</b>	35.6	14.0	41.1	18.1
- Watch (D)	24.5	9.6	28.4	12.5
- Sub-standard (E)	5.9	2.3	7.8	3.4
- Doubtful (F)	2	0.8	1.7	0.7
- Loss (G)	3.2	1.3	3.2	1.5
MF CR ( incl. SI)	21.3	8.3	12.1	5.3
CI	-	-	-	-
<b>Total loan portfolio*</b>	<b>254.8</b>	<b>100.0</b>	<b>227.6</b>	<b>100.0</b>

**Quality of loan portfolio is stable, standard loans represent 77 % of the loan portfolio.**

Note: \*) including loans to ČKA and OBE portfolio of securities