



2004 IFRS AUDITED  
CONSOLIDATED RESULTS

- ➔ 2004 Highlights – Business Perspective
- 2004 Performance - Financial Perspective
- Results of Selected Business Activities
  - Direct Banking & Electronic Operations

Strategy

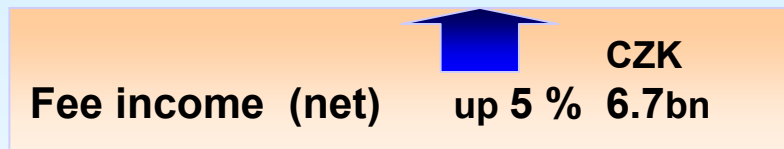
Appendix

# Business Growth Has Brought Very Good Results

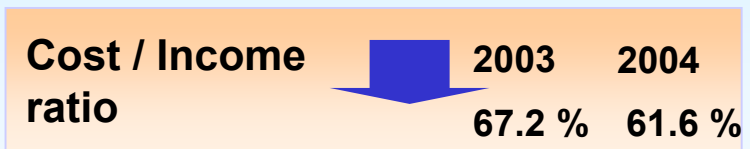
## Decomposition of Net Profit



Dynamic growth in income reflecting business growth across all segments:

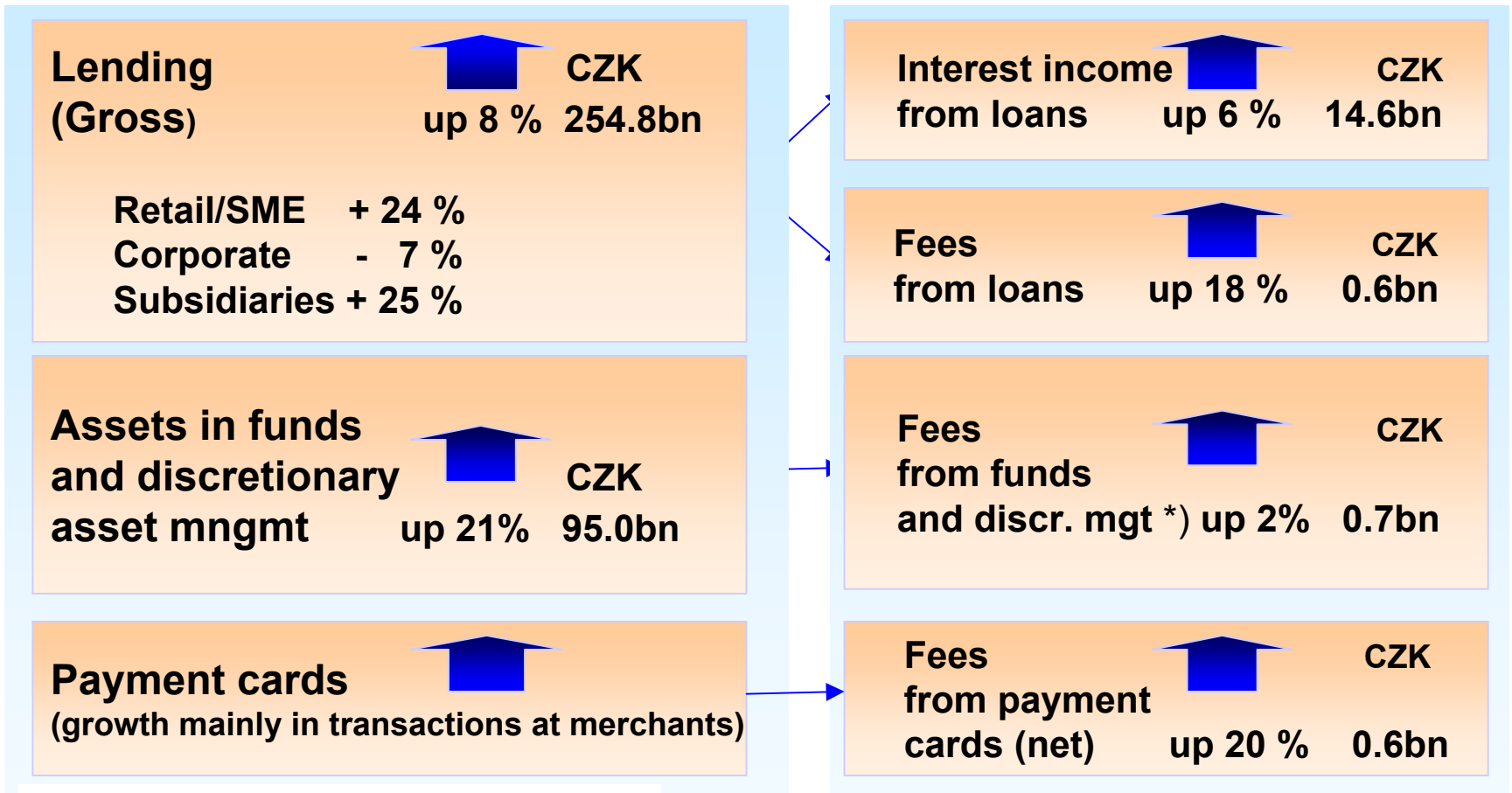


Good costs management produced targeted drop in C/I ratio:



# Contribution to Income

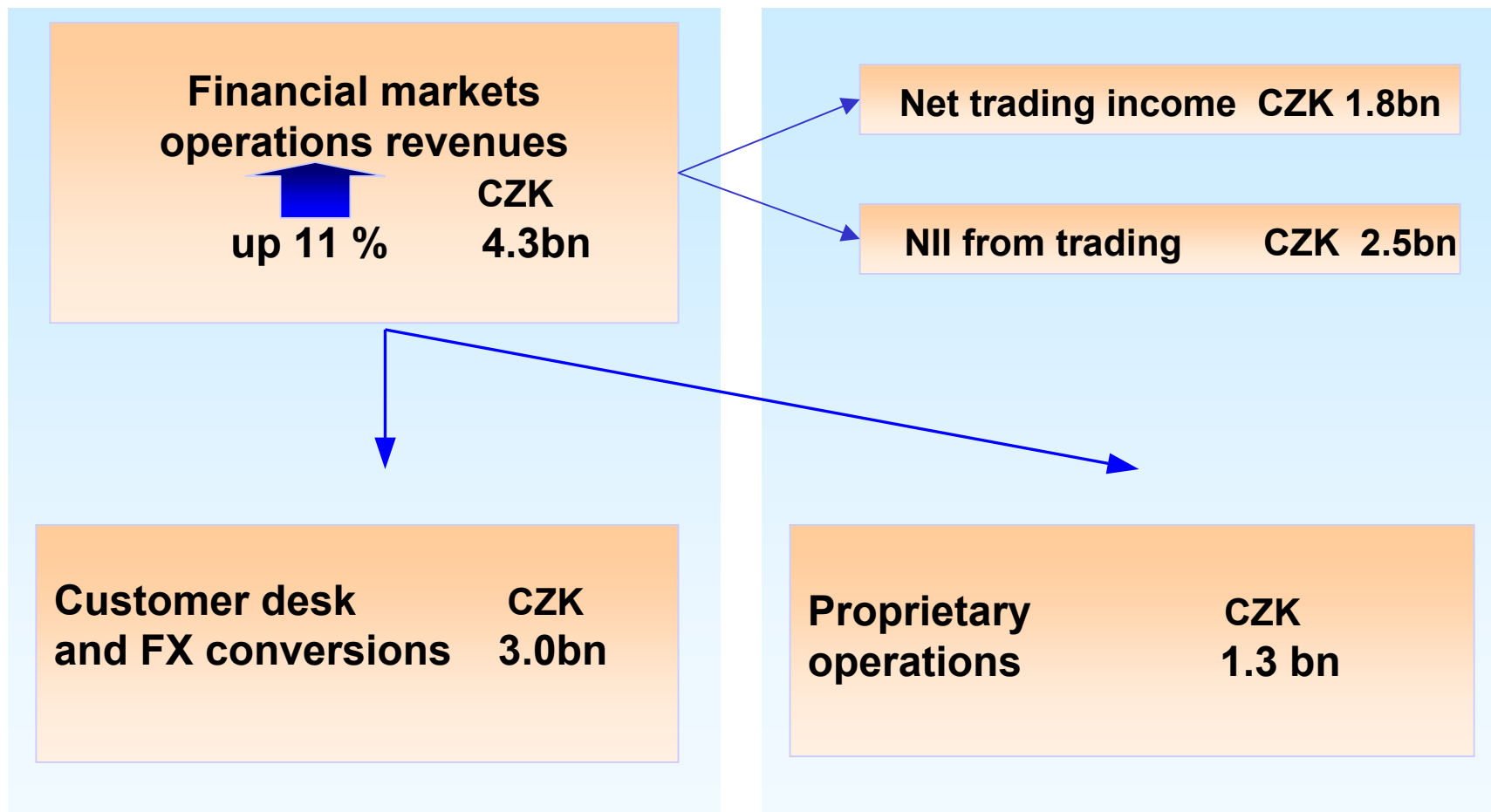
## Break-Down by Major Business Activities



\*) Negative impact of ex-privatisation funds

# Contribution to Income

## Break-Down by Major Business Activities



## Our goals (as declared a year ago)

## Our achievements in 2004

<ul style="list-style-type: none"> <li>To become the main bank for 27 % of <b>SME</b> by 2007 (up from 20 % in 2003)</li> </ul>	<ul style="list-style-type: none"> <li><b>Market penetration</b> as main bank for SME <b>increased to 25 %</b> as of end-2004; SME loan portfolio up by roughly 30 %</li> </ul>
<ul style="list-style-type: none"> <li>Key priority in Retail: to provide <b>mortgage loans</b></li> </ul>	<ul style="list-style-type: none"> <li>No.1 provider of housing loans – 32 % of the market; the volume of <b>mortgages &amp; building loans increased by roughly 40 %</b></li> </ul>
<ul style="list-style-type: none"> <li>To build upon our successful <b>wealth management</b></li> </ul>	<ul style="list-style-type: none"> <li>Retail AUM (incl. deposits) – <b>29 % market share</b>; i.e. CZK 340bn in total</li> </ul>
<ul style="list-style-type: none"> <li>To focus on providing <b>bancassurance</b> services</li> </ul>	<ul style="list-style-type: none"> <li>Total new single-premium life <b>insurance</b> volume (universal life and unit linked) up by over 250 % (YoY)</li> </ul>
<ul style="list-style-type: none"> <li>To strengthen co-operation with our <b>subsidiaries</b> and amongst subsidiaries themselves</li> </ul>	<ul style="list-style-type: none"> <li>Value creation by cross selling and use of <b>distribution synergies</b>: mutual &amp; pension funds sold in ČMSS, factoring sold in ČSOB</li> </ul>
<ul style="list-style-type: none"> <li>To maintain strong position in <b>corporate</b> segment and on financial markets</li> </ul>	<ul style="list-style-type: none"> <li>Good results achieved; growth of trading for clients and FX operations</li> </ul>
<ul style="list-style-type: none"> <li>Financial goals: to focus on <b>cost management</b></li> </ul>	<ul style="list-style-type: none"> <li><b>Cost/Income Ratio sharply reduced</b> from 67.2 to 61.6 % (while profit increased)</li> </ul>

# Segments' Contribution to Income

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

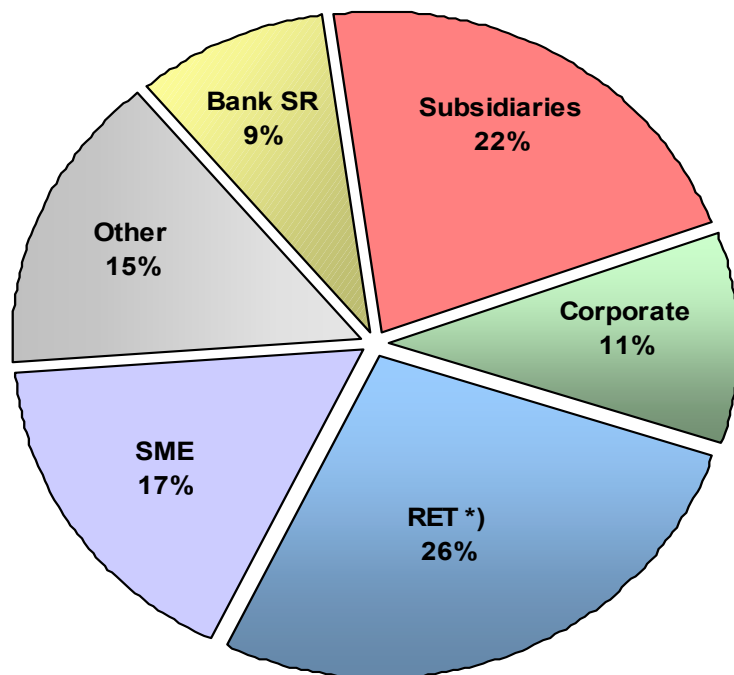


2004 Group Operating Income  
CZK 25.7 bn

2004 Group Dynamics  
Y-o-Y: + 11 %

Retail/SME - the largest contributors

YoY growth by major segments



Retail: +13 %  
SME: +15 %  
Mortgages \*\*): +52 %

\*) incl. Postal Savings Bank

\*\* ) HB Formerly ČMHB

# Dynamic Growth of Lending to Retail Customers

## Housing – the Clear Czech Favorite



### RETAIL MORTGAGES & BUILDING LOANS

Market share

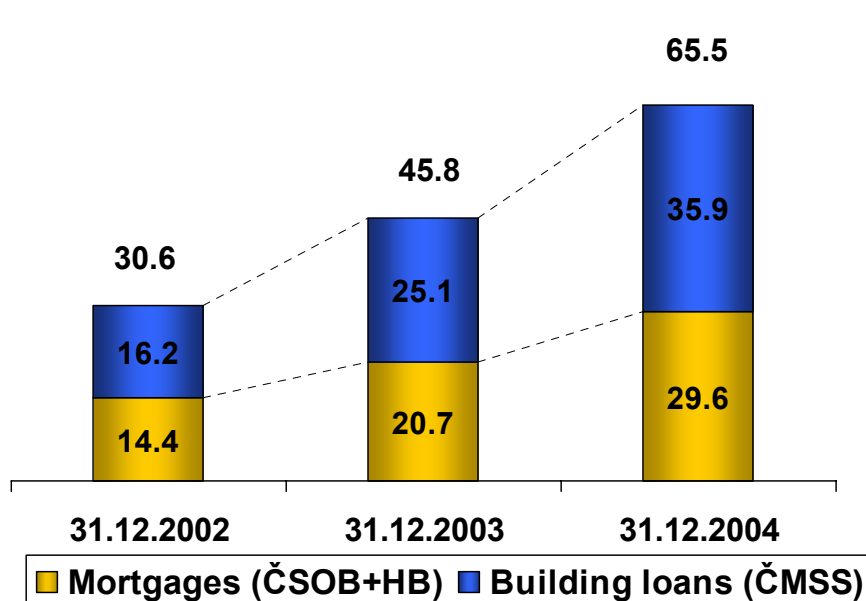
32 %

32 %

32 %

ČSOB YoY growth: + 43 %  
Market: + 44 %

CZK  
bn



Volume of loans for housing needs more than doubled since 2002.

### CONSUMER LENDING

Market share

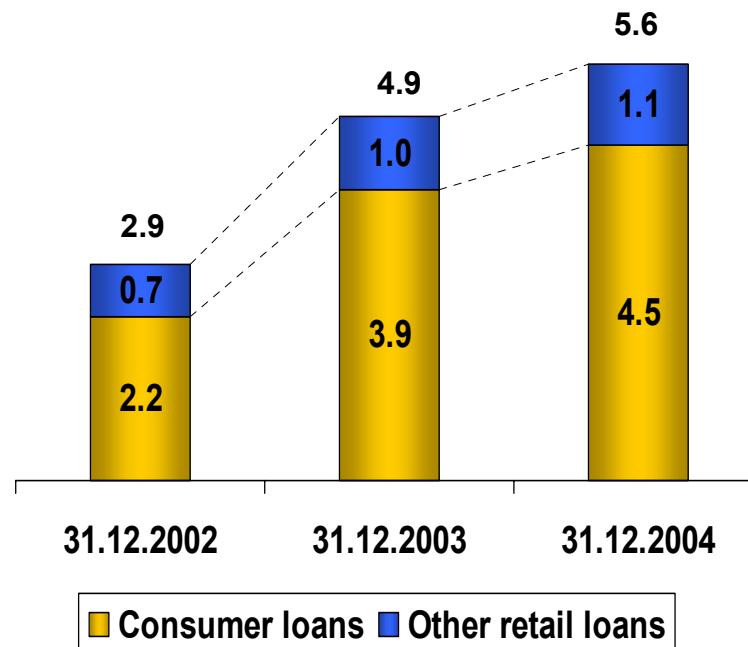
5 %

7 %

7 %

ČSOB YoY growth: + 15 %  
Market: + 15 %

CZK  
bn





# Lending to SME Shows Big Dynamics

## Growth in Number of SME Having CSOB as the Main Bank



SME having ČSOB as their main bank

2003

20.1%

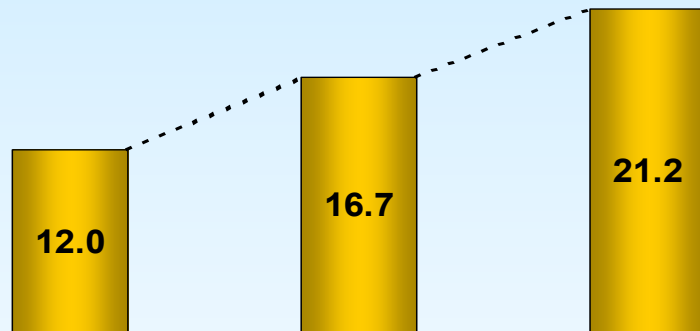
2004

24.9%

### LENDING TO SME IN TOTAL

YoY growth: + 34 %

CZK bn



31.12.2002

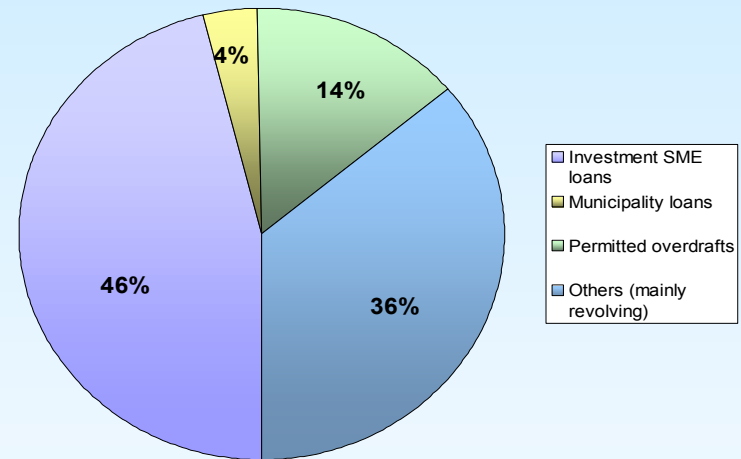
31.12.2003

31.12.2004

Volume of loans almost doubled since 2002.

### LENDING TO SME BREAKDOWN

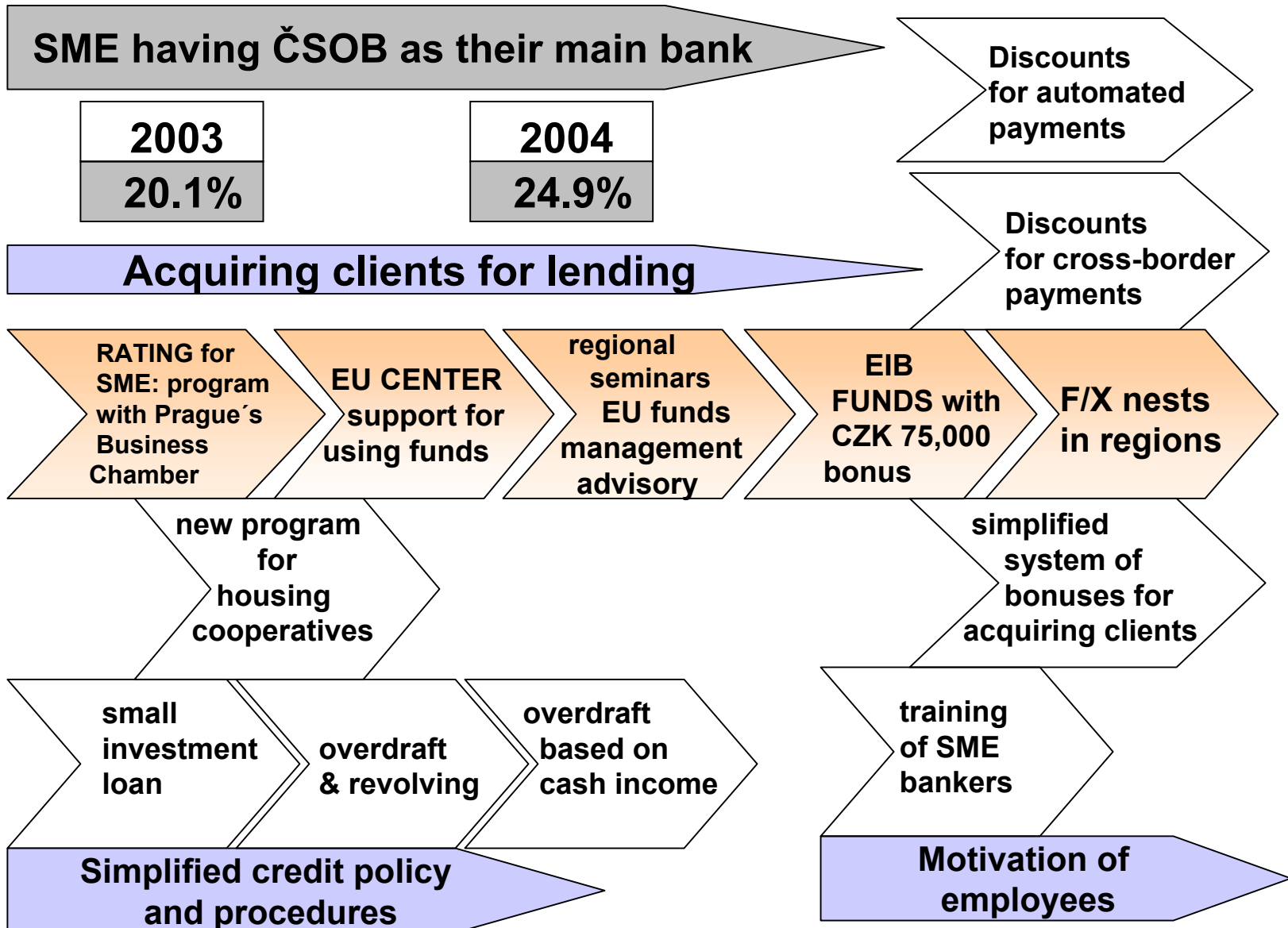
SME Loans (2004)



Note: SME segment serves entrepreneurs and companies with annual turnover up to CZK 300m.

# Procedures Simplification, Pricing & Advisory

## Show Clear Commitment to SMEs



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

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



CZK bn	31.12.2003	31.12.2004	Change in %
Total loans*	239.6	254.8	+ 6
NPLs	6.5	3.8	- 42
Total provisions	9.5	5.8	- 39
<b>NPLs to total loans ratio (%)</b>	<b>2.7</b>	<b>1.5</b>	<b>-1.2</b>
<b>% coverage of NPLs by provisions</b>	<b>146.2</b>	<b>152.6</b>	<b>+ 7.3</b>

- ❑ High quality of loan portfolio evidenced by only 1.5% share of NPL.
- ❑ Coverage of NPL by provisions up to 152.6 %.

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

# The level of service quality at ČSOB's branches is high in long-term



## Measurement of service quality



- ❑ ČSOB is measuring the service quality at its branch network in long-term. \*
- ❑ The total quality index of ČSOB reached **the highest level** in 2004, compared to 6 biggest banks in the Czech market.
- ❑ The index value was **110 points** at the end of 2004. \*\*

## Assessment of clients' satisfaction



- ❑ The satisfaction of clients with the service level at branches is continuously high. 95% of clients evaluate ČSOB using grades 1 or 2.
- ❑ During 2004, the overall satisfaction reached the average level of grade 1.4. \*\*\*

\*) The measurement is carried out by prestigious independent agency for market research.

\*\*\*) The overall quality index ranges from 0 to 140 points, where the level of 100 is defined as standard.

\*\*\*) The assessment of clients' satisfaction is carried out at all ČSOB branches using the scale 1-5, where 1 is a very good assessment and 5 is a very bad assessment.

# ČSOB Performance in 2004 Awarded by Prestigious International Magazine




GLOBAL  
FINANCE



GLOBAL  
FINANCE

Global Finance, the banking prestigious magazine, awarded ČSOB's growth in retail and SME loans and increase in mutual funds supported by advisory as well.

2004 Highlights – Business Perspective

 2004 Performance - Financial Perspective

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# 2004 Financial Highlights

## Net Profit Growth by 9.2 % YoY

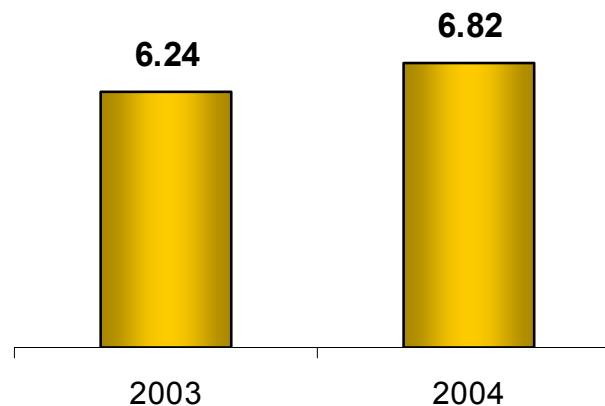


### Key drivers of Profit:

- ❑ Operating profit (CZK 9,577m) grew YoY by 32%.
- ❑ NII income growth generated by lending volume growth and deposit margin growth
- ❑ Net trading income up due to good business performance on customer desk
- ❑ Fee income growth generated from growth in payment cards, lending and mutual funds sales
- ❑ Cost / Income Ratio reduced mainly due to dynamic growth of revenues
- ❑ Costs under control (strict capex policies and centralized sourcing activities)
- ❑ Net provision creation down due to significant recoveries of historic items in 2004
- ❑ Contrary to 2004, the income tax expense for 2003 was influenced by one-off reversal of deferred tax liability.
- ❑ Subsidiaries' share of Group operating income is 22%

	2003	2004
ROAE	14.3%	15.0%
C/I ratio	67.2%	61.6%
NIM	2.15%	2.42%
CAR Bank	15.36%	12.11%

Development of Net Profit (CZK'bn)



- ❑ **Better quality of earnings**
  - reflecting business growth
  - limited impact of one-off items
  - good control over expenses
  
- ❑ **Reinvestment of deposits into loans to both, retail and SME's, has further increased**
  
- ❑ **ČSOB – a good tax payer, contributing CZK 2.7bn to state budget**



# Profit and Loss Statement



CZK'm	2003	2004	YoY
Net interest income	14,730	15,842	8%
Net fee and commission income	6,314	6,658	5%
Net trading income	1,103	1,790	62%
Other income	1,023	1,402	37%
<b>Operating income</b>	<b>23,170</b>	<b>25,692</b>	<b>11%</b>
<b>Operating expenses</b>	<b>-15,564</b>	<b>-15,822</b>	<b>2%</b>
<b>Operating profit before provisions</b>	<b>7,606</b>	<b>9,870</b>	<b>30%</b>
Provisions	-353	-293	-17%
<b>Operating profit</b>	<b>7,253</b>	<b>9,577</b>	<b>32%</b>
Income tax expense	-946	-2,685	184%
<b>Net profit before minority interests</b>	<b>6,307</b>	<b>6,892</b>	<b>9%</b>
Minority interests	-67	-76	13%
<b>Net profit</b>	<b>6,240</b>	<b>6,816</b>	<b>9%</b>

Growth due to good business results, deposit margin increase, good performance from operations on financial markets and prior year adjustment in 2003

Good performance on FX Customer desk, bond sales, prior year one off-items

Subsidiary (payment card services) – consolidated for the first time, sales of shares in Pension Funds portfolios, sale of MUZO share

Good cost management and initiatives aiming at cost savings

Reversal of deferred tax liability of CZK 1.1bn in 2003

# Business Growth – a Key Driver of Strong Increase in Interest and Fee Income



CZK'm	2003	2004	Change
Net interest income	14,730	15,842	8%
Net fee income	6,314	6,658	5%

- ❑ NII increased mainly due to growing volumes and change in product mix on deposit side (specifically from term deposits to current accounts) and margin growth.
- ❑ Fee income generated by larger volume in sales and transactions, mainly due to sales of mutual funds, lending, and payment cards fees.

# Operating Expenses under Strict Control



CZK'm	2003	2004	Change
Personnel expenses	5,605	5,929	6%
Depreciation	1,920	1,988	4%
OPEX	8,039	7,905	-2%
Operating expenses (total)	15,564	15,822	2%

- ❑ **General Operating expenses (OPEX) decreased YoY due to enhanced focus on cost management and efficient sourcing, which even compensated impact of growth in marketing expenses and significantly higher externally driven items as Deposit Insurance Premium and VAT rates.**
- ❑ **Slight YoY growth in depreciation and amortization was caused by consolidating subsidiary providing payment card services for the first time and completion of distribution network in SR. Currently the actual depreciation has a decreasing trend due to strict investment reviews, which significantly reduced recent CAPEX spending.**
- ❑ **General salary growth and headcount growth in SR and subsidiaries was partially compensated by 5% headcount decrease realized in bank CR.**

# B/S – Assets

## Positive Changes in B/S Structure



CZK'm	31.12.03	31.12.04	Change	
Cash and balances with central banks	19,238	16,505	-14%	Decrease due to good cash management
Due from banks	131,059	116,880	-11%	Decrease influenced by growth in lending and shift to Trading assets
Trading assets	63,771	73,910	16%	
Investment securities	131,183	126,854	-3%	Increase driven by business growth in Financial Markets
Loans and leases (net)	230,100	249,043	8%	
Rescue acquisition state assistance receivable	--	--	--	New lending growth mainly in SME and housing loans
Property and equipment	12,434	11,435	-8%	
Goodwill	3,798	3,472	-9%	
Other assets	14,897	15,182	2%	
<b>Total assets</b>	<b>606,480</b>	<b>613,281</b>	<b>1%</b>	

❑ Loans (net) make up 40.6 % of assets, up from 37.9 %.

❑ Loans (net) to deposits ratio grew to 58.5 %, up from 52.1 %.

# B/S - Liabilities



CZK'm	31.12.03	31.12.04	Change	
Due to banks	20,254	24,722	22%	Due to business growth in Fin.Market
Trading liabilities	46,458	66,847	44%	Decrease due to good business growth in sales of mutual funds and sales of B/E
Due to customers	441,596	426,058	-4%	
Rescue acquisition NAV surplus payable	4,737	0	-100%	Related to IPB transaction
Debt securities in issue	16,731	24,854	49%	High increase of volume in B/E in segments (Corporate and Fin. Markets)
Other liabilities	30,246	25,616	-15%	
<b>Total liabilities</b>	<b>560,022</b>	<b>568,097</b>	<b>1%</b>	Decrease due to extra dividend payout, offset by addition of net profit
<b>Minority interests</b>	<b>457</b>	<b>349</b>	<b>-24%</b>	
<b>Total shareholders' equity</b>	<b>46,001</b>	<b>44,835</b>	<b>-3%</b>	
<b>Total liabilities, minority interests and shareholders' equity</b>	<b>606,480</b>	<b>613,281</b>	<b>1%</b>	

2004 Highlights – Business Perspective

2004 Performance - Financial Perspective

 Results of Selected Business Activities

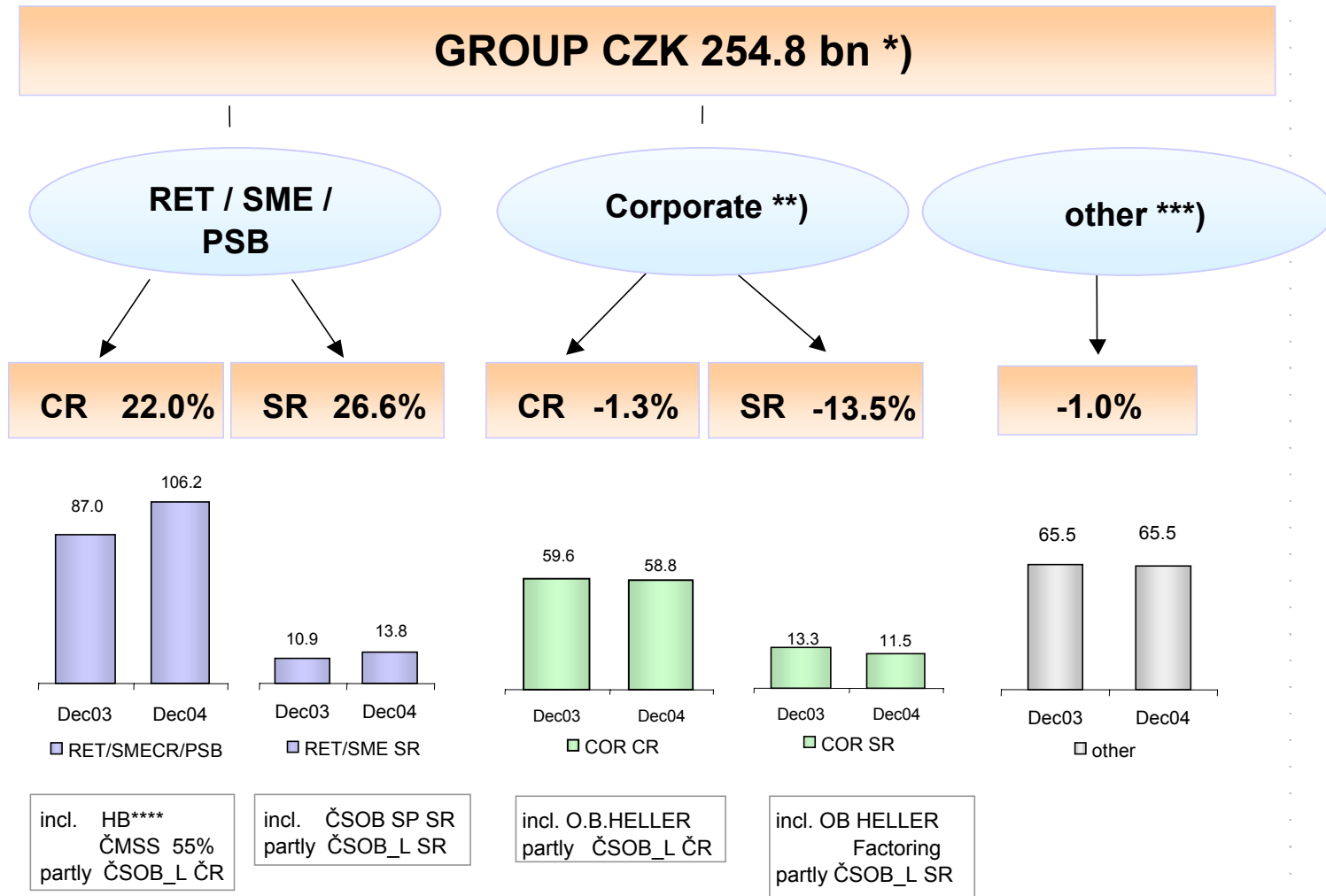
Direct Banking & Electronic Operations

Strategy

Appendix

# Group Lending in Total (31.12.2004)

## Significant increase in lending to Retail/SME Group clients



\*\*) decrease in CR & SR due to advance repayment of large volume loans with lower margins

\*\*) portfolio of historic loans incl. MFČR (Slovenská inkasní) and ALM bonds

\*\*\*\*) HB – formerly ČMHB

# ČSOB Group – Market Leader in Financing Housing Needs in CR



## RETAIL MORTGAGES & BUILDING LOANS\*

Market share

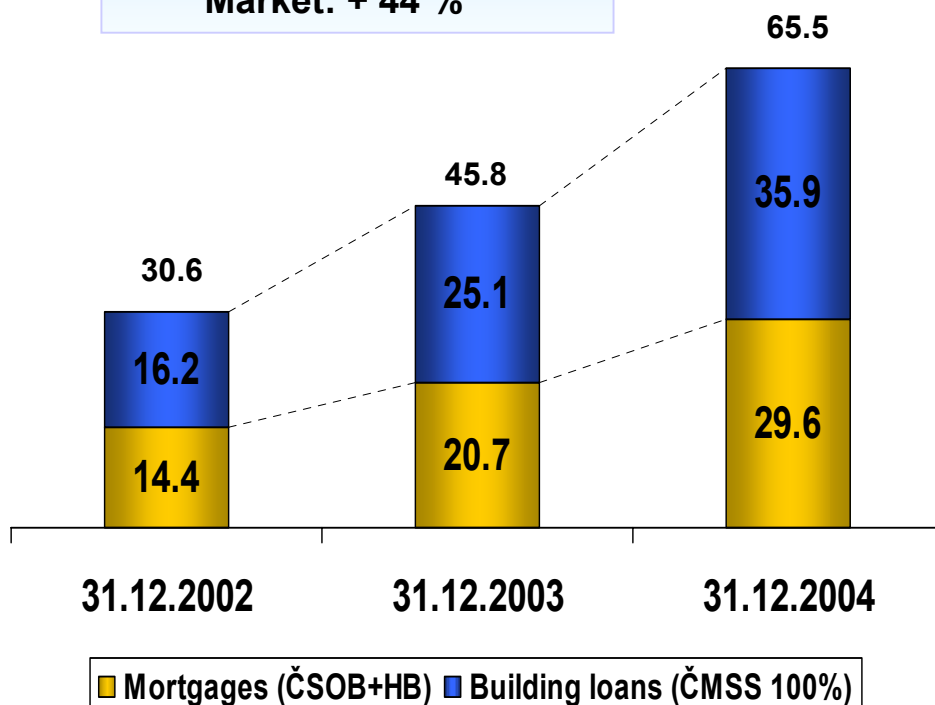
32 %

32 %

32 %

ČSOB YoY growth: + 43 %  
Market: + 44 %

CZK bn

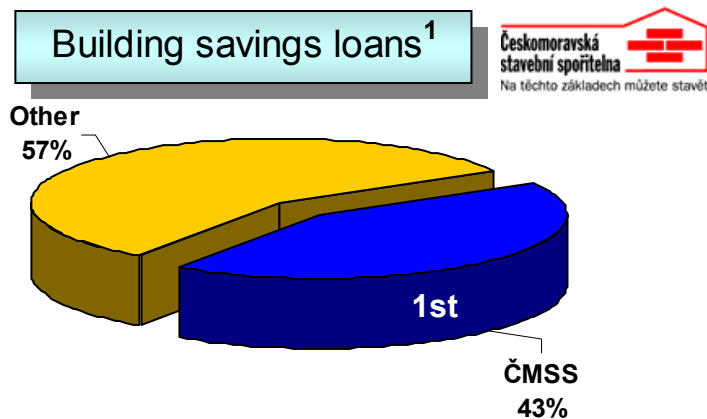
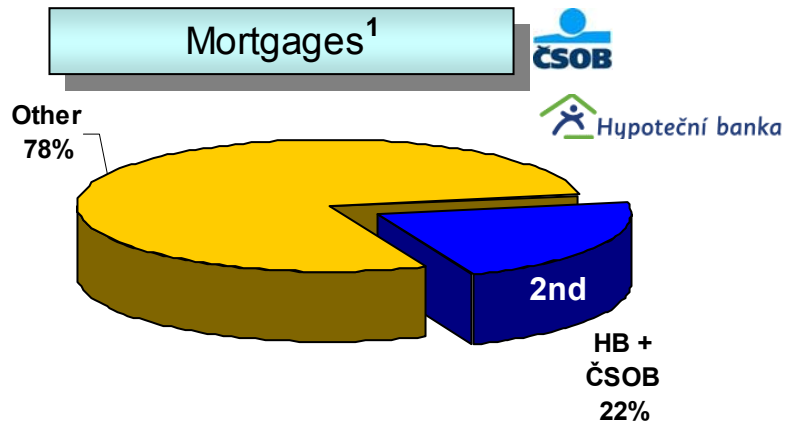


- ❑ Volume of loans for housing needs more than doubled in ČSOB Group since 2002.
- ❑ ČSOB Group keeps one third of the market.

Note: \*) ČSOB, HB (formerly ČMHB), ČMSS



# Front Market Position in Mortgages and Building Loans



- Over 11 thousand mortgages in the amount of almost CZK 12bn provided in 2004 (HB\*) & ČSOB).

*\*) formerly ČMHB*

## Record year for ČMSS:

- Market position strengthened thanks to granting more than 73 thousand building loans amounting to CZK 19.5bn in 2004.

Notes: 1) according to volume as at 31 December 2004

# Retail Consumer Loans\*

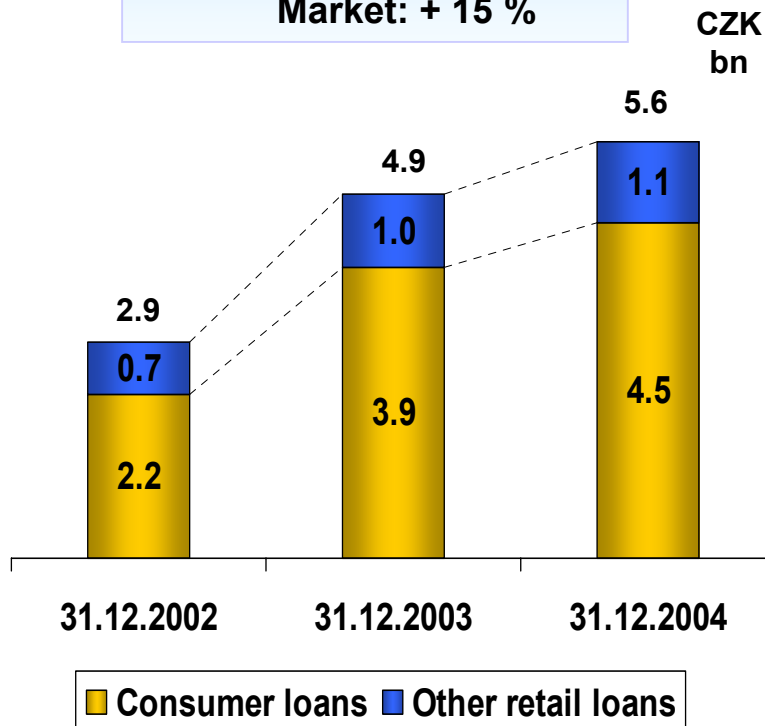
## Sound Growth in Line with the Market



### CONSUMER LENDING\*



ČSOB YoY growth: + 15 %  
Market: + 15 %



□ Strategic focus on Retail customers evidenced in sound growth in retail consumer lending (volume of loans doubled since 2002).

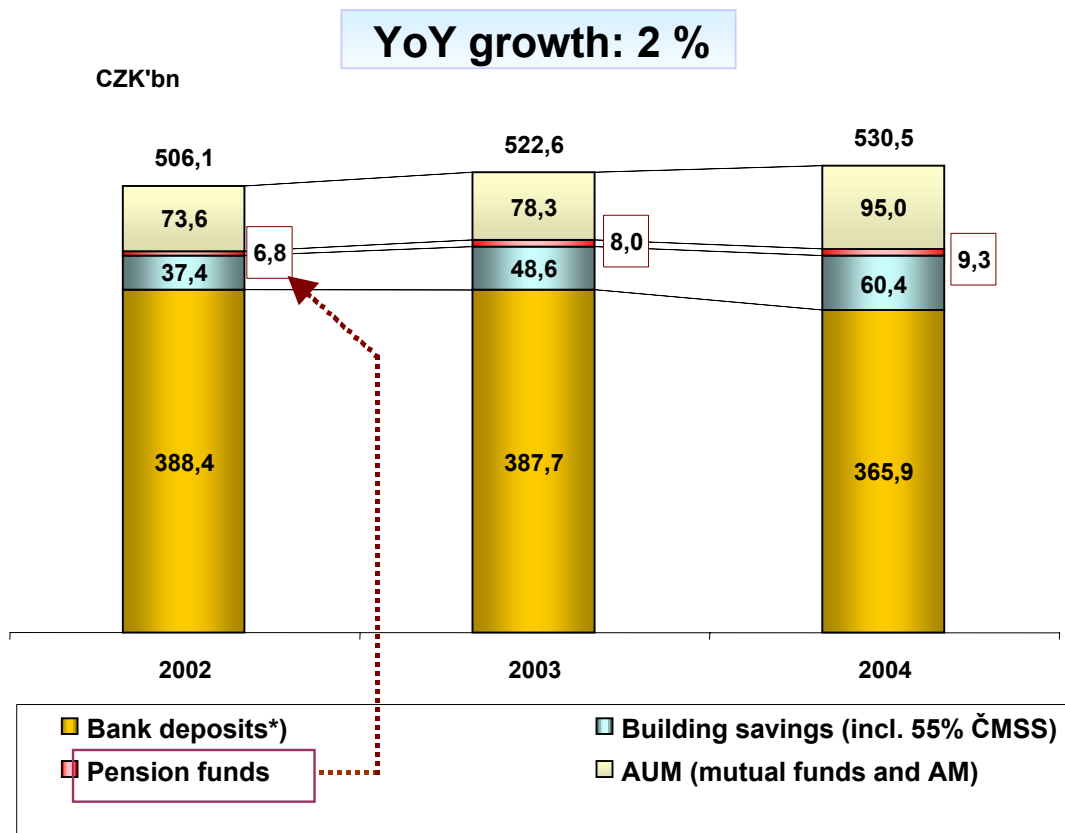
Note: \*) consumer loans, credit cards and overdrafts (incl. Postal Savings Bank)

Source: CNB statements

# ČSOB Remained a Key Asset Manager in the Czech Market



## ASSETS UNDER MANAGEMENT (ČSOB GROUP)



❑ „Classic“ deposits went down by CZK 22.5bn since end-2002.

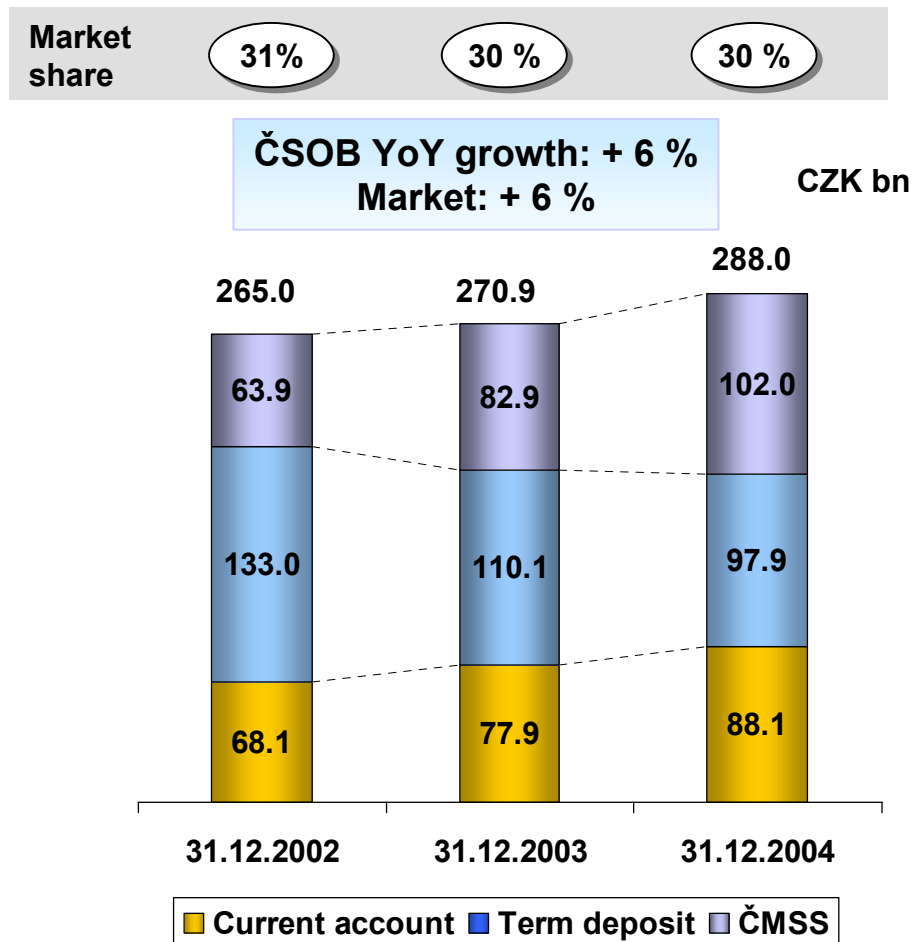
❑ Alternative instruments to invest savings increased by CZK 46.9bn within the last 2 years.

# Retail Savings in CR

## Continuing Decrease in Term Deposits

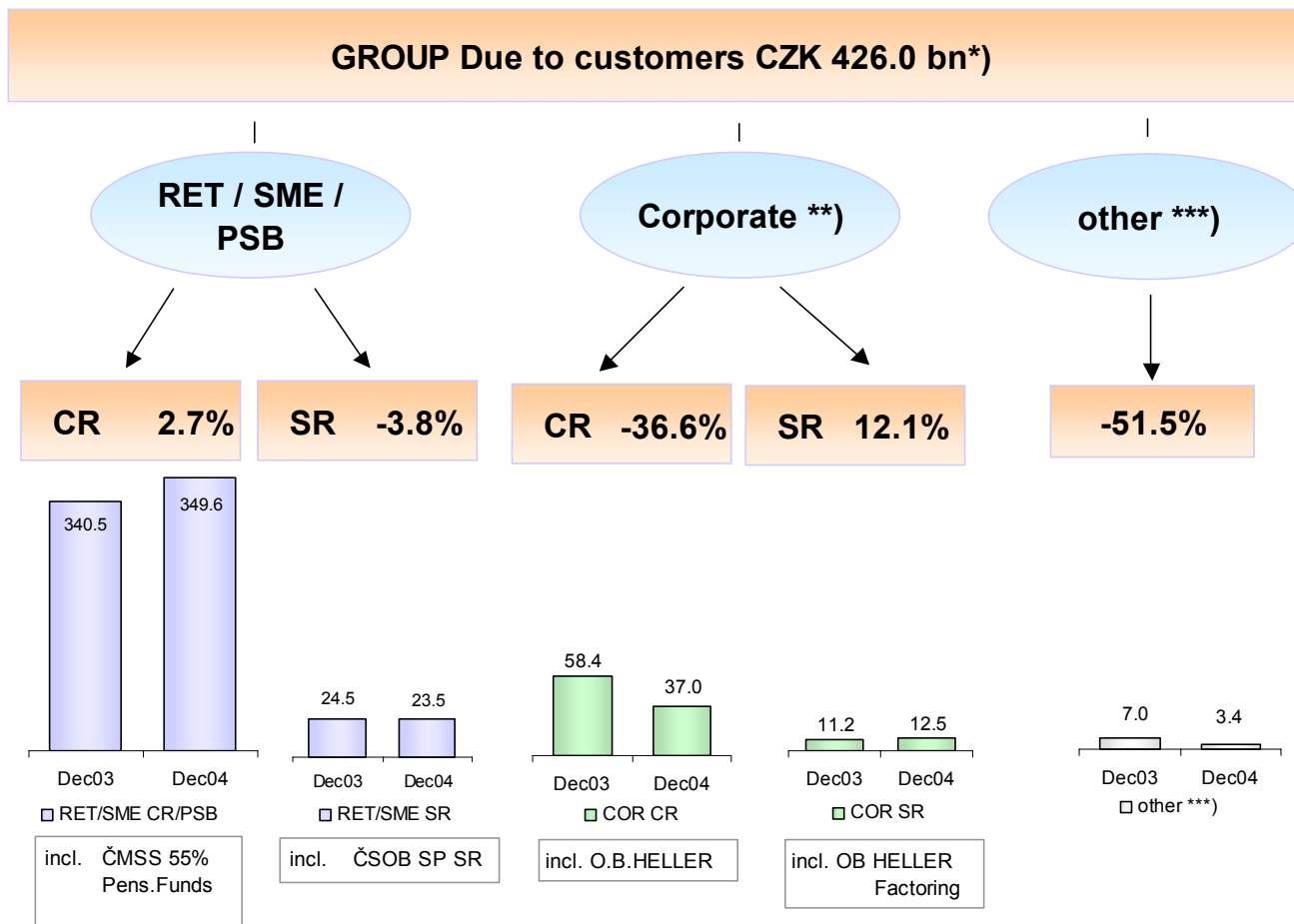


### „CLASSIC“ RETAIL SAVINGS



- Development in retail savings (2002-2004) in line with the market:
- term deposits down by 26 %
  - construction savings up by 60 %
  - current accounts up by 29 %

# Retail Deposits Continued to Transfer to Mutual Funds



Notes: \*) Due to customers (excluding Bills of Exchange)

\*\*) Corporate deposits do not include depository Bills of Exchange and obligations to banks; (as at 31.12.2004 - depository B/E CZK 9bn, obligations to banks CZK 6.5bn; as at 31.12.2003 - depository B/E CZK 2.1bn, obligations to banks CZK 0bn). Decrease was caused partially by transfer of deposit into Depository B/E and partially by volatile clients who's deposits fluctuate up and down in time.

\*\*\*) Mostly historic portfolio

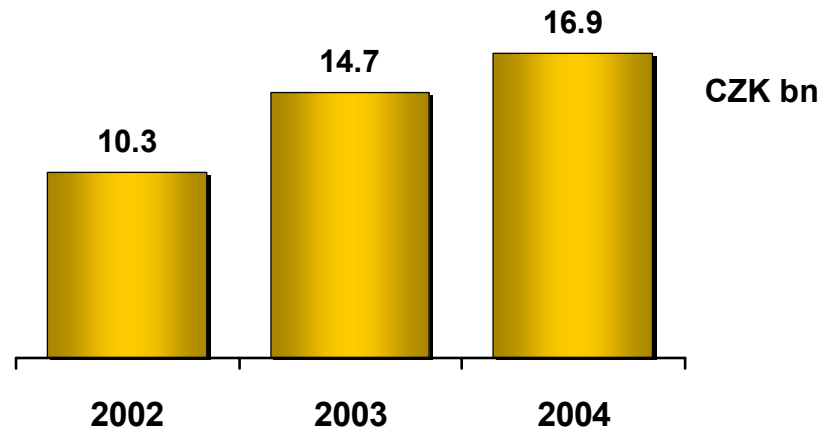
# Retail Sales of Funds (CR)

## Individuals Invested Almost CZK 17bn in ČSOB/KBC Funds



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

ČSOB YoY sales growth: + 15 %



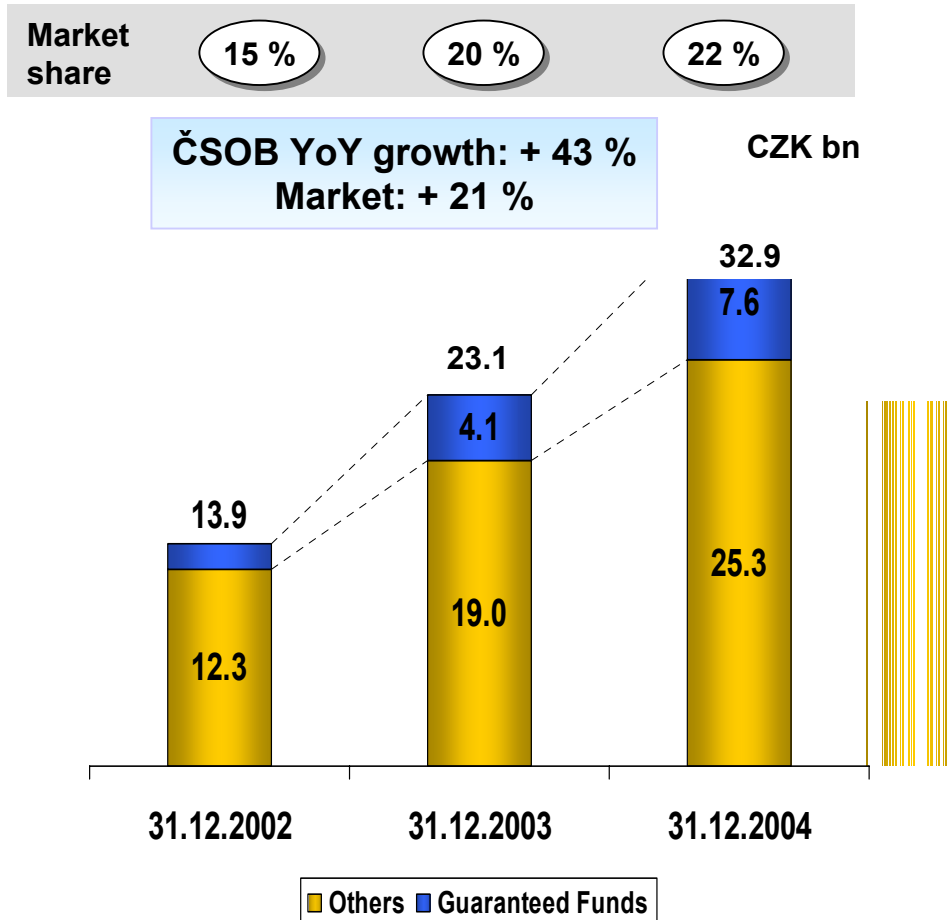
- ❑ ČSOB continued to successfully launch new capital guaranteed funds (CGF) in the Czech market
- ❑ Sales of CGF grew by 60 % YoY, they represent nearly 25 % of sales
- ❑ ČSOB market leader in the offer of various mutual funds - altogether 128 ČSOB/KBC funds

Note: \*) without ex-privatisation funds

# Assets in Funds Grew Almost Twice Faster than Czech Market



## RETAIL CLIENTS' ASSETS IN MUTUAL FUNDS\*



- ❑ Market position of ČSOB further strengthened (22% market share compared to 15 % in 2002)
- ❑ Leading market position in CGF (69 % of the market)

Note: \*) without ex-privatisation funds

# Positive Results in Bancassurance

## Focus on Life Insurance



### NEWLY CONCLUDED CONTRACTS

Number of contracts in ths	2003	2004	Change in %
Life insurance	15.1	6.1	- 58
Payment card insurance	31.2	54.9	+ 76
Consumer credit insurance	52.9	67.3	+ 27
Travel insurance	71.0	76.4	+ 8
Travel insurance for cards	55.9	63.7	+ 14

incl. 8 706 subsidised contracts of ČSOB's employees

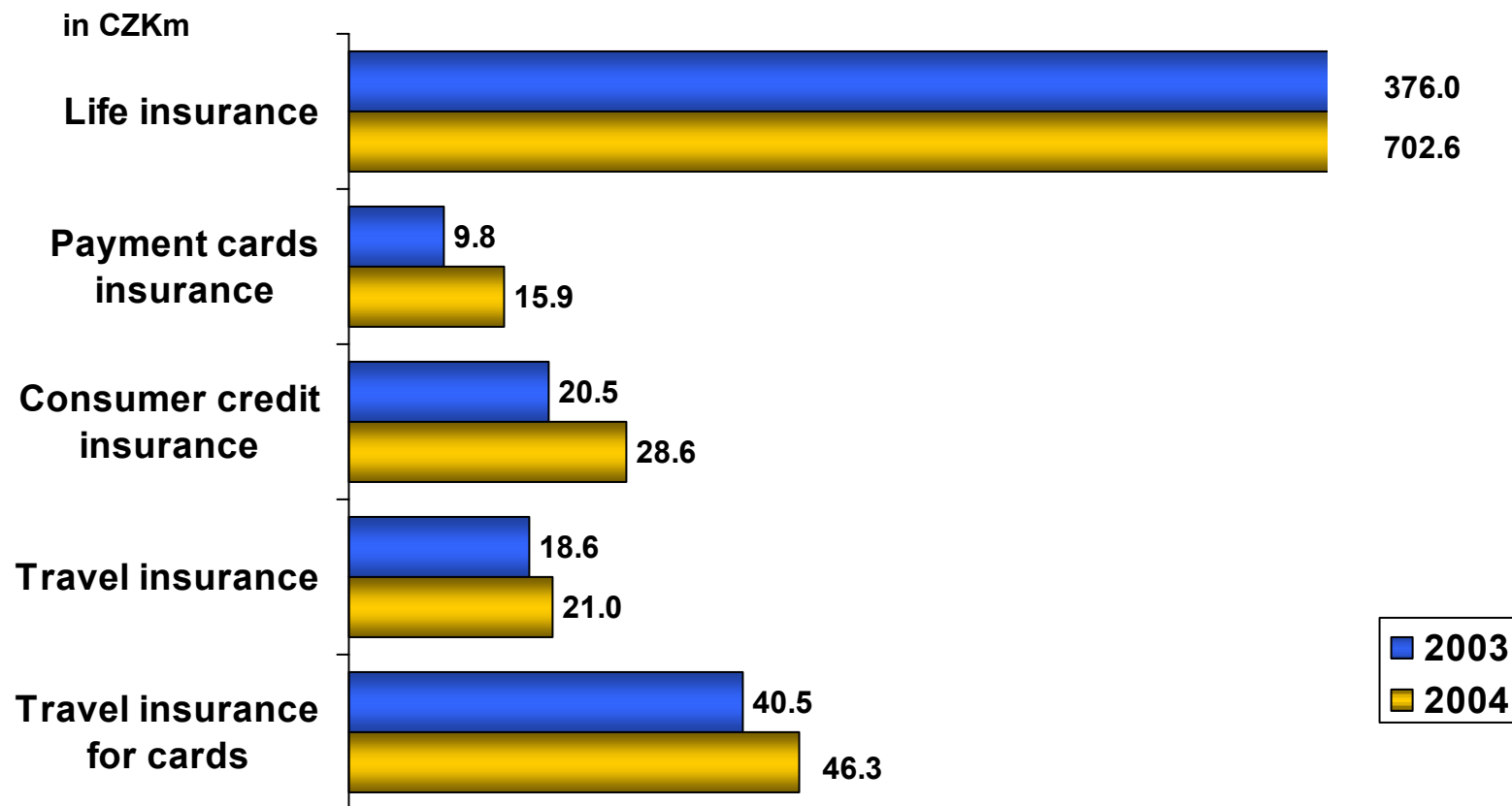
- ČSOB Life insurance**
  - Unit Linked single premium product (insurance + investment in CGF) – 2.5 ths contracts concluded in 2004
- Successful introduction of insurance products „linked“ to banking products**
  - mortgage property insurance – written premium almost CZK 3m in 2004
  - mortgage loans insurance (life cover)
- Deepening cooperation of insurance agents with SME bankers – start of integration of the bank branch & insurance agency distribution networks**



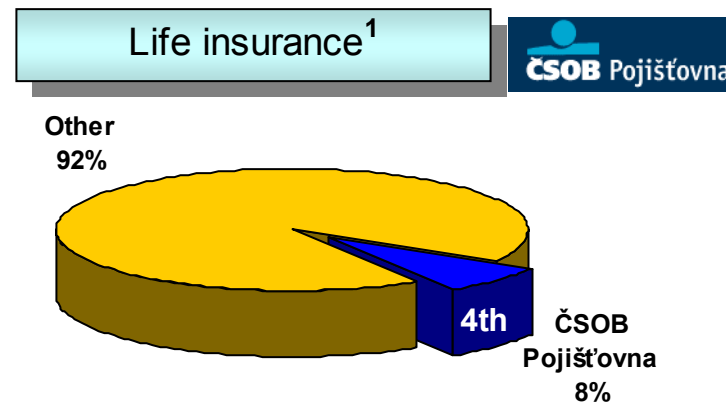
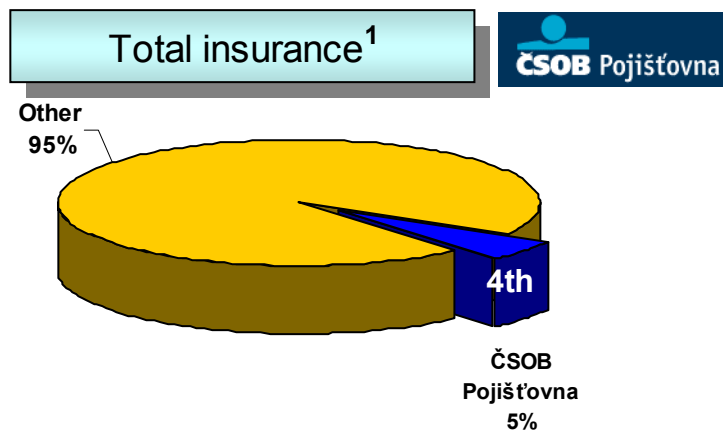
# Fast Growth in Insurance Premiums – in Life Insurance Up by Almost 100 %



## INSURANCE PREMIUMS



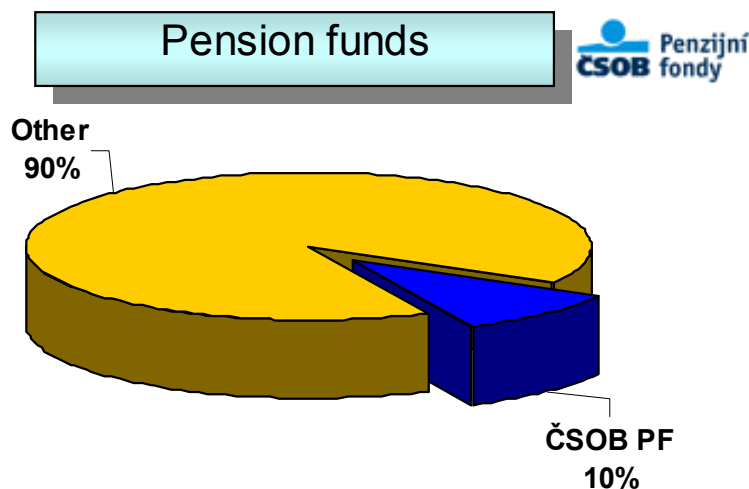
# Strong Position also in Life Insurance



**Total written insurance premium in 2004: CZK 6.0bn  
out of which life insurance: CZK 3.4bn**

Note: 1) according to volume of written premiums in 2004 (preliminary results)

# ČSOB Pension Funds the Most Successful in the Market



- ❑ Pension funds **Stabilita** and **Progres** achieved the largest appreciation of clients funds among all 11 pension funds:
  - Pension fund **Progres** more than 5 %
  - Pension fund **Stabilita** more than 4 %

*Note: According to volume of client funds in ČSOB PF Stabilita and ČSOB PF Progres as at 31 December 2004*

# Cross-Selling

## Results Reflect Great Attention Given to Making Use of Distribution Synergies



### CONTRACTS SOLD IN ČSOB BANKING NETWORK

	2003	2004
Insurance (ČSOB Pojišťovna)	172,539	202,907
Pension insurance (ČSOB pension funds)	12,126	14,073
Building savings (ČMSS)*	34,284	12,210

Note: \*) in 2004 only contracts fully executed by ČSOB, not referrals to dealers

## TOTAL NUMBER OF PRODUCTS SOLD PER CUSTOMER

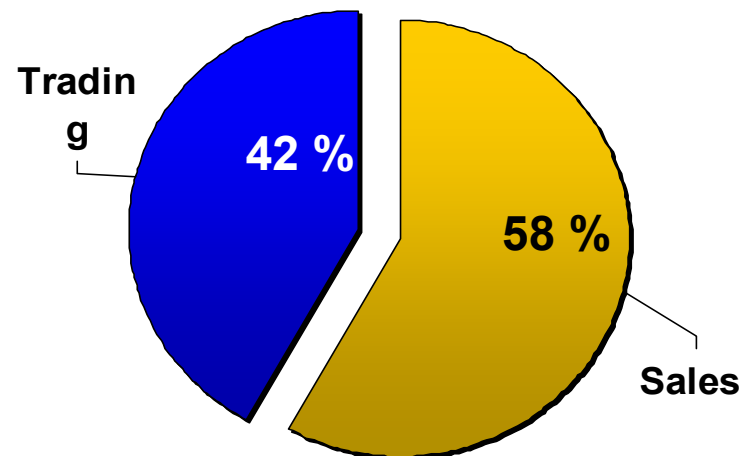
	30.6.2004	30.9.2004	31.12.2004
Retail	3.24	3.32	3.42
SME	2.64	2.72	2.79
Retail + SME combined	3.12	3.21	3.30

### Local Interbank Ranking by Turnover ( 2004)

SPOT FX	22 %
FX OPTIONS	22 %
FORWARD FX	26 %
CASH PRODUCTS	19 %
CAPITAL MARKETS	29 %
PRIMARY ISSUES	46 %

- ❑ Daily turnover around CZK 80 bn (EUR 2.5 bn)
- ❑ Approximately 1.000 deals per day

### Revenue structure



- ❑ Growing volumes and revenues on the YoY basis both on the trading and sales side.
- ❑ The importance of client sales for the financial market profits is growing in accordance with the bank's strategy (58% share in total revenues compared to 44 % in 2002).

Note.: \*) Corporate+SME Sales, Institutional Sales, Primary Issues, Futures, Sales SR

# ČSOB Financial Markets

## Very Good Performance in Sales and Trading



### SALES

- ❑ Sharp increase of the total number of clients served, mainly in SMEs (+90%) thanks to the implementation of new electronic trading channels.
- ❑ Further improved sales of the derivative FX and interest rate hedging instruments, including interest rate options.
- ❑ Strong position in sales to institutional clients confirmed.

### TRADING

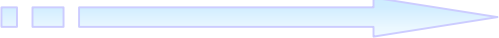
- ❑ Successful year on the capital markets and in the long-term IR trading despite difficult trading environment.
- ❑ Very good performance in forex operations - ČSOB was prized as the best local foreign exchange bank in 2004 according to the Global Finance magazine - thanks to increased client flows (volumes up 12% y-o-y), appropriately chosen trading strategy and very good relations with most foreign banks and investment houses using ČSOB as main bank for executing their business deals.

## Main contributors to income

### Corporate lending

- ❑ New long-term loans of **CZK 21.2 bn** to corporate clients in 2004

### Domestic and foreign payments

- ❑ Almost **40 million payments** executed for corporate clients in 2004
- ❑ Share of fully automated foreign transactions increased rapidly **50% in 2003**  **76% in 2004**

### FX Transactions

- ❑ Over **9 300 FX spot transactions** totalling **CZK 52 bn** executed for corporate clients in 2H04.

### Bank guarantees

- ❑ Volume: **CZK 6.5 bn** in 2003  **CZK 10.1 bn** in 2004 (YoY growth of 55%)



# Changes in Corporate and Institutional Banking Enabled Comprehensive Focus on Customers



*New business areas  
successfully entered  
by corporate  
segment*

## Real estate finance

- ❑ Pilot deals carried out in co-operation with KBC – Technologický park Brno.

## Acquisition finance

- ❑ E.g. acquisition of **Sokolovská uhelná** with a mezzanine debt financed solely by ČSOB / KBC, acquisition of **Pražská energetika**.

## EU funds (EU Centre established)

- ❑ **CSOB Program Klastry** - developed by EU Centre and covering advisory and financing for clusters.

# Slovakia

## Significant Growth in Profitability




**2004 Net Profit  
(IFRS)**


  
**SKK  
up 3.2 times 421m**

**Fast YoY growth in Retail/SME lending:  
(using network of 78 branches)**


**Mortgages**

  
**up 106 % SKK  
1.4bn**

**Consumer loans**


  
**up 27 % SKK  
1.9bn**

**SME loans**


  
**up 39 % SKK  
3.7bn**

**Dynamic development in mutual funds  
supported by new ČSOB AM comp. in SR:**

**Sales of  
funds (net)**

  
**up 47 % SKK  
2.4bn**

**Market share  
in funds sales**

  
**up from 6 % to 8%**

**Corporate lending:**

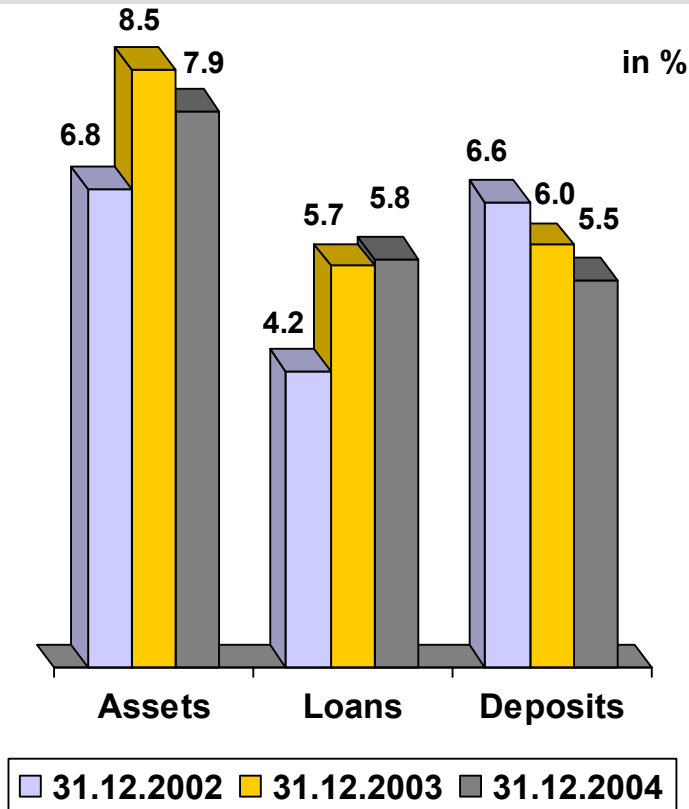
- strengthening position in syndicated loans
- acquiring foreign investors as clients

# Market Position in Slovakia

## Fast Growth of Loan Portfolio



### MARKET SHARE IN SLOVAKIA



Loans

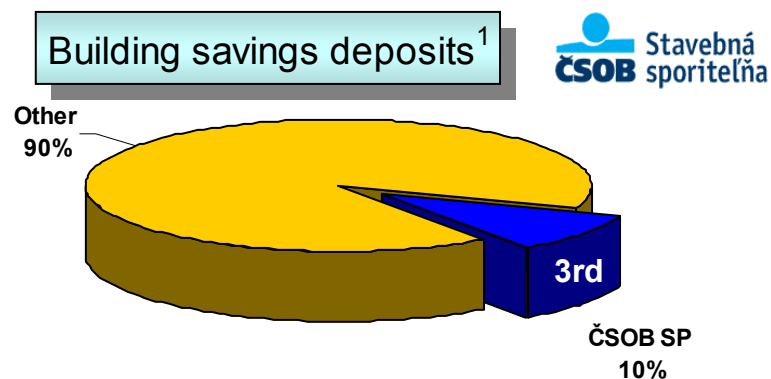
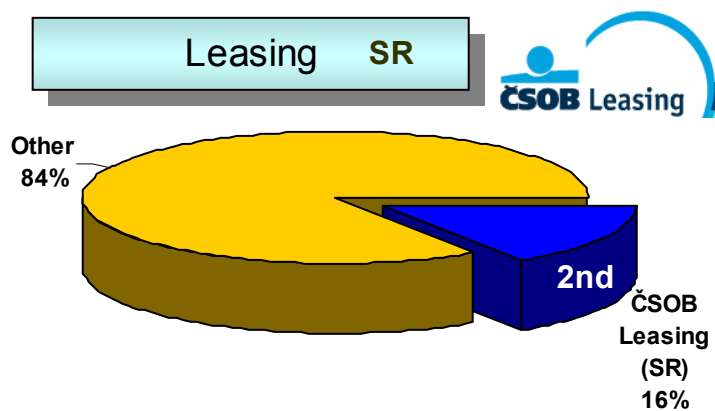
Continuing strengthening of market position, 16% growth in 2004 (market + 14 %)

Deposits

Negative impact of transfer of deposits to depository B/E, mortgage bonds and mutual funds

2<sup>nd</sup> issue of mortgage bonds in Slovakia in the amount of SKK 700m

# Good Market Position of ČSOB Group at the Slovak Financial Marketplace



Note: 1) according to volume as at 30 September 2004

2004 Highlights – Business Perspective

2004 Performance - Financial Perspective

Results of Selected Business Activities



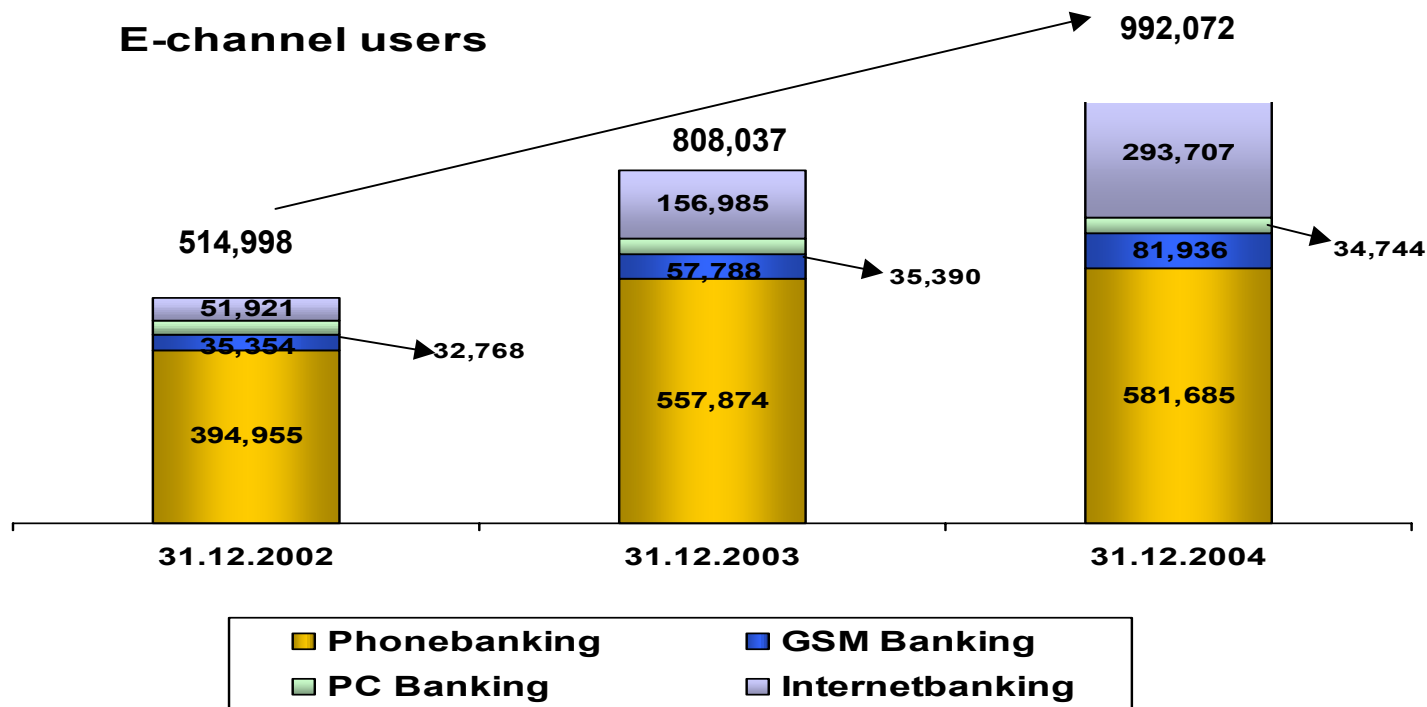
Direct Banking & Electronic Operations

Strategy

Appendix

# Direct Banking Penetration

## Number of E-Channel Users Grew by 25 % YoY



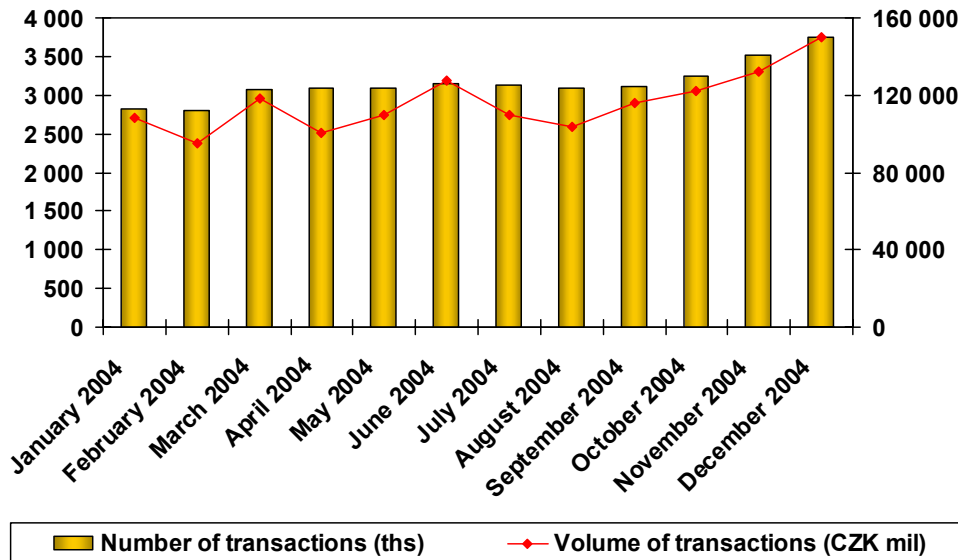
	2003		2004	
	CR	SR	CR	SR
Phonebanking	503,949	53,925	516,912	64,773
GSM Banking	57,465	323	80,713	1,223
PC banking	33,322	2,068	32,931	1,813
Internetbanking	156,985	25,837	249,434	44,273
<b>Total</b>	<b>751,721</b>	<b>378,993</b>	<b>879,990</b>	<b>112,082</b>

# Direct Banking Transactions - CR



**64 % domestic payment orders via direct channels in CR (2004)**

Number and volume of transactions - domestic payments



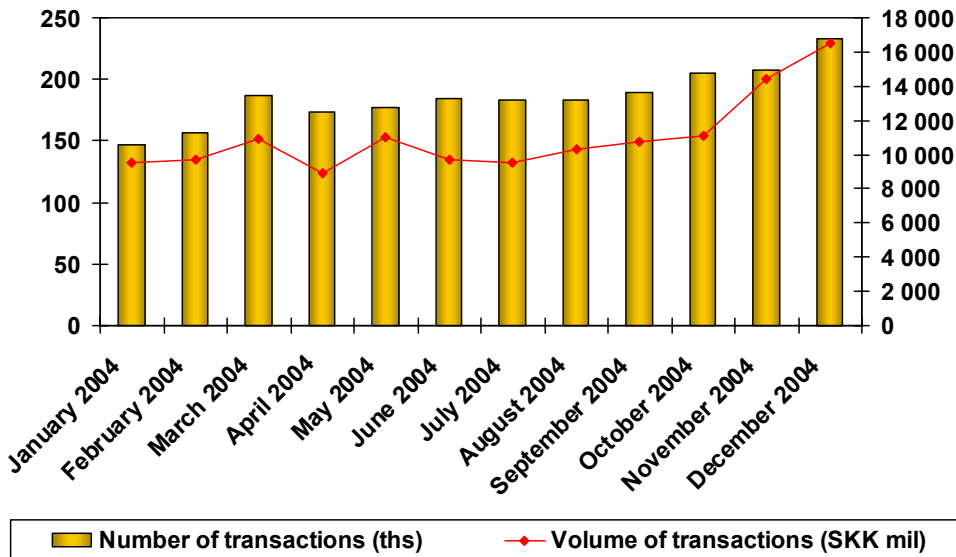
- Majority of domestic payment orders submitted via direct channels in 2004.
- Customers made 37.9 mil. domestic payments amounting to in total CZK 1.4bn via direct channels in 2004.

# Direct Banking Transactions - SR



48 % domestic payment orders via direct channels in SR (2004)

Number and volume of transactions - domestic payments



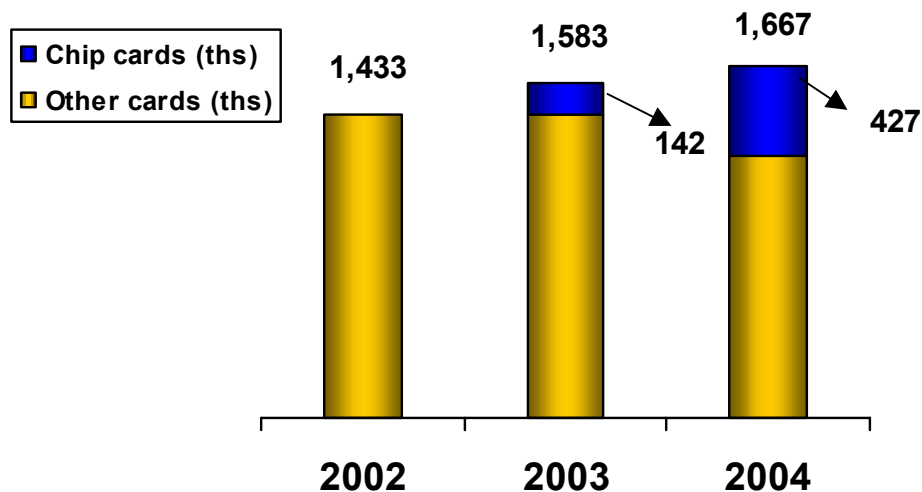
- Nearly 50% of domestic payment orders submitted via direct channels in 2004.
- Customers made 2.2 mil. domestic payments amounting in total amount to SKK 132m via direct channels in 2004.



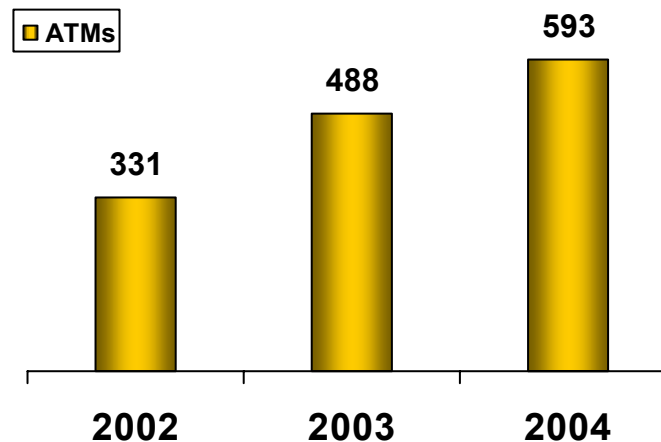
# Card Business Development, Expansion in ATM's



Number of payment cards issued (in ths)



Number of ATMs



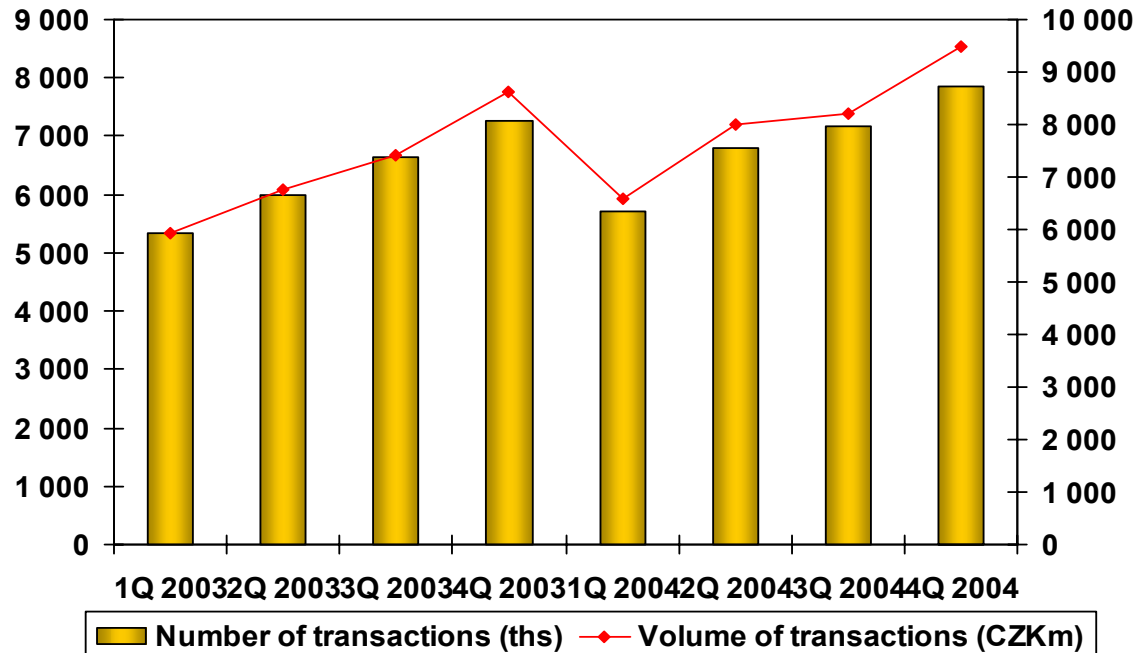
	2002		2003		2004	
	CR	SR	CR	SR	CR	SR
<b>Cards issued</b>	1,350	83	1,479	105	1,552	115
<b>ATM</b>	272	59	403	85	487	106

- ❑ ČSOB the second biggest issuer of payment cards in CR
- ❑ Number of credit cards issued in CR: 21,500 pcs.
- ❑ Expansion of ATM network continued, number of ATMs increased by 22 % in 2004 (CR and SR)

# Transactions Through Payment Terminals Expanded YoY by 12 %



Transactions via payment cards in CR -  
numbers and volumes



- Seasonal effects on the development of transactions via payment cards on payment terminals (holidays, Christmas etc.)
- In 2004 volume of transactions up by 12 % compared to 2003.
- ČSOB the largest operator of on-line payment terminals used by merchants

31.12.2003: 8,667

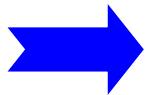
31.12. 2004: 8,942

2004 Highlights – Business Perspective

2004 Performance - Financial Perspective

Results of Selected Business Activities

Direct Banking & Electronic Operations



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Appendix

# Strategy of the ČSOB Group

## STRATEGIC GOALS

- **Sustainable winning:** ČSOB to continuously improve its leading position on the Czech financial market
- **Significantly improve its position in Slovakia**

Therefore we will focus on:

- *providing bank-insurance services to individuals and small and medium-sized enterprises in both markets*
- *maintaining our current strong position in the segment of corporate customers as well as in the area of financial market services*

# Business Direction of the ČSOB Group

## CORE BUSINESS INTENTION

To provide bank-insurance services to individuals and to serve entrepreneurs, small and medium-sized enterprises, municipalities, large corporate clients and non-banking financial institutions.

## HOW TO GET THERE

- Continue to build upon successful brand approach (ČSOB and Postal Savings Bank) and extensively develop multi-channel way of service in both Czech and Slovak markets.
- Stress concept of Value Creation Chain and continuously adjust the organizational structure to better reflect individual needs of respective businesses.
- Further improve the quality of client relationship management.
- Build upon successful wealth management, where ČSOB currently holds a leading position in the sales of mutual funds in the Czech Republic.
- Increase significantly the market shares in lending products, esp. for the SME segment and mortgages

## UNITED FAMILY

**United Family** - creates value through cross-selling & use of distribution synergies across ČSOB Group. United Family concept also implements cost saving processes and creates efficiency gains from increased group-level synergies.

## COST OUT INITIATIVE

**Cost-out initiative** assesses areas of potential cost-savings across the ČSOB Group, exploits them and introduces active cost management.

## NEW HEADQUARTERS

**New headquarters building** (to be opened in early 2007) plays a very important role in cost reduction process as it will significantly downsize ČSOB's facility management expenses.

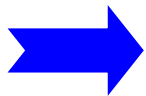
2004 Highlights – Business Perspective

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Appendix

# Market shares of Subsidiaries



	31.12.03	31.12.04
HB *) & ČSOB (mortgages) <sup>1)</sup>	24.0%	21.7%
ČMSS (loans) <sup>1)</sup>	39.6%	42.7%
ČMSS (deposits) <sup>1)</sup>	35.0%	36.0%
ČSOB SP SR (deposits) <sup>1;4)</sup>	9.0%	9.8%
ČSOB Leasing <sup>2)</sup>	13.8%	13.6%
ČSOB Leasing SR <sup>2)</sup>	15.2%	15.9%
ČSOB Asset Management <sup>1)</sup>	22.0%	23.7%
ČSOB IS (mutual funds) <sup>1;3)</sup>	20.0%	21.7%
ČSOB Pojišťovna <sup>2)</sup>	5.8%	5.4%
ČSOB pension funds <sup>1)</sup>	10.2%	9.8%
O.B. HELLER <sup>2)</sup>	23.8%	19.7%
OB HELLER Factoring SR <sup>2)</sup>	32.8%	17.5%

Note: 1) according to outstanding volume as at the end of period

2) according to volume of new business

3) institutional and ex-privatization funds excluded

4) according to volume as at September 30th, 2004

\*) formerly ČMHB

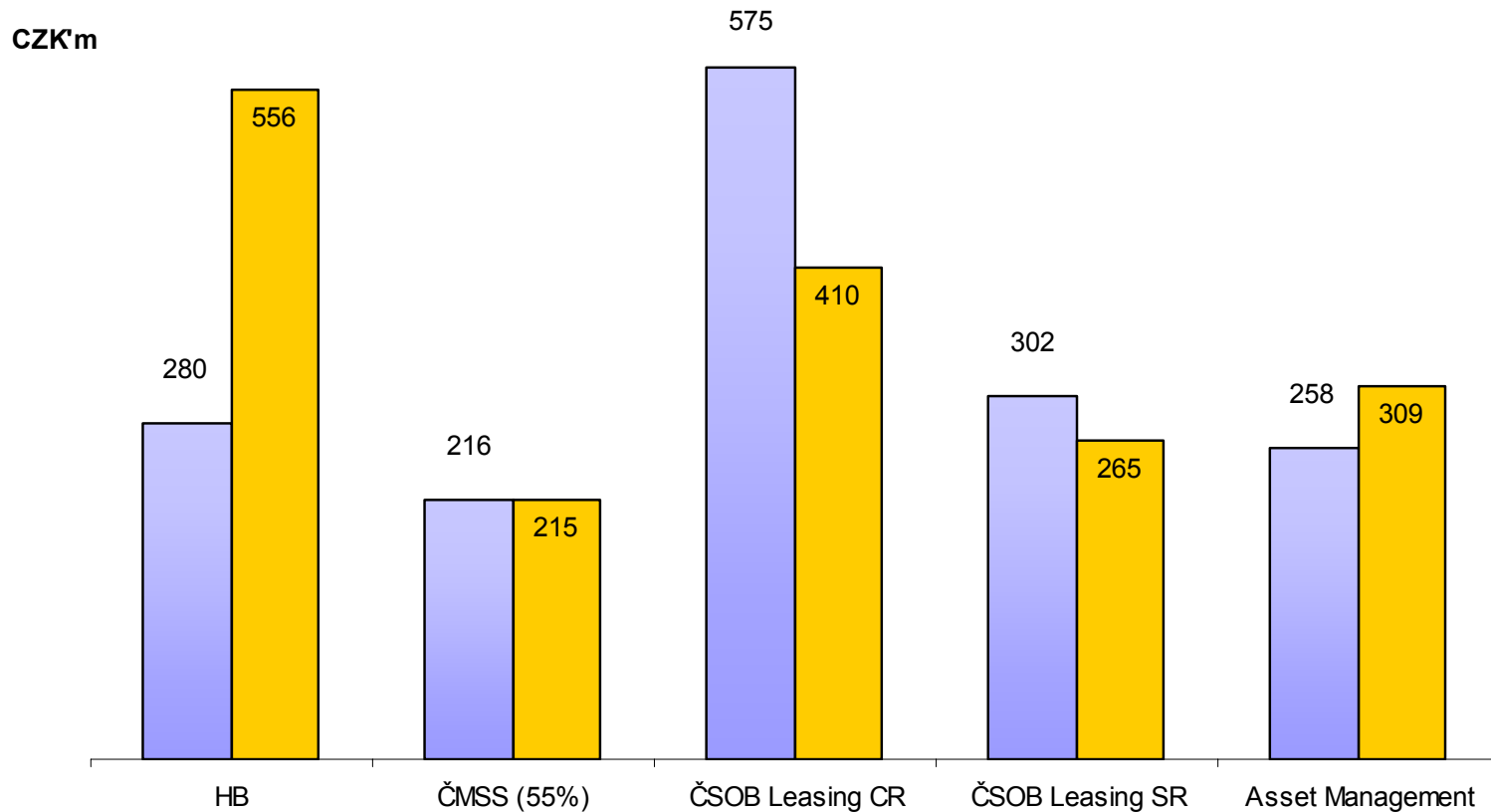


# Operating Profit of Given Group Subsidiaries

## Cumulative volume represents 21% of the Group Total Operating Profit



GROUP MAIN SUBSIDIARIES' OPERATING PROFIT EVOLUTION

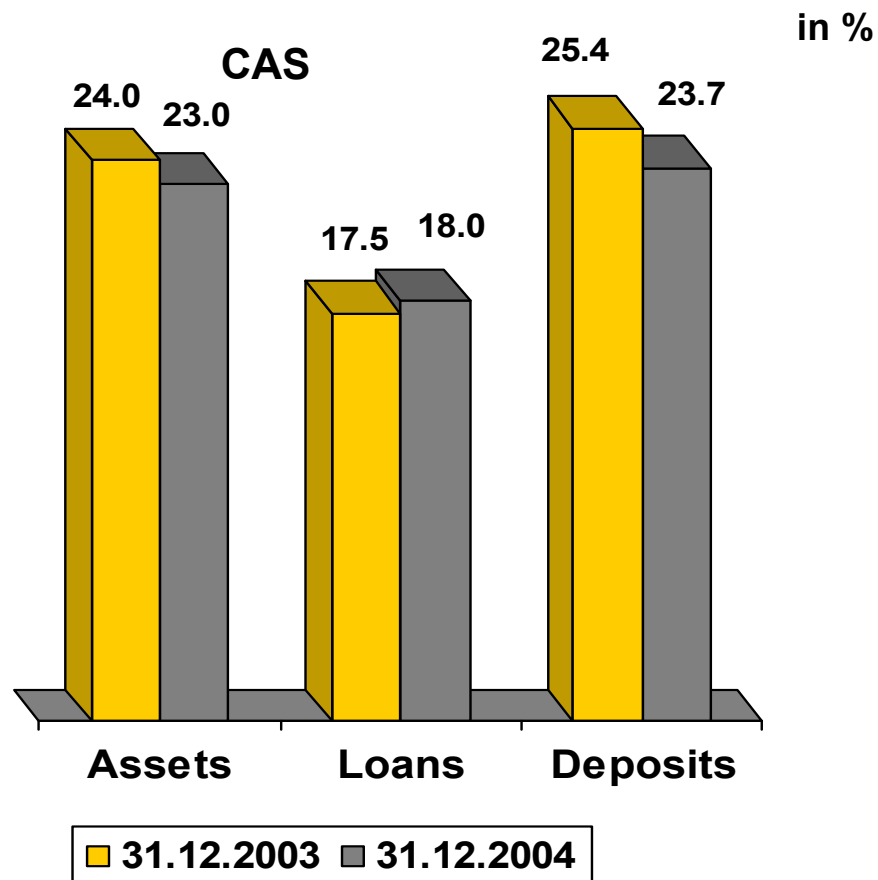


Operating profit of Group subsidiaries in total: CZK 2.0bn in 2004

■ 2003

■ 2004

## MARKET SHARE IN THE CZECH REPUBLIC – BANK \*



Note: \*) including HB and ČMSS (100 %)

Source: CNB statements

# Fee Income structure

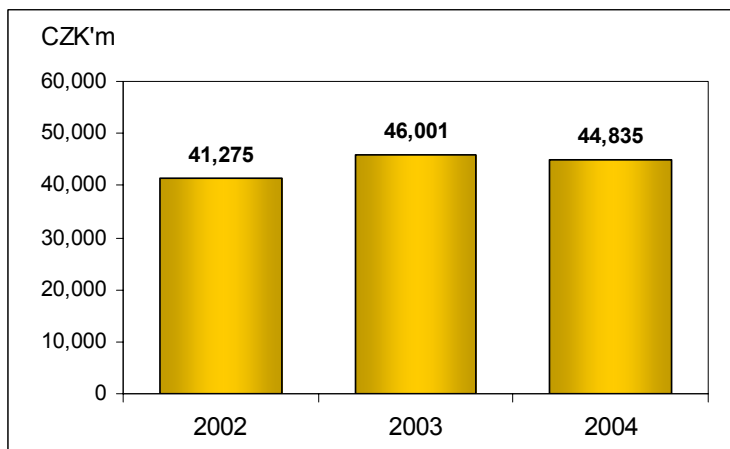
CZK'm	2003	2004	Change
Account fees and domestic payments	2,261	2,314	2%
Foreign payments	878	834	-5%
Loan fees	346	399	15%
Payment card & E-banking fees	684	820	20%
Sale of mutual funds (Asset Mngmnt)	201	257	28%
Other (Bank)	763	824	8%
HB (formerly ČMHB)	160	196	23%
ČMSS	437	379	-13%
ČSOB AM	439	397	-10%
Other (subsidiaries)	146	63	-57%
Eliminations	0	174	--
<b>Fees total</b>	<b>6,314</b>	<b>6,658</b>	<b>5%</b>

# Financial Highlights

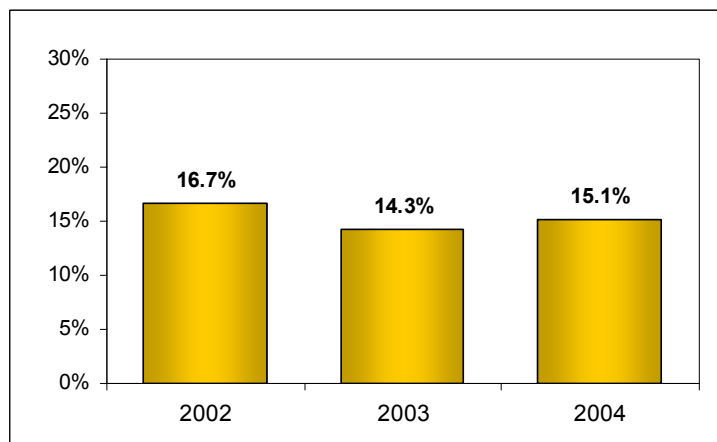
## Ratios



### SHAREHOLDERS' EQUITY\* (CZK'm)

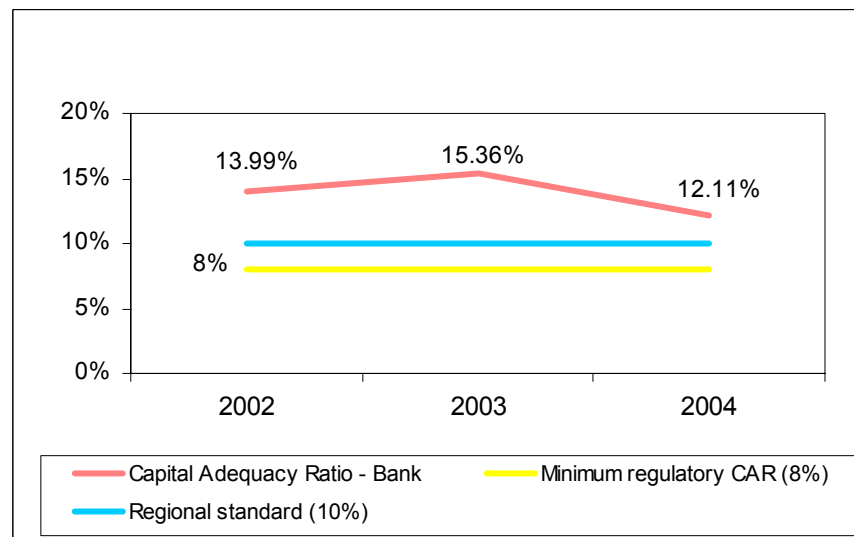


### RETURN ON EQUITY (ROAE)



Note: \* capital optimization in 2004 (dividends pay-out)

### CAPITAL ADEQUACY RATIO - BANK



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



CZK bn	31.12.2003	31.12.2004	Change in %
<b>Historical exposure</b>	<b>24.1</b>	<b>22.7</b>	<b>- 6</b>
of which:			
- MF CR (SI)	21.7	21.3	- 2
- other	2.4	1.4	- 42
Write-offs (during the year)	-	1.4	-
<b>Current exposure</b>	<b>215.5</b>	<b>232.1</b>	<b>+ 8</b>
Write-offs (during the year)	0.4	1.8	+350
<b>Total loan portfolio*</b>	<b>239.6</b>	<b>254.8</b>	<b>+ 6</b>
Write-offs (during the year)	0.4	3.2	+ 700

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

❑ Current exposure increased by 8 % and forms 91 % of total loan portfolio.

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

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

CZK bn	31.12.2003	% of loans	31.12.2004	% of loans
<b>Standard (A-C)</b>	<b>179.6</b>	<b>74.9</b>	<b>197.9</b>	<b>77.7</b>
<b>Classified:</b>	38.3	16.0	35.6	14.0
- Watch (D)	23.2	9.7	24.5	9.6
- Sub-standard (E)	5.8	2.4	5.9	2.3
- Doubtful (F)	2.7	1.1	2	0.8
- Loss (G)	6.6	2.8	3.2	1.3
MF CR (SI)	21.7	9.1	21.3	8.3
CI	-	-	-	-
<b>Total loan portfolio*</b>	<b>239.6</b>	<b>100.0</b>	<b>254.8</b>	<b>100.0</b>

Quality of loan portfolio further increased, standard loans represent 78 % of the loan portfolio.

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

# Basic Information on ČSOB Bank



	31.12.2003		31.12.2004	
	ČR	SR	ČR	SR
<b>Branches <sup>1)</sup></b>	208	73	210	81
<b>ATMs</b>	403	85	487	106
<b>Payment cards (ths)</b>	1,479	105	1,552	115
<b>Electronic banking users (ths)</b>	752	56	880	112
<b>Employees (FTE)</b>	7,300	1,300	7,100	1,300
<b>Customers (ths)</b>	3,038	188	3,041	185

Note: 1) Excluding outlets of Česká Pošta (Czech Post Office): 3,366 as at 31.12.2004, incl. corporate branches

# ČSOB Ratings Upgraded



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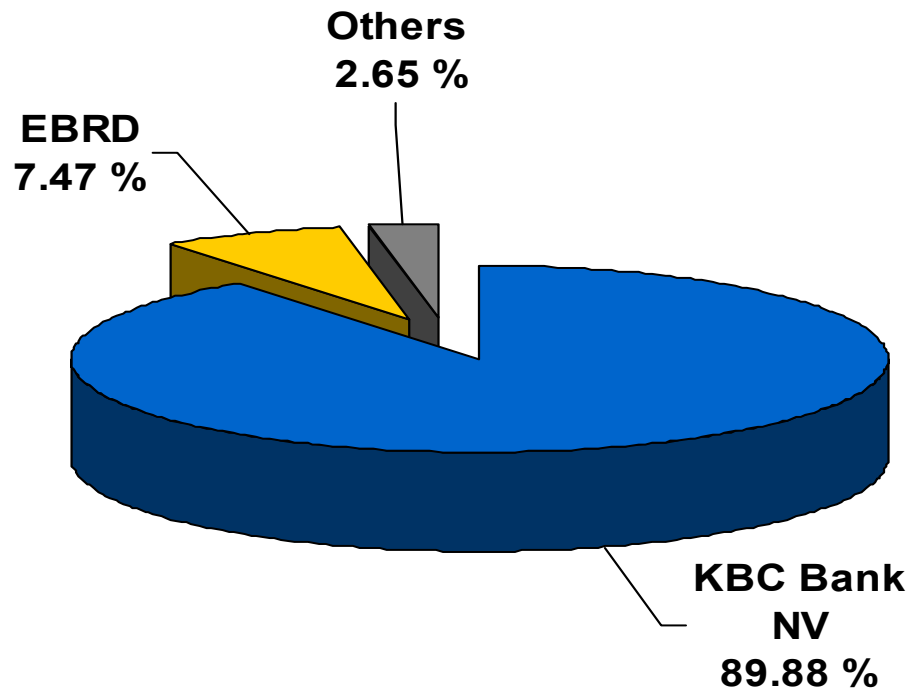
<b>Moody's</b>	<i>Long-term:</i>	A1	<i>Short-term.:</i>	Prime-1	<i>Financial strength:</i>	C-		
<b>Standard &amp; Poor's</b>	<i>Long-term:</i>	BBB+	<i>Short-term.:</i>	A-2				
<b>Fitch</b>	<i>Long-term:</i>	A+	<i>Short-term:</i>	F1	<i>Individual:</i>	C	<i>Support:</i>	1
<b>Capital Intelligence</b>	<i>Long-term:</i>	BBB	<i>Short-term:</i>	A3	<i>Financial strength:</i>	BBB+	<i>Support:</i>	2

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- ❑ In April 2004 Fitch upgraded ČSOB's long-term rating by two notches and short-term rating by one. In August 2004 Standard & Poor's upgraded ČSOB's long-term rating. In January 2005 Capital Intelligence upgraded ČSOB's long-term and short-term ratings.
- ❑ ČSOB's long-term ratings from Fitch, Moody's and Capital Intelligence are at the same level as the country ceiling, i.e. the highest possible, rating from S&P is one notch below the sovereign level. The ratings reflect ČSOB's traditionally cautious approach to risk management along with KBC's support, ČSOB's strong market position and its financial profile.



# Shareholders Structure as at 31. 12. 2004



**Registered capital = CZK 5,105 million**

ČSOB

Communication and Investor Relations

Internet: [www.csob.cz](http://www.csob.cz)

Adresa: Na Příkopě 14  
115 20 Praha 1

Milan Tománek

Executive Director

Tel.: 261 351 003

e-mail: [mtomanek@csob.cz](mailto:mtomanek@csob.cz)

Pavel Hejzlar

Senior Manager

Communications

Tel.: 261 351 020

e-mail: [phejzlar@csob.cz](mailto:phejzlar@csob.cz)

Věra Svobodová

Senior Manager

Investor Relations

Tel.: 261 354 244

e-mail: [vsvobodova@csob.cz](mailto:vsvobodova@csob.cz)

Eva Čulíková

Investor Relations

Tel.: 261 354 248

e-mail: [eculikova@csob.cz](mailto:eculikova@csob.cz)