

# 2005 ČSOB Group Results

IFRS Audited Consolidated  
21 March 2006, Prague



# Contents

## Summary Presentation

2005 Highlights

Financial Highlights

Business Highlights

## Financial Results

## Results of Business Activities

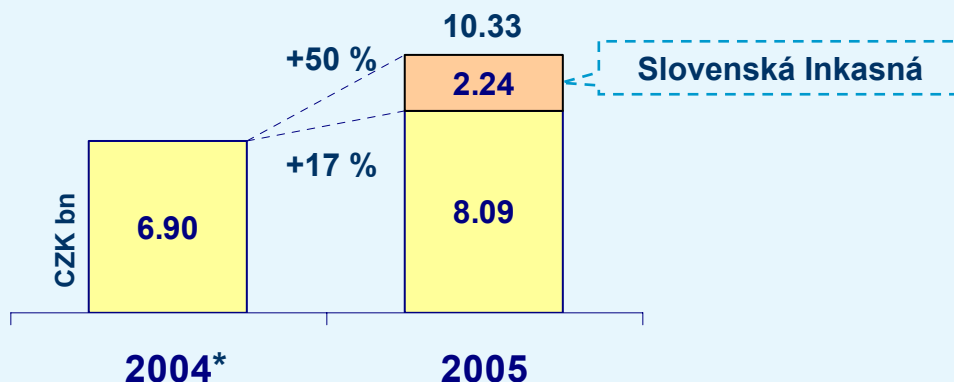
## Quality of Credit Portfolio

## Other Information



# Net Profit and Financial Ratios

We grew our net profit more than our peers



The 1Q 2005 results were influenced by the impact of the extraordinary profit of CZK 2.24 bn (after tax). This extra profit was a result of the Slovenská inkasná arbitration reward.

## Financial ratios

	2004	2005 (incl. SI)	2005 (excl. SI)
ROAE	15.0 %	21.1 %	16.9 %
C/I Ratio	61.6 %	54.0 %	60.0 %
NIM **	2.6 %	2.4 %	2.4 %
CAR Bank	12.1 %	10.6 %	10.3 %

Business and cost management further improved our financial ratios. In severe competition we succeeded to keep the NIM reasonably high.

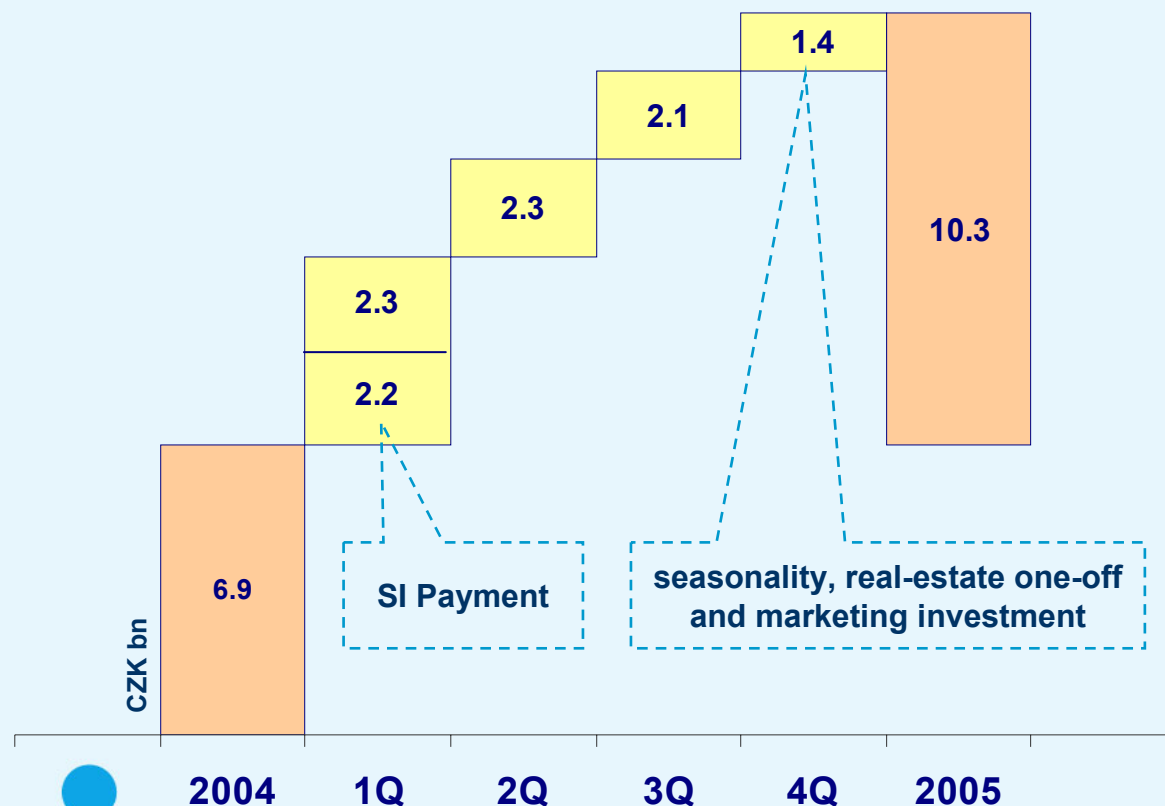


Note: \* restated due to reclassification and subsequent restatement at fair value of securities classified as originated.

\*\* NIM on interest bearing assets, excl. Financial markets

# Net Profit Development

ČSOB grew above the market



Net Profit grew by 50 % Y/Y. This is the highest growth among peers in the Czech Republic. This is so even for the 17 % growth (excl. SI).

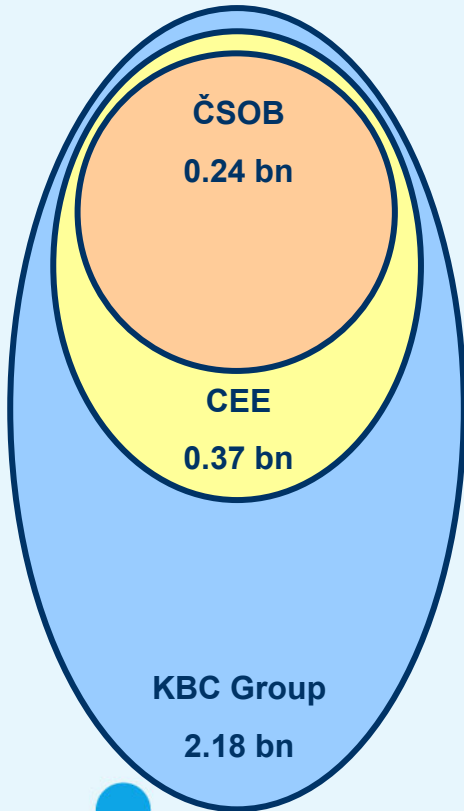
The main earnings drivers were credit businesses in corporate, SME & retail segment and growing volume of AUM.

Lower profit in Q4: due to seasonality, one-off costs related to our real-estate project, and exceptional investment in marketing.

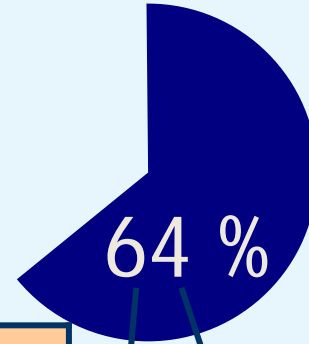


# 17% of KBC's Profit Comes from CEE

And about 64% of the CEE profit comes from ČSOB



Profit contribution  
in millions of euro:



ČR + SR	
2004	2005
162	235*

Poland	
2004	2005
25	77

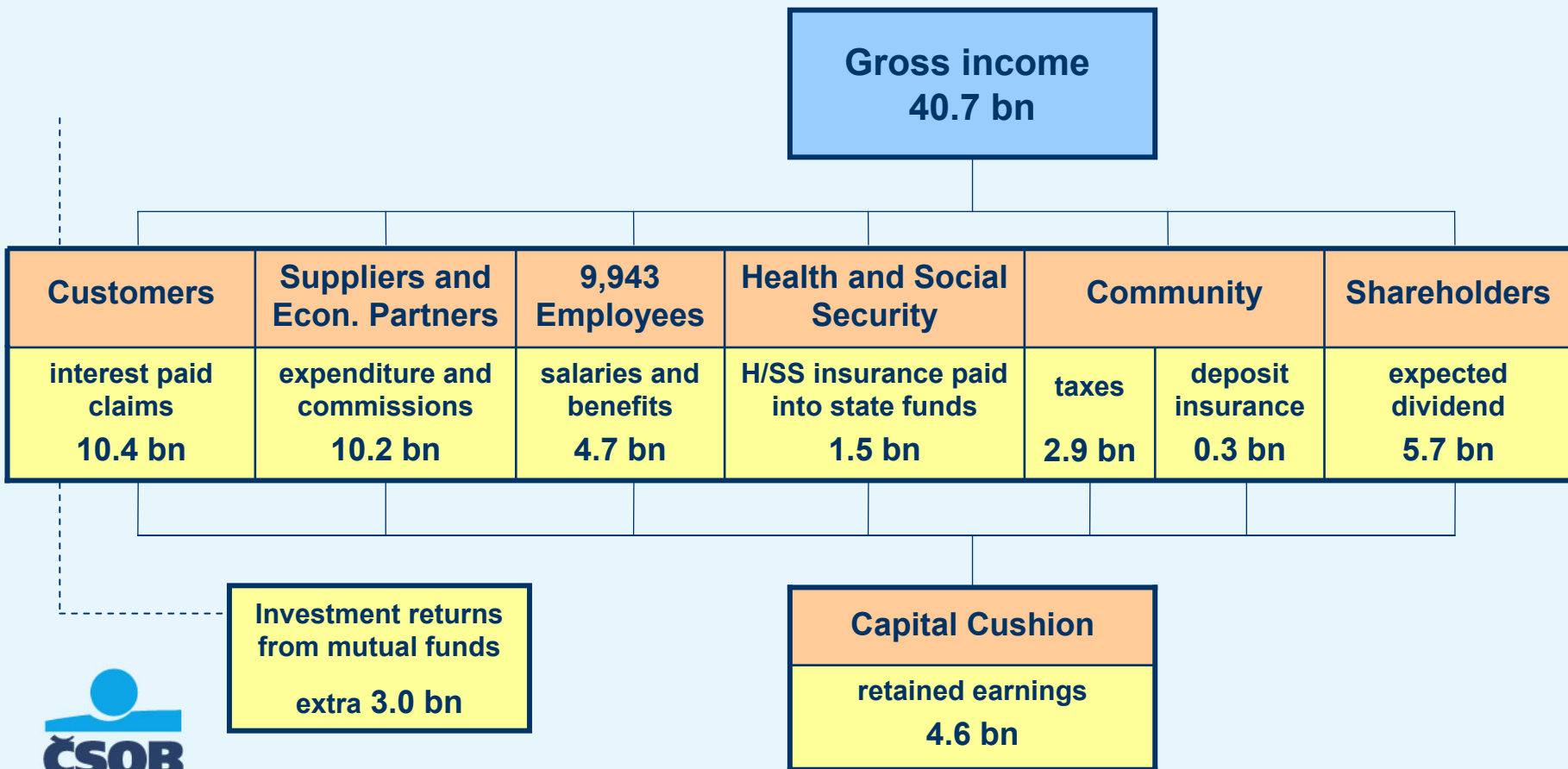
Slovenia	
2004	9M 2005
26	18

Hungary	
2004	2005
31	38

Note: \* Net of 68m Slovenská Inkasná

# Contribution to Stakeholders

Financial flows to most important stakeholders (approx. numbers in CZK)



Note: Simplified scheme

# Corporate Social Responsibility

We care about economic/social/environmental/cultural effects of our business

**Professional Business Ethics:** ČSOB shall not conclude nor implement any deal violating the law, sector practices, free competition rules, or a fair attitude. ČSOB actively prevents the legalization of proceeds deriving from criminal activities, money laundering and the financing of terrorism. ČSOB has declared its internal ban on financing arms production, arms trade and production of military technologies.

**Our Employees and their families:** ČSOB offers equal opportunities to all individuals irrespective of gender, race, religion, and views. ČSOB compensates performance and promotes personal knowledge and career development of its employees. Care for employees consists of social, health, and training programmes.

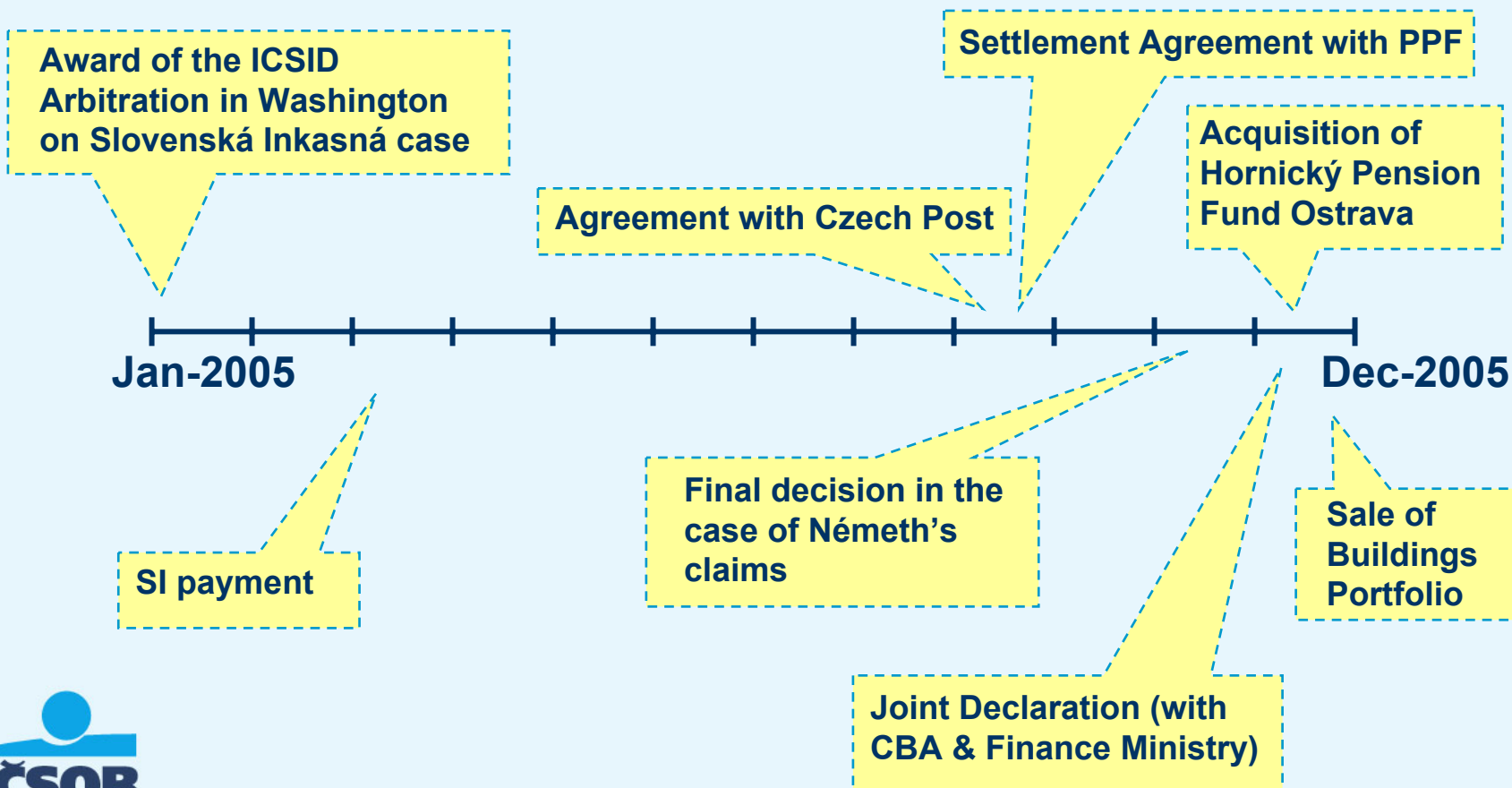
**Environment:** Our lending policy includes active environmental impact monitoring of our customers' production. Our new headquarters complies with all ecological up-to-date demands, and at the same time this project will help to relieve the city center.

**ČSOB as a good corporate citizen:** We aim at improving people's lives with up-to-date, high-quality banking services and counselling demanded by the public. Part of this continuous and never-ending endeavour lies in innovation and the development of modern technologies. The attributes along this road are simplification, accessibility (*PSB Handicap Account*), and price reduction. Also the not-for-profit sector is an indispensable component of civil society to the development of which we contribute.



# Main Events of 2005

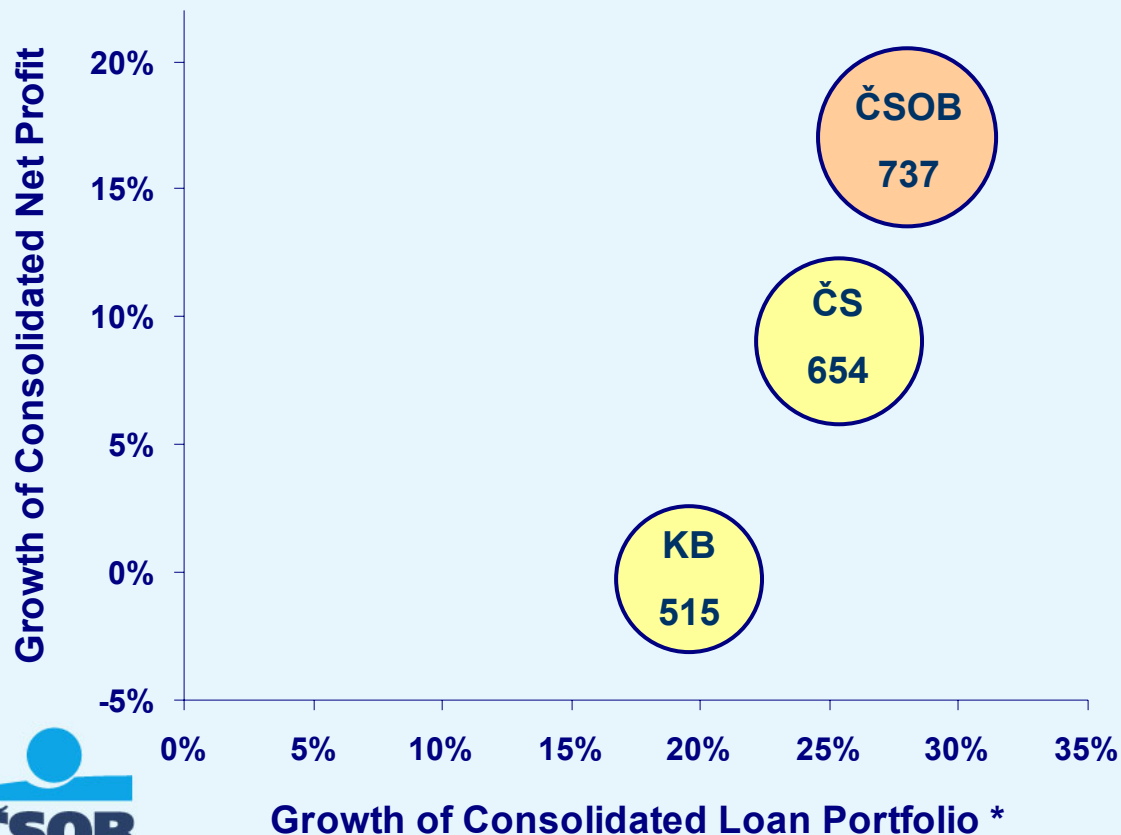
Year full of positive events





# Comparison with Our Peers

ČSOB Group as a strong player within the “Big Three”



In comparison with our peers we are not only the largest in terms of total assets but also the fastest growing in terms of net profit (excl. SI) and the volume of loan portfolio (exc. SI).

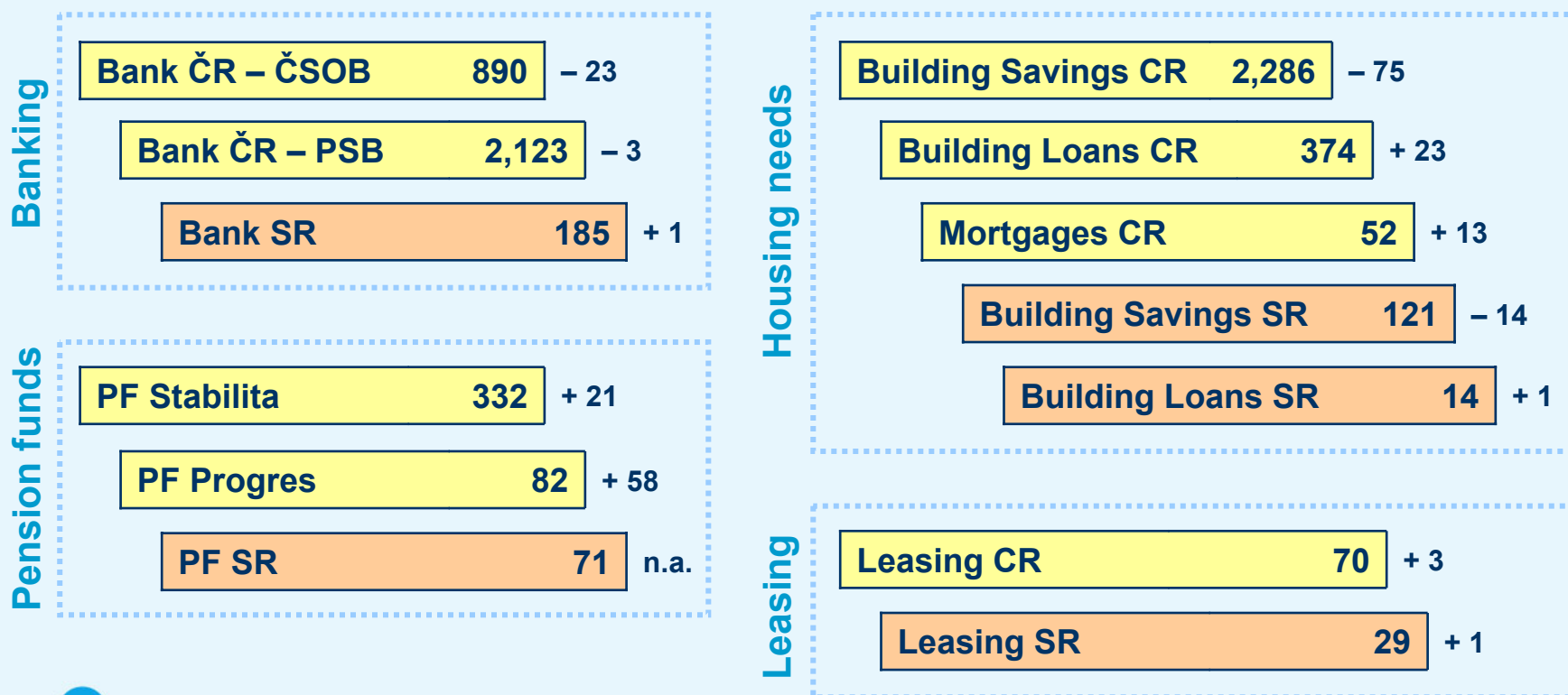
Size of the circle area represents total group assets in CZK bn.



Note: \* ČS & ČSOB w/o ČKA and Fin. Ministry.

# ČSOB Group's Client Base

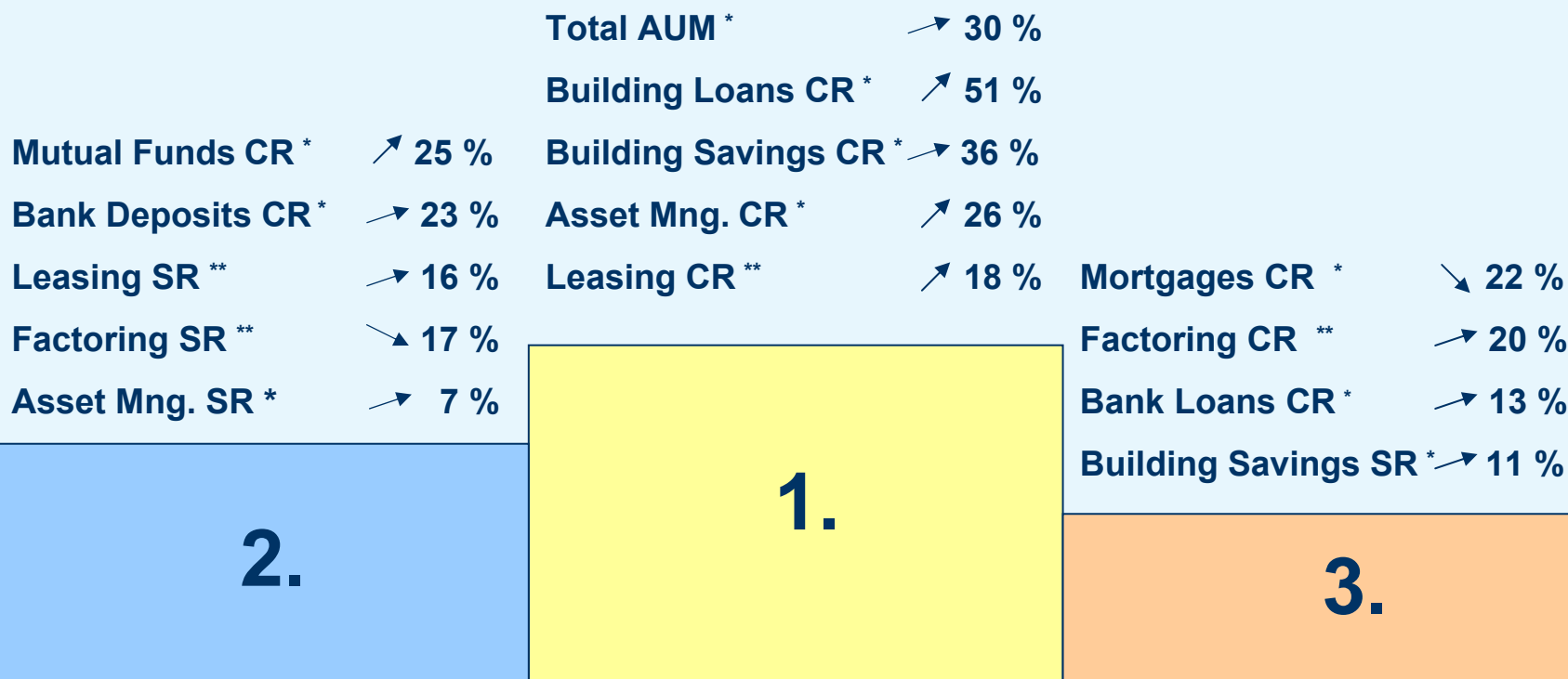
Large and ever growing number of clients: 5 million



Note: Numbers of contracts in thousands

# ČSOB Group's Market Shares

Strong across Czech and Slovak markets



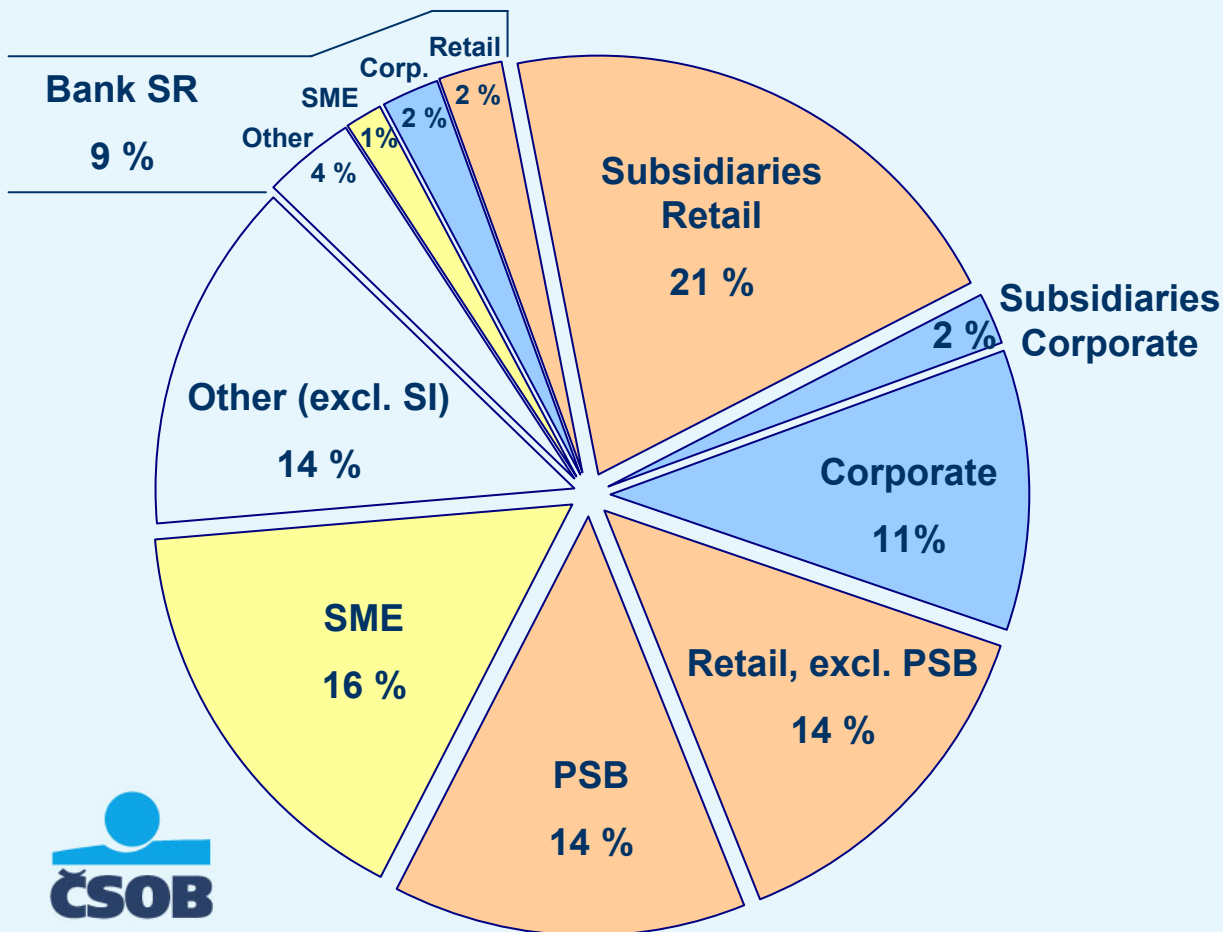
Note: \* Market share according to outstanding volume at the end of period

\*\* Market share according to volume of new business

Source: ČNB, Financial Associations

# Diversified Financial Supermarket

## Segments' contributions to operating income



ČSOB Group confirms its character as a universal financial supermarket, strong in all clients' segments.

The largest contributor to the Group operating income (CZK 27.3 bn) is Retail with 50 %.

SME and Corporate segments account for 17 % and 15 %, respectively.



# Contents

## Summary Presentation

2005 Highlights

Financial Highlights

Business Highlights

## Financial Results

## Results of Business Activities

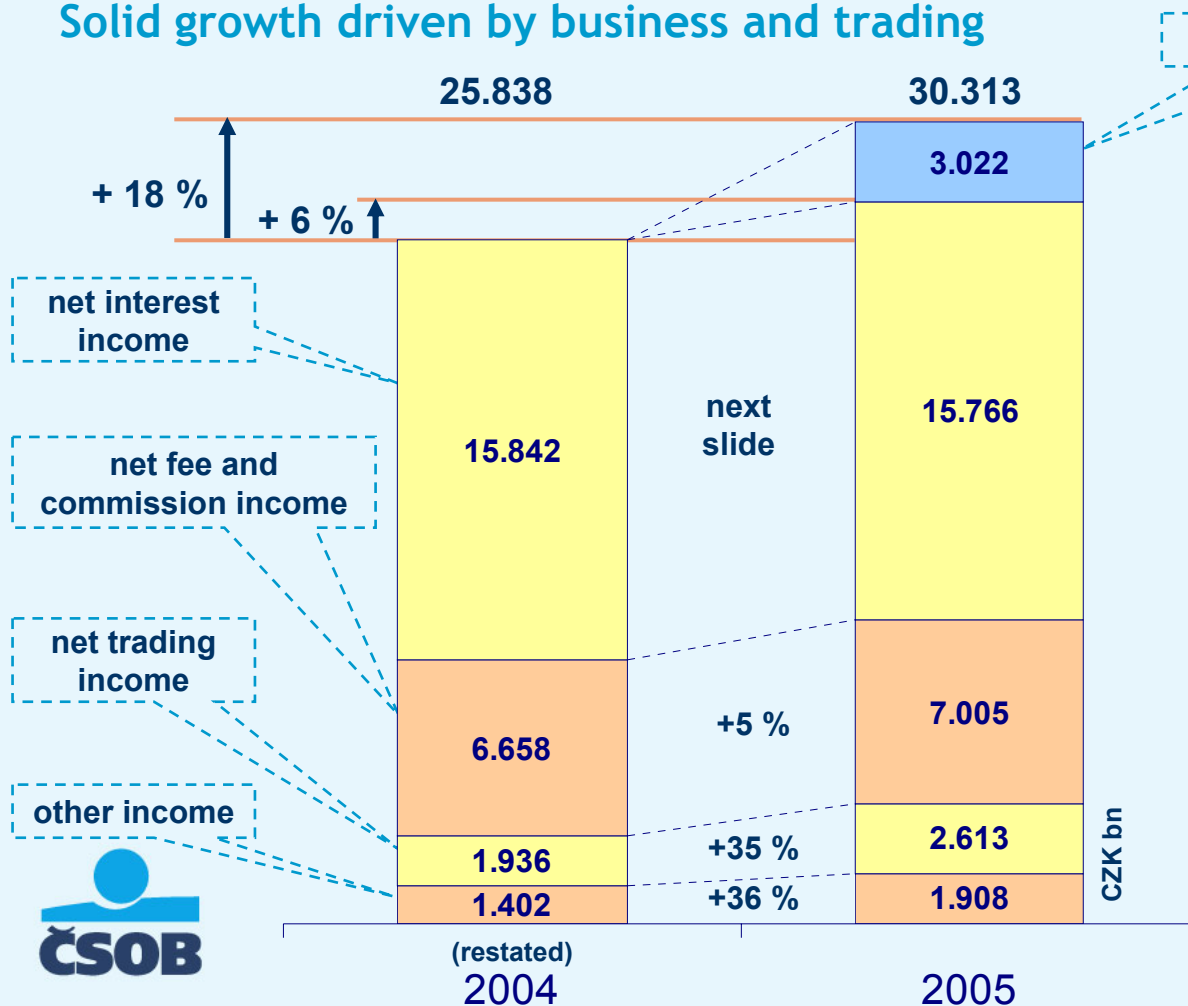
## Quality of Credit Portfolio

## Other Information



# Operating Income Breakdown

Solid growth driven by business and trading



Our operating income (excl. SI) grew by 6 % to CZK 27.3 bn.

**NII:** Main source of Bank Income. Growth across all business segments (formally decreased due to asset repricing – see later).

**NFCI:** Driven by growing business.

**NTI:** Successful year for fin. markets. Growth driven by sale of derivative FX and interest rate hedging products.

**Other:** Sale of the building portfolio. (Compensated by higher write-offs.)



# Net Interest Income

Growth in all segments

	15.842		15.766	
other	3.109	-28 %	2.233	
corporate	1.175	+17 %	1.378	
retail, excl. PSB	2.137	+3 %	2.194	
PSB	2.183	+13 %	2.464	
SME	2.063	+12 %	2.309	
subsidiaries	3.711	+6 %	3.919	
bank SR	1.463	-13 %	1.271	
	(restated) 2004		2005	CZK bn

NII grew across all business segments, driven by growth in loans (+12 %), deposits (+12 %), and solid level of the net interest margin (2.4 %).

The mild fall in total NII was due to asset repricing, a process in which matured interest bearing assets are being replaced by assets with lower interest return (common in low interest environments).

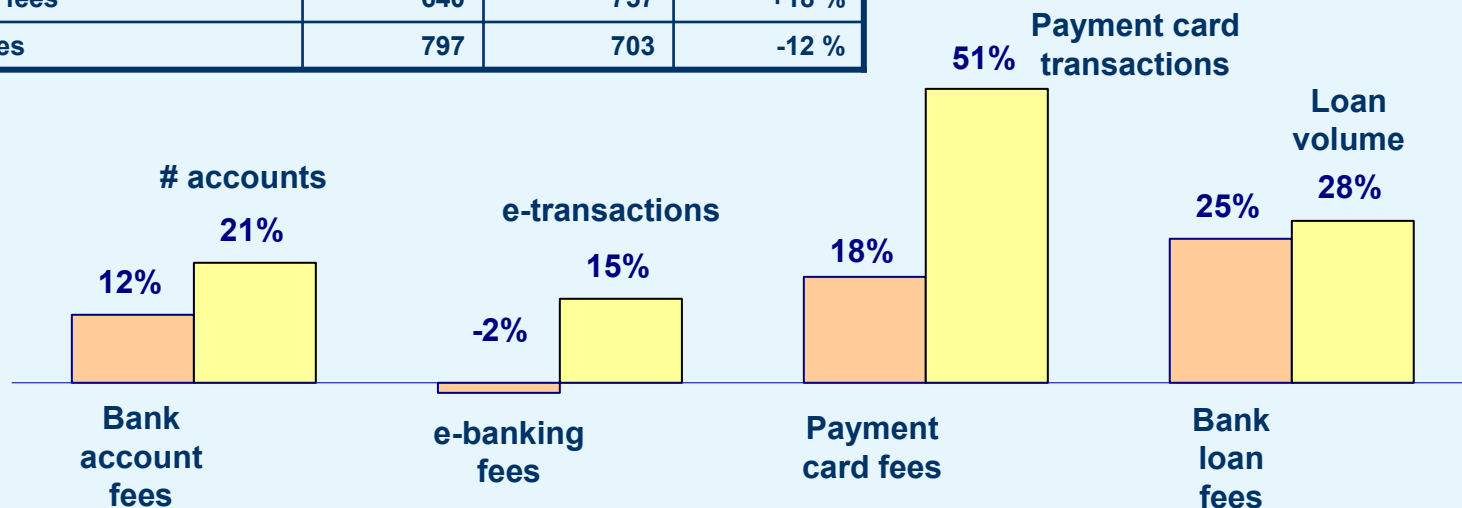


# Fees: Growing Volumes, Stable Prices

Up by 5 % due to growth of transactions, AUM, and loan volumes

Net Fee and Commission Income	2004	2005	Y/Y
<b>TOTAL</b> (in CZK m)	<b>6,658</b>	<b>7,005</b>	<b>+5 %</b>
out of that:			
- Bank account fees	1,225	1,370	+12 %
- Bank loan fees	404	507	+25 %
- Domestic payment fees	1090	1084	-1 %
- Foreign payment fees	834	781	-6 %
- e-banking fees	181	178	-2 %
- Payment card fees	640	757	+18 %
- Other bank fees	797	703	-12 %

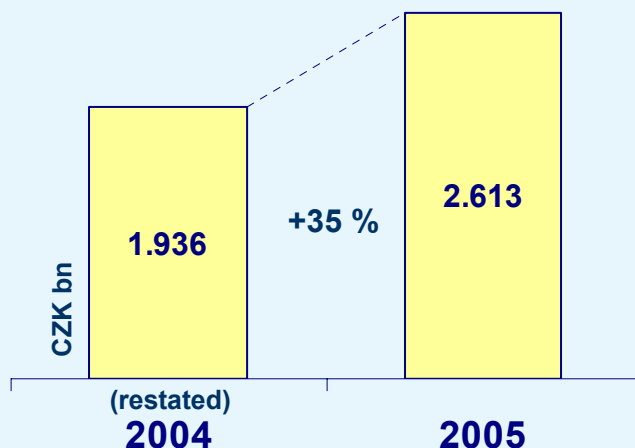
Since 1 May 2004, the prices of ČSOB Bank key products and services have not changed. The Y/Y growth of income from fees and commissions is fully generated by increased demand for our products.





# Net Trading Income

ČSOB is one of the largest providers of FX & hedging products



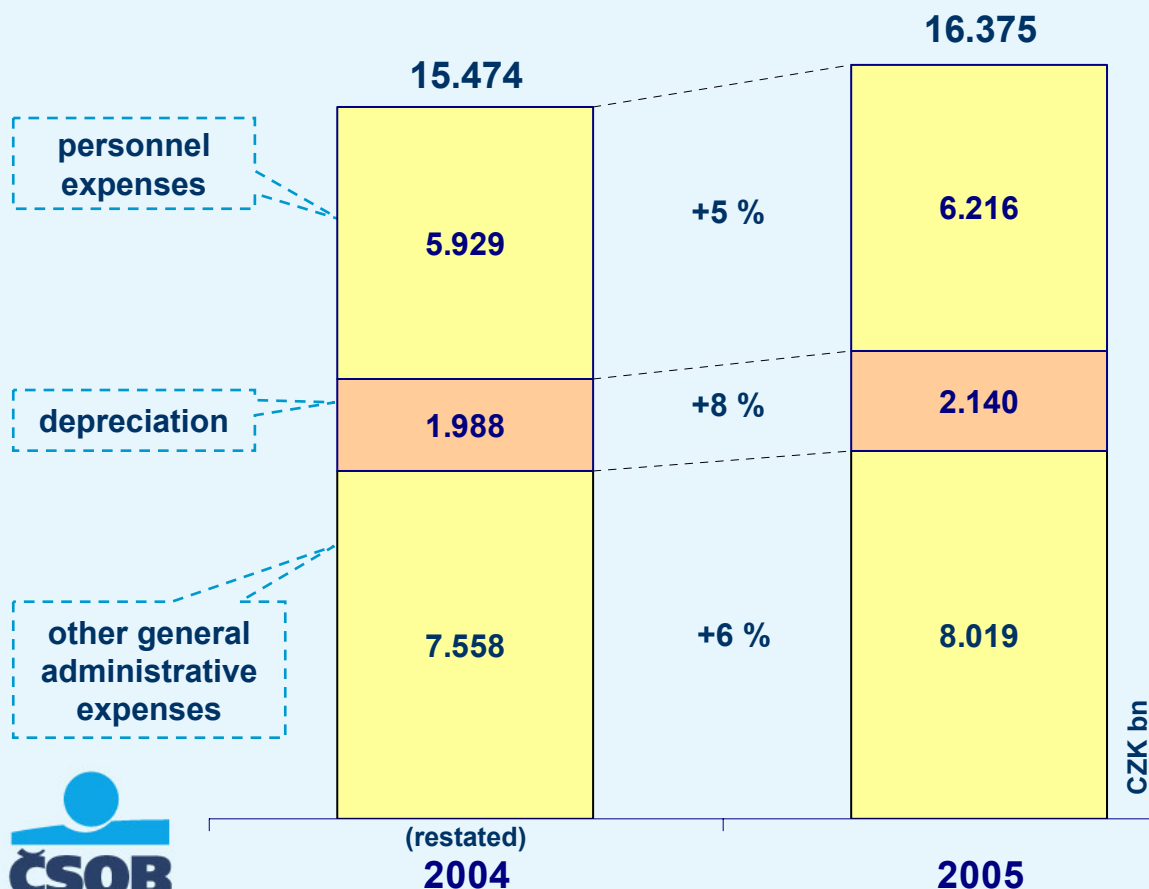
The revenues from derivative FX and interest rate hedging products grew by 79 %.

Our leading position on local market was as well confirmed by Global Finance magazine, which announced ČSOB as the best Foreign Exchange Bank in the Czech Republic for 2006.



# Operating Expenses

Operating expenses growth is under control



Operating expenses grew by 6%

Increase of Personnel expenses is attributable to replacing front office employees at ČSOB branches with highly qualified personal bankers and SME specialists.

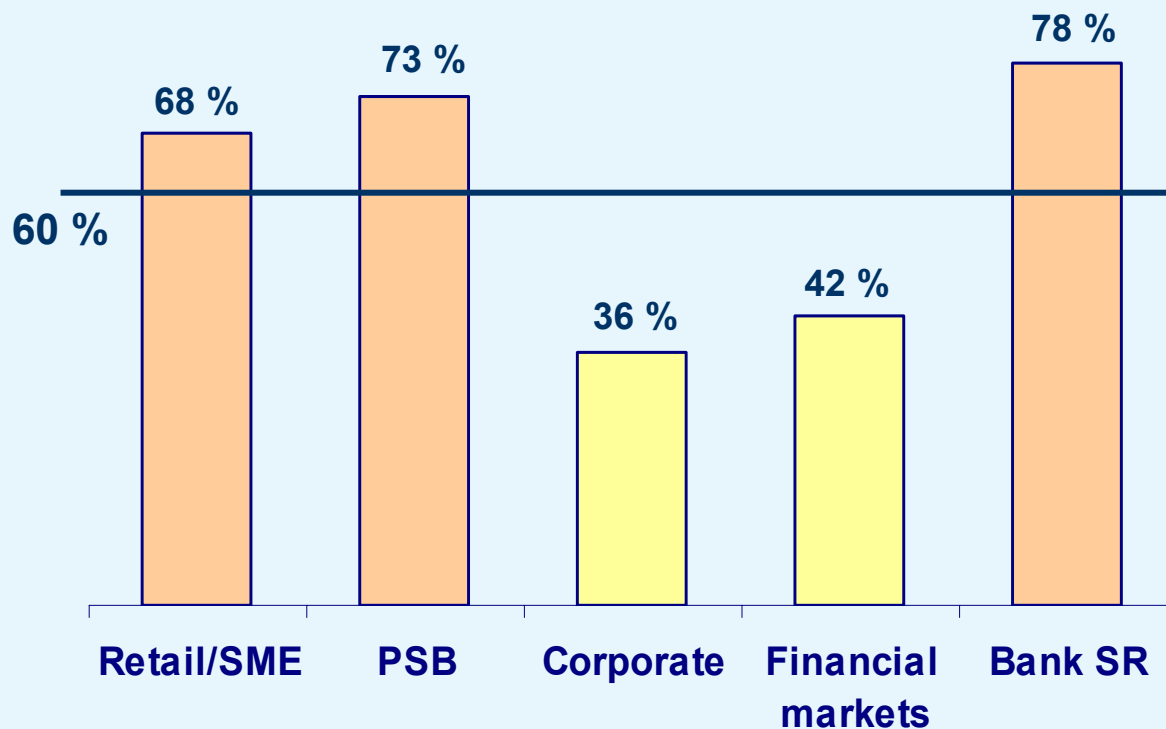
Increase in depreciation was due to one-off depreciation of the buildings prior to their sale.

Y/Y changes within general administrative expenses include, among others, information technology (+CZK 360 m), marketing and public relations (+445), rent and maintenance (+200), and deposit insurance (- 340).



# Cost/Income Ratio

Our C/I ratio (without SI) improved from 67 % in 2003 to 60 % in 2005



We will continue in the decreasing trend further. C/I ratio for Group CR (excl. SI) was 58.2 %.

Postal Banking due to third party involvement (Postal Infrastructure) is specific by having the C/I ratio on a generally higher level. The aim of PSB is to reduce the ratio below 66 % before 2017.

High C/I in Slovakia reflects large investments in acquisitions of new clients, widening the branch network and strengthening market positions.



Note: Net of SI Payment

# Contents

## Summary Presentation

2005 Highlights

Financial Highlights

Business Highlights

## Financial Results

## Results of Business Activities

## Quality of Credit Portfolio

## Other Information



# Business Highlights I.

- Total AUM rose above the market by 16 % Y/Y to CZK 603 bn. We reached 30 % market share and confirmed our No. 1 position. Mutual funds and AM grew by 32 %, pension funds grew by 34 %, and bank deposits rose by 12 %.
- Group lending recorded growth across all activities. Corporate loans and leasing recorded a significant increase by 36 % and 21 % Y/Y, respectively. Group retail loans rose by 27 %.
- Mortgages to private individuals and building loans sales boosted outstandings by 37 % Y/Y. ČSOB Group helps to fulfil about 33 % of housing needs in the Czech Republic and thus confirms its No. 1 position in the market.
- ČMSS raised its market share in housing loans from 43 % in 2004 to 51% in 2005 and confirmed No. 1 position. ČSOB Group is the third largest mortgage provider in CR with a market share 22 %.
- Volume of assets managed in the ČSOB/KBC mutual funds climbed to CZK 52.1 bn in 2005, with an increase from 23 % to 25 % market share in the Czech Republic. ČSOB Group kept the second position on overall mutual funds market.
- With 24 new issues of CGFs in 2005, ČSOB Group has reached more than 60 % market share on the booming market segment of Capital Guaranteed Funds.








# Business Highlights II.

- Consumer lending increased by 27 % – respectable growth after previous slowdown.
- SME business improved significantly by 38 %. Outstanding volume of permitted overdrafts bolstered by 85 %, the volume of SME investments loans rose by 40 %. Outstanding volume of SME loans detailed for municipalities improved by 35 % Y/Y.
- The number of transactions via direct channels grew by 15 % Y/Y. Internetbanking transactions boosted by 90 %. Number of clients using Internetbanking rose notably by 49 %. The share of e-active clients in PSB grew up by 40 % in total, and by more than 400 % in the case of Max Internetbanking PS.
- PSB has already started with the orientation at youth – the number of *Mini Accounts* and *Junior Accounts* grew by 129 % and 49 %, respectively. PSB's Postal Investment Program rose by factor of 2.5 due to switching from traditional postal saving books.
- Excellent portfolio return supports heavily our sales – ČSOB PF Progres is the best performing pension fund on the market in the long run. Its 2005 return (p.a.) was 5%.
- ČSOB Bank SR recorded a significant mortgage growth (+121 %) and AUM growth (+147 %). Asset management takes a market share of 7 % (ranking No. 2 position). ČSOB Leasing and O.B. HELLER Factoring in SR also rank No. 2 positions with markets shares 17% and 16%, respectively.



# ČSOB Group's Synergies

Strong cross-selling within the Group

Channel: Product:						other channels	Total
PF Progres	20 %	79 %				2 %	100 %
PF Stabilita	14 %	27 %		30 %		29 %	100 %
Mutual Funds	94 %	6 %					100 %
Mortgage	30 %		70 %				100 %
Insurance (total)	40 %				60 %		100 %



# Bancassurance

High sales of insurance combined with banking products

	2005	
life insurance / mortgage *	51 %	Sales of insurance products through the Group network play ever increasing role.
property insurance / mortgage *	47 %	70 % percent of the volume of all life insurance policies booked in ČSOB Insurance Company (CZK 4.3 bn) were sold through the ČSOB Bank network.
consumer loans insurance / consumer loans	84 %	19 % percent of all non-life insurance businesses were sold in the ČSOB Group network (mainly ČSOB Bank and ČSOB Leasing Company).
accident ins. / children's accounts Sluně	20 %	Every second mortgage sold through the bank network was accompanied by the life insurance policy and/or property insurance policy.

Note: \* Mortgages sold in the bank network





# Penetration Ratios

Czech customers still use less financial products than „Western“ customers

	31-Dec-2004	31-Dec-2005
<b>Retail</b>	3.42	3.84
<b>SME</b>	2.79	3.13
<b>Retail+SME</b>	3.30	3.70

Total number of products sold per customers increased in Retail as well as in SME segment.

The average ratio reached 3.7 products per customer and thus rose by 12 % Y/Y mainly due to launching of new products and good advisory.



# Contents

## Summary Presentation

2005 Highlights

Financial Highlights

Business Highlights

## Financial Results

Results of Business Activities

Quality of Credit Portfolio

Other Information



# Profit & Loss Statement

## Including SI

(CZK m)	2004	2004 restated	2005	Y/Y
Net interest income	15 842	15 842	15 766	0%
Net fee and commission income	6 658	6 658	7 005	5%
Net trading income	1 790	1 936	2 613	35%
Other income	1 402	1 402	4 930	252%
<b>Operating income</b>	<b>25 692</b>	<b>25 838</b>	<b>30 313</b>	<b>17%</b>
<b>Operating expenses</b>	<b>-15 822</b>	<b>-15 474</b>	<b>-16 375</b>	<b>6%</b>
<b>Operating profit before provisions</b>	<b>9 870</b>	<b>10 364</b>	<b>13 939</b>	<b>34%</b>
Provisions	-293	-293	-138	-53%
Contribution to pension fund clients	0	-348	-401	15%
<b>Operating profit</b>	<b>9 578</b>	<b>9 723</b>	<b>13 399</b>	<b>38%</b>
Income tax expense	-2 685	-2 746	-2 896	5%
<b>Net profit before minority interests</b>	<b>6 893</b>	<b>6 977</b>	<b>10 503</b>	<b>51%</b>
Minority interests	-76	-76	-175	130%
<b>Net profit</b>	<b>6 817</b>	<b>6 901</b>	<b>10 328</b>	<b>50%</b>

In FY05 non-recurrent income from Slovenská Inkasná ICSID Award in the amount of CZK 3.022 m.



Note: \* reclassification and subsequent restatement at fair value of securities classified as originated by the enterprise

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<b>Net profit before minority interests</b>	<b>6 893</b>	<b>6 977</b>	<b>8 267</b>	<b>18%</b>
Minority interests	-76	-76	-175	130%
<b>Net profit</b>	<b>6 817</b>	<b>6 901</b>	<b>8 092</b>	<b>17%</b>

FY05 total operating income influenced by

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

Y/Y lower charge due to release of credit provisions mainly due to IFRS conversion to new methodology and change of Loan-Loss Ratio on AQR (Asset Quality Review) portfolio.



Note: \* reclassification and subsequent restatement at fair value of securities classified as originated by the enterprise

# Balance Sheet

## Assets

(CZK m)	2004	2004 restated*	2005	Y/Y
Cash and balances with Central banks	16 505	16 505	15 017	-9%
Due from banks	116 880	111 737	81 678	-27%
Trading assets	73 910	73 461	173 109	136%
Other financial instr. at FV through P/L	0	7 552	17 446	131%
Investment securities	126 854	155 447	174 613	12%
Loans and leases (net)	249 043	214 608	239 357	12%
Pledged assets	0	5 771	3 968	-31%
Property and equipment	11 435	11 435	8 659	-24%
Goodwill	3 472	3 472	3 555	2%
Other assets	15 182	14 170	19 600	30%
<b>Total assets</b>	<b>613 281</b>	<b>614 159</b>	<b>737 003</b>	<b>20%</b>

Increase in reverse repo transactions on Financial Markets

Increase in debt securities

Increase in lending in all segments by CZK 55 bn partially compensated by repayment of SI loan



Note: \* restated in order to reflect the fact that revised IAS 27 no longer allows investments in Group companies to be measured by equity method

# Balance Sheet

## Liabilities

(CZK m)	2004	2004 restated*	2005	Y/Y
Due to banks	24 723	24 723	22 947	-7%
Trading liabilities	66 847	66 847	122 684	84%
Due to customers	426 058	426 058	472 631	11%
Debt securities in issue	24 854	24 854	38 848	56%
Other liabilities, including tax liabilities	25 615	25 621	26 417	3%
Total liabilities	568 097	568 102	683 526	20%
Minority interests	349	349	527	51%
Total shareholders' equity	44 835	45 708	52 950	18%
<b>Total liabilities, minority interests and shareholders' equity</b>	<b>613 281</b>	<b>614 159</b>	<b>737 003</b>	<b>20%</b>

Growth by increase  
in trading activities  
(repo operation)

Y/Y increase  
in customer  
deposits in  
all segments  
(increase  
also in  
mutual  
funds and  
BoE sales)

Increase due to retained  
current year earnings

Increase in  
sales of BoE  
mainly in  
corporate  
segment

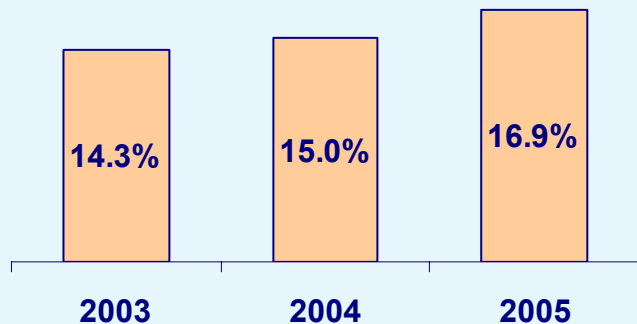


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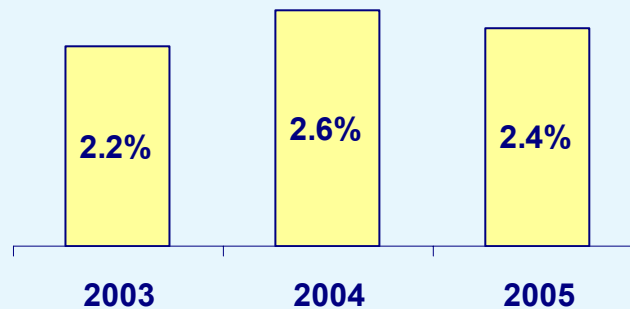
# Financial Ratios

Excluding SI

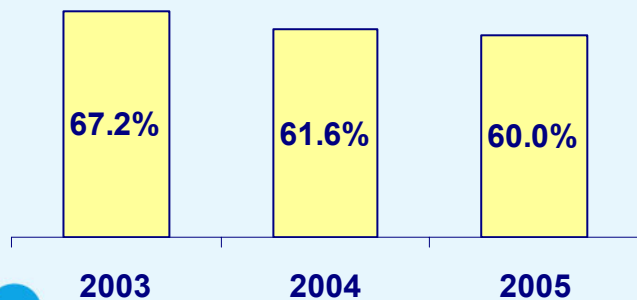
### ROAE



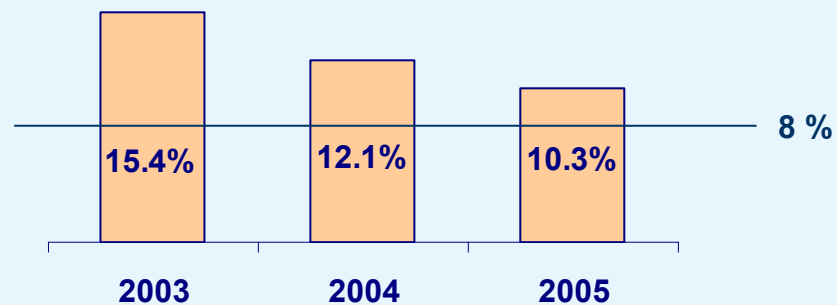
### NIM



### C/I



### CAR



# Contents

## Summary Presentation

2005 Highlights

Financial Highlights

Business Highlights

## Financial Results

### Results of Business Activities

Quality of Credit Portfolio

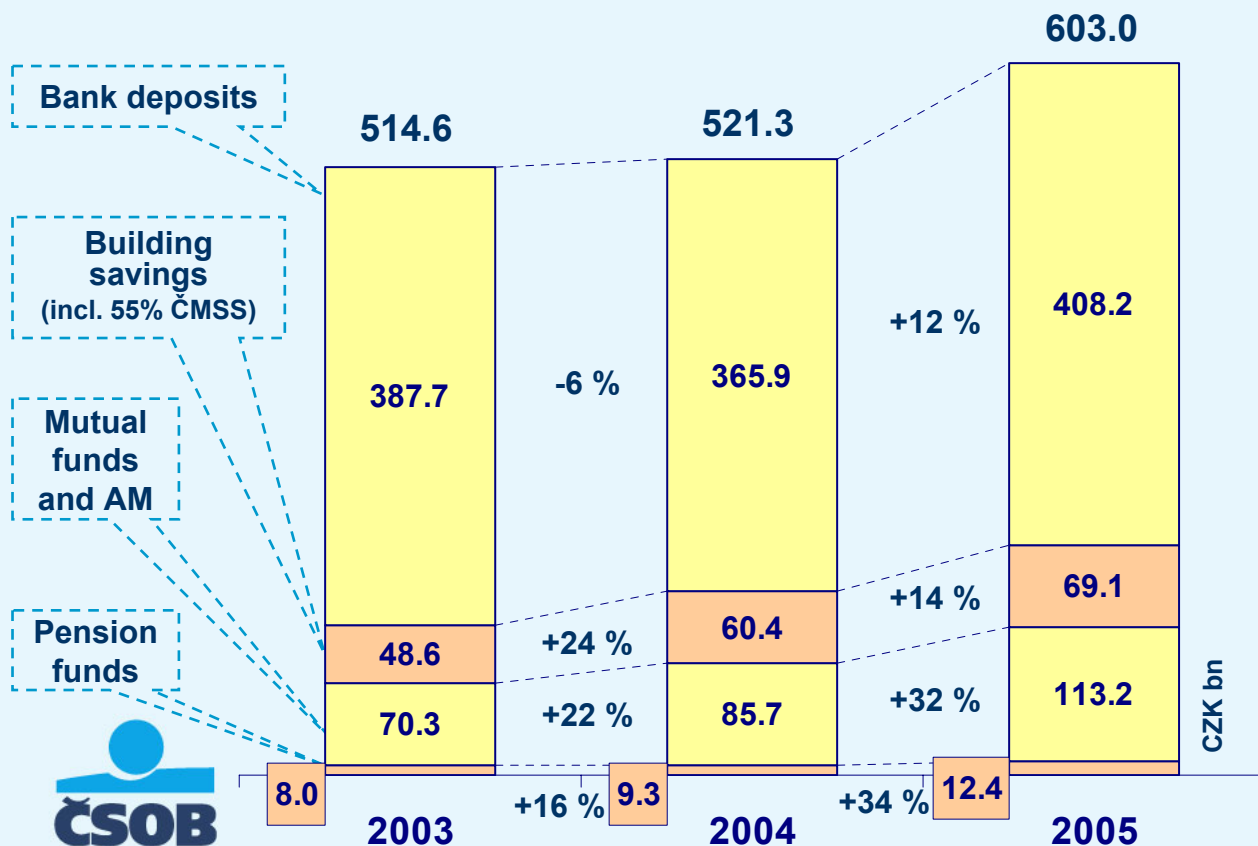
Other Information





# Assets under Management

Assets under management topped CZK 603 bn



Assets under Management rose by 16 %.

Mutual funds and AM grew by 32 % mainly due to growth of assets managed in retail foreign mutual funds.

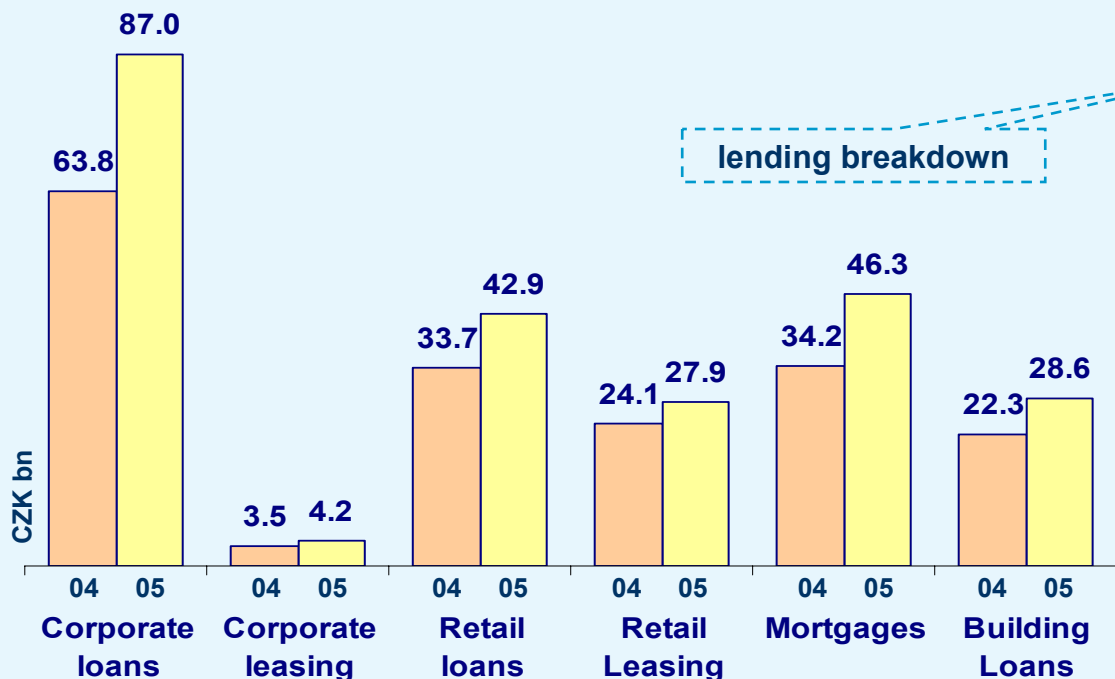
Bank deposits grew despite their gradual decrease since the end of 2002.

ČSOB PFs achieved 34 % growth Y/Y thanks to good business performance (high appreciation of clients funds and sale of contracts via ČMSS agent network and ČSOB) and acquisition of Hornický PF Ostrava at the end of 2005.

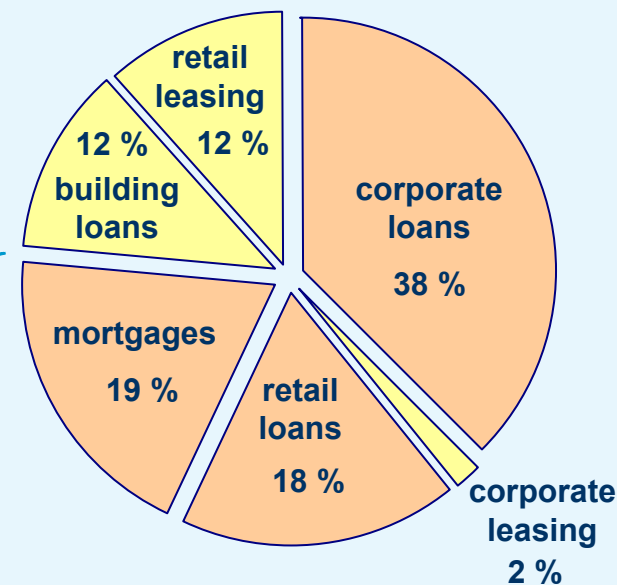


# Total Group Lending

Substantial growth in ČSOB Group's lending activities



lending breakdown



Corporate loans and leasing recorded a significant increase by 36 % and 21 % Y/Y, respectively.

Retail loans rose by 27 % and the outstanding volume of mortgages rose by 35%.



Our loan-asset ratio\* rose from 31 % in 2004 to 33 % in 2005 due to attracting new clients in SME and Retail Segments.

Note: \* Ratio of total group loans on total group assets (2004 restated, CKA & Finance Ministry excluded)

# Housing Loans

ČSOB Group as a strong market leader in financing housing needs

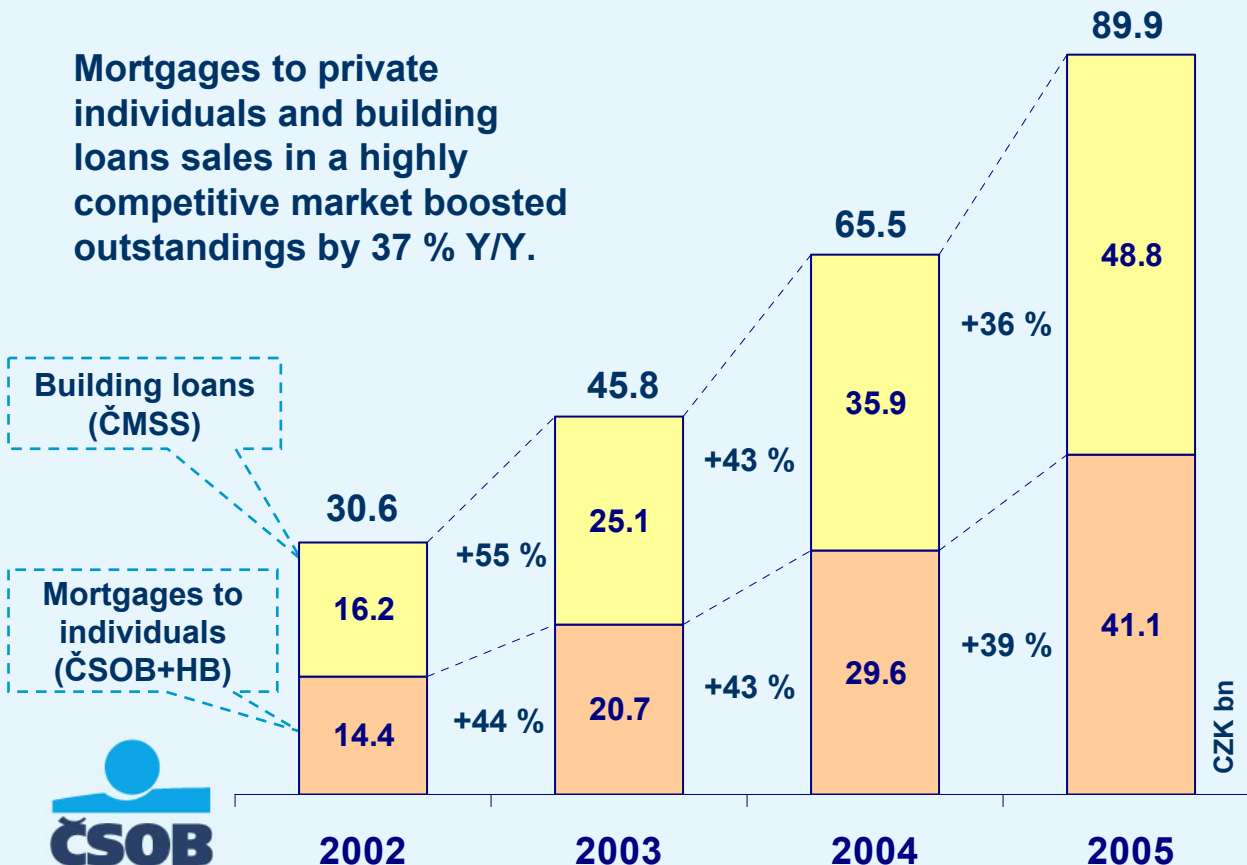


Mortgages to private individuals and building loans sales in a highly competitive market boosted outstandings by 37 % Y/Y.

ČSOB Group helps to fulfil 33 %\* of housing needs in the Czech Republic and thus confirms its No. 1 position in the market.

Volume of mortgages fully processed at ČSOB branches increased by 145 % Y/Y.

HB together with ČSOB confirms its position of the third largest mortgage provider in the Czech Republic with a market share 22 %. ČMSS remains the biggest provider of building loans in the Czech Republic with a market share of 51 %.

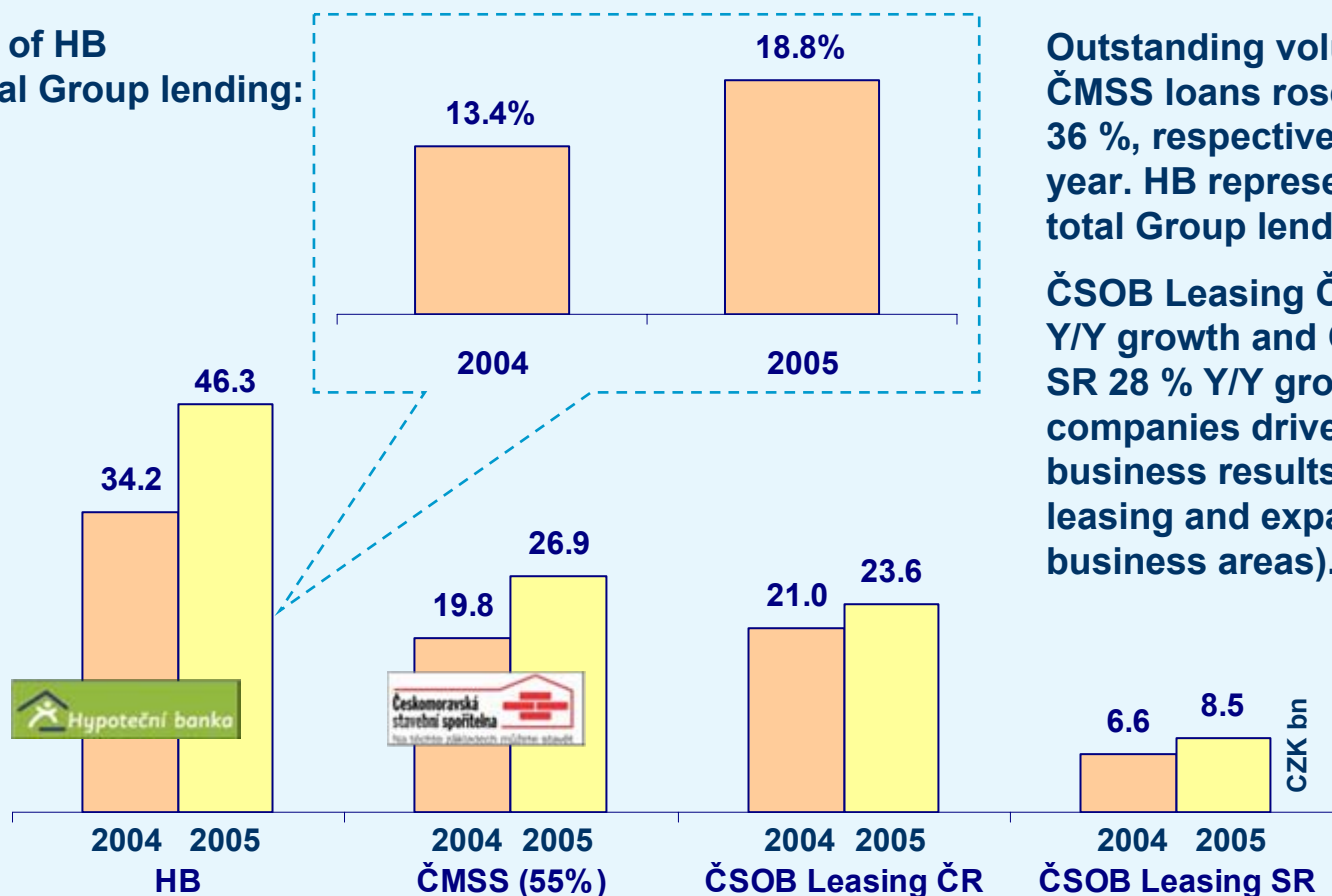


Note: \* expert estimate

# Lending of Subsidiaries

Housing loans as main leaders in ČSOB Group's lending activities

Share of HB  
on total Group lending:

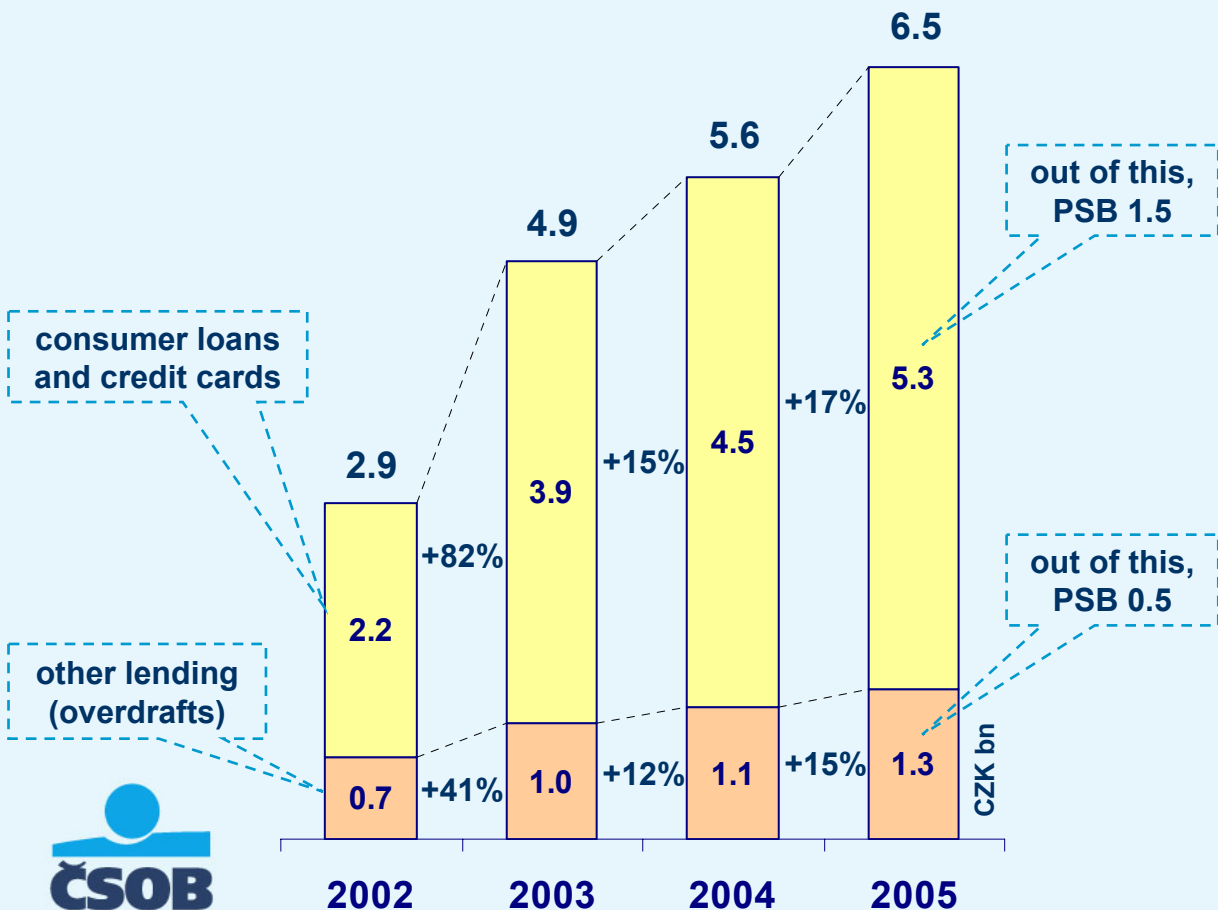


Outstanding volume of HB and ČMSS loans rose by 35 % and 36 %, respectively, over the year. HB represents 19 % of total Group lending.

ČSOB Leasing ČR showed 12 % Y/Y growth and ČSOB Leasing SR 28 % Y/Y growth, in both companies driven by better business results (financial leasing and expansion into new business areas).

# Consumer Lending

Ongoing solid 2005 growth confirms strategic focus on retail customers



Volume of consumer loans and credit cards provided by PSB improved by 27 % Y/Y to CZK 1.5 bn, mainly due to a large advertising campaign.

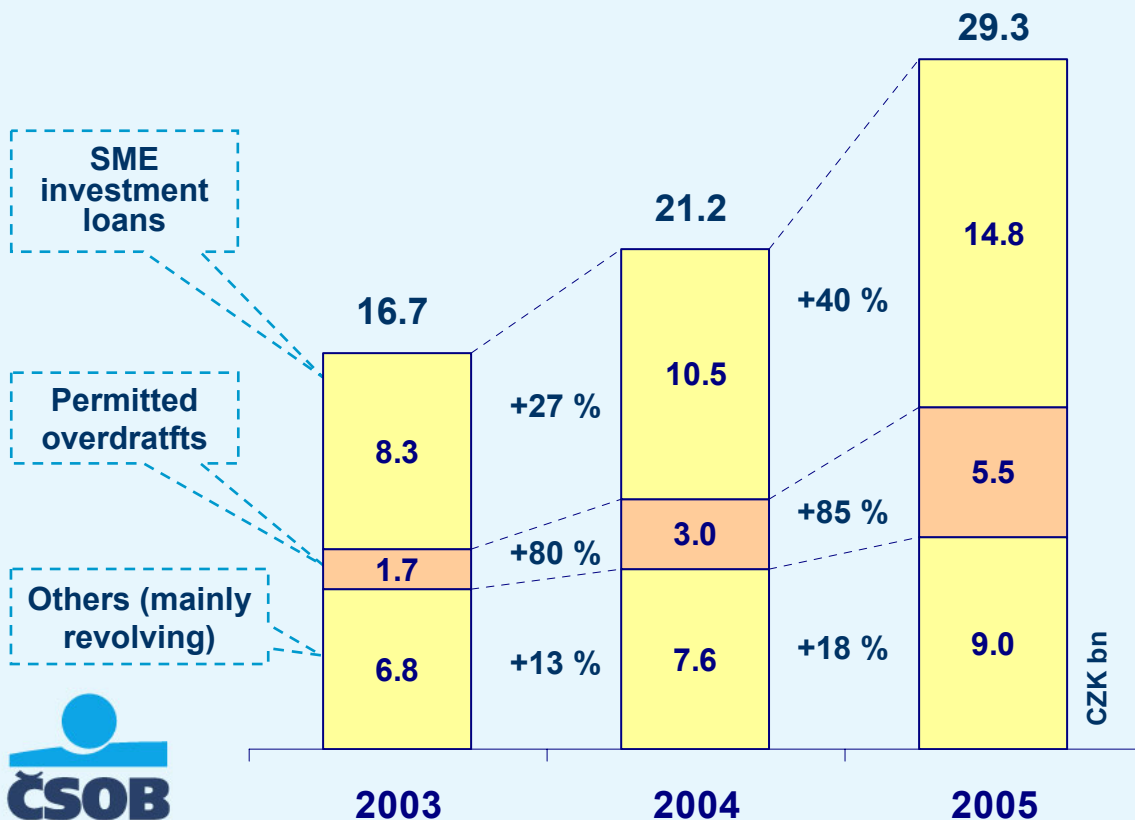
Respectable growth in consumer loans outstanding despite a slowdown in consumer credit market in 2004.

The 2005 increase was also supported by launching two new consumer products: ČSOB Loan for Everything & ČSOB Loan for Better Living.



# SME Lending

ČSOB significantly strengthened its position in SME segment



SME business simplified its credit process and improved the number of SME advisors.

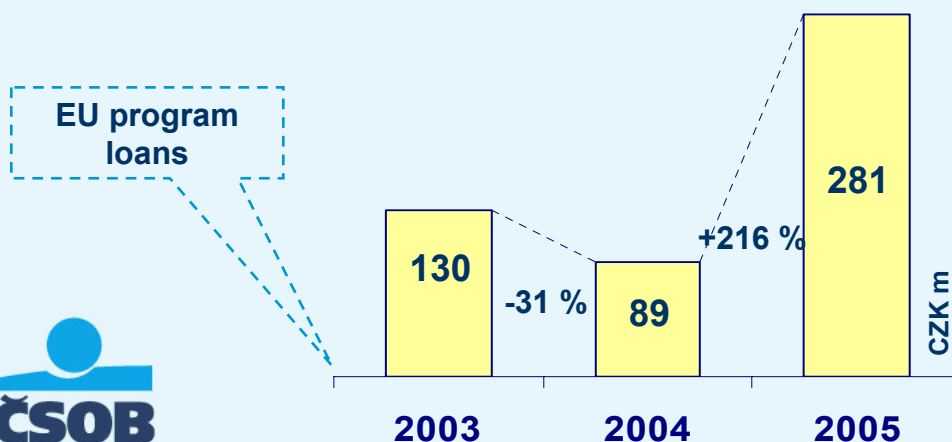
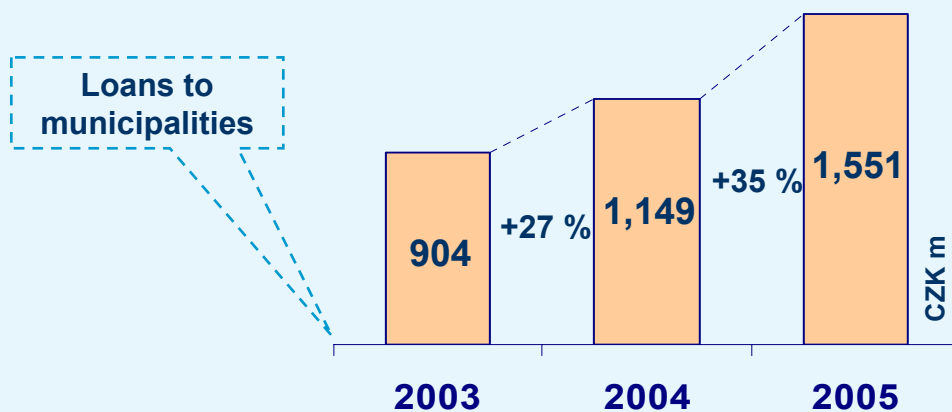
Those changes together with new SME products increased the volume of outstanding SME loans by 38 %.

Outstanding volume of permitted overdrafts bolstered by 85 % Y/Y, the volume of SME investments loans rose by 40 % Y/Y.



# EU & Municipalities

## Loans to municipalities and EU program loans

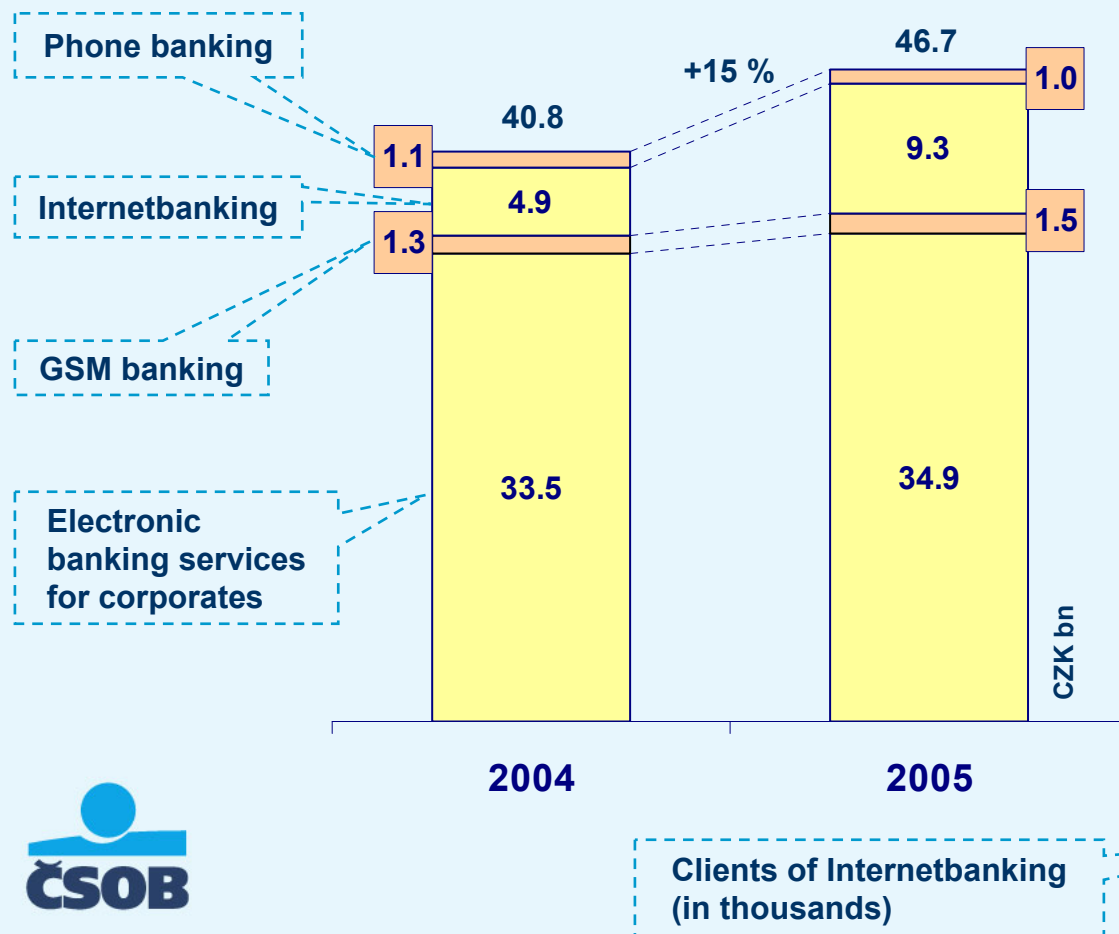


Outstanding volume of SME loans detailed for municipalities improved by 35 % Y/Y. Newly approved loans rose more than three times in comparison to year 2004.

After a 2004 decrease, the volume of loans served up within EU Program sharply boosted and amounted to CZK 281 m, as clients started to use money from EU program loans that were pre-approved for their projects.

# Direct Channels

Customers send their money more often through direct channels



In 2005, ČSOB and PSB clients entered almost 47 million transactions through direct channels in the total volume of CZK 2,210 bn. Number of transaction via direct channels grew by 15 % Y/Y.

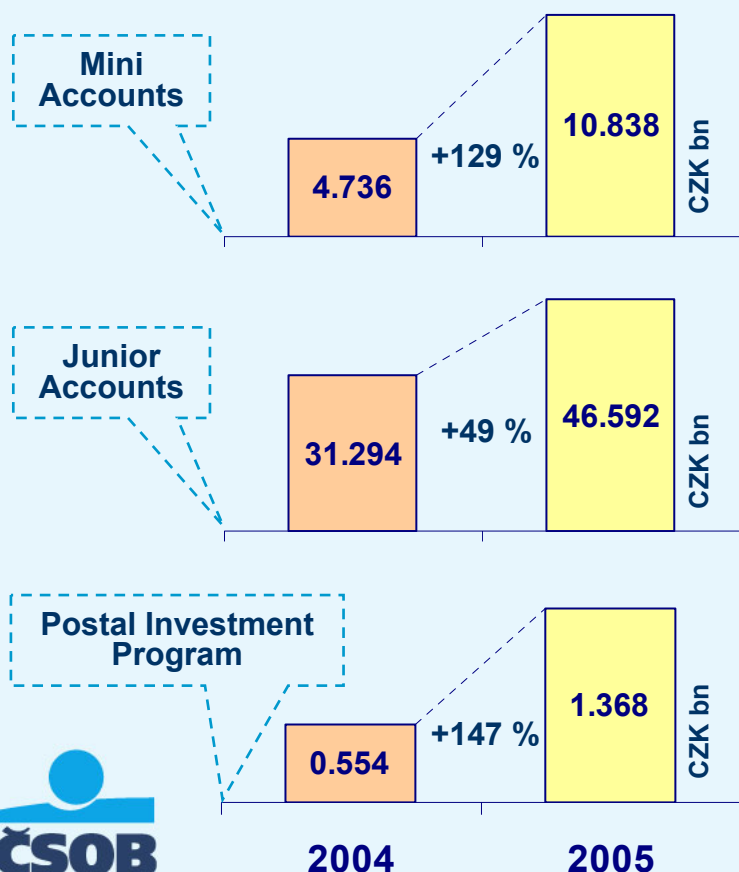
Internetbanking transactions boosted by 90 %. GSM banking rose by 21 % at the expense of Phone banking. Number of clients using Internetbanking rose notably by 49 %.





# Postal Savings Bank

Switch to products for youth and investment products



In September 2005, ČSOB renewed the distribution agreement with the Czech Post. This agreement confirmed the network of some 3,350 post offices to be available for PSB's product distribution for a further period of ten years ending 2017.

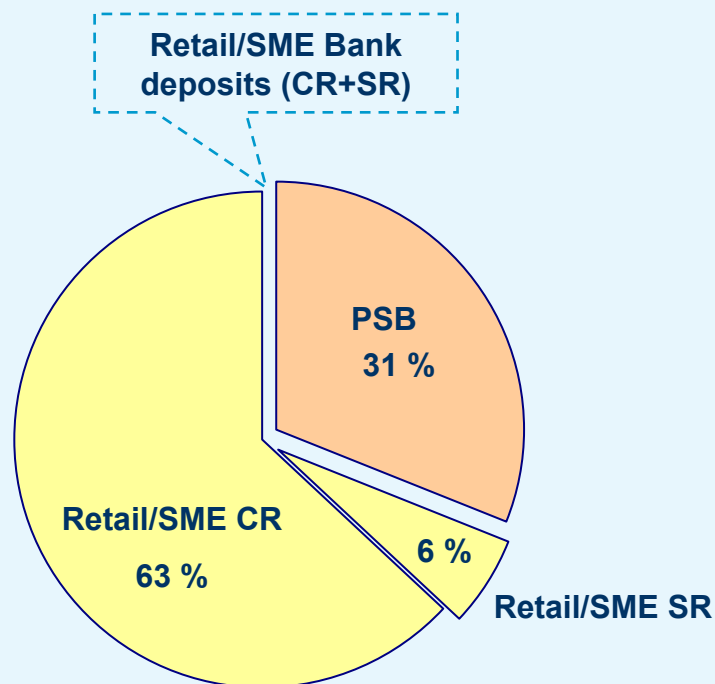
PSB has already started with focus at youth – the volumes of *Mini Accounts* and *Junior Accounts* grew by 129 % and 49 %, respectively.

The rapid growth of *Postal Investment Program* by factor of 2.5 was due to switching from traditional postal saving books.

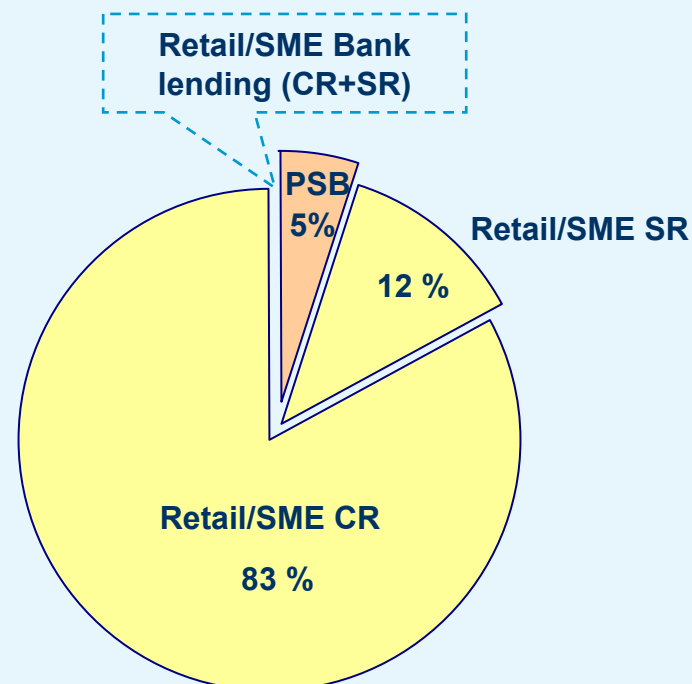
The increase in number of clients using direct channels is a big success as well. The share of e-active clients grew up by 40 % in total, and by more than 400 % in case of *Max Internetbanking PS*.

# Postal Savings Bank

Strong role within the Bank's Retail/SME deposits



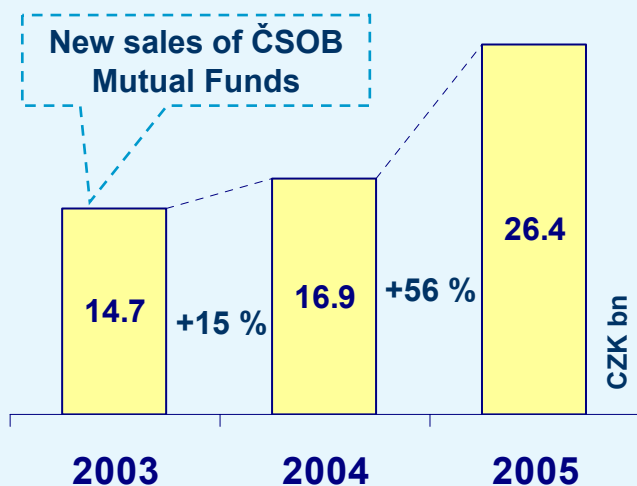
In the end of 2005, PSB accounted for one third of total Retail/SME Bank deposits.



In the end of 2005, PSB participated with 5 % on total Retail/SME Bank lending.

# Mutual Funds

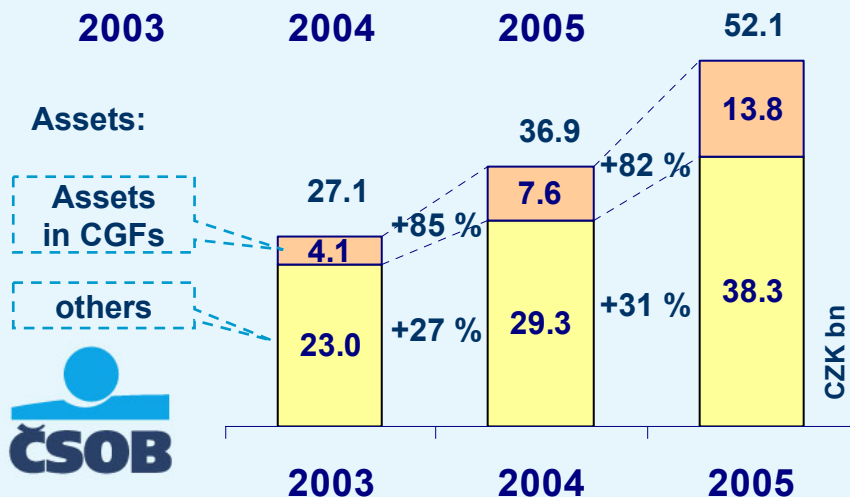
## Clear success of KBC/ČSOB Capital Guaranteed Funds (CGF)



ČSOB continued to successfully launch new CGFs in the Czech market.

Sales of CGF grew by 85 % Y/Y. They represent 31 % of sales of ČSOB Mutual Funds.

ČSOB is the market leader in the offer of a variety of mutual funds: Altogether 200 ČSOB/KBC funds.





Volume of assets managed in the ČSOB/KBC mutual funds climbed to CZK 52.1 bn in 2005, with an increase to 25 % market share in the Czech Republic. ČSOB Group kept the second position on overall mutual funds market.

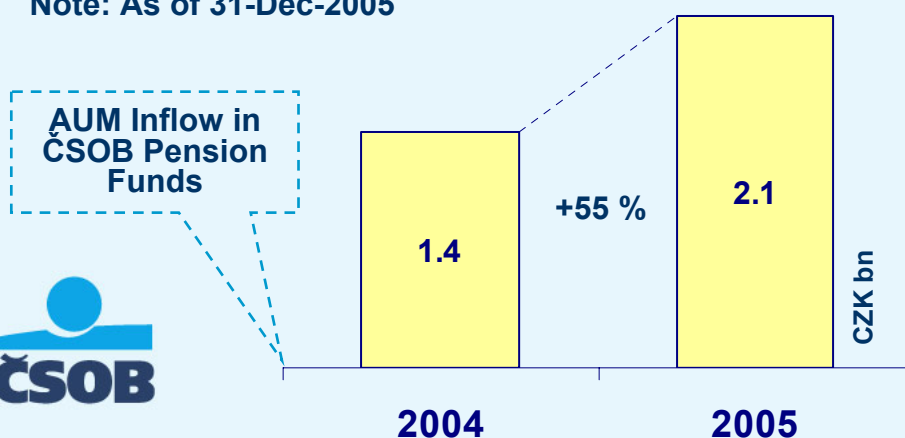
With 24 new issues of CGFs in 2005, ČSOB Group has reached more than 60 % market share on the booming market segment of Capital Guaranteed Funds.

# Pension Funds

Successful multibranding

 Penzijní fond <b>CSOB</b> Stabilita		 Penzijní fond <b>CSOB</b> Progres	
Total AUM (CZK bn)	10.3	Total AUM (CZK bn)	1.1
Clients	330,549	Clients	81,042
Return (p.a.)	3.8 %	Return (p.a.)	4.9 %
Clients Market Share	10.1 %	Clients Market Share	2.5 %

Note: As of 31-Dec-2005



No other financial group in the region offers 2 PFs with different investment profiles

ČSOB Pension Funds have reached the highest market share growth in terms of number of clients in their history.

Excellent portfolio return supports heavily our sales – ČSOB PF Progres is the best performing pension fund on the market in the long run.

ČSOB acquired Hornický Pension Fund Ostrava including almost 20 thousand clients and over CZK 1 bn of assets. This transaction strengthened our position on the Czech market with pension funds, shifting us up to the fourth place in terms of clients.

# Large Structured Finance Corporate Deals

ČSOB concluded many reference deals



## Veolia Environnement

Syndicated credit facility amounting to CZK 12 bn with ČSOB as Mandated Lead Arranger.



## Nowaco

Acquisition finance in the amount of CZK 1.95 bn and mezzanine finance of CZK 293 m provided by KBC Private Equity.



## Mostecká Uhelná

Acquisition finance in the form of MBO transaction totaling to CZK 6 bn, incl. second lien tranche of CZK 670 m.

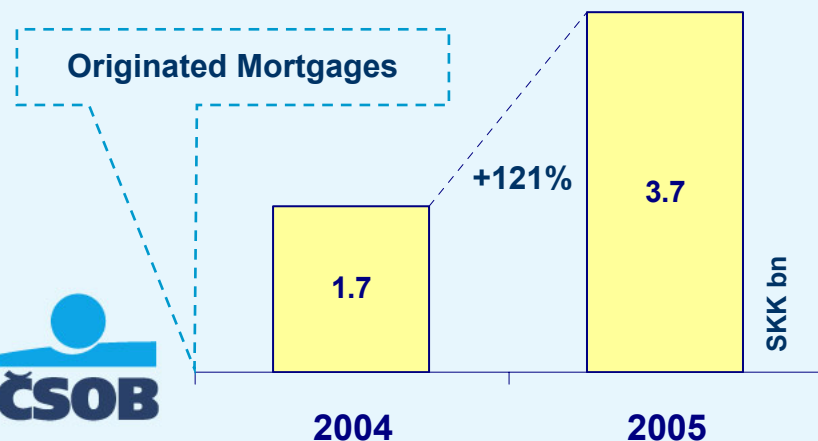
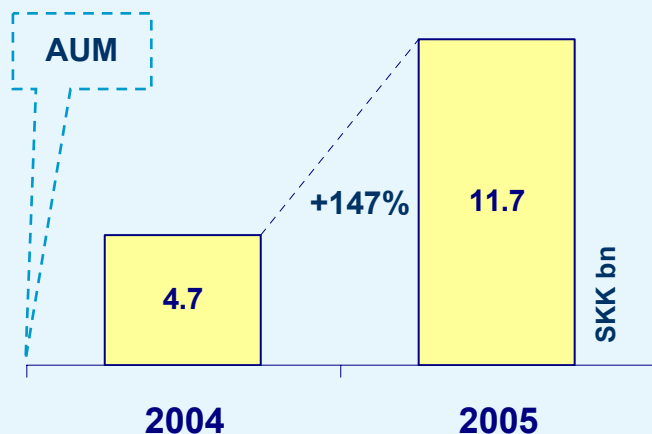


## Košík development / Slunečný vršek

Real estate financing for joint venture of GE Capital Golub Europe and ORCO Property Group in the total amount of CZK 837 m.

# Slovak Business

Growing market



	Market Share	Rank
Asset Management	7 %	2
Retail/SME Lending	5 %	4
Building Savings	11 %	3
Factoring	17 %	2
Leasing	16 %	2

ČSOB Bank SR recorded a significant mortgage growth, AUM growth (mutual funds, pension funds & AM) and growing insurance business (life & traveling insurance).

ČSOB Bank SR increased the total number of its branches from 81 to 99 (incl. 15 corporate branches and 3 Private banking branches).

# Contents

## Summary Presentation

2005 Highlights

Financial Highlights

Business Highlights

## Financial Results

## Results of Business Activities

## Quality of Credit Portfolio

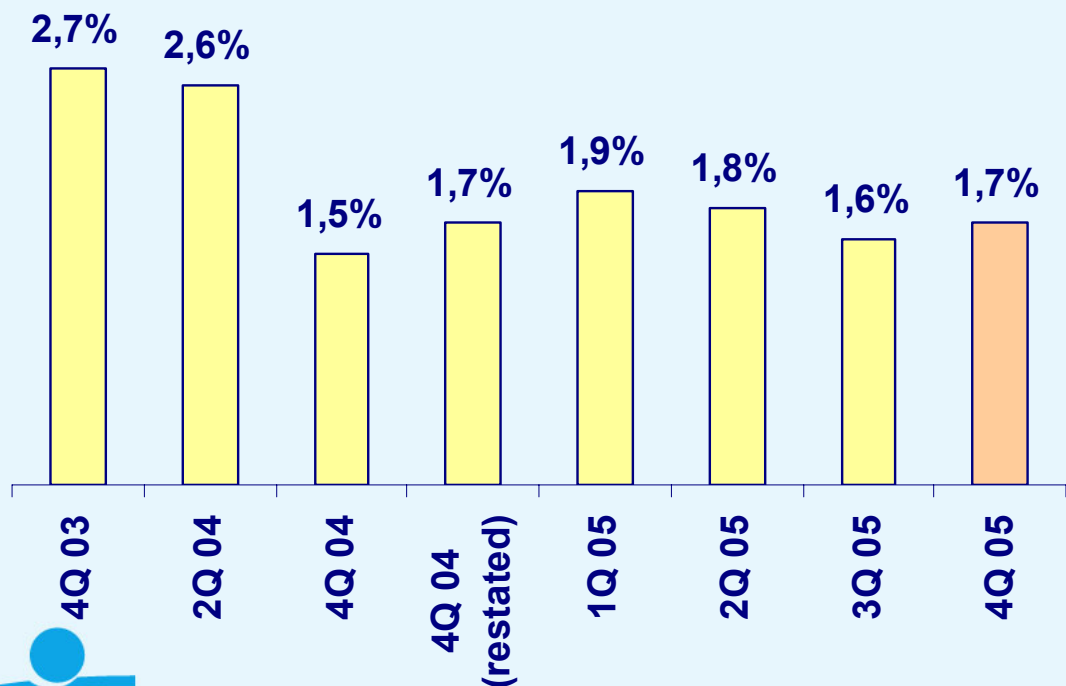
## Other Information



# Non Performing Loans

Moody's:

„ČSOB displays one of the best levels of asset quality in the Czech Republic.“



Thanks to ongoing superior risk management, ČSOB has one of the best asset quality profiles in the Czech Republic.

Non-performing loans (over 90 days overdue) account for only 1.7 % of gross loans

NPL / total loans





# NPLs and Provisions

IFRS, consolidated, gross (in CZK bn)

	2004	2004 (restated)*	2005	Y/Y
Total loans of which	254.8	220.4	245.7	+11 %
NPLs	3.8	3.8	4.1	+8 %
Total provisions	5.8	5.8	6.4	+10 %
NPLs / total loans	1.5 %	1.7 %	1.7 %	---
Coverage of NPLs by provisions	152.6 %	152.6 %	155.2 %	---

Coverage of NPLs by provisions improved to 155.2 %.



Note: \* Change in methodology, a part of securities included in loan portfolio was transferred into other security portfolios.

# Loan Portfolio Quality

IFRS, consolidated, gross (in CZK bn)

	2004			2005	
	volume	volume (restated)*	% of total loans	volume	% of total loans
Standard (A-C)	197.9	163.5	74.2	201.7	82.1
<b>Classified:</b>	<b>35.6</b>	<b>35.6</b>	<b>16.2</b>	<b>44.0</b>	<b>17.9</b>
• Watch (D)	24.5	24.5	11.1	31.2	12.7
• Sub-standard (E)	5.9	5.9	2.7	5.9	2.4
• Doubtful (F)	2.0	2.0	0.9	2.9	1.2
• Loss (G)	3.2	3.2	1.5	4.0	1.6
MF ČR (SI)	21.3	21.3	9.6	0.0	0.0
<b>Total loan portfolio</b>	<b>254.8</b>	<b>220.4</b>	<b>100.0</b>	<b>245.7</b>	<b>100.0</b>

Quality of loan portfolio regularly improves year by year. In 2005, 82% of consolidated loan portfolio was represented by standard loans.



Note: \* Change in methodology, a part of securities included in loan portfolio was transferred into other security portfolios.

# Loan Portfolio Development

IFRS, consolidated, gross (in CZK bn)

	2004	2004 (restated)**	2005	Y/Y
<b><u>Historical exposure:</u></b>	<b>22.7</b>	<b>22.7</b>	<b>1.4</b>	<b>-94 %</b>
• MF ČR+SR (SI)	21.3	21.3	0	-100 %
• other	1.4	1.4	1.4	0 %
<b>Write-offs*</b>	<b>1.4</b>	<b>1.4</b>	<b>0.1</b>	<b>-93 %</b>
<b>Current exposure</b>	<b>232.1</b>	<b>197.7</b>	<b>244.3</b>	<b>+24 %</b>
<b>Write-offs*</b>	<b>1.8</b>	<b>1.8</b>	<b>0.9</b>	<b>-50 %</b>
<b>Total loan portfolio***</b>	<b>254.8</b>	<b>220.4</b>	<b>245.7</b>	<b>+11 %</b>
<b>Write-offs*</b>	<b>3.2</b>	<b>3.2</b>	<b>1.0</b>	<b>-69 %</b>

Historical exposure further decreased due to the repayment of Slovenská Inkasná exposure in the first quarter of 2005. Thus current exposure rose by 24 % Y/Y to form 99 % of total loan portfolio.



Notes: \* Write-offs during the year.

\*\* Change in methodology, a part of securities included in loan portfolio was transferred into other security portfolios.

\*\*\* including ČKA (CZK 1.4 bn)

# Contents

## Summary Presentation

2005 Highlights

Financial Highlights

Business Highlights

## Financial Results

## Results of Business Activities

## Quality of Credit Portfolio

## Other Information



# ČSOB's Profile

## Numbers and statistics

Number of:	2004		2005	
	ČR	SR	ČR	SR
Employees (FTE)	7,100	1,300	6,870	1,400
Customers (ths)	3,041	185	3,014	186
Branches*	210	81	218	99
ATMs	487	106	537	113
Payment cards (ths)	1,552	115	1,630	132
- of which: Credit cards	21,512	771	27,804	4,723
Users of e-banking (ths)	880	112	1,126	151



Note: \* PSB provides its services through Czech Post Offices, number of outlets: 3,350.

# ČSOB´s Ratings

## Improved rating in 2005

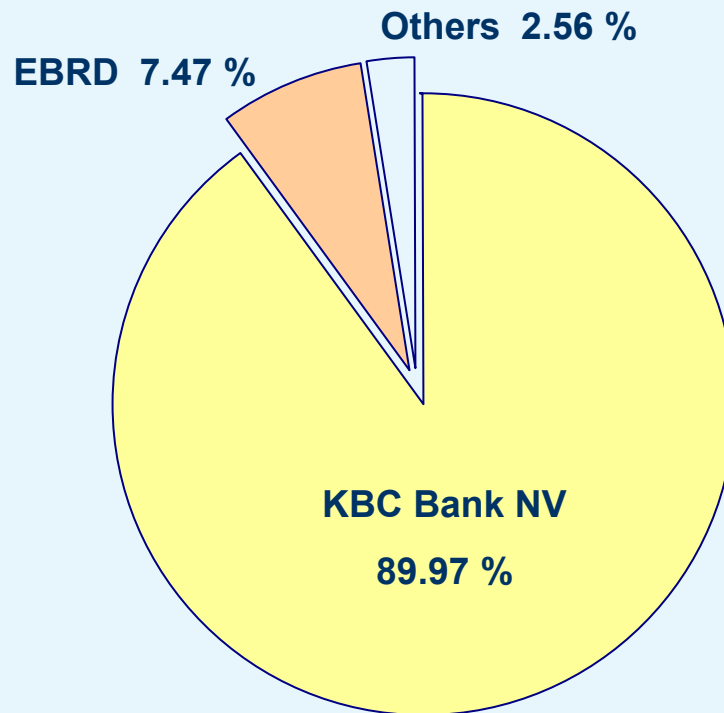
- ČSOB´s long-term ratings by Moody´s, S&P and CI are at the same level as the country ceiling, i.e. the highest possible. Long-term rating from Fitch is one notch below the sovereign level.
- The short-term ratings by Moody´s, S&P and CI are also at the highest achievable level in the Czech Republic.
- In November 2005, Moody´s changed the outlook for ČSOB´s C- financial strength rating from stable to positive, reflecting the business improvements leading to client acquisition especially in the SME and retail segments. The ratings reflect ČSOB´s traditional sound risk management which translates in one of the best asset quality profiles in the Czech Republic.
- In August 2005, Standard & Poor´s raised its long-term rating on ČSOB to 'A-' from 'BBB+'. The upgrade reflected ČSOB´s central role in its strategic shareholder´s (KBC Bank NV) second home market, CEE, which led to increasing business and operational benefits emerging from the integration into, and association with KBC.
- In January 2005, CI upgraded ČSOB´s long- and short-term ratings.

	Long-term	Short-term	Other		
<b>Moody´s</b>	A1	Prime-1	Financial strength	C-	
<b>Fitch</b>	A+	F1	Individual	C	Support 1
<b>Standard &amp; Poor´s *</b>	A-	A-2			
<b>Capital Intelligence</b>	BBB+	A2	Financial strength	BBB+	Support 2

Note: \* On Nov. 30, 2005 the S&P ratings were withdrawn at the request of ČSOB (CEE subsidiaries are rated by Moody´s and Fitch according to KBC´s rating policy). ČSOB will no longer be subject to Standard & Poor´s review.

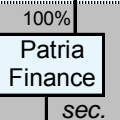


# ČSOB's Shareholder Structure



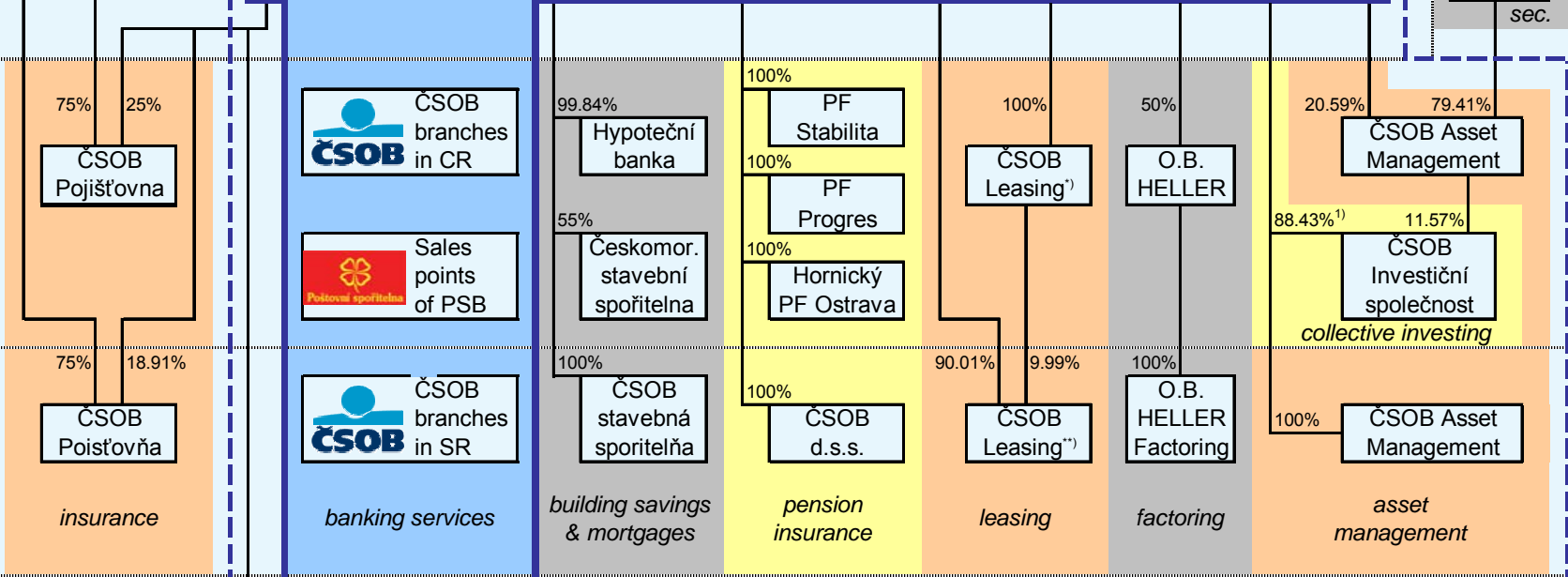
ČSOB's registered capital = CZK 5,105 m (EUR 157 m)

# Československá obchodní banka, a.s.



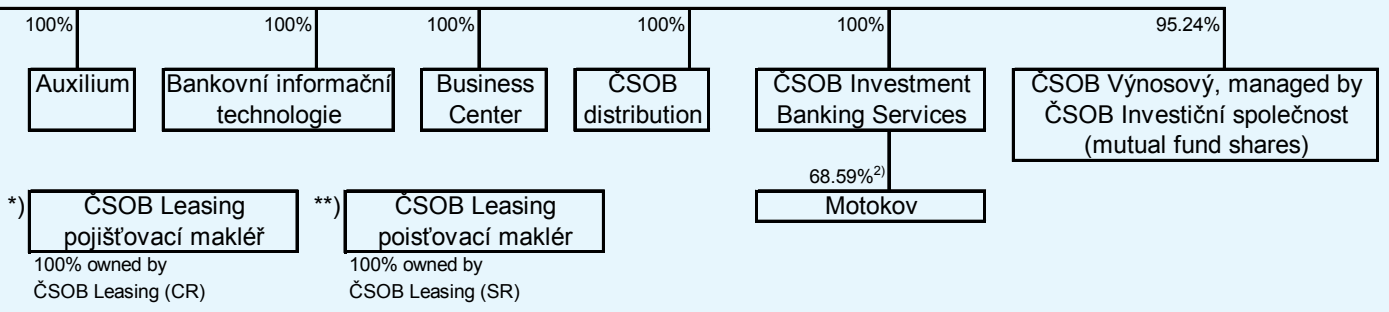
FINANCIAL SERVICES  
CZECH REPUBLIC  
SLOVAKIA

CZECH REPUBLIC  
FINANCIAL SERVICES  
SLOVAKIA



**As of 31-Dec-2005**

1) Direct (73.15 %) and indirect (15.28 % via Auxilium) share on company's capital.  
2) Another 0.5% owned directly by ČSOB.



Consolidated Group (IFRS)



# ČSOB Group ´s 2005 Awards

ČSOB Group performance was awarded again

- ČSOB has obtained “**MasterCard Corporate Bank of the Year 2005**” award
- Hypoteční banka has obtained “**MasterCard Mortgage of the Year 2005**” award
- ČSOB PF Progres is among the three best (2<sup>nd</sup>) PFs in the “**Zlatá koruna 2005**” contest
- ČSOB is once again the “**Best FX Bank**” (evaluation made by Global Finance)
- PSB program Handicap has been awarded by the magazine Osobní Finance as the “**Best financial product of the year 2005**”



# New Headquarters

Ecological building outside the Prague center



**NHQ, new ecological building in Prague suburb is under construction and will be finished during 1H2007.**

**CSOB has successfully completed the sale of the portfolio of office buildings in downtown Prague, which have been housing the Bank headquarters so far.**

**The transactions worth CZK 3.2 bn have become a milestone for the Czech market both in terms of value and scope of office space released in the very touristic center of the Capital.**



# Macroeconomic Environment (CR)

Dynamic growth of the Czech economy creates good business opportunities

		2000	2001	2002	2003	2004	2005
GDP	change, %	3.9	2.6	1.5	3.2	4.7	6.0
Industrial production	change, %	1.5	10.6	4.8	5.8	9.5	5.7
Construction work	change, %	5.3	9.6	2.5	8.9	9.7	4.2
Retail sales	change, %	4.3	4.5	3.0	4.9	2.5	3.8
Inflation (CPI)	average, %	3.9	4.7	1.8	0.1	2.8	1.9
Producer price index	average, %	4.9	2.9	-0.5	-0.3	5.7	3.0
Trade balance	CZK bn	-120.8	-117.4	-70.8	-69.8	-26.4	40.4
Current account	% of GDP	-4.9	-5.4	-5.6	-6.3	-6.0	-2.1
Gross foreign debt	% of GDP	38.0	35.0	33.7	35.0	36.6	37.8 <sup>e</sup>
Foreign Direct Investment (inflow)	% of GDP	8.9	9.3	11.5	2.3	4.6	9.0
Foreign exchange reserves	e-o-p, EUR bn	14.2	16.4	22.6	21.3	20.9	25.1
Rate of unemployment (ILO)	average, %	8.8	8.1	7.3	7.8	8.3	7.9
Real wages	change, %	2.4	3.8	5.4	6.5	3.7	3.5
Money supply (M2)	average change, %	6.4	11.1	6.9	4.2	7.7	5.3
CZK/EUR	average	35.61	34.08	30.81	31.84	31.90	29.78
CZK/USD	average	38.59	38.04	32.74	28.23	25.70	23.95
PRIBOR 3M	average, %	5.36	5.18	3.55	2.28	2.36	2.01
REPO rate	e-o-p, %	5.25	4.75	2.75	2.00	2.50	2.00
General government balance	% of GDP	-3.7	-5.9	-6.8	-12.5	-3.0	-3.0 <sup>e</sup>
Public debt	% of GDP	18.2	26.3	29.8	36.8	36.8	37.6 <sup>e</sup>

Note: <sup>e)</sup> estimate of the CSOB

Source: Czech Statistical Office, Czech National Bank, Eurostat

# Macroeconomic Environment (SR)

Dynamic growth of the Slovak economy creates good business opportunities

		2000	2001	2002	2003	2004	2005
GDP	change, %	2.0	3.8	4.6	4.5	5.5	6.0
Industrial production	change, %	8.4	6.9	6.3	5.2	4.1	3.8
Construction work	change, %	-0.4	0.8	4.1	6.0	5.7	14.7
Inflation (CPI)	average, %	12.0	7.3	3.3	8.5	7.5	2.7
Producer price index	average, %	10.8	6.5	2.1	8.3	3.4	4.7
Trade balance	CZK bn	-41.7	-102.7	-96.0	-23.4	-49.6	-76.0
Current account	% of GDP	-3.5	-8.4	-7.9	-0.8	-3.5	-7.8
Gross foreign debt	% of GDP	54.8	53.0	48.1	49.6	51.1	58.0 <sup>e</sup>
Foreign Direct Investment (inflow)	% of GDP	9.5	7.6	17.1	2.3	3.1	4.2
Foreign exchange reserves	e-o-p, EUR bn	4.4	4.6	8.9	9.7	11.0	13.1
Rate of unemployment (ILO)	average, %	18.6	19.2	18.5	17.4	18.1	16.2
Real wages	change, %	-4.9	1.0	5.8	-2.0	2.5	6.3
Money supply (M2)	average change, %	15.4	11.8	3.4	5.6	5.8	7.1
SKK/EUR	průměr	42.59	43.31	42.70	41.49	38.80	38.59
SKK/USD	průměr	46.20	48.35	45.34	36.77	28.50	31.02
BRIBOR 3M	průměr, %	8.59	7.77	7.79	6.18	4.67	2.93
REPO rate	e-o-p, %	8.00	7.75	6.50	6.00	4.00	3.00
General government balance	% of GDP	-12.3	-6.6	-7.8	-3.8	-3.1	-3.1 <sup>e</sup>
Public debt	% of GDP	49.9	49.2	43.7	43.1	42.5	44.2 <sup>e</sup>

Note: <sup>e)</sup> estimate of the CSOB

Source: Czech Statistical Office, Czech National Bank, Eurostat, WIW



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