

1Q 2006 ČSOB Group Results

IFRS Unaudited Consolidated
31 May 2006, Prague



Contents

Highlights

Financial Results

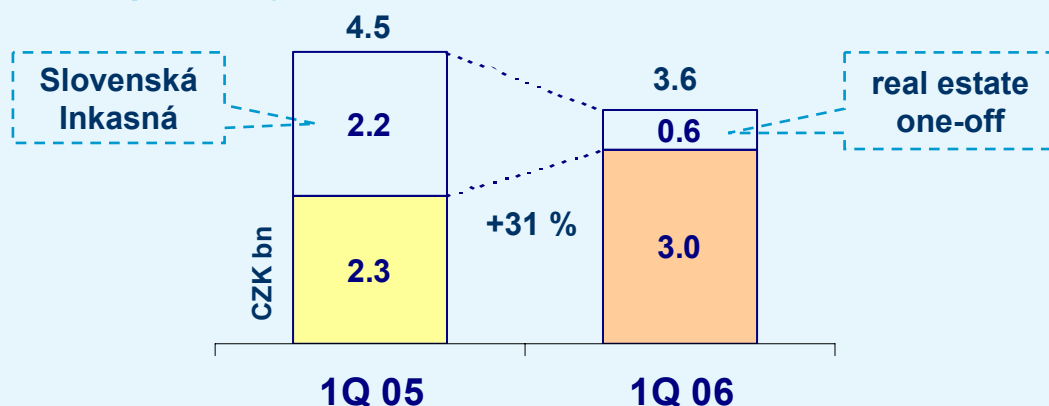
Business Results

Quality of Credit Portfolio



Financial Highlights

Net profit growth



We raised our net profit (excl. one-offs) by 31 % Y/Y, which is above expectations and again faster than our peers. Sound growth is attributable to good business development.

The 1Q 2006 results were influenced by the impact of the extraordinary profit of CZK 625 m (after tax) from the sale of real estate portfolio in the center of Prague prior to moving to New Headquarters (planned in 2007).

Both ROAE and C/I improved Y/Y by 5 percentage points.

(Note that the generally low C/I of 1Q is not sustainable throughout the whole year.)

Financial ratios

	1Q 2005 incl. one-offs	1Q 2005 excl. one-offs	1Q 2006 incl. one-offs	1Q 2006 excl. one-offs
ROAE	37.5 %	18.9 %	26.3 %	24.2 %
C/I Ratio	37.0 %	54.5 %	45.5 %	49.6 %
NIM *)	3.1 %		2.3 %	
CAR Bank	11.72 %		9.76 %	

Note: * NIM on interest bearing assets, excl. Financial markets



Business Highlights

Fast business growth on both sides of the balance sheet

(CZK bn)	31/12/2005	31/03/2006	Change (1Q 2006)
Group lending of which:	246	259	+5 %
- Retail CZ - Housing loans	88.4	94.0	+6 %
- Retail CZ - Consumer lending (incl. Amer. mortgages)	8.1	8.8	+9 %
- SME loans CZ	29.3	31.7	+8 %
- Corporate loans Bank CZ	72.5	76.3	+5 %
- Total lending SK	29.7	31.9	+7 %

Quality of loan portfolio remained on a very high level.

Total AUM	603	613	+2 %
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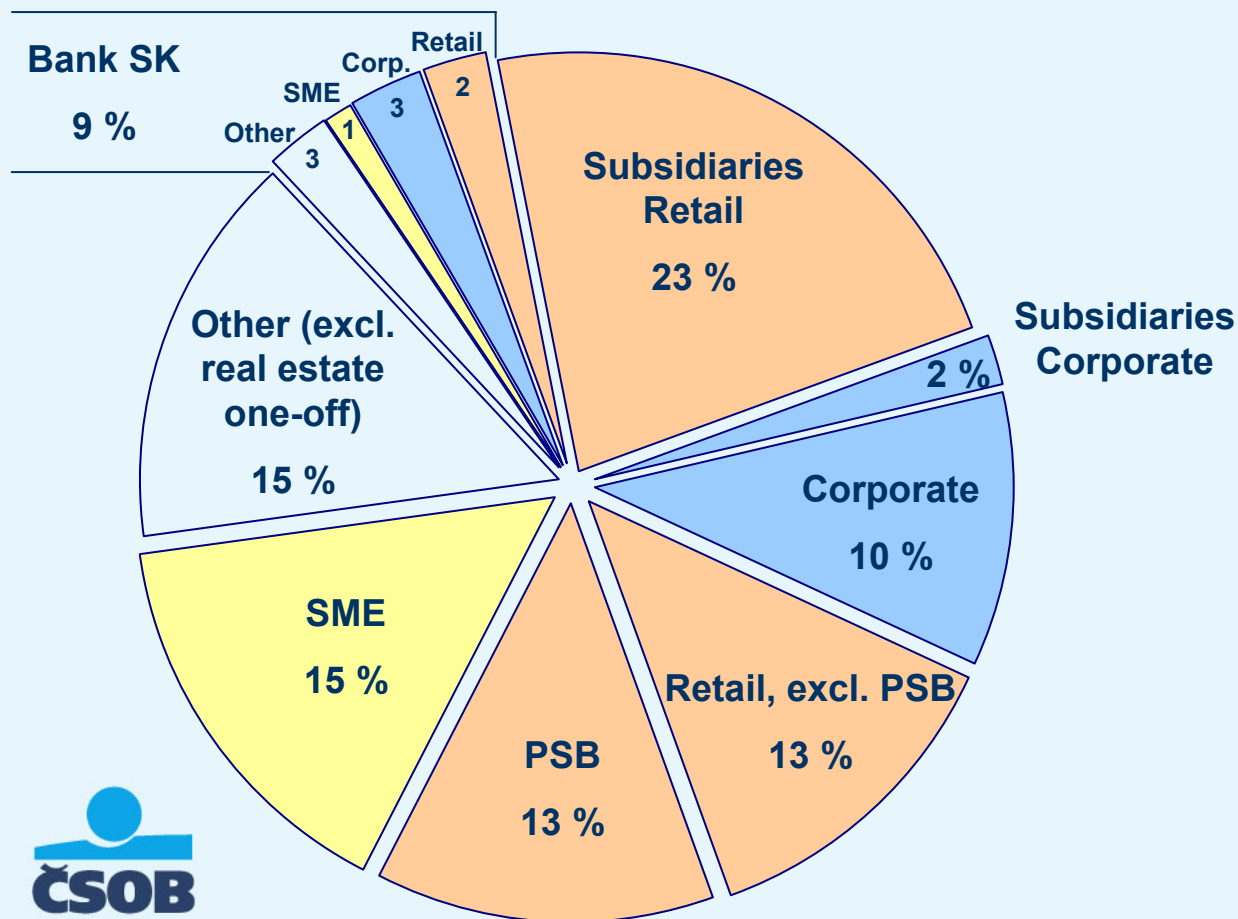


Bank deposits increased by 12 % Y/Y – driven by both ČSOB Brand and PSB Brand.

Assets in mutual funds and pension funds grew by 31 % Y/Y and 43 % Y/Y, respectively.

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 (excl. real estate one-off CZK 7.2 bn) is Retail with 51 %.

SME and Corporate segments account for 16 % and 15 %, respectively.



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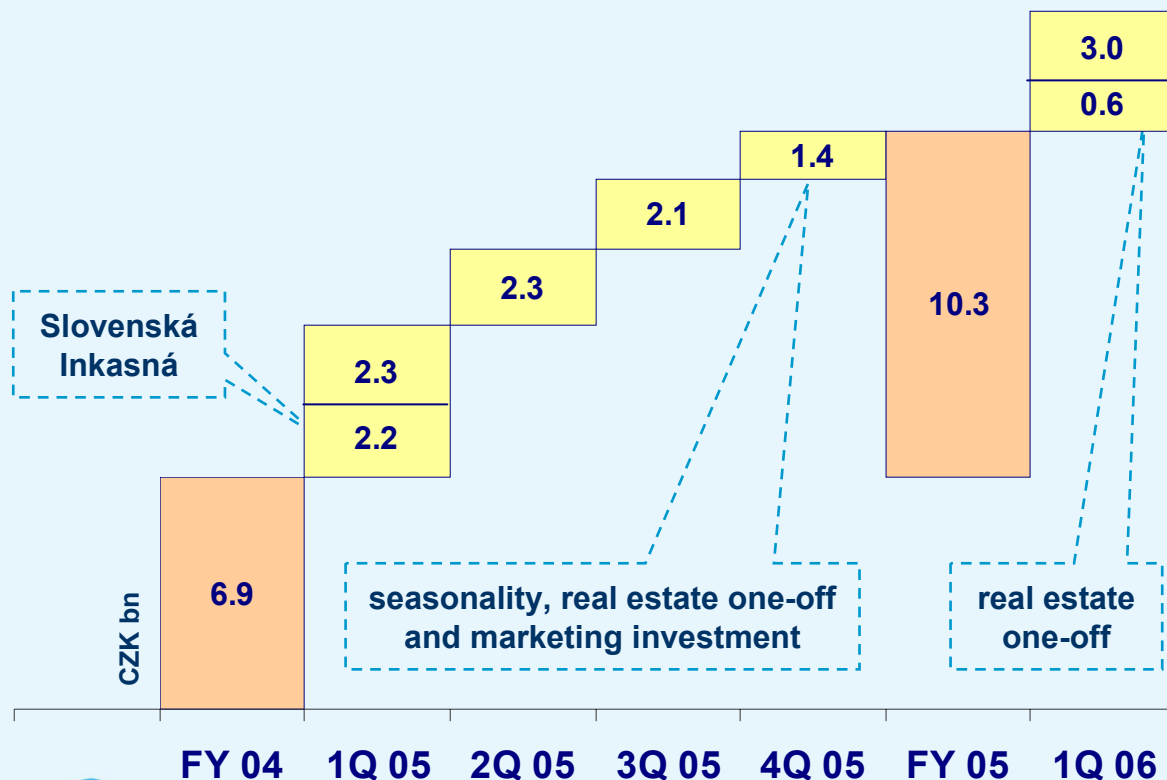
Business Results

Quality of Credit Portfolio



Net Profit Development

Accelerated growth



Net Profit (excl. one-offs) grew by 31 % Y/Y. This is the highest growth among peers in the Czech Republic.

Positive impact of the sale of real estate portfolio CZK 0.6 bn.

Strong earning drivers were new SME loans, corporate loans, mortgages, and construction loans.

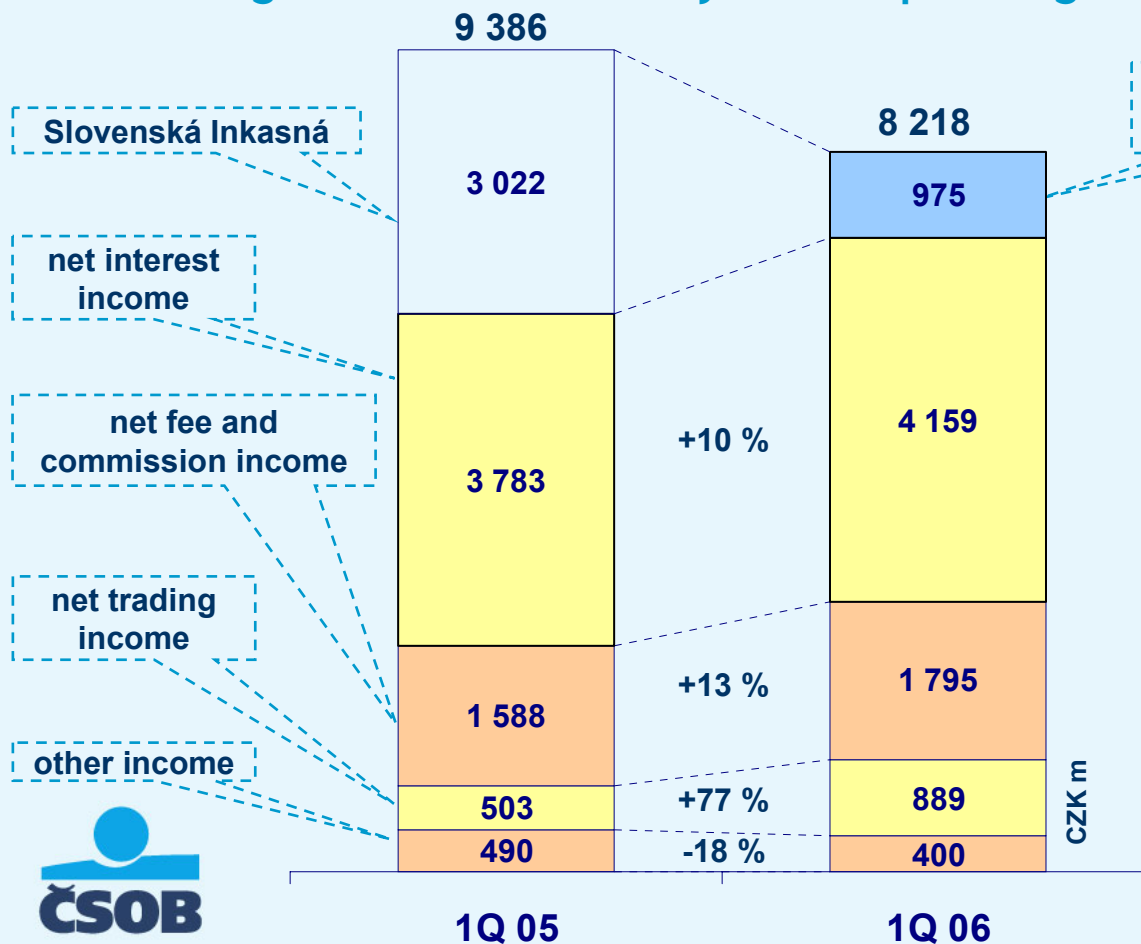
Good business results translate into improving financials.

Exceptional investment in marketing in 4Q 2005 brought its benefits in 1Q 2006.



Operating Income

Business growth boosts activity-based operating income by 14 % Y/Y



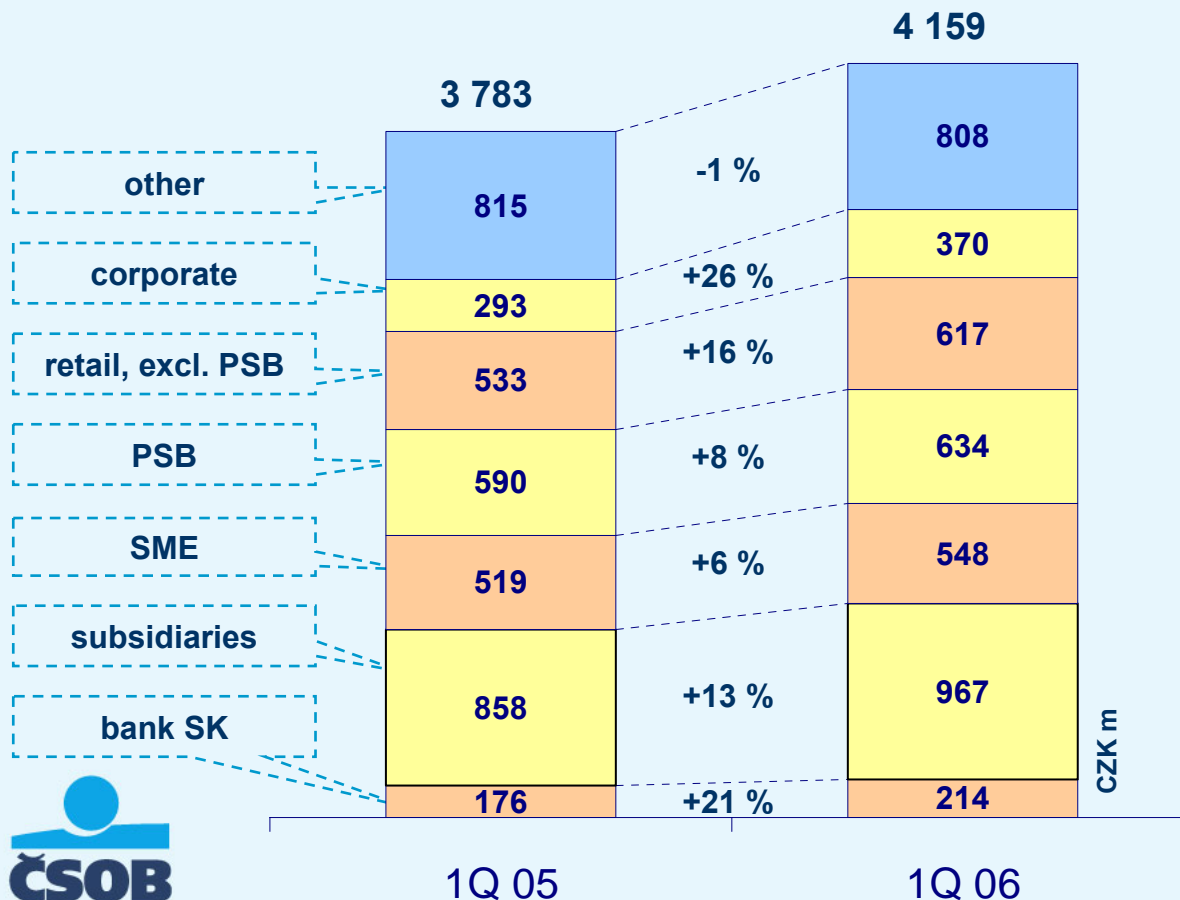
14% increase in total income fully explained by growth in net interest income (activity-based), net trading income and net fee and commission income.

High NII (10%) and NFCI (13%) thanks to increased volumes in both lending and deposits, strong margins and business growth. This positive development shows within the whole group and can be partially attributed to the marketing campaigns in 4Q 2005.



Net Interest Income

Growth in all segments



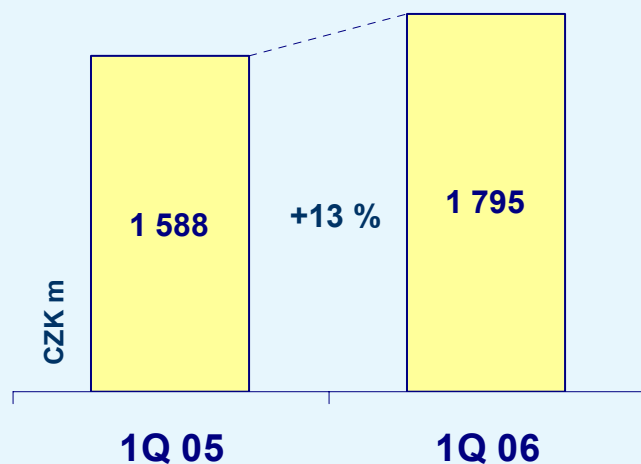
NII grew by 10 % Y/Y, especially thanks to growing volumes of Retail, Corporate and SME loans, mortgages, and construction loans.

NII growth was highest in corporate and retail segments. Subsidiaries' NII increased by 13 % and that of Bank SK by 21 %.

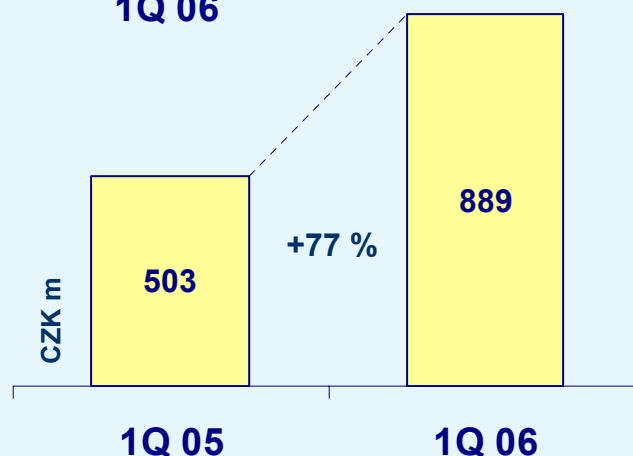


NFCI and NTI

Strong growth driven by outstanding business growth



Inflow of assets into our mutual and pension funds and strong sales in AM resulted in solid fee income growth. Also growing number of payment transactions and approved loans contributed to good NFCI development. Fully driven by business volumes.

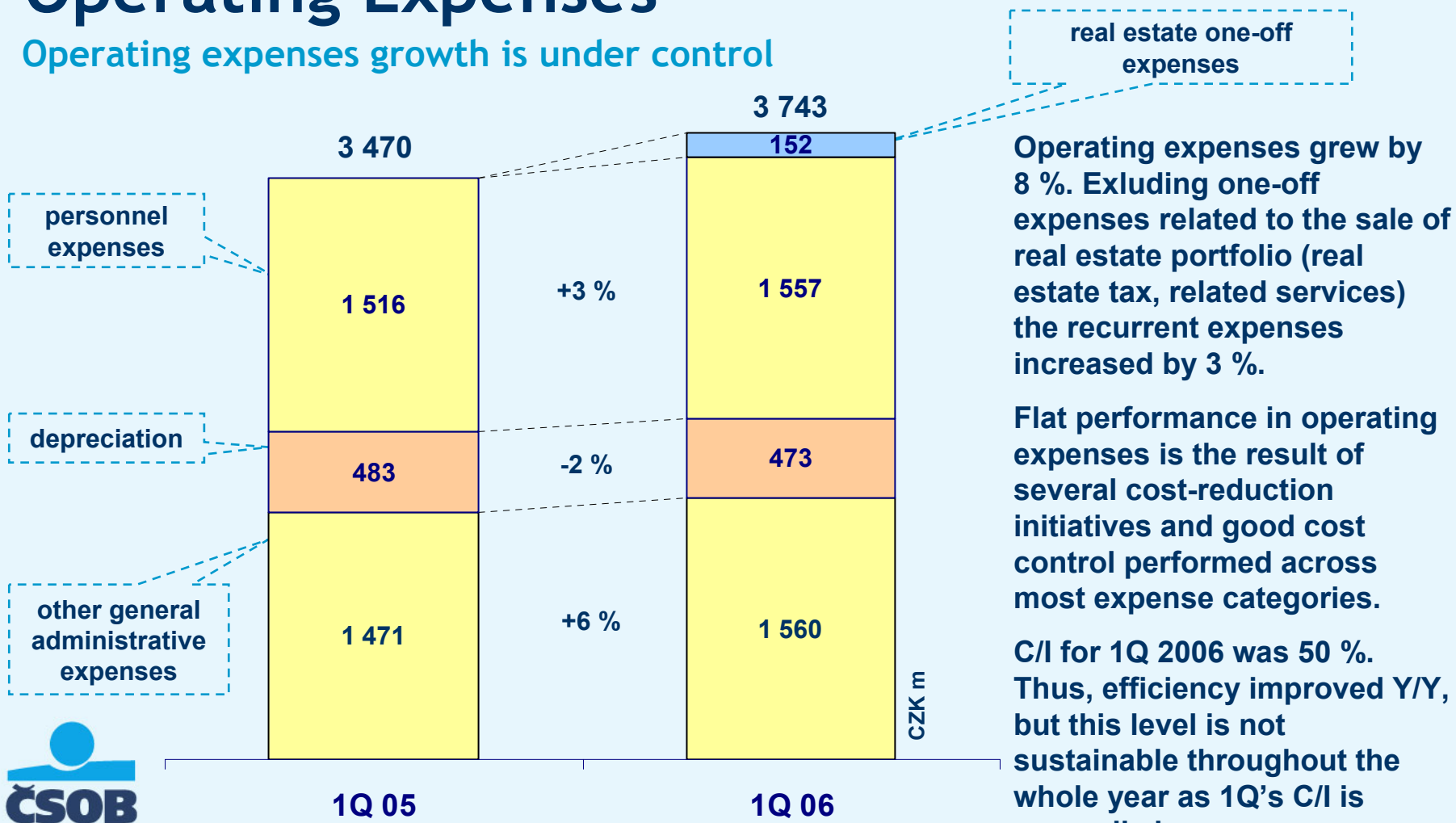


Excellent trading results on financial markets (especially in Slovakia) translated into strong NTI growth.



Operating Expenses

Operating expenses growth is under control



Operating expenses grew by 8 %. Excluding one-off expenses related to the sale of real estate portfolio (real estate tax, related services) the recurrent expenses increased by 3 %.

Flat performance in operating expenses is the result of several cost-reduction initiatives and good cost control performed across most expense categories.

C/I for 1Q 2006 was 50 %. Thus, efficiency improved Y/Y, but this level is not sustainable throughout the whole year as 1Q's C/I is generally lower.



Profit & Loss Statement

Including one-offs (SI and real estate)

(CZK m)	1Q 2005 reclassified*	1Q 2006	Y/Y
Net interest income	3 783	4 159	10%
Net fee and commission income	1 588	1 795	13%
Net trading income	503	889	77%
Other income	3 512	1 375	-61%
Operating income	9 385	8 218	-12%
Operating expenses	-3 470	-3 743	8%
Operating profit before provisions	5 915	4 475	-24%
Impairments on financial assets	296	92	-69%
Provisions	0	248	-
Contribution to pension fund clients	-81	-81	0%
Operating profit	6 131	4 734	-23%
Income tax expense	-1 596	-1 075	-33%
Net profit before minority interests	4 535	3 659	-19%
Minority interests	13	34	157%
Net profit	4 522	3 626	-20%

includes SI in 1Q 2005 (+CZK 3,022 m) and real estate one-off in 1Q 2006 (+CZK 975 m)

includes real estate one-off in 1Q 2006 (-CZK 152 m)

improving quality of the growing loan portfolio



Note: * In 1Q 2005 deposit insurance premium was reclassified from other expenses into net fee and commission income and contribution to pension fund clients from other expenses to the new item contribution to pension fund clients

Profit & Loss Statement

Excluding one-offs (SI and real estate)

(CZK m)	1Q 2005 reclassified*	1Q 2006	Y/Y
Net interest income	3 783	4 159	10%
Net fee and commission income	1 588	1 795	13%
Net trading income	503	889	77%
Other income	490	400	-18%
Operating income	6 364	7 243	14%
Operating expenses	-3 470	-3 591	3%
Operating profit before provisions	2 893	3 652	26%
Impairments on financial assets	296	92	-69%
Provisions	0	248	-
Contribution to pension fund clients	-81	-81	0%
Operating profit	3 109	3 911	26%
Income tax expense	-810	-877	8%
Net profit before minority interests	2 299	3 034	32%
Minority interests	13	34	157%
Net profit	2 286	3 000	31%

growth mainly due to increase of net interest income and operations on financial markets

good cost control across most expense categories



Note: * In 1Q 2005 deposit insurance premium was reclassified from other expenses into net fee and commission income and contribution to pension fund clients from other expenses to the new item contribution to pension fund clients

Balance Sheet

Assets

(CZK m)	31/12/2005	31/03/2006	change
Cash and balances with Central banks	15 017	17 658	18%
Due from banks	81 678	93 116	14%
Trading assets	173 109	203 555	18%
Other financial instr. at FV through P/L	17 446	19 359	11%
Investment securities	174 613	173 913	0%
Loans and leases (net)	239 357	252 918	6%
Pledged assets	3 969	4 493	13%
Property and equipment	8 371	8 493	1%
Goodwill	3 555	3 555	0%
Other assets	19 888	25 035	26%
Total assets	737 003	802 095	9%

growth mainly attributable to the increase of minimum obligatory reserves in the Bank by CZK 4,177 m; partly off-set by the decrease of cash in hand by CZK 1,374 m due to better cash management of the Bank

growth mainly due to an increase in money market loans of CZK 12 bn

financial resources acquired through the increase of trading liabilities were invested into trading assets, mainly in reverse repo transaction

slight decrease mainly due to sales from the available for sale portfolio in HB

growth mainly attributable to loans provided by the ČSOB Bank, HB, ČMSS, and ČSOB Leasing CZ; the ČSOB Bank's loans increased by CZK 7,995 m driven by long-term loans, consumer loans and overdrafts

growth mainly attributable to an increase in other receivables up to CZK 8,462 m



Balance Sheet

Liabilities

(CZK m)	31/12/2005	31/03/2006	change
Due to banks	22 947	20 269	-12%
Trading liabilities	122 684	179 714	46%
Due to customers	472 631	477 425	1%
Debt securities in issue	38 848	37 669	-3%
Other liabilities, including tax liabilities	26 416	30 094	14%
Total liabilities	683 526	745 171	9%
Minority interests	527	457	-13%
Total shareholders' equity	52 950	56 466	7%
Total liabilities, minority interests and shareholders' equity	737 003	802 095	9%

drop due to a decrease in the Bank's term deposits

the increase by CZK 57 bn was caused by an increase in repo transactions of CZK 77 bn and partially offset by a decrease in term deposits of CZK 20 bn

drop mainly due to a decrease of short-term promissory notes of CZK 2,992 m; partly off-set by an increase in bonds issued by CZK 1,932 m

growth mainly due to a rise of volume of deposits in the PSB by CZK 3 bn which was mainly driven by deposits on Postgiro (current) accounts



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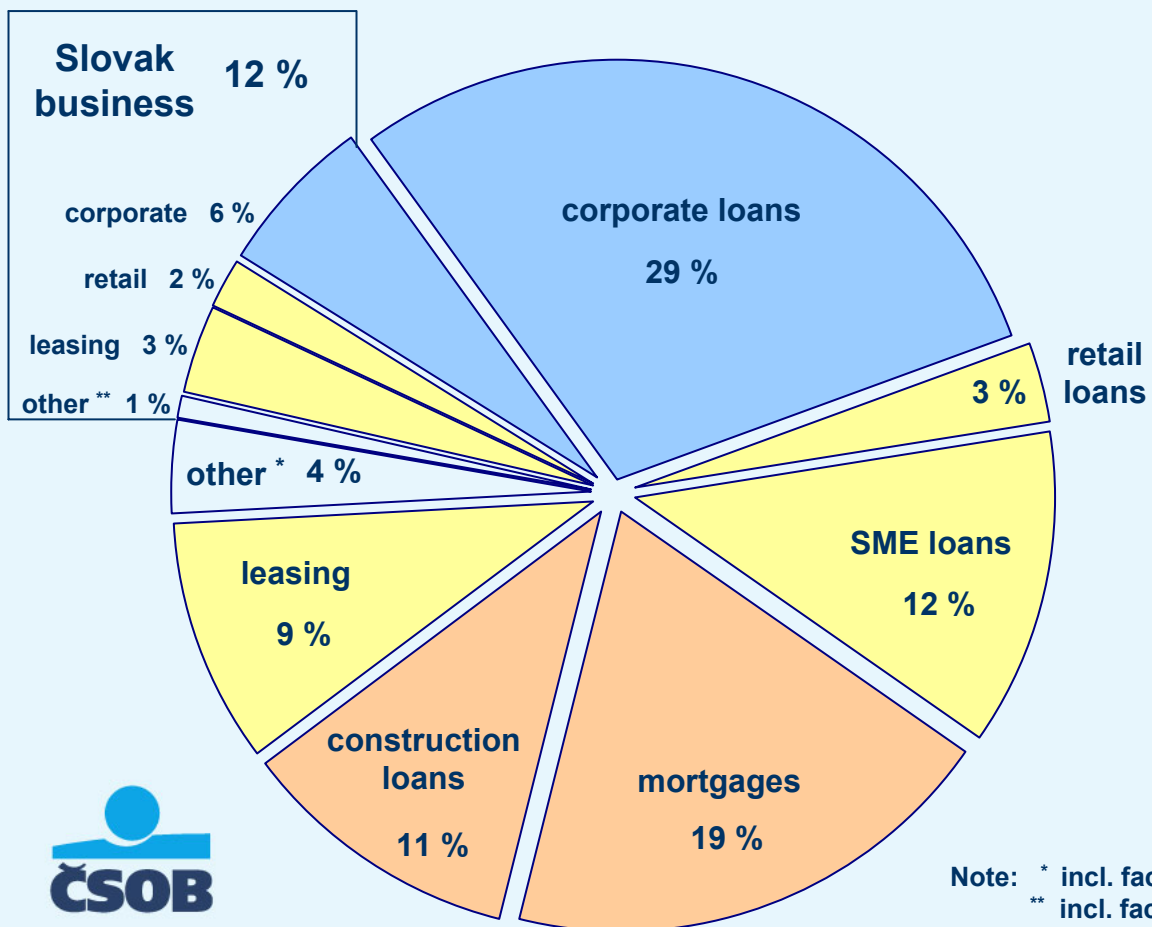
Business Results

Quality of Credit Portfolio



Total Group Lending

Up by 5 % during 1Q 2006



Total Group loans increased by 19 % Y/Y to CZK 259 bn. The growth was caused mainly by SME loans (+44 %) and mortgages (+40%).

In 1Q 2006, both SME loans and mortgages rose by 8 % and reached the amount of CZK 32 bn and CZK 50 bn, respectively, as of 31/03/2006. Corporate loans (CZ+SK) grew by 6 % to CZK 92 bn.

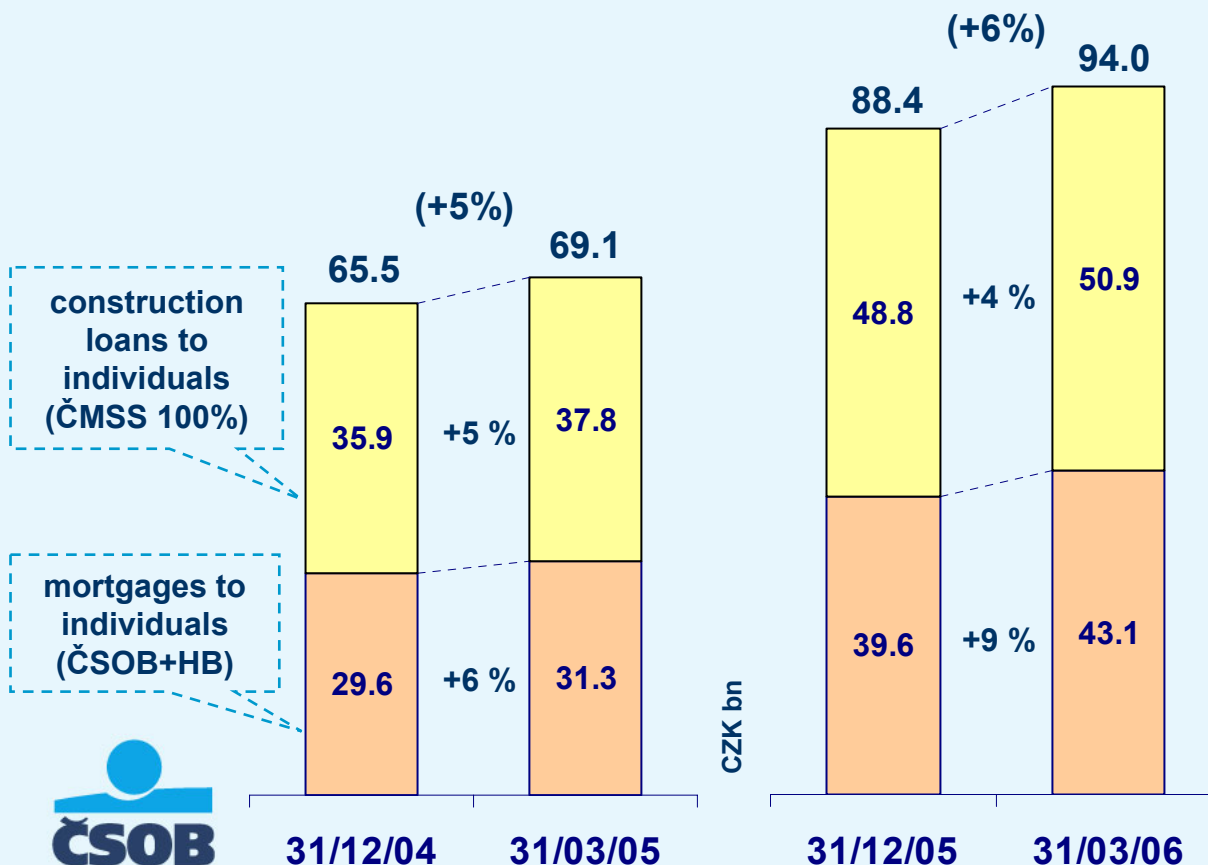
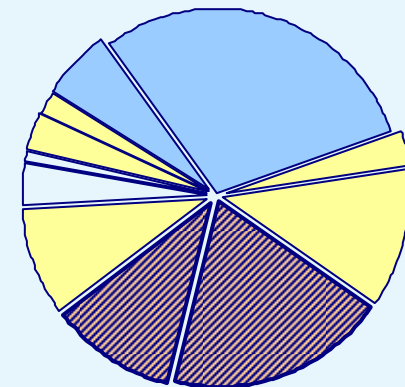
SME loans and mortgages increased its contribution to the Group lending Y/Y.

Note: * incl. factoring
** incl. factoring, SME loans, and construction loans



Housing Loans (CZ)

Confirming leading position in financing housing needs



The outstanding volume of housing loans reached CZK 94 bn as of 31/03/2006.

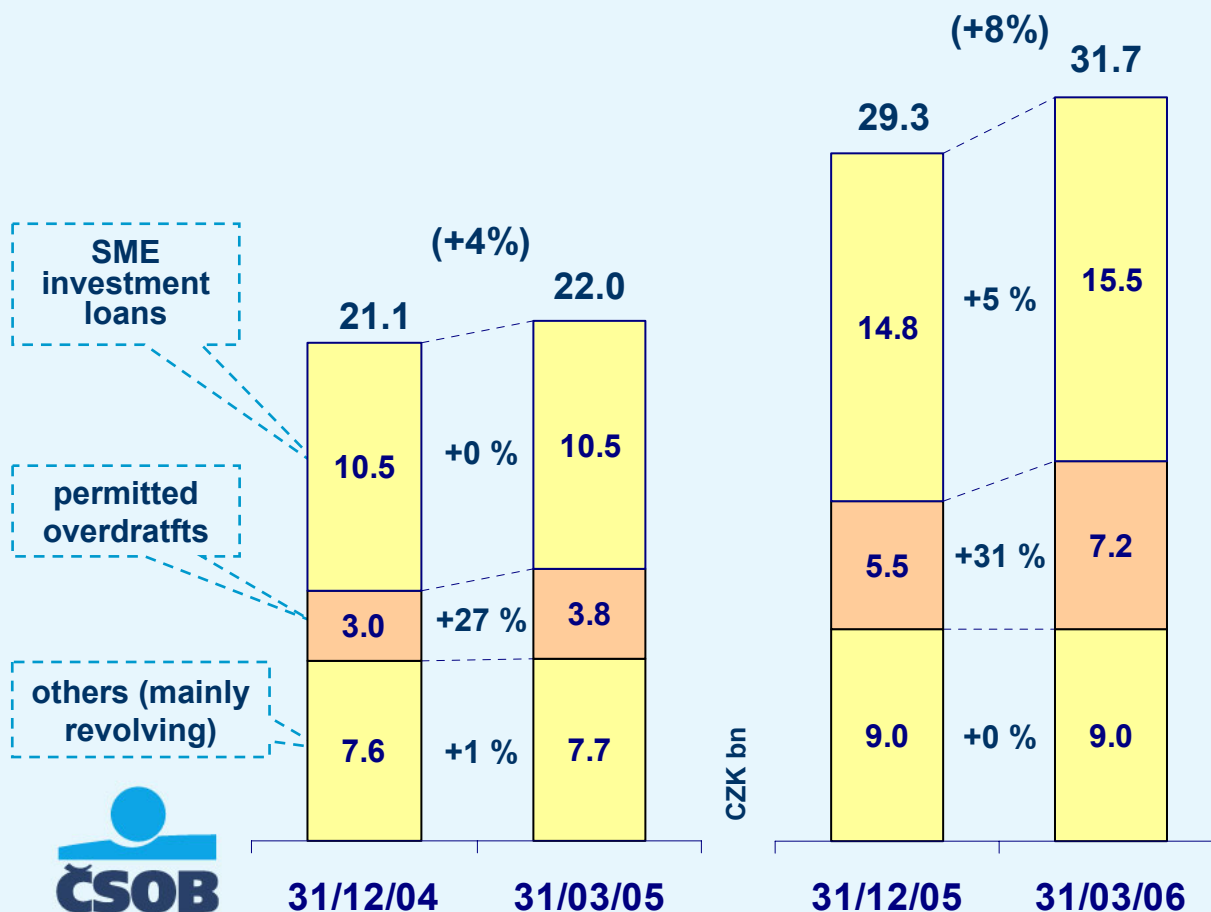
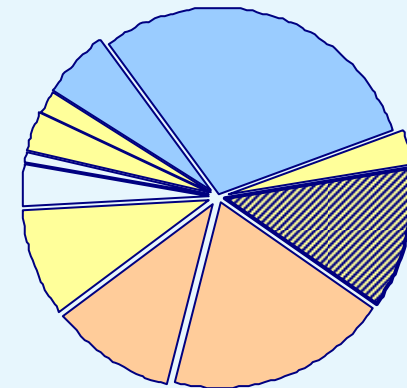
In sales of mortgages ČSOB Group strongly raised its market share from 23 % in 4Q 2005 up to 28 % in 1Q 2006.

Mortgage Bank (HB) together with ČSOB confirms its position as one of the three largest mortgage providers in the Czech Republic with a market share 24.8 %. ČMSS remains the biggest provider of construction loans in the Czech Republic with a market share of 45.3 % (individuals only).



SME Lending (CZ)

Accelerated improvement in ČSOB's SME business



Lending of SME investment loans strengthened with a 5 % growth in comparison with 1Q 2005. The Sale of permitted overdrafts remained solid in 1Q 2006.

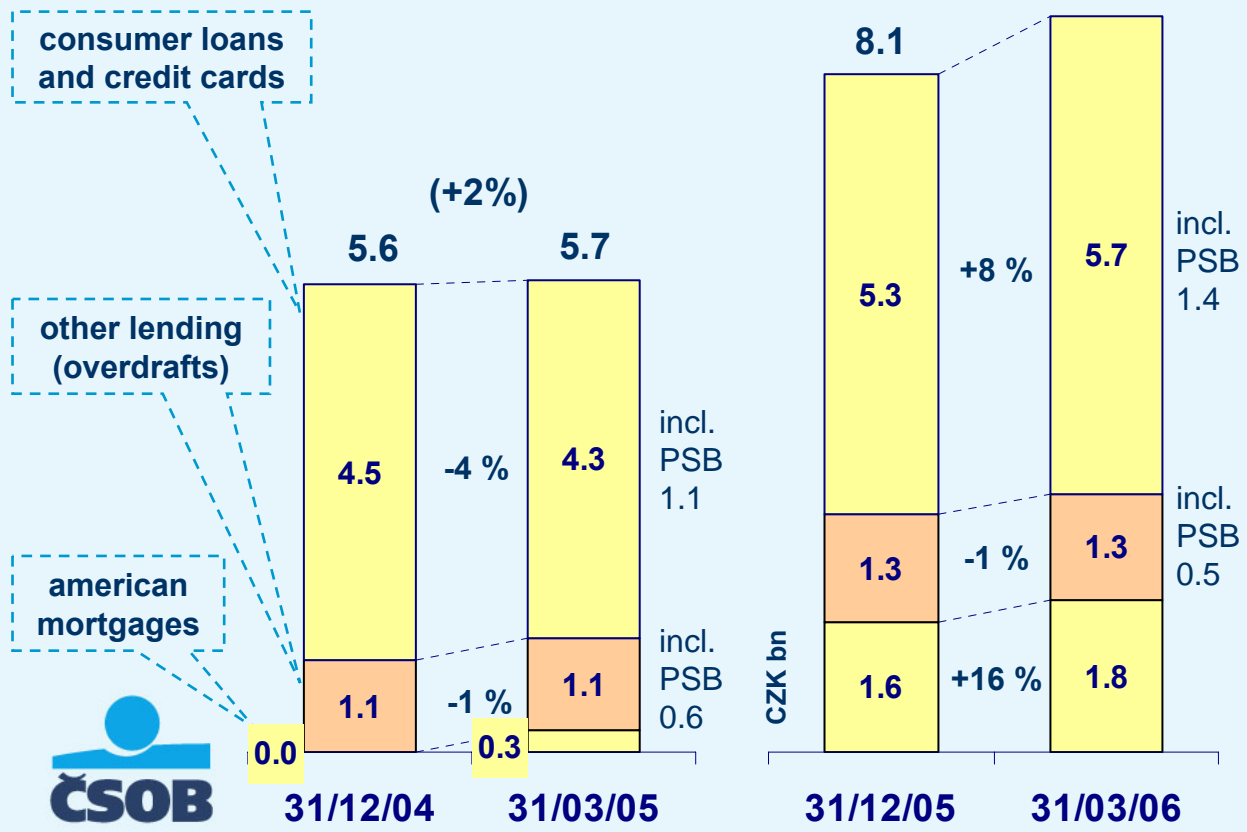
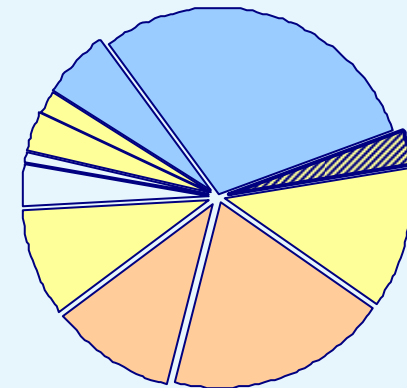
SME lending topped CZK 32 bn and improved by 44 % Y/Y. Permitted overdrafts improved by 89 % Y/Y.

The growth of SME lending in 1Q 2006 was mainly caused by 31 % increase of permitted overdrafts.



Consumer Lending (CZ)

Solid growth continues



Respectable 1Q 2006 growth in consumer loans and credit cards compared to a slowdown in consumer loans in 1Q 05. Overdrafts remain stable.

American mortgages are treated as a part of consumer lending according to the new ČNB methodology.

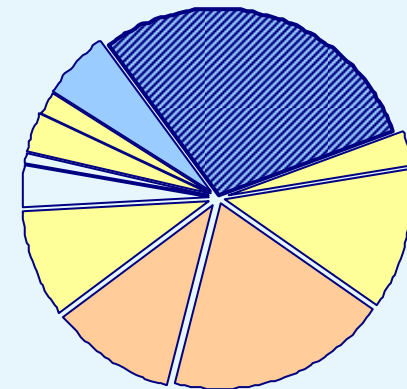
PSB's newly approved consumer loans and credit cards improved by 56 % Y/Y.

ČSOB's newly approved consumer loans and credit cards rose by 169 % Y/Y.

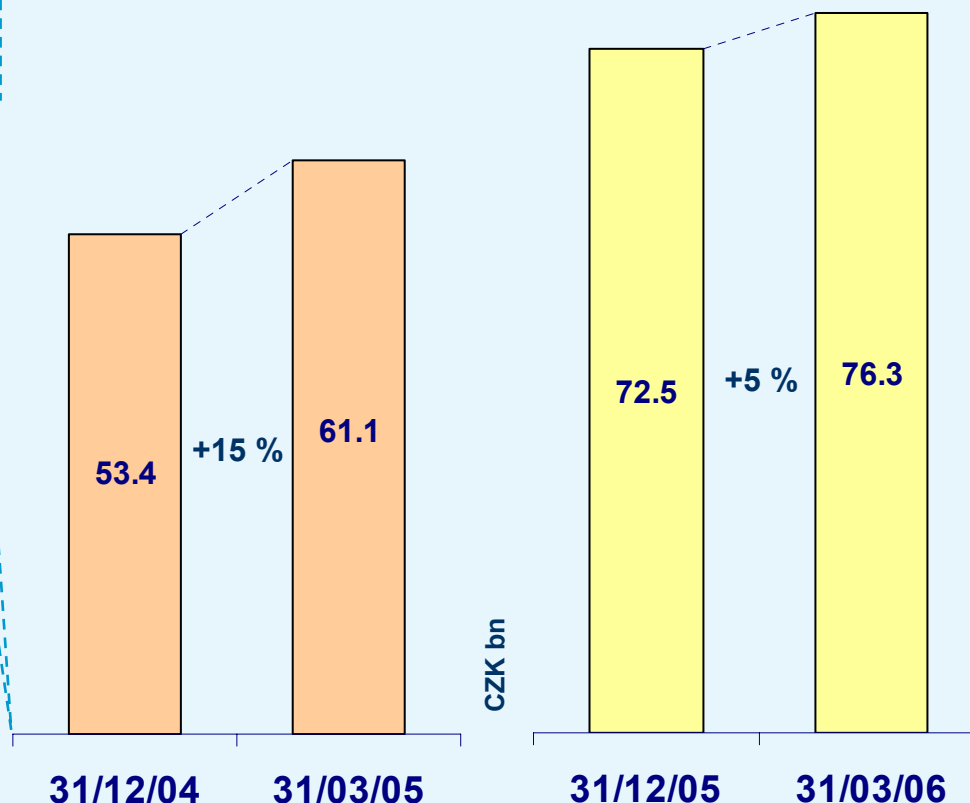


Corporate Lending (CZ)

The largest contributor to ČSOB's lending activities



corporate
loans
Bank CZ

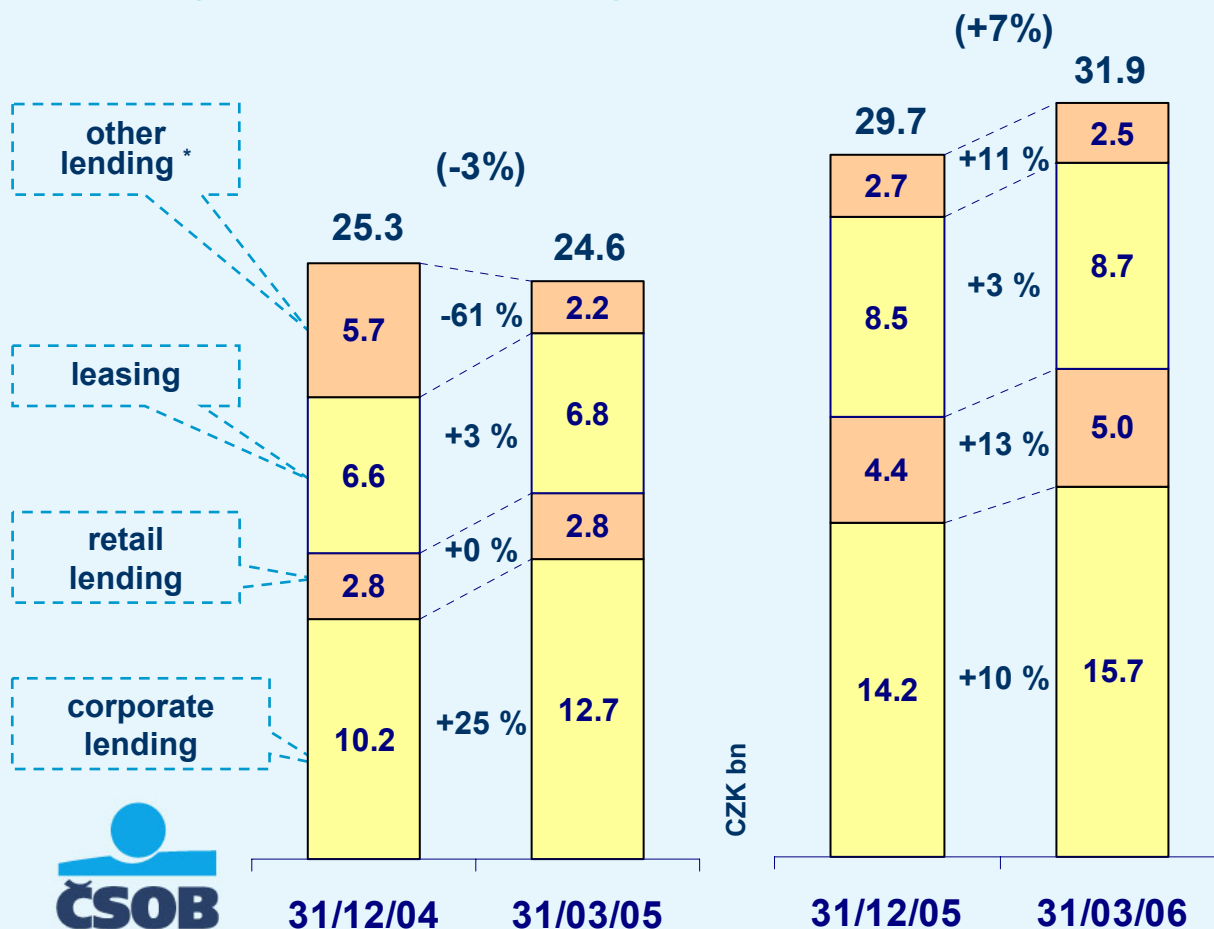
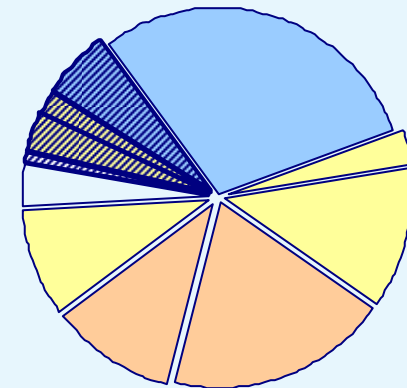


Corporate loans reached CZK 76.3 bn by 31/03/06 and, thus, increased by 25 %.

In 1Q 2006 the volume of corporate loans went up by CZK 4 bn which means a 5% increase.

Lending in Slovakia

Firm growth across all segments



Outstanding volume of Slovak lending grew by 30 % Y/Y and reached the amount of CZK 32 bn.

Outstanding mortgages went up by 19 % during 1Q 2006.

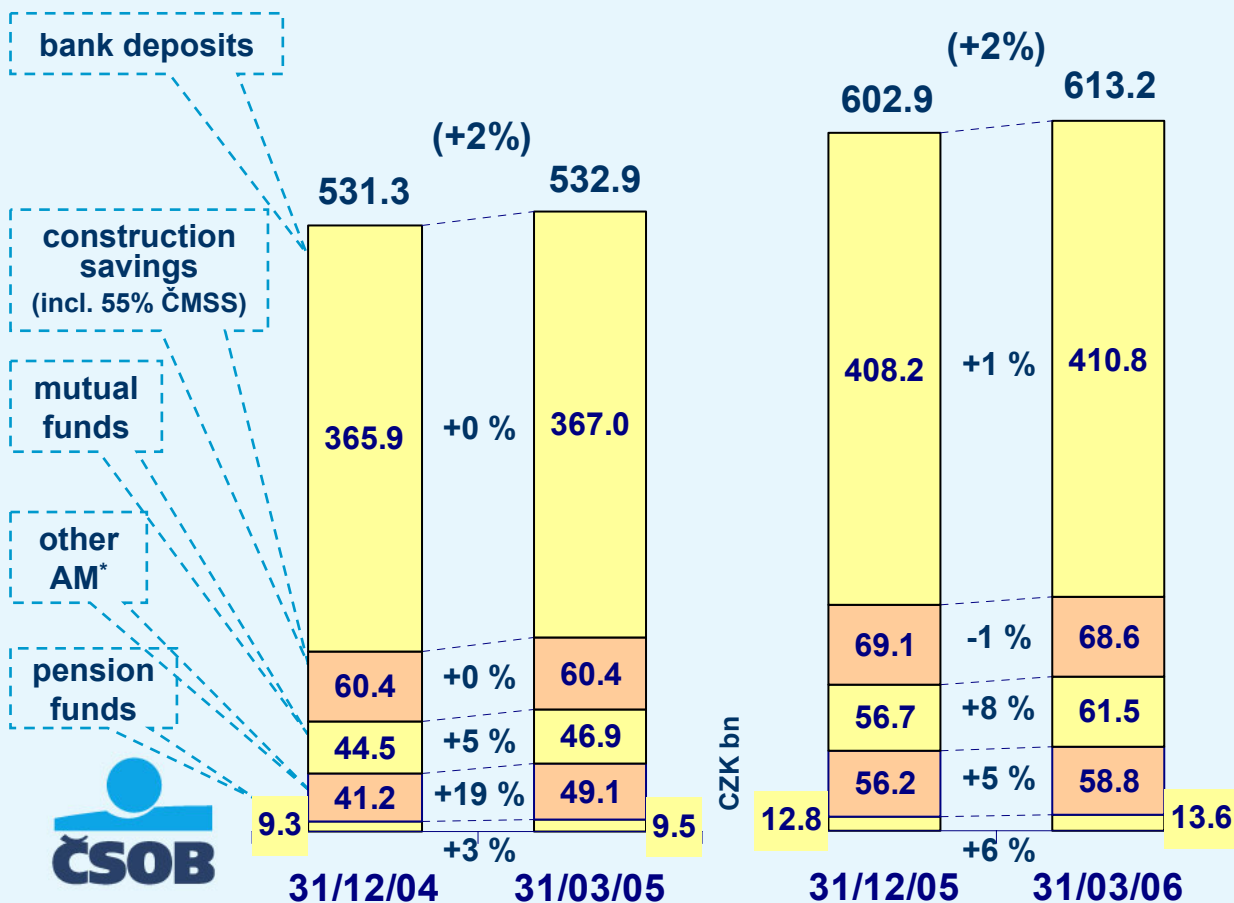
Retail lending recorded a solid expansion (+ 13 %) in 1Q 2006, compared to the 1Q 2005 stagnation.

Note: * incl. factoring, SME loans, and construction loans



Assets under Management

Assets under management topped CZK 613 bn



Assets under Management rose Y/Y by CZK 80 bn (+15 %) to CZK 613 bn.

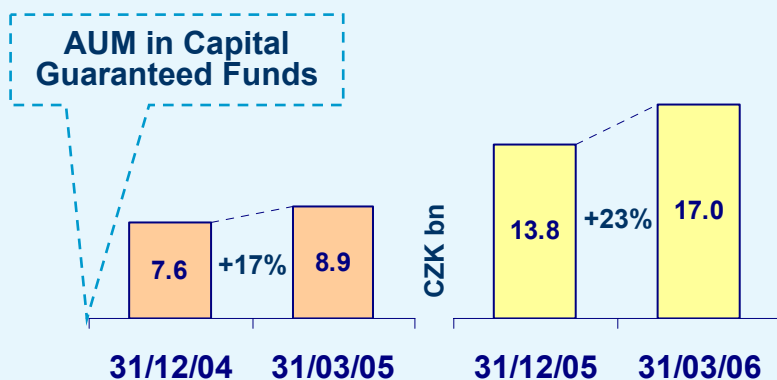
Significant 1Q 2006 growth of assets in pension funds (+6 %) and mutual funds (+8 %).

Growth in deposits by 11 % Y/Y despite the fact that alternative savings instruments increase continually.

Note: * Other AM refers to all business of ČSOB Asset Management (CZ+SK) other than pension funds

Mutual Funds and Asset Management

Solid growth of mutual funds and discretionary AM continues



Assets in mutual funds grew by CZK 4.8 bn in 1Q 2006.

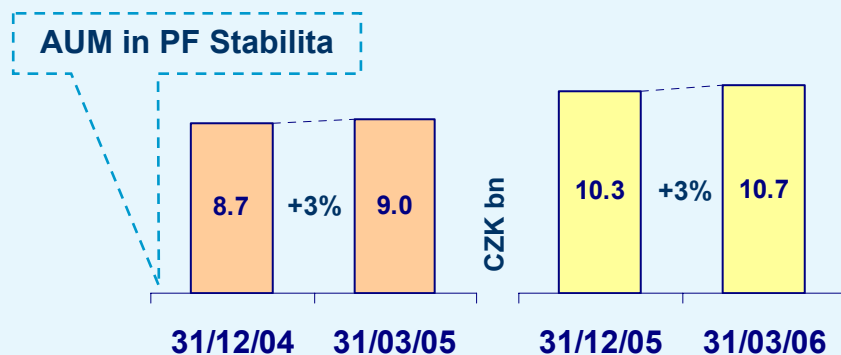
The fastest growing mutual funds are Capital Guaranteed Funds (CGFs). In 1Q 2006 new CZK 2.7 bn were invested in CGFs. AUM in CGFs almost doubled Y/Y, thus confirming ČSOB's No. 1 position in the market.

ČSOB confirms to be a clear leader in discretionary asset management for individuals in the Czech Republic. Strong sales in discretionary asset management to individuals in 1Q 2006 drove our market share in this segment from 53 % at the beginning to 55 % at the end of the quarter.

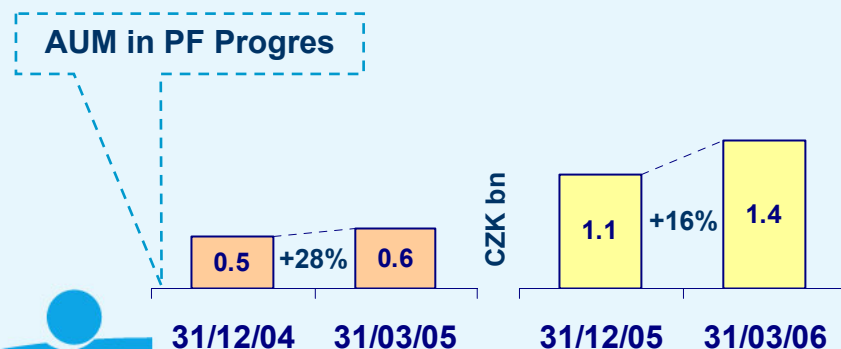


Pension Funds

Assets in PF Progres more than doubled during past twelve months



Assets in pension funds went up by 6 % in 1Q 2006 also due to strong sales through ČMSS agents and PSB post offices sales points (PF Stabilita).

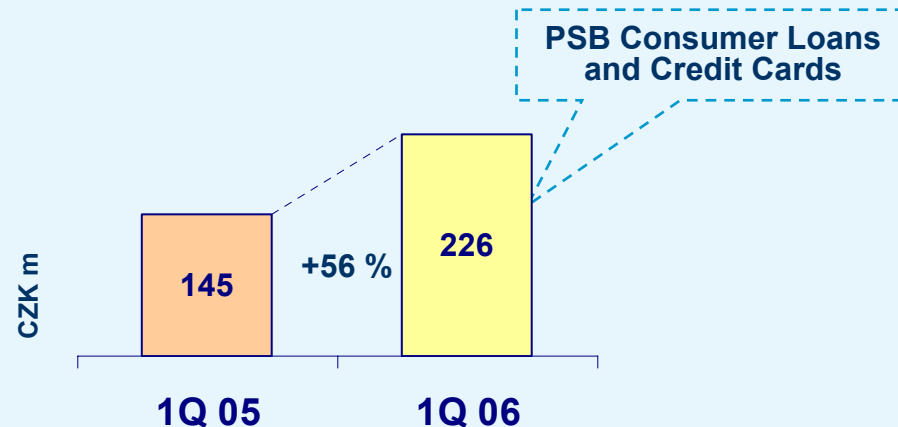
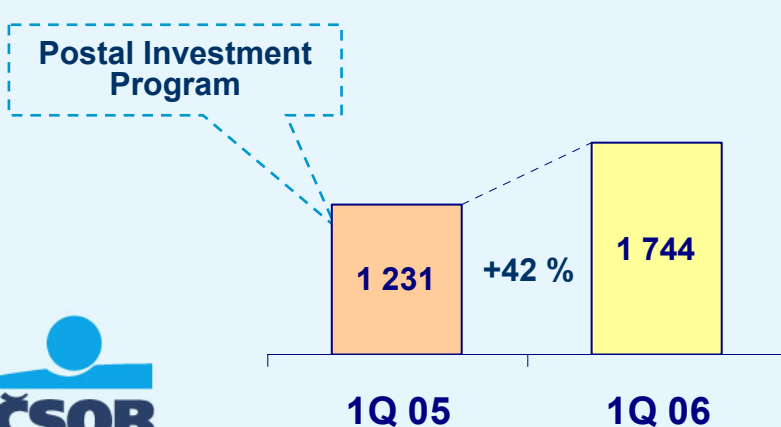
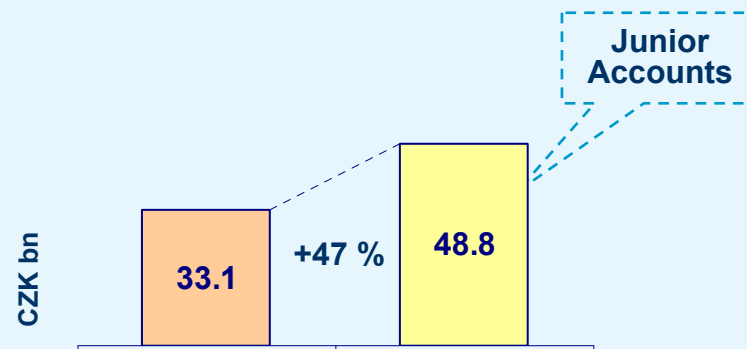
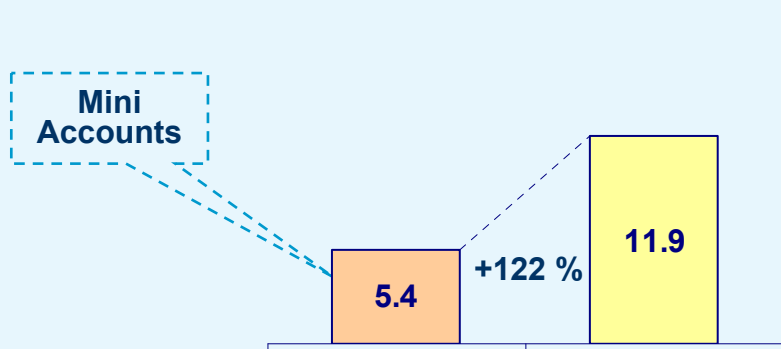


Our free of charge advisory product, Key Plan, rose by 13 % Y/Y. Almost 6,000 people came to ČSOB during 1Q 2006 to get advice on their family financial planning.



Postal Savings Bank

Sales of investment products and acquisition of young clients



Penetration Ratios

Ongoing improvement in penetration ratios

	31/03/2005	31/12/2005	31/03/2006
Retail	3.51	3.84	4.10
SME	2.88	3.13	3.23
Retail+SME	3.40	3.70	3.94

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

The average ratio reached 3.94 products per customer and thus rose by 16 % Y/Y.



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NPLs and Provisions

IFRS, consolidated, gross (in CZK bn)

	31/12/05	31/03/06	Y/Y
Total loans of which	245.7	259.1	+15 %
NPLs	4.1	4.7	+15 %
Total provisions	6.4	6.2	- 3 %
<hr/>			
NPLs / total loans	1.7 %	1.8 %	
Coverage of NPLs by provisions	155.2 %	132.2 %	

Loan-Loss Ratio (ČSOB Bank) *

+ 0.16 %

Loan-Loss Ratio (ČSOB Group) *

+ 0.08 %

Note: * Including recoveries



ČSOB's Ratings

Improved individual rating in 2005

ČSOB's long-term ratings by Moody's 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 and CI are also at the highest achievable level in the Czech Republic.

In April 2006 Fitch Ratings upgraded ČSOB's Individual rating to B/C from C. According to Fitch the upgrade of ČSOB's Individual rating reflected a strengthening of the bank's franchise, a clean balance sheet and a good track record as a conservative, well-managed institution.

	Long-term	Short-term	Other		
Moody's	A1	Prime-1	Financial strength	C-	
Fitch	A+	F1	Individual	B/C	Support 1
Capital Intelligence	BBB+	A2	Financial strength	BBB+	Support 2



Contacts

for media:

Milan Tománek
executive director
External Communication and Investor Relations
+420 261 351 003, mtomanek@csob.cz

for analysts and investors:

Ondřej Vychodil
Head of Investor Relations
+420 261 354 244, ovychodil@csob.cz

Ida Markvartová
Investor Relations Analyst
+420 261 354 246
imarkvartova@csob.cz

Radek Němeček
Investor Relations Analyst
+420 261 354 248
rnemecek@csob.cz

