

# 1Q 2007 ČSOB Group Results

IFRS Unaudited Consolidated  
16 May 2007, Prague



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# 1Q 2007 Highlights

## Further strong development of our core business

- In 1Q 2007, ČSOB Group confirmed to be running forward as a **bancassurer** with a special focus on **financing housing needs** and **managing clients' assets**. The success is going on thanks to instant Innovation Leadership and ČSOB's unique multibranding-multichannel-bancassurance power.
- ČSOB Group increased its volume of **Group Business Lending** by **32 % Y/Y**.
- ČSOB Group confirmed its No. 1 position in financing housing needs in CZ with a **31.4 %** market share. **Mortgages went up by 42 % Y/Y** and reached CZK 58.5 bn.\*
- ČSOB Group further improved its mutual funds market share in CZ to **27.0 %** (+1.7 pp Y/Y, +0.3 pp Q/Q). **Mutual funds grew by 24 % Y/Y** and reached CZK 70.2 bn.\*\* No. 1 position in the capital guaranteed funds in CZ has been maintained.
- The number of **ČSOB pension funds' clients** rose by **22 % Y/Y** (+102 ths). The growth was driven mainly by ČMSS network which achieved almost a 59% share on the new sales of last twelve months.



Note: \* Outstanding volume of mortgages provided by ČSOB, HB, and PSB in the Czech market.

\*\* Assets in ČSOB Group's mutual funds in the Czech market.

# Financial Highlights

Net profit of CZK 2,644 m, underlying operating profit up by 5 % Y/Y

- ČSOB Group recorded 1Q 2007 net profit of **CZK 2,644 m**.
  - This represents a nominal decrease of 27.1 %, compared to CZK 3,626 m in 1Q 2006.
  - Such a Y/Y comparison is largely distorted by the negative effect of business-unrelated items (see slide 17).
- Net interest income, **NII**, showed a strong growth of **18.0 % Y/Y**.
- Net fee and commission income, **NFCI**, slightly increased by **1.8 % Y/Y**.
- Net trading income, **NTI**, decreased by **58.5 % Y/Y** due to the change in MVA methodology, altered structure of FM operations and ALM-related volatility (see slides 13 and 15).
- Operating expenses grew by 11.3 % but **underlying operating expenses** remained under control with a **3.2 %** increase Y/Y (see slide 16).

Y/Y development:	Total	Underlying*
Operating Income	-9.4 %	+4.1 %
Operating Expenses	+11.3 %	+3.2 %
<b>Operating profit**</b>	<b>-24.4 %</b>	<b>+5.0%</b>

**Notes:**

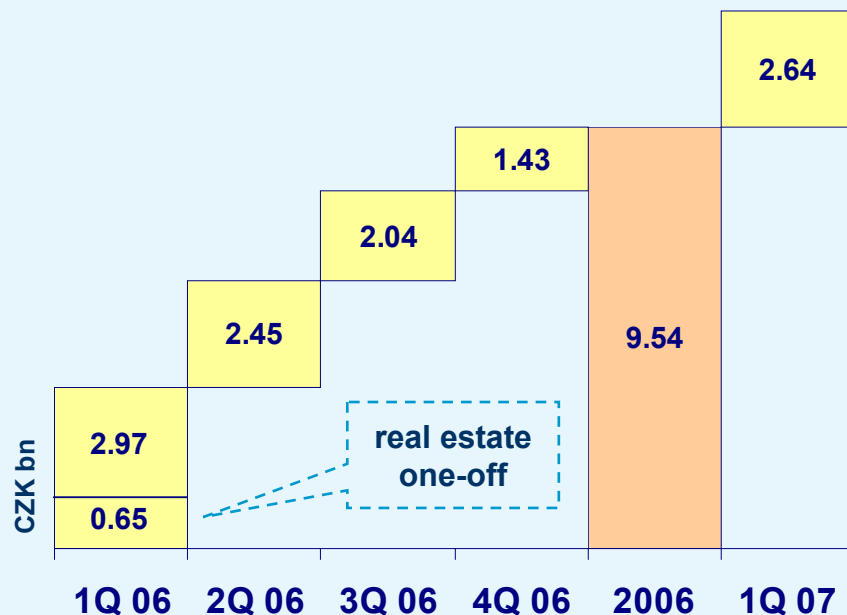
\* Net of the real estate one-off, exceptional release of reserve on litigation, changed accrual policy and changed MVA methodology.

\*\* Profit before impairment losses and share of profit associates.



# Financial Highlights

## Net profit development



On a comparable basis, C/I slightly decreased from 49.3 % to 48.9 % (calculated from underlying operating profit, see slide 17).



NIM grew by 41 basis points Y/Y and the Bank's capital adequacy increased to 10.83 %, due to issuing the remaining 7bn of subordinated debt.

1Q 2007 net profit of CZK 2.64 bn represents 30 % of the FY 2006 net profit (excl. real estate one-off).

Return on Allocated Capital (ROAC) for 1Q 2007 reached 37.5 %.

including RE one-off, recoveries and a release of reserve on litigation

incl. new MVA methodology and accruals

### Financial ratios

	1Q 06	1Q 07
C/I Ratio	42.0 %	51.6 %
Loan/Deposit Ratio*	54.0 %	65.3 %
NIM**	2.36 %	2.74 %
CAD Bank*	9.76 %	10.83 %

Notes:

\* Level at the end of period

\*\* Net interest margin on interest bearing assets

# Business Highlights, 1Q 2007

## Assets side - strong growth in lending activities

(CZK bn)	31/03/2006	31/03/2007	Change Y/Y
Total Group lending <sup>1)</sup>	259.1	342.8	+32 %
<b>Group business lending (CZ+SK) <sup>2)</sup></b>	<b>251.0</b>	<b>332.5</b>	<b>+32 %</b>
Retail CZ - Housing loans <sup>3)</sup>	91.9	123.3	+34 %
Retail CZ - Consumer lending (incl. Amer. mortgages)	7.4	10.0	+36 %
SME loans CZ	31.7	46.9	+48 %
Corporate loans Bank CZ	76.3	84.6	+11 %
Leasing CZ	24.0	29.1	+21 %
Total lending SK <sup>4)</sup>	31.9	52.4	+64 %

## Quality of loan portfolio remained on a very high level

NPL / Total Group lending	1.80 %	1.68 %	-0.12 pp
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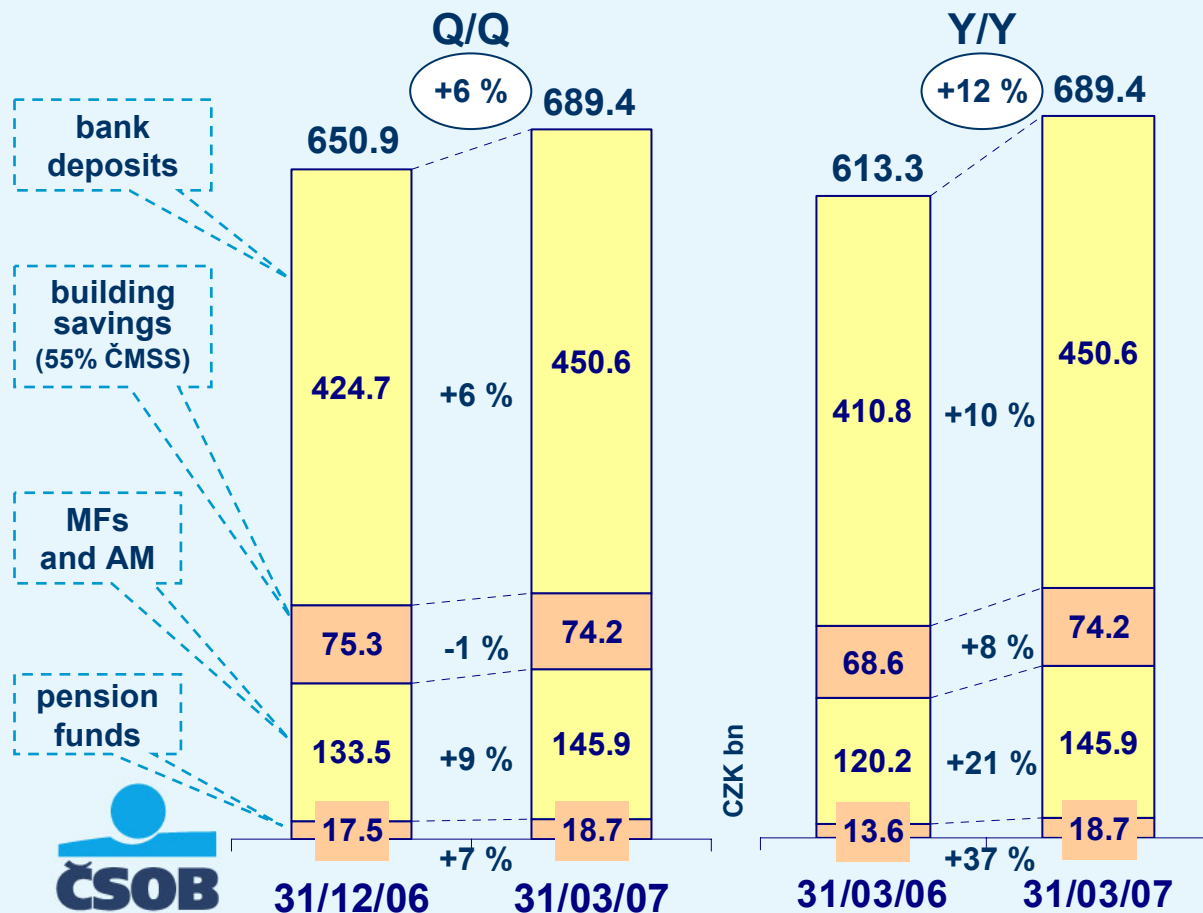
### Notes:

- 1) "Total Group lending" = "Loans and receivables" – "Due from banks" (from the Balance Sheet, ČMSS 55 %).
- 2) "Group business lending" = "Total Group lending" – ALM (securities) – historical bad debts +/- eliminations. (ČMSS 55 %)
- 3) "Housing loans" = mortgages to individuals (HB+ČSOB+PSB) + building loans to individuals (ČMSS 100%).
- 4) In terms of SKK, Total lending SK grew by 49 % Y/Y, see slides 28-29.



# AUM and Deposits (CZ+SK) at Glance

Dynamic growth of mutual and pension funds continues



Assets under management and deposits rose Y/Y by CZK 75.5 bn (+12 %).

The growth was driven mainly by mutual funds and pension funds which have grown in twelve months by 21 % and 37 %, respectively (CZ and SK in total).

Within mutual funds in CZ, the sales of capital guaranteed funds were extremely good. AUM in CGFs increased by 68 % Y/Y to CZK 26.8 bn. Thus ČSOB confirmed its No. 1 position in the CGFs market.



# ČSOB´s Innovation Leadership in 1Q 2007

ČSOB continues in its Innovation Leadership

## FINANCING HOUSING NEEDS

- Hypoteční banka (HB) as the first bank in the Czech Republic provides mortgages on-line.
- ČSOB Mortgage with guaranteed amount of repayments throughout the duration of the loan.
- Credit Protection Insurance of ČSOB Pojišťovna (Insurance Company) can be arranged within the HB mortgage contract.

## ASSET MANAGEMENT

- ČSOB Water Wealth 1 – first capital guaranteed fund in the Czech Republic oriented to water and ecology.
- ČSOB Chráněný fond (Secured Fund) – modern option of time deposit account with better interest rate.



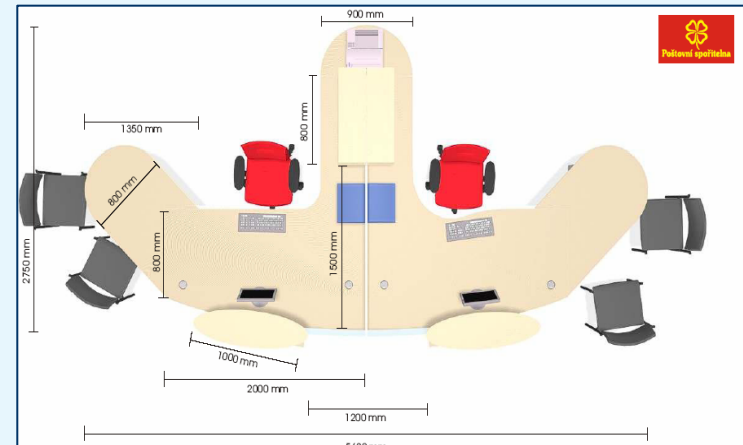


# Postal Savings Bank

“Red” brand for mass clientele

- ČMSS became another distribution channel of PSB’s products – consumer loans and current account.
- PSB launched new concept of client's care together with ombudsman.
- PSB opened 3 new Financial Centers in 1Q 2007 (total 23 FCs).
- New, incentive-based contract with the Czech Post (until 2017) based on sales performance
  - contributed to the strong growth of deposits and, thus, to the Group’s NII.

Financial Center:



# Main Events in 1Q

Squeeze-out, merger, ratings, capital increase, NHQ

- **Squeeze-out of minority shareholders:**
  - on 8 March, approved by ČNB
  - on 20 April, approved by ČSOB General Meeting
  - expected to be completed in July 2007 at the latest
- **As of 31-Dec-2006 Hornický PF Ostrava successfully merged with PF Progres.**
- **Moody's upgraded its ratings:**
  - in February, ČSOB's Financial Strength rating from C- to C
  - in March, national rating of ČSOB Pension Funds Progres and Stabilita up to Aa1.cz.
- **In March, ČSOB took a CZK 7 bn tranche of the subordinated debt provided by KBC.**
- **In March, the ecological building of the new headquarters (NHQ) in Prague–Radlice was completed and ready for moving in, which started on 1 April.**



# New Headquarters (NHQ)

Important milestone on our journey towards high performance culture

- Open, flexible, efficient, green
- Space for communication of 2,500 service-minded people
- “We are leaving our marble palaces in the historical center today.”



ČSOB provided most of the equipment from buildings in Prague downtown to charity organizations for symbolic prices.

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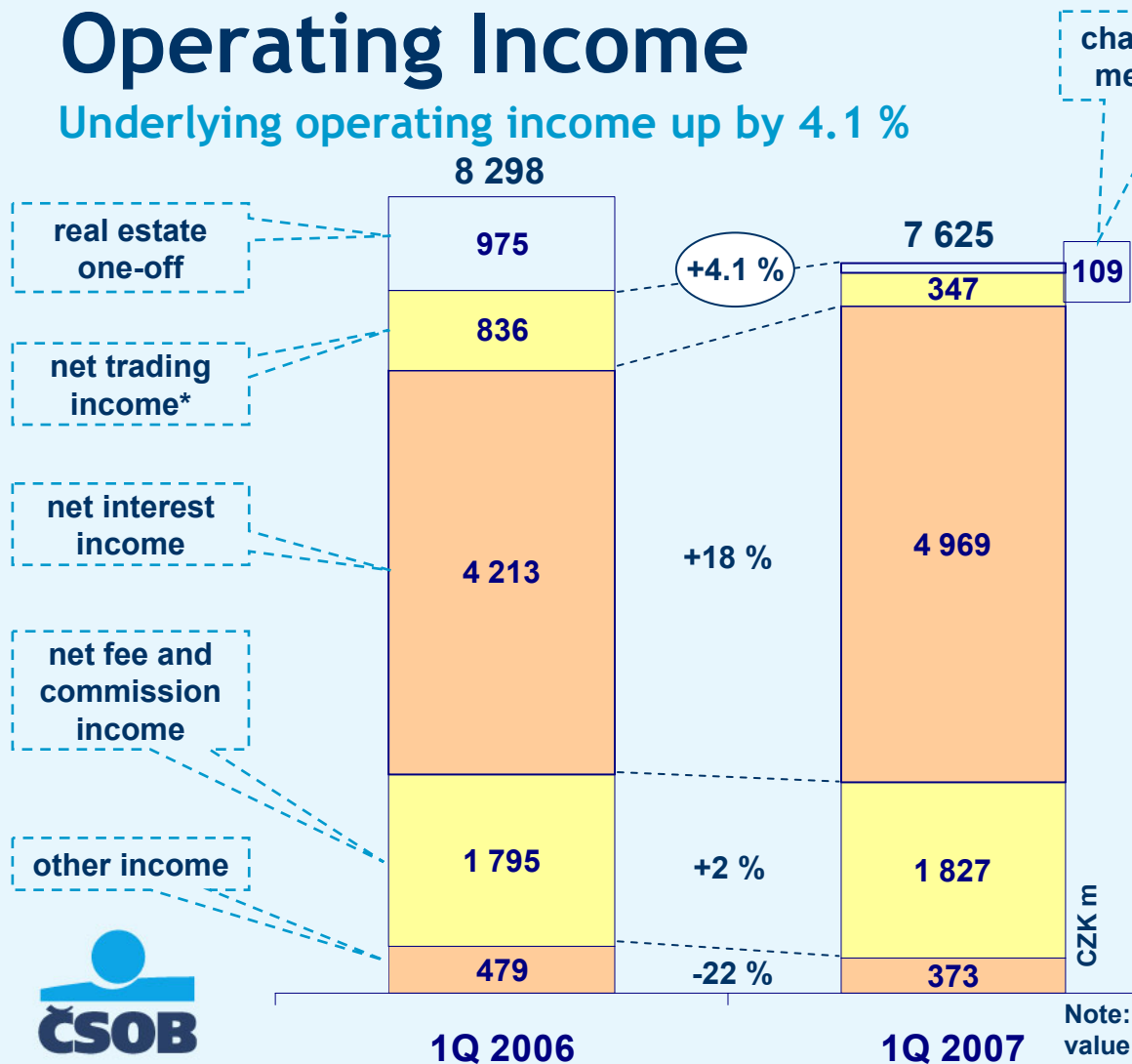
Business Results

Quality of Credit Portfolio



# Operating Income

Underlying operating income up by 4.1 %



NII improved as a result of fast growing business volumes and contribution of FM in this line.

Net trading income reduction was caused especially by the change in MVA methodology and altered structure of FM operations (off-set by NII).

ALM also contributed negatively to the variance, mainly due to negative impact of assets revaluation (which is neutral on profit till maturity of these assets).

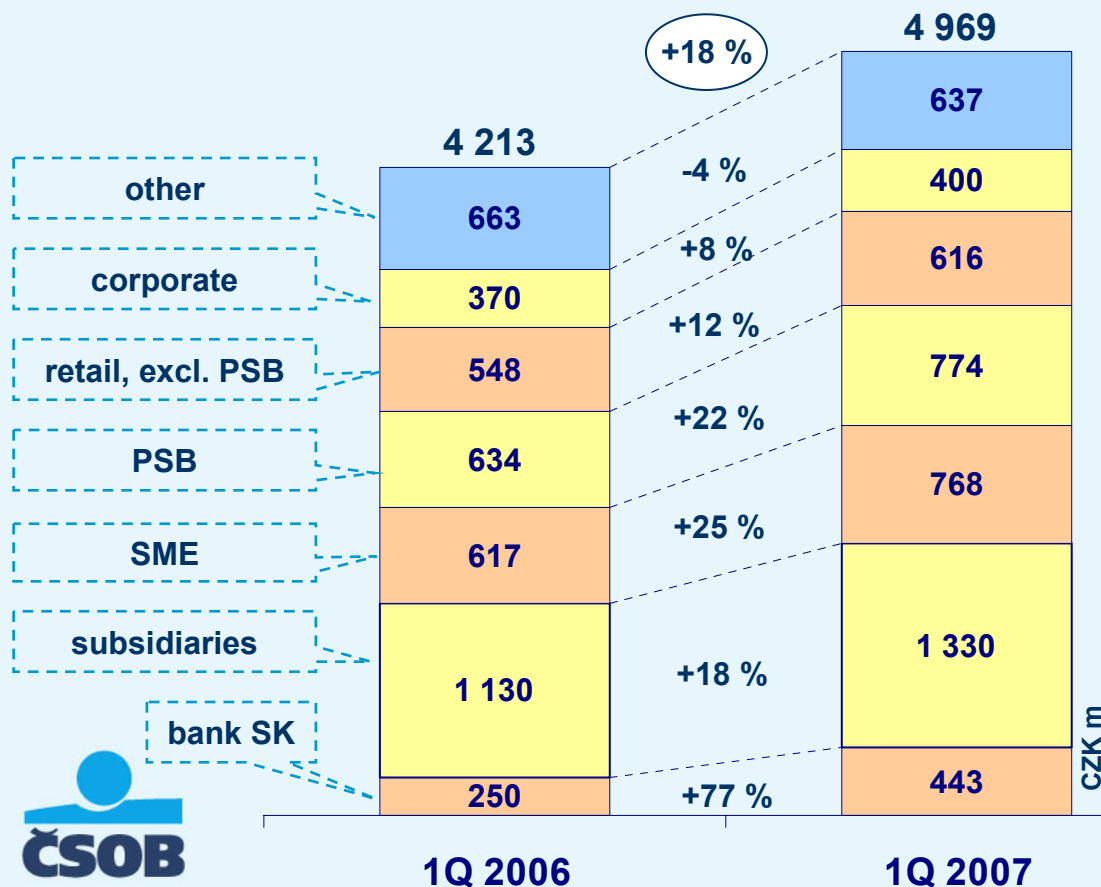
Underlying operating income increased from CZK 7,323 m to CZK 7,625 m, which is an increase of 4.1 % Y/Y.

Note: \* NTI = Net gains from financial instruments at fair value through P/L. Had there be no change in MVA methodology, 1Q 2007 value would have been CZK 456 m.



# Net Interest Income

Growth in all segments continues



Net interest income increased by 18 % Y/Y thanks to good business results in all business segments.

The strongest growth of NII has been recorded by the Slovak branch (+77 %), especially due to corporate and SME.

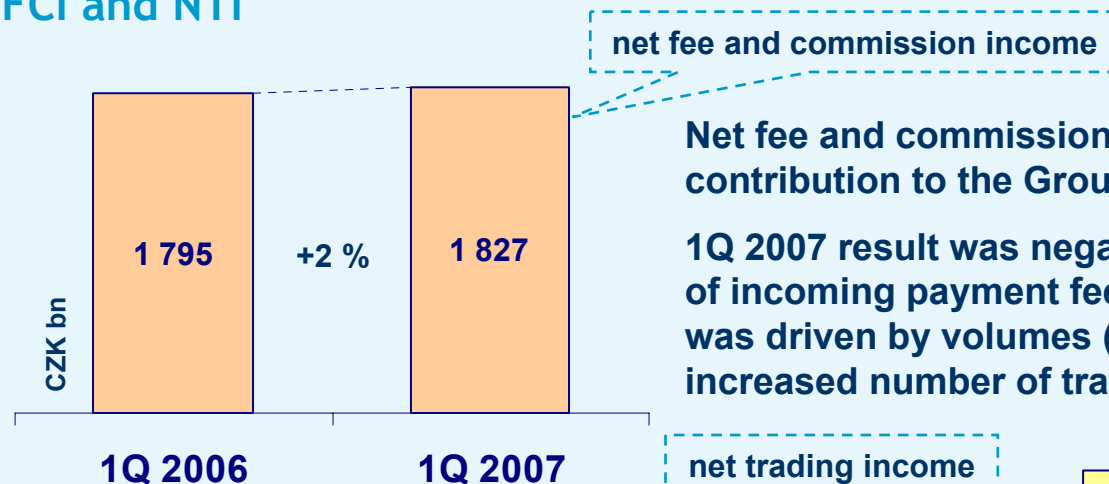
Also SME and PSB substantially increased their NII (+25 % and +22 % respectively). The result in SME was driven by volumes of loans and deposits, in PSB by volume of deposits.

Other NII declined as the interest income from FM operations has been overweighted by the continuing revaluation of assets (ALM).



# Non-Interest Income

## NFCI and NTI



net fee and commission income

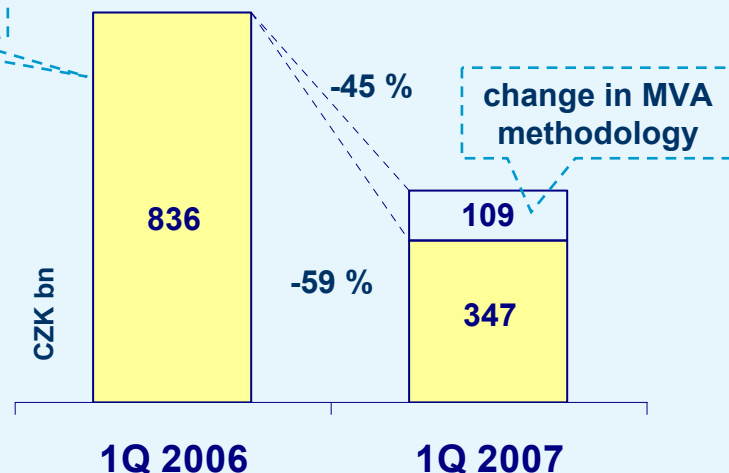
Net fee and commission income generates a stable contribution to the Group's operating income.

1Q 2007 result was negatively affected by the cancellation of incoming payment fees in PSB (in 3Q 2006). The growth was driven by volumes (not by pricing) and especially by increased number of transactions in ČSOB mutual funds.

In 1Q 2007, ČSOB changed the methodology of market value adjustment (MVA), which reduced NTI by CZK 109 m. The remaining portion of negative Y/Y variance was caused by:

- the fact that in 1Q 2007 dealing generated interest income rather than trading income (offset by positive Y/Y variance in NII),
- assets revaluation (ALM), and
- extremely good results in 1Q 2006 dealing.

net trading income

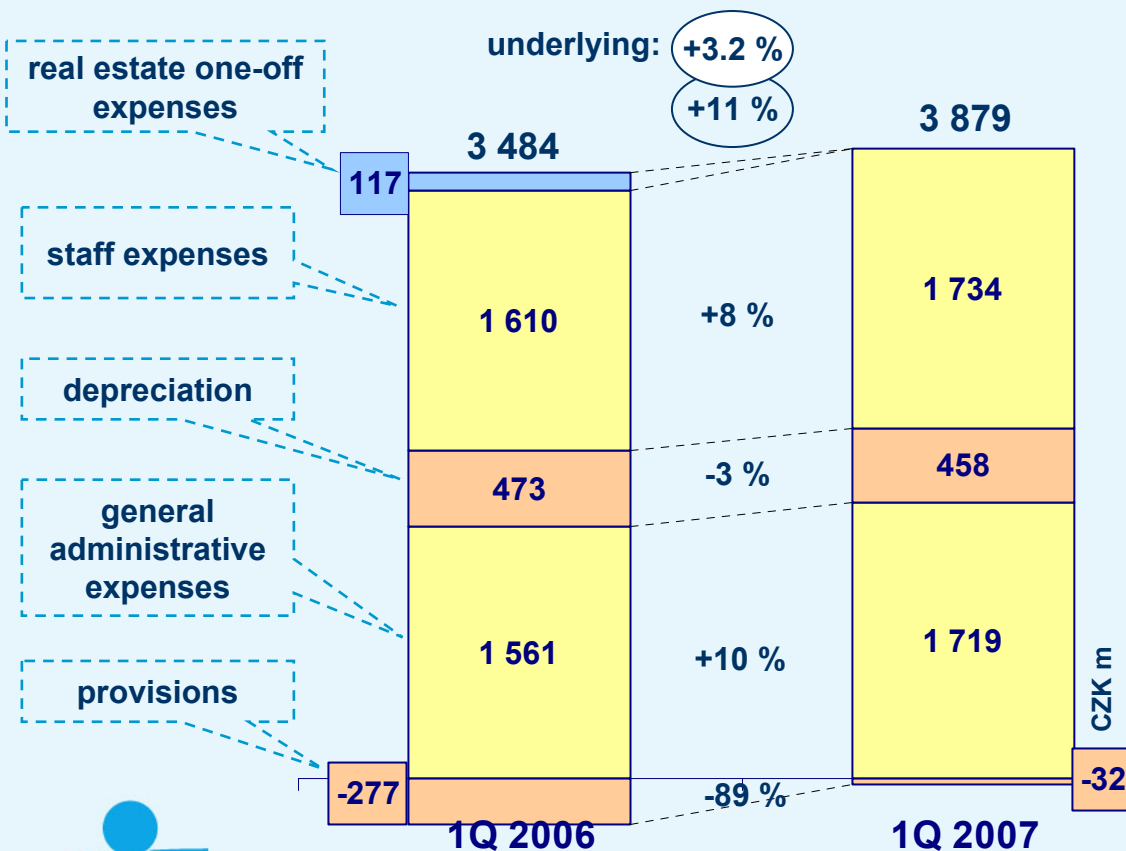


Note: According to IFRS 7, CZK 50 m in 1Q 2006 and CZK 72 m in 1Q 2007 were reclassified from NTI to NII.



# Operating Expenses

Operating expenses growth is under control: underlying +3.2 %



The Y/Y comparison is negatively affected by CZK 117 m real estate one-off and CZK 245 m release of reserve on litigation in 1Q 2006 and the change of accrual policy in 1Q 2007 (CZK 152 m).

Net of these effects, underlying operating expenses increased from CZK 3,612 m to 3,727 m (+3.2 %).

Excluding the newly charged accruals for employees' and managers' annual bonuses, staff expenses grew by 5.5 %, especially due to increase in salaries.

Excluding the accrual for the fee to the Czech Post, general administrative expenses increased by 2 %.





# Operating Profit

To sum up: underlying operating profit up by 5 % Y/Y

- 1Q 2006 operating profit of CZK 4,814 m was inflated by:
  - CZK 858 m real estate one-off  
(i.e. CZK 975 m in other income and CZK 117 m in general administrative expenses)
  - CZK 245 m release of reserve for litigation
- 1Q 2007 operating profit of CZK 3,637 m was reduced by:
  - CZK 152 m due to the change in accrual policy
  - CZK 109 m due to the change in MVA methodology
- Thus the underlying operating profit grew from CZK 3,711 m to CZK 3,898 m
- That represents a Y/Y increase of 5.0 %.



# Profit and Loss Statement

	(CZK m)	3M 2006	3M 2007	Y/Y
	<i>Interest income</i>	6 833	8 461	24%
	<i>Interest expense</i>	-2 621	-3 493	33%
	Net interest income	4 213	4 969	18%
	Net fee and commission income	1 795	1 827	2%
	Net gains from fin. instruments at fair value through P/L	836	347	-59%
	Net realised gains on available-for-sale fin. assets, Dividend income, Other net income	1 454	373	-74%
	<b>Operating income</b>	<b>8 298</b>	<b>7 516</b>	<b>-9%</b>
	Staff expenses	-1 610	-1 734	8%
	General administrative expenses	-1 678	-1 719	2%
	Depreciation and amortisation	-473	-458	-3%
	Provisions	277	32	-89%
	<b>Operating expenses</b>	<b>-3 484</b>	<b>-3 879</b>	<b>11%</b>
	Impairment losses	-79	-291	266%
	Share of profit of associates	0	55	-
	<b>Profit before tax</b>	<b>4 734</b>	<b>3 401</b>	<b>-28%</b>
	Income tax expense	-1 075	-732	-32%
	<b>Profit for the period</b>	<b>3 659</b>	<b>2 669</b>	<b>-27%</b>
	Attributable to:			
	<b>Equity holders of the parent</b>	<b>3 626</b>	<b>2 644</b>	<b>-27%</b>
	Minority interest	34	25	-24%

change in MVA methodology  
2007: CZK -109 m

real estate sale  
2006: CZK 975 m

accruals in 2007:  
CZK 152 m

real estate sale  
2006: CZK 117 m

release of reserve for litigation in  
2006: CZK 245 m



Note: Structure of statements was changed according to IFRS 7, therefore some items were reclassified.

# Balance Sheet (Assets)

(CZK m)	31/12/2006	31/03/2007	Ytd. change
Cash and balances with central banks	32 330	44 706	38%
Financial assets held for trading	149 877	218 303	46%
Financial assets designated at fair value through P/L	23 880	24 572	3%
Available-for-sale financial assets	66 166	65 153	-2%
Loans and receivables - net	341 104	348 518	2%
<i>Loans and receivables - gross</i>	348 109	355 725	2%
<i>Loans and receivables - provisions</i>	-7 005	-7 207	3%
Held-to-maturity investments	108 772	110 885	2%
Derivatives used for hedging	5 124	4 568	-11%
Accrued interest income	6 574	6 024	-8%
Current tax assets	1 382	1 654	20%
Deferred tax assets	414	395	-5%
Investments in associates	658	706	7%
Property and equipment	11 024	11 433	4%
Goodwill and other intangible assets	4 503	4 501	0%
Non-current assets held-for-sale	63	27	-56%
Other assets	10 430	11 960	15%
<b>Total assets</b>	<b>762 301</b>	<b>853 406</b>	<b>12%</b>



Note: Structure of statements was changed according to IFRS 7, therefore some items were reclassified.

# Balance Sheet (Liabilities)

(CZK m)	31/12/2006	31/03/2007	Ytd. change
Financial liabilities held for trading	14 060	14 526	3%
Financial liabilities at fair value through P/L	84 663	147 157	74%
Financial liabilities at amortised cost	580 990	612 454	5%
Derivatives used for hedging	386	524	36%
Accrued interest expenses	1 917	2 294	20%
Current tax liabilities	149	102	-32%
Deferred tax liabilities	94	136	45%
Provisions	1 611	1 528	-5%
Other liabilities	25 898	19 560	-24%
<b>Total liabilities</b>	<b>709 768</b>	<b>798 282</b>	<b>12%</b>
Share capital	5 105	5 105	0%
Share premium account	2 259	2 259	0%
Statutory reserve	18 687	18 687	0%
Retained earnings	24 686	27 322	11%
Available-for-sale reserve	605	691	14%
Cash flow hedge reserve	946	759	-20%
Foreign currency translation reserve	-147	-99	-33%
<b>Parent shareholders' equity</b>	<b>52 139</b>	<b>54 723</b>	<b>5%</b>
Minority interests	394	401	2%
<b>Total equity</b>	<b>52 533</b>	<b>55 124</b>	<b>5%</b>
<b>Total liabilities and equity</b>	<b>762 301</b>	<b>853 406</b>	<b>12%</b>



Note: Structure of statements was changed according to IFRS 7, therefore some items were reclassified.

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Financial Results

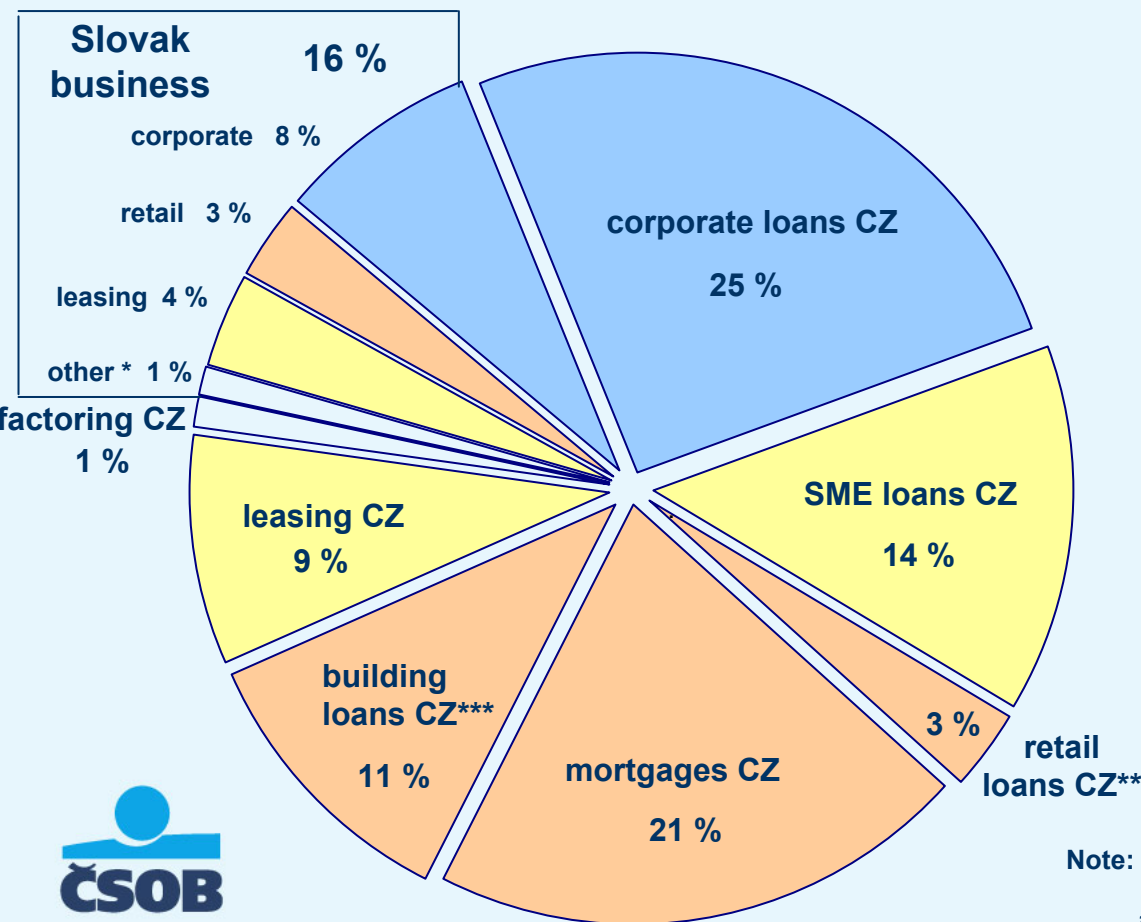
Business Results

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# Group Business Lending

Up by 32 % Y/Y and by 4.5 % Q/Q



Total Group Business Lending rose by 32 % Y/Y and topped almost CZK 333 bn. This strong Y/Y rise was supported by the improvement of all segments in Slovakia (total business lending +66 %), SME loans CZ (+48 %) and mortgages CZ (+39 %).

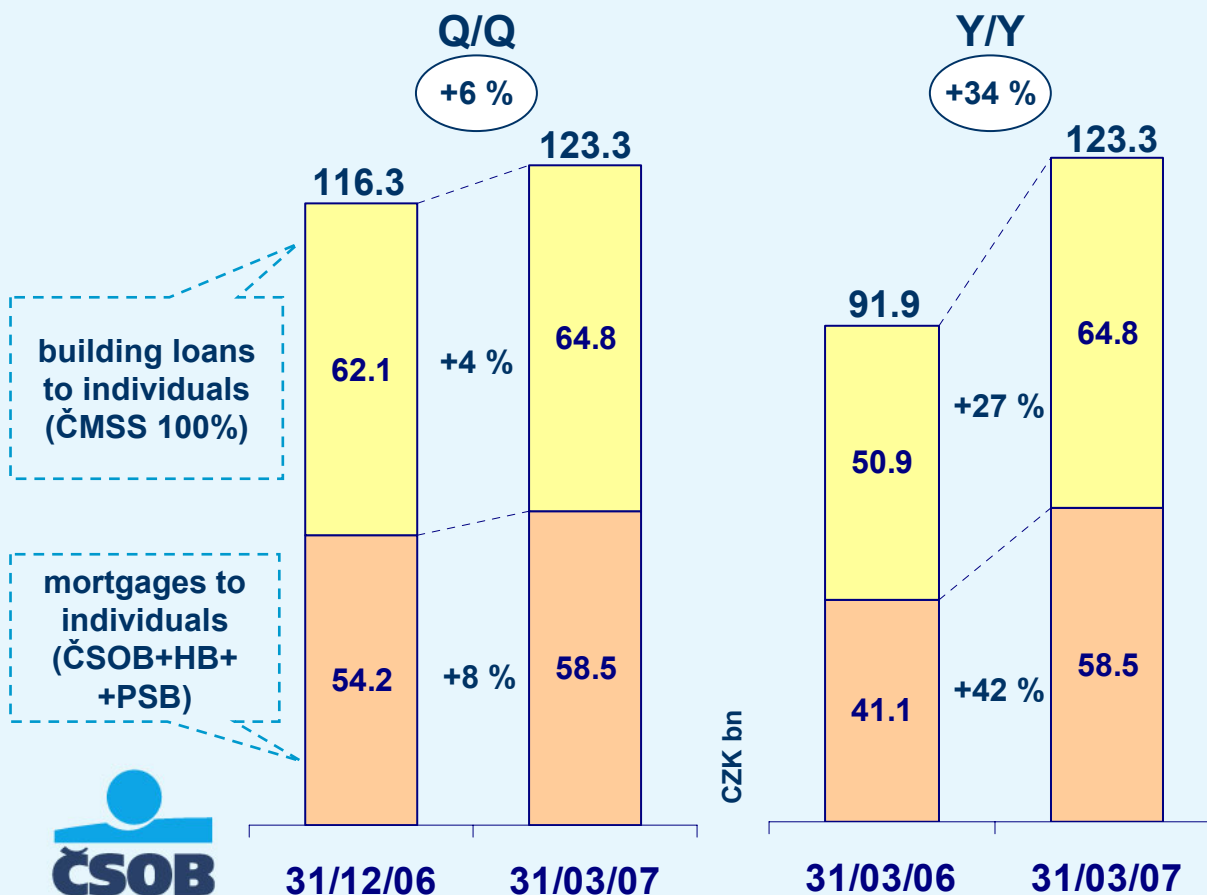
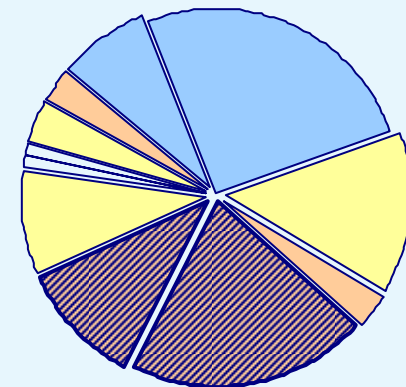
In 3M 2007, total Group business lending grew by 5 %. The main contributors were mortgages CZ (+8 %) and total business lending in Slovakia (+7 %).

Note: \* incl. factoring, SME loans, and building loans  
 \*\* excl. mortgages and building loans  
 \*\*\* ČMSS consolidated proportionally by 55 %



# Housing Loans (CZ)

On-going strong growth



The outstanding volume of housing loans topped CZK 123.3 bn and improved Y/Y by 34 %.

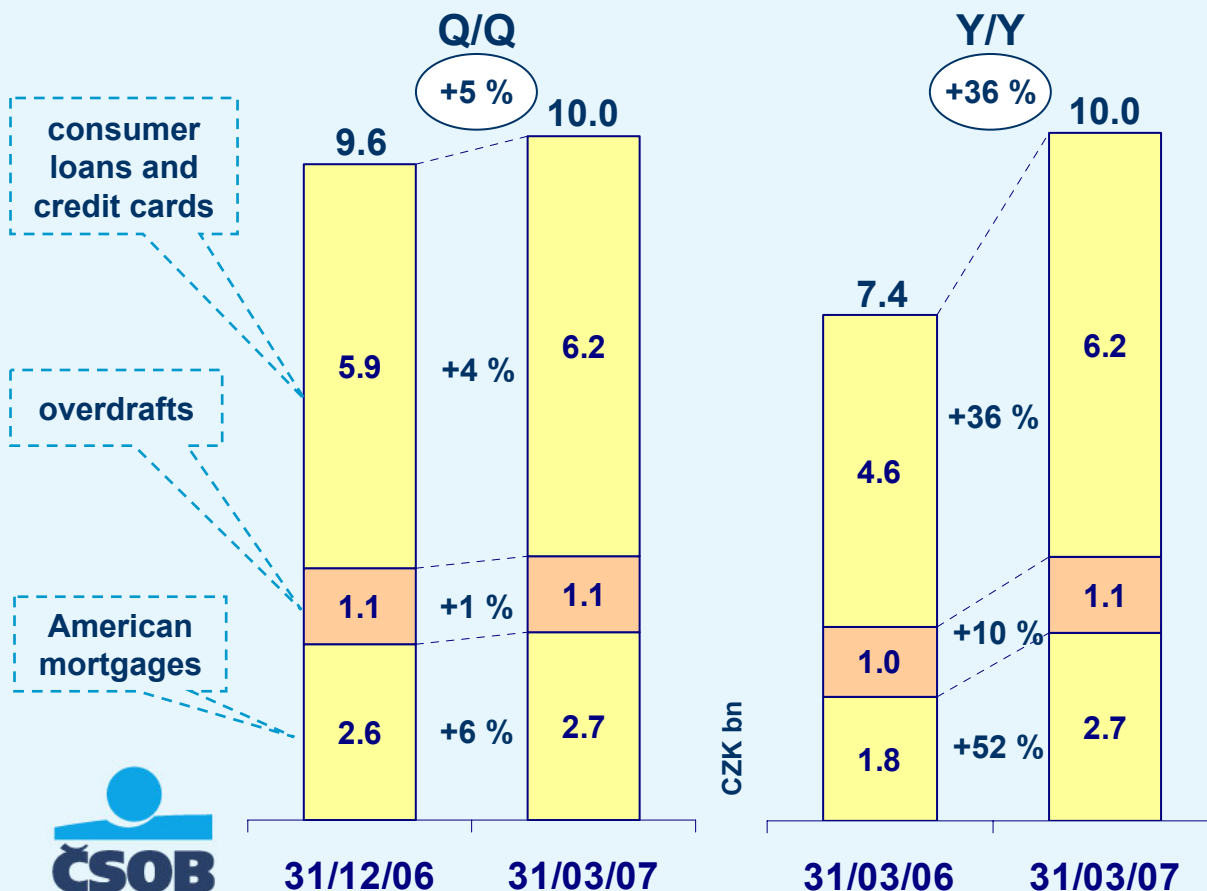
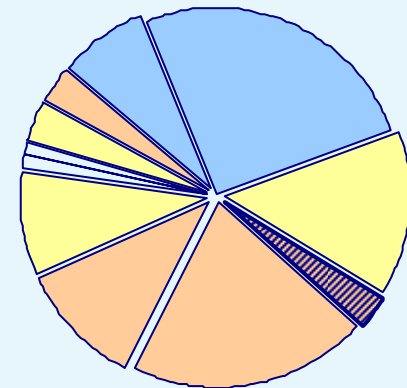
In 1Q, ČSOB Group launched new products, e.g. ČSOB Mortgage with guaranteed amount of repayments throughout the duration of the loan. HB as the first bank in CZ provides the Mortgage on-line.

ČSOB Group keeps its first position in providing loans for housing purchase with its 31.4 % market share.



# Consumer Lending (CZ)

Interest in ČSOB's consumer lending continues



Total consumer lending rose by 36 % Y/Y and reached the amount of CZK 10 bn. In 3M time American mortgages rose by 6 % and the outstanding volume of consumer loans and credit cards improved by 4 %.

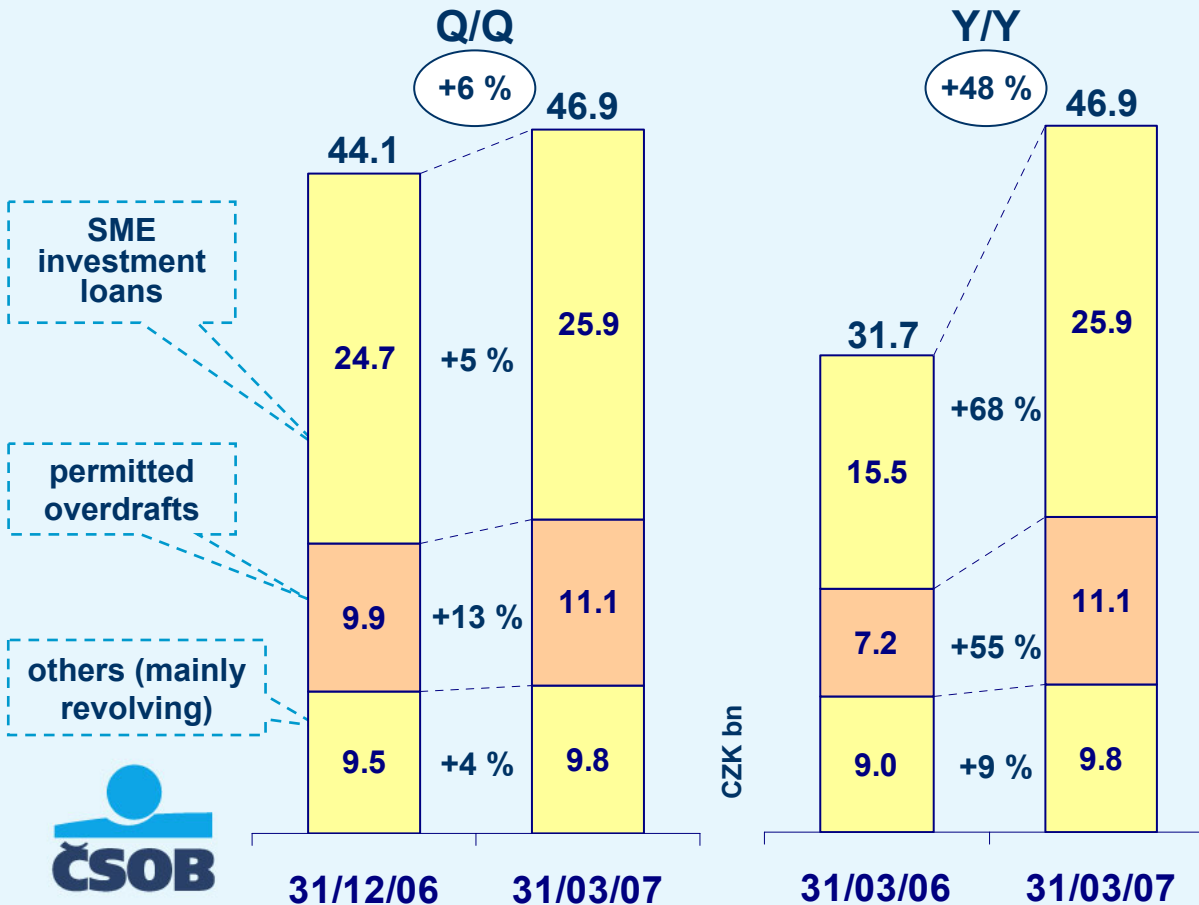
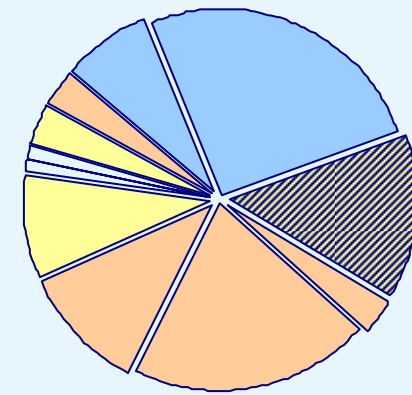
Outstanding volume of PSB consumer loans and credit cards rose by 44 % Y/Y. Group synergies (between ČMSS and PSB) contributed to this growth.





# SME Lending (CZ)

Remarkable improvement



SME lending topped CZK 46.9 bn and improved Y/Y by 48 %. This growth was caused by growth of Investment loans (+68 %) and Permitted overdrafts (+ 55%).

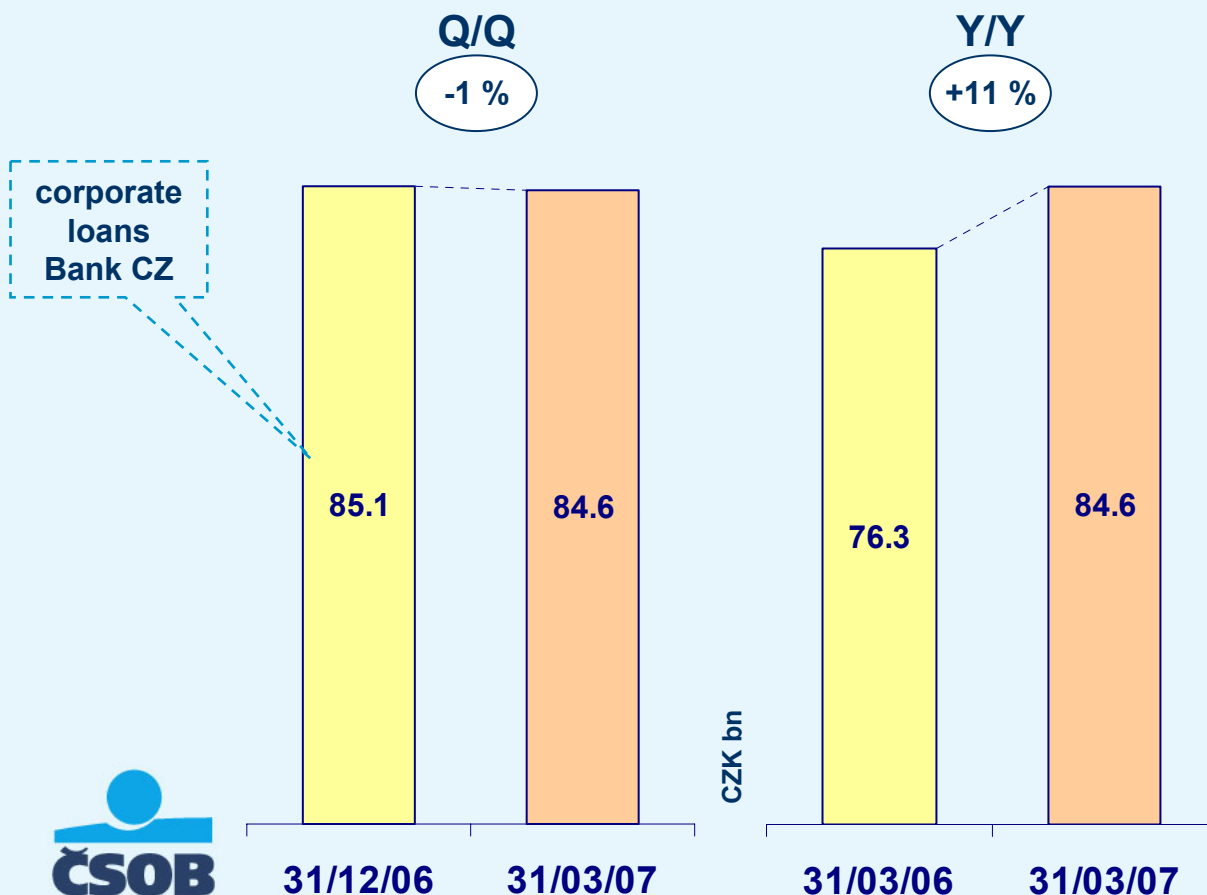
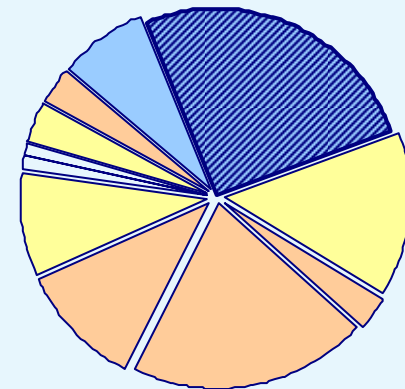
SME lending improvement in 1Q 2007 was caused mainly by 13% increase of Permitted overdrafts (seasonal effect of tax payments).

In February, ČSOB started to offer new product for SME, Credit Card for Businessman.



# Corporate Lending (CZ)

Significant contributor to ČSOB's lending activities



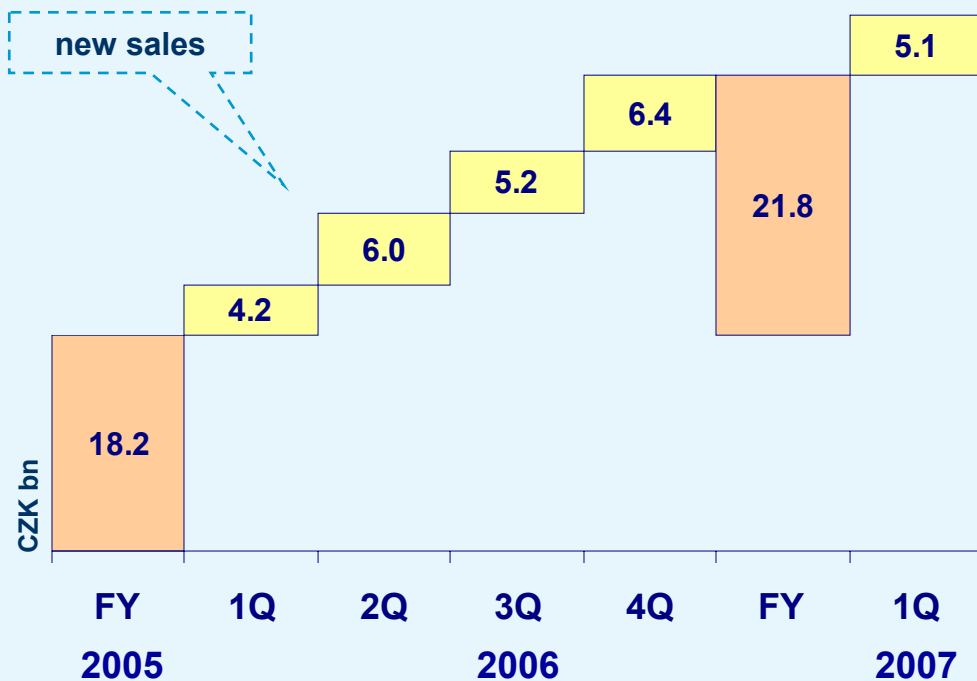
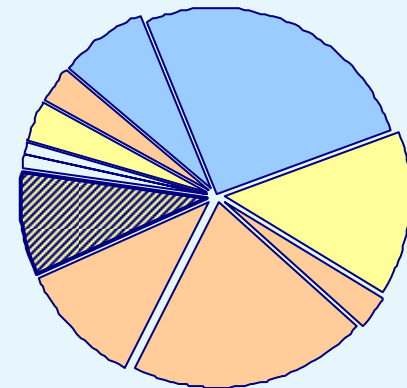
Corporate loans increased by 11 % Y/Y to surpassed CZK 84.6 bn by the end of March 2007.

In 1Q 2007 the volume of corporate loans slightly decreased by CZK 0.5 bn. If leasing loans sold via ČSOB were included, corporate lending would be flat in Q/Q comparison.



# Leasing (CZ)

ČSOB Leasing - No. 1 in the Czech Republic



ČSOB Leasing CZ is steadily increasing its sales. New sales during 1Q 2007 reached 5.1 bn CZK, which is 21 % higher compared to 1Q 2006 and ČSOB Leasing confirmed its No. 1 position in the Czech Republic.

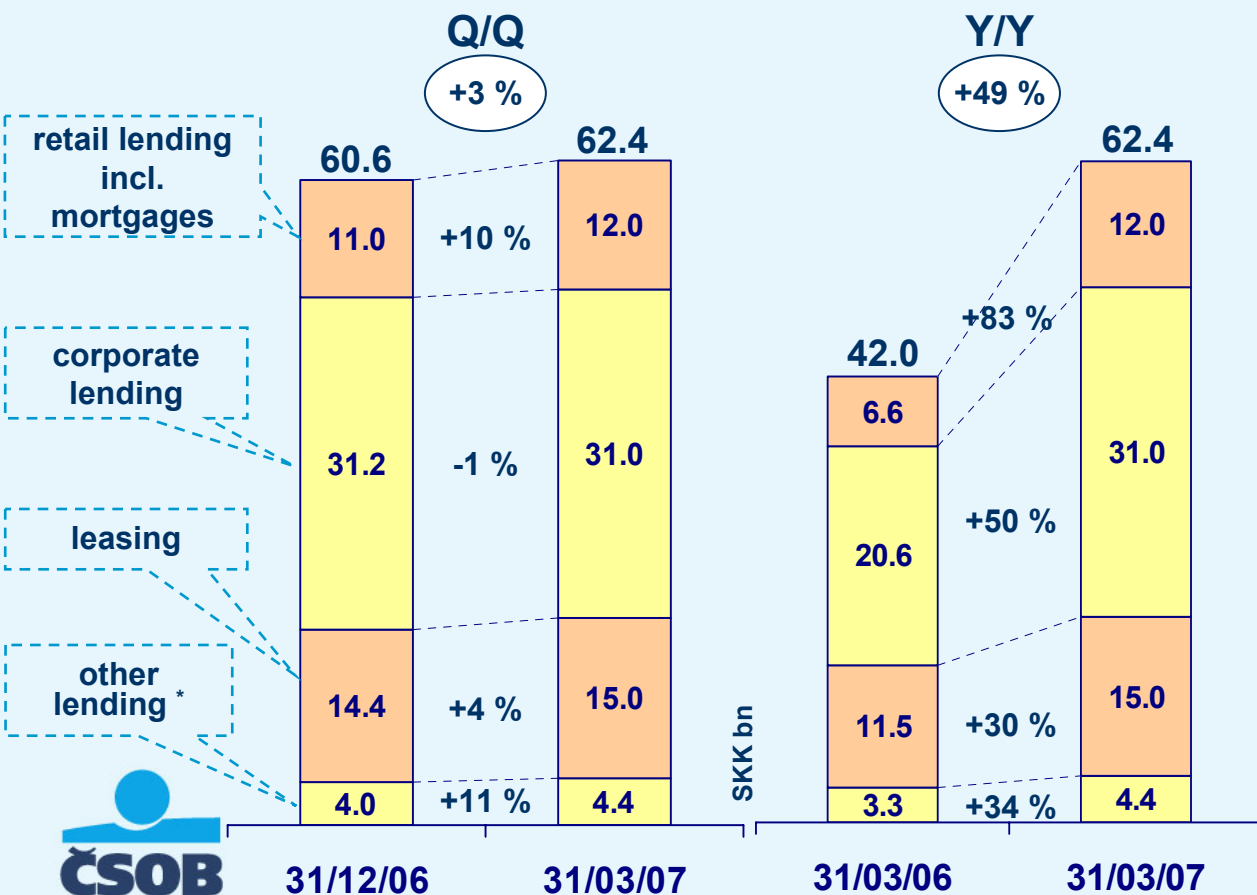
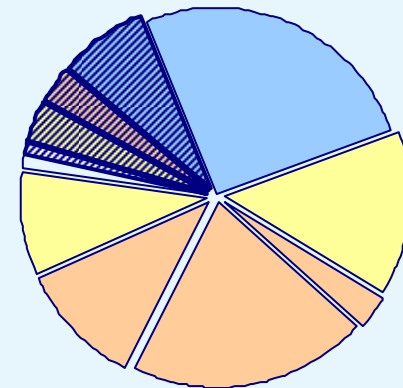
Outstanding volumes grew also by 21 % Y/Y, from CZK 24.0 bn to CZK 29.1 bn.

In March, ČSOB Leasing CZ started to manage car fleet of ČSOB Bank and PSB. Within this fleet management, ČSOB Leasing CZ launched an electronic driving evidence (based on GPS).



# Lending in Slovakia

Substantial growth across all segments (in SKK bn)



Business Lending in Slovakia rose by 49 % Y/Y and exceeded SKK 62 bn. Retail loans increased Y/Y by 83 %, of which mortgages growth was 111 % (to SKK 9.3 bn). Also SME loans substantially increased by 81 % (to SKK 1.6 bn).

The Q/Q decrease in corporate lending is a result of the successful syndication of two large real estate projects: Bratislavské nábrežie s.r.o. and Ballymore Eurovea a.s.

Total loans provided by ČSOB SK keep a stable position in the market with an 8% share.



31/12/06

31/03/07

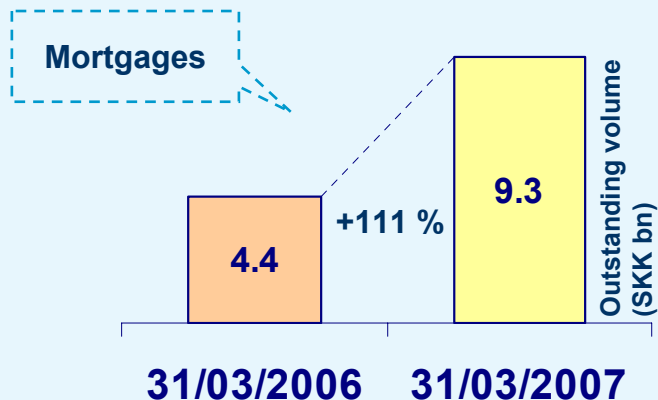
31/03/06

31/03/07

Note: \* incl. factoring, SME loans, and building loans

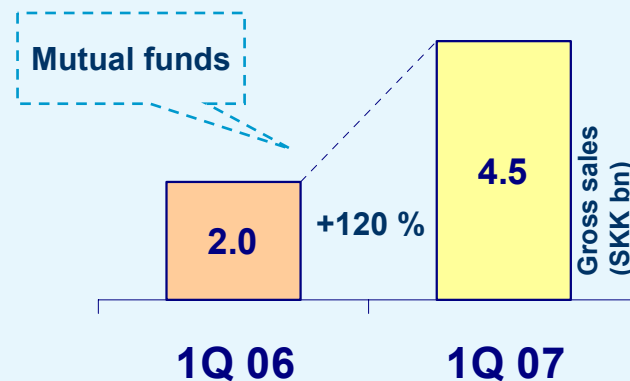
# Slovak Business

Strong growth of mortgages and mutual funds (in SKK bn)



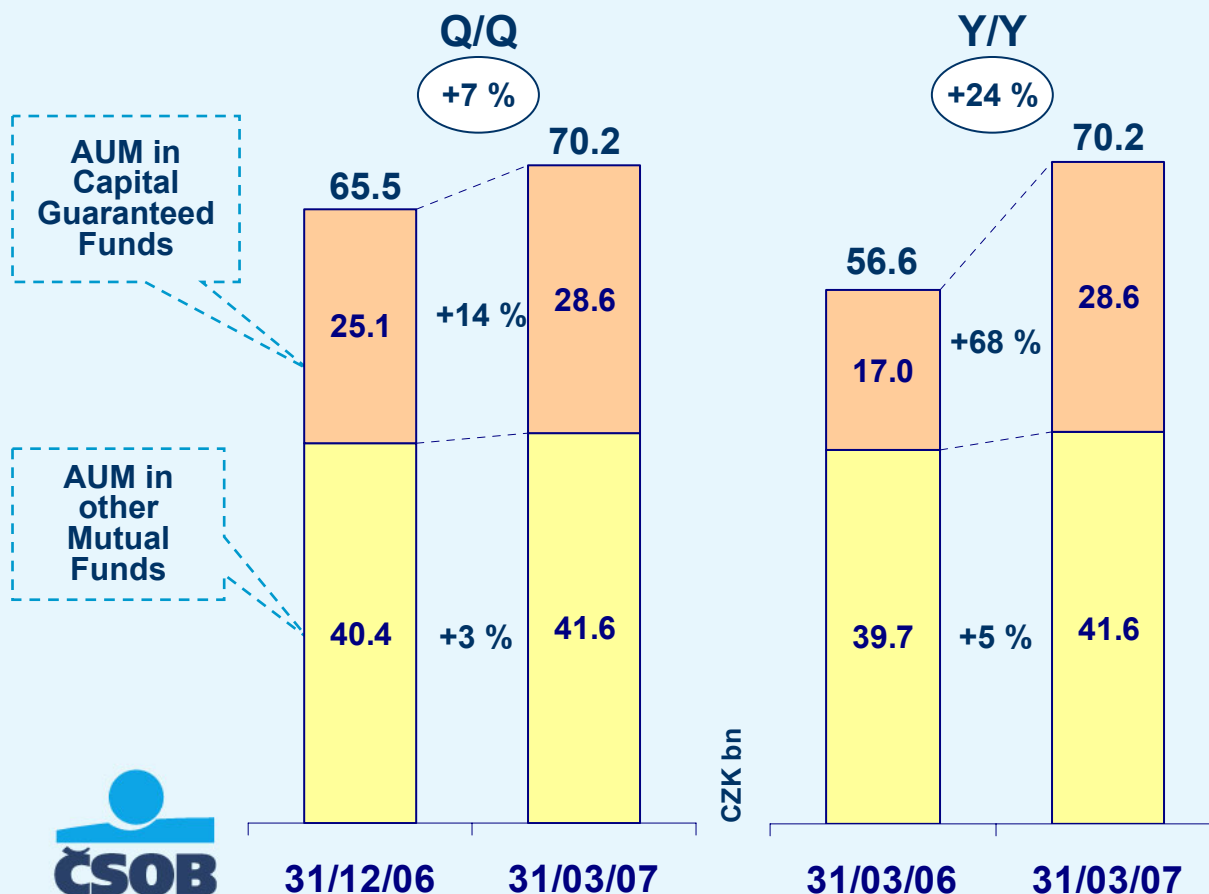
Outstanding volume of mortgages in SK rose by 111 % Y/Y and reached SKK 9.3 bn. In 1Q 2007, gross sales exceeded SKK 1.1 bn.

Gross sales of mutual funds in 1Q 2007 reached SKK 4.5 bn (+120 % Y/Y). ČSOB SK confirmed its No. 1 position in capital guaranteed funds.



# Mutual Funds (CZ)

Fast Q/Q growth of mutual funds



Assets in mutual funds grew by 24 % Y/Y and exceeded CZK 70 bn.

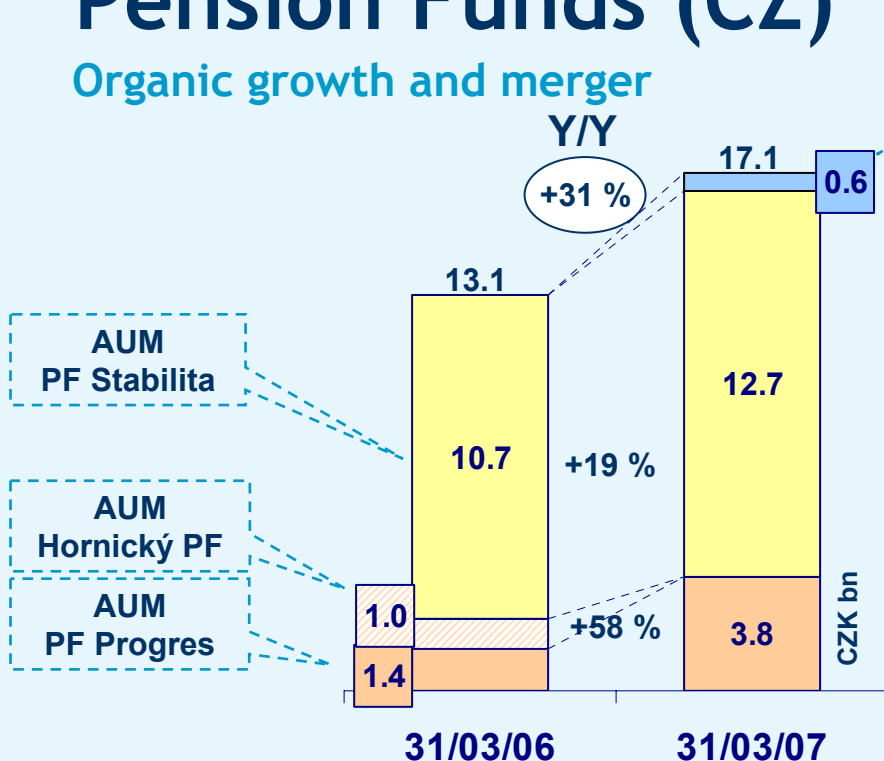
In 1Q 2007 the volume of financial means invested in ČSOB Capital Guaranteed Funds exceeded CZK 28 bn. CGFs thus rose by 68 % Y/Y. From the beginning of the year, CGFs improved by 14 %, thus confirming ČSOB's No. 1 position in the market.

In 1Q, ČSOB launched ČSOB Water Wealth 1 – first capital guaranteed fund in CZ oriented to water and ecology.



# Pension Funds (CZ)

Organic growth and merger



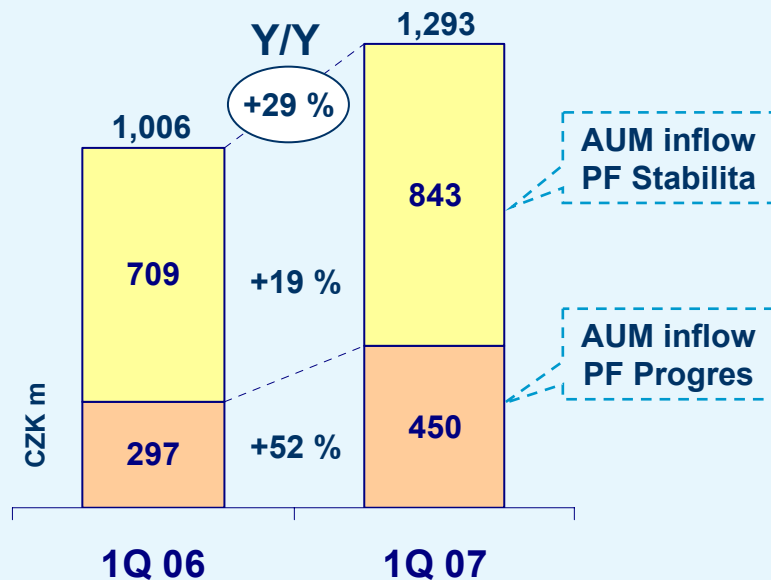
AUM  
Zemský PF

The volume of assets placed in ČSOB PFs rose by 31 % Y/Y and exceeded CZK 17 bn.

The number of ČSOB PFs clients rose by 22 % Y/Y (+102 ths, of which 14 ths by the acquisition of Zemský PF). Organic growth was driven mainly by ČMSS network which achieved almost a 59% share on the new sales of last 12 months.

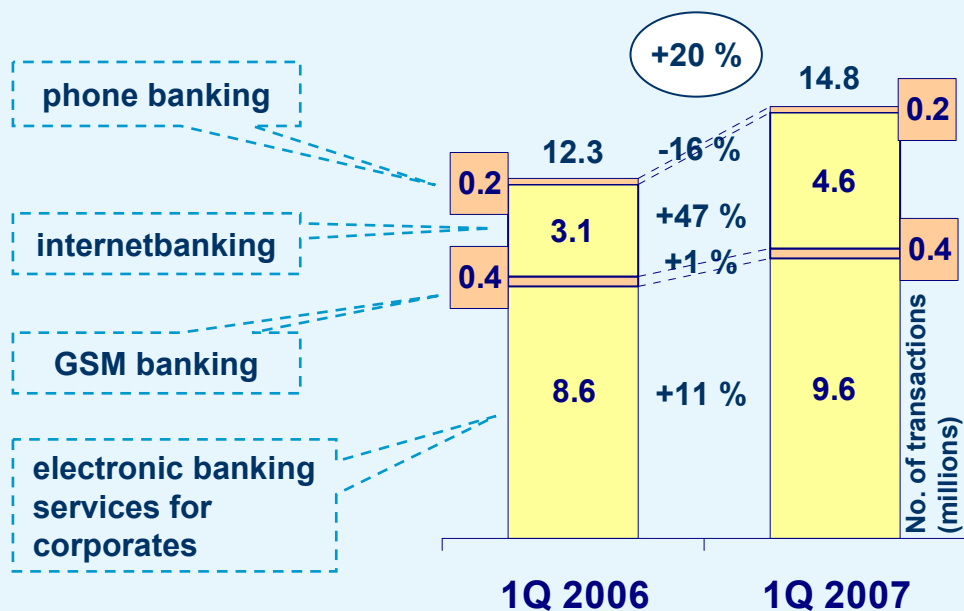
On 31 December 2006, Hornický PF Ostrava was successfully merged with PF Progres (i.e. CZK 1.1 bn AUM inflow into PF Progres).

The volume of assets in PF Progres (together with Hornický PF) increased by 58 % Y/Y and also the AUM inflow rose by 52 % Y/Y.



# Direct Channels

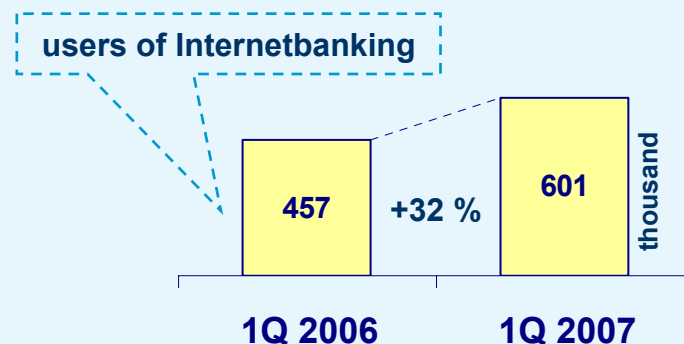
Increasing number of transactions through direct channels



Most of the domestic payment orders was done in 1Q via one of ČSOB's direct channels.

In 1Q, ČSOB and PSB clients entered 14.8 million transactions through direct channels (+20 %).

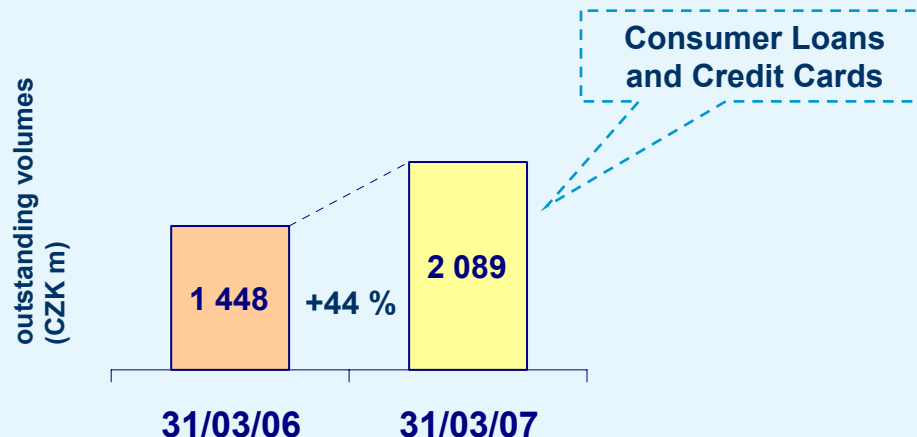
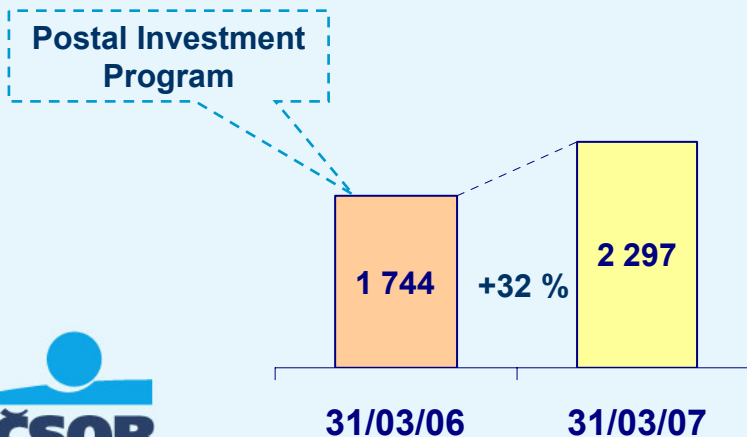
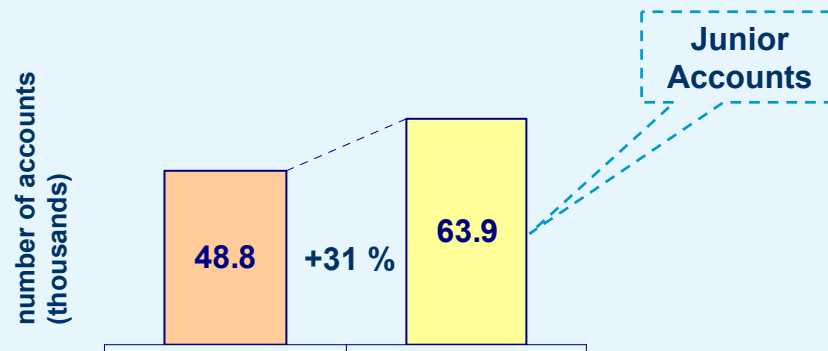
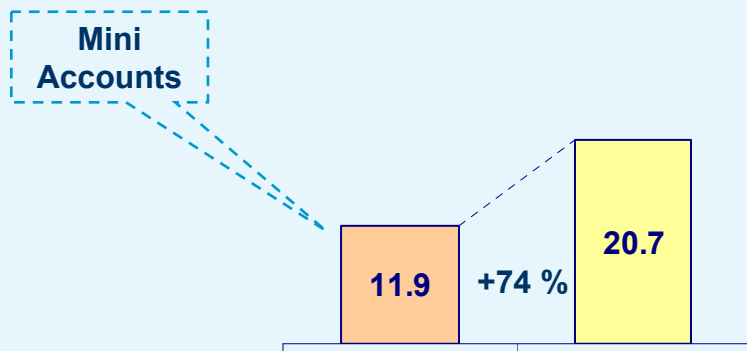
Internet banking transactions increased by 47 % Y/Y (PSB +104 %). Number of Internet banking users rose by 32 % Y/Y.





# Postal Savings Bank

Continuous acquisition of young clients and Sales of investment products



# ČSOB Insurance Company (CZ)

Record profit in 1Q



(CZK m)	31/03/2006	31/03/2007	Change Y/Y
Operating result LIFE	309	522	+69 %
Operating result NON-LIFE	-115	-78	+48 %
Operating result OTHER	11	2	-85 %
<b>Net profit</b>	<b>110</b>	<b>335</b>	<b>+204 %</b>

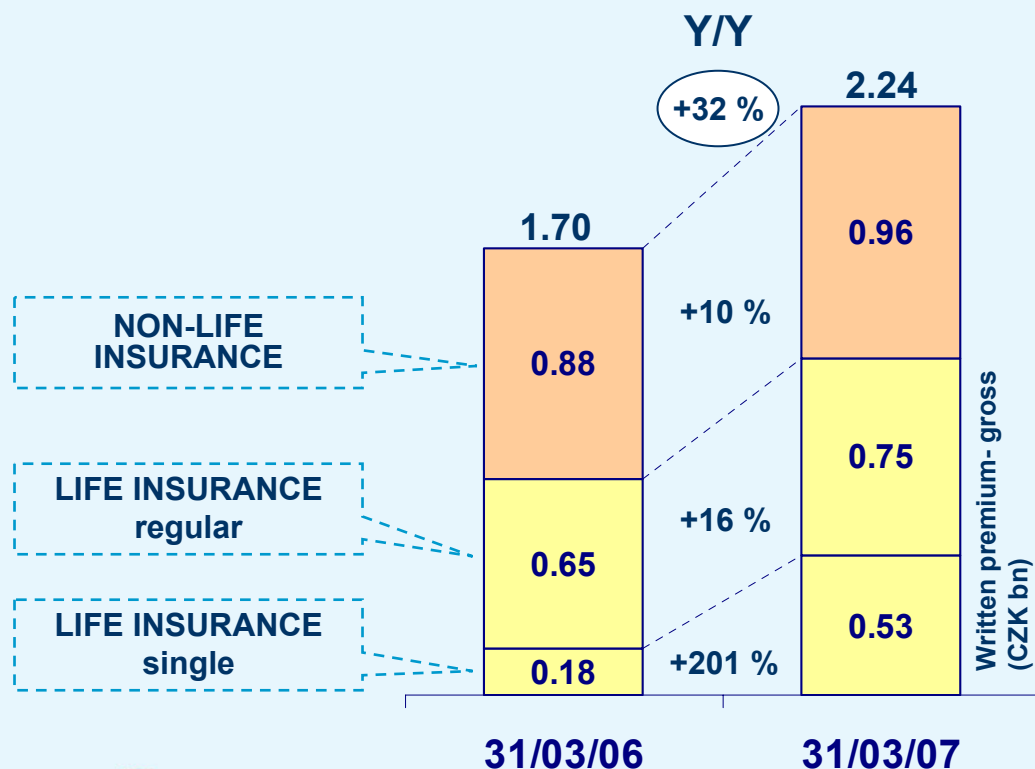
In 1Q 2007, ČSOB Pojišťovna recorded historically the highest 1Q net profit of CZK 335 m (+204 % Y/Y). This steep profit growth was caused by higher earned premiums, change in the life deficiency provision and higher result from financial placement.

ČSOB Pojišťovna confirmed its position No. 4 in the market, improving its market shares to 14.0 % in life and 6.8 % in non-life insurance, respectively.



# ČSOB Insurance Company (CZ)

Increasing volumes of gross written premium



ČSOB Pojišťovna increased the total volume of written premium by 32 % Y/Y to CZK 2.24 bn.

Life written premium went up by 56 % mainly due to the three-fold Y/Y increase in the single paid premium which is distributed mainly by ČSOB banking branches.

Non-life written premium grew by 10 % across all products. Positive surplus was recorded in Accident, Travel and Households Insurance.



# Penetration Ratios

## Ongoing improvement in penetration ratios

Our multi-channel distribution and cross-selling activities have provided us with further strong increase in penetration ratios.

	31/03/2006	31/12/2006	31/03/2007
Retail	4.10	4.39	4.47
SME	3.23	3.42	3.49
Retail+SME	3.94	4.21	4.29

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

The average ratio reached 4.29 products per customer and thus rose by 8 bp Q/Q and 35 bp Y/Y.



Note: There is no standard methodology in calculating penetration ratios.  
Thus the figures reported above can be compared only in time, not across banks.

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Quality of Credit Portfolio



# NPLs and Provisions

IFRS, consolidated, gross (in CZK bn)

	31/12/06	31/03/07	Ytd change
Total loans	315.6	342.8	+9 %
- of which, NPLs	5.3	5.8	+8 %
Total provisions	7.0	7.2	+3 %
NPLs / total loans	1.69 %	1.68 %	-0.01 pp
Coverage of NPLs by provisions	131 %	124 %	-7 pp

Loan-Loss Ratio (ČSOB Bank)

0.08 %

0.12 %

Loan-Loss Ratio (ČSOB Group)

0.24 %

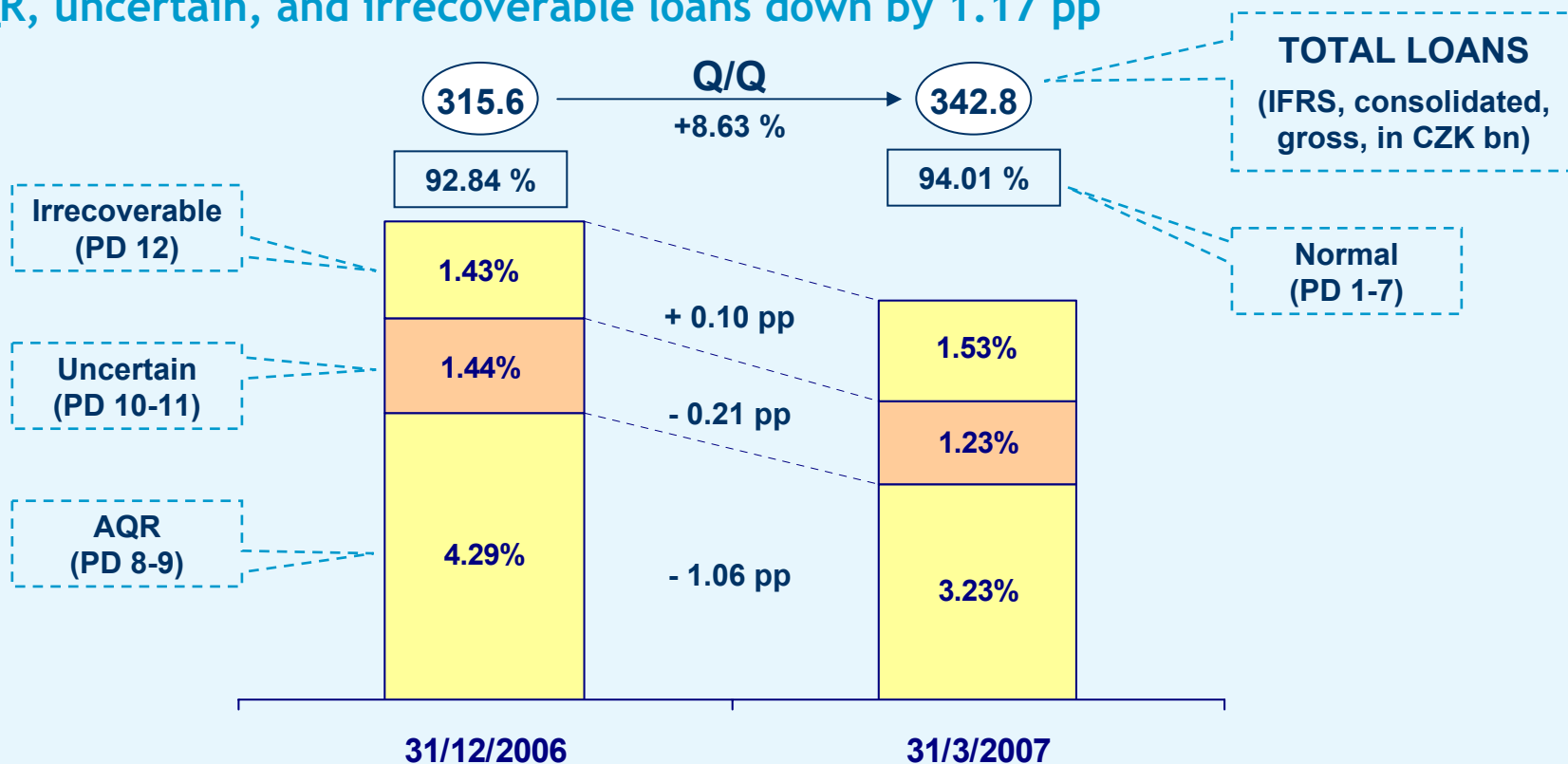
0.11 %



ČSOB applies a conservative approach to classification of NPLs. If at least one installment of principal or interest is more than 90 days overdue, all loans granted to the particular client are classified as non-performing.

# Loan Portfolio Quality - IFRS Classification

AQR, uncertain, and irrecoverable loans down by 1.17 pp



Loan portfolio improved during 1Q 2007, notwithstanding the strong growth of lending.

Note: ČSOB Group's internal classification (the system of 12 PD rating grades) is based on the newly implemented Basel 2 models. The PD ratings, applied in line with KBC Group policy, are in compliance with the ČNB's methodology.

# Definitions

## Glossary of financials ratios used

<b>ROAC</b> (return on allocated capital)	net profit, including minority interests, of a business unit, corrected for income on allocated instead of real equity / average allocated equity to business unit
<b>C/I</b> (Cost/Income Ratio)	operating expenses / operating income
<b>Loan/Deposit Ratio</b>	total Group lending / [bank deposits + building savings (55 % ČMSS)]
<b>NIM</b> (net interest margin)	net interest income / interest earning assets (lines 2-4,6,8 in slide 19)
<b>CAD</b> (capital adequacy ratio)	according to prudential reports of ČNB - Basel I
<b>NPL</b> (non-performing loans)	outstanding amount of non-performing loans (loans for which principal repayments or interest payments are more than 90 days overdue) / total outstanding loan portfolio (“Loans and receivables” – “Due from banks”)
<b>LLR</b> (Loan-Loss Ratio)	changes in impairment for credit risks (excl. use of impairments for write-offs, recoveries and FX effects) / total outstanding loan portfolio (“Loans and receivables” – “Due from banks”)





# Contacts

for media:

**Milan Tománek, executive director**

**External Communication and Investor Relations**

**+420 261 351 003 (old\*), +420 224 114 105 (new\*), [mtomanek@csob.cz](mailto:mtomanek@csob.cz)**

for analysts and investors:

**Ondřej Vychodil, Head of Investor Relations**

**+420 261 354 244 (old\*), +420 224 114 106 (new\*), [onvychodil@csob.cz](mailto:onvychodil@csob.cz)**

**Ida Markvartová**

**+420 261 354 246 (old\*)**

**+420 224 114 111 (new\*)**

**[imarkvartova@csob.cz](mailto:imarkvartova@csob.cz)**

**Zuzana Klimplová**

**+420 261 354 248 (old\*)**

**+420 224 114 109 (new\*)**

**[zklimplova@csob.cz](mailto:zklimplova@csob.cz)**



**\* As of 18 May 2007, the department of External Communication and Investor Relations moves to the new headquarters in Praha - Radlice:  
[Radlická 333/150, 150 57 Praha 5, Czech Republic](#)**