

November 23, 2006

PRESS RELEASE

ČSOB Group Reports 9M 2006 Results of CZK 8.1 billion¹ Underlying Profit up 11 %

- **Net profit attributable to ČSOB shareholders of CZK 8,113 million** (including CZK 652 million net gain from the sale of real estate portfolio). Business-driven, **underlying net profit** (excluding influence of one-off items) **rose by 11 % Y/Y**.
- **Cost/Income (excl. one-offs) down to 53.9% from 54.6% a year ago**. An 8.5% Y/Y increase of operating expenses due to acquisitions, marketing costs and fees paid to the Czech Post has been more than offset by a 10% increase of operating income.
- **Group business lending rose by CZK 70 billion (+32 %) in twelve months** - 58.9 bn in Czech business and 11.1 bn in Slovak business. The largest contributors within the Czech business have been mortgages (+15.4 bn) and construction loans (+13.1 bn)² to individuals, corporate lending (+14.7 bn) and SME lending (+13.4 bn).
- **Assets under management and deposits rose by CZK 41 bn (+7 %) in twelve months**. This has been driven mainly by mutual funds and pension funds which – only in the last three months – have grown by 5 % and 6 %, respectively.

Pavel Kavánek, Chief Executive Officer, noted that *"the growing Czech and Slovak economies offer an ever broader space for our business. With the power the whole ČSOB Group has maintained, we set new directions via our innovation leadership in mortgages, bancassurance and also e-solutions that have enhanced the customer comfort. We are the first who offers CashBack in the Czech market and the only one who provides a payment solution for the country-wide highway e-toll. Our excellent financial and business results make us confident, our innovation activities were worth undertaking them."*

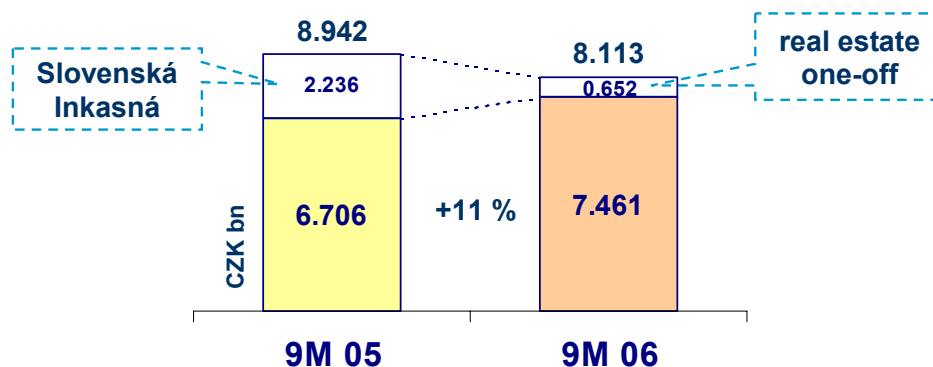
¹ All numbers in this press release are consolidated, unaudited, according to IFRS.

² To the accounts of ČSOB, the 13.1 bn increase in construction loans of ČMSS enters proportionally by 55 %.



CSOB Group is the leading player in the financial services industry in both Czech and Slovak markets. Total assets of the Group grew to almost EUR 30 bn, the Group employs nearly 10 thousand people and serves over 5 million customers. Combining the power of its retail brands – ČSOB (banking, insurance, asset management, pension funds, leasing and factoring), the Postal Savings Bank (banking through postal distribution network and e-distribution), the Mortgage Bank and the ČMSS (bank specialized for financing the housing needs) – ČSOB Group holds the strong market positions in all respective business segments. Our primary goal is to build a strong, long-term partnership with each client by being a good listener who offers suitable solutions not just products and provide clients with live-long advisory for personal and family, SMEs and corporate finance.

Key Financials (CZK bn)³	9M 06	9M 05⁴	Y/Y
Net Profit	7.5	6.7	+11 %
Operating Income	21.5	19.5	+10 %
Operating Expenses	11.6	10.7	+9 %
Net Interest Income	13.0	11.6	+12 %
Net Fee and Commission Income	5.1	4.9	+5 %
Net Trading Income	2.2	1.9	+15 %
Return On Average Equity	19.3 %	18.3 %	+1.0 pp
Cost -Income Ratio	53.9 %	54.6 %	-0.7 pp
Net Interest Margin	2.3 %	2.2 %	+0.1 pp
	30/09/2006	31/12/2005	Ytd.
Net Loans and Leases	284.7	239.4	+19 %
Total Assets	819.7	738.0	+11 %
Loan/Asset Ratio	35.5 %	33.3 %	+2.2 pp
CAD	9.94 %	10.55 %	-0.6 pp



³ Excluding two one-off items (SI repayment in 2005 & real estate one-off in 2006). Real estate one off = sale of building portfolio in Prague center prior to movement of ČSOB HQ to new location.

⁴ Reclassified. In 9M 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.



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Total operating income for ČSOB amounted to CZK 21,463 million in first nine months of 2006, excluding the gain from real estate portfolio sale it gives CZK 20,488 million, i.e. 10 % higher than the same period a year earlier.

Net income from interest margin products, which comprised 58% of overall operating income in 9M 2006, rose by 12 %, mainly due to growing volumes of both, total loans and deposits. Net fee and commission income rose by 5 %, and was fully attributable to business growth, especially mutual funds and loans, not to change in pricing. Strong growth of net trading income of 15% is attributable to sales of more sophisticated products, such as derivatives, with higher margins.

Total operating expenses amounted to CZK 11,689 million in first nine months of 2006, excluding costs related to the real estate one-off it gives CZK 11,572 million, an increase of 8.5 % from CZK 10,665 million a year earlier.

This growth is in line with the plan and costs remain under control. More than a half of the year on year increase in other operating expenses consists of exceptional marketing costs and incentive fees paid to the Czech Post in line with the new business contract. Another CZK 105 million is the Y/Y increase in contingent items regarding rent related to the sale of buildings in the center of Prague. Personnel expenses increased by 7 % Y/Y due to new acquisitions (pension funds, factoring companies), increased number of FTEs in some subs and higher performance-related pays.

During the third quarter of 2006, ČSOB Group has trespassed several business thresholds. Group business lending has exceeded CZK 250 bn in the Czech Republic and CZK 38 bn in Slovakia. Outstandings in corporate lending (CZ+SK) and SME lending (CZ+SK) have exceeded CZK 100 bn and CZK 40 bn, respectively. Number of ČSOB pension funds' clients has increased above half a million and the penetration ratio has exceeded 4.1 products per customer.

Group business lending rose by 32 % year on year up to CZK 290 billion. In ČSOB CZ, all types of loans grew at high pace: mortgages to individuals (+43 %), construction loans (+29 %), consumer loans (+47 %), SME loans (+50 %), corporate loans (+21 %) and Leasing (+18 %). In ČSOB SK, too, lending rose across all segments, up 41 % in total, mainly thanks to 109% growth in retail lending including mortgages, 26% growth in leasing and 33% growth in corporate segment.



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The growing lending portfolio kept high quality profile. Non-performing loans (over 90 days overdue) account for only 1.7 % of gross loans and the Group loan loss ratio (including recoveries) is at -0.03 %.

Total AUM and deposits rose 7 % year on year up to CZK 626 bn.

The fastest growing items were mutual funds & AM (+14%) and pension funds (+49%). Within mutual funds, the sales of capital guaranteed funds were extremely good. AUM in CGFs increased by 81 % to CZK 21.4 bn.

The successful expansion – both organic and by acquisitions – in past quarters heavily increased the total assets and, thus, caused ČSOB's (bank) capital adequacy ratio to tackle the level of 9.0 % in mid-2006. To allow for further expansion of ČSOB business, KBC Group decided to provide its Czech banking arm with an additional cushion of up to CZK 12 bn in the form of a long-term (10-year) **subordinated debt** submitted by KBC Ireland. The first tranche amounting to **CZK 5 bn has been drawn in September 2006**, remaining up to CZK 7 bn will bolster ČSOB's capital base by the end of 2007 reflecting business development.

In the third quarter of 2006, ČSOB Group further continued in its **Innovation Leadership** which consists of product innovations, distribution innovations and instant simplification of processes leading to operational excellence.

Please find more details in 3Q 2006 Results Presentation at www.csob.cz



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ČSOB's Innovation Leadership in 3Q 2006

Product innovations to enhance client comfort:

• FINANCING HOUSING NEEDS

- In August, ČSOB launched a **mortgage innovation**. A mortgage can be transferred to the new buyer of the property without adjustment of the mortgage parameters, incl. fixed interest rate. The seller gets money immediately and the buyer gets a cheaper mortgage.

• BANCASSURANCE

- In August, ČSOB Bank launched a **new insurance policy** for cases of death, full invalidity, inability to work and even for the loss of employment. This insurance is available for those who take a ČSOB consumer loan up to CZK 1 m.

Distribution innovations to enhance client comfort:

• NEW ELECTRONIC SOLUTIONS

- **THE FIRST** to offer **CashBack** in the Czech market. Since November 2006, ČSOB/PSB card holders are able to withdraw cash at the AHOLD super- and hypermarkets' cashiers. All CashBack withdrawals are secured by PIN.
- **THE ONLY** to provide a payment system for the country-wide highway e-toll. In September, ČSOB introduced the **TollTool** and the **Fleet Card Centrum**, enabling it to service a central e-toll system in CZ. In addition to bank cards, ČSOB is ready to accept so-called fleet cards. Besides, ČSOB creates and maintains a network of distribution and contact places for e-toll customers.
- **THE FIRST** in the country to provide on-line processing of export/ import documentary transactions. **ČSOB Flexims** is going to speed up and simplify these services making them on-line.

CONSOLIDATED STATEMENT OF INCOME

(Prepared in accordance with IFRS as adopted by the European Union)

(CZKths)	1-9/2006	1-9/2006 w/o RE	1-9/2005 reclassified	1-9/2005 reclass; w/o SI
Interest income	21 773 257	21 773 257	19 359 713	19 359 713
Interest expense	-8 739 261	-8 739 261	-7 729 670	-7 729 670
Net interest income	13 033 996	13 033 996	11 630 043	11 630 043
Net fee and commission income	5 146 674	5 146 674	4 886 521	4 886 521
Net trading income	2 240 540	2 240 540	1 944 233	1 944 233
Other operating income	2 042 000	1 067 000	4 102 705	1 081 142
General administrative expenses	-11 485 857	-11 368 857	-10 542 298	-10 542 298
Other operating expenses	-203 441	-203 441	-138 647	-138 647
Profit before impairment losses, provisions, con-tribution to pension fund clients and income tax	10 773 912	9 915 912	11 882 556	8 860 993
Impairment losses on loans and advances	-265 789	-265 789	281 406	281 406
Impairment losses on AFS securities	0	0	0	0
Provisions	167 380	167 380	-264 489	-264 489
Contribution to pension fund clients	-238 248	-238 248	-253 306	-253 306
Profit before income tax	10 437 255	9 579 255	11 646 168	8 624 605
Income tax expense	-2 275 227	-2 069 307	-2 645 644	-1 860 038
Profit for the period	8 162 028	7 509 948	9 000 524	6 764 567
Attributable to:				
Equity holders of the parent	8 113 075	7 460 995	8 941 905	6 705 948
Minority interest	48 953	48 953	58 619	58 619



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CONSOLIDATED BALANCE SHEET

(Prepared in accordance with IFRS as adopted by the European Union)

(CZKths)	30.9.2006	31.12.2005 restated
ASSETS		
Cash and balances with central banks	10 836 922	15 017 179
Due from banks	52 810 626	81 712 600
Financial assets at fair value through profit or loss	255 482 398	190 554 948
Investment securities	177 773 326	174 613 384
Loans and leases*	284 707 566	239 356 955
Pledged assets	3 132 516	3 968 152
Property and equipment	10 995 015	9 295 638
Goodwill	3 673 035	3 555 096
Other assets, including tax assets	14 636 915	14 799 186
Prepayments and accrued income	5 621 013	5 133 382
Total assets	819 669 332	738 006 521
LIABILITIES		
Due to banks	27 734 095	23 664 090
Subordinated debt		200 000
Financial liabilities at fair value through profit or loss	176 429 054	122 683 833
Due to customers	490 249 425	472 430 764
Debt securities in issue	39 338 345	38 848 296
Other liabilities, including tax liabilities	25 722 520	23 578 613
Accruals and deferred income	3 640 812	1 695 198
Provisions	1 028 876	1 428 964
Total liabilities	769 324 377	684 529 758
SHAREHOLDERS' EQUITY		
Share capital	5 105 000	5 105 000
Share premium account	2 258 552	2 258 552
Statutory reserve	18 686 645	18 686 645
Cumulative gains not recognized in income stmt	703 227	1 458 572
Retained earnings	23 250 786	25 441 405
Total shareholders' equity	50 004 210	52 950 174
Minority interests	340 745	526 589
Total equity	50 344 955	53 476 763
Total liabilities and equity	819 669 332	738 006 521



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