

February 26, 2007

PRESS RELEASE

ČSOB Group increased 2006 underlying net profit by 10 % Net profit exceeded CZK 9.5 bn¹

- **Net profit attributable to ČSOB shareholders of CZK 9,543 m** (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 10 % Y/Y**.
- **Cost/Income (excl. Slovenska inkasná and real estate one-offs) down to 57.5% from 59.3 % a year ago**. A 6 % Y/Y increase of operating expenses due to partly a one-off increase in personnel expenses has been more than offset by a 10% increase of operating income.
- **Group business lending rose by CZK 81 billion (+34 % Y/Y)** i.e. + CZK 62 bn in Czech business and + 19 bn in Slovak business. The largest contributors within the Czech business have been mortgages (+18.7 bn) and construction loans (+13.3 bn)² to individuals, SME lending (+14.9 bn) and corporate lending (+12.6 bn).
- **Assets under management and deposits rose by CZK 48 bn (+8 % Y/Y) in twelve months**. This has been driven mainly by sales growth in mutual and pension funds which have grown by 18 % and 36 % Y/Y, respectively.

P a v e l K a v á n e k, Chief Executive Officer, noted that "Year 2006 was a very successful one. It brought the growth in transactions, majority of which has been booked via electronic channels, growth in lending activities, deposits, funds under management, etc. Via our innovation leadership in financing the housing needs, bancassurance and also e-solutions, due to commitment and professionalism of all Group employees, we are meeting and at times exceeding both expectations of our customers and our sales goals as well. The effort we keep responding to operational excellence requirements has brought

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

² To the accounts of ČSOB, the 13.3 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.

cost-income ratio further down which is a good move given the expansion in the Slovak market."

Key Financials (CZK bn)³	2006	2005⁴	Y/Y
Net Profit	8.9	8.1	+10 %
Operating Income	29.4	26.8	+10 %
Operating Expenses	16.9	15.9	+6 %
Net Interest Income	18.0	15.8	+14 %
Net Fee and Commission Income	6.9	6.5	+6 %
Net Trading Income	2.8	2.6	+6 %
Return on Allocated Capital	N. A.	35.9 %	
Return on Average Equity	17.2 %	16.5 %	+0.7 pp
Cost -Income Ratio	57.5 %	59.3 %	-1.8 pp
Net Interest Margin	2.55 %	2.48 %	+0.07 pp
	31/12/2006	31/12/2005	Ytd.
Net Loans and Leases	308.6	239.4	29 %
Total Assets	762.3	736.5	+4 %
Loan/Asset Ratio	41.4 %	33.4 %	+8.0 pp
CAD	9.29 %	10.55 %	-1.26 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 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.

ČSOB – Press Release

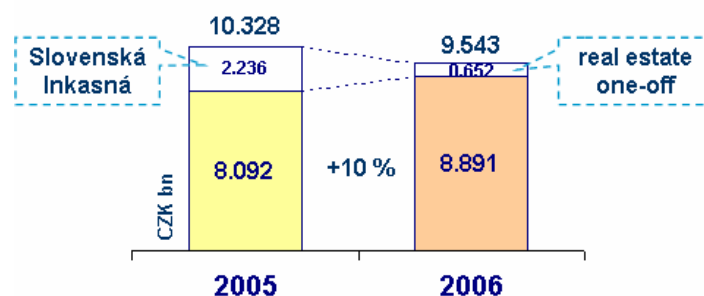
Page 2 of 8



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Total operating income for ČSOB amounted to CZK 30,382 million in 2006, excluding the gain from real estate portfolio sale it gives CZK 29,407 million, i.e. 10 % higher than the same period a year earlier.

Net income from interest margin products, which comprised 59 % of overall operating income in 2006, rose by 14 %, mainly due to growing volumes of both total loans and deposits. Net fee and commission income rose by 6 % and was fully attributable to business growth, especially in sales of mutual funds and loans, not to change in pricing. Steady growth of net trading income of 6 % is attributable to sales of more sophisticated products, such as derivatives, with higher margins.

Total operating expenses amounted to CZK 17,032 million in 2006, excluding costs related to the real estate one-off it gives CZK 16,915 million, an increase of 6 % from CZK 15,887 million a year earlier.

Personnel expenses increased by CZK 1.359 million (+ 22 %). Out of this, CZK 600 m are attributable to the network expansion in Slovakia (SK) and at PSB in the Czech Republic (CZ), sales staff increase at subsidiaries, one-off accruals for untaken holidays, and performance-related bonuses in SME/Retail segments in CZ. Another CZK 500 m of the personnel expenses increase relates to one-off accruals stemming from cancellation of the existing stock option plan (this relates to planned squeeze-out of minority shareholders). Depreciation decreased by 12 %, especially due to accelerated depreciation of buildings in 2005 and increased depreciation of property from operating leasing due to increased sales of operating leasing. Other expenses decreased by 1 %, which has been contributed by an efficiency enhancement of supplier relations (renegotiation of contracts with suppliers).

Group business lending rose by 34 % year on year up to CZK 318 billion. In ČSOB CZ, all types of loans grew at high pace: mortgages to individuals (+43 %), construction

loans (+27 %), consumer loans (+38 %), SME loans (+51 %), corporate loans (+17 %), and Leasing (+19 %). In ČSOB SK lending rose across all segments, too, up 64 % in total, mainly thanks to 98 % growth in retail lending including mortgages, 79 % lending growth in SME segment, 76 % growth in corporate segment loans and 35 % growth in leasing.

The growing lending portfolio kept high profile quality. Non-performing loans (over 90 days overdue) accounted for only 1.69 % of gross loans and the Group loan loss ratio (including recoveries) is at -0.24 %.

Total AUM and deposits rose 8 % year on year up to CZK 651 bn.

The fastest growing items were mutual funds & discretionary AM (+18 %) and pension funds (+36 %). Within mutual funds, the sales of capital guaranteed funds ("CGFs") were extremely good. AUM invested into CGFs increased by 82 % to CZK 25.1 bn, it is attributable to superior know how and a strong distribution.

Apart from organic growth, ČSOB has undertaken two important **acquisitions**. In April, ČSOB increased its stake in factoring company O.B. HELLER from 50 % to 100 % and re-branded it to "CSOB Factoring". Thus ČSOB also increased its indirect stake in O.B. HELLER's factoring subsidiary in the Slovak Republic to 100 %. In June, ČSOB acquired the **Zemský pension fund** ("ZPF") with about 14,000 clients. The ZPF acquisition followed after last year's acquisition of the Hornický pension fund Ostrava with 19,000 clients (which had merged with the CSOB Progress pension fund by the end of 2006).

In April 2006 Fitch Ratings **upgraded ČSOB's Individual rating** to "B/C" from "C" grade. 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. Ratings by Moody's and Capital Intelligence are at the Czech Republic country ceiling.

ČSOB's performance has been awarded in several contests. According to The Banker, ČSOB is "**The Best Bank of the Year 2006 Czech Republic**". In **Zlatá koruna 2006** contest, ČSOB performed the best of all Czech financial groups, being awarded 9 medals, incl. 3 golden medals. Further, ČSOB has been awarded by Finance New Europe in the **Achievement Awards 2006** as "**The Best Bank Czech Republic**" in recognition of product and distribution innovation. ČSOB is also once again the "**Best FX Bank**"



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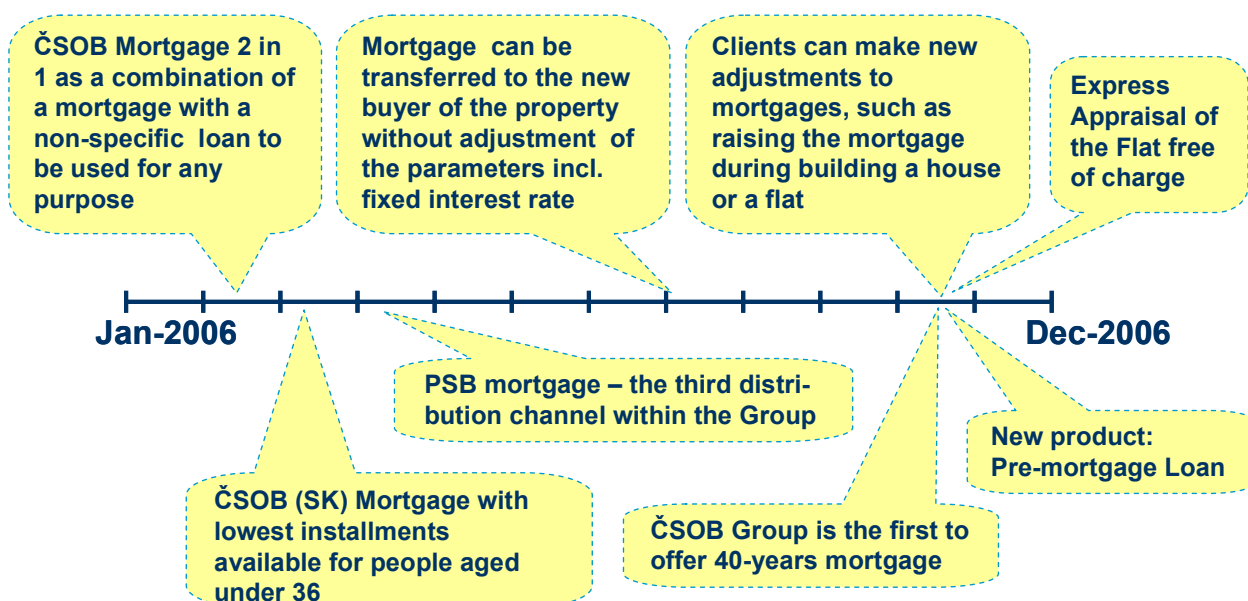
according to Global Finance. And finally, ČSOB received the **“Zlatý měsíc 2006”** award as the absolute winner and the most favorite financial institution.

In 2006, ČSOB Group successfully continued in its **Innovation Leadership** which consists of product innovations, distribution innovations and instant simplification of processes leading to operational excellence (see next pages).

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

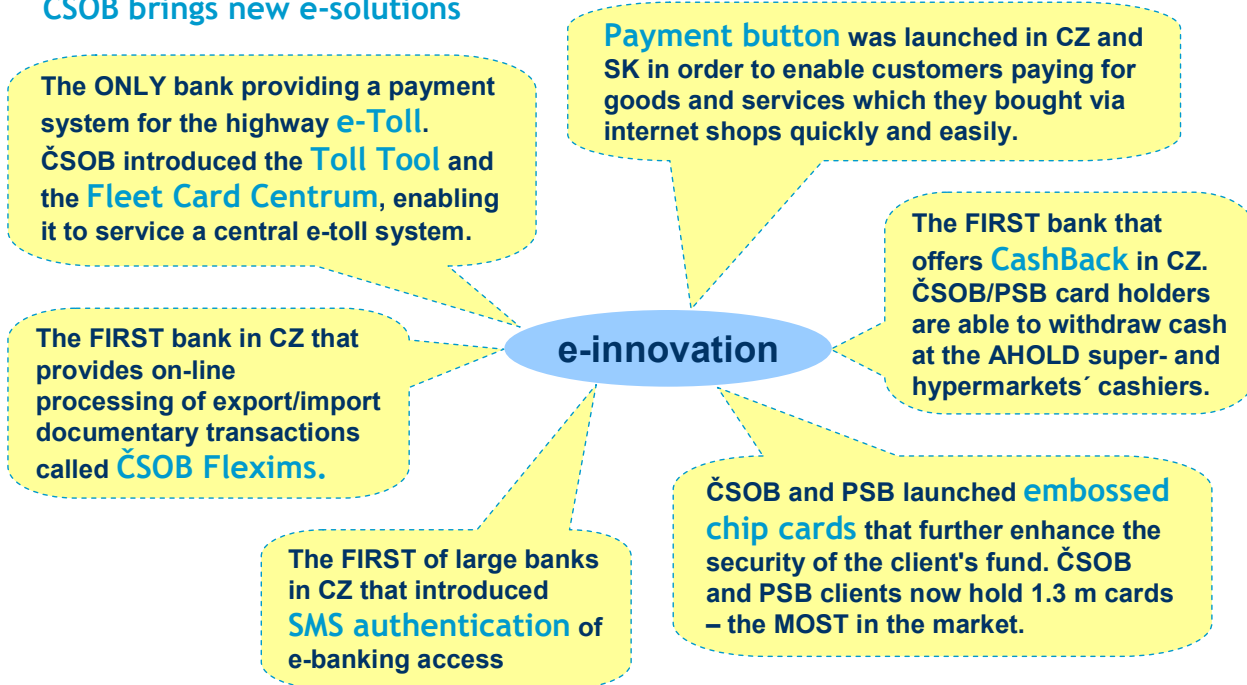
2006 Financing Housing Needs Innovations

ČSOB Group remains to be the main innovator in mortgages



2006 Electronic Innovations

ČSOB brings new e-solutions



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CONSOLIDATED STATEMENT OF INCOME

(Prepared in accordance with EU IFRS)

(CZKths)	1-12/2006	1-12/2006 w/o RE	1-12/2005 reclassified	1-12/2005 reclass; w/o SI
Interest income	30 210 452	30 210 452	26 136 646	26 136 646
Interest expense	-12 252 713	-12 252 713	-10 370 846	-10 370 846
Net interest income	17 957 739	17 957 739	15 765 800	15 765 800
Net fee and commission income	6 889 505	6 889 505	6 516 722	6 516 722
Net trading income	2 761 110	2 761 110	2 613 003	2 613 003
Other operating income	2 773 694	1 798 694	4 929 626	1 908 063
General administrative expenses	-16 801 814	-16 684 814	-15 343 360	-15 343 360
Other operating expenses	-230 571	-230 571	-543 249	-543 249
Profit before impairment losses, provisions, contribution to pension fund clients and income tax	13 349 663	12 491 663	13 938 542	10 916 979
Impairment losses on loans and advance:	-830 116	-830 116	346 008	346 008
Impairment losses on AFS securities	-56	-56	-51 205	-51 205
Provisions	260 737	260 737	-433 265	-433 265
Contribution to pension fund clients	-383 332	-383 332	-401 444	-401 444
Share of profit of associates	44 546	44 546		
Profit before income tax	12 441 442	11 583 442	13 398 636	10 377 073
Income tax expense	-2 796 821	-2 590 901	-2 895 615	-2 110 009
Profit for the period	9 644 621	8 992 541	10 503 021	8 267 064
Attributable to:				
Equity holders of the parent	9 542 813	8 890 733	10 328 210	8 092 253
Minority interest	101 808	101 808	174 811	174 811



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CONSOLIDATED BALANCE SHEET

(Prepared in accordance with EU IFRS)

(CZKths)	31.12.2006	31.12.2005 restated
ASSETS		
Cash and balances with central banks	18 393 722	15 017 179
Due from banks (net)	46 676 393	81 712 600
<i>Due from banks - gross</i>	46 700 363	81 739 904
<i>Due from banks - provisions</i>	-23 970	-27 304
Financial assets at fair value through profit or loss	173 561 712	189 086 140
Investment securities	172 170 565	174 613 384
Loans and leases (net)	308 595 891	239 356 955
<i>Loans and leases - gross</i>	315 576 502	245 707 068
<i>Loans and leases - provisions</i>	-6 980 611	-6 350 113
Pledged assets	4 862 621	3 968 152
Property and equipment	11 946 075	9 295 638
Goodwill	3 580 429	3 555 096
Other assets, including tax assets	16 479 792	14 799 186
Prepayments and accrued income	5 375 454	5 133 382
Investments in associated undertakings	658 352	
Total assets	762 301 007	736 537 713
LIABILITIES		
Due to banks	32 002 328	23 664 090
Subordinated debt	5 181 732	200 000
Financial liabilities at fair value through profit or loss	98 651 025	122 703 833
Due to customers	504 293 624	472 430 764
Debt securities in issue	40 086 321	37 383 733
Other liabilities, including tax liabilities	26 816 132	23 578 613
Accruals and deferred income	1 813 361	1 670 953
Provisions	923 525	1 428 964
Total liabilities	709 768 048	683 060 950
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	1 403 017	1 458 572
Retained earnings	24 685 648	25 441 405
Total shareholders' equity	52 138 861	52 950 174
Minority interests	394 098	526 589
Total equity	52 532 959	53 476 763
Total liabilities and shareholders' equity	762 301 007	736 537 713



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