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PRESS RELEASE (1Q 2007 RESULTS)

ČSOB Group's business lending as of 31 March 2007 up by 32 % Y/Y. 1Q 2007 underlying operating profit up by 5 % compared to excellent results a year ago¹

- **Group business lending rose by CZK 81.5 billion (+32 %) in the last twelve months;** by CZK 61 bn in Czech business and by CZK 20.5 bn in Slovak business. The largest contributors within the Czech business were mortgages (+ CZK 17.4 bn) and building loans (+ CZK 13.8 bn)² to individuals and SME lending (+ CZK 15.2 bn); the ones within Slovak business were corporate lending (+ SKK 10.4 bn) and retail lending (+ SKK 5.4 bn).
- **Assets under management and deposits rose by CZK 76.1 bn (+12 %) Y/Y.** This achievement was driven mainly by mutual and pension funds which have grown in twelve months by 21 % and 37 %, respectively.
- **1Q 2007 Group financial results:** Y/Y comparable basis was distorted by the negative effect of items non-related to business such as the real estate one-off and exceptional release of reserve on litigation in 1Q 2006, and a change in the accrual policy and market value adjustment (MVA) methodology in 1Q 2007. Net of these items:
 - **Underlying operating income increased by 4.1 % Y/Y** from CZK 7,323 m to CZK 7,625 m.
 - **Underlying operating expenses remained under control (+3.2 % Y/Y)** from CZK 3,612 m to 3,727 m.
 - **Underlying operating profit thus increased by 5.0 % Y/Y.**
- 1Q 2007 Return on allocated capital (**ROAC**) reached **37.5 %**.

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

² To the accounts of ČSOB, the 13.8 bn increase in building loans of ČMSS enters proportionally by 55 %.



ČSOB 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.

- **ČSOB Group recorded 1Q 2007 net profit of CZK 2,644 m** (nominally -27 % Y/Y, as a result of the above-mentioned items non-related to business).
- **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.
- Operating expenses grew by 11.3 % but **underlying operating expenses remained under control with a 3.2 % increase Y/Y.** C/I ratio for 1Q 2007 was 51.6 % but on a comparable basis C/I, net of extraordinary items, slightly improved from 49.3 to 48.9 %.

P a v e l K a v á n e k, Chief Executive Officer, noted: *"Our business results for the first quarter of 2007, especially in mortgages, mutual funds and pension funds, reflect the strong state of the Czech economy and the success of ČSOB's multibranding-multichannel-bancassurance approach as well. The strong performance of the entire Group is the outcome of a fruitful change in our corporate climate. I am proud that our managers are becoming leaders and our employees are committed to provide attentive service. They are advising customers rather than blindly selling. The first quarter's business results indicate we have successfully embarked on the wave towards operational excellence model."*



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Key Financials (CZK bn)

	3M 07	3M 06	Y/Y
Net Profit	2.644	3.626	-27.1 %
Operating Income	7.516	8.298	-9.4 %
Operating Expenses	3.879	3.484	+11.3 %
Underlying Operating Profit	3.898	3.711	+5.0 %
Underlying Operating Income	7.625	7.323	+4.1 %
Underlying Operating Expenses	3.727	3.612	+3.2 %
Net Interest Income	4.969	4.213	+18.0 %
Net Fee and Commission Income	1.827	1.795	+1.8 %
Net Trading Income ³	0.347	0.836	-58.5 %
Cost/Income	51.6 %	42.0 %	+9.6 pp
Cost/Income (underlying basis)	48.9 %	49.3 %	-0.4 pp
Net Interest Margin	2.74 %	2.36 %	+0.38 pp

	31/03 2007	31/12 2006	31/03 2006	Q/Q	Y/Y
Group business lending	332.5	318.3	251.0	+5 %	+32 %
Total Assets	853.4	762.3	803.2	+12 %	+6 %
Loan/Deposit Ratio	65.3 %	63.1 %	54.0 %	+2.2 pp	+11.3 pp
CAD	10.83 %	9.29 %	9.76 %	+1.54 pp	+1.07 pp

³ i.e. Net gains from financial instruments at fair value through profit or loss

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Total operating income for ČSOB amounted to CZK 7,516 million in 1Q 2007, i.e. 9 % lower than the same period a year earlier. Net of the effect of 2006 gains from the sale of real estate portfolio (CZK 975 m) and 2007 change in MVA methodology (CZK 109 m), underlying operating income increased by 4.1 % Y/Y - from CZK 7,323 m to CZK 7,625 m.

Thanks to the increasing volume of both deposits and loans, net interest income (NII) went up by 18 % Y/Y to CZK 4,969 m thus comprised 66 % of total operating income in 3M 2007.

The strongest growth of NII (+77 %) has been recorded by the Slovak branch, followed by SME in CZ (+25 %) and PSB (+22 %). While the result in SME in CZ was driven by volumes of both loans and deposits, PSB's NII grew especially thanks to the volume of deposits.

Net fee and commission income slightly increased (+2 %) and reached CZK 1,827 m. The most volatile part of operating income, net trading income (NTI), recorded a decrease of 59 % which was caused mainly by the change in MVA methodology, altered structure of FM operations (off-set by NII), ALM-related volatility due to negative impact of assets revaluation, and extremely good results in 1Q 2006 dealing operations.

Total operating expenses amounted to CZK 3,879 million in 1Q 2007, which represents a nominal increase of 11 % from CZK 3,484 m. Net of the effects of 2006 real estate portfolio sale and the release of reserve on litigation and 2007 change of accrual policy, underlying operating expenses remained under control with an increase of 3.2 % Y/Y from CZK 3,612 m to 3,727 m.

The operating expenses in 1Q 2006 were affected positively by the sale of buildings in Prague downtown (CZK 117 m) and negatively by the exceptional release of reserve on litigation (CZK 245 m), while the operating expenses in 1Q 2007 were inflated by the change of accrual policy (CZK 152 m). The newly charged accruals (as a result of change in booking policy) entered staff expenses and general administrative expenses. Excluding these accruals for employees' and managers' annual bonuses, staff expenses grew by 5.5 %, mainly due to increase in salaries. Excluding the accrual for the fee to the Czech Post (created due to the new contract with the Czech Post that came into effect), general administrative expenses increased by 2 %.

Underlying operating profit thus increased by 5.0 % from CZK 3,711 m to CZK 3,898 million.

Group business lending rose by 32 % Y/Y up to CZK 333 billion. In ČSOB CZ, all types of loans substantially increased: mortgages to individuals (+42 %), building loans to individuals (+27 %), consumer loans (+36 %), SME loans (+48 %), corporate loans (+11 %) and Leasing (+21 %). In ČSOB SK, too, lending rose across all segments, up 49 % in total, mainly thanks to a 83% growth in retail lending (of which mortgages +111 %), a 30% growth in leasing and a 50% growth in corporate segment.

The growing lending portfolio kept high quality profile. Non-performing loans (more than 90 days overdue) as at 31 March 2007 accounted for only 1.68 % of gross loans and the share of Normal loans (IFRS classification, PD 1-7) increased by 1.2 pp to 94 % of total loan portfolio.

Total AUM and deposits rose by 12 % Y/Y up to CZK 689.4 bn.

The fastest growing items were mutual funds and pension funds (+24 % and +31 % in CZ, +51 % and +154 % in SK, respectively). Within mutual funds in CZ, the sales of capital guaranteed funds (CGFs) were extremely good. AUM in CGFs increased by 68 % Y/Y to CZK 28.6 bn. Thus ČSOB confirmed its No. 1 position in the Czech market with CGFs.

1Q 2007 was full of major events. On 31 December 2006, Hornický PF Ostrava was successfully **merged** with PF Progres. On 8 March 2007, ČNB approved the **squeeze-out** of minority shareholders (later, on 20 April, the squeeze-out was approved by ČSOB General Meeting). Moody's upgraded ČSOB's Financial Strength **rating** from C- to C and the 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. And finally, also in March, **the new CSOB Group headquarters**, complying with the toughest worldwide ecological standards, was completed in Prague-Radlice and ready for moving in, which started on 1 April.

In the first quarter of 2007, ČSOB Group further continued its **Innovation Leadership** which consists of product innovations, distribution innovations and instant simplification of processes leading to operational excellence (see appendix).

Please find more details in 1Q 2007 Results Presentation at www.csob.cz.



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ČSOB´s Innovation Leadership in 1Q

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.

CONSOLIDATED STATEMENT OF INCOME

(Prepared in accordance with EU IFRS)

(CZKths)	1-3/2007	1-3/2006 reclassified
Interest income	8 461 385	6 833 487
Interest expense	-3 492 567	-2 620 979
Net interest income	4 968 818	4 212 508
Fee and commission income	2 272 877	2 144 597
Fee and commission expense	-446 029	-349 539
Net fee and commission income	1 826 848	1 795 058
Dividend income	82	3 323
Net gains from financial instruments at fair value through profit or loss	346 762	835 781
Net realised gains on available-for-sale financial assets	49 731	73 289
Other net income	323 604	1 377 876
Operating income	7 515 845	8 297 835
Staff expenses	-1 733 521	-1 609 583
General administrative expenses	-1 718 928	-1 677 939
Depreciation and amortisation	-457 975	-473 110
Provisions	31 695	276 617
Operating expenses	-3 878 729	-3 484 015
Impairment losses	-291 027	-79 473
Share of profit of associates	55 155	0
Profit before tax	3 401 244	4 734 347
Income tax expense	-732 210	-1 074 955
Profit for the period	2 669 034	3 659 392
Attributable to:		
Equity holders of the parent	2 643 626	3 625 825
Minority interest	25 408	33 567



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CONSOLIDATED BALANCE SHEET

(Prepared in accordance with EU IFRS)

(CZKths)	31.3.2006	31.12.2006 restated
ASSETS		
Cash and balances with central banks	44 706 408	32 330 321
Financial assets held for trading	218 302 914	149 877 469
Financial assets designated at fair value through profit or loss	24 572 364	23 879 842
Available-for-sale financial assets	65 153 388	66 165 948
Loans and receivables - net	348 518 440	341 104 452
<i>Loans and receivables - gross</i>	355 725 160	348 109 032
<i>Loans and receivables - provisions</i>	-7 206 720	-7 004 580
Held-to-maturity investments	110 884 548	108 772 272
Derivatives used for hedging	4 568 070	5 124 408
Accrued interest income	6 023 890	6 573 656
Current tax assets	1 654 384	1 381 698
Deferred tax assets	394 600	413 918
Investments in associates	705 618	658 352
Property and equipment	11 432 758	11 023 573
Goodwill and other intangible assets	4 500 832	4 502 706
Non-current assets held-for-sale	27 256	62 602
Other assets	11 960 445	10 429 790
Total assets	853 405 915	762 301 007
LIABILITIES AND EQUITY		
Financial liabilities held for trading	14 525 841	14 060 220
Financial liabilities at fair value through profit or loss	147 157 358	84 662 566
Financial liabilities at amortised cost	612 454 399	580 989 770
Derivatives used for hedging	523 749	386 433
Accrued interest expenses	2 294 362	1 916 921
Current tax liabilities	101 935	149 084
Deferred tax liabilities	136 332	93 715
Provisions	1 527 921	1 611 493
Other liabilities	19 559 893	25 897 846
Total liabilities	798 281 790	709 768 048
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
Retained earnings	27 322 179	24 685 952
Available-for-sale reserve	691 233	604 511
Cash flow hedge reserve	758 622	945 673
Foreign currency translation reserve	-98 994	-147 472
Parent shareholders' equity	54 723 237	52 138 861
Minority interests	400 888	394 098
Total equity	55 124 125	52 532 959
Total liabilities and equity	853 405 915	762 301 007



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