



Prague, 10 August 2007

PRESS RELEASE (1H 2007 RESULTS)

In 1H 2007, ČSOB Group posted a net profit of nearly CZK 6 bn.

On a comparable basis, the year-on-year growth exceeded 10%.¹

- **ČSOB Group recorded 1H 2007 net profit of CZK 5,968 m.** Excluding the one-off revenue from sale of real estate in 2006, **net profit grew by 10.1 % Y/Y.**
- **Assets under management and deposits rose by CZK 89.9 bn (+14 %) Y/Y.** This achievement was driven mainly by mutual and pension funds which both have grown in the past twelve months by 30 %.
- **Group business lending rose by CZK 90 billion (+33 %) in the past twelve months,** out of which CZK 68.1 bn comes from the Czech Republic and CZK 21.9 bn from Slovakia. The largest contributors in the Czech business were mortgages (+ CZK 19.8 bn) and building loans (+ CZK 14.3 bn)² to individuals and SME lending (+ CZK 16.7 bn); in Slovakia, it was corporate lending (+ SKK 10.2 bn) and retail lending (+ SKK 5.1 bn).
- **Operating income** reached CZK 16,059 m and **operating expenses** CZK 8,081 m. The C/I ratio for 1H 2007 remained around 50 %.
- **Net interest income showed a strong growth of 17.6 % Y/Y.** Net fee and commission income increased by 4.0 % Y/Y. Net trading income, NTI, slightly decreased by 8.9 % Y/Y due to the change in MVA methodology and altered structure of FM operations.
- The *Zlatá koruna* 2007 contest confirmed ČSOB's position as the most active innovator in Czech financial services market. In the key section, "Innovation of the Year", ČSOB swept all top three positions: gold to Hypoteční banka (Mortgage On-Line), silver to Poštovní spořitelna (CashBack) and bronze to ČSOB (CashBack).

¹ All numbers in this press release are consolidated, unaudited, according to IFRS. For the purpose of year-on-year comparisons, we subtracted the one-off net revenue from the sale of ten headquarters buildings in Prague from the 1H2006 net profit.

² To the accounts of ČSOB, the 14.3 bn increase in building loans of ČMSS enters proportionally by 55 %.



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P a v e l K a v á n e k, Chief Executive Officer, noted: *"ČSOB reliably offers traditional services and simultaneously constantly simplifies products and comes up with innovations. This results in clients' content and trust. Put in numbers, in 1H2007 we reached year on year 33 % growth in lending, 14 % growth in AUM and deposits, and 10 % growth of net profit on a comparable basis."*

Key Financials (CZK bn)³

	6M 07	6M 06	Y/Y
Net Profit	5.968	5.422	+10.1 %
Operating Income	16.059	14.742	+8.9 %
Operating Expenses	8.081	7.147	+13.1 %
Net Interest Income	10.134	8.614	+17.6 %
Net Fee and Commission Income	3.698	3.556	+4.0 %
Net Trading Income ⁴	1.503	1.649	-8.9 %
Cost/Income	50.3 %	48.5 %	+1.8 pp
Net Interest Margin	2.69 %	2.35 %	+0.34 pp

	30/06 2007	31/12 2006	30/06 2006	Ytd	Y/Y
Group business lending	362.3	318.3	272.3	+13.8 %	+33.1 %
Total Assets	926.6	762.3	816.3	+21.6 %	+13.5 %
Loan/Deposit Ratio	67.0 %	63.1 %	55.5 %	+3.9 pp	+11.5 pp
CAD	11.93 %	9.29 %	8.99 %	+2.64 pp	+2.94 pp

³ All 2006 figures exclude the impact of the one-off revenues from the sale of real estate.

⁴ 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 16,059 million in 1H 2007, i.e. 2 % higher than the same period a year earlier. Net of the effect of 2006 gain from the sale of real estate portfolio (CZK 975 m), underlying operating income increased by 9 % Y/Y - from CZK 14,742 m to CZK 16,059 m.

Thanks to the increasing volume of both deposits and loans, net interest income (NII) went up by 18 % Y/Y to CZK 10,134 m thus comprised 63 % of total operating income in 6M 2007.

The strongest growth of NII (+58 %) has been recorded by the Slovak branch, followed by SME in CZ (+25 %) and PSB (+19 %). 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 increased (+4 %) and reached CZK 3,698 m. The most volatile part of operating income, net trading income (NTI), recorded a decrease of 9 % which was caused altered structure of FM operations (off-set by NII) and slightly by the change in MVA methodology.

Total operating expenses amounted to CZK 8,081 million in 1H 2007, which is a nominal increase of 11 % from CZK 7,264 m. Net of the effects of 2006 real estate portfolio sale, underlying operating expenses grew by 13 % Y/Y from CZK 7,147 m to 8,081 m due to business expansion, investment into human capital, costs related to moving the headquarters and telecommunication costs driven by e-innovations.

Group business lending rose by 33 % Y/Y up to CZK 362.3 billion. In ČSOB CZ, all types of loans substantially increased: mortgages to individuals (+44 %), building loans to individuals (+26 %), consumer loans (+31 %), SME loans (+47 %), corporate loans (+12 %) and Leasing (+22 %). In ČSOB SK, lending also rose across all segments, up 41 % in total, mainly thanks to a 66% growth in retail lending (of which mortgages +85 %), a 25% growth in leasing and a 43% growth in corporate segment.

The growing lending portfolio kept high quality profile. Non-performing loans (more than 90 days overdue) as at 30 June 2007 accounted for only 1.71 % of gross loans and the share of Normal loans (IFRS classification, PD 1-7) increased by 1.73 pp to 94.6 % of total loan portfolio.

Total AUM and deposits rose by 14 % Y/Y up to CZK 715.1 bn.

The fastest growing items were mutual funds and pension funds (+33 % and +24 % in CZ, +44 % and +127 % in SK, respectively). Within mutual funds in CZ, the sales of capital



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guaranteed funds (CGFs) were extremely good. AUM in CGFs increased by 77 % Y/Y to CZK 33.2 bn. Thus ČSOB confirmed its No. 1 position in the Czech market with CGFs.

1H 2007 was full of major events:

- On 8 March 2007, ČNB approved the **squeeze-out** of minority shareholders, which was approved by the ČSOB General Meeting on 20 March; in June, KBC Group had become the 100 % owner of ČSOB.
- 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 ČSOB Group headquarters**, complying with the toughest world-wide ecological standards, was completed in Prague-Radlice and ready for moving in, which started on 1 April and finished in June.

In the second 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. The main innovations were: Liška plus+ building savings and remote access to the property evidence for free in the financing of housing needs, new ecologically focused CGFs in AUM and Image Card in direct channels (for more information see presentation "ČSOB Innovation Leadership 2004-2007 (Czech Market)" at www.csob.cz). Thanks to its innovations ČSOB was awarded in "Zlatá koruna 2007" contest, incl. gold medals in the main categories "Innovation of the Year" (Mortgage On-Line) and "Public Award" (Max Internetbanking PSB).

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

Analysts contact:

Ondřej Vychodil, Head of Investor Relations
onvychodil@csob.cz; ph.: 224 114 106

Media contact:

Tomáš Kopecký, External Communication
tkopecky@csob.cz; ph.: 224 114 112



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CONSOLIDATED STATEMENT OF INCOME

(Prepared in accordance with EU IFRS)

(CZKths)	1-6/2007	1-6/2006 reclassified
Interest income	17 531 274	14 103 560
Interest expense	-7 397 513	-5 489 597
Net interest income	10 133 761	8 613 963
Fee and commission income	4 624 905	4 395 550
Fee and commission expense	-927 245	-840 041
Net fee and commission income	3 697 660	3 555 509
Dividend income	15 830	34 890
Net gains from financial instruments at fair value through profit or loss	1 502 584	1 648 589
Net realised gains on available-for-sale financial assets	48 811	-31 631
Other net income	660 140	1 895 860
Operating income	16 058 786	15 717 180
Staff expenses	-3 578 988	-3 279 903
General administrative expenses	-3 759 815	-3 360 862
Depreciation and amortisation	-949 691	-931 234
Provisions	207 362	308 400
Operating expenses	-8 081 132	-7 263 599
Impairment losses	-435 567	-599 174
Share of profit of associates	88 933	0
Profit before tax	7 631 020	7 854 407
Income tax expense	-1 617 291	-1 743 985
Profit for the period	6 013 729	6 110 422
Attributable to:		
Equity holders of the parent	5 967 999	6 073 842
Minority interest	45 730	36 580



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CONSOLIDATED BALANCE SHEET

(Prepared in accordance with EU IFRS)

(CZKths)	30.6.2007	31.12.2006 restated
ASSETS		
Cash and balances with central banks	73 806 922	32 330 321
Financial assets held for trading	226 430 547	149 877 469
Financial assets designated at fair value through profit or loss	24 560 724	23 879 842
Available-for-sale financial assets	67 952 977	66 165 948
Loans and receivables - net	376 411 637	341 104 452
<i>Loans and receivables - gross</i>	<i>383 814 965</i>	<i>348 109 032</i>
<i>Loans and receivables - provisions</i>	<i>-7 403 328</i>	<i>-7 004 580</i>
Held-to-maturity investments	118 688 781	108 772 272
Derivatives used for hedging	3 373 109	5 124 408
Accrued interest income	6 367 306	6 573 656
Current tax assets	1 800 501	1 381 698
Deferred tax assets	937 616	413 918
Investments in associates	739 396	658 352
Property and equipment	11 683 627	11 023 573
Goodwill and other intangible assets	4 559 671	4 502 706
Non-current assets held-for-sale	27 256	62 602
Other assets	9 283 039	10 429 790
Total assets	926 623 109	762 301 007
LIABILITIES AND EQUITY		
Financial liabilities held for trading	13 617 380	14 060 220
Financial liabilities at fair value through profit or loss	196 771 074	84 662 566
Financial liabilities at amortised cost	633 536 133	580 989 770
Derivatives used for hedging	1 374 005	386 433
Accrued interest expenses	2 572 165	1 916 921
Current tax liabilities	114 062	149 084
Deferred tax liabilities	165 278	93 715
Provisions	1 262 170	1 611 493
Other liabilities	20 810 102	25 897 846
Total liabilities	870 222 369	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	30 646 555	24 685 952
Available-for-sale reserve	-271 252	604 511
Cash flow hedge reserve	-293 559	945 673
Foreign currency translation reserve	-76 071	-147 472
Parent shareholders' equity	56 055 870	52 138 861
Minority interests	344 870	394 098
Total equity	56 400 740	52 532 959
Total liabilities and equity	926 623 109	762 301 007

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