



Prague, 9 November 2007

PRESS RELEASE (3Q 2007 RESULTS)

ČSOB Group posted a net profit of CZK 8.2bn for 9M 2007. On a comparable basis, the year-on-year growth exceeded 10%.¹

- **ČSOB Group recorded 3Q 2007 net profit of CZK 8,209m.** Excluding the one-off revenue from the sale of real estate in 2006, net profit **grew by 10.0% Y/Y.**
- **Assets under management and deposits expanded by CZK 113.7bn (+18%) Y/Y,** driven mainly by mutual funds and deposits which were up 29% and 16% over the past twelve months.
- **Group business lending rose by CZK 92 billion (+32%) in the past twelve months.** Czech Republic accounted for CZK 72.4bn of the increase, the key drivers being mortgages (+CZK 21.6bn) and building loans (+CZK 15.3bn)² to individuals and SME lending (+CZK 17.0bn). Slovakia accounted for the remaining CZK 19.6bn and the key drivers there were corporate lending (+SKK 12.2bn) and retail lending (+SKK 4.7bn).
- **Operating income** reached CZK 23,847m and **operating expenses** CZK 12,184m. The C/I ratio for 3Q slightly improved Y/Y to 51.1%.
- **Net interest income saw a strong growth of 17.2% Y/Y.** Net fee and commission income increased by 6.0% Y/Y as a result of higher number of transactions. Net trading income (NTI) slightly decreased by 5.1% Y/Y due to value adjustments of CDO portfolio.

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 Out of the CZK 15.3bn increase in building loans of ČMSS, 55% is recorded in the accounts of ČSOB.



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Pavel Kavánek, Chief Executive Officer, noted: "In third quarter 2007, the ČSOB Group introduced enhanced and tailored services, e.g. SME savings accounts, PSB Red Account, further enhancement of electronic services, or new products in car leasing and insurance. In accord with our corporate values, ČSOB launched the socially responsible KBC Equity Fund CSOB Water. In the quarter, ČSOB provided customers with CZK 92bn (or 32%) more loans than in 3Q2006. We have recorded double digit growth across all segments; SME and housing loans were the fastest segments with rates of 34% and 42%, respectively."

Key Financials (CZKbn)³

	9M 07	9M 06	Y/Y
Net Profit	8.209	7.461	+10.0%
Operating Income	23.847	21.718	+9.8%
Operating Expenses	12.184	11.337	+7.5%
Net Interest Income	15.511	13.235	+17.2%
Net Fee and Commission Income	5.420	5.115	+6.0%
Net Trading Income ⁴	1.936	2.040	-5.1%
Cost/Income	51.1%	52.2%	+1.1 pp
Net Interest Margin	2.58%	2.40%	+0.18 pp

	30/09 2007	31/12 2006	30/09 2006	Ytd	Y/Y
Group business lending	381.6	318.3	289.6	+19.9%	+31.8%
Total Assets	922.6	762.3	817.7	+21.0%	+12.8%
Loan/Deposit Ratio	69.5%	63.1%	60.0%	+6.4 pp	+9.5 pp
CAD	13.20%	9.29%	9.94%		

Basel II
Basel I

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 23,847 million in 3Q 2007, i.e. 5% higher than the nominal profit for the same period a year earlier. Excluding the effect of the gain from the sale of real estate portfolio in 2006 (CZK 975m), the underlying operating income increased by 10% Y/Y from CZK 21,718m to CZK 23,847m.

Thanks to the increasing volume of deposits and loans, the net interest income (NII) went up by 17% Y/Y to CZK 15,511m, comprising 65% of total operating income in 3Q 2007.

Within NII, the fastest growth was recorded by the Slovak branch (+31%), followed by SME in CZ (+26%) and PSB (+20%). While Czech SME result in was driven by volumes of loans and deposits, PSB's NII grew especially due to the volume of deposits.

Net fee and commission income increased +6% to CZK 5,420m. The most volatile part of operating income, net trading income (NTI), recorded a decrease of 5% which was caused by loss of CZK 460m due to revaluation of CDOs after turbulences in US mortgage markets.

Total operating expenses amounted to CZK 12,184 million in 3Q 2007, which is a nominal increase of 6% from CZK 11,454m. Net of the effects of 2006 real estate portfolio sale, underlying operating expenses grew by 7% Y/Y from CZK 11,337m to 12,184m 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 32% Y/Y to CZK 381.6 billion. In ČSOB CZ, all parts of the loan portfolio increased substantially: mortgages to individuals (+44%), building loans to individuals (+26%), consumer loans (+27%), SME loans (+42%), corporate loans (+11%) and Leasing (+22%). The same applied to ČSOB SK where lending rose across all segments (total amount up 41%), mainly thanks to a 49% growth in retail lending (of which mortgages +58%), a 24% growth in leasing and a 52% growth in corporate segment.

The growing lending portfolio kept high quality. Non-performing loans (more than 90 days overdue) as at 30 September 2007 accounted for only 1.60% of gross loans and the share of Normal loans (IFRS classification, PD 1-7) increased by 2.79pp to 95.6% of total loan portfolio.

Total AUM and deposits rose by 18% Y/Y up to CZK 739.7bn. The fastest growing items were mutual funds (+29% in CZ and 46% in SK, respectively) and pension funds in SK (+108%). Within mutual funds in CZ, the sales of capital guaranteed funds (CGFs) were extremely good. AUM in CGFs increased by 63% Y/Y to CZK 34.9bn. Thus ČSOB confirmed its number 1 position in the Czech market with CGFs.



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In the third quarter of 2007, ČSOB Group maintained its **Innovation Leadership** which consists of product innovations, distribution innovations and instant simplification of processes leading to operational excellence. The main innovations in the Czech Republic included new PSB saving product Red Account, website for operational leasing CarPark, loyalty program for PSB clients, ČSOB Saving Account for Businessmen; in Slovakia, VARIO mortgage which allows adjustment of repayments and duration (up to 40 years) and repayment anytime after 30 years.

In 3Q 2007, ČSOB took the final decision to **separate the Slovak branch of ČSOB** into a stand-alone entity **as of 1 January 2008**. The new entity will also own all ČSOB Group's business subsidiaries in Slovakia. The separation will align formal bodies of ČSOB in both countries with the country management approach within KBC Central Europe. In addition, KBC Bank will obtain full direct control over ČSOB SK as the transaction will give it 100% of voting rights. More information is included in *ČSOB Business Story 2003-2007* which can be downloaded at www.csob.cz, section Investor Relations.

Beginning 3Q 2007, ČSOB starts reporting its capital adequacy according to the BASEL II methodology.

Please find more details on financial results of ČSOB in the *3Q 2007 Results Presentation* which can be downloaded at www.csob.cz.

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CONSOLIDATED STATEMENT OF INCOME

(Prepared in accordance with EU IFRS)

(CZKths)	1-9/2007	1-9/2006 reclassified	1-9/2006 reclass; w/o RE
Interest income	27 150 555	21 739 927	21 739 927
Interest expense	-11 639 819	-8 504 883	-8 504 883
Net interest income	15 510 736	13 235 044	13 235 044
Fee and commission income	6 848 587	6 457 116	6 457 116
Fee and commission expense	-1 428 499	-1 342 542	-1 342 542
Net fee and commission income	5 420 088	5 114 574	5 114 574
Dividend income	32 535	58 909	58 909
Net gains from financial instruments at fair value through profit or loss	1 935 576	2 039 582	2 039 582
Net realised gains on available-for-sale financial assets	63 439	24 629	24 629
Other net income	884 597	2 220 643	1 245 643
Operating income	23 846 971	22 693 381	21 718 381
Staff expenses	-5 491 833	-5 121 481	-5 121 481
General administrative expenses	-5 489 218	-5 199 946	-5 082 946
Depreciation and amortisation	-1 446 162	-1 398 850	-1 398 850
Provisions	243 381	265 872	265 872
Operating expenses	-12 183 832	-11 454 405	-11 337 405
Impairment losses	-1 228 107	-801 721	-801 721
Share of profit of associates	116 203	0	0
Profit before tax	10 551 235	10 437 255	9 579 255
Income tax expense	-2 301 014	-2 275 227	-2 069 307
Profit for the period	8 250 221	8 162 028	7 509 948
Attributable to:			
Equity holders of the parent	8 209 407	8 113 075	7 460 995
Minority interest	40 814	48 953	48 953



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CONSOLIDATED BALANCE SHEET

(Prepared in accordance with EU IFRS)

(CZKths)	30.9.2007	31.12.2006 restated
ASSETS		
Cash and balances with central banks	56 638 781	32 330 321
Financial assets held for trading	219 561 814	149 877 469
Financial assets designated at fair value through profit or loss	25 384 238	23 879 842
Available-for-sale financial assets	72 829 883	66 165 948
Loans and receivables - net	392 495 192	341 104 452
<i>Loans and receivables - gross</i>	<i>399 783 208</i>	<i>348 109 032</i>
<i>Loans and receivables - provisions</i>	<i>-7 288 016</i>	<i>-7 004 580</i>
Held-to-maturity investments	116 338 602	108 772 272
Derivatives used for hedging	4 581 418	5 124 408
Accrued interest income	7 209 789	6 573 656
Current tax assets	281 600	1 381 698
Deferred tax assets	903 200	413 918
Investments in associates	637 954	658 352
Property and equipment	11 865 857	11 023 573
Goodwill and other intangible assets	4 577 977	4 502 706
Non-current assets held-for-sale	26 679	62 602
Other assets	9 296 464	10 429 790
Total assets	922 629 448	762 301 007
LIABILITIES AND EQUITY		
Financial liabilities held for trading	13 252 253	14 060 220
Financial liabilities at fair value through profit or loss	180 059 531	84 662 566
Financial liabilities at amortised cost	643 890 660	580 989 770
Derivatives used for hedging	1 423 134	386 433
Accrued interest expenses	3 305 734	1 916 921
Current tax liabilities	241 186	149 084
Deferred tax liabilities	172 266	93 715
Provisions	1 185 802	1 611 493
Other liabilities	20 286 800	25 897 846
Total liabilities	863 817 366	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	32 887 972	24 685 952
Available-for-sale reserve	-98 277	604 511
Cash flow hedge reserve	-284 531	945 673
Foreign currency translation reserve	-83 411	-147 472
Parent shareholders' equity	58 471 950	52 138 861
Minority interests	340 132	394 098
Total equity	58 812 082	52 532 959
Total liabilities and equity	922 629 448	762 301 007

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