



Prague, 14 February 2008

PRESS RELEASE (FY 2007 RESULTS)

ČSOB Group reported a net profit of CZK 10.837bn for 2007.

On a comparable basis, the year-on-year growth exceeded 22%.¹

- **ČSOB Group recorded a 2007 net profit of CZK 10,837m.** Excluding the one-off revenue from the sale of real estate in 2006, the net profit **grew by 22% Y/Y.**
- **Assets under management and deposits expanded by CZK 137.8bn (+21%) Y/Y,** driven mainly by deposits and pension funds which both grew 24% over the past twelve months.
- **Group business lending rose by CZK 84.1bn (+26%) in the past twelve months.** Czech Republic accounted for CZK 74.1bn of the increase, the key drivers being mortgages (+CZK 26.2bn) and building loans (+CZK 17.6bn)² to individuals and SME lending (+CZK 14.8bn). Slovakia accounted for the remaining CZK 10bn (SKK 13.3bn) and the key drivers there were corporate lending (+SKK 5.0bn) and retail lending (+SKK 4.6bn).
- **Operating income** reached CZK 32,096m and **operating expenses** CZK 16,965m. The C/I ratio for 2007 improved Y/Y to 52.9 %.

P a v e l K a v á n e k, Chief Executive Officer, noted: *"Growing by 22% year on year on a comparable basis, our net profit for the year 2007 exceeded CZK 10.8 bn, which represents an absolute record in the history of the ČSOB Group. Moreover, this profit does not include any important extraordinary items that would be unrelated to our usual business activity and everyday effort of our employees. Thanks to great results throughout all segments, we enlarged the volume of business loans by 26%, while keeping high asset quality and only 3% year-on-year increase in expenses. The most important events of the last year were*

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 2006 net profit.

² Out of the CZK 17.6bn increase in building loans of ČMSS, 55% is recorded in the accounts of ČSOB.



ČSOB Group is the leading player in Czech financial services industry. ČSOB Group is a part of the international bancassurance KBC Group with a market capitalization over EUR 30bn which is active in Belgium and the CEE region. 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), the Mortgage Bank and the ČMSS (bank specialized for financing the housing needs) – ČSOB Group holds strong market positions in all segments of Czech financial market. ČSOB Group is a long-term number 1 in financing the housing needs, leasing and total assets under management. ČSOB Group builds a strong, long-term partnership with each client, whether in personal and family finance, financing SMEs or corporate finance. ČSOB Group is a good listener who offers suitable solutions, rather than mere products.



moving of two and a half thousand employees of the Group from Prague center to the new open, friendly and green building in Prague suburbs and the completion of ownership integration of the ČSOB Group into the KBC Group.”

Key Financials (CZKbn)³

	FY 07	FY 06	Y/Y
Net Profit	10.837	8.891	+21.9%
Operating Income	32.096	29.500	+8.8%
Operating Expenses	16.965	16.550	+2.5%
Net Interest Income	21.197	18.220	+16.3%
Net Fee and Commission Income	7.309	6.890	+6.1%
Net Trading Income ⁴	2.253	2.499	-9.9%
Cost/Income	52.9%	56.1%	-3.2 pp
Net Interest Margin	2.73%	2.62%	+0.11 pp

	30/12 2007	31/12 2006	Y/Y
Group Business Lending	402.4	318.3	+26.4%
Total Assets	925.4	762.3	+21.4%
Loan/Deposit Ratio	67.4%	63.1%	+4.3 pp
CAD	11.30%	9.29%	

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



ČSOB Group is the leading player in Czech financial services industry. ČSOB Group is a part of the international bancassurance KBC Group with a market capitalization over EUR 30bn which is active in Belgium and the CEE region. 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), the Mortgage Bank and the ČMSS (bank specialized for financing the housing needs) – ČSOB Group holds strong market positions in all segments of Czech financial market. ČSOB Group is a long-term number 1 in financing the housing needs, leasing and total assets under management. ČSOB Group builds a strong, long-term partnership with each client, whether in personal and family finance, financing SMEs or corporate finance. ČSOB Group is a good listener who offers suitable solutions, rather than mere products.



Total operating income for ČSOB amounted to CZK 32,096m in 2007, i.e. 5% higher than the figure 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 9% Y/Y** from CZK 29,500m to CZK 32,096m.

Thanks to the increasing volume of deposits and loans, the net interest income (NII) went up by 16% Y/Y to CZK 21,197m, making up 66% of total operating income in FY 2007.

Within NII, the fastest growth was recorded in the SME segment (+26%), followed by PSB (+21%) and subsidiaries (+18%). While result in Czech SME 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 7,309m. The most volatile part of operating income, net trading income (NTI), saw a 10% decrease which was caused by the revaluation of CDOs after turbulences in global financial markets.

Total operating expenses amounted to CZK 16,965m in FY 2007, which is a nominal increase of 2% from CZK 16,667m. Thanks to good cost discipline, **underlying operating expenses grew only by 3% Y/Y** from CZK 16,550m to 16,965m (excluding the effects of the sale of real estate portfolio in 2006) as a result of business expansion, investment into human capital, costs related to moving into the new building and telecommunication costs driven by e-innovations.

Group business lending rose by 26% Y/Y to CZK 402.4bn. In ČSOB CZ, all parts of the loan portfolio increased substantially: mortgages to individuals (+48%), building loans to individuals (+28%), consumer loans (+26%), SME loans (+34%), corporate loans (+11%) and leasing (+21%). The same applied to ČSOB SK where lending rose across all segments (total amount up 22% in SKK terms), mainly thanks to a 42% growth in retail lending (of which mortgages +51%), a 20% growth in leasing and a 16% growth in corporate segment.

The growing lending portfolio kept high quality. Non-performing loans (more than 90 days overdue) as at 31 December 2007 accounted for only 1.72% of gross loans and the share of Normal loans (IFRS classification, PD 1-7) increased by 3.29pp to 96.13% of total loan portfolio.



ČSOB Group is the leading player in Czech financial services industry. ČSOB Group is a part of the international bancassurance KBC Group with a market capitalization over EUR 30bn which is active in Belgium and the CEE region. 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), the Mortgage Bank and the ČMSS (bank specialized for financing the housing needs) – ČSOB Group holds strong market positions in all segments of Czech financial market. ČSOB Group is a long-term number 1 in financing the housing needs, leasing and total assets under management. ČSOB Group builds a strong, long-term partnership with each client, whether in personal and family finance, financing SMEs or corporate finance. ČSOB Group is a good listener who offers suitable solutions, rather than mere products.



Total AUM and deposits rose by 21% Y/Y to CZK 788.4bn. This was mainly contributed by bank deposits (+24%). Within the wide spectrum of mutual funds offered in CZ, capital guaranteed funds (CGFs) were extremely successful with AUM up 46% Y/Y to CZK 36.6bn. ČSOB thus confirmed its number 1 position in the CGF market in CZ.

In 2007, ČSOB Group remained devoted to the **Innovation Leadership** by delivering product innovations, distribution innovations and constant simplification of processes leading to operational excellence. The main 2007 innovations included inter alia Mortgage On-line, Image Card, new PSB saving product Red Account, CarPark operational leasing website, loyalty program for PSB clients, ČSOB Saving Account for Businessmen in the Czech Republic and VARIO mortgage which allows adjustment of repayments and duration (up to 40 years) and repayment anytime after 30 years in Slovakia.

Year 2007 was full of major changes. Three most important events were:

- Between April and June 2007, most of the Prague employees moved into the new ecological building in Prague–Radlice. This was an important milestone on our journey towards high performance culture. The new building makes space for interaction of 2,600 service-minded people.
- In June 2007, KBC Bank NV acquired full control in ČSOB by the squeeze-out of minority shareholders. This operation was financed with KBC's capital surplus.
- On 1 January 2008, the former Slovak branch of ČSOB started operating as a new legal entity and became a sole owner of ČSOB Group's business subsidiaries in SK. KBC thus full direct control over ČSOB SK.

Please find more details on ČSOB's financial results in the *FY 2007 Results Presentation* which can be downloaded from 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



ČSOB Group is the leading player in Czech financial services industry. ČSOB Group is a part of the international bancassurance KBC Group with a market capitalization over EUR 30bn which is active in Belgium and the CEE region. 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), the Mortgage Bank and the ČMSS (bank specialized for financing the housing needs) – ČSOB Group holds strong market positions in all segments of Czech financial market. ČSOB Group is a long-term number 1 in financing the housing needs, leasing and total assets under management. ČSOB Group builds a strong, long-term partnership with each client, whether in personal and family finance, financing SMEs or corporate finance. ČSOB Group is a good listener who offers suitable solutions, rather than mere products.



CONSOLIDATED STATEMENT OF INCOME

(Prepared in accordance with EU IFRS)

(CZKths)	1-12/2007	1-12/2006 reclassified	1-12/2006 reclass; w/o RE
Interest income	37 536 666	30 190 827	30 190 827
Interest expense	-16 339 180	-11 970 425	-11 970 425
Net interest income	21 197 486	18 220 402	18 220 402
Fee and commission income	9 433 599	8 726 040	8 726 040
Fee and commission expense	-2 124 193	-1 836 535	-1 836 535
Net fee and commission income	7 309 406	6 889 505	6 889 505
Dividend income	40 171	62 556	62 556
Net gains from financial instruments at fair value through profit or loss	2 252 608	2 498 845	2 498 845
Net realised gains on available-for-sale financial assets	10 760	111 978	111 978
Other net income	1 285 886	2 691 302	1 716 302
Operating income	32 096 317	30 474 588	29 499 588
Staff expenses	-7 597 341	-7 805 910	-7 805 910
General administrative expenses	-7 662 860	-7 354 574	-7 237 574
Depreciation and amortisation	-1 939 059	-1 878 822	-1 878 822
Provisions	234 249	371 954	371 954
Operating expenses	-16 965 011	-16 667 352	-16 550 352
Impairment losses	-1 445 900	-1 410 339	-1 410 339
Share of profit of associates	181 433	44 546	44 546
Profit before tax	13 866 839	12 441 443	11 583 443
Income tax expense	-2 993 274	-2 796 822	-2 590 901
Profit for the period	10 873 565	9 644 621	8 992 542
Attributable to:			
Equity holders of the parent	10 836 735	9 542 813	8 890 733
Minority interest	36 830	101 808	101 808



ČSOB Group is the leading player in Czech financial services industry. ČSOB Group is a part of the international bancassurance KBC Group with a market capitalization over EUR 30bn which is active in Belgium and the CEE region. 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), the Mortgage Bank and the ČMSS (bank specialized for financing the housing needs) – ČSOB Group holds strong market positions in all segments of Czech financial market. ČSOB Group is a long-term number 1 in financing the housing needs, leasing and total assets under management. ČSOB Group builds a strong, long-term partnership with each client, whether in personal and family finance, financing SMEs or corporate finance. ČSOB Group is a good listener who offers suitable solutions, rather than mere products.



CONSOLIDATED BALANCE SHEET

(Prepared in accordance with EU IFRS)

(CZKths)	31.12.2007	31.12.2006 reclassified
ASSETS		
Cash and balances with central banks	33 829 830	33 385 643
Financial assets held for trading	224 488 316	149 647 469
Financial assets designated at fair value through profit or loss	24 152 480	23 879 842
Available-for-sale financial assets	75 955 825	66 165 948
Loans and receivables - net	411 129 266	340 279 130
<i>Loans and receivables - gross</i>	418 427 889	347 283 710
<i>Loans and receivables - provisions</i>	-7 298 623	-7 004 580
Held-to-maturity investments	114 088 539	108 772 272
Derivatives used for hedging	5 587 345	5 124 408
Accrued interest income	7 640 466	6 573 656
Current tax assets	697 445	1 354 499
Deferred tax assets	722 228	413 918
Investments in associates	703 184	658 352
Investment property	875 477	0
Property and equipment	11 935 808	11 023 573
Goodwill and other intangible assets	4 710 060	4 502 706
Non-current assets held-for-sale	26 679	62 602
Other assets	8 880 872	10 456 989
Total assets	925 423 820	762 301 007
LIABILITIES AND EQUITY		
Financial liabilities held for trading	15 985 285	13 957 441
Financial liabilities at fair value through profit or loss	145 788 984	84 162 566
Financial liabilities at amortised cost	681 882 071	586 854 770
Derivatives used for hedging	1 384 873	386 433
Accrued interest expenses	1 624 476	2 019 700
Current tax liabilities	298 434	104 004
Deferred tax liabilities	366 517	93 715
Provisions	1 218 539	1 611 493
Other liabilities	19 673 728	20 577 925
Total liabilities	868 222 907	709 768 047
Share capital	5 855 000	5 105 000
Share premium account	7 508 552	2 258 552
Statutory reserve	18 686 645	18 686 645
Retained earnings	25 959 764	24 685 952
Available-for-sale reserve	-363 179	604 511
Cash flow hedge reserve	-649 485	945 673
Foreign currency translation reserve	-132 570	-147 472
Parent shareholders' equity	56 864 727	52 138 861
Minority interests	336 186	394 098
Total equity	57 200 913	52 532 959
Total liabilities and equity	925 423 820	762 301 006

ČSOB Group is the leading player in Czech financial services industry. ČSOB Group is a part of the international bancassurance KBC Group with a market capitalization over EUR 30bn which is active in Belgium and the CEE region. 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), the Mortgage Bank and the ČMSS (bank specialized for financing the housing needs) – ČSOB Group holds strong market positions in all segments of Czech financial market. ČSOB Group is a long-term number 1 in financing the housing needs, leasing and total assets under management. ČSOB Group builds a strong, long-term partnership with each client, whether in personal and family finance, financing SMEs or corporate finance. ČSOB Group is a good listener who offers suitable solutions, rather than mere products.

