

Ceska Sporitelna

3Q 2006 IFRS Consolidated Results (Unaudited)

October 30th, 2006

Content

Presentation

- 03 3Q 2006 Highlights
- 07 CS Group Performance in 3Q 2006
- 20 Capital Adequacy
- 21 Financial Ratios
- 22 Loan Portfolio Development
- 30 Loan Portfolio Quality
- 34 Outlook 2006
- 36 First Choice Bank

Appendix

- 42 Macroeconomic Framework
- 45 Quarterly Figures
- 46 Capital Adequacy
- 47 Loan Portfolio Structure
- 48 CS Market Shares
- 49 Business Indicators
- 52 Income from Insurance Business
- 53 Net Profit of Selected Subsidiaries
- 54 Shareholder Structure
- 55 Investor Relations Contacts

3Q 2006 Highlights

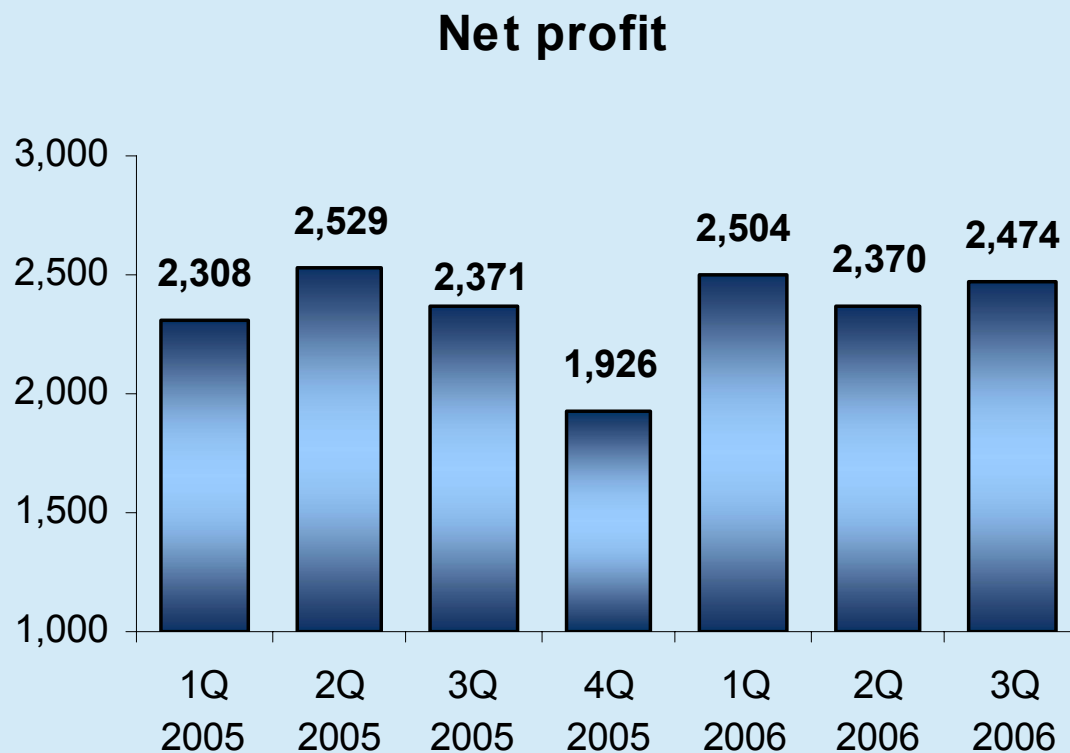
3Q 2006 Highlights

- **CS generated net profit of CZK 7.3 bn in 3Q 2006 which represents 1.9% YTY growth**
 - » Net profit in 3Q 2005 YTD positively influenced by extraordinary income from sales of bonds in CS bank and by release of general provisions with total net impact of CZK 962 m
- **Operating profit rose by 19.3% YTY due to good growth in revenues and continued expense management**
- **CS continued in its effort to improve service quality, products and services for all customer segments**
- **The First Choice Bank Program was initiated in order to reposition the CS brand**
- **CS was granted title The Bank of the Year 2006 and The Most Trusted Bank 2006 in the MasterCard Bank of the Year competition. In the product area CS Mortgage was declared as the best in its category**

Net Profit for FY 2006

- For FY 2006 CS expects higher than 10% YTY growth of net profit
- When comparing this annual target with current 2% YTY growth of net profit in 3Q 2006 YTD, there are two important items to be explained:
 1. **Limited comparability of 4Q 2006 with 4Q 2005 due to methodological changes and one-off items in 4Q 2005**
 - ✓ One-time booking of some items in 4Q 2005 while in the year 2006 the same items booked on regular basis in each quarter – e.g., effective interest rate (deferral of origination fees) and profit sharing programme (overall negative impact of roughly CZK 320 m before tax)
 - ✓ One-off items in 4Q 2005 – e.g., creation of reserve for Bonus programme and legal cases and negative revaluation of AFV portfolio because of increasing interest rates (overall negative impact of roughly CZK 330 m before tax)
 2. **Continuing positive development of business supported by macro-economic environment and several non-operating activities having positive impact on 4Q 2006**

Quarterly Development of Net Profit



3Q 2006 IFRS Consolidated Results (Unaudited)

IFRS – International Financial Reporting Standards

Group Profit & Loss Statement Highlights

- **Operating result increased by 19.3% (YTY) to CZK 10,996 m due to continuing growth of revenues and good expense management**
 - » Operating income grew by 10.0% and Operating Expenses by 3.0%
- **Net profit reached CZK 7,348 m, growing by 1.9% (YTY)**
 - » Only moderate growth of net profit caused by extraordinary income in 3Q 2005 (from sold bonds in AFS portfolio with after-tax impact of CZK 382 m and release of general reserves with after-tax effect of CZK 580 m)
- **ROE was at 22.0% (3Q 2005: 23.7%); ROA 1.4% (3Q 2005: 1.5%)**
- **Net interest income rose by 13.2% to CZK 15,507 m**
 - » Growth driven by increased volume of customer loans and deposits
- **Net fee and commission income grew by 3.3% to CZK 6,744 m (on comparable basis by 6.8%)**
 - » Fee income increase attributed only to growing volume of business (no fee price increases since 2004)
- **General administrative expenses increased by 3.0%**
 - » Growth driven mainly by continuing expansion of business
- **Cost/Income ratio dropped significantly from 57.1% in 3Q 2005 to 53.5% as a result of much faster growth of operating income compared to operating expenses**

Group Profit & Loss Statement

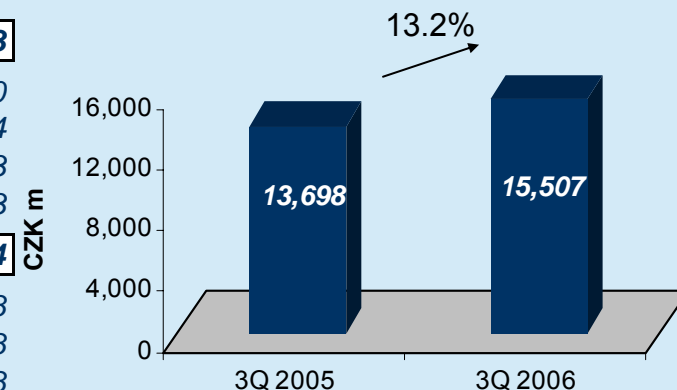
<i>IFRS, Consolidated, CZK m</i>	3Q 2005	3Q 2006	% change
Net interest income	13,698	15,507	13.2
Provisions on losses on loans and advances	-132	-925	600.8
Net fee and commission income	6,526	6,744	3.3
Net profit/(loss) on financial operations	1,077	1,100	2.1
General administrative expenses	-12,263	-12,628	3.0
Income from insurance business	180	273	51.7
Other operating income/(expenses)	790	-153	-119.4
Profit/(loss) before taxes	9,876	9,918	0.4
Income tax expense	-2,593	-2,434	-6.1
Profit/(loss) after taxes	7,283	7,484	2.8
Minority interests	-75	-136	81.3
Net profit/(loss) for the year	7,208	7,348	1.9
Operating income	21,481	23,624	10.0
Operating expenses	-12,263	-12,628	3.0
Operating result	9,218	10,996	19.3
Cost / Income Ratio (%)	57.1%	53.5%	
ROE (%)	23.7%	22.0%	

Group Profit & Loss Statement

Net Interest Income up by 13.2%

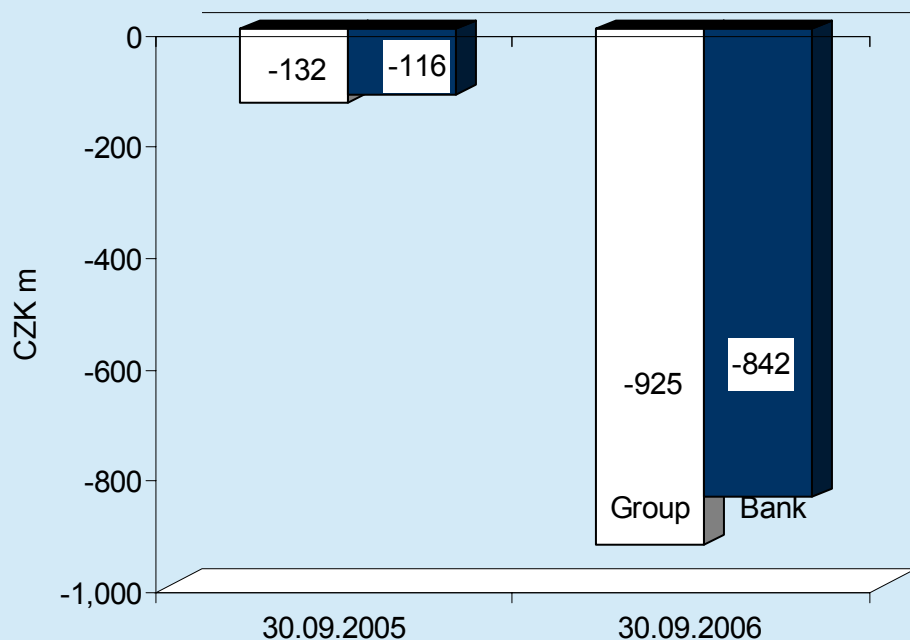
- Net interest income growth was driven by increasing volumes of customer loans and deposits
 - » Loans to customers rose by 19.3% YTY (excluding loans to CKA; gross amount); customer deposits increased by 12.1% YTY
- Increase in other interest income is driven by revaluation of banking book derivatives, by rental income from real estate business and income from dividends
- Higher interest income from loans and advances to financial institutions was caused mainly by higher market interest rates
- Increase of interest expense on bond issues was caused by different structure of issued bonds in 3Q 2006 (larger share of mortgage bonds and municipal bonds with higher interest expenses)
- Net interest margin on average interest bearing assets stable at 3.42%

<i>IFRS, Consolidated, CZK m</i>	3Q 2005	3Q 2006	% change
Interest income	18,978	21,495	13.3
- from loans and advances to financial institutions	1,837	2,205	20.0
- from loans and advances to customers	11,176	12,780	14.4
- from debt securities and other fixed income securities	5,177	5,160	-0.3
- other interest income	788	1,350	71.3
Interest expense	-5,280	-5,988	13.4
- from amounts owed to financial institutions	-654	-636	-2.8
- from amounts owed to customers	-3,673	-4,105	11.8
- from bonds in issue	-241	-655	171.8
- other interest expense	-712	-592	-16.9



Group Profit & Loss Statement

Provisions on Losses on Loans and Advances



- **Group Net creation amounts to CZK 925 m YTD**
 - » Bank represents 91%
- **This year's creation is not comparable with 2005 results due to one-off effects in 2005, which were**
 - » Release of general provisions
 - » Implementation of IFRS provisioning rules (impact of recoveries)

Balance impact (CZK m, IFRS)

CS Group Loan loss reserves	Total provisions
Balance 01.01.2006	-6,672
Creation total	-925
Write offs	1,183
Balance neutral effects	-134
Balance 30.09.2006	-6,548

Profit&Loss impact (CZK m, IFRS)

CS Group Loan loss reserves	Total provisions
Creation	-948
IFRS correction	23
Creation total	-925

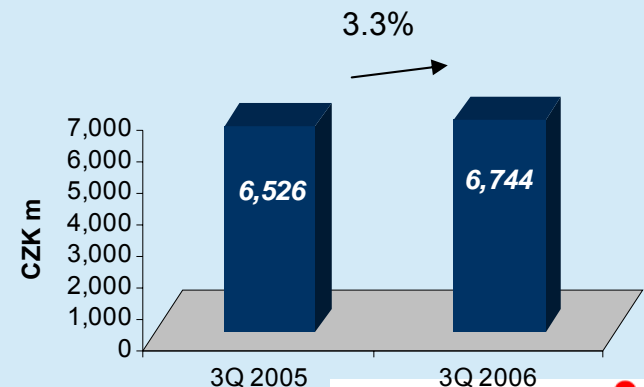
NOTE: Creation(-), release(+)

Group Profit & Loss Statement

Net Fee Income increased by 3.3%

- **Most dynamic part – fee income from security business – grew by 45.5% YTY**
 - » Fee income from asset management rose by 26.6% (assets in domestic and foreign mutual funds grew by 11% YTY), fee income from brokerage activity went up by 217.7% (influenced by IPO transactions and higher trading activity by clients given the turbulences on financial markets in May and June 2006)
- **Unfavourable development of fee income and fee expense from lending business caused by application of effective interest rate since end of 2005**
 - » Excluding this effect net fee income from lending would increase by 13%
- **Fee and commission expense from payment transactions includes fees for Card Bonus Programme since end-2005; after restating 3Q 2005 (CZK 45 m) this expense would increase only by 25.4%**
- **Net fee and commission income increased on comparable basis by 6.8%* (excluding impact of application of effective interest rate and Bonus Programme)**

<i>IFRS, Consolidated, CZK m</i>	3Q 2005	3Q 2006	% change
Fee and commission income	7,085	7,406	4.5
- from lending business	1,439	1,309	-9.0
- from payment transactions	4,157	4,334	4.3
- from security business	571	831	45.5
- other	918	932	1.5
Fee and commission expense	-559	-662	18.4
- from lending business	-3	-38	1,166.7
- from payment transactions	-215	-326	51.6
- from security business	-20	-42	110.0
- other	-321	-256	-20.2



*) calculated on restated basis

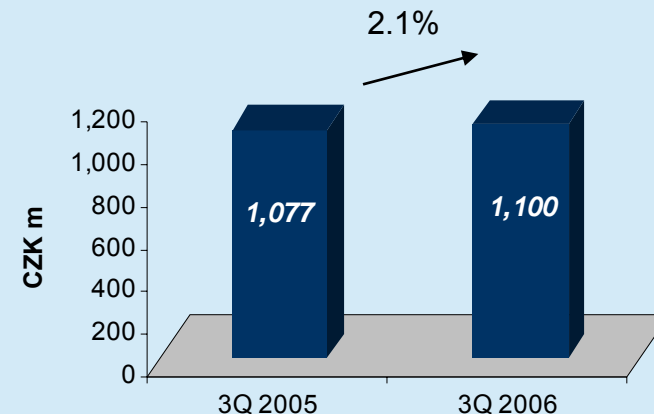
Group Profit & Loss Statement

Net Profit on Financial Operations Increased by 2.1%

- **Main contributor to Net Profit on Financial Operations is still income from FX operations, which went up by 12.1% compared to 3Q 2005**
 - » Growth in FX gains was caused by stronger sales
 - » There is also positive performance in case of trading with banks
- **Growing market interest rates supported by hike of central bank basic rates cause continuing decrease in income from securities trading but had a contrarian positive impact in results from interest rate derivatives**

IFRS, Consolidated, CZK m

	3Q 2005	3Q 2006	% change
Realised and unrealised profit on securities trading	400	-410	-202.5
Interest Rate & Equity Derivatives	-402	251	162.4
FX gains	988	1,108	12.1
Other	91	151	65.9

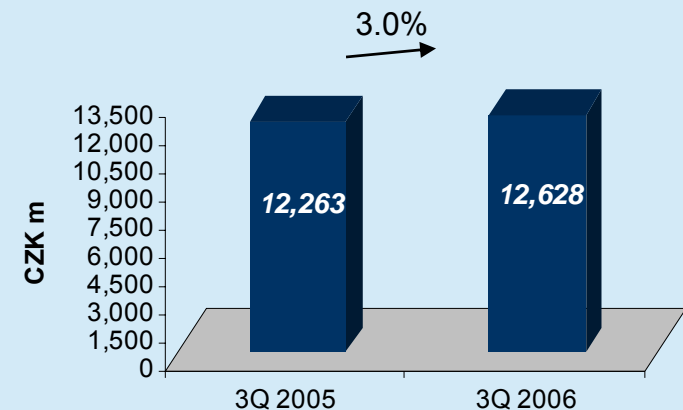


Group Profit & Loss Statement

General Administrative Expenses up by 3.0%

- Development in general administrative expenses was in line with expectations
- Personnel expenses increased by 2.7%, mainly due to increase of average salaries, higher staff retirement benefits and profit sharing
 - » Costs related to profit sharing programme (accruals) amounted to CZK 105 m in 3Q 2006 (zero in 3Q 2005)
 - » Number of employees in CS Group reduced by cca 370 persons (YTY) to 10,720 as of 1st October 2006 (FTE)
- Slightly higher spending in almost all cost categories connected with business expansion resulted in 3.8% rise in other administrative expenses
- Growing depreciation on acquired software led to 2.1% increase in depreciation of fixed assets

<i>IFRS, Consolidated, CZK m</i>	3Q 2005	3Q 2006	% change
Personnel expenses	5,386	5,533	2.7
Other administrative expenses	4,375	4,541	3.8
Depreciation	2,502	2,554	2.1



Note: average inflation rate in 3Q 2006 at approx. 3%

Group Profit & Loss Statement

Other Operating Income / (Expenses)

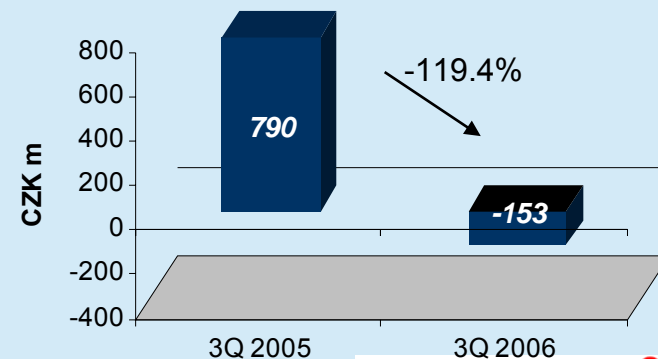
➤ Other operating income dropped by 53.4%

- » Decrease mainly attributed to lower income from MTM-measured financial assets caused by revaluation of „at fair value portfolio“ (decreased by CZK 483 m) and by lower gains (down by CZK 384 m) from bonds sold from AFS portfolio (smaller sales)
- » Income from real estate increased by 376.2% due to disposal of real estate (mainly as a result of cost efficiency program)

➤ Other operating expenses decreased by 1.6%

- » Other expenses reflect lower elimination of Pension Fund (PFCS) profit (lower distribution of profit to clients)

<i>IFRS, Consolidated, CZK m</i>	3Q 2005	3Q 2006	% change
Other operating income	1,796	837	-53.4
- income from real estate	21	100	376.2
- MTM-measured financial assets	1,308	381	-70.9
- other income	467	356	-23.8
Other operating expenses	-1,006	-990	-1.6
- Deposit Insurance Fund contribution	-287	-318	10.8
- expenses from real estate	-4	-38	850.0
- other expenses	-715	-634	-11.3



Group Balance Sheet Highlights*

- **Total assets increased by 9.4% to CZK 715.4 bn since end of 2005**
- **Loans to customers (incl. loans to CKA, gross) rose by 10.5% (YTD) to CZK 313.2 bn, representing 43.8% of total assets**
- **Amounts owed to customers increased by 11.6% to CZK 537.6 bn; total client funds under CS Group management increased by 10.8% YTD to CZK 611.2 bn**
 - » Amounts owed to customers in parent bank grew by 13.4% to CZK 439.3 bn (without repo operations increased by 10.8%)
- **Strong growth in deposits caused slight decrease of loans to deposits ratio from 58.9% at the end 2005 to 58.3% as of 30 September 2006**
- **Volume of issued bonds dropped by 16.7% to CZK 32.7 bn due to higher redemption of issued depository bills of exchange**
- **Group capital adequacy (BIS) at 11.5%**
 - » Group capital adequacy according to CNB (parent bank only) at 9.1%

* Comparison between 31/12/2005 and 30/9/2006

Group Balance Sheet

Assets

<i>IFRS, Consolidated, CZK m</i>	31/12/05	30/09/06	% Change
Total Assets	654,064	715,383	9.4
Cash and balances with the CNB	18,104	14,572	-19.5
Loans and advances to financial institutions	97,846	103,565	5.8
Loans to Czech Consolidation Agency	15,653	9,900	-36.8
Loans and advances to customers	267,767	303,325	13.3
Provision for losses on loans and advances	-6,672	-6,548	-1.9
Trading securities	36,955	34,109	-7.7
MTM-Measured Assets	47,611	55,998	17.6
Financial investments	141,666	163,629	15.5
- treasury bills and listed debts securities	124,610	141,829	13.8
- other	17,056	21,799	27.8
Other assets	35,134	36,833	4.8

Group Balance Sheet

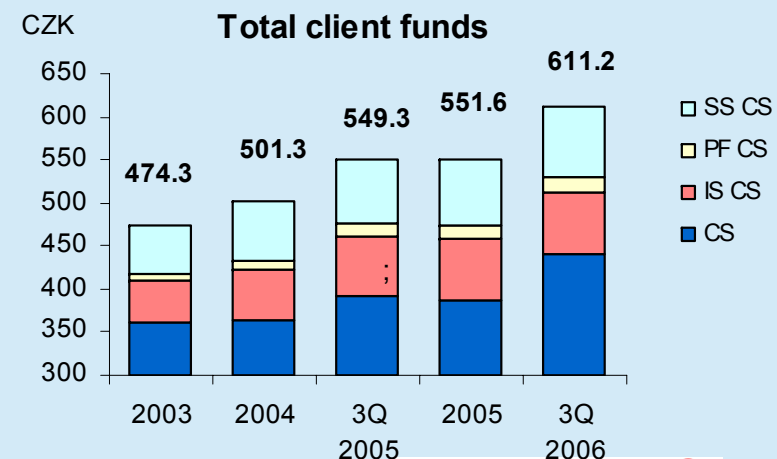
Liabilities and Shareholders' Equity

<i>IFRS, Consolidated, CZK m</i>	31/12/05	30/09/06	% Change
Total Liabilities and Shareholders' Equity	654,064	715,383	9.4
Amounts owed to financial institutions	34,898	42,392	21.5
Amounts owed to customers	481,556	537,616	11.6
Bonds in issue	39,282	32,720	-16.7
Subordinated debt	2,998	2,920	-2.6
Other liabilities	51,159	53,226	4.0
Minority interests	849	884	4.1
Shareholders' equity	43,322	45,625	5.3

Total Client Funds under CS Group Management

- Customer investments in CS and its subsidiaries increased by CZK 59.6 bn (10.8% YTD) to CZK 611.2 bn
- More than 28% of client funds are managed by CS subsidiaries
- Building society (SSCS) gathered CZK 80.3bn of client funds (13% of total) which means 3.5% YTD growth (10.3% YTY)
- Pension Fund (PFCS) recorded the highest growth – by 19.2% YTD and even by 26.2% YTY, but the balance still represents only 3% of total client funds
- Assets in mutual funds managed by CS investment company (ISCS) rose only by 2.8% YTD (6.1% YTY) due to still less favourable situation on financial markets
- Client deposits in parent bank grew by 13.4% since end-2005 (by CZK 52.0 bn), largest increase was shown in giro accounts (by CZK 22.1 bn, i.e. 19.3%); deposits from public sector increased by CZK 25.7 bn
 - » Proportion of demand deposits rose to 67% from 65% at end of 2005

<i>IFRS, in CZK bn</i>	2003	2004	3Q 2005	2005	3Q 2006
CS - parent bank	360.7	362.9	392.8	387.3	439.3
IS CS - investment company	48.3	59.0	69.4	71.6	73.6
PF CS - pension fund	9.2	12.0	14.3	15.1	18.0
SS CS - building society	56.1	67.4	72.8	77.6	80.3
Total	474.3	501.3	549.3	551.6	611.2



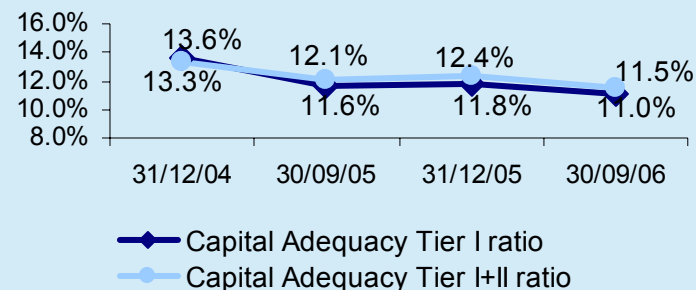
Capital Adequacy (BIS)

- Capital adequacy ratio slightly decreased by 61 bps to 11.5% due to fast growth of Risk weighted assets (up by 19.7% YTY), especially loan portfolio
- Total Tier I and Tier II Capital increased by 11.9% in YTY comparison
 - » Growth of Tier I capital by CZK 7,186 m (YTY) was influenced mainly by higher retained earnings
 - » Tier II capital includes in 3Q 2005 and 3Q 2006 subordinated debt in the amount of CZK 3 bn issued in May 2005

BIS Capital Adequacy

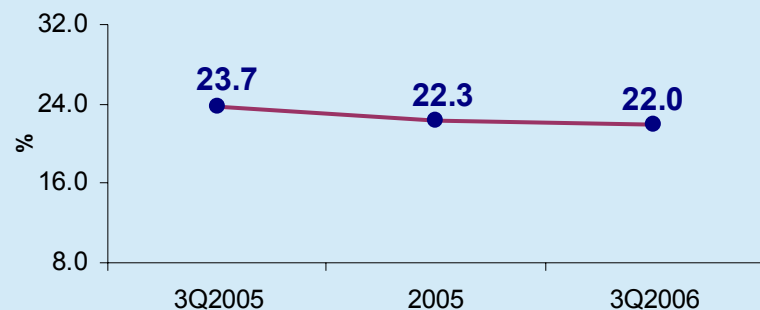
CS Group, CZK m	31/12/04	30/09/05	31/12/05	30/09/06
Tier I Capital	39,964	41,312	43,312	46,127
Tier I+II Capital	39,164	42,986	45,429	48,088
Risk Weighted Assets	273,386	331,876	349,494	397,147
Capital requirement to market risks	1,713	1,830	1,426	1,664
Capital Adequacy Tier I ratio	13.6%	11.6%	11.8%	11.0%
Capital Adequacy Tier I+II ratio	13.3%	12.1%	12.4%	11.5%

Capital Adequacy Development (according to BIS)

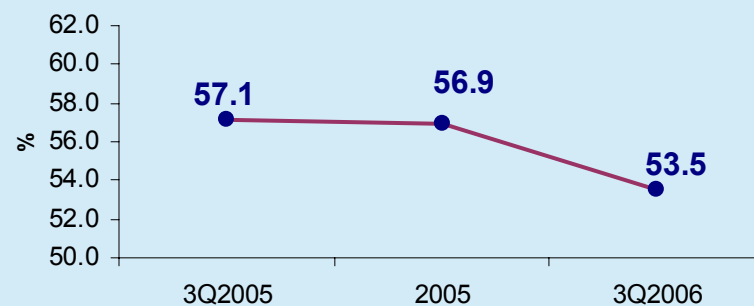


Financial Ratios Development

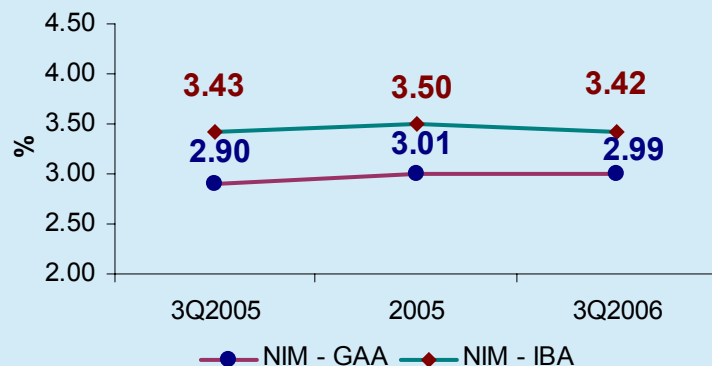
ROE



Cost / Income Ratio

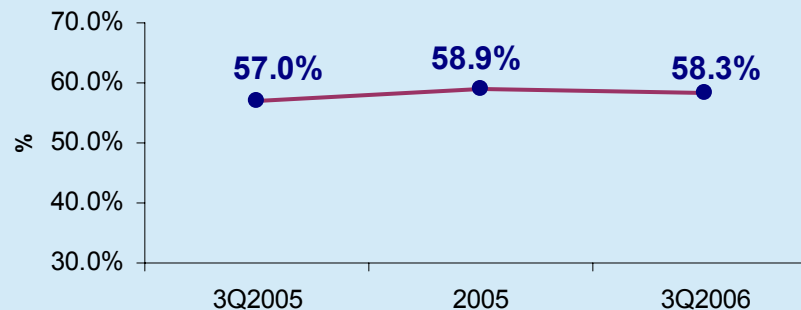


Net Interest Margin



GAA = Gross average assets
 IBA = Average interest bearing assets

Loans* to Deposits Ratio



* Loans include Loans and advances to customers and Loans to CKA

***Bank Loan Portfolio
as of 30 September 2006***

Unconsolidated (IFRS)

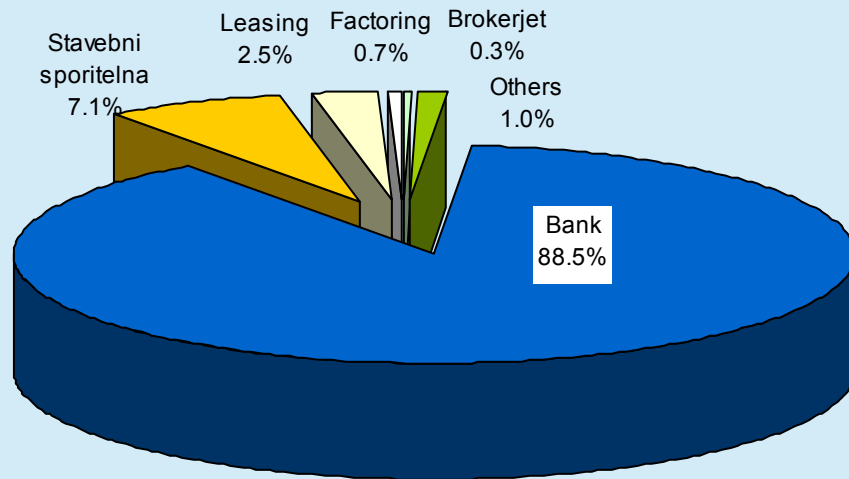
Group Portfolio Highlights in 3Q 2006

- **Strong growth¹⁾ of loan portfolio continues**
 - » YTD increase of CZK 35.6 bn or 13.3% (CZK 40.8 bn in 3Q 2005)
 - » YTY increase of CZK 49.1 bn or 19.3%
- **Three quarters of YTD growth come from Mortgage, real estate and housing loans (CZK 26.7 bn)**
 - » Of which Bank CZK 23.5 bn and Stavebni sporitelna CZK 3.2 bn
 - » These loans represent 42.1% of overall portfolio, compared to 35.5% in 3Q 2005
- **Loan quality remains satisfactory**
 - » Share of high risk loans slightly increased against year-end by 10 bps to 2.4% (Bank)
 - » Share of high risk loans in Stavebni sporitelna 1.5% remains unchanged YTD

¹⁾ excluding CKA repayments

Group Portfolio Structure and Development

Business Overview



in CZK m, IFRS	31/12/2005	30/09/2006	YTD growth	
I. CS Bank	260,260	283,478	23,218	8.9%
↳ of which CKA	15,653	9,900	-5,753	-36.8%
II.1. Stavebni sporitelna ČS	19,450	22,673	3,223	16.6%
II.2. Leasing (LCS, SAL, SAU)	7,027	7,853	826	11.8%
II.3. Factoring CS	1,922	2,208	287	14.9%
II.4. Brokerjet CS	807	1,009	202	25.0%
II.5. Other subsidiaries	1,872	3,119	1,247	66.6%
III. Consolidation items	-7,916	-7,114	n.a.	n.a.
Loans excl. CKA (consolidated)	267,767	303,325	35,558	13.3%
Total Loans (consolidated)	283,420	313,225	29,805	10.5%

1) Excluding sale of ring fenced assets and small financial leasing portfolio in 1H 2006

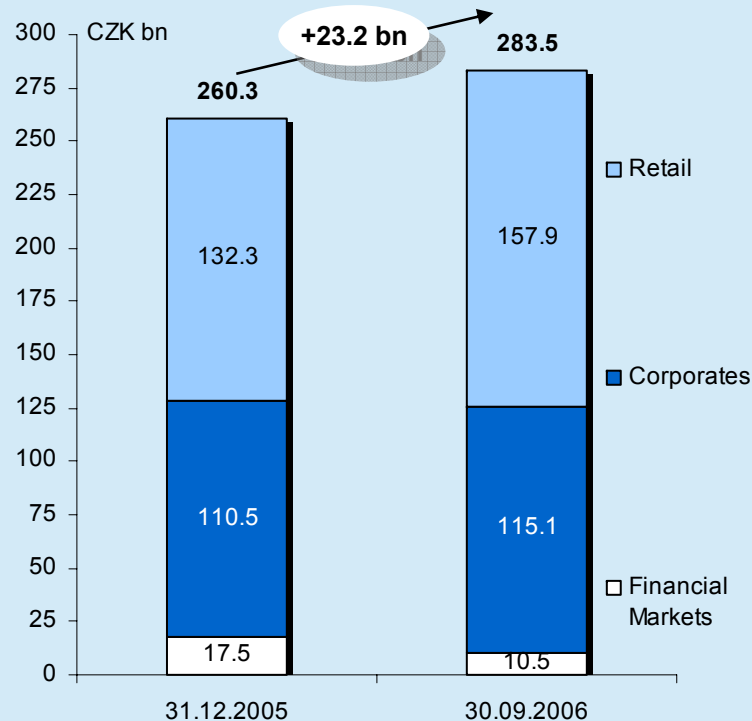
2) Source: members of Czech leasing and financial association only, as per 2Q 2006

3) Source: members of Association of Czech factoring companies only, as per 3Q 2006

- **Subsidiaries increased their share in overall loan portfolio to 11.5% (10.7% YE 2005)**
- **Stavebni sporitelna loans continue to accelerate**
 - » YTD increase (CZK 3.2 bn) is 19% above the growth of 3Q 2005
- **Leasing achieves remarkable underlying growth¹⁾ of CZK 1.1 bn or 16.2% YTD (- CZK 0.3 bn in 3Q 2005)**
 - » And jumps ahead to 6 position²⁾ on Czech leasing market (number 11 at YE 2005)
- **Factoring increased by almost 15% YTD**
 - » Keeping 1st position on the Market (26.9%³⁾)

Loan Structure and Development

CS Bank Loans to Customers / Segment Overview



➤ Loan growth in the Bank comes mainly from Retail side

- » Retail up by CZK 25.6 bn YTD, that is 19% above 3Q 2005 (CZK 21.6 bn)
- » Corporate (up by CZK 4.6 bn YTD) is below extraordinary strong growth of year 2005 (CZK 16.1 bn¹⁾) mainly due to substantially lower limit utilization of Large corporates

➤ Drivers of YTD growth

- » Mortgage & real estate +CZK 23.5bn (28.9%)
- » Medium Corporates +CZK 4.9 bn (14.4%)
- » Consumer lending +CZK 3.0 bn (7.2%)

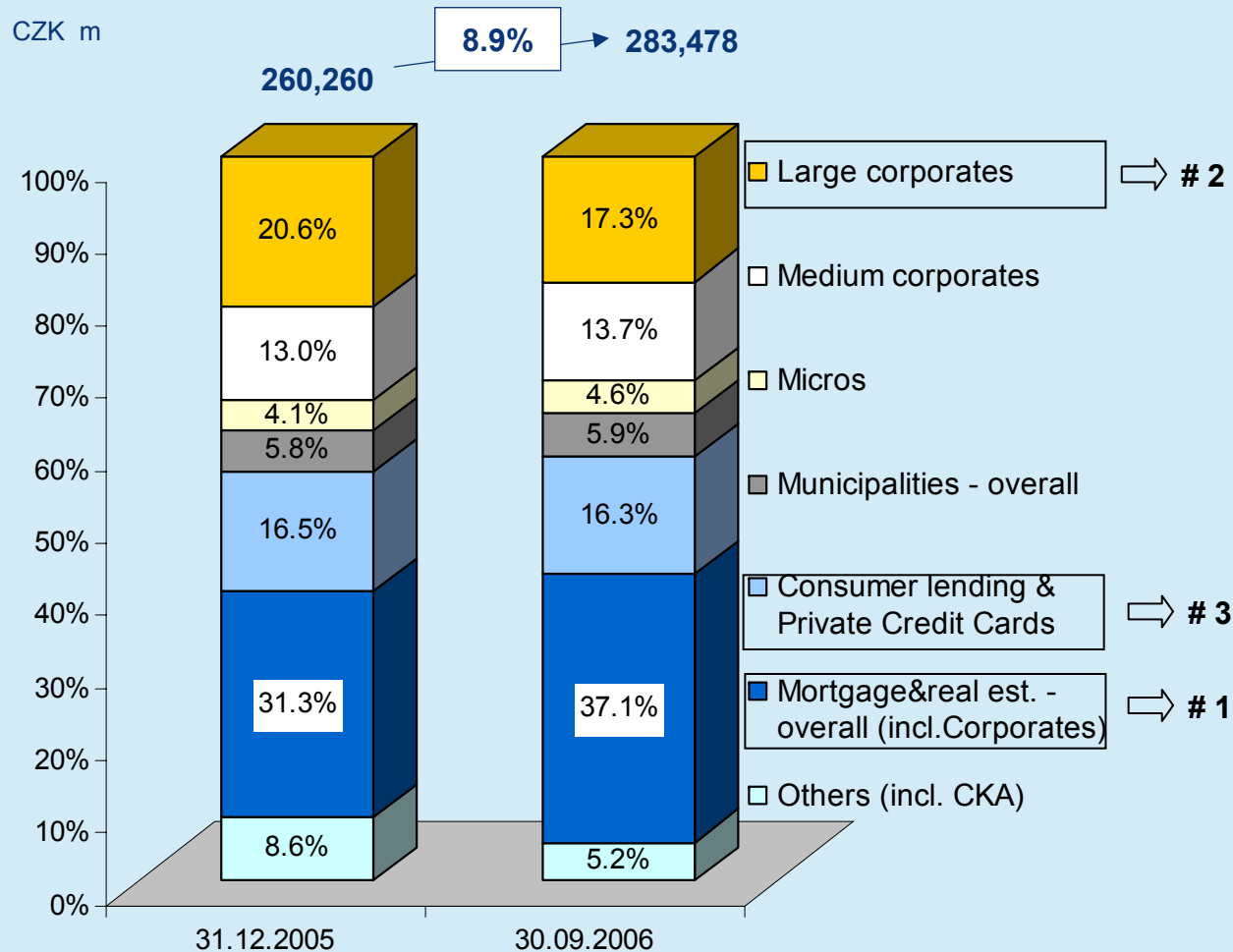
➤ Financial markets decline due to CKA repayments

in CZK m, IFRS	31.12.2005		30.09.2006		YTD Growth	
	Outstand.	Share	Outstand.	Share	Outstand.	Rate
I. CORPORATE & RETAIL (1+2)	242,788	93.3%	272,992	96.3%	30,205	12.4%
1. CORPORATES	110,518	42.5%	115,116	40.6%	4,599	4.2%
2. RETAIL	132,270	50.8%	157,876	55.7%	25,606	19.4%
II. FINANCIAL MARKETS	17,472	6.7%	10,485	3.7%	-6,987	-40.0%
LOANS TO CUSTOMERS	260,260	100.0%	283,478	100.0%	23,218	8.9%

1) Coming mainly from Large corporates (~70%)

Loan Structure and Development

CS Bank Loans to Customers / Segment Overview

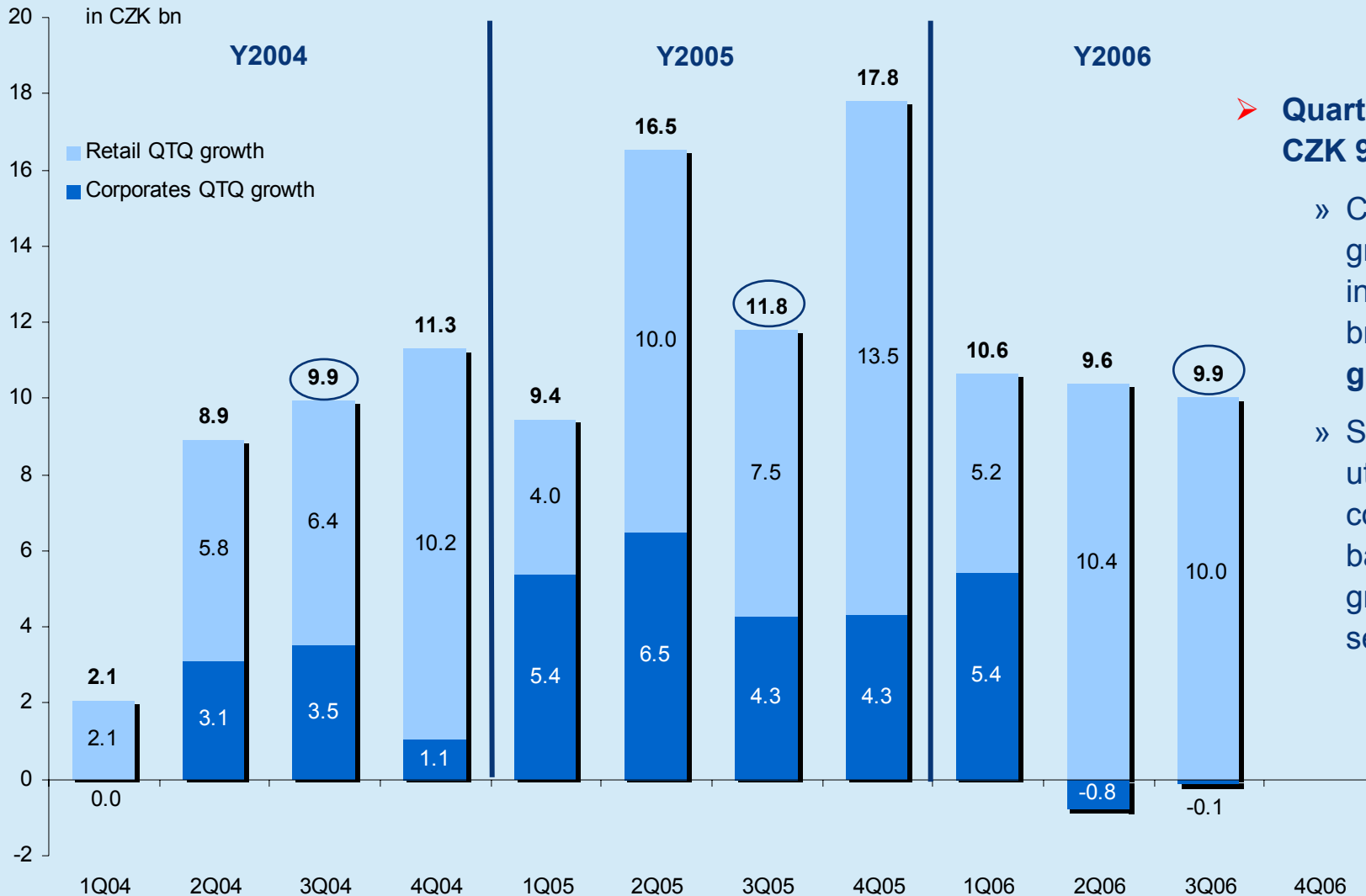


➤ Share of Mortgage & Real estate loans continues to increase fastest of all segments

➤ Lending to Micro and Medium sized business keeps on growing to current 18.3% of loan portfolio

Loan Structure and Development

Seasonality in Growth of Corporates and Retail (QTQ)

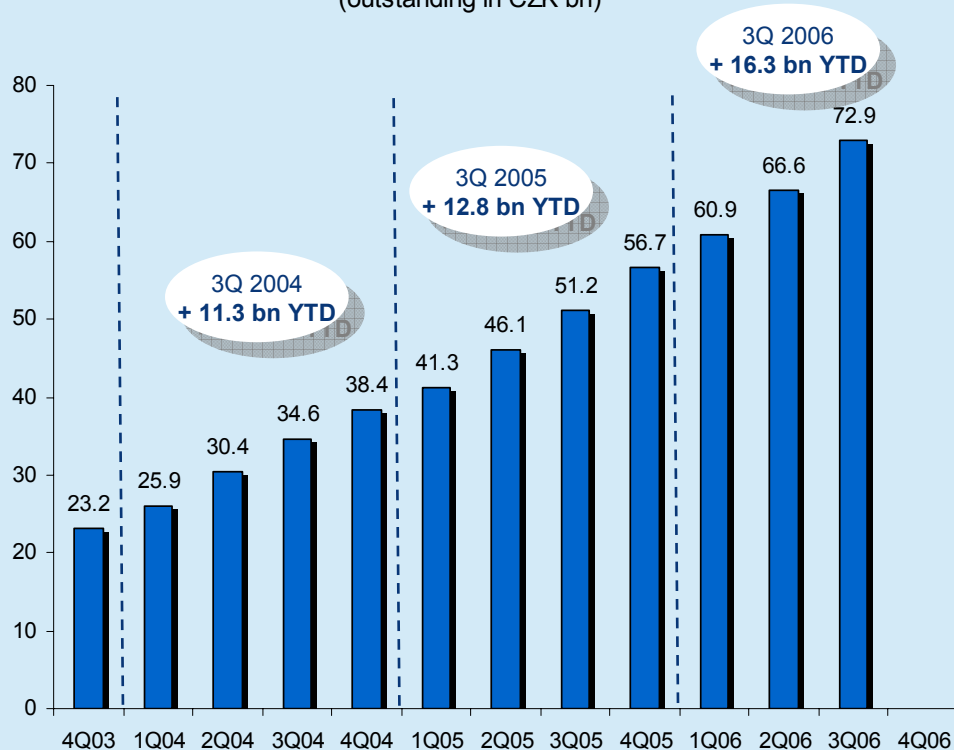


- **Quarterly growth CZK 9.9 bn influenced by**
- » Continuing record loan growth in Retail: increase by CZK 10.0 bn QTQ is **the best 3Q growth ever**
 - » Significantly lower limit utilization of Large corporates, which holds back overall loan growth in Corporate segment

Loan Structure and Development

Private Individuals (PI) Mortgages

Development of Private mortgages
(outstanding in CZK bn)



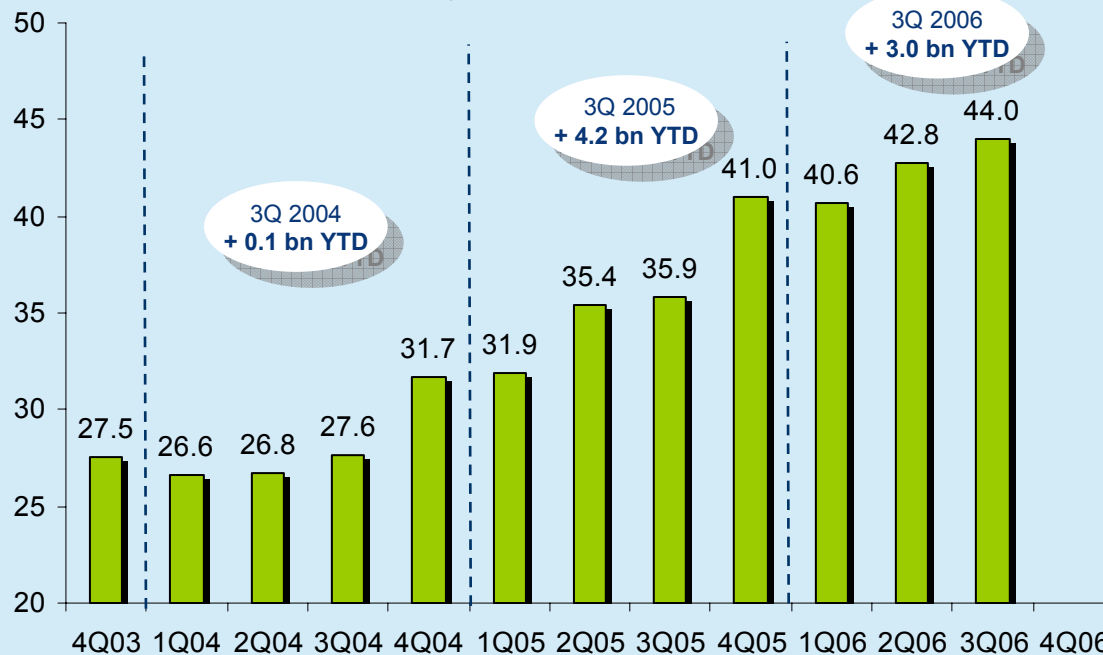
- **Private Mortgages increased by CZK 16.3bn (28.7%) YTD**
 - » That is almost by 30% stronger growth than in 3Q 2005
- **63.0% of mortgages goes to property purchase (59% in 3Q 2005)**
 - » For loans granted in year 2006 this share is even higher (77%)
 - » Remaining 28% of mortgages are spent on house construction and 9% on reconstruction
- **Average maturity of loan contract increased to 18.8 years (17.6 years in 3Q 2005)**
- **Non performing loans increase driven by aging effect of mortgage portfolio**
 - » Absolute increase of CZK 207m
 - » In relative terms 16 bps

in CZK m, IFRS	31/12/2005		30/09/2006	
	Outstand.	Share	Outstand.	Share
Private mortgages	56,672	100.0%	72,923	100.0%
Classified mortgages (CNB2-5)	897	1.6%	1,093	1.5%
High risk mortgages (CNB3-5)	455	0.8%	741	1.0%
Non performing (>90d.overdue)	316	0.56%	523	0.72%

Loan Structure and Development

Consumer Lending

Consumer lending development
Outstanding balance in CZK bn, IFRS



➤ Consumer lending achieved the strongest 3Q growth ever (CZK 1.2 bn)

» Driven by new production in cash loans, which reached CZK 3.9 bn (3Q only), that is 34% above new production of 3Q 2005

⇒ New production of all first nine months amounts CZK 11.7 bn compared to CZK 11.3 bn in year 2005

» YTY growth of CZK 8.2 bn (22.7%)

➤ Portfolio quality in line with expectations

» Share of non performing loans 5.4% up by 10 bps against YE 2005

» Increase in volumes by CZK 221 m YTD

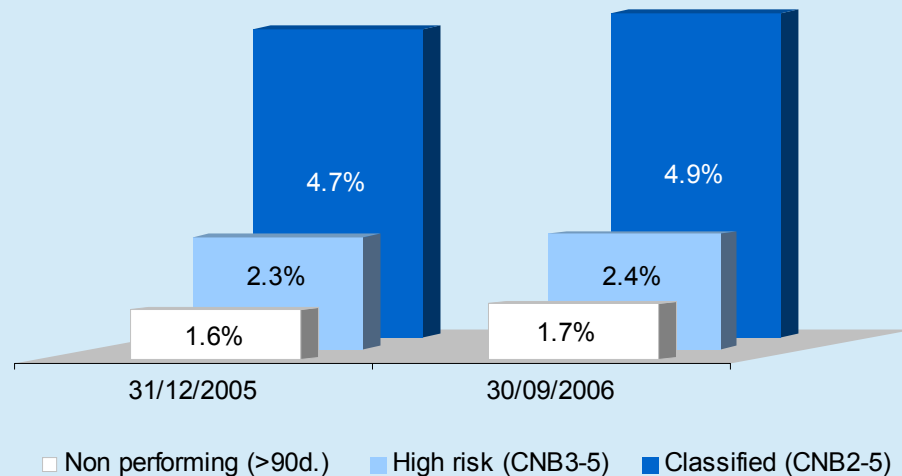
in CZK m, IFRS	31/12/2005		30/09/2006	
	Outstand.	Share	Outstand.	Share
Consumer credit	41,040	100.0%	44,008	100.0%
Classified loans (CNB2-5)	3,056	7.4%	3,345	7.6%
High risk loans (CNB3-5)	2,421	5.9%	2,682	6.1%
Non performing (>90d.overdue)	2,157	5.3%	2,378	5.4%

NOTE: consumer credit does not include credit cards

Loan Portfolio Quality

Overall Bank

Loan Quality



in CZK m, IFRS	31/12/2005		30/09/2006	
	Outstanding	Share	Outstanding	Share
Loans to customers*	260,260	100.0%	283,478	100.0%
Classified (CNB2-5)	12,285	4.7%	13,890	4.9%
- of which High risk (CNB3-5)	6,087	2.3%	6,737	2.4%
- of which Non performing (>90d.)	4,172	1.6%	4,741	1.7%

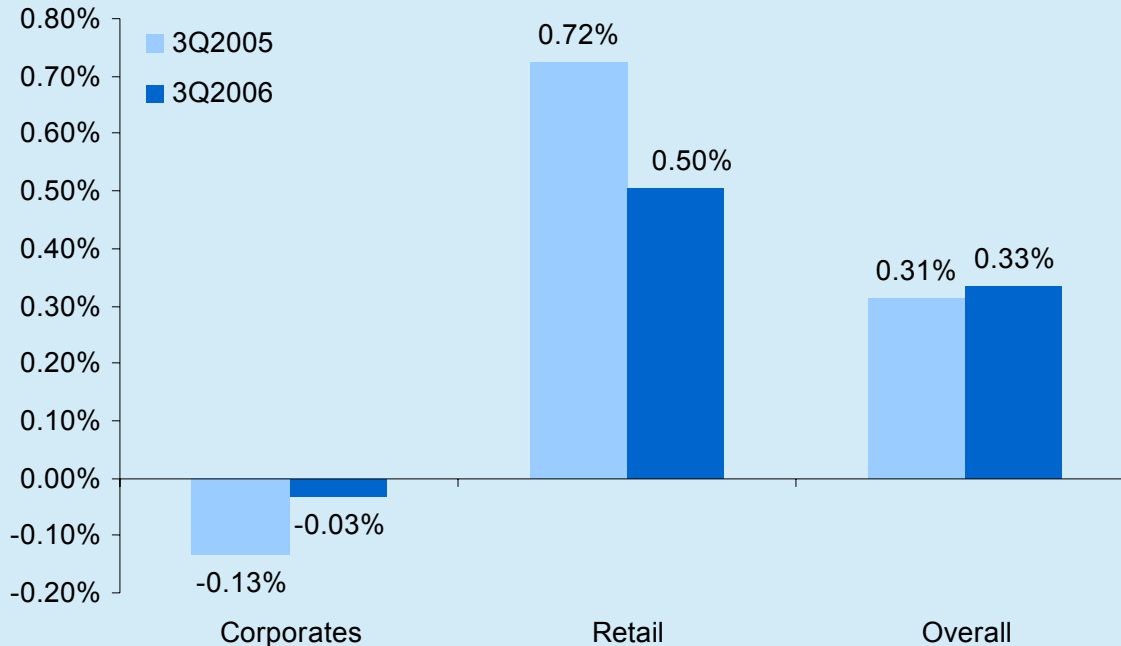
* incl. CKA

- Loan quality remains satisfactory
- Classified loans driven by temporary increase of watch loans (CNB2)
 - » Watch loans up by CZK 0.9 bn YTD were affected by technical overdues on current accounts (settled in October)
- Increase of Non performing loans (by CZK 0.6 bn) is coming from Retail portfolio as a result of
 - » Aging affect of mortgages
 - » Growing volume basis of consumer lending

Provision Creation

CS Bank / Risk Costs Development

Risk Costs development



Notes:

Creation(+), release(-)

Overall risk costs relate to Customer loan portfolio excluding CKA

Underlying risk cost exclude the effect of GP release

Release in Corporates in year 2005 driven by change to IFRS provision methodology

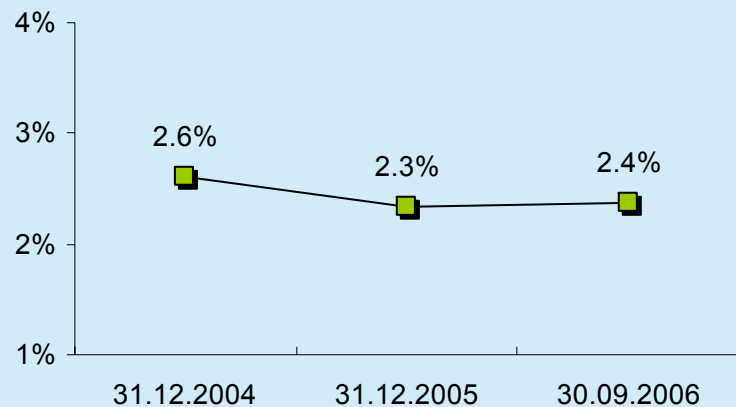
- **Corporate Risk costs at - 3 bps YTD are driven by**
 - » Partial releases for watch loans provisions (due to IFRS and Basel2 compliance)
 - » Stable development of loan quality
- **Retail YTD Risk costs at 50 bps are lower than in 3Q 2005**
 - » Due to elimination of fraud cases from alternative distribution channels

CS Efforts to Prevent Fraud

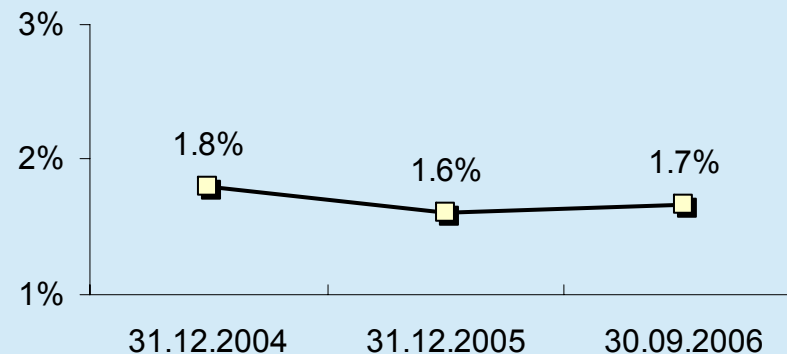
- **CS has developed robust antifraud system which covers all specific areas (prevention, detection, investigation and recovery)**
- **CS has also implemented special actions to minimise damages and find individual fraudsters as well as organisers of credit fraud**
 1. The most successful is the usage of selected collection agencies which work only on the ground, tracking down persons who committed fraud
 2. As a consequence more than 6,600 criminal complaints have been presented to Czech Police, of which a 1/3 have been finished. 90% of cases end up with a conviction, sometimes with imprisonment
- **CS actively cooperates with other banking and non-banking companies in order to implement further actions which will effectively prevent from credit fraud**

Key Ratios of Loan Portfolio Quality

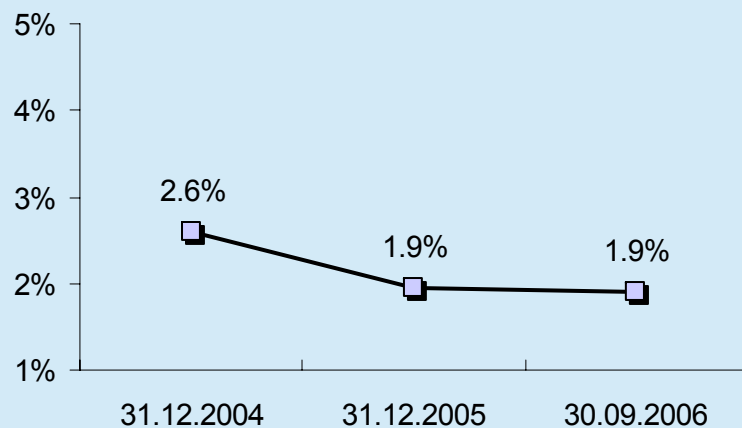
High risk loans share



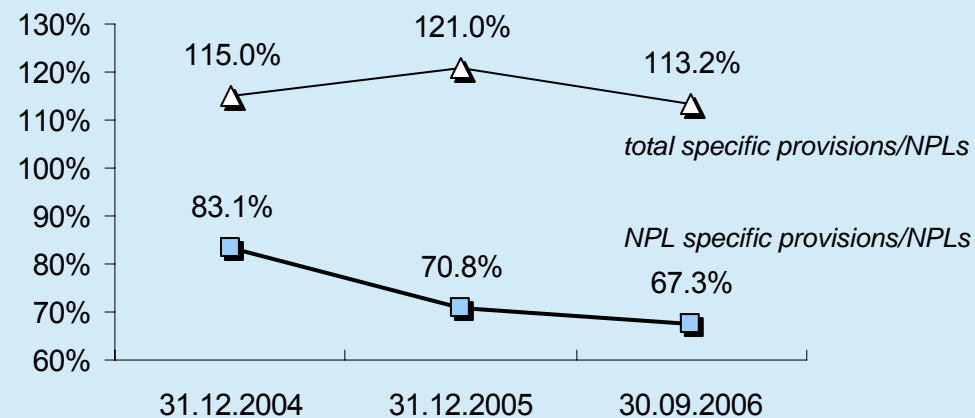
Non performing loans share



Loan loss reserves to Total loans



NPL coverage by Specific provisions



Outlook for 2006

Financial Targets for 2006

» **Net Profit Growth**

Target

> 10%

» **ROE**

> 20%

» **Cost/Income Ratio**

< 54%

» **Loans/Deposits Ratio**

63% – 65%

Note: Loans/Deposits ratio might be lower due to strong growth in deposits

First Choice Bank Quarterly Update

What is First Choice Bank?

First Choice Bank is a strategic program designed to bring customer focus as a top priority in all products, services and processes in Ceska sporitelna. First Choice Bank will enable Ceska sporitelna to become the most dynamic and the most respected bank in the Czech Republic by the end of 2008. The program comprises a series of specific actions that are driven both top-down as well as bottom-up. The list of so far 64 actions will be extended in the course of time.

First Choice Bank

– Second CS Transformation

Initiative to make banking easier

- » So far 64 actions to enable Česká spořitelna to become the Czech Republic's most respected and dynamic bank
- » Corporate culture effort to develop more professional and more confident staff

Seven building blocks

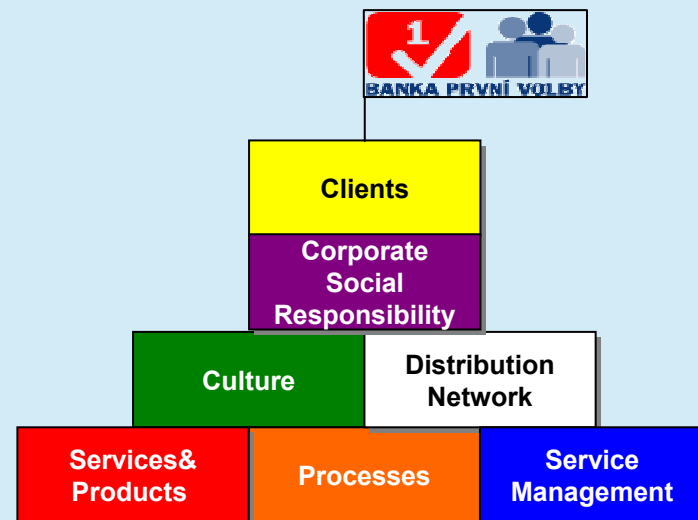
- » Each of them comprising a number of steps targeted to improve product offering, service quality and corporate culture within 18 months

Investments at normal levels (06-08)

- » Branch renovations CZK 1.50 – 1.75 bn
- » Community grants CZK 0.15 – 0.30 bn
- » Training CZK 0.30 – 0.50 bn
- » IT & projects CZK 5.40 – 6.60 bn

Positive financial impact in 2007

- » Annual net profit growth 15% instead of 10%
- » Revenues: 3% above normal growth
- » Expenses: 1% above normal growth



GOAL		Current	Date
1m	Credit cards	350,000	4Q/08
140,000	Mortgages	74,000	4Q/08
1.3m	SERVIS 24 unique Users	1m	2Q/08
1,300	ATMs	1,078	4Q/08
6,500	SME Clients	4,900	4Q/08
250,000	Micro Business Clients	170,000	3Q/08
2.5	Cross-sell (= sell 2.1m products)	2.1	4Q/08

Milestones Achieved in 3Q 2006

- ✓ **The Mortgage as you wait** – A mortgage applicant signs the mortgage contract at the first meeting, and immediately finds out the approved mortgage amount
 - ✓ **An opportunity to test the bank's services for free for three months** for new Clients – micro-enterprises and small and medium-sized companies
 - ✓ **PIN change** at any of CS's 1,078 ATMs
 - ✓ **Ordering a credit card on the CS website**
 - ✓ **Issue of the first chip card**
 - ✓ **Acquisition of an additional credit card** for a family member, at the existing credit limit
 - ✓ **Cards with an attractive design** for the holders of Student+ accounts, with a glow-in-the-dark effect.
 - ✓ **Six Sigma** has become a part of process management in the initial segments of the Bank; the first 100 employees were trained
- ✓ **Kaizen**, applied to programmes from the very start, should reduce waste and contribute to the maximal sharing of best practices in the Bank
 - ✓ **Electronic statement of account** – Clients will be able to print up only that statement which they actually want and need
 - ✓ **The New Code of Ethics and Code of Values of CS Employees** defines the conduct of employees towards clients, to the company, and to one another
 - ✓ **Regional Meetings with The First Choice Bank** help employees be motivated in their tasks and decisions
 - ✓ **A financial dictionary** at www.csas.cz
 - ✓ **A financial loan calculator** at www.csas.cz

Milestones for 4Q 2006 – 1Q 2007

- Donate a portion of net profit (up to 1%) to socially beneficial activities
 - Enable employees to work for charity two days per year
 - Make the CS Price List simpler and more comprehensible
 - Create a free information handbook, of a non-marketing nature, on banking services
 - Opening a specialised branch for students at the Economics University in Prague
 - Client service specialists will work at the 75 largest branches
 - An independent advisory centre will be created for clients who have loans, or are considering obtaining a loan
 - Active communication with new clients during the first 12 months
 - Regular publication of client satisfaction development
 - Annual Reports of the Ombudsman's Team
- Limiting clients' liability for transactions executed with a stolen or misappropriated card to CZK 4,500, in the 48 hours before the card is blocked
 - Enhancing the functionalities of Business 24
 - Modification of payment card insurance (insurance of payment cards extended to PIN transactions, with the price of insurance remaining the same)
 - Financial markets Internet portal offering exchange rate derivatives
 - Sending debit cards by mail – Clients may opt for pick-up at a branch or delivery by post, which is more convenient for them
 - The possibility to invest into real estate funds, i.e., entities holding and managing a real estate portfolio for the purpose of achieving long-term and stable profits
 - Portfolio management for active retail investors in the SERVIS 24 application

Appendix

Macroeconomic Environment in CR

- **Czech economy continues in fast growth; real GDP increased by 6.2% in 2Q 2006 mainly thanks to higher final household consumption, building construction and foreign trade (EU25 average at 2.8%; annual growths)**
- **Central Bank 2W repo rate at 2.50% since 27 September 2006 (CNB made first hike this year in July 2006 - by 25 bps to 2.25%)**
 - » 2W repo rate at 1.75% as of 30 September 2005
- **Inflation increased to 2.8% in September 2006 from 1.9% (in 2005)**
- **Share of current account balance of GDP reached – 2.7% in 1Q 2006**
- **Unemployment at 8.2% as of 30 September 2006, down from 8.9 % at end- 2005**
 - » Prague is approximately 2.6% while Ustecky region approximately 13.7%

Macroeconomic Framework

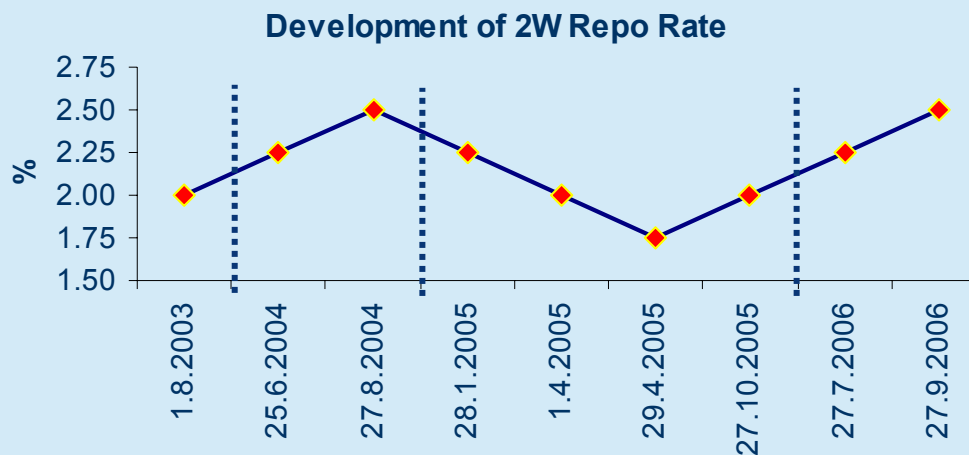
YEARLY (average)	2001	2002	2003	2004	2005	2005/2006	2006E	2007E	
	<i>last actual data</i>								
Demand and Supply									
GDP (real %)	2.5	1.9	3.6	4.2	6.1	2Q	6.2	6.6	5.0
Household consumption (real %)	2.3	2.2	6.0	2.6	2.4	2Q	3.8	3.8	4.8
Investments (real %)	6.5	5.2	0.5	4.8	3.6	2Q	5.3	7.8	5.8
Export (real %)	11.5	2.1	7.2	20.9	10.9	2Q	10.2	17.2	14.2
Import (real %)	13.2	5.0	7.9	18.1	5.2	2Q	10.2	15.0	14.3
Industry output (real %)	6.8	1.9	5.5	9.6	6.6	2Q	11.1	9.9	7.7
Retail (%)	4.6	3.0	4.9	2.4	3.9	2Q	6.5	5.7	5.6
State finance									
State balance (% GDP)	-2.8	-1.9	-4.2	-3.4	-1.9	2Q	0.0	-2.5	-4.3
State debt (% GDP)	14.7	16.1	19.1	21.3	23.2	2Q	23.0	24.1	27.1
Labor market									
Unemployment rate (%) ¹	(8,6)	(9,2)	(9,9)	9.4	8.9	3Q	7.8	8.2	7.8
Nominal wages (%)	8.7	7.3	6.6	6.7	5.5	2Q	6.9	7.0	7.0
Real wages (%)	3.8	5.4	6.5	3.8	3.5	2Q	3.9	4.1	3.8
External relations									
Trade balance (CZK bn)	-117	-71	-70	-26	39	2Q	10	44	62
Current account (CZK bn)	-124	-136	-161	-167	-63	2Q	-50	-121	-108
Prices									
CPI inflation (%)	4.7	1.8	0.1	2.8	1.9	3Q	2.8	2.7	3.1
PPI inflation (%)	3.0	-0.5	-0.3	5.7	3.0	3Q	1.8	1.6	3.0
Monetary conditions									
CZK/EUR	34.1	30.8	31.9	31.9	29.8	3Q	28.3	28.3	27.5
CZK/USD	38.0	32.7	28.2	25.7	24.0	3Q	22.2	22.6	20.1
2W repo rate (%)	5.1	3.6	2.3	2.2	2.0	3Q	2.2	2.1	2.7
3M PRIBOR (%)	5.2	3.5	2.3	2.4	2.0	3Q	2.3	2.2	2.7
12M PRIBOR (%)	5.3	3.6	2.3	2.7	2.1	3Q	2.7	2.5	2.9

Notes:

Unless otherwise stated, the annual or quarterly averages are presented.

¹ The unemployment rate before 2004 is calculated using the registered unemployment rate, starting in 2004 using the ILO methodology.

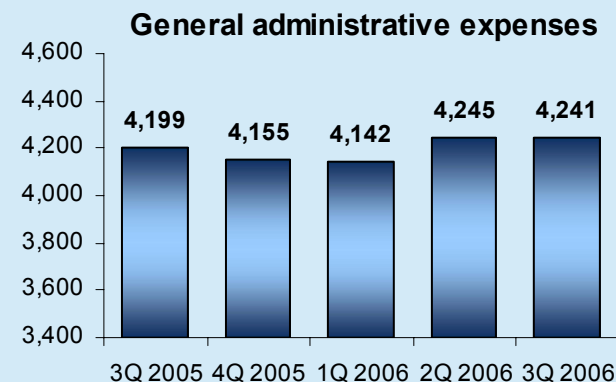
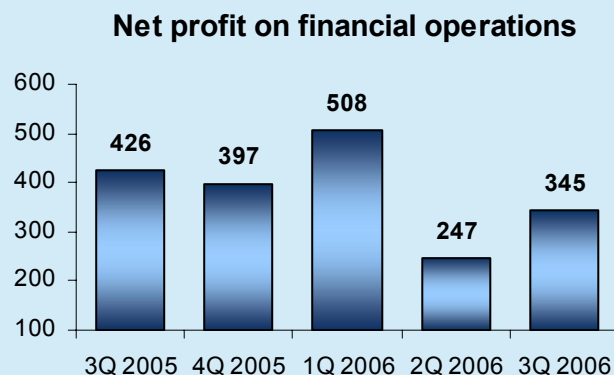
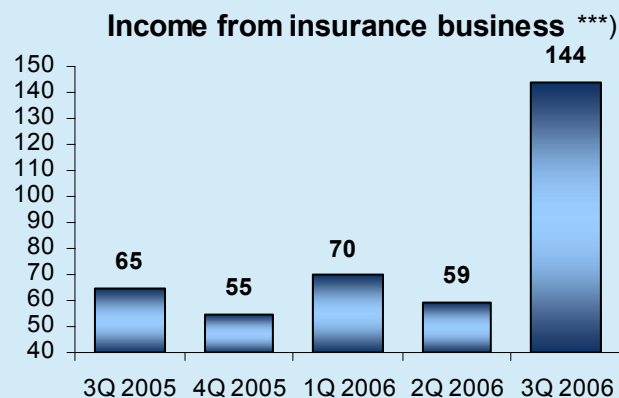
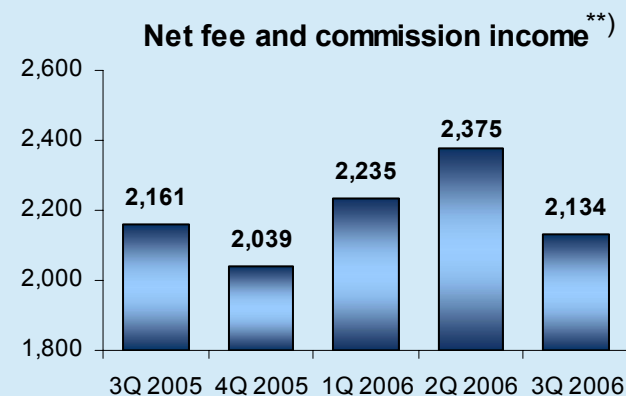
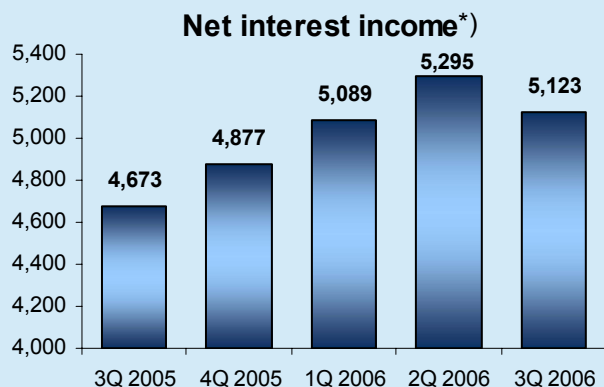
2W Repo Rate and Real GDP Growth



Group Profit & Loss Statement

Quarter on Quarter Development

in CZK m



*) NII in 3Q 2006 dropped mainly due to lower income from revaluation of banking book derivatives

***) Development in 4Q 2005 influenced by change in accounting methodology; 2Q 2006 affected by high revenues from FM operations

***) Insurance income rose in 3Q 2006 due to excellent business and underwriting results and improved result from financial placement

Capital Adequacy

CNB Capital Adequacy

Parent Bank, CZK m	31/12/04	30/09/05	31/12/05	30/09/06
Tier I capital	24,301	27,704	27,260	32,793
Tier I + Tier II capital	23,297	28,620	28,176	33,631
Capital requirement A (to RWA)	19,060	23,404	24,489	27,827
Capital requirement B (to market risks)	1,713	1,830	1,426	1,664

Capital adequacy Tier I ratio	9.4%	8.8%	8.4%	8.9%
Capital adequacy Tier I+II ratio	9.0%	9.1%	8.7%	9.1%

BIS Capital Adequacy

CS Group, CZK m	31/12/04	30/09/05	31/12/05	30/09/06
Tier I Capital	39,964	41,312	43,312	46,127
Tier I+II Capital	39,164	42,986	45,429	48,088
Risk Weighted Assets	273,386	331,876	349,494	397,147
Capital requirement to market risks	1,713	1,830	1,426	1,664

Capital Adequacy Tier I ratio	13.6%	11.6%	11.8%	11.0%
Capital Adequacy Tier I+II ratio	13.3%	12.1%	12.4%	11.5%

Structure of Bank Loan Portfolio

in CZK m, unconsolidated, IFRS	30.09.2005		31.12.2005		30.09.2006		YTD Growth		YTY growth	
	Outstand.	Share	Outstand.	Share	Outstand.	Share	Outstand.	Rate	Outstand.	Rate
I. CORPORATE & RETAIL (1+2)	224,979	90.3%	242,788	93.3%	272,992	96.3%	30,205	12.4%	48,014	21.3%
1. CORPORATES	106,261	42.6%	110,518	42.5%	115,116	40.6%	4,599	4.2%	8,855	8.3%
Large Corporates	52,930	21.2%	53,667	20.6%	48,912	17.3%	-4,754	-8.9%	-4,017	-7.6%
Medium Corporates (SMEs)	33,101	13.3%	33,893	13.0%	38,759	13.7%	4,866	14.4%	5,658	17.1%
Corp. Mortgage&Real Estate	11,678	4.7%	13,923	5.3%	17,290	6.1%	3,367	24.2%	5,612	48.1%
Municipalities	8,553	3.4%	9,036	3.5%	10,156	3.6%	1,120	12.4%	1,603	18.7%
2. RETAIL	118,717	47.6%	132,270	50.8%	157,876	55.7%	25,606	19.4%	39,159	33.0%
Private Credit cards	1,747	0.7%	2,014	0.8%	2,325	0.8%	311	15.4%	578	33.1%
Consumer lending	35,858	14.4%	41,040	15.8%	44,008	15.5%	2,968	7.2%	8,150	22.7%
Private social	5,117	2.1%	4,990	1.9%	4,323	1.5%	-667	-13.4%	-794	-15.5%
Private mortgages	51,201	20.5%	56,672	21.8%	72,923	25.7%	16,250	28.7%	21,722	42.4%
Micro corporates (MSEs)	10,191	4.1%	10,680	4.1%	12,987	4.6%	2,307	21.6%	2,795	27.4%
Commercial mortgages	9,297	3.7%	10,923	4.2%	14,845	5.2%	3,922	35.9%	5,547	59.7%
Small municipalities	5,306	2.1%	5,951	2.3%	6,466	2.3%	515	8.7%	1,160	21.9%
II. FINANCIAL MARKETS	24,273	9.7%	17,472	6.7%	10,485	3.7%	-6,987	-40.0%	-13,787	-56.8%
LOANS TO CUSTOMERS	249,251	100.0%	260,260	100.0%	283,478	100.0%	23,218	8.9%	34,226	13.7%

CS Market Shares Development

<i>According to CNB Statistics*</i>	31.12.2002	31.12.2003	31.12.2004	31.12.2005	30.09.2006	change
Total Assets **	20.7%	21.4%	21.5%	22.2%	22.0%	↘
Loans to Customers **	20.2%	21.6%	22.7%	23.7%	22.7%	↘
Interbank Loans	5.8%	7.5%	11.0%	12.3%	13.3%	↑
Primary Deposits **	24.0%	25.5%	25.4%	24.8%	24.6%	↘
Retail Deposits **	32.6%	33.4%	32.8%	32.6%	32.9%	↑
Retail Loans **	34.9%	30.9%	31.8%	32.1%	31.3%	↘
Mortgages	27.6%	30.1%	33.7%	34.6%	35.0%	↑
Retail Mortgages	29.0%	29.1%	32.2%	31.5%	32.5% ***	
Assets under Management in Funds Total	34.3%	34.3%	37.3%	35.8%	35.0% ***	
ATM (#)	41.5%	40.0%	37.9%	37.2%	36.9% ***	
Payment Cards (#)	44.7%	40.4%	40.2%	41.8%	41.9% ***	

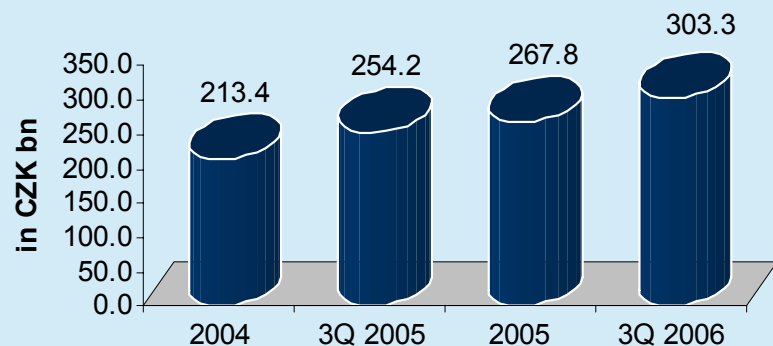
* Excluding non-bank financial service providers, e.g., Cetelem, Provident Financial, etc.

** Change in calculation - building savings assets, deposits and loans are now included in relevant item

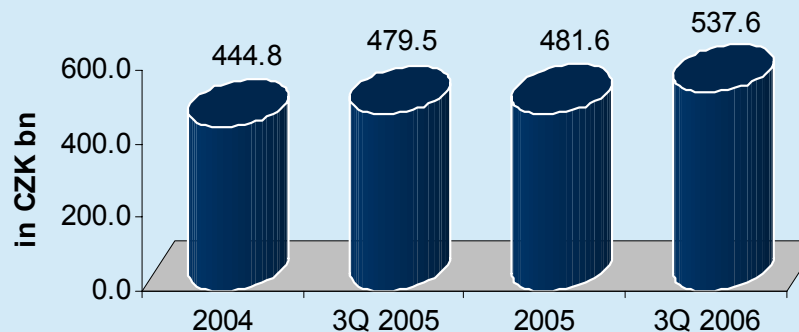
*** data as of 30.6.2006

Business Indicators

Loans to customers (excl. CKA)

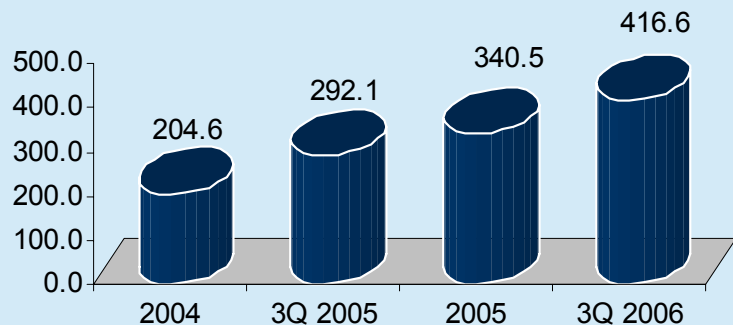


Amounts owed to customers

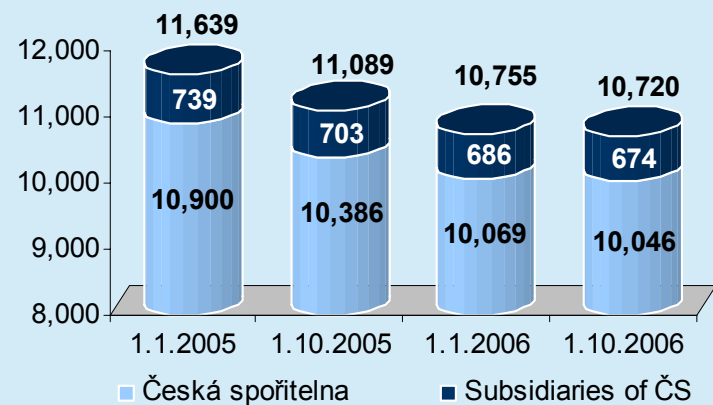


Number of Issued Credit Cards

(in thousands)



Number of Employees

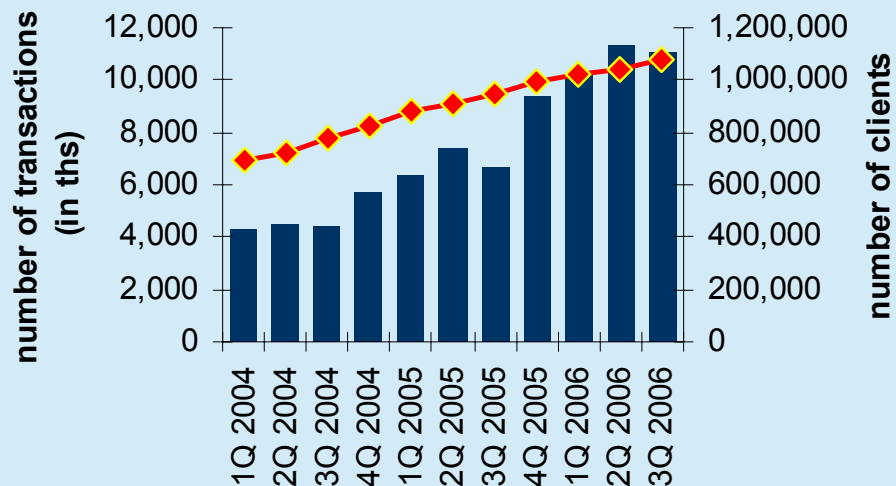


Remote Distribution Channels

No. of clients*	31.12.2004	30.9.2005	31.12.2005	30.9.2006
Homebanking	19,446	17,153	16,716	13,286
Servis 24 - Telephone, Internet and GSM banking; Business 24	828,826	944,967	994,258	1,079,223
Total	848,272	962,120	1,010,974	1,092,509

* Clients who have S24 Telebanking, S24 Internet banking and S24 GSM services are counted only once

**Development in Service 24 and Business 24
(Telephone & Internet banking & GSM)**

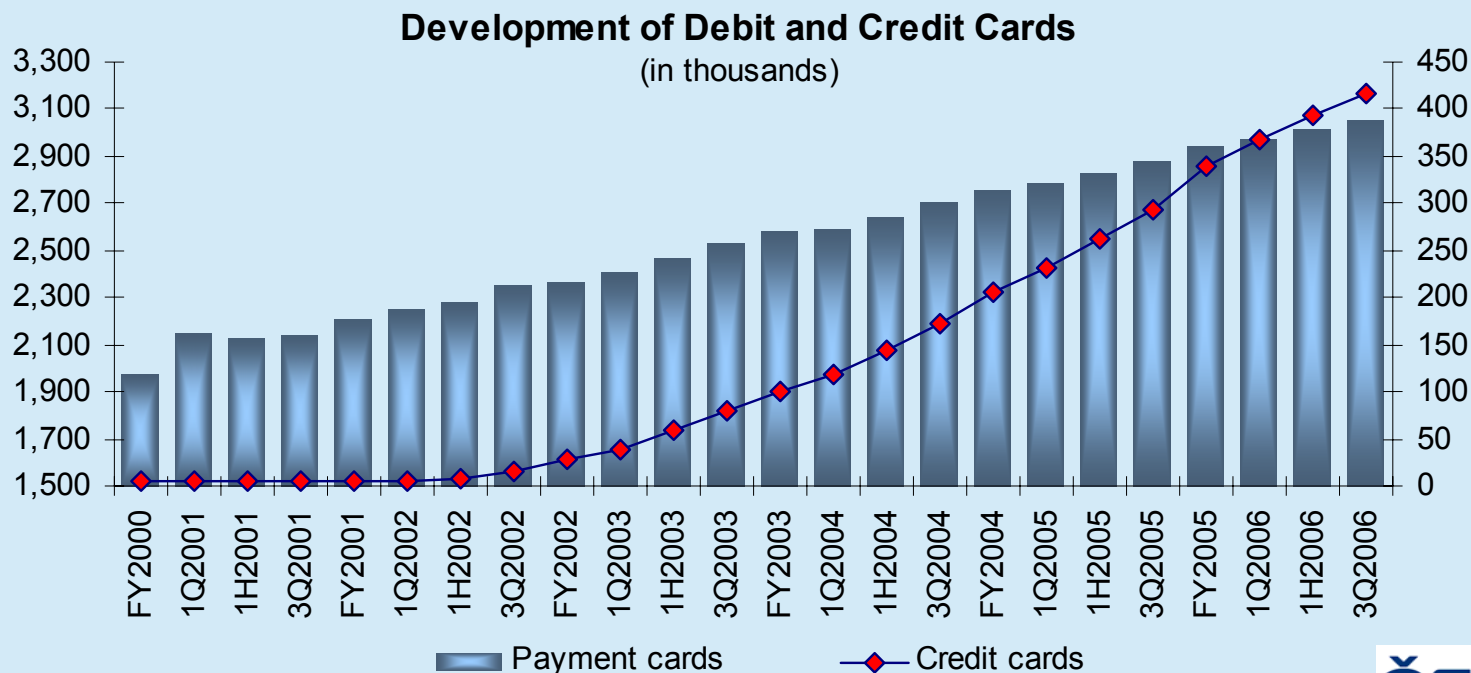


- Number of remote distribution channels' users up by 13.6% (YTY)
- Servis 24 and Business 24 acquired more than 134 thousand new clients since 3Q 2005
- Number of transactions via Servis 24 and Business 24 grew by 66.4% in 3Q 2006 (YTY)

Payment Cards

	2000	2001	2002	2003	2004	3Q 2005	2005	3Q 2006
Debit cards	1,966,218	2,205,480	2,335,600	2,475,397	2,553,922	2,587,953	2,601,333	2,635,840
Credit cards	4,732 *)	5,387	28,051	101,155	204,585	292,148	340,510	416,641
Total payment cards	1,970,950	2,210,867	2,363,651	2,576,552	2,758,507	2,880,101	2,941,843	3,052,481

*) In May 2000 database was cleaned in order to eliminate unused credit cards



Group Profit & Loss Statement

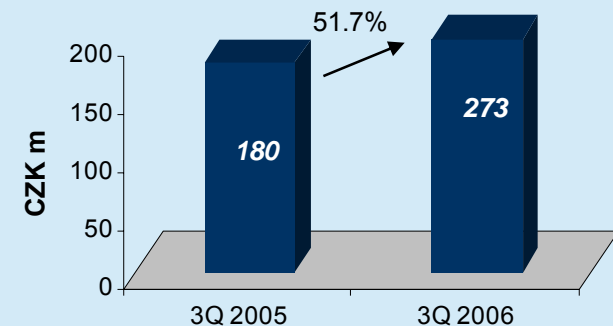
Income from Insurance Business up by 51.7%

- **Net result from insurance business (profit before tax of Pojistovna CS) increased by 51.7% compared to 3Q 2005 as a result of 55.7% increase of operating income in Pojistovna CS attributed to fast growth of net premiums earned (went up by 77.9% YTY)**
- **Life insurance development**
 - » Written premium increased by 73.6% (YTY) to CZK 3,020 m as a result of growing sales of insurance products, mainly products with single paid premium representing 64% of total written premium (in 3Q 2005 only 47%)
 - » Single paid insurance premium rose by 138.2% (YTY) primarily due to higher sales of single paid Flexi invest and Flexi life insurance; current paid insurance premium increased by 17.1%
 - » Pojistovna CS concluded almost 496 thousand life insurance contracts in total till the end of 3Q 2006 (number of contracts rose by 10.2% YTY); main distribution channel CS (Bank) concluded 63% of contracts
- **Market share of Pojistovna CS (CS Insurance company) in life insurance market reached 9.0% (as of 30.6.2006)**

Product structure

	30/9/05	31/12/05	30/9/06
Life insurance			
capital	19%	16%	12%
credit*	9%	8%	5%
flexi	67%	72%	81%
other	5%	4%	2%

* including mortgage insurance



Note: profit before tax

Net Profit of Selected Subsidiaries

<i>IFRS, CZK m</i>	3Q 2005	3Q 2006	% Change
Stavební spořitelna CS - Building Society	432	574	32.9
Investiční společnost CS - Investment Company	69	84	21.7
Leasing CS and S-Autoleasing - Leasing	-27	18	166.7
Penzijní fond CS - Pension Fund*	552	319	-42.2
Pojišťovna CS - Insurance Company	127	207	63.0
Factoring CS - Factoring	1	17	1600.0

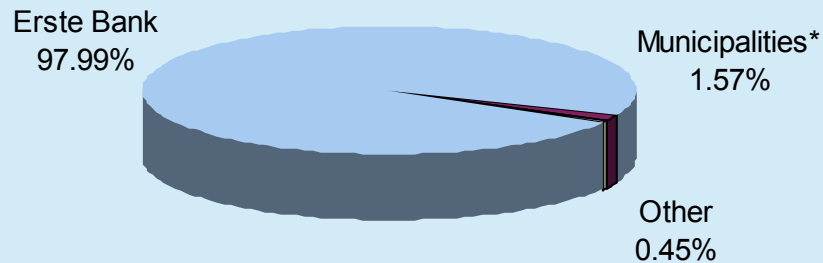
Note: Does not take into consideration fees paid to Bank by subsidiaries for services rendered.

*According to the Supplementary Pension Insurance Act, a minimum 85% of Czech Accounting Standards (CAS) net profit of CZK 319 m (CZK 552 m in 3Q 2005) must be distributed among clients

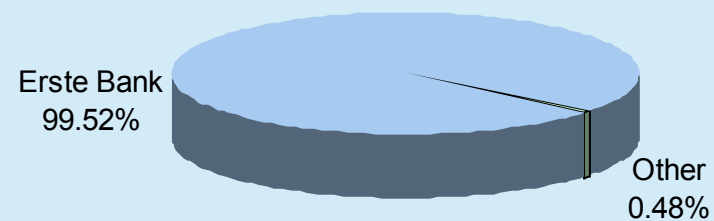
- Net profit of Pension Fund CS decreased by 42.2% due to lower realised profits from AFS portfolio in 3Q 2006 and negative net trading result

Shareholder Structure

Shareholder structure
September 30, 2006



Voting Rights Structure
September 30, 2006

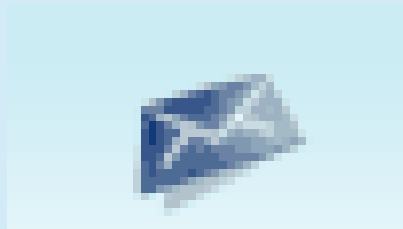


* includes also other entities

Development of % share of Erste Bank in Ceska sporitelna

date	15.8.2000	31.12.2000	31.12.2002	31.12.2003	31.12.2005	30.09.2006
Total EB share	52.1%	52.6%	93.6%	98.0%	98.0%	98.0%

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