



1H 2010 ČSOB Activity Report (Semi-Annual Report)

as required by the Act No. 256/2004 Coll., Act on Business Activities on the Capital Market

Business name: Československá obchodní banka, a. s.
Registered office: Radlická 333/150, Praha 5, Postal Code 150 57, Czech Republic
Legal status: Joint-stock company
Registration: Registered in the Commercial Registry of the City Court in Prague, Section B XXXVI, Entry 46
Date of registration: 21 December 1964
ID No.: 00001350
Tax registr. No.: CZ699000761
Bank code (BANIS): 0300
SWIFT: CEKOCZPP
Telephone: +420 224 111 111
E-mail: info@csob.cz
Internet address: <http://www.csob.cz>

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Information on the Publication

The 1H 2010 ČSOB Activity Report is available at www.csob.cz.
This Report has not been audited.

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ČSOB group results 1H 2010 - highlights

Net profit: +24% Y/Y on the underlying basis.

Operating profit: +7% Y/Y (income +5%, expenses +2%), cost/income ratio down to 41.6%.

Ccost of risk: Impairment losses -30% Y/Y, credit cost ratio down to 0.75%.

Business volumes: Group deposits +2% Y/Y. Group lending -3% Y/Y.

Liquidity: L/D ratio down to 69.0%.

Capital position: Capital adequacy ratio up to 16.5%.

Note: Based on underlying figures, i.e. net of extraordinary items.

1H 2010 events

February	Change in type and nominal value of ČSOB's shares
April/May	Changes in the Board of Directors and Top Management of ČSOB
May	Decision of sole shareholder in exercising the powers of the General Meeting
June	Changes in ČSOB's Supervisory Board

1. ČSOB GROUP'S ACTIVITIES IN 1H 2010

ČSOB group increased its underlying profit by 24% to nearly CZK 7 bn. Three main factors to this achievement: growing interest income, close cost control and declining impairments.¹

Highlights of the 1H 2010 results

- **Net profit – reported:** CZK 7.139 bn (+21% Y/Y)
- **Net profit – underlying²:** CZK 6.976 bn (+24% Y/Y)
- **Group lending:** CZK 402.2 bn (-3% Y/Y)
- **Quality of loan portfolio:** NPLs at 3.98%, credit costs at 0.75%
- **Group deposits:** CZK 582.2 bn (+2% Y/Y)
 - **of which, client deposits:** CZK 465.2 bn (+5% Y/Y)
- **AUM in mutual funds:** CZK 67.5 bn (+0% Y/Y)
- **Capital and liquidity:** High levels confirmed
Capital adequacy for the group at 16.45%
Loan to deposit ratio at 69.0%

Key Ratios

	1H 2009	1H 2010	Y/Y
Profitability (YTD ratios)			
Net interest margin	3.26%	3.45%	+19 bps
Cost/income (underlying)	42.7%	41.6%	-1.1 pp
Cost/income (reported)	41.1%	41.1%	0.0 pp
ROAA (underlying)	1.31%	1.66%	+0.35 pp
ROAA (reported)	1.38%	1.70%	+0.32 pp
ROAE (underlying)	19.7%	20.8%	+1.1 pp
ROAE (reported)	20.7%	21.3%	+0.6 pp
	30.6.2009	30.6.2010	Y/Y
Asset quality			
Credit cost ratio	1.06%	0.75%	-31 bps
NPL ratio	2.88%	3.98%	+1.1 pp
NPL coverage ratio	76.2%	75.4%	-0.8 pp
Capital adequacy (Basel II)			
Core tier 1 ratio	10.13%	13.10%	+2.97 pp
Total capital ratio	11.71%	16.45%	+4.74 pp
Solvency ratio (insurance)	183.0%	219.2%	+36.20 pp
Liquidity			
Loan to deposit ratio	72.0%	69.0%	-3.0 pp

¹ All numbers in this 1H 2010 ČSOB Activity Report are consolidated, unaudited, according to EU IFRS. This 1H 2010 ČSOB Activity Report shows previous quarters' profit and loss statement items reclassified in accordance with the current accounting methodology in order to ensure comparability of IFRS financial statements in time. For the list of reclassifications see to **Annex No. 1** of this Report in Chapter No. 2 Accounting Policies.

² Net of extraordinary items.

Consolidated unaudited financial statements as at 30 June 2010

Consolidated P&L – Reported

(CZK m)	6M 2009 <i>reclassified</i>	6M 2010	Y/Y
Interest income	17 250	16 450	-5%
Interest expense	-5 797	-4 165	-28%
Net interest income	11 454	12 285	+7%
Net fee and commission income	2 767	2 814	+2%
Net gains from financial instruments at FVPL*	1 035	446	-57%
Other operating income*	979	1 099	+12%
Operating income	16 235	16 644	+3%
Staff expenses	-3 231	-3 014	-7%
General administrative expenses	-2 702	-3 288	+22%
Depreciation and amortisation	-747	-543	-27%
Operating expenses	-6 680	-6 845	+2%
Impairment losses*	-2 769	-1 787	-35%
<i>Impairment on loans and receivables</i>	-2 543	-1 726	-32%
<i>Impairment on available-for-sale securities*</i>	-208	0	N/A
<i>Impairment on other assets</i>	-19	-61	+222%
Share of profit of associates*	198	134	-32%
Profit before tax	6 983	8 146	+17%
Income tax expense*	-1 033	-961	-7%
Profit for the period	5 951	7 185	+21%
Attributable to:			
Equity holders of the parent	5 919	7 139	+21%
Minority interest	32	46	+43%

Notes: FVPL = fair value through profit and loss.

Other operating income = Net realised gains on available-for-sale fin. assets, dividend income, other net income.

* Lines designated by asterisk as reported differ from underlying figures.

Consolidated P&L – Underlying

(CZK m)	6M 2009 <i>reclassified</i>	6M 2010	Y/Y
Interest income	17 250	16 450	-5%
Interest expense	-5 797	-4 165	-28%
Net interest income	11 454	12 285	+7%
Net fee and commission income	2 767	2 814	+2%
Net gains from financial instruments at FVPL*	432	570	+32%
Other operating income*	979	771	-21%
Operating income	15 631	16 439	+5%
Staff expenses	-3 231	-3 014	-7%
General administrative expenses	-2 702	-3 288	+22%
Depreciation and amortisation	-747	-543	-27%
Operating expenses	-6 680	-6 845	+2%
Impairment losses*	-2 570	-1 787	-30%
<i>Impairment on loans and receivables</i>	-2 543	-1 726	-32%
<i>Impairment on available-for-sale securities*</i>	-9	0	N/A
<i>Impairment on other assets</i>	-19	-61	+0%
Share of profit of associates*	198	134	-32%
Profit before tax	6 578	7 941	+21%
Income tax expense*	-916	-920	+0%
Profit for the period	5 662	7 022	+24%
Attributable to:			
Equity holders of the parent	5 631	6 976	+24%
Minority interest	32	46	+43%

Notes: FVPL = fair value through profit and loss.

Other operating income = Net realised gains on available-for-sale fin. assets, dividend income, other net income.

* Lines designated by asterisk as reported differ from underlying figures.

Consolidated Balance Sheet – Assets

(CZK m)	31/12 2009	30/06 2010	Ytd
Cash and balances with central banks	23 050	42 279	+83%
Financial assets held for trading	160 117	137 803	-14%
Financial assets designated at fair value through P/L	16 987	13 372	-21%
Available-for-sale financial assets	101 567	104 417	+3%
Loans and receivables	395 773	388 866	-2%
<i>Loans and receivables - gross</i>	406 494	400 753	-1%
<i>Loans and receivables - allowances</i>	-10 720	-11 887	+11%
Held-to-maturity investments	132 761	139 732	+5%
Derivatives used for hedging	8 040	10 014	+25%
Current tax assets	27	42	+56%
Deferred tax assets	271	184	-32%
Investments in associate	1 196	1 412	+18%
Investment property	791	769	-3%
Property and equipment	8 468	8 166	-4%
Goodwill and other intangible assets	3 922	3 779	-4%
Non-current assets held-for-sale	919	184	-80%
Other assets	5 082	5 439	+7%
Total assets	858 972	856 460	+0%

Consolidated Balance Sheet – Liabilities and Equity

(CZK m)	31/12 2009	30/06 2010	Ytd
Financial liabilities held for trading	23 036	25 132	+9%
Financial liabilities at fair value through P/L	105 057	95 709	-9%
Financial liabilities at amortised cost	644 982	654 972	+2%
<i>of which Deposits received from credit institutions</i>	26 027	27 989	+8%
<i>of which Deposits received from other than credit institut.</i>	573 148	582 163	+2%
<i>of which Debt securities in issue</i>	32 572	30 927	-5%
<i>of which Subordinated liabilities</i>	11 970	11 972	+0%
<i>of which Accrued interest expenses</i>	1 266	1 921	+52%
Derivatives used for hedging	5 158	8 170	+58%
Current tax liabilities	883	867	-2%
Deferred tax liabilities	603	562	-7%
Provisions	757	546	-28%
Other liabilities	8 644	11 249	+30%
Total liabilities	789 121	797 208	+1%
Share capital	5 855	5 855	0%
Share premium account	7 509	7 509	0%
Statutory reserve	18 687	18 687	0%
Retained earnings	34 476	24 227	-30%
Available-for-sale reserve	2 815	2 158	-23%
Cash flow hedge reserve	-392	43	+/-
Foreign currency translation reserve	1	1	-52%
Parent shareholders' equity	68 951	58 479	-15%
Minority interest	900	773	-14%
Total equity	69 851	59 252	-15%
Total liabilities and equity	858 972	856 460	+0%

Details on the 1H 2010 results

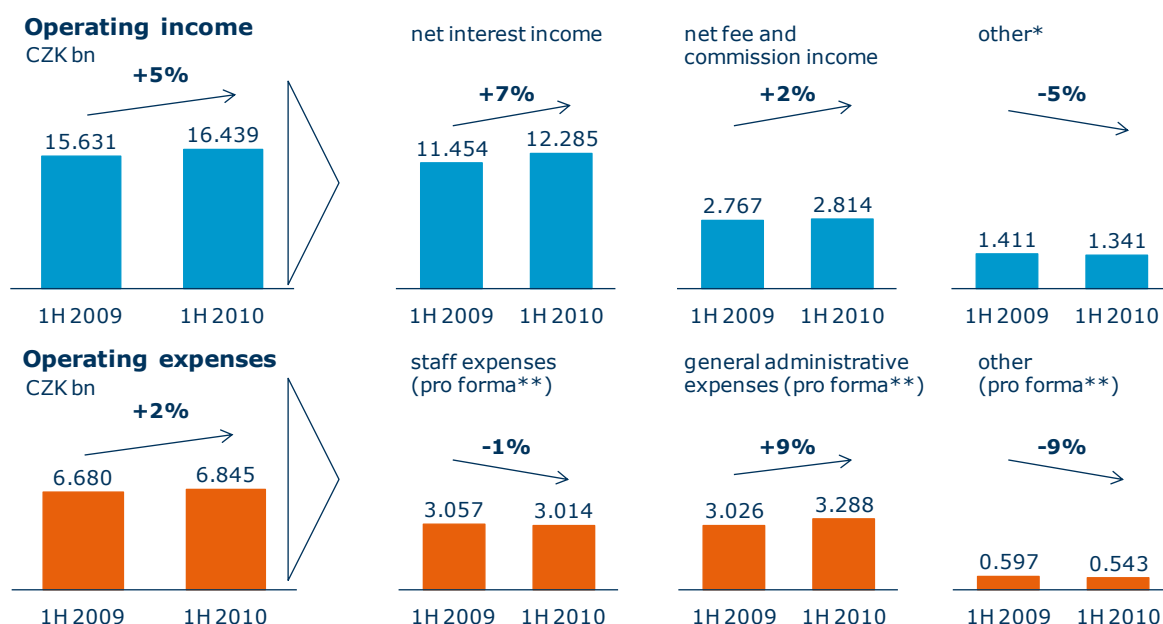
1H 2010 net profit analysis

The reported net profit of the ČSOB group rose by 21% Y/Y to **CZK 7.139 bn**. The underlying net profit of the ČSOB group amounted to **CZK 6.976 bn**, i.e. 24% more than the 1H 2009 result.

The differences between the underlying and reported profits include especially: positive influence of volatility in the valuation of ALM instruments in 1H 2009 and the settlement payment received from KBC Global Services Czech Branch for the transfer of ICT services in 1H 2010.

The positive development of the underlying net profit was driven mainly by increasing operating profit (+7% Y/Y) and by credit costs significantly lower in 1H 2010 than in 1H 2009. Operating expenses increased less than operating income.

In June 2009, the ICT services of ČSOB and ČSOB Pojišťovna were transferred to KBC Global Services NV Czech Branch. Thus, part of staff expenses and amortization is newly included in general administrative expenses. For comparison purposes, below please find pro forma values which eliminate the impact of the transfer.



Notes: *Net gains from financial instruments at FVPL, net realized gains on available-for-sale financial assets, dividend income, other net income.
**Adjusted for the June 2009 ICT transfer.

Business results – group lending

Gross outstanding volumes, CZK bn	30.6.2009	30.6.2010	Y/Y
Group lending	413.5	402.2	-3%
Ret/SME Segment			
Mortgages ¹	126.6	139.0	+10%
Building savings loans ²	60.3	69.2	+15%
Consumer finance	17.1	17.6	+3%
SME loans	70.5	65.8	-7%
Leasing	32.8	25.5	-22%
Corporate Segment			
Corporate loans ³	96.2	74.1	-23%
Factoring	3.6	3.8	+4%
Head Office	0.5	0.6	+28%
Other⁴	5.9	6.6	+12%

Notes:

¹ ČSOB group mortgages are in the balance sheet of ČSOB's subsidiary Hypoteční banka.

² ČSOB group building savings loans are in the balance sheet of ČMSŠ building savings company, 55%-owned by ČSOB. Volumes are reported in the 55% proportion, i.e. the way they enter ČSOB's consolidated balance sheet.

³ Including credit-replacing bonds.

⁴ Money market placements with banks, loro/nostro accounts and other settlement accounts.

ČSOB group lending decreased by 3% Y/Y and remained flat Q/Q. As mortgages and building savings loans recorded a double-digit Y/Y growth, the combined share of housing loans on group lending grew from 45% in 2Q 2009 to 52% in 2Q 2010. Retail/SME segment as a whole has grown to 79% of group lending.

The mortgage portfolio as a whole has been steadily growing as the new production of mortgages exceeded repayments in each quarter since mid-2009. In 2Q 2010, the new sales of building savings were by 8% higher than in 1Q 2010, however, the sales in each month of 2Q 2010 were lower than in April, May, June 2009. In 2010, the strongest month in new sales was June with the new volume of CZK 2.6 bn.

SME loans development: contraction of the outstandings in short-term loans which was in line with the working capital demand decline. The decline felt stronger in short-term loans (-12% Y/Y) than in long-term investment loans (-4% Y/Y). The

total volume of consumer finance grew by 3% Y/Y with credit cards and overdrafts being the main driver as they together increased by 16%. **Leasing** dropped 22% Y/Y; the largest decline was recorded in machinery, equipment and trucks where the market has decreased.

The reduction of **corporate loans** (-23% Y/Y, -5% Q/Q) results from a combined effect of prudent risk management approach of the ČSOB group and contracting demand for corporate lending. The demand was affected by some companies' switch from loans to bond financing on the capital market.

Business results – group deposits

Outstanding volumes, CZK bn	30.6.2009	30.6.2010	Y/Y
Group deposits	571.1	582.2	+2%
Client deposits	444.1	465.2	+5%
Building savings deposits	78.4	83.9	+7%
Pension funds ¹	24.0	26.2	+9%
Other ²	24.7	6.8	-72%
Mutual funds³	67.5	67.5	+0%
Other asset management	54.3	54.3	+0%
AUM and deposits	692.8	703.9	+2%

Notes:

¹ Liabilities to pension fund policy holders.

² Repo operations with non-banking financial institutions and other.

³ Only direct positions are included.

ČSOB group deposits increased 2% Y/Y. All major categories of group deposits – client deposits, building savings deposits and pension funds – showed an increase Y/Y. The largest contributor was client deposits (CZK +21bn). Within client deposits, current accounts slightly increased Y/Y. A decrease of term deposits with agreed maturity was offset by an increase of saving deposits.

The AUM in **mutual funds** decreased by 4% Q/Q, getting back to the level of mid-2009. The main reason for the decline was a partial transfer of clients' funds from asset management products to saving accounts. Amount of savings in **capital protected funds** (CPFs) that matured in 2Q 2010 exceeded the new sales, because part of the money from maturing CPFs shifted to deposits. Among other mutual funds, **money market funds** saw the partial transfer to deposits. Also the effect of decreasing prices on the capital market contributed to the quarterly decline. **New sales** of funds in the first half of the year reached CZK 9.1 bn, which is 72% more than in the same period of the last year (CZK 5.3bn). The lower sales in 2Q compared to 1Q (-22%) were caused by lower sales in category other mutual funds, especially money market and mixed funds.

ČSOB's **pension funds** recorded the highest Y/Y increase among all categories of group deposits. AUM in both ČSOB pension funds kept increasing quarter to quarter in the past year. The number of clients exceeded 742,000.

Risk management

Consolidated capital adequacy of the ČSOB group increased significantly from already solid 14.98% as at 31 December 2009 to 16.45% as at 30 June 2010. **Liquidity** of the ČSOB group also further improved as the loan to deposit ratio dropped to 69.0% as at 30 June 2010 from 72.0% as at 30 June 2009.

The **NPL ratio** (i.e. loans more than 90 days overdue) as at 30 June 2010 was 3.98% of the gross loan portfolio. NPL growth is from about a half constituted by the growth of non performing mortgages (where, as expected, the crisis impact arrived later than in corporate and SME). However, as mortgages are in general less provisioned, the credit costs are relatively limited.

Annualized **credit cost ratio** for 1H 2010 stands at 0.75%, compared to 1.06% for 1H 2009. This results from the Y/Y decrease in total YTD impairments of 30%, in which impairments on loans and receivables recorded a 32% reduction.

Favorable evolution of impairments on loans was driven by corporate and SME segments, where significant release of allowances booked in 2009 took place as the outlook of problem loans improved and the inflow of new problem files decreased.

ČSOB group has limited exposure to bonds of selected Southern European countries and Ireland:

Exposure to bonds of selected Southern European countries and Ireland

as at 30 June 2010
book value, CZK bn

	Sovereign	Banks	Corporates	Total
Portugal	-	-	-	-
Ireland	-	-	-	-
Italy	3.14	0.77	-	3.91
Greece	6.81	-	-	6.81
Spain	0.61	-	-	0.61
Total	10.56	0.77	0.00	11.33

All sovereign bonds are eligible for being pledged against the ECB.

Selected ČSOB group's market shares in the Czech Republic (latest available)

	Market Share	Rank
Life ²	10.4%	5
Non-life ²	4.9%	6
Total ²	7.3%	3

Deposits ¹	21.4%	Building savings loans ¹	44.1%	Pension funds ³	16.2%
Total loans and leases ¹	17.8%	Building savings deposits ¹	36.0%	Corporate/SME loans ¹	13.1%
Mortgages ¹	27.6%	Housing loans ^{1,4}	34.2%	Consumer loans ¹	15.2%
		Mutual funds ¹	32.4%	Leasing ²	9.4%
		Factoring ²	24.6%		

2nd	1st	3rd
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Notes:

Market shares as of 31 March 2010 (i.e. latest available). Insurance as of 30 June 2010.

¹ Outstanding at the given date.

² New business in the year to the given date.

³ Number of clients at the given date.

⁴ Comprise mortgages and building savings loans.

Sources and detailed definitions are provided in **Annex No. 2** of this Report.

Rating ČSOB (as at 5 August 2010)

Rating agency	Moody's	Fitch
	Long-term rating: A1	Long-term rating: A-
	Short-term rating: Prime-1	Short-term rating: F2
	Financial strength: C	Individual: C
		Support: 1
Valid since:	23 February 2007	14 May 2009
Last confirmation:	10 September 2009	19 November 2009

Awards for the ČSOB group

ČSOB group was named as the best bank or insurer by many organizations:

- **Euromoney Awards for Excellence:** ČSOB named Best Bank 2010.
- **Hospodářské noviny** appointed ČSOB group by the Best Bank for 2010 and ČSOB Pojišťovna by the Best Insurance Company for 2010.
- **Global Finance** magazine: Best Bank in the Czech Republic for 2010.
- **EMEA Finance** magazine: Best bank in the Czech Republic, 2009

ČSOB group gained accolades for individual segments and businesses as well:

- **MasterCard Corporate Bank of the Year**
- **ACQ Finance Global Awards:** ČSOB named the Bank of the Year 2010 for acquisition finance in the Eastern Europe region.
- **Zlatá koruna** contest: gold for ČMSS in the building savings product category.
- **Global Finance** magazine: Best Sub-custodian Bank, Best Trade Finance Provider and Best Foreign Exchange Provider

ČSOB group's corporate social responsibility in 1H 2010

ČSOB group educated to improve financial literacy and supports disabled and disadvantaged students by donating to the Education Fund of ČSOB and Committee of Good Will – The Olga Havel Foundation.

ČSOB group supported regions by small grants to support community life and local care for cultural and natural heritage. PSB votes Mayor of the Year.

ČSOB group's employees cleaned Czech mountains, collected clothes and fashion accessories for Sue Ryder Home or ran for Committee of Good Will – The Olga Havel Foundation.

Postal saving bank helped by supporting the festival I Live Just Like You, host a travelling show of paintings by young blind artists and with the Czech National Safer Internet Centre launched the Safely-online project.

2. INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Interim Consolidated Financial Statements of ČSOB as at 30 June 2010 prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting as adopted by the European Union (Unaudited) please refer to **Annex No. 1** of this Report.

3. COMPANY PROFILE

ČSOB Profile

From ČSOB's history

- 1964** ČSOB established by the state as a bank to provide foreign trade financing and convertible currency operations in the then Czechoslovak market.
- 1993** Continuation of ČSOB's activities in both Czech and Slovak market after the split of Czechoslovakia.
- 1999** ČSOB privatized – Belgium-based KBC Bank becoming the majority shareholder of ČSOB.
- 2000** Acquisition of Investiční a Poštovní banka (IPB).
- 2007** KBC Bank becoming ČSOB's sole shareholder after buying out all minority shareholders.
- 2007** New environmentally friendly building of ČSOB's headquarters in Prague – Radlice for 2,600 employees (Building of the Year 2007).
- 2008** As at 1 January, ČSOB's Slovak branch separated into a separate entity, fully controlled by KBC Bank via 100% of voting rights.

Československá obchodní banka, a. s. (ČSOB) is a universal bank operating in the Czech Republic. It constitutes the main operating entity of the financial group ČSOB group itself 100% controlled by KBC Group.

ČSOB is operating under two recognized brands in the Czech Republic – ČSOB and Poštovní spořitelna (Postal Savings Bank – PSB). It provides its services to all groups of customers, i.e. retail as well as SME, corporate and institutional clients. Clients are served via ČSOB branches, PSB's Financial Centers and post offices of the Czech Post. In addition to its own products, ČSOB is distributing products and services of the whole ČSOB group. Services under the ČSOB and PSB brands are also distributed through the entire ČSOB group and through various direct banking channels.

As a legal entity subject to the Czech law, ČSOB follows the applicable legislation in force in the territory of the Czech Republic. Its activities are regulated primarily under the Banking Act, the Act on Business Activities on the Capital Market (also known as the Act on Undertakings on the Capital Market) and the Commercial Code.

The ČSOB group is a leading financial services provider in the Czech Republic. ČSOB is a universal bank offering to its customers a wide range of banking products and services, including the products and services of the entire ČSOB group. The ČSOB group's product portfolio includes financing housing needs (mortgages and building savings loans), insurance and pension fund products, collective investment products and asset management and specialized services (leasing and factoring). The ČSOB group conducts its operations in the Czech Republic through a number of subsidiaries, and operates through four leading brands, namely ČSOB, PSB, Hypoteční banka, and ČMSS. ČSOB provides its services to all groups of customers, i.e. retail as well as SME, corporate and institutional clients. The ČSOB group's operations are divided into the following segments: retail and SME; corporate; ALM and financial markets; and group center.

Since KBC became ČSOB's owner in 1999, the integration of the both groups has been deepening, allowing for business synergies, such as client distribution channels, integration of systems, transfer of expertise and product innovation. The integration steps also included the transition to IFRS and the application of KBC policies in the area of management reporting, risk management and internal audit. One of the most significant integration elements is the provision of ICT services to the ČSOB group through a common centrally managed ICT system within the KBC Group, which was implemented in 2009.

ČSOB Group in Figures	31.12.2009	30.6.2010
Employees (FTE) ¹	8 018	8 069
Customers	>4 million	>4 million
Users of direct banking (the Bank)	2.1 million	2.2 million
Payments cards (the Bank)	2.0 million	2.0 million
Branches (the Bank)		
– ČSOB retail / SME branches	237	237
– ČSOB corporate branches	11	11
– PSB – financial centers	52	52
PSB – outlets of Czech Post Offices	cca 3 320	cca 3 300
ATMs ²	734	744

Notes:

¹ FTE, including employees who were transferred to KBC Global Services Czech Branch in June 2009.

² Plus cash desks (CashBack) of Albert and COOP stores and ČEPRO EuroOil petrol stations.

With total assets of CZK 859 bn as at 31 December 2009 and total net profit of CZK 17.4 bn in 2009, the ČSOB group is one of the top three banking groups in the Czech Republic. As at 31 December 2009, the ČSOB group had CZK 567 bn of customer deposits and CZK 403 bn of customer loans, which comprised over 21% of client deposits and 19% of gross customer loans in the Czech banking sector according to the Czech National Bank.

Annual reports and other information about ČSOB and ČSOB's group are available at www.csob.cz.

KBC Group Profile

ČSOB is a wholly-owned subsidiary of KBC Bank NV. The sole shareholder of KBC Bank is KBC Group NV, which was formed in early 2005 as a result of the merger of the KBC Bank and Insurance Holding Company and its parent company, Almanij.

KBC is an integrated bancassurance group, catering mainly for retail, SME and mid-cap customers. It occupies leading positions on its home markets of Belgium, the Czech Republic, Slovakia, Hungary, Poland and Bulgaria. Elsewhere around the globe, the group has established a presence in selected countries and regions. As of the end of 2009, KBC served 13 million customers and employed 54 thousand employees (in FTEs).

KBC Group in Figures		31.12.2009	30.6.2010
Total assets	EURbn	324.2	350.2
Loans and advances to customers	EURbn	153.2	157.0
Deposits from customers and debt securities	EURbn	193.5	205.1
Net profit	EURbn	-2.5	591
Underlying net profit	EURbn	1.7	1.1
Tier 1 ratio, group level (Basel II)	%	10.8	11.4
Cost/income ratio, banking (based on underlying profit)	%	55	52

For more information please refer to the KBC's corporate website www.kbc.com.

ČSOB as a Controlled and Controlling Entity

Within the KBC group and the ČSOB group, ČSOB acts as both controlled entity and controlling entity as defined in the Commission Regulation (EC) No 809/2004.

ČSOB is a **controlled entity**. KBC Bank NV (identification number 90029371) is the sole shareholder of ČSOB. KBC Group NV (identification number 90031317) is the sole shareholder of KBC Bank. Both KBC Group and KBC Bank have their registered addresses at: Havenlaan 2, B-1080 Brussels (Sint-Jans Molenbeek), Belgium.

KBC Group and KBC Bank control ČSOB as they dispose with 100% of votes, based on the KBC Bank's ownership interest in ČSOB. The Bank meticulously follows the legislation applicable on the territory of the Czech Republic to prevent any abuse of this control.

ČSOB is also a **controlling entity**. For information on companies controlled by ČSOB as at 30 June 2010 as defined by Section 66a of the Commercial Code please refer to **Annex No. 3** of this Report.

ČSOB is not dependent on other entities in the concern, into which ČSOB belongs.

4. MANAGING AND SUPERVISORY BODIES

ČSOB's Board of Directors and ČSOB's Top Management (as at 30 June 2010)

ČSOB's Board of Directors functions as the Bank's statutory and supreme executive body and has four members.

The ČSOB's Top Management reports directly to the Board of Directors. The ČSOB's Top Management consists of the Chairman of the Board of Directors, who is also the Chief Executive Officer, other members of the Board of Directors, who also act as Senior Executive Officers, and other Senior Executive Officer – see below.

For description of areas of responsibility managed by ČSOB's Top Management please refer to the ČSOB's Organisation Chart to **Annex No. 4** of this Report.

ČSOB's Board of Directors				ČSOB's Top Management	
First name and surname	Position	Membership since	The beginning of the member's current term of office	Position	The beginning of term of office
Pavel Kavánek	Chairman ¹	17.10.1990	20.5.2009	Chief Executive Officer	29.1.1993
Petr Knapp	Member	20.5.1996	20.5.2009	Senior Executive Officer Corporate Banking	1.5.2006
Jan Lamser	Member	26.5.1997	20.5.2009	Senior Executive Officer Mass Market	1.5.2006
Petr Hutla	Member	27.2.2008	27.2.2008	Senior Executive Officer Distribution	16.11.2009
Karel Svoboda	Not a member of BoD			Senior Executive Officer Operations and Facilities	1.8.2008
Bartel Puelinckx	Not a member of BoD			Senior Executive Officer Finance Management (CFO)	1.5.2010
Koen Wilmots	Not a member of BoD			Senior Executive Officer Risk Management (CRO)	1.5.2010
Jiří Vévoda	Not a member of BoD			Senior Executive Officer HR and Transformation (CSO)	1.5.2010

¹ Current chairman term since 20 May 2009.

Personnel Changes in ČSOB's Board of Directors and ČSOB's Top Management in 1H 2010

In relation to the changes announced by KBC Group on 25 March 2010, Hendrik Scheerlinck, a member of ČSOB's Board of Directors and Senior Executive Officer, Finance and Risk Management, terminated his tenure in ČSOB as at 28 April 2010. As at 29 April 2010, Mr. Scheerlinck moved within the KBC group to the position of the CEO of Hungary's K&H Bank, a sister company of ČSOB. The position of Senior Executive Officer, Finance and Risk Management was split into two: on 1 May 2010, Mr. **Bartel Puelinckx** assumed the position of **chief financial officer** (CFO) and Mr. **Koen Wilmots** the position of **chief risk officer** (CRO). As at the same date, Mr. **Jiří Vévoda** joined the Top Management of ČSOB and assumed the position of **chief staff officer** (CSO) which had been vacant since in November 2009.

Bartel Puelinckx (born in 1965)

Education: Studied economics at the University of Leuven and law at the University of Brussels. He has worked in the KBC Group since 1992, especially in KBC Bank. He worked in the Hungary's K&H Bank from 2006, most recently as Senior Managing Director, Head of HR & Credit Management Division. Since 1 May 2010, Bartel Puelinckx has been a member of ČSOB's Top Management as the Senior Executive Officer, Finance Management.

Membership in bodies of other companies: none

Koen Wilmots (born in 1964)

Education: Studied law at the Catholic University of Leuven, followed by a post-graduate course at the Robert Schuman University in Strasbourg. He has worked in the banking sector since 1992, when he took up a position with Kredietbank. He has worked in ČSOB since 1999; his position was Executive Director, Credits until 30 April 2010. Since 1 May 2010, Koen Wilmots has been a member of ČSOB's Top Management as the Senior Executive Officer, Risk Management.

Membership in bodies of other companies: member of the Supervisory Board of Hypoteční banka (CZ).

Jiří Vévoda (born in 1977)

Education: Graduated from the Joint European Studies Programme at the Staffordshire University (1999) and The University of Economics, Prague (VŠE; in 2001). Jiří Vévoda has 10 years of international experience working in financial institutions. From 2000 to 2004, he was employed by GE Capital in the Czech Republic, Ireland and Scandinavia, working in a total of more than 10 different countries in Europe. He is coming to ČSOB from the McKinsey & Company consultancy, where he worked as an Associate Partner. He specialized in work for clients in the banking sector, consumer financing and insurance, for which he managed projects with a focus on strategy improvement, performance and also projects in the field of marketing, transformation, restructuring and management of mergers. Since 1 May 2010, Jiří Vévoda has been a member of ČSOB's Top Management as the Senior Executive Officer, HR and Transformation.

Membership in bodies of other companies: none

ČSOB's Supervisory Board (as at 30 June 2010)

ČSOB's Supervisory Board has nine members and oversees the performance of the Board of Directors.

First name and surname	Position	Membership since	The beginning of the member's current term of office
Jan Švejnar	Chairman ¹	9.10.2003 ¹	20.5.2009
Marko Voljč	Member	29.6.2010	29.6.2010
Dirk Mampaey	Member	14.9.2009	14.9.2009
Patrick Roland Vanden Avenne	Member	22.4.2006	22.4.2006
Riet Docx	Member	1.12.2004 ²	20.4.2005
Hendrik George Adolphe Gerard Soete	Member	24.2.2007 ²	21.4.2007
František Hupka	Member ³	23.6.2005	23.6.2010
Martina Kantová	Member ³	23.6.2010	23.6.2010
Ladislava Spielbergerová	Member ³	23.6.2010	23.6.2010

¹ Current chairman term since 3 June 2009.

² Co-opted.

³ Elected by employees.

Personnel Changes in the ČSOB's Supervisory Board in 1H 2010

- 1) The term of the three members of the Supervisory Board elected by employees (Mr. František Hupka, Ms. Libuše Gregorová and Ms. Martina Kopecká) expired on 23 June 2010. According to the outcome of the employee elections held on 15 and 16 June 2010, the following employees were **elected** members of the Supervisory Board of ČSOB **with effect since 23 June 2010: Mr. František Hupka, Ms. Martina Kantová and Ms. Ladislava Spielbergerová**. The term of the newly elected members is five years.

František Hupka (born in 1971)

Education: Bachelor degree in Economics and Management from the University of Western Bohemia in Pilsen. In 1991, Mr. Hupka joined ČSOB as an IT support specialist. Since 2002, he has served as the Chairman of the Bank's Trade Union Committee. He has been a member of ČSOB's Supervisory Board elected by employees since June 2005.

Membership in bodies of other companies: Member of the Management Board of the Occupational Health Insurance Company for Employees of the Banking, Insurance and Building Industry (OZP).

Martina Kantová (born in 1974)

Education: Secondary school of economics in Hradec Králové. Ms. Kantová has been working for ČSOB (formerly IPB) at a branch in Hradec Králové since 1996. Since 2005, she has been working as a Retail Credits Advisor. She has been a member of KBC's European Worker Council since 2008. She has been a member of the Bank's Trade Union Committee since 2007 and the chairperson of a local trade union organization in Hradec Králové since 2009.

Membership in bodies of other companies: none

Ladislava Spielbergerová (born in 1974)

Education: Bachelor degree from the Banking Institute/College of Banking in Prague.

Ms. Spielbergerová has been working for ČSOB since 1995. Since 2010, she has been working as a Personal Banker at the Dvůr Králové nad Labem branch. She has been a member of KBC's European Worker Council since 2005 and the Deputy Chairman of the Bank's Trade Union Committee since 2008.

Membership in bodies of other companies: none

- 2) **As at 29 June 2010**, Mr. **Marko Voljč** was appointed a member of the supervisory board to replace Mr. **John Hollows**. The replacement followed the changes in the top management of KBC group within which Marko Voljč was appointed the CEO of the Central and Eastern Europe and Russia Business Unit as John Hollows left this position to become KBC Group's Chief Risk Officer.

Marko Voljč (born in 1949)

Education: University of Ljubljana and Belgrade, with a degree in economics. Between 1976 and 1979, he was head of the analytical department of the National Bank of Slovenia. From 1979 through 1992, he worked for the World Bank in Washington D.C. and Mexico City. In 1992, he joined Nova Ljubljanska Banka in Slovenia as President and CEO. In 2004, he became General Manager of the Central Europe Directorate at KBC headquarters in Brussels. In that capacity, he sat on the supervisory boards of KBC's banking subsidiaries in Poland, Hungary and the Czech Republic. From May 2006 to April 2010, he was CEO of K&H Bank (KBC Group) in Budapest and became also Country Manager of the Hungarian operations. Since 29 April 2010, he has been CEO of the KBC Group's Central and Eastern Europe and Russia Business Unit and member of the Executive Committee of the KBC Group.

Membership in bodies of other companies: Member of the Supervisory Board of Hypoteční banka (CZ).

The Audit Committee (as at 30 June 2010)

Since 1 January 2010, the Audit Committee has acted as an independent body of ČSOB. Its authority and responsibilities are determined by the Rules of procedure of Audit Committee. In particular, the Audit Committee monitors completion of the financial statement and the process of mandatory audit, supervises, monitors and reports on the quality of internal control, financial reporting, risk management, compliance with laws and regulations, and the work of internal audit, compliance unit and external auditor.

The Audit Committee is composed of **three members** who are also members of the ČSOB Supervisory Board: Mr. Dirk Mampaey (Chairman of the Audit Committee), Mr. Jan Švejnar and Ms. Riet Docx.

5. INFORMATION ON ČSOB SECURITIES

Shares

ČSOB's shares (as at 30 June 2010)	ISIN	CZ0008000288
	Class	Ordinary shares
	Type	Bearer shares
	Edition	Book-entered
	Number of shares	292,750,000
	Nominal value	CZK 20
	Total issue volume	CZK 5,855,000,000
	Amount of share capital	CZK 5,855,000,000; paid up 100%

KBC Bank NV, with its registered address at: Havenlaan 2, B-1080 Brussels (Sint-Jans Molenbeek), Belgium, **is the sole shareholder of ČSOB**.

ČSOB shares are not listed securities, i.e. they have not been admitted to trading on any official regulated market in either an EU member state, or an EEC member state.

In ČSOB has not issued any convertible bonds or priority bonds as defined by Section 160 of the Commercial Code.

Split and conversion of ČSOB's shares

In adopting the resolution of the sole shareholder dated **24 February 2010**, KBC Bank NV amended the ČSOB's Articles of Association. The amendment consisted in the **1:50 split of shares and conversion of registered shares into bearer shares**. The share capital of ČSOB now consists of 292,750,000 dematerialized ordinary shares with a nominal value of CZK 20 per share and the aforesaid change was evidenced by an entry in the Register of Companies dated 2 March 2010 when the said amendment came into force.

The said amendment also impacts the hitherto limits to negotiability of shares issued by ČSOB requiring consent from the ČSOB's Supervisory Board and the way of convening ČSOB's general meetings.

Bonds (outstanding)

In the Czech Republic, ČSOB is an issuer of bonds and mortgage bonds issued under the **ČSOB's bond issuance program**. The program was approved by the Securities Commission in November 2003 (including joint issue terms for a previously non-determined number of bond issues) with a maximum amount of CZK 30 bn of outstanding bonds and 10-year tenure.

By 30 June 2010, ČSOB had issued the following bond issues under the bond issuance program in the Czech Republic:

Issue name	ISIN	Issue date	Total issue amount	
Mortgage bond ČSOB 4.60%/2015	CZ0002000706	15. 11. 2005	CZKm	1,300
Bond ČSOB ZERO CZK VIII/2010*	CZ0003701674	2. 7. 2008	CZKm	1,000
Bond ČSOB ZERO EUR II/2010*	CZ0003701682	2. 7. 2008	EURm	30
Bond ČSOB ZERO CZK IX/2010*	CZ0003701708	23. 7. 2008	CZKm	1,000
Bond ČSOB ZERO CZK X/2010*	CZ0003701716	6. 8. 2008	CZKm	1,000
Bond ČSOB ZERO CZK XI/2010*	CZ0003701724	27. 8. 2008	CZKm	5,000
Bond ČSOB VAR/2018	CZ0003701799	22. 12. 2008	CZKm	100
Bond ČSOB ZERO USD II/2011	CZ0003701914	11. 3. 2009	USDm	30
Bond ČSOB ZERO CZK XII/2012	CZ0003702029	9. 7. 2009	CZKm	1,000
Bond ČSOB Komodity I/2012	CZ0003702060	24.11. 2009	CZKm	200
Bond ČSOB ZERO EUR III/2012	CZ0003702235	26.11. 2009	EURm	10
Bond ČSOB ZERO CZK XIII/2012	CZ0003702243	26.11. 2009	CZKm	1,000
Bond ČSOB Inflow I/2015 (Tranche 1)	CZ0003702292	10. 3. 2010	CZKm	170

Note: Mortgage bond = Hypoteční zástavní list; Bond = Dluhopis

* Redeemed

The VAR/2018 bond is listed at the Free market of the Prague Stock Exchange (trading started on 22 December 2008). The remaining bonds and mortgage bonds are unlisted.

In July 2010, ČSOB issued the following bond issues under the bond issuance program in the Czech Republic:

Issue name	ISIN	Issue date	Total issue amount	
Bond ČSOB ZERO CZK XIV/2013	CZ0003702417	14. 7. 2010	CZKm	500

The bond issuance program's prospectus, amendments thereto and pricing supplements as well as the prospectus of the VAR/2018 bond are available at ČSOB's website: www.csob.cz.

6. ADDITIONAL INFORMATION

Decision of sole shareholder in exercising the powers of the General Meeting

On 10 May 2010, KBC Bank NV as the sole shareholder of ČSOB, in exercising the powers of ČSOB's General Meeting, adopted the following resolutions:

- approved the regular non-consolidated financial statement of ČSOB and the regular consolidated financial statement of ČSOB and its subsidiaries for the year ended 31 December 2009 prepared in accordance with IFRS as adopted by the EU;
- approved the dividend from the 2009 profit as stated in the non-consolidated financial statement of ČSOB as at 31 December 2010 totaling CZK 17,389,350,000 (i.e. CZK 59.40 per share; payable on 26 May 2010). Part of the non-consolidated net profit totaling CZK 4,212,251,000 was allocated to the retained earnings;
- decided that Ernst & Young Audit s.r.o. will be ČSOB's external auditor for period 2010-2012.

Information on Court Disputes

Disputes as at 30 June 2010

Court disputes as at 30 June 2010 where the value of receivables / liabilities exceeds 5% of net business assets, or 5% of ČSOB shareholders' equity, respectively, are **shown in the following tables**.

I. Litigation initiated by ČSOB (the plaintiff)

	Counterparty of the Dispute	Receivable (CZKm)
1	Nomura International PLC and Nomura Principal Investment PLC	24,008
2	Nomura Principal Investment PLC and others	2,000

II. Litigation against ČSOB (the defendant)

	Counterparty of the Dispute	Liability (CZKm)
1	General factoring, a.s.*	40,000
2	Czech Republic	33,252
3	imAge Alpha, a.s., Weinberger Holding Inc.	17,647
4	ICEC-HOLDING, a.s.	11,893

* Legal successor of the company IP banka, a.s.; in July 2010, the claim was dismissed by a final and binding arbitration decision – see information below.

Legal disputes indicated in list I represent no risk even in case of a potential defeat.

In this respect, ČSOB emphasizes the existence of the Agreement and State Guarantee concluded with the Ministry of Finance of the Czech Republic and the Agreement and Indemnity concluded with the Czech National Bank in 2000. These guarantee agreements fully cover the risks of the Bank related to the take-over of ex-IPB enterprise. The possibility for the Ministry of Finance of the Czech Republic and the Czech National Bank to perform their obligations under these guarantee agreements was confirmed by the European Commission in 2004. Based on the above, the Bank is of the opinion that the disputes related to ex-IPB assets do not represent a significant negative impact on its financial position.

According to the Bank, legal disputes in list II will not result in material judgements against the Bank given the fact that they are meritless and frivolous. In addition, legal disputes with numbers 1 and 4 in list II have the risk of any potential defeat covered by the CNB's indemnity issued in connection with the sale of the IPB.

Event after 30 June 2010: The charge of General factoring against ČSOB fully dismissed

The International Arbitration Tribunal in Paris dismissed in full scope the claim of General factoring on CZK 40 billion against ČSOB in relation to the takeover of the IPB enterprise. The arbitration decision, received **on 30 July 2010** by ČSOB, is final and binding.

The action was brought in 2002 by IP banka, a.s. (whose former name was Investiční a Poštovní banka, a.s.) claiming CZK 40 billion as the alleged value of the enterprise of IPB which was transferred to ČSOB by the Contract on the Sale of the Enterprise on June 19, 2000. IP banka, a.s., also disputed the Contract as such. After IP banka, a.s., was declared bankrupt, the bankruptcy trustee sold the alleged claim against ČSOB in a public auction in December 2004. Slovak General factoring, a.s., bought the alleged claim at auction for CZK 104 million. The arbitration decision dismissed the above-mentioned claims.

ČSOB has always maintained it found the claims fully ungrounded. The arbitration decision confirms that IPB had a significantly negative value at the moment of the takeover, the Contract on the Sale of the Enterprise is a valid contract which does not suffer from any faults, and the claim of the plaintiff about the damage caused was fully ungrounded.

7. EXPECTED DEVELOPMENT

Expected Economic and Financial Situation of ČSOB in 2H 2010

During the first six months of the year, the Czech economy saw a moderate recovery as the 1Q 2010 GDP increased by 1.1% Y/Y and the 2Q 2010 GDP, according to the preliminary estimate of the Czech Statistical Office, increased by 2.2% Y/Y. According to the Czech National Bank's macroeconomic outlooks, the GDP for the entire year of 2010 is expected to grow by 1.4% Y/Y.

In this context the ČSOB group reached, during the first half of 2010, a strong economic result, kept solid asset quality and increased the levels of capitalization and liquidity. For the second half of the year the ČSOB group will continue to focus on providing high quality financial services to its clients. It aims at further expanding its client base and increasing its market share in specific areas while maintaining healthy financial position and strong business practices. Doing so the ČSOB group expects to further improve its efficiency and maintain high levels capitalization and liquidity. Although a continuing pressure in the area of the cost of credit risk is expected in the second half of the year, the ČSOB group, thanks to its long-term conservative approach, expects to maintain the asset quality on a very good level.

8. SWORN STATEMENT

Persons Responsible for the 1H 2010 ČSOB Activity Report

Hereby declare that,

to their best knowledge, the 1H 2010 ČSOB Activity Report gives a true and fair account of ČSOB and its consolidation unit's financial situation, business activities and business results achieved in the first half of 2010 as well as ČSOB and its consolidation unit's outlook for the future trends in the financial situation, business activities and business results.

In Prague, 30 August 2010

Československá obchodní banka, a. s.

Pavel Kavánek

Chairman of the Board of Directors
and Chief Executive Officer

Petr Hutla

Member of the Board of Directors
and Senior Executive Officer

Annexes to 1H 2010 ČSOB Activity Report

- No. 1 **Interim Consolidated Financial Statements of ČSOB** (as at 30 June 2010)
- No. 2 **Additional comments and explanatory notes**
- No. 3 **Companies of the ČSOB group** (as at 30 June 2010)
- No. 4 **ČSOB's Organisation Chart** (as at 1 July 2010)

Contact:

Investor Relations

Československá obchodní banka, a. s.
Radlická 333/150
150 57 Praha 5

E-mail: investor.relations@csob.cz

Československá obchodní banka, a. s.

Interim Consolidated Financial Statements

Half-year ended 30 June 2010

Prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting as adopted by the European Union (Unaudited)

CONSOLIDATED STATEMENT OF INCOME FOR THE 6 MONTHS ENDED 30 JUNE 2010

Prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union

(CZKm)	Note	1H 2010	Reclassified 1H 2009
Interest income	5	16,450	17,250
Interest expense	6	<u>(4,165)</u>	<u>(5,797)</u>
Net interest income		12,285	11,453
Fee and commission income		4,364	4,281
Fee and commission expense		<u>(1,550)</u>	<u>(1,514)</u>
Net fee and commission income	7	2,814	2,767
Dividend income		33	186
Net gains from financial instruments at fair value through profit or loss and foreign exchange	8	446	1,036
Net realised gains on available-for-sale financial assets	2.5	237	130
Other net income	9	<u>829</u>	<u>663</u>
Operating income		16,644	16,235
Staff expenses	10	(3,014)	(3,231)
General administrative expenses	11	(3,288)	(2,702)
Depreciation and amortisation	22, 23, 24	<u>(543)</u>	<u>(747)</u>
Operating expenses		(6,845)	(6,680)
Impairment losses	12	(1,787)	(2,769)
Share of profit of associates	20	<u>134</u>	<u>197</u>
Profit before tax		8,146	6,983
Income tax expense	13	<u>(961)</u>	<u>(1,032)</u>
Profit for the period		7,185	5,951
Attributable to:			
Owners of the parent		7,139	5,919
Non-controlling interests		46	32
Earnings per share			
Equity holders of the Bank for the period:			CZK
Basic earnings per share	14	24.39	1,010.90
Diluted earnings per share	14	24.39	1,010.90

The accompanying notes are an integral part of these interim consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE 6 MONTHS ENDED 30 JUNE 2010

Prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union

(CZKm)	Note	1H 2010	1H 2009
Profit for the period		7,185	5,951
Net gain / (loss) on cash flow hedges		534	(1,627)
Net loss on available-for-sale financial assets		(890)	(1,426)
Share of other comprehensive income of associates		83	(234)
Income tax expense relating to components of other comprehensive income		51	544
Other comprehensive income for the period, net of tax	32	(222)	(2,743)
Total comprehensive income for the period, net of tax		6,963	3,208
Attributable to:			
Owners of the parent		6,917	3,176
Non-controlling interests		46	32

The accompanying notes are an integral part of these interim consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

Prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union

(CZKm)	Note	30-06-2010	31-12-2009
ASSETS			
Cash and balances with central banks	16	42,279	23,050
Financial assets held for trading	17	137,803	160,117
Financial assets designated at fair value through profit or loss	17	13,372	16,987
Available-for-sale financial assets	0	104,417	101,567
Held-to-maturity investments	0	139,732	132,761
Loans and receivables	19	388,866	395,774
Derivatives used for hedging	21	10,014	8,040
Current tax assets		42	27
Deferred tax assets	13	184	271
Investment in associate	20	1,412	1,196
Investment property	22	770	791
Property and equipment	23	8,166	8,468
Goodwill and other intangible assets	24	3,780	3,922
Non-current assets held-for-sale	25	184	919
Other assets	26	5,439	5,082
Total assets		856,460	858,972
LIABILITIES AND EQUITY			
Financial liabilities held for trading	27	25,132	23,036
Financial liabilities designated at fair value through profit or loss	27	95,709	105,057
Financial liabilities at amortised cost	28	654,972	644,982
Derivatives used for hedging	21	8,170	5,158
Current tax liabilities		867	883
Deferred tax liabilities	13	562	603
Other liabilities	29	11,249	8,644
Provisions	30	547	758
Total liabilities		797,208	789,121
Share capital	31	5,855	5,855
Share premium		7,509	7,509
Statutory reserve		16,687	18,687
Retained earnings		24,228	34,478
Available-for-sale reserve	31	2,157	2,814
Cash flow hedge reserve	31	42	(393)
Foreign currency translation reserve	31	1	1
Shareholders' equity		58,479	68,951
Non-controlling interests, presented within equity		773	900
Total equity		59,252	69,851
Total liabilities and equity		856,460	858,972

The accompanying notes are an integral part of these interim consolidated financial statements.

These interim consolidated financial statements were approved for issue by the Board of Directors on 30 August 2010 and signed on its behalf by:

Pavel Kavánek
Chairman of the Board of Directors
and Chief Executive Officer

Petr Knapp
Member of the Board of Directors
and Senior Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 6 MONTHS ENDED 30 JUNE 2010

Prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union

(CZKm)	Attributable to equity holders of the Bank					Non- controlling interest	Total Equity
	Share capital (Note: 31)	Share premium	Statutory reserve ⁽¹⁾	Retained earnings	Other reserves (Note: 31, 32)		
At 1 January 2009	5,855	7,509	18,687	17,789	6,115	889	56,844
Total comprehensive income for the period	-	-	-	5,919	(2,743)	32	3,208
Change in consolidation scope	-	-	-	-	-	(16)	(16)
Dividends paid (Note: 15)	-	-	-	(679)	-	-	(679)
At 30 June 2009	5,855	7,509	18,687	23,029	3,372	905	59,357
At 1 January 2010	5,855	7,509	18,687	34,478	2,422	900	69,851
Total comprehensive income for the period	-	-	-	7,139	(222)	46	6,963
Capital decrease by non-controlling shareholders of subsidiaries	-	-	-	-	-	(173)	(173)
Dividends paid (Note: 15)	-	-	-	(17,389)	-	-	(17,389)
At 30 June 2010	5,855	7,509	18,687	24,228	2,200	773	59,252

⁽¹⁾ The statutory reserve represents accumulated transfers from retained earnings in compliance with the Czech Commercial Code. This reserve is not distributable.

The accompanying notes are an integral part of these interim consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 6 MONTHS ENDED 30 JUNE 2010

Prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union

(CZKm)	Note	1H 2010	1H 2009
OPERATING ACTIVITIES			
Profit before tax		8,146	6,983
Adjustments		49,150	11,082
Net cash flows from operating activities		57,296	18,065
INVESTING ACTIVITIES			
Net cash flows (used in) / from investing activities		(7,357)	539
FINANCING ACTIVITIES			
Net cash flows (used in) financing activities		(23,813)	(3,603)
Net increase in cash and cash equivalents		26,126	15,001
Cash and cash equivalents at the beginning of the year	34	29,572	28,151
Net increase in cash and cash equivalents		26,126	15,001
Cash and cash equivalents at the end of the period	34	55,698	43,152
Additional information			
Interest paid		(2,884)	(4,981)
Interest received		17,002	18,070
Dividends received		33	186

The accompanying notes are an integral part of these interim consolidated financial statements.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE 6 MONTHS ENDED 30 JUNE 2010

Prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union

Provided below is a selection of notes to the accounts. The numbers and titles of the notes that only appear in the annual report, but not in the half-yearly reports, are shown below solely to ensure that there is a link with the annual report.

1. CORPORATE INFORMATION

Československá obchodní banka, a. s. (the Bank or ČSOB) is a Czech joint-stock company with its registered office at Radlická 333/150, Prague 5, Czech Republic; the corporate ID is 00001350. ČSOB is a universal bank having its operations in the Czech Republic and offering its domestic and foreign customers a wide range of financial services and products in Czech Crowns and foreign currencies. The parent company of the Bank is KBC Bank NV (KBC Bank), which is controlled by KBC Group NV (KBC Group).

Furthermore, the ČSOB group (Group) (Note: 3) provides its clients with financial services in the following areas: building savings and mortgages, asset management, collective investment, pension insurance, leasing, factoring and distribution of life and non-life insurance products.

2. ACCOUNTING POLICIES

The interim consolidated financial statements should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2009.

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements as at 31 December 2009, except for the adoption of new standards and interpretations for the year 2010 (Note: 2.3).

2.1 Basis of preparation

The interim consolidated financial statements have been prepared under the historical cost convention, except for available-for-sale investments, financial assets and financial liabilities at fair value through profit or loss and all derivative contracts that have been measured at fair value. The interim consolidated financial statements are presented in millions of Czech Crowns (CZKm), which is the presentation currency of the Group.

Statement of compliance

The Group interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union (EU IFRS).

Basis of consolidation

The interim consolidated financial statements include the Bank, all subsidiary companies that are controlled by the Bank (subsidiaries), all companies jointly controlled by the Bank (joint ventures) and all companies over which the Bank has significant influence (associates). The accounting policies of subsidiaries and joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

All intra-group balances, transactions, income and expenses, and gains and losses resulting from intra-group transactions are eliminated.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Control is achieved when the Bank has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of income from the date of acquisition or up to the date of disposal, as appropriate.

Non-controlling interests represent the portion of profit or loss and net assets not owned, directly or indirectly, by the Group and are presented separately in the consolidated statement of income and within equity in the consolidated statement of financial position, separately from the parent shareholder's equity.

Joint ventures included in the Group consolidation are accounted for using proportionate consolidation. A venturer's share of assets, liabilities, income and expenses in the joint venture is combined with those of the venturer on a line-by-line basis. Joint control exists when two or more venturers are bound by a contractual arrangement whereby joint control is established.

2.2 Significant accounting judgements and estimates

While applying the Group accounting policies, the management has used its judgement and made estimates in determining the amounts recognised in the financial statements. The most significant judgements and estimates are as follows:

Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques which include the application of mathematical models. If possible, the input to these models is taken from observable markets; if not, a degree of judgement is required to establish fair values. The judgements include considerations of credit and liquidity and model inputs such as correlation and volatility for longer-dated financial instruments.

Impairment losses on financial instruments

The Group reviews its financial instruments at each reporting date to assess whether an allowance for impairment should be recorded in the statement of income. In particular, management judgement is required to estimate the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions regarding a number of factors and actual results may differ, resulting in future changes to the allowance.

In addition to specific allowances, the Group also makes a collective impairment allowance against exposures which, although not specifically identified as requiring a specific allowance, have a greater risk of default than when originally granted.

Management judgement is required to assess the fair value of collateral, which has a significant effect on the impairment allowance.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

2.3 Changes in accounting policies

Effective from 1 January 2010

The accounting policies adopted are consistent with those used in the previous financial period except that the Group has adopted the following standards, amendments and interpretations. The adoption of them did not have any effect on the financial performance or position of the Group.

IFRS 1 First-time Adoption of IFRS (Amendments) is effective for periods beginning on or after 1 January 2010. The amendments relate to oil and gas assets and determining whether an arrangement contains a lease.

IFRS 2 Share-based Payment (Amendments) is effective for periods beginning on or after 1 January 2010. This amendment clarifies the scope and accounting for group cash-settled share-based payment. The amendment incorporates the interpretations IFRIC 8 (Scope of IFRS 2) and IFRIC 11 (IFRS 2 – Group and Treasury Share Transactions).

IFRS 3 Business Combinations (Amendments) is effective for periods beginning on or after 1 July 2009. This amendment broadens the scope of the original standard and amends the definition of business combinations. Business combinations will be measured at fair value of the acquiree and the costs in connection with the business combination will not be included in the cost of the acquiree. The assets acquired and liabilities assumed will be measured at their fair value at the date of acquisition.

IAS 27 Consolidated and Separate Financial Statements (Amendments) is effective for periods beginning on or after 1 July 2009. This amendment relates to accounting of non-controlling interests and the loss of control of a subsidiary.

IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items (Amendment) is effective for periods beginning on or after 1 July 2009. The amendment provides additional guidance on the designation of a hedged item.

IFRIC 17 Distributions of Non-cash Assets to Owners is effective for periods beginning on or after 1 July 2009. The interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends.

IFRIC 18 Transfers of Assets from Customers is effective for periods beginning on or after 1 July 2009. The Interpretation deals with transfers of property, plant and equipment, which must be used for connecting a customer to a network in utilities industry.

Improvements to IFRSs, issued in April 2009 with a view to remove inconsistencies and clarify wording. There are separate transitional provisions for each standard.

Effective after 1 January 2010

The following standards, amendments and interpretations have been issued and are effective after 1 January 2010. The Group has decided not to early adopt them. Unless otherwise described below, the new standards, amendments and interpretations are not expected to significantly affect the Group financial statements.

IFRS 1 First-time Adoption of IFRS (Amendments) is effective for periods beginning on or after 1 July 2010. The amendment describes limited exemption from comparative IFRS 7 disclosures for first-time adopters.

IFRS 9 Financial Instruments (the first phase) is effective for periods beginning in or after 1 January 2013. The standard has not been endorsed by the European Union to date. The project to replace the current IAS 39 Financial Instruments: Recognition and Measurement has been divided into three phases. The first phase focuses on classification and measurement of financial assets. The new standard has reduced the number of measurement categories from four to two. Financial assets are classified at amortised cost or fair value on the basis of both:

- The entity's business model for managing financial assets; and
- The contractual cash flow characteristics of the financial asset.

Debt instruments may be measured at amortised cost if:

- The asset is held within the business model whose objective is to hold the assets to collect the contractual cash flows; and
- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal outstanding.

Reclassifications between the two categories are required when the entity changes its business model. All equity instruments are measured at fair value either through Other Comprehensive Income or profit or loss. IFRS 9 retains a fair value option. At initial recognition entities can elect to measure financial instruments at fair value, although they would otherwise qualify for amortised cost measurement. IFRS 9 removes the separation of derivatives and the instrument is assessed in its entirety as to whether it fulfils the above two conditions.

The standard will have a significant impact on the Group financial statements. Due to the uncertainties about the provisions of the subsequent two phases the impact of the IFRS 9 is not reasonably estimable. The IASB's work on the second phase on impairment of financial instruments, the third phase on hedge accounting, the accounting treatment of the financial liabilities and the derecognition of financial instruments are still ongoing.

IAS 24 Related Party Disclosures (Revised) is effective for periods beginning on or after 1 January 2011. The standard amends a definition of related parties and introduces a definition of government agencies. In addition, the standard requires disclosure of transactions and relationships with government agencies.

IAS 32 Financial Instruments: Presentation (Amendments) is effective for periods beginning on or after 1 February 2010. This amendment proposes a limited change specific to classification of rights issues.

IFRIC 14 Prepayment of a Minimum Funding Requirement (Amendments) is effective for periods beginning on or after 1 January 2011. The amendment applies in limited circumstances when an entity is subject to minimum funding requirement and makes an early payment of contributions to cover those requirements. The early payment can be treated as an asset.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments is effective for periods beginning on or after 1 July 2010. The interpretation addresses the accounting whereby the entity extinguishes financial liability by issuing equity shares.

2.4 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these interim consolidated financial statements are provided in the annual report. In 1H 2010, no changes in content were made in the accounting policies that had a material impact on the result.

2.5 Comparative balances

Reclassifications

Since the Group is a part of the consolidation scope of the KBC Bank, which prepares financial statements according to EU IFRS, the Group has decided to use the same structure for its financial statements and presentation of items within this structure consistent with KBC Bank. Therefore certain items are presented differently in the financial statements at 30 June 2010 from the presentation applied in the financial statements at 30 June 2009. To conform to the changes in presentation in the current year, certain balances have been reclassified.

A reconciliation of the selected items of the statement of income for the period ended 30 June 2009 is provided below:

(CZKm)	2009 As reported	Reclassification					2009 Reclassified
		A	B	C	D	E	
Interest income	17,231	90	(71)				17,250
Interest expense	(5,663)	(90)		(44)			(5,797)
Fee and commission expense	(1,011)				(503)		(1,514)
Net gains from financial instruments at fair value through profit or loss	992			44			1,036
Other net income	625					38	663
Staff expenses	(3,300)					69	(3,231)
General administrative expenses	(3,219)				503	14	(2,702)
Provisions	121					(121)	-
Impairment losses	(2,840)		71				(2,769)

The explanation for the reclassifications is as follows:

A/ Interest accrual on cash flow hedging derivatives

Interest income and interest expense accrued on interest rate swaps, which are used to hedge interest cash flows, previously presented together with the interest accrued on hedged items on a net base, have been reclassified into a separate captions within Interest income and Interest expense;

B/ Interest accrual on non-performing loans

Up to December 2009, the Group accrued interest on non-performing loans in Interest income, which was reversed through an impairment charge in Impairment of loans and receivables. Starting from the year-end 2009, the Group decided to reverse the interest accrued on non-performing loans directly within Interest income;

C/ New hedging construction

In 2009, the Group developed a new hedging construction to hedge the interest rate risk arising from changes in external interest rates on a group of client term deposits. Net interest expense accrued on interest rate swaps held for trading up to date, when the swaps became hedging instruments, was reclassified from Net gains from financial instruments at fair value through profit or loss into Interest expense;

D/ Retail service fees

Until the end of 2009, the Group presented the whole amount of fees paid for retail services as General administrative expenses. At 1 January 2010, the fee has been divided into a fixed portion and a variable portion. From the date, only the fixed portion of the fee is included in General administrative expenses hereafter. The performance related variable portion of the fee, has been reclassified into Fee and commission expense;

E/ Provisions

Until the end of 2009, the Group presented movements of provisions other than credit related under the separate caption of Provisions included in operating expenses. From 2010, the provisions were reclassified into the appropriate captions of operating income and expenses.

Transformation of business in Slovakia

Note available in the annual report only.

Outsourcing of ICT services

A Czech branch of the Belgium-based KBC Global Services NV was registered on 14 January 2009 as KBC Global Services Czech Branch, organizační složka (hereafter referred to as KBC GS CZ).

The ICT services functions of ČSOB and ČSOB Pojišťovna were transferred to KBC GS CZ as at 1 June 2009. Existing employment contracts of related ČSOB employees were transferred to KBC GS CZ in compliance with legal regulations.

In 2010, the Group is proceeding in its effort to centralise the purchase of ICT services. ICT services outsourcing has been implemented in ČSOB Leasing from 1 January 2010.

An asset purchase agreement was concluded between ČSOB and KBC Global Services NV and became effective in January 2010. The agreement transferred the ICT-related assets which were classified as Non-current assets held-for-sale in the Group's financial statements as at 31 December 2009 from the Group to KBC Global Services NV (Note: 25).

In 2010, the value of the newly created enterprise was assessed and completed. The sales price was determined on the basis of an expert opinion prepared by an expert appointed by the Municipal Court in Prague and amounted to CZK 951 m. The net profit of the sale of the enterprise reached the amount of CZK 329 m and has been recognised in Other net income.

A full set of service level agreements will be completed in the second half of 2010.

More information is available in the 2009 annual report.

3. SCOPE OF CONSOLIDATION AND BUSINESS COMBINATIONS

The scope of the consolidation includes 28 companies. Ownership of the Group (%) in significant companies was as follows:

Name	Abbreviation	Country of incorporation	%	
			30-06-2010	31-12-2009
Subsidiaries				
Auxilium, a.s.	Auxilium	Czech Republic	100.00	100.00
Bankovní informační technologie, s.r.o.	BANIT	Czech Republic	100.00	100.00
Centrum Radlická, a.s.	Centrum Radlická	Czech Republic	100.00	100.00
ČSOB Asset Management, a.s., a member of the ČSOB group	ČSOB AM CZ	Czech Republic	20.59	20.59
ČSOB Factoring, a.s.	ČSOB Factoring CZ	Czech Republic	100.00	100.00
ČSOB Investiční společnost, a.s., a member of the ČSOB group	ČSOB IS	Czech Republic	90.81	90.81
ČSOB Investment Banking Services, a.s., a member of the ČSOB group	ČSOB IBS	Czech Republic	100.00	100.00
ČSOB Leasing, a.s.	ČSOB Leasing CZ	Czech Republic	100.00	100.00
	ČSOB Leasing			
ČSOB Leasing pojišťovací makléř, s.r.o.	pojišťovací makléř	Czech Republic	100.00	100.00
ČSOB Penzijní fond Progres, a.s., a member of the ČSOB group	ČSOB PF Progres	Czech Republic	100.00	100.00
ČSOB Penzijní fond Stabilita, a.s., a member of the ČSOB group	ČSOB PF Stabilita	Czech Republic	100.00	100.00
ČSOB Property fund, closed-ended investment fund, a.s., a member of the ČSOB group	ČSOB Property fund	Czech Republic	69.63	69.67
Hypoteční banka, a.s.	Hypoteční banka	Czech Republic	100.00	100.00
Merrion properties, s.r.o.	Merrion properties	Czech Republic	69.63	69.67
Property LM, s.r.o.	Property LM	Slovak Republic	69.63	69.67
Property Skalica, s.r.o.	Property Skalica	Slovak Republic	69.63	69.67
Joint venture				
Českomoravská stavební spořitelna, a.s.	ČMSS	Czech Republic	55.00	55.00
Associate				
ČSOB Pojišťovna, a.s., a member of the ČSOB holding	ČSOB Pojišťovna	Czech Republic	25.00	25.00

More information is available in the 2009 annual report.

4. SEGMENT INFORMATION

The Group's primary segment reporting is by customer segment.

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately based on the Group's management and internal reporting (controlling) structure. For each of the strategic business units, the Group management reviews internal management reports on quarterly/monthly basis.

Management monitors the operating result of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects is measured differently from operating profit or loss in the separate financial statements. Income tax is managed on the Group basis and is not allocated to operating segments.

Definitions of customer operating segments:

Retail and SME: Private individuals and entrepreneurs and companies with a turnover of less than CZK 300 m. This segment contains customers' deposits, consumer loans, building savings, pension funds, overdrafts, credit cards facilities, mortgages, building savings loans, leasing, funds transfer facilities and other transactions and balances with retail and SME customers, mutual funds, asset management.

Corporate: Companies with a turnover of greater than CZK 300 m and non-banking financial institutions. This segment contains customers' deposits, loans, overdrafts, credit cards facilities, funds transfer facilities and other transactions and balances with corporate customers.

ALM and Financial markets: Asset Liability Management and Dealing. This segment contains investment products and services to institutional investors and intermediaries, fund management activities and trading included in dealing services.

Group Centre: The Group Center segment consists of the Group's yield on real equity consisting of an interest charge on capital provided to subsidiaries which are a part of the Corporate segment and Retail and SME segment, the results of the reinvestment of free equity of ČSOB, the results of operations of non-banking subsidiaries, income and expenses not directly attributable to other segments, and eliminations.

Segment reporting information by customer segments for 2010

	Retail and SME	Corporate	ALM and Financial markets	Group Centre	Total
(CZKm)					
Statement of income for the 1H 2010					
Net interest income	8,676	1,094	1,005	1,510	12,285
Net fee and commission income	2,137	514	(43)	206	2,814
Dividend income	33	-	-	-	33
Net gains from financial instruments at fair value through profit or loss	348	349	526	(777)	446
Net realised gains on available-for- sale financial assets	62	-	175	-	237
Other operating income	191	38	-	600	829
Operating income	11,447	1,995	1,663	1,539	16,644
<i>of which:</i>					
<i>External operating income</i>	9,232	1,873	4,938	601	16,644
<i>Internal operating income</i>	2,215	122	(3,275)	938	-
Depreciation and amortisation	(178)	(16)	(1)	(348)	(543)
Other operating expenses	(5,183)	(633)	(182)	(304)	(6,302)
Operating expenses	(5,361)	(649)	(183)	(652)	(6,845)
Impairment losses	(1,580)	(266)	(8)	67	(1,787)
Share of profit of associates	-	-	-	134	134
Profit before tax	4,506	1,080	1,472	1,088	8,146
Income tax expense	(853)	(210)	247	(145)	(961)
Segment profit	3,653	870	1,719	943	7,185
Attributable to:					
Equity holders of the Bank	3,653	870	1,719	897	7,139
Non-controlling interest	-	-	-	46	46

Segment reporting information by customer segments for 2009

(CZKm)	Retail and SME	Corporate	ALM and Financial markets	Group Centre	Total
Statement of income for the 1H 2009					
Net interest income	8,062	1,052	946	1,393	11,453
Net fee and commission income	2,087	498	(92)	274	2,767
Dividend income	101	-	-	85	186
Net gains from financial instruments at fair value through profit or loss	527	266	662	(419)	1,036
Net realised gains on available-for- sale financial assets	11	-	118	1	130
Other operating income	199	65	(15)	414	663
Operating income	10,987	1,881	1,619	1,748	16,235
<i>of which:</i>					
<i>External operating income</i>	8,660	2,262	4,334	979	16,235
<i>Internal operating income</i>	2,327	(381)	(2,715)	769	-
Depreciation and amortisation	(150)	(14)	(1)	(582)	(747)
Other operating expenses	(5,192)	(590)	(187)	36	(5,933)
Operating expenses	(5,342)	(604)	(188)	(546)	(6,680)
Impairment losses	(2,181)	(650)	-	62	(2,769)
Share of profit of associates	-	-	-	197	197
Profit before tax	3,464	627	1,431	1,461	6,983
Income tax expense	(712)	(148)	212	(384)	(1,032)
Segment profit	2,752	479	1,643	1,077	5,951
Attributable to:					
Equity holders of the Bank	2,752	479	1,643	1,045	5,919
Non-controlling interest	-	-	-	32	32

Intersegment transactions are transactions conducted between the different primary segments on an arm's length basis.

The Group operates only in the Czech Republic.

5. INTEREST INCOME

(CZKm)	1H 2010	1H 2009
Cash balances with central banks	113	310
Loans and receivables		
Credit institutions	63	248
Other than credit institutions	9,954	10,304
Available-for-sale financial assets	1,742	1,742
Held-to-maturity investments	3,147	2,590
Financial assets held for trading	686	1,292
Financial assets designated at fair value through profit or loss	358	674
Cash flow hedging derivatives	387	90
	16,450	17,250

6. INTEREST EXPENSE

(CZKm)	1H 2010	1H 2009
Financial liabilities at amortised cost		
Central banks	-	9
Credit institutions	144	304
Other than credit institutions	2,681	3,335
Debt instruments in issue	309	839
Subordinated liabilities	113	207
Discount amortisation on other provisions (Note: 30)	2	2
Financial liabilities designated at fair value through profit or loss	237	967
Cash flow hedging derivatives	679	134
	4,165	5,797

7. NET FEE AND COMMISSION INCOME

(CZKm)	1H 2010	1H 2009
Fee and commission income		
Payment services	2,298	2,369
Administration of credits	959	912
Collective investments	332	285
Asset management	144	134
Custody	71	71
Securities	21	31
Other	539	479
	4,364	4,281
Fee and commission expense		
Retail service fees	471	503
Payment services	407	384
Contribution to Deposit Insurance Fund	240	228
Commissions to agents	210	151
Other	222	248
	1,550	1,514
Net fee and commission income	2,814	2,767

8. NET GAINS / (LOSSES) FROM FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS AND FOREIGN EXCHANGE

Net gains from financial instruments at fair value through profit or loss, as reported in the statement of income, do not include net interest income recognised on financial assets and financial liabilities at fair value through profit or loss. Net gains from financial instruments at fair value through profit or loss and the related net interest income are set out in the table below to provide a fuller presentation of the net result from financial instruments at fair value through profit or loss of the Group:

(CZKm)	1H 2010	1H 2009
Net gains from financial instruments at fair value through profit or loss and foreign exchange- as reported	446	1,036
Net interest income (Notes: 5, 6)	827	999
	1,273	2,035
Financial instruments held for trading		
Interest rate contracts	688	2,349
Foreign exchange	1,107	2,213
Equity contracts	(4)	9
Commodity contracts	5	10
	1,796	4,581
Financial instruments designated at fair value through profit or loss		
Financial assets designated at fair value through profit or loss	447	(3)
Financial liabilities designated at fair value through profit or loss	(242)	(956)
	205	(959)
Exchange differences revaluations	(728)	(1,587)
Financial instruments at fair value through profit or loss and foreign exchange	1,273	2,035

9. OTHER NET INCOME

(CZKm)	1H 2010	1H 2009
Net gain on disposal of enterprise of KBC GS CZ (Note: 2.5)	329	-
Net operating leasing and rental income	146	168
Services provided to CSOB SK	77	150
Net gain on disposal of property and equipment	17	16
Net gain on disposal of non-current assets held-for-sale	-	90
Contributions to pension fund clients	(105)	(167)
Other	365	406
	829	663

10. STAFF EXPENSES

(CZKm)	1H 2010	1H 2009
Wages and salaries	2,140	2,265
Salaries and other short-term benefits of senior management	54	26
Social security charges	685	728
Pension and similar expense	72	70
Other	63	142
	3,014	3,231

More information is available in the 2009 annual report.

11. GENERAL ADMINISTRATIVE EXPENSES

(CZK m)	1H 2010	1H 2009
Information technology	1,268	570
Marketing	335	380
Rental expenses - minimum lease payments	297	294
Other building expenses	214	239
Communication	208	353
Professional fees	201	160
Administration	113	75
Retail service fees	97	61
Travel and transportation	53	55
Car expenses	19	33
Insurance	18	26
Operating taxes	1	9
Other	464	447
	3,288	2,702

An increase in Information technology expenses in 1H 2010 arose mainly from the outsourcing of ICT services since June 2009. Total charges for information and communication services invoiced by KBC GS CZ were CZK 1,177 m (1H 2009: CZK 135 m). Simultaneously, the outsourcing of ICT yielded a reduction in other expense categories such as Staff expenses and Communication expenses.

12. IMPAIRMENT LOSSES

(CZK m)	1H 2010	1H 2009
Impairment of loans and receivables (Note: 19)	(1,790)	(2,641)
Provisions for loan commitments and guarantees (Note: 30)	63	98
Impairment of available for sale assets (Note: 18)	-	(208)
Impairment of held-to-maturity investments (Note: 18)	(8)	-
Impairment of property, plant and equipment	(26)	-
Impairment of non-current assets held-for-sale (Note: 25)	-	(8)
Impairment of other assets	(26)	(11)
	(1,787)	(2,770)

13. TAXATION

The components of income tax expense for the years ended 30 June 2010 and 2009 are as follows:

(CZK m)	1H 2010	1H 2009
Current tax expense	1,035	360
Previous year (over) / under accrual	(186)	37
Deferred tax expense relating to the origination and reversal of temporary differences	112	651
Deferred tax expense resulting from reduction in tax rate	-	(15)
	961	1,033

More information is available in the 2009 annual report.

14. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the period attributable to ordinary equity holders of the Bank by the weighted average number of ordinary shares outstanding during the period.

The following table shows the income and share data used in the basic earnings per share calculation:

(CZKm)	1H 2010	1H 2009
Net profit attributable to ordinary equity holders of the parent	7,139	5,919
Weighted average number of ordinary shares for basic earnings per share (Note: 31)	292,750,000	5,855,000

Earnings per share

Equity shareholders of the parent for the period:	CZK	CZK
Basic earnings per share	24.39	1,010.90
Diluted earnings per share	24.39	1,010.90

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of the completion of these financial statements which would require the restatement of earnings per share.

15. DIVIDENDS PAID

Dividends are not accounted for until they have been ratified by a Resolution of the sole shareholder on a profit distribution.

Based on a sole shareholder decision from 10 May 2010, a dividend of CZK 59.40 per share was paid for 2009, representing a total dividend of CZK 17,389 m.

In March 2010, the 1:50 split of the Bank shares came into force (Note: 31).

Based on a sole shareholder decision from 16 June 2009, a dividend of CZK 116 per share was paid for 2008, representing a total dividend of CZK 679 m.

16. CASH AND BALANCES WITH CENTRAL BANKS

Note available in the annual report only.

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(CZKm)	30-06-2010	31-12-2009
Financial assets held for trading		
Loans and advances		
Reverse repo transactions (Note:37)	55,331	88,449
Money market placements	14,957	14,255
Debt instruments		
Central government	40,432	31,447
Non credit institutions	104	107
Credit institutions	7,393	7,021
Corporate	215	766
Derivative contracts (Note: 21)	19,031	17,507
	137,463	159,552
Accrued interest income	340	565
	137,803	160,117
Financial assets designated at fair value through profit or loss		
Debt instruments		
Central government	6,259	8,572
Non credit institutions	372	378
Credit institutions	6,444	6,628
Corporate	-	1,185
	13,075	16,763
Accrued interest income	297	224
	13,372	16,987
Financial assets at fair value through profit or loss	151,175	177,104

Included within Financial assets at fair value through profit or loss are debt securities of CZK 181 m (2009: CZK 4,288 m) pledged as collateral in repo transactions.

At 31 December 2009, the Bank had a position of structured notes (CDOs) included in the portfolio of Financial assets designated at fair value through profit or loss. Fair value of the notes was CZK 1,185 m as of 31 December 2009. On 15 June 2010, all the CDOs were sold for CZK 1,196 m.

18. FINANCIAL INVESTMENTS

(CZKm)	30-06-2010	31-12-2009
Available-for-sale financial assets		
Debt securities		
Central government	68,574	66,396
Non credit institutions	961	990
Credit institutions	30,314	30,271
Corporate	1,624	1,046
Equity securities		
Credit institutions	553	578
Corporate	531	546
	102,557	99,827
Accrued interest income	1,860	1,740
	104,417	101,567
Held-to-maturity investments		
Debt securities		
Central government	131,689	124,427
Non credit institutions	884	900
Credit institutions	3,755	2,900
Corporate	737	1,156
Accrued interest income	2,667	3,378
	139,732	132,761
Financial investments	244,149	234,328

Included within Financial investments are debt securities of CZK 10,599 m (2009: CZK 7,015 m) pledged as collateral in repo transactions.

Due to significant deterioration in the issuer's creditworthiness, the Group decided in 2010 to gradually sell its entire remaining portfolio of bonds issued by the Greek government, which were originally classified as Held-to-maturity investments. Following the decision, the bonds in the amount of CZK 8,217 m were reclassified to Available-for-sale financial assets and would be sold based on the market conditions.

19. LOANS AND RECEIVABLES

(CZKm)	30-06-2010	31-12-2009
Analysed by category of borrower		
Central government	130	29
Non credit institutions	5,543	5,471
Credit institutions	9,506	8,945
Corporate	142,645	155,712
Retail	241,985	235,682
Gross loans	399,809	405,839
Allowance for impairment losses	(11,887)	(10,720)
	387,922	395,119
Accrued interest income	944	655
	388,866	395,774

During 1H 2010, the Group took possession of assets (mainly cars related to leased assets) with an estimated value of CZK 184 m (2009: CZK 294 m), which the Group is in the process of selling.

20. INVESTMENT IN ASSOCIATE AND JOINT VENTURE

Note available in the annual report only.

21. DERIVATIVE FINANCIAL INSTRUMENTS

Note available in the annual report only.

22. INVESTMENT PROPERTY

Note available in the annual report only.

23. PROPERTY AND EQUIPMENT

Note available in the annual report only.

24. GOODWILL AND OTHER INTANGIBLE ASSETS

Note available in the annual report only.

25. NON-CURRENT ASSETS HELD-FOR-SALE

(CZKm)	Land and buildings	IT equipment	Software	Other	Total
Cost	143	-	-	-	143
Impairment	(16)	-	-	-	(16)
Net book value at 1 January 2009	127	-	-	-	127
Transfer from other assets	-	-	-	41	41
Transfer from property and equipment	-	-	-	227	227
Additions	-	-	-	240	240
Disposals	(122)	-	-	(51)	(173)
Impairment charge	(8)	-	-	-	(8)
Impairment utilisation	24	-	-	-	24
Net book value at 30 June 2009	21	-	-	457	478
of which					
Cost	21	-	-	457	478
Impairment	-	-	-	-	-
(CZKm)	Land and buildings	IT equipment	Software	Other	Total
Cost	-	420	22	477	919
Impairment	-	-	-	-	-
Net book value at 1 January 2010	-	420	22	477	919
Additions	-	-	-	45	45
Disposals	-	(420)	(22)	(338)	(780)
Net book value at 30 June 2010	-	-	-	184	184
of which					
Cost	-	-	-	184	184
Impairment	-	-	-	-	-

Movement of operating tangible and intangible assets disclosed in Disposals represents mainly ICT-related assets which were transferred to KBC GS CZ in January 2010 (Note: 2.5).

26. OTHER ASSETS

Note available in the annual report only.

27. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

(CZKm)	30-06-2010	31-12-2009
Financial liabilities held for trading		
Short positions	4,153	4,429
Derivative contracts (Note: 21)	20,979	18,607
	25,132	23,036
Financial liabilities designated at fair value through profit or loss		
Term deposits	30,784	28,267
Repo transactions	64,517	76,329
Promissory notes	32	139
Bonds issued	311	216
	95,644	104,951
Accrued interest expense	65	106
	95,709	105,057
Financial liabilities at fair value through profit or loss	120,841	128,093

The amount that the Group would contractually be required to pay at the maturity of the Financial liabilities designated at fair value through profit or loss is CZK 27 m less than the carrying amount at 30 June 2010 (31 December 2009: CZK 16 m).

The changes in the fair value of the Financial liabilities designated at fair value through profit or loss attributable to changes in credit risk were not significant.

28. FINANCIAL LIABILITIES AT AMORTISED COST

(CZKm)	30-06-2010	31-12-2009
Deposits received from credit institutions		
Current accounts	7,344	8,602
Term deposits	10,383	10,603
Repo transactions	10,262	6,822
	27,989	26,027
Deposits received from other than credit institutions		
Current accounts	260,812	258,849
Term deposits with agreed maturity	54,156	71,192
Savings deposits	150,202	123,912
Building savings deposits	83,924	82,607
Pension funds clients deposits	26,240	24,974
Repo transactions	-	7,000
Other deposits	6,829	4,613
	582,163	573,147
Debt securities in issue		
Bonds issued	13,107	19,404
Promissory notes	17,816	13,164
Certificates of deposit	4	4
	30,927	32,572
Subordinated liabilities		
Subordinated debt	11,972	11,970
Accrued interest expense	1,921	1,266
Financial liabilities at amortised cost	654,972	644,982

In September 2006 and in February 2007, the Bank issued subordinated debt in the nominal amount of CZK 5,000 m and CZK 7,000 m to KBC Bank. Both subordinated debts are repayable after ten years. Their coupon rate is PRIBOR + 0.35% (interest period 1M, 3M or 6M at the discretion of the Bank) in the first six year period and PRIBOR + 0.85% (interest period 1M, 3M or 6M at the discretion of the Bank) thereafter. The Bank may prepay the debt at any time following the first six year period. The repayment of the debt is subordinated to all other classes of liabilities in the event of the liquidation of the Bank.

29. OTHER LIABILITIES

Note available in the annual report only.

30. PROVISIONS

Note available in the annual report only.

31. SHARE CAPITAL AND OTHER RESERVES

As at 30 June 2010, the total authorised share capital was CZK 5,855 m (31 December 2009: CZK 5,855 m) and comprised of 292,750,000 ordinary shares with a nominal value of CZK 20 each (31 December 2009: 5,855,000 ordinary shares with a nominal value of CZK 1,000 each) and is fully paid up.

In adopting the resolution of the sole shareholder dated 24 February 2010, KBC Bank amended the ČSOB's Articles of Association. The amendment consisted in the 1:50 split of shares and conversion of registered shares into bearer shares. The share capital of ČSOB now consists of 292,750,000 dematerialized ordinary shares with a nominal value of CZK 20 per share and the aforesaid change was evidenced by an entry in the Register of Companies dated 2 March 2010 when the said amendment came into force.

No Treasury shares were held by the Group at 30 June 2010 and 31 December 2009.

On 30 June 2010, the Bank was directly controlled by KBC Bank whose ownership interest in ČSOB was 100 % (31 December 2009: 100%). On the same date, KBC Bank was controlled by the KBC Group and therefore KBC Group was the company indirectly exercising ultimate control over the Bank.

Other reserves

The movement of Other reserves in 2010 and 2009 are as follows:

(CZK _m)	Reorgani- zation reserve	Available- for-sale reserve	Cash flow hedge reserve	Foreign currency translation reserve	Total
At 1 January 2009	1,423	4,145	743	(196)	6,115
Other comprehensive income (Note: 32)	-	(1,426)	(1,317)	-	(2,743)
At 30 June 2009	1,423	2,719	(574)	(196)	3,372
At 1 January 2010	-	2,814	(393)	1	2,422
Other comprehensive income (Note: 32)	-	(657)	435	-	(222)
At 30 June 2010	-	2,157	42	1	2,200

32. COMPONENTS OF OTHER COMPREHENSIVE INCOME

Note available in the annual report only.

33. FAIR VALUE OF FINANCIAL INSTRUMENTS

Note available in the annual report only.

34. ADDITIONAL CASH FLOW INFORMATION

Note available in the annual report only.

35. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

Note available in the annual report only.

36. CONTINGENT ASSETS, LIABILITIES AND COMMITMENTS

Contingent assets

Information available in the annual report only.

Contingent liabilities and commitments

The contingent liabilities and commitments at 30 June 2010 and 31 December 2009 are as follows:

(CZK _m)	30-06-2010	31-12-2009
Loan commitments	99,384	101,278
Financial guarantees	22,207	22,880
Other commitments	1,102	799
	122,693	124,957
Provisions for loan commitments and guarantees (Notes: 30)	320	374

The contractual amounts described above represent the maximum credit risk that would arise if the contracts were fully drawn, the customers defaulted and the value of any existing collateral became worthless. Many of the commitments are collateralised and most are expected to expire without being drawn upon; therefore, the total commitment contractual amounts do not necessarily represent the risk of loss or future cash requirements (Note: 40.2).

Litigation

Information available in the annual report only.

Taxation

Information available in the annual report only.

Operating lease commitments (Group is the lessee)

Information available in the annual report only.

Operating lease receivables (Group is the lessor)

Information available in the annual report only.

37. REPURCHASE AGREEMENTS AND COLLATERAL

Note available in the annual report only.

38. RELATED PARTY DISCLOSURES

In 1H 2010, there was no significant change in related parties transactions compared to the end 2009, except for IT services with KBC GS CZ (Note: 2.5). For the 1H 2010 the total expenses reached the amount of CZK 1,177 m (1H 2009: CZK 135 m).

In June 2010, the Bank sold all the CDOs to KBC Credit investments for CZK 1,196 m (Note: 17).

More information on related party transaction is available in the 2009 annual report.

39. EVENTS AFTER THE REPORTING PERIOD

Legal action of General factoring, a. s. against ČSOB

The International Arbitration Tribunal in Paris dismissed in full scope the claim of General factoring, a.s. on CZK 40,000 m against ČSOB in relation to the takeover of the IPB Bank. The arbitration decision, received by ČSOB on 30 July 2010, is final and binding.

40. RISK MANAGEMENT

Note available in the annual report only.

41. CAPITAL

Note available in the annual report only.

Annex No. 2 to 1H 2010 ČSOB Activity Report

Additional comments and explanatory notes

Market shares definitions and sources

Item	Definition	Source
Deposits	Total bank deposits (Retail and COR/SME) excl. repo operations, comprise current accounts and bills of exchange	ČNB (Time series ARAD), ČSOB
Building savings loans	Outstanding volumes of building savings loans, ČMSS 100%	ČNB (ARAD), ČMSS
Building savings deposits	Deposits of buildings savings clients, ČMSS 100%	ČNB (ARAD), ČMSS
Housing loans	Outstanding volumes; building loans + mortgages	ČNB (ARAD), HB, ČSOB, ČMSS
Mutual funds	AUM in both Czech and foreign funds at the given date, including institutional funds and third parties funds; according to AKAT methodology	Association for Capital Market (AKAT)
Total Loans and Leases	Outstanding volumes, consumer loans, mortgages, housing loans (55%), COR/SME loans	ČNB (ARAD), Ministry for Regional Development, HB, ČSOB, ČMSS
Leasing	Volume of newly granted loans (leasing of movables, commercial loans and hire purchase, excl. consumer loans); related to the relevant market comprising both banks and non-banking institutions	Association of Leasing and Factoring Companies CR (ČLFA)
Mortgages	Outstanding volumes; mortgages for private individuals excl. American mortgages (home-equity consumer loans) and mortgages for non-housing purposes, consumer loans for house purchase, according to ČNB definition	ČNB (ARAD), HB, ČSOB
Factoring	Volume of new business	ČLFA
Pension funds	AUM at the given date	Association of Pension funds, ČSOB PFs
CORP/SME loans	Remaining loans that are not reported in any of the retail loans categories (loans to other than households)	ČNB (ARAD), ČSOB
Consumer loans	Outstanding volume of consumer loans, credit-cards, overdrafts (+in wider scope we also add American Mortgages)	ČNB (ARAD), ČSOB
Life insurance	Gross written Premium, life insurance	Czech Insurance Association (ČAP), ČSOB Pojišťovna
Non-life insurance	Gross written Premium, non-life insurance	ČAP, ČSOB Pojišťovna
Total insurance	Gross written Premium, life insurance + non-life insurance	ČAP, ČSOB Pojišťovna

Glossary

Ratios

NIM (net interest margin)	Net interest income / average interest earnings assets excluding repo operations
C/I (cost/income ratio)	Operating expenses / operating income
ROAA (return on average assets)	net profit after tax and minority interest*time factor/average assets
ROAE (return on average equity)	net profit after tax and minority interest*time factor/average equity
NPL (non-performing loans) ratio	outstanding amount of non-performing loans (KBC group methodology) / loan portfolio
CCR (credit-cost ratio)	total credit costs / average outstanding credit portfolio (loans, loans replacements and drawn credit commitments - e.g. guarantees)
NPL coverage ratio	Allowances for loans and leases / non-performing loans
Core tier 1 ratio	According to prudential reports of ČNB – Basel II (since 1 July 2007)
Total capital ratio	According to prudential reports of ČNB – Basel II (since 1 July 2007)
Solvency ratio (insurance)	According to prudential reports of ČNB – Solvency I
Loan to deposit ratio	Primary deposits / loan portfolio

Other definitions

NIM (net interest margin)	Net interest income / average interest earnings assets excluding repo operations
C/I (cost/income ratio)	Operating expenses / operating income
ROAA (return on average assets)	net profit after tax and minority interest*time factor/average assets
ROAE (return on average equity)	net profit after tax and minority interest*time factor/average equity
NPL (non-performing loans) ratio	outstanding amount of non-performing loans (KBC group methodology) / loan portfolio
CCR (credit-cost ratio)	total credit costs / average outstanding credit portfolio (loans, loans replacements and drawn credit commitments - e.g. guarantees)
NPL coverage ratio	Allowances for loans and leases / non-performing loans
Core tier 1 ratio	According to prudential reports of ČNB – Basel II (since 1 July 2007)
Total capital ratio	According to prudential reports of ČNB – Basel II (since 1 July 2007)
Solvency ratio (insurance)	According to prudential reports of ČNB – Solvency I
Loan to deposit ratio	Primary deposits / loan portfolio

Annex No. 3 to 1H 2010 ČSOB Activity Report

Companies of the ČSOB group (as at 30 June 2010)

Legal entity				Share of ČSOB in:				Indirect share of ČSOB via	Cons. EU IFRS ¹
ID No.	Business name of legal entity	Registered office	Registered capital	Registered capital			Voting rights		
	Business activities			Total	Direct	Indirect			
			CZK	%	%	%	%	Y/N	
Controlled companies									
25636855	Auxilium, a.s. Advisory services	Praha 5, Radlická 333/150	1,000,000,000	100.00	100.00	none	100.00	none	Y
63987686	Bankovní informační technologie, s.r.o. Automated data processing and software development; creation of a network of payment card reading terminals	Praha 5, Radlická 333/150	20,000,000	100.00	100.00	none	100.00	none	Y
26760401	Centrum Radlická a.s. Real estate activity; rent of flats and non-residential spaces	Praha 5, Radlická 333/150	500,000,000	100.00	100.00	none	100.00	none	Y
63999463	ČSOB Asset Management, a.s., a member of the ČSOB group Securities trader	Praha 5, Radlická 333/150	34,000,000	20.59	20.59	none	52.94	none	Y
45794278	ČSOB Factoring, a.s. Factoring	Praha 10, Benešovská 2538/40	70,800,000	100.00	100.00	none	100.00	none	Y
25677888	ČSOB Investiční společnost, a.s., a member of the ČSOB group³ Management of investment and mutual funds	Praha 5, Radlická 333/150	216,000,000	90.81	73.15	17.66	100.00	ČSOB Asset Management, Auxilium	Y
27081907	ČSOB Investment Banking Services, a.s., a member of the ČSOB group Activity of entrepreneurial, financial, economic and organisation advisors	Praha 5, Radlická 333/150	2,000,000,000	100.00	100.00	none	100.00	none	Y
63998980	ČSOB Leasing, a.s. Leasing	Praha 4, Na Pankráci 310/60	3,050,000,000	100.00	100.00	none	100.00	none	Y
27151221	ČSOB Leasing pojišťovací makléř, s.r.o. Insurance broker	Praha 4, Na Pankráci 60/310	2,000,000	100.00	none	100.00	100.00	ČSOB Leasing	Y
60917776	ČSOB Penzijní fond Progres, a. s., a member of the ČSOB group Pension insurance	Praha 5, Radlická 333/150	320,000,000	100.00	100.00	none	100.00	none	Y
61859265	ČSOB Penzijní fond Stabilita, a. s., a member of the ČSOB group Pension insurance	Praha 5, Radlická 333/150	297,167,000	100.00	100.00	none	100.00	none	Y
27924068	ČSOB Property fund, closed-ended investment fund, a.s., a member of the ČSOB group⁴ Collective investment	Praha 5, Radlická 333/150	907,000,000	69.63	59.76	9.87	100.00	ČSOB Asset Management, ČSOB Pojišťovna	Y
61251950	Eurincasso, s.r.o. Activity of economic and organisation advisors; recovery of receivables	Praha 10, Benešovská 2538/40	1,000,000	100.00	none	100.00	100.00	ČSOB Factoring	Y
13584324	Hypoteční banka a.s. Mortgage banking	Praha 5, Radlická 333/150	5,076,331,000	100.00	100.00	none	100.00	none	Y
25617184	Merrion Properties, s.r.o. Real estate activity; rent of flats and non-residential spaces	Praha 5, Radlická 333/150	6,570,000	69.63	none	69.63	100.00	ČSOB Property fund	Y
00000949	MOTOKOV a.s., in liquidation Wholesale of machines and technical equipment	Praha 8, Thámová 181/20	62,000,000	69.09	0.50	68.59	69.09	ČSOB Investment Banking Services	Y
00548219	MOTOKOV International a.s., in liquidation Other financial intermediary activity	Praha 8, Thámová 181/20	2,150,000	94.91	none	94.91	94.91	ČSOB Investment Banking Services	Y
36859516	Property LM, s.r.o. Real estate activity; rent of flats and non-residential spaces	Bratislava, Mostová 2, Slovak Republic	128,475	69.63	none	69.63	100.00	ČSOB Property fund	Y
36859541	Property Skalica, s.r.o. Real estate activity; rent of flats and non-residential spaces	Bratislava, Mostová 2, Slovak Republic	48,131,052	69.63	none	69.63	100.00	ČSOB Property fund	Y
99999999 ²	Tee Square Limited, Ltd. Advisory services for investment funds in the Caribbean area	British Virgin Islands, Tortola, Road Town, Third Floor, The Geneva Place, P.O.Box 986	8,590,448	100.00	100.00	none	100.00	none	Y

Legal entity				Share of ČSOB in:				Indirect share of ČSOB via	Cons. EU IFRS ¹
ID No.	Business name of legal entity	Registered office	Registered capital	Registered capital			Voting rights		
	Business activities		CZK	Total	Direct	Indirect			
				%	%	%	%	Y/N	
Joint venture									
49241397	Českomoravská stavební spořitelna, a.s. Building savings bank	Praha 10, Vinohradská 3218/169	1,500,000,000	55.00	55.00	none	55.00	none	Y
Others									
26199696	CBCB - Czech Banking Credit Bureau, a.s. Software development, IT advisory, data processing, network administration databank services	Praha 1, Na Příkopě 1096/21	1,200,000	20.00	20.00	none	20.00	none	Y
45534306	ČSOB Pojišťovna, a.s., a member of the ČSOB holding Insurance company	Pardubice, Zelené předměstí, Masarykovo náměstí 1458	1,536,400,000	25.00	25.00	none	40.00	none	Y
27479714	ČSOB Pojišťovací servis, s.r.o., a member of the ČSOB holding Insurance brokerage	Pardubice, Zelené předměstí, Masarykovo náměstí 1458	400,000	25.00	none	25.00	40.00	ČSOB Pojišťovna	Y
60736682	E.T.I., a.s. in liquidation Operation of electricity stations	Ratiškovice 502	45,000,000	10.00	10.00	none	10.00	none	N
45316619	IP Exit, a.s.⁵ No activity	Praha 1, Senovážné náměstí 32	13,382,866,400	27.42	10.77	16.65	27.39	ČSOB Investment Banking Services, ČSOB Pojišťovna	Y
63078104	Premiéra TV, a.s. No activity	Praha 8, Pod Hájkem 1	29,000,000	29.00	29.00	none	29.00	none	Y
26439395	První certifikační autorita, a.s. Certification services and administration	Praha 9, Libeň, Podvinný mlýn 2178/6	20,000,000	23.25	23.25	none	23.25	none	Y
Other companies where ČSOB has a share in registered capital / voting rights under 10%.									N

Notes:

¹ A list of entities belonging to the ČSOB consolidated group according to EU IFRS as at 30 June 2010.

² ID No. 99999999 - a foreign entity.

³ Shares in registered capital: ČSOB 73.15%, Auxilium 15.28%, ČSOB Asset Management 11.57%;

shares in voting rights: ČSOB Asset Management 84.72%, Auxilium 15.28%.

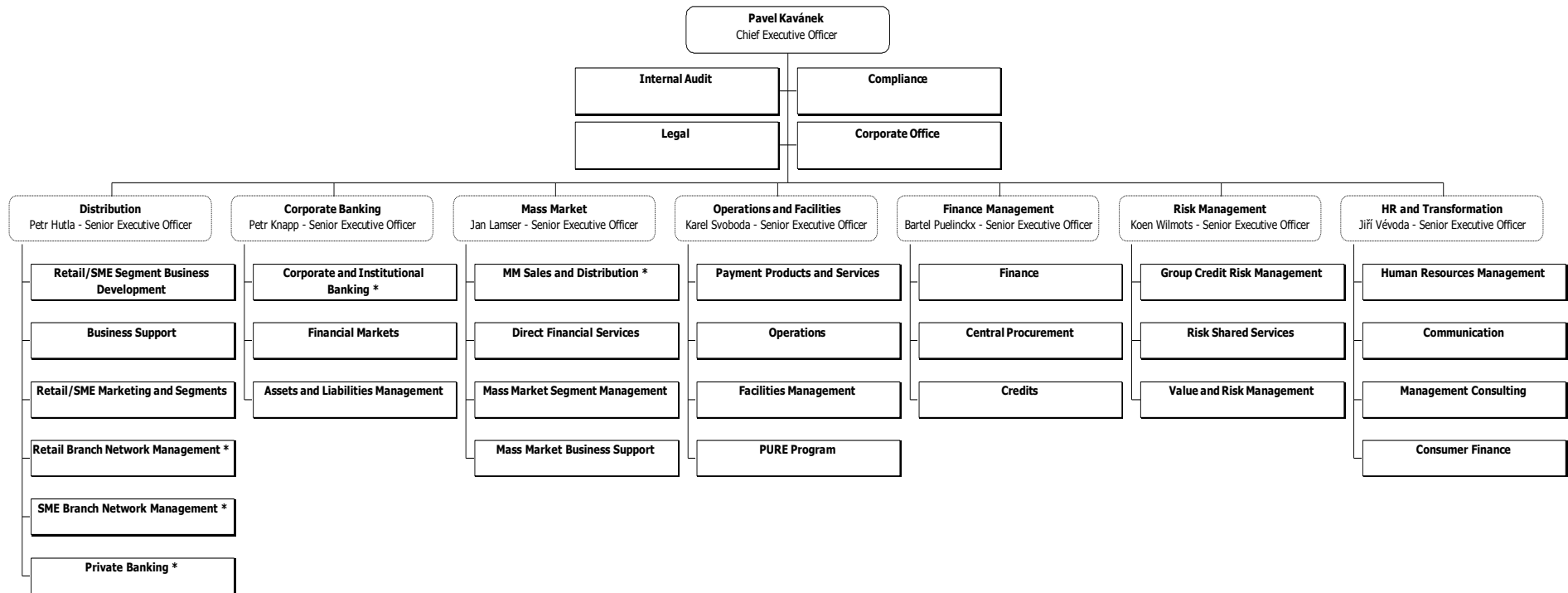
⁴ Shares in registered capital: ČSOB 59.76%, ČSOB Asset Management 4.41%, ČSOB Pojišťovna 35.83%;

shares in voting rights: ČSOB 95.59%, ČSOB Asset Management 4.41% .

⁵ Shares in registered capital: ČSOB 10.77%, ČSOB Investment Banking Services 16.62%, ČSOB Pojišťovna 0.11%;

shares in voting rights: ČSOB 10.77%, ČSOB Investment Banking Services 16.62%.

Annex No. 4 to 1H 2010 ČSOB Activity Report
ČSOB's Organisation Chart (as at 1 July 2010)



* These units manage respective branch network.