



1Q 2009 Results ČSOB Group Czech Republic

**EU IFRS Unaudited Consolidated
14 May 2009, Prague**



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Highlights



ČSOB Group Results 1Q 2009

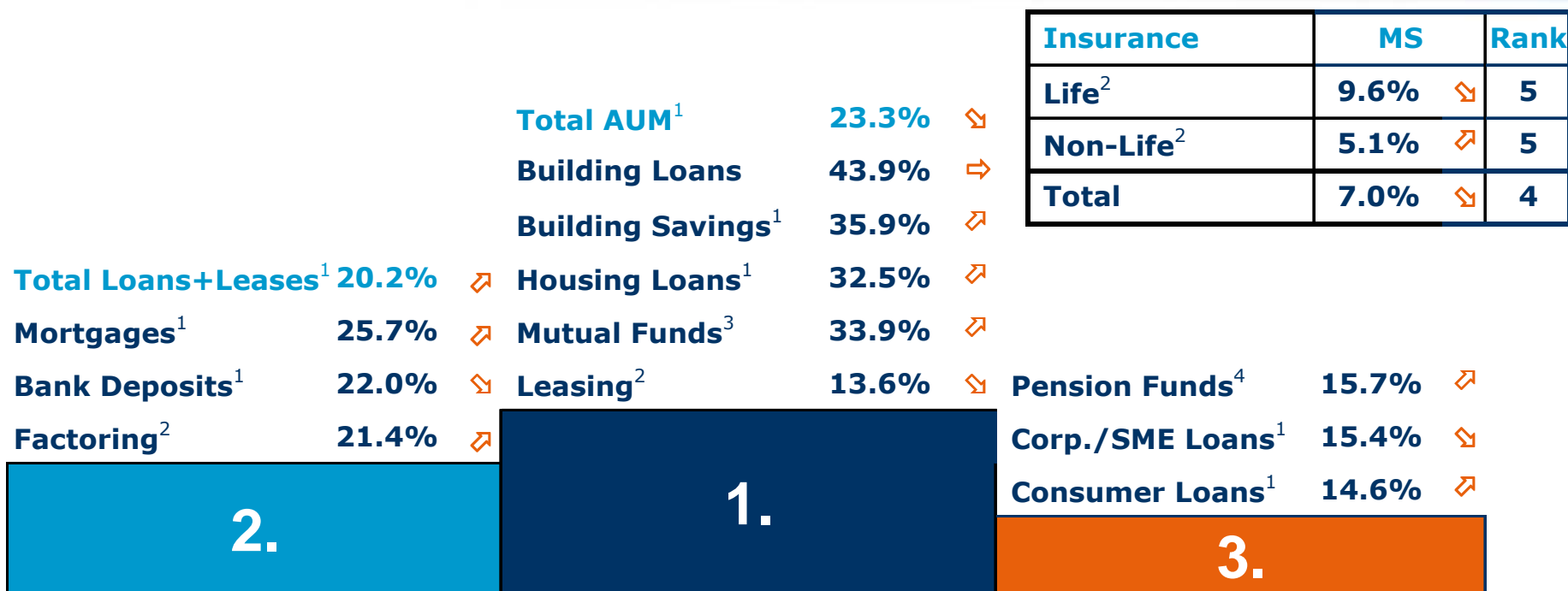
Highlights

- The ČSOB group entered the year 2009 very successfully: business and financial results of 1Q 2009 notably exceed those of 1Q 2008, while the group's market position strengthens.
- **Reported IFRS results:**
 - Net profit +22% Y/Y to **CZK 3.073 bn.**
 - Operating income +17% Y/Y, while operating expenses -2% Y/Y.
- **Underlying results** (excl. negative one-offs in operating income of both 1Q2008 and 1Q2009):
 - Net profit up +8% Y/Y to **CZK 3.304 bn.**
 - Operating income +7% Y/Y, while operating expenses -2% Y/Y.
- On the asset side, **solid growth in loans continues** (+16% Y/Y) despite a slower growth in some segments due to general economic slowdown. Loan quality is deteriorating but remains manageable.
- On the liability side, **deposit base grows** (+6% Y/Y), while part of clients transfer their savings from mutual funds to deposit products.
- **Capital and liquidity are traditionally very strong** – capital adequacy at 10.69%, solvency ratio of ČSOB Pojišť'ovna at 183%, and loan to deposit ratio at 66.8%.



ČSOB Group's Market Shares

Maintaining leading positions in the Czech financial market



Notes: Arrows show Y/Y change. Market shares as of **31/12/08** (i.e. last available).

1 Market share according to outstanding volume at the given date

2 Market share according to volume of new business in the year to the given date

3 Incl. institutional funds and third parties funds; MS according to outstanding volume at the given date

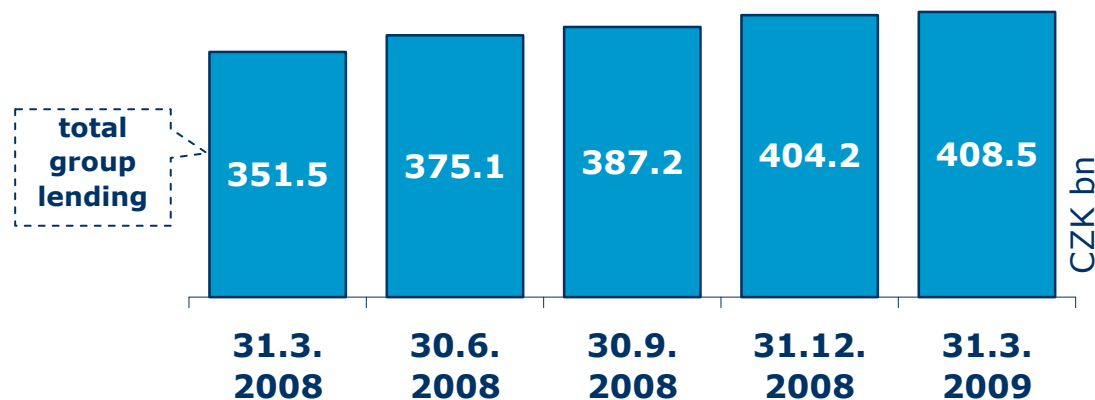
4 Market share according to the number of clients at the given date

Source: ČNB, financial associations

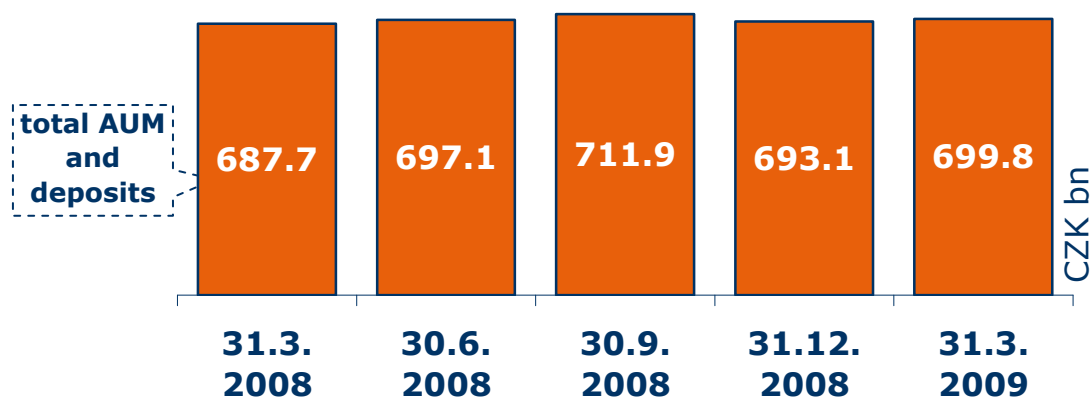


Business Highlights

Steady growth on both sides



Total group lending up by 16% Y/Y, driven especially by housing loans (+22%).

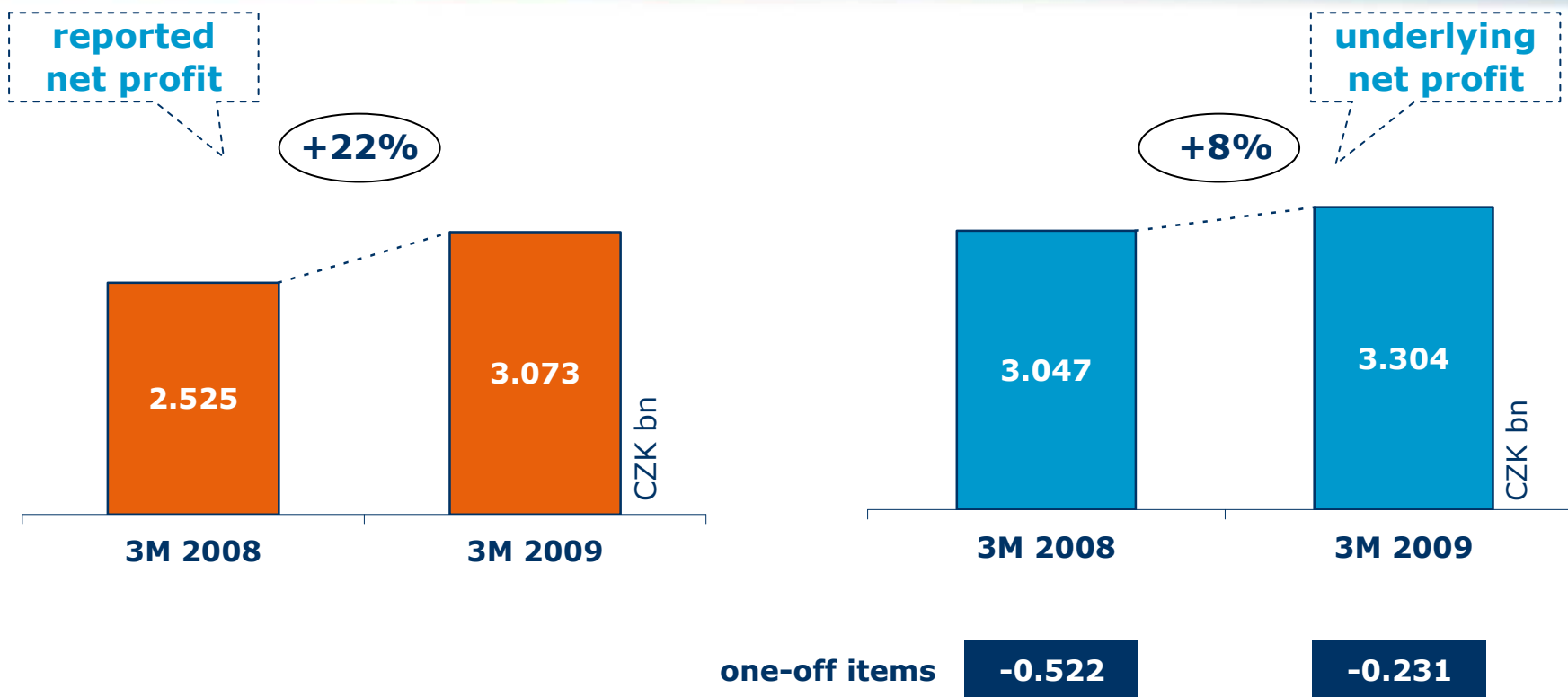


Total AUM and deposits up by 2% Y/Y, of which deposits increased by 6%.



Net profit

Reported vs. underlying



Note: One-off items include the revaluation of CDO portfolio in 1Q 2008 (CZK -451 m) and impairment of listed AFS shares in pension funds according to IFRS in 1Q 2009 (CZK -195 m).



Financial Ratios

Consolidated

	3M 2008	3M 2009
C/I ratio (reported)	51.2%	43.2%
C/I ratio (underlying)	46.8%	42.9%
NIM	3.01%	3.34%
ROAC (underlying)	31.5%	46.6%

All profitability and efficiency ratios increased Y/Y.

	31/12/2008	31/03/2009
L/D ratio	72.3%	66.8%
CAD group (Basel II)	10.31%	10.69%
Insurance solvency margin	193%	183%

Liquidity and solvency remain at very safe levels.

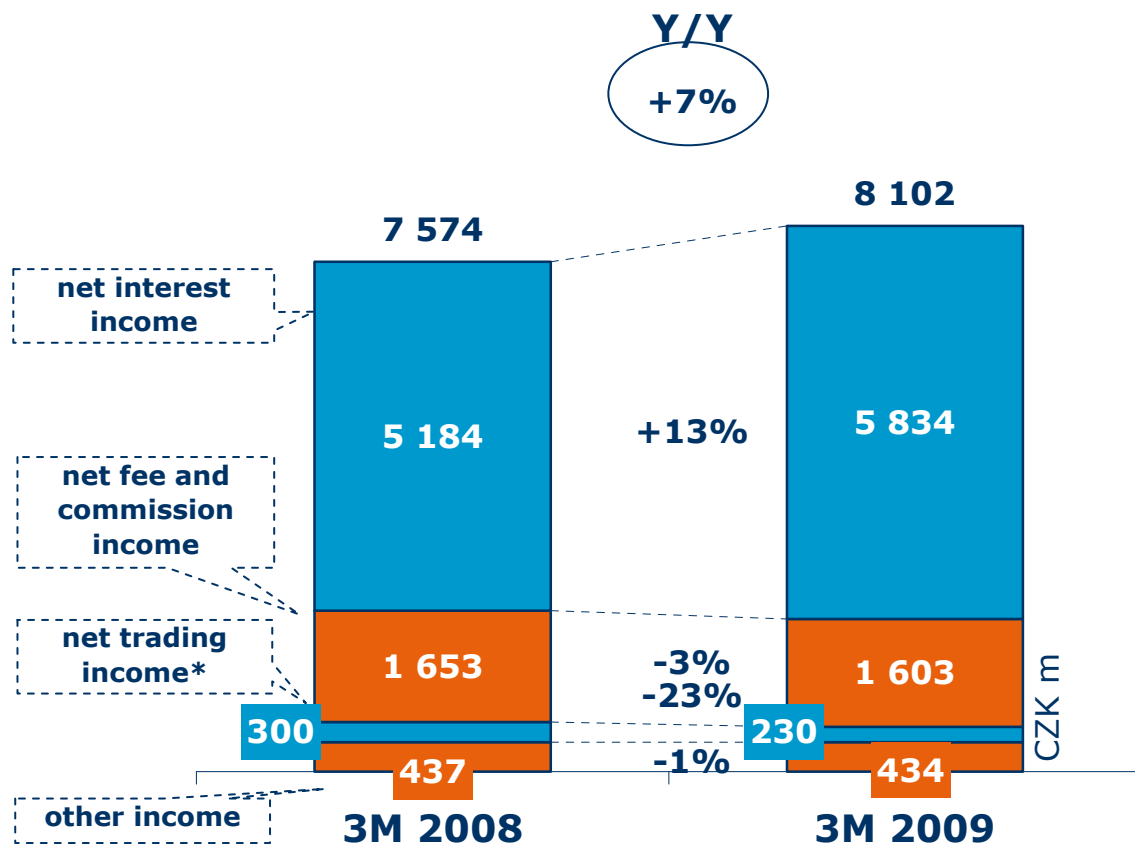


Financial Situation



Operating Income

Underlying, net of portfolio mark-downs



Net interest income increased due to annual growth of volumes (see next slide).

Net fee and commission income decreased by 3%, especially as a result of lower sales of mutual funds.

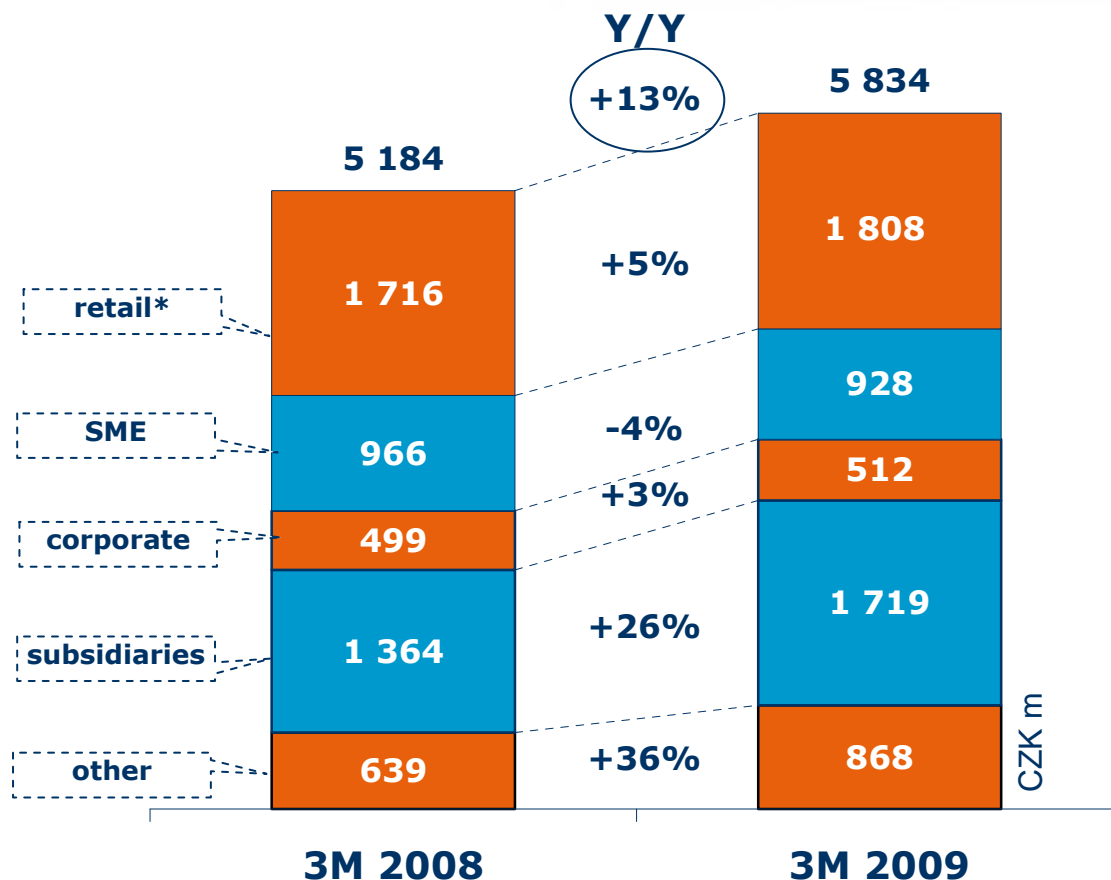
Underlying net trading income (NTI) decreased due to lower volume of customer operations on financial markets.

Note: * Net trading income = Net gains from financial instruments at FVPL



Net Interest Income

The main driver of profitability



NII generated by subsidiaries increased thanks to the growth in volumes of HB and ČMSS.

NII in the SME segment decreased Y/Y as SMEs deploy their excess cash for working capital financing.

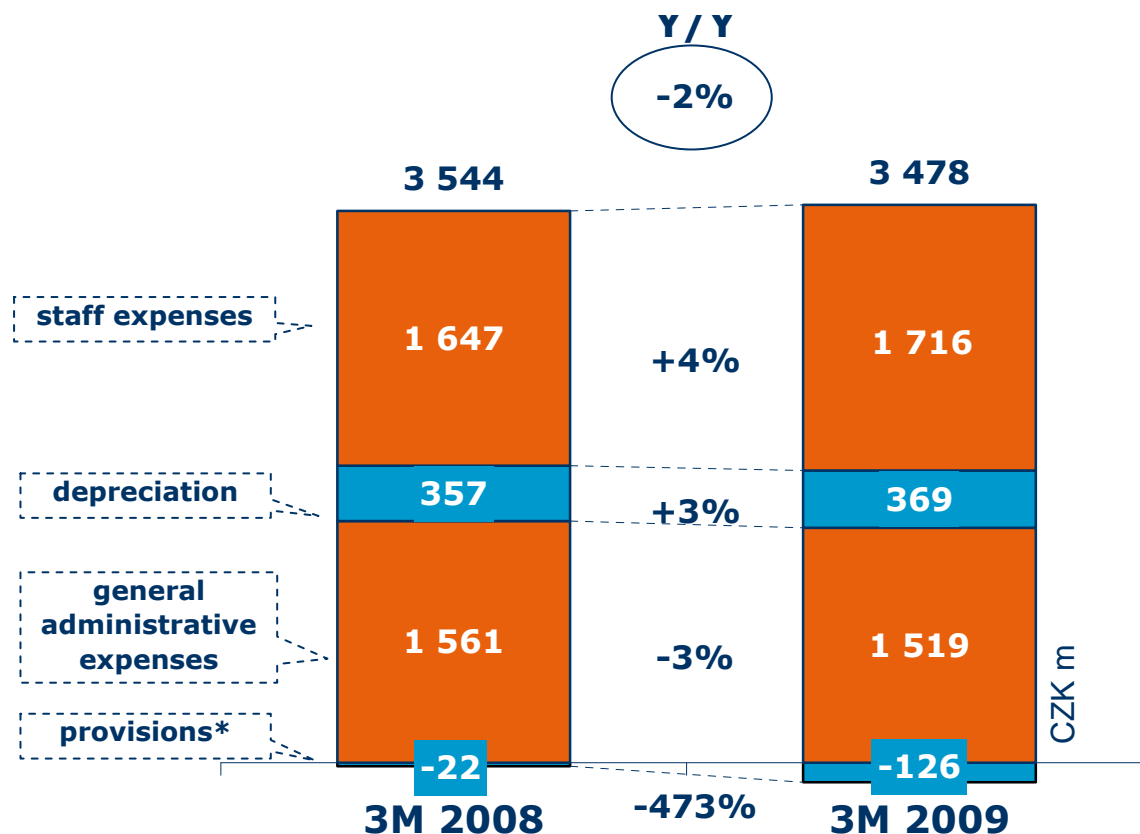
The "other" item rose as a result of increased operations with government bonds.

* Including ČSOB and PSB



Operating Expenses

Cost saving measures bring results



Note: * Only provisions for legal issues and other losses, restructuring and contractual engagements are included in item "provisions".

Cost containment measures taken at the end of 2008 and during 1Q 2009 have brought first results.

The 4% growth of staff expenses was driven by annual increase of salaries in May 2008.

General administrative expenses decreased by 3% due to cost savings across the board, especially in marketing expenses.

In both 1Q 2008 and 1Q 2009, there was a net release of provisions.*



Strong Capital Position

Consolidated (CZK m)

31/12/08

31/03/09

Total regulatory capital	41 733	41 835
- Tier 1 Capital	42 131	42 389
- Tier 2 Capital	11 967	11 967
- Deductions from Tier 1 and Tier 2	-12 364	-12 522
Total capital requirement	32 379	31 319
- Credit risk (IRB approach)	26 474	25 214
- Market risk (internal model)	2 501	2 701
- Operational risk (standardized approach)	3 404	3 404
Total RWA	404 733	391 491
Tier 1 ratio	8.88%	9.23%
CAD	10.31%	10.69%

Notes:

RWA (risk weighted assets) = total capital requirement / 0.08

Tier 1 capital = share capital + share premium + legal reserve funds + retained earnings – goodwill – intangible assets

Tier 2 capital = subordinated debt

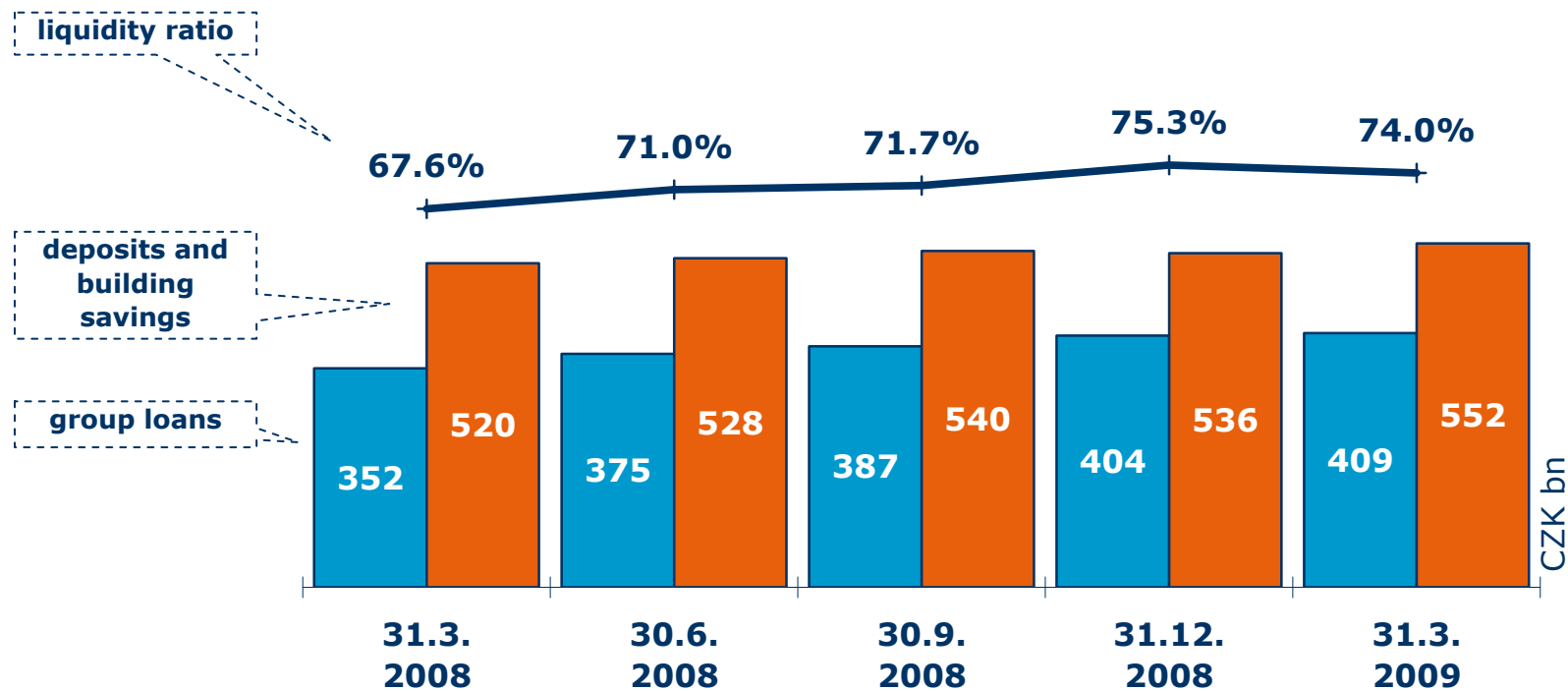
Total regulatory capital = Tier 1 + Tier 2 – deductions (mainly participation in ČSOB SK)

Tier 1 ratio = (Tier 1 capital – 0.5*deductions) / (total capital requirement / 0.08)



Ample Liquidity

	31/03/08	30/06/08	30/09/08	31/12/08	31/03/09
Deposits and building savings minus group loans (CZK bn)	169	153	153	132	144





Business Development



Quality of Loan Portfolio

IFRS, consolidated, gross

(CZK bn)

	31/03/08	30/06/08	30/09/08	31/12/08	31/03/09
Total group lending	351.53	375.07	387.20	404.20	408.53
- of which, NPLs	5.78	6.96	7.81	8.90	10.51
NPL ratio	1.64%	1.86%	2.02%	2.20%	2.57%
NPL ratio, excl. EGAP guaranteed*	1.64%	1.86%	2.02%	2.06%	2.43%
Credit-cost-ratio	0.27%	0.24%	0.45%	0.56%	0.69%

Impairment on loans and receivables increased from CZK 323 m in 1Q 2008 to CZK 857 m in 1Q 2009. As a result, credit-cost ratio (annualized) increased to 69 bps.

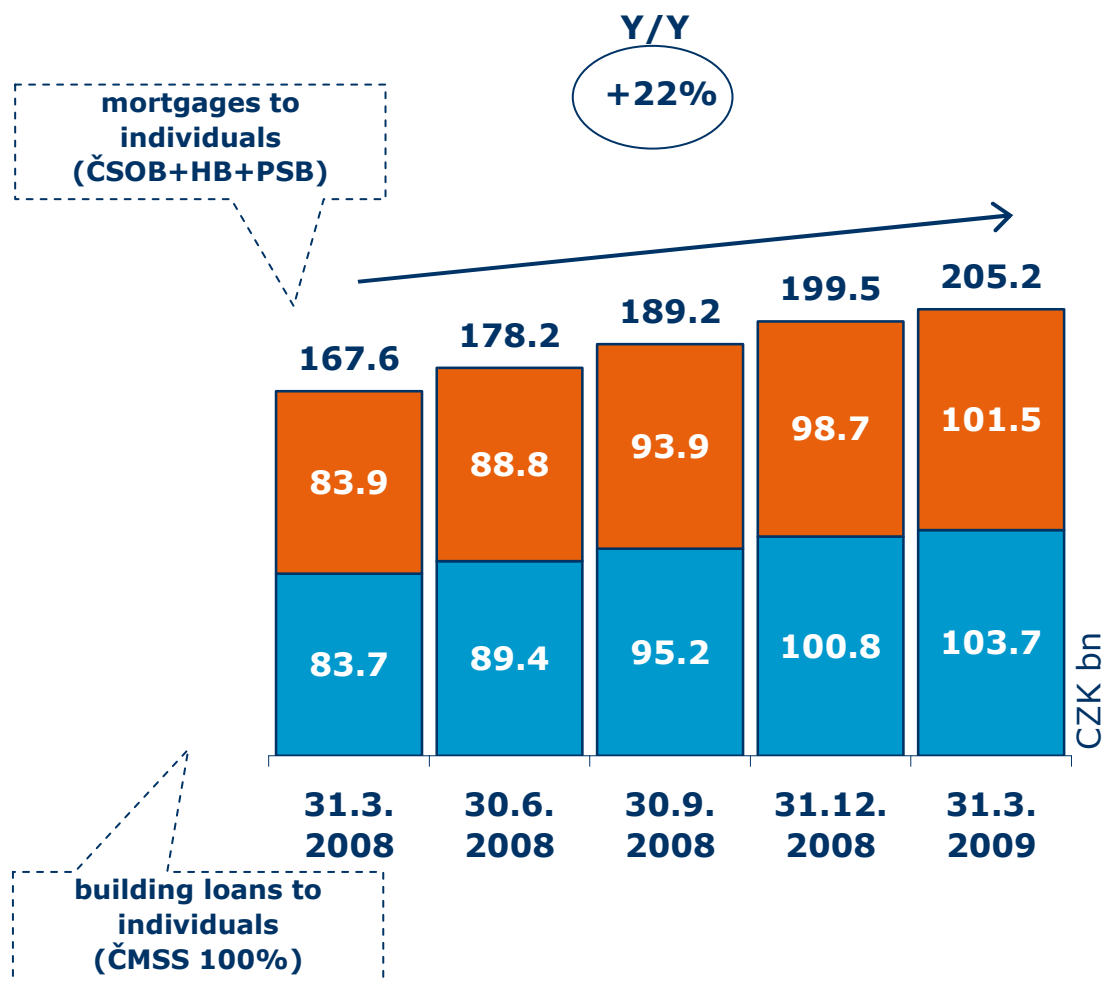
Notes:

NPL (non-performing loans) = loans for which principal repayments or interest payments are more than 90 days overdue.

* EGAP (Export Guarantee and Insurance Corporation) is a Czech state-owned export credit agency.



Housing Loans

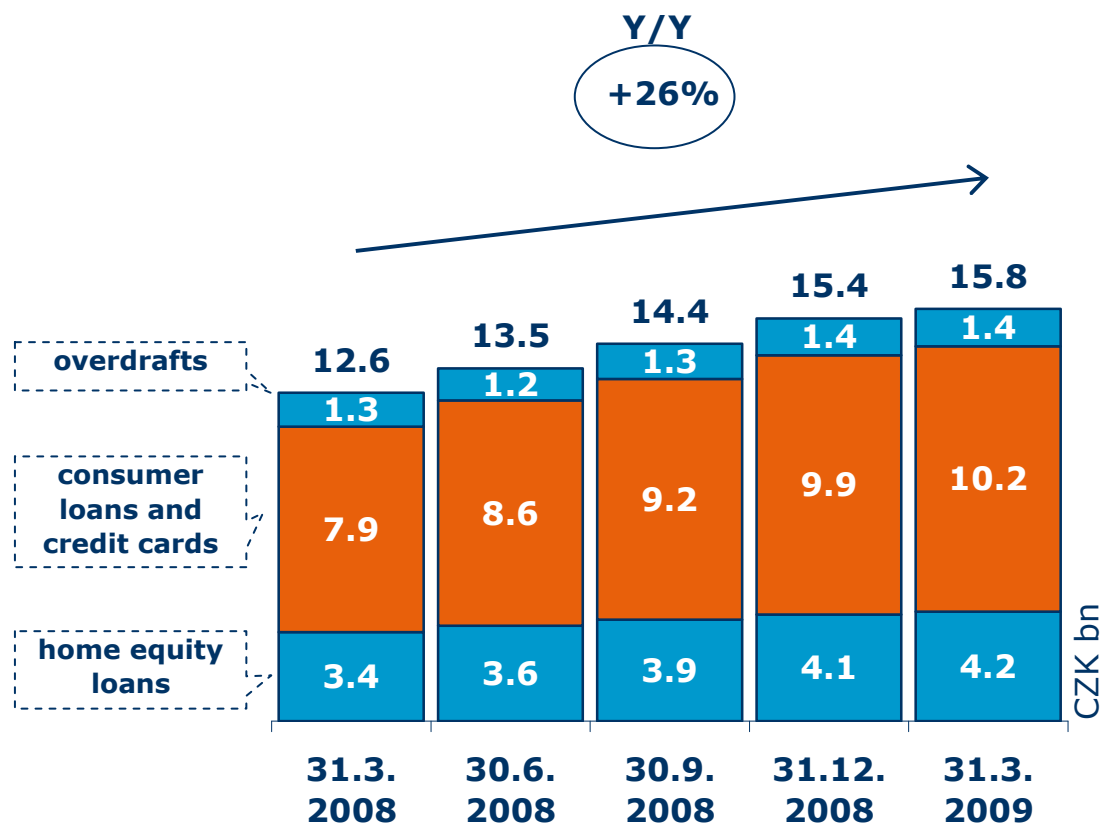


Volume of construction and bridging loans increased by 24% Y/Y. Mortgage sales in 1Q 2009 were 26% below 1Q 2008.

Lower sales correspond with the deceleration of the whole market, on the other hand, the ČSOB group is continuously improving its market share.



Consumer Lending

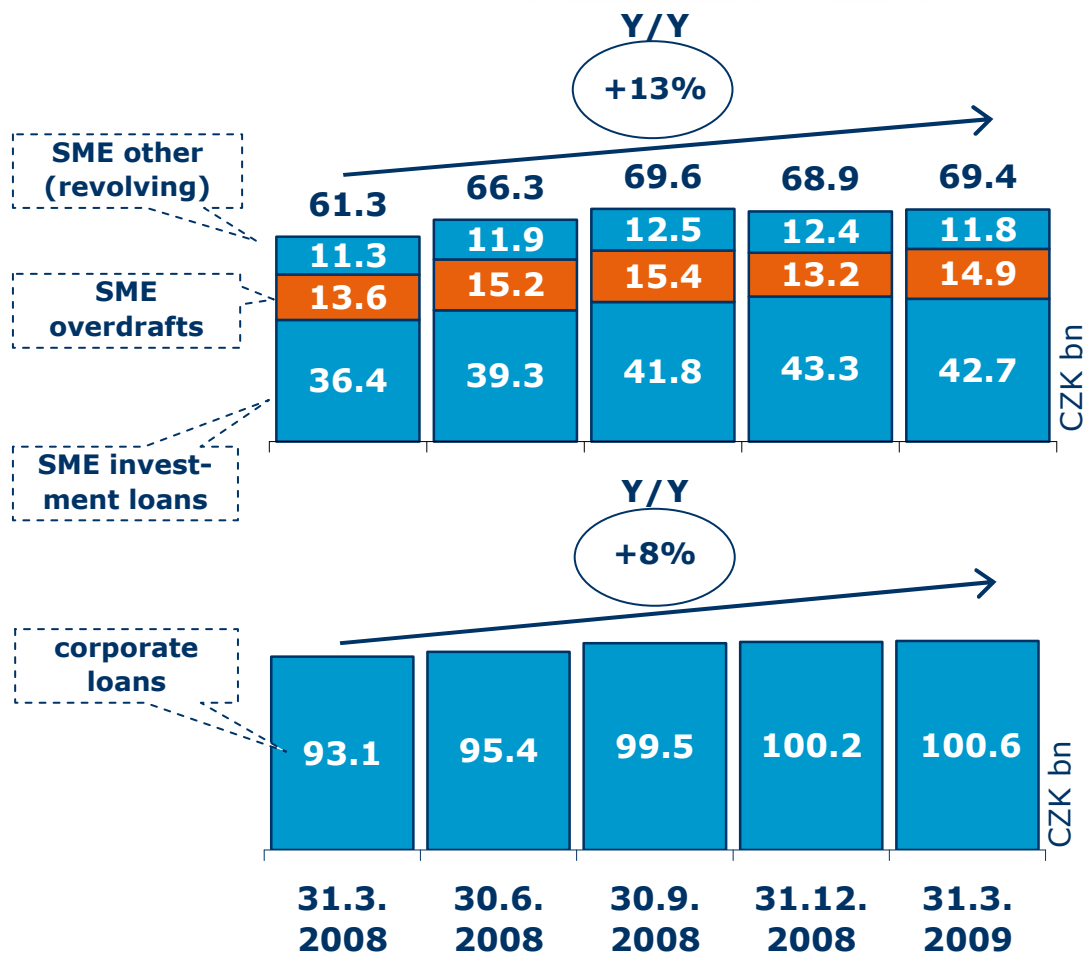


The total outstandings of consumer loans provided by the ČSOB group grew significantly by 26% Y/Y to CZK 15.8bn.

The total includes: overdrafts on various accounts, traditional consumer loans, cash loans and credit card loans (all of which are provided by ČSOB and PSB) and home equity loans (provided by HB).



SME and Corporate Lending

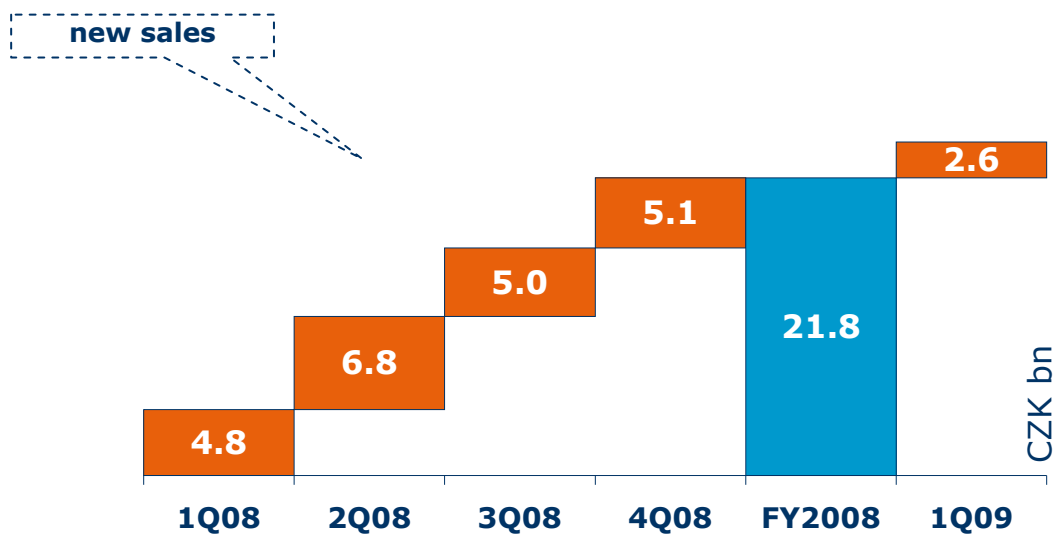


The ČSOB group maintains market share over 15% in corporate and SME lending in the Czech market.

The slowdown of the growth in outstandings is in line with the whole market and reflects lower investment activity of companies operating in the Czech Republic.



Leasing



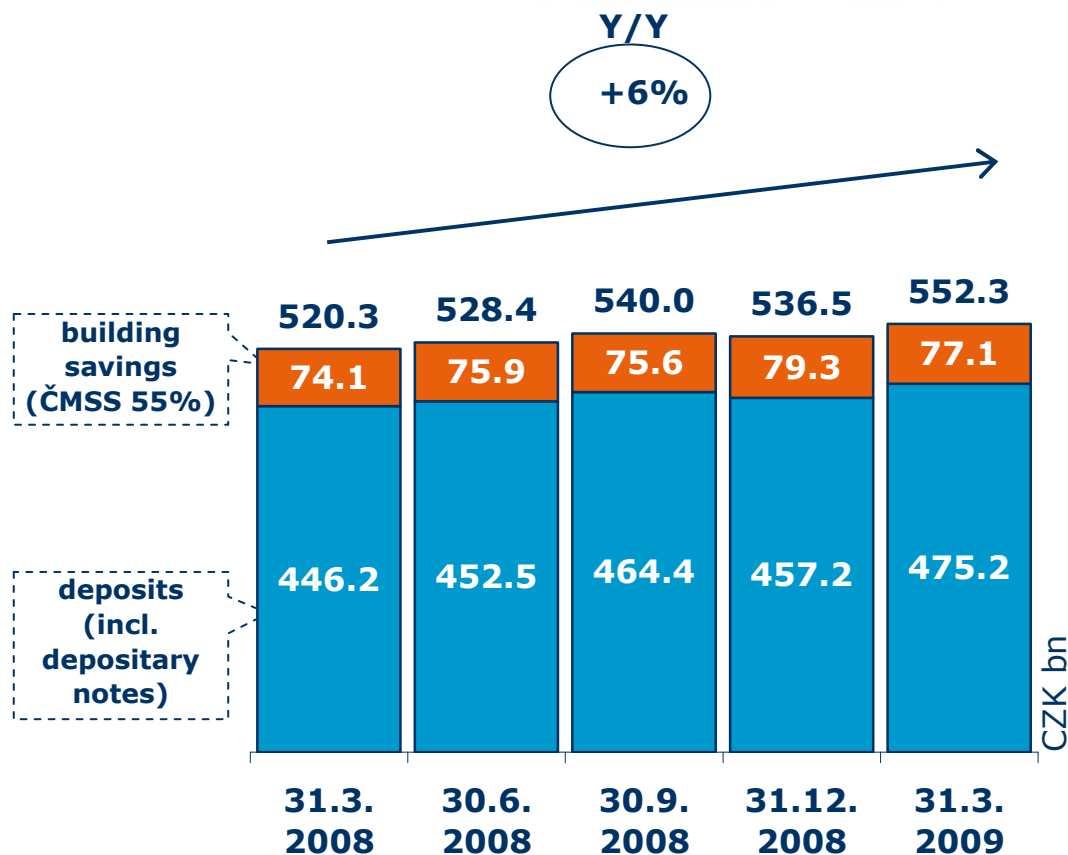
The Y/Y decrease of new sales reflects the decline of transportation sector and lower investment activity in general.

ČSOB Leasing stopped financing used cars sold through used cars dealerships.





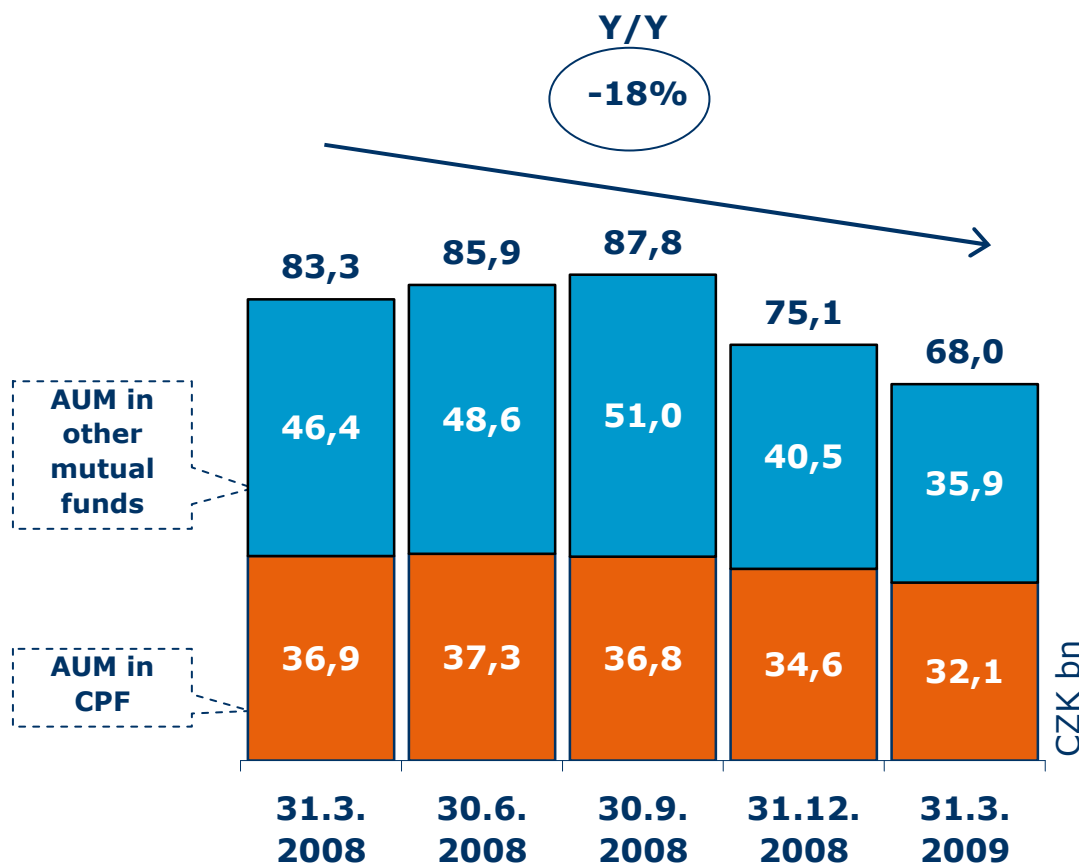
Deposits and Building Savings



In late 2008 and early 2009, clients changed their risk preferences. To accommodate their needs, PSB intensified sales of Red Accounts and ČSOB launched the new saving account with bonus.



Mutual Funds



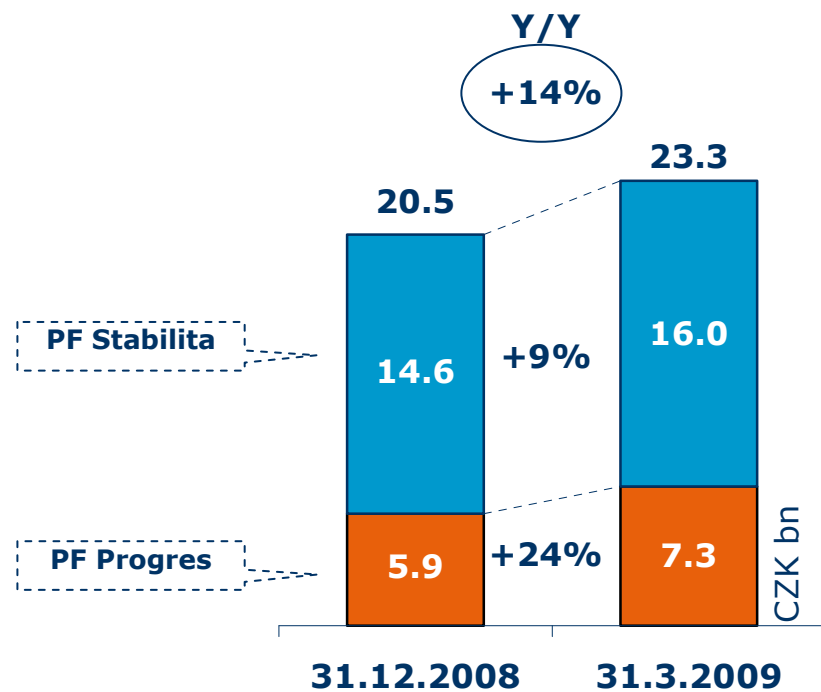
The decrease in AUM of CZK 7 bn during 1Q 2009 was mainly due to clients transferring their assets from money market funds to deposits (increased by CZK 18 bn).

ČSOB has about 2/3 share in the Czech market with capital protected funds. 8 CPFs had its due date in 1Q 2009 and delivered positive returns between 1.93% and 4.77% p.a. Clients tend to reinvest money from these CPFs partly to new CPFs and partly to deposit products.

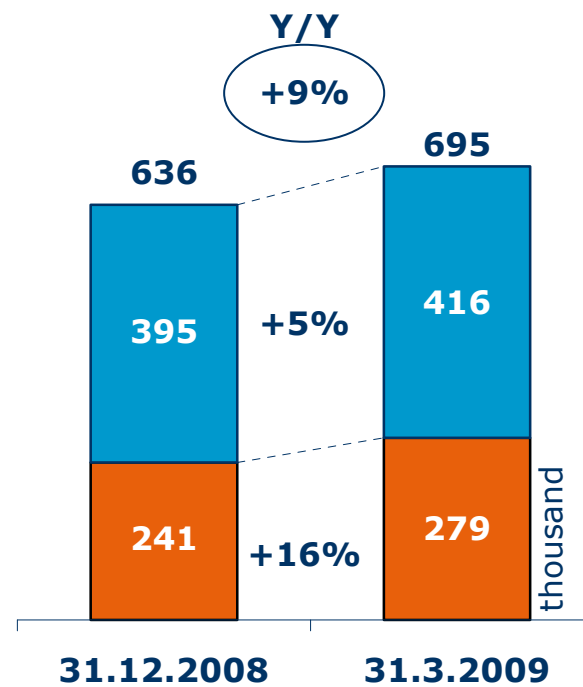


Pension Funds

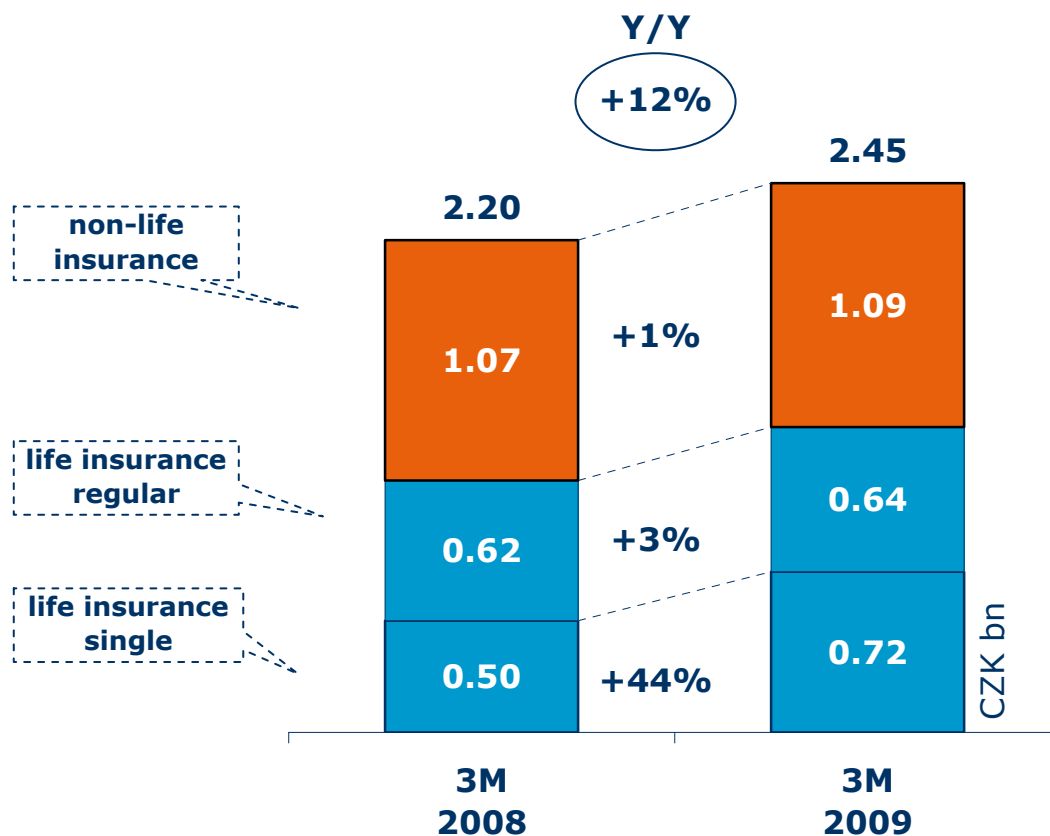
AUM



Number of clients



Gross written premium



ČSOB Pojišťovna achieved gross written premiums comparable to the volumes in 1Q 2008, with the exception of single paid life insurance. The reason behind the 44% increase Y/Y is successful sales of the bankassurance product Maximal Invest in March 2009.



Bancassurance

High sales of insurance linked to retail banking products

	1Q 2008	1Q 2009
Life insurance / ČSOB mortgages	66%	67%
Property insurance / ČSOB mortgages	72%	88%
Consumer loans insurance / ČSOB consumer loans	80%	79%

Note: number of new contracts insured / all insurable

Combining single-life insurance with banking products

Maximal Invest was a great success in the bancassurance field in 1Q 2009. These products combine single premium life insurance and investment with a guaranteed return at due date, which makes it an ideal product for clients who search for a minimum risk and a guaranteed yield in times of market volatility. During 1Q 2009, ČSOB successfully offered one Maximal Invest product each month, e.g. Maximal Invest ČSOB Premium 2 (guaranteed yield 3.01% p. a.; maturity in 5 years and a month) in February.



Appendix



ČSOB's Profile

Numbers and statistics - ČSOB Bank (incl. PSB)

	31/12/08	31/03/09
Employees (group FTEs)	8 468	8 155
Customers (ths)*	3 047	3 053
Users of direct banking (ths)	1 787	1 889
Payment cards (ths)	1 938	1 949
- of which: credit cards (ths)	100	105
ČSOB branches	242	244
PSB - financial centers	42	48
PSB - outlets of Czech Post Offices	ca. 3 330	ca. 3 330
ATMs (ČSOB+PSB)	680	698
Cashiers with CashBack (ČSOB+PSB)	ca. 2 700	ca. 2 700

Note: * Figures according to new methodology for unique clients statistics.



KBC's Operations in the Czech Republic





Innovation Leadership in 1Q 2009

- **ČSOB: New saving account with a bonus - it combines a saving account and a time deposit.**
- **When concluding a mortgage contract in a Financial centre, clients of PSB can obtain a statement from the Cadastre free of charge.**
- **ČSOB, PSB and HB offer their clients to participate in the Zelená úsporám (Green light to savings) government program to subsidize energy savings in buildings.**
- **In a pilot stage, ČSOB and PSB launched deposit ATMs which offer the option to deposit money in addition to withdrawals.**
- **Clients of PSB can conclude insurance of Pojišťovna ČSOB online directly at PSB's website.**
- **The PaySec payment system launched a special gift button that allows quick donations to the handicaped.**
- **New capital protected funds, e.g. Maximal Invest ČSOB premium 3 and ČSOB**



Rating and Shareholder Structure

ČSOB's credit rating (as at 14 May 2009)

	Long-term	Short-term	Other	
Moody's	A1	Prime-1	Financial strength: C	
Fitch	A	F1	Individual: C	Support 1

ČSOB's shareholder structure
KBC Bank NV holds 100% of ČSOB shares.



Profit and Loss Statement

Reported

(CZK m)	3M 2008	3M 2009	Y/Y
<i>Interest income</i>	9 257	8 745	-6%
<i>Interest expense</i>	-4 073	-2 911	-29%
Net interest income	5 184	5 834	13%
Net fee and commission income	1 653	1 603	-3%
Net gains from financial instruments at FVPL	-358	186	NA
Other operating income	437	434	-1%
Operating income	6 916	8 058	17%
Staff expenses	-1 647	-1 716	4%
General administrative expenses	-1 561	-1 519	-3%
Depreciation and amortisation	-357	-369	3%
Provisions	22	126	473%
Operating expenses	-3 544	-3 478	-2%
Impairment losses	-323	-1 074	233%
<i>Impairment of loans and receivables</i>	-323	-857	166%
<i>Impairment of available-for-sale securities</i>	0	-199	NA
<i>Impairment of other assets</i>	0	-18	NA
Share of profit of associates	-35	121	NA
Profit before tax	3 014	3 627	20%
Income tax expense	-462	-544	18%
Profit for the period	2 553	3 083	21%
Attributable to:			
Equity holders of the parent	2 525	3 073	22%
Minority interest	28	10	-65%

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



Profit and Loss Statement

Underlying

(CZK m)	3M 2008	3M 2009	Y/Y
<i>Interest income</i>	9 257	8 745	-6%
<i>Interest expense</i>	-4 073	-2 911	-29%
Net interest income	5 184	5 834	13%
Net fee and commission income	1 653	1 603	-3%
Net gains from financial instruments at FVPL	300	230	-23%
Other operating income	437	434	-1%
Operating income	7 574	8 102	7%
Staff expenses	-1 647	-1 716	4%
General administrative expenses	-1 561	-1 519	-3%
Depreciation and amortisation	-357	-369	3%
Provisions	22	126	473%
Operating expenses	-3 544	-3 478	-2%
Impairment losses	-323	-875	171%
<i>Impairment of loans and receivables</i>	-323	-857	166%
<i>Impairment of available-for-sale securities</i>	0	0	NA
<i>Impairment of other assets</i>	0	-18	NA
Share of profit of associates	-33	121	NA
Profit before tax	3 675	3 870	5%
Income tax expense	-600	-557	-7%
Profit for the period	3 075	3 314	8%
Attributable to:			
Equity holders of the parent	3 047	3 304	8%
Minority interest	28	10	-65%

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



Balance Sheet

Assets

(CZK m)	31/12 2008	31/03 2009	Ytd
Cash and balances with central banks	16 602	42 330	155%
Financial assets held for trading	131 342	156 270	19%
Financial assets designated at fair value through P/L	23 514	25 581	9%
Available-for-sale financial assets	90 454	96 215	6%
Loans and receivables	411 644	407 179	-1%
<i>Loans and receivables - gross</i>	418 473	414 678	-1%
<i>of which credit institutions - gross</i>	16 806	12 452	-26%
<i>of which other than credit institutions - gross</i>	400 400	400 093	0%
<i>of which accrued interest income</i>	1 266	1 094	-14%
<i>Loans and receivables - provisions</i>	-6 829	-7 499	10%
<i>of which credit institutions - provisions</i>	-21	-24	10%
<i>of which other than credit institutions - provisions</i>	-6 807	-7 476	10%
Held-to-maturity investments	115 236	114 322	-1%
Derivatives used for hedging	7 215	4 949	-31%
Current tax assets	1 128	1 133	0%
Deferred tax assets	1 248	1 409	13%
Investments in associate	858	791	-8%
Investment property	1 002	983	-2%
Property and equipment	10 095	9 849	-2%
Goodwill and other intangible assets	4 852	4 745	-2%
Non-current assets held-for-sale	127	69	-46%
Other assets	9 168	10 865	19%
Total assets	824 485	876 689	6%



Balance Sheet

Liabilities and Equity

(CZK m)	31/12 2008	31/03 2009	Ytd
Financial liabilities held for trading	35 064	32 509	-7%
Financial liabilities at fair value through P/L	62 796	126 995	102%
Financial liabilities at amortised cost	649 371	639 375	-2%
<i>of which Deposits received from credit institutions</i>	49 732	42 741	-14%
<i>of which Deposits received from other than credit institutions</i>	542 200	541 931	0%
<i>of which Debt securities in issue</i>	43 907	40 802	-7%
<i>of which Subordinated liabilities</i>	11 965	11 966	0%
<i>of which Accrued interest expenses</i>	1 567	1 934	23%
Derivatives used for hedging	2 493	2 362	-5%
Current tax liabilities	133	181	36%
Deferred tax liabilities	553	544	-2%
Provisions	993	864	-13%
Other liabilities	16 238	16 963	4%
Total liabilities	767 641	819 792	7%
Share capital	5 855	5 855	0%
Share premium account	7 509	7 509	0%
Statutory reserve	18 687	18 687	0%
Retained earnings	19 212	22 284	16%
Available-for-sale reserve	4 145	2 509	-39%
Cash flow hedge reserve	743	-653	-188%
Foreign currency translation reserve	-195	-194	-1%
Parent shareholders' equity	55 955	55 996	0%
Minority interest	890	901	1%
Total equity	56 844	56 898	0%
Total liabilities and equity	824 485	876 689	6%



Definitions

Glossary of financials ratios used

ROAC (return on allocated capital)	net profit, including minority interests, of a business unit, corrected for income on allocated instead of real equity / average allocated equity to business unit (in line with KBC methodology)
C/I (cost / income ratio)	operating expenses / operating income
Liquidity ratio	total group lending / (bank deposits + building savings). The value of the liquidity ratio may differ from the loan/deposit ratio which is calculated according to the same methodology across the KBC group.
L/D	KBC group methodology
CAD (capital adequacy ratio)	according to prudential reports of ČNB - Basel II (since 1 July 2007)
NPL (non-performing loans)	outstanding amount of non-performing loans / total outstanding loan portfolio
CCR (credit-cost ratio)	total credit costs / granted loan portfolio (ČMSS 55%)
NIM (net interest margin)	net interest income / average interest earning assets excluding repo operations



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