2Q 2010 Results
ČSOB Group

Czech Republic

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EU IFRS Unaudited Consolidated

Presentation for analysts
5 August 2010

Contents

1. Highlights

ČSOB group results 2Q 2010
Highlights

ČSOB group reported **2Q 2010 IFRS net profit of CZK 3.260bn**, compared to CZK 2.846bn in the same period last year.

Excluding one-off items, the **underlying** net profit was CZK 3.362bn which represents a growth of **44% Y/Y**. The difference between reported and underlying net profit in 2Q 2010 was given especially by the fact that the negative revaluation of CDO (prior to the sale of the portfolio to KBC) and negative effect of the ALM hedges volatility outweighed the positive effect of the settlement payment received in 2Q 2010 from KBC Global Services Czech Branch for the transfer of ICT services.

The positive development of the underlying net profit was driven mainly by increasing underlying operating income, which grew faster than operating expenses, and Y/Y decreasing credit costs.

Underlying operating income increased by 5% Y/Y, driven mainly by a 12% Y/Y growth of net interest income. Also the ČSOB group's **operating expenses** increased by 5% Y/Y. The underlying Ytd. cost/income ratio decreased to 41.6% in mid-2010 from 42.7% in mid-2009.

Group deposits grew by 2% Y/Y, while the outstanding volume of group lending decreased by 3% Y/Y, resulting in **liquidity improvement** with loan to deposit ratio at 69.0%, compared to 72.0% a year ago.

Capital position of the ČSOB group strengthened with the capital adequacy ratio growing to 16.5% and (core) Tier 1 ratio to 13.1%.

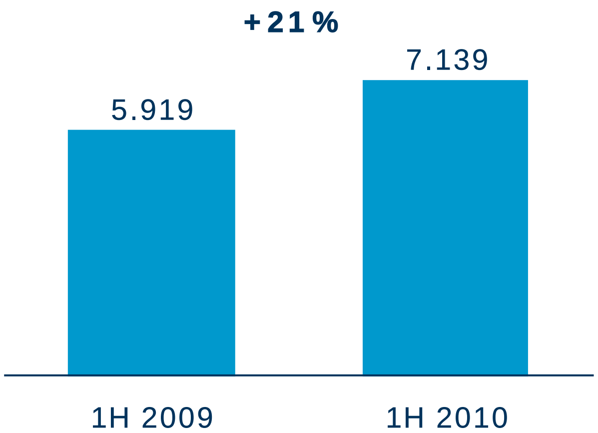
Credit cost ratio declined Y/Y by 31 bps to 0.75%. Non-performing loans ratio increased 3.98%, compared to 2.88% a year ago.

Net profit – Ytd.

Reported vs. underlying

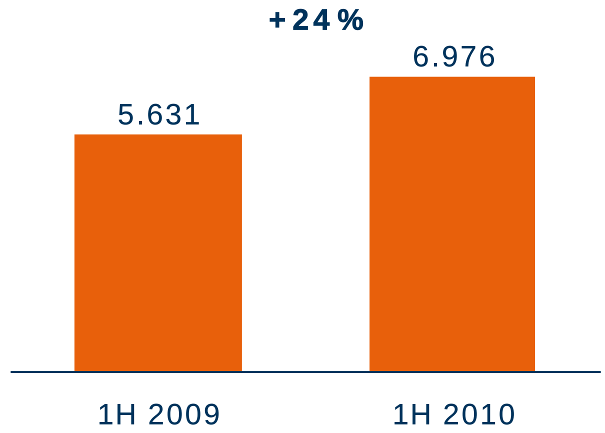
Reported net profit

CZK bn



Underlying net profit

CZK bn



One-off items

CZK bn

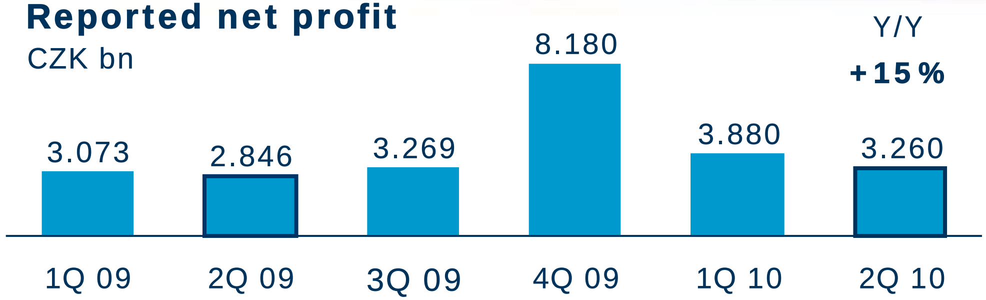
One-off items: The 1H 2009 net profit was positively influenced by volatility in the valuation of ALM instruments. The main one-off in 1H 2010 was a settlement payment received from KBC Global Services Czech Branch for the transfer of ICT services.

Net profit - quarterly

Reported vs. underlying

Reported net profit

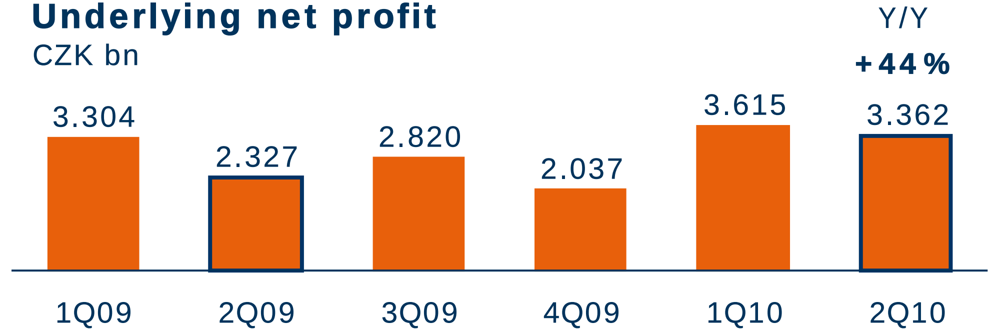
CZK bn



The positive revaluation of the CDO portfolio in 1Q 2010 (+0.2bn net) was followed by a negative revaluation thereof (-0.2bn net) and a negative effect of the volatility of ALM hedges (-0.2bn net) in 2Q 2010. To the opposite direction, the second quarter witnessed a one-off income from the ICT transfer (+0.3bn).
In quarters to come, there will be no more volatility of quarterly reported profits caused by the CDO revaluations as the entire portfolio of CDOs held by both the bank and the insurance company was sold in June 2010.

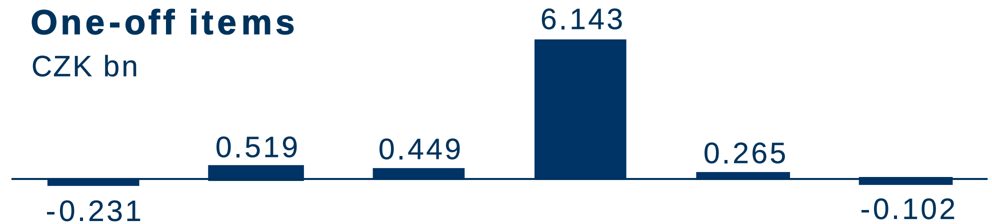
Underlying net profit

CZK bn



One-off items

CZK bn



Financial ratios

Consolidated

	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

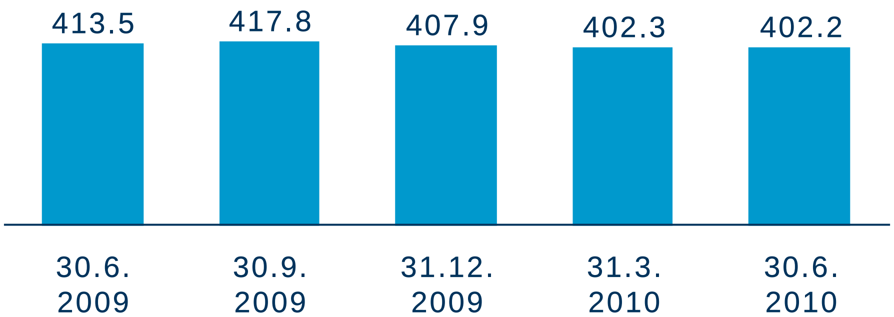
Note: For definitions of the ratios see slide 45.

Lending and deposits

Business development

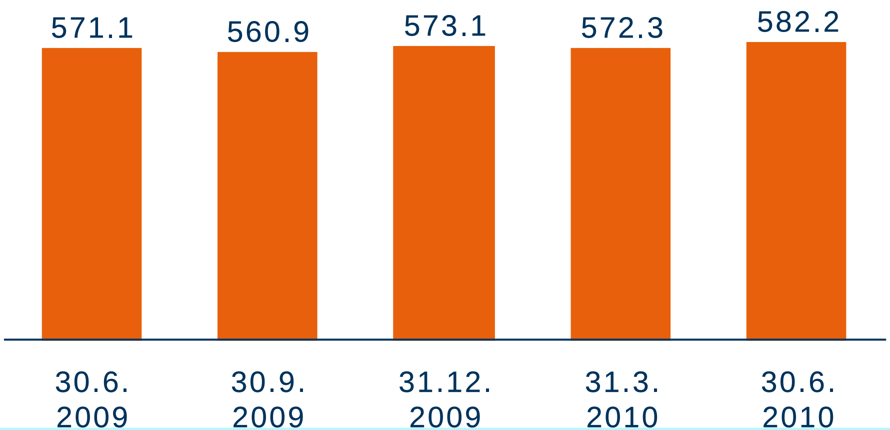
Group lending*
CZK bn

Y/Y
-3 %



Group deposits**
CZK bn

Y/Y
+2 %



Group lending: -3% Y/Y and flat Q/Q

- Retail lending continues growing, with outstanding volumes of housing loans growing by a double-digit pace Y/Y.
- Corporate loans and leasing declined Y/Y.

Group deposits: +2% Y/Y and +2% Q/Q

- Growth was recorded across all major types – client deposits, building savings deposits, and pension funds.

Notes:

** Item “Loans and receivables – gross” from the consolidated balance sheet plus credit-replacing bonds.*

*** Item “Deposits received from other than credit institutions” from the consolidated balance sheet.*

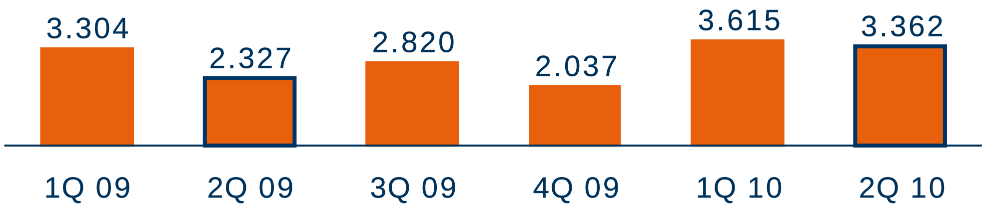
2. Analysis of underlying results

Net profit - quarterly

Underlying

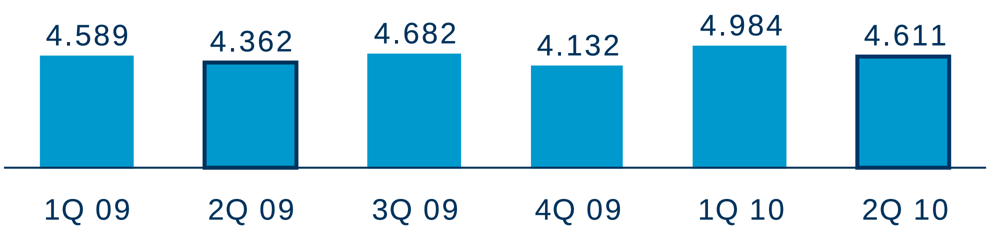
Underlying net profit
CZK bn

1H: **+24%** Y/Y
2Q: **+44%** Y/Y



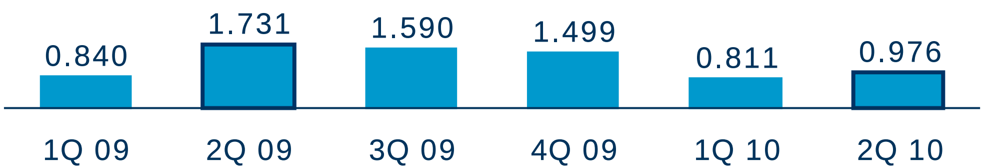
Operating profit
CZK bn

1H: **+7%** Y/Y
2Q: **+6%** Y/Y



Impairments
CZK bn

1H: **-30%** Y/Y
2Q: **-44%** Y/Y



2Q 2010 underlying net profit grew by 44% Y/Y, especially due to the 44% Y/Y decline of impairments (of which impairments on loan and receivables fell by 47% Y/Y).

Operating expenses also contributed to the net profit growth. Thanks to the fact that operating income grew Y/Y faster than operating expenses, 2Q 2010 operating profit recorded a 6% Y/Y growth.

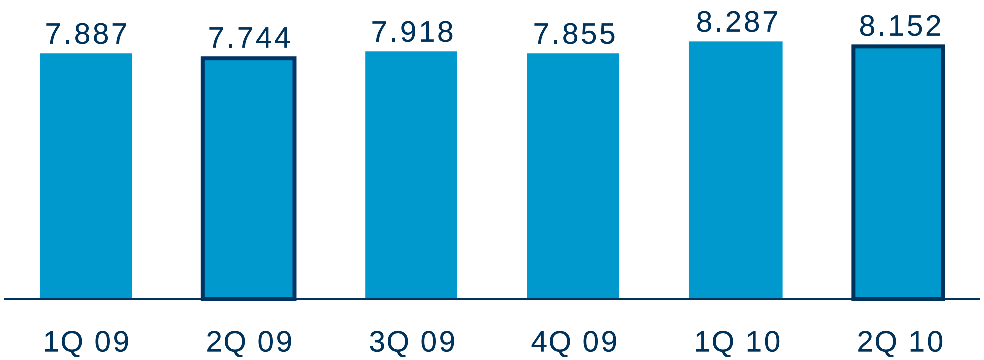
Both 1Q 2010 and 2Q 2010 operating profits were markedly stronger Y/Y. However, compared to 1Q 2010, the 2Q 2010 underlying operating profit was lower, especially due to lower net gains from financial instruments at FVPL and higher general administrative expenses.

Operating profit – quarterly

Underlying

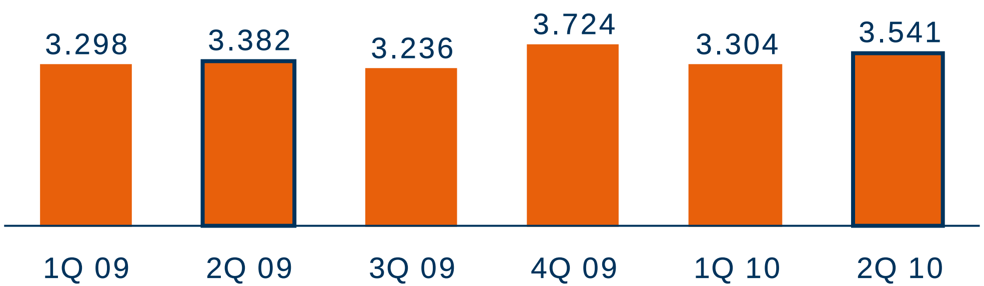
Operating income
CZK bn

1H: **+5%** Y/Y
2Q: **+5%** Y/Y



Operating expenses
CZK bn

1H: **+2%** Y/Y
2Q: **+5%** Y/Y



Operating income increased by 5% Y/Y, with the main contributor to the growth being net interest income. On the other hand, net fee and commission income declined by 1% Y/Y.

The level of operating income of CZK 8.152bn represents a 2% decrease Q/Q. The decrease was driven by lower net fee and commission income, net trading income and dividend income. Net interest income remained flat Q/Q.

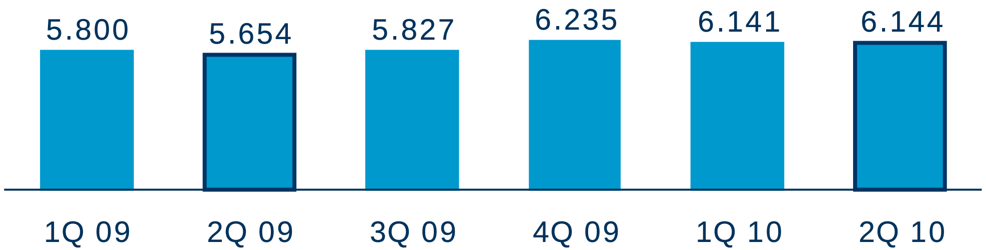
Operating expenses grew by 5% Y/Y and by 7% Q/Q. The main reason for this growth is the rise of general administrative expenses, which exceeded the drop in staff expenses, even when the ICT transfer is adjusted for (for explanation see the slide 13).

Operating income – quarterly

Underlying

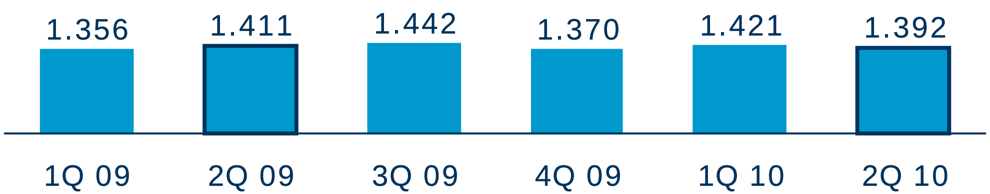
Net interest income
CZK bn

1H: **+7%** Y/Y
2Q: **+8%** Y/Y



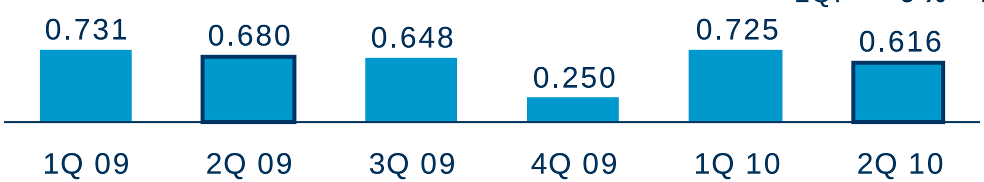
Net fee and commission income
CZK bn

1H: **-2%** Y/Y
2Q: **-1%** Y/Y



Other*
CZK bn

1H: **-5%** Y/Y
2Q: **-9%** Y/Y



NII grew by 8% in comparison with 2Q 2009, driven by mortgages, building savings loans, growing retail deposit margins and growing retail loan volumes. Net interest margin increased Y/Y by 19 bps to 3.45%.

NFCI decreased by 1% Y/Y and by 2% Q/Q especially due to lower income from loans and lower sales of mutual funds.

Within the other operating income, net gains from financial instruments at FVPL stand at CZK 162m (-54% Y/Y, -60% Q/Q), dividend income declined by 83% as a result of the sale of the remaining stake in ČSOB Slovakia to KBC at the end of 2009.

Note:

Reclassified figures for 1Q09, 2Q09 and 3Q09 in lines "NII" and "other" differ from those previously published due to corrections made in 2Q10.

** Net gains from financial instruments at FVPL, net realized gains on available-for-sale financial assets, dividend income, other net income.*

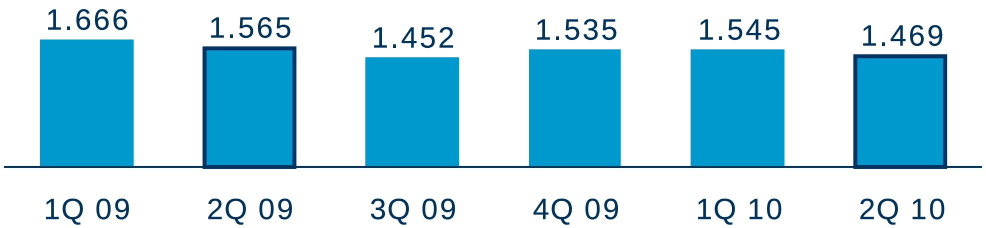
Operating expenses – quarterly

Underlying

Staff expenses

CZK bn

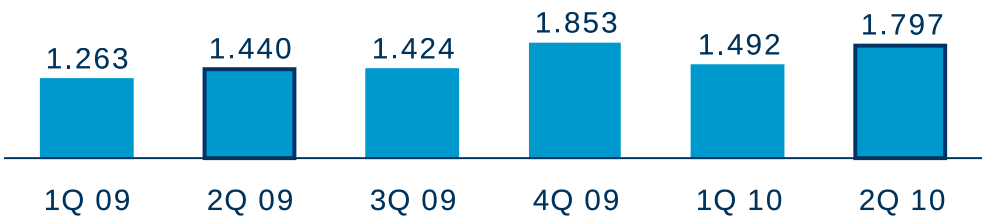
1H: **-7%** Y/Y
2Q: **-6%** Y/Y



General administrative expenses

CZK bn

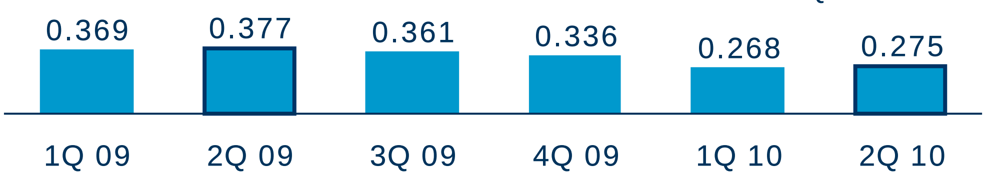
1H: **+22%** Y/Y
2Q: **+25%** Y/Y



Other*

CZK bn

1H: **-27%** Y/Y
2Q: **-27%** Y/Y



The Y/Y comparison of respective categories of operating expenses was affected by the ICT transfer.

ICT transfer: In June 2009, the ICT services of ČSOB and ČSOB Pojišťovna were put under one management structure and transferred to the Czech Branch of KBC Global Services. The ICT services of ČSOB Leasing followed in January 2010. As a result, part of ICT expenses transferred from staff expenses to GAE.

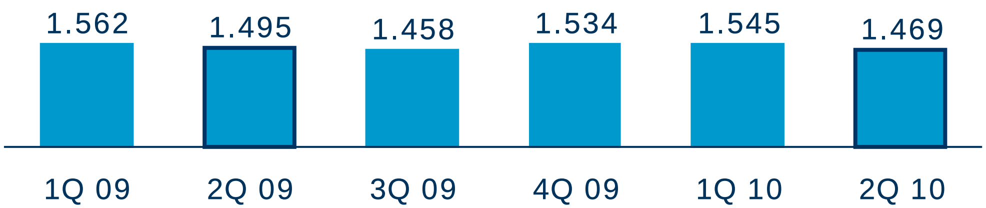
The following slide reports the figures pro forma, i.e. net of the ICT transfer effect.

*Note: * Depreciation and amortization and provisions*

Operating expenses – quarterly
Underlying, pro forma

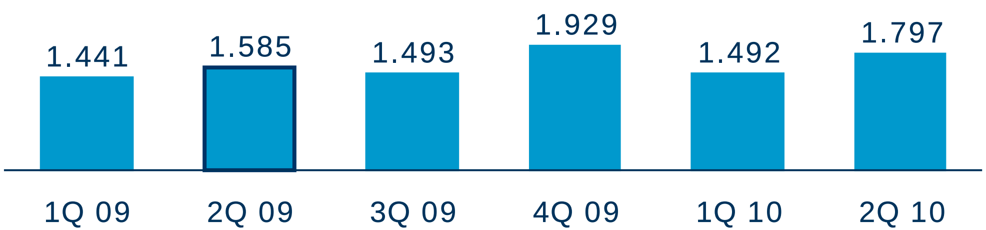
Staff expenses
CZK bn

1H: **-1%** Y/Y
2Q: **-2%** Y/Y



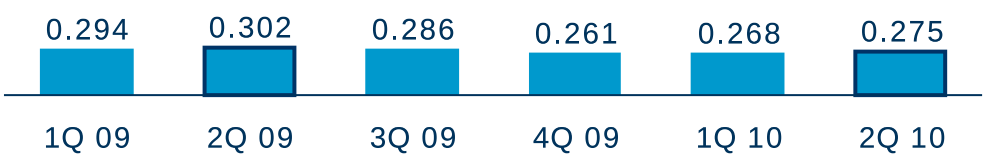
General administrative expenses
CZK bn

1H: **+9%** Y/Y
2Q: **+13%** Y/Y



Other*
CZK bn

1H: **-9%** Y/Y
2Q: **-29%** Y/Y



Excluding the effect of the ICT transfer (described on the previous slide), quarterly staff expenses decreased Y/Y by 2% and quarterly GAE increased Y/Y by 13%.

The main factor for lower staff expenses on a comparable basis was the Y/Y staff reduction.

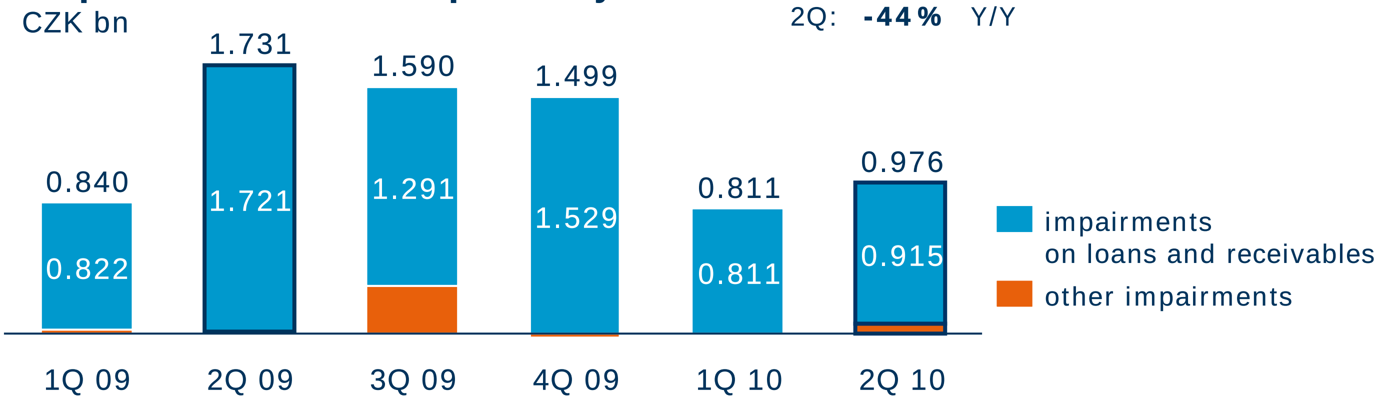
The 13% pro forma increase of GAE was mainly driven by higher ICT expenses caused by the movement of some CAPEX expenses to OPEX and by new ICT projects.

*Note: * Depreciation and amortization and provisions*

Total impairment losses

Underlying

Impairment losses – quarterly



Total 2Q 2010 impairments decreased by 44% Y/Y, of which impairments on loans and receivables (LaR) recorded a 47% reduction.

Y/Y favorable development is driven by CORP and SME segments, where the 2Q 2010 inflow of new problem files was much lower than 2Q 2009. Q/Q comparison is however influenced by additional impairments of several corporate files in 2Q 2010, whereas in 1Q 2010 the impairment on corporates was almost zero (due to granularity effect).

In line with ČSOB's expectations, the situation in the retail (especially mortgages) is worse than in the last year, but as mortgages are less provisioned, the impairments are relatively limited. Q/Q impairments on mortgages were stable.

Credit cost ratio decreased by 31 bps to 0.75% Y/Y. NPL ratio rose by 110 bps to 3.98% Y/Y as non-performing loans increased to CZK 15.8 bn as at mid-2010 from CZK 11.7bn in mid-2009.

3. Analysis of business performance

ČSOB group's market shares

Insurance	market share	rank
Life[2] ↗	↗ 10.4%	5
Non-life[2]	↘ 4.9%	6
Total[2]	↗ 7.3%	3

1st

Building savings loans[1]	↗	44.1%
Building savings deposits[1]	↗	36.0%
Housing loans[1,4]	↗	34.2%
Mutual funds[1]	↘	32.4%
Factoring[2]	↗	24.6%

2nd

Deposits[1]	↘	21.4%
Total loans and leases[1]	↘	17.8%
Mortgages[1]	↗	27.6%

3rd

Pension funds[3]	↗	16.2%
Corporate/SME loans[1]	↘	13.1%
Consumer loans[1]	↗	15.2%
Leasing[2]	↘	9.4%

Notes: Arrows show Y/Y change. 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

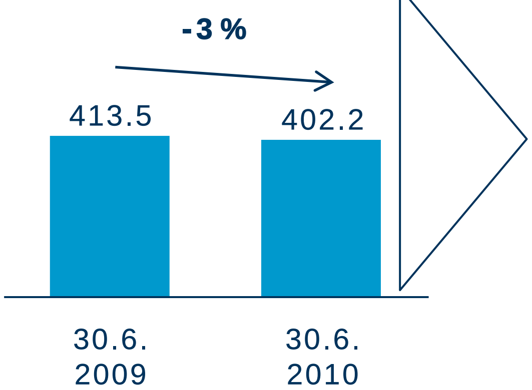
[3] Number of clients at the given date

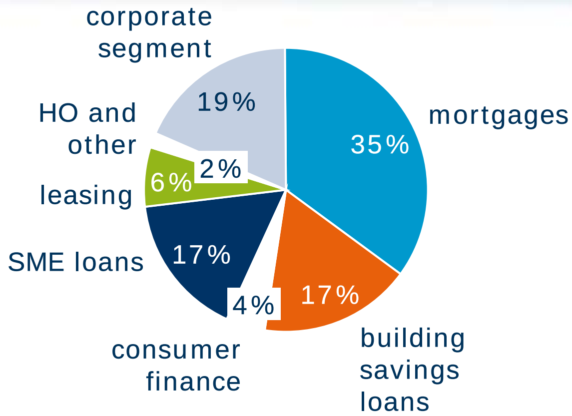
[4] Comprise mortgages and building savings loans

Sources and detailed definitions are provided in Appendix, slide 44.

Lending and deposits development

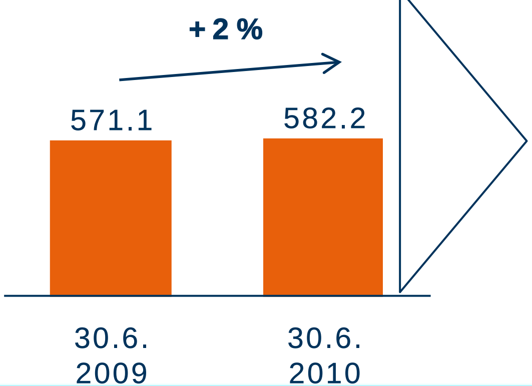
Group lending
CZK bn

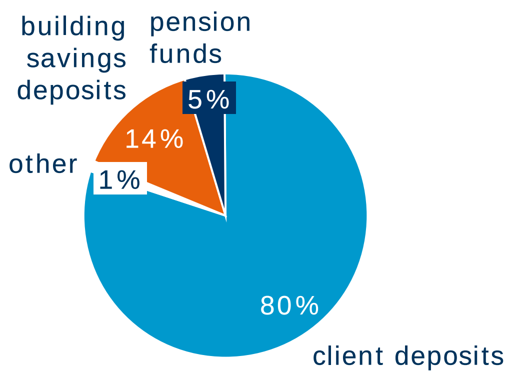




30.6. 2010

Group deposits
CZK bn





30.6. 2010

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.

Group deposits increased by 2% Y/Y and by the same rate Q/Q. Growth was recorded across all major types – client deposits, building savings deposits, and pension funds.

Group lending at a glance

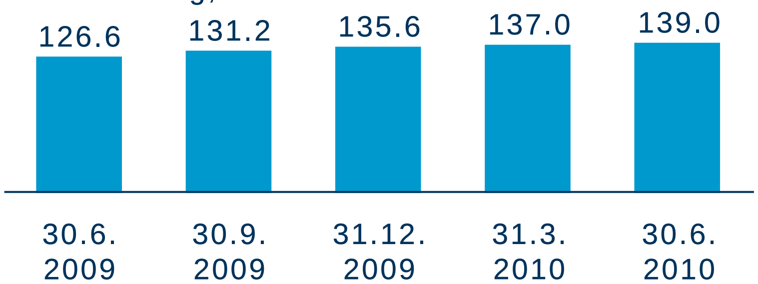
Gross outstanding volumes, CZK bn	30.6.2009	30.6.2010	Y/Y
Group lending	**413.5**	**402.2**	**-3%**
Ret/SME Segment			
Mortgages[1]	126.6	139.0	+10%
Building savings loans[2]	60.3	69.2	+15%
Consumer finance	17.1	17.6	+3%
SME loans	70.5	65.8	-7%
Leasing	32.8	25.5	-22%
Corporate Segment			
Corporate loans[3]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

Housing loans

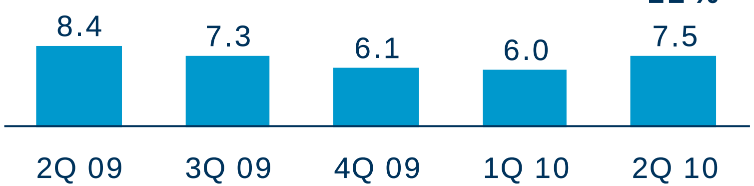
Mortgages
Outstanding, CZK bn

Y/Y
+10%



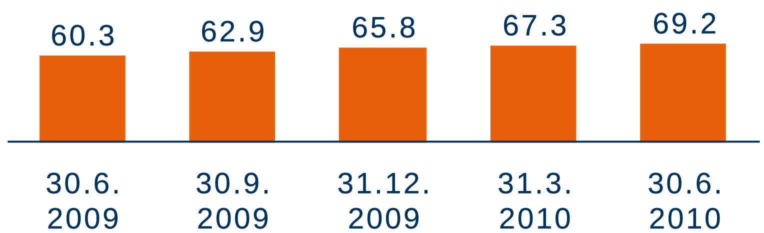
New sales*, CZK bn

Y/Y
-12%



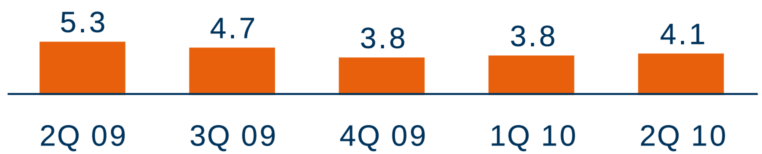
Building savings loans
Outstanding (ČMSS 55%), CZK bn

Y/Y
+15%



New sales (ČMSS 55%)*, CZK bn

Y/Y
-22%



The mortgage portfolio as a whole has been steadily growing as the new production of mortgages exceeded repayments in each quarter since mid-2009.

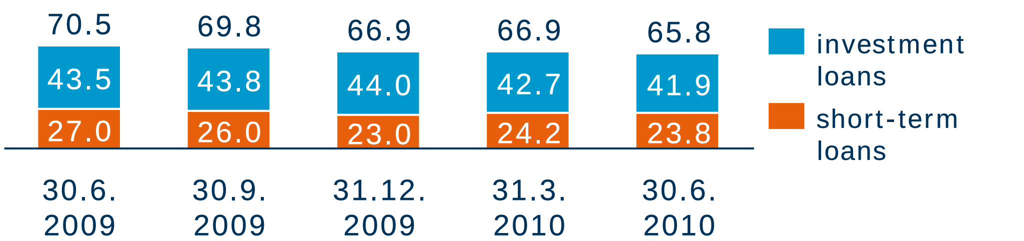
In 2Q 2010, the new sales of building savings were by 8% higher than in 1Q 2010, however, the sales in each month of 2Q 2010 were lower than in April, May, June 2009. In 2010, the strongest month in new sales was June with the new volume of CZK 2.6 bn.

*Note: * Granted loan limits.*

SME loans, consumer finance, leasing

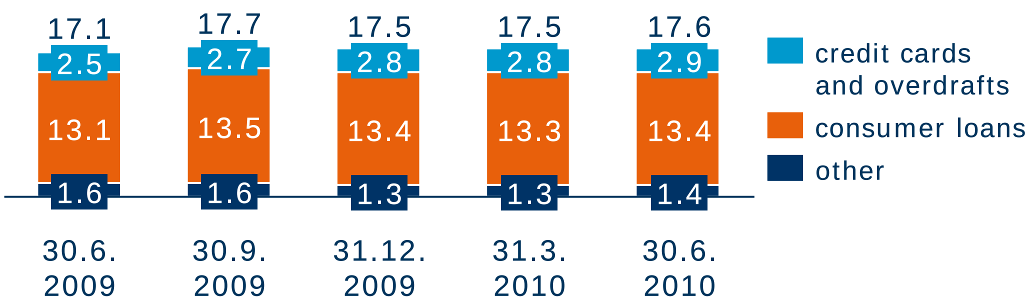
SME loans
Outstanding, CZK bn

Y/Y
-7 %



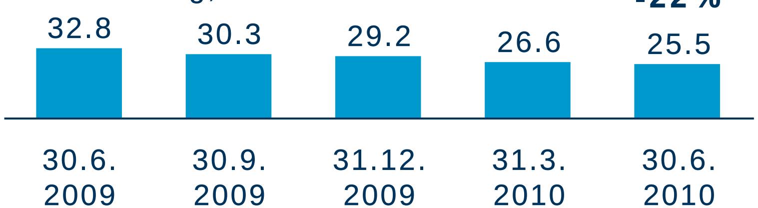
Consumer finance
Outstanding, CZK bn

Y/Y
+3 %



Leasing
Outstanding, CZK bn

Y/Y
-22 %



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).

Consumer finance development:

The main driver of the Y/Y growth were credit cards and overdrafts which increased by 16%.

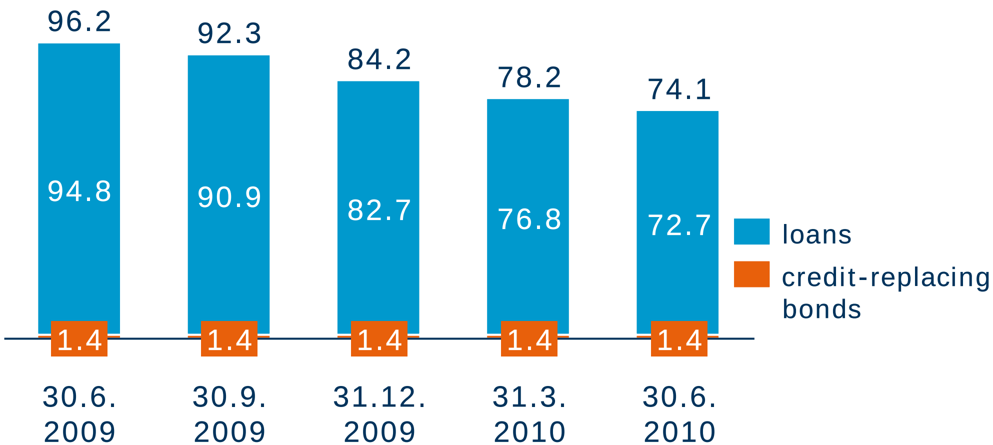
Leasing development:

The largest decline was recorded in machinery, equipment and trucks where the market has decreased.

Corporate segment

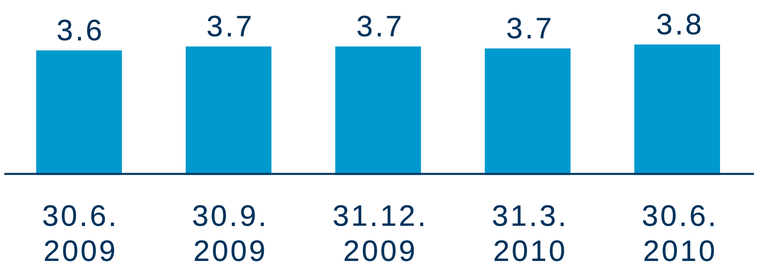
Corporate loans
Outstanding, CZK bn

Y/Y
-23%



Factoring
Outstanding, CZK bn

Y/Y
+4%



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.

In 2010, ČSOB was awarded the best corporate bank in the Czech Republic, based on the vote among Czech corporates' CFOs. In the area of acquisition finance, ČSOB was named Bank of the Year, Eastern Europe.

ACQGLOBAL AWARDS 2010

MasterCard FIREMNÍ 2010 BANKA ROKU

Note: The corporate segment comprises mid-cap and corporate customers with an annual turnover above CZK 300m, local subsidiaries of international groups and selected institutional clients.

AUM and deposits at a glance

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 funds[3]	**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.

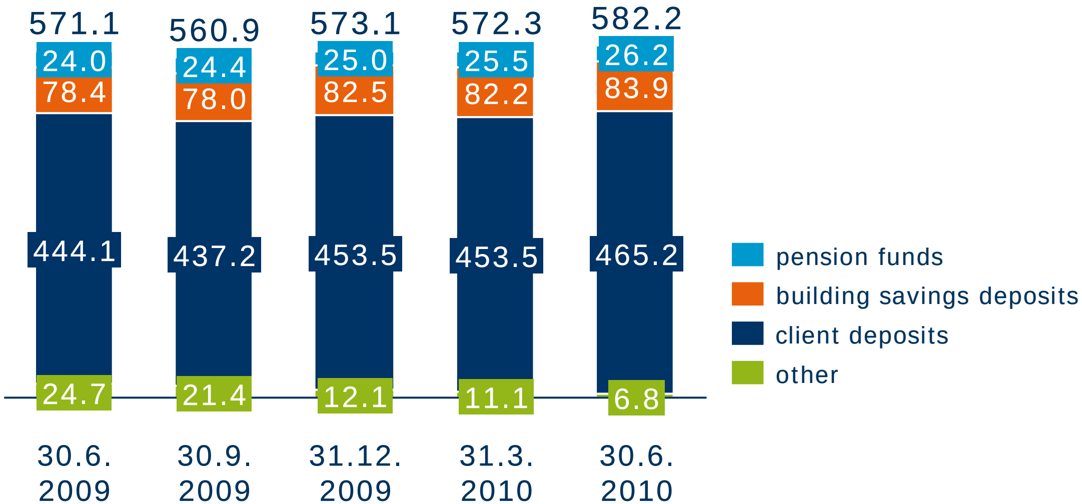
[3] Only direct positions are included.

Group deposits

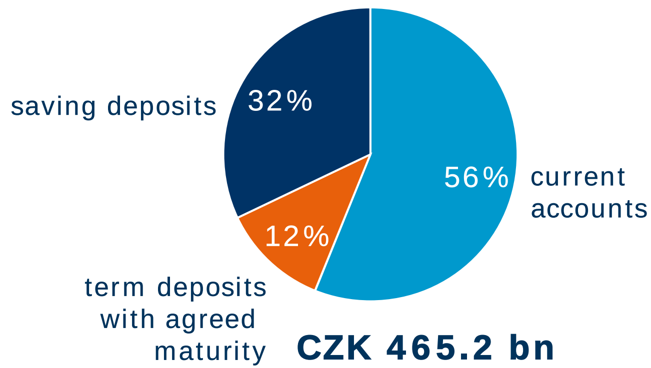
Group deposits

CZK bn

Y/Y
+2%



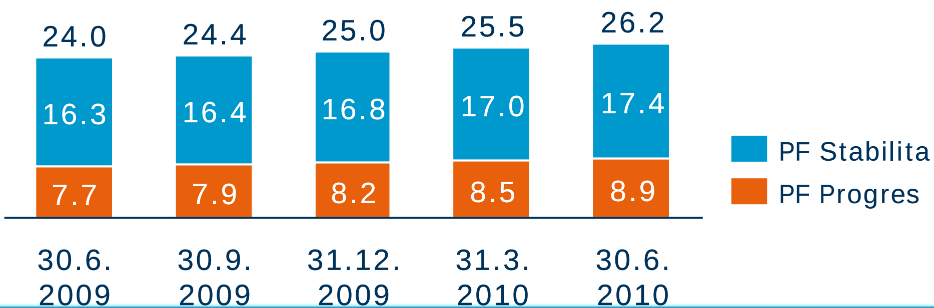
Client deposits as of 30.6.2010



Pension funds

CZK bn

Y/Y
+9%



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).

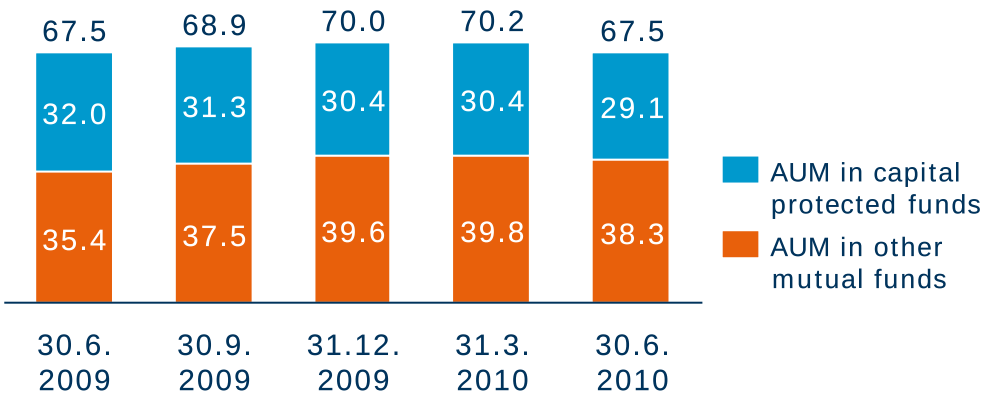
Within client deposits, current accounts slightly increased Y/Y. A decrease of term deposits with agreed maturity was offset by an increase of saving deposits.

AUM in both ČSOB pension funds kept increasing quarter to quarter.

Mutual funds

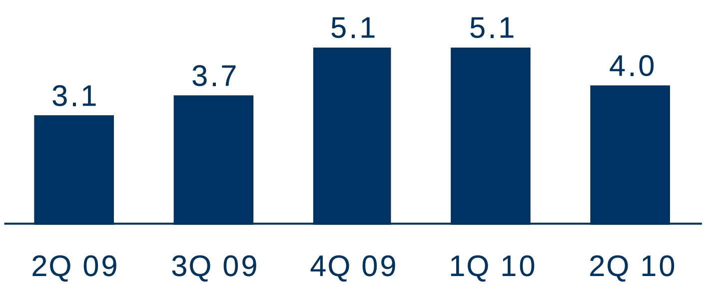
Assets under management
CZK bn

Y/Y
+0%



New sales
CZK bn

Y/Y
+27%



The AUM in mutual funds decreased by 4% Q/Q, getting back to the level of mid-2009.

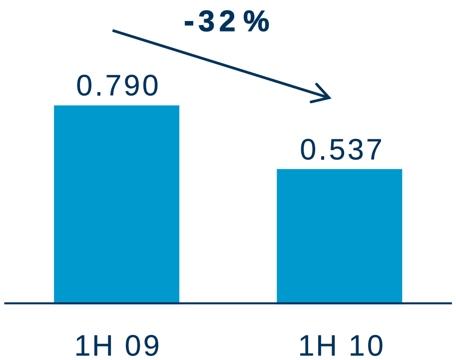
The main reason for the decline was a partial transfer of clients' funds from asset management products to saving accounts. Amount of savings in capital protected funds (CPFs) that matured in 2Q 2010 exceeded the new sales, because part of the money from maturing CPFs shifted to deposits. Among other 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. 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.

Note: Only direct positions are included.

Insurance

Net profit of ČSOB Pojišťovna*
CZK bn

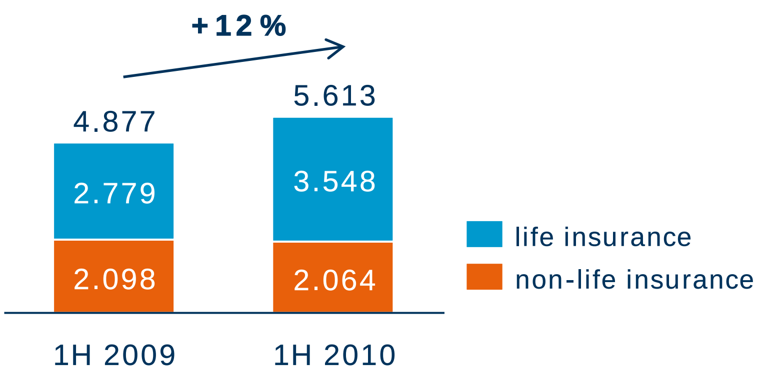


The ČSOB Pojišťovna's contribution to the ČSOB consolidated P/L in 1H 2010 was CZK 134 m, compared to CZK 198 m in 1H 2009.

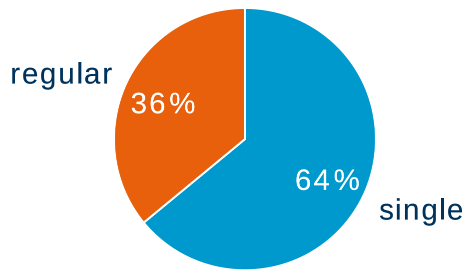
ČSOB Pojišťovna was named the Best Insurance Company 2010 in the Czech Republic by the Hospodarske noviny daily.

NEJLEPŠÍ POJIŠŤOVNA 2010
CENA HOSPODÁŘSKÝCH NOVIN

Gross written premium
CZK bn



Life insurance
as of 30.6.2010



CZK 3.548 bn

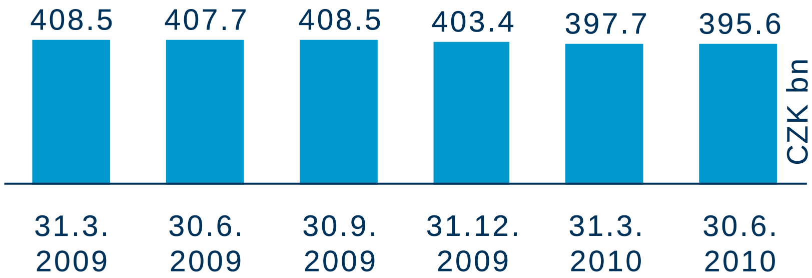
Note:

** Reported net profit of ČSOB Pojišťovna used for consolidation purposes. 25% of the figures shown enter the ČSOB group's profit and loss statement through the line share of profit of associates.*

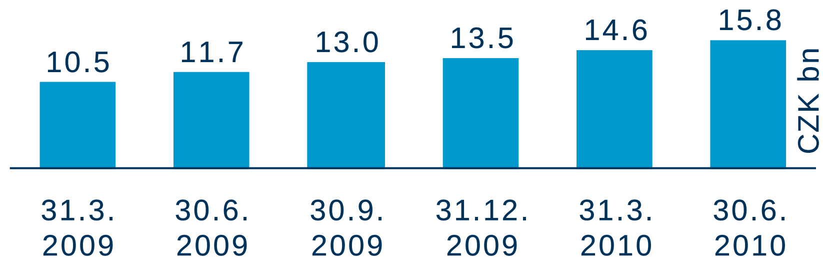
4. Risk management

Credit risk under control

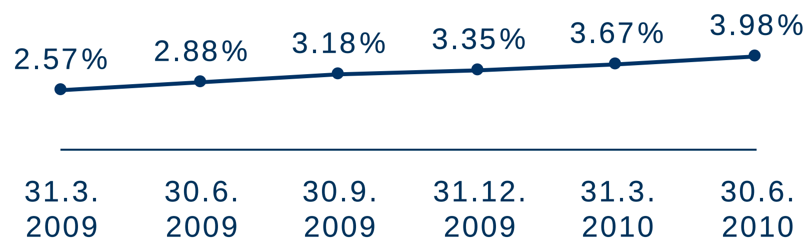
Loan portfolio[1]



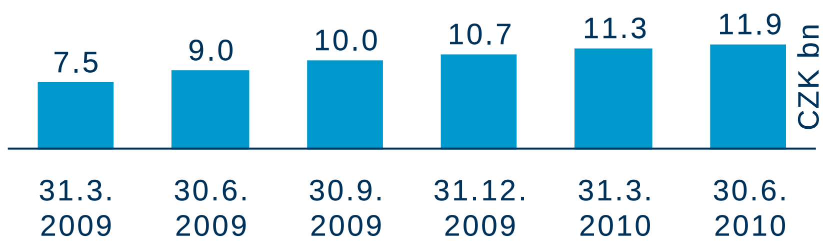
Non-performing loans



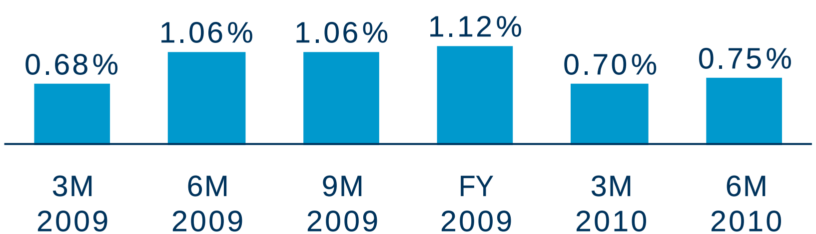
NPL ratio[2]



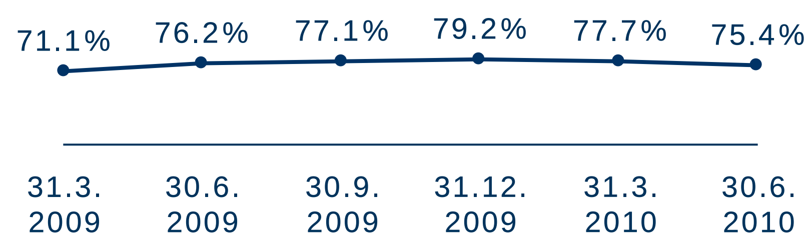
Allowances for loans and leases[4]



Credit cost ratio[3]



NPL coverage ratio



Notes: [1] *Group lending excluding "other" loans.*
[2] *Including correction of end-2009 figure.*

Notes: [3] *Ytd. annualized, including off-balance sheet.*
[4] *Allowances for on-balance sheet items.*

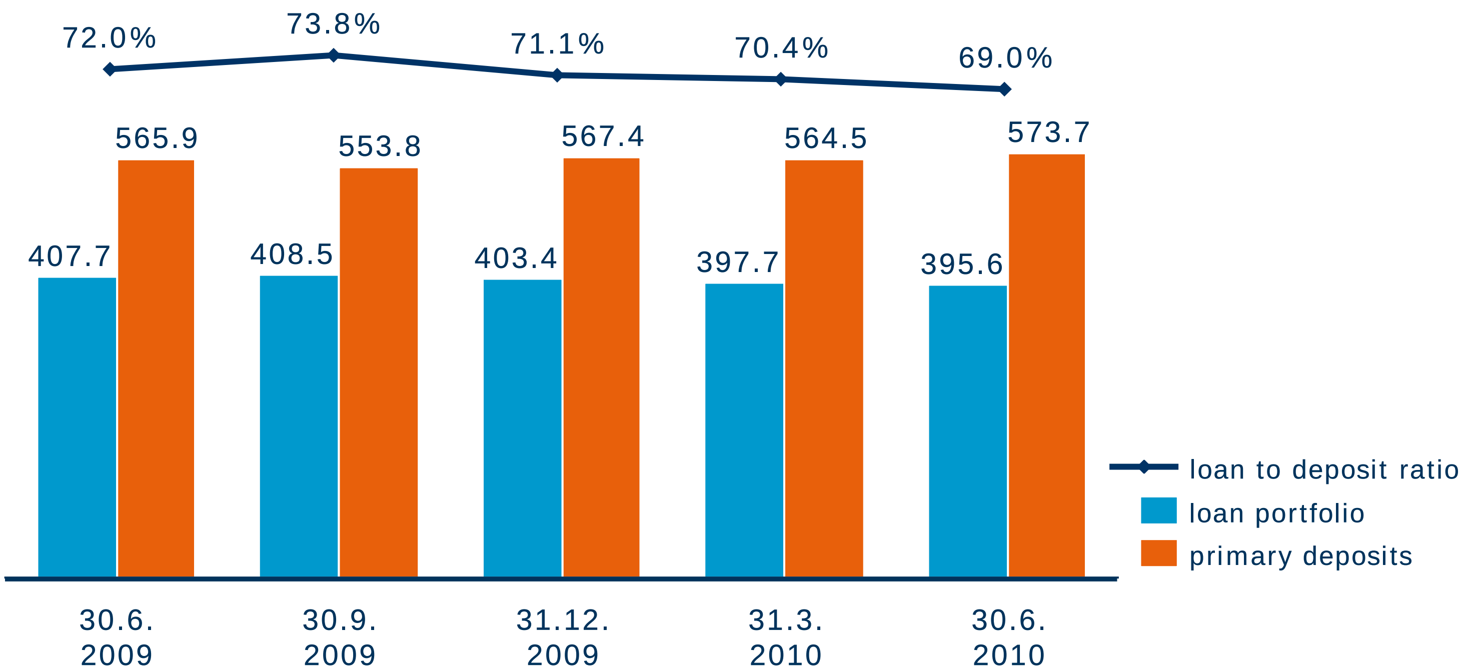
Strong capital position

Consolidated, CZK m	31.12.2009	30.6.2010
Total regulatory capital	**55 162**	**56 480**
- Tier 1 Capital	44 582	45 473
- Tier 2 Capital	11 970	11 972
- Deductions from Tier 1 and Tier 2	-1 390	-965
Total capital requirement	**29 452**	**27 464**
- Credit risk (IRB approach)	25 288	23 283
- Market risk (internal model)	1 176	827
- Operational risk (standardized approach)	2 987	3 354
Total RWA	**368 150**	**343 306**
Core Tier 1 ratio = Tier 1 ratio	**11.92%**	**13.10%**
Total capital ratio	**14.98%**	**16.45%**

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

Ample liquidity

CZK bn	30.6.2009	30.9.2009	31.12.2009	31.3.2009	30.6.2010
Excess of primary deposits over loan portfolio	158.2	145.3	164.0	166.8	178.1



Notes:
Primary deposits = group deposits minus pension funds minus repo operations with non-banking financial institutions (part of "other group deposits") plus deposits to credit institutions (excl. repo operations with credit institutions)
Loan portfolio = group lending minus item "other group lending" (which comprises money market placements with banks, loro/nostro accounts and other settlement accounts).

Selected exposure to bonds

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.

Appendix

ČSOB's profile – bank only (incl. PSB)

	30.6.2009	31.12.2009	30.6.2010
Employees (group)*	8 025	8 018	8 069
Bank customers (ths)	3 062	3 064	3 061
Users of direct banking (ths)	1 953	2 083	2 239
Payment cards (ths)	1 969	2 000	2 014
- of which: credit cards (ths)	114	130	138
ČSOB Retail/SME branches	235	237	237
ČSOB Corporate branches	11	11	11
PSB branches ("Financial Centres")	49	52	52
PSB outlets of the Czech Post network	ca. 3 320	ca. 3 320	ca. 3 300
ATMs (ČSOB+PSB)	706	734	756

*Note: * FTEs. The figure as at 31.12.2009 and 30.6.2010 includes also employees transferred to KBC Global Services Czech Branch.*

Changes in ČSOB top management

As of May 2010, ČSOB top management was strengthened by three new members.

Former Chief Financial and Risk Officer (CFRO), **Mr. Hendrik Scheerlinck** left for the position of Chief Executive Officer of KBC's Hungarian subsidiary K&H and KBC group's Country Manager for Hungary.

The CFRO position in ČSOB was split into two.

Mr. Bartel Puelinckx, former Senior Managing Director in K&H responsible for Credits and Human Resources, was appointed as new Chief Finance Officer (CFO) of ČSOB.

Mr. Koen Wilmots, former Managing Director of ČSOB Group Credits, was appointed Chief Risk Officer (CRO) of ČSOB.

Mr. Jiří Vévoda, former Associate Partner at McKinsey & Company, was appointed Chief Staff Officer (CSO) of ČSOB, a position that had been vacant since November 2009.

Changes in ČSOB supervisory board

As of June 2010, the 5-year term of office of three members of the ČSOB supervisory board (Mr. František Hupka, Ms. Libuše Gregorová, and Ms. Martina Kopecká) representing ČSOB employees ended. Based on employee vote, the following members were appointed to the ČSOB supervisory board as of 23 June, 2010:

Mr. František Hupka

Ms. Martina Kantová

Ms. Ladislava Spielbergerová

As of 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.

ČSOB group in the Czech Republic

ČSOB

Poštovní spořitelna

Československá obchodní banka, a. s.

ČSOB Pojišťovna

Hypoteční banka

Českomoravská stavební spořitelna
Na těchto základech můžete stavět

ČSOB Investiční společnost

ČSOB Penzijní fond Progres

ČSOB Penzijní fond Stabilita

ČSOB Asset Management

ČSOB Leasing

ČSOB Factoring

Rating, shareholder structure and dividend

ČSOB's credit rating

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. 2. 2007		14. 5. 2009
Last confirmation		10. 9. 2009		19. 11. 2009

Shareholder structure and dividend

As at 30 June 2010, ČSOB's share capital was CZK 5.855 bn and comprised of 292,750,000 ordinary shares with a nominal value of CZK 20 each, following the split of ČSOB's shares 1:50 as of 2 March 2010.

ČSOB is directly controlled by KBC Bank NV whose ownership interest in ČSOB is 100%.

On 10 May 2010, KBC Bank NV decided as the sole shareholder in exercising the powers of the General Meeting to pay CZK 17,389,350,000 in dividends (i. e. CZK 59.40 per one share).

Awards for ČSOB group

Awarded the best Czech bank/insurer by many

Euromoney magazine's Awards for Excellence:
Best Bank Czech Republic

NEJLEPŠÍ BANKA 2010
CENA HOSPODÁŘSKÝCH NOVIN

NEJLEPŠÍ POJIŠŤOVNA 2010
CENA HOSPODÁŘSKÝCH NOVIN

Awards by the *Hospodarske noviny* daily:
Best Bank and Best Insurance Company

EMEA Finance magazine: Best Bank Czech Republic

Awards for ČSOB businesses

Accolades for individual segments and businesses

ČSOB named:

Best Sub-custodian

Best FX Provider

Best Trade Finance Provider

Best building society product

Corporate Bank of the Year

Acquisition Finance Bank of the Year (Eastern Europe)

“Zlatá koruna” award for ČMSS

“Corporate Bank of the Year” based on a vote of Czech corporates’ CFOs

Best in acquisition finance in Eastern Europe

Corporate Social Responsibility (CSR)

ČSOB group educates…

The Education Fund:
- Improving financial literacy
- Supporting disabled and disadvantaged students

ČSOB group supports regions…

- ČSOB and PSB support regions
- Mayor of the Year Award

ČSOB group employees help…

- Czech mountains cleanup
- Considerate and Healthy campaign
- Charity collections for the Sue Ryder Home
- Prague marathon for Committee of Good Will

Postal Savings Bank helps…

- Job opportunities for the disabled
- Safer Internet

CSR in 1H 2010

ČSOB group educates…

- ČSOB education foundation program supported 10 projects to improve financial literacy with a total of CZK 1m.
- ČSOB donated CZK 0.9m to the Education Fund of ČSOB and Committee of Good Will – The Olga Havel Foundation; the amount will be distributed in scholarships for disabled and disadvantaged students.

ČSOB group supports regions…

- ČSOB and PSB allocated a total of CZK 2.1m in small grants to support community life and local care for cultural and natural heritage.
- PSB's Mayor of the Year Award: this year's nominations are open. Towards the end of 2010, an expert panel will select the winner who will receive CZK 250,000 for his/her municipality.
- Investment grants for Environmental protection and landscape restoration launched: three projects will receive CZK 300,000 each in 2010.

CSR in 1H 2010

ČSOB group employees help...

- Czech mountains cleanup after the winter: employees with their relatives and friends cleaned the Jizerské hory, Krušné hory and Šumava mountains.
- Two charity collections of clothes and fashion accessories for the Sue Ryder Home.
- The six-month campaign Considerate and Healthy concluded with a markets with fair trade products and organic food and introduction of environment friendly technologies in the headquarters building in Prague.
- Running for Committee of Good Will – The Olga Havel Foundation: ČSOB donated CZK 81,000, which was the total amount paid by 60 employees of the ČSOB group as registration fees at the Prague International Marathon.

Postal Savings Bank helps...

- PSB supported the festival I Live Just Like You : a consultation center assisting the disabled to find a job and a tent city presenting sheltered workshops from the entire nation.
- PSB Financial Centers host a travelling show of paintings by young blind artists from the ARTEVIDE Foundation; the paintings may be bought after the show at www.ctyrlistek.eu.
- PSB and the Czech National Safer Internet Centre launched the Safely-online project: the www.bezpecne-online.cz web gives advice on safe use of the Internet.

CSR-related awards for ČSOB group

The "Ď" (Thanks) award for the support of the Education Fund

- ČSOB won the award in the category Foundation and Charity in the Czech Republic for the 16 years of support and financing the studies for young disabled people and involvement of employees in the project.

ČSOB at a bronze position in the CSR Award

- An award in the Large Companies category for the concept of CSR and friendly approach to the environment and community.

ČSOB acknowledged in the Olga Havlová Award 2010

- ČSOB was acknowledged for its long term cooperation with Committee of Good Will – The Olga Havel Foundation, including the Education Fund, Prague International Marathon related events and ČSOB employees patronage of disabled students.

PSB won the Bridges 2009 award

- PSB won in the non-government entities category for its cooperation with the Ergotep cooperative.

Profit and loss statement – Ytd.

Reported

(CZK m)	6M 2009 *reclassified*	6M 2010	Y/Y
Interest income	*17 250*	*16 649*	*-3%*
Interest expense	*-5 797*	*-4 364*	*-25%*
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%
Impairment on loans and receivables	-2 543	-1 726	-32%
*Impairment on available-for-sale securities**	-208	0	N/A
Impairment on other assets	-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	45	+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.*

Profit and loss statement – Ytd.

Underlying

(CZK m)	6M 2009 reclassified	6M 2010	Y/Y
Interest income	*17 250*	*16 649*	*-3%*
Interest expense	*-5 797*	*-4 364*	*-25%*
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%
Impairment on loans and receivables	-2 543	-1 726	-32%
*Impairment on available-for-sale securities**	-9	0	N/A
Impairment on other assets	-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	45	+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.*

Profit and loss statement – quarterly

Reported

(CZK m)	2Q 2009 reclass.	1Q 2010	2Q 2010	Y/Y	Q/Q
Interest income	*8 496*	*8 356*	*8 293*	*-2%*	*-1%*
Interest expense	*-2 842*	*-2 215*	*-2 149*	*-24%*	*-3%*
Net interest income	5 654	6 141	6 144	+9%	+0%
Net fee and commission income	1 411	1 421	1 392	-1%	-2%
Net gains from financial instruments at FVPL*	851	742	-296	-135%	-140%
Other operating income*	478	316	783	+64%	+147%
Operating income	**8 393**	**8 621**	**8 023**	**-4%**	**-7%**
Staff expenses	-1 565	-1 545	-1 469	-6%	-5%
General administrative expenses	-1 440	-1 492	-1 797	+25%	+20%
Depreciation and amortisation	-377	-268	-275	-27%	+3%
Operating expenses	**-3 382**	**-3 304**	**-3 541**	**+5%**	**+7%**
Impairment losses*	-1 731	-818	-969	-44%	+18%
Impairment on loans and receivables	*-1 721*	*-811*	*-915*	*-47%*	*+13%*
*Impairment on available-for-sale securities**	*-9*	*-7*	*7*	*-182%*	*+/-*
Impairment on other assets	*-1*	*0*	*-61*	*N/A*	*N/A*
Share of profit of associates*	76	71	64	-17%	-10%
Profit before tax	**3 356**	**4 570**	**3 576**	**+7%**	**-22%**
Income tax expense*	-489	-672	-290	-41%	-57%
Profit for the period	**2 868**	**3 898**	**3 287**	**+15%**	**-16%**
Attributable to:					
Equity holders of the parent	**2 846**	**3 880**	**3 260**	**+15%**	**-16%**
Minority interest	22	19	27	+22%	+44%

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.*

Profit and loss statement – quarterly

Underlying

(CZK m)	2Q 2009 reclass.	1Q 2010	2Q 2010	Y/Y	Q/Q
Interest income	*8 496*	*8 356*	*8 293*	*-2%*	*-1%*
Interest expense	*-2 842*	*-2 215*	*-2 149*	*-24%*	*-3%*
Net interest income	5 654	6 141	6 144	+9%	+0%
Net fee and commission income	1 411	1 421	1 392	-1%	-2%
Net gains from financial instruments at FVPL*	202	408	162	-20%	-60%
Other operating income*	478	316	454	-5%	+44%
Operating income	**7 744**	**8 287**	**8 152**	**+5%**	**-2%**
Staff expenses	-1 565	-1 545	-1 469	-6%	-5%
General administrative expenses	-1 440	-1 492	-1 797	+25%	+20%
Depreciation and amortisation	-377	-268	-275	-27%	+3%
Operating expenses	**-3 382**	**-3 304**	**-3 541**	**+5%**	**+7%**
Impairment losses*	-1 731	-811	-976	-44%	+20%
Impairment on loans and receivables	*-1 721*	*-811*	*-915*	*-47%*	*+13%*
*Impairment on available-for-sale securities**	*-9*	*0*	*0*	*-100%*	*N/A*
Impairment on other assets	*-1*	*0*	*-61*	*N/A*	*N/A*
Share of profit of associates*	76	71	64	-17%	-10%
Profit before tax	**2 708**	**4 243**	**3 699**	**+37%**	**-13%**
Income tax expense*	-359	-609	-310	-14%	-49%
Profit for the period	**2 349**	**3 633**	**3 388**	**+44%**	**-7%**
Attributable to:	0	0	0		
Equity holders of the parent	**2 327**	**3 615**	**3 362**	**+44%**	**-7%**
Minority interest	22	19	27	+22%	+44%

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.*

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%
Loans and receivables - gross	*406 494*	*400 753*	*-1%*
Loans and receivables - allowancies	*-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%**

Due to increase of excess funds placement in reverse repo with ČNB – ALM originated transaction

Due to decrease of reverse repo with ČNB – trading originated transaction

Revaluation of swaps used for hedging – see the same item in Liabilities

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%
of which Deposits received from credit institutions	*26 027*	*27 989*	*+8%*
of which Deposits received from other than credit institut.	*573 148*	*582 163*	*+2%*
of which Debt securities in issue	*32 572*	*30 927*	*-5%*
of which Subordinated liabilities	*11 970*	*11 972*	*+0%*
of which Accrued interest expenses	*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%**

Revaluation of swaps used for hedging – see the same item in Assets

Decline fully attributable to dividend payout, offset by current year profit

Methodological note

Reclassification of the profit and loss statement:

This presentation shows 2009 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. List of reclassifications is provided on slide 43.

Reconciliation of business volumes reporting to the balance sheet:

As of 1 January 2010, ČSOB adjusted its methodology of the external reporting of business volumes, i.e. loans and deposits and their respective categories, to be fully derived from the IFRS balance sheet. In this presentation, volumes of loans and deposits for the 2Q 2010 and previous four quarters are shown according to the new methodology. Formerly reported volumes were based on the internal management reporting system.

Term "group lending" used throughout the presentation is defined as the item "Loans and receivables – gross" from the consolidated balance sheet plus credit-replacing bonds. Term "loan portfolio" shown in section Risk Management is consistent with the internal credit risk management reporting system and is defined as group lending minus item "other group lending" (see slide 20).

Term "group deposits" used throughout the presentation is defined as the item "Deposits received from other than credit institutions" from the consolidated balance sheet. Term "primary deposits" shown in section Risk Management is consistent with the internal liquidity management reporting system and is defined as group deposits minus pension funds minus repo operations with non-banking financial institutions (part of "other group deposits") plus deposits to credit institutions (excl. repo operations with credit institutions).

List of reclassifications

Compared to the reporting in previous quarters, there have been a number of reclassifications among items of operating income and operating expenses:

- **Fees to third parties**
  - reclassified from operating expenses (GAE) to operating income (NFCI).
- **Provisions for legal issues and other losses, restructuring and contractual engagements**
  - transferred from a separate expense item “provisions” to three items – staff expenses, GAE, and other net income.
- **Accrued interest on non-performing loans**
  - reversed through reclassification of relating impairment additions from impairments on loans and receivables to net interest income.
- **Interest from hedging derivatives**
  - separated into interest income and interest expense.
- **Interest income related to hedge derivatives**
  - reclassified from net gains from financial instruments at FVPL to net interest income. (Reclassified figures for 1Q 2009, 2Q 2009 and 3Q 2009 in these two lines differ from those previously published due to corrections made in 2Q 2010.)

Reconciliation – Lending

CZK bn	30.6.2010	Group lending (business reporting)	LaR – gross (IFRS BS line)	Loan portfolio (credit risk reporting)
Ret / SME Segment	317.1	✓	✓	✓
Corporate Segment – loans plus factoring	76.5	✓	✓	✓
Corporate Segment – credit-replacing bonds	1.4	✓	-	✓
Head Office	0.6	✓	✓	✓
Other*	6.6	✓	✓	-
		402.2	400.6	395.6

Notes:

The ✓ sign denotes the fact that the respective line is included in the calculation of the variable in the column's header.

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

Reconciliation – Deposits

CZK bn	30.6.2010	Group deposits (business reporting)	Deposits received from other than credit instit. (IFRS BS line)	Primary deposits* (liquidity reporting)
Client deposits	465.2	✓	✓	✓
Building savings deposits	83.9	✓	✓	✓
Pension funds	26.2	✓	✓	-
Other – repo operations with non-banking financial institutions	0	✓	✓	-
Other – excl. repo operations with non-banking financial institutions	6.8	✓	✓	✓
Deposits to credit institutions (excl. repo operations with credit institutions)	17.7	-	-	✓
		582.2	582.2	573.7

Notes:

The ✓ sign denotes the fact that the respective line is included in the calculation of the variable in the column's header.

** Primary deposits = Group deposits minus pension funds minus repo operations with non-banking financial institutions (part of "other group deposits") plus deposits to credit institutions (excl. repo operations with credit institutions)*

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 ČR (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 committments - 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

Glossary

Other definitions

Underlying	Excluding extraordinary items. KBC group methodology.
Group lending	Item "Loans and receivables – gross" from the consolidated balance sheet plus credit-replacing bonds.
Loan portfolio	Group lending minus item "other group lending" (which comprises money market placements with banks, loro/nostro accounts and other settlement accounts). Consistent with the internal credit risk management reporting system.
Mortgages	All loans booked in Hypoteční banka, including home equity loans and mortgage loans to legal entities, excluding intra-group loans. Gross.
Building savings loans	All customer lending granted by ČMSS in book values. Gross.
Consumer finance	Loan portfolio granted by ČSOB Bank retail network (ČSOB brand and PSB brand) in book values. Gross.
SME loans	Loan portfolio granted by ČSOB Bank SME network in book values. Gross.
Corporate loans	Loan portfolio granted by ČSOB Bank Corporate banking network in book values, including credit-replacing bonds. Gross.
Group deposits	Item "Deposits received from other than credit institutions" from the consolidated balance sheet.
Building savings deposits	All ČMSS financial liabilities at amortized cost minus deposits received from other than credit institutions
Primary deposits	Group deposits minus pension funds minus repo operations with non-banking financial institutions (part of "other group deposits") plus deposits to credit institutions (excl. repo operations with credit institutions). Consistent with the internal liquidity management reporting system.

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